

CITY OF HOONAH, ALASKA

Management Discussion and Analysis, Basic Financial  
Statements, Additional Supplementary Information  
and Compliance Reports

Year Ended December 31, 2014

CITY OF HOONAH, ALASKA

Management Discussion and Analysis, Basic Financial  
Statements, Additional Supplementary Information  
and Compliance Reports

Year Ended December 31, 2014

CITY OF HOONAH, ALASKA

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**Independent Auditor's Report**

Members of the City Council  
City of Hoonah, Alaska  
Hoonah, Alaska

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Hoonah, Alaska (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The discretely presented component unit is presented as of and for the year ended June 30, 2014.

***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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members of the City Council  
City of Hoonah, Alaska

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Hoonah as of December 31, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund, Land Development Special Revenue Fund, Boat Harbor Special Revenue Fund and State Excise Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. The discretely presented component unit is presented as of and for the year ended June 30, 2014.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Hoonah's basic financial statements. The Information listed in the Table of Contents as "Additional Supplementary Information", including the combining nonmajor fund statements and individual major fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of State Financial Assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and are also not a required part of the basic financial statements.

Members of the City Council  
City of Hoonah, Alaska

The "Additional Supplementary Information" including the combining nonmajor fund statements and individual major fund schedules, the schedule of expenditures of federal awards and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Additional Supplementary Information" listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of City of Hoonah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hoonah's internal control over financial reporting and compliance.



Anchorage, Alaska  
July 31, 2015

# **MANAGEMENT DISCUSSION AND ANALYSIS**

**City of Hoonah, Alaska**  
***Management Discussion and Analysis***  
**For the Year Ended December 31, 2014**

This section of City of Hoonah, Alaska's annual financial report presents its discussion and analysis of the City's financial performance during the year ended December 31, 2014. Please read it in conjunction with the City's financial statements, which immediately follow this section.

**Financial Highlights**

Key financial highlights for 2014 and 2013 are as follows:

- The assets of the City of Hoonah, Alaska exceeded its liabilities at the end of the fiscal year 2014 by \$54,906,538 and \$52,249,429 at the end of fiscal year 2013 (net position).
- In total, net position increased \$2,657,109 in 2014 which represents a 5% increase from 2013, compared to an increase of \$874,095 in 2013. All activities in the City are governmental activities. There were no business activities in 2014 or 2013.
- In 2014, net general revenues and transfers account for \$758,643 or 9% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$8,024,778 or 91% of total revenues of \$8,783,421, compared to 2013 total general revenues and transfers of \$481,690 or 8% of all revenues. 2013 program specific revenues in the form of charges for services, grants and contributions accounted for \$5,565,857 or 92% of total revenues and transfers of \$6,047,547.
- For fiscal years 2014 and 2013, the City had \$6,126,312 and \$5,173,452 in expenses, respectively. In 2014, all of these expenses were offset by program specific charges for services and grants. In 2013, the entire expenses were offset by program specific charges for services and grants. General revenues and transfers (primarily from unrestricted grants, investment earnings, sales tax, miscellaneous revenue, and capital contributions) of \$758,643 in 2014 and \$481,690 in 2013 were adequate to provide for these services.
- As of the close of the current fiscal year, City of Hoonah, Alaska's governmental funds reported ending fund balances of \$4,179,823 compared to \$4,018,656 at the close of fiscal year 2013. At the close of fiscal year 2014, \$985,601 of the fund balance was non-spendable, \$3,092,384 was restricted for various purposes, \$846,532 was committed, and \$744,694 represented a deficit, unassigned fund balance. At the close of 2013, \$126,751 of the fund balance was non-spendable, \$2,748,705 was restricted for various purposes, \$1,692,850 was committed and \$549,650 represented a deficit, unassigned fund balance.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Hoonah, Alaska's basic financial statements. City of Hoonah, Alaska's basic financial statements are comprised of 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the City's activities.

- *Government-wide financial statements* provide both short-term and long-term information about the City's overall financial status.
- *Fund financial statements* focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

*Fund financial statements* include the governmental fund statements which tell how basic services were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed additional supplementary information on individual fund activity and Schedules of Federal Awards and the Schedule of State Financial Assistance.

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities, with the difference between the two reported as net position.

The two government-wide statements report the City's *net position* and how they have changed. Net position — the difference between the City's assets, deferred outflows and liabilities and deferred inflows — are one way to measure the City's financial position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial position, additional nonfinancial factors such as the condition of equipment and other assets should also be considered.

The government-wide financial statements include all the City's *governmental activities*, which accounts for all of the City's basic services such as, public facilities, public works, public safety, appropriations to communities, and general government. There are no *business-type activities* in City of Hoonah, Alaska.

## ***Fund Financial Statements***

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds — not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of funding and spending on particular programs:

Some funds are required by state law and/or by governmental accounting standards.

- The City establishes other funds to control and manage money for a particular purpose or to show that it is properly using certain fund revenues (such as federal and state grants).

The City has only governmental funds:

- *Governmental Funds*: The City's basic services are included in governmental funds. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as balances of spendable resources left at fiscal year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City General Fund, Land Development Special Revenue Fund, Boat Harbor Special Revenue Fund, State Excise Tax Special Revenue Fund, Hoonah Boat Ramp Rehabilitation Capital Project Fund, the Multi-Use Berthing Facility and the Water Transmission Line Capital Project Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Additional detailed information related to the major funds and combining statements for nonmajor governmental funds referred to earlier are presented immediately following the notes to the financial statements. This includes combining and individual fund statements and schedules.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of City of Hoonah, Alaska, assets exceeded liabilities by \$54,906,538 at the close of the most recent fiscal year.

Almost the entire amount of the net position for the City of Hoonah, Alaska (91% or \$49,861,710) represents net investment in capital assets. \$3,092,384 or 6% represents the restricted position for various purposes, whereas \$1,952,444 or 3% represents unrestricted position for the City.

### **Financial Analysis of the City as a Whole**

The following table provides a summary of the City's net position for 2014 compared to 2013:

	<b>Condensed Statement of Net Position</b>	
	<b>Governmental Activities</b>	
	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Current assets	\$ 8,018,897	6,931,362
Non-current assets	<u>52,074,680</u>	<u>48,657,888</u>
<b>Total Assets</b>	<b>\$ <u>60,093,577</u></b>	<b><u>55,589,250</u></b>
<b>Liabilities</b>		
Current liabilities	3,877,637	1,884,024
Long-term liabilities	<u>1,309,402</u>	<u>1,455,797</u>
<b>Total Liabilities</b>	<b><u>5,187,039</u></b>	<b><u>3,339,821</u></b>
<b>Net Position</b>		
Net investment		
in capital assets	49,861,710	47,211,188
Restricted for various purposes	3,092,384	2,748,705
Unrestricted	<u>1,952,444</u>	<u>2,289,536</u>
<b>Total Net Position</b>	<b>\$ <u>54,906,538</u></b>	<b><u>52,249,429</u></b>

Total assets increased by \$4,504,327, the primary causes for this increase were the additional capital asset additions related to the multi-use berthing facility, as well as an increase in cash and cash equivalents balance related to state excise tax funds received in 2014. Liabilities increased by \$1,847,218 the main cause for this increase was an increase in accounts payable related to amounts due to construction contractors for the berthing facility.

The following table shows the changes in net position for fiscal year 2014 compared to fiscal year 2013:

	<b><u>Change in Net Position</u></b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,204,520	1,569,919
Operating grants and contributions	2,250,501	1,639,611
Capital grants and contributions	4,569,757	2,356,327
General revenues:		
Unrestricted investment earnings	90,923	3,533
Sales taxes	713,330	620,502
Miscellaneous	-	139,235
Grants unrestricted	388,702	379,795
Bad debt expense	<u>-</u>	<u>(17,639)</u>
<b>Total revenues</b>	<b>\$ <u>9,217,733</u></b>	<b><u>6,691,283</u></b>
<b>Expenses:</b>		
Governmental activities:		
General government	571,481	470,301
Public facilities	15,511	22,531
Public works	620,918	613,629
Public safety	1,372,515	955,836
Water	638,330	595,235
Sewer	377,335	340,089
Sanitary landfill	243,611	207,158
Boat harbor	1,278,376	1,184,993
Parks and recreation	272,498	280,635
Land development	65,440	88,113
Special programs	46,263	21,726
Educational operations	<u>624,034</u>	<u>393,206</u>
<b>Total Expenses</b>	<b><u>6,126,312</u></b>	<b><u>5,173,452</u></b>
Transfer to component unit	<u>(434,312)</u>	<u>(643,736)</u>
<b>Increase in net position</b>	<b>2,657,109</b>	<b>874,095</b>
<b>Beginning net position</b>	<b><u>52,249,429</u></b>	<b><u>51,375,334</u></b>
<b>Ending net position</b>	<b>\$ <u>54,906,538</u></b>	<b><u>52,249,429</u></b>

Total revenues increased by \$2,526,450 and expenses increased by \$952,860, from 2013. The increase in revenues was attributed to the berthing facility capital grant that had roughly two million dollars more revenue in 2014 compared to 2013. The increase in expenses was primarily due to increases in the on-behalf PERS contribution that the State of Alaska made to the City. Public safety saw the largest increase in the PERS on-behalf contribution which is what caused expenses to increase in the public safety function.

## Financial Analysis of the City's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$9,260,621 and expenditures of \$9,219,612. The net change in fund balance, after transfers, was an increase of \$161,167. The most significant factor in this increase were principal payments received related to land mortgages receivable.

### *City Operating Fund Budgetary Highlights*

The City's budget is prepared according to Alaska law and is based on a modified accrual basis of accounting. The most significant budgeted fund is the General Fund. There were only slight changes in the final budget from the original budget, and there were no significant budget to actual variances.

### Capital Assets and Long-term Debt

By the end of 2014, the City had invested \$49,861,710 in capital assets net of related debt, all as governmental activities. The following table shows fiscal 2014 compared to 2013:

	<b>Capital Assets at December 31,</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
Land	\$ 12,509,582	12,509,582
Construction in progress	9,738,391	6,689,693
Buildings	20,185,571	20,185,571
Vehicles and equipment	1,434,249	1,465,529
Infrastructure	<u>50,871,697</u>	<u>49,311,357</u>
Totals	<u>94,739,490</u>	<u>90,161,732</u>
Accumulated depreciation	<u>(43,553,960)</u>	<u>(41,503,844)</u>
	\$ <u>51,185,550</u>	<u>48,657,888</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long-term debt – At the end of the 2014 fiscal year, the City of Hoonah had total bonded debt outstanding of \$1,323,840. \$1,060,000 of this debt is funded by a ½% sales tax levied to fund the new bond issuance. The remaining \$263,840 is funded half by the State of Alaska and half through other sources. Additional information on the City's long-term debt can be found in Note III.F. on page 31 of this report.

### **Economic Factors and Next Year's Budget**

In setting the budget for FY15, the City considered a number of issues with government wide impact, among them:

- Continued construction on the multi-use berthing facility will account for an increase in both fund expenditures and revenues.
- Sales tax is expected to be the main source of revenue for the City in the upcoming fiscal year.
- City anticipates the PILT, revenue sharing and shared fisheries tax revenues to remain consistent with fiscal year 2014 amounts.

### **Contacting the City's Financial Management**

This financial report is designed to provide the City's citizens, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Hoonah, Alaska, (907) 945-3663.

