

City of Kodiak, Alaska

Comprehensive Annual Financial Report

For the Year Ended June 30, 2013

Prepared by City of Kodiak Finance Department

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		I-XII
Fact Sheet		XIII
Certificate of Achievement for Excellence in Financial Reporting		XIV
Organizational Chart		XV
Map of Area		XVI
Map of City Limits		XVII
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Management's Discussion and Analysis		5-18
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	20
Statement of Activities	A-2	21
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	22
Reconciliation of Governmental Funds		
Balance Sheet to Statement of Net Position	B-2	23
Statement of Revenues, Expenditures and Changes in		
Fund Balances	B-3	24
Reconciliation of Change in Fund Balances of		
Governmental Funds to Statement of Activities	B-4	25
Proprietary Funds:		
Statement of Net Position	C-1	26
Statement of Revenues, Expenses and Changes		
in Net Position	C-2	27
Statement of Cash Flows	C-3	28
Kodiak Fisheries Development Association Agency Fund -		
Statement of Fiduciary Assets and Liabilities	D-1	29
Notes to Basic Financial Statements		30-51
Required Supplementary Information		
General Fund -		
Schedule of Revenues, Expenditures and Changes in Fund		
Balance - Budget and Actual	E-1	54

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-1	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	F-2	57
Nonmajor Enterprise Funds:		
Combining Statement of Net Position	G-1	58
Combining Statement of Revenues, Expenses and Changes in Net Position	G-2	59
Combining Statement of Cash Flows	G-3	60
General Fund:		
Balance Sheet	H-1	62
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	H-2	63-66
Special Revenue Funds:		
Tourism Development:		
Balance Sheet	I-1	68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	I-2	69
Special Assessments:		
Balance Sheet	I-3	70
Statement of Revenues, Expenditures and Changes in Fund Balance	I-4	71
Enhancement Fund:		
Balance Sheet	I-5	72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	I-6	73
Capital Project Funds:		
General:		
Balance Sheet	J-1	76
Statement of Revenues, Expenditures and Changes in Fund Balance	J-2	77

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Capital Project Funds, continued:		
Street Improvements:		
Balance Sheet	J-3	78
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	J-4	79
Public Safety Building:		
Balance Sheet	J-5	80
Statement of Revenues, Expenditures and Changes in Fund Balance	J-6	81
Building:		
Balance Sheet	J-7	82
Statement of Revenues, Expenditures and Changes in Fund Balance	J-8	83
General Fund Vehicle:		
Balance Sheet	J-9	84
Statement of Revenues, Expenditures and Changes in Fund Balance	J-10	85
Enterprise Funds:		
Cargo Pier:		
Statement of Net Position	K-1	88
Statement of Revenues, Expenses and Changes in Net Position	K-2	89-90
Statement of Cash Flows	K-3	91
Boat Harbor:		
Statement of Net Position	K-4	92
Statement of Revenues, Expenses and Changes in Net Position	K-5	93
Statement of Cash Flows	K-6	94

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Enterprise Funds, continued:		
Harbor Electric:		
Statement of Net Position	K-7	95
Statement of Revenues, Expenses and Changes in Net Position	K-8	96
Statement of Cash Flows	K-9	97
Water Utility:		
Statement of Net Position	K-10	98
Statement of Revenues, Expenses and Changes in Net Position	K-11	99
Statement of Cash Flows	K-12	100
Sewer Utility:		
Statement of Net Position	K-13	101
Statement of Revenues, Expenses and Changes in Net Position	K-14	102
Statement of Cash Flows	K-15	103
Trident Basin:		
Statement of Net Position	K-16	104
Statement of Revenues, Expenses and Changes in Net Position	K-17	105
Statement of Cash Flows	K-18	106
Shipyard:		
Statement of Net Position	K-19	107
Statement of Revenues, Expenses and Changes in Net Position	K-20	108
Statement of Cash Flows	K-21	109
E-911 Services:		
Statement of Net Position	K-22	110
Statement of Revenues, Expenses and Changes in Net Position (Deficit)	K-23	111
Statement of Cash Flows	K-24	112

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Insurance Internal Service Fund:		
Statement of Net Position	L-1	114
Statement of Revenues, Expenses and Changes in Net Position	L-2	115
Statement of Cash Flows	L-3	116
 Kodiak Fisheries Development Association Agency Fund - Statement of Changes in Assets and Liabilities	 M-1	 118
 Schedule of State Financial Assistance	 N-1	 120
 Notes to the Schedules of State Financial Assistance		 121
	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
Net Position by Component	1	124
Changes in Net Position	2	125-126
Fund Balances of Governmental Funds	3	127
Changes in Fund Balances of Governmental Funds	4	128
General Governmental Tax Revenues by Source	5	129
Assessed Value and Estimated Actual Value of Taxable Property	6	130
Property Tax Rates - Direct and Overlapping Governments	7	131
Top Ten Sales Tax Business Categories and Principal Property Taxpayers	8	132
Property Tax Levies and Collections	9	133
Ratios of Outstanding Debt by Type	10	134
Direct and Overlapping Debt	11	135
Legal Debt Margin Information	12	136
Pledged-Revenue Coverage	13	137
Demographic and Economic Statistics	14	138
Principal Employers	15	139
Full-time Equivalent City Government Employees by Function	16	140
Operating Indicators by Function	17	141
Capital Asset Statistics by Function	18	142

City of Kodiak, Alaska

Contents

	<u>Page</u>
SINGLE AUDIT SECTION	
Single Audit Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	143-144
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance as Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	145-146
Schedule of Findings and Questioned Costs	147
Summary Schedule of Prior Audit Findings	148
Corrective Action Plan	149



December 18, 2013

To the Honorable Mayor and Members of the City Council,
The Citizens of the City of Kodiak:

We are pleased to present the City of Kodiak's (the City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2013. The report is designed to fairly present the financial position and results of financial operations of the City in all material respects and to demonstrate compliance with applicable finance related legal and contractual provisions. The report adheres to the principle of full disclosure so that readers may gain a maximum understanding of the City's financial affairs. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various City funds. The responsibility for the accuracy, completeness and fairness of the data presented in the report, including all disclosures, rests with the City of Kodiak.

The finance department has prepared this report in accordance with the following standards:

- Generally Accepted Accounting Principles (GAAP) of the United States, which are uniform minimum standards and guidelines for financial accounting and reporting in the United States.
- Governmental accounting and financial report statements, interpretations and technical bulletins issued by the Governmental Accounting Standards Board (GASB).

INDEPENDENT AUDIT

Article V, Section 21 of the City Charter requires an annual audit of the accounting and financial records of the City by independent certified public accountants. This charter section requires the auditor to examine all funds of the City in accordance with generally accepted auditing standards and the standards set forth in the Government Accountability Office's *Government Auditing Standards*. In addition, the auditor must conduct the compliance examinations required by the Single Audit Act Amendments of 1996, the related U.S. Office of Management and Budget's Circular A-133, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. 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 compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of grants.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Kodiak for the fiscal year ended June 30, 2013, are free of material misstatement. The City of Kodiak has selected the licensed certified public accounting firm of BDO USA, LLP to perform these audit services. Their reports are presented in the Financial Statements Section and the Single Audit Section of this report. BDO USA, LLP has issued an unqualified ("clean") opinion on the City of Kodiak's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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 (MDA). This letter of transmittal is designed to compliment the MDA and should be read in conjunction with it. The City of Kodiak's MDA can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

Kodiak Island is the largest island in Alaska and the second largest in the United States. It is part of the Kodiak Island Archipelago, a group of islands that stretch roughly 177 miles along the Katmai Coast of the Alaska Peninsula in the Gulf of Alaska, about 250 miles southwest of Anchorage. The sixteen major and countless smaller islands that make up the group encompass over 5,000 square miles, roughly the size of Connecticut. In 2011 the estimated population of the Kodiak Region was 13,860 with a population of 6,626 in the City of Kodiak.

Its location in the Gulf of Alaska and North Pacific Ocean places Kodiak near some of the richest fishing grounds in the world. Kodiak is consistently one of the top three commercial fishing ports in the United States in terms of the value and volume of seafood landed. More than one-third of the jobs in Kodiak are directly involved in the fishing industry, in either the harvesting or processing sectors.

The City of Kodiak is located on the northeast tip of Kodiak Island, 50 minutes by air from Anchorage. The city is the economic, transportation and governmental hub of the region. It is located within the Kodiak Island Borough, which encompasses the entire island group, as well as a portion of the Katmai Coast on the Alaska Peninsula.

The Alaska Marine Highway System connects the City of Kodiak with Port Lions and communities on the Alaska Mainland as well with communities along the Alaska Peninsula and the Aleutian Chain.

The City of Kodiak was incorporated in December 1940, and adopted a Home Rule Charter on March 16, 1964. The City operates under a Council-Manager form of government with six Council Members and a Mayor. Council Members and the Mayor are elected at-large for terms of three years and two years, respectively.

The Council appoints the City Manager who is responsible for appointing and supervising the various department heads and other employees (except those appointed by the Council) and preparing and administering the annual budget and the capital improvement program. Under the City Manager's general direction are eight functional areas (departments), each of which is supervised by a department head. These areas are: port and harbors, engineering, finance, fire and EMS, library, parks and recreation, police and jail, and public works. An administrative support function and certain non-departmental activities are provided by the Manager's office.

The City services provided by these departments includes police and fire protection, jail services, animal control, regional dispatch services (including E-911), ambulance services, boat harbors and port/cargo facilities, street maintenance, airport facilities, water and sewer services, building inspection services, recreation programs, park operations and maintenance, including museum and cemetery operations, and library services. The City also supplies water and accepts discharge to the wastewater treatment facility from the Kodiak Island Borough's Service District #1 located outside the City, local Honey Wagon collections outside of the City, and the United States Coast Guard (USCG).

The City Council also appoints the City Clerk, the City Attorney, and the members of various advisory boards.

BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

The annual budget serves as the foundation of the City of Kodiak's financial planning and control. The City Charter, Article V, requires the City Manager to submit a balanced budget to the City Council at least three weeks before the beginning of the fiscal year. The annual budget process begins in January with the establishment of budget guidelines by the City Council and the City Manager. These guidelines encompass the delivery and scope of services; staffing levels of permanent personnel, increases in rates if any, and the use of fund balance. Each department head reviews their respective department's goals, objectives, performance indicators, assigned permanent personnel and funding levels and recommends any changes to the Finance Director and the City Manager for review prior to inclusion in the City's general operating and capital improvement budgets. The City Manager then submits the budget to the City Council for consideration in early May.

The Council reviews the budget with the City Manager and changes to anticipated revenues and planned expenditures are incorporated into the budget ordinance, which is introduced for the first reading at a May Council meeting. The Council holds a public hearing on the proposed budget at least one week after a notice of the time of the hearing has been published. The budget is formally adopted after the public hearing by the City Council in June. The adoption of the budget by the City Council puts the budget into effect for the budget year July 1 through June 30. Throughout the year, it is customary for the City Council to review and approve supplemental budget amendments presented by the City Manager.

As a management tool, budgetary control is maintained in all funds at the departmental level and by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Upon the written request of a department head, the Finance Director and City Manager may transfer budgetary appropriations between or among budget line items within any department, program, or project, so long as the transfer does not increase the total appropriation for the department, program, or project. However, no transfer can be made for the purpose of adding permanent personnel or granting unscheduled salary increases, unless approved by the City Council. Likewise, anticipated revenues within a fund may be adjusted so long as there is not an increase or decrease of the total revenues of that fund. An ordinance of the City Council is required to move appropriated amounts between funds, departments, and projects, to add new appropriations, or increase the number of permanent personnel budgeted.

The City Manager is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse. Internal controls are intended to provide reasonable, but not absolute assurance that these objectives are met. In addition, the Finance Department provides controls through policies and procedures that create multiple checks and balances.

Budget-to-actual comparisons are provided in this report for various funds for which an appropriated annual budget has been adopted.

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 of Kodiak operates. The City of Kodiak has adopted maintenance budgets over the past few years sustaining the same level of service as provided in previous years without an increase in taxes. The City levies a 7% sales tax on all sales, services and rentals made within City limits. The maximum taxable sale is \$750 per transaction. The City first increased the rate from 3% to 5% in October 1979. The tax was then increased to a rate of 6%, effective July, 1993 and then recently increased to 7% effective October 1, 2012 and has remained at that rate. Sales tax continues to generate the City's largest portion of General Fund revenues. In fiscal year 2013 sales tax revenue was the largest source of General Fund revenues. Sales tax revenue has the greatest impact on the General Fund expenditures

and has shown a steady increase each fiscal year. The City maintains the mill rate for the General Fund at 2.00 mill levy on property and is collected by the Kodiak Island Borough. The revenue generated by property tax is significantly lower than sales tax and does not have as large of an impact. The City has been able to maintain a stable workforce and has been able to keep all departmental expenditures within or lower than budgeted totals. The City's economy has experienced consistent, gradual growth and local indicators point to continued growth and stability.

LOCAL ECONOMY

The economic condition of Kodiak remains relatively stable. The main industries of the region are commercial fishing and tourism. While some segments of the commercial fishing industry have declined in recent years, others have grown. Tourism continues to grow in Kodiak with an increased number of visitors each year.

The Kodiak Chamber of Commerce, with funding assistance from the City of Kodiak and the Kodiak Island Borough, produces a Kodiak Community Profile and Economic Indicators report that it distributes to the public. The information below is from this report, as well as from information collected by the City.

SEAFOOD INDUSTRY

Commercial fishing is by far the largest private sector industry in Kodiak. In addition to being quite diverse, Kodiak's fishing industry is also one of its oldest, dating back to the early 1800s when Russians built the first salmon cannery on Kodiak Island. Kodiak is consistently one of the top three fishing ports in the United States. Kodiak is the center of fishing activities for the Gulf of Alaska. Its fishery is among the most diverse in the state. Residents participate in at least 27 different fisheries not including the numerous ground fish fisheries. Salmon has traditionally been the mainstay of Kodiak's fisheries. Because of the cyclic nature of the salmon fisheries, the annual volume and value of Kodiak's salmon catch varies greatly. Increased competition in world markets has also driven prices down. However, in the last few years, prices have been rebounding. During recent years, the ground fish fishery has become increasingly important to Kodiak's economy.

In addition to the fish harvesting and processing sectors, there are also several government and educational institutions that conduct fisheries-related research in Kodiak. The State of Alaska Department of Fish and Game, the National Marine Fisheries Service Utilization and Research Division, along with the University of Alaska's Fisheries Industrial Technology Center, provide lab services, quality and handling studies, product development assistance and other research efforts.

VISTOR INDUSTRY

Tourism, like many other Kodiak industries, is based on our natural resources. Tourists come to Kodiak to view the scenic beauty, hike, camp, visit historical and cultural sites, view and photograph wildlife, and hunt and fish. The visitor industry continues to grow in Kodiak.

As is true elsewhere in Alaska, Kodiak's visitor industry is seasonal with approximately 76% of all visitors arriving during the summer months. The total number of annual visitors to the Kodiak region is approximately 30,000, more than double the population of the entire Kodiak Island Borough.

Kodiak's share of the Southwest Alaska visitor market is approximately 31%. According to the Alaska Visitor Statistics Program, visitors to Kodiak and other Southwest Alaska destinations tend to stay longer than the average visitor to the state, and are significantly more likely to be repeat visitors. Additionally these visitors typically spend more than twice as much as the average visitor to other regions in Alaska. In recent years, the cruise ship industry has stopped at Kodiak with ships of up to 1,300 passengers embarking on the island to visit. The number of cruise ships arriving at Kodiak can vary greatly from year to year and impacts the revenues generated from tourism.

AEROSPACE INDUSTRY

The mission of the Alaska Aerospace Development Corporation (AADC) includes establishing and operating, in Alaska, a launch facility promoting aerospace-related economic growth and developing corresponding technologies and support services. The Kodiak Launch Complex (KLC) is the nation's first launch facility not located on federal property and is positioned to meet the challenges and define Alaska's future role in a highly competitive launch industry.

The KLC celebrated its first mission November 1998. The second successful launch from KLC lifted off September 1999. The state of the art facility includes a launch control center, payload processing facility, spacecraft assembly building and launch pad. It is designed to handle small to medium sized rockets used to launch low-earth orbit satellites, as well as military, scientific and research missions.

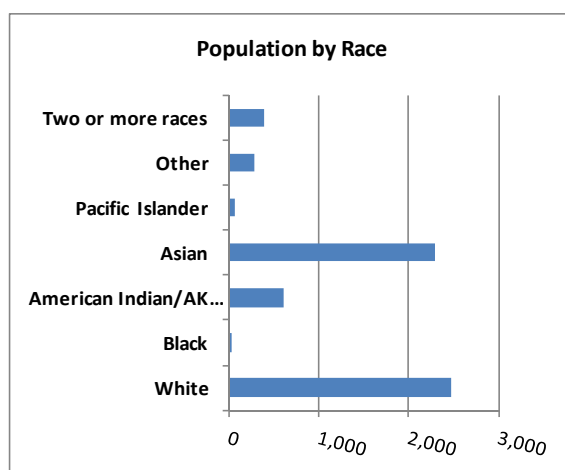
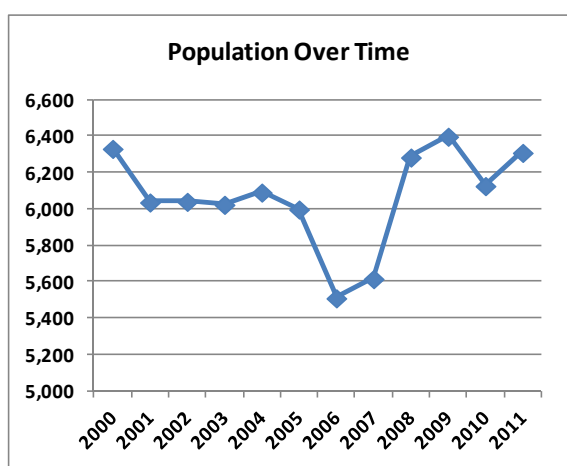
According to the independent research and consulting firms Information Insights, Inc. and Van Wyhe Rogers, LLC, in 2005 AADC spending generates approximately \$24 million impact on the Kodiak economy - \$21.2 million from purchases and hospitality, and \$3.2 million in payroll. AADC has spent \$6.7 million in the direct purchase of goods and services in the Kodiak Island Borough, which was distributed among 82 businesses. AADC and its launch customers also spend an estimated \$1.9 million on travel and contract workers on site, and its spending creates an additional 72 jobs in the Kodiak economy.

POPULATION

The City of Kodiak is the eighth largest city in Alaska, in terms of population. It ranks behind Anchorage, Fairbanks, Juneau, Sitka, Ketchikan, Kenai, and Wasilla in that order. The estimated population for 2011 was 6,130, a slight gain since the 2000 census. About 68% of the resident population over sixteen years old worked in 2010. Manufacturing was the main industry in 2010, employing 36% of the area's workers. More workers were employed as Meat, Poultry, and Fish Cutters and Trimmers than any other occupation.

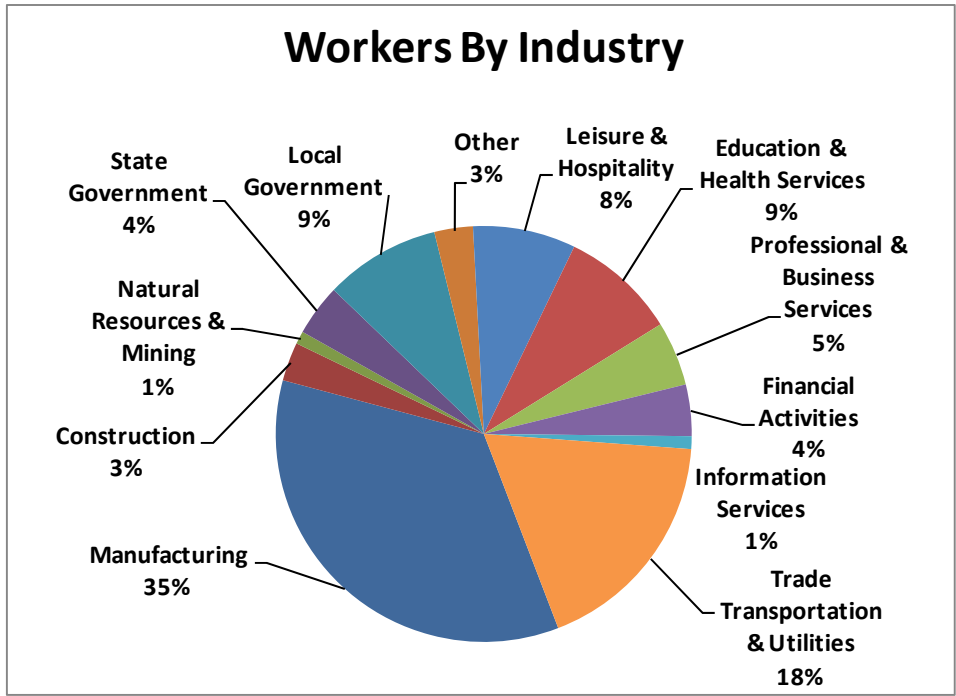
The median age in Kodiak is 35.1 years. Approximately 32.4% of the population is under 18 years of age, about 1% higher than Alaska overall. 53% of the population is male and 47% female. Approximately 18.7% of the adults, age 25 and older, hold at least a bachelor's degree, and 85.3% are estimated to have at least a high school diploma.

City of Kodiak Population



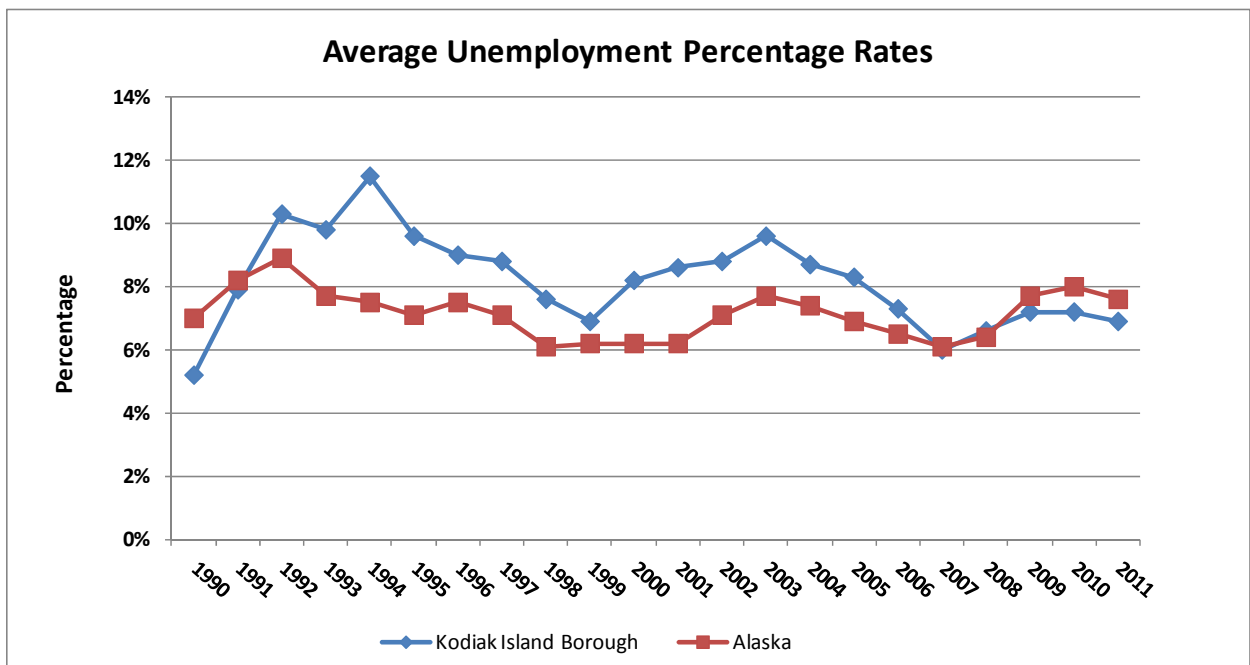
LABOR FORCE

In 2011, the state estimated the Kodiak region’s average monthly employment to be 6,537 excluding fish harvesting and Coast Guard. This figure more accurately depicts the number of full and part-time jobs as opposed to the number of actual workers.



