

City and Borough of Sitka, Alaska

Comprehensive Annual Financial Report

For the Year Ended June 30, 2014

Prepared by Finance Department
Jay Sweeney, Finance Director
Mike Middleton, Deputy Finance Director

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City and Borough of Sitka, Alaska

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City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

March 20, 2015

To the Honorable Mayor,
Assembly Members and
Citizens of the City and Borough of Sitka, Alaska:

The Assembly of the City and Borough of Sitka has elected to issue each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that request, we hereby issue the comprehensive annual financial report of the City and Borough of Sitka, Alaska for the fiscal year ended June 30, 2014

This report consists of management's representations concerning the financial position and performance of the City and Borough of Sitka. Consequently, management assumes full responsibility for the completeness and reliability of all of the information present in this report. To provide a reasonable basis for making these representations, management of the City and Borough of Sitka has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City and Borough of Sitka's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City and Borough of Sitka's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City and Borough of Sitka's financial statements have been audited by BDO USA, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City and Borough of Sitka for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that they will render an unqualified opinion on the City and Borough of Sitka's financial statements for the fiscal year ended June 30, 2014. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City and Borough of Sitka was part of a broader, state and federally mandated “Single Audit” designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and legal requirements involving the administration of state and federal awards. These Single Audit Reports are included at the end of this Comprehensive Annual Financial Report (CAFR).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City and Borough of Sitka’s MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The City and Borough of Sitka, incorporated in 1971, is located on Baranof and Chicagof Islands which are located along the Inside Passage in Southeast Alaska. Sitka is situated on the west coast of Baranof Island, contained within the largest temperate rain forest in the world. Most of this rain forest is part of the Tongass National Forest. The City and Borough of Sitka currently occupies a land area of 2,894 square miles, a water area of 1,816 square miles and serves a population of 9,084. The City and Borough of Sitka is empowered to levy a property tax on both real and personal properties located within its boundaries. The City and Borough of Sitka also levies a sales tax on sales within the City and Borough.

The City and Borough of Sitka has operated under the Assembly-Administrator form of government since 1971. Policy-making and legislative authority are vested in a governing assembly consisting of the Mayor and six other members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government’s Administrator and Attorney. The administrator is responsible for carrying out the policies and ordinances of the Assembly, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Assembly is elected on a non-partisan basis. Assembly members serve three-year staggered terms, with two Assembly members elected each year. The Mayor is elected to serve a two-year term. The Mayor and Assembly members are elected at large.

The City and Borough of Sitka provides a full range of services, including police and fire protection; ambulance service; the construction and maintenance of streets and other infrastructure; recreational facilities and cultural events. Other services include electricity, water, waste water treatment, solid waste disposal and recycling, moorage within the harbor system, cold storage facility, and leases within the industrial park. These services represent different departments in the City and Borough of Sitka and therefore have been included as an integral part of the City and Borough of Sitka’s financial statements. The City and Borough of Sitka also is financially accountable for a legally separate school district, hospital, and convention and visitors bureau, all of which are reported separately within the City and Borough of Sitka’s financial statements. Additional information on all four of these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City and Borough of Sitka's financial planning and control. All departments of the City and Borough of Sitka are required to submit requests for appropriation to the Budget Officer on or before the 15th of January each year. The Budget Officer compiles and presents the draft budget to the Administrator on or before the 15th of March. The Administrator then presents this proposed budget to the Assembly for review on or before the 15th of April. As set forth in the Home Rule Charter of the City and Borough of Sitka for budget performance, the following dates outline the Charter's requirements: (1) not later than 60 days before the end of the current fiscal year, the Administrator shall submit to the Assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanatory message of both; (2) not later than 15 days before the end of the current fiscal year, a public hearing shall be held on the budget and capital improvements program; (3) the Assembly by ordinance shall adopt a budget (for the next fiscal year) not later than 10 days before the end of the current fiscal year. The appropriated budget is prepared by fund and department (e.g., police). The Administrator may make transfers of appropriations within a department, with the exception of line items for salary and benefits, travel and training, and capital assets. Assembly approval is needed for the above three line items within each department's budget. Transfers of appropriations between departments and/or funds, however, require the approval of the Assembly. Budget-to-actual comparisons are provided in this report for the General Fund for which an appropriated annual budget has been adopted. The General Fund's comparison is presented starting on page D-7 as part of the basic financial statements for the governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City and Borough of Sitka operates.

Local economy. The City and Borough of Sitka's principal economic base is fishing, fish processing, government, tourism, and related businesses.

Population estimates for the Municipality have essentially remained flat. Sales tax collections have increased by 7.6% over last fiscal year while Bed tax increased 6.6%. The positive is this is continuing the reversal, which began in fiscal year 2012, of the large decreases from fiscal years 2008, 2009 and 2010. The growth rate is an increase over fiscal year 2013 (which was an increase over 2010, 2011, 2012 and 2013) and strengthens the indication stabilization may be occurring in this economic downturn. Sales tax for fiscal year 2014 is at the highest level in the last ten years.

Cash management policies and practices. The City and Borough of Sitka utilizes a central treasury to aggregate cash from all funds except the component units listed herein, for cash management and investment purposes. Interest income on investments is allocated monthly to participating funds based on their average equity balance.

The City and Borough of Sitka's investment policy authorizes investment in obligations of the United States government, its agencies and instrumentalities, bankers' acceptances, mutual funds, commercial paper and the Alaska Municipal League investment pool. The investment policy also places limitations on maturity of investments. In addition, investment guidelines are

contained in an Investment Policy passed, approved and adopted by the City and Borough of Sitka's Assembly.

Risk management. During FY2014, the Municipality continued a limited risk management program for workers' compensation. Various controls techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims and other potential losses.

Pension and other postemployment benefits. The City and Borough of Sitka and the Sitka Community Hospital provide pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The Municipality and Hospital has no obligations in connection with the employee benefits offered through this plan beyond its annual required payment to the pension plan.

The Sitka School District provides pension benefits for all eligible employees through PERS and Teachers Retirement System (TRS). The School District has no obligations in connection with employee benefits offered through this plan beyond its annual required payments to the pension plans.

Additional information on pension arrangements and postemployment benefits can be found starting on E-24 in the notes to the financial statements.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the staff of the Finance Department, especially Mike Middleton, Larry Fitzsimmons, Janet Schwartz, Sally Kimmel, Brenda Calkins and Joey Patel. My appreciation is extended to all members of the Finance Department who assisted and contributed to the preparation of this report. We also want to thank you, the members of the City and Borough of Sitka's Assembly, for your interest and support in conducting the financial operations of the City and Borough of Sitka in a responsible and progressive manner.

Respectfully submitted,



John P "Jay" Sweeney III
Finance Director

City and Borough of Sitka, Alaska

Elected Officials

June 30, 2014

Name	Position
Mim McConnell	Mayor
Pete Esquiro	Deputy Mayor
Thor Christianson	Vice-Deputy Mayor
Phyllis Hackett	Assembly Member
Mike Reif	Assembly Member
Matthew Hunter	Assembly Member
Michelle Putz	Assembly Member
Jay Sweeney	Interim Municipal Administrator

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and Borough of Sitka, Alaska, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sitka Community Hospital, which represent 75 percent, 75 percent, and 46 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 Sitka Community Hospital, 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 the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and Borough of Sitka, Alaska, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages C-1 through C-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City and Borough of Sitka's basic financial statements. The accompanying combining fund financial statements, introductory and statistical sections 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 combining fund financial statements listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015 on our consideration of City and Borough of Sitka's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City and Borough of Sitka's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
March 20, 2015

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City and Borough of Sitka, Alaska

Management Discussion and Analysis June 30, 2014

As management of the City and Borough of Sitka (Municipality), we offer the readers of the Municipality's financial statements this overview and analysis of the Municipality's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages A-3 through A-6 of this report.

Financial Highlights

- The assets of the Municipality exceeded its liabilities at the close of the most recent year by \$340.5 million. Of this amount, \$61.9 million (unrestricted net position) is legally unreserved and may therefore be used to meet the Municipality's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8.2 million. Committed funds of \$7.8 million, are also available to meet expenses for the next fiscal year with varying levels of restrictions. The unassigned fund balance for the General Fund represented 35% of total General Fund expenditures. This increases to 67.7% when restricted and committed funds are included.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the Municipality's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements report information about the overall finances of the Municipality similar to a business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The Statement of Net Position presents information on all of the Municipality's assets and deferred outflows less liabilities and deferred inflows, which results in net position. The statement is designed to display the financial position of the Municipality. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the Municipality is improving or deteriorating.

The Statement of Activities provides information which shows how the Municipality's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

City and Borough of Sitka, Alaska

Management Discussion and Analysis

The Statement of Net Position and the Statement of Activities distinguish functions of the Municipality that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The Municipality's governmental activities include administration, public safety, public works, public services and support. The business-type activities of the Municipality include the eight enterprise funds: Electric, water, waste water treatment, solid waste disposal, harbor, airport terminal building, Marine Service Center, and Sawmill Cove Industrial Park.

The government-wide financial statements present not only the Municipality itself, which is the primary government, but also its component units: Sitka School District, Sitka Community Hospital and Sitka Convention and Visitors Bureau for which the Municipality is financially accountable. Financial information for the Sitka School District, Sitka Community Hospital and Sitka Convention and Visitors Bureau is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages D-1 and D-2 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Municipality, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the Municipality can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Municipality's operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Municipality maintains 16 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Permanent Fund, Capital Projects Fund and Debt Service Fund. The other 12 governmental funds are combined and shown as Other Governmental Funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 12 nonmajor funds is presented in the Combining Balance Sheet Nonmajor Governmental Funds and Combining statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Funds.

City and Borough of Sitka, Alaska

Management Discussion and Analysis

Proprietary funds

The Municipality maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Municipality uses enterprise funds to account for the electric, water, waste water treatment, and solid waste disposal utility services provided to the local citizens. The Municipality also uses enterprise funds for the harbors, airport terminal building, Marine Service Center (for cold storage), and the Sawmill Cove Industrial Park. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Municipality's various functions. The Municipality uses internal service funds to account for its management information systems (MIS), central garage, and building maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the Electric, Water, Waste Water Treatment Plant, Solid Waste Disposal, and Harbor Funds, which are considered to be major funds of the Municipality. The remaining three enterprise funds are combined and shown as Nonmajor Enterprise Funds on the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows for Proprietary Funds. The basic proprietary fund financial statements can be found on pages D-12 – D-14 of this report.

Fiduciary funds

Fiduciary funds are used to account for assets held by the Municipality in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Municipality cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on page D-15 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages E-1 – E-27 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide information on the Municipalities Nonmajor funds. Supplementary information can be found following the Notes to Financial Statements beginning on page F-1.

City and Borough of Sitka, Alaska

Management Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Municipality, assets exceeded liabilities by \$339.9 million at June 30, 2014 compared to \$300.8 million at June 30, 2013. By far the largest portion of the Municipality's net position (71%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The Municipality uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Municipality's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Net Position June 30, 2014 and 2013 (in millions)						
	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 65.9	\$ 62.2	\$ 59.8	\$ 80.8	\$ 125.7	\$ 143.0
Capital Assets	115.9	113.1	280.8	195.4	396.7	308.5
Total assets	181.8	175.3	340.6	276.2	522.4	451.5
Deferred outflows	0.2	0.2	2.7	4.5	2.9	4.7
Total assets and deferred outflows	\$ 182.0	\$ 175.5	\$ 343.3	\$ 280.7	\$ 525.3	\$ 456.2
Long-term debt outstanding	\$ 30.6	\$ 33.0	\$ 137.3	\$ 113.5	\$ 167.9	\$ 146.5
Other liabilities	2.1	2.8	14.8	5.5	16.9	8.3
Total liabilities	32.7	35.8	152.1	119.0	184.8	154.8
Deferred inflows	-	0.6	-	-	-	0.6
Total liabilities and deferred inflows	\$ 32.7	\$ 36.4	\$ 152.1	\$ 119.0	\$ 184.8	\$ 155.4
Net position:						
Net investment in capital assets	\$ 86.1	\$ 81.1	\$ 156.2	\$ 103.5	\$ 242.3	\$ 184.6
Restricted	25.9	29.1	9.0	7.4	34.9	36.5
Unrestricted	37.4	28.9	25.9	50.8	63.3	79.7
Total net position	\$ 149.4	\$ 139.1	\$ 191.1	\$ 161.7	\$ 340.5	\$ 300.8

Governmental Activities

Governmental activities increased the Municipality's net position by \$9.6 million. Key elements of are listed below:

- Revenue exceeded expense for the Permanent Fund by \$2.6 million
- General Fund revenues exceeded the budget by \$1.8 million
 - The biggest gains were in:
 - State Jail Contract - \$276 thousand, Investment income - \$210 thousand and sales tax \$349 thousand.

City and Borough of Sitka, Alaska

Management Discussion and Analysis

The net position for the Municipality's governmental activities are \$149.4 million, an increase of \$10.3 million. A substantial portion (58%) of the net position is invested in capital assets – an increase of \$5.0 million from the prior fiscal year. The Municipality uses these assets to provide services to the citizens. The unrestricted net position of the governmental activities are \$37.4 million as of June 30, 2014. The largest portion of the restricted net position is for the Permanent Fund (\$22.8 million).

Business-type activities

Business-type activities increased the Municipality's net position by \$29.5 million. This compares to an increase of \$19.8 million for the year ended June 30, 2013. Key elements are listed below:

- Capital grants and contributions increased \$6.4 million

The net position for the Municipality's business-type activities are \$191.2 million, an increase of \$29.5 million. As with government-wide activities, a substantial portion (82%) of the net position is invested in capital assets. The Municipality uses these assets to provide services to the citizens. The unrestricted net position of the business-type activities are \$26.2 million as of June 30, 2014.

City and Borough of Sitka, Alaska

Management Discussion and Analysis

Changes in Net Position						
For Fiscal Years Ending June 30, 2014 and 2013						
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues						
Charges for services	2.7	2.5	26.3	22.3	29.0	24.8
Operating grants and contributions	6.9	6.0	1.2	2.4	8.1	8.4
Capital grants and contributions	5.1	8.2	24.3	17.9	29.4	26.1
General revenues:						
Property tax	6.2	6.1	-	-	6.2	6.1
Sales and other taxes	10.9	9.6	-	-	10.9	9.6
Grants and contributions not restricted to specific programs	-	0.5	1.2	-	1.2	0.5
Unrestricted investment earnings	4.7	3.5	0.6	0.5	5.3	4.0
Other	-	-	-	-	-	-
Total revenues	36.5	36.4	53.6	43.1	90.1	79.5
Expenses:						
Administration	2.3	1.7	-	-	2.3	1.7
Public safety	7.0	6.8	-	-	7.0	6.8
Public works	4.1	5.5	-	-	4.1	5.5
Public services	2.4	2.0	-	-	2.4	2.0
Support	9.1	9.1	-	-	9.1	9.1
Interest on long-term debt	1.3	1.4	-	-	1.3	1.4
Electric	-	-	10.1	10.9	10.1	10.9
Water	-	-	2.2	2.2	2.2	2.2
Wastewater treatment	-	-	3.8	3.6	3.8	3.6
Solid waste disposal	-	-	3.5	3.3	3.5	3.3
Harbor	-	-	3.1	2.4	3.1	2.4
Nonmajor business-type	-	-	1.4	1.3	1.4	1.3
Total expenses	26.2	26.5	24.1	23.7	50.3	50.2
Increase in net position before transfers	10.3	9.9	29.5	19.4	39.8	29.3
Transfers in (out)	-	(0.4)	-	0.4	-	-
Increase in net position	10.3	9.5	29.5	19.8	39.8	29.3
Net position, beginning of year	139.1	129.6	161.7	141.9	300.8	271.5
Net position, end of year	149.4	139.1	191.2	161.7	340.6	300.8

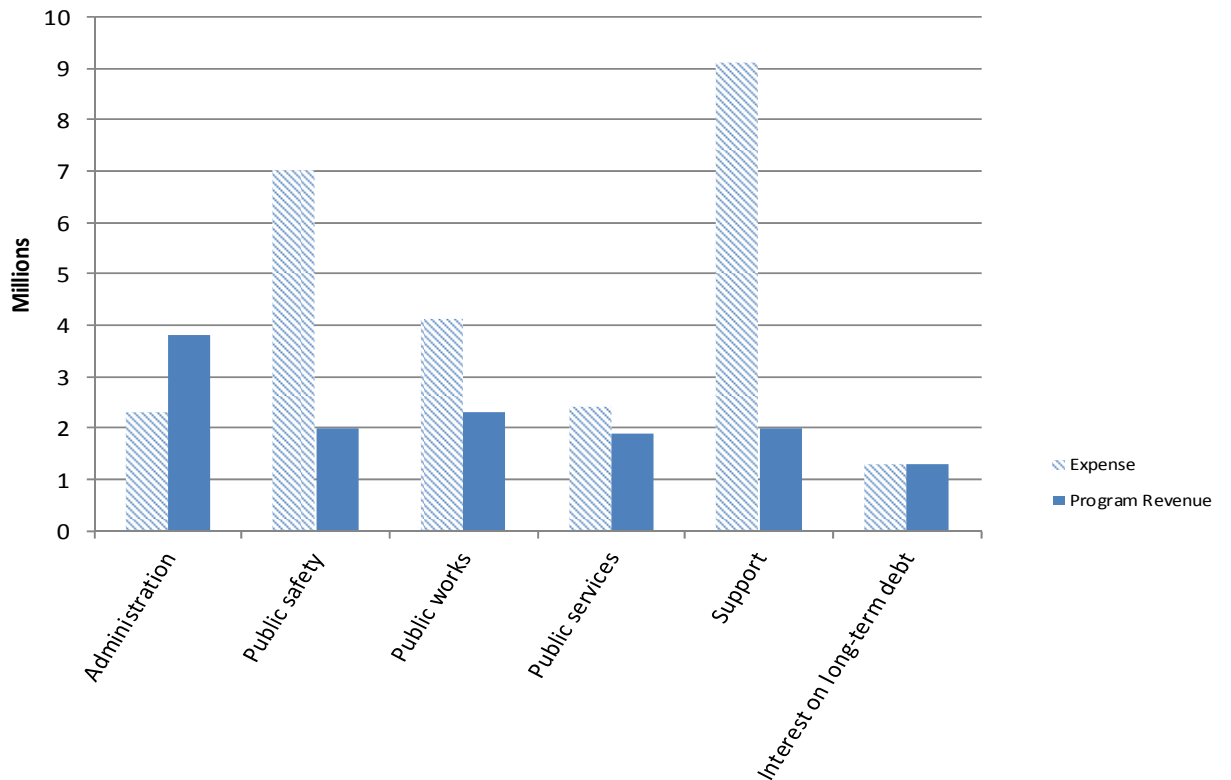
City and Borough of Sitka, Alaska

Management Discussion and Analysis

Expenses and Program Revenues – Governmental Activities

The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales, bed, and property taxes are considered general revenues and are therefore not included on this graph.

Governmental Activities FY 2014

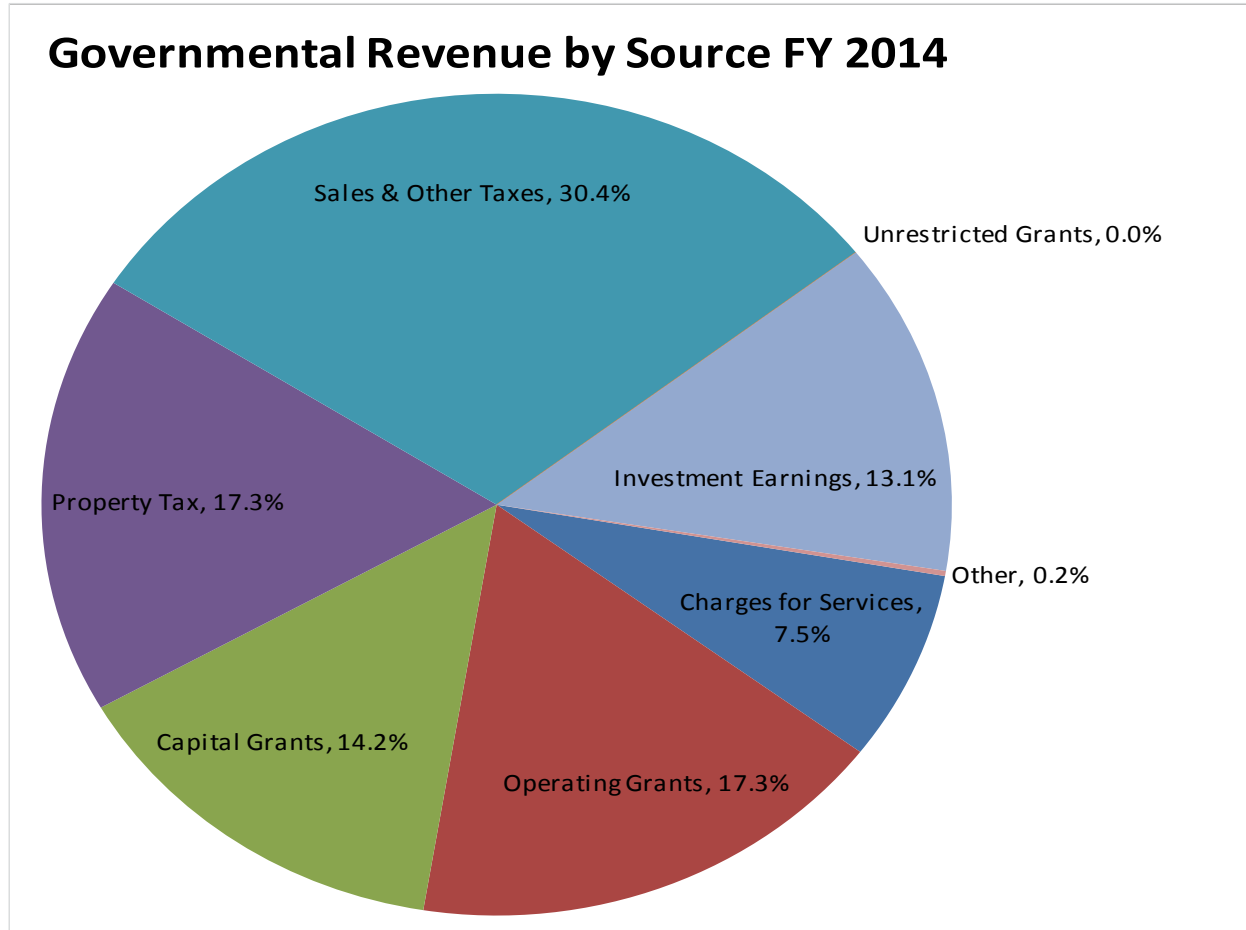


City and Borough of Sitka, Alaska

Management Discussion and Analysis

Revenues by Source – Governmental Activities

The graph shown below depicts all sources of revenues, both program and general.



