



City and Borough of Yakutat, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Single Audit Reports
Year Ended June 30, 2015

City and Borough of Yakutat, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information and Single Audit Reports
Year Ended June 30, 2015

City and Borough of Yakutat, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	6
Statement of Activities	A-2	7
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	8
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	B-2	9
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	10
Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities	B-4	11
Enterprise Funds:		
Statement of Net Position	C-1	12
Statement of Revenues, Expenses and Changes in Net Position	C-2	13
Statement of Cash Flows	C-3	14-15
Notes to Basic Financial Statements		16-42
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
General Fund	D-1	44
National Forest Receipts Special Revenue Fund	D-2	45
Public Employees Retirement System:		
Schedule of the Borough's Information on the Net Pension Liability	E-1	46
Schedule of Borough's Contributions	E-2	47
National Rural Electrical Cooperative Association Retirement Plan		
Schedule of Borough's Contributions	E-3	48
Notes to Required Supplementary Information		49

City and Borough of Yakutat, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-1	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F-2	53
General Fund:		
Balance Sheet	G-1	56
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-2	57-62
Special Revenue Funds:		
Fishery Enhancement - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	H-1	64
National Forest Receipts - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	H-2	65
EMS Community Enhancement - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	H-3	66
Assessments - Statement of Revenues, Expenditures and Changes in Fund Balance	H-4	67
Enterprise Funds:		
Oceancape Facilities:		
Statement of Net Position	I-1	70
Statement of Revenues, Expenses and Changes in Net Position	I-2	71
Statement of Cash Flows	I-3	72
Water and Sewer:		
Statement of Net Position	I-4	73
Statement of Revenues, Expenses and Changes in Net Position	I-5	74
Statement of Cash Flows	I-6	75
Boat Harbor:		
Statement of Net Position	I-7	76
Statement of Revenues, Expenses and Changes in Net Position	I-8	77
Statement of Cash Flows	I-9	78

City and Borough of Yakutat, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information, continued		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Enterprise Funds, continued:		
Yakutat Power:		
Statement of Net Position	I-10	79
Statement of Revenues, Expenses and Changes in Net Position	I-11	80
Statement of Cash Flows	I-12	81
Schedule of Property, Plant, and Equipment	I-13	82
Schedule of Expenditures of Federal Awards	J-1	83
Notes to Schedule of Expenditures of Federal Awards		84
SINGLE AUDIT SECTION		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		86-87
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133		88-89
Schedule of Findings and Questioned Costs		90
Summary Schedule of Prior Audit Findings		91
Corrective Action Plan		92



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Independent Auditor's Report

Honorable Mayor and Borough Assembly
City and Borough of Yakutat, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Yakutat, Alaska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City and Borough of Yakutat'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 did not audit the financial statements of Yakutat School District, a component unit of the reporting entity. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Yakutat School District, is based solely on the report of the other auditors. 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.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City and Borough of Yakutat, Alaska, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2015 City, and Borough of Yakutat adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 44 and 45 and the Schedules of Net Position Liability and Pension Contributions on pages 46 and 47 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.

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 an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit for the year ended June 30, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City and Borough of Yakutat's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents 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 and the Schedule of State Financial Assistance are required by OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 for the year ended June 30, 2015 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2015.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City and Borough of Yakutat as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated November 21, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2016 on our consideration of City and Borough of Yakutat's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 and Borough of Yakutat's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
January 5, 2016

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Basic Financial Statements

City and Borough of Yakutat, Alaska

Statement of Net Position

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Yakutat School District
<i>June 30, 2015</i>				
Assets and Deferred Outflows				
Assets				
Cash and investments	\$ 5,007,453	\$ 1,905,860	\$ 6,913,313	\$ 200,817
Receivables, net of allowance for doubtful receivables	736,940	411,870	1,148,810	63,829
Unbilled revenue	-	197,129	197,129	-
Inventory	14,240	132,680	146,920	989
Prepaid items	-	19,803	19,803	311
Restricted cash and investments	-	257,204	257,204	-
Investment in ARECA	-	325,879	325,879	-
Internal balances	740,017	(740,017)	-	-
Capital assets not being depreciated - land and construction in progress	106,133	1,029,036	1,135,169	-
Other capital assets, net of accumulated depreciation	8,608,793	10,001,059	18,609,852	36,881
Total Assets	15,213,576	13,540,503	28,754,079	302,827
Deferred Outflows				
Related to pensions	101,446	10,314	111,760	88,203
Deferred charges	-	159,061	159,061	-
Total Deferred Outflows	101,446	169,375	270,821	88,203
Total Assets and Deferred Outflows	\$ 15,315,022	\$ 13,709,878	\$ 29,024,900	\$ 391,030
Liabilities, Deferred Inflows and Net Position				
Liabilities				
Accounts payable	\$ 115,511	\$ 168,482	\$ 283,993	\$ 105,229
Accrued liabilities	3,092	13,456	16,548	121,990
Deposits	33,500	27,273	60,773	-
Accrued interest payable	-	3,332	3,332	-
Unearned revenue	4,586	313,507	318,093	6,171
Noncurrent liabilities:				
Due within one year:				
Accrued leave	67,436	22,851	90,287	-
Notes payable	22,374	42,862	65,236	10,797
Due in more than one year:				
Notes payable	469,180	119,807	588,987	108,259
Net pension liability	839,072	85,318	924,390	937,096
Landfill closure costs	75,000	-	75,000	-
Total Liabilities	1,629,751	796,888	2,426,639	1,289,542
Deferred Inflows				
Pension related	96,942	9,857	106,799	93,934
Taxes paid in advance	6,308	-	6,308	-
Total Deferred Inflows	103,250	9,857	113,107	93,934
Net Position				
Net investment in capital assets	8,223,372	10,867,426	19,090,798	36,881
Restricted for education	946,648	-	946,648	2,331
Unrestricted	4,412,001	2,035,707	6,447,708	(1,031,658)
Total Net Position	13,582,021	12,903,133	26,485,154	(992,446)
Total Liabilities, Deferred Inflows and Net Position	\$ 15,315,022	\$ 13,709,878	\$ 29,024,900	\$ 391,030

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Statement of Activities

Year Ended June 30, 2015	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government			
					Govern- mental Activities	Business- type Activities	Total	
Activities								Yakutat School District
Primary Government								
Governmental activities:								
General government	\$ 945,222	\$ 110,435	\$ 33,979	\$ -	\$ (800,808)	\$ -	\$ (800,808)	
Public works	800,599	150,157	6,423	410,479	(233,540)	-	(233,540)	
Public safety	828,681	-	145,119	-	(683,562)	-	(683,562)	
Community services	403,363	600	84,720	-	(318,043)	-	(318,043)	
Education	641,430	-	539,692	-	(101,738)	-	(101,738)	
Total governmental activities	3,619,295	261,192	809,933	410,479	(2,137,691)	-	(2,137,691)	
Business-type activities:								
Oceancape facilities	364,270	147,749	-	-	-	(216,521)	(216,521)	
Water and sewer	406,309	244,766	4,172	9,227	-	(148,144)	(148,144)	
Boat harbor	250,865	72,062	2,078	-	-	(176,725)	(176,725)	
Yakutat Power	2,801,565	2,608,225	-	11,191	-	(182,149)	(182,149)	
Total business-type activities	3,823,009	3,072,802	6,250	20,418	-	(723,539)	(723,539)	
Total Primary Government	\$ 7,442,304	\$ 3,333,994	\$ 816,183	\$ 430,897	(2,137,691)	(723,539)	(2,861,230)	
Component Unit - school district - education								\$ (1,979,750)
General Revenues								
Property taxes					370,292	-	370,292	-
Sales taxes					983,386	-	983,386	-
Payments in lieu of taxes					217,741	-	217,741	-
Other taxes					185,979	-	185,979	-
Grants and entitlements not restricted to a specific purpose					670,476	-	670,476	1,382,151
E-rate revenue					-	-	-	180,886
Investment income (loss)					(36,364)	35,281	(1,083)	823
Contributions from primary government					-	-	-	422,000
Other					-	-	-	175,309
Transfers					(70,893)	70,893	-	-
Total General Revenues and Transfers					2,320,617	106,174	2,426,791	2,161,169
Change in Net Position					182,926	(617,365)	(434,439)	181,419
Net Position, beginning, as restated (note 9)					13,399,095	13,520,498	26,919,593	(1,173,865)
Net Position, ending					\$ 13,582,021	\$ 12,903,133	\$ 26,485,154	\$ (992,446)

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Total Governmental Funds
	General	National Forest Receipts Special Revenue	Tongass Economic Relief Capital Project	Miscellaneous Capital Projects	Nonmajor Funds	
<i>June 30, 2015</i>						
Assets						
Cash and investments	\$ 2,459,737	\$ 946,648	\$ 1,579,975	\$ -	\$ 21,093	\$ 5,007,453
Receivables						
Sales taxes	234,718	-	-	-	-	234,718
Accommodation taxes	38,710	-	-	-	-	38,710
Delinquent property taxes	35,140	-	-	-	-	35,140
Land sales contracts	143,029	-	-	-	-	143,029
School district loan receivable	-	-	150,750	-	-	150,750
Grants	-	-	-	42,915	40,097	83,012
Special assessments	-	-	-	-	22,699	22,699
Other	882	-	-	-	28,000	28,882
Total Receivables	452,479	-	150,750	42,915	90,796	736,940
Inventory	14,240	-	-	-	-	14,240
Due from other funds	209,382	-	-	-	-	209,382
Advance to other funds	533,627	-	85,680	-	-	619,307
Total Assets	\$ 3,669,465	\$ 946,648	\$ 1,816,405	\$ 42,915	\$ 111,889	\$ 6,587,322
Liabilities						
Accounts payable	\$ 77,987	\$ -	\$ 31,712	\$ 5,002	\$ 810	\$ 115,511
Lease deposit	33,500	-	-	-	-	33,500
Accrued payroll liabilities	3,092	-	-	-	-	3,092
Due to other funds	-	-	-	81,301	7,371	88,672
Unearned revenue	4,586	-	-	-	-	4,586
Total Liabilities	119,165	-	31,712	86,303	8,181	245,361
Deferred Inflows						
Deferred special assessments	20,598	-	-	-	22,699	43,297
Taxes paid in advance	6,308	-	-	-	-	6,308
Deferred land sales	143,029	-	-	-	-	143,029
Deferred property taxes	33,405	-	-	-	-	33,405
Total Deferred Inflows	203,340	-	-	-	22,699	226,039
Fund Balances						
Nonspendable	547,867	-	236,430	-	-	784,297
Restricted	-	946,648	-	-	-	946,648
Committed	225,713	-	-	-	-	225,713
Assigned	373,480	-	1,548,263	-	81,009	2,002,752
Unassigned (deficit)	2,199,900	-	-	(43,388)	-	2,156,512
Total Fund Balances	3,346,960	946,648	\$ 1,784,693	(43,388)	81,009	6,115,922
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,669,465	\$ 946,648	\$ 1,816,405	\$ 42,915	\$ 111,889	\$ 6,587,322

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2015

Total fund balances for governmental funds		\$ 6,115,922
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land and land improvements	\$ 106,133	
Buildings	10,942,778	
Improvements other than buildings	5,866,266	
Machinery and equipment	1,533,668	
Infrastructure	316,220	
Total capital assets	18,765,065	
Less accumulated depreciation	(10,050,139)	
Total capital assets, net of accumulated depreciation		8,714,926
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Land sales contracts receivable	143,029	
Deferred assessments receivable	43,297	
Deferred property taxes receivable	33,405	
Total long-term assets		219,731
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Accrued leave	(67,436)	
USDA notes payable	(491,554)	
Net pension liability	(839,072)	
Landfill closure costs payable	(75,000)	
Total long-term liabilities		(1,473,062)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows related to pensions	101,446	
Deferred inflows related to pensions	(96,942)	
Total deferred pension items		4,504
Total Net Position of Governmental Activities		\$ 13,582,021