Kodiak’s employment varies throughout the year due to the seasonal nature of the fishing industry.

Employment usually peaks during the months of July, August, and September when fish harvesting is the busiest, and declines in November and December as yearly fishing quotas are reached. For this reason, Kodiak is characterized by large swings in its monthly unemployment rate throughout the year, from as low as 5.4% to as high as 11.3%. The average annual unemployment rate for Kodiak in fiscal year 2011 was 6.9%.



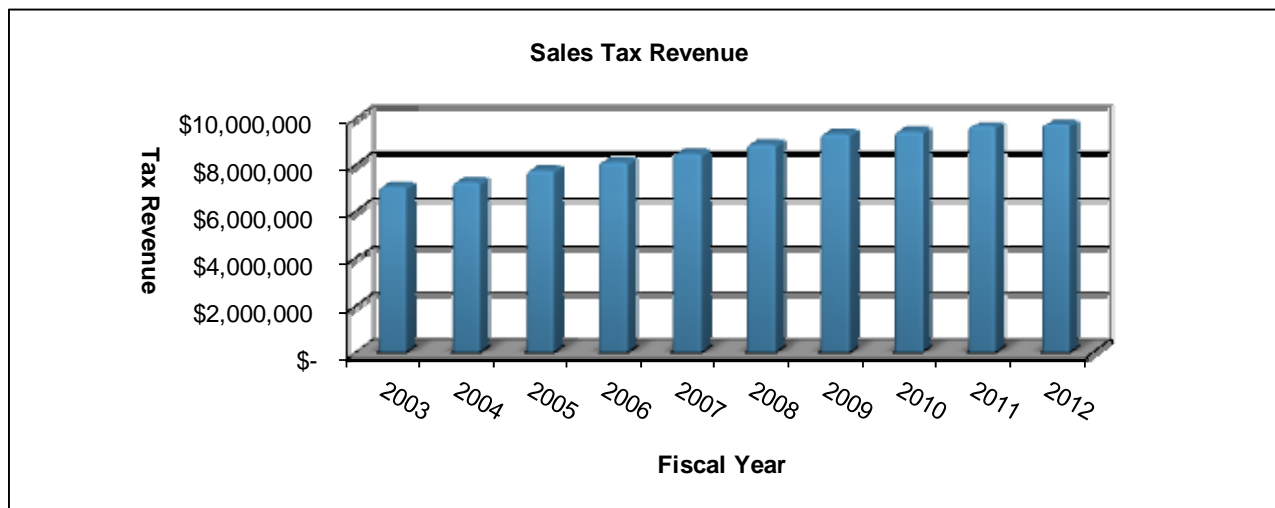
INCOME

The Alaska Department of Labor reported the annual average monthly wage for workers in the Kodiak Island Borough was \$3,331. Total payroll in 2010 went to \$243.9 million with a 20% increase. In 2010 Kodiak's average annual average wage was \$39,972.

RETAIL SALES

Total retail sales within the city have increased more than 79% since 1994. There is a close correlation between retail sales and the strength of local fisheries. In 1995, after a record breaking salmon season, retail sales climbed 9%. In the second half of 1996, when the salmon harvest dropped and fish prices fell, retail sales went down approximately 10% to 12%. Retail sales have increased significantly since the opening of a local Wal-Mart store in the spring of 1999.

Sales Tax has increased from \$7.1 million in 2003 to \$11.2 million in 2013. Sales Tax increases on an average of 4% per year depending on the economy and the level of activity within the City of Kodiak. The City's sales tax rate is 7% with a maximum sales tax of \$52.50 per transaction. This translates to taxing the first \$750 of a sale and exempting any amount over \$750 in any one transaction. The City also exempts its citizens over the age of 65 from sales tax.



Based on current projections, the City of Kodiak will continue to grow and prosper. This growth will positively impact the City. The City will also have to grow to provide the same level of services to its residents.

What Kodiak has to offer to its residents in terms of location, services, growth, and stability is also recognized by others outside of Alaska. Kodiak received national recognition for its livability this year by Outdoor Life magazine which sums up what residents of Kodiak already know.

LONG-TERM FINANCIAL PLANNING

1. Essential government services are to be provided at a level equal to or better than the level previously provided. Forecast and plan for revenues and expenses to create a government that is more efficient, less costly and more accountable to ensure a financially sustainable city for future generations.
2. All services are to be constantly examined to ensure that they are provided in an efficient and effective manner and that unnecessary program costs are eliminated.

3. Authorized capital projects are to be completed as soon as possible, consistent with sound engineering design and approved project cost estimates. Maintain a five year Capital Improvement Plan to ensure resources are planned for and available when needed.
4. As a means to ensure that policies of the City Council are observed, and to improve the City's overall management process, a management by objective program has been initiated. Under this program, each City Department Head is required to identify several performance objectives consistent with department goals and to maintain performance indicators, which measure progress toward the achievement of stated objectives. All goals and objectives are reviewed by the City Manager and the Department Heads and then reviewed with the City Council as part of the annual budget process (see each department summary in the budget for goal and objective statements).
5. Each department's progress in achieving their objectives is reviewed and monitored throughout the budget year.
6. All expenses will be reviewed for cost saving measures. All services will be reviewed for efficiency, purpose and need.
7. Ensure structural balance in all areas of City Operations.
 - Develop expenditure habits based on estimated revenues.
 - Minimize disruption to community services.
 - Minimize the disruption of workforce.
 - Create long-term financial and programmatic stability.
 - Focus on impacts of budget decisions and use of fund balances to maintain program levels.
 - A priority on employee safety to reduce expenses related to accidents.
 - Review department and capital projects budgets for corrections on a quarterly basis.
 - Maintain the economy, environment, and the community to create a balance and sustainable atmosphere for the City of Kodiak.

MAJOR INITIATIVES

1. The Mill Rate of 2.0 remained the same in fiscal year 2013.
2. The Sales Tax Cap remained at \$750.00.
3. The Hotel & Motel tax rate of 5% remained the same.
4. The fiscal year 2013 budget had no reductions of services, and all services were maintained at consistent levels.
5. Completed work on the Maple Street and Aleutian Homes Phase II Repairs with a project budget of \$4,160,200 - total expensed \$3,786,249.
6. Completed work on the Spill Prevention Control and Counter Measures (SPCC) with a budget of \$216,000 - total expensed \$211,117.
7. Completed work on the Baranof Museum Retaining Wall with a project budget of \$293,000 - total expenses \$273,228.

FUTURE PROJECTS

1. Planning, Permitting and Design Costs for Pier III Replacement:
Funding Request: \$2,500,000

Pier III is one of the City of Kodiak's main cargo piers and its only facility for handling containerized cargo. Pier III is a critical piece of infrastructure to sustain the local economy

and enable future development in Kodiak. The current pile-supported structure will reach the end of its design life within the next 4-5 years. The existing pier experiences corrosion, wear, and limited capacity, and requires extensive maintenance to keep it operational. Replacement costs are currently estimated to be between \$25-30 million, depending on the type of dock structure selected. This year the City must select the optimal dock alignment and complete geotechnical work and a wave motion study to determine the appropriate structure type (sheet pile bulkhead or pile supported). Once complete, these steps will help further refine preliminary costs estimates and design and permitting work can begin. The City needs to complete final design in 2013. The project will be funded through a combination of local Port and Harbor revenues, tenant fees, General Fund revenues, and State and Federal grants. The City of Kodiak requested \$2,500,000 in funding support to assist with completion of planning, permitting, and design costs for this critical piece of infrastructure. The City actually received \$33,100,000 in legislative grant funding for this project.

2. Phase III - Pedestrian Improvements Pier II to Downtown:
Funding Request: \$5,000,000

The City identified the need for pedestrian improvements from Pier II to downtown Kodiak to accommodate the increasing number of cruise ship passengers arriving annually and to improve facilities for local residents and businesses that use the street and pier year round. The project was started in 2009, and Phase II of this project, construction of an ADA accessible sidewalk, improved lighting and parking, and utility relocates is scheduled to be completed in 2012. The City is now planning Phase III of the project, which will carry pedestrian improvements further along Shelikof Street from Jack Hinkle Way to Marine Way by rehabilitating the sidewalk and associated tasks such as ROW acquisition and mapping, geotechnical investigation, improved lighting, utility relocates, landscaping, benches, signage, a walkway along the harbor side of the street, and additional off-street parking to direct pedestrian traffic out of this congested roadway. The City of Kodiak requested State funding assistance for planning, permitting, design, and construction through the cruise ship excise tax for \$5,000,000 to complete Phase III of the project.

3. Phase II Baranof Park Improvements:
Funding Request: \$1,750,000

Baranof Park is a regional recreational facility that serves not only City residents, but the entire region. The Park serves as an important educational facility for both the Kodiak Middle School and the Kodiak High School, neither of which has outdoor educational facilities. This total project requires the replacement of the aging track, replacement of two playing fields, necessary drainage improvements, fencing, and some utility improvements, with an estimated total cost of \$7 million. At least half of the needs for this project are due to Kodiak Island Borough School District use of the facility. The City has completed 95% engineering plans and bid specifications for this project. Phase I, which includes removal and replacement of the deteriorating synthetic surface track and turf infield area used for football, soccer, physical education classes, and other sports, and replacement with a new synthetic track and synthetic surface infield better suited to multi-purpose use is expected to be completed during 2012. Phase II includes the installation of synthetic surface D zones and the adjacent baseball infield and is estimated to cost up to \$2 million. The project will be funded with City of Kodiak funds and grants, but the city requires funding assistance to complete this phase of the project. The community requested funding support for \$1,750,000 to assist with constructing Phase II of this important community and school district facility. The City actually received \$3,600,000 in legislative grant funding for this project.

4. Fire Apparatus Replacement:
Funding Request: \$400,000

The City of Kodiak must replace its aging Fire Engine 3, a 1986 E-One Cyclone Pumper that was purchased in 1986. Engine 3 has exceeded its recommended replacement schedule of 20 years by more than 5 years, and is showing problems in multiple areas, including the fire pump, chassis, cab and motor. Due to its condition and recurring maintenance needs, it must often be taken out of service. The three-sided cab is no longer a recommended configuration due to the increased rollover safety standards, and Fire Department personnel cannot ride in the two back positions. When operational, Engine 3 is used as a “third out” response vehicle and may move up in a response category if the first and/or second response vehicles are out of service. The City of Kodiak needs this third engine response capability within the City limits and in response to local Mutual Aid agreements. The estimated cost to replace this engine is \$450,000, an amount that exceeds the City’s resources. The City of Kodiak is requesting state funding assistance in the amount of \$400,000, with the remainder of the funds coming from local appropriations.

FINANCIAL POLICIES

Formal financial policies, as well as informal operating practices, have helped the City maintain core services and minimize the impact to citizens and employees wherever possible. Formal policies exist on areas such as balanced budgets, revenue diversification, use of one-time and unpredictable revenues, operating expenditures, and reserves.

Revenue Administration

The City’s main source of revenue for operating expenditures is sales tax, which makes up 62% of total revenues of the General Fund. In addition, the City carefully reviews all fees, fines, and charges for services on a regular basis to ensure they are covering cost projections. One-time and unpredictable revenues are spent on one-time costs, such as equipment replacement, or transferred to capital improvement funds for repair and rehabilitation projects.

Expenditure Administration

Expenditure budgets are carefully reviewed by both the implementing departments and the City Manager. Careful attention is paid to ensure departments are meeting projected City Council budget goals for the fiscal year. There were no increases in the number of full-time employees in fiscal year 2011 with the exception of four additional staff added to the jail in the newly constructed Police Station. This increase was off-set by additional funds from the Department of Justice. There were no changes in operational needs.

Reserves

The City’s policy for reserves states that use of fund balance will be for working capital, budgetary stabilization and responding to extreme events. At a minimum, the General Fund will not have an unassigned fund balance that falls below two months of regular General Fund operating expenditures. The replenishment of fund balance will come from non-recurring revenues, budget surpluses, and excess resources in other funds when legally permissible and when there is defensible rationale. There is significant pressure to spend reserves to meet capital repair, replacement, and expansion needs. In addition, the City’s reserve levels are at risk due to: significant health care costs, enterprise fund critical needs, unforeseen emergencies and natural disasters, potential sustained reduction in visitors and other similar risks. Any of these risks can have a significant adverse impact on the City’s financial condition, enhancing the need for a healthy level of unassigned reserves.

Pension and Other Post-Employment Benefits

The City provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The system consists of four defined benefit (DB) Tiers, and one defined contribution (DC) Tier. This City has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the plans. The City has always paid its annual required contribution rates on time. The City anticipates near-term annual contribution rates to be capped at 22% of covered payroll for both DB and DC plans, based on legislative action agreeing to State of Alaska coverage of costs exceeding 22%. The transition from a single-agent, multiple-employer plan, to a cost-sharing plan as of July 1, 2008, provides a single rate for all participating PERS employers, eliminating the previous methodology of assessing each employer its own rate. The City now shares in the pooled liability of the PERS plan. The legislature's cap on local government contribution rates brings stability to Kodiak's retirement rates, mitigating the recent trend of significant annual rate increases, although it is important to note that a future State legislature can eliminate the contributions.

Fiduciary Funds

The City of Kodiak has a Kodiak Fisheries Development Association fiduciary fund to account for resources received and held by the City of Kodiak in a fiduciary capacity. This fund is used to account for resources held for the Kodiak Fisheries Development Association. The Kodiak Fisheries Development Association holds certain Bering Sea crab processing quota shares issued under the Bering Sea Crab rationalization program implemented by Federal regulations at 50 CFR 680. The Association enters into lease agreements for individual processing quotas to crab processors for use at processing plants on shore within the boundaries of the Kodiak Island Borough.

The government-wide statements exclude the Kodiak Fisheries Development fund.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kodiak for its comprehensive annual financial report for the fiscal year ending June 30, 2012. This was the tenth consecutive year that the City achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Kodiak also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ending June 30, 2013. In order to qualify for the Distinguished Budget Presentation Award, the budget document must be judged to be proficient in specified categories, including its use as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all the members of the finance department who assisted in the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Kodiak's finances.

Respectfully Submitted,



City Manager
Aimée Kniaziowski



Finance Director
Mary C. Munk

City of Kodiak

Fact Sheet

FORM OF GOVERNMENT

- Home Rule City with Council-Manager form of government
- City residents elect a Mayor and Six Council members to serve at-large
- City Council meets on the second and fourth Thursday of each month at 7:30 p.m. in the Borough Assembly Chambers, 710 Mill Bay Road. The public is invited to attend.
- City Web Site - <http://www.city.kodiak.ak.us>

CITY DEPARTMENTS

NAME	DEPARTMENT	E-Mail	PHONE
Aimee Kniaziowski	City Manager	akniaziowski@city.kodiak.ak.us	907-486-8640
Katie Baxter	Library	kbaxter@city.kodiak.ak.us	907-486-8686
Charlie Powers	Parks & Recreation	cpowers@city.kodiak.ak.us	907-486-8665
Vacant	Police		907-486-8000
Rome Kamai	Fire	rkamai@city.kodiak.ak.us	907-486-8040
Mark Kozak	Public Works	mkozak@city.kodiak.ak.us	907-486-8060
Debra Marlar	City Clerk	dmarlar@city.kodiak.ak.us	907-486-8636
Glenn Melvin	Engineering	gmelvin@city.kodiak.ak.us	907-486-8065
Mary Munk	Finance	mmunk@city.kodiak.ak.us	907-486-8659
Marty Owen	Boat Harbor	mowen@city.kodiak.ak.us	907-486-8080

ELECTED OFFICIALS

NAME	OFFICE	E-Mail	PHONE
Pat Branson	Mayor	council@city.kodiak.ak.us	907-486-3641
Randall Bishop	Council Member	council@city.kodiak.ak.us	907-486-3364
Charles Davidson	Council Member	council@city.kodiak.ak.us	907-486-3896
Terry Haines	Council Member	council@city.kodiak.ak.us	907-942-0365
Gabriel Saravia	Council Member	council@city.kodiak.ak.us	907-486-5076
John Whiddon	Council Member	council@city.kodiak.ak.us	907-486-8130
Richard Walker	Council Member	council@city.kodiak.ak.us	907-481-3775

ADVISORY BOARDS

Building Code Board of Appeals (as needed)

Parks & Recreation Advisory Board

Personnel Board (as needed)

Port & Harbor Advisory Board

Employee Advisory Board (Board members are elected by City employees)

Kodiak Public Library Association (an independent organization supporting the Library)



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

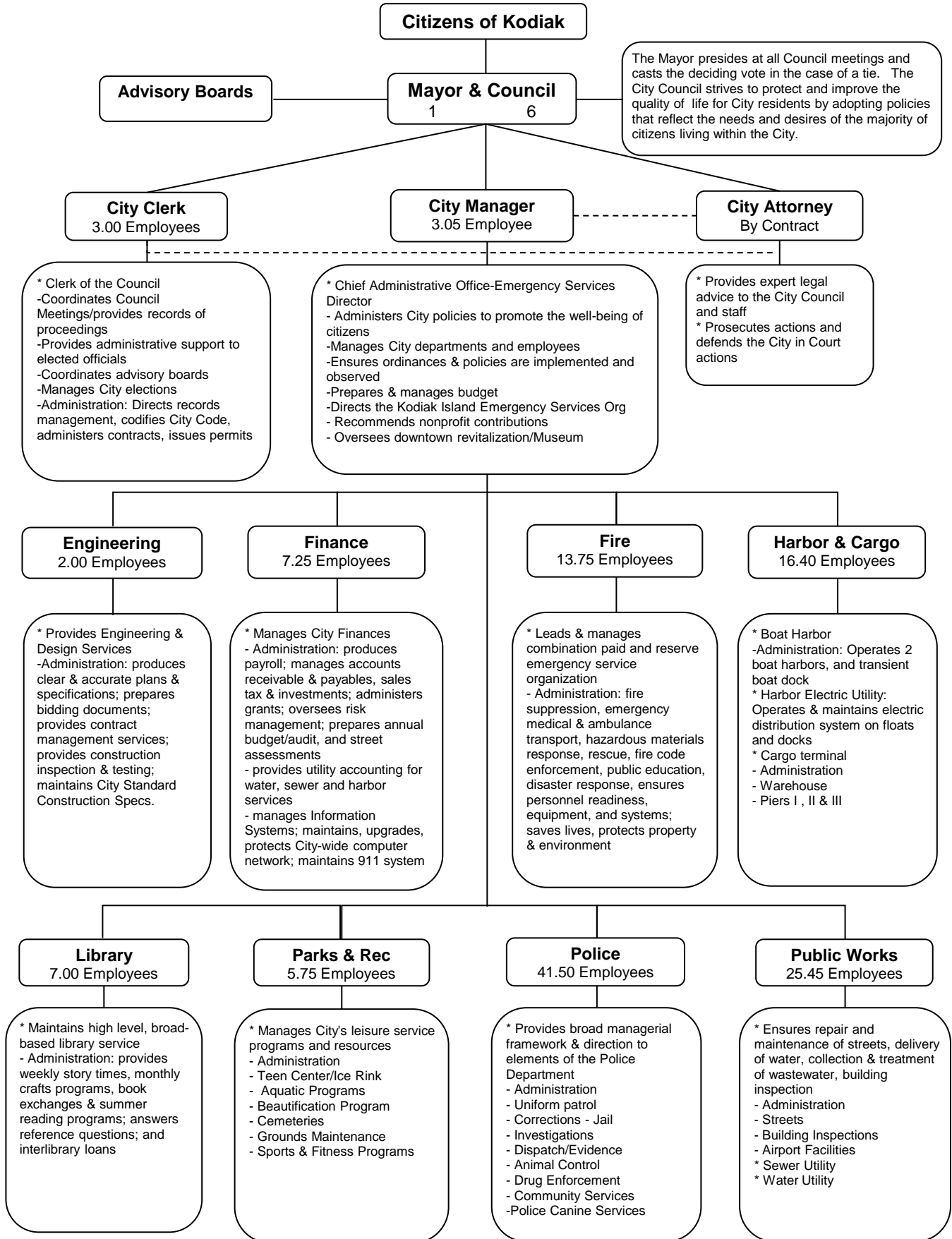
**City of Kodiak
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

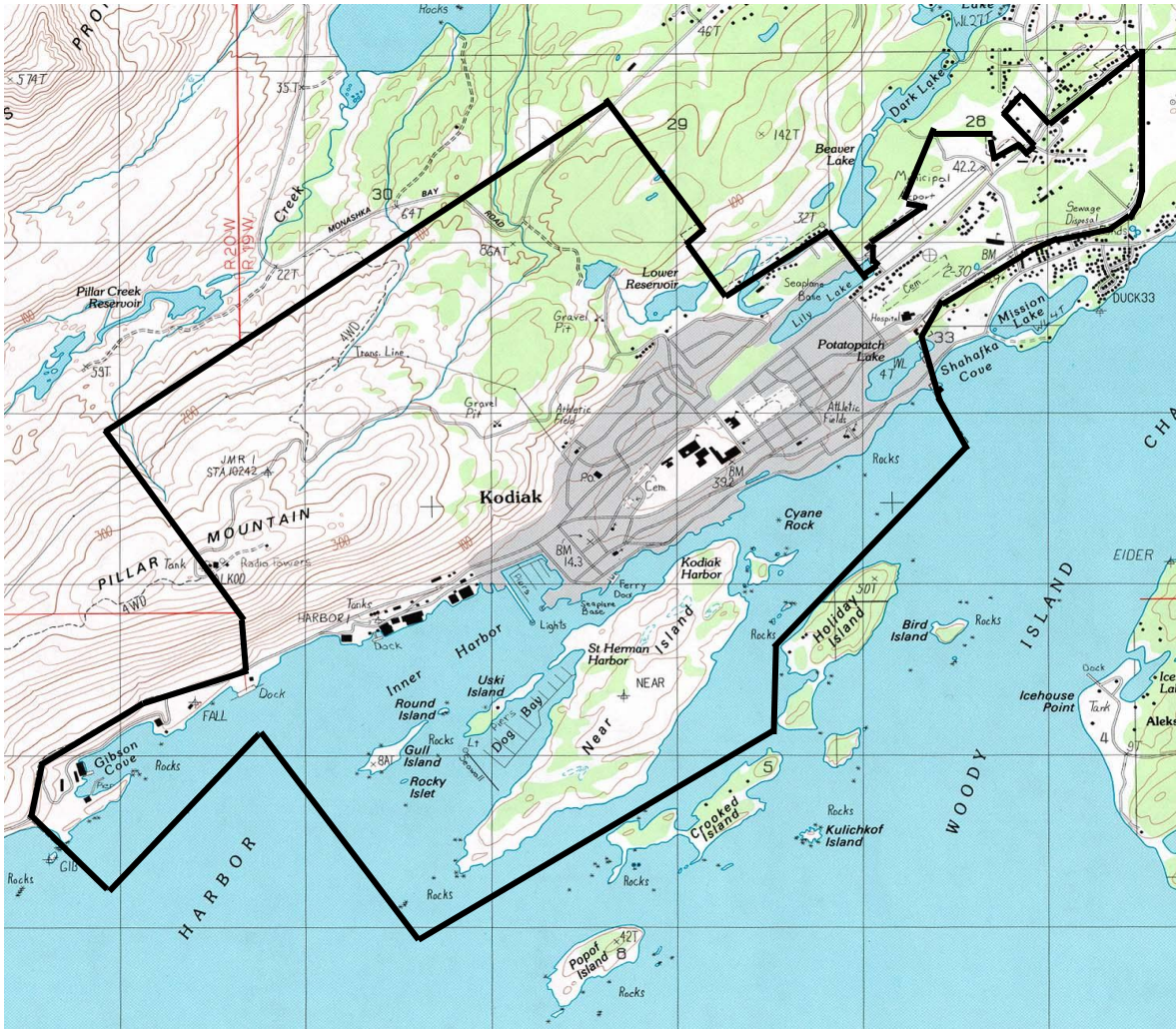
Executive Director/CEO

**CITY OF KODIAK
ORGANIZATIONAL CHART**





CITY OF KODIAK - CITY LIMITS



City - 6.2 square miles

This page intentionally left blank.