# **BASIC FINANCIAL STATEMENTS**

## CITY OF HOONAH, ALASKA

## Statement of Net Position

December 31, 2014

	Primary Government Governmental Activities	Component Unit School District
<u>Assets</u>		
Current:		
Cash and cash equivalents	\$ 3,483,668	1,183,999
Receivables	4,225,466	1,005,114
Due from component unit	213,292	-
Inventory	-	57,276
Prepaid items	96,471	2,692
Total current assets	<u>8,018,897</u>	<u>2,249,081</u>
Non-current:		
Long-term receivables, due within one year	65,994	-
Long-term receivables, due in more than one year	823,136	-
Assets to be contributed	-	6,202,912
Capital assets:		
Not being depreciated	22,247,973	-
Depreciated, net	28,937,577	59,317
Total non-current assets	<u>52,074,680</u>	<u>6,262,229</u>
Total assets	<u>60,093,577</u>	<u>8,511,310</u>
<u>Liabilities</u>		
Current :		
Accounts payable	3,435,617	649,505
Accrued payroll and liabilities	52,990	48,373
Due to student groups	-	206,238
Due to primary government	-	242,964
Unearned revenues	256,531	6,388
Bond premium to be amortized within one year	8,736	-
Long-term debt due within one year	123,763	-
Total current liabilities	<u>3,877,637</u>	<u>1,153,468</u>
Non-current liabilities:		
Bond premium	109,325	-
Long-term debt due in more than one year	1,200,077	-
Total non-current liabilities	<u>1,309,402</u>	<u>-</u>
Total liabilities	<u>5,187,039</u>	<u>1,153,468</u>
<u>Net Position</u>		
Net investment in capital assets	49,861,710	59,317
Restricted for various purposes	3,092,384	19,821
Restricted for assets to be contributed	-	6,202,912
Unrestricted	1,952,444	1,075,792
Net Position	<u>\$ 54,906,538</u>	<u>7,357,842</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

## Statement of Activities

For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Others	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government Total Governmental Activities	Unit School District
Primary government:						
Governmental Activities:						
General government	\$ 571,481	145,844	32,011	-	(393,626)	-
Public facilities	15,511	20,538	-	4,295	9,322	-
Public works	620,918	-	112,835	726,309	218,226	-
Public safety	1,372,515	23,809	787,741	-	(560,965)	-
Water	638,330	197,046	22,725	-	(418,559)	-
Sewer	377,335	235,717	26,975	-	(114,643)	-
Sanitary landfill	243,611	178,064	24,686	-	(40,861)	-
Boat harbor	1,278,376	399,662	24,350	3,839,153	2,984,789	-
Parks and recreation	272,498	-	271,324	-	(1,174)	-
Land development	65,440	-	-	-	(65,440)	-
Special programs	46,263	3,840	43,159	-	736	-
Educational operations	624,034	-	904,695	-	280,661	-
Total primary government	\$ 6,126,312	1,204,520	2,250,501	4,569,757	1,898,466	-
Component Unit - School District	\$ 4,694,750	11,811	1,415,496	2,894,411		(373,032)
General revenues:						
Unrestricted investment and interest earnings					90,923	8,797
Sales tax					713,330	-
Grants not restricted to specific programs					388,702	2,451,753
E-Rate					-	62,419
Miscellaneous					-	285,116
Transfer to component unit					(434,312)	607,372
Total general revenues and transfers					758,643	3,415,457
Change in net position					2,657,109	3,042,425
Net position, beginning of year					52,249,429	4,315,417
Net position, end of year					\$ 54,906,538	7,357,842

The notes to the financial statements are an integral part of this statement.

CITY OF HOONAH, ALASKA  
Balance Sheet - Governmental Funds  
December 31, 2014

Assets	Special Revenue Funds				Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Land Development	Boat Harbor	State Excise Tax	Hoonah Boat Ramp Rehabilitation	Multi-Use Berthing Facility	Water Transmission Line		
Cash and cash equivalents	\$ 1,566,719	-	-	1,843,404	-	-	-	73,545	3,483,668
Receivable:									
Federal sources	-	-	-	-	-	-	-	50,937	50,937
State of Alaska	-	-	-	-	403,157	2,167,688	1,109,181	185,167	3,865,193
Local sources	55,315	889,130	90,103	-	-	-	-	167,918	1,202,466
Prepaid items	55,297	-	20,763	-	-	-	-	20,411	96,471
Due from other funds	1,986,721	924,132	-	777,915	-	-	-	1,529,789	5,218,557
Due from component unit	-	-	-	-	-	-	-	213,292	213,292
<b>Total assets</b>	<b>\$ 3,664,052</b>	<b>1,813,262</b>	<b>110,866</b>	<b>2,621,319</b>	<b>403,157</b>	<b>2,167,688</b>	<b>1,109,181</b>	<b>2,241,059</b>	<b>14,130,584</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>									
Liabilities:									
Accounts payable	1,105	-	407	-	-	2,042,290	903,894	487,921	3,435,617
Accrued payroll and liabilities	20,627	163	9,066	-	-	-	-	23,134	52,990
Due to other funds	3,231,836	-	1,038,458	-	403,157	125,398	205,287	214,421	5,218,557
Unearned revenues	-	-	-	-	-	-	-	256,531	256,531
<b>Total liabilities</b>	<b>3,253,568</b>	<b>163</b>	<b>1,047,931</b>	<b>-</b>	<b>403,157</b>	<b>2,167,688</b>	<b>1,109,181</b>	<b>982,007</b>	<b>8,963,695</b>
Deferred Inflows of Resources:									
Unavailable revenues	17,775	889,130	49,256	-	-	-	-	26,905	983,066
Fund Balances (Deficit):									
Nonspendable	55,297	889,130	20,763	-	-	-	-	20,411	985,601
Restricted	-	-	-	2,621,319	-	-	-	471,065	3,092,384
Committed	-	34,839	-	-	-	-	-	811,693	846,532
Unassigned	337,412	-	(1,007,084)	-	-	-	-	(75,022)	(744,694)
<b>Total fund balances (deficit)</b>	<b>392,709</b>	<b>923,969</b>	<b>(986,321)</b>	<b>2,621,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,228,147</b>	<b>4,179,823</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 3,664,052</b>	<b>1,813,262</b>	<b>110,866</b>	<b>2,621,319</b>	<b>403,157</b>	<b>2,167,688</b>	<b>1,109,181</b>	<b>2,237,059</b>	
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and are not reported in the funds. <span style="float: right;">51,185,550</span></p> <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. <span style="float: right;">(1,323,840)</span></p> <p>Premiums related to bond issuances that will be amortized as interest revenue over the life of the bonds. <span style="float: right;">(118,061)</span></p> <p>Unavailable revenues are not available to pay current-period expenditures and, therefore, are shown as deferred inflows of resources. <span style="float: right;">983,066</span></p> <p style="text-align: right;"><b>Net position of governmental activities</b> <span style="float: right;"><b>\$ 54,906,538</b></span></p>									

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

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

For the Year Ended December 31, 2014

	Special Revenue Funds				Capital Project Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Land Development	Boat Harbor	State Excise Tax	Hoonah Boat Ramp Rehabilitation	Multi-Use Berthing Facility	Water Transmission Line		
<b>Revenues:</b>									
Local sources:									
Taxes	\$ 713,330	-	-	-	-	-	-	805,273	1,518,603
Charges for services	208,091	-	403,631	-	-	-	-	635,955	1,247,677
Interest	-	82,117	-	8,806	-	-	-	-	90,923
Other	-	854	-	-	-	-	-	138,318	139,172
Intergovernmental:									
State of Alaska	455,925	-	24,350	639,386	336,267	2,291,898	718,213	379,436	4,845,475
Federal sources	151,667	-	-	-	1,008,800	-	-	258,304	1,418,771
Total revenues	<u>1,529,013</u>	<u>82,971</u>	<u>427,981</u>	<u>648,192</u>	<u>1,345,067</u>	<u>2,291,898</u>	<u>718,213</u>	<u>2,217,286</u>	<u>9,260,621</u>
<b>Expenditures:</b>									
Current:									
General government	368,240	-	-	19,249	-	27,461	-	30,729	445,679
Public works	341,878	-	-	-	-	-	-	-	341,878
Public safety	1,095,845	-	-	162,505	-	-	-	113,174	1,371,524
Water	-	-	-	-	-	-	-	230,110	230,110
Sewer	-	-	-	-	-	-	-	257,742	257,742
Sanitary landfill	-	-	-	-	-	-	-	229,861	229,861
Boat harbor	-	-	481,432	-	-	-	-	-	481,432
Parks and recreation	-	-	-	-	-	-	-	262,987	262,987
Land development	-	65,440	-	-	-	-	-	-	65,440
Special programs	-	-	-	-	-	-	-	35,189	35,189
Education	-	-	-	-	-	-	-	665,140	665,140
Capital outlay	-	-	-	-	1,345,067	2,264,437	718,213	313,793	4,641,510
Debt service:									
Principal	-	-	-	-	-	-	-	122,860	122,860
Interest	-	-	-	-	-	-	-	68,260	68,260
Total expenditures	<u>1,805,963</u>	<u>65,440</u>	<u>481,432</u>	<u>181,754</u>	<u>1,345,067</u>	<u>2,291,898</u>	<u>718,213</u>	<u>2,329,845</u>	<u>9,219,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(276,950)</u>	<u>17,531</u>	<u>(53,451)</u>	<u>466,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,559)</u>	<u>41,009</u>
<b>Other financing sources (uses):</b>									
Proceeds from principal payments of mortgages	-	120,158	-	-	-	-	-	-	120,158
Transfers in	35,030	-	-	-	-	-	-	21,312	56,342
Transfers out	-	-	-	(21,160)	-	-	-	(35,182)	(56,342)
Net other financing sources (uses)	<u>35,030</u>	<u>120,158</u>	<u>-</u>	<u>(21,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,870)</u>	<u>120,158</u>
Net change in fund balances	(241,920)	137,689	(53,451)	445,278	-	-	-	(126,429)	161,167
Fund balances (deficit), beginning of the year	<u>634,629</u>	<u>786,280</u>	<u>(932,870)</u>	<u>2,176,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,354,576</u>	<u>4,018,656</u>
Fund balances (deficit), end of year	<u>\$ 392,709</u>	<u>923,969</u>	<u>(986,321)</u>	<u>2,621,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,228,147</u>	<u>4,179,823</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

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

For the Year Ended December 31, 2014

Net change in fund balances - total government funds	\$	161,167
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>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:</p>		
<p>This is the amount by which capital outlay exceeded depreciation in the current period:</p>		
Capital outlay		4,654,598
Depreciation expense		<u>(2,127,206)</u>
		2,527,392
<p>Revenues on 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.</p>		
		(163,046)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items:</p>		
Principal payments		122,860
Bond premium amortization		<u>8,736</u>
		131,596
Change in net position of governmental activities	\$	<u>2,657,109</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

## General Fund

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

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Taxes	\$ 620,000	625,000	713,330	88,330
Charges for services	154,025	169,321	208,091	38,770
Intergovernmental:				
State of Alaska	315,016	312,549	455,925	143,376
Federal sources	138,473	167,351	151,667	(15,684)
Total revenues	<u>1,227,514</u>	<u>1,274,221</u>	<u>1,529,013</u>	<u>254,792</u>
Expenditures:				
Current:				
General government	374,408	343,263	368,240	(24,977)
Public works	364,544	347,019	341,878	5,141
Public safety	758,267	995,240	1,095,845	(100,605)
Total expenditures	<u>1,497,219</u>	<u>1,685,522</u>	<u>1,805,963</u>	<u>(120,441)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(269,705)</u>	<u>(411,301)</u>	<u>(276,950)</u>	<u>134,351</u>
Other financing sources (uses):				
Transfers in	<u>269,705</u>	<u>-</u>	<u>35,030</u>	<u>35,030</u>
Net change in fund balance	<u>\$ -</u>	<u>(411,301)</u>	<u>(241,920)</u>	<u>169,381</u>
Fund balance, beginning of year			<u>634,629</u>	
Fund balance, end of year			<u>\$ 392,709</u>	

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

## Land Development Special Revenue Fund

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

For the Year Ended December 31, 2014

	Original and Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Local sources			
Interest	\$ -	82,117	82,117
Other	-	854	854
Total revenue	<u>-</u>	<u>82,971</u>	<u>82,971</u>
Expenditures:			
Current:			
Land development	<u>9,500</u>	<u>65,440</u>	<u>55,940</u>
Excess (deficiency) of revenues over (under) expenditures	(9,500)	17,531	27,031
Other financing sources:			
Proceeds from principal payments on mortgages	<u>-</u>	<u>120,158</u>	<u>120,158</u>
Net change in fund balance	<u>\$ (9,500)</u>	137,689	<u>147,189</u>
Fund balance, beginning of the year		<u>786,280</u>	
Fund balance, end of year		<u>\$ 923,969</u>	

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

## Boat Harbor Special Revenue Fund

Statement of Revenues, Expenditures and Changes  
in Fund Balance (Deficit) - Budget and Actual

For the Year Ended December 31, 2014

	Original and Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Local sources - charges for services	\$ 427,145	403,631	(23,514)
Intergovernmental - State of Alaska	<u>15,945</u>	<u>24,350</u>	<u>8,405</u>
Total revenues	<u>443,090</u>	<u>427,981</u>	<u>(15,109)</u>
Expenditures:			
Current:			
Boat harbor	<u>446,593</u>	<u>481,432</u>	<u>(34,839)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u><u>(3,503)</u></u>	(53,451)	<u><u>(49,948)</u></u>
Fund balance (deficit), beginning of the year		<u>(932,870)</u>	
Fund balance (deficit), end of year		\$ <u><u>(986,321)</u></u>	

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

## State Excise Tax Special Revenue Fund

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

For the Year Ended December 31, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - interest revenue	\$ -	8,806	8,806
Intergovernmental - State of Alaska	-	639,386	639,386
	<u>-</u>	<u>648,192</u>	<u>648,192</u>
Expenditures:			
Current:			
General government	-	19,249	(19,249)
Public safety	-	162,505	(162,505)
Total expenditures	<u>-</u>	<u>181,754</u>	<u>(181,754)</u>
Excess of revenues over expenditures	-	466,438	466,438
Other financing (uses):			
Transfer out	<u>-</u>	<u>(21,160)</u>	<u>(21,160)</u>
Net change in fund balance	<u>\$ -</u>	<u>445,278</u>	<u>445,278</u>
Fund balance, beginning of the year		<u>2,176,041</u>	
Fund balance, end of year		<u>\$ 2,621,319</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements

December 31, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the City of Hoonah (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 Hoonah, Alaska, (the City) was incorporated in 1946 as a first class city and operates under a Council - Mayor form of government. The City provides a variety of services including water, sewer, police, fire, street maintenance, and social services. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a June 30 year-end.