Financial Analysis of the Government's Funds

As noted earlier, the Municipality uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the Municipality's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Municipality's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Did the Municipality generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

City and Borough of Sitka, Alaska

Management Discussion and Analysis

At the end of the current fiscal year, the Municipality's governmental funds reported combined ending fund balances of \$59.2 million, an increase of \$4.7 million in comparison with the prior year. A portion of this amount is reserved to indicate it is not available to new spending because it is nonspendable, or has been restricted, committed or assigned (\$3.2, \$25.9, \$19.3, and \$2.4 million respectively). The remainder of fund balance is unassigned (\$8.2 million) and is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Municipality. At the end of the current fiscal year, total fund balance was \$16.4 million and unassigned fund balance was \$8.2 million. Total fund balance increased by \$2.1 million from the prior year. Key factors include:

- Revenues exceeded expenditures by \$2.9 million in the General Fund not considering transfers – this is \$1.2 million above the final budget. This is primarily due to revenues exceeding the budget by \$2.5 million

Proprietary funds

The Municipality's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the seven enterprise funds at the end of the year were \$24.5 million. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the Municipality's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

- State PERS relief of \$0.8 million was received.

Capital Assets and Debt Administration

Capital assets

The Municipality's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$396.7 million (net of accumulated depreciation), an increase of \$88.2 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads, and infrastructure.

City and Borough of Sitka, Alaska

Management Discussion and Analysis

Capital Assets
For Fiscal Years Ending June 30, 2014 and 2013
(in millions, net of depreciation)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 16.9	\$ 17.2	\$ 16.3	\$ 16.5	\$ 33.2	\$ 33.7
Buildings	53.2	55.7	7.6	8.2	60.8	63.9
Equipment	5.1	5.9	2.1	2.5	7.2	8.4
Infrastructure	18.2	17.6	-	-	18.2	17.6
Electric plant	-	-	55.4	57.1	55.4	57.1
Water plant	-	-	18.6	19.4	18.6	19.4
Wastewater treatment plant	-	-	10.8	12.1	10.8	12.1
Harbors	-	-	13.1	13.5	13.1	13.5
Master plan and licenses	-	-	1.5	-	1.5	-
Construction in process	22.5	16.7	155.3	64.9	177.8	81.6
Total capital assets	\$ 115.9	\$ 113.1	\$ 280.7	\$ 194.2	\$ 396.6	\$ 307.3

Major additions to capital assets during the current fiscal year included the following (in millions):

- Construction in process for enterprise funds increased by \$90.4 million due to the Blue Lake Dam project primarily and the ANB Harbor (\$79.0 million and \$7.1 million respectively).

Additional information on the Municipality's capital assets can be found in Note 5 beginning on page E-12 of this report.

Long-term debt

At the end of the current fiscal year, the Municipality had total debt outstanding of \$168.2 million. Of this amount \$29.4 million was bonded and backed by the full faith and credit of the Municipality. The remaining debt consists of debt secured by equipment, revenue bonds and notes, compensated absences, net pension obligation, and landfill closure costs.

City and Borough of Sitka, Alaska

Management Discussion and Analysis

Outstanding Debt For Fiscal Years Ending June 30, 2014 and 2013 (in millions)

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 29.7	\$ 31.9	\$ -	\$ -	\$ 29.7	\$ 31.9
Revenue bonds	-	-	116.3	91.8	116.3	91.8
Revenue notes	-	-	7.9	8.3	7.9	8.3
Other debt	0.8	0.8	13.5	13.4	14.3	14.2
Total outstanding debt	\$ 30.5	\$ 32.7	\$ 137.7	\$ 113.5	\$ 168.2	\$ 146.2

Additional information on the Municipality's long-term debt can be found in Note 8 beginning on page E-15 of this report.

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for FY2015, the Municipality considered a number of issues with Municipality wide impact, among them:

- A sufficient level of funding necessary to meet the needs of Municipality residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Municipality's financial condition.
- The highest level of local educational funding Municipality residents can reasonably afford and sustain.
- A high quality capital and operational maintenance program that ensures the continued use and economic value of Municipality assets.

All of these factors were considered in preparing the Municipality's budget for FY2015.

Request for information

This financial report is designed to provide a general overview of the Municipality's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835.

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City and Borough of Sitka, Alaska

Statement of Net Position

June 30, 2014

	<u>Primary Government</u>			<u>Component Units</u>		
	Governmental Activities	Business-type Activities	Total	Sitka School District	Convention and Visitors Bureau	Sitka Community Hospital
Assets and Deferred Outflows						
Assets:						
Equity in central treasury	\$ 29,009,387	\$ 28,779,485	\$ 57,788,872	\$ -	\$ -	\$ -
Cash and investments	-	-	-	2,075,815	149,038	722,919
Receivables (net of allowance)	3,993,710	10,584,721	14,578,431	1,393,188	-	3,799,442
Internal balances	862,688	(862,688)	-	-	-	-
Inventories	-	1,799,097	1,799,097	-	-	295,608
Prepaid items	106,798	9,050	115,848	109,933	800	161,494
Notes receivable	2,518,601	185,257	2,703,858	-	-	-
Special assessments receivable	47,574	100,478	148,052	-	-	-
Water rights	-	46,966	46,966	-	-	-
Restricted assets						
Unspent bond proceeds	-	9,614,968	9,614,968	-	-	-
Equity in central treasury	7,704,561	9,554,499	17,259,060	-	-	-
Cash and investments	21,508,579	-	21,508,579	-	-	107,530
Interest receivable	86,264	-	86,264	-	-	-
Capital assets not being depreciated	33,668,236	160,623,684	194,291,920	-	-	-
Other capital assets, net of depreciation	82,321,333	120,173,335	202,494,668	305,575	8,771	5,862,195
Total assets	181,827,731	340,608,852	522,436,583	3,884,511	158,609	10,949,188
Deferred outflows - deferred charges on refunding	259,578	2,676,157	2,935,735	-	-	-
Total assets and deferred outflows	\$ 182,087,309	\$ 343,285,009	\$ 525,372,318	\$ 3,884,511	\$ 158,609	\$ 10,949,188
Liabilities, Deferred Inflows and Net Position						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,478,677	\$ 10,957,914	\$ 12,436,591	\$ 1,149,451	\$ 4,846	\$ 2,422,594
Unearned revenue	311,065	784,413	1,095,478	23,405	-	-
Accrued interest payable	284,933	2,577,078	2,862,011	-	-	-
Liabilities payable from restricted assets	-	111,734	111,734	-	-	-
Noncurrent liabilities:						
Due within one year:						
Bonds and notes	2,483,231	3,032,687	5,515,918	-	-	571,931
Compensated absences	614,460	335,753	950,213	135,673	-	790,667
Due in more than one year:						
Bonds and notes	26,354,410	126,532,701	152,887,111	-	8,540	503,216
Unamortized bond premium	1,026,518	7,326,054	8,352,572	-	-	-
Compensated absences	104,112	43,757	147,869	-	5,090	-
Landfill post-closure liability	-	450,237	450,237	-	-	-
Total Liabilities	32,657,406	152,152,328	184,809,734	1,308,529	18,476	4,288,408
Deferred inflows	27,429	-	27,429	-	-	-
Net Position:						
Net investment in capital assets	86,125,410	156,196,702	242,322,112	305,575	8,771	5,287,048
Restricted for:						
Permanent Fund	21,354,217	-	21,354,217	-	-	-
Capital projects	2,612,546	-	2,612,546	-	-	-
Debt service	1,958,072	8,992,528	10,950,600	-	-	-
Sitka School District	-	-	-	31,322	-	-
Medical services	-	-	-	-	-	8,731
Unrestricted	37,352,229	25,943,451	63,295,680	2,239,085	131,362	1,365,001
Total net position	149,402,474	191,132,681	340,535,155	2,575,982	140,133	6,660,780
Total Liabilities, Deferred Inflows and Net Position	\$ 182,087,309	\$ 343,285,009	\$ 525,372,318	\$ 3,884,511	\$ 158,609	\$ 10,949,188

City and Borough of Sitka, Alaska

Statement of Activities
Year Ended June 30, 2014

Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position					
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	Convention and Visitors Bureau	Sitka Community Hospital
Primary government										
Governmental activities:										
Administration	\$ 2,258,018	\$ 302,118	\$ 3,177,737	\$ -	\$ 1,221,837		\$ 1,221,837			
Public safety	7,044,883	1,343,300	832,354	-	(4,869,229)		(4,869,229)			
Public works	4,112,134	842,466	318,749	2,578,283	(372,636)		(372,636)			
Public services	2,405,686	213,219	88,116	763,265	(1,341,086)		(1,341,086)			
Support	9,123,989	-	-	1,702,220	(7,421,769)		(7,421,769)			
Interest on long-term debt	1,268,837	-	2,523,860	-	1,255,023		1,255,023			
Total governmental activities	26,213,547	2,701,102	6,940,816	5,043,768	(11,527,861)		(11,527,861)			
Business-type activities:										
Electric	10,110,246	14,375,992	960,965	19,455,106		24,681,817	24,681,817			
Water	2,182,462	1,890,385	29,702	802,009		539,634	539,634			
Wastewater treatment	3,793,239	2,874,795	89,106	388,816		(440,522)	(440,522)			
Solid waste disposal	3,464,859	3,088,777	12,506	-		(363,576)	(363,576)			
Harbor	3,123,702	2,696,840	65,657	3,458,599		3,097,394	3,097,394			
Airport	511,329	450,632	-	-		(60,697)	(60,697)			
Marine	213,100	249,010	-	-		35,910	35,910			
Sawmill Cove	679,745	689,643	-	181,284		191,182	191,182			
Total business-type activities	24,078,682	26,316,074	1,157,936	24,285,814		27,681,142	27,681,142			
Total primary government	\$ 50,292,229	\$ 29,017,176	\$ 8,098,752	\$ 29,329,582	\$ (11,527,861)	\$ 27,681,142	\$ 16,153,281			
Component units:										
Sitka School District	\$ 28,983,574	\$ 629,097	\$ 7,858,895	\$ 978,480			\$ (19,517,102)	\$ -	\$ -	
Convention and Visitors Bureau	465,777	78,417	18,000	-			-	(369,360)	-	
Sitka Community Hospital	25,804,353	20,530,247	2,830,798	-			-	-	(2,443,308)	
Total component units	\$ 55,253,704	\$ 21,237,761	\$ 10,707,693	\$ 978,480			\$ (19,517,102)	\$ (369,360)	\$ (2,443,308)	

City and Borough of Sitka, Alaska

Statement of Activities

Year Ended June 30, 2014

Activities	Expenses	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>					
		Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	Convention and Visitors Bureau	Sitka Community Hospital
General revenues:										
Taxes:										
		Property			\$ 6,187,719	\$ -	\$ 6,187,719	\$ -	\$ -	\$ -
		Sales			10,163,376	-	10,163,376	-	-	-
		Commercial passenger excise tax			302,985	-	302,985	-	-	-
		Tobacco tax			489,792	-	489,792	-	-	-
		Contributions from primary government			-	-	-	5,093,762	355,818	747,925
		Grants and entitlements not restricted to specific purpose			-	1,227,772	1,227,772	14,471,512	-	169,413
		Investment income			4,705,061	504,428	5,209,489	-	201	19,823
		Other			15,796	-	15,796	30,484	-	-
		Transfers			14,299	(14,299)	-	-	-	-
		Total general revenues and transfers			21,879,028	1,717,901	23,596,929	19,595,758	356,019	937,161
		Change in net position			10,351,167	29,399,043	39,750,210	78,656	(13,341)	(1,506,147)
		Net Position, beginning of year			139,051,307	161,733,638	300,784,945	2,497,326	153,474	8,166,927
		Net Position, end of year			<u>\$ 149,402,474</u>	<u>\$ 191,132,681</u>	<u>\$ 340,535,155</u>	<u>\$ 2,575,982</u>	<u>\$ 140,133</u>	<u>\$ 6,660,780</u>

City and Borough of Sitka, Alaska

Governmental Funds

Balance Sheet

June 30, 2014

	General Fund	Permanent Fund	Capital Projects Fund	School Bonds Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Equity in central treasury	\$ 13,699,124	\$ -	\$ -	\$ 1,554,321	\$ 8,759,682	\$ 24,013,127
Receivables:						
Accounts	781,276	-	-	-	-	781,276
Taxes	2,450,570	-	-	-	40,755	2,491,325
Allowance for uncollectables	(436,047)	-	-	-	-	(436,047)
Interest	371,136	-	-	-	-	371,136
Special assessments	-	-	-	-	47,574	47,574
Federal and State of Alaska	47,769	-	617,715	25,239	95,297	786,020
Due from other funds	81,459	-	-	378,512	-	459,971
Advances to other funds	450,000	-	-	-	864,633	1,314,633
Prepaid items	105,134	-	-	-	-	105,134
Notes receivable	500,000	59,072	-	-	1,959,529	2,518,601
Restricted assets:						
Equity in central treasury	-	1,202,546	6,502,015	-	-	7,704,561
Cash and investments	-	21,432,213	76,366	-	-	21,508,579
Interest receivable	-	86,264	-	-	-	86,264
Total assets	\$ 18,050,421	\$ 22,780,095	\$ 7,196,096	\$ 1,958,072	\$ 11,767,470	\$ 61,752,154
Liabilities, Deferred Inflows and Fund Balance						
Liabilities:						
Accounts payable	\$ 225,972	\$ -	\$ 732,209	\$ -	\$ 8,270	\$ 966,451
Accrued payroll	407,009	-	-	-	-	407,009
Deposits payable	38,720	-	-	-	-	38,720
Due to other funds	378,512	-	-	-	81,459	459,971
Advances from other funds	320,905	-	-	-	-	320,905
Unearned revenue	261,065	-	50,000	-	-	311,065
Total liabilities	1,632,183	-	782,209	-	89,729	2,504,121
Deferred inflows:						
Deferred assessments	-	-	-	-	47,574	47,574
Property taxes paid in advance	27,429	-	-	-	-	27,429
Deferred payment in lieu of tax	-	-	-	-	-	-
Total deferred inflows	27,429	-	-	-	47,574	75,003
Fund balances						
Nonspendable	394,229	59,072	-	-	2,824,162	3,277,463
Restricted	-	21,354,217	-	1,958,072	2,612,546	25,924,835
Committed	7,762,442	1,366,806	6,413,887	-	3,763,766	19,306,901
Assigned	-	-	-	-	2,434,379	2,434,379
Unassigned (deficit)	8,234,138	-	-	-	(4,686)	8,229,452
Total fund balances	16,390,809	22,780,095	6,413,887	1,958,072	11,630,167	59,173,030
Total liabilities, deferred inflows and fund balances	\$ 18,050,421	\$ 22,780,095	\$ 7,196,096	\$ 1,958,072	\$ 11,767,470	\$ 61,752,154

City and Borough of Sitka, Alaska

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position Year Ended June 30, 2014

Total fund balances for governmental funds		\$ 59,173,030
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. In addition, capital assets associated with internal service funds are recorded in the Statement of net position. These assets are comprised of:		
Land	11,230,912	
Construction in progress	<u>22,437,324</u>	
Total capital assets not being depreciated		33,668,236
Buildings	98,874,513	
Land improvements	6,490,068	
Infrastructure	32,978,198	
Equipment	13,549,945	
Accumulated depreciation	<u>(69,571,391)</u>	
Total depreciable capital assets, net of depreciation		82,321,333
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of special assessments receivable.		
		47,574
Deferred assets in the form of deferred charge on refunding represents a current cost at the fund level, but future costs in the Statement of Net Position		
		259,578
Internal service funds are used by the Borough to charge the cost of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position as follows:		
Governmental equity in net position of internal service funds	8,381,512	
Adjusted for:		
Capital assets included above	(9,428,973)	
Accumulated depreciation included above	5,791,052	
Compensated absences included below	<u>56,796</u>	
Total net position from internal service funds		4,800,387
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Bonds and State of Alaska note	(28,837,641)	
Unamortized bond premium	(1,026,518)	
Accrued interest payable	(284,933)	
Compensated absences	<u>(718,572)</u>	
Total long term liabilities		<u>(30,867,664)</u>
Total net position of governmental activities		<u>\$ 149,402,474</u>

City and Borough of Sitka, Alaska

Governmental Funds

Statement of Revenues, Expenses and Changes in Fund Balances

Year Ended June 30, 2014

	General Fund	Permanent Fund	Capital Projects Fund	School Bonds Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Real and personal	\$ 6,187,719	\$ -	\$ -	\$ -	\$ -	\$ 6,187,719
Sales and bed	10,163,376	-	-	-	-	10,163,376
State sources	1,847,906	-	4,698,992	2,523,860	313,451	9,384,209
Federal sources	2,183,351	-	11,636	-	365,294	2,560,281
Charges for services	2,029,484	-	-	-	-	2,029,484
Interfund services	2,771,990	-	813,000	-	-	3,584,990
Fines, forfeitures and penalties	97,102	-	-	-	-	97,102
Investment income	616,392	3,676,314	35,696	24,310	277,890	4,630,602
Uses of property	408,565	-	-	-	-	408,565
Licenses and permits	130,196	-	-	-	705	130,901
Other	71,092	-	368,900	-	531,092	971,084
Total revenues	26,507,173	3,676,314	5,928,224	2,548,170	1,488,432	40,148,313
Expenditures:						
Administration	5,202,321	-	-	-	-	5,202,321
Public safety	6,330,156	-	-	-	358,042	6,688,198
Public works	3,535,425	-	-	-	99,782	3,635,207
Public services	1,387,509	-	-	-	502,541	1,890,050
Support	7,067,034	-	-	-	-	7,067,034
Debt service						
Principal	13,231	-	-	2,385,000	-	2,398,231
Interest	14,708	-	-	1,338,779	-	1,353,487
Capital outlay	77,995	-	7,008,924	-	-	7,086,919
Total expenditures	23,628,379	-	7,008,924	3,723,779	960,365	35,321,447
Excess of revenues over (under) expenditures	2,878,794	3,676,314	(1,080,700)	(1,175,609)	528,067	4,826,866
Other financing sources (uses):						
Transfers in	1,248,973	-	777,219	1,105,137	33,741	3,165,070
Transfers out	(2,054,838)	(1,110,000)	(10,000)	-	(159,024)	(3,333,862)
Net other financing sources (uses)	(805,865)	(1,110,000)	767,219	1,105,137	(125,283)	(168,792)
Net change in fund balances	2,072,929	2,566,314	(313,481)	(70,472)	402,784	4,658,074
Fund balance, beginning of year	14,317,880	20,213,781	6,727,368	2,028,544	11,227,383	54,514,956
Fund balance, end of year	\$ 16,390,809	\$ 22,780,095	\$ 6,413,887	\$ 1,958,072	\$ 11,630,167	\$ 59,173,030

City and Borough of Sitka, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 4,658,074

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.

Capital outlays	7,337,569	
Depreciation	<u>(4,189,049)</u>	
		3,148,520

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in deferred special assessment receivable	(33,541)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Decrease in deferred charge on bonds	(23,598)	
Decrease in unamortized bond premium	93,320	
Issuance of bonds and notes	(69,622)	
Payments on bonds and note	<u>2,398,231</u>	
		2,398,331

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.