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2015	Major Funds					Total Govern- mental Funds
	General	National Forest Receipts Special Revenue	Tongass Economic Relief Capital Project	Miscellaneous Capital Projects	Nonmajor Funds	
Revenues						
Taxes	\$ 1,512,705	\$ -	\$ -	\$ -	\$ 28,689	\$ 1,541,394
Federal government	312,058	539,692	-	74,756	84,720	1,011,226
State of Alaska	995,719	-	-	325,298	-	1,321,017
Private grants and contributions	-	-	-	-	28,000	28,000
Investment loss	(19,807)	-	(16,557)	-	-	(36,364)
Other revenues	212,891	-	2,911	7,514	600	223,916
Total Revenues	3,013,566	539,692	(13,646)	407,568	142,009	4,089,189
Expenditures						
Current:						
General government	1,072,260	-	-	-	-	1,072,260
Public works	682,526	-	-	78,146	-	760,672
Public safety	698,255	-	-	73,756	41,125	813,136
Community services	140,536	-	-	140,425	122,402	403,363
Education - contribution to school district	40,000	422,000	-	-	-	462,000
Capital outlay	-	-	278,422	120,867	-	399,289
Total Expenditures	2,633,577	422,000	278,422	413,194	163,527	3,910,720
Excess of Revenues Over (Under) Expenditures	379,989	117,692	(292,068)	(5,626)	(21,518)	178,469
Other Financing Sources (Uses)						
Transfers in	18,750	-	60,044	5,626	-	84,420
Transfers out	(34,446)	-	-	-	-	(34,446)
Net Other Financing Sources (Uses)	(15,696)	-	60,044	5,626	-	49,974
Net Change in Fund Balances	364,293	117,692	(232,024)	-	(21,518)	228,443
Fund Balances (Deficit), beginning	2,982,667	828,956	2,016,717	(43,388)	102,527	5,887,479
Fund Balances (Deficit), ending	\$ 3,346,960	\$ 946,648	\$ 1,784,693	\$ (43,388)	\$ 81,009	\$ 6,115,922

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska
Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2015

Net change in fund balances - total governmental funds	\$ 228,443
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation (\$481,829) exceeded capital outlays (\$410,449).	
	(71,380)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the principal paid on long-term debt.	
	21,429
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in other long-term assets.	
	47,701
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 governmental funds. This is the amount of the increase in:	
Accrued leave	(29,325)
Net pension liability and related accounts	(13,942)
	182,926
Change in Net Position of Governmental Activities	\$ 182,926

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Enterprise Funds
Statement of Net Position

June 30, 2015	Major Enterprise Funds				Total Enterprise Funds
	Oceancape Facilities	Water and Sewer	Boat Harbor	Yakutat Power	
Assets and Deferred Outflows					
Current Assets					
Cash and investments	\$ 1,508,981	\$ -	\$ 396,879	\$ -	\$ 1,905,860
Receivables, net of allowance for doubtful receivables	8,834	33,693	6,063	93,016	141,606
Special assessments receivable, current portion	-	15,000	-	3,135	18,135
Unbilled revenue	-	-	-	197,129	197,129
Inventory	-	-	-	132,680	132,680
Prepaid expenses	-	-	-	19,803	19,803
Total Current Assets	1,517,815	48,693	402,942	445,763	2,415,213
Property, plant and equipment	11,763,938	6,353,613	2,730,713	9,565,308	30,413,572
Less accumulated depreciation	(10,354,745)	(3,423,741)	(1,666,495)	(3,938,496)	(19,383,477)
Net Property, Plant and Equipment	1,409,193	2,929,872	1,064,218	5,626,812	11,030,095
Restricted cash	-	-	-	257,204	257,204
Special assessments receivable, excluding current portion	-	122,176	-	129,953	252,129
Investment in ARECA	-	-	-	325,879	325,879
Advance to Water and Sewer Enterprise Fund	-	-	-	10,299	10,299
Total Assets	2,927,008	3,100,741	1,467,160	6,795,910	14,290,819
Deferred Outflows					
Deferred outflows related to pensions	-	6,885	3,429	-	10,314
Deferred charges - major overhauls	-	-	-	159,061	159,061
Total Deferred Outflows	-	6,885	3,429	159,061	169,375
Total Assets and Deferred Outflows	\$ 2,927,008	\$ 3,107,626	\$ 1,470,589	\$ 6,954,971	\$ 14,460,194
Liabilities, Deferred Inflows and Net Position					
Current Liabilities					
Accounts payable	\$ 6,665	\$ 4,292	\$ 1,984	\$ 155,541	\$ 168,482
Accrued liabilities	-	-	-	13,456	13,456
Accrued annual leave	-	1,523	-	21,328	22,851
Accrued interest payable	-	-	-	3,332	3,332
Customer deposits	-	-	-	27,273	27,273
Current portion of long-term debt	-	-	-	42,862	42,862
Unearned revenue	-	16,048	8,822	288,637	313,507
Due to other funds	-	-	-	120,710	120,710
Advances from other funds	-	8,000	-	-	8,000
Total Current Liabilities	6,665	29,863	10,806	673,139	720,473
Long-Term Debt, excluding current portion					
Notes payable	-	-	-	119,807	119,807
Net pension liability	-	56,952	28,366	-	85,318
Advances from other funds	-	621,606	-	-	621,606
Total Liabilities	6,665	708,421	39,172	792,946	1,547,204
Deferred Inflows related to pensions	-	6,580	3,277	-	9,857
Net Position					
Net investment in capital assets	1,409,193	2,929,872	1,064,218	5,464,143	10,867,426
Unrestricted (deficit)	1,511,150	(537,247)	363,922	697,882	2,035,707
Total Net Position	2,920,343	2,392,625	1,428,140	6,162,025	12,903,133
Total Liabilities, Deferred Inflows and Net Position	\$ 2,927,008	\$ 3,107,626	\$ 1,470,589	\$ 6,954,971	\$ 14,460,194

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015	Major Enterprise Funds				Total Enterprise Funds
	Oceancape Facilities	Water and Sewer	Boat Harbor	Yakutat Power	
Operating Revenues					
Rent and royalty income	\$ 147,749	\$ -	\$ -	\$ -	\$ 147,749
Charges for services	-	244,766	72,062	2,601,546	2,918,374
Total Operating Revenues	147,749	244,766	72,062	2,601,546	3,066,123
Operating Expenses					
Payroll and payroll benefits	-	136,029	59,769	727,844	923,642
Other operating expenses	13,227	134,823	41,371	1,729,318	1,918,739
Depreciation and amortization	351,043	135,457	149,725	324,719	960,944
Total Operating Expenses	364,270	406,309	250,865	2,781,881	3,803,325
Loss from Operations	(216,521)	(161,543)	(178,803)	(180,335)	(737,202)
Nonoperating Revenues (Expenses)					
Investment income (loss)	(13,895)	-	-	49,176	35,281
PERS relief	-	4,172	2,078	-	6,250
Interest expense	-	-	-	(7,853)	(7,853)
Pole rental	-	-	-	6,679	6,679
Rental depreciation	-	-	-	(3,032)	(3,032)
Other rental expenses	-	-	-	(8,799)	(8,799)
Net Nonoperating Revenues (Expenses)	(13,895)	4,172	2,078	36,171	28,526
Loss Before Contributions and Transfers	(230,416)	(157,371)	(176,725)	(144,164)	(708,676)
Capital contributions	65,018	9,227	-	67,040	141,285
Transfers in	-	-	34,446	-	34,446
Transfers out	(78,794)	-	-	(5,626)	(84,420)
Change in Net Position	(244,192)	(148,144)	(142,279)	(82,750)	(617,365)
Net Position, beginning, as restated (note 9)	3,164,535	2,540,769	1,570,419	6,244,775	13,520,498
Net Position, ending	\$ 2,920,343	\$ 2,392,625	\$ 1,428,140	\$ 6,162,025	\$ 12,903,133

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2015	Major Enterprise Funds				Total Enterprise Funds
	Oceancape Facilities	Water and Sewer	Boat Harbor	Yakutat Power	
Cash Flows from (for) Operating Activities					
Receipts from customers and users	\$ 152,404	\$ 225,429	\$ 73,583	\$ 2,696,124	\$ 3,147,540
Payments to suppliers	(7,299)	(134,138)	(39,431)	(1,873,288)	(2,054,156)
Payments to employees	-	(130,000)	(59,478)	(734,634)	(924,112)
Net cash flows from (for) operating activities	145,105	(38,709)	(25,326)	88,202	169,272
Cash Flows for Noncapital Financing Activities					
Transfers to other funds	(78,794)	-	-	(5,626)	(84,420)
Cash Flows from (for) Capital and Related Financing Activities					
Additions to property, plant and equipment	(96,682)	-	-	(67,040)	(163,722)
Special assessments received	-	-	-	525	525
Principal and interest paid on long-term debt	-	-	-	(49,101)	(49,101)
Capital contributions received	65,018	9,227	-	67,040	141,285
Increase in advances from other funds	-	28,699	-	-	28,699
Increase in advance to other funds	-	-	-	(5,484)	(5,484)
Transfers from other funds	-	-	34,446	-	34,446
Decrease in due to General Fund	-	-	-	(140)	(140)
Net cash flows from (for) capital and related financing activities	(31,664)	37,926	34,446	(54,200)	(13,492)
Cash Flows from (for) Investing Activities					
Investment income (loss)	(13,895)	-	-	49,176	35,281
Decrease in investment in ARECA	-	-	-	17,385	17,385
Net cash flows from (for) investing activities	(13,895)	-	-	66,561	52,666
Increase (Decrease) in Cash and Investments	20,752	(783)	9,120	94,937	124,026
Cash and Investments, beginning of year	1,488,229	783	387,759	162,267	2,039,038
Cash and Investments, end of year	\$ 1,508,981	\$ -	\$ 396,879	\$ 257,204	\$ 2,163,064
Reconciliation of Cash and Investments to Statement of Net Position					
Cash and investments	\$ 1,508,981	\$ -	\$ 396,879	\$ -	\$ 1,905,860
Restricted cash	-	-	-	257,204	257,204
Total Cash and Investments	\$ 1,508,981	\$ -	\$ 396,879	\$ 257,204	\$ 2,163,064

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Enterprise Funds

Statement of Cash Flows, continued

Year Ended June 30, 2015	Major Enterprise Funds				Total Enterprise Funds
	Oceancape Facilities	Water and Sewer	Boat Harbor	Yakutat Power	
Reconciliation of Loss from Operations to Net Cash from (for) Operating Activities					
Loss from operations	\$ (216,521)	\$ (161,543)	\$ (178,803)	\$ (180,335)	\$ (737,202)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:					
Depreciation and amortization	351,043	135,457	149,725	327,751	963,976
Noncash expense - PERS relief	-	4,172	2,078	-	6,250
Miscellaneous nonoperating expenses	-	-	-	(2,120)	(2,120)
(Increase) decrease in assets:					
Accounts receivable, net	4,655	(21,334)	155	65,744	49,220
Unbilled revenue	-	-	-	30,747	30,747
Inventory	-	-	-	41,034	41,034
Prepaid expenses	-	-	-	16,006	16,006
Deferred charges - major overhauls	-	-	-	(137,500)	(137,500)
Deferred outflows related to pensions	-	(2,187)	(1,089)	-	(3,276)
Increase (decrease) in liabilities:					
Unearned revenue	-	1,997	1,366	(11,192)	(7,829)
Accounts payable	5,928	685	1,940	(57,743)	(49,190)
Accrued liabilities	-	-	-	(6,247)	(6,247)
Accrued annual leave	-	910	(2,259)	(543)	(1,892)
Customer deposits	-	-	-	2,600	2,600
Net pension liability	-	(3,446)	(1,716)	-	(5,162)
Deferred inflows related to pensions	-	6,580	3,277	-	9,857
Net Cash Flows from (for) Operating Activities	\$ 145,105	\$ (38,709)	\$ (25,326)	\$ 88,202	\$ 169,272

See accompanying notes to basic financial statements.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Yakutat was incorporated in 1948. On September 8, 1992, the voters elected to create a "home rule borough" and simultaneously dissolve the City of Yakutat. The Borough operates under an Assembly - Manager form of government and provides a full range of services to its citizens including public safety, street maintenance, water and sewer, electricity, boat harbor, and general administration.