*Discretely Presented Component Unit - Hoonah City School District.* The School District is responsible for elementary and secondary education within the City's jurisdiction. The voters elect the members of the School District's governing board. However, the School District is fiscally dependent upon the City because the City's Council approves the School District's budget, levies taxes (if necessary) and must approve any debt issuances.

Complete financial statements of the component unit can be obtained at the following address: Hoonah City School District; Box 157; Hoonah, Alaska 99829-0157.

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 is 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*.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

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 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.

**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*. Under the accrual basis, revenues are recorded 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*. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax and interest earnings associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available if received within 60 days of year end.

The City has the following major governmental funds:

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

The *Land Development Special Revenue Fund* accounts for the acquisition and sale of City land.

The *Boat Harbor Special Revenue Fund* accounts for operation of the City's boat harbor.

The *State Excise Tax Special Revenue Fund* accounts for the revenue and expenditures related with State Excise Tax money the city received.

The *Hoonah Boat Ramp Rehabilitation Capital Project Fund* accounts for the planning, construction and maintenance of a boat launch facility in Hoonah harbor. The purpose of this is to improve public recreational boating and sport fishing access to the marine waters near Hoonah.

The *Multi-Use Berthing Facility Capital Project Fund* accounts for the construction of a cruise ship berthing facility at Icy Strait Point.

The *Water Transmission Line Capital Project Fund* accounts for the installation of a new water transmission line for the City of Hoonah.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

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.

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. Likewise, general revenues include all taxes.

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 Fund Balance/Net Position**

**1. Deposits and Investments**

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

There are no statutory limitations on the type of investment allowed; however, there are policies in place listing accepted investment vehicles as noted below:

- a. obligations of, the United States and of an agency or instrumentality of the United States;
- b. certificates of deposit; those over \$250,000 must be secured by eligible collateral;
- c. repurchase and reverse repurchase agreements secured by obligations of the Treasury of the United States and obligations of an agency or instrumentality of the United States. A Master Repurchase Agreement must be signed with the bank or dealer, before repurchase agreements are entered into;
- d. the Alaska Municipal League Investment Pool, Inc. made in accordance with the terms of that Pool's "Common Investment Agreement"; and in accordance with AS 37.23.010-37.23.900;
- e. commercial paper and other short-term taxable instruments that, at the time of investment, maintain the highest rating by at least two nationally recognized rating services;
- f. obligations of a corporation domiciled in the United States or obligations of a municipality if the obligations are rated AA or higher by at least one nationally recognized rating service at the time of investment; and
- g. money market funds in which the securities of the fund consist of obligations listed in this section and otherwise meet the requirements of the government's investment policy.

# CITY OF HOONAH, ALASKA

## Notes to Basic Financial Statements, Continued

Collateralization is required on two types of investments: certificates of deposit over \$250,000 and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all moneys, the collateralization level is (102%) of market value of principal and accrued interest for all repurchase agreements.

### **2. *Receivables and Payables***

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due from other funds" or "due to other funds." These balances represent the numerous transactions that occur during the course of operations between individual funds for goods provided or services rendered.

Advances between funds are considered nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources.

All tax and other receivables are shown net of an allowance for uncollectible receivables.

### **3. *Inventories and Prepaid Items***

Inventories are valued at cost, using the first-in-first-out (FIFO) method on the consumption method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are based on the consumption method. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the fund financial statements.

### **4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the Government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

Property, plant, and equipment of the City, is depreciated using the straight line method over the following estimated useful lives:

Dock, Water and Sewer line and improvements	20-70 years
Buildings and improvements	30-35 years
Motor vehicles and motorized equipment	5-10 years
Furniture, machinery and equipment	5-10 years

**5. *Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts related to governmental funds not expected to be liquidated with expendable available financial resources are reported as long-term debt.

**6. *Unearned Revenue***

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

**7. *Long-Term Obligations***

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for any portion related to prepaid insurance costs are recognized as expense/expenditure in the period incurred. Prepaid insurance costs are amortized over the duration of the debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. *Net Position***

Government-wide 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.
- Restricted net position – consists of assets that are restricted by the City's creditors (for example, through debt covenants), by 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.

## CITY OF HOONAH, ALASKA

### Notes to Basic Financial Statements, Continued

#### **9. 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 expenses, 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 Finance Director or designee. Such constraint is binding unless modified or eliminated by the Council or Finance Director. 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.

Compliance with the provisions of the Fund Balance Classification Policy are reviewed as part of the annual budget adoption process. The Finance Director reports to the City Council as close to the end of the year as possible the anticipated year-end fund balance or deficit. The City Council takes appropriate action to commit or assign, or otherwise allocate prior year fund balances as a part of the budget planning process.

The City's Special Revenue Funds are used to account for water, sewer and garbage services, federal and state grant programs, street lighting districts, and operations and maintenance programs that are restricted or committed.

## **10. Revenues, Expenditures and Expenses**

### **Intergovernmental Revenue**

State shared revenues, safe communities, State education related entitlement programs and State levied taxes, the proceeds of which are distributed to local governments, are recorded in the fiscal year to which they relate, including accrual at year end if final payments due are measurable and received within approximately two months after year end.

State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred.

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.

### **Revenue from Investments and Property**

Amounts earned on investment of available cash balances and the rental of building facilities are recorded in the period to which they relate, including accrual at year end of the balance due, and unrealized gains and losses on investments held at fiscal year end.

### **Land Sales Proceeds and Other Local Revenues**

Amounts received pursuant to land sale contracts are recorded on the modified accrual basis in the fund financial statements and the accrual basis in the government-wide financial statements.

Other local revenues are recorded on a basis consistent with their nature in relation to measurement and availability standards.

## **11. Administrative Cost Allocation**

The City allocates administrative costs benefiting all programs to those programs and funds using an indirect cost rate approved by the various granting agencies. These administrative costs are included in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances as expenses/expenditures of the benefiting function.

## **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 for all governmental fund types except the Capital Projects Funds. Capital Project Funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end. The City did not adopt a budget for the Land Development, State Excise Tax, Liquor Board, Halibut Permit, National Forest Receipts, School Sales Tax, and Title III Special Revenue Funds; and the Debt service funds.

The appropriated budget is prepared by fund and department. Budgetary control is exercised at the department level. The City Mayor is authorized to transfer budget amounts between categories within any department; however, any supplemental appropriations that amend the total expenditures of any department or fund, require City ordinance. Reported budgeted amounts are as originally adopted or as amended by ordinance.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

Project budgets are adopted for various Capital Project Funds based on the lives of the construction projects. Expenditure authority is limited to the actual combined revenue and transfers from other funds.

**B. Excess of Expenditures over Appropriations and Transfers**

For the year ended December 31, 2014, expenditures exceeded appropriations and transfers in the following funds:

		Amount of <u>Over-expenditure</u>
General Fund:		
General government	\$	24,977
Public safety		100,605

**C. Deficit Fund Equity**

The following funds had a fund deficit as of December 31, 2014:

Special Revenue Funds:		
Boat Harbor		986,321
Water		60,546
Sewer		69,199

These deficits will be covered by future operations from revenue generated by local programs and by initiating various cost cuts across all departments.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City maintains a cash pool that is available for use by all funds. All deposits are carried at cost plus accrued interest. The City's investment policy is presented under footnote I. D. 1.

Custodial credit risk – is the risk that that, in the event of a bank failure, the City will not be able to recover its deposits or collateral. The City's deposits were fully insured or collateralized with securities held in the City's name.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**B. Receivables**

Receivables at year end for the City's individual major and other governmental funds are as follows:

	Hoonah							Total
	General	Land	Boat	Boat	Multi-use	Water	Other	
	Fund	Devel.	Boat	Ramp	Berthing	Trans.	Governmental	
	Fund	Harbor	Rehab	Facility	Line	Funds		
Sales tax	\$ 22,344	-	-	-	-	-	22,344	44,688
Trade	32,808	-	90,103	-	-	-	72,403	195,314
Grants	-	-	-	403,157	2,167,688	1,109,181	236,104	3,916,130
Other	163	889,130	-	-	-	-	69,171	958,464
Total								
Receivables	\$ <u>55,315</u>	<u>889,130</u>	<u>90,103</u>	<u>403,157</u>	<u>2,167,688</u>	<u>1,109,181</u>	<u>400,022</u>	<u>5,114,596</u>

Management has determined that all receivables are collectible; therefore an allowance for doubtful accounts has not been established.

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the component of *deferred inflows and unearned revenues* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Deferred Maintenance (Harbor Improvement) \$	-	73,090	73,090
Harbor Electrical Upgrade	-	182,942	182,942
Cruise Ship Walkway	-	499	499
Revenue not collected within 60 days of year end –			
General Fund and Special Revenue Funds	93,936	-	93,936
Long-term notes receivable related to land sales	<u>889,130</u>	<u>-</u>	<u>889,130</u>
Totals	\$ <u>983,066</u>	<u>256,531</u>	<u>1,239,597</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**C. Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2014:

	Balance <u>Jan. 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,509,582	-	-	12,509,582
Construction in progress	<u>6,689,693</u>	<u>4,609,038</u>	<u>(1,560,340)</u>	<u>9,738,391</u>
Total capital assets, not being depreciated	<u>19,199,275</u>	<u>4,609,038</u>	<u>(1,560,340)</u>	<u>22,247,973</u>
Capital assets, being depreciated:				
Building	20,185,571	-	-	20,185,571
Vehicles and equipment	1,465,529	45,830	(77,110)	1,434,249
Infrastructure	<u>49,311,357</u>	<u>1,560,340</u>	<u>-</u>	<u>50,871,697</u>
Total capital assets, being depreciated	<u>70,962,457</u>	<u>1,606,170</u>	<u>(77,110)</u>	<u>72,491,517</u>
Less accumulated depreciation for:				
Building	14,237,194	407,406	-	14,644,600
Vehicles and equipment	1,108,296	35,193	(77,110)	1,066,379
Infrastructure	<u>26,158,354</u>	<u>1,684,607</u>	<u>-</u>	<u>27,842,961</u>
Net accumulated depreciation	<u>41,503,844</u>	<u>2,127,206</u>	<u>(77,110)</u>	<u>43,553,960</u>
Net capital assets, being depreciated	<u>29,458,613</u>	<u>(521,036)</u>	<u>-</u>	<u>28,937,577</u>
Governmental capital assets, net	<u>\$ 48,657,888</u>	<u>4,088,002</u>	<u>(1,560,340)</u>	<u>51,185,550</u>

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

Governmental activities:	
General government	\$ 143,717
Public works	278,230
Public facility	12,038
Public safety	27,572
Water	408,220
Sewer	119,593
Education	393,206
Sanitary landfill	13,750
Boat harbor	710,295
Parks and recreation	9,511
Special programs	<u>11,074</u>
Total depreciation expense	<u>\$ 2,127,206</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**D. Interfund Receivables, Payables and Transfers**

Interfund receivables and payables are shown as “Due From Other Funds” and “Due To Other Funds” in each of the individual funds. The composition of interfund balances as of December 31, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Land Development	General Fund	\$ 924,132
General Fund	Boat Harbor	1,038,458
State Excise Tax	General Fund	777,915
General Fund	Hoonah Boat Ramp Rehabilitation	403,157
General Fund	Multi-Use Berthing Facility	125,398
General Fund	Water Transmission Line	205,287
Other Governmental Funds	General Fund	1,529,789
General Fund	Other Governmental Funds	<u>214,421</u>
		<b>\$ 5,218,557</b>

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.

Interfund transfers for the year ended December 31, 2014 consisted of the following:

<u>Transfers out</u>	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
State Excise Tax Fund	\$ 1,848	19,312	21,160
Other Governmental Funds	33,182	2,000	35,182
	<u>\$ 35,030</u>	<u>21,312</u>	<u>56,342</u>

Recurring transfers were used to fund operations and required contributions.

