

CITY OF SELDOVIA, ALASKA

Basic Financial Statements and
Additional Supplementary Information
and Compliance Report

(With Independent Auditor's Report Thereon)

Year Ended June 30, 2014

*Altman, Rogers
& Co.* CERTIFIED
PUBLIC
ACCOUNTANTS

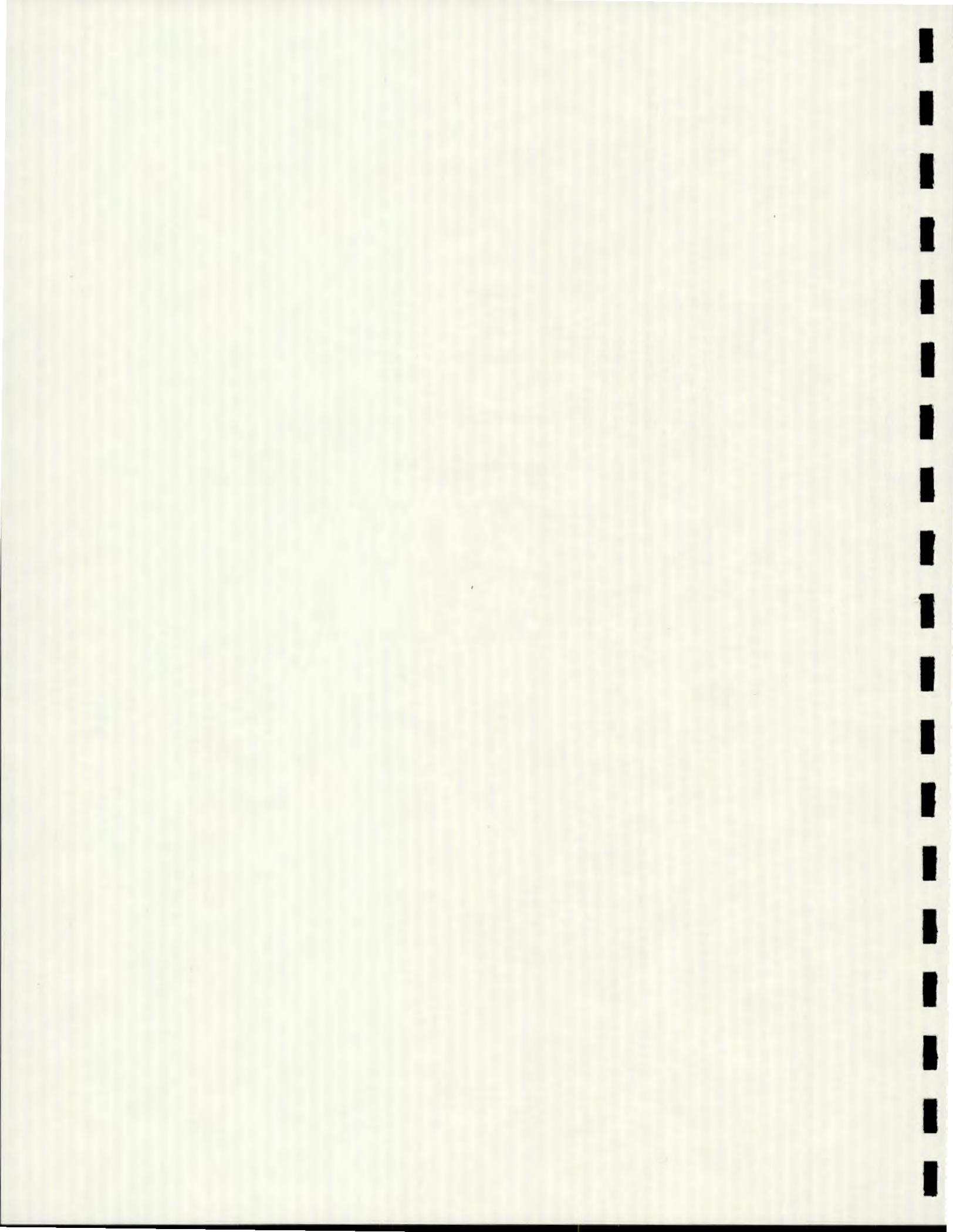


CITY OF SELDOVIA, ALASKA

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Year Ended June 30, 2014



CITY OF SELDOVIA, ALASKA

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CITY OF SELDOVIA, ALASKA

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Independent Auditor's Report

Honorable Mayor and City Council
City of Seldovia
Seldovia, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Seldovia, Alaska as of and for the year ended June 30, 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.

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.

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

Honorable Mayor and City Council
City of Seldovia

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Seldovia, Alaska, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Additional Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seldovia's basic financial statements. The additional supplementary information included in the table of contents, which includes the combining balance sheet and the combining statements of revenues, expenditures and changes in fund balances (deficit), and the schedule of revenues, expenditures and changes in fund balance – budget to actual (where applicable), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information, presented above, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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, additional supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and City Council
City of Seldovia

Other Reporting Required by *Government Auditing Standards*

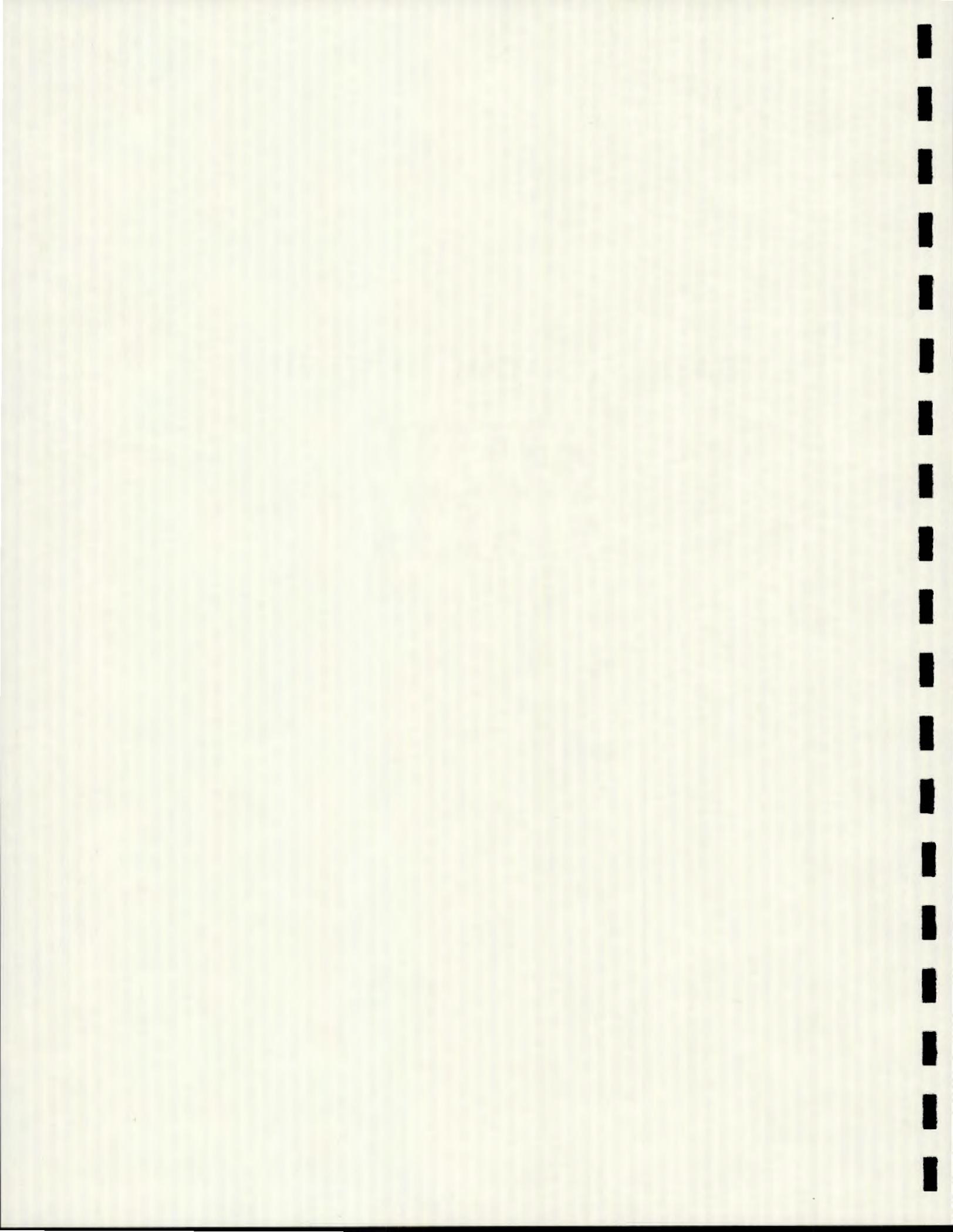
In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015, on our consideration of the City of Seldovia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Seldovia's internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
November 4, 2015