As required by generally accepted accounting principles, these financial statements present City and Borough of Yakutat (the primary government) and its component unit, Yakutat School District. The School District is included in the Borough's reporting entity because of the significance of its operational or financial relationship with the Borough.

The component unit column in the basic financial statements includes the financial data of Yakutat School District. It is discretely presented in a separate column to emphasize that it is legally separate from the Borough. Yakutat School District is responsible for elementary and secondary education within the Borough. The members of the School Board are elected by the voters; however, the School District is fiscally dependent upon the Borough because the Borough Assembly approves the total annual budget of the School District, levies the necessary taxes, and provides significant operating subsidies to the School District.

Complete financial statements of Yakutat School District can be obtained from the administrative office as follows: Yakutat School District, P.O. Box 429, Yakutat, Alaska 99689

The accounting policies of the City and Borough of Yakutat conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

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 Borough. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

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) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual* basis of accounting. Revenues are recognized 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 Borough considers revenues to be available if they are collected within 60 days after year end. 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, are recorded only to the extent they have matured.

Property and sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue in the current period. All other revenue items are considered to be measurable and available only when received by the government.

The Borough reports the following major funds:

Major governmental funds:

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

The *National Forest Receipts Special Revenue Fund* accounts for the monies received from the United States Department of Agriculture for the National Forest Receipts program.

The *Tongass Economic Relief Capital Project Fund* accounts for the monies received from the United States Department of Agriculture resulting from the Southeast Alaska Economic Fund.

The *Miscellaneous Capital Projects Fund* accounts for various capital projects of the Borough and are funded primarily by federal and state grants.

Major proprietary funds:

The *Oceancape Facilities Enterprise Fund* is used to account for the operations of the fish processing and dock facilities that are owned by the Borough.

The *Water and Sewer Enterprise Fund* is used to account for the operations of the water and sewer utilities.

The *Yakutat Power Enterprise Fund* is used to account for the operations of the electric utility.

The *Boat Harbor Enterprise Fund* is used to account for the operations of the boat harbor.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. 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, including special assessments. 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Central Treasury

A central treasury is used to account for cash from most funds of the Borough to maximize interest income. Investments are stated at fair value. Investment earnings are allocated to most funds based on their respective cash balances. The School District maintains separate cash accounts from the Borough.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise funds consider all cash and investments to be cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

Inventory

Inventories are valued at cost in the governmental funds and at the lower of cost or market in the proprietary funds. Cost is determined by the first-in, first-out method. The cost is recorded as an expenditure, or expense at the time individual inventory items are consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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 or project before any amounts are considered "earned"; therefore, revenues are recognized based upon expenditures recorded. In the 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.

Property Taxes

Property taxes attach as a lien on property on January 1 of each year in which taxes are levied. Taxes are payable July 31 and become delinquent August 30 at which time a 12% penalty is imposed. Those taxes paid within 30 days of the billing date are allowed a 2% discount. The Borough bills and collects its own property taxes. Borough property tax revenues are recognized when levied to the extent that they result in current receivables.

Interfund Transactions

During the course of normal operations, the Borough has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The classification of amounts recorded as subsidies, advances, or transfers is determined by the Borough Assembly.

Compensated Absences

The Borough allows employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the Borough does not have a policy to pay any amounts when employees terminate employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial 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).

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As a phase 3 government for GASB Statement 34 purposes, the Borough records additions to the infrastructure capital assets (e.g. roads and streets) prospectively from the GASB Statement 34 implementation date, which was June 30, 2004. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

	Years
Building	20-30
Improvements	20-40
Infrastructure	10-50
Machinery and equipment	3-8

Long-Term Debt

In the government-wide and the proprietary fund 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

The remaining four classifications - restricted, committed, assigned, and unassigned - comprise the spendable portion of the fund balances:

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Borough Assembly. Committed amounts cannot be used for any other purpose unless the Borough Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly and Borough Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances (deficits) in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned - in order as needed.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Any encumbrances outstanding at year end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

Unearned Grant Revenue

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended use, are shown on the balance sheet as unearned revenue.

Pension Plan

Substantially all employees of the Borough (except for employees of Yakutat Power) participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

2. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the Borough Manager submits to the Borough Assembly a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through the passage of an ordinance.
4. The Borough Manager is authorized to transfer budgeted amounts within departments; however, any revisions which alter the total expenditures of any fund or department within a fund must be approved by the Borough Assembly.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and some of the special revenue funds. Appropriations for these funds lapse at year end to the extent they have not been expended or encumbered.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Borough Assembly through resolution.

3. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2015, follows:

Due to Other Funds

Due to General Fund from:

Miscellaneous Capital Projects Fund to cover short-term advances for capital costs	\$ 81,301
Nonmajor funds for short-term operating advances	7,371
Yakutat Power Enterprise Fund to cover advances for capital costs	120,710

Total Due to Other Funds **\$ 209,382**

The Borough has made certain street, water, sewer, and electric improvements and has assessed those property owners who benefited from the improvements. Certain funds of the Borough have made advances to the Water and Sewer Enterprise Fund to assist with the construction costs. As the Water and Sewer Enterprise Fund collects the special assessments from the property owners, it will accordingly repay the advances received from the other funds.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

At June 30, 2015, the Water and Sewer Enterprise Fund owed the following funds for advances related to special assessments:

General Fund	\$	533,627
Tongass Economic Relief Capital Project Fund		85,680
Yakutat Power Enterprise Fund		10,299
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Total Advances to Other Funds	\$	629,606

The interfund advances have been eliminated on the statement of net position.

Transfers (Fund Financial Statements)

From General Fund to Boat Harbor Enterprise Fund for operating costs	\$	34,446
From Oceancape Facilities Enterprise Fund to Tongass Economic Relief Capital Project Fund for capital costs		60,044
From Oceancape Facilities Enterprise Fund to General Fund for operating costs		18,750
From Yakutat Power Enterprise Fund to Miscellaneous Capital Projects Fund for capital costs		5,626
<hr/>		
Total Transfers to Other Funds (Fund Financial Statements)	\$	118,866

Transfers (Entity-Wide Financial Statements)

In (out) of Governmental Activities		
From Governmental to Business-type for:		
Boat Harbor operations	\$	(34,446)
Capital assets transferred to Oceancape Facilities		(65,018)
Capital assets transferred to Yakutat Power		(55,849)
From Business-type to Governmental for:		
Miscellaneous Capital Projects		65,670
Operations		18,750
<hr/>		
Total Transfers to Other Funds (Entity-Wide Financial Statements)	\$	(70,893)

4. Cash and Investments

The Borough utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds." The Borough also maintains electric bond redemption and reserve accounts as required by the bond covenants.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2015:

Bank deposits and petty cash	\$ 288,346
Investments	6,882,171
Total Cash and Investments	\$ 7,170,517
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Cash and investments	\$ 6,913,313
Restricted cash and investments	257,204
Total Cash and Investments	\$ 7,170,517

General Investments

Investment Policy

According to Borough Ordinance 02-313, the Borough may invest in:

1. Bonds, notes or other obligations;
2. Certificates of deposit or savings accounts of any bank; and
3. Equities, common or preferred, American depository receipts, or real estate investment trusts.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investments are as follows:

<i>Investment Type</i>	Fair Value
Equity securities	\$ 1,945,310
Government agency bonds	1,215,604
Money market funds	2,269,303
Mutual funds	278,258
Certificates of deposit	1,147,530
Pooled investments	26,166
Total Investments	\$ 6,882,171

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Investment maturities at June 30, 2015 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	5 - 10
U.S. government agencies	\$ 1,215,604	\$ -	\$ 1,215,604	\$ -
Certificates of deposit	1,147,530	1,147,530	-	-
Total subject to interest rate risk	2,363,134	1,147,530	1,215,604	-
Equity , money market, mutual fund and pooled investments not subject to interest rate risk	4,519,037			
Total Investments	\$ 6,882,171			

Credit Risk

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The share value of investments in the AMLIP is approximately equal to fair value. At June 30, 2015, all government agency bonds were rated AAA by Moody's and AA+ by Standard & Poor's.

5. Accounts Receivable and Valuation Allowances

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful receivables. At June 30, 2015, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for doubtful accounts, are as follows:

<i>June 30, 2015</i>	Major Governmental Funds				Totals
	General	Tongass Economic Relief Capital Project	Miscellaneous Capital Projects	Nonmajor Governmental Funds	
Governmental Funds					
Grants	\$ -	\$ -	\$ 42,915	\$ 40,097	\$ 83,012
Taxes	308,568	-	-	-	308,568
Land sales contracts	143,029	-	-	-	143,029
Loan to School District	-	150,750	-	-	150,750
Special assessments	-	-	-	22,699	22,699
Other	882	-	-	28,000	28,882
Total receivables	452,479	150,750	42,915	90,796	736,940
Less allowance for doubtful receivables	-	-	-	-	-
Total Net Receivables	\$ 452,479	\$ 150,750	\$ 42,915	\$ 90,796	\$ 736,940

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

	Major Enterprise Funds				Totals
	Oceancape Facilities	Water and Sewer	Boat Harbor	Yakutat Power	
Enterprise Funds					
Accounts	\$ 8,834	\$ 42,353	\$ 15,963	\$ 151,857	\$ 219,007
Special assessments	-	137,176	-	133,088	270,264
Other	-	-	-	1,159	1,159
<hr/>					
Total receivables	8,834	179,529	15,963	286,104	490,430
Less allowance for doubtful receivables	-	(8,660)	(9,900)	(60,000)	(78,560)
<hr/>					
Total Net Receivables	\$ 8,834	\$ 170,869	\$ 6,063	\$ 226,104	\$ 411,870

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City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

6. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2015
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 106,133	\$ -	\$ -	\$ 106,133
<i>Capital assets being depreciated:</i>				
Buildings	10,664,356	278,422	-	10,942,778
Improvements other than buildings	5,866,266	-	-	5,866,266
Machinery and equipment	1,401,641	132,027	-	1,533,668
Infrastructure	316,220	-	-	316,220
Total capital assets being depreciated	18,248,483	410,449	-	18,658,932
Less accumulated depreciation for:				
Buildings	7,060,147	202,214	-	7,262,361
Improvements other than buildings	1,134,361	176,644	-	1,311,005
Machinery and equipment	1,287,159	81,890	-	1,369,049
Infrastructure	86,643	21,081	-	107,724
Total accumulated depreciation	9,568,310	481,829	-	10,050,139
Total capital assets being depreciated, net	8,680,173	(71,380)	-	8,608,793
Governmental Activity				
Capital Assets, Net	\$ 8,786,306	\$ (71,380)	\$ -	\$ 8,714,926