**E. Reporting Period**

The transactions occurring between the City and the component unit, Hoonah City School District, relates to the funds held by the school district for use in disbursing funds for payment of debt obligations. The component unit, however, has a different fiscal year end, and therefore, the amount reported in the due to/from between the City and the component unit differs. At the end of fiscal year 2014, the amount due from the component unit was \$213,292, whereas the due to primary government was \$242,964. At the end of fiscal year 2014, the City reported transfers to component unit of \$434,312 while the School District reported transfers in of \$607,372.

**F. Long-Term Debt**

In 2011 the City refinanced a previously issued bond by issuing another bond. In addition, the City issued a new bond with the proceeds of the bond to be used for the renovation of Hoonah City School District’s buildings. The two new bonds were issued at a premium. The premium related to these two bonds will be amortized over the life of the bonds.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

The refinancing bond had a premium of \$16,400 that will be amortized over the 7 year life of the bond. The newly issued school renovation bond had a premium of \$127,869 that will be amortized over the 20 year life of the bond. At December 31, 2014, the premium for the refinancing bond and the school renovation bond had balances of \$9,371 and \$108,690, respectively.

*General Obligation Bonds.* The City issues general obligation bonds to provide moneys for the acquisition and construction of major capital facilities. General obligation bonds have been issued for the construction and financing of a school multi-purpose gymnasium.

The following schedule segregates interest and principal payment for bond issue two:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2015	\$ 68,763	8,374	77,137
2016	70,529	6,802	77,331
2017	<u>49,548</u>	<u>4,764</u>	<u>54,312</u>
	\$ <u>188,840</u>	<u>19,940</u>	<u>208,780</u>
Less current portion	<u>68,763</u>		
Long-term portion	\$ <u>120,077</u>		

The bond issue three was refinanced in September 2011 and the following schedule segregates interest and principal payments for the refinanced bond:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2015	\$ 15,000	3,600	18,600
2016	20,000	3,000	23,000
2017	20,000	2,000	22,000
2018	<u>20,000</u>	<u>1,000</u>	<u>21,000</u>
	\$ <u>75,000</u>	<u>9,600</u>	<u>84,600</u>
Less current portion	<u>15,000</u>		
Long-term portion	\$ <u>60,000</u>		

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

A 20-year bond was issued in September 2011 for school renovation purposes and the following schedule segregates interest and principal payments for the issued bond:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2015	\$ 40,000	50,100	90,100
2016	45,000	48,500	93,500
2017	45,000	46,250	91,250
2018	50,000	44,000	94,000
2019	50,000	41,500	91,500
2020-2024	295,000	169,250	464,250
2025-2029	360,000	97,450	457,450
2030-2031	175,000	13,250	188,250
	\$ <u>1,060,000</u>	<u>510,300</u>	<u>1,570,300</u>
Less current portion	<u>40,000</u>		
Long-term portion	\$ <u>1,020,000</u>		

A combined summary of long term bonded debt at December 31, 2014 follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2015	\$ 123,763	62,074	185,837
2016	135,529	58,302	193,831
2017	114,548	53,014	167,562
2018	70,000	45,000	115,000
2019	50,000	41,500	91,500
2020-2024	295,000	169,250	464,250
2025-2029	360,000	97,450	457,450
2030-2031	175,000	13,250	188,250
	\$ <u>1,323,840</u>	<u>539,840</u>	<u>1,863,680</u>

The following is a summary of long-term debt transactions for the year ended December 31, 2014:

	<u>Balance</u> <u>January 1, 2014</u>	<u>Additions</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>December 31, 2014</u>
General obligation bonds:				
\$1,000,000 general obligation bonds; payable over 20 years with interest at 4% to 5%	\$ 256,700	-	67,860	188,840
\$120,000 general obligation bonds; refinanced bond and payable over the remaining 6 years with interest at 3% to 5%	90,000	-	15,000	75,000
\$1,175,000 serial and term bonds; payable over 20 years with interest at 3% to 5%	<u>1,100,000</u>	<u>-</u>	<u>40,000</u>	<u>1,060,000</u>
Total long-term debt	<u>\$1,446,700</u>	<u>-</u>	<u>122,860</u>	<u>1,323,840</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**G. Fund Balance**

Detailed information related to amounts nonspendable, restricted, and committed fund balances in governmental funds at December 31, 2014 are as follows:

	<u>Special Revenue Funds</u>				Other	
	General	Land	Boat	State Excise	Governmental	
	<u>Fund</u>	<u>Development</u>	<u>Harbor</u>	<u>Tax</u>	<u>Funds</u>	<u>Total</u>
Nonspendable:						
Prepaid items	\$ 55,297	-	20,763	-	20,411	96,471
Long-term receivables	<u>-</u>	<u>889,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889,130</u>
Total non-spendable	<u>55,297</u>	<u>889,130</u>	<u>20,763</u>	<u>-</u>	<u>20,411</u>	<u>985,601</u>
Restricted:						
Improving facilities for commercial passenger vessels	-	-	-	2,621,319	-	2,621,319
AIDEA Bulk Fuel Upgrade	-	-	-	-	94,083	94,083
Title III projects	-	-	-	-	68,206	68,206
Debt services payments	-	-	-	-	278,898	278,898
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,878</u>	<u>29,878</u>
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,621,319</u>	<u>471,065</u>	<u>3,092,384</u>
	<u>Special Revenue Funds</u>				Other	
	General	Land	Boat	State Excise	Governmental	
	<u>Fund</u>	<u>Development</u>	<u>Harbor</u>	<u>Tax</u>	<u>Funds</u>	<u>Total</u>
Committed:						
Halibut permit Harbor	-	-	-	-	462,432	462,432
Harbor improvement	-	-	-	-	275,767	275,767
Multi-Service facility	-	-	-	-	1,870	1,870
Harbor Electrical Upgrade	-	-	-	-	6,837	6,837
HMIC Phase III	-	-	-	-	13,249	13,249
Land development	-	34,839	-	-	-	34,839
Sanitary Landfill	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,538</u>	<u>51,538</u>
Total committed	<u>-</u>	<u>34,839</u>	<u>-</u>	<u>-</u>	<u>811,693</u>	<u>846,532</u>
Unassigned	<u>337,412</u>	<u>-</u>	<u>(1,007,084)</u>	<u>-</u>	<u>(75,022)</u>	<u>(744,694)</u>
Total fund balances (deficit)	\$ <u>392,709</u>	<u>923,969</u>	<u>(986,321)</u>	<u>2,621,319</u>	<u>1,228,147</u>	<u>4,179,823</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

In the government-wide financial statements the amount of \$3,092,384 reported as restricted net position are the same as the amounts of restricted fund balance shown above.

**H. Long-Term Notes Receivable**

The City has numerous long-term notes receivables with various individuals that were issued as part of land sales. All notes receivable are secured by the underlying property that was sold. Interest rates for the notes vary from 4% to 6.25%.

A schedule of changes in long-term notes for the year ended December 31, 2014 follows:

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
Mortgages receivable	\$ <u>1,009,288</u>	<u>-</u>	<u>120,158</u>	<u>889,130</u>

Annual payment to requirements to maturity follow:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 65,994	81,584	147,578
2016	72,586	90,658	163,244
2017	55,356	65,548	120,904
2018	50,489	59,723	110,212
2019	50,225	58,283	108,508
2020-2024	252,435	270,555	522,990
2025-2029	<u>342,045</u>	<u>201,231</u>	<u>543,276</u>
	\$ <u>889,130</u>	<u>827,582</u>	<u>1,716,712</u>

**IV. OTHER INFORMATION**

**A. Contingencies**

Landfill

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 five 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 operating expenses in each period based on landfill capacity used as of each balance sheet date. However, at this time, the stud 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.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

Risk Management

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets; third party liability, errors, omissions and natural disasters for which the City carries commercial insurance. The City's insurance is on a claims occurred basis. Coverage is as follows:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
Police Professional Liability	\$500,000 each occurrence \$5,000,000 aggregate	\$10,000 each claim
Ambulance Professional & General Liability Policy	\$500,000 each occurrence \$1,000,000 aggregate	\$250 each claim
Public Officials & Employees Liability Policy - Claims	\$1,000,000 each loss and aggregate limit	\$10,000 Retention each loss
Commercial General Liability	\$500,000 each occurrence \$1,000,000 aggregate	
Inland Marine	\$203,835	
Equipment Physical Damage: 1993 28B Caterpillar Tool Carrier 1997 322L Caterpillar Excavator		
Auto Liability Policy	\$3,000,000 occurrence / Bodily injury & property damage	
Property	\$250,000 building	
Clinic - Raven Drive	\$32,000 contents	
Worker's Compensation	Statutory Benefits	
Water/Sewer Project		
Dishonesty Blanket Bond	\$100,000	
Treasurer Dishonesty Bond	\$100,000	

Claims on insurance have not exceeded coverages in any of the last three years.

JIA Insurance

The City of Hoonah, along with 136 other Alaska municipalities and school districts, is a member of the Alaska Municipal League Joint Insurance Association, Inc. (AML/JIA), and participates in the following self-insured and loss-pooling programs, which are administered by the AML/JIA for those municipalities and school districts.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General Liability	\$5,000,000 each occurrence	\$10,000
Auto Liability	\$3,000,000 each occurrence	\$ 5,000
Employer's Liability	\$2,500,000 each occurrence	
Police Professional Liability	\$5,000,000 each occurrence	\$10,000
All Risk Property	Replacement Cost on Scheduled Values \$750,000,000 per occurrence	\$5,000
Earthquake/Flood	\$50,000,000 per occurrence \$175,000,000 in aggregate	2% - \$100,000 minimum
Boiler & Machinery	\$50,000,000 per occurrence	\$1,000/\$2,500
Public Employees' Dishonesty	\$50,000 per loss	\$5,000
Forgery or Alteration	\$50,000	\$5,000
Theft, Disappearance and Destruction	\$50,000 (Section 1) \$50,000 (Section 2)	\$5,000 \$5,000

Claims on insurance have not exceeded coverages in any of the last three years.

Grants

The City participates in a number of State and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**B. Related Party Transactions**

The City of Hoonah transferred \$434,312 to Hoonah City School District for operations and other costs associated with educating the students attending Hoonah City School District.

**C. Employee Retirement Systems and Plans*****Alaska Public Employee Retirement System (PERS) - Defined Benefit***

The City has adopted Governmental Accounting Standards Board (GASB) Codification P20, *Accounting for Pensions by State and Local Governmental Employees* and GASB Codification P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. GASB Codification P20 and Codification P50 establish uniform standards for the measurement, recognition and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

*Retirement Plans.* All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan the system also administers a post-employment healthcare benefit plan.

*Summary of Significant Accounting Policies.* The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair market value or estimated fair market value.

*Termination Costs.* If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular governmental function, all affected employees in that department, group or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2014 the past service rate is 24.19%

*Plan Description.* The City contributes to the Alaska Public Employees Retirement System (PERS), which includes both cost sharing multiple employer defined benefit pension and post-employment healthcare plan and a defined contribution plan. Both plans are administered by the Commissioner of Administration and the Alaska Retirement Management Board (ARMB). Both PERS plans provide retirement benefits including disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The authority to establish and amend benefit provisions is assigned to the ARMB. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**Alaska Public Employee Retirement System (PERS) – Defined Benefit Plan**

*Plan Description and Funding Agreement.* Benefits vest with five years of credited service. Employees enrolled prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1986 and before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for Police/Fire members or members hired prior to July 1, 1986) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for police/fire personnel are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986 and who have not reached age 60 may elect to pay for major medical benefits.

Pension benefits are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. The increase in the benefits is 75% of the CPI increase up to a 9% maximum for recipients who are at least age 65 or on disability or 50% of the increase up to a 6% maximum for recipients who are at least age 60 but under age 65 or who have been receiving benefits for at least five years. Starting at age 65, or at any age for those employed before July 1, 1986, a retired employee who remains in Alaska is eligible for an additional allowance equal to 10% of the base benefit or \$50 a month, whichever is greater.

*Post Retirement Pension Adjustments.* Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

*Funding Policy.* City of Hoonah PERS members are required to contribute 6.75% (3.26% pension cost and 3.49% post-employment healthcare costs) of their annual covered salary and City of Hoonah is required to contribute at an actuarial determined rate; the current rate is 35.68% (15.75% pension cost and 20.09% post-employment healthcare costs). The legislature capped the employer rate at 22% (10.64% pension cost and 11.36% post-employment health care cost), with the State of Alaska contributing an on-behalf payment for the difference between the actuarial required contribution and the cap. The contribution requirements of plan members and the City are established and may be amended by the ARMB. On behalf payments by the State of Alaska for the City's employees are recognized as revenues and expenditures/expenses during the year.