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BASIC FINANCIAL STATEMENTS



CITY OF SELDOVIA, ALASKA

Statement of Net Position

June 30, 2014

<u>Assets</u>	<u>Governmental Activities</u>
Current:	
Cash and cash equivalents	\$ 1,448,329
Accounts receivable, net	200,366
Inventory	505
Other	60
Total current	<u>1,649,260</u>
Long-term:	
Capital assets	20,148,342
Accumulated depreciation	<u>(7,870,471)</u>
Total long-term	<u>12,277,871</u>
Total assets	<u>13,927,131</u>
<u>Liabilities</u>	
Accrued payroll and related liabilities	16,656
Payroll related liabilities	23,746
Unearned revenue	431,857
Other liabilities	26,429
Noncurrent liabilities due within one year - accrued leave	<u>25,948</u>
Total liabilities	<u>524,636</u>
<u>Net Position</u>	
Net Investment in capital assets	12,277,871
Unrestricted	<u>1,124,624</u>
Total net position	<u>\$ 13,402,495</u>

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

CITY OF SELDOVIA, ALASKA

Statement of Activities

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 234,429	35,953	-	-	(198,476)
Water	170,604	126,435	4,080	-	(40,089)
Wastewater	91,101	61,327	2,315	-	(27,459)
Municipal dock	95,754	55,372	4,240	-	(36,142)
Boat harbor	345,927	137,254	9,800	-	(198,873)
Boat haul out facility	25,384	41,236	266	-	16,118
Public safety	265,282	-	23,343	-	(241,939)
Public works	424,509	-	48,776	541,495	165,762
Public service	84,068	12,786	54,893	-	(16,389)
Total governmental activities	\$ <u>1,737,058</u>	<u>470,363</u>	<u>147,713</u>	<u>541,495</u>	<u>(577,487)</u>
General revenues:					
Taxes					334,119
Grants and entitlements not restricted to a specific purpose					143,381
Other					<u>65,389</u>
Total general revenues					<u>542,889</u>
Change in net position					(34,598)
Net position, beginning of year					<u>13,437,093</u>
Net position, end of year					\$ <u><u>13,402,495</u></u>

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

CITY OF SELDOVIA, ALASKA
Balance Sheet - Governmental Funds

June 30, 2014

	General Fund	Harbor Improvement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Assets:				
Cash and cash equivalents	\$ 1,430,606	-	17,723	1,448,329
Receivables, net of allowances:				
Grants	-	-	101,717	101,717
Trade	227	-	98,422	98,649
Inventory	-	-	505	505
Other	-	-	60	60
Due from other funds	165,533	386,893	319,550	871,976
Total assets	\$ 1,596,366	386,893	537,977	2,521,236
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>				
Liabilities:				
Accrued payroll & related liabilities	15,428	-	1,228	16,656
Payroll related liabilities	23,746	-	-	23,746
Unearned revenue	53,461	376,235	2,161	431,857
Other liabilities	26,429	-	-	26,429
Due to other funds	706,443	-	165,533	871,976
Total liabilities	825,507	376,235	168,922	1,370,664
Deferred inflow of resources:				
Unavailable revenues	46,097	-	-	46,097
Total liabilities and deferred inflow of resources	871,604	376,235	168,922	1,416,761
Fund balances:				
Nonspendable	-	-	505	505
Committed - Permanent Fund	704,059	-	-	704,059
Assigned	-	10,658	388,256	398,914
Unassigned	20,703	-	(19,706)	997
Total fund balances	724,762	10,658	369,055	1,104,475
Total liabilities, deferred inflow of resources and fund balances	\$ 1,596,366	386,893	537,977	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds.				12,277,871
Other long-term assets are not available to pay for current period expenditures and therefore are shown as deferred inflows of resources in the fund financial statements. These assets consist of:				
Delinquent taxes receivables				46,097
Accrued leave is a long-term liability and is not due and payable in the current period and therefore is not reported as a fund liability.				(25,948)
Net position of governmental activities				\$ 13,402,495

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

CITY OF SELDOVIA, ALASKA

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

Year Ended June 30, 2014

	General Fund	Harbor Improvement Capital Project Fund	Value Added Manufacturing Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental:	\$ 143,381	-	203,822	454,313	801,516
Local sources:					
Taxes	334,119	-	-	-	334,119
Charges for services	35,953	-	-	388,313	424,266
Other	65,389	-	-	31,073	96,462
Total revenues	<u>578,842</u>	<u>-</u>	<u>203,822</u>	<u>873,699</u>	<u>1,656,363</u>
Expenditures:					
Current:					
General government	223,498	-	-	-	223,498
Water	-	-	-	119,897	119,897
Wastewater	-	-	-	65,789	65,789
Municipal dock	-	-	-	77,048	77,048
Boat harbor	-	-	-	187,926	187,926
Boat haul out facility	-	-	-	18,203	18,203
Public safety	178,506	-	-	65,371	243,877
Public works	213,173	-	-	48,776	261,949
Public service	22,090	-	-	67,679	89,769
Capital outlay	49,357	-	203,822	337,673	590,852
Total expenditures	<u>686,624</u>	<u>-</u>	<u>203,822</u>	<u>988,362</u>	<u>1,878,808</u>
Excess (deficiency) of revenues over expenditures	(107,782)	-	-	(114,663)	(222,445)
Fund balances, beginning of year	832,544	10,658	-	483,718	1,326,920
Fund balances, end of year	\$ <u>724,762</u>	<u>10,658</u>	<u>-</u>	<u>369,055</u>	<u>1,104,475</u>

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

CITY OF SELDOVIA, ALASKA

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

Year Ended June 30, 2014

Net change in fund balances (deficits) - total governmental funds	\$ (222,445)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.

This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay	603,017	
Depreciation expense	<u>(450,336)</u>	<u>152,681</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds represents change in:

Unavailable revenues		<u>46,097</u>
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the decrease in accrued leave.

	<u>(10,931)</u>
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Changes in net position of governmental activities	\$ <u><u>(34,598)</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF SELDOVIA, ALASKA

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

Year Ended June 30, 2014

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 133,153	143,381	10,228
Local sources:			
Taxes	331,675	334,119	2,444
Charges for services	54,497	35,953	(18,544)
Other	11,900	65,389	53,489
Total revenues	<u>531,225</u>	<u>578,842</u>	<u>47,617</u>
Expenditures:			
Current:			
General government	153,211	223,498	(70,287)
Public safety	167,424	178,506	(11,082)
Public works	181,530	213,173	(31,643)
Public service	29,060	22,090	6,970
Capital outlay	-	49,357	(49,357)
Total expenditures	<u>531,225</u>	<u>686,624</u>	<u>(155,399)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	(107,782)	<u>(107,782)</u>
Fund balance, beginning of year		<u>832,544</u>	
Fund balance, end of year		<u>\$ <u>724,762</u></u>	

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

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements

June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Seldovia, Alaska was incorporated in 1964 under the laws of the State of Alaska as a first class city. The City operates under a council-manager form of government and provides a full range of services to its citizens including public safety, streets, water and sewer, boat harbor, dock and general administration.