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and City Council
City of Kodiak, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kodiak, Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kodiak, Alaska, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2013, City of Kodiak adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the budgetary comparison information on pages 5 through 18 and 54 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 for the year ended June 30, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Kodiak's basic financial statements. The accompanying Schedule of State Financial Assistance and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of State Financial Assistance is required the *State of Alaska Audit Guide and Compliance Supplement for State Single Audit*.

The accompanying Schedule of State Financial Assistance and the combining and individual fund financial statements and schedules 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 for the year ended June 30, 2013 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2013.

City of Kodiak's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated December 7, 2012, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated December 7, 2012, stated that the individual fund financial statements and schedules for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has 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 December 18, 2013 on our consideration of City of Kodiak's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kodiak's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 18, 2013

This page intentionally left blank.

City of Kodiak, Alaska

Management's Discussion and Analysis

June 30, 2013

As management of the City of Kodiak, we offer readers of the City of Kodiak's financial statements this narrative overview and analysis of the financial activities of the City of Kodiak for the fiscal year ended June 30, 2013. 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 I-XII of this report.

Financial Highlights

- The assets of the City of Kodiak exceeded its liabilities at the close of the most recent fiscal year by \$155,979,699 (*net assets*). Of this amount, \$37,500,901 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$13,976,009 (9.8%). The governmental net assets increased by \$11,617,496 (20.8%) and the business-type net assets increased by \$2,358,513 (2.7%).
- As of the close of the current fiscal year, the City of Kodiak's governmental funds reported combined ending fund balances of \$16,555,704, an increase of \$2,825,181 in comparison with the prior year. Approximately 46% of this total amount, (\$7,402,864) is available for spending at the government's discretion (*unassigned/(deficit)*).
- Total general revenues accounted for \$14,310,569 (33%) of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$29,494,340 (67%) of total revenues of \$43,804,909.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,402,864 (46%) of total General Fund expenditures and transfers of \$15,922,450.
- The City of Kodiak's total debt decreased by \$91,928 during the current fiscal year. In fiscal year 2013 there was additional debt added for accrued leave and a water loan in the amount of \$930,560. Decreases can be contributed to payments on debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. City of Kodiak's basic financial statements are comprised of 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains 4) other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the City's activities.

1. *Government-wide financial statements* are designed to provide readers with a broad overview of the City of Kodiak's finances, in a manner similar to a private-sector business.
 - The *statement of net position* presents information on all of the City of Kodiak's assets and liabilities, with the differences between the two reported as *net position*.
 - The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Kodiak, Alaska

Management's Discussion and Analysis

- Both of the government-wide financial statements distinguish functions of the City of Kodiak that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Kodiak include general government, public safety, public works, engineering, parks and recreation, library and community services. The business-type activities of the City of Kodiak include cargo pier, boat harbor, Shipyard/lift, harbor electric, water and sewer utilities, and airport facility.
 - The government-wide financial statements can be found on pages 20-21 of this report.
2. *Fund financial statements* focus on individual parts of the City, reporting the City's operations in more detail than the government-wide 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 City of Kodiak, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City of Kodiak can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.
- *Governmental Funds:* Most of the City's basic services are included in governmental funds. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as balances of spendable resources left at fiscal year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Kodiak maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Improvements Capital Project Fund, and Building Capital Project Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and individual statements elsewhere in this report.

- *Proprietary Funds:* When the City charges customers for the services it provides - either to outside customers or to other units of the City - these services are generally reported in the proprietary funds. Proprietary funds are reported in the same manner in the Statement of Net Assets and the Statement of Activities. The City's Enterprise Funds (one type of proprietary fund) are the same as business-type activities reported in the government-wide statements but provide more detail. The City uses an Internal Service Fund (the other kind of proprietary fund) to report activities of the City's Self Insurance Fund.
- The basic proprietary fund financial statements can be found on pages 26-28 of this report.

City of Kodiak, Alaska

Management's Discussion and Analysis

- *Fiduciary Funds:* A fiduciary fund is used to account for assets held by the City in a trustee capacity or as an agent for others. Activities from the fiduciary fund are not included in the government-wide financial statements because the City cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The fiduciary fund financial statement can be found on page 29 of this report.
3. *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The financial statements include notes that explain some of the information in the statements and provide more detailed data. The notes to the financial statements can be found on pages 30-51 of this report.
 4. *Other Information.* The basic statements are followed by additional supplementary information on individual fund activity. This report also presents certain *required supplementary information*. The required budgetary supplementary information can be found on page 54 of this report.
 - The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds are presented on pages 56-60. Other combining and individual fund statements and schedules can be found on pages 62-118 of this report.

Government-Wide Financial Analysis of the City of Kodiak

Table 1 provides a summary of the City's net position for 2013 compared to 2012:

Table 1
Net Position of Governmental and Business-type Activities

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current assets	\$ 18,378,552	\$ 15,791,753	\$ 23,798,250	\$ 17,679,392	\$ 42,176,802	\$ 33,471,145
Capital assets	58,431,346	49,787,752	78,526,238	80,998,250	136,957,584	130,786,002
Total assets	<u>76,809,898</u>	<u>65,579,505</u>	<u>102,324,488</u>	<u>98,677,642</u>	<u>179,134,386</u>	<u>164,257,147</u>
Liabilities						
Current liabilities	1,673,978	1,827,624	1,798,564	835,616	3,472,542	2,663,240
Long-term liabilities	7,747,285	7,980,742	11,934,860	11,609,475	19,682,145	19,590,217
Total liabilities	<u>9,421,263</u>	<u>9,808,366</u>	<u>13,733,424</u>	<u>12,445,091</u>	<u>23,154,687</u>	<u>22,253,457</u>
Net Assets						
Invested in capital assets	51,181,346	42,372,752	66,792,402	69,584,419	117,973,748	111,957,171
Restricted	-	-	505,050	505,050	505,050	505,050
Unrestricted	16,207,289	13,398,387	21,293,612	16,143,082	37,500,901	29,541,469
Total net assets	<u>\$ 67,388,635</u>	<u>\$ 55,771,139</u>	<u>\$ 88,591,064</u>	<u>\$ 86,232,551</u>	<u>\$ 155,979,699</u>	<u>\$ 142,003,690</u>

Net position may serve over time as an indicator of a government's financial position. In the case of the City of Kodiak, assets exceeded liabilities by \$155,979,699 as of June 30, 2013.

The government's net position increased by \$13,976,009 during the current fiscal year compared to \$6,994,648 in the prior fiscal year. The increase resulted primarily in more revenues than the prior year. Increases in revenue over 2012 balances follow; charges for services of \$1,043,978, capital grants and contributions of \$5,079,049, operating grants of \$1,402,478 and sales taxes of \$956,132.

City of Kodiak, Alaska

Management's Discussion and Analysis

By far the largest portion of the City of Kodiak's net position 76% reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Kodiak uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Kodiak'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 the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Kodiak's net position, less than 1%, represents resources that are subject to external restrictions on how they may be used. Certain covenants of the revenue bonds require the establishment of bond redemption and reserve accounts which makes up this restricted amount. The remaining balance of unrestricted net assets 24% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2013, the City of Kodiak is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

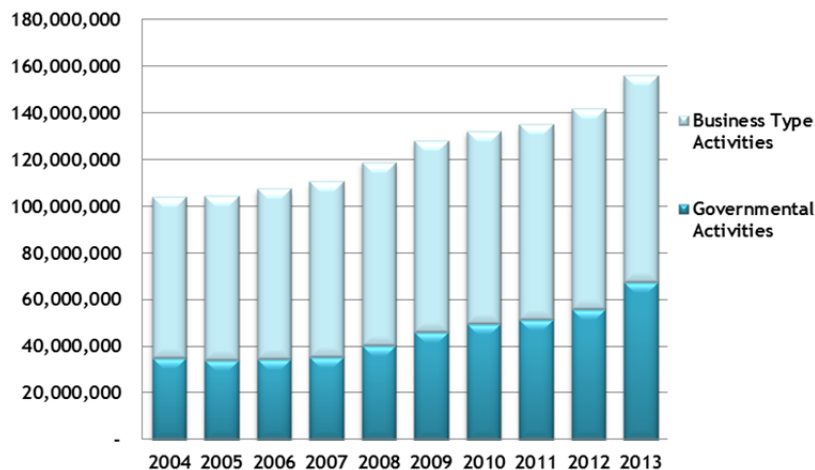
There was a decrease of \$2,792,017 in net investment in capital assets in connection with the City of Kodiak's business type activities. This was due to fewer project additions in the Cargo, Boat Harbor, Shipyard and Sewer Capital Funds to offset the \$4,449,595 of depreciation expense. Additionally there was an increase of \$8,808,594 in net investment in capital assets in connection with the City of Kodiak's governmental activities. This was due to large projects in the Building Improvements and Parks & Recreation Capital Funds.

During fiscal year 2013, the government's total net position increased by \$13,976,009. The increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

Total net position have increased over the past seven years indicating an improving financial position of the City of Kodiak as illustrated in the graph below. The City of Kodiak has maintained a stable financial position.

Table 2, on the next page, shows the changes in net assets for fiscal years 2013 and 2012 for both the governmental and business-type activities. Business-type activities increased the City of Kodiak's net assets by \$2,358,513 and the increase in the governmental activities was \$11,617,496.

Total Net Assets of Governmental and Business-Type Activities



City of Kodiak, Alaska
Management's Discussion and Analysis

Table 2
Changes in Net Position

	Year Ended June 30, 2013			Year Ended June 30, 2012		
	Governmental	Business-	Total	Governmental	Business-	Total
	Activities	Type Activities		Activities	Type Activities	
Revenues:						
Program revenues:						
Charges for services	\$ 2,882,106	\$ 12,600,550	\$ 15,482,656	\$ 2,693,006	\$ 11,745,672	\$ 14,438,678
Operating grants and contributions	788,840	1,391,896	2,180,736	392,273	385,985	778,258
Capital grants and contributions	10,188,295	1,642,653	11,830,948	2,821,724	3,930,175	6,751,899
Total program revenues	<u>13,859,241</u>	<u>15,635,099</u>	<u>29,494,340</u>	<u>5,907,003</u>	<u>16,061,832</u>	<u>21,968,835</u>
General revenues:						
Property taxes	708,684	-	708,684	917,599	-	917,599
Sale taxes	11,215,647	-	11,215,647	10,259,515	-	10,259,515
Other taxes, penalties and interest	240,261	-	240,261	209,156	-	209,156
Grants not restricted	1,986,156	-	1,986,156	2,199,410	-	2,199,410
Investment income	65,053	49,032	114,085	94,331	17,285	111,616
Miscellaneous	45,736	-	45,736	19,471	-	19,471
Total general revenues	<u>14,261,537</u>	<u>49,032</u>	<u>14,310,569</u>	<u>13,699,482</u>	<u>17,285</u>	<u>13,716,767</u>
Total revenues	<u>28,120,778</u>	<u>15,684,131</u>	<u>43,804,909</u>	<u>19,606,485</u>	<u>16,079,117</u>	<u>35,685,602</u>
Expenses:						
General government	2,902,171	-	2,902,171	2,657,730	-	2,657,730
Public safety	8,013,832	-	8,013,832	7,809,554	-	7,809,554
Public works	2,738,860	-	2,738,860	2,493,956	-	2,493,956
Engineering	166,843	-	166,843	146,051	-	146,051
Parks & recreation	1,134,514	-	1,134,514	1,251,567	-	1,251,567
Library	864,533	-	864,533	847,458	-	847,458
Community services	296,352	-	296,352	306,906	-	306,906
Interest on long-term debt	361,177	-	361,177	369,052	-	369,052
Cargo Pier	-	1,463,402	1,463,402	-	1,466,240	1,466,240
Boat Harbor	-	3,253,074	3,253,074	-	3,207,233	3,207,233
Shipyard	-	1,263,689	1,263,689	-	1,078,009	1,078,009
Harbor Electric	-	657,379	657,379	-	804,834	804,834
Water	-	3,279,097	3,279,097	-	2,635,421	2,635,421
Sewer	-	3,082,518	3,082,518	-	3,261,989	3,261,989
Trident Basin	-	345,569	345,569	-	349,406	349,406
E-911 Services	-	5,890	5,890	-	5,548	5,548
Total expenses	<u>16,478,282</u>	<u>13,350,618</u>	<u>29,828,900</u>	<u>15,882,274</u>	<u>12,808,680</u>	<u>28,690,954</u>
Increase in net position before transfers	11,642,496	2,333,513	13,976,009	3,724,211	3,270,437	6,994,648
Transfers	(25,000)	25,000	-	540,382	(540,382)	-
Change in net assets	11,617,496	2,358,513	13,976,009	4,264,593	2,730,055	6,994,648
Net position at beginning of year	55,771,139	86,232,551	142,003,690	51,506,546	83,502,496	135,009,042
Net position at end of year	<u>\$ 67,388,635</u>	<u>\$ 88,591,064</u>	<u>\$ 155,979,699</u>	<u>\$ 55,771,139</u>	<u>\$ 86,232,551</u>	<u>\$ 142,003,690</u>

City of Kodiak, Alaska

Management's Discussion and Analysis

Governmental Activities

Governmental activities increased the City of Kodiak's net assets by \$11,617,496, thereby accounting for (83%) of the total growth in the net assets of the City of Kodiak. Key elements of this increase are as follows:

The primary source of revenue from governmental activities is sales tax revenues, which amounted to \$11,215,647, a 9% increase from 2012. The City sales tax rate in 2013 was at 7% on all sales. The City sales tax accounts for 40% of total governmental revenues. Other tax revenues like property tax, tax penalties, interest, and hotel and motel tax accounted for 3% of total governmental activities revenues in 2013.

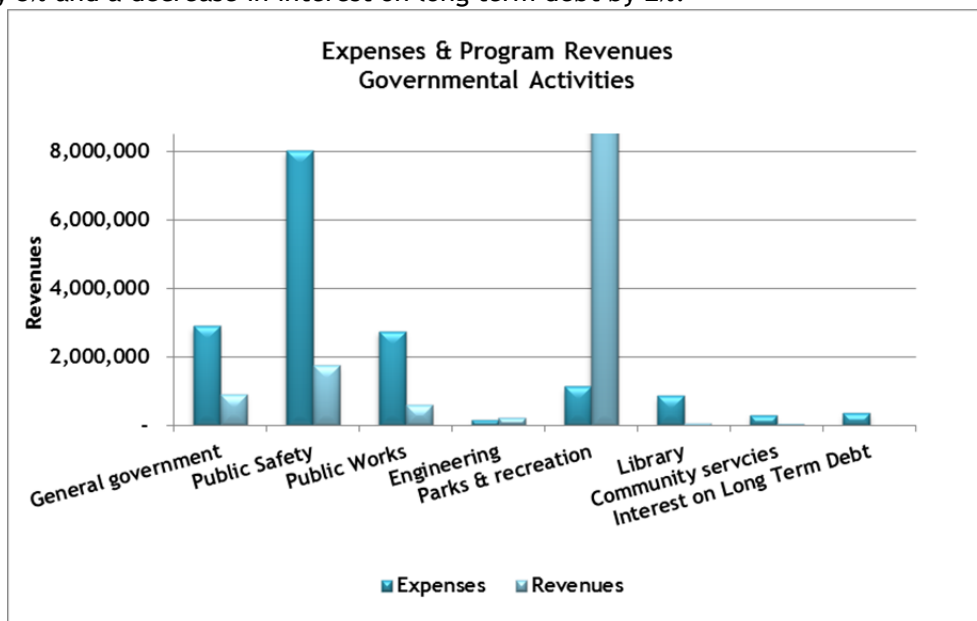
City taxpayers financed most of the City's costs at 74%. The remaining costs were financed by charges for services, investment income, entitlements not restricted to a specific purpose, transfers from other funds, and other revenues.

Charges for services and tax revenues accounted for most of the City's recurring governmental revenues.

The cost of all governmental activities financed by charges for services, operating grants and capital grants was \$13,859,241 (84%) of total governmental activities expenses.

The City's governmental activities expenses are predominately related to Public Safety 49%, Public Works 17%, and General Government 18% or 83% of total governmental activities expenses. Engineering, Parks and Recreation, Library, and Community Services make up the remaining expenses.

For the most part, increases in expenses closely paralleled the increase in grant revenues, increases due to weather related operations such as snow removal and road repairs and added personnel costs due to overtime and vacancies impact expenses from year to year. Overall the expenses increased by 4% from the prior fiscal year. This was due primarily to an increase in general government by 9%, an increase in public safety by 3%, a increase in public works by 10%, an increase in Engineering by 14%, an increase in Library by 2%, a decrease in Parks & Recreation by 9%, an decrease in community services by 3% and a decrease in interest on long term debt by 2%.



City of Kodiak, Alaska

Management's Discussion and Analysis

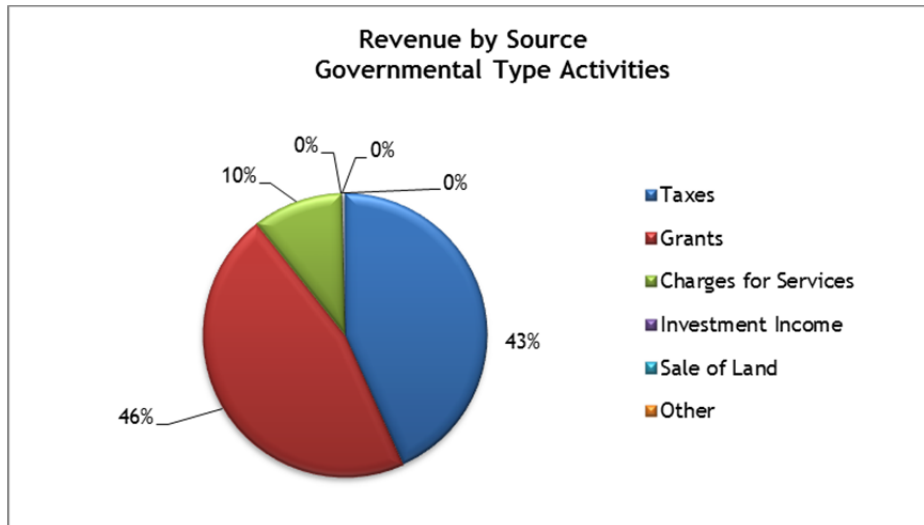


Table 3 shows, for governmental activities, the total cost of services and the net costs of services for fiscal year 2013. That is, it identified the cost of these services supported by charges for services, operating grants and capital grants.

Table 3
Governmental Activities in 2013

	Total Cost of Services <u>2013</u>	Net Cost (Benefit of Services <u>2013</u>
Governmental activities:		
General government	\$ 2,902,171	\$ 2,012,441
Public safety	8,013,832	6,261,720
Public works	2,738,860	2,147,049
Engineering	166,843	(48,755)
Parks & recreation	1,134,514	(2,465,999)
Library	864,533	(5,902,919)
Community services	296,352	254,327
Interest on long-term debt	361,177	361,177
Total governmental activities	<u>\$ 16,478,282</u>	<u>\$ 2,619,041</u>

Business-type Activities

Business-type activities increased the City of Kodiak's net position by \$2,358,513 accounting for 17% of the total growth in the government's net assets. Key elements of this are as follows:

Charges for services and capital grant revenues accounted for most of the City's total business-type revenues, with charges for services contributing 80% of the total revenues and grants 20% of the total revenues.

City of Kodiak, Alaska

Management's Discussion and Analysis

The primary source of revenue from business-type activities is charges for services, which amounted to \$12,600,550, a 7% increase from 2012. For the business-type activities, charges for services financed most of the City's costs at 94%. Operating and capital grants, interest income and miscellaneous revenues financed the remaining costs.

The City's business-type activities expenses are related to cargo 11%, boat harbor 24%, Shipyard 9%, harbor electric 5%, water utility 25%, sewer utility 23%, the Trident Basin Airport 3% and E-911 Services, less than 1%. Total harbor related activities are 50% and total public works activities are 50% of the total business type activities.