During the 25<sup>th</sup> legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on fiscal year 2008 base salaries.

*Annual Pension Cost and On-Behalf Payments.* For 2014, the City of Hoonah's annual pension cost for the years ended December 31, 2014, 2013, and 2012 were \$349,741, \$293,569, and \$257,993, respectively, equal to the City's actual contributions. For the year ended December 31, 2014, the State of Alaska contributed \$344,625 on behalf of the City of Hoonah, which was recognized as revenue and expenditures.

***Alaska Public Employee Retirement System (PERS) – Defined Contribution Plan***

*Plan Description and Funding Requirements.* Cities and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute 0.48% to the retiree medical plan, 0.14% for occupational and death and disability benefits and 3% of employers average annual employee compensation to the health reimbursement arrangement (HRA). The employer effective contribution rate is 22% with the remaining percentage being contributed to the defined benefit unfunded liability (DBUL). Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended December 31, 2014 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution	\$ 25,805	41,289
Retiree medical plan	6,359	-
Occupational death and disability benefits	667	-
Health reimbursement agreement (HRA)	22,525	-

Actual contributions were equal to the annual required contributions.

**D. Subsequent Accounting Pronouncements**

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

- GASB 68 – *Accounting and Reporting for Pensions – an Amendment of GASB Statement No. 27. Effective for fiscal years beginning after June 15, 2014.*
- GASB 69 – *Government Combinations and Disposals of Government Operations. Effective for fiscal years beginning after December 15, 2013.*
- GASB 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – Amends GASB 68.*
- GASB 72 – *Fair Value Measurement and Application. Effective for periods beginning after June 15, 2015.*

Statements 69 and 71 are not expected to have any significant impact on the financial statements of the City.

GASB Statement No. 68's objective is to improve accounting and reporting for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement establishes methods and assumptions used to project benefit payments to their actuarial present value and attribute that present value to the periods of employee services. Note disclosures and required supplementary information are addressed in this Statement.

This Statement is effective for fiscal years beginning after June 15, 2014.

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 HOONAH, ALASKA

## General Fund

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

For the Year Ended December 31, 2014

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Local sources:			
Taxes:			
Sales tax	\$ 625,000	713,330	88,330
Charges for services:			
Ambulance	29,000	62,247	33,247
Rentals	87,446	83,968	(3,478)
Miscellaneous	52,875	61,876	9,001
Total local sources	<u>794,321</u>	<u>921,421</u>	<u>127,100</u>
Intergovernmental:			
State of Alaska:			
Shared fisheries business tax	112,108	112,108	-
Revenue sharing	136,477	136,477	-
PERS on-behalf payment	63,964	207,340	143,376
Total State of Alaska	<u>312,549</u>	<u>455,925</u>	<u>143,376</u>
Federal sources:			
Federal sources passed through			
State of Alaska:			
Volunteer fire department grant	15,684	-	(15,684)
Payment in lieu of taxes	151,667	151,667	-
Total federal sources	<u>167,351</u>	<u>151,667</u>	<u>(15,684)</u>
Total revenues	<u>1,274,221</u>	<u>1,529,013</u>	<u>254,792</u>

(continued)

## CITY OF HOONAH, ALASKA

## General Fund

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

Expenditures:	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Current:			
General government:			
City management:			
Salaries and employee benefits	\$ 200,017	215,275	(15,258)
Other services	8,000	11,448	(3,448)
Travel and per diem	25,100	24,557	543
Professional services	79,395	85,273	(5,878)
Election	3,049	3,049	-
Electricity	3,980	3,837	143
Gas, oil and operating supplies	460	460	-
Heating fuel	4,500	4,028	472
Telephone	4,200	4,651	(451)
Insurance	5,074	5,074	-
Supplies	5,526	5,578	(52)
Utilities	4,100	4,100	-
Equipment	3,774	3,774	-
Repairs and maintenance	1,062	1,129	(67)
Dues and publications	1,900	1,920	(20)
Postage and freight	1,900	922	978
Bank charges	1,800	2,093	(293)
Miscellaneous	11,300	9,860	1,440
Indirect recoveries	(79,030)	(77,439)	(1,591)
Total city management	<u>286,107</u>	<u>309,589</u>	<u>(23,482)</u>
Mayor and city council:			
Salaries and employee benefits	52,084	54,159	(2,075)
Travel and per diem	3,200	2,497	703
Dues and publications	1,872	1,974	(102)
Miscellaneous	-	21	(21)
Total mayor and city council	<u>57,156</u>	<u>58,651</u>	<u>(1,495)</u>
Total general government	<u>343,263</u>	<u>368,240</u>	<u>(24,977)</u>

(continued)

## CITY OF HOONAH, ALASKA

## General Fund

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

Expenditures, continued:	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Public works:			
Administration:			
Salaries and employee benefits	\$ 252,014	276,577	(24,563)
Travel and per diem	-	-	-
Electricity	6,800	6,670	130
Professional services	3,403	3,403	-
Gas, oil and operating supplies	20,500	16,114	4,386
Heating fuel	700	630	70
Telephone	2,150	2,320	(170)
Insurance	6,894	6,894	-
Supplies	5,293	4,057	1,236
Utilities	4,500	4,500	-
Contract labor and services	1,100	1,211	(111)
Equipment leases and rentals	1,200	1,391	(191)
Repairs and maintenance	14,300	7,724	6,576
Postage and freight	1,240	1,474	(234)
Total administration	<u>320,094</u>	<u>332,965</u>	<u>(12,871)</u>
Forestry Roads:			
Gas, oil and operating supplies	3,935	4,020	(85)
Repairs and maintenance	19,488	4,381	15,107
Postage and freight	3,502	512	2,990
Total forestry roads	<u>26,925</u>	<u>8,913</u>	<u>18,012</u>
Total public works	<u>347,019</u>	<u>341,878</u>	<u>5,141</u>

(continued)

## CITY OF HOONAH, ALASKA

## General Fund

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

Expenditures, continued:	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Public safety:			
Public safety director:			
Salaries and employee benefits	\$ 484,742	603,640	(118,898)
Travel and per diem	44,500	43,347	1,153
Professional and technical services	28,403	33,427	(5,024)
Electricity	5,100	5,695	(595)
Gas, oil, and operating supplies	10,000	10,448	(448)
Heating fuel	5,100	4,679	421
Utilities	5,668	5,668	-
Telephone	12,700	13,702	(1,002)
Supplies	8,196	8,348	(152)
Insurance	22,662	22,662	-
Contract labor and other services	11,900	11,304	596
Equipment	13,320	13,352	(32)
Equipment lease and rental	-	150	(150)
Rentals	1,400	1,309	91
Prisoner meals	1,250	958	292
Repairs and maintenance	12,660	12,017	643
Dues and publications	295	295	-
Postage and freight	850	831	19
Miscellaneous	2,500	2,347	153
Total public safety director	<u>671,246</u>	<u>794,179</u>	<u>(122,933)</u>
Emergency medical services:			
Salaries and employee benefits	146,334	134,240	12,094
Travel and per diem	290	2,340	(2,050)
Professional and technical services	1,782	1,782	-
Other services	1,785	2,069	(284)
Electricity	1,100	799	301
Gas, oil and operating supplies	-	-	-
Heating fuel	3,300	2,960	340
Telephone	1,800	1,772	28
Insurance	3,537	3,537	-
Utilities	1,123	1,123	-
Equipment	373	373	-
Postage and freight	20	10	10
Total emergency medical services	<u>161,444</u>	<u>151,005</u>	<u>10,439</u>

(continued)

## CITY OF HOONAH, ALASKA

## General Fund

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

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Expenditures, continued:			
Public safety, continued:			
Fire department:			
Salaries and employee benefits	\$ 146,334	134,240	12,094
Travel and training	3,117	3,117	-
Professional and technical services	1,782	1,782	-
Other services	295	295	-
Electricity	1,400	1,224	176
Gas, oil, and operating supplies	400	277	123
Heating fuel	3,400	3,128	272
Telephone	620	628	(8)
Insurance	3,835	3,835	-
Supplies	203	203	-
Utilities	378	1,123	(745)
Repairs and maintenance	561	653	(92)
Postage and freight	202	133	69
Miscellaneous	23	23	-
Total fire department	<u>162,550</u>	<u>150,661</u>	<u>11,889</u>
Total public safety	<u>995,240</u>	<u>1,095,845</u>	<u>(100,605)</u>
Total expenditures	<u>1,685,522</u>	<u>1,805,963</u>	<u>(120,441)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(411,301)</u>	<u>(276,950)</u>	<u>134,351</u>
Other financing sources (uses):			
Transfers in:			
State Excise Tax Special Revenue Fund	-	1,848	(1,848)
National Forest Receipts Special Revenue Fund	-	23,182	(23,182)
Parks and Recreation Special Revenue Fund	-	4,000	(4,000)
Liquor Board Special Revenue Fund	-	6,000	(6,000)
Total transfers in	<u>-</u>	<u>35,030</u>	<u>35,030</u>
Net change in fund balance	<u>\$ (411,301)</u>	<u>(241,920)</u>	<u>169,381</u>
Fund balance, beginning of year		<u>634,629</u>	
Fund balance, end of year		<u>\$ 392,709</u>	

## CITY OF HOONAH, ALASKA

## Land Development Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources:			
Interest	\$ -	82,117	82,117
Other	-	854	854
Total revenues	<u>-</u>	<u>82,971</u>	<u>82,971</u>
Expenditures:			
Current - land development:			
Salaries and employee benefits	9,500	47,915	(38,415)
Professional services	-	875	(875)
Recording fees	-	2,204	(2,204)
Other	-	14,446	(14,446)
Total expenditures	<u>9,500</u>	<u>65,440</u>	<u>(55,940)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,500)</u>	<u>17,531</u>	<u>27,031</u>
Other financing sources:			
Proceeds from principal payments of mortgages	<u>-</u>	<u>120,158</u>	<u>120,158</u>
Net change in fund balance	<u>\$ (9,500)</u>	<u>137,689</u>	<u>147,189</u>
Fund balance, beginning of year		<u>786,280</u>	
Fund balance, end of year		<u>\$ 923,969</u>	

## CITY OF HOONAH, ALASKA

## Boat Harbor Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Local sources:			
Charges for services	\$ 427,145	403,631	(23,514)
Intergovernmental:			
State of Alaska - PERS on-behalf	15,945	24,350	8,405
Total revenues	<u>443,090</u>	<u>427,981</u>	<u>(15,109)</u>
Expenditures:			
Current - boat harbor:			
Salaries and employee benefits	246,575	263,338	(16,763)
Professional services	5,147	8,610	(3,463)
Travel and training	1,102	1,876	(774)
Electricity	62,400	66,694	(4,294)
Gas, oil, and operating supplies	18,600	18,627	(27)
Supplies	7,654	7,991	(337)
Other services	11,800	12,999	(1,199)
Heating fuel	4,400	4,097	303
Telephone	2,900	2,763	137
Industrial Environmental Fee	-	5,149	(5,149)
Insurance	42,396	42,396	-
Utilities	19,838	19,838	-
Equipment	5,400	5,423	(23)
Licenses and permit fees	530	530	-
Dues and publication	480	-	480
Repairs and maintenance	11,008	13,035	(2,027)
Postage and freight	2,821	2,692	129
Miscellaneous	3,542	5,374	(1,832)
Total expenditures	<u>446,593</u>	<u>481,432</u>	<u>(34,839)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(3,503)</u>	(53,451)	<u>(49,948)</u>
Fund balance (deficit), beginning of year		<u>(932,870)</u>	
Fund balance (deficit), end of year		\$ <u>(986,321)</u>	

## CITY OF HOONAH, ALASKA

## State Excise Tax Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenue:			
Other:			
Interest revenue	\$ -	8,806	8,806
Intergovernmental:			
State of Alaska	-	639,386	639,386
	<u>-</u>	<u>648,192</u>	<u>648,192</u>
Expenditures:			
Current:			
General government:			
Indirect expenses	-	19,249	(19,249)
Public safety:			
Salaries and employee benefits	-	103,682	(103,682)
Other services	-	16,200	(16,200)
Miscellaneous	-	42,623	(42,623)
Total public safety expenditures	<u>-</u>	<u>162,505</u>	<u>(162,505)</u>
Total expenditures	<u>-</u>	<u>181,754</u>	<u>(181,754)</u>
Excess of revenues over expenditures	<u>-</u>	<u>466,438</u>	<u>466,438</u>
Other financing (uses):			
Transfer out:			
Water Fund	-	(9,714)	(9,714)
Sewer Fund	-	(2,895)	(2,895)
Landfill Fund	-	(6,703)	(6,703)
General Fund	-	(1,848)	(1,848)
Total other financing (uses)	<u>-</u>	<u>(21,160)</u>	<u>(21,160)</u>
Net change in fund balance	<u>\$ -</u>	<u>445,278</u>	<u>445,278</u>
Fund balance, beginning of the year		<u>2,176,041</u>	
Fund balance, end of year		<u>\$ 2,621,319</u>	