The financial statements in this report are for the City of Seldovia. There are no component units for which the City of Seldovia is financially accountable, nor do any special financial relationships exist between the City and any other entity. The City Council is the governing body of the City of Seldovia.

The financial statements of the City of Seldovia 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.

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 activities of the City. For the most part, the effect of interfund activity has been eliminated from the total columns in the statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no 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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

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

The Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

The City reports the following major governmental funds:

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

The *Harbor Improvement Capital Project Fund* accounts for improvements to the harbor.

The *Value-Added Manufacturing Capital Project Fund* accounts for the construction of the Seldovia Value-Added Processing Plant and Ice House.

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes, investment income, and state and federal entitlement revenues.

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 and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

D. Assets, Liabilities, Deferred Inflow of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

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.

2. Short-term Interfund Receivables and Payables

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

3. Inventories and Prepaid Items

Certain payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. 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. Grants and Other Intergovernmental Revenues

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose on project before any amounts are considered "earned"; therefore, revenues are recognized based upon expenditures recorded. In other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

5. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of the calendar year in which they are levied. Taxes are levied on July 1 and are payable in two installments in August and November. Kenai Peninsula Borough collects the taxes for the City. Property tax revenues are recognized in the fiscal year for which they are levied and in which they become both measurable and available to finance expenditures of the fiscal year.

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure are reported in the Government-Wide Financial Statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are defined by the City as assets costing greater than \$5,000 and are depreciated on the straight-line method in the Government-Wide Financial Statements. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives or are not individually greater than \$5,000 are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives in years for depreciable assets are as follows:

Buildings and Infrastructure	30 years
Improvements other than buildings	20-100 years
Vehicles and equipment	5 to 20 years

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

7. Unearned Revenue and Unavailable Revenues

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

Governmental Funds report deferred inflows in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

8. Compensated Absences

The City allows employees to accumulate earned but unused vacation leave benefits. All vacation pay is accrued when earned in the government-wide statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

9. Net Position

In the Government-Wide Financial Statements, net position is divided into three components:

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

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

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

10. 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, 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 Council designee. Such constraint is binding unless modified or eliminated by the Council or Council designee. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

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

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

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

11. Pension Plan

Certain employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska, however, certain employees also participate in a Deferred Comp 457 Plan through ICMA.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An operating budget is adopted each fiscal year for the General Fund and most Special Revenue Funds on the same modified accrual basis used to reflect actual revenues and expenditures. Appropriations for these funds lapse at year end to the extent that they have not been expended or encumbered. Budgetary control is exercised at the department level. The City Manager is authorized to transfer budget amounts between line items within any department; however, any supplemental appropriations that amend the total expenditures of any department or fund require Council approval. The budgeted financial statements presented in this report reflect the final budget authorization, including any Council amendments made during the year.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except capital project funds, which normally adopt project-length budgets. An annual budget was not approved for the Volunteer Fire and EMS Special Revenue Fund. All annual appropriations lapse at fiscal year-end, except capital project funds, which adopt project-length budgets. Unexpended grant Special Revenue Funds are re-appropriated at the beginning of the year for any unexpected prior year appropriations.

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the General Fund under the following function:

General Funds:

General government	\$ 70,287
Public safety	11,082
Public works	31,643
Capital outlay	49,357

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

Expenditures exceeded appropriations for the following special revenue funds:

Volunteer Fire and EMS	\$ 65,371
Wastewater	2,789
Dock	8,748
Boat Harbor	33,176

Excess of expenditures over appropriations were funded through current year revenues and available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

The City participates in the Alaska Municipal League Investment Pool (AMLIP). The Alaska Municipal League Investment Pool, Inc., (AMLIP), represents the City's share of ownership in the pool rather than ownership of specific securities. AMLIP is considered to be an external investment pool as defined by Generally Accepted Accounting Principles. AMLIP is rated AAA for credit purposes. Regulatory oversight of the pool is established by Alaska Statute 37.23. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

Investment Policy

The City's investment policy, with respect to the principal of the Permanent Fund, authorizes investments in the following:

1. Bonds or other evidences of indebtedness of the United States or an agency or an instrumentality of the United States;
2. Bonds and other evidences of indebtedness issued by the State of Alaska;
3. Bonds or other evidences of indebtedness issued by the municipalities of the State of Alaska;
4. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which are secured as to payment of principal and interest in accordance with Alaska law and which is a member of the Federal Deposit Insurance Corporation, or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration; and
5. Bankers acceptances (bills of exchange or time drafts), if such obligations are eligible for purchase by the Federal Reserve System, and mature no more than two hundred seventy days from date of purchase.

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

At June 30, 2014, the City had the following cash and cash equivalents with financial institutions:

	<u>Carrying Balance</u>
Cash and cash equivalents:	
AML Investment Pool	\$ 1,355,553
Demand Deposits	87,776
Petty cash	5,000
Total	<u>\$ 1,448,329</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 or through the Securities Investor Protection Corporation (SIPC) up to \$500,000. At times the City's cash balances may have exceeded insured limits. As of June 30, 2014, none of the City's deposits were subject to custodial credit risk.

B. Accounts Receivables and Valuation Allowances

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful receivables. At June 30, 2014, receivables for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:			
Grants	\$ -	101,717	101,717
Trade	227	209,062	209,289
Total receivables	<u>227</u>	<u>310,779</u>	<u>311,006</u>
Less: Allowance	<u>-</u>	<u>110,640</u>	<u>110,640</u>
Net receivables	<u>\$ 227</u>	<u>200,139</u>	<u>200,366</u>

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

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>
Harbor Improvement Capital Project Fund	\$	-	376,235	376,235
General Fund		-	53,461	53,461
Senior Meals Special Revenue Fund		-	1,642	1,642
LWCF RV Park Special Revenue Fund		-	519	519
Revenue not collected within 60 days of year end –				
General Fund and Special Revenue Funds		<u>46,097</u>	<u>-</u>	<u>46,097</u>
Total	\$	<u>46,097</u>	<u>431,857</u>	<u>477,954</u>

C. Capital Assets – Governmental activities

A summary of changes in capital assets for the year ended June 30, 2014 follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,551,573	49,357	-	2,600,930
Construction in progress	-	541,495	-	541,495
Total capital assets, not being depreciated	<u>2,551,573</u>	<u>590,852</u>	<u>-</u>	<u>3,142,425</u>
Capital assets, being depreciated:				
Buildings and infrastructure	1,788,836	-	-	1,788,836
Machinery and equipment	1,061,294	12,165	-	1,073,459
Improvements other than buildings	14,143,622	-	-	14,143,622
Total capital assets, being depreciated	<u>16,993,752</u>	<u>12,165</u>	<u>-</u>	<u>17,005,917</u>
Less accumulated depreciation for:				
Buildings and infrastructure	1,184,615	45,070	-	1,229,685
Machinery and equipment	596,909	45,299	-	642,208
Improvements other than buildings	5,638,611	359,967	-	5,998,578
Total accumulated depreciation	<u>7,420,135</u>	<u>450,336</u>	<u>-</u>	<u>7,870,471</u>
Net capital assets, being depreciated	<u>9,573,617</u>	<u>(438,171)</u>	<u>-</u>	<u>9,135,446</u>
Total net governmental activities, capital assets	\$ <u>12,125,190</u>	<u>152,681</u>	<u>-</u>	<u>12,277,871</u>

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

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

Public safety	\$	21,405
Public Works		162,560
Water		50,707
Wastewater		25,313
Municipal dock		18,706
Boat harbor		164,464
Boat haul out facility		<u>7,181</u>
Total	\$	<u>450,336</u>

D. Interfund Receivables/Payables and Transfers

Interfund receivables and payables are shown as "Due To" and "Due From" in each of the individual funds. These balances for the primary government at June 30, 2014 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
General Fund	Other Governmental Funds	\$	165,533
Harbor Improvement Capital Project Fund	General Fund		386,893
Other Governmental Funds	General Fund		<u>319,550</u>
Total		\$	<u>871,976</u>

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

Interfund receivables and payables were for short-term borrowings of cash at year end due to receivables. There were no interfund transfers at June 30, 2014.