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

	Balance July 1, 2014	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2015
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 163,431	\$ -	\$ -	\$ 163,431
Construction in progress	1,528,395	76,209	738,999	865,605
Total capital assets not being depreciated	1,691,826	76,209	738,999	1,029,036
<i>Capital assets being depreciated:</i>				
Buildings and plant	14,728,499	568,993	-	15,297,492
Improvements other than buildings	9,603,125	250,854	-	9,853,980
Machinery and equipment	4,226,400	6,665	-	4,233,064
Total capital assets being depreciated	28,558,024	826,512	-	29,384,536
Less accumulated depreciation for:				
Buildings and plant	10,286,401	468,304	-	12,008,709
Improvements other than buildings	5,275,098	332,820	-	4,347,099
Machinery and equipment	2,858,002	162,852	-	3,027,669
Total accumulated depreciation	18,419,501	963,976	-	19,383,477
Total capital assets being depreciated, net	10,138,523	(137,464)	-	10,001,059
Business-type Activity				
Capital Assets, Net	\$ 11,830,349	\$ (61,255)	\$ 738,999	\$ 11,030,095

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2015:

Governmental Activities	
General government	\$ 1,467
Public safety	73,679
Public works	227,253
Education	179,430
<hr/>	
Total Depreciation Expense - Governmental Activities	\$ 481,829
<hr/>	
Business-type Activities	
Oceancape Facilities	\$ 351,043
Water and Sewer	135,457
Boat Harbor	149,725
Yakutat Power	327,751
<hr/>	
Total Depreciation Expense - Business-type Activities	\$ 963,976

7. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retired	Balance June 30, 2015	Due Within One Year
<hr/>					
Governmental Activities					
Notes Payable:					
\$526,100 USDA note payable, due in monthly installments of \$2,668 through May 16, 2036, including interest at 4.5%	\$ 445,865	\$ -	\$ 12,203	\$ 433,662	\$ 12,762
\$100,000 USDA note payable, due in monthly installments of \$985 through December 6, 2020, including interest at 4.125%	67,118	-	9,226	57,892	9,612
Accrued leave	38,111	31,797	2,472	67,436	67,436
<hr/>					
Total Governmental Activities	\$ 551,094	\$ 31,797	\$ 23,911	\$ 558,990	\$ 89,810

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Other long-term liabilities related to governmental activities such as accrued leave is generally liquidated by the General Fund.

	Balance July 1, 2014	Additions	Retired	Balance June 30, 2015	Due Within One Year
Business-Type Activities					
Notes Payable:					
\$175,948 electric loan payable, due in semi-annual installments of \$7,326 through January 1, 2020, including interest at 3%	\$ 80,003	\$ -	\$ 12,344	\$ 67,659	\$ 12,716
\$267,892 electric loan payable, due in semi-annual installments of \$17,225 through January 1, 2018, including interest at 4.92%	123,724	-	28,714	95,010	30,146
Accrued leave	24,743	3,921	5,813	22,851	22,851
Total Business-Type Activities	\$ 228,470	\$ 3,921	\$ 46,871	\$ 185,520	\$ 65,713

Annual debt service requirements to maturity for all of the above obligations, except the accrued leave follow:

Governmental Activities <i>Year Ending June 30,</i>	Notes Payable		
	Principal	Interest	Total
2016	\$ 22,374	\$ 21,462	\$ 43,836
2017	23,365	20,471	43,836
2018	24,399	19,437	43,836
2019	25,479	18,357	43,836
2020	26,607	17,229	43,836
2021-2025	93,179	72,583	165,762
2026-2030	109,611	50,469	160,080
2031-2035	137,210	22,870	160,080
2036	29,330	677	30,007
	\$ 491,554	\$ 243,555	\$ 735,109

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Business-Type Activities Year Ending June 30,	Principal	Notes Payable Interest	Total
2016	\$ 42,862	\$ 6,240	\$ 49,102
2017	44,739	4,363	49,102
2018	46,721	3,997	50,718
2019	13,904	747	14,651
2020	14,443	327	14,770
	\$ 162,669	\$ 15,674	\$ 178,343

8. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2015:

	General Fund	National Forest Receipts Special Revenue Fund	Tongass Economic Relief Capital Project Fund	Miscell- aneous Capital Projects Fund	Nonmajor Funds	Totals
Nonspendable:						
Inventory	\$ 14,240	\$ -	\$ -	\$ -	\$ -	\$ 14,240
Loan to school district	-	-	150,750	-	-	150,750
Advances to other funds	533,627	-	85,680	-	-	619,307
Total nonspendable	547,867	-	236,430	-	-	784,297
Restricted - schools and roads	-	946,648	-	-	-	946,648
Committed - Permanent Fund	225,713	-	-	-	-	225,713
Assigned:						
Capital improvements	-	-	1,548,263	-	-	1,548,263
Equipment replacement	150,000	-	-	-	-	150,000
Electric Utility repair and replacement	223,480	-	-	-	-	223,480
Public safety	-	-	-	-	48,020	48,020
Community services	-	-	-	-	32,389	32,389
Public works	-	-	-	-	600	600
Total assigned	373,480	-	1,548,263	-	81,009	2,002,752
Unassigned (deficit)	2,199,900	-	-	(43,388)	-	2,156,512
Total Fund Balances	\$ 3,346,960	\$ 946,648	\$ 1,784,693	\$ (43,388)	\$ 81,009	\$ 6,115,922

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

9. Change in Accounting Principle

City and Borough of Yakutat participates in the Alaska Public Employees Retirement System (PERS). In 2015, City and Borough of Yakutat adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which, among other accounting and reporting criteria, requires City and Borough of Yakutat to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of City and Borough of Yakutat's fiscal year. As a result of the implementation of this statement, City and Borough of Yakutat has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Governmental Activities	\$ 14,219,721	\$ (820,626)	\$ 13,399,095
Business-type Activities	13,603,940	(83,442)	13,520,498
Yakutat School District	29,170	(1,203,035)	(1,173,865)
Water and Sewer Enterprise Fund	2,596,469	(55,700)	2,540,769
Boat Harbor Enterprise Fund	1,598,161	(27,742)	1,570,419

10. Landfill Closure and Postclosure Liability

State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, generally accepted accounting principles require that the Borough report a portion of these closure and postclosure care costs each period based on landfill capacity used as of each balance sheet date.

The total landfill encompasses a large area and will last many more years. The estimated cost to close the area currently being used is \$75,000. This amount has been reported as landfill closure costs payable on the statement of net position.

11. Defined Benefit (DB) Pension Plan - PERS

General Information About the Plan

City and Borough of Yakutat participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board.

Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law has determined that the statute does not create a legal obligation to assume the liabilities of the Plan; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. As a result, the State has determined that the Plan is *not* in a special funding situation.

Management of City and Borough of Yakutat disagrees with the State's position and believes that AS 39.35.255 constitutes a special funding situation under GASB 68 rules and has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis, pending a final legal determination, as may be required to settle the matter.

City and Borough of Yakutat records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements. However, the expenditures are adjusted to deferred outflows in the enterprise fund and government-wide financial statements.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary. Non-Teacher School District employees are required to contribute 9.6% of their annual covered salary.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for 2015 significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the enterprise fund and government-wide financial statements, the on-behalf amounts are included in revenue, but are recorded as deferred outflows, rather than pension expense.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY15, the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

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City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2015 were determined in the June 30, 2012 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare (see Note 14)	9.46%	18.94%	- %	55.07%
Total Contribution Rates	22.00%	44.03%	42.41%	88.12%

In 2015, City and Borough of Yakutat was credited with the following contributions to the pension plan.

	Measurement Period Borough FY14	Borough FY15
Employer contributions (including DBUL)	\$ 76,255	\$ 77,589
Nonemployer contributions (on-behalf)	67,717	358,314
Total Contributions	\$ 143,972	\$ 435,903

In addition, employee contributions to the Plan totaled \$33,100 during City and Borough of Yakutat's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, City and Borough of Yakutat reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to City and Borough of Yakutat. The amount recognized by City and Borough of Yakutat for its proportional share, the related State proportion, and the total were as follows:

	2015
Borough proportionate share of NPL	\$ 924,390
State's proportionate share of NPL associated with City and Borough of Yakutat	823,461
Total Net Pension Liability	\$ 1,747,851

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. City and Borough of Yakutat's proportion of the net pension liability was based on a projection of City and Borough of Yakutat's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

At June 30, 2014, City and Borough of Yakutat's proportion was 0.01981909 percent, which was an increase of 0.00115124 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, City and Borough of Yakutat recognized pension expense of \$160,318 and on-behalf revenue of \$331,493 for support provided by the State. At June 30, 2015, City and Borough of Yakutat reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (106,799)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	34,171	-
Borough contributions subsequent to the measurement date	77,589	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	\$ 111,760	\$ (106,799)

The \$77,589 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2016	\$	414
2017		18,814
2018		26,700
2019		26,700

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2014. The actuarial valuation for the year ended June 30, 2014 (latest available) was prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Inflation	3.12%
Salary Increases	Graded by service, from 6.36% to 4.12% for Peace Officers/Firefighters. Graded by age and service, from 9.6% to 3.62% for all others.
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%.
Mortality	Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA, 80% of the male table and 60% of the female table for pre-termination mortality for Peace officers/fire fighters. 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set-forward for females for post-termination.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	Long-Term Expected Real Rate of Return
Domestic equity	6.77%
International equity	7.50%
Private equity	10.86%
Fixed income	2.05%
Real estate	3.63%
Absolute return	4.80%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and City and Borough of Yakutat's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what City and Borough of Yakutat's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
System Net Pension Liability	100.0%	\$ 6,115,581,980	\$ 4,664,148,458	\$ 3,441,888,494
City and Borough's proportionate share of the net pension liability	0.01981909%	\$ 1,212,053	\$ 924,930	\$ 682,151

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

12. Defined Contribution (DC) Pension Plan - PERS

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that City and Borough of Yakutat contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Employer Contribution Rate

For the year ended June 30, 2015, City and Borough of Yakutat was required to contribute 5% of covered salary into the Plan.

City and Borough of Yakutat and employee contributions to PERS for pensions for the year ended June 30, 2015 were \$15,173 and \$24,279, respectively. City and Borough of Yakutat's contribution amount was recognized as pension expense/expenditures.

13. Other Post-Employment Benefit (OPEB) Plans - PERS

Defined Benefit OPEB

As part of its participation in the PERS DB Plan (Tiers I, II, III), City and Borough of Yakutat participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

Employer Contribution Rate

City and Borough of Yakutat is required to contribute 9.46% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015, there were no on-behalf contributions into the OPEB Plan; however, on-behalf contributions to the OPEB Plan in 2014 and 2013 were \$51,967 and \$52,684, respectively.

<i>Year Ended June 30,</i>	Annual OPEB Costs	Borough Contributions	% of Costs Contributed
2015	58,534	58,534	100 %
2014	76,056	76,056	100 %
2013	82,078	82,078	100 %

Defined Contribution OPEB

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2015 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	0.22%	1.06%
Total Contribution Rates	1.88%	2.72%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2015, City and Borough of Yakutat contributed \$20,002 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

14. Yakutat Power Pension Plan

Eligible employees of Yakutat Power participate in the National Rural Electric Cooperative Association (NRECA) Retirement Security program, a multi-employer defined benefit pension plan. The Plan is administered by Insurance & Financial Services, National Rural Electric Cooperative Association. Benefits include retirement, disability and death benefits. Benefits vest at 10% per year of service for the first four years and vest at 100% after completing five years of service. Retirement benefits, generally, are paid at 2% of final average effective salary multiplied by years of service.