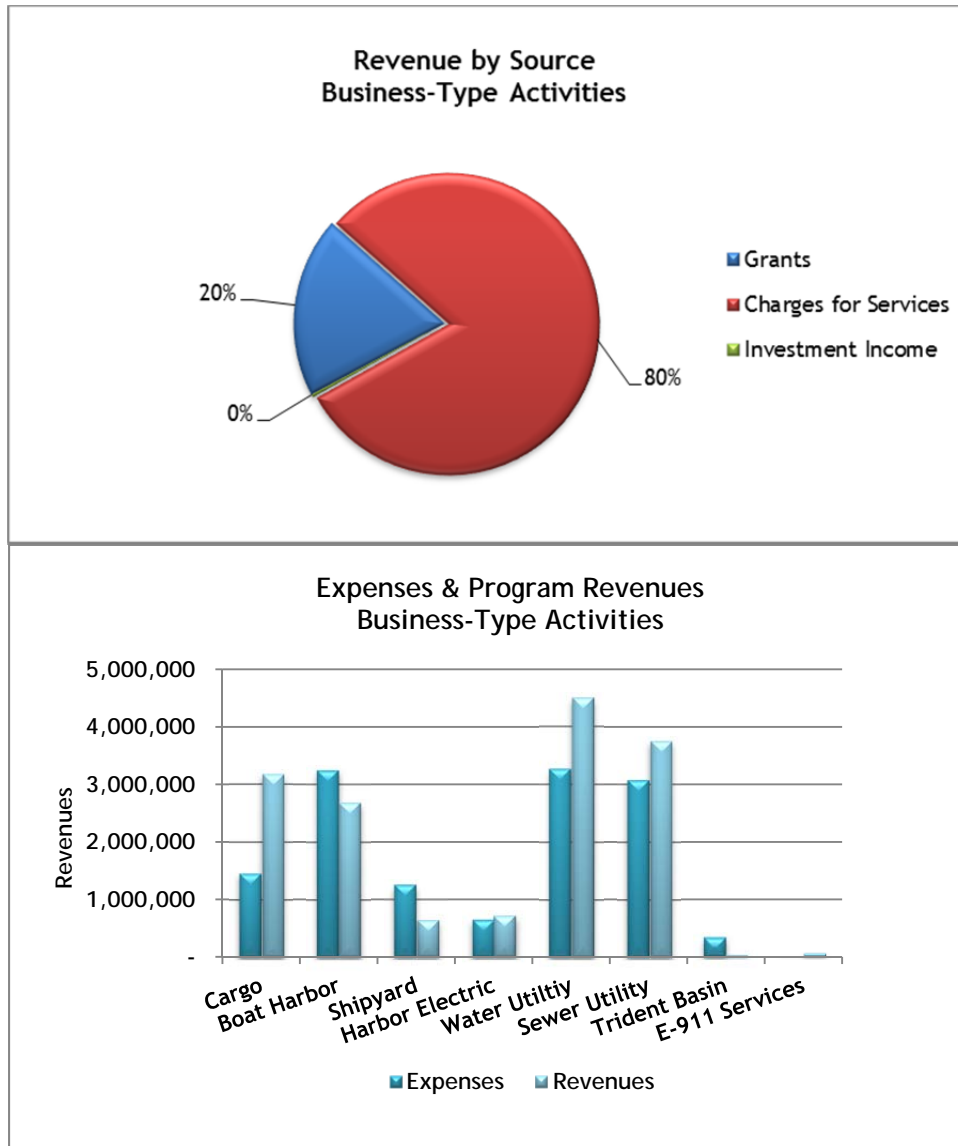


Table 3-A shows, for business-type activities, the total cost of services and the net cost of services in 2013. That is, it identifies the cost of these services supported by charges for services, operating grants and capital grants.

City of Kodiak, Alaska

Management's Discussion and Analysis

Table 3-A
Business-Type Activities in 2013

	Total Cost of Services <u>2013</u>	Net Cost (Benefit) of Services <u>2013</u>
Business-type activities:		
Cargo	\$ 1,463,402	\$ (1,719,886)
Boat Harbor	3,253,074	561,589
Shipyards	1,263,689	608,657
Water Utility	3,279,097	(1,231,108)
Sewer Utility	3,082,518	(674,438)
Trident Basin	345,569	301,208
Harbor Electric	657,379	(67,253)
E-911 Services	5,890	(63,250)
Total business-type activities	<u>\$ 13,350,618</u>	<u>\$ (2,284,481)</u>

Financial Analysis of the Governmental Funds

The City of Kodiak uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. These funds are accounted for using the modified accrual basis of accounting.

Governmental Funds

The focus of the City of Kodiak's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Kodiak'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.

As of the end of the current fiscal year, the City of Kodiak's governmental funds reported combined ending fund balances of \$16,555,704, an increase of \$2,825,181 in comparison with the prior year. Approximately 46% of this total amount \$7,402,864 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City of Kodiak. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,402,864 while total fund balance was \$8,572,837. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

Unassigned fund balance of \$7,402,864 represents 46% of total General Fund expenditures and transfers of \$15,922,450. Total fund balance of \$8,572,837 represents 54% of total General Fund expenditures and transfers of \$15,922,450.

The fund balance of the City of Kodiak's General Fund increased in the amount of \$1,843,167 during the current fiscal year. Key factors in this increase are as follows:

City of Kodiak, Alaska

Management's Discussion and Analysis

Total General Fund operating revenues of \$17,633,770 exceeded total expenditures of \$14,297,598. Sales tax revenues of the General Fund exceeded the budget by \$715,647. There has been a consistent upward trend in sales tax over the past ten years as a result of the opening of large retail stores within the City limits and an increase from 6% to 7% in fiscal year 2013. Expenditures were lower than budgeted primarily in general government by \$492,515, public safety by \$371,719, and public works by \$300,309. Transfers from the General Fund to other funds in the amount of \$1,624,852 were lower than prior years. Code requirements accounted for \$1,111,470 in transfers; other transfers included \$409,500 to General Capital Projects, \$37,000 to the Insurance Fund, and \$66,882 to the Vehicle Replacement Fund.

The Parks & Recreation Capital Project Fund has a total fund balance of 1,406,966 all of which is assigned to capital projects. There was an increase of \$543,813 in fund balance as a result of the extensive project to replace the track and field at Baronof Park.

The Building Capital Project Fund had a fund balance of \$3,304,530, the entire balance is assigned to capital projects.

The Nonmajor Funds have a total fund balance of \$3,271,371. Of this balance, 9% is restricted for tourism, 63% is committed for the Enhancement Fund, 26% assigned for capital projects, and 2% assigned for public works. There was an increase of \$540,265 in fund balances primarily as a result capital projects.

Proprietary Funds

The City of Kodiak'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 major funds in the Harbor Facilities (Cargo Pier, Boat Harbor, and Shipyard) at the end of the year amount to \$7,340,906 and those in the Water, Sewer Facilities amounted to \$13,105,711. Nonmajor Enterprise Funds made up of the Trident Basin, Harbor Electric Funds and E-911 Services had a balance of \$641,809 in unrestricted net position. The total change in net position for all areas was an increase of \$2,282,060. This increase can be primarily attributed to the large construction projects in the capital improvement funds.

General Fund Budgetary Highlights

The City's budget is prepared according to Alaska law using a basis of accounting that is consistent with accounting principles generally accepted in the United States of America. The most significant budgeted areas are in the General Fund.

During the year there was a \$349,219 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

\$244 supplemental appropriation to the executive department in anticipation of the classification and compensation study implementation.

\$5,034 supplemental appropriation to the city clerk department in anticipation of the classification and compensation study implementation.

\$11,566 supplemental increase in appropriation to the finance department in anticipation of the classification and compensation study implementation, arbitrage report expense, and unanticipated vacancies.

City of Kodiak, Alaska

Management's Discussion and Analysis

\$135,428 supplemental decrease in the appropriation to the police department in anticipation of the classification and compensation study implementation, repairs, and additional overtime.

\$14,063 supplemental increase in the appropriation to the fire department in anticipation of the classification and compensation study implementation, protective gear expense and Alaska Shield exercise expense with grant funding offsetting the gear and exercise expense.

\$(49,009) supplemental increase in the appropriation to the public works department in anticipation of the classification and compensation study implementation, and the move of the demolition of the old police station to a capital project.

\$1,151 supplemental increase in the appropriation to the engineering department in anticipation of the classification and compensation study implementation.

\$26,049 supplemental increase in the appropriation to the parks and recreation department in anticipation of the classification and compensation study implementation, large retirement leave payoffs, and increases in utilities.

\$15,193 supplemental increase in the appropriation to the library department in anticipation of the classification and compensation study implementation, and expenses offset by a continuing education grant.

\$12,000 supplemental increase in the appropriation to the non-departmental department in anticipation for increased expense related to the utilities for the old police station, and criminal prosecution increases.

\$177,500 supplemental increase in the appropriation to the General Fund transfer department in the amount of \$95,500 to General Capital Projects for old police station demolition, \$37,000 for a repair on the new police station boiler, and \$45,000 for the sales tax software upgrade.

The increases above were possible because of additional unanticipated revenues resulting from higher taxes and intergovernmental revenues.

The actual expenditures were \$1,574,820 less than budgeted. The City made a concentrated effort to control expenditures. Expenditures were less than the amount budgeted in all functions. The largest savings were in General Government and Public Safety. Significant amounts and percentages are shown on below.

Table 4
General Fund Budget Highlights

	Amount Under <u>Budget</u>	Percent Under <u>Budget</u>
General government	\$ 492,515	19%
Public safety	371,719	5%
Public works	300,309	14%
Engineering	54,651	22%
Parks and recreation	240,757	18%
Library	48,411	6%
Community services	48,531	24%
Other - insurance and administration	17,927	4%
Total under budget	<u>\$ 1,574,820</u>	10%

City of Kodiak, Alaska

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

At June 30, 2013, the City's capital assets have a total net book value of \$136,957,584. Table 5 compares the net book values at June 30, 2013 and 2012. The investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, bridges, and construction in progress. The total increase in the City of Kodiak's investment in capital assets for the current fiscal year was \$6,174,582 (5%). The major increase was based on the completion of a street improvement project and the replacement of the library roof.

Table 5
Capital Assets at June 30
Net of Depreciation

	Governmental		Business-Type		Total	
	Activities		Activities		2013	2012
	2013	2012	2013	2012		
Land	\$ 2,501,384	\$ 2,501,384	\$ 693,997	\$ 693,997	\$ 3,195,381	\$ 3,195,381
Construction in progress	13,430,568	3,454,860	7,441,162	5,493,393	20,871,730	8,948,253
Buildings	31,842,668	31,842,668	23,853,913	23,853,913	55,696,581	55,696,581
Other improvements	1,496,946	1,496,946	108,583,430	108,583,430	110,080,376	110,080,376
Infrastructure	18,681,299	18,681,299	-	-	18,681,299	18,681,299
Machinery and equipment	9,750,222	10,007,895	21,014,236	20,984,422	30,764,458	30,992,317
Total capital assets	<u>77,703,087</u>	<u>67,985,052</u>	<u>161,586,738</u>	<u>159,609,155</u>	<u>239,289,825</u>	<u>227,594,207</u>
Less accumulated depreciation	19,271,741	18,197,300	83,060,500	78,610,905	102,332,241	96,808,205
Total capital assets, net	<u>\$ 58,431,346</u>	<u>\$ 49,787,752</u>	<u>\$ 78,526,238</u>	<u>\$ 80,998,250</u>	<u>\$ 136,957,584</u>	<u>\$ 130,786,002</u>

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 39-40.

Debt Administration

At June 30, 2013, the City had \$497,285 in long-term leave payable for governmental activities and \$201,024 for business-type activities. The City has a \$7,250,000 balance on a general obligation bond related to the construction of a new public safety building, loans payable to the State of Alaska of \$5,163,836 related to the Water and Sewer Enterprise Funds, and \$6,570,000 of revenue bonds related to the Harbor and Shipyard Enterprise Funds. Table 6 summarizes all outstanding debt at June 30, 2013 with a comparison to 2012. There have not been significant changes in the long-term debt from fiscal year 2012.

City of Kodiak, Alaska

Management's Discussion and Analysis

Table 6
Debt Outstanding at June 30

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 7,250,000	\$ 7,415,000	\$ -	\$ -	\$ 7,250,000	\$ 7,415,000
Long-term leave payable	497,285	565,742	201,024	195,644	698,309	761,386
Long-term notes payable	-	-	5,163,836	4,728,831	5,163,836	4,728,831
Revenue bonds payable	-	-	6,570,000	6,685,000	6,570,000	6,685,000
Total liabilities	<u>\$ 7,747,285</u>	<u>\$ 7,980,742</u>	<u>\$ 11,934,860</u>	<u>\$ 11,609,475</u>	<u>\$ 19,682,145</u>	<u>\$ 19,590,217</u>

Additional information on the City's outstanding debt can be found in the notes to the financial statements on pages 41-43.

Economic Factors and Next Year's Budget and Rates

- Kodiak's role as a center for transportation, governmental offices, timber, and tourism complements its role as one of the nation's largest producers of seafood. The City of Kodiak has the largest and most diversified fishing port in Alaska and is consistently ranked in the top three largest fishing ports in the U.S. in terms of value landed. The main industries of the region are commercial fishing and tourism. While some segments of the commercial fishing industry have declined in recent years, others have grown. Tourism continues to grow in Kodiak with an increased number of visitors each year.
- Kodiak's unemployment varies throughout the year due to the seasonal nature of the fishing industry. The average unemployment rate in fiscal year 2011 in the Kodiak Island Borough is 6.9% compared to 7.6% Alaska wide.
- The cost of living in 2012 was 127.6 compared to a national average of 100. Other Alaskan cities are Anchorage at 130.6, Juneau at 139.0 and Fairbanks at 137.0. In the American Chamber of Commerce Researchers Association (ACCRA) cost of living study, a standardized list of 59 items is priced during a fixed period of time. The average price data for each reporting city is then converted into an index number that is used for comparative purposes.

All of these factors were considered in preparing the City of Kodiak's budget for the 2014 fiscal year.

In fiscal year 2013, the unassigned fund balance in the General Fund increased by \$2,164,048 leaving a balance at the end of the year of \$7,402,864. The City has appropriated \$1,156,232 of its total fund balance of \$8,572,837 for spending in the 2014 fiscal year budget.

The water and sewer rates undergo a rate study every five years resulting in a recommendation to the City Council on the projected rate increases anticipated to fund operations and capital projects dealing with water and sewer improvement projects. The boat harbor rates are reviewed on a regular basis to anticipate rates needed to fund operations and capital project dealing with harbor improvement projects.

City of Kodiak, Alaska

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide the City's citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have a question about this report or need additional information, contact the City's office, City of Kodiak, 710 Mill Bay Road, Room 221, Kodiak, Alaska 99615. The City of Kodiak has a web site at www.city.kodiak.ak.us.

This page intentionally left blank.

City of Kodiak, Alaska

Statement of Net Position

<i>June 30, 2013</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 13,727,604	\$ 20,324,462	\$ 34,052,066
Receivables, net of allowance	4,637,207	2,732,388	7,369,595
Inventory	-	236,350	236,350
Restricted cash and investments	-	505,050	505,050
Prepays	13,741	-	13,741
Capital assets not being depreciated - land and construction in progress	15,931,952	8,144,661	24,076,613
Other capital assets, net of depreciation	42,499,394	70,381,577	112,880,971
Total Assets	\$ 76,809,898	\$ 102,324,488	\$ 179,134,386
Liabilities			
Accounts payable	\$ 1,397,335	\$ 1,372,099	\$ 2,769,434
Accrued payroll and related liabilities	178,619	36,359	214,978
Customer deposits	6,142	279,614	285,756
Unearned revenue	4,157	-	4,157
Accrued interest	88,747	109,470	198,217
Internal balances	(1,022)	1,022	-
Noncurrent liabilities:			
Due within one year:			
Accrued leave	490,733	175,789	666,522
Bonds payable	175,000	125,000	300,000
Loans payable	-	496,799	496,799
Due in more than one year:			
Accrued leave	6,552	25,235	31,787
Bonds payable	7,075,000	6,445,000	13,520,000
Loans payable	-	4,667,037	4,667,037
Total liabilities	9,421,263	13,733,424	23,154,687
Net Position			
Net investment in capital assets	51,181,346	66,792,402	117,973,748
Restricted for debt service	-	505,050	505,050
Unrestricted	16,207,289	21,293,612	37,500,901
Total net position	67,388,635	88,591,064	155,979,699
Total Liabilities and Net Position	\$ 76,809,898	\$ 102,324,488	\$ 179,134,386

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Statement of Activities

Year Ended June 30, 2013	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental:							
General government	\$ 2,902,171	\$ 764,935	\$ 118,933	\$ 5,862	\$ (2,012,441)	\$ -	\$ (2,012,441)
Public safety	8,013,832	1,285,143	466,969	-	(6,261,720)	-	(6,261,720)
Public works	2,738,860	445,150	120,667	25,994	(2,147,049)	-	(2,147,049)
Engineering	166,843	215,598	-	-	48,755	-	48,755
Parks and recreation	1,134,514	116,663	22,049	3,461,801	2,465,999	-	2,465,999
Library	864,533	12,592	60,222	6,694,638	5,902,919	-	5,902,919
Community services	296,352	42,025	-	-	(254,327)	-	(254,327)
Interest on long-term debt	361,177	-	-	-	(361,177)	-	(361,177)
Total governmental activities	16,478,282	2,882,106	788,840	10,188,295	(2,619,041)	-	(2,619,041)
Business-type:							
Cargo Pier	1,463,402	1,222,828	492,902	1,467,558	-	1,719,886	1,719,886
Boat Harbor	3,253,074	2,602,989	88,496	-	-	(561,589)	(561,589)
Shipyard	1,263,689	642,020	13,012	-	-	(608,657)	(608,657)
Water Utility	3,279,097	3,597,677	737,433	175,095	-	1,231,108	1,231,108
Sewer Utility	3,082,518	3,696,903	60,053	-	-	674,438	674,438
Trident Basin	345,569	44,361	-	-	-	(301,208)	(301,208)
Harbor Electric	657,379	724,632	-	-	-	67,253	67,253
E-911 Services	5,890	69,140	-	-	-	63,250	63,250
Total business-type activities	13,350,618	12,600,550	1,391,896	1,642,653	-	2,284,481	2,284,481
Total	\$ 29,828,900	\$ 15,482,656	\$ 2,180,736	\$ 11,830,948	(2,619,041)	2,284,481	(334,560)
General revenues:							
Taxes:							
Property taxes					708,684	-	708,684
Sales taxes					11,215,647	-	11,215,647
Other taxes, penalties and interest					240,261	-	240,261
Grants and entitlements not restricted to a specific purpose							
					1,986,156	-	1,986,156
Investment income					65,053	49,032	114,085
Other					45,736	-	45,736
Transfers					(25,000)	25,000	-
Total general revenues and transfers					14,236,537	74,032	14,310,569
Changes in net position					11,617,496	2,358,513	13,976,009
Net Position at beginning of year					55,771,139	86,232,551	142,003,690
Net Position at end of year					\$ 67,388,635	\$ 88,591,064	\$ 155,979,699

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Governmental Funds
Balance Sheet

	Major Funds				Total Govern- mental Funds
	General	Building Capital Project	Parks and Recreation Capital Project	Nonmajor Funds	
<i>June 30, 2013</i>					
Assets					
Cash and investments	\$ 5,560,219	\$ 3,240,926	\$ 1,406,378	\$ 3,433,182	\$ 13,640,705
Receivables, net of allowance for uncollectible accounts:					
Taxes	3,099,771	-	-	51,019	3,150,790
Grants and shared revenues	54,537	987,331	20,588	21,850	1,084,306
Special assessments	-	-	-	96,522	96,522
Interest	-	-	-	26,217	26,217
Prepaid items	13,741	-	-	-	13,741
Due from other funds	206,208	-	-	-	206,208
Total Assets	\$ 8,934,476	\$ 4,228,257	\$ 1,426,966	\$ 3,628,790	\$ 18,218,489
Liabilities, Deferred Inflows, and and Fund Balances					
Liabilities:					
Accounts payable	\$ 176,878	\$ 923,727	\$ 20,000	\$ 276,730	\$ 1,397,335
Accrued payroll and related liabilities	178,619	-	-	-	178,619
Customer deposits	6,142	-	-	-	6,142
Unearned revenue	-	-	-	4,157	4,157
Total liabilities	361,639	923,727	20,000	280,887	1,586,253
Deferred inflows - deferred assessments	-	-	-	76,532	76,532
Fund balances:					
Nonspendable - prepaid items	13,741	-	-	-	13,741
Committed:					
Tourism	-	-	-	301,433	301,433
Enhancement Fund	-	-	-	2,055,523	2,055,523
Assigned:					
Subsequent years expenditures	1,156,232	-	-	-	1,156,232
Capital projects	-	3,304,530	1,406,966	850,932	5,562,428
Public works	-	-	-	63,483	63,483
Unassigned	7,402,864	-	-	-	7,402,864
Total fund balances	8,572,837	3,304,530	1,406,966	3,271,371	16,555,704
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 8,934,476	\$ 4,228,257	\$ 1,426,966	\$ 3,628,790	\$ 18,218,489

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2013

Total fund balances for governmental funds		\$ 16,555,704
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$ 2,501,384	
Construction in progress	13,430,568	
Buildings	31,842,668	
Improvements other than buildings	1,496,946	
Infrastructure	18,681,299	
Machinery and equipment	9,750,222	
Accumulated depreciation	<u>(19,271,741)</u>	
Total capital assets		58,431,346
Other long-term assets (special assessments receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.		
		76,532
Internal service funds are used by the City to charge the cost of certain activities such as insurance to individual funds. A portion of the internal service fund assets and liabilities are included in the governmental activities in the Statement of Net Position.		
		161,085
Bonds payable are not deemed due and payable in the current period and therefore are not reported as governmental fund liabilities.		
		(7,250,000)
Accrued leave and accrued interest are not deemed due and payable in the current period and therefore are not reported as governmental fund liabilities.		
Accrued leave	(497,285)	
Accrued interest	<u>(88,747)</u>	
		<u>(586,032)</u>
Total net position of governmental activities		\$ <u>67,388,635</u>

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2013	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Building Capital Project	Parks and Recreation Capital Project		
Revenues:					
Taxes:					
Property taxes	\$ 708,684	\$ -	\$ -	\$ -	\$ 708,684
Sales taxes	11,215,647	-	-	-	11,215,647
Other taxes, penalties and interest	28,266	-	-	197,534	225,800
Intergovernmental	2,774,999	6,194,638	3,460,801	31,856	12,462,294
Charges for services	1,538,470	-	-	-	1,538,470
Fines and forfeitures	15,308	-	-	-	15,308
Licenses and permits	237,950	-	-	-	237,950
Rental income	194,099	-	-	42,025	236,124
Interfund charges	865,152	-	-	-	865,152
Investment income	9,459	6,585	2,444	44,969	63,457
Special assessments	-	-	-	44,335	44,335
Donations	-	500,000	-	-	500,000
Other revenues	45,736	-	1,000	-	46,736
Total revenues	17,633,770	6,701,223	3,464,245	360,719	28,159,957
Expenditures:					
Current:					
General government	2,059,505	-	-	361,749	2,421,254
Public safety	7,114,584	-	-	293,901	7,408,485
Public works	1,854,193	-	-	521,960	2,376,153
Engineering	189,900	-	-	-	189,900
Parks and recreation	1,083,502	-	-	-	1,083,502
Library	825,732	-	-	-	825,732
Community services	154,269	-	-	132,860	287,129
Other - insurance and administration	487,673	-	-	-	487,673
Debt service:					
Bond principal	165,000	-	-	-	165,000
Bond interest	363,240	-	-	-	363,240
Capital outlay	-	6,803,287	2,970,432	201,989	9,975,708
Total expenditures	14,297,598	6,803,287	2,970,432	1,512,459	25,583,776
Excess of revenues over (under) expenditures	3,336,172	(102,064)	493,813	(1,151,740)	2,576,181
Other financing sources (uses):					
Transfers in	131,847	-	50,000	1,823,852	2,005,699
Transfers out	(1,624,852)	-	-	(131,847)	(1,756,699)
Net other financing sources (uses)	(1,493,005)	-	50,000	1,692,005	249,000
Net change in fund balances	1,843,167	(102,064)	543,813	540,265	2,825,181
Fund Balances at beginning of year	6,729,670	3,406,594	863,153	2,731,106	13,730,523
Fund Balances at end of year	\$ 8,572,837	\$ 3,304,530	\$ 1,406,966	\$ 3,271,371	\$ 16,555,704