E. Long-Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2014 follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities:				
Accrued leave	\$ <u>15,017</u>	<u>31,309</u>	<u>20,378</u>	<u>25,948</u>

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

IV. OTHER INFORMATION

A. Permanent Fund

In March 1996, Ordinance 96-13 was passed by the City Council establishing the City of Seldovia, Alaska Permanent Fund. The Permanent Fund was established to preserve in trust, assets of the City for the benefit of present and future generations of Seldovia residents. The first deposit to the Permanent Fund was made from the ANCSA 14-C (3) settlement. The Council may, from time to time, make deposits to the Fund in the same manner as it makes other appropriations. Principal of the Permanent Fund may only be appropriated for land acquisition and through passage of an ordinance. The Permanent Fund activity is included in the General Fund.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the General Fund.

The City, from time to time, may be a participant in legal proceedings related to the conduct of business. In the normal course of business, it also has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. In the opinion of management, the financial position of the City will not be materially affected by any current legal proceedings, commitments or contingent liabilities.

C. Related Party Transactions

Due to the nature and size of the community, it is inevitable that transactions will occur between related entities, City Council members, and/or employees of these entities. The services provided are not considered significant for individual disclosure.

D. Employee Retirement Systems and Plans

The City follows *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 GASB 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). The pension plan system also administers a post-employment healthcare benefit plan.

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

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 City 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%.

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

Plan Description. The City of Seldovia, Alaska contributes to the Alaska Public Employees Retirement System (PERS), a multiple employer cost sharing defined benefit pension administered by the Commissioner of Administration and the Alaska Retirement Management Board (ARMB). PERS provides 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.

All tier employees benefits vest with five years of credited service. Tier I employees enrolled prior to July 1, 1986 and before June 30, 2006 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 tier II and III employees enrolled after June 30, 1986, but 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, 1996) 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.

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

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, but before July 1, 2006 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.

Funding Policy. The City PERS active members are required to contribute 6.75% (3.26% pension costs and 3.49% post-employment health care costs) of their annual covered salary and the City is required to contribute at an actuarial determined rate; the current rate is 35.68%. The legislature capped the employer rate at 22% (12.45% pension cost and 9.55% 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.

During the 25th 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 FY 2008 base salaries.

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

Annual Pension, OPEB Cost and On-behalf Payment. The City's annual pension cost for the years ended June 30, 2014, 2013, and 2012 were \$10,637, \$8,942, and \$9,791, respectively and was equal to the City's actual contributions. For the year ended June 30, 2014, the State of Alaska contributed \$12,183 or 13.68% (7.74% pension cost and 5.94% post-employment health care cost) on behalf of the City. This amount has been recognized as both revenue and expenditures in the financial statements.

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

Plan Description and Funding Requirements. 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% for the retiree medical plan, 1.14% for police and firefighters and 0.20% for all other occupational and death and disability benefits and 3% of employers average annual employee compensation to the health reimbursement arrangement (HRA). The effective employer contribution is 22%. 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%

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2014 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution	\$ 2,156	3,450
Retiree medical plan	207	-
Occupational health and disability benefits	86	-
Health reimbursement agreement (HRA)	1,897	-
Defined benefit unfunded liability (DBOL)	<u>5,142</u>	<u>-</u>
Total	\$ <u>9,488</u>	<u>3,450</u>

Actual contributions were equal to the annual required contributions.

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

E. Risk Management

The City faces a considerable number of risks of loss, including: (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensations; i.e., employee injuries, and (f) medical insurance costs for employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for damage to and loss of property and contents, general liability, errors and omissions, and student accidents. Worker's compensation is also purchased as required by statute. The City has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. No settlements in excess of insurance coverage have been realized over the past three years.

F. Reclassifications

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

The Permanent Special Revenue Fund which had a beginning fund balance of \$753,416 was combined into the General Fund in the 2014 presentation. The reclassification increased the General Fund beginning fund balance from \$79,128 to \$832,546.

G. 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 71 – *Pension Transition for Contributions made subsequent to the Measurement Date – Amends GASB 68*. Effective for fiscal years beginning after June 15, 2014.
- GASB 72 – *Fair Value Measurement and Application*. Effective for periods beginning after June 15, 2015.
- GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Effective for fiscal years beginning after June 15, 2015
- GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Effective for fiscal years beginning after June 15, 2016
- GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective for fiscal years beginning after June 15, 2017

CITY OF SELDOVIA, ALASKA

Notes to Financial Statements, Continued

- GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective for fiscal years beginning after June 15, 2015.
- GASB 77 – *Tax Abatement Disclosures*. Effective for fiscal years beginning after December 15, 2015.

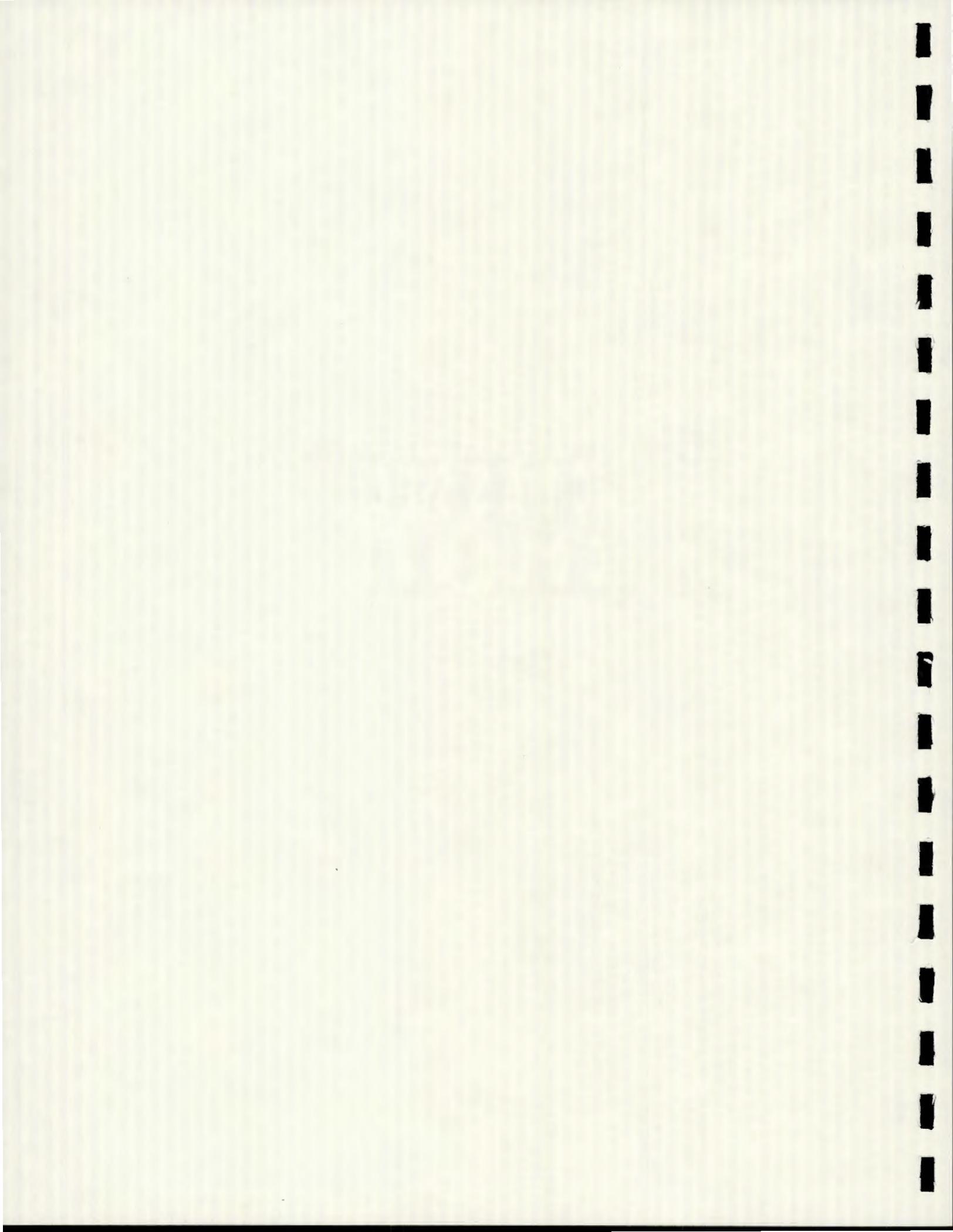
Statements 73, 76 and 77 are not expected to have any significant impact on the financial statements of the City.