CITY OF HOONAH, ALASKA

Exhibit F-5

Hoonah Boat Ramp Rehabilitation Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	336,267
Federal sources		<u>1,008,800</u>
Total revenues		<u>1,345,067</u>
Expenditures:		
Capital outlay:		
Professional services		<u>1,345,067</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

## CITY OF HOONAH, ALASKA

## Multi-Use Berthing Facility Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	<u>2,291,898</u>
Expenditures		
Current - general government:		
Indirect		<u>27,461</u>
Capital outlay:		
Travel and training		16,160
Telephone		47
Professional services		246,077
Other services		<u>2,002,153</u>
Total capital outlay		<u>2,264,437</u>
Total expenditures		<u>2,291,898</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

CITY OF HOONAH, ALASKA

Water Transmission Line Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	<u>718,213</u>
Expenditures		
Capital outlay:		
Construction		<u>718,213</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

CITY OF HOONAH, ALASKA

Other Governmental Funds

Combining Balance Sheet

December 31, 2014

Assets	Special Revenue Funds							Total Special Revenue Funds	Capital Project Funds		
	Parks and Recreation	Halibut Permit	Water	Sewer	Sanitary Landfill	School Sales Tax	Title III		Hoonah Multi-Service Facility	Harbor Improvement	ANTTC Road Repair
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-
Receivables:											
Federal sources	-	-	-	-	-	-	-	-	937	-	50,000
State of Alaska	-	-	-	-	-	-	-	-	-	-	-
Local sources	7,448	-	6,239	35,096	35,068	14,896	-	98,747	-	-	-
Prepaid items	4,044	-	6,490	3,166	6,711	-	-	20,411	-	-	-
Due from other funds	61,930	462,432	-	-	36,803	248,992	68,206	878,363	9,663	348,857	-
Due from component unit	-	-	-	-	-	-	-	-	-	-	-
	\$ <u>73,422</u>	<u>462,432</u>	<u>12,729</u>	<u>38,262</u>	<u>78,582</u>	<u>263,888</u>	<u>68,206</u>	<u>997,521</u>	<u>10,600</u>	<u>348,857</u>	<u>50,000</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</u>											
Liabilities:											
Accounts payable	232	-	803	1,250	-	234,010	-	236,295	8,730	-	4,500
Accrued payroll and liabilities	4,767	-	5,913	7,449	5,005	-	-	23,134	-	-	-
Due to the General Fund	-	-	64,218	85,526	-	-	-	149,744	-	-	45,500
Unearned revenues	-	-	-	-	-	-	-	-	-	73,090	-
Total liabilities	<u>4,999</u>	<u>-</u>	<u>70,934</u>	<u>94,225</u>	<u>5,005</u>	<u>234,010</u>	<u>-</u>	<u>409,173</u>	<u>8,730</u>	<u>73,090</u>	<u>50,000</u>
Deferred inflow of resources:											
Unavailable revenues	-	-	2,341	13,237	11,327	-	-	26,905	-	-	-
Fund balances (deficits):											
Nonspendable	4,044	-	6,490	3,166	6,711	-	-	20,411	-	-	-
Restricted	-	-	-	-	-	29,878	68,206	98,084	-	-	-
Committed	-	462,432	-	-	51,538	-	-	513,970	1,870	275,767	-
Unassigned	64,379	-	(67,036)	(72,365)	-	-	-	(75,022)	-	-	-
Total fund balance (deficit)	<u>68,423</u>	<u>462,432</u>	<u>(60,546)</u>	<u>(69,199)</u>	<u>58,249</u>	<u>29,878</u>	<u>68,206</u>	<u>557,443</u>	<u>1,870</u>	<u>275,767</u>	<u>-</u>
	\$ <u>73,422</u>	<u>462,432</u>	<u>12,729</u>	<u>38,263</u>	<u>74,581</u>	<u>263,888</u>	<u>68,206</u>	<u>993,521</u>	<u>10,600</u>	<u>348,857</u>	<u>50,000</u>

(continued)

## CITY OF HOONAH, ALASKA

## Other Governmental Funds

## Combining Balance Sheet, Continued

Assets	Capital Project Funds					Total Capital Project Funds	Debt Service Funds		Total Debt Service Funds	Total Other Governmental Funds
	Cruise Ship Walkway	2011 Harbor Improvement	Harbor Electrical Upgrade	AIDEA Bulk Fuel Upgrade	HMIC Phase III		Debt Service	New Bond Issuance Debt Service		
Cash and cash equivalents	\$ -	-	-	73,545	-	73,545	-	-	-	73,545
Receivables:										
Federal	-	-	-	-	-	50,937	-	-	-	50,937
State of Alaska	-	-	-	-	185,167	185,167	-	-	-	185,167
Local sources	3,115	-	-	20,538	-	23,653	41,842	3,676	45,518	167,918
Prepaid items	-	-	-	-	-	-	-	-	-	20,411
Due from other funds	-	-	198,673	-	57,584	614,777	-	36,649	36,649	1,529,789
Due from component unit	-	-	-	-	-	-	213,292	-	213,292	213,292
	\$ <u>3,115</u>	<u>-</u>	<u>198,673</u>	<u>94,083</u>	<u>242,751</u>	<u>948,079</u>	<u>255,134</u>	<u>40,325</u>	<u>295,459</u>	<u>2,241,059</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</u>										
Liabilities:										
Accounts payable	-	-	8,894	-	229,502	251,626	-	-	-	487,921
Accrued payroll and liabilities	-	-	-	-	-	-	-	-	-	23,134
Due to the General Fund	2,616	-	-	-	-	48,116	16,561	-	16,561	214,421
Unearned revenues	499	-	182,942	-	-	256,531	-	-	-	256,531
Total liabilities	<u>3,115</u>	<u>-</u>	<u>191,836</u>	<u>-</u>	<u>229,502</u>	<u>556,273</u>	<u>16,561</u>	<u>-</u>	<u>16,561</u>	<u>982,007</u>
Deferred inflow of resources:										
Unavailable revenues	-	-	-	-	-	-	-	-	-	26,905
Fund balances (deficits):										
Nonspendable	-	-	-	-	-	-	-	-	-	20,411
Restricted	-	-	-	94,083	-	94,083	238,573	40,325	278,898	471,065
Committed	-	-	6,837	-	13,249	297,723	-	-	-	811,693
Unassigned	-	-	-	-	-	-	-	-	-	(75,022)
Total fund balance (deficits)	<u>-</u>	<u>-</u>	<u>6,837</u>	<u>94,083</u>	<u>13,249</u>	<u>391,806</u>	<u>238,573</u>	<u>40,325</u>	<u>278,898</u>	<u>1,228,147</u>
	\$ <u>3,115</u>	<u>-</u>	<u>198,673</u>	<u>94,083</u>	<u>242,751</u>	<u>948,079</u>	<u>255,134</u>	<u>40,325</u>	<u>295,459</u>	<u>2,237,059</u>

CITY OF HOONAH, ALASKA

Other Governmental Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficits)

For the Year Ended December 31, 2014

	Special Revenue Funds									Total Special Revenue Funds
	Liquor Board	Parks and Recreation	National Forest Receipts	Halibut Permit	Water	Sewer	Sanitary Landfill	School Sales Tax	Title III	
Revenues:										
Local sources:										
Sales tax	\$ -	230,425	-	-	-	-	-	464,191	-	694,616
Charges for services	-	-	-	3,840	197,046	236,467	178,064	-	-	615,417
Other	43,159	15,211	-	-	-	-	-	-	-	58,370
Total local sources	<u>43,159</u>	<u>245,636</u>	<u>-</u>	<u>3,840</u>	<u>197,046</u>	<u>236,467</u>	<u>178,064</u>	<u>464,191</u>	<u>-</u>	<u>1,368,403</u>
Intergovernmental:										
State of Alaska	-	25,688	-	-	22,725	26,975	24,686	-	-	100,074
Federal sources	-	-	254,009	-	-	-	-	-	-	254,009
Total intergovernmental	<u>-</u>	<u>25,688</u>	<u>254,009</u>	<u>-</u>	<u>22,725</u>	<u>26,975</u>	<u>24,686</u>	<u>-</u>	<u>-</u>	<u>354,083</u>
Total revenues	<u>43,159</u>	<u>271,324</u>	<u>254,009</u>	<u>3,840</u>	<u>219,771</u>	<u>263,442</u>	<u>202,750</u>	<u>464,191</u>	<u>-</u>	<u>1,722,486</u>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	230,110	-	-	-	-	230,110
Sewer	-	-	-	-	-	257,742	-	-	-	257,742
Sanitary landfill	-	-	-	-	-	-	229,861	-	-	229,861
Parks and recreation	-	262,987	-	-	-	-	-	-	-	262,987
Public safety	-	-	-	-	-	-	-	-	113,174	113,174
Special programs	35,159	-	-	30	-	-	-	-	-	35,189
Education	-	-	230,827	-	-	-	-	434,313	-	665,140
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>35,159</u>	<u>262,987</u>	<u>230,827</u>	<u>30</u>	<u>230,110</u>	<u>257,742</u>	<u>229,861</u>	<u>434,313</u>	<u>113,174</u>	<u>1,794,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,000</u>	<u>8,337</u>	<u>23,182</u>	<u>3,810</u>	<u>(10,339)</u>	<u>5,700</u>	<u>(27,111)</u>	<u>29,878</u>	<u>(113,174)</u>	<u>(71,717)</u>
Other financing sources (uses):										
Transfers in	-	2,000	-	-	9,714	2,895	6,703	-	-	21,312
Transfers out	(8,000)	(4,000)	(23,182)	-	-	-	-	-	-	(35,182)
Net other financing sources (uses)	<u>(8,000)</u>	<u>(2,000)</u>	<u>(23,182)</u>	<u>-</u>	<u>9,714</u>	<u>2,895</u>	<u>6,703</u>	<u>-</u>	<u>-</u>	<u>(13,870)</u>
Net change in fund balances	-	6,337	-	3,810	(625)	8,595	(20,408)	29,878	(113,174)	(85,587)
Fund balances (deficits), beginning of year	-	62,086	-	458,622	(59,921)	(77,794)	78,657	-	181,380	643,030
Fund balances (deficits), end of year	\$ -	<u>68,423</u>	<u>-</u>	<u>462,432</u>	<u>(60,546)</u>	<u>(69,199)</u>	<u>58,249</u>	<u>29,878</u>	<u>68,206</u>	<u>557,443</u>

(continued)

CITY OF HOONAH, ALASKA

Other Governmental Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficits), Continued

	Capital Project Funds								Total Capital Project Funds	Debt Service Funds		Total Debt Service Funds	Total Other Governmental Funds
	Hoonah Multi-Service Facility	ANTTC Road Repair	Harbor Improvement	Cruise Ship Walkway	2011 Harbor Improvement	Harbor Electrical Upgrade	AIDEA Bulk Fuel Upgrade	HMIC Phase III		Debt Service	New Bond Issuance Debt Service		
Revenues:													
Local sources:													
Sales tax	\$ -	-	-	-	-	-	-	-	-	-	110,657	110,657	805,273
Charges for services	-	-	-	-	-	-	20,538	-	20,538	-	-	-	635,955
Other	-	50,000	-	-	-	-	6	-	50,006	29,942	-	29,942	138,318
Total local sources	-	50,000	-	-	-	-	20,544	-	70,544	29,942	110,657	140,599	1,579,546
Intergovernmental:													
State of Alaska	-	-	-	8,096	3,643	9,558	-	188,987	210,284	69,078	-	69,078	379,436
Federal sources	4,295	-	-	-	-	-	-	-	4,295	-	-	-	258,304
Total intergovernmental	4,295	-	-	8,096	3,643	9,558	-	188,987	214,579	69,078	-	69,078	637,740
Total revenues	4,295	50,000	-	8,096	3,643	9,558	20,544	188,987	285,123	99,020	110,657	209,677	2,217,286
Expenditures:													
Current:													
General government	3,473	-	-	810	364	-	-	26,082	30,729	-	-	-	30,729
Water	-	-	-	-	-	-	-	-	-	-	-	-	230,110
Sewer	-	-	-	-	-	-	-	-	-	-	-	-	257,742
Sanitary landfill	-	-	-	-	-	-	-	-	-	-	-	-	229,861
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-	262,987
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	113,174
Special programs	-	-	-	-	-	-	-	-	-	-	-	-	35,189
Education	-	-	-	-	-	-	-	-	-	-	-	-	665,140
Capital outlay	8,730	50,000	-	7,286	3,279	9,558	-	234,940	313,793	-	-	-	313,793
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	82,860	40,000	122,860	122,860
Interest	-	-	-	-	-	-	-	-	-	16,160	52,100	68,260	68,260
Total expenditures	12,203	50,000	-	8,096	3,643	9,558	-	261,022	344,522	99,020	92,100	191,120	2,329,845
Excess (deficiency) of revenues over (under) expenditures	(7,908)	-	-	-	-	-	20,544	(72,035)	(59,399)	-	18,557	18,557	(112,559)
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	21,312
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	(35,182)
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	(13,870)
Net change in fund balances	(7,908)	-	-	-	-	-	20,544	(72,035)	(59,399)	-	18,557	18,557	(126,429)
Fund balances (deficits), beginning of year	9,778	-	275,767	-	-	6,837	73,539	85,284	451,205	238,573	21,768	260,341	1,354,576
Fund balances (deficits), end of year	\$ 1,870	-	275,767	-	-	6,837	94,083	13,249	391,806	238,573	40,325	278,898	1,228,147