Increase in accrued interest payable	14,928	
Increase in accrued leave	<u>(34,360)</u>	
		(19,432)

Internal service funds are used by management to charge the costs of health insurance to individual funds. Net income of these activities is reported with governmental activities as follows:

Net income of governmental activities	<u>199,215</u>	
Total increase in net position from internal service funds		<u>199,215</u>

Change in net position of governmental activities \$ 10,351,167

City and Borough of Sitka, Alaska

General Fund

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes:				
Property taxes	\$ 6,159,000	\$ 6,159,000	\$ 6,187,719	\$ 28,719
Sales taxes	9,127,900	9,436,681	9,785,829	349,148
Bed taxes	337,000	337,000	377,547	40,547
Total taxes	15,623,900	15,932,681	16,351,095	418,414
State sources:				
School debt reimbursement	892,000	-	-	-
State revenue sharing	910,000	910,000	813,886	(96,114)
State PERS relief	-	-	908,252	908,252
State grants	6,500	56,100	66,296	10,196
Other	79,000	81,000	59,472	(21,528)
Total State Sources	1,887,500	1,047,100	1,847,906	800,806
Federal sources:				
Nation Forest receipts	-	800,508	800,509	1
Payment in lieu of taxes	596,042	596,042	1,251,535	655,493
Federal grants	51,500	83,989	131,307	47,318
Total Federal sources	647,542	1,480,539	2,183,351	702,812
Licenses and permits	174,000	174,000	130,196	(43,804)
Charges for services:				
State jail contract	419,000	419,000	694,660	275,660
Ambulance fees	349,000	349,000	270,459	(78,541)
E911 surcharges	183,000	183,000	196,312	13,312
Jobbing	600,000	600,000	759,192	159,192
Other	89,000	90,867	108,861	17,994
Total charges for services	1,640,000	1,641,867	2,029,484	387,617
Property and investments:				
Leases and rent	252,000	252,000	232,513	(19,487)
Investment income	406,000	406,000	616,392	210,392
Other	137,650	137,650	176,052	38,402
Total property and investments	795,650	795,650	1,024,957	229,307
Interfund services	2,771,431	2,781,431	2,771,990	(9,441)
Fines, forfeitures and penalties	115,000	115,000	97,102	(17,898)
Other	53,000	53,000	71,092	18,092
Total revenues:	23,708,023	24,021,268	26,507,173	2,485,905

City and Borough of Sitka, Alaska

General Fund

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Expenditures:				
Administration:				
Administration/Assembly:				
Wages and benefits	\$ 572,361	\$ 572,361	\$ 647,451	\$ (75,090)
Travel and training	35,800	35,800	28,011	7,789
Other	242,868	246,368	221,868	24,500
Total Administration/Assembly:	851,029	854,529	897,330	(42,801)
Legal				
Wages and benefits	249,303	258,915	280,719	(21,804)
Travel and training	9,644	9,644	6,936	2,708
Other	36,655	36,655	34,097	2,558
Total Legal	295,602	305,214	321,752	(16,538)
Municipal Clerk				
Wages and benefits	250,143	250,143	269,630	(19,487)
Travel and training	7,000	7,000	2,892	4,108
Other	112,165	93,665	97,820	(4,155)
Total Municipal Clerk	369,308	350,808	370,342	(19,534)
Finance				
Wages and benefits	1,412,274	1,429,020	1,481,723	(52,703)
Travel and training	19,700	19,700	18,629	1,071
Other	225,117	222,351	244,281	(21,930)
Total Finance	1,657,091	1,671,071	1,744,633	(73,562)
Assessing				
Wages and benefits	242,971	245,060	252,370	(7,310)
Travel and training	4,200	4,200	2,823	1,377
Other	76,911	30,411	25,309	5,102
Total Assessing	324,082	279,671	280,502	(831)

City and Borough of Sitka, Alaska

General Fund

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Planning				
Wages and benefits	\$ 225,662	\$ 225,662	\$ 239,946	\$ (14,284)
Travel and training	2,000	2,000	2,863	(863)
Other	23,714	27,714	21,839	5,875
Total Planning	<u>251,376</u>	<u>255,376</u>	<u>264,648</u>	<u>(9,272)</u>
General Office				
Other	463,874	494,429	1,323,114	(828,685)
Total General Office	<u>463,874</u>	<u>494,429</u>	<u>1,323,114</u>	<u>(828,685)</u>
Total Administration:	<u>4,212,362</u>	<u>4,211,098</u>	<u>5,202,321</u>	<u>(991,223)</u>
Public safety:				
Police:				
Wages and benefits	3,345,410	3,467,400	3,570,087	(102,687)
Travel and training	45,000	45,000	39,790	5,210
Other	969,772	773,401	780,190	(6,789)
Total Police:	<u>4,360,182</u>	<u>4,285,801</u>	<u>4,390,067</u>	<u>(104,266)</u>
Fire:				
Wages and benefits	1,109,422	1,125,327	1,139,065	(13,738)
Travel and training	22,000	30,275	30,047	228
Other	499,274	505,544	455,748	49,796
Total Fire:	<u>1,630,696</u>	<u>1,661,146</u>	<u>1,624,860</u>	<u>36,286</u>
Ambulance:				
Wages and benefits	129,076	129,076	128,871	205
Travel and training	15,500	15,188	19,871	(4,683)
Other	165,383	162,753	138,113	24,640
Total Ambulance:	<u>309,959</u>	<u>307,017</u>	<u>286,855</u>	<u>20,162</u>
Search and rescue:				
Wages and benefits	5,877	5,877	4,843	1,034
Travel and training	5,000	6,000	1,735	4,265
Other	36,910	40,873	21,796	19,077
Total Search and rescue:	<u>47,787</u>	<u>52,750</u>	<u>28,374</u>	<u>24,376</u>
Total Public safety:	<u>6,348,624</u>	<u>6,306,714</u>	<u>6,330,156</u>	<u>23,442</u>

City and Borough of Sitka, Alaska

General Fund

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Public works:				
Administration:				
Wages and benefits	\$ 474,060	\$ 474,060	\$ 490,187	\$ (16,127)
Travel and training	5,000	5,000	3,199	1,801
Other	41,886	41,886	49,556	(7,670)
Total Administration:	520,946	520,946	542,942	(21,996)
Engineering:				
Wages and benefits	888,351	921,817	878,211	43,606
Travel and training	6,000	6,000	1,121	4,879
Other	120,651	101,921	90,123	11,798
Total Engineering:	1,015,002	1,029,738	969,455	60,283
Streets:				
Wages and benefits	512,104	521,742	543,052	(21,310)
Travel and training	2,300	2,300	619	1,681
Other	1,069,932	935,697	705,863	229,834
Total Streets:	1,584,336	1,459,739	1,249,534	210,205
Recreation:				
Wages and benefits	326,848	331,439	319,379	12,060
Travel and training	2,135	2,135	1,659	476
Other	271,253	256,075	208,147	47,928
Total Recreation:	600,236	589,649	529,185	60,464
Building officials:				
Wages and benefits	197,729	204,229	225,673	(21,444)
Travel and training	7,500	7,500	6,997	503
Other	24,449	24,449	11,639	12,810
Total Building officials:	229,678	236,178	244,309	(8,131)
Total Public works:	3,950,198	3,836,251	3,535,425	(300,826)
Public services:				
Library:				
Wages and benefits	554,611	568,800	566,099	2,701
Travel and training	4,000	4,000	2,759	1,241
Other	318,317	319,755	275,121	44,634
Total Library:	876,928	892,555	843,979	48,576
Harrigan Centennial Hall:				
Wages and benefits	313,315	319,199	356,535	(37,336)
Travel and training	-	-	2,129	(2,129)
Other	125,145	125,881	111,315	14,566
Total Harrigan Centennial Hall:	438,460	445,080	469,979	(24,899)
Senior Citizen Center:				
Other	95,903	96,119	73,551	22,568
Total Senior Citizen Center:	95,903	96,119	73,551	22,568
Total Public services:	1,411,291	1,433,754	1,387,509	(46,245)

City and Borough of Sitka, Alaska

General Fund

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

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Support:				
Municipal grants to local organizations	\$ 340,000	\$ 396,427	\$ 405,946	\$ (9,519)
Sitka Convention and Visitors Bureau	312,040	357,818	358,512	(694)
Sitka Community Hospital	154,546	224,801	224,801	-
Sitka School District	5,677,521	6,077,775	6,077,775	-
Total Support:	6,484,107	7,056,821	7,067,034	(694)
Debt service:				
Principal	1,019,860	49,860	13,231	36,629
Interest	316,699	13,024	14,708	(1,684)
Other debt service costs	2,000	2,000	-	2,000
Total Debt service:	1,338,559	64,884	27,939	36,945
Capital outlay	140,125	140,244	77,995	62,249
Total expenditures:	23,885,266	23,049,766	23,628,379	(578,613)
Excess of revenues over expenditures	(177,243)	971,502	2,878,794	1,907,292
Other financing sources/(uses):				
Transfers in	1,239,000	1,239,000	1,248,973	9,973
Transfers out	(1,939,900)	(2,717,119)	(2,054,838)	662,281
Total Other financing sources/(uses):	(700,900)	(1,478,119)	(805,865)	672,254
Net change in fund balance	\$ (878,143)	\$ (506,617)	2,072,929	\$ 2,579,546
Fund Balance , beginning of year			14,317,880	
Fund Balance , end of year			\$ 16,390,809	

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City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position
June 30, 2014

	Electric Utility	Water Utility	Wastewater Treatment	Solid Waste Disposal	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds	Government Activities - Internal Service
Assets and Deferred Outflows								
Assets								
<i>Current assets:</i>								
Equity in central treasury	\$ 13,505,669	\$ 217,306	\$ 4,578,263	\$ 693,193	\$ 6,616,954	\$ 3,168,100	\$ 28,779,485	\$ 4,996,265
Receivables:	-	-	-	-	-	-	-	-
Accounts	1,024,838	157,761	218,347	241,583	271,807	69,482	1,983,818	-
Allowance for uncollectables	(182,134)	(28,277)	(38,557)	(50,321)	(144,207)	(600)	(444,096)	-
Federal and State of Alaska	6,666,216	593,253	245,678	-	1,397,298	142,554	9,044,999	-
<i>Current portion</i>								
Note receivable	-	1,949	9,833	-	-	7,116	18,898	-
Inventories	1,567,593	231,504	-	-	-	-	1,799,097	-
Prepaid expenses	1,000	-	-	-	-	8,050	9,050	1,659
Total current assets	22,583,182	1,173,496	5,013,564	884,455	8,141,852	3,394,702	41,191,251	4,997,924
<i>Noncurrent assets:</i>								
Restricted assets:								
Equity in central treasury:								
Unspent bond proceeds	9,339,018	-	-	-	275,950	-	9,614,968	-
Landfill postclosure	-	-	-	450,237	-	-	450,237	-
Deposits	102,582	350	-	7,759	1,043	-	111,734	-
Bond covenant accounts	8,680,355	-	-	-	312,173	-	8,992,528	-
Notes receivable	-	12,601	84,584	-	-	69,174	166,359	-
Special assessments receivable	-	-	100,478	-	-	-	100,478	-
Water rights	23,483	23,483	-	-	-	-	46,966	-
Capital assets:								
Property, plant and equipment	117,016,885	31,660,052	46,891,174	7,577,967	24,113,892	23,537,551	250,797,521	9,428,973
Construction in process	137,885,040	3,378,162	5,679,659	100,292	7,824,365	534,255	155,401,773	-
Less accumulated depreciation	(57,508,608)	(12,416,535)	(35,057,484)	(1,917,844)	(10,870,417)	(7,631,387)	(125,402,275)	(5,791,052)
Total capital assets, net of accumulated depreciation	197,393,317	22,621,679	17,513,349	5,760,415	21,067,840	16,440,419	280,797,019	3,637,921
Total noncurrent assets	215,538,755	22,658,113	17,698,411	6,218,411	21,657,006	16,509,593	300,280,289	3,637,921
Total assets	238,121,937	23,831,609	22,711,975	7,102,866	29,798,858	19,904,295	341,471,540	8,635,845
Deferred outflows - unamortized deferred charge on refunding	2,676,157	-	-	-	-	-	2,676,157	-
Total Assets and Deferred outflows	\$ 240,798,094	\$ 23,831,609	\$ 22,711,975	\$ 7,102,866	\$ 29,798,858	\$ 19,904,295	\$ 344,147,697	\$ 8,635,845

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position
June 30, 2014

	Electric Utility	Water Utility	Wastewater Treatment	Solid Waste Disposal	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds	Government Activities - Internal Service
Liabilities and Net Position								
Liabilities:								
<i>Current liabilities:</i>								
Accounts payable and accrued liabilities	\$ 9,946,254	\$ 311,198	\$ 90,246	\$ 299,585	\$ 219,452	\$ 91,179	\$ 10,957,914	\$ 66,497
Interest payable	2,446,647	18,648	38,575	-	73,208	-	2,577,078	-
Unearned revenue	253,950	253,850	-	-	-	276,613	784,413	-
<i>Current portion:</i>								
Revenue bonds	1,915,000	-	-	-	135,000	-	2,050,000	-
Notes payable	298,082	297,288	224,172	117,797	45,348	-	982,687	-
Payable from restricted assets - deposits	102,582	350	-	7,759	1,043	-	111,734	-
Total current liabilities	14,962,515	881,334	352,993	425,141	474,051	367,792	17,463,826	66,497
<i>Noncurrent liabilities:</i>								
Compensated absences	268,384	21,062	58,133	584	31,347	-	379,510	56,796
Advances from other funds	-	-	-	-	100,000	348,475	448,475	545,253
Revenue bonds	103,185,000	-	-	-	3,705,000	-	106,890,000	-
Premium on bonds	6,742,293	-	-	-	583,761	-	7,326,054	-
Notes payable	7,675,526	4,802,511	4,910,624	1,619,166	634,874	-	19,642,701	-
Landfill post-closure liability	-	-	-	450,237	-	-	450,237	-
Total noncurrent liabilities	117,871,203	4,823,573	4,968,757	2,069,987	5,054,982	348,475	135,136,977	602,049
Total liabilities	132,833,718	5,704,907	5,321,750	2,495,128	5,529,033	716,267	152,600,803	668,546
Net position:								
Net investment in capital assets	89,592,591	17,521,880	12,378,553	4,023,452	16,239,807	16,440,419	156,196,702	3,637,921
Restricted for debt service	8,680,355	-	-	-	312,173	-	8,992,528	-
Unrestricted	9,691,430	604,822	5,011,672	584,286	7,717,845	2,747,609	26,357,664	4,329,378
Total net position	107,964,376	18,126,702	17,390,225	4,607,738	24,269,825	19,188,028	191,546,894	7,967,299
Total Liabilities and Net Position	\$ 240,798,094	\$ 23,831,609	\$ 22,711,975	\$ 7,102,866	\$ 29,798,858	\$ 19,904,295	\$ 191,132,681	\$ 8,635,845
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(414,213)	
Net position of business-type activities							<u>\$ 191,132,681</u>	

City and Borough of Sitka, Alaska

Proprietary Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2014

	Electric Utility	Water Utility	Wastewater Treatment	Solid Waste Disposal	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds	Government Activities - Internal Service
Operating revenues:								
Charges for service	\$ 13,005,542	\$ 1,709,094	\$ 2,436,026	\$ 3,032,773	\$ 2,035,044	\$ 1,082,124	\$ 23,300,603	\$ 2,628,916
Other operating	1,235,230	112,008	191,712	3,590	1,436	36,562	1,580,538	5,923
Total operating revenue	14,240,772	1,821,102	2,627,738	3,036,363	2,036,480	1,118,686	24,881,141	2,634,839
Operating expenses:								
Wages and benefits	4,489,689	350,165	1,032,489	165,432	864,606	92,902	6,995,283	982,571
Travel and training	27,493	8,663	11,429	514	5,714	-	53,813	17,017
Utilities	137,491	60,240	225,045	27,502	136,655	150,580	737,513	32,228
Repair and maintenance	140,361	61,183	127,951	2,897	92,093	93,677	518,162	243,930
Contracted/purchased services	876,542	251,327	266,576	2,526,683	251,802	169,456	4,342,386	742,646
Interdepartmental services	2,015,037	503,263	587,333	463,370	1,015,030	247,410	4,831,443	321,048
Other	137,527	21,120	-	30,885	88,699	2,058	280,289	700
Depreciation and amortization	1,841,712	851,377	1,480,172	216,082	666,074	630,979	5,686,396	492,439
Total operating expense:	9,665,852	2,107,338	3,730,995	3,433,365	3,120,673	1,387,062	23,445,285	2,832,579
Operating income (loss)	4,574,920	(286,236)	(1,103,257)	(397,002)	(1,084,193)	(268,376)	1,435,856	(197,740)
Nonoperating revenues (expenses)								
Investment income (loss)	196,399	(39,665)	153,454	27,063	46,971	81,333	465,555	113,332
Interest expense	(426,419)	(72,376)	(55,139)	(27,808)	-	(12,943)	(594,685)	(30,413)
Raw fish tax	-	-	-	-	1,127,772	-	1,127,772	-
State PERS relief	379,871	29,702	89,106	12,506	65,657	-	576,842	78,163
Other federal sources	581,094	-	-	-	3,446	-	584,540	-
State revenue sharing	100,000	-	-	-	-	-	100,000	-
Other	131,772	69,283	247,057	52,414	660,360	270,599	1,431,485	37,149
Gain on disposal of assets	-	-	-	-	-	-	-	15,796
Net nonoperating revenues (expense)	962,717	(13,056)	434,478	64,175	1,904,206	338,989	3,691,509	214,027
Income (loss) before contributions and transfers	5,537,637	(299,292)	(668,779)	(332,827)	820,013	70,613	5,127,365	16,287

City and Borough of Sitka, Alaska

Proprietary Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2014

	Electric Utility	Water Utility	Wastewater Treatment	Solid Waste Disposal	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds	Government Activities - Internal Service
Capital contributions and transfers								
Capital contributions	19,455,106	802,009	388,816	-	3,458,599	181,284	24,285,814	-
Transfer in	-	-	-	-	67,895	17,806	85,701	183,091
Transfer out	-	-	-	-	(100,000)	-	(100,000)	-
Total contributions and transfers	<u>19,455,106</u>	<u>802,009</u>	<u>388,816</u>	<u>-</u>	<u>3,426,494</u>	<u>199,090</u>	<u>24,271,515</u>	<u>183,091</u>
Change in net position	24,992,743	502,717	(279,963)	(332,827)	4,246,507	269,703	29,398,880	199,378
Net Position, beginning of year	<u>82,971,633</u>	<u>17,623,985</u>	<u>17,670,188</u>	<u>4,940,565</u>	<u>20,023,318</u>	<u>18,918,325</u>		<u>7,767,921</u>
Net Position, end of year	<u>\$ 107,964,376</u>	<u>\$ 18,126,702</u>	<u>\$ 17,390,225</u>	<u>\$ 4,607,738</u>	<u>\$ 24,269,825</u>	<u>\$ 19,188,028</u>		<u>\$ 7,967,299</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							163	
Change in net position of business-type activities							<u>\$ 29,399,043</u>	

City and Borough of Sitka, Alaska

Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2014

	Electric Utility	Water Utility	Wastewater Treatment	Solid Waste Disposal	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds	Government Activities - Internal Service
Cash flows from operating activities								
Receipts from customers and users	\$ 14,340,636	\$ 1,868,936	\$ 2,848,219	\$ 3,095,234	\$ 2,601,627	\$ 1,469,808	\$ 26,224,460	\$ 2,671,988
Payments to suppliers	(1,142,707)	(388,340)	(618,711)	(2,483,599)	(592,074)	(502,819)	(5,728,250)	(1,135,809)
Payments for interfund services used	(2,015,037)	(503,263)	(587,333)	(463,370)	(1,015,030)	(247,410)	(4,831,443)	(321,048)
Payments to employees	(4,062,326)	(318,344)	(930,845)	(157,625)	(800,251)	(92,902)	(6,362,293)	(892,355)
Net cash flows from operating activities	7,120,566	658,989	711,330	(9,360)	194,272	626,677	9,302,474	322,776
Cash flows from noncapital financing activities								
Other federal sources	581,094	-	-	-	3,446	-	584,540	-
State revenue sharing	100,000	-	-	-	1,127,772	-	1,227,772	-
Receipts (repayment) of interfund payables	-	-	-	-	(100,000)	(49,782)	(149,782)	(92,747)
Transfers to other funds	-	-	-	-	(67,895)	-	(67,895)	-
Transfers from other funds	-	-	-	-	100,000	17,806	117,806	183,091
Notes receivable payments (issuances)	19,150	1,949	13,081	-	-	(76,290)	(42,110)	1
Net cash flows from noncapital financing activities	700,244	1,949	13,081	-	1,063,323	(108,266)	1,670,331	90,345
Cash flows from capital and related financing activities								
Capital expenditures	(70,270,594)	(1,752,710)	(955,744)	(1,405)	(7,229,636)	(320,175)	(80,530,264)	(189,736)
Interest paid	(372,485)	(74,558)	(55,139)	(27,808)	(168,611)	(12,943)	(711,544)	(30,413)
Payments on bonds and notes payable	(2,131,509)	(303,039)	(222,968)	(115,798)	(160,348)	-	(2,933,662)	-
Government grants and loans for construction	19,745,242	628,366	563,340	-	3,245,299	38,795	24,221,042	-
Issuance of long-term debt	26,657,373	333,285	404,943	-	-	-	27,395,601	-
Special assessments received	-	-	12,794	-	-	-	12,794	-
Increase in bond covenant accounts	(2,090,587)	-	-	-	(19)	-	(2,090,606)	-
Net cash flows from capital and related financing activities	(28,462,560)	(1,168,656)	(252,774)	(145,011)	(4,313,315)	(294,323)	(34,636,639)	(220,149)
Cash flows from investing activities								
Interest received (loss)	196,399	(39,665)	153,454	27,063	46,971	81,333	465,555	113,332
Net increase (decrease) in cash and cash equivalents	(20,445,351)	(547,383)	625,091	(127,308)	(3,008,749)	305,421	(23,198,279)	306,304
Cash and cash equivalents, beginning of year	43,392,620	765,039	3,953,172	1,278,497	9,902,696	2,862,679	62,154,703	4,689,961
Cash and cash equivalents, end of year	\$ 22,947,269	\$ 217,656	\$ 4,578,263	\$ 1,151,189	\$ 6,893,947	\$ 3,168,100	\$ 38,956,424	\$ 4,996,265