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.

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.

GASB Statement No. 74 and 75 The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, this Statement requires two financial statements—a statement of fiduciary net position and a statement of changes in fiduciary net position. Note disclosures and required supplemental information are addressed in these statements. GASB Statement 75 establishes standards for measuring liabilities, deferred inflow and outflows of resources, expenses/expenditures.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**



CITY OF SELDOVIA, ALASKA

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State revenue sharing	\$ 107,453	107,630	177
State PERS	-	8,923	8,923
Public safety assistance	20,000	20,000	-
Alpar	-	250	250
Liquor license	2,700	5,500	2,800
Electric and telephone share	3,000	1,078	(1,922)
Total State of Alaska	<u>133,153</u>	<u>143,381</u>	<u>10,228</u>
Local sources:			
Taxes:			
Personal property taxes	30,000	46,562	16,562
Real property taxes	162,000	159,183	(2,817)
Sales tax revenue	135,000	123,580	(11,420)
Penalties and interest	500	1,990	1,490
Motor vehicle tax	3,500	2,804	(696)
Sales tax penalty	675	-	(675)
Total taxes	<u>331,675</u>	<u>334,119</u>	<u>2,444</u>
Charges for services:			
Serving papers	175	210	35
Administration fees	27,547	294	(27,253)
Rents and leases	6,000	17,575	11,575
RV revenues	750	261	(489)
Equipment rental	2,500	1,870	(630)
Garbage services	13,000	12,675	(325)
Licenses, permits and fines	4,525	3,068	(1,457)
Total charges for services	<u>54,497</u>	<u>35,953</u>	<u>(18,544)</u>
Other:			
Penalty and interest	1,550	2,809	1,259
Proceeds from the sale of equipment	-	11,255	11,255
Miscellaneous	10,350	51,325	40,975
Total other	<u>11,900</u>	<u>65,389</u>	<u>53,489</u>
Total local revenue	<u>398,072</u>	<u>435,461</u>	<u>37,389</u>
Total revenues	<u>531,225</u>	<u>578,842</u>	<u>47,617</u>

(Continued)

CITY OF SELDOVIA, ALASKA

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

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures:			
General government:			
Council:			
Wages and salaries	55,114	75,322	(20,208)
Fringe benefits	30,397	36,336	(5,939)
Audit	400	640	(240)
Dues and fees	500	1,475	(975)
Insurance	235	521	(286)
Postage	100	96	4
Legal	250	-	250
Supplies	250	950	(700)
Travel and per diem	3,000	4,112	(1,112)
Telephone	100	273	(173)
Utilities	1,500	-	1,500
Frieght	50	-	50
Miscellaneous	-	711	(711)
Total council	<u>91,896</u>	<u>120,436</u>	<u>(28,540)</u>
Administration:			
Wages and salaries	17,186	22,478	(5,292)
Fringe benefits	7,679	8,646	(967)
Audit	1,750	2,560	(810)
Contract services	1,500	2,139	(639)
Dues and fees	500	2,156	(1,656)
Equipment	500	-	500
Vehicle expenditures	200	-	200
Insurance	3,000	3,182	(182)
Legal	1,500	14,677	(13,177)
Postage	450	799	(349)
Supplies	2,500	2,566	(66)
Telephone	3,000	7,115	(4,115)
Travel and per diem	7,000	8,728	(1,728)
Utilities	6,250	14,599	(8,349)
Advertising	400	1,325	(925)
Freight	150	694	(544)
Technology upgrade	250	1,484	(1,234)
Repairs	-	735	(735)
Bank charges	-	9,179	(9,179)
Miscellaneous	7,500	-	7,500
Total administration	<u>61,315</u>	<u>103,062</u>	<u>(41,747)</u>
Total general government	<u>153,211</u>	<u>223,498</u>	<u>(70,287)</u>

(Continued)

CITY OF SELDOVIA, ALASKA

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

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Public safety:			
Fire:			
Wages and salaries	13,194	11,235	1,959
Fringe benefits	8,302	5,540	2,762
Audit	450	640	(190)
Contract services	300	1,200	(900)
Dues and fees	50	-	50
Vehicle expenditures	775	153	622
Insurance	4,500	2,346	2,154
Postage	100	60	40
Supplies	50	5,157	(5,107)
Telephone	875	1,710	(835)
Utilities	5,375	4,866	509
Repairs	500	-	500
Freight	100	-	100
Equipment purchases	-	1,193	(1,193)
Bank card charges	-	36	(36)
Miscellaneous	-	2,183	(2,183)
Total fire	<u>34,571</u>	<u>36,319</u>	<u>(1,748)</u>
Emergency Medical Services (EMS):			
Wages and salaries	2,850	3,767	(917)
Fringe benefits	4,089	2,880	1,209
Audit	375	640	(265)
Contract services	125	-	125
Vehicle expenditures	250	-	250
Insurance	3,992	2,606	1,386
Postage	50	60	(10)
Supplies	30	488	(458)
Telephone	800	780	20
Utilities	2,500	1,853	647
Repairs	250	460	(210)
Total EMS	<u>15,311</u>	<u>13,534</u>	<u>1,777</u>

(Continued)

CITY OF SELDOVIA, ALASKA

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

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Police:			
Wages and salaries	68,335	67,746	589
Fringe benefits	19,032	26,778	(7,746)
Audit	2,000	2,560	(560)
Contract services	300	-	300
Dues and fees	75	100	(25)
Equipment	500	-	500
Vehicle expenditures	2,000	-	2,000
Insurance	13,250	16,295	(3,045)
Legal	-	2,199	(2,199)
Postage	100	120	(20)
Supplies	750	996	(246)
Telephone	4,500	2,010	2,490
Travel and per diem	2,125	987	1,138
Utilities	4,000	1,853	2,147
Repairs	500	3,795	(3,295)
Freight	75	-	75
Union negotiations	-	3,200	(3,200)
Miscellaneous	-	14	(14)
Total police	<u>117,542</u>	<u>128,653</u>	<u>(11,111)</u>
Total public safety	<u>167,424</u>	<u>178,506</u>	<u>(11,082)</u>
Public works:			
Wages and salaries	72,277	83,615	(11,338)
Fringe benefits	38,338	34,890	3,448
Audit	2,000	2,560	(560)
Contractual services	75	829	(754)
Dues and fees	265	-	265
Equipment purchases	4,000	3,448	552
Vehicle expenditures	11,000	-	11,000
Insurance	8,750	4,692	4,058
Legal	-	6,740	(6,740)
Postage	75	96	(21)
Supplies	3,500	8,854	(5,354)
Telephone	550	390	160
Travel and per diem	750	269	481
Union negotiations	450	3,856	(3,406)
Utilities	30,000	33,876	(3,876)
Freight	2,000	-	2,000
Repairs	1,000	19,745	(18,745)
Snow removal	6,500	8,448	(1,948)
Miscellaneous	-	865	(865)
Total public works	<u>181,530</u>	<u>213,173</u>	<u>(31,643)</u>

(Continued)