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities Year Ended June 30, 2013

Net change in fund balances - total governmental funds		\$ 2,825,181
The change in net position reported for governmental activities in the Statement of Activities is different because:		
<p>Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$10,134,705) exceeded depreciation (\$1,439,596) and loss on disposal (\$51,515).</p>		
	8,643,594	
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the decrease in deferred special assessments.</p>		
	(39,928)	
<p>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.</p>		
Decrease in accrued leave	\$ 68,457	
Decrease in accrued interest payable	<u>2,063</u>	
	70,520	
<p>Repayment of the principal of the long-term debt consumes current financial resources of governmental funds but does not have any effect on net position.</p>		
	165,000	
<p>Internal service funds are used by management to charge the costs of certain insurance to individual funds. A portion of these activities is reported with governmental activities.</p>		
	<u>(46,871)</u>	
Change in net position of governmental activities		<u>\$ 11,617,496</u>

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2013	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Assets								
Current assets:								
Cash and investments	\$ 3,852,019	\$ 2,679,578	\$ 6,157,195	\$ 6,573,392	\$ 419,647	\$ 642,631	\$ 20,324,462	\$ 86,899
Receivables - net of allowances	1,002,413	120,449	977,659	334,651	37,709	259,507	2,732,388	279,372
Inventories	-	-	227,086	9,264	-	-	236,350	-
Total current assets	4,854,432	2,800,027	7,361,940	6,917,307	457,356	902,138	23,293,200	366,271
Noncurrent assets:								
Restricted cash and investments	-	129,581	-	-	375,469	-	505,050	-
Property, plant and equipment, net	7,222,380	14,277,830	22,572,298	13,625,072	16,511,659	4,316,999	78,526,238	-
Total noncurrent assets	7,222,380	14,407,411	22,572,298	13,625,072	16,887,128	4,316,999	79,031,288	-
Total Assets	\$ 12,076,812	\$ 17,207,438	\$ 29,934,238	\$ 20,542,379	\$ 17,344,484	\$ 5,219,137	\$ 102,324,488	\$ 366,271
Liabilities and Net Position								
Liabilities:								
Current liabilities:								
Accounts payable	\$ 263,729	\$ 32,777	\$ 956,571	\$ 71,951	\$ 9,686	\$ 37,385	\$ 1,372,099	\$ -
Accrued payroll and related liabilities	3,108	13,664	5,865	11,848	1,874	-	36,359	-
Customer deposits	-	233,063	25,300	-	4,515	16,736	279,614	-
Accrued interest	-	29,340	-	3,016	77,114	-	109,470	-
Due to other funds	-	-	-	-	-	206,208	206,208	-
Current portion:								
Accrued annual leave	1,733	83,286	21,598	66,503	2,669	-	175,789	-
Revenue bonds	-	40,000	-	-	85,000	-	125,000	-
Loans payable	-	-	148,981	301,318	46,500	-	496,799	-
Total current liabilities	268,570	432,130	1,158,315	454,636	227,358	260,329	2,801,338	-
Noncurrent liabilities:								
Long term portion:								
Accrued annual leave	284	13,630	-	10,884	437	-	25,235	-
Revenue bonds	-	1,830,000	-	-	4,615,000	-	6,445,000	-
Loans payable	-	-	2,222,360	1,700,677	744,000	-	4,667,037	-
Total noncurrent liabilities	284	1,843,630	2,222,360	1,711,561	5,359,437	-	11,137,272	-
Total liabilities	268,854	2,275,760	3,380,675	2,166,197	5,586,795	260,329	13,938,610	-
Net Position:								
Net investment in capital assets	7,222,380	12,407,830	20,200,957	11,623,077	11,021,159	4,316,999	66,792,402	-
Restricted for debt service	-	129,581	-	-	375,469	-	505,050	-
Unrestricted	4,585,578	2,394,267	6,352,606	6,753,105	361,061	641,809	21,088,426	366,271
Total net position	11,807,958	14,931,678	26,553,563	18,376,182	11,757,689	4,958,808	88,385,878	366,271
Total Liabilities and Net Position	\$ 12,076,812	\$ 17,207,438	\$ 29,934,238	\$ 20,542,379	\$ 17,344,484	\$ 5,219,137		\$ 366,271
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							205,186	
Net position of business-type activities							\$ 88,591,064	

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2013	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Operating revenues	\$ 1,222,828	\$ 2,602,989	\$ 3,597,677	\$ 3,694,398	\$ 642,020	\$ 838,133	\$12,598,045	\$ 799,326
Operating expenses:								
Salaries and benefits	277,765	1,208,113	581,765	1,048,912	177,255	5,890	3,299,700	-
Professional	7,422	77,977	24,013	41,146	33,322	15,048	198,928	-
Contributions	-	18,271	-	-	-	-	18,271	-
Goods and services	65,021	214,846	169,417	192,461	99,560	553,297	1,294,602	506,491
Utilities and fuel	20,980	160,137	395,530	387,680	-	843	965,170	-
Administrative services	-	193	-	-	-	2,808	3,001	-
Machinery and equipment	1,636	5,309	3,397	-	23,437	-	33,779	-
Interfund charges	173,270	175,610	144,800	144,800	159,350	131,310	929,140	-
Repairs and maintenance	478,873	8,514	-	39,861	-	8,403	535,651	-
Depreciation	444,427	1,320,097	648,966	1,214,885	529,981	291,239	4,449,595	-
Total operating expenses	1,469,394	3,189,067	1,967,888	3,069,745	1,022,905	1,008,838	11,727,837	506,491
Earnings (loss) from operations	(246,566)	(586,078)	1,629,789	624,653	(380,885)	(170,705)	870,208	292,835
Nonoperating revenues (expenses):								
Investment income	8,796	19,212	10,022	8,514	1,539	949	49,032	749
Interest expense	-	(90,171)	(15,103)	(30,528)	(244,631)	-	(380,433)	-
State PERS relief	20,275	88,496	42,937	60,053	13,012	-	224,773	-
Engineering and feasibility studies	-	-	(156,520)	-	-	-	(156,520)	-
Nonoperating grants	472,627	-	694,496	-	-	-	1,167,123	-
Noncapital repairs	-	-	(1,152,281)	-	-	-	(1,152,281)	-
Other	-	-	-	2,505	-	-	2,505	-
Net nonoperating revenues (expenses)	501,698	17,537	(576,449)	40,544	(230,080)	949	(245,801)	749
Earnings (loss) before contributions and transfers	255,132	(568,541)	1,053,340	665,197	(610,965)	(169,756)	624,407	293,584
Capital contributions	1,467,558	-	175,095	-	-	-	1,642,653	-
Transfers in	-	500,000	463,500	1,200,000	819,768	-	2,983,268	47,000
Transfers out	-	(819,768)	(1,640,000)	(508,500)	-	-	(2,968,268)	(311,000)
Change in net position	1,722,690	(888,309)	51,935	1,356,697	208,803	(169,756)	2,282,060	29,584
Net Position at beginning of year	10,085,268	15,819,987	26,501,628	17,019,485	11,548,886	5,128,564		336,687
Net Position at end of year	\$ 11,807,958	\$ 14,931,678	\$ 26,553,563	\$ 18,376,182	\$ 11,757,689	\$ 4,958,808		\$ 366,271
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							76,453	
Change in net position of business-type activities							\$ 2,358,513	

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2013	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Cash Flows from Operating Activities								
Receipts from customers and users	\$ 1,229,631	\$ 2,398,446	\$ 3,594,520	\$ 3,706,435	\$ 638,177	\$ 832,896	\$ 12,400,105	\$ -
Receipts from interfund services provided	-	167,730	-	-	-	-	167,730	519,954
Payments for interfund services used	(173,270)	(175,610)	(144,800)	(144,800)	(159,350)	(131,310)	(929,140)	-
Payments to suppliers	(364,080)	(476,097)	73,690	(641,933)	(162,576)	(576,080)	(2,147,076)	(508,142)
Payments to employees	(264,297)	(1,110,204)	(539,486)	(979,244)	(163,293)	(5,890)	(3,062,414)	-
Net cash flows from operating activities	427,984	804,265	2,983,924	1,940,458	152,958	119,616	6,429,205	11,812
Cash Flows from Noncapital Financing Activities								
Transfers in (out)	-	(319,768)	(1,640,000)	691,500	-	-	(1,268,268)	(264,000)
Noncapital repairs and maintenance	-	-	(1,152,281)	-	-	-	(1,152,281)	-
Decrease in advance to other funds	-	187,000	8,477	-	-	-	195,477	-
Nonoperating grant received	472,627	-	-	-	-	-	472,627	-
Net cash flows from noncapital financing activities	472,627	(132,768)	(2,783,804)	691,500	-	-	(1,752,445)	(264,000)
Cash Flows from Capital and Related Financing Activities								
Principal paid on long-term debt	-	(35,000)	(148,405)	(300,650)	(126,500)	-	(610,555)	-
Interest paid on long-term debt	-	(90,871)	(15,103)	(31,534)	(246,098)	-	(383,606)	-
Proceeds from issuance of long-term debt	-	-	930,560	-	-	-	930,560	-
Purchase of property, plant and equipment	(1,467,559)	(29,812)	(175,095)	(305,116)	-	-	(1,977,582)	-
Transfers in	-	-	463,500	-	819,768	-	1,283,268	-
Decrease in due to other funds	-	-	-	-	-	(9,792)	(9,792)	-
Capital contributions received	515,052	-	376,016	-	-	-	891,068	-
Decrease in advances from other funds	-	-	-	-	(187,000)	-	(187,000)	-
Net cash flows from capital and related financing activities	(952,507)	(155,683)	1,431,473	(637,300)	260,170	(9,792)	(63,639)	-
Cash Flows from Investing Activities								
Investment income received	8,796	19,212	10,022	8,514	1,539	948	49,031	749
Net increase (decrease) in cash and investments	(43,100)	535,026	1,641,615	2,003,172	414,667	110,772	4,662,152	(251,439)
Cash and Investments at beginning of year	3,895,119	2,274,133	4,515,580	4,570,220	380,449	531,859	16,167,360	338,338
Cash and Investments at end of year	\$ 3,852,019	\$ 2,809,159	\$ 6,157,195	\$ 6,573,392	\$ 795,116	\$ 642,631	\$ 20,829,512	\$ 86,899
Reconciliation of earnings (loss) from operations to net cash flows from operating activities:								
Earnings (loss) from operations	(246,566)	(586,078)	1,629,789	624,653	(380,885)	(170,705)	870,208	292,835
Adjustments to reconcile earnings (loss) from operations to net cash provided (used) by operating activities:								
Depreciation	444,427	1,320,097	648,966	1,214,885	529,981	291,239	4,449,595	-
Noncash expense - PERS relief	20,275	88,496	42,937	60,053	13,012	-	224,773	-
Other nonoperating revenues (expenses)	-	-	(156,520)	2,505	-	-	(154,015)	-
(Increase) decrease in assets:								
Accounts receivable	6,803	(36,182)	(6,457)	9,532	(3,858)	(5,537)	(35,699)	(279,372)
Inventory	-	-	13,725	2,872	-	-	16,597	-
Increase (decrease) in liabilities:								
Accounts payable	209,852	9,150	808,842	16,343	(6,257)	4,319	1,042,249	(1,651)
Accrued payroll and related liabilities	83	3,542	996	2,666	(154)	-	7,133	-
Accrued annual leave	(6,890)	5,871	(1,654)	6,949	1,104	-	5,380	-
Customer deposits	-	(631)	3,300	-	15	300	2,984	-
Net cash flows from operating activities	\$ 427,984	\$ 804,265	\$ 2,983,924	\$ 1,940,458	\$ 152,958	\$ 119,616	\$ 6,429,205	\$ 11,812

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Kodiak Fisheries Development Association Agency Fund
Statement of Fiduciary Assets and Liabilities

June 30, 2013

Current assets:

Cash and investments	\$ 172,155
----------------------	------------

Current liabilities:

Accounts payable	\$ 34,228
Due to others	137,927

Total Liabilities	\$ 172,155
--------------------------	-------------------

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Notes to Basic Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Kodiak (the City) was formed by a Home Rule Charter on March 16, 1965 under the provisions of Alaska Statute, Title 29, as amended. The City operates under a council-manager form of government and provides the following services: public safety (police and fire), public works, parks and recreation, community services, library, boat harbor, port, water, sewer, harbor electric utilities, airport facilities and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles of the government are described below.

The City of Kodiak is a municipal corporation governed by an elected council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Kodiak. There are no component units based on operational and financial relationship criteria.

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 activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from the *business-type activities*, which rely to a significant extent on fees and charges for support. The effect of interfund activity, for the most part, has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who use, purchase, or directly benefit from goods, services, or privileges provided by a given segment or function 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*. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar programs are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Net position is reported as restricted when constraints placed on the net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by laws through constitutional provisions or enabling legislation.

City of Kodiak, Alaska

Notes to Basic Financial Statements

Governmental fund type 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 City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures are generally 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 to the extent they have matured.

Sales taxes, property taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables 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 received by the government.

The City reports the following major governmental funds based on the quantitative criteria:

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

The *Parks and Recreation Capital Project Fund* accounts for all the construction and improvements of City-owned parks and recreational facilities.

The *Building Capital Project Fund* accounts for the construction of new City buildings.

The City reports the following major proprietary funds based on the quantitative criteria:

The *Cargo Pier Enterprise Fund* accounts for all activities of the cargo pier.

The *Boat Harbor Enterprise Fund* accounts for all activities of smaller crafts and all boat harbors within the City limits.

The *Water Utility Enterprise Fund* accounts for the distribution of water services.

The *Sewer Utility Enterprise Fund* accounts for the operations of the sewer distribution system.

The *Shipyards Enterprise Fund* accounts for the shipyard activities.

Additionally, the City also reports an internal service fund. This fund accounts for the insurance activities of the City and provides this service to other departments and agencies of the City on a cost reimbursement basis.

An agency fund is used to account for resources held for the Kodiak Fisheries Development 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 City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Kodiak, Alaska

Notes to Basic Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services and to other City departments for services provided. Operating expenses for the enterprise funds 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.

Use of Accounting Estimates

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

Central Treasury

The City maintains a central treasury for most of its cash and cash equivalents, which is utilized by all funds. Investment income is allocated to each fund quarterly based on the average monthly balance of each fund's equity in the central treasury.

Cash and Cash Equivalents

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

Inventories

Enterprise Fund inventories consist of various supplies. Inventories are valued at the lower of cost (first-in, first-out) or market (net realizable value) and are recorded as expenses when consumed rather than when purchased.

Prepaid Items

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

City of Kodiak, Alaska

Notes to Basic Financial Statements

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All taxes receivable and other receivables are shown net of an allowance for uncollectible receivables. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for doubtful accounts.

Restricted Assets

Monies or other resources, the use of which is restricted by legal or contractual requirements, are recorded as restricted assets. Restricted assets include monies set aside per bond covenants.

Capital Assets

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

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

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

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

<i>Assets</i>	<i>Years</i>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	7
Office and computer equipment	5

City of Kodiak, Alaska

Notes to Basic Financial Statements

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignation or retirement.

Long-term Debt

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.

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

Fund Balances

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

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

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

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Kodiak, Alaska

Notes to Basic Financial Statements

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

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

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

Unearned Grant Revenue

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

Pension Plan

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

Property Taxes

Property taxes are liens on the assessed value of taxable property as of January 1. Pursuant to Alaska Statutes, the City establishes the mill rate and tax levy on or before June 15. The City is located within the Kodiak Island Borough, which acts as the City's agent in the billing and collection of property taxes. Tax bills are mailed on or before July 1 and are payable in two installments on August 15th and November 15th. City property tax revenues are recognized in the fiscal year in which they are collectible and available (collected within 60 days after year end) to finance expenditures of the fiscal year.

Comparative Data

Comparative data for the prior year have been presented in some of the accompanying individual financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain amounts in the prior year data have been reclassified to conform to the current year's presentation.

City of Kodiak, Alaska

Notes to Basic Financial Statements

Change in Accounting Principle

The City has adopted newly issued GASB pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as deferred outflows. A deferred outflow represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as deferred inflows. A deferred inflow represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as deferred inflows. In the government-wide and proprietary financial statements, the residual net of all of the accounts is now called net position.

2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types, except the Capital Project Funds which adopt project-length budgets and the Special Assessments Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, department, and object. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Council made several supplemental budgetary appropriations throughout the year.

Encumbrance accounting is employed in governmental funds. Any encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above. The commitments will be reappropriated and honored during the subsequent year.

3. Cash and Investments

The City maintains a cash and investment pool (central treasury) that is available for use by all funds.

Cash

At year end, the carrying amount of the City's deposits in financial institutions was \$7,620,047 and the bank balance totaled \$8,450,538. Of the bank balance, \$250,000 was insured by FDIC insurance and \$8,205,920 was covered by collateral held by the pledging financial institutions' trust department or agent in the City's name. There were no uninsured cash balances. Included in the carrying amount above is \$505,050 of restricted cash for revenue bond reserves. Petty cash on hand at June 30, 2013 was \$2,600.

Investments

Investments are recorded at fair value. Chapter 3.16 of the City Code specifies that the City may invest in bonds, notes or other obligations, direct or otherwise, of the United States; bonds or other evidence of indebtedness of the State of Alaska or its political subdivisions or other states of the

City of Kodiak, Alaska

Notes to Basic Financial Statements

United States; Alaska Municipal League Investment Pool, Inc. (AMLIP); and savings accounts, certificates of deposit, bank acceptances, repurchase agreements, and such other security instruments as may be authorized by law. The investment policy requires collateralization of all deposits except direct purchases of securities and/or participation in AMLIP.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no formal policy relating to interest rate risk.

Investment maturities at June 30, 2013 are as follows:

<i>June 30, 2013</i>	Fair Value	Investment Maturity (in years)	
		Less than 1	1-5
Investment Type			
U.S. government agencies	\$ 22,689,488	\$ 9,074,760	\$ 13,614,728
Municipal Obligations	520,770	-	520,770
Alaska Municipal League Investment Pool	3,898,966	3,898,966	-
Total Investments	\$ 27,109,224	\$ 12,973,726	\$ 14,135,498

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City has no formal policy relating to credit risk. However, all of the U.S. government agency investments are rated AAA by Standard and Poor's.

The Alaska Municipal League Investment Pool is an external investment pool that is rated AAAM by Standard and Poor's. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to its Board of Directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

The manager is required to produce monthly disclosure statements to its participants. AMLIP also has retained an investment advisor to ensure compliance with investment policies. Participation in AMLIP is voluntary. AMLIP must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments are reviewed for fair value by an independent pricing service. As of June 30, 2013 the fair value of the investment in AMLIP approximates amortized cost.

City of Kodiak, Alaska

Notes to Basic Financial Statements

4. Accounts Receivable and Unearned Revenues

Receivables at June 30, 2013, for the City's individual major funds, and nonmajor funds in the aggregate including applicable allowances for doubtful accounts, are as follows:

	Major Governmental Funds					Totals
	General	Parks and Recreation Capital Project	Building Capital Project	Nonmajor Governmental Funds	Internal Service Funds	
Taxes	\$ 3,099,771	\$ -	\$ -	\$ 51,019	\$ -	\$ 3,150,790
Grants and shared revenues	54,537	20,588	987,331	21,850	-	1,084,306
Special assessments	-	-	-	96,522	-	96,522
Accounts	-	-	-	-	279,372	279,372
Interest	-	-	-	26,217	-	26,217
Total receivables	3,154,308	20,588	987,331	195,608	279,372	4,637,207
Less allowance for doubtful accounts	-	-	-	-	-	-
Net Receivables	\$ 3,154,308	\$ 20,588	\$ 987,331	\$ 195,608	\$ 279,372	\$ 4,637,207

	Major Enterprise Funds					Nonmajor Enterprise Funds	Totals
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard		
Accounts	\$ 49,532	\$ 136,096	\$ 257,305	\$ 337,518	\$ 37,709	\$ 259,507	\$ 1,077,667
Grants	952,881	-	722,578	-	-	-	1,675,459
Total receivables	1,002,413	136,096	979,883	337,518	37,709	259,507	2,753,126
Less allowance for doubtful accounts	-	(15,647)	(2,224)	(2,867)	-	-	(20,738)
Net Receivables	\$ 1,002,413	\$ 120,449	\$ 977,659	\$ 334,651	\$ 37,709	\$ 259,507	\$ 2,732,388

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2013, unearned revenues reported in the governmental funds were as follows:

	Nonmajor Funds	Totals
Unearned Revenues	\$ 4,157	\$ 4,157

City of Kodiak, Alaska

Notes to Basic Financial Statements

Governmental funds report a deferred inflow when there is an acquisition of fund balance that is applicable to a future reporting period. At June 30, 2013, the various components of deferred inflows reported in the governmental funds was as follows:

	Nonmajor Funds	Totals
Deferred Special Assessments	\$ 76,532	\$ 76,532

5. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 2,501,384	\$ -	\$ -	\$ 2,501,384
Construction in progress	3,454,860	9,975,708	-	13,430,568
Total assets not being depreciated	5,956,244	9,975,708	-	15,931,952
<i>Capital assets being depreciated:</i>				
Buildings	31,842,668	-	-	31,842,668
Improvements other than buildings	1,496,946	-	-	1,496,946
Infrastructure	18,681,299	-	-	18,681,299
Machinery and equipment	10,007,895	158,997	416,670	9,750,222
Total assets being depreciated	62,028,808	158,997	416,670	61,771,135
Less accumulated depreciation for:				
Buildings	3,159,447	654,516	-	3,813,963
Improvements other than buildings	977,884	65,540	-	1,043,424
Infrastructure	7,047,734	261,493	-	7,309,227
Machinery and equipment	7,012,235	458,047	365,155	7,105,127
Total accumulated depreciation	18,197,300	1,439,596	365,155	19,271,741
Total capital assets being depreciated, net	43,831,508	(1,280,599)	51,515	42,499,394
Governmental activity capital assets, net	\$ 49,787,752	\$ 8,695,109	\$ 51,515	\$ 58,431,346

City of Kodiak, Alaska

Notes to Basic Financial Statements

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 693,997	\$ -	\$ -	\$ 693,997
Construction in progress	5,493,393	1,947,769	-	7,441,162
Total assets not being depreciated	6,187,390	1,947,769	-	8,135,159
<i>Capital assets being depreciated:</i>				
Buildings	23,853,913	-	-	23,853,913
Improvements other than buildings	108,583,430	-	-	108,583,430
Machinery and equipment	20,984,422	29,814	-	21,014,236
Total assets being depreciated	153,421,765	29,814	-	153,451,579
Less accumulated depreciation for:				
Buildings	14,497,159	860,652	-	15,357,811
Improvements other than buildings	60,723,222	2,955,541	-	63,678,763
Machinery and equipment	3,390,524	633,402	-	4,023,926
Total accumulated depreciation	78,610,905	4,449,595	-	83,060,500
Total capital assets being depreciated, net	74,810,860	(4,419,781)	-	70,391,079
Governmental activity capital assets, net	\$ 80,998,250	\$ (2,472,012)	\$ -	\$ 78,526,238

Depreciation expense was charged to the functions as follows:

	Depreciation
Governmental activities	
General government	\$ 23,681
Public safety	801,170
Public works	404,825
Engineering	1,686
Parks and recreation	133,583
Library	65,428
Community services	9,223
Total Governmental Activities	\$ 1,439,596
Business-type activities	
Cargo Pier	\$ 444,427
Boat Harbor	1,320,097
Water Utility	648,966
Sewer Utility	1,214,885
Shipyard	529,981
Harbor Electric	11,759
Trident Basin	279,480
Total Business-Type Activities	\$ 4,449,595

City of Kodiak, Alaska

Notes to Basic Financial Statements

6. Long Term Debt

Long-term debt at June 30, 2013 is comprised of the following:

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30, 2013	Due Within One Year
Governmental activities					
\$8,000,000 2008 Series A Public Safety Building General Obligation Bonds, due in annual installments of \$175,000 to \$480,000 plus interest at 4.0% to 5.2% through 2038	\$ 7,415,000	\$ -	\$ 165,000	\$ 7,250,000	\$ 175,000
Accrued leave	565,742	489,830	558,287	497,285	490,733
Total Governmental Activities	\$ 7,980,742	\$ 489,830	\$ 723,287	\$ 7,747,285	\$ 665,733

The accrued leave related to governmental activities is generally liquidated by the General Fund.