City and Borough of Sitka, Alaska

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2014

	Electric Utility	Water Utility	Wastewater Treatment	Solid Waste Disposal	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds	Government Activities - Internal Service
Reconciliation of operating income (loss) to net cash flows from operating activities:								
Operating income (loss)	\$ 4,574,920	\$ (286,236)	\$ (1,103,257)	\$ (397,002)	\$ (1,084,193)	\$ (268,376)	\$ 1,435,856	\$ (197,740)
Adjustments to reconcile operating income (loss)								
Depreciation and amortization	1,841,712	851,377	1,480,172	216,082	666,074	630,979	5,686,396	492,439
Loss on disposition of capital asset	-	-	-	-	-	-	-	15,796
State PERS relief	379,871	29,702	89,106	12,506	65,657	-	576,842	78,163
Other income	131,772	69,283	247,057	52,414	660,360	270,599	1,431,485	37,149
(Increase)/decrease in assets:								
Accounts receivable (net)	(35,658)	(25,199)	(26,576)	6,457	(95,213)	54,206	(121,983)	-
Inventory	119,095	23,893	-	-	-	-	142,988	-
Prepaid expenses	(1,000)	489	-	-	-	461	(50)	(1,659)
Increase/(decrease) in liabilities:								
Accounts payable and accrued liabilities	56,318	(9,839)	12,290	116,749	(16,645)	62,491	221,364	(113,425)
Compensated absences	47,492	2,119	12,538	(4,699)	(1,302)	-	56,148	12,053
Unearned revenue	3,750	3,750	-	-	-	26,317	33,817	-
Deposits	2,294	(350)	-	(347)	(466)	(150,000)	(148,869)	-
Landfill post-closure liability	-	-	-	(11,520)	-	-	(11,520)	-
Net cash flows from operating activities	<u>\$ 7,120,566</u>	<u>\$ 658,989</u>	<u>\$ 711,330</u>	<u>\$ (9,360)</u>	<u>\$ 194,272</u>	<u>\$ 626,677</u>	<u>\$ 9,302,474</u>	<u>\$ 322,776</u>
Cash on Statement of Net Position								
Equity in Central Treasury	\$ 13,505,669	\$ 217,306	\$ 4,578,263	\$ 693,193	\$ 6,616,954	\$ 3,168,100	\$ 28,779,485	\$ 4,996,265
Unspent bod proceeds	9,339,018	-	-	-	275,950	-	9,614,968	-
Landfill post closure	-	-	-	450,237	-	-	450,237	-
Deposits	102,582	350	-	7,759	1,043	-	111,734	-
	<u>\$ 22,947,269</u>	<u>\$ 217,656</u>	<u>\$ 4,578,263</u>	<u>\$ 1,151,189</u>	<u>\$ 6,893,947</u>	<u>\$ 3,168,100</u>	<u>\$ 38,956,424</u>	<u>\$ 4,996,265</u>
Capitalized Interest	<u>\$ 4,753,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,200</u>	<u>\$ -</u>	<u>\$ 4,910,949</u>	<u>\$ -</u>
Capital expenditures include in accounts payable	<u>\$ 9,841,113</u>	<u>\$ 302,005</u>	<u>\$ 68,543</u>	<u>\$ -</u>	<u>\$ 195,604</u>	<u>\$ -</u>	<u>\$ 10,407,265</u>	<u>\$ -</u>

City and Borough of Sitka, Alaska

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2014

	Rowe Trust Fund	Sitka Cemetery Agency Fund	Totals
Current assets - restricted equity in central treasury	<u>\$ 200,215</u>	<u>\$ 105,240</u>	<u>\$ 305,455</u>
Liabilities - due to Sitka Cemetery Association	\$ -	\$ 105,240	\$ 105,240
Net position - held in trust for library acquisitions	<u>200,215</u>	-	<u>200,215</u>
Total liabilities and net position	<u>\$ 200,215</u>	<u>\$ 105,240</u>	<u>\$ 305,455</u>

City and Borough of Sitka, Alaska

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2014

	<u>Rowe Trust Fund</u>
Additions - investment income	\$ 4,484
Deductions - library books and supplies	<u>-</u>
Change in net position	4,484
Net Position, beginning of year	<u>195,731</u>
Net Position, end of year	<u><u>\$ 200,215</u></u>

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City and Borough of Sitka, Alaska

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Reporting Entity

The City and Borough of Sitka, Alaska (City and Borough) is governed by an elected assembly under a home rule charter. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. The City and Borough has no blended component units.

Discretely presented component units. The Sitka School District (District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the District's governing board are elected by the voters. However, the District is fiscally dependent upon the City and Borough because the City and Borough's Assembly approves the District's budget. The City and Borough provides operating support from real and personal property tax assessments and other sources. The funds are used for the operation of the school system. The City and Borough is also responsible for repayment of all bonds, the proceeds of which were used for school construction.

Sitka Community Hospital (Hospital) is responsible for hospital services within the City and Borough. Its governing board is appointed by the Assembly of the City and Borough. The Assembly approves the Hospital's budget. The City and Borough provides operating and capital support to the Hospital.

Sitka Convention and Visitors Bureau (Visitors Bureau) is responsible for promoting tourism and attracting conventions to the City and Borough. This component unit's governing board is appointed by the Assembly of the City and Borough. Transfers from the City and Borough provided most of the Visitors Bureau's operating revenue.

Complete financial statements of each of the individual component units may be obtained at the entity's administrative offices.

Sitka School District	Sitka Community Hospital	Sitka Convention and Visitors Bureau
P.O. Box 179	209 Moller Drive	P.O. Box 1226
Sitka, Alaska 99835	Sitka, Alaska 99835	Sitka, Alaska 99835

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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, charges for services, interest and grant revenue 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 of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City and Borough reports the following major governmental funds:

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

The **Permanent Fund** was established by a vote of the people of Sitka. The principal of the fund cannot be used other than by the consent of the voters. The purpose of the fund is to provide operating income to the General Fund through the transfer of investment earnings.

The **Capital Projects Fund** is used to account for all governmental construction projects except those financed by Proprietary and Internal Service Funds.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The **School Bonds Debt Service Fund** is used to account for debt service activities related to the school facilities.

The City and Borough reports the following major proprietary funds:

The **Electric Utility Enterprise Fund** records the activities of the City and Borough's electric generation and distribution activities.

The **Water Utility Enterprise Fund** records the activities of the City and Borough's water distribution activities. Note the Water fund did not meet the quantitative test in 2014; however, management has elected to continue reporting this fund as major for consistency and due to public interest.

The **Waste Water Treatment Enterprise Fund** provides sewer service for the City and Borough.

The **Solid Waste Disposal Enterprise Fund** was established to manage solid waste. Revenues include billings for garbage disposal, billings for the use of the landfill and sale of scrap material.

The **Harbor Enterprise Fund** provides rental space for commercial and recreational boats within the five harbors that are located within the City and Borough.

Additionally, the government reports the following fund types:

Internal service funds account for management information systems, central garage and building maintenance services provided to other departments of the government on a cost reimbursement basis.

The **private-purpose trust fund** is used to account for resources legally held in trust for use by the Library Board to purchase children's books and computer equipment to increase children's enjoyment of reading.

An **agency fund** is used to account for resources held for the Sitka Cemetery Association.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the various proprietary funds and the General Fund for administrative services. 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 for goods and services 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. General revenues include all taxes and investment income.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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 City and Borough's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost 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.

The City and Borough's policy is to use the most restricted resource available first, then resources with fewer restrictions as required.

Assets, Liabilities and Net Position or Equity

a. Deposits and Investments

Equity in central treasury represents a fund's equity in cash and investments of the central treasury of the City and Borough. For funds with a negative equity in central treasury, the amount is shown as an interfund payable to the General Fund. Interest income on investments is allocated monthly to participating funds based on their average monthly balance.

For purposes of the statement of cash flows for the proprietary funds, the City and Borough has defined cash and cash equivalents as the equity maintained in the central treasury since the various funds use the central treasury essentially as a demand deposit account.

Sitka General Code 4.28.060 authorizes the City and Borough to invest in the following securities:

1. United States government obligations, United States government agency obligations, and United States government instrumentality obligations, which have a liquid market with a readily determinable market value;
2. Certificates of deposit and other evidences of deposits at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier by a nationally recognized rating agency;
3. Investment-grade obligation of state and local governments and public authorities;
4. Repurchase agreements whose underlying purchased securities consist of United States Treasury securities;
5. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities;
6. Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.

In addition, Sitka General Code 4.28.110 allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities.

Investments are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All of the City and Borough's investments have established market values. As a result, fair value and market value are the same.

City and Borough of Sitka, Alaska

Notes to Financial Statements

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current 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.

All trade and property tax receivables, including those for the Hospital, are shown net of an allowance for uncollectible accounts in the government-wide statement of net position. Trade accounts receivable of the primary government in excess of 120 days comprise the trade accounts receivable allowance for uncollectible accounts.

Property tax is considered an enforceable lien at the January 1 assessment date. Mill levies are set prior to June 30 to finance the period July 1 through June 30 of the following year. Receivables are recognized and revenues are recorded when taxpayer liability is calculated and billed on July 1. Property tax bills are due 60 days after billing date, which normally makes them due August 30. A limit on property tax of six tenths of one percent (.006) of the assessed valuation of property is currently in effect. Levying of property tax in excess of the limit is allowed only if ratified by a majority of the voters.

c. Inventory and Prepaid Items

Inventories are valued at cost using the average cost method. Enterprise Fund inventories consist of items used in maintaining and upgrading the electric and water systems. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Restricted Assets

Certain resources set aside for the repayment of the Electric and Harbor Funds revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, unspent bond proceeds are restricted based on the purpose of the bonds.

Certain resources are set aside to cover the postclosure landfill costs in the Solid Waste Fund for the eventual closure and monitoring of the landfill.

Deposits are taken in the Electric, Water, Solid Waste and Harbor Funds. The amount is a deposit against an open account.

Permanent Fund assets are classified as restricted due to the statutory limitations placed on the fund by the Sitka General Code.

Capital Project Fund assets are classified as restricted because their use is limited by bond covenant or grant agreement to the construction of capital assets.

City and Borough of Sitka, Alaska

Notes to Financial Statements

e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 or in the case of infrastructure, \$10,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated 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 City and Borough capitalized interest in the amounts of \$4,753,749 in the Electric Fund and \$157,200 in the Harbor Fund during 2014.

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

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Utility plant in service	30-65
Buildings	20-40
Equipment	3-10
Land improvements	50
Infrastructure	5-40
Harbor	7-40

f. Compensated Absences

It is the City and Borough's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. It is the government's policy to pay any amounts for unused sick leave when employees separate from service with the City and Borough at \$1 per hour of unused sick leave. All vacation pay and sick leave is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

g. Long-Term Obligations

In the government-wide and 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. Bond issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discounts on the government-wide Statement of Net Position.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. Deferred Outflows/Inflows

A deferred outflow represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred inflow represents an acquisition of net position of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. Deferred outflows consist of deferred charges on debt refunding. Deferred inflows consist of property taxes received in advance and long-term payments due (assessments).

i. Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balance based on constraints imposed on the use of these resources.

Nonspendable includes amounts that cannot be spent due to either being (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted includes resources with constraints imposed by 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 amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Assembly on or before the end of the fiscal year. Assembly action taken after the end of the fiscal year results in an assigned (see below) amount. Those committed resources cannot be used for any other purpose unless the Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned reflects the resources constrained by an "intent" to be used for specific purposes, but are neither restricted nor committed. The Assembly or Finance Director has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts - except negative balances - reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The General Fund assigned resources are constrained by either an Assembly resolution or ordinance adopted after the fiscal year end or by the Finance Director.

Unassigned resources are the residual classification for resources not classified as nonspendable, restricted, committed or assigned in the General Fund. It is also used to report a negative balance in other governmental funds when the totals of nonspendable, restricted, committed and assigned are greater than the fund balance of the governmental fund.

City and Borough of Sitka, Alaska

Notes to Financial Statements

When both constrained and unconstrained resources are available for use, it is the City's policy to use funds from the strongest constraint first with the least constrained funds used last. The order of priority in the use of assets is nonspendable, restricted, committed, assigned and then unassigned.

(2) **Stewardship, Compliance, and Accountability**
Budgetary Information

The annual budget is adopted on the modified accrual basis plus encumbrances and capital additions for all funds except the debt service and capital project funds. The Capital Projects Fund adopts individual project-length budgets and most special revenue funds are controlled by grant agreements which may include more than one fiscal year. Appropriations lapse at year-end to the extent they have not been expended or encumbered except for capital items and the Capital Project Funds, which lapse at project completion or when the capital item is acquired. Most special revenue fund appropriations lapse when the terms of the grant have been met and all authorized expenditures have been made. There are four special revenue funds that adopt annual budgets.

No later than sixty days before the end of the current fiscal year, the City and Borough Administrator presents to the City and Borough Assembly a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means to finance them. Public hearings are conducted not less than one week before the final adoption of the budget to obtain taxpayer comments. No later than June 20th of the current fiscal year, the budget is legally adopted by ordinance of the City and Borough Assembly.

Annual budgeted expenditures are adopted at the department level within the General Fund and at the fund level for Enterprise and Internal Service Funds. The level at which expenditures cannot legally exceed appropriations is the department level for the General Fund, the fund level for the Enterprise and Internal Service Funds, and the project level in Capital Projects Fund. The only exception to this rule is amounts appropriated for salaries and benefits, travel and the acquisition of capital assets by a fund. The City and Borough Assembly must approve increases and decreases to these budget line items even if the legal level of budget authority is the fund or department level.

The City and Borough Administrator is authorized to transfer budgeted amounts within a department or fund depending on the legal level of control. The City and Borough Assembly is authorized to transfer unencumbered balances between departments and between funds. The annual budget is amended quarterly based upon a review by the City and Borough Assembly.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as constraints of fund balance only to the extent they meet the criteria listed at note 1h.

The operating budgets for the District, Hospital and Visitors Bureau are approved by their respective boards. The budgets are then submitted to the Assembly for approval and to determine the amount of funding to be made available from local sources for school, hospital and visitor promotion purposes.

City and Borough of Sitka, Alaska

Notes to Financial Statements

(3) **Deposits and investments**

As of June 30, 2014, the City and Borough had the following investments:

<i>Investment Type</i>	S&P Rating	Fair Value	Weighted Average Maturity (Years)
Investments subject to custodial credit risk:			
Corporate notes and bonds	unrated	\$ 9,997,372	0.92
Corporate notes and bonds	Baa3 to AAA	3,598,978	0.83
Municipal notes and bonds	AA2 to AAA	1,172,907	11.44
Mortgage backed securities	unrated		2.53
External investment pool		2,618,312	
Mutual funds		13,044,166	
U.S. government sponsored:			
Agency notes & bonds	AAA	46,837,171	4.00
Certificates of deposit	unrated	4,283,834	3.21
Money markets	unrated	20,604,747	

**Total Fair Value of Investment
Subject to Custodial Credit Risk**

\$ 102,157,487

Portfolio weighted average maturity

3.38

Interest Rate Risk. The City and Borough does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The pooled investments cannot have a weighted average maturity in excess of five (5) years, while the bonds in the Permanent Fund cannot have a weighted average maturity in excess of ten (10) years. The City and Borough's investment policy mandates that the investment portfolio be structured to minimize the need to sell securities prior to maturity and that operating funds be invested primarily in shorter-term securities, money market mutual funds and similar investment pools.

Credit Risk. The City and Borough's investment policy limits investment in corporate debt securities to those rated AA or better by a nationally recognized statistical rating organization. Debt securities of state and local governmental entities must have a similar rating. Short term commercial promissory notes must have a rating of A1/P1 or better. The long-term credit rating of the issuing organization must be A- or better. Real Estate Mortgage Investment Conduit securities are limited to the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Association. The investment policy does not require these securities to have any minimum rating. The City and Borough's investments complied with its policy at June 30, 2014.

Concentration of Credit Risk. The City and Borough's investment policy states that one of the general objectives of investing will be to diversify the portfolio so that potential losses on individual securities will be minimized. The policy does not limit the investment in any one security to a percentage of the total portfolio.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City and Borough's deposits may not be returned to it. It is the City and Borough's policy to mitigate this risk by requiring that all demand deposits be fully collateralized by securities held in the City and Borough's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2014, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$4,067,347 was subject to a collateral agreement.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of outside parties. All of the City and Borough's investments subject to custodial credit risk are held by the City and Borough's agent in its name.

The City and Borough's investment policy allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities in addition to all of the investments described above. The investment policy requires that the equity securities within the mutual funds be broadly diversified across all sectors. The investment mix within the Permanent Fund's portfolio has a target of 5% cash equivalents, 35% fixed income securities and 60% mutual fund equities. At June 30, 2014, the Permanent Fund's portfolio contained 57% mutual fund equities, 40% fixed income securities and 3% cash equivalents.

The City and Borough participates in two external pooled investment pools. One pool is registered with the Securities and Exchange Commission, the other is not. All of the participants of the unregistered pool are municipalities within the State of Alaska. The funds in that pool are managed by the trust department of a large bank. A share price of \$1 is maintained for both pools, giving the City and Borough one share for every dollar invested in the pools. As a result, the fair value of the pools is the same as the value of the pool shares.

A reconciliation of cash and investments as shown in the basic financial statements for the primary government follows:

Cash on hand	\$	2,100
Carrying amount of deposits		4,317,347
Carrying amount of investments		102,157,487
	\$	106,476,934

Reported in the Statement of Net Position:		
Equity in central treasury	\$	57,788,872
Equity in central treasury - restricted		17,259,060
Cash and investments - restricted		21,508,579
Unspent bond proceeds - restricted		9,614,968
Reported in the Fiduciary Funds		305,455
	\$	106,476,934

City and Borough of Sitka, Alaska

Notes to Financial Statements

At June 30, 2014, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$2,075,815. Amounts are insured at each financial institution by the Federal Deposit Insurance Corporation up to legal maximum. District policy requires any amount in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) limit be collateralized.

At June 30, 2014, Sitka Community Hospital's cash and cash equivalents include deposits in check and savings accounts. The Hospital has concentrated its credit risk for cash by maintaining deposits in two financial institutions, which may at times exceed amounts covered by insurance provided by the FDIC. At June 30, 2014, the Hospital has bank deposits of \$408,395 in excess of FDIC insurance.

At June 30, 2014, Sitka Convention and Visitors Bureau's cash and investments consist of an operating bank account and certificates of deposit. The carrying amount of the deposits was \$149,038. The bank balance was covered by the Federal Deposit Insurance Corporation.

(4) **Receivables**

Receivables as of year-end for the City and Borough's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Permanent	Capital Projects	School Bonds Debt Services	Nonmajor Governmental
Taxes	\$ 2,450,570	\$ -	\$ -	\$ -	\$ 40,755
Special assessments	-	-	-	-	47,574
Federal & State Accounts	47,769	-	617,715	25,239	95,297
Interest	781,276	-	-	-	-
Notes	371,136	-	-	-	-
	500,000	59,072	-	-	1,959,529
Total receivables	4,150,751	59,072	617,715	25,239	2,143,155
Less allowance for doubtful accounts	(436,047)	-	-	-	-
Net total receivables	\$ 3,714,704	\$ 59,072	\$ 617,715	\$ 25,239	\$ 2,143,155

	Electric Utility	Water Utility	Waste Water Treatment	Solid Waste Disposal	Harbor	Nonmajor Proprietary	Total
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,491,325
Special assessments	-	-	100,478	-	-	-	148,052
Federal & State Accounts	6,666,216	593,253	245,678	-	1,397,298	142,554	9,831,019
Interest	1,024,838	157,761	218,347	241,583	271,807	69,482	2,765,094
Notes	-	-	-	-	-	-	371,136
	-	14,550	94,417	-	-	76,290	2,703,858
Total receivables	7,691,054	765,564	658,920	241,583	1,669,105	288,326	18,310,484
Less allowance for doubtful accounts	(182,134)	(28,277)	(38,557)	(50,321)	(144,207)	(600)	(880,143)
Net total receivables	\$ 7,508,920	\$ 737,287	\$ 620,363	\$ 191,262	\$ 1,524,898	\$ 287,726	\$ 17,430,341

City and Borough of Sitka, Alaska

Notes to Financial Statements

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

<i>Description</i>	Deferred Inflows	Unearned Revenues
Special assessments not yet due	\$ 47,574	\$ -
Grant draw downs prior to meeting all eligibility requirements	-	311,065
Property taxes received in advance	27,429	-
Total for governmental funds	\$ 75,003	\$ 311,065

In the Statement of Net Position, the FY 14 PILT and Property Taxes Received in Advance remain in the deferred inflow accounts.