CITY OF SELDOVIA, ALASKA

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

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Public service:			
Library:			
Wages and salaries	1,100	759	341
Fringe benefits	533	841	(308)
Postage	-	60	(60)
Utilities	4,700	9,932	(5,232)
Total library	<u>6,333</u>	<u>11,592</u>	<u>(5,259)</u>
Clinic:			
Wages and salaries	-	26	(26)
Fringe benefits	-	10	(10)
Legal	3,600	1,107	2,493
Utilities	8,314	6,234	2,080
Postage	-	60	(60)
Telephone	-	383	(383)
Travel and per diem	-	469	(469)
Repairs	100	-	100
Miscellaneous	-	80	(80)
Total clinic	<u>12,014</u>	<u>8,369</u>	<u>3,645</u>
Parks:			
Wages and salaries	6,500	1,079	5,421
Fringe benefits	1,463	363	1,100
Postage	-	60	(60)
Utilities	750	386	364
Repairs	1,500	196	1,304
Freight	-	45	(45)
Miscellaneous	500	-	500
Total parks	<u>10,713</u>	<u>2,129</u>	<u>8,584</u>
Total public service	<u>29,060</u>	<u>22,090</u>	<u>6,970</u>
Capital outlay - land purchase	<u>-</u>	<u>49,357</u>	<u>(49,357)</u>
Total expenditures	<u>531,225</u>	<u>686,624</u>	<u>(155,399)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	(107,782)	<u>(107,782)</u>
Fund balance, beginning of year		<u>832,544</u>	
Fund balance, end of year		\$ <u><u>724,762</u></u>	

CITY OF SELDOVIA, ALASKA

Other Governmental Funds

Combining Balance Sheet

June 30, 2014

Assets	Special Revenue Funds									Total Special Revenue Funds
	Senior Meals	LWCF RV Park	Comprehensive Plan	Volunteer Fire and EMS	Water	Wastewater	Dock	Boat Haul Out	Boat Harbor	
Cash and cash equivalents	\$ -	-	-	17,723	-	-	-	-	-	17,723
Receivables:										
Grants	5,935	-	4,062	-	-	-	-	-	-	9,997
Trade	-	-	-	-	9,451	5,351	-	33,575	50,045	98,422
Inventory	-	-	-	505	-	-	-	-	-	505
Other current assets	-	-	-	60	-	-	-	-	-	60
Due from other funds	385	519	-	-	47,648	69,423	142,457	55,680	-	316,112
Total assets	\$ 6,320	519	4,062	18,288	57,099	74,774	142,457	89,255	50,045	442,819
<u>Liabilities and Fund Balances (Deficit)</u>										
Liabilities:										
Accounts payable	-	-	-	1,228	-	-	-	-	-	1,228
Unearned revenue	1,642	519	-	-	-	-	-	-	-	2,161
Due to other funds	-	-	4,062	-	-	-	-	-	69,751	73,813
Total liabilities	1,642	519	4,062	1,228	-	-	-	-	69,751	77,202
Fund balances (deficit):										
Nonspendable	-	-	-	505	-	-	-	-	-	505
Assigned	4,678	-	-	16,555	57,099	74,774	142,457	89,255	-	384,818
Unassigned	-	-	-	-	-	-	-	-	(19,706)	(19,706)
Total fund balances (deficit)	4,678	-	-	17,060	57,099	74,774	142,457	89,255	(19,706)	365,617
Total liabilities and fund balances (deficit)	\$ 6,320	519	4,062	18,288	57,099	74,774	142,457	89,255	50,045	442,819

(Continued)

CITY OF SELDOVIA, ALASKA

Other Governmental Funds

Combining Balance Sheet, Continued

	Capital Project Funds					Total Other Governmental Funds
	Designated Legislative Grant	Gateway Pavillion	Major Maintenance	Denali Commission	Total Capital Project Funds	
<u>Assets</u>						
Cash and cash equivalents	\$ -	-	-	-	-	17,723
Receivables						
Grants	2,009	56,457	-	33,254	91,720	101,717
Other	-	-	-	-	-	98,422
Inventory	-	-	-	-	-	505
Other	-	-	-	-	-	60
Due from other funds	-	-	3,438	-	3,438	319,550
Total assets	\$ <u>2,009</u>	<u>56,457</u>	<u>3,438</u>	<u>33,254</u>	<u>95,158</u>	<u>537,977</u>
<u>Liabilities and Fund Balances (Deficit)</u>						
Liabilities:						
Accounts payable	-	-	-	-	-	1,228
Unearned revenue	-	-	-	-	-	2,161
Due to other funds	2,009	56,457	-	33,254	91,720	165,533
Total liabilities	<u>2,009</u>	<u>56,457</u>	<u>-</u>	<u>33,254</u>	<u>91,720</u>	<u>168,922</u>
Fund balances (deficit):						
Nonspendable	-	-	-	-	-	505
Assigned	-	-	3,438	-	3,438	388,256
Unassigned	-	-	-	-	-	(19,706)
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>3,438</u>	<u>-</u>	<u>3,438</u>	<u>369,055</u>
Total liabilities and fund balances (deficit) \$	<u>2,009</u>	<u>56,457</u>	<u>3,438</u>	<u>33,254</u>	<u>95,158</u>	<u>537,977</u>

CITY OF SELDOVIA, ALASKA

Other Governmental Funds

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

Year Ended June 30, 2014

	Special Revenue Funds									Total Special Revenue Funds
	Senior Meals	LWCF RV Park	Comprehensive Plan	Volunteer Fire and EMS	Water	Boat Haul Out	Wastewater	Dock	Boat Harbor	
Revenues:										
Intergovernmental	\$ 45,132	9,761	48,776	5,781	1,180	98	1,180	4,240	492	116,640
Local sources:										
Charges for services	12,786	-	-	-	121,843	25,557	59,021	55,372	113,734	388,313
Other	-	-	-	17,562	2,900	188	1,135	-	9,308	31,073
Total revenues	<u>57,918</u>	<u>9,761</u>	<u>48,776</u>	<u>23,343</u>	<u>125,923</u>	<u>25,823</u>	<u>61,336</u>	<u>59,612</u>	<u>123,534</u>	<u>536,026</u>
Expenditures:										
Current:										
Water	-	-	-	-	119,897	-	-	-	-	119,897
Wastewater	-	-	-	-	-	-	65,789	-	-	65,789
Municipal dock	-	-	-	-	-	-	-	77,048	-	77,048
Boat harbor	-	-	-	-	-	-	-	-	187,926	187,926
Boat haul out facility	-	-	-	-	-	18,203	-	-	-	18,203
Public safety	-	-	-	65,371	-	-	-	-	-	65,371
Public works	-	-	48,776	-	-	-	-	-	-	48,776
Public service	57,918	9,761	-	-	-	-	-	-	-	67,679
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>57,918</u>	<u>9,761</u>	<u>48,776</u>	<u>65,371</u>	<u>119,897</u>	<u>18,203</u>	<u>65,789</u>	<u>77,048</u>	<u>187,926</u>	<u>650,689</u>
Excess (deficiency) of revenues over expenditures	-	-	-	(42,028)	6,026	7,620	(4,453)	(17,436)	(64,392)	(114,663)
Fund balances, beginning of year	<u>4,678</u>	-	-	59,088	51,073	81,635	79,227	159,893	44,686	480,280
Fund balances (deficit), end of year	\$ <u>4,678</u>	<u>-</u>	<u>-</u>	<u>17,060</u>	<u>57,099</u>	<u>89,255</u>	<u>74,774</u>	<u>142,457</u>	<u>(19,706)</u>	<u>365,617</u>

(Continued)