For calendar year 2014 and 2015, contributions were 34.39% of covered payroll (including an administrative fee). Contributions to \$103,185 for the fiscal year ended June 30, 2015. In this multi-employer plan, which is available to all members of NRECA, the accumulated benefits and plan assets are not determined or allocated by employer.

15. Deferred Compensation Plan

City and Borough of Yakutat offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

16. Risk Management

City and Borough of Yakutat 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' compensation; i.e., employee injuries, and (f) medical insurance costs of employees.

Commercial policies, transferring the risks of loss, except for relatively small deductible amounts, are purchased for employee medical costs. City and Borough of Yakutat participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automotive liability, and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2015. City and Borough of Yakutat has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the policies have stayed relatively constant for the last few years. Claims incurred have not exceeded coverage limits for the last three years.

17. Contingencies

City and Borough of Yakutat participates in a number of State and federally assisted 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 City and Borough of Yakutat expects such amounts, if any, to be immaterial.

In 2014 the borough identified certain construction deficiencies related to work at the seafood processing plant. The Borough notified the contractor and requested repairs in the amount of approximately \$20,000. The contractor then threatened a counterclaim in the amount of \$137,000 for unbilled and unpaid services. Neither the Borough, nor the contractor, has pursued any formal action to date. No liability has been reflected in these financial statements with respect to this matter.

City and Borough of Yakutat, in the normal course of its activities, is involved in various claims and litigations. It is the opinion of management that these matters are not expected to have a material adverse effect on City and Borough of Yakutat's financial statements.

18. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined:

GASB 72 - Fair Value Measurement and Application - Effective for year-end June 30, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is expected to primarily affect investment disclosures.

City and Borough of Yakutat, Alaska

Notes to Basic Financial Statements

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 Statements 67 and 68 - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within the scope of GASB 68. Effective for fiscal year end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year ending June 30, 2017.

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains reporting financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - Effective for year-end June 30, 2016, with earlier application encouraged - This statement clarifies the hierarchy of generally accepted accounting principles to be used in the preparation of state and local government financial statements. This statement supersedes the previous hierarchy established in GASB 55.

GASB 77 - Tax Abatement Disclosures - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

Required Supplementary Information

City and Borough of Yakutat, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,348,236	\$ 1,348,236	\$ 1,512,705	\$ 164,469
Federal government	210,054	210,423	312,058	101,635
State of Alaska	683,810	685,156	995,719	310,563
Investment income (loss)	50,000	30,000	(19,807)	(49,807)
Other revenues	167,157	177,640	212,891	35,251
Total Revenues	2,459,257	2,451,455	3,013,566	562,111
Expenditures				
General government	916,519	891,847	1,072,260	(180,413)
Public works	671,735	692,035	682,526	9,509
Public safety	705,847	681,968	698,255	(16,287)
Community services	151,000	147,500	140,536	6,964
Education - contribution to school district	40,000	40,000	40,000	-
Total Expenditures	2,485,101	2,453,350	2,633,577	(180,227)
Excess of Revenues Over (Under) Expenditures	(25,844)	(1,895)	379,989	381,884
Other Financing Sources (Uses)				
Transfers in	37,151	37,151	18,750	(18,401)
Transfers out	-	(34,446)	(34,446)	-
Net Other Financing Sources (Uses)	37,151	2,705	(15,696)	(18,401)
Net Change in Fund Balance	\$ 11,307	\$ 810	364,293	\$ 363,483
Fund Balance, beginning			2,982,667	
Fund Balance, ending			\$ 3,346,960	

See accompanying notes to Required Supplementary Information.

City and Borough of Yakutat, Alaska
National Forest Receipts Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues - federal government	\$ 39,000	\$ 39,000	\$ 539,692	\$ 500,692
Expenditures				
Education - contribution to school district	422,000	422,000	422,000	-
Net Change in Fund Balance	<u>\$ (383,000)</u>	<u>\$ (383,000)</u>	117,692	<u>\$ 500,692</u>
Fund Balance, beginning			<u>828,956</u>	
Fund Balance, ending			<u>\$ 946,648</u>	

See accompanying notes to Required Supplementary Information.

City and Borough of Yakutat, Alaska
Public Employees Retirement System
Schedule of Borough's Information on the Net Pension Liability

Year Ended June 30,	2015
Borough's proportion of the net pension liability	0.0981909%
Borough's proportionate share of the net pension liability	\$ 924,390
State of Alaska proportionate share of the net pension liability	<u>\$ 823,461</u>
Total net pension liability	\$ 1,747,851
Borough's covered-employee payroll	
Borough's proportionate share of the net pension liability as a percentage of covered-employee payroll	\$ 548,935
Plan fiduciary net position as a percentage of the total pension liability	<u>62.37%</u>

See accompanying notes to Required Supplementary Information.

City and Borough of Yakutat, Alaska
Public Employees Retirement System
Schedule of Borough Contributions

Year Ended June 30,	2015
Contractually required contribution	\$ 77,589
Contributions in relation to the contractually required contribution	<u>\$ 77,589</u>
Contribution deficiency	\$ -
Borough's covered-employee payroll	\$ 475,147
Contributions as a percentage of covered-employee payroll	16.33%

See accompanying notes to Required Supplementary Information.

City and Borough of Yakutat, Alaska
National Rural Electrical Cooperative Association Retirement Plan
Schedule of Borough Contributions

Years Ended June 30,	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 103,185	118,922	99,134	84,307	87,185	67,409
Contributions in relation to the contractually required contribution	\$ 103,185	118,922	99,134	84,307	87,185	67,409
Contribution deficiency	\$ -	-	-	-	-	-
Borough's covered-employee payroll	\$ 403,422	430,252	427,666	394,832	419,444	417,939
Contributions as a percentage of covered-employee payroll	25.58%	27.64%	23.18%	21.35%	20.79%	16.13%

See accompanying notes to Required Supplementary Information.

City and Borough of Yakutat

Notes to Required Supplementary Information June 30, 2015

1. Budgetary Comparison Schedules

The budgetary comparison schedules are presented on the modified accrual basis of accounting.

2. Public Employees Retirement System - Schedule of the Borough's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

3. Public Employees Retirement System - Schedule of Borough Contributions

This table is based on the Borough's contributions during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

Both pension tables are intended to present 10 years of information. Additional years information will be added to the schedules as it becomes available.

4. National Rural Electric Cooperative Association Retirement Plan - Schedule of Borough Contributions

This table is based on the Borough's contributions for the years reported. These contributions are reflected as expense in the Yakutat Power Enterprise Fund.

This table is intended to present 10 years of information. Information prior to 2010 is not available.

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Supplementary Information

City and Borough of Yakutat, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds			Total Nonmajor Govern- mental Funds
	Fishery Enhance- ment	EMS Community Enhance- ment	Assess- ments	
<i>June 30, 2015</i>				
Assets				
Cash and investments	\$ -	\$ 20,493	\$ 600	\$ 21,093
Receivables:				
Grants	40,097	-	-	40,097
Special assessments	-	-	22,699	22,699
Other	-	28,000	-	28,000
Total receivables	40,097	28,000	22,699	90,796
Total Assets	\$ 40,097	\$ 48,493	\$ 23,299	\$ 111,889
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts payable	\$ 337	\$ 473	\$ -	\$ 810
Due to other funds	7,371	-	-	7,371
Total Liabilities	7,708	473	-	8,181
Deferred Inflows				
Deferred special assessments	-	-	22,699	22,699
Fund Balances				
Assigned:				
Public safety	-	48,020	-	48,020
Community services	32,389	-	-	32,389
Public works	-	-	600	600
Total Fund Balances	32,389	48,020	600	81,009
Total Liabilities, Deferred Inflows and Fund Balances	\$ 40,097	\$ 48,493	\$ 23,299	\$ 111,889

City and Borough of Yakutat, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

	Special Revenue Funds			Total Nonmajor Govern- mental Funds
	Fishery Enhance- ment	EMS Community Enhance- ment	Assess- ments	
<i>Year Ended June 30, 2015</i>				
Revenues				
Fisheries taxes	\$ 28,689	\$ -	\$ -	\$ 28,689
Federal government	84,720	-	-	84,720
Private grants and contributions	-	28,000	-	28,000
Other	600	-	-	600
Total Revenues	114,009	28,000	-	142,009
Expenditures				
Public safety	-	41,125	-	41,125
Community services	122,402	-	-	122,402
Total Expenditures	122,402	41,125	-	163,527
Net Change in Fund Balances	(8,393)	(13,125)	-	(21,518)
Fund Balances, beginning	40,782	61,145	600	102,527
Fund Balances, ending	\$ 32,389	\$ 48,020	\$ 600	\$ 81,009

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General Fund

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the Borough such as administrative services, police and fire protection, public works, planning, etc. Appropriations are made from the fund annually. The fund will continue to exist indefinitely.

General Fund revenues come from a variety of sources such as the State and federal governments, property and sales tax, investment income, etc. The revenues generally are not restricted to fund specific expenditures. General Fund expenditures are made primarily for current day-to-day operating purposes. Capital expenditures for large-scale public improvements, such as buildings, are accounted for elsewhere in the Capital Project Funds or Enterprise Funds.

City and Borough of Yakutat, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2015	2014
Assets		
Cash and investments	\$ 2,459,737	\$ 2,160,078
Receivables		
Sales taxes	234,718	237,585
Accommodation taxes	38,710	41,570
Delinquent property taxes	35,140	32,437
Land sales contracts	143,029	93,255
Other	882	882
Total Receivables	452,479	405,729
Inventory	14,240	24,414
Due from other funds	209,382	229,969
Advance to Water and Sewer Enterprise Fund	533,627	480,519
Total Assets	\$ 3,669,465	\$ 3,300,709
Liabilities, Deferred Outflows and Fund Balances		
Liabilities		
Accounts payable	\$ 77,987	\$ 16,318
Lease deposit	33,500	33,500
Accrued payroll liabilities	3,092	1,376
Unearned revenue - airport security contract	4,586	3,825
Total Liabilities	119,165	55,019
Deferred Inflows		
Deferred special assessments	20,598	9,630
Taxes paid in advance	6,308	12,364
Payment in lieu of taxes	-	114,369
Deferred land sales	143,029	93,255
Deferred property taxes	33,405	33,405
Total Deferred Inflows	203,340	263,023
Fund Balance		
Nonspendable - inventory and advances	547,867	504,933
Committed:		
Permanent Fund	225,713	231,980
Assigned:		
Equipment replacement	150,000	75,000
Electric utility repair and replacement	223,480	222,984
Unassigned	2,199,900	1,947,770
Total Fund Balance	3,346,960	2,982,667
Total Liabilities, Deferred Inflows and Fund Balance	\$ 3,669,465	\$ 3,300,709

City and Borough of Yakutat, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Sales taxes	\$ 831,250	\$ 983,386	\$ 152,136	\$ 930,452
Property taxes	351,586	346,022	(5,564)	429,616
Accommodation taxes	140,000	157,290	17,290	140,980
Penalties and interest on taxes	24,000	24,270	270	17,468
Payments in lieu of property taxes	1,400	1,737	337	1,770
Total taxes	1,348,236	1,512,705	164,469	1,520,286
Federal government:				
Payment in lieu of property taxes	114,369	216,004	101,635	108,371
Airport security contract	96,054	96,054	-	96,054
Total federal government	210,423	312,058	101,635	204,425
State of Alaska:				
Raw fish tax	249,902	250,998	1,096	202,334
Revenue sharing	414,598	414,598	-	414,634
Fisheries resource landing tax	9,111	-	(9,111)	6,744
PERS relief	-	325,243	325,243	107,968
Liquor tax	4,000	4,000	-	6,500
Shared fisheries business tax	7,545	880	(6,665)	3,804
Total State of Alaska	685,156	995,719	310,563	741,984
Investment income (loss)	30,000	(19,807)	(49,807)	204,662
Other revenues:				
Licenses and fees	4,800	5,045	245	6,596
Gravel sales	7,500	14,912	7,412	7,386
Rental income	107,802	102,476	(5,326)	114,549
Land sales	13,225	20,336	7,111	14,529
USDA forest service	2,500	2,400	(100)	-
DMV surcharge	4,300	6,348	2,048	12,703