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30, 2013	Due Within One Year
Business-type activities					
Revenue Bonds:					
\$2,000,000 2007 Series A Boat Harbor Revenue Bonds, due in annual installments of \$40,000 to \$125,000 plus interest at 4.0% to 6.0% through 2038	\$ 1,905,000	\$ -	\$ 35,000	\$ 1,870,000	\$ 40,000
\$4,000,000 2007 Series A Shipyard Revenue Bonds, due in annual installments of \$65,000 to \$295,000 plus interest at 4.0% to 6.0% through 2038	3,830,000	-	60,000	3,770,000	65,000
\$1,000,000 2009 Series One Shipyard Revenue Bonds, due in annual installments of \$20,000 to \$65,000 plus interest at 3.0% to 5.875% through 2037	950,000	-	20,000	930,000	20,000
Loans Payable:					
\$3,016,458 Sewer loan, due in annual installments of \$201,097, plus interest at 1.5% through 2016	804,391	-	201,097	603,294	201,097

City of Kodiak, Alaska

Notes to Basic Financial Statements

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30, 2013	Due Within One Year
Business-type activities, continued					
Loans Payable, continued:					
\$550,000 Water loan, due in annual installments of \$110,000, plus interest at 1.5% through 2014	\$ 220,000	\$ -	\$ 110,000	\$ 110,000	\$ 110,000
\$550,000 Sewer loan, due in annual installments of \$55,000, plus interest at 1.5% through 2019	385,000	-	55,000	330,000	55,000
\$1,000,000 Sewer loan, due in annual installments of \$58,246, including interest at 1.5% through 2030	912,860	-	44,553	868,307	45,221
\$930,000 Shipyard loan, due in annual installments of \$46,500, plus interest at 1.5% through 2030	837,000	-	46,500	790,500	46,500
\$862,000 Water loan, due in annual installments of \$50,208, including interest at 1.5% through 2030	786,885	-	38,405	748,480	38,981
\$341,930 (maximum) Water loan, terms not yet established, interest at 1.5%	200,394	-	-	200,394	-
\$341,930 (maximum) Sewer loan, terms not yet established, interest at 1.5%	200,394	-	-	200,394	-
\$5,982,000 (maximum) Water loan, terms not yet established, interest at 1.5%	381,907	930,560	-	1,312,467	-
Accrued leave	195,644	173,509	168,129	201,024	175,789
Total Business-type Activities	\$ 11,609,475	\$ 1,104,069	\$ 778,684	\$ 11,934,860	\$ 797,588

City of Kodiak, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for all the above obligations, except the three loans not yet in repayment status and the accrued leave follow:

Governmental Activities	General Obligation Bonds		
	Principal	Interest	Total
2014	\$ 175,000	\$ 354,990	\$ 529,990
2015	185,000	346,240	531,240
2016	195,000	336,990	531,990
2017	205,000	327,240	532,240
2018	210,000	319,040	529,040
2019-2023	1,065,000	1,467,963	2,532,963
2024-2028	1,335,000	1,203,265	2,538,265
2029-2033	1,695,000	836,055	2,531,055
2034-2038	2,185,000	351,960	2,536,960
	\$ 7,250,000	\$ 5,543,743	\$ 12,793,743

Business-type Activities	Revenue Bonds			Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 125,000	\$ 317,614	\$ 442,614	\$ 496,799	\$ 51,759	\$ 548,558
2015	130,000	310,364	440,364	388,061	44,307	432,368
2016	135,000	302,714	437,714	389,347	38,486	427,833
2017	140,000	294,664	434,664	189,548	32,646	222,194
2018	155,000	286,039	441,039	190,869	29,803	220,672
2019-2023	890,000	1,305,478	2,195,478	754,856	110,612	865,468
2024-2028	1,120,000	1,080,001	2,200,001	735,977	56,231	792,208
2029-2033	1,665,000	757,620	2,422,620	305,124	6,879	312,003
2034-2038	2,210,000	281,424	2,491,424	-	-	-
	\$ 6,570,000	\$ 4,935,918	\$ 11,505,918	\$ 3,450,581	\$ 370,723	\$ 3,821,304

Revenue Bond Requirements

Certain covenants of the revenue bonds require the establishment of bond redemption and reserve accounts. This requirement is reflected as restricted cash and investments in the Boat Harbor and Shipyard Enterprise Funds in the amount of \$505,050.

City of Kodiak, Alaska

Notes to Basic Financial Statements

7. Fund Balances

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

	General Fund	Parks and Recreation Capital Project	Building Capital Project	Nonmajor Funds	Totals
Nonspendable - prepaid items	\$ 13,741	\$ -	\$ -	\$ -	\$ 13,741
Committed:					
Tourism	-	-	-	301,433	301,433
Enhancement Fund	-	-	-	2,055,523	2,055,523
Assigned:					
Subsequent years expenditures	1,156,232	-	-	-	1,156,232
Capital projects	-	1,406,966	3,304,530	850,932	5,562,428
Public works	-	-	-	63,483	63,483
Unassigned	7,402,864	-	-	-	7,402,864
Total Fund Balances	\$ 8,572,837	\$ 1,406,966	\$ 3,304,530	\$ 3,271,371	\$ 16,555,704

8. Sales Tax Revenues

A sales tax of seven (7) percent of the sales price or charge is levied on all sales, rentals, and services made within the City. An additional five (5) percent of the rental charge is levied on all transient room rentals within the City.

Net sales tax revenues and transient room taxes for the years ended June 30, 2013 and 2012 respectively, are as follows:

	2013	2012
General Fund general sales taxes	\$ 11,215,647	\$ 10,259,515
Tourism Development Special Revenue Fund room taxes	\$ 196,687	\$ 171,564

City of Kodiak, Alaska

Notes to Basic Financial Statements

The sales tax and transient room tax proceeds are allocated in accordance with Ordinance Number 964, amending City Code Chapter 3.08 relating to taxes, in the following manner:

	Percentage	Maximum Proceeds
Fund		
General Fund	5.00%	N/A
Street Improvements Capital Projects Fund	0.90%	\$ 450,000
Parks and Recreation Capital Projects Fund	0.10%	50,000
Boat Harbor Enterprise Fund	1.00%	500,000
<hr/>		
Total Sales Tax	7.00%	

	Percentage	Maximum Proceeds
Fund		
Council approved tourism program	3.50%	N/A
Tourism enhancement projects	1.00%	N/A
Administrative costs associated with projects	0.50%	N/A
<hr/>		
Total Transient Room Tax	5.00%	

Sales tax revenues associated with the Capital Projects Funds are recorded as transfers from the General Fund to the applicable Capital Project Fund. Allocations to these funds for the years ended June 30, 2013 and 2012 were as follows:

<i>June 30,</i>	2013	2012
Capital Projects Funds:		
Street Improvements	\$ 450,000	\$ 450,000
Parks and Recreation	50,000	50,000
<hr/>		
Enterprise Fund - Boat Harbor	500,000	500,000
<hr/>		
Total Sales Tax Revenues Transferred From the General Fund	\$ 1,000,000	\$ 1,000,000

9. Interfund Receivables and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2013, follows:

Due from other funds:	
Due to the General Fund from nonmajor enterprise funds	\$ 206,208

City of Kodiak, Alaska

Notes to Basic Financial Statements

Transfers:

From General Fund to:

Boat Harbor Enterprise Fund for capital costs	\$ 500,000
Parks and Recreation Capital Project Fund for capital costs	50,000
Insurance Internal Service Fund for operating costs	37,000
Nonmajor governmental funds for capital projects	859,500
Nonmajor governmental funds to cover operating costs	178,352
Total transfers from General Fund	1,624,852

From Water Utility Enterprise Fund to:

Sewer Utility for capital costs	1,200,000
Nonmajor governmental fund for capital projects	440,000
Total transfers from Water Utility Enterprise Fund	1,640,000

From Sewer Utility Enterprise Fund to:

Water Utility Enterprise Fund for capital costs	463,500
Nonmajor governmental funds for capital costs	35,000
Insurance Internal Service Fund for operating costs	10,000
Total transfers from Sewer Utility Enterprise Fund	508,500

From Boat Harbor Enterprise Fund to Shipyard Enterprise Fund for capital costs 819,768

From Enhancement Fund to General Fund for excess fund balance 131,847

From Internal Service Fund to General Capital Project Fund for return of capital 311,000

Total Transfers to Other Funds **\$ 5,035,967**

10. Defined Benefit Pension Plan

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration 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

City of Kodiak, Alaska

Notes to Basic Financial Statements

PERS Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed legislation 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 no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are 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).

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 rate 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 participating 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 assumptions used in this valuation, other than those established and agreed to by the ARM Board.

Current legislation provides that the State of Alaska will contribute the difference between the ARM Board adopted rate and the contractual (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditure within the 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 GASB. For FY13, the rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

City of Kodiak, Alaska

Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	9.67%	15.75%	24.95%
Postemployment healthcare	12.33%	20.09%	39.93%
Total contribution rate	22.00%	35.84%	64.88%

Annual Pension and Postemployment Healthcare Cost - PERS

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf payment in the amount of \$990,465 as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<i>Year Ended June 30,</i>	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	City Contributions	% of TBC Contributed
2013	\$ 555,568	\$ 708,523	\$1,264,091	\$ 1,264,091	100%
2012	632,322	695,072	1,327,394	1,327,394	100%
2011	454,482	819,225	1,273,707	1,273,707	100%

11. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a Defined Contribution Retirement Plans. 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 of Kodiak, Alaska

Notes to Basic Financial Statements

Employer Contribution Rates

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

<i>June 30, 2013</i>	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.14%	0.99%
	5.62%	6.47%

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2012, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,848 per year for each full-time employee and \$1.18 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, 2013 were \$216,545 and \$189,419, respectively.

12. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e. errors and omissions, (d) environmental damage, (e) workers compensation, and (f) medical/dental/vision costs for employees. The City of Kodiak participates in the Alaska Public Entity Insurance Association (APEI) which covers property and contents, torts, general and auto liability, public officials and employees’ liability, and workers compensation. APEI is a public entity risk pool, which reinsures risk above certain levels, thereby relieving members of the need for additional assessments. APEI’s bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. APEI made no supplemental assessments during the year ended June 30, 2013. Coverage limits and deductibles on policies have remained relatively constant for the last several years. No settlements in excess of insurance coverage have been realized over the past three years.

In addition to the APEI coverage, the City has commercial insurance coverage for storage tanks, third party liability, and aviation liability for the two City-owned airports; Kodiak Municipal Airport, and the Trident Basin Seaplane Base.

The City maintains commercial insurance coverage for the health and medical benefit program which covers all full time employees.

City of Kodiak, Alaska

Notes to Basic Financial Statements

13. Enhancement Fund

The City has an Enhancement Fund in which the moneys are to be held perpetually in trust for the benefit of the present and future generations of Kodiak residents. Any principal portions of the Enhancement Fund cannot be appropriated without approval from at least five City council members. The Enhancement Fund was established with a transfer of five (5) million dollars from the General Fund to a separate Special Revenue Fund. The ordinance creating the Enhancement Fund requires fifty percent of the General Fund surplus (which is calculated annually based upon excess revenues and other financing sources, less expenditures and other financing uses) to be transferred to the Enhancement Fund by January 1 of the succeeding year. The General Fund's net increase to fund balance or surplus for the year ended June 30, 2012 was \$222,939 and accordingly, \$111,470 was transferred to the Enhancement Fund during the current year.

In addition, there is a provision for transferring to the General Fund any excess earnings over and above those earnings necessary for inflation-proofing of the Enhancement Fund. Based on the current year earnings, excess earnings of \$131,847 were transferred to the General Fund from the Enhancement Fund.

14. Operating Lease

The City occupies office space leased from the Kodiak Island Borough under a noncancellable operating lease that runs through June 30, 2013. The lease rate is \$7,577 per month. For the year ended June 30, 2013, the City recognized \$90,921 in rent expense paid to the Kodiak Island Borough.

15. Conduit Debt

In 2010, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to Kodiak Area Native Association to finance the acquisition, construction, and equipping of a condominium unit for their Community Services department. The bonds were issued in the amount of \$1,615,000 and the outstanding balance at June 30, 2013 was \$1,522,000.

The bonds do not constitute a general obligation debt or pledge of the full faith and credit of the City and accordingly, the bonds and related assets are not reflected in the accompanying financial statements.

16. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. 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 determined at this time although the City expects such amounts, if any, to be nominal.

City of Kodiak, Alaska

Notes to Basic Financial Statements

17. New Accounting Pronouncements

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

GASB 66 - Technical Corrections - 2012 - Effective for year-end June 30, 2014 - This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees.

GASB 67 - Financial Reporting for Pension Plans - Effective for year-end June 30, 2014 - This statement changes the reporting and disclosure requirements for government Pension Plans. This statement modifies the Plan-side reporting.

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 participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan side 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 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees - Effective for year-end June 30, 2014 - This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.

This page intentionally left blank.

Required Supplementary Information

City of Kodiak, Alaska

General Fund

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

Year Ended June 30, 2013	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 773,500	\$ 773,500	\$ 708,684	\$ (64,816)
Sales taxes	9,500,000	10,500,000	11,215,647	715,647
Other taxes, penalties and interest	30,000	30,000	28,266	(1,734)
Intergovernmental	2,449,346	2,703,874	2,774,999	71,125
Charges for services	1,612,193	1,622,193	1,538,470	(83,723)
Fines and forfeitures	20,500	20,500	15,308	(5,192)
Licenses and permits	68,000	68,000	237,950	169,950
Rental income	155,236	180,236	194,099	13,863
Interfund charges	854,816	854,816	865,152	10,336
Investment income	45,000	45,000	9,459	(35,541)
Other revenues	26,300	44,300	45,736	1,436
Total revenues	15,534,891	16,842,419	17,633,770	791,351
Expenditures:				
General government	2,535,176	2,552,020	2,059,505	492,515
Public safety:				
Operations	7,336,812	7,486,303	7,114,584	371,719
Debt service	528,240	528,240	528,240	-
Public works	2,203,511	2,154,502	1,854,193	300,309
Engineering	243,400	244,551	189,900	54,651
Parks and recreation	1,298,210	1,324,259	1,083,502	240,757
Library	858,950	874,143	825,732	48,411
Community services	200,300	202,800	154,269	48,531
Other - insurance and administration	496,100	505,600	487,673	17,927
Total expenditures	15,700,699	15,872,418	14,297,598	1,574,820
Excess of revenues over (under) expenditures	(165,808)	970,001	3,336,172	2,366,171
Other financing sources (uses):				
Transfers in	-	-	131,847	131,847
Transfers out	(1,325,046)	(1,502,546)	(1,624,852)	(122,306)
Net other financing sources (uses)	(1,325,046)	(1,502,546)	(1,493,005)	9,541
Net change in fund balance	\$ (1,490,854)	\$ (532,545)	1,843,167	\$ 2,375,712
Fund Balance at beginning of year			6,729,670	
Fund Balance at end of year			\$ 8,572,837	

See accompanying notes to basic financial statements.

Nonmajor Funds

City of Kodiak, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2013</i>	Special Revenue Funds			Capital Projects			Total Nonmajor Governmen- tal Funds
	Tourism Develop- ment	Special Assess- ments	Enhance- ment	General	Street Improvements	General Fund Vehicle Replacement	
Assets							
Cash and investments	\$ 250,414	\$ 43,493	\$ 2,029,306	\$ 591,255	\$ 429,958	\$ 88,756	\$ 3,433,182
Receivables:							
Taxes	51,019	-	-	-	-	-	51,019
Grants	-	-	-	\$ 21,850	-	-	21,850
Special assessments	-	96,522	-	-	-	-	96,522
Interest	-	-	26,217	-	-	-	26,217
Total Assets	\$ 301,433	\$ 140,015	\$ 2,055,523	\$ 613,105	\$ 429,958	\$ 88,756	\$ 3,628,790
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 42,186	\$ 234,544	\$ -	\$ 276,730
Unearned revenue	-	-	-	4,157	-	-	4,157
Total liabilities	-	-	-	46,343	234,544	-	280,887
Deferred inflows -							
deferred assessments	-	76,532	-	-	-	-	76,532
Fund balances:							
Committed:							
Tourism	301,433	-	-	-	-	-	301,433
Enhancement Fund	-	-	2,055,523	-	-	-	2,055,523
Assigned:							
Capital projects	-	-	-	566,762	195,414	88,756	850,932
Public works	-	63,483	-	-	-	-	63,483
Total fund balances	301,433	63,483	2,055,523	566,762	195,414	88,756	3,271,371
Total Liabilities, Deferred inflows, and Fund Balances	\$ 301,433	\$ 140,015	\$ 2,055,523	\$ 613,105	\$ 429,958	\$ 88,756	\$ 3,628,790

City of Kodiak, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

<i>Year Ended June 30, 2013</i>	Special Revenue Funds			Capital Project Funds			Total Nonmajor Govern- mental Funds
	Tourism Develop- ment	Special Assess- ments	Enhance- ment	General	Street Improvements	General Fund Vehicle Replacement	
Revenues:							
Taxes	\$ 196,687	\$ -	\$ -	\$ -	\$ 847	\$ -	\$ 197,534
Rental income	340	-	41,685	-	-	-	42,025
Intergovernmental	-	-	-	31,856	-	-	31,856
Investment income	407	115	43,475	894	-	78	44,969
Special assessments	-	44,335	-	-	-	-	44,335
Total revenues	197,434	44,450	85,160	32,750	847	78	360,719
Expenditures:							
General government	-	-	-	361,749	-	-	361,749
Public safety	-	-	-	293,901	-	-	293,901
Public works	-	408	-	25,994	495,558	-	521,960
Community services	132,860	-	-	-	-	-	132,860
Capital outlay	-	-	-	201,989	-	-	201,989
Total expenditures	132,860	408	-	883,633	495,558	-	1,512,459
Excess of revenues over (under) expenditures	64,574	44,042	85,160	(850,883)	(494,711)	78	(1,151,740)
Other financing sources (uses):							
Transfers in	-	-	111,470	720,500	925,000	66,882	1,823,852
Transfers out	-	-	(131,847)	-	-	-	(131,847)
Net other financing sources (uses)	-	-	(20,377)	720,500	925,000	66,882	1,692,005
Net change in fund balances	64,574	44,042	64,783	(130,383)	430,289	66,960	540,265
Fund Balances (Deficit) at beginning of year	236,859	19,441	1,990,740	697,145	(234,875)	21,796	2,731,106
Fund Balances at of year	\$ 301,433	\$ 63,483	\$ 2,055,523	\$ 566,762	\$ 195,414	\$ 88,756	\$ 3,271,371

City of Kodiak, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

<i>June 30, 2013</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and investments	\$ 642,631	\$ -	\$ -	\$ 642,631
Receivables - net of allowances	53,308	17,400	188,799	259,507
Total current assets	695,939	17,400	188,799	902,138
Noncurrent assets -				
property, plant and equipment, net	42,471	4,274,528	-	4,316,999
Total Assets	\$ 738,410	\$ 4,291,928	\$ 188,799	\$ 5,219,137
Liabilities and Net Position				
Current liabilities:				
Accounts payable	\$ 35,909	\$ 1,476	\$ -	\$ 37,385
Customer deposits	15,200	1,536	-	16,736
Due to other funds	-	181,146	25,062	206,208
Total current liabilities	51,109	184,158	25,062	260,329
Net Position:				
Net investment in capital assets	42,471	4,274,528	-	4,316,999
Unrestricted (deficit)	644,830	(166,758)	163,737	641,809
Total net position	687,301	4,107,770	163,737	4,958,808
Total Liabilities and Net Position	\$ 738,410	\$ 4,291,928	\$ 188,799	\$ 5,219,137

City of Kodiak, Alaska
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2013</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Operating revenues	\$ 724,632	\$ 44,361	\$ 69,140	\$ 838,133
Operating expenses:				
Salaries and benefits	-	-	5,890	5,890
Professional	-	15,048	-	15,048
Goods and services	544,997	8,300	-	553,297
Utilities and fuel	-	843	-	843
Administrative services	-	2,808	-	2,808
Repairs and maintenance	8,403	-	-	8,403
Interfund charges	92,220	39,090	-	131,310
Depreciation	11,759	279,480	-	291,239
Total operating expenses	657,379	345,569	5,890	1,008,838
Earnings (loss) from operations	67,253	(301,208)	63,250	(170,705)
Nonoperating revenues - investment income	949	-	-	949
Change in net position	68,202	(301,208)	63,250	(169,756)
Net Position at beginning of year	619,099	4,408,978	100,487	5,128,564
Net Position at end of year	\$ 687,301	\$ 4,107,770	\$ 163,737	\$ 4,958,808

City of Kodiak, Alaska
Nonmajor Enterprise Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2013</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 751,141	\$ 33,927	\$ 47,828	\$ 832,896
Payments for interfund services used	(92,220)	(39,090)	-	(131,310)
Payments to suppliers	(548,945)	(27,135)	-	(576,080)
Payments to employees	-	-	(5,890)	(5,890)
Net cash flows from operating activities	109,976	(32,298)	41,938	119,616
Cash Flows from Noncapital Financing Activities				
Increase (decrease) in due to other funds	-	32,146	(41,938)	(9,792)
Cash Flows from Investing Activities				
Investment income received	948	-	-	948
Net increase (decrease) in cash and investments	110,924	(152)	-	110,772
Cash and Investments at beginning of year	531,707	152	-	531,859
Cash and Investments at end of year	\$ 642,631	\$ -	\$ -	\$ 642,631
Reconciliation of earnings (loss) from operations to net cash flows from operating activities				
Earnings (loss) from operations	\$ 67,253	\$ (301,208)	\$ 63,250	\$ (170,705)
Adjustments to reconcile earnings (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	11,759	279,480	-	291,239
(Increase) decrease in assets - accounts receivable	26,209	(10,434)	(21,312)	(5,537)
Increase (decrease) in liabilities:				
Accounts payable	4,455	(136)	-	4,319
Customer deposits	300	-	-	300
Net cash flows from operating activities	\$ 109,976	\$ (32,298)	\$ 41,938	\$ 119,616

General Fund

The General Fund accounts for the financial operations of the City which are not required to be accounted for in any other fund. It is the City's primary operating fund.