CITY OF SELDOVIA, ALASKA

Other Governmental Funds

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

	Capital Project Funds					Total Capital Project Fund	Total Other Governmental Funds
	Manufacturing Plant Construction	Gateway Pavilion	Designated Legislative Grant	Major Maintenance	Denali Commission		
Revenues:							
Intergovernmental	\$ 110,000	105,330	90,836	-	31,507	337,673	454,313
Local sources:							
Charges for services	-	-	-	-	-	-	388,313
Other	-	-	-	-	-	-	31,073
Total revenues	<u>110,000</u>	<u>105,330</u>	<u>90,836</u>	<u>-</u>	<u>31,507</u>	<u>337,673</u>	<u>873,699</u>
Expenditures:							
Current:							
Water	-	-	-	-	-	-	119,897
Wastewater	-	-	-	-	-	-	65,789
Municipal dock	-	-	-	-	-	-	77,048
Boat harbor	-	-	-	-	-	-	187,926
Boat haul out facility	-	-	-	-	-	-	18,203
Public safety	-	-	-	-	-	-	65,371
Public works	-	-	-	-	-	-	48,776
Public service	-	-	-	-	-	-	67,679
Capital outlay	<u>110,000</u>	<u>105,330</u>	<u>90,836</u>	<u>-</u>	<u>31,507</u>	<u>337,673</u>	<u>337,673</u>
Total expenditures	<u>110,000</u>	<u>105,330</u>	<u>90,836</u>	<u>-</u>	<u>31,507</u>	<u>337,673</u>	<u>988,362</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	(114,663)
Fund balances, beginning of year	-	-	-	3,438	-	3,438	483,718
Fund balances (deficit), end of year	\$ -	-	-	3,438	-	3,438	369,055

CITY OF SELDOVIA, ALASKA

Senior Meals Special Revenue Fund

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

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget- Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Federal sources passed through the			
State of Alaska	\$ 24,682	24,682	-
Kenai Peninsula Borough	10,770	10,770	-
State of Alaska	9,680	9,680	-
Local sources:			
Charges for services	13,395	12,786	(609)
Total revenues	<u>58,527</u>	<u>57,918</u>	<u>(609)</u>
Expenditures:			
Current:			
Public service:			
Wages and salaries	30,570	27,159	3,411
Fringe benefits	6,767	6,767	-
Equipment	1,000	-	1,000
Supplies	18,770	17,813	957
Utilities	420	2,784	(2,364)
Freight	1,000	3,070	(2,070)
Dues and fees	-	325	(325)
Total expenditures	<u>58,527</u>	<u>57,918</u>	<u>609</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>4,678</u>	
Fund balance, end of year		<u>\$ 4,678</u>	

CITY OF SELDOVIA, ALASKA

LWCF RV Park Special Revenue Fund

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual		Variance with Budget- Positive (Negative)	
		Prior Year	Actual Amounts		Total
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 98,280	66,664	9,761	76,425	(21,855)
Expenditures:					
Current:					
Public service:					
Wages and salaries		2,637	1,665	4,302	
Fringe benefits		1,081	547	1,628	
Contract services		60,522	730	61,252	
Equipment		-	5,701	5,701	
Supplies		782	408	1,190	
Travel and per diem		132	-	132	
Utilities		1,275	-	1,275	
Freight		235	250	485	
Miscellaneous		-	460	460	
Total expenditures	98,280	66,664	9,761	76,425	21,855
Excess of revenues over expenditures	\$ -	-	-	-	-
Fund balance, beginning of year					
Fund balance, end of year			\$ -		

CITY OF SELDOVIA, ALASKA

Comprehensive Plan Special Revenue Fund

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual			Variance with Budget- Positive (Negative)
		Prior Year	Current Year	Total	
Revenues - Intergovernmental - Kenai Peninsula Borough	\$ 50,000	743	48,776	49,519	(481)
Expenditures:					
Current:					
Public works:					
Travel and per diem	-	-	873	873	(873)
Advertising	-	743	-	743	(743)
Comprehensive plan	50,000	-	47,903	47,903	2,097
Total expenditures	50,000	743	48,776	49,519	481
Excess of revenues over expenditures	\$ -	-	-	-	-
Fund balance, beginning of year			-		
Fund balance, end of year			\$ -		

CITY OF SELDOVIA, ALASKA

Volunteer Fire and EMS Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2014

Revenues:	
Intergovernmental - federal sources through the State of Alaska	\$ 5,781
Local sources:	
Other	17,562
Total revenues	<u>23,343</u>
Expenditures:	
Current:	
Public safety:	
Equipment	9,031
Supplies	4,509
Pull-tab purchase	3,329
Training	1,042
Freight	842
Fundraising	9,631
License and permits	180
Travel and per diem	89
Miscellaneous	36,718
Total expenditures	<u>65,371</u>
Excess (deficiency) of revenues over expenditures	(42,028)
Fund balance, beginning of year	<u>59,088</u>
Fund balance, end of year	<u>\$ 17,060</u>

CITY OF SELDOVIA, ALASKA

Water Special Revenue Fund

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ -	1,180	1,180
Local sources:			
Charges for services	125,800	121,843	(3,957)
Other	-	2,900	2,900
Total revenues	<u>125,800</u>	<u>125,923</u>	<u>123</u>
Expenditures:			
Current:			
Water:			
Wages and salaries	61,630	55,605	6,025
Fringe benefits	23,870	23,679	191
Audit fees	7,000	8,640	(1,640)
Dues and fees	250	1,170	(920)
Equipment	1,000	-	1,000
Vehicle expenditures	1,200	-	1,200
Monitoring and testing	7,500	8,784	(1,284)
Insurance	2,800	1,564	1,236
Supplies	2,750	5,504	(2,754)
Postage	500	120	380
Travel and per diem	500	2,841	(2,341)
Utilities	10,400	7,326	3,074
Training	500	1,450	(950)
Repairs	4,400	-	4,400
Freight	750	3,153	(2,403)
License and permits	750	50	700
Miscellaneous	-	11	(11)
Total expenditures	<u>125,800</u>	<u>119,897</u>	<u>5,903</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>6,026</u>	<u>6,026</u>
Fund balance, beginning of year		<u>51,073</u>	
Fund balance, end of year		<u>\$ 57,099</u>	

CITY OF SELDOVIA, ALASKA

Boat Haul Out Special Revenue Fund

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ -	98	98
Local sources:			
Charges for services	30,596	25,557	(5,039)
Other	-	168	168
Total revenues	<u>30,596</u>	<u>25,823</u>	<u>(4,773)</u>
Expenditures:			
Current:			
Boat haul out facility:			
Wages and salaries	12,390	7,880	4,510
Fringe benefits	3,360	4,120	(760)
Audit fees	800	1,280	(480)
Vehicle expenditures	300	55	245
Equipment	2,500	-	2,500
Insurance	4,250	1,824	2,426
Legal	-	158	(158)
Supplies	-	536	(536)
Postage	50	60	(10)
Utilities	3,250	2,290	960
Repairs	3,596	-	3,596
Freight	100	-	100
Total expenditures	<u>30,596</u>	<u>18,203</u>	<u>12,393</u>
Excess of revenues over expenditures	\$ -	7,620	7,620
Fund balance, beginning of year		<u>81,635</u>	
Fund balance, end of year		<u>\$ 89,255</u>	

CITY OF SELDOVIA, ALASKA

Wastewater Special Revenue Fund

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ -	1,180	1,180
Local sources:			
Charges for services	63,000	59,021	(3,979)
Other	-	1,135	1,135
Total revenues	<u>63,000</u>	<u>61,336</u>	<u>(1,664)</u>
Expenditures:			
Current:			
Wastewater:			
Wages and salaries	32,660	32,005	655
Fringe benefits	13,290	14,670	(1,380)
Audit fees	5,500	8,640	(3,140)
Dues and fees	100	-	100
Vehicle expenditures	100	146	(46)
Insurance	3,250	5,049	(1,799)
Postage	400	96	304
Supplies	75	237	(162)
Travel and per diem	-	426	(426)
Utilities	6,000	4,466	1,534
Repairs	1,500	-	1,500
Freight	125	38	87
Miscellaneous	-	16	(16)
Total expenditures	<u>63,000</u>	<u>65,789</u>	<u>(2,789)</u>
Excess (deficiency) of revenues over expenditures	\$ -	(4,453)	(4,453)
Fund balance, beginning of year		<u>79,227</u>	
Fund balance, end of year		<u>\$ 74,774</u>	