City and Borough of Yakutat, Alaska

General Fund

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues, continued				
Other revenues, continued:				
Delta Western flowage fee	\$ 23,000	\$ 20,631	\$ (2,369)	\$ 23,349
South Addition special assessments	334	14,211	13,877	1,345
Miscellaneous	14,179	26,532	12,353	6,240
Total other revenues	177,640	212,891	35,251	186,697
Total Revenues	2,451,455	3,013,566	562,111	2,858,054
Expenditures				
General government:				
Administration:				
Payroll and payroll benefits	527,158	631,739	(104,581)	610,429
Travel and per diem	15,731	15,040	691	12,151
Materials and supplies	17,000	17,387	(387)	17,259
Copier lease	2,277	2,516	(239)	2,607
Training	2,000	3,669	(1,669)	4,000
Utilities	10,078	8,607	1,471	9,239
Telephone	4,600	4,496	104	4,206
Postage	3,370	4,014	(644)	4,070
Insurance	11,452	11,452	-	5,096
Dues and subscriptions	3,450	2,662	788	2,837
Advertising and printing	1,500	1,350	150	240
Elections	975	975	-	983
Lobbying	55,000	55,000	-	55,000
Assessor	16,000	16,000	-	11,000
Legal	25,500	49,791	(24,291)	25,839
Audit and accounting	40,933	40,933	-	33,200
Contract services - computer	21,721	21,760	(39)	19,550
Contract services	12,970	19,204	(6,234)	2,400
Repairs and maintenance	3,500	3,500	-	-
Fuel	1,000	528	472	526
Capital outlay	1,500	1,238	262	7,896
Other	7,247	12,739	(5,492)	9,934
Total administration	784,962	924,600	(139,638)	838,462

City and Borough of Yakutat, Alaska

General Fund

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

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Planning and zoning:				
Payroll and payroll benefits	\$ 64,159	\$ 105,895	\$ (41,736)	\$ 103,381
Travel and per diem	2,600	2,212	388	1,831
Materials and supplies	18,000	18,398	(398)	6,164
Telephone	976	949	27	705
Training	850	850	-	-
Dues and subscriptions	100	-	100	-
Postage	200	5	195	43
Advertising and printing	500	-	500	408
Contract services	18,000	17,898	102	58,550
Capital outlay	1,500	1,453	47	1,500
Total planning and zoning	106,885	147,660	(40,775)	172,582
Total general government	891,847	1,072,260	(180,413)	1,011,044
Public works:				
General public works:				
Payroll and payroll benefits	194,120	258,472	(64,352)	212,153
Travel and per diem	3,445	2,881	564	619
Materials and supplies	9,800	20,166	(10,366)	8,570
Training	15,220	15,220	-	-
Rental facilities	35,000	35,024	(24)	29,456
Utilities	18,000	10,263	7,737	14,114
Fuel	7,500	4,691	2,809	3,580
Telephone	1,080	1,268	(188)	713
Postage	300	1	299	129
Insurance	6,459	6,459	-	3,875
Contract services	2,040	2,040	-	2,040
Sand	1,000	-	1,000	1,000
Repairs and maintenance	27,734	24,094	3,640	16,615
Capital outlay	75,000	-	75,000	-
Miscellaneous	500	350	150	-
Total general public works	397,198	380,929	16,269	292,864
Parks and recreation:				
Payroll and benefits	6,690	7,200	(510)	6,087
Materials and supplies	2,810	2,431	379	2,805
Fireworks	5,500	5,369	131	5,500
Total parks and recreation	15,000	15,000	-	14,392

City and Borough of Yakutat, Alaska

General Fund

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

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Landfill:				
Payroll and payroll benefits	\$ 102,037	\$ 118,469	\$ (16,432)	\$ 96,101
Materials and supplies	7,500	7,500	-	4,347
Training	1,500	-	1,500	-
Contract services	1,200	1,271	(71)	-
Utilities	2,500	982	1,518	774
Insurance	1,822	1,822	-	2,259
Repairs and maintenance	6,500	6,541	(41)	3,789
Fuel	29,000	17,689	11,311	20,880
Capital outlay	17,000	23,878	(6,878)	1,685
Total landfill	169,059	178,152	(9,093)	129,835
Roads:				
Payroll and payroll benefits	44,761	42,829	1,932	9,748
Materials and supplies	14,284	14,284	-	920
Insurance	317	317	-	261
Contract services	363	363	-	-
Repairs and maintenance	5,000	4,600	400	3,438
Fuel	7,470	7,471	(1)	2,295
Sand	-	-	-	6,000
Capital outlay	5,550	5,550	-	-
Total roads	77,745	75,414	2,331	22,662
Snow removal:				
Payroll and payroll benefits	22,536	22,534	2	38,663
Materials and supplies	4,414	4,414	-	5,000
Contract services	1,155	1,155	-	2,078
Postage	-	-	-	28
Utilities	-	-	-	331
Insurance	-	-	-	1,798
Repairs and maintenance	-	-	-	4,165
Fuel	4,928	4,928	-	10,483
Sand	-	-	-	6,300
Capital outlay	-	-	-	6,699
Total snow removal	33,033	33,031	2	75,545
Total public works	692,035	682,526	9,509	535,298

City and Borough of Yakutat, Alaska

General Fund

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

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety:				
Police:				
Payroll and payroll benefits	\$ 454,466	\$ 499,812	\$ (45,346)	\$ 459,905
Travel and per diem	12,000	10,916	1,084	8,290
Materials and supplies	17,700	13,792	3,908	15,851
Training	3,500	682	2,818	2,376
Utilities	5,000	4,742	258	4,912
Fuel	10,000	7,938	2,062	9,049
Telephone	7,017	6,922	95	6,919
Postage	450	180	270	246
Insurance	27,762	27,762	-	26,356
Dues and subscriptions	500	894	(394)	465
Advertising and printing	500	405	95	457
Contract services	20,860	20,984	(124)	22,654
Repairs and maintenance	4,000	2,145	1,855	3,438
Capital outlay	53,047	48,631	4,416	75,299
Debt service - building loan	27,828	27,828	-	27,828
Other	3,725	630	3,095	4,707
Total police	648,355	674,263	(25,908)	668,752
Fire department:				
Payroll and payroll benefits	449	449	-	634
Travel and per diem	3,400	-	3,400	-
Materials and supplies	2,600	233	2,367	2,205
Copier lease	1,162	1,162	-	1,162
Training	1,500	414	1,086	-
Utilities	408	458	(50)	273
Fuel	1,000	-	1,000	123
Telephone	312	281	31	277
Postage	150	-	150	22
Insurance	1,425	1,425	-	3,351
Repairs and maintenance	1,000	810	190	470
Capital outlay	1,500	-	1,500	-
Debt service - building loan	8,004	8,004	-	8,004
Total fire department	22,910	13,236	9,674	16,521

City and Borough of Yakutat, Alaska

General Fund

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

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Emergency medical services:				
Payroll and payroll benefits	\$ 449	\$ 448	\$ 1	\$ 632
Utilities	408	458	(50)	295
Insurance	842	842	-	2,776
Telephone	-	24	(24)	23
Debt service - building loan	8,004	8,004	-	8,004
Other	1,000	980	20	655
Total emergency medical services	10,703	10,756	(53)	12,385
Total public safety	681,968	698,255	(16,287)	697,658
Community services:				
Yakutat Community Health Center	125,000	125,000	-	125,000
Utilities	8,500	5,536	2,964	8,060
Contract services	10,000	6,000	4,000	5,000
Capital outlay	4,000	4,000	-	3,800
Total community services	147,500	140,536	6,964	141,860
Education - contribution to school district - waste heat	40,000	40,000	-	40,000
Total Expenditures	2,453,350	2,633,577	(180,227)	2,425,860
Excess of Revenues Over (Under) Expenditures	(1,895)	379,989	381,884	432,194
Other Financing Sources (Uses)				
Transfers in	37,151	18,750	(18,401)	40,003
Transfers out	(34,446)	(34,446)	-	(98,269)
Net Other Financing Sources (Uses)	2,705	(15,696)	(18,401)	(58,266)
Net Change in Fund Balance	<u>\$ 810</u>	364,293	<u>\$ 363,483</u>	373,928
Fund Balance, beginning		<u>2,982,667</u>		<u>2,608,739</u>
Fund Balance, ending		<u>\$ 3,346,960</u>		<u>\$ 2,982,667</u>

Special Revenue Funds

A Special Revenue Fund is established to finance particular activities and is created from receipts of designated revenues.

The City and Borough of Yakutat's Special Revenue Funds are as follows:

Fishery Enhancement

This fund accounts for the enhancement of the salmon habitat by assessing a raw salmon and usage tax. It is also supplemented by federal and State grants.

National Forest Receipts

This fund was established to account for the National Forest Receipts program.

EMS Community Enhancement

This fund accounts for the payments received from the Northwest Cruiseship Association.

Assessments

This fund accounts for the Borough's special assessments levied against those properties which benefited from the construction of improvements.

City and Borough of Yakutat, Alaska
Fishery Enhancement Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Fishery taxes	\$ 30,711	\$ 28,689	\$ (2,022)	\$ 42,929
Federal government	-	84,720	84,720	184,080
Other	-	600	600	9,838
Total Revenues	30,711	114,009	83,298	236,847
Expenditures				
Community services:				
Payroll and payroll benefits	-	71,154	(71,154)	134,499
Travel	-	-	-	3,452
Materials and supplies	-	8,233	(8,233)	29,654
Telephone	-	-	-	622
Postage	-	-	-	26
Fuel	-	-	-	49
Insurance	-	-	-	1,868
Contract services	30,711	43,015	(12,304)	54,040
Total Expenditures	30,711	122,402	(91,691)	224,210
Excess of Revenues Over (Under) Expenditures	-	(8,393)	(8,393)	12,637
Other Financing Sources (Uses)				
Transfer to General Fund	-	-	-	(40,003)
Transfers from Oceancape Facilities Enterprise Fund	-	-	-	18,750
Net Other Financing Sources (Uses)	-	-	-	(21,253)
Net Change in Fund Balance	\$ -	(8,393)	\$ (8,393)	(8,616)
Fund Balance, beginning		40,782		49,398
Fund Balance, ending		\$ 32,389		\$ 40,782

City and Borough of Yakutat, Alaska
National Forest Receipts Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Federal government	\$ 39,000	\$ 539,692	\$ 500,692	\$ 560,978
Expenditures				
Education - contribution to school district	422,000	422,000	-	422,000
Net Change in Fund Balance	<u>\$ (383,000)</u>	\$ 117,692	<u>\$ 500,692</u>	\$ 138,978
Fund Balance, beginning		<u>828,956</u>		<u>689,978</u>
Fund Balance, ending		<u>\$ 946,648</u>		<u>\$ 828,956</u>

City and Borough of Yakutat, Alaska
EMS Community Enhancement Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Contributions	\$ 18,000	\$ 28,000	\$ 10,000	\$ 28,000
Expenditures				
EMS:				
Payroll and payroll benefits	4,519	450	4,069	4,254
Travel and per diem	4,500	161	4,339	3,121
Materials and supplies	1,820	1,471	349	1,953
Rental and lease	1,162	1,162	-	968
Medical supplies	1,500	329	1,171	2,311
Training	3,000	(85)	3,085	916
Repairs and maintenance	667	1,060	(393)	116
Telephone	300	257	43	254
Postage	100	13	87	3
Fuel	432	306	126	217
Capital outlay	-	36,001	(36,001)	53,144
Total Expenditures	18,000	41,125	(23,125)	67,257
Net Change in Fund Balance	\$ -	(13,125)	\$ (13,125)	(39,257)
Fund Balance, beginning		61,145		100,402
Fund Balance, ending		\$ 48,020		\$ 61,145

City and Borough of Yakutat, Alaska
Assessments Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Years Ended June 30,</i>	2015	2014
Fund Balance, beginning	\$ 600	\$ 600
Fund Balance, ending	\$ 600	\$ 600

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Enterprise Funds

Enterprise Funds (a type of proprietary fund) are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City and Borough's Enterprise Funds are as follows:

Oceancape Facilities

This fund accounts for the fish processing and dock facilities that are leased to a third party.