City of Kodiak, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 5,560,219	\$ 3,822,985
Receivables:		
Taxes	3,099,771	2,741,808
Grants and shared revenues	54,537	69,566
Total receivables	3,154,308	2,811,374
Due from other funds	206,208	445,000
Prepaid items	13,741	-
Total Assets	\$ 8,934,476	\$ 7,079,359
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 176,878	\$ 190,141
Accrued payroll and related liabilities	178,619	154,086
Customer deposits	6,142	5,462
Total liabilities	361,639	349,689
Fund balance:		
Nonspendable - prepaid items	13,741	-
Assigned for subsequent year's expenditures	1,156,232	1,490,854
Unassigned	7,402,864	5,238,816
Total fund balance	8,572,837	6,729,670
Total Liabilities and Fund Balance	\$ 8,934,476	\$ 7,079,359

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Taxes:				
Property taxes	\$ 773,500	\$ 708,684	\$ (64,816)	\$ 917,599
Sales taxes	10,500,000	11,215,647	715,647	10,259,515
Penalties and interest	30,000	28,266	(1,734)	37,592
Total taxes	11,303,500	11,952,597	649,097	11,214,706
Intergovernmental:				
Grants	28,953	23,151	(5,802)	122,681
Revenue sharing	572,936	572,306	(630)	534,336
State PERS relief	702,810	765,692	62,882	619,957
Fisheries business tax	1,253,000	1,252,420	(580)	1,123,205
Shared fisheries business and landing tax	70,000	90,469	20,469	120,822
Liquor licenses	31,000	19,300	(11,700)	22,500
Fuel tax sharing	7,075	7,075	-	6,882
Telephone and electric sharing	38,100	44,586	6,486	41,300
Total intergovernmental	2,703,874	2,774,999	71,125	2,591,683
Charges for services:				
Public safety:				
Boarding of State prisoners	1,133,993	1,134,144	151	1,134,810
State Trooper contract	120,000	78,750	(41,250)	78,750
Ambulance services	40,000	51,026	11,026	23,294
Other public safety charges	32,000	21,223	(10,777)	6,383
School lifeguard services	11,000	16,018	5,018	14,319
Borough building inspector charges	140,000	115,378	(24,622)	203,464
Library fees and charges	16,200	12,592	(3,608)	13,692
Parks and recreation fees and charges	119,000	100,645	(18,355)	120,121
Public works services	10,000	8,694	(1,306)	7,299
Total charges for services	1,622,193	1,538,470	(83,723)	1,602,132

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Revenues, continued:				
Fines and forfeitures	\$ 20,500	\$ 15,308	\$ (5,192)	\$ 3,619
Licenses and permits	68,000	237,950	169,950	71,957
Rental income	180,236	194,099	13,863	154,320
Interfund charges:				
Cargo Pier Fund	38,820	38,820	-	34,940
Boat Harbor Fund	97,570	97,070	(500)	88,385
Water Fund	97,080	97,080	-	87,360
Sewer Fund	97,080	97,080	-	87,360
Trident Basin Fund	19,410	19,410	-	17,470
Public works	253,500	253,500	-	295,668
Engineering and inspection fees	100,220	100,220	-	90,960
Tourism Development Fund	36,860	36,860	-	36,860
Boat Yard Fund	38,820	38,820	-	34,940
Electric Fund	19,410	19,410	-	17,470
Vehicle replacement	56,046	66,882	10,836	21,812
Total interfund charges	854,816	865,152	10,336	813,225
Investment income	45,000	9,459	(35,541)	1,301
Other revenues	44,300	45,736	1,436	19,471
Total revenues	16,842,419	17,633,770	791,351	16,472,414
Expenditures:				
General government:				
Legislative	273,210	184,652	88,558	147,552
Legal	50,000	31,754	18,246	37,054
Executive	557,824	327,874	229,950	350,066
City clerk	383,386	339,662	43,724	349,121
Finance	1,287,600	1,175,563	112,037	1,221,064
Total general government	2,552,020	2,059,505	492,515	2,104,857

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety:				
Police department:				
Administration:				
Operations	\$ 794,235	\$ 793,336	\$ 899	\$ 785,487
Bond principal	165,000	165,000	-	155,000
Bond interest	363,240	363,240	-	370,990
Uniformed patrol	1,388,751	1,314,597	74,154	1,218,421
Corrections	1,204,607	1,204,373	234	1,198,957
Investigations	311,599	226,547	85,052	298,845
Support services	1,058,144	972,145	85,999	998,779
Animal control	199,470	179,083	20,387	194,998
Drug enforcement	175,094	168,197	6,897	155,007
Community services	220,812	184,042	36,770	162,424
Canine	168,184	167,612	572	150,544
Police school resources	116,434	112,141	4,293	105,099
Fire department	1,848,973	1,792,511	56,462	1,823,758
Total public safety	8,014,543	7,642,824	371,719	7,618,309
Public works:				
Administration	105,249	102,482	2,767	103,174
Streets	1,425,264	1,157,108	268,156	1,904,987
Garage	285,924	268,625	17,299	252,525
Building inspection	304,965	293,387	11,578	343,548
Municipal airport facility	33,100	32,591	509	28,431
Total public works	2,154,502	1,854,193	300,309	2,632,665
Engineering	244,551	189,900	54,651	150,113
Parks and recreation:				
Administration	622,961	501,074	121,887	512,010
Museum	85,000	84,827	173	84,677
Teen Center	252,587	172,529	80,058	211,768
Aquatics	219,801	219,394	407	182,171
Ice rink	127,910	94,002	33,908	116,654
Beautification program	16,000	11,676	4,324	11,599
Total parks and recreation	1,324,259	1,083,502	240,757	1,118,879

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Library	\$ 874,143	\$ 825,732	\$ 48,411	\$ 778,930
Community services:				
Contributions	155,300	112,552	42,748	116,756
Downtown revitalization	47,500	41,717	5,783	38,067
Total community services	202,800	154,269	48,531	154,823
Other - insurance and general administr	505,600	487,673	17,927	517,399
Total expenditures	15,872,418	14,297,598	1,574,820	15,075,975
Excess of revenues over (under) expenditures	970,001	3,336,172	2,366,171	1,396,439
Other financing sources (uses):				
Transfers in	-	131,847	131,847	492,689
Transfers out	(1,502,546)	(1,624,852)	(122,306)	(1,666,189)
Net other financing sources (uses)	(1,502,546)	(1,493,005)	9,541	(1,173,500)
Net change in fund balance	<u>\$ (532,545)</u>	1,843,167	<u>\$ 2,375,712</u>	222,939
Fund Balance at beginning of year		<u>6,729,670</u>		<u>6,506,731</u>
Fund Balance at end of year		<u>\$ 8,572,837</u>		<u>\$ 6,729,670</u>

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

Tourism Development

This fund is used to account for the receipt and distribution of hotel and motel tax revenues.

Special Assessments

This fund is used to account for assessments levied on street projects. No annual budget is prepared for this fund.

Enhancement Fund

This fund accounts for investment income and transfers from the General Fund as determined by ordinance and is for the future benefit and use of the citizens of Kodiak.

City of Kodiak, Alaska
Tourism Development Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 250,414	\$ 190,539
Receivables - taxes	51,019	46,320
Total Assets	\$ 301,433	\$ 236,859
Fund Balance		
Committed for tourism	\$ 301,433	\$ 236,859

City of Kodiak, Alaska

Tourism Development Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Room taxes	\$ 142,260	\$ 196,687	\$ 54,427	\$ 171,564
Investment income	600	407	(193)	40
Rental income	-	340	340	1,421
Total revenues	142,860	197,434	54,574	173,025
Expenditures - community services:				
Interfund services:				
Finance and administration	14,290	14,290	-	14,290
Public works services	6,570	6,570	-	6,570
Parks and recreation services	16,000	16,000	-	16,000
Community service contributions	106,000	96,000	10,000	106,000
Total expenditures	142,860	132,860	10,000	142,860
Net change in fund balance	<u>\$ -</u>	64,574	<u>\$ 64,574</u>	30,165
Fund Balance at beginning of year		<u>236,859</u>		<u>206,694</u>
Fund Balance at end of year		<u>\$ 301,433</u>		<u>\$ 236,859</u>

City of Kodiak, Alaska
Special Assessments Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 43,493	\$ 1,078
Receivables - special assessments	96,522	134,823
Total Assets	\$ 140,015	\$ 135,901
Deferred Inflows and Fund Balance		
Deferred inflows - deferred assessments	\$ 76,532	\$ 116,460
Fund balance - assigned for public works	63,483	19,441
Total Deferred Inflows and Fund Balance	\$ 140,015	\$ 135,901

City of Kodiak, Alaska

Special Assessments Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Year Ended June 30,</i>	2013	2012
Revenues:		
Special assessments	\$ 44,335	\$ 47,057
Investment income	115	63
Total revenues	44,450	47,120
Expenditures - public works - professional services	408	367
Excess of revenues over expenditures	44,042	46,753
Other financing uses - transfers out	-	(54,190)
Net change in fund balance	44,042	(7,437)
Fund Balance at beginning of year	19,441	26,878
Fund Balance at end of year	\$ 63,483	\$ 19,441

City of Kodiak, Alaska
Enhancement Fund Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 2,029,306	\$ 1,956,571
Interest receivable	26,217	34,169
Total Assets	\$ 2,055,523	\$ 1,990,740
Fund Balance		
Fund balance - committed for Enhancement Fund	\$ 2,055,523	\$ 1,990,740

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

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Rental income	\$ 42,210	\$ 41,685	\$ (525)	\$ 41,291
Investment income	55,000	43,475	(11,525)	91,881
Total revenues	97,210	85,160	(12,050)	133,172
Other financing sources (uses):				
Transfers in	-	111,470	111,470	78,877
Transfers out	(97,210)	(131,847)	(34,637)	(3,000,000)
Net other financing sources (uses)	(97,210)	(20,377)	76,833	(2,921,123)
Net change in fund balance	\$ -	64,783	\$ 64,783	(2,787,951)
Fund Balance at beginning of year		1,990,740		4,778,691
Fund Balance at end of year		\$ 2,055,523		\$ 1,990,740

This page intentionally left blank.

Capital Project Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds.

General Capital Projects

This fund is used to account for various small capital projects.

Street Improvements

This fund accounts for major capital outlay and repair and improvements on streets and roads owned by the City.

Parks and Recreation

This fund is used to account for the construction and improvements of City-owned parks and recreational facilities.

Building Capital Projects

This fund is used to account for various building capital projects.

General Fund Vehicle Replacement

This fund is used to accumulate resources for future vehicle replacements.

City of Kodiak, Alaska
General Capital Projects Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 591,255	\$ 699,566
Grants receivable	21,850	3,593
Total Assets	\$ 613,105	\$ 703,159
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 42,186	\$ 106
Unearned revenue	4,157	5,908
Total liabilities	46,343	6,014
Fund balance - assigned for capital projects	566,762	697,145
Total Liabilities and Fund Balance	\$ 613,105	\$ 703,159

City of Kodiak, Alaska
General Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2013	2012
Revenues:		
Intergovernmental	\$ 31,856	\$ 16,281
Investment income	894	83
Total revenues	32,750	16,364
Expenditures:		
Ice rink	310,602	-
Paving police station parking	248,215	-
Homeland security	725	-
Comprehensive records management	8,556	-
Municipal airport improvements	25,994	-
Demolition of police station	33,860	-
Museum phase I	1,211	-
KFD deferred maintenance	11,104	38,044
Gibson Cove	541	8,036
Class and computer study	37,450	40,644
Energy efficiency	3,386	8,246
Financial software	201,989	2,714
Roof and building evaluation and repair	-	5,190
City land development	-	49
Total expenditures	883,633	102,923
Excess of revenues under expenditures	(850,883)	(86,559)
Other financing sources - transfers in	720,500	290,500
Net change in fund balance	(130,383)	203,941
Fund Balance at beginning of year	697,145	493,204
Fund Balance at end of year	\$ 566,762	\$ 697,145

City of Kodiak, Alaska
Street Improvements Capital Project Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 429,958	\$ 465
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 234,544	\$ 6,340
Due to other funds	-	229,000
Total liabilities	234,544	235,340
Fund balance - assigned for capital projects (deficit)	195,414	(234,875)
Total Liabilities and Fund Balance	\$ 429,958	\$ 465

City of Kodiak, Alaska

Street Improvements Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

<i>Year Ended June 30,</i>	2013	2012
Revenues - investment income	\$ 847	\$ -
Expenditures:		
Annual sidewalk, curb and gutter repair	39,314	38,192
Storm drain snow dump storage	70,000	-
Pillar Mountain waste dump	10,157	-
Predesign snow dump storage	36,434	-
Pavement repairs	137,860	70
Baranof Museum retaining wall	-	239,307
SPCC spill prevention	-	66,560
Mission Road retaining wall replacement	182,222	-
Review/update construction specs	19,571	25,173
Total expenditures	495,558	369,302
Excess of revenues under expenditures	(494,711)	(369,302)
Other financing sources - transfers in	925,000	1,819,571
Net change in fund balance	430,289	1,450,269
Deficit at beginning of year	(234,875)	(1,685,144)
Fund Balance (Deficit) at end of year	\$ 195,414	\$ (234,875)

City of Kodiak, Alaska
Parks and Recreation Capital Project Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 1,406,378	\$ 254,829
Grants receivable	20,588	1,969,158
Total Assets	\$ 1,426,966	\$ 2,223,987
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 20,000	\$ 1,360,834
Fund balance - assigned for capital projects	1,406,966	863,153
Total Liabilities and Fund Balance	\$ 1,426,966	\$ 2,223,987

City of Kodiak, Alaska

Parks and Recreation Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2013	2012
Revenues:		
Intergovernmental	\$ 3,460,801	\$ 2,098,395
Investment income	2,444	615
Other	1,000	1,686
Total revenues	3,464,245	2,100,696
Expenditures:		
Baranof baseball field	-	754
Baranof park and field	2,910,942	2,148,461
Baranof storage building	59,490	9,103
Total expenditures	2,970,432	2,158,318
Excess of revenues over (under) expenditures	493,813	(57,622)
Other financing sources - transfers in	50,000	550,000
Net change in fund balance	543,813	492,378
Fund Balance at beginning of year	863,153	370,775
Fund Balance at end of year	\$ 1,406,966	\$ 863,153

City of Kodiak, Alaska
Building Capital Project Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 3,240,926	\$ 3,170,960
Grant receivable	987,331	335,187
Total Assets	\$ 4,228,257	\$ 3,506,147
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 923,727	\$ 99,553
Fund balance - assigned for capital projects	3,304,530	3,406,594
Total Liabilities and Fund Balance	\$ 4,228,257	\$ 3,506,147

City of Kodiak, Alaska
Building Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2013	2012
Revenues:		
Intergovernmental	\$ 6,194,638	\$ 705,362
Investment income	6,585	259
Donations	500,000	-
Total revenues	6,701,223	705,621
Expenditures - library building	6,803,287	810,222
Excess of revenues under expenditures	(102,064)	(104,601)
Other financing sources - transfers in	-	2,500,000
Net change in fund balance	(102,064)	2,395,399
Fund Balance at beginning of year	3,406,594	1,011,195
Fund Balance at end of year	\$ 3,304,530	\$ 3,406,594

City of Kodiak, Alaska
General Fund Vehicle Replacement Capital Project Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 88,756	\$ 21,796
Fund Balance		
Assigned for capital projects	\$ 88,756	\$ 21,796

City of Kodiak, Alaska

General Fund Vehicle Replacement Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2013	2012
Revenues - investment income (loss)	\$ 78	\$ (17)
Excess of revenues over (under) expenditures	78	(17)
Other financing sources - transfers in	66,882	21,813
Net change in fund balance	66,960	21,796
Fund Balance at beginning of year	21,796	-
Fund Balance at end of year	\$ 88,756	\$ 21,796

This page intentionally left blank.

Enterprise Funds

Cargo Pier

This fund accounts for all activities of the cargo pier.

Boat Harbor

This fund accounts for all activities of smaller crafts and all boat harbors within the City limits.

Harbor Electric

This fund accounts for the electricity used at the City's harbors.

Water Utility

This fund accounts for the distribution of water services.

Sewer Utility

This fund accounts for the operation of the sewer distribution system.

Trident Basin

This fund accounts for the seaplane moorage activities at the Trident Basin.

Shipyard

This fund accounts for the shipyard activities.

E-911 Services

This fund accounts for funds collected from phone charges and pays for a 911 emergency system.

City of Kodiak, Alaska
Cargo Pier Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 3,852,019	\$ 3,895,119
Receivables:		
Accounts	49,532	56,335
Grants	952,881	375
Total current assets	4,854,432	3,951,829
Property, plant and equipment:		
Improvements other than buildings	20,619,826	20,619,826
Building	9,502	9,502
Machinery and equipment	1,154,957	1,154,957
Construction in progress	1,467,558	-
Accumulated depreciation	(16,029,463)	(15,585,037)
Net property, plant and equipment	7,222,380	6,199,248
Total Assets	\$ 12,076,812	\$ 10,151,077
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 263,729	\$ 53,877
Accrued payroll and related liabilities	3,108	3,025
Current portion of accrued annual leave	1,733	8,907
Total current liabilities	268,570	65,809
Noncurrent liabilities - long term portion of accrued annual leave	284	-
Total liabilities	268,854	65,809
Net position:		
Net investment in capital assets	7,222,380	6,199,248
Unrestricted	4,585,578	3,886,020
Total net position	11,807,958	10,085,268
Total Liabilities and Net Position	\$ 12,076,812	\$ 10,151,077

City of Kodiak, Alaska

Cargo Pier Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Dockage	\$ 133,078	\$ 122,595
Wharfage and handling	478,309	422,094
Pier III	300,073	292,754
Cruise ship	95,786	131,220
Rentals	215,372	211,706
Other	210	42,983
Total operating revenues	1,222,828	1,223,352
Operating expenses:		
General and administrative:		
Salaries and benefits	277,765	301,049
Professional	470	12,158
Goods and services	44,918	47,401
Repairs and maintenance	11,500	12,660
Interfund charges:		
Finance and administration	38,820	34,940
Public works services	50,700	59,134
Engineering	27,840	25,260
Harbormaster services	55,910	69,878
Other	-	22,209
Total general and administrative	507,923	584,689
Warehouse:		
Goods and services	1,050	8,865
Professional	6,952	1,855
Total warehouse	8,002	10,720
Pier II:		
Goods and services	18,978	30,097
Utilities and fuel	19,750	22,435
Machinery and equipemnt	1,636	-
Repairs and maintenance	-	188,961
Total pier II	40,364	241,493

City of Kodiak, Alaska
Cargo Pier Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position, continued

<i>Years Ended June 30,</i>	2013	2012
Operating expenses, continued:		
Pier III:		
Goods and services	\$ 75	\$ -
Utilities and fuel	1,230	910
Repairs and maintenance	467,373	185,533
Total pier III	468,678	186,443
Depreciation	444,427	444,427
Total operating expenses	1,469,394	1,467,772
Loss from operations	(246,566)	(244,420)
Nonoperating revenues:		
Investment income	8,796	1,770
State PERS relief	20,275	17,978
State grant - pedestrian improvements	472,627	183,343
Total nonoperating revenues	501,698	203,091
Earnings (loss) before contributions	255,132	(41,329)
Capital contributions	1,467,558	-
Change in net position	1,722,690	(41,329)
Net Position at beginning of year	10,085,268	10,126,597
Net Position at end of year	\$ 11,807,958	\$ 10,085,268

City of Kodiak, Alaska
Cargo Pier Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,229,631	\$ 1,256,894
Payments for interfund services used	(173,270)	(189,212)
Payments to suppliers	(364,080)	(480,906)
Payments to employees	(264,297)	(290,301)
Net cash flows from operating activities	427,984	296,475
Cash Flows from Noncapital Financing Activities		
Nonoperating grant received	472,627	182,968
Cash Flows from Capital and Related Financing Activities		
Purchase of property, plant and equipment	(1,467,559)	-
Capital contributions received	515,052	-
Net cash flows from capital and related financing activities	(952,507)	-
Cash Flows from Investing Activities		
Investment income received	8,796	1,770
Net increase (decrease) in cash and investments	(43,100)	481,213
Cash and Investments at beginning of year	3,895,119	3,413,906
Cash and Investments at end of year	\$ 3,852,019	\$ 3,895,119
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (246,566)	\$ (244,420)
Adjustments to reconcile loss from operations to net cash provided (used) by operating activities:		
Depreciation	444,427	444,427
Noncash expense - State PERS relief	20,275	17,978
(Increase) decrease in assets - accounts receivable	6,803	33,542
Increase (decrease) in liabilities:		
Accounts payable	209,852	52,178
Accrued payroll and related liabilities	83	(6,175)
Accrued annual leave	(6,890)	(1,055)
Net cash flows from operating activities	\$ 427,984	\$ 296,475

City of Kodiak, Alaska
Boat Harbor Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 2,679,578	\$ 2,144,552
Receivables:		
Accounts	136,096	99,914
Allowance for doubtful accounts	(15,647)	(15,647)
Total current assets	2,800,027	2,228,819
Noncurrent assets:		
Advance to other fund	-	187,000
Restricted cash and investments - bond reserve	129,581	129,581
Property, plant and equipment:		
Land	677,064	677,064
Buildings	1,523,154	1,523,154
Improvements other than buildings	35,334,087	35,334,087
Machinery and equipment	614,341	584,529
Accumulated depreciation	(23,870,816)	(22,550,719)
Net property, plant and equipment	14,277,830	15,568,115
Total noncurrent assets	14,407,411	15,884,696
Total Assets	\$ 17,207,438	\$ 18,113,515
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 32,777	\$ 23,627
Accrued payroll and related liabilities	13,664	10,122
Accrued interest	29,340	30,040
Current portion of accrued annual leave	83,286	91,045
Customer deposits	233,063	233,694
Current portion of revenue bonds payable	40,000	35,000
Total current liabilities	432,130	423,528
Noncurrent liabilities:		
Long term portion of accrued annual leave	13,630	-
Long term portion of revenue bonds payable	1,830,000	1,870,000
Total noncurrent liabilities	1,843,630	1,870,000
Total liabilities	2,275,760	2,293,528
Net position:		
Net investment in capital assets	12,407,830	13,663,115
Restricted for debt service	129,581	129,581
Unrestricted	2,394,267	2,027,291
Total net position	14,931,678	15,819,987
Total Liabilities and Net Position	\$ 17,207,438	\$ 18,113,515