CITY OF SELDOVIA, ALASKA

Dock Special Revenue Fund

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 5,000	4,240	(760)
Local sources:			
Charges for services	63,300	55,372	(7,928)
Total revenues	<u>68,300</u>	<u>59,612</u>	<u>(8,688)</u>
Expenditures:			
Current:			
Municipal dock:			
Wages and salaries	36,730	28,613	8,117
Fringe benefits	11,037	7,900	3,137
Audit fees	1,500	1,280	220
Insurance	1,500	782	718
Supplies	-	10	(10)
Postage	-	72	(72)
Telephone	500	276	224
Utilities	6,500	6,934	(434)
Repairs	10,533	18,959	(8,426)
Freight	-	1,360	(1,360)
Miscellaneous	-	10,862	(10,862)
Total expenditures	<u>68,300</u>	<u>77,048</u>	<u>(8,748)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	(17,436)	<u>(17,436)</u>
Fund balance, beginning of year		<u>159,893</u>	
Fund balance, end of year		\$ <u><u>142,457</u></u>	

CITY OF SELDOVIA, ALASKA

Boat Harbor Special Revenue Fund

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

Year Ended June 30, 2014

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 5,000	492	(4,508)
Local sources:			
Charges for services	149,750	113,734	(36,016)
Other	-	9,308	9,308
Total revenues	<u>154,750</u>	<u>123,534</u>	<u>(31,216)</u>
Expenditures:			
Current:			
Boat harbor:			
Wages and salaries	70,590	73,674	(3,084)
Fringe benefits	20,582	34,331	(13,749)
Audit fees	2,000	2,560	(560)
Dues and fees	50	524	(474)
Equipment	1,200	6,678	(5,478)
Insurance	4,988	6,691	(1,703)
Legal	-	2,809	(2,809)
Postage	200	120	80
Supplies	1,000	2,836	(1,836)
License	5,000	1,459	3,541
Travel and per diem	100	1,011	(911)
Union negotiations	-	3,200	(3,200)
Contract services	1,000	100	900
Telephone	350	373	(23)
Utilities	40,840	40,092	748
Repairs	6,650	834	5,816
Freight	200	92	108
Miscellaneous	-	10,542	(10,542)
Total expenditures	<u>154,750</u>	<u>187,926</u>	<u>(33,176)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	(64,392)	<u>(64,392)</u>
Fund balance, beginning of year		<u>44,686</u>	
Fund balance (deficit), end of year		\$ <u>(19,706)</u>	

CITY OF SELDOVIA, ALASKA

Manufacturing Plant Construction Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2014

Revenues - Intergovernmental - State of Alaska	\$ <u>110,000</u>
Expenditures:	
Capital outlay:	
Business center environment	<u>110,000</u>
Excess of revenues over expenditures	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>

CITY OF SELDOVIA, ALASKA

Gateway Pavilion Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2014

Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>105,330</u>
Expenditures:	
Capital outlay:	
Wages and salaries	46,757
Fringe benefits	4,767
Contract services	16,055
Vehicle expenditures	1,853
Supplies	32,349
Freight	3,386
Miscellaneous	163
Total expenditures	<u>105,330</u>
Excess of revenues over expenditures	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>

CITY OF SELDOVIA, ALASKA

Designated Legislative Grant Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2014

Revenues - Intergovernmental - State of Alaska	\$ <u>90,836</u>
Expenditures:	
Capital outlay:	
Business center environment	87,767
Legal	101
Supplies	106
Travel and per diem	1,029
Miscellaneous	<u>1,833</u>
Total expenditures	<u>90,836</u>
Excess of revenues over expenditures	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>

CITY OF SELDOVIA, ALASKA

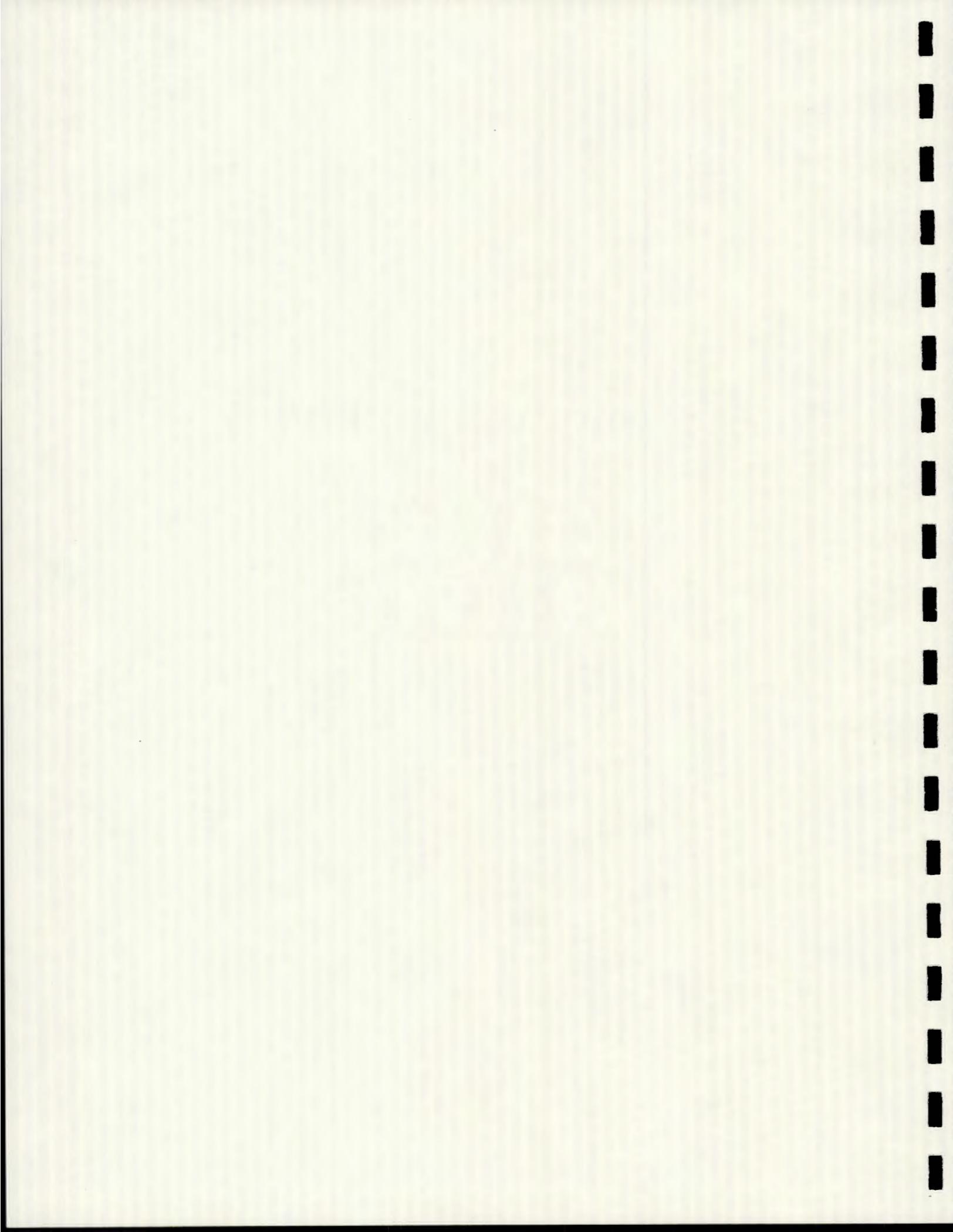
Denali Commission Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2014

Revenues - Intergovernmental - Federal sources	\$ <u>31,507</u>
Expenditures:	
Capital outlay:	
Harbor improvements	29,746
Legal	491
Travel and per diem	671
Miscellaneous	<u>599</u>
Total expenditures	<u>31,507</u>
Excess of revenues over expenditures	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>

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

Honorable Mayor and City Council
City of Seldovia
Seldovia, 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, each major fund and the aggregate remaining fund information of the City of Seldovia, Alaska, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Seldovia's basic financial statements, and have issued our report thereon dated November 4, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Seldovia'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 Seldovia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Seldovia'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.

Honorable Mayor and City Council
City of Seldovia

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Seldovia'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.

Altman, Rogers & Co.

Anchorage, Alaska
November 4, 2015