Water and Sewer

This fund accounts for the operations of the water and sewer utilities.

Boat Harbor

This fund accounts for the operations of the boat harbor.

Yakutat Power

This fund accounts for the operations of the electric utility.

City and Borough of Yakutat, Alaska
Oceancape Facilities Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2015	2014
Assets		
Current Assets		
Cash and investments	\$ 1,508,981	\$ 1,488,229
Accounts receivable	8,834	13,489
Total Current Assets	1,517,815	1,501,718
Property, Plant and Equipment		
Buildings and plant	11,094,488	11,069,489
Construction in progress	65,018	-
Land and improvements	94,150	94,150
Equipment and vehicles	510,282	503,617
Total property, plant and equipment	11,763,938	11,667,256
Less accumulated depreciation	(10,354,745)	(10,003,702)
Net Property, Plant and Equipment	1,409,193	1,663,554
Total Assets	\$ 2,927,008	\$ 3,165,272
Current Liabilities		
Accounts payable	\$ 6,665	\$ 737
Net Position		
Investment in capital assets	1,409,193	1,663,554
Unrestricted	1,511,150	1,500,981
Total Net Position	2,920,343	3,164,535
Total Liabilities and Net Position	\$ 2,927,008	\$ 3,165,272

City and Borough of Yakutat, Alaska
Oceancape Facilities Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2015	2014
Operating Revenues		
Rent and royalty income	\$ 147,749	\$ 151,762
Operating Expenses		
Repairs and maintenance	3,518	60,351
Insurance	9,709	9,516
Depreciation	351,043	349,928
Contract services	-	737
Total Operating Expenses	364,270	420,532
Loss from Operations	(216,521)	(268,770)
Nonoperating Revenues - investment income (loss)	(13,895)	92,946
Loss Before Transfers and Contributions	(230,416)	(175,824)
Transfer to Fishery Enhancement Special Revenue Fund	-	(18,750)
Transfer to General Fund	(18,750)	-
Transfer to Tongass Economic Relief Capital Project Fund	(60,044)	-
Capital contributions	65,018	751,471
Change in Net Position	(244,192)	556,897
Net Position, beginning	3,164,535	2,607,638
Net Position, ending	\$ 2,920,343	\$ 3,164,535

City and Borough of Yakutat, Alaska
Oceancape Facilities Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 152,404	\$ 144,681
Payments to suppliers	(7,299)	(69,867)
Net cash flows from operating activities	145,105	74,814
Cash Flows for Noncapital Financing Activities		
Transfers to other funds	(78,794)	(18,750)
Cash Flows for Capital and Related Financing Activities		
Capital contributions received	65,018	751,471
Additions to property, plant, and equipment	(96,682)	(751,471)
Net cash flows for capital and related financing activities	(31,664)	-
Cash Flows from (for) Investing Activities		
Investment income (loss)	(13,895)	92,946
Increase in Cash and Investments	20,752	149,010
Cash and Investments, beginning of year	1,488,229	1,339,219
Cash and Investments, end of year	\$ 1,508,981	\$ 1,488,229
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	\$ (216,521)	\$ (268,770)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	351,043	349,928
(Increase) decrease in assets - accounts receivable	4,655	(7,081)
Increase in liabilities - accounts payable	5,928	737
Net Cash Flows from Operating Activities	\$ 145,105	\$ 74,814

City and Borough of Yakutat, Alaska
Water and Sewer Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	\$ -	\$ 783
Accounts receivable	42,353	21,019
Special assessments receivable - current portion	15,000	15,726
Allowance for doubtful receivables	(8,660)	(8,660)
Total Current Assets	48,693	28,868
Property, Plant and Equipment		
Buildings	109,562	109,562
Water and sewer system	6,158,447	6,158,447
Equipment	85,604	85,604
Total property, plant and equipment	6,353,613	6,353,613
Less accumulated depreciation	(3,423,741)	(3,288,284)
Net Property, Plant and Equipment	2,929,872	3,065,329
Special Assessments Receivable, excluding current portion:		
West Addition	85,681	85,293
South Addition	36,495	9,175
Total Special Assessments Receivable, excluding current portion	122,176	94,468
Total Assets	3,100,741	3,188,665
Deferred Outflows related to pensions	6,885	-
Total Assets and Deferred Outflows	\$ 3,107,626	\$ 3,188,665
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Accounts payable	\$ 4,292	\$ 3,607
Accrued annual leave	1,523	613
Unearned revenue	16,048	14,051
Advances from other funds	8,000	8,000
Total Current Liabilities	29,863	26,271
Noncurrent Liabilities		
Advances from other funds, excluding current portion:		
General Fund	525,627	472,519
Yakutat Power Enterprise Fund	10,299	4,815
Tongass Economic Relief Capital Project Fund	85,680	88,591
Net pension liability	56,952	-
Total Noncurrent Liabilities	678,558	565,925
Total Liabilities	708,421	592,196
Deferred Inflows related to pensions	6,580	-
Net Position		
Investment in capital assets	2,929,872	3,065,329
Unrestricted (deficit)	(537,247)	(468,860)
Total Net Position	2,392,625	2,596,469
Total Liabilities, Deferred Inflows and Net Position	\$ 3,107,626	\$ 3,188,665

City and Borough of Yakutat, Alaska

Water and Sewer Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2015	2014
Operating Revenues		
Charges for services:		
Water and sewer charges	\$ 244,766	\$ 174,231
Other revenues	-	100
Total Operating Revenues	244,766	174,331
Operating Expenses		
Payroll and payroll benefits	136,029	88,583
Travel	4,439	547
Materials and supplies	47,663	28,820
Utilities	36,068	26,713
Heating fuel	9,985	7,588
Gas and oil	5,659	5,137
Dues and subscriptions	288	155
Postage	724	3,413
Insurance	5,593	7,099
Contract services	5,600	-
Repairs and maintenance	17,139	5,169
Training	1,665	379
Depreciation	135,457	132,527
Total Operating Expenses	406,309	306,130
Loss from Operations	(161,543)	(131,799)
Nonoperating Revenues		
PERS relief	4,172	6,037
Loss Before Contributions	(157,371)	(125,762)
Capital contributions	9,227	117,203
Change in Net Position	(148,144)	(8,559)
Net Position, beginning, as restated (note 9)	2,540,769	2,605,028
Net Position, ending	\$ 2,392,625	\$ 2,596,469

City and Borough of Yakutat, Alaska

Water and Sewer Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 225,429	\$ 180,268
Payments to suppliers	(134,138)	(83,465)
Payments to employees	(130,000)	(85,893)
Net cash flows from (for) operating activities	(38,709)	10,910
Cash Flows from (for) Capital and Related Financing Activities		
Additions to property, plant and equipment	-	(117,203)
Capital contributions received	9,227	154,451
Special assessments, net	-	4,615
Increase (decrease) in advances from other funds	28,699	(51,990)
Net cash flows from (for) capital and related financing activities	37,926	(10,127)
Increase (decrease) in Cash and Investments	(783)	783
Cash and Investments, beginning of year	783	-
Cash and Investments, end of year	\$ -	\$ 783
Reconciliation of Loss from Operations to Net Cash Flows from (for) Operating Activities		
Loss from operations	\$ (161,543)	\$ (131,799)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	135,457	132,527
Noncash expense - PERS relief	4,172	6,037
(Increase) decrease in assets:		
Accounts receivable, net	(21,334)	406
Deferred outflows related to pensions	(2,187)	-
Increase (decrease) in liabilities:		
Customer deposits	-	(2,117)
Unearned revenue	1,997	7,648
Accounts payable	685	1,555
Accrued annual leave	910	(3,347)
Net pension liability	(3,446)	-
Deferred inflows related to pensions	6,580	-
Net Cash Flows from (for) Operating Activities	\$ (38,709)	\$ 10,910
Noncash transactions -		
Special assessments receivable issued	\$ 26,982	\$ -
Special assessments report as advances from other funds	\$ 26,982	\$ -

City and Borough of Yakutat, Alaska

Boat Harbor Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	\$ 396,879	\$ 387,759
Accounts receivable	15,963	16,118
Allowance for doubtful receivables	(9,900)	(9,900)
Net receivables	6,063	6,218
Total Current Assets	402,942	393,977
Property, Plant and Equipment		
Boat harbor facilities	2,464,635	1,920,641
Equipment	266,078	266,078
Construction in progress	-	543,994
Total property, plant, and equipment	2,730,713	2,730,713
Less accumulated depreciation	(1,666,495)	(1,516,770)
Net Property, Plant and Equipment	1,064,218	1,213,943
Total Assets	1,467,160	1,607,920
Deferred Outflows related to pensions	3,429	-
Total Assets and Deferred Outflows	\$ 1,470,589	\$ 1,607,920
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Accounts payable	\$ 1,984	\$ 44
Unearned revenue	8,822	7,456
Accrued annual leave	-	2,259
Total Current Liabilities	10,806	9,759
Noncurrent liabilities - Net pension liability	28,366	-
Total Liabilities	39,172	9,759
Deferred Inflows related to pensions	3,277	-
Net Position		
Investment in capital assets	1,064,218	1,213,943
Unrestricted	363,922	384,218
Total Net Position	1,428,140	1,598,161
Total Liabilities, Deferred Inflows and Net Position	\$ 1,470,589	\$ 1,607,920

City and Borough of Yakutat, Alaska
Boat Harbor Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2015	2014
Operating Revenues		
Charges for services:		
Moorage fees	\$ 60,262	\$ 61,354
Electrical charges	11,800	8,127
Other revenues	-	4,949
Total Operating Revenues	72,062	74,430
Operating Expenses		
Payroll and payroll benefits	59,769	73,372
Materials and supplies	4,635	3,251
Utilities	18,367	16,948
Telephone	945	783
Postage	335	366
Training	-	1,599
Insurance	12,610	11,174
Gas and oil	1,138	543
Repairs and maintenance	3,341	2,424
Depreciation	149,725	153,744
Total Operating Expenses	250,865	264,204
Loss from Operations	(178,803)	(189,774)
Nonoperating Revenues		
PERS relief	2,078	5,680
Loss Before Contributions and Transfers	(176,725)	(184,094)
Capital contributions	-	268,677
Transfer from General Fund	34,446	41,197
Change in Net Position	(142,279)	125,780
Net Position, beginning, as restated (note 9)	1,570,419	1,472,381
Net Position, ending	\$ 1,428,140	\$ 1,598,161