## CITY OF HOONAH, ALASKA

## Liquor Board Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenue - local sources:			
Other	\$ -	43,159	43,159
Expenditures:			
Current - special programs:			
Contribution to other entities	-	35,159	(35,159)
Excess of revenues over expenditures	-	8,000	8,000
Other financing sources (uses):			
Transfers out:			
General Fund	-	(6,000)	(6,000)
Parks and Recreation	-	(2,000)	(2,000)
Total other financing (uses)	-	(8,000)	(8,000)
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CITY OF HOONAH, ALASKA

## Parks and Recreation Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Sales tax	\$ 208,333	230,425	22,092
Other	5,211	15,211	10,000
Total local sources	<u>213,544</u>	<u>245,636</u>	<u>32,092</u>
Intergovernmental:			
State of Alaska - PERS on-behalf	10,960	25,688	14,728
Total revenue	<u>224,504</u>	<u>271,324</u>	<u>46,820</u>
Expenditures:			
Current - parks and recreation:			
Salaries and employee benefits	167,588	189,392	(21,804)
Electricity	3,860	3,358	502
Gas, oil, and operating supplies	211	211	-
Heating fuel	13,500	12,828	672
Telephone	1,100	1,183	(83)
Insurance	5,413	5,414	(1)
Supplies	24,095	24,094	1
Professional services	3,403	3,403	-
Equipment	-	-	-
Other services	1,512	1,512	-
Utilities	4,594	4,295	299
Repairs and maintenance	3,472	3,850	(378)
Postage and freight	771	605	166
Miscellaneous	11,363	12,842	(1,479)
Total expenditures	<u>240,882</u>	<u>262,987</u>	<u>(22,105)</u>
Excess (deficiency) of revenues over (under) expenditure	<u>(16,378)</u>	<u>8,337</u>	<u>24,715</u>
Other financing sources (uses):			
Transfers in:			
Liquor Board	4,000	2,000	(2,000)
Transfers out:			
General Fund	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Net change in fund balance	<u>\$ (16,378)</u>	6,337	<u>22,715</u>
Fund balance beginning of year		<u>62,086</u>	
Fund balance, end of year		<u>\$ 68,423</u>	

## CITY OF HOONAH, ALASKA

## National Forest Receipts Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Intergovernmental:			
Federal sources	\$ -	254,009	254,009
Expenditures:			
Current - education:			
General contribution	-	230,827	(230,827)
Excess of revenues over expenditures	-	23,182	23,182
Other financing (uses):			
Transfers out:			
General Fund	-	(23,182)	(23,182)
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CITY OF HOONAH, ALASKA

## Halibut Permit Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - charges for services:			
Halibut permit	\$ -	3,840	3,840
Expenditures:			
Current - special programs:			
Licenses and permit fees	-	30	(30)
Excess of revenues over expenditures	\$ -	3,810	3,810
Fund balance, beginning of year		458,622	
Fund balance, end of year		\$ 462,432	

## CITY OF HOONAH, ALASKA

## Water Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 195,699	197,046	1,347
Intergovernmental:			
State of Alaska - PERS on-behalf	8,614	22,725	14,111
Total revenues	<u>204,313</u>	<u>219,771</u>	<u>15,458</u>
Expenditures:			
Current - water:			
Salaries and employee benefits	134,972	154,664	(19,692)
Travel & training	1,277	1,435	(158)
Professional services	10,403	10,168	235
Electricity	9,700	9,362	338
Gas, oil and operating supplies	28,500	26,866	1,634
Heating fuel	8,000	7,580	420
Supplies	500	241	259
Telephone	1,300	1,341	(41)
Insurance	8,609	8,609	-
Equipment	300	115	185
Other services	2,568	2,566	2
Licenses and permit fees	100	-	100
Repairs and maintenance	5,064	3,947	1,117
Postage and freight	1,334	944	390
Miscellaneous	1,400	2,272	(872)
Total expenditures	<u>214,027</u>	<u>230,110</u>	<u>(16,083)</u>
Excess (deficiency) of revenues over (under) expenditures	(9,714)	(10,339)	(625)
Other financing sources:			
Transfers in:			
State Excise Tax Fund	9,714	9,714	-
Net change in fund balance	\$ <u>-</u>	(625)	<u>(625)</u>
Fund balance (deficit), beginning of year		<u>(59,921)</u>	
Fund balance (deficit), end of year		\$ <u><u>(60,546)</u></u>	

## CITY OF HOONAH, ALASKA

## Sewer Special Revenue Fund

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

For the Ended December 31, 2014

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Local sources:			
Charges for services	\$ 237,460	236,467	(993)
Intergovernmental:			
State of Alaska - PERS on-behalf	10,527	26,975	16,448
Total revenues	<u>247,987</u>	<u>263,442</u>	<u>15,455</u>
Expenditures:			
Current - sewer:			
Salaries and employee benefits	161,414	185,741	(24,327)
Electricity	30,100	31,636	(1,536)
Gas, oil and operating supplies	5,900	5,317	583
Heating fuel	3,000	1,867	1,133
Telephone	1,300	1,403	(103)
Insurance	7,966	7,966	-
Supplies	3,254	2,855	399
Repairs and maintenance	9,223	11,729	(2,506)
Professional services	4,403	4,705	(302)
Other services	1,678	1,678	-
Postage and freight	1,600	1,363	237
Miscellaneous	1,200	1,482	(282)
Total expenditures	<u>231,038</u>	<u>257,742</u>	<u>(26,704)</u>
Excess of revenues over expenditures	<u>16,949</u>	<u>5,700</u>	<u>(11,249)</u>
Other financing sources:			
Transfers in:			
State Excise Tax Fund	<u>2,895</u>	<u>2,895</u>	<u>-</u>
Net change in fund balance	<u>\$ 19,844</u>	<u>8,595</u>	<u>(11,249)</u>
Fund balance (deficit), beginning of year		<u>(77,794)</u>	
Fund balance (deficit), end of year		<u>\$ (69,199)</u>	

## CITY OF HOONAH, ALASKA

## Sanitary Landfill Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Local sources:			
Charges for services	\$ 164,566	178,064	13,498
Intergovernmental:			
State of Alaska - PERS on-behalf	<u>11,462</u>	<u>24,686</u>	<u>13,224</u>
Total revenues	<u>176,028</u>	<u>202,750</u>	<u>26,722</u>
Expenditures:			
Current - sanitary landfill:			
Salaries and employee benefits	182,419	204,051	(21,632)
Travel and training	143	143	-
Gas, diesel and oil operating supplies	2,400	2,529	(129)
Insurance	8,654	8,654	-
Repairs and maintenance	8,400	7,627	773
Licenses and permit fees	150	150	-
Supplies	101	101	-
Professional services	3,403	3,403	-
Other services	750	804	(54)
Postage and freight	617	872	(255)
Miscellaneous	<u>1,800</u>	<u>1,527</u>	<u>273</u>
Total expenditures	<u>208,837</u>	<u>229,861</u>	<u>(21,024)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,809)</u>	<u>(27,111)</u>	<u>5,698</u>
Other financing sources:			
Transfers in:			
State Excise Tax Fund	<u>6,703</u>	<u>6,703</u>	<u>-</u>
Net change in fund balance	<u>\$ (26,106)</u>	<u>(20,408)</u>	<u>5,698</u>
Fund balance, beginning of year		<u>78,657</u>	
Fund balance, end of year		<u>\$ 58,249</u>	

CITY OF HOONAH, ALASKA

School Sales Tax Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources:			
Sales tax	\$ -	464,191	464,191
Expenditures:			
Current - education:			
Swimming pool and other sports	-	434,313	(434,313)
Excess of revenues over expenditures	\$ -	29,878	29,878
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 29,878	

## CITY OF HOONAH, ALASKA

## Title III Special Revenue Fund

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

For the Year Ended December 31, 2014

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues	\$ <u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current - Public safety:			
Salaries	-	18,714	(18,714)
Travel and training	-	3,773	(3,773)
Office supplies	-	20,386	(20,386)
Equipment	-	66,745	(66,745)
Repair & maintenance	-	1,829	(1,829)
Other	<u>-</u>	<u>1,727</u>	<u>(1,727)</u>
Total expenditures:	<u>-</u>	<u>113,174</u>	<u>(113,174)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u><u>-</u></u>	<u>(113,174)</u>	<u><u>(113,174)</u></u>
Fund balance, beginning of year		<u>181,380</u>	
Fund balance, end of year		\$ <u><u>68,206</u></u>	

## CITY OF HOONAH, ALASKA

## Hoonah Multi-Service Facility Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
Federal sources	\$	<u>4,295</u>
Expenditures:		
Current - general government:		
Indirect		<u>3,473</u>
Capital outlay:		
Professional services		<u>8,730</u>
Total expenditures		<u>12,203</u>
Excess (deficiency) of revenues over (under) expenditures		(7,908)
Fund balance, beginning of year		<u>9,778</u>
Fund balance, end of year	\$	<u><u>1,870</u></u>

## CITY OF HOONAH, ALASKA

## ANTTC Road Repair Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Local sources - other	\$	<u>50,000</u>
Expenditures		
Capital outlay:		
Road paving		1,080
Maintenance and repair		<u>48,920</u>
Total expenditures		<u>50,000</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

CITY OF HOONAH, ALASKA

Harbor Improvement Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	<u>          -</u>
Expenditures:		
Capital outlay:		
Equipment		<u>          -</u>
Excess of revenues over expenditures		-
Fund balance, beginning of the year		<u>      275,767</u>
Fund balance, end of year	\$	<u><u>      275,767</u></u>

## CITY OF HOONAH, ALASKA

## Cruise Ship Walkway Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	<u>8,096</u>
Expenditures		
Current - general government:		
Indirect		<u>810</u>
Capital outlay:		
Professional services		2,500
Equipment		4,627
Postage and freight		<u>159</u>
Total capital outlay		<u>7,286</u>
Total expenditures		<u>8,096</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

## CITY OF HOONAH, ALASKA

## 2011 Harbor Improvement Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	<u>3,643</u>
Expenditures		
Current - general government:		
Indirect		<u>364</u>
Capital outlay:		
Professional services		70
Development		<u>3,209</u>
Total capital outlay		<u>3,279</u>
Total expenditures		<u>3,643</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

CITY OF HOONAH, ALASKA

Harbor Electrical Upgrade Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	<u>9,558</u>
Expenditures		
Capital outlay:		
Travel & training		664
Professional services		<u>8,894</u>
Total capital outlay:		<u>9,558</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>6,837</u>
Fund balance, end of year	\$	<u><u>6,837</u></u>

CITY OF HOONAH, ALASKA

AIDEA Bulk Fuel Upgrade Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Local sources:		
Charges for services	\$	20,538
Other		6
		<u>20,544</u>
Expenditures		<u>-</u>
Excess of revenues over expenditures		20,544
Fund balance, beginning of year		<u>73,539</u>
Fund balance, end of year	\$	<u><u>94,083</u></u>

## CITY OF HOONAH, ALASKA

## HMIC Phase III Capital Project Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:		
Intergovernmental:		
State of Alaska	\$	<u>188,987</u>
Expenditures:		
Current - general government:		
Indirect		<u>26,082</u>
Capital outlay:		
Professional services		7,288
Equipment		<u>227,652</u>
Total capital outlay		<u>234,940</u>
Total expenditures		<u>261,022</u>
Excess (deficiency) of revenues over (under) expenditures		(72,035)
Fund balance, beginning of year		<u>85,284</u>
Fund balance, end of year	\$	<u><u>13,249</u></u>