(5) **Capital Assets**

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,230,912	\$ -	-	\$ 11,230,912
Construction	16,668,724	6,589,746	(821,146)	22,437,324
Total capital assets not being depreciated	27,899,636	6,589,746	(821,146)	33,668,236
<i>Capital assets being depreciated:</i>				
Buildings	98,827,874	46,639	-	98,874,513
Land improvement	6,478,823	11,245	-	6,490,068
Infrastructure	31,498,470	1,479,728	-	32,978,198
Equipment	13,328,851	221,094	-	13,549,945
Total capital assets being depreciated	150,134,018	1,758,706	-	151,892,724
<i>Less accumulated depreciation for:</i>				
Buildings	(43,103,363)	(2,560,466)	-	(45,663,829)
Land improvement	(506,101)	(299,012)	-	(805,113)
Infrastructure	(13,898,148)	(833,963)	-	(14,732,111)
Equipment	(7,382,289)	(988,049)	-	(8,370,338)
Total accumulated depreciation	(64,889,901)	(4,681,490)	-	(69,571,391)
Total capital assets being depreciated, net	85,244,117	(2,922,784)	-	82,321,333
Governmental Activity Capital Assets, net	\$ 113,143,753	\$ 3,666,962	\$ (821,146)	\$ 115,989,569

City and Borough of Sitka, Alaska

Notes to Financial Statements

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets not being depreciated -</i>				
Land	\$ 5,221,911	\$ -	-	\$ 5,221,911
Construction in progress	66,126,936	89,544,151	(269,314)	155,401,773
Total capital assets not being depreciated	71,348,847	89,544,151	(269,314)	160,623,684
<i>Capital assets being depreciated:</i>				
Buildings	15,993,625	-	-	15,993,625
Land improvements	12,697,575	-	-	12,697,575
Equipment	5,383,077	-	-	5,383,077
Harbors	23,080,288	269,315	-	23,349,603
Electric plant	111,453,597	-	-	111,453,597
Water plant	30,509,496	-	-	30,509,496
Wastewater treatment plant	44,675,248	-	-	44,675,248
Master plan and licenses	1,513,389	-	-	1,513,389
Total capital assets being depreciated	245,306,295	269,315	-	245,575,610
<i>Less accumulated depreciation for:</i>				
Buildings	(7,763,893)	(601,923)	19,829	(8,345,987)
Land improvements	(1,374,956)	(274,027)	-	(1,648,983)
Equipment	(2,886,343)	(365,563)	-	(3,251,906)
Harbors	(9,666,052)	(635,349)	-	(10,301,401)
Electric plant	(54,386,756)	(1,678,775)	-	(56,065,531)
Water plant	(11,096,772)	(816,889)	-	(11,913,661)
Wastewater treatment plant	(32,560,936)	(1,313,870)	-	(33,874,806)
Total accumulated depreciation	(119,735,708)	(5,686,396)	19,829	(125,402,275)
Total capital assets being depreciated, net	125,570,587	(5,417,081)	19,829	120,173,335
Business-type Activity Capital Assets, net	\$ 196,919,434	\$84,127,070	\$ (249,485)	\$ 280,797,019

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 26,506
Public safety	365,365
Public works	1,235,825
Public services	504,399
Support	2,056,956
Capital assets held by internal service funds	492,439
Total Depreciation Expense - Government Activities	\$ 4,681,490

City and Borough of Sitka, Alaska

Notes to Financial Statements

Business-type activities::		
Electric	\$	1,841,712
Water		851,377
Wastewater treatment plant		1,480,172
Solid waste disposal		216,082
Harbor		666,074
Airport terminal building		179,953
Marine service center		143,762
Sawmill cove industrial park		307,264

Total Depreciation Expense - Business-type Activities	\$	5,686,396
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(6) Interfund Receivables, Payables and Transfers

<i>Receivable Fund</i>	Payable Fund	Amount
Due to/from other funds		
General Fund	Nonmajor governmental funds	\$ 81,459
School Bond Debt Service Fund	General Fund	378,512
Total		\$ 459,971

Advances from/to other funds:		
General Fund	Internal service fund	\$ 350,000
General fund	Harbor fund	100,000
Nonmajor governmental fund	Internal service fund	195,253
Nonmajor governmental fund	Nonmajor enterprise funds	348,475
Nonmajor governmental fund	General fund	320,905
Total		\$ 1,314,633

Amounts due between the General Fund and nonmajor governmental funds result from negative equity in the central treasury because expenditures are made prior to the receipt of revenue, as in the case of funds that account for the activity of reimbursable grants for both capital and noncapital expenditures. Some grants require cash matches. Transfers are made from the General Fund at the conclusion of the project to meet the match requirements. Until the transfer is made, the fund has a negative equity in the central treasury.

The Southeast Alaska Economic Development Fund, a nonmajor governmental fund, was established with federal monies, to promote economic development. This fund advanced amounts to other funds for expansion projects. The current portion of those advances is reported as amounts due to/from other funds and the long-term portion is reported as advances to/from other funds.

Several years ago the Central Garage Internal Service Fund constructed a public service building. Part of the funding for the project was an advance from the General Fund. The advance is being repaid in \$50,000 annual payments.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Interfund Transfers

Transfers are used to move general and other fund revenues for the purchase and construction of capital assets to the capital projects and internal service funds. In addition, funds are transferred to the General Fund each year from the Permanent Fund for general support.

	General Fund	Permanent Fund	Capital Projects Fund	Nonmajor Governmental Funds	Harbor Funds	Total Transfers in
General fund	\$ -	\$ 1,110,000	\$ 10,000	\$ 28,973	\$ 100,000	\$1,248,973
Capital Projects Fund	777,219	-	-	-	-	777,219
School Bonds Debt Service	1,105,137	-	-	-	-	1,105,137
Nonmajor Governmental Funds	33,741	-	-	-	-	33,741
Harbor Funds	33,741	-	-	34,154	-	67,895
Nonmajor Enterprise Funds	-	-	-	17,806	-	17,806
Internal Service Funds	105,000	-	-	78,091	-	183,091
Total Transfers Out	\$ 2,054,838	\$ 1,110,000	\$ 10,000	\$ 159,024	\$ 100,000	\$3,433,862

(7) **Capital Leases**

The City and Borough has no leases currently outstanding.

(8) **Long-Term Debt**

General Obligation Bonds

The City and Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued only for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City and Borough. All of the bonds outstanding are held by the Alaska Municipal Bond Bank Authority. The State of Alaska agency purchases bonds from municipalities within the State, while simultaneously selling its own bonds to third parties in order to fund the bond purchases.

City and Borough of Sitka, Alaska

Notes to Financial Statements

General obligation bonds currently outstanding are as follows:

Governmental activities	Interest rates	Amount
School renovation and additions:		
\$8,480,000, 2005 Series B School bonds, final payment due May 1, 2015	5.000%	\$ 395,000
\$6,775,000, 2007 Series A bonds refinancing portion of 1999 School serial bonds, final payment due December 1, 2018	4.000% to 5.500%	3,775,000
\$3,300,000, 2005 Series A bonds refinancing portion of 2000 series B bonds, final payment due May 1, 2020	4.000% to 5.000%	2,210,000
\$7,150,000, 2008 Series Two School bonds, final payment due June 1, 2028	4.000% to 6.000%	5,650,000
\$5,690,000, 2011 Series Two School bonds, final payment due June 1, 2028	2.000% to 4.325%	5,010,000
\$12,755,000 2012 Series Two bonds refinancing portion 2005 Series B School Bonds and refinancing the balance of 2004 Series A School Bonds final payment due September 1, 2024	4.000% to 5.000%	11,595,000
Total		\$ 28,635,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<i>Year Ending</i>	Principal	Interest
2015	\$ 2,470,000	\$ 1,246,695
2016	2,565,000	1,135,718
2017	2,675,000	1,026,118
2018	2,800,000	913,618
2019	2,920,000	784,709
2020-2024	10,145,000	2,413,870
2025-2029	4,290,000	647,861
2030-2034	770,000	50,688
	\$ 28,635,000	\$ 8,219,277

In addition, the governmental activities have two State of Alaska, Department of Environmental Conservation Loans for stormwater improvements outstanding in the amount of \$202,641.

	Interest rates	Amount
\$195,000, note payable for stormwater improvements, #783011	1.5%	\$ 136,500
\$69,622, note payable for stormwater improvements, #783401	1.5%	66,141
State of Alaska, Department of Environmental Conservation Loans		\$ 202,641

City and Borough of Sitka, Alaska

Notes to Financial Statements

Annual debt service to maturity is as follows:

Governmental Activities

<i>Year Ending</i>	Principal	Interest
2015	\$ 13,231	\$ 3,040
2016	13,231	2,841
2017	13,231	2,643
2018	13,231	2,444
2019	13,231	2,246
2020-2024	66,155	8,252
2025-2029	56,405	3,291
2030-2034	13,926	522
	\$ 202,641	\$ 25,279

Business-type activities:

Revenue Bonds

The City and Borough issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

	Interest rates	Amount
\$3,955,000, 2013 Series One Harbor bonds, final payment due February 1, 2033	2.000% to 5.000%	\$ 3,840,000
\$25,880,000, 2010 Series B Four Refunding Serial bonds, final payment due July 1, 2031	2.000% to 5.000%	21,135,000
\$35,530,000, 2013 Series One Electric bonds, final payment due February 1, 2047	3.800% to 5.000%	35,530,000
\$25,615,000, 2013 Series Three Electric bonds, final payment due August 1, 2048	4.500% to 5.000%	25,615,000
\$22,000,000, 2010 Series B Recovery Zone Economic Development Serial bonds, final payment due July 1, 2031	5.200% to 7.000%	22,000,000
\$820,000, 2010 Series B Four Build America Serial bonds, final payment due July 1, 2031	5.200% to 7.000%	820,000
Total		\$ 108,940,000

City and Borough of Sitka, Alaska

Notes to Financial Statements

Annual debt service requirements to maturity for revenue bonds are as follows:

Business-type Activities <i>Year Ending</i>	Principal	Interest
2015	\$ 2,050,000	\$ 5,648,721
2016	2,095,000	5,312,369
2017	2,180,000	5,226,968
2018	2,265,000	5,151,387
2019	2,330,000	5,072,806
2020-2024	13,230,000	23,709,963
2025-2029	15,895,000	20,012,573
2030-2034	15,375,000	15,286,631
2035-2039	15,395,000	11,754,812
2040-2044	19,675,000	7,475,500
2045-2049	18,450,000	2,145,250
	\$ 108,940,000	\$ 106,796,980

The provisions of bond ordinances for issues by the Electric and Water Utilities require maintenance of stipulated cash deposits in renewal and replacement, bond redemption and bond refunding accounts. Furthermore, electric and water rates are required to be maintained at a level which will produce a minimum annual unpledged surplus of \$50,000 before depreciation, and operating income before depreciation equal to at least 1.25 times the aggregate amount required each year for revenue bond debt service. All such requirements were met for the year ended June 30, 2014.

Revenue Note

The City and Borough issued a note to the State of Alaska - Alaska Energy Authority where it pledges income derived from the acquired or constructed assets to pay debt service. The revenue note outstanding at year end is as follows:

	Interest rates	Amount
\$15,000,000, 1982 Alaska Energy Authority note secured by a second lien on the revenues of the electric and water supply system, final payment due January 1, 2033	4%	\$ 7,973,608

Annual debt service requirements to maturity for the revenue note are as follows:

Business-type Activities <i>Year Ending</i>	Principal	Interest
2015	\$ 298,083	\$ 315,993
2016	310,125	303,950
2017	322,655	291,421
2018	335,690	278,386
2019	349,252	264,824
2020-2024	1,969,657	1,100,723
2025-2029	2,401,000	669,390
2030-2034	1,987,146	162,118
	\$ 7,973,608	\$ 3,386,805

City and Borough of Sitka, Alaska

Notes to Financial Statements

In connection with the borrowing evidenced by the 1982 revenue note payable, the City and Borough has agreed to set electric and water rates at the greater of the requirements pursuant to the 1992 revenue bond covenants or as required to produce a minimum operating income before depreciation equal to at least 1.00 times the aggregate amount required each year for revenue bond debt service plus revenue note principal and interest. The rate requirement has been met for the year ended June 30, 2014.

State of Alaska, Department of Environmental Conservation Loan Program

The City and Borough borrowed funds from the State of Alaska to upgrade water and waste water distribution systems.

	Interest rates	Amount
Completed projects:		
\$250,000, note payable for waste water treatment improvements #783041	1.5%	\$ 53,020
\$400,000, note payable for corrosion control of municipal water #783031	1.5%	124,096
\$565,000, note payable for water system upgrades on Sawmill Creek Road #783061	1.5%	362,868
\$1,000,000, note payable for harbor water distribution system upgrades #783071	1.5%	680,222
\$1,310,000 note payable for waste water treatment plant upgrades #783051	1.5%	819,854
\$987,157, note payable for I and I #783011	1.5%	691,010
\$2,400,000, note payable for Kimsham landfill closure #783081	1.5%	1,736,964
\$3,170,000, note payable for Whitcomb Heights Subdivision water tank #783211	1.5%	2,377,294
\$1,000,000, note payable for Japonski Island water distribution main #783151	1.5%	555,514
\$1,400,000, note payable for sewer system upgrades #783101	1.5%	863,029
\$483,000, note payable for SMC Road/HPR Intersection water line replacement #783311	1.5%	280,755
\$308,000, note payable for HPR/SMC Road Intersection Sewer Replacement #783241	1.5%	244,957
\$617,000, note payable for water tank protection, #783341	1.5%	58,615
\$859,103, note payable for Monastery Street Sewer Main replacement, #783401	1.5%	442,632

City and Borough of Sitka, Alaska

Notes to Financial Statements

	Interest rates	Amount
\$782,000, note payable for Monastery Street Water Main replacement, #783441	1.5%	\$ 634,042
\$1,455,081, note payable for SMC Road Sewer Upgrade, Phase III - ARRA Funding #783281	1.5%	154,407
Total notes payable for completed projects		\$ 10,079,279

	Interest rates	Amount
Uncompleted projects in draw down phase:		
\$740,000, project for Baranof Street Sewer Replacement - #783091	1.5%	\$ 566,131
\$685,000, project for Baranof Street Water System replacement - #783501	1.5%	282,782
\$184,000, SMC sewer upgrade ACWF #783282	1.5%	34,527
\$1,740,000, project for Japonski Island Sewer Liftstations - #783391	1.5%	1,366,879
\$2,500,000, project for UV Disinfection Facility - #783431	1.5%	322,182
Total draw on notes yet to be finalized		2,572,501
Total		\$ 12,651,780

Annual debt service requirements to maturity for notes payable on completed projects are as follows:

<i>Year Ending</i>	Principal	Interest
2015	\$ 684,604	\$ 150,782
2016	684,564	140,526
2017	659,502	130,249
2018	660,474	120,356
2019	661,460	110,446
2020-2024	3,239,899	404,974
2025-2029	2,927,221	169,047
2030-2034	561,555	18,147
	\$ 10,079,279	\$ 1,244,527

City and Borough of Sitka, Alaska

Notes to Financial Statements

Changes in long-term liabilities

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Bonds payable:					
General obligation bonds	\$31,020,000	\$ -	\$ 2,385,000	\$ 28,635,000	\$ 2,470,000
Issuance premiums	1,119,838	-	93,320	1,026,518	-
Total bonds payable	32,139,838	-	2,478,320	29,661,518	2,470,000
State of Alaska notes	146,250	69,622	13,231	202,641	13,231
Compensated absences	672,159	604,077	557,664	718,572	614,460
Government activity long-term liabilities	\$ 32,958,247	\$ 673,699	\$ 3,049,215	\$ 30,582,731	\$ 3,097,691
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Bonds payable:					
Revenue bonds	\$ 85,285,000	\$ 25,615,000	\$ 1,960,000	\$ 108,940,000	\$ 2,050,000
Issuance premiums	6,557,824	1,042,373	274,143	7,326,054	-
Total notes payable	91,842,824	26,657,373	2,234,143	116,266,054	2,050,000
Revenue notes	8,260,116	-	286,508	7,973,608	298,083
State of Alaska notes	12,600,706	738,228	687,154	12,651,780	684,604
Total notes payable	20,860,822	738,228	973,662	20,625,388	982,687
Compensated absences	323,362	391,901	335,753	379,510	335,753
Landfill post-closure liability	461,757	-	11,520	450,237	-
Business-type activity long-term liabilities	\$ 113,488,765	\$ 27,787,502	\$ 3,555,078	\$ 137,721,189	\$ 3,368,440
Entity combined long-term liabilities	\$ 146,447,012	\$ 28,461,201	\$ 6,604,293	\$ 168,303,920	\$ 6,466,131

For governmental activities, compensated absences are generally liquidated by the General Fund.

(9) **Authorized, Unissued Bonds**

The Assembly has authorized the issuance of bonds to the fund Blue Lake Dam project. The authorization to issue up to \$18,000,000 in bonds exists as this is the amount to complete the project. The entire amount is not required to be issued, and will not be if other funding becomes available.

City and Borough of Sitka, Alaska

Notes to Financial Statements

(10) **Advance Refunding of Bonds**

Historically, the City and Borough has issued refunding debt when financially advantageous. The purpose of the refundings is to obtain more favorable interest rates, thereby reducing the overall cost of borrowing. At the same time of the transactions, the proceeds from the issuance of the new refunding debt has been placed into an irrevocable trust with an escrow paying agent to provide the future debt service on the old debt, until the debt is paid in full, typically at a specified call date. For financial accounting purposes, the refunded debt is considered defeased and removed from the City and Borough's financial statements. At June 30, 2014, defeased debt outstanding and under payment by the escrow agent is as follows:

<i>Refunding Date</i>	<i>Original Issue</i>	<i>Outstanding</i>
2010 Series 4 Refunding	1992 Sitka Bonds	\$ 5,600,000
2012 Series 2 Refunding	2005 Series B	5,230,000
		\$ 10,830,000

(11) **Restricted Assets**

The balance of the restricted assets accounts in the enterprise funds are as follows:

Landfill post-closure	\$ 450,237
Customer deposits:	
Electric utility	102,582
Water utility	350
Harbor	1,043
Solid waste disposal	7,759
Investment with bond trustee pursuant to revenue bond covenants	8,992,528
Unspent bond proceeds	9,614,968
Total restricted assets	\$ 19,169,467

(12) **Fund Balance**

Fund balances, reported in the City and Borough's individual major funds and nonmajor funds in the aggregate on the governmental funds statement of net position is subject to the following constraints:

	General Fund	Permanent Fund	Capital Projects Fund	School Bond Debt Service	Nonmajor Funds	Totals
Nonspendable:						
Prepaid items	\$ 105,134	\$ -	\$ -	\$ -	\$ -	\$ 105,134
Long-term note receivable	260,000	59,072	-	-	1,959,529	2,278,601
Advances receivable	29,095	-	-	-	864,633	893,728
Total nonspendable	394,229	59,072	-	-	2,824,162	3,277,463

City and Borough of Sitka, Alaska

Notes to Financial Statements

	General Fund	Permanent Fund	Capital Projects Fund	School bonds	Nonmajor Funds	Totals
Restricted:						
Library building	\$ -	\$ -	\$ -	\$ -	\$ 694,666	\$ 694,666
Commercial passenger Tax	-	-	-	-	1,917,880	1,917,880
Home rule charter	-	21,354,217	-	-	-	21,354,217
Debt service	-	-	-	1,958,072	-	1,958,072
Total restricted	-	21,354,217	-	1,958,072	2,612,546	25,924,835
Committed						
Working capital reserve	5,762,442	-	-	-	-	5,762,442
Emergency reserve	2,000,000	-	-	-	-	2,000,000
Home rule charter	-	1,366,806	-	-	-	1,366,806
SE economic development	-	-	-	-	3,763,766	3,763,766
Capital projects	-	-	6,413,887	-	-	6,413,887
Total committed	7,762,442	1,366,806	6,413,887	-	3,763,766	19,306,901
Assigned						
Sawmill Cove contingency	-	-	-	-	874,810	874,810
Sitka Tobacco	-	-	-	-	89,725	89,725
LID revolving	-	-	-	-	1,124,454	1,124,454
LID guarantee	-	-	-	-	285,233	285,233
Other small funds	-	-	-	-	60,157	60,157
Total assigned	-	-	-	-	2,434,379	2,434,379
Unassigned (deficits)	8,234,138	-	-	-	(4,686)	8,229,452
Total Fund Balances	\$16,390,809	\$22,780,095	\$6,413,887	\$1,958,072	\$ 11,630,167	\$ 59,173,030

(13) Risk Management

The City and Borough is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and Borough carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City and Borough has not accrued a liability for claims and judgments at June 30, 2014 because the amount of potential claims at year end was determined to be immaterial. The City and Borough made no claim payments during fiscal year 2014.

Effective January 1, 1989, the City and Borough was self-insured with respect to unemployment claims made by former employees. The City and Borough of Sitka accounts for claims on a pay-as-you-go basis as it is immaterial.

City and Borough of Sitka, Alaska

Notes to Financial Statements

(14) Public Employees' Retirement System

Defined Benefit Pension Plan

The City participates in the Public Employees' Retirement System (PERS). PERS was originally established as an agent multiple employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. The plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. 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. The report is available at the following address:

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203

Conversion to Cost Sharing

In April 2008 the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits will no longer track individual employer assets and liabilities. Rather, all plan costs and past service liabilities will be shared among all participating employers.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.29% for pension and 4.21% for healthcare).

Employer and Other Contribution Rates

There are three contribution rates associated with the pension and healthcare contributions and related liabilities:

Contractual Rate: This is the required funding for participating employers. The contractual PERS rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. PERS contributions are calculated against all PERS payroll, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate caps. There are no constraints or restrictions on the actuarial cost method or other assumption used in this valuation, other than those established and agreed to by the ARM Board.

City and Borough of Sitka, Alaska

Notes to Financial Statements

GASB 43 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 the GASB. For FY14, the rate uses an 8% pension discount rate and a 5.41% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments. The GASB 43 rate differs from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

The City's contribution rates for 2014 were determined as part of the June 30, 2011 actuarial valuation and are as follows:

	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	10.64%	18.38%	27.94%
Postemployment healthcare	11.36%	17.30%	52.55%
Total contribution rate	22.00%	35.68%	80.49%

Annual Pension and Postemployment Healthcare Cost

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.68% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State contribution in the amount of \$1,563,256 as a PERS on-behalf payment. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

Year Ended June 30	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	City and Borough Contributions	% of TBC Contributed
2012	\$ 998,532	\$ 1,162,431	\$ 2,160,963	\$ 2,160,963	100%
2013	869,395	1,108,549	1,977,944	1,977,944	100%
2014	997,693	1,065,362	2,063,055	2,063,055	100%

Defined Contribution Pension Plan

Employees hired after July 1, 2006 participated in PERS Tier IV, a Defined Contribution Retirement Plan. The Plan 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 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.

Employee Contribution Rates

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 Sitka, Alaska

Notes to Financial Statements

Employer Contribution Rates

The City is required to contribute the following amounts based on covered salary:

	Others Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48	0.48
Occupational death and disability benefits	0.20	1.14
	5.68%	6.62%

In addition, the employer must contribute to a 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, 2013, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,897 per year for each full-time employee and \$1.12 per hour for each part-time employee.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended June 30, 2014 were \$299,044 and \$270,009, respectively.

Supplemental Benefit System

Effective January 1, 1983, the City and Borough, as allowed by provisions in State and Federal law, withdrew from the Federal Social Security system and began participating in the Alaska Supplemental Benefits System (ASBS). The ASBS is a defined contribution plan administered by the State of Alaska. Benefits depend solely on amounts contributed to the plan and investment earnings. Annual contributions of the City and Borough equal those of qualified employees and amounts to 6.13% of the employees' wages up to the Social Security wage base. Employees are eligible to participate from the date of employment. Contributions made by the City and Borough and any investment earnings on the account are vested to the employee immediately.

Total contributions to ASBS for the year ended June 30, 2014 were \$1,410,242, based on a payroll of \$11,716,152 for those employees eligible to participate in the plan. Both the City and Borough and the covered employees made the required 6.13% contribution of \$705,121.

(15) Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the government to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the government reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each net asset financial statement date.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The City and Borough has recognized a liability for the estimated costs of postclosure care of \$450,237 as of June 30, 2014. The Kimsham landfill was closed during fiscal year 2007 and is now a recreation facility consisting of three ball fields and a soccer/football field. The current postclosure liability as of June 30, 2014 is \$383,330. A new landfill has been permitted by the State of Alaska and is accepting only the sludge from the Waste Water Treatment Plant at this time. The current estimate of closure and postclosure monitoring is \$154,400, with an estimated remaining useful life of 22 years which gives a liability of \$66,907 as of June 30, 2014. Actual postclosure costs may be higher because of inflation, changes in technology, or changes in regulations. Estimates will be revised as necessary to accurately reflect future outlays.

(16) **Contingencies**

Amounts received of receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Alaska. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determine at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Municipal Attorney the resolution of these matters will not have an adverse material effect on the financial condition of the government.

The City and Borough's sewage treatment plant provides for primary treatment of waste. The City and Borough was operating under a five year exemption, which expired in August 1994, from Environmental Protection Agency (EPA) regulations requiring secondary treatment for sewage discharged into marine waters. The City and Borough is currently under a temporary EPA permit and anticipates finalizing a permanent five year exemption permit in the near future. The cost of upgrading the plant to secondary treatment at the expiration of the exemption, if necessary, would be approximately \$10 million. The cost of treating storm water is not presently estimable.

Other Federal and State regulations, compliance with which will require significant expenditures by the City and Borough, including the Americans with Disabilities Act, have a cost of compliance that is not currently known.

(17) **Subsequent Events**

The City and Borough is pursuing bonding an additional \$18 million for the Blue Lake Dam project. This will be entirely contained in the Electrical Enterprise Fund.

The Assembly voted to disband the Sitka Convention and Visitors Bureau, which is a component unit of the City and Borough of Sitka. This will take effect July 1, 2015.

In March of 2015 the City and Borough issued General Obligation Refunding Bonds to advance refund its 2005 Series A Bonds in the amount of \$1,880,000.

(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 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

City and Borough of Sitka, Alaska

Notes to Financial Statements

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end June 30, 2015 - This statement changes the reporting and disclosure requirements for governments that participated in pension plans. This statement modifies the participating employer side reporting in connection with the Plan reporting at GASB 67.

GASB 69 - Government Combinations and Disposals of Government Operations - effective for year-end June 30, 2015 - This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

GASB 71 - Pension Transitions for Contributions Made Subsequent to the Measurement Date - effective for year-end June 30, 2015 - This statement is a companion to GASB Statement 68 and clarifies treatment of contributions made by a contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Balance Sheet

June 30, 2014

	Police Dept and Forfeitures	State Homeland Security Grant	Library Building	Library Donation	SE Economic Development	Gary Paxton Park Contingency
Assets						
Equity in central treasury	\$ -	\$ -	\$ 474,654	\$ 220,012	\$ 3,763,766	\$ 878,301
Receivables:						
Taxes	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Federal and State of Alaska	47,803	47,494	-	-	-	-
Advances to other funds	-	-	-	-	864,633	-
Notes receivable	-	-	-	-	1,959,529	-
Total assets	\$ 47,803	\$ 47,494	\$ 474,654	\$ 220,012	\$ 6,587,928	\$ 878,301
Liabilities, Deferred Inflows and Fund Balance						
Liabilities:						
Accounts payable	\$ 4,551	\$ -	\$ -	\$ -	\$ -	\$ 3,491
Due to other funds	29,279	52,180	-	-	-	-
Total liabilities	33,830	52,180	-	-	-	3,491
Deferred inflows:						
Deferred assessments	-	-	-	-	-	-
Total deferred inflows	-	-	-	-	-	-
Fund balances						
Nonspendable	-	-	-	-	2,824,162	-
Restricted	-	-	474,654	220,012	-	-
Committed	-	-	-	-	3,763,766	-
Assigned	13,973	-	-	-	-	874,810
Unassigned (deficit)	-	(4,686)	-	-	-	-
Total fund balances	13,973	(4,686)	474,654	220,012	6,587,928	874,810
Total liabilities, deferred inflows and fund balances	\$ 47,803	\$ 47,494	\$ 474,654	\$ 220,012	\$ 6,587,928	\$ 878,301

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Balance Sheet

June 30, 2014

Continued

	Sitka Tobacco Tax	Commercial Passenger Excise Tax	LID Revolving	LID Guaranty	SEACAD	Fisheries Enhancement	Total Nonmajor Governmental Funds
Assets							
Equity in central treasury	\$ 48,970	\$ 1,918,108	\$ 1,124,454	\$ 285,233	\$ 11,072	\$ 35,112	\$ 8,759,682
Receivables:							
Taxes	40,755	-	-	-	-	-	40,755
Special assessments	-	-	47,574	-	-	-	47,574
Federal and State of Alaska	-	-	-	-	-	-	95,297
Advances to other funds	-	-	-	-	-	-	864,633
Notes receivable	-	-	-	-	-	-	1,959,529
Total assets	<u>\$ 89,725</u>	<u>\$ 1,918,108</u>	<u>\$ 1,172,028</u>	<u>\$ 285,233</u>	<u>\$ 11,072</u>	<u>\$ 35,112</u>	<u>\$ 11,767,470</u>
Liabilities, Deferred Inflows and Fund Balance							
Liabilities:							
Accounts payable	\$ -	\$ 228	\$ -	\$ -	\$ -	\$ -	\$ 8,270
Due to other funds	-	-	-	-	-	-	81,459
Total liabilities	-	228	-	-	-	-	89,729
Deferred inflows:							
Deferred assessments	-	-	47,574	-	-	-	47,574
Total deferred inflows	-	-	47,574	-	-	-	47,574
Fund balances							
Nonspendable	-	-	-	-	-	-	2,824,162
Restricted	-	1,917,880	-	-	-	-	2,612,546
Committed	-	-	-	-	-	-	3,763,766
Assigned	89,725	-	1,124,454	285,233	11,072	35,112	2,434,379
Unassigned (deficit)	-	-	-	-	-	-	(4,686)
Total fund balances	<u>89,725</u>	<u>1,917,880</u>	<u>1,124,454</u>	<u>285,233</u>	<u>11,072</u>	<u>35,112</u>	<u>11,630,167</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 89,725</u>	<u>\$ 1,918,108</u>	<u>\$ 1,172,028</u>	<u>\$ 285,233</u>	<u>\$ 11,072</u>	<u>\$ 35,112</u>	<u>\$ 11,767,470</u>

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2014

	Police Dept and Forfeitures	State Homeland Security Grant	Library Building	Library Donation	SE Economic Development	Gary Paxton Park Contingency
Revenues:						
State sources	\$ 10,466	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	190,616	174,678	-	-	-	-
Investment income (loss)	439	-	11,328	4,978	161,985	19,317
Licenses and permits	-	-	-	-	-	-
Other	-	-	2,750	2,900	-	-
Total revenues	201,521	174,678	14,078	7,878	161,985	19,317
Expenditures:						
Public safety	183,565	174,477	-	-	-	-
Public works	-	-	-	-	-	7,483
Public services	-	-	-	-	-	-
Total expenditures	183,565	174,477	-	-	-	7,483
Excess of revenues over/ (under) expenditures	17,956	201	14,078	7,878	161,985	11,834
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(75,730)	(17,806)
Net other financing sources (uses)	-	-	-	-	(75,730)	(17,806)
Net change in fund balances	17,956	201	14,078	7,878	86,255	(5,972)
Fund Balance, beginning of year	(3,983)	(4,887)	460,576	212,134	6,501,673	880,782
Fund Balance, end of year	\$ 13,973	\$ (4,686)	\$ 474,654	\$ 220,012	\$ 6,587,928	\$ 874,810

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2014
Continued

	Sitka Tobacco Tax	Commercial Passenger Excise Tax	LID Revolving	LID Guaranty	SEACAD	Fisheries Enhancement	Total Nonmajor Governmental Funds
Revenues:							
State sources	\$ -	\$ 302,985	\$ -	\$ -	\$ -	\$ -	\$ 313,451
Federal sources	-	-	-	-	-	-	365,294
Investment income (loss)	(207)	42,600	30,788	6,293	-	369	277,890
Licenses and permits	705	-	-	-	-	-	705
Other	489,087	-	33,906	-	2,449	-	531,092
Total revenues	489,585	345,585	64,694	6,293	2,449	369	1,488,432
Expenditures:							
Public safety	-	-	-	-	-	-	358,042
Public works	-	61,048	251	-	-	31,000	99,782
Public services	502,541	-	-	-	-	-	502,541
Total expenditures	502,541	61,048	251	-	-	31,000	960,365
Excess of revenues over/ (under) expenditures	(12,956)	284,537	64,443	6,293	2,449	(30,631)	528,067
Other financing sources (uses):							
Transfers in	-	-	-	-	-	33,741	33,741
Transfers out	-	(37,247)	(22,478)	(5,763)	-	-	(159,024)
Net other financing sources (uses)	-	(37,247)	(22,478)	(5,763)	-	33,741	(125,283)
Net change in fund balances	(12,956)	247,290	41,965	530	2,449	3,110	402,784
Fund Balance, beginning of year	102,681	1,670,590	1,082,489	284,703	8,623	32,002	11,227,383
Fund Balance, end of year	\$ 89,725	\$ 1,917,880	\$ 1,124,454	\$ 285,233	\$ 11,072	\$ 35,112	\$ 11,630,167

City and Borough of Sitka, Alaska

Nonmajor Proprietary Funds

Statement of Net Position

June 30, 2014

Assets	Airport	Marine Service Center	Gary Paxton Industrial Park	Total Nonmajor Enterprise Funds
Assets				
<i>Current assets:</i>				
Equity in central treasury	\$ 753,793	\$ 1,461,245	\$ 953,062	\$ 3,168,100
Receivables:				
Accounts	19,230	1,453	48,799	69,482
Allowance for uncollectables	-	-	(600)	(600)
Federal and State of Alaska	-	-	142,554	142,554
<i>Current portion</i>				
Note receivable	-	-	7,116	7,116
Prepaid expenses	8,050	-	-	8,050
Total current assets	781,073	1,462,698	1,150,931	3,394,702
<i>Noncurrent assets:</i>				
<i>Restricted assets:</i>				
Notes receivable	-	-	69,174	69,174
<i>Capital assets:</i>				
Property, plant and equipment	5,194,896	3,506,392	14,836,263	23,537,551
Construction in process	99,087	-	435,168	534,255
Less accumulated depreciation	(2,368,158)	(2,893,248)	(2,369,981)	(7,631,387)
Total capital assets, net of accumulated depreciation	2,925,825	613,144	12,901,450	16,440,419
Total noncurrent assets	2,925,825	613,144	12,970,624	16,509,593
Total assets	3,706,898	2,075,842	14,121,555	19,904,295
Total Assets				
	\$ 3,706,898	\$ 2,075,842	\$ 14,121,555	\$ 19,904,295
Liabilities and Net Position				
Liabilities:				
<i>Current liabilities:</i>				
Accounts payable and accrued liabilities	\$ 19,366	\$ 210	\$ 71,603	\$ 91,179
Unearned revenue	22,567	296	253,750	276,613
Total current liabilities	41,933	506	325,353	367,792
<i>Noncurrent liabilities:</i>				
Advances from other funds	-	-	348,475	348,475
Total noncurrent liabilities	-	-	348,475	348,475
Total liabilities	41,933	506	673,828	716,267
Net position:				
Net investment in capital assets	2,925,825	613,144	12,901,450	16,440,419
Unrestricted	739,140	1,462,192	546,277	2,747,609
Total net position	3,664,965	2,075,336	13,447,727	19,188,028
Total Liabilities and Net Position	\$ 3,706,898	\$ 2,075,842	\$ 14,121,555	\$ 19,904,295

City and Borough of Sitka, Alaska

Proprietary Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2014

	Airport	Marine Service Center	Gary Paxton Industrial Park	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for service	\$ 362,356	\$ 233,063	\$ 486,705	\$ 1,082,124
Other operating	-	-	36,562	36,562
Total operating revenue	<u>362,356</u>	<u>233,063</u>	<u>523,267</u>	<u>1,118,686</u>
Operating expenses:				
Wages and benefits	-	-	92,902	92,902
Utilities	87,208	-	63,372	150,580
Repair and maintenance	32,466	40,346	20,865	93,677
Contracted/purchased services	97,268	11,795	60,393	169,456
Interdepartmental services	112,208	15,439	119,763	247,410
Other	836	31	1,191	2,058
Depreciation and amortization	179,953	143,762	307,264	630,979
Total operating expense:	<u>509,939</u>	<u>211,373</u>	<u>665,750</u>	<u>1,387,062</u>
Operating income (loss)	<u>(147,583)</u>	<u>21,690</u>	<u>(142,483)</u>	<u>(268,376)</u>
Nonoperating revenues (expenses)				
Investment income (loss)	20,899	35,854	24,580	81,333
Interest expense	-	-	(12,943)	(12,943)
Other	88,276	15,947	166,376	270,599
Net nonoperating revenues (expense)	<u>109,175</u>	<u>51,801</u>	<u>178,013</u>	<u>338,989</u>
Income (loss) before contributions and transfers	<u>(38,408)</u>	<u>73,491</u>	<u>35,530</u>	<u>70,613</u>
Capital contributions and transfers				
Capital contributions	-	-	181,284	181,284
Transfer in	-	-	17,806	17,806
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>199,090</u>	<u>199,090</u>
Change in net position	<u>(38,408)</u>	<u>73,491</u>	<u>234,620</u>	<u>269,703</u>
Net Position, beginning of year	<u>3,703,373</u>	<u>2,001,845</u>	<u>13,213,107</u>	<u>18,918,325</u>
Net Position, end of year	<u>\$ 3,664,965</u>	<u>\$ 2,075,336</u>	<u>\$ 13,447,727</u>	<u>\$ 19,188,028</u>

City and Borough of Sitka, Alaska

Nonmajor Proprietary Funds Statement of Cash Flows Year Ended June 30, 2014

	Airport	Marine Service Center	Gary Paxton Industrial Park	Total Nonmajor Enterprise Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 461,659	\$ 261,005	\$ 747,144	\$ 1,469,808
Payments to suppliers	(215,051)	(61,391)	(226,377)	(502,819)
Payments for interfund services used	(112,208)	(15,439)	(119,763)	(247,410)
Payments to employees	-	-	(92,902)	(92,902)
Net cash flows from operating activities	134,400	184,175	308,102	626,677
Cash flows from noncapital financing activities				
Receipts (repayment) of advances	-	-	(49,782)	(49,782)
Transfers from other funds	-	-	17,806	17,806
Notes receivable issued	-	-	(76,290)	(76,290)
Net cash flows from noncapital financing activities	-	-	(108,266)	(108,266)
Cash flows from capital and related financing activities				
Capital expenditures	(85,835)	-	(234,340)	(320,175)
Interest paid	-	-	(12,943)	(12,943)
Government grants and loans for construction	-	-	38,795	38,795
Net cash flows from capital and related financing activities	(85,835)	-	(208,488)	(294,323)
Cash flows from investing activities				
Interest received (loss)	20,899	35,854	24,580	81,333
Net cash flows from investing activities	20,899	35,854	24,580	81,333
Net increase (decrease) in cash and cash equivalents	69,464	220,029	15,928	305,421
Cash and cash equivalents, beginning	684,329	1,241,216	937,134	2,862,679
Cash and cash equivalents, ending	\$ 753,793	\$ 1,461,245	\$ 953,062	\$ 3,168,100
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ (147,583)	\$ 21,690	\$ (142,483)	\$ (268,376)
Adjustments to reconcile operating income (loss)				
Depreciation and amortization	179,953	143,762	307,264	630,979
Other income	88,276	15,947	166,376	270,599
(Increase)/decrease in assets:				
Accounts receivable (net)	(11,540)	11,995	53,751	54,206
Prepaid expenses	-	-	461	461
Increase/(decrease) in liabilities:				
Accounts payable and accrued liabilities	2,727	(9,219)	68,983	62,491
Unearned revenue	22,567	-	3,750	26,317
Deposits	-	-	(150,000)	(150,000)
Net cash flows from operating activities	\$ 134,400	\$ 184,175	\$ 308,102	\$ 626,677