City and Borough of Yakutat, Alaska

Boat Harbor Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 73,583	\$ 81,473
Payments to suppliers	(39,431)	(38,211)
Payments to employees	(59,478)	(67,045)
Net cash flows for operating activities	(25,326)	(23,783)
Cash Flows from Capital and Related Financing Activities		
Additions to property, plant and equipment	-	(268,677)
Capital contributions received	-	268,677
Transfers from other funds	34,446	41,197
Net cash flows from capital and related financing activities	34,446	41,197
Increase in Cash and Investments	9,120	17,414
Cash and Investments, beginning of year	387,759	370,345
Cash and Investments, end of year	\$ 396,879	\$ 387,759
Reconciliation of Loss from Operations to Net Cash Flows for Operating Activities		
Loss from operations	\$ (178,803)	\$ (189,774)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Depreciation	149,725	153,744
Noncash expense - PERS relief	2,078	5,680
(Increase) decrease in assets:		
Accounts receivable, net	155	5,714
Deferred outflows related to pensions	(1,089)	-
Increase (decrease) in liabilities:		
Unearned revenue	1,366	1,329
Accounts payable	1,940	(1,123)
Accrued annual leave	(2,259)	647
Net pension liability	(1,716)	-
Deferred inflows related to pensions	3,277	-
Net Cash Flows for Operating Activities	\$ (25,326)	\$ (23,783)

City and Borough of Yakutat, Alaska

Yakutat Power Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2015	2014
Assets and Deferred Outflows		
Current Assets		
Receivables:		
Accounts	\$ 151,857	\$ 217,601
Other	1,159	1,159
Less allowance for doubtful receivables	(60,000)	(60,000)
Net receivables	93,016	158,760
Special assessments receivable - current portion	3,135	3,135
Unbilled revenue	197,129	227,876
Inventory	132,680	173,714
Prepaid expenses	19,803	35,809
Total Current Assets	445,763	599,294
Property, Plant and Equipment		
Land and construction in progress	869,868	1,053,682
Other property plant and equipment	8,695,440	8,444,586
Total property, plant and equipment	9,565,308	9,498,268
Less accumulated depreciation	(3,938,496)	(3,610,745)
Net Property, Plant and Equipment	5,626,812	5,887,523
Restricted cash	257,204	162,267
Special assessments receivable, excluding current portion	129,953	130,478
Investment in ARECA	325,879	343,264
Advance to Water and Sewer Enterprise Fund	10,299	4,815
Total Assets	6,795,910	7,127,641
Deferred Outflows		
Deferred charges - major overhauls	159,061	24,593
Total Assets and Deferred Outflows	\$ 6,954,971	\$ 7,152,234
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 155,541	\$ 213,284
Accrued liabilities	13,456	19,703
Accrued annual leave	21,328	21,871
Accrued interest payable	3,332	3,522
Customer deposits	27,273	24,673
Current portion of long-term debt	42,862	41,059
Unearned revenue	288,637	299,829
Due to other funds	120,710	120,850
Total Current Liabilities	673,139	744,791
Long-Term Debt, excluding current portion - Notes payable	119,807	162,668
Total Liabilities	792,946	907,459
Net Position		
Net investment in capital assets	5,464,143	5,683,796
Unrestricted	697,882	560,979
Total Net Position	6,162,025	6,244,775
Total Liabilities and Net Position	\$ 6,954,971	\$ 7,152,234

City and Borough of Yakutat, Alaska
Yakutat Power Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2015	2014
Operating Revenues		
Charges for services	\$ 2,601,546	\$ 2,790,231
Operating Expenses		
Generation:		
Payroll and payroll benefits	381,805	426,325
Fuel	1,430,509	1,713,961
Diesel overhauls	-	96,381
Repairs and maintenance	78,141	56,538
Total generation	1,890,455	2,293,205
Distribution:		
Payroll and payroll benefits	204,723	218,726
Repairs and maintenance	47,566	29,610
Contract services	10,413	1,004
Materials and supplies	-	2,500
Vehicle expense	6,619	9,240
Total distribution	269,321	261,080
Depreciation and amortization	324,719	312,266
General and administrative:		
Payroll and payroll benefits	141,316	142,112
Insurance	64,950	65,977
Customer billing charges	16,938	329
Professional services	48,076	38,318
Office supplies and expenses	24,700	22,349
Training	-	4,886
Transportation and freight	1,406	4,949
Total general and administrative	297,386	278,920
Total Operating Expenses	2,781,881	3,145,471
Loss from Operations	(180,335)	(355,240)
Nonoperating Revenues (Expenses)		
Investment income	49,176	46,108
Interest expense	(7,853)	(5,016)
Pole rental	6,679	25,429
Rental depreciation	(3,032)	(3,032)
Other rental expenses	(8,799)	(6,214)
Net Nonoperating Revenues (Expenses)	36,171	57,275
Loss Before Contributions and Transfers	(144,164)	(297,965)
Capital contributions	67,040	445,216
Transfers to General Fund	(5,626)	-
Change in Net Position	(82,750)	147,251
Net Position, beginning	6,244,775	6,097,524
Net Position, ending	\$ 6,162,025	\$ 6,244,775

City and Borough of Yakutat, Alaska

Yakutat Power Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 2,689,445	\$ 2,825,422
Payments to suppliers	(1,866,609)	(2,002,460)
Payments to employees	(734,634)	(781,804)
Net cash flows from operating activities	88,202	41,158
Cash Flows for Noncapital Financing Activities		
Transfers to General Fund	(5,626)	-
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant and equipment	(67,040)	(519,165)
Special assessments received	525	1,501
Principal and interest paid on long-term debt	(49,101)	(156,727)
Capital contributions received	67,040	557,634
(Increase)Decrease in advance to other fund	(5,484)	672
Decrease in due to other funds	(140)	(141,247)
Net cash flows for capital and related financing activities	(54,200)	(257,332)
Cash Flows from Investing Activities		
Investment income	49,176	46,108
(Increase) decrease in investment in ARECA	17,385	(39,641)
Net cash flows from investing activities	66,561	6,467
Increase (Decrease) in Cash and Investments	94,937	(209,707)
Cash and Investments, beginning of year	162,267	371,974
Cash and Investments, end of year	\$ 257,204	\$ 162,267
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	\$ (180,335)	\$ (355,240)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation and amortization	327,751	351,724
Miscellaneous nonoperating revenues (expenses)	(2,120)	19,215
(Increase) decrease in assets:		
Accounts receivable, net	65,744	43,777
Unbilled revenue	30,747	(19,347)
Inventory	41,034	(3,653)
Prepaid expenses	16,006	(15,106)
Deferred charges - major overhauls	(137,500)	-
Increase (decrease) in liabilities:		
Accounts payable	(57,743)	22,883
Accrued liabilities	(6,247)	4,316
Accrued annual leave	(543)	1,043
Unearned revenue	(11,192)	(9,054)
Customer deposits	2,600	600
Net Cash Flows from Operating Activities	\$ 88,202	\$ 41,158

City and Borough of Yakutat, Alaska
Yakutat Power Enterprise Fund
Schedule of Property, Plant and Equipment

<i>Years Ended June 30,</i>	2015	2014
Property, Plant and Equipment		
Land and improvements	\$ 69,281	\$ 69,281
Buildings and improvements	3,462,512	3,462,512
Generation equipment	2,988,714	2,988,714
Distribution system	1,770,868	1,520,014
Transportation equipment	147,708	147,708
Other equipment	234,679	234,679
Rental house	90,959	90,959
Construction in progress	800,587	984,401
Total property, plant and equipment	9,565,308	9,498,268
Less accumulated depreciation	(3,938,496)	(3,610,745)
Net Property, Plant and Equipment	\$ 5,626,812	\$ 5,887,523

City and Borough of Yakutat, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Share of Expend- itures
Department of Agriculture				
Yakutat Eulachon Study	AG-0109-C-10-0019/0002	10.665	\$ 9,152	\$ 73
Passed through State of Alaska Department of Commerce, Community and Economic Development:				
National Forest Receipts (note 2)	2010-2013 carryover	10.665	406,256	406,256
National Forest Receipts (note 2)	2014 carryover	10.665	689,977	15,744
Total Department of Agriculture				<u>422,073</u>
Department of Interior				
Payment in Lieu of Taxes:				
PILT FY15	N/A	15.226	101,635	101,635
PILT FY14	N/A	15.226	114,369	114,369
Total CFDA 15.226				<u>216,004</u>
Passed through State of Alaska Department of Commerce, Community and Economic Development - Coastal Restoration - Research and Education Project				
	10-CIAP-024	15.668	257,079	75,869
Total Department of Interior				<u>291,873</u>
Environmental Protection Agency				
Passed through State of Alaska Department of Commerce Community and Economic Development - RUBA Program				
	21754260	66.202	1,000	1,000
Department of Homeland Security				
Passed through State of Alaska Department of Military and Veterans Affairs - State Homeland Security Program				
	13SHSP-GR34078	97.067	73,862	73,756
Total Federal Assistance				<u>\$ 788,702</u>

City and Borough of Yakutat, Alaska

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of City and Borough of Yakutat, Alaska under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of City and Borough of Yakutat, Alaska, it is not intended to and does not present the financial position, changes in net assets or cash flows of City and Borough of Yakutat, Alaska.

Except as otherwise noted, expenditures reported on the Schedules are reported on the modified accrual basis of accounting.

2. National Forestry Receipts

National Forestry Receipts are recorded as revenue when received from the federal government. Amounts reported on the schedule of expenditures of federal awards represent actual disbursements. At June 30, 2015 the National Forest Receipts Special Revenue Fund is reporting ending fund balance of \$946,648 which is comprised of unspent federal receipts which will be spent in subsequent years.

Single Audit Section



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Independent Auditor's 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*

Honorable Mayor and Borough Assembly
City and Borough of Yakutat, 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Yakutat, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City and Borough of Yakutat's basic financial statements, and have issued our report thereon dated January 5, 2016. Our report includes a reference to other auditors who audited the financial statements of Yakutat School District, as described in our report on City and Borough of Yakutat's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City and Borough of Yakutat'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.

BDO USA, LLP

Anchorage, Alaska
January 5, 2016



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor and Borough Assembly
City and Borough of Yakutat, Alaska

Report on Compliance for Each Major Federal Program

We have audited City and Borough of Yakutat'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 and Borough of Yakutat's major federal programs for the year ended June 30, 2015. City and Borough of Yakutat's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City and Borough of Yakutat's basic financial statements include the operations of the Yakutat School District, which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of Yakutat School District because other auditors were engaged to perform the audit; however, they did not meet the threshold for an audit in accordance with 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 and Borough of Yakutat'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 and Borough of Yakutat's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 and Borough of Yakutat's compliance.

Opinion on Each Major Federal Program

In our opinion, City and Borough of Yakutat 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 June 30, 2015.

Report on Internal Control Over Compliance

Management of City and Borough of Yakutat 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 and Borough of Yakutat'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 and Borough of Yakutat'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.

BDO USA, LLP

Anchorage, Alaska
January 5, 2016

City and Borough of Yakutat, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X (none reported)

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X (none reported)

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ yes X no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
10.665	Schools and Roads - Grants to States	Department of Agriculture

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

Auditee qualified as low-risk auditee? X yes ___ no

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in section .510(a) of the Circular) that are required to be reported.

City and Borough of Yakutat, Alaska

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015**

Government Auditing Standards Findings

There were no prior year audit findings.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

City and Borough of Yakutat, Alaska

Corrective Action Plan Year Ended June 30, 2015

There are no current year findings; therefore, no corrective action plan is required.