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

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Moorage	\$ 1,782,675	\$ 1,769,683
Pier and dock fees	365,032	263,190
Administrative charges to other funds	167,730	69,878
Other fees and charges	258,989	360,504
Rentals	15,609	15,455
Penalties and interest	225	-
Other	12,729	28,842
Total operating revenues	2,602,989	2,507,552
Operating expenses:		
Salaries and benefits	1,208,113	1,124,584
Professional	77,977	85,312
Contributions	18,271	20,255
Goods and services	214,846	228,229
Utilities and fuel	160,137	155,280
Administrative services	193	1,076
Machinery and equipment	5,309	18,757
Repairs and maintenance	8,514	1,541
Interfund charges:		
Finance and administration	97,070	87,350
Public works services	50,700	59,134
Engineering and inspection	27,840	25,260
Depreciation	1,320,097	1,314,554
Total operating expenses	3,189,067	3,121,332
Loss from operations	(586,078)	(613,780)
Nonoperating revenues (expenses):		
Investment income	19,212	11,474
Interest expense	(90,171)	(91,671)
State PERS relief	88,496	67,769
Net nonoperating revenues (expenses)	17,537	(12,428)
Loss before transfers	(568,541)	(626,208)
Transfers in	500,000	500,000
Transfers out	(819,768)	(800,000)
Change in net position	(888,309)	(926,208)
Net Position at beginning of year	15,819,987	16,746,195
Net Position at end of year	\$ 14,931,678	\$ 15,819,987

City of Kodiak, Alaska
Boat Harbor Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 2,398,446	\$ 2,439,957
Receipts from interfund services provided	167,730	69,878
Payments for interfund services used	(175,610)	(171,744)
Payments to suppliers	(476,097)	(521,262)
Payments to employees	(1,110,204)	(1,094,995)
Net cash flows from operating activities	804,265	721,834
Cash Flows from Noncapital Financing Activities		
Transfers out	(819,768)	(800,000)
Transfers in	500,000	500,000
Decrease in advance to other funds	187,000	352,568
Net cash flows from noncapital financing activities	(132,768)	52,568
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	(35,000)	(35,000)
Interest paid on long-term debt	(90,871)	(92,971)
Purchase of property, plant and equipment	(29,812)	(101,857)
Net cash flows from capital and related financing activities	(155,683)	(229,828)
Cash Flows from Investing Activities		
Investment income received	19,212	11,474
Net increase in cash and investments	535,026	556,048
Cash and Investments at beginning of year	2,274,133	1,718,085
Cash and Investments at end of year	\$ 2,809,159	\$ 2,274,133
Reconciliation to Statement of Net Position:		
Cash and investments	2,679,578	2,144,552
Restricted cash and investments	129,581	129,581
	\$ 2,809,159	\$ 2,274,133
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	(586,078)	(613,780)
Adjustments to reconcile loss from operations to net cash provided (used) by operating activities:		
Depreciation	1,320,097	1,314,554
Noncash expense - State PERS relief	88,496	67,769
(Increase) decrease in assets - accounts receivable	(36,182)	(7,305)
Increase (decrease) in liabilities:		
Accounts payable	9,150	(10,812)
Accrued payroll and related liabilities	3,542	(34,529)
Accrued annual leave	5,871	(3,651)
Customer deposits	(631)	9,588
Net cash flows from operating activities	\$ 804,265	\$ 721,834

City of Kodiak, Alaska
Harbor Electric Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 642,631	\$ 531,707
Accounts receivable	53,308	79,517
Total current assets	695,939	611,224
Property, plant and equipment:		
Machinery and equipment	140,556	140,556
Accumulated depreciation	(98,085)	(86,327)
Net property, plant and equipment	42,471	54,229
Total Assets	\$ 738,410	\$ 665,453
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 35,909	\$ 31,454
Customer deposits	15,200	14,900
Total current liabilities	51,109	46,354
Net position:		
Net investment in capital assets	42,471	54,229
Unrestricted	644,830	564,870
Total net position	687,301	619,099
Total Liabilities and Net Position	\$ 738,410	\$ 665,453

City of Kodiak, Alaska
Harbor Electric Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Energy charges	\$ 587,438	\$ 679,770
Customer charges	111,075	113,351
Other operating revenue	26,119	41,479
Total operating revenues	724,632	834,600
Operating expenses:		
Salaries and benefits	-	105
Goods and services	544,997	692,320
Repairs and maintenance	8,403	5,237
Interfund charges:		
Finance and administration	19,410	17,470
Public works services	16,900	19,711
Harbormaster services	55,910	58,232
Depreciation	11,759	11,759
Total operating expenses	657,379	804,834
Earnings from operations	67,253	29,766
Nonoperating revenues - investment income	949	195
Change in net position	68,202	29,961
Net Position at beginning of year	619,099	589,138
Net Position at end of year	\$ 687,301	\$ 619,099

City of Kodiak, Alaska
Harbor Electric Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 751,141	\$ 803,714
Payments for interfund services used	(92,220)	(95,413)
Payments to suppliers	(548,945)	(699,477)
Payments to employees	-	(105)
Net cash flows from operating activities	109,976	8,719
Cash Flows from Investing Activities		
Investment income received	948	195
Net increase in cash and investments	110,924	8,914
Cash and Investments at beginning of year	531,707	522,793
Cash and Investments at end of year	\$ 642,631	\$ 531,707
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 67,253	\$ 29,766
Adjustments to reconcile earnings from operations to net cash provided (used) by operating activities:		
Depreciation	11,759	11,759
(Increase) decrease in assets - accounts receivable	26,209	(32,586)
Increase (decrease) in liabilities:		
Accounts payable	4,455	(1,920)
Customer deposits	300	1,700
Net cash flows from operating activities	\$ 109,976	\$ 8,719

City of Kodiak, Alaska
Water Utility Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 6,157,195	\$ 4,515,580
Receivables:		
Grants	722,578	237,480
Accounts	257,305	250,848
Allowance for doubtful accounts	(2,224)	(2,224)
Inventory	227,086	240,811
Total current assets	7,361,940	5,242,495
Property, plant and equipment:		
Land	2	2
Buildings	3,313,419	3,299,523
Improvements other than buildings	30,655,361	30,669,257
Machinery and equipment	497,918	497,918
Construction in progress	5,668,488	5,493,393
Accumulated depreciation	(17,562,890)	(16,913,924)
Net property, plant and equipment	22,572,298	23,046,169
Total Assets	\$ 29,934,238	\$ 28,288,664
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 956,571	\$ 147,729
Accrued payroll and related liabilities	5,865	4,869
Accrued annual leave	21,598	23,252
Customer deposits	25,300	22,000
Current portion of loans payable	148,981	148,405
Total current liabilities	1,158,315	346,255
Noncurrent liabilities - long term portion of loans payable	2,222,360	1,440,781
Total liabilities	3,380,675	1,787,036
Net position:		
Net investment in capital assets	20,200,957	21,456,983
Unrestricted	6,352,606	5,044,645
Total net position	26,553,563	26,501,628
Total Liabilities and Net Position	\$ 29,934,238	\$ 28,288,664

City of Kodiak, Alaska
Water Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Sales and user charges	\$ 2,124,895	\$ 1,845,701
Meters	1,434,137	1,328,381
Other	38,645	17,966
Total operating revenues	3,597,677	3,192,048
Operating expenses:		
Water department:		
Salaries and benefits	581,765	706,951
Professional	18,986	35,749
Goods and services	106,684	98,176
Utilities and fuel	346,158	388,793
Machinery and equipment	3,397	369,231
Total water department	1,056,990	1,598,900
Water treatment:		
Professional	5,027	7,272
Goods and services	62,733	90,152
Utilities	49,372	31,813
Total water treatment	117,132	129,237
Interfund charges:		
Finance and administration	97,080	87,360
Public works services	33,800	39,422
Engineering	13,920	12,640
Total interfund charges	144,800	139,422
Depreciation	648,966	654,886
Total operating expenses	1,967,888	2,522,445
Earnings from operations	1,629,789	669,603
Nonoperating revenues (expenses):		
Investment income	10,022	2,458
Interest expense	(15,103)	(17,321)
Engineering and feasibility studies	(156,520)	(99,256)
Noncapital repairs and maintenance	(1,152,281)	-
Nonoperating grants	694,496	-
State PERS relief	42,937	42,294
Net nonoperating revenues (expenses)	(576,449)	(71,825)
Earnings before contributions and transfers	1,053,340	597,778
Capital contributions	175,095	3,930,175
Transfers in	463,500	-
Transfers out	(1,640,000)	(800,382)
Change in net position	51,935	3,727,571
Net Position at beginning of year	26,501,628	22,774,057
Net Position at end of year	\$ 26,553,563	\$ 26,501,628

City of Kodiak, Alaska
Water Utility Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	3,594,520	\$ 3,191,569
Payments for interfund services used	(144,800)	(139,422)
Payments to suppliers	73,690	(1,390,198)
Payments to employees	(539,486)	(680,657)
Net cash flows from operating activities	2,983,924	981,292
Cash Flows from Noncapital Financing Activities		
Transfers out	(1,640,000)	(800,382)
Noncapital repairs and maintenance	(1,152,281)	-
Nonoperating grant received	8,477	-
Net cash flows from noncapital financing activities	(2,783,804)	(800,382)
Cash Flows from Capital and Related Financing Activities		
Transfers in	463,500	-
Principal paid on loans	(148,405)	(147,837)
Interest paid on loans	(15,103)	(17,321)
Proceeds from loans	930,560	381,907
Purchase of property, plant and equipment	(175,095)	(4,007,813)
Capital contributions received	376,016	4,859,559
Net cash flows from capital and related financing activities	1,431,473	1,068,495
Cash Flows from Investing Activities		
Investment income received	10,022	2,458
Net increase in cash and investments	1,641,615	1,251,863
Cash and Investments at beginning of year	4,515,580	3,263,717
Cash and Investments at end of year	\$ 6,157,195	\$ 4,515,580
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 1,629,789	\$ 669,603
Adjustments to reconcile earnings from operations to net cash provided (used) by operating activities:		
Depreciation	648,966	654,886
Noncash expense - State PERS relief	42,937	42,294
Nonoperating expenses	(156,520)	(99,256)
(Increase) decrease in assets:		
Accounts receivable	(6,457)	(15,879)
Inventory	13,725	6,907
Increase (decrease) in liabilities:		
Accounts payable	808,842	(276,663)
Accrued payroll and related liabilities	996	(18,097)
Accrued annual leave	(1,654)	2,097
Customer deposits	3,300	15,400
Net cash flows from operating activities	\$ 2,983,924	\$ 981,292

City of Kodiak, Alaska
Sewer Utility Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 6,573,392	\$ 4,570,220
Accounts receivable	337,518	347,050
Allowance for doubtful accounts	(2,867)	(2,867)
Inventory	9,264	12,136
Total current assets	6,917,307	4,926,539
Property, plant and equipment:		
Land	16,931	16,931
Buildings	19,021,734	19,021,734
Improvements other than buildings	16,370,667	16,370,667
Machinery and equipment	502,361	502,361
Construction in progress	305,116	-
Accumulated depreciation	(22,591,737)	(21,376,852)
Net property, plant and equipment	13,625,072	14,534,841
Total Assets	\$ 20,542,379	\$ 19,461,380
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 71,951	\$ 55,608
Accrued payroll and related liabilities	11,848	9,182
Current portion of accrued annual leave	66,503	70,438
Accrued interest	3,016	4,022
Current portion of loans payable	301,318	300,650
Total current liabilities	454,636	439,900
Noncurrent liabilities:		
Long term portion of accrued annual leave	10,884	-
Long term portion of revenue bonds payable	1,700,677	2,001,995
Total noncurrent liabilities	1,711,561	2,001,995
Total liabilities	2,166,197	2,441,895
Net position:		
Net investment in capital assets	11,623,077	12,232,196
Unrestricted	6,753,105	4,787,289
Total net position	18,376,182	17,019,485
Total Liabilities and Net Position	\$ 20,542,379	\$ 19,461,380

City of Kodiak, Alaska
Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Sewer charges	\$ 3,605,725	\$ 3,559,577
Septic truck fees	67,088	48,489
Lab testing fees	21,585	24,938
Other	-	2,153
Total operating revenues	3,694,398	3,635,157
Operating expenses:		
Sewer department:		
Salaries and benefits	127,199	124,728
Professional	18,898	16,595
Goods and services	43,497	36,502
Repairs and maintenance	39,861	19,408
Total sewer department	229,455	197,233
Wastewater treatment:		
Salaries and benefits	921,713	939,749
Professional	22,248	8,088
Goods and services	148,964	153,351
Utilities and fuel	387,680	570,786
Machinery and equipment	-	7,860
Total wastewater treatment	1,480,605	1,679,834
Interfund charges:		
Finance and administration	97,080	87,360
Public works services	33,800	39,422
Engineering	13,920	12,640
Total interfund charges	144,800	139,422
Depreciation	1,214,885	1,215,709
Total operating expenses	3,069,745	3,232,198
Earnings from operations	624,653	402,959
Nonoperating revenues (expenses):		
Investment income	8,514	1,388
Interest expense	(30,528)	(35,028)
State PERS relief	60,053	61,523
Other nonoperating revenues	2,505	3,063
Net nonoperating revenues (expenses)	40,544	30,946
Earnings before transfers	665,197	433,905
Transfers in	1,200,000	-
Transfers out	(508,500)	(515,000)
Change in net position	1,356,697	(81,095)
Net Position at beginning of year	17,019,485	17,100,580
Net Position at end of year	\$ 18,376,182	\$ 17,019,485

City of Kodiak, Alaska
Sewer Utility Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 3,706,435	\$ 3,601,798
Payments for interfund services used	(144,800)	(139,422)
Payments to suppliers	(641,933)	(805,784)
Payments to employees	(979,244)	(1,028,164)
Net cash flows from operating activities	1,940,458	1,628,428
Cash Flows from Noncapital Financing Activities		
Transfers in	1,200,000	-
Transfers out	(508,500)	(515,000)
Net cash flows from noncapital financing activities	691,500	(515,000)
Cash Flows from Capital and Related Financing Activities		
Principal paid on loans	(300,650)	(299,991)
Interest paid on loans	(31,534)	(36,033)
Purchase of property, plant and equipment	(305,116)	-
Net cash flows from capital and related financing activities	(637,300)	(336,024)
Cash Flows from Investing Activities		
Investment income received	8,514	1,388
Net increase in cash and investments	2,003,172	778,792
Cash and Investments at beginning of year	4,570,220	3,791,428
Cash and Investments at end of year	\$ 6,573,392	\$ 4,570,220
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 624,653	\$ 402,959
Adjustments to reconcile earnings from operations to net cash provided (used) by operating activities:		
Depreciation	1,214,885	1,215,709
Noncash expense - State PERS relief	60,053	61,523
Other nonoperating revenues	2,505	3,063
(Increase) decrease in assets:		
Accounts receivable	9,532	(36,422)
Inventory	2,872	1,626
Increase (decrease) in liabilities:		
Accounts payable	16,343	5,180
Accrued payroll and related liabilities	2,666	(26,266)
Accrued annual leave	6,949	1,056
Net cash flows from operating activities	\$ 1,940,458	\$ 1,628,428

City of Kodiak, Alaska
Trident Basin Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ -	\$ 152
Accounts receivable	17,400	6,966
Total current assets	17,400	7,118
Property, plant and equipment:		
Improvements other than buildings	5,589,593	5,589,593
Accumulated depreciation	(1,315,065)	(1,035,585)
Net property, plant and equipment	4,274,528	4,554,008
Total Assets	\$ 4,291,928	\$ 4,561,126
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 1,476	\$ 1,612
Customer deposits	1,536	1,536
Due to other funds	181,146	149,000
Total current liabilities	184,158	152,148
Net position:		
Net investment in capital assets	4,274,528	4,554,008
Unrestricted (deficit)	(166,758)	(145,030)
Total net position	4,107,770	4,408,978
Total Liabilities and Net Position	\$ 4,291,928	\$ 4,561,126

City of Kodiak, Alaska

Trident Basin Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Moorage	\$ 12,285	\$ 13,372
Rentals	32,076	30,352
Total operating revenues	44,361	43,724
Operating expenses:		
Professional	15,048	14,457
Goods and services	8,300	8,500
Utilities and fuel	843	4,010
Administrative services	2,808	3,248
Interfund charges:		
Finance and administration	19,410	17,470
Public works services	16,900	19,711
Engineering	2,780	2,530
Depreciation	279,480	279,480
Total operating expenses	345,569	349,406
Loss from operations	(301,208)	(305,682)
Net Position at beginning of year	4,408,978	4,714,660
Net Position at end of year	\$4,107,770	\$4,408,978

City of Kodiak, Alaska
Trident Basin Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 33,927	\$ 40,495
Payments for interfund services used	(39,090)	(39,711)
Payments to suppliers	(27,135)	(30,049)
Net cash flows from operating activities	(32,298)	(29,265)
Cash Flows from Noncapital Financing Activities		
Increase in due to other funds	32,146	-
Cash Flows from Capital and Related Financing Activities		
Increase in due to other funds	-	29,116
Net decrease in cash and investments	(152)	(149)
Cash and Investments at beginning of year	152	301
Cash and Investments at end of year	\$ -	\$ 152
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (301,208)	\$ (305,682)
Adjustments to reconcile loss from operations to net cash provided (used) by operating activities:		
Depreciation	279,480	279,480
Increase in assets - accounts receivable	(10,434)	(3,229)
Increase (decrease) in liabilities - accounts payable	(136)	166
Net cash flows from operating activities	\$ (32,298)	\$ (29,265)

City of Kodiak, Alaska
Shipyard Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 419,647	\$ 4,980
Accounts receivable	37,709	33,851
Total current assets	457,356	38,831
Noncurrent assets:		
Restricted cash and investments - bond reserve	375,469	375,469
Property, plant and equipment:		
Machinery and equipment	18,104,101	18,104,101
Accumulated depreciation	(1,592,442)	(1,062,461)
Net property, plant and equipment	16,511,659	17,041,640
Total noncurrent assets	16,887,128	17,417,109
Total Assets	\$ 17,344,484	\$ 17,455,940
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 9,686	\$ 15,943
Accrued payroll and related liabilities	1,874	2,028
Customer deposits	4,515	4,500
Current portion of accrued annual leave	2,669	2,002
Accrued interest	77,114	78,581
Current portion of bonds and loan payable	131,500	126,500
Total current liabilities	227,358	229,554
Noncurrent liabilities:		
Long term portion of accrued annual leave	437	-
Revenue bonds, net of current portion	4,615,000	4,700,000
Loan payable, net of current portion	744,000	790,500
Advance from other funds	-	187,000
Total noncurrent liabilities	5,359,437	5,677,500
Total liabilities	5,586,795	5,907,054
Net position:		
Net investment in capital assets	11,021,159	11,424,640
Restricted for debt service	375,469	375,469
Unrestricted (deficit)	361,061	(251,223)
Total net position	11,757,689	11,548,886
Total Liabilities and Net Position	\$ 17,344,484	\$ 17,455,940

City of Kodiak, Alaska

Shipyard Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Charges for services	\$ 624,526	\$ 405,455
Other	17,494	11,016
Total operating revenues	642,020	416,471
Operating expenses:		
Salaries and benefits	177,255	167,334
Professional	33,322	35,120
Goods and services	99,560	91,454
Machinery and equipment	23,437	14,193
Interfund charges:		
Finance and administration	38,820	34,940
Public works services	64,620	71,764
Harbor master services	55,910	69,878
Depreciation	529,981	529,981
Total operating expenses	1,022,905	1,014,664
Loss from operations	(380,885)	(598,193)
Nonoperating revenues (expenses):		
Investment income	1,539	-
State PERS relief	13,012	13,078
Interest expense	(244,631)	(241,040)
Net nonoperating revenues (expenses)	(230,080)	(227,962)
Loss before transfers	(610,965)	(826,155)
Transfers in	819,768	800,000
Change in net position	208,803	(26,155)
Net Position at beginning of year	11,548,886	11,575,041
Net Position at end of year	\$ 11,757,689	\$ 11,548,886

City of Kodiak, Alaska
Shipyard Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 638,177	\$ 385,778
Payments for interfund services used	(159,350)	(176,582)
Payments to suppliers	(162,576)	(129,953)
Payments to employees	(163,293)	(157,855)
Net cash flows from operating activities	152,958	(78,612)
Cash Flows from Capital and Related Financing Activities		
Transfers in	819,768	800,000
Principal paid on long-term debt	(126,500)	(121,500)
Interest paid on long-term debt	(246,098)	(242,340)
Decrease in advances from other funds	(187,000)	(352,568)
Net cash flows from capital and related financing activities	260,170	83,592
Cash Flows from Investing Activities		
Investment income received	1,539	-
Net increase in cash and investments	414,667	4,980
Cash and Investments at beginning of year	380,449	375,469
Cash and Investments at end of year	\$ 795,116	\$ 380,449
Reconciliation to Statement of Net Position:		
Cash and investments	419,647	4,980
Restricted cash and investments	375,469	375,469
	\$ 795,116	\$ 380,449
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (380,885)	\$ (598,193)
Adjustments to reconcile loss from operations to net cash provided (used) by operating activities:		
Depreciation	529,981	529,981
Noncash expense - State PERS relief	13,012	13,078
Increase in assets - accounts receivable	(3,858)	(33,408)
Increase (decrease) in liabilities:		
Accounts payable	(6,257)	10,814
Accrued payroll and related liabilities	(154)	(3,326)
Accrued annual leave	1,104	(273)
Customer deposits	15	2,715
Net cash flows from operating activities	\$ 152,958	\$ (78,612)

City of Kodiak, Alaska
E-911 Services Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets - receivable from Kodiak Island Borough	\$ 188,799	\$ 167,487
Liabilities and Net Position		
Current liabilities - due to other funds	\$ 25,062	\$ 67,000
Net position - unrestricted	163,737	100,487
Total Liabilities and Net Position	\$ 188,799	\$ 167,487

City of Kodiak, Alaska

E-911 Services Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position (Deficit)

<i>Years Ended June 30,</i>	2013	2012
Operating revenues - charges for services	\$ 69,140	\$ 66,287
Operating expenses - salaries and benefits	5,890	5,548
Earnings before transfers	63,250	60,739
Transfers in	-	275,000
Change in net position	63,250	335,739
Net Position (Deficit) at beginning of year	100,487	(235,252)
Net Position at end of year	\$ 163,737	\$ 100,487

City of Kodiak, Alaska
E-911 Services Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 47,828	\$ 49,960
Payments to employees	(5,890)	(5,548)
Net cash flows from operating activities	41,938	44,412
Cash Flows from Noncapital Financing