City and Borough of Sitka, Alaska

Internal Service Funds Statement of Net Position June 30, 2014

Assets and Deferred Outflows	Management Information Systems	Central Garage	Building Maintenance	Total Internal Service Funds
Assets				
<i>Current assets:</i>				
Equity in central treasury	\$ 471,547	\$ 2,328,697	\$ 2,196,021	\$ 4,996,265
Prepaid expenses	1,659	-	-	1,659
<i>Total current assets</i>	<u>473,206</u>	<u>2,328,697</u>	<u>2,196,021</u>	<u>4,997,924</u>
<i>Noncurrent assets:</i>				
<i>Capital assets:</i>				
Property, plant and equipment	1,687,427	7,709,087	32,459	9,428,973
Less accumulated depreciation	(1,187,863)	(4,581,660)	(21,529)	(5,791,052)
Total capital assets, net of accumulated depreciation	499,564	3,127,427	10,930	3,637,921
<i>Total noncurrent assets</i>	<u>499,564</u>	<u>3,127,427</u>	<u>10,930</u>	<u>3,637,921</u>
Total Assets	<u>\$ 972,770</u>	<u>\$ 5,456,124</u>	<u>\$ 2,206,951</u>	<u>\$ 8,635,845</u>
Liabilities and Net Position				
Liabilities:				
<i>Current liabilities:</i>				
Accounts payable and accrued liabilities	\$ 1,808	\$ 18,546	\$ 46,143	\$ 66,497
<i>Total current liabilities</i>	<u>1,808</u>	<u>18,546</u>	<u>46,143</u>	<u>66,497</u>
<i>Noncurrent liabilities:</i>				
Compensated absences	28,315	4,934	23,547	56,796
Advances from other funds	195,253	350,000	-	545,253
<i>Total noncurrent liabilities</i>	<u>223,568</u>	<u>354,934</u>	<u>23,547</u>	<u>602,049</u>
Total liabilities	<u>225,376</u>	<u>373,480</u>	<u>69,690</u>	<u>668,546</u>
Net position:				
Net investment in capital assets	499,564	3,127,427	10,930	3,637,921
Unrestricted	247,830	1,955,217	2,126,331	4,329,378
Total net position	<u>747,394</u>	<u>5,082,644</u>	<u>2,137,261</u>	<u>7,967,299</u>
Total Liabilities and Net Position	<u>\$ 972,770</u>	<u>\$ 5,456,124</u>	<u>\$ 2,206,951</u>	<u>\$ 8,635,845</u>

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

June 30, 2014

	Management Information Systems	Central Garage	Building Maintenance	Total Internal Service Funds
Operating revenues:				
Charges for service	\$ 778,017	\$ 1,492,684	\$ 358,215	\$ 2,628,916
Other operating	-	5,923	-	5,923
Total operating revenue	778,017	1,498,607	358,215	2,634,839
Operating expenses:				
Wages and benefits	386,971	187,714	407,886	982,571
Travel and training	14,613	-	2,404	17,017
Utilities	3,797	26,569	1,862	32,228
Repair and maintenance	134,428	52,258	57,244	243,930
Contracted/purchased services	102,314	389,689	250,643	742,646
Interdepartmental services	106,301	119,963	94,784	321,048
Other	16	512	172	700
Depreciation and amortization	98,039	391,903	2,497	492,439
Total operating expense:	846,479	1,168,608	817,492	2,832,579
Operating income (loss)	(68,462)	329,999	(459,277)	(197,740)
Nonoperating revenues (expenses)				
Investment income (loss)	7,700	63,399	42,233	113,332
Interest expense	(10,413)	(20,000)	-	(30,413)
State PERS relief	31,265	17,196	29,702	78,163
Other	236	36,913	-	37,149
Gain (loss) on disposal of assets	-	15,796	-	15,796
Net nonoperating revenues (expense)	28,788	113,304	71,935	214,027
Income (loss) before contributions and transfers	(39,674)	443,303	(387,342)	16,287
Capital contributions and transfers				
Transfer in	105,000	-	78,091	183,091
Total contributions and transfers	105,000	-	78,091	183,091
Change in net position	65,326	443,303	(309,251)	199,378
Net Position, beginning of year	682,068	4,639,341	2,446,512	7,767,921
Net Position, end of year	\$ 747,394	\$ 5,082,644	\$ 2,137,261	\$ 7,967,299

City and Borough of Sitka, Alaska

Internal Service Funds Statement of Cash Flows Year Ended June 30, 2014

	Management Information Systems	Central Garage	Building Maintenance	Total Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 778,253	\$ 1,535,520	\$ 358,215	\$ 2,671,988
Payments to suppliers	(348,951)	(493,405)	(293,453)	(1,135,809)
Payments for interfund services used	(106,301)	(119,963)	(94,784)	(321,048)
Payments to employees	(348,214)	(171,136)	(373,005)	(892,355)
Net cash flows from operating activities	<u>(25,213)</u>	<u>751,016</u>	<u>(403,027)</u>	<u>322,776</u>
Cash flows from noncapital financing activities				
Receipts (repayment) of advances	(42,747)	(50,000)	-	(92,747)
Transfers from other funds	105,000	-	78,091	183,091
Notes receivable payments	-	-	1	1
Net cash flows from noncapital financing activities	<u>62,253</u>	<u>(50,000)</u>	<u>78,092</u>	<u>90,345</u>
Cash flows from capital and related financing activities				
Capital expenditures	(139,789)	(49,947)	-	(189,736)
Interest paid	(10,413)	(20,000)	-	(30,413)
Net cash flows from capital and related financing activities	<u>(150,202)</u>	<u>(69,947)</u>	<u>-</u>	<u>(220,149)</u>
Cash flows from investing activities				
Interest received (loss)	7,700	63,399	42,233	113,332
Net cash flows from investing activities	<u>7,700</u>	<u>63,399</u>	<u>42,233</u>	<u>113,332</u>
Net increase (decrease) in cash and cash equivalents	<u>(105,462)</u>	<u>694,468</u>	<u>(282,702)</u>	<u>306,304</u>
Cash and Cash Equivalents, beginning of year	<u>577,009</u>	<u>1,634,229</u>	<u>2,478,723</u>	<u>4,689,961</u>
Cash and Cash Equivalents, end of year	<u>\$ 471,547</u>	<u>\$ 2,328,697</u>	<u>\$ 2,196,021</u>	<u>\$ 4,996,265</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ (68,462)	\$ 329,999	\$ (459,277)	\$ (197,740)
Adjustments to reconcile operating income (loss)				
Depreciation and amortization	98,039	391,903	2,497	492,439
Loss on disposition of capital asset	-	15,796	-	15,796
State PERS relief	31,265	17,196	29,702	78,163
Other income	236	36,913		37,149
(Increase)/decrease in assets:				
Prepaid expenses	(1,659)	-	-	(1,659)
Increase/(decrease) in liabilities:				
Accounts payable and accrued liabilities	(92,124)	(40,173)	18,872	(113,425)
Compensated absences	7,492	(618)	5,179	12,053
Net cash flows from operating activities	<u>\$ (25,213)</u>	<u>\$ 751,016</u>	<u>\$ (403,027)</u>	<u>\$ 322,776</u>

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Table 1

CITY AND BOROUGH OF SITKA, ALASKA
 Net Position by Component
 Last ten fiscal years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Invested in capital assets, net of related debt	\$ 43,447,919	\$ 47,513,951	\$ 60,634,380	\$ 69,697,438	\$ 74,535,296	\$ 77,625,556	\$ 84,221,307	\$ 69,758,706	\$ 81,140,841	\$ 86,125,410
Restricted	42,399,886	34,876,513	27,232,833	23,079,443	25,807,768	24,564,026	33,185,178	28,065,049	28,969,693	25,924,835
Unrestricted	24,570,103	27,326,743	24,911,229	24,517,713	20,598,517	25,166,380	31,105,881	31,751,885	28,940,773	37,352,229
Total governmental activities net assets	110,417,908	109,717,207	112,778,442	117,294,594	120,941,581	127,355,962	148,512,366	129,575,640	139,051,307	149,402,474
Business-type activities:										
Invested in capital assets, net of related debt	74,266,170	77,014,024	85,395,684	91,260,956	92,657,290	96,906,077	89,514,065	89,725,575	103,467,052	156,196,702
Restricted	6,314,011	6,346,372	6,875,784	6,929,086	7,280,721	7,047,685	7,917,319	3,495,431	7,359,839	8,992,528
Unrestricted	20,937,251	20,864,296	20,257,056	21,864,845	21,170,279	22,938,329	47,488,067	48,724,671	50,906,747	25,943,451
Total business-type activities net assets	101,517,432	104,224,692	112,528,524	120,054,887	121,108,290	126,892,091	144,919,451	141,945,677	161,733,638	191,132,681
Primary government:										
Invested in capital assets, net of related debt	117,714,089	124,527,975	146,030,064	160,958,394	167,192,586	174,531,633	173,735,372	159,484,281	184,607,893	242,322,112
Restricted	48,713,897	41,222,885	34,108,617	30,008,529	33,088,489	31,611,711	41,102,497	31,560,480	36,329,532	34,917,363
Unrestricted	45,507,354	48,191,039	45,168,285	46,382,558	41,768,796	48,104,709	78,593,948	80,476,556	79,847,520	63,295,680
Total primary government net assets	\$ 211,935,340	\$ 213,941,899	\$ 225,306,966	\$ 237,349,481	\$ 242,049,871	\$ 254,248,053	\$ 293,431,817	\$ 271,521,317	\$ 300,784,945	\$ 340,535,155

Table 2

CITY AND BOROUGH OF SITKA, ALASKA
 Fund Balances of Governmental Funds
 Last ten fiscal years
 (modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Nonspendable	\$ 5,783,434	\$ 5,942,604	\$ 6,588,483	\$ 5,090,933	\$ 3,903,247	\$ 4,288,190	\$ 3,935,798	\$ 225	\$ 49,486	\$ 394,229
Restricted	1,811,285	2,082,931	2,420,946	2,538,050	2,602,648	2,760,462	2,087,478	522,444	520,742	-
Committed	237,753	423,698	355,150	234,876	226,501	229,579	1,205,833	9,987,028	7,904,460	7,762,442
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	2,708,387	1,848,816	1,260,240	240,185	2,004,500	3,229,470	4,332,784	3,075,401	5,843,192	8,234,138
Total General Fund	\$ 10,540,859	\$ 10,298,049	\$ 10,624,819	\$ 8,104,044	\$ 8,736,896	\$ 10,507,701	\$ 11,561,893	\$ 13,585,098	\$ 14,317,880	\$ 16,390,809
All other governmental funds:										
Nonspendable	4,419,393	3,747,246	5,104,011	4,382,568	14,160,361	2,721,071	1,758,633	1,855,781	2,743,313	2,883,234
Restricted	23,569,315	24,058,686	26,696,299	24,195,980	20,814,274	24,561,265	43,700,167	29,036,455	28,343,985	25,924,835
Committed	7,845	7,153	6,607	4,527	4,119	784	312,039	8,933,726	6,727,368	11,544,459
Assigned	24,888,070	17,492,872	6,833,283	8,034,057	6,297,154	13,734,819	2,584,104	3,016,000	2,391,820	2,434,379
Unassigned	-	-	-	-	-	-	(52,986)	(35,725)	(8,870)	(4,686)
Total all other governmental funds	\$ 52,884,623	\$ 45,305,957	\$ 38,640,200	\$ 36,617,132	\$ 41,275,908	\$ 41,017,939	\$ 48,301,957	\$ 42,806,237	\$ 40,197,616	\$ 42,782,221

CITY AND BOROUGH OF SITKA, ALASKA
 Changes in Net Position
 All Fiscal Years Available
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
Administration	\$ 3,959,674	\$ 4,892,060	\$ 1,815,845	\$ 1,890,573	\$ 1,758,063	\$ 1,709,428	\$ 1,762,495	\$ 1,620,189	\$ 1,962,059	\$ 2,258,018
Public safety	5,610,897	6,012,020	6,855,710	6,663,085	6,591,077	6,345,657	6,625,688	6,655,486	6,984,741	7,044,883
Public works	2,673,667	4,593,023	3,211,146	4,414,371	4,523,661	4,692,515	4,479,567	5,101,445	4,955,993	4,112,134
Public services	1,568,399	1,632,004	2,171,601	2,148,526	2,194,283	2,126,670	2,210,011	2,340,805	2,348,593	2,405,686
Support	6,168,184	7,079,752	9,688,383	8,654,152	9,149,431	9,830,856	9,070,397	9,141,153	9,179,685	9,123,989
Interest on long-term debt	1,191,459	1,491,450	1,277,355	1,283,847	1,540,287	1,475,884	1,420,056	1,329,359	1,277,594	1,268,837
Total governmental activities	21,172,280	25,700,309	25,020,040	25,054,554	25,756,802	26,181,010	25,568,214	26,188,437	26,708,665	26,213,547
Business-type activities:										
Electric Utility	10,853,130	10,861,738	11,134,199	11,889,771	12,368,552	11,872,652	15,810,783	12,990,060	10,414,728	10,110,246
Water Utility	*	*	*	*	*	*	*	1,873,635	2,092,017	2,182,462
Waste water treatment	2,455,026	2,733,243	2,971,538	3,038,204	3,252,387	3,354,495	3,679,257	3,495,140	3,553,613	3,793,239
Solid waste disposal	2,627,283	2,659,147	2,760,649	2,889,416	2,938,042	3,114,822	3,077,032	3,131,311	3,262,793	3,464,859
Harbor	1,754,864	1,793,545	2,107,023	2,342,593	2,378,228	2,325,372	2,512,984	2,569,234	2,414,632	3,123,702
Other nonmajor business-type activities	1,581,911	1,532,770	1,761,423	1,888,662	3,298,547	1,400,040	3,156,084	1,624,293	3,153,598	1,404,174
Total business-type activities	19,272,214	19,580,443	20,734,832	22,048,646	24,235,756	22,067,381	28,236,140	25,683,673	22,891,381	24,078,682
Total primary government expenses	40,444,494	45,280,752	45,754,872	47,103,200	49,992,558	48,248,391	53,804,354	51,872,110	49,600,046	50,292,229
Program revenues:										
Governmental activities:										
Charges for services										
Administration	2,261,198	2,041,130	388,373	359,330	836,056	505,174	420,194	713,129	\$ 327,245	\$ 302,118
Public safety	846,837	664,808	766,622	544,296	717,543	745,265	737,414	763,278	729,406	1,343,299
Public works	695,432	838,965	730,674	872,070	838,119	925,240	730,766	855,816	988,231	842,466
Public services	168,372	109,252	143,906	102,327	112,414	108,340	178,638	248,229	200,783	213,219
Operating grants and contributions	1,033,517	2,896,673	4,777,346	6,046,603	4,563,651	5,503,356	4,962,723	6,012,861	5,979,832	6,940,816
Capital grants and contributions	704,205	654,540	1,082,284	4,057,066	3,317,782	3,667,956	2,794,677	856,161	4,767,602	5,043,768
Total governmental activities program revenues	5,709,561	7,205,368	7,889,205	11,981,692	10,385,565	11,455,331	9,824,412	9,449,474	12,993,099	14,685,686
Business-type activities:										
Charges for services:										
Electric Utility	10,987,020	11,413,574	11,627,554	11,996,378	12,823,113	11,947,812	12,973,046	11,611,319	12,077,554	14,375,992
Water Utility	*	*	*	*	*	*	*	1,383,411	1,561,830	1,890,385
Waste water treatment	1,381,996	1,655,272	1,875,149	1,784,369	1,789,429	1,895,122	2,070,832	2,296,085	2,434,969	2,874,795
Solid waste disposal	3,044,535	2,990,550	3,080,503	3,026,943	2,926,079	2,997,497	3,291,086	3,101,682	2,988,758	3,088,777
Harbor	1,137,920	1,409,705	1,635,156	1,683,250	1,698,769	1,598,502	2,003,013	1,529,481	1,912,463	2,696,840
Other nonmajor business-type activities	754,840	1,104,236	1,371,782	1,324,881	1,178,091	958,986	973,501	934,857	1,259,824	1,389,285
Operating grants and contributions	698,084	681,749	-	-	1,660,737	1,201,350	1,490,571	2,322,441	2,411,944	1,157,936
Capital grants and contributions	949,993	2,426,587	6,773,860	6,440,790	1,296,997	5,874,475	24,470,807	5,237,360	18,815,585	24,285,814
Total business-type activities program revenues	18,954,388	21,681,673	26,364,004	26,256,611	23,373,215	26,473,744	47,272,856	28,416,636	43,462,927	51,759,824
Total primary government program revenues	24,663,949	28,887,041	34,253,209	38,238,303	33,758,780	37,929,075	57,097,268	37,866,110	56,456,026	66,445,510
Net revenue (expense):										
Governmental activities	(15,462,719)	(18,494,941)	(17,130,835)	(13,072,862)	(15,371,237)	(14,725,679)	(15,743,802)	(16,738,963)	(13,715,566)	(11,527,861)
Business-type activities	(317,826)	2,101,230	5,629,172	4,207,965	(862,541)	4,406,363	19,036,716	2,732,963	20,571,546	27,681,142
Total primary government net expense	(15,780,545)	(16,393,711)	(11,501,663)	(8,864,897)	(16,233,778)	(10,319,316)	3,292,914	(14,006,000)	6,855,980	16,153,281
General revenues and other changes in net assets:										
Governmental activities:										
Taxes										
Property taxes	4,292,613	4,449,211	4,966,216	5,437,154	5,882,368	5,926,046	6,003,008	6,069,078	6,095,558	6,187,719
Sales and other taxes	8,981,251	9,838,887	10,338,689	10,224,623	9,850,321	8,950,243	9,722,879	9,544,100	9,583,108	10,466,361
Unrestricted grants and contributions	1,409,187	808,221	603,168	1,446,242	1,891,506	427,908	443,682	470,436	480,478	489,792
Investment earnings	2,749,412	1,420,136	4,895,110	577,934	(1,969,320)	3,649,352	4,348,650	2,266,133	2,564,594	3,453,061
Debt principal reimbursement	1,373,617	1,380,000	1,011,500	-	1,193,500	1,252,000	1,252,000	1,252,000	1,252,000	1,252,000
Transfers	(255,968)	(102,216)	679,590	(96,939)	(160,766)	(143,969)	(2,998,672)	(1,316,642)	84,587	14,299
Other	-	-	694,313	-	2,330,615	1,078,480	17,274	-	1,280,350	15,796
Special item - forgiveness of loan receivable	-	-	(900,000)	-	-	-	-	-	-	-
Total governmental activities	18,550,112	17,794,239	22,288,586	17,589,014	19,018,224	21,140,060	18,788,821	18,285,105	21,340,675	21,879,028
Business-type activities:										
Unrestricted grants and contributions	-	-	1,047,332	1,381,806	-	-	-	-	-	1,227,772
Investment earnings	1,133,880	503,815	1,416,362	1,839,653	1,297,612	1,139,012	799,620	1,413,015	469,791	504,428
Transfers	255,968	102,216	(679,590)	96,939	160,766	143,969	2,998,672	1,316,642	(84,587)	(14,299)
Other	-	-	317,992	-	457,566	94,457	(169,100.00)	-	3,672	-
Total business-type activities	1,389,848	606,031	2,102,096	3,318,398	1,915,944	1,377,438	3,629,192	2,729,657	388,876	1,717,901
Total primary government	19,939,960	18,400,270	24,390,682	20,907,412	20,934,168	22,517,498	22,418,013	21,014,762	21,729,551	23,596,929
Change in net assets:										
Governmental activities	3,087,393	(700,702)	5,157,751	4,516,152	3,646,987	6,414,381	3,045,019	1,546,142	7,625,109	10,351,167
Business-type activities	1,072,022	2,707,261	7,731,268	7,526,363	1,053,403	5,783,801	22,665,908	5,462,620	20,960,422	29,399,043
Total primary government	\$ 4,159,415	\$ 2,006,559	\$ 12,889,019	\$ 12,042,515	\$ 4,700,390	\$ 12,198,182	\$ 25,710,927	\$ 7,008,762	\$ 28,585,531	\$ 39,750,210

* Electric and Water Utilities reported as one entity until split apart in FY12

CITY AND BOROUGH OF SITKA, ALASKA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 13,273,864	\$ 14,288,098	\$ 15,304,905	\$ 15,661,777	\$ 15,732,689	\$ 14,876,289	\$ 15,019,382	\$ 15,199,048	\$ 15,543,311	\$ 16,351,095
State sources	2,608,904	2,842,324	3,941,174	6,147,853	7,828,757	6,700,449	5,095,182	5,807,654	9,207,616	9,384,209
Federal sources	1,975,327	1,944,022	2,415,318	2,292,664	3,241,857	4,313,422	2,505,769	2,251,970	2,132,222	2,560,281
Charges for services	1,089,764	1,000,422	1,661,346	1,454,532	1,546,658	1,682,329	1,633,186	1,711,974	1,839,516	2,029,484
Interfund services	1,626,981	1,797,323	1,949,569	2,174,717	2,393,157	2,219,501	2,380,298	2,659,323	2,693,860	3,584,990
Fines and forfeitures	122,527	123,897	118,790	139,114	139,373	122,422	138,697	125,112	103,541	97,102
Investment income	2,623,018	1,434,345	4,793,289	442,652	(1,601,383)	3,507,550	4,624,136	2,166,885	2,262,808	4,630,602
Uses of property	309,796	279,302	343,041	429,154	936,532	600,545	579,670	834,309	788,961	408,565
Licenses and permits	182,580	212,244	188,510	171,572	140,879	131,963	140,371	223,422	177,221	130,901
Other	619,551	905,266	1,591,912	2,837,459	1,042,588	691,865	514,866	645,879	1,023,994	971,084
Total revenues	24,432,312	24,827,243	32,307,854	31,751,494	31,401,107	34,846,335	32,631,557	31,625,576	35,773,050	40,148,313
Expenditures:										
Administration	3,145,604	3,355,184	3,507,680	3,892,275	3,890,049	3,771,014	3,871,834	4,082,610	4,632,192	5,202,321
Public safety	5,429,736	5,740,455	6,472,614	6,410,146	6,329,311	6,412,581	6,427,515	6,402,097	6,552,240	6,688,198
Public works	2,383,051	2,597,964	3,084,784	3,528,597	3,774,964	3,891,905	3,835,904	4,194,363	3,746,518	3,635,207
Public services	1,151,131	1,354,623	1,871,984	1,894,344	1,938,102	1,854,978	1,876,970	2,026,506	1,792,692	1,890,050
Support	6,121,819	6,509,064	8,271,429	7,237,991	7,564,011	7,809,145	7,121,245	6,893,481	6,402,944	7,067,034
Capital outlay	3,341,128	9,897,027	11,854,462	10,380,742	6,244,449	5,807,256	2,845,124	7,710,853	10,112,520	7,086,919
Debt service:										
Principal	1,414,323	1,658,869	1,750,881	1,634,030	1,920,626	1,921,186	1,949,750	2,269,750	2,449,860	2,398,231
Interest and fiscal charges	1,115,986	1,505,826	1,450,987	1,341,498	1,675,888	1,530,218	1,450,183	1,375,318	1,317,335	1,353,487
Total expenditures	24,102,778	32,619,012	38,264,821	36,319,623	33,337,400	32,998,283	29,378,525	34,954,978	37,006,301	35,321,447
Excess (deficit) of revenues over (under) expenditures	329,534	(7,791,769)	(5,956,967)	(4,568,129)	(1,936,293)	1,848,052	3,253,032	(3,329,402)	(1,233,251)	4,826,866
Other financing sources (uses):										
Proceeds from the issuance of long-term debt	8,916,580	300,468	6,775,000	195,000	7,150,000	-	5,690,000	12,755,000	-	-
Premium on bonds issued	-	-	318,030	-	121,482	-	30,239	2,074,582	-	-
Payment to refund bonds	-	-	(7,004,528)	-	-	-	-	(14,829,582)	-	-
Note Receivable forgiven	-	-	(900,000)	-	-	-	-	-	-	-
Transfers in	11,881,997	4,178,276	5,504,284	7,053,257	10,510,579	3,083,574	4,232,927	4,037,358	6,021,580	3,165,070
Transfers out	(12,359,239)	(4,508,451)	(5,074,807)	(7,223,972)	(10,554,140)	(3,418,790)	(4,867,988)	(4,180,470)	(6,184,461)	(3,333,862)
Net other financing sources (uses)	8,439,338	(29,707)	(382,021)	24,285	7,227,921	(335,216)	5,085,178	(143,112)	(162,881)	(168,792)
Net change in fund balances	\$ 8,768,872	\$ (7,821,476)	\$ (6,338,988)	\$ (4,543,844)	\$ 5,291,628	\$ 1,512,836	\$ 8,338,210	\$ (3,472,514)	\$ (1,396,132)	\$ 4,658,074
Debt service as a percentage of noncapital expenditures	12.2%	13.9%	12.1%	11.5%	13.3%	12.7%	12.8%	13.4%	14.0%	13.3%

Table 5

CITY AND BOROUGH OF SITKA, ALASKA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2005	\$ 457,258,520	\$ 196,986,957	\$ 61,092,635	\$ 54,956,760	\$ 660,381,352	0.006	\$ 749,990,740	88.05%
2006	538,635,949	232,044,351	63,348,272	57,195,510	776,833,062	0.006	834,028,572	93.14%
2007	659,696,100	231,822,488	29,459,888	59,000,000	861,978,476	0.006	1,066,134,900	80.85%
2008	710,920,900	232,604,800	52,542,066	60,173,640	935,894,126	0.006	1,166,392,200	80.24%
2009	729,075,200	230,930,000	51,609,680	70,150,000	941,464,880	0.006	1,178,401,100	79.89%
2010	729,201,000	239,476,200	52,244,615	67,347,130	953,574,685	0.006	1,122,803,600	84.93%
2011	671,727,505	305,317,150	77,029,224	69,000,750	985,073,129	0.006	1,152,462,400	85.48%
2012	760,785,518	175,868,354	141,113,024	86,836,658	990,930,238	0.006	1,151,376,900	86.06%
2013	772,425,015	189,487,200	146,333,667	107,179,098	1,001,066,784	0.006	1,162,987,200	86.08%
2014	785,165,365	205,160,659	153,247,454	112,286,978	1,031,286,500	0.006	1,195,055,878	86.30%

Table 6

CITY AND BOROUGH OF SITKA, ALASKA
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Property Tax Mill Levies (per \$1,000 Assessed Valuation)
2005	6.00
2006	6.00
2007	6.00
2008	6.00
2009	6.00
2010	6.00
2011	6.00
2012	6.00
2013	6.00
2014	6.00

Table 7

CITY AND BOROUGH OF SITKA, ALASKA
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Bed Tax	Fuel Flow Tax	Total
2005	\$ 4,292,613	\$ 8,614,969	\$ 358,630	\$ 7,652	\$ 13,273,864
2006	4,449,211	9,471,791	361,925	5,171	14,288,098
2007	4,966,216	9,933,481	405,208	-	15,304,905
2008	5,437,154	9,843,364	381,259	-	15,661,777
2009	5,882,368	9,514,013	336,308	-	15,732,689
2010	5,926,046	8,646,598	303,655	-	14,876,299
2011	6,003,008	8,708,484	307,890	-	15,019,382
2012	6,069,078	8,804,619	325,351	-	15,199,048
2013	6,095,558	9,093,595	354,158	-	15,543,311
2014	6,187,719	9,785,829	377,547	-	16,351,095

There are no overlapping property tax rates.

Table 8

CITY AND BOROUGH OF SITKA, ALASKA
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Silver Bay Seafoods, Inc.	\$ 13,428,543	1	1.30%			
North Pacific Seafoods	9,932,773	2	0.96%	\$ 8,210,758	2	1.21%
Hames Corporation	8,894,083	3	0.86%	6,509,900	5	0.96%
Harbor Enterprises dba Petro Marine Services	8,042,720	4	0.78%	6,978,107	3	1.03%
The North West Company	7,115,400	5	0.69%			
Seafood Producers Co-op	6,454,000	6	0.63%	9,708,744	1	1.44%
Scojo, LLC	5,454,712	7	0.53%			
Halibut Point Marine Services	5,140,100	8	0.50%			
Shee Atika Incorporated	5,130,300	9	0.50%			
ACS	5,374,070	10	0.52%			
True Alaska Bottling				6,526,235	4	0.96%
Lakeside Corporation				5,474,143	6	0.81%
Yoo Jin Lodging dba Westmark				4,687,397	7	0.69%
Spenard Builders Supply				3,107,653	8	0.46%
Sitka Assoc/Admiralty Assoc				2,988,334	9	0.44%
K & R Enterprises				2,857,630	10	0.42%
Totals	\$ 74,966,701		7.27%	\$ 57,048,901		8.42%

Table 9

CITY AND BOROUGH OF SITKA, ALASKA
Property Tax Levies and Collection
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years		Percentage of Levy
		Amount	Percentage of Levy	Years	Amount	
2005	\$ 4,361,674	\$ 4,338,881	99%	\$ 27,457	\$ 4,366,338	100.11%
2006	4,581,061	4,526,905	99%	8,319	4,535,224	99.00%
2007	5,003,463	4,983,438	100%	30,268	5,013,706	100.20%
2008	5,558,821	5,501,591	99%	24,062	5,525,653	99.40%
2009	5,735,000	5,689,030	99%	57,093	5,525,653	96.35%
2010	5,768,331	5,735,962	99%	65,860	5,801,822	100.58%
2011	5,799,400	5,753,039	99%	54,830	5,807,869	100.15%
2012	5,904,617	5,874,918	99%	39,403	5,914,321	100.16%
2013	5,957,735	5,893,452	99%	36,209	5,929,661	99.53%
2014	5,901,738	5,842,721	99%	-	5,842,721	99.00%

Table 10

CITY AND BOROUGH OF SITKA, ALASKA
Sales Tax Receipts by Industry
Last Ten Fiscal Years

Industry	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture, Forestry and Fishing	\$ 34,284	\$ 29,723	\$ 32,745	\$ 33,824	\$ 32,933	\$ 28,445	\$ 23,758	\$ 23,626	\$ 23,634	\$ 20,084
Construction	103,231	116,026	128,486	136,086	109,853	109,913	112,806	130,943	166,960	221,446
Manufacturing	160,720	170,095	243,432	259,072	288,990	264,131	332,598	318,827	346,702	213,104
Transportation & Public Utilities	750,445	808,255	841,748	908,367	923,834	773,276	747,953	681,166	692,582	675,327
Wholesale Trade	67,397	68,657	69,288	63,264	64,048	62,336	68,586	61,743	57,666	53,877
Retail Trade	5,033,791	5,329,649	5,569,676	5,535,101	5,376,039	4,991,535	4,989,084	5,138,245	5,141,931	5,617,392
Finance, Insurance & Real Estate	568,455	616,408	655,800	327,109	325,422	318,426	247,223	252,158	297,556	307,149
Services	1,590,018	1,679,299	1,692,615	1,702,447	1,577,816	1,350,528	1,438,445	1,475,440	1,604,007	1,782,447
Government - Local	472,356	505,448	644,416	659,584	591,821	595,154	543,385	722,471	762,558	895,003
Total Sales Tax Receipts	\$ 8,780,697	\$ 9,323,560	\$ 9,878,206	\$ 9,624,854	\$ 9,290,756	\$ 8,493,744	\$ 8,503,838	\$ 8,804,619	\$ 9,093,596	\$ 9,785,829

Sales tax rate during months of April through September at 6%, remainder of the year at 5%

Gross Sales by Industry
Last Ten Fiscal Years

Industry	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture, Forestry and Fishing	\$ 1,943,416	\$ 1,600,658	\$ 1,805,939	\$ 2,206,402	\$ 2,741,284	\$ 2,205,318	\$ 1,886,260	\$ 5,933,107	\$ 3,676,800	\$ 4,354,707
Construction	68,419,307	80,454,390	78,323,778	70,339,462	77,213,089	71,402,438	86,964,824	86,689,548	91,354,782	157,611,922
Manufacturing	9,398,642	10,587,099	19,758,526	14,273,067	13,094,014	13,350,424	17,266,204	14,436,992	13,495,858	11,721,581
Transportation & Public Utilities	18,956,185	23,538,493	25,068,736	24,950,742	25,952,847	20,330,171	20,799,846	19,040,347	18,653,208	18,475,455
Wholesale Trade	15,604,123	16,307,414	18,070,392	15,942,727	17,115,448	15,518,232	15,832,946	21,443,717	18,266,103	20,051,339
Retail Trade	139,224,329	145,699,042	147,693,913	148,905,621	151,921,138	137,774,562	127,078,920	138,148,838	137,469,327	147,432,458
Finance, Insurance & Real Estate	18,984,834	21,467,153	22,994,647	19,750,880	23,071,451	31,606,652	21,265,902	21,992,145	22,787,879	24,564,111
Services	52,518,006	57,620,609	60,234,579	65,340,133	61,341,788	51,406,551	55,370,501	56,793,564	62,679,023	71,868,610
Government - Local	16,756,196	19,065,131	19,935,050	20,215,251	20,053,571	20,201,990	19,993,792	25,899,020	26,735,836	30,718,246
Total Gross Sales	\$ 341,805,038	\$ 376,339,989	\$ 393,885,560	\$ 381,924,285	\$ 392,504,630	\$ 363,796,338	\$ 366,459,195	\$ 390,377,278	\$ 395,118,816	\$ 486,798,429

Table 11

CITY AND BOROUGH OF SITKA, ALASKA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Special Assessment Bonds	Capital Leases	Revenue Bonds	Notes Payable	Special Assessment Bonds	Capital Leases			
2005	\$ 33,385,000	\$ -	\$ 339,000	\$ 555,244	\$ 38,050,000	\$ 11,845,725	\$ -	\$ 39,440	\$ 84,214,409	28.07%	\$ 9,564
2006	32,005,000	-	177,000	438,875	36,390,000	13,116,392	-	30,878	82,158,145	29.98%	9,183
2007	30,540,000	-	-	316,342	34,570,000	14,055,608	-	21,892	79,503,842	26.76%	9,001
2008	29,035,000	195,000	-	187,312	32,550,000	17,697,039	-	12,457	79,676,808	25.06%	9,198
2009	34,410,000	185,250	-	51,436	30,395,000	20,122,064	-	2,553	85,166,303	22.06%	9,249
2010	32,550,000	175,500	-	-	28,090,000	20,377,078	-	-	81,192,578	25.89%	9,142
2011	36,300,000	165,750	-	-	48,700,000	20,107,401	-	-	105,273,151	37.46%	12,000
2012	32,290,000	156,000	-	-	47,570,000	21,023,413	-	-	101,039,413	35.85%	11,287
2013	31,020,000	146,250	-	-	85,285,000	20,860,822	-	-	137,312,072	47.80%	15,116
2014	28,635,000	202,641	-	-	108,940,000	20,625,388	-	-	158,403,029	54.24%	17,411

Table 12

CITY AND BOROUGH OF SITKA, ALASKA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Actual Value of Property	Per Capita
2005	\$ 33,385,000	\$ 962,384	\$32,422,616	3.62%	\$ 3,624
2006	32,005,000	1,418,514	30,586,486	4.32%	3,463
2007	30,540,000	2,032,412	28,507,588	3.67%	3,298
2008	29,035,000	2,657,143	26,377,857	2.75%	3,062
2009	34,410,000	3,148,838	31,261,162	2.93%	3,624
2010	32,550,000	3,397,347	29,152,653	2.70%	3,283
2011	36,300,000	2,703,304	33,596,696	2.44%	3,830
2012	32,290,000	2,990,924	29,299,076	2.54%	3,273
2013	31,020,000	2,028,544	28,991,456	2.49%	3,191
2014	28,635,000	1,958,072	26,676,928	2.23%	2,932

Table 13

CITY AND BOROUGH OF SITKA, ALASKA
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
As of June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt	\$ -	0%	\$ -
City and Borough of Sitka, Alaska	28,635,000	100%	<u>28,635,000</u>
Total direct and overlapping debt			<u>\$ 28,635,000</u>
Legal Debt Margin			
The City and Borough of Sitka, Alaska has had no legal debt margin requirements for any of the last ten fiscal years.			

Table 14

CITY AND BOROUGH OF SITKA, ALASKA
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Electric and Water Revenue Bonds and Notes		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Total	Coverage
	Electric and Water Revenue	Electric Revenue						
2005	\$ 11,783,569	\$ -	\$ 5,601,682	\$ 6,181,887	\$ 1,770,601	\$ 2,843,819	\$ 4,614,420	1.34
2006	11,927,177	-	5,659,421	6,267,756	1,970,000	2,738,512	4,708,512	1.33
2007	12,670,456	-	5,928,563	6,741,893	2,061,395	2,611,172	4,672,567	1.44
2008	13,443,798	-	6,786,879	6,656,919	2,270,889	2,647,577	4,918,466	1.35
2009	13,900,365	-	7,400,345	6,500,020	2,451,078	2,480,310	4,931,388	1.32
2010	12,717,974	-	6,938,167	5,779,807	2,764,199	2,418,756	5,182,955	1.12
2011	-	13,688,856	7,967,421	5,721,435	2,709,411	1,738,453	4,447,864	1.29
2012	-	13,076,192	7,261,194	5,814,998	1,394,689	2,848,639	4,243,328	1.37
2013	-	13,412,647	7,127,520	6,285,127	1,770,000	2,296,332	4,066,332	1.55
2014	-	15,629,908	7,824,140	7,805,768	1,960,000	5,138,451	7,098,451	1.10

Table 15

CITY AND BOROUGH OF SITKA, ALASKA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal	Per Capita	School Enrollment	Unemployment Rate
		Income (,000s)	Personal Income		
2005	8,947	\$ 279,109	\$ 31,707	1,478	5.5%
2006	8,833	280,896	34,762	1,477	5.4%
2007	8,644	307,053	36,696	1,454	4.5%
2008	8,615	317,200	41,872	1,378	5.8%
2009	8,627	361,230	38,593	1,316	6.5%
2010	8,881	313,624	35,314	1,315	6.6%
2011	8,773	281,034	32,034	1,299	6.6%
2012	8,952	281,872	31,487	1,312	6.2%
2013	9,084	287,263	31,623	1,313	6.2%
2014	9,098	292,019	32,097	1,338	6.2%

Table 16

CITY AND BOROUGH OF SITKA, ALASKA

Principal Employers

Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
S.E.A.R.H.C.	482	1	10.30%	484	1	11.10%
Sitka School District	219	2	4.68%	231	2	5.30%
U.S. Coast Guard	209	3	4.47%	200	3	4.60%
Sitka Community Hospital	176	4	3.76%	115	5	2.60%
City and Borough of Sitka	165	5	3.53%	154	4	3.50%
Mt Edgecombe High School	154	6	3.29%			
Hames Corporation	150	7	3.21%	108	7	2.50%
Sitka Tribe of Alaska	134	8	2.86%			
Pioneer's Home	105	9	2.24%	103	8	2.30%
University of Alaska Southeast	87	10	1.86%			
North Pacific Processors				102	9	2.30%
U.S. Forest Service				108	6	2.50%
Sheldon Jackson				95	10	2.2%
Statistical Section						

Table 17

CITY AND BOROUGH OF SITKA, ALASKA
 Full-Time Equivalent City and Borough Government Employees By Function
 Last Ten Fiscal Years

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	40	42	41	41	41	43	29	29	28	42.0
Public Safety:										
Police	37	37	36	36	36	32	33	33	33	28.0
Fire and Ambulance	10	10	10	10	10	10	10	10	10	9.5
Public Works	12	12	11	11	11	13	25	25	25	19.0
Public Services:										
Library	6	7	7	7	7	7	7	7	7	12.0
Centennial Building	4	4	4	4	4	4	4	4	4	4.0
Electric	25	23	23	23	23	24	25	25	27	27.5
Water	4	4	4	4	4	4	5	5	5	3.0
Waste Water Treatment	6	7	7	7	7	7	6	6	6	8.0
Solid Waste Disposal	1	1	1	2	2	2	2	2	2	1.5
Harbor	8	8	8	8	9	9	9	9	9	9.5
Sawmill Cove Industrial Park	1	1	1	1	-	-	1	1	-	0.5
Totals	<u>154</u>	<u>156</u>	<u>153</u>	<u>154</u>	<u>154</u>	<u>155</u>	<u>156</u>	<u>156</u>	<u>156</u>	<u>164.5</u>

Table 18

CITY AND BOROUGH OF SITKA, ALASKA
Average Number of Electrical Customers
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Harbor</u>	<u>Public Authority</u>	<u>Gary Paxton Industrial Park</u>	<u>Total</u>
2005	3,491	587	753	181	N/A	5,012
2006	3,524	622	727	188	N/A	5,061
2007	3,583	621	723	186	N/A	5,113
2008	3,622	638	749	188	N/A	5,197
2009	3,651	647	771	188	N/A	5,257
2010	3,671	634	772	201	N/A	5,278
2011	3,672	620	769	205		5,282
2012	3,662	653	774	201	16	5,309
2013	3,728	677	760	217	21	5,403
2014	3,598	861	754	277	*	5,490

* For 2014 The breakout for the Gary Paxton Industrial Park is not available - Formerly Sawmill Cove Industrial Park prior to FY 2014

KwH Sold by Class
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Harbor</u>	<u>Public Authority</u>	<u>Gary Paxton Industrial Park</u>	<u>Total</u>
2005	39,713,996	29,612,350	2,638,566	22,177,559	1,702,168	95,844,639
2006	41,623,107	29,981,828	2,583,059	22,346,191	1,871,596	98,405,781
2007	45,057,318	30,940,454	3,137,092	25,152,588	2,203,633	106,491,085
2008	46,400,989	32,008,120	3,686,525	23,711,772	4,189,777	109,997,183
2009	49,925,862	31,421,023	4,221,524	24,550,555	4,747,228	114,866,192
2010	46,775,688	30,932,153	3,446,996	22,554,209	5,030,924	108,739,970
2011	47,901,502	30,486,914	3,619,949	24,636,619	5,150,360	111,795,344
2012	47,583,037	32,012,255	3,214,648	22,778,544	5,460,139	111,048,623
2013	47,628,760	32,043,016	3,217,737	22,800,432	5,465,385	111,155,330
2014	46,273,202	34,799,581	2,980,418	22,909,862	*	106,963,063

Source: City and Borough of Sitka's Finance Department and Electric Utilities Fund

* For 2014 The breakout for the Gary Paxton Industrial Park is not available - Formerly Sawmill Cove Industrial Park prior to FY 2014