## CITY OF HOONAH, ALASKA

## Debt Service Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

Revenues:	
Local sources - other	\$ 29,942
Intergovernmental - State of Alaska	69,078
Total revenue	<u>99,020</u>
Expenditures:	
Debt service:	
Principal	82,860
Interest	16,160
Total expenditures	<u>99,020</u>
Excess of revenues over expenditures	-
Fund balance, beginning of year	<u>238,573</u>
Fund balance, end of year	<u>\$ 238,573</u>

CITY OF HOONAH, ALASKA

New Bond Issuance Debt Service Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

For the Year Ended December 31, 2014

	<u>Actual Amounts</u>
Revenues:	
Local sources:	
Sales tax	\$ <u>110,657</u>
Expenditures:	
Debt service:	
Principal	40,000
Interest	<u>52,100</u>
Total expenditures	<u>92,100</u>
Excess of revenues over expenditures	18,557
Fund balance, beginning of year	<u>21,768</u>
Fund balance, end of year	<u><u>\$ 40,325</u></u>

CITY OF HOONAH, ALASKA  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2014

<u>Grant Title</u>	<u>Award Number</u>	<u>CFDA #</u>	<u>Total Grant Award</u>	<u>Eligible Expenditures</u>
U.S. Department of Agriculture: Passed through State of Alaska Department of Commerce, Community, and Economic Development - Federal Timber Receipts	None	10.665	<u>254,009</u>	<u>254,009</u>
U.S. Department of Housing and Urban Development: Passed through State of Alaska Department of Commerce, Community and Economic Development - Community Development Block Grant	11-CDBG-007	14.228	<u>450,000</u>	<u>4,295</u>
U.S. Department of the Interior passed through State of Alaska: Department of Commerce, Community, and Economic Development: Payment in lieu of taxes	None	15.226	137,204	151,667
Department of Fish and Game: Boat Ramp Rehabilitation	COOP-11-058	15.605	<u>2,086,181</u>	<u>1,008,800</u>
Total Department of Interior			<u>2,223,385</u>	<u>1,160,467</u>
Total federal financial assistance			\$ <u>2,927,394</u>	<u>1,418,771</u>

Notes to Schedule

1. This schedule was prepared on the modified accrual basis of accounting.
2. No federal funds were passed through to subrecipients.
3. The City of Hoonah, for purposes of the Supplemental Schedule of Expenditures of Federal Awards includes all funds of the primary government as defined by GASB 14, the Financial Reporting Entity. It does not include the Hoonah City School District, a component unit of the City of Hoonah. The Hoonah City School District basic financial statements for the year ended June 30, 2014 includes \$997,289 in federal awards expended. These monies are excluded from the schedule, separate reports on compliance and internal control dated November 7, 2014, were issued by the Hoonah City School District.

## CITY OF HOONAH, ALASKA

## Schedule of State Financial Assistance

For the Year Ended December 31, 2014

<u>Grant Title</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Expenditures</u>
Department of Commerce, Community and Economic Development:			
Cruise Ship Passenger Walkway Construction and Upgrades	11-RR-002	1,500,000	8,096
Harbor Improvements	11-DC-636	1,000,000	3,643
* Berthing Facility	12-DC-610	15,000,000	2,291,898
* Bulkhead Boat Pull-out (HMIC Phase III)	12-DC-361	1,219,119	188,987
Total Department of Commerce, Community and Economic Development		<u>18,719,119</u>	<u>2,492,624</u>
Department of Education and Early Development - Debt Service Bond Reimbursements			
	None	<u>69,078</u>	<u>69,078</u>
Department of Environmental Conservation			
* Water Transmission Line	MMG41105	<u>1,681,900</u>	<u>718,213</u>
Department of Revenue:			
* Excise Tax	None	626,525	626,525
* Revenue Sharing	None	136,477	136,477
* Fisheries Business Taxes	None	112,108	112,108
Total Department of Revenue		<u>875,110</u>	<u>875,110</u>
Department of Administration:			
* PERS On-behalf Payments	None	<u>344,625</u>	<u>344,625</u>
Department of Transportation:			
Deferred Harbor Maintenance	None	<u>3,500,000</u>	<u>9,558</u>
Department of Fish and Game:			
* Boat Ramp Rehabilitation	COOP-11-058	<u>495,394</u>	<u>336,267</u>
Total State of Alaska financial assistance		\$ <u>25,685,226</u>	<u>4,845,475</u>

- \* Denotes a major program for compliance audit purposes.
- The City of Hoonah, for purposes of the Supplemental Schedule of State Financial Assistance includes all funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*. It does not include the Hoonah City School District, a component unit of the City of Hoonah. The Hoonah City School District basic financial statements for the year ended June 30, 2014 included \$5,766,056 in state awards expended. These monies are excluded from this schedule, separate reports on compliance and internal control dated November 7, 2014, were issued by the Hoonah City School District.
- This schedule was prepared on the modified accrual basis of accounting.
- No state fund were passed through to subrecipients.

# **COMPLIANCE REPORTS**

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

**Independent Auditor's Report**

Members of the City Council  
City of Hoonah  
Hoonah, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Hoonah, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Hoonah's basic financial statements, and have issued our report thereon dated July 31, 2015. The discretely presented component unit is presented as of and for the year ended June 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Hoonah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Hoonah's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hoonah's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the City Council  
City of Hoonah

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Hoonah's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anchorage, Alaska  
July 31, 2015

**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133**

**Independent Auditor's Report**

Members of the City Council  
City of Hoonah  
Hoonah, Alaska

**Report on Compliance for Each Major Federal Program**

We have audited City of Hoonah's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Hoonah's major federal programs for the year ended December 31, 2014. City of Hoonah's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

The City of Hoonah's basic financial statements include the operations of Hoonah City School District, a component unit, which received \$997,289 in federal awards for the year ended June 30, 2014 which are not included in the Schedule of Expenditures of Federal Awards during the year ended December 31, 2014. Our audit, described below, did not include the operations of Hoonah City School District because it was subjected to a separate audit performed in accordance with OMB Circular A-133.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Hoonah's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Hoonah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Members of the City Council  
City of Hoonah

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Hoonah's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Hoonah complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

***Report on Internal Control Over Compliance***

Management of City of Hoonah is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Hoonah's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Hoonah's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska  
July 31, 2015

CITY OF HOONAH, ALASKA

Federal Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2014

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report        Yes   X   No

Internal control over financial reporting:  
Significant deficiency(ies) identified?        Yes   X   No  
Material weakness(es) identified?        Yes   X   No

Noncompliance material to financial statements?        Yes   X   No

Federal Awards

Internal control over major programs (Section .510 (a)(1)):  
Significant deficiency(ies) identified?        Yes   X   No  
Material weakness(es) identified?        Yes   X   No

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (Section .510 (a)(2))?        Yes   X   No

Type of auditor’s report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) (3) or (4)?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.605	Boat Ramp Rehabilitation

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   x   Yes        No

CITY OF HOONAH, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

**Section II – Financial Statement Findings**

City of Hoonah did not have findings that related to the financial statements.

**Section III – Federal Award Findings and Questioned Costs**

City of Hoonah did not have findings that related to federal awards.

**Section IV – Status of Prior Year Audit Findings**

City of Hoonah did not have any prior year findings.

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**Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits**

**Independent Auditor's Report**

Members of the City Council  
City of Hoonah  
Hoonah, Alaska

**Report on Compliance for Each Major State Program**

We have audited City of Hoonah's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Hoonah's major state programs for the year ended December 31, 2014. City of Hoonah's major state programs are identified in the accompanying schedule of state financial assistance.

The City of Hoonah's basic financial statements include the operations of Hoonah City School District, which received \$5,766,056 in State awards for the year ended June 30, 2014, a component unit, that are not included in the Schedule of State Financial Assistance during the year ended December 31, 2014. Our audit, described below, did not include the operations of Hoonah City School District because it was subjected to a separate audit performed in accordance with *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Hoonah's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Hoonah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Members of the City Council  
City of Hoonah

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of City of Hoonah's compliance.

### **Opinion on Each Major State Program**

In our opinion, City of Hoonah complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2014.

### **Other Matters**

The result of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which are described in the accompanying state schedule of findings and questioned costs as findings 2014-001 and 2014-002. Our opinion on each major state program is not modified with respect to these matters.

City of Hoonah's responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. City of Hoonah's responses was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Management of City of Hoonah is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Hoonah's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Hoonah's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Members of the City Council  
City of Hoonah

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying State Schedule of Findings and Questioned Costs as Finding 2014-001 and 2014-002 that we consider to be significant deficiencies.

City of Hoonah's responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. City of Hoonah's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska  
July 31, 2015

CITY OF HOONAH, ALASKA

State Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2014

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Significant deficiency(ies) identified?	<u>    </u> yes	<u>  x  </u> no	
Material weakness(es) identified?	<u>    </u> yes	<u>  x  </u> no	
Is a material noncompliance disclosed?	<u>    </u> yes	<u>  x  </u> no	

State Financial Assistance

Internal control over major programs:			
Significant deficiency(ies) identified?	<u>  x  </u> yes	<u>    </u> no	
Material weakness(es) identified?	<u>    </u> yes	<u>  x  </u> no	

Type of auditor’s report issued on compliance for major program:	<u>Unmodified</u>
--	-------------------

Dollar threshold used to distinguish a state major program:	\$ <u>75,000</u>
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CITY OF HOONAH, ALASKA

State Schedule of Findings and Questioned Costs, Continued

**Section II – Financial Statement Findings**

See Federal Schedule of Findings and Questioned Costs

**Section III - State Award Findings and Questioned Costs**

**Finding 2014-001**

**Internal Control over Reporting**

**Significant deficiency/  
Non-Compliance**

**Late Reporting**

**State Award Program**

**Awarding Agency**

**Grant#**

**Program**

DCCED

12-DC-610

Berthing Facility

**Condition:**

During testing of grant reporting requirements, we found that there were two monthly reports that were submitted after their due dates.

**Criteria:**

The City of Hoonah currently reports to the State of Alaska DCCED on a monthly basis for the grants listed above. Per the grant requirements, the monthly reports are due to the State within 15 days of the end of the reporting period.

**Context:**

We found two reports that were submitted after the 15-day due date.

**Cause:**

The employee charged with filling out the monthly reports was not able to get the information compiled on time. As a result, some of the reports were filed late.

**Effect:**

Improper grant reporting could hinder opportunities for future grants.

**Questioned Costs:**

None noted.

**Recommendation:**

We recommend that grant requirements be closely monitored and there should be a clear line of communication established to keep the responsible person well-informed of this reporting issue.

**Management's Response:**

Management concurs with the finding, see corrective action plan for more information.

CITY OF HOONAH, ALASKA

State Schedule of Findings and Questioned Costs, Continued

**Finding 2014-002**

**Internal Control over Prevailing Wage Requirements**

**Significant deficiency/  
Non-Compliance**

**State Award Program**

**Awarding Agency**

**Grant#**

**Program**

DCCED

12-DC-610

Berthing Facility

**Condition:**

During testing of compliance requirements we found that the City had not complied with prevailing wage requirements applicable to the grant. The City had not notified the Department of Labor of the contract that was awarded for construction of the berthing facility.

**Criteria:**

Per AS 36.05.035 upon awarding a public construction contract the City is required to immediately notify the commission of labor and workforce development of the amount of the contract, the effective date of the contract, the identity of the contractor and all subcontractors, the site or sites construction, and provide a project description.

**Context:**

The construction contract was awarded in August of 2014, as April of 2015 the applicable notifications had not been filed with the Department of Labor.

**Cause:**

There was a lack of communication between employees and lack of understanding of all applicable grant requirements.

**Effect:**

Not complying with applicable grant requirements could jeopardize future grant funding.

**Questioned Costs:**

None noted.

**Recommendation:**

We recommend that grant requirements be closely monitored and there should be a clear line of communication established to keep the responsible person well-informed of all applicable grant requirements.

**Management's Response:**

Management concurs with the finding, see corrective action plan for more information.

**Section IV – Status of Prior Year Audit Findings**

City of Hoonah did not have any prior year audit findings.

CITY OF HOONAH, ALASKA

Corrective Action Plan

For the Year Ended December 31, 2014

**Finding 2014-001**

**Internal Control over Reporting**

**Name of Contact Person:** Harry Staven, City Administrator

**Corrective Action:** The Mayor will monitor that the grant reporting is being filed on time by the City Administrator.

**Proposed Completion Date:** January 1, 2015

**Finding 2014-002**

**Internal Control over Prevailing Wage Requirements**

**Name of Contact Person:** Harry Staven, City Administrator

**Corrective Action:** The Mayor will monitor that the required prevailing wage requirements for state funded contracts are being followed.

**Proposed Completion Date:** January 1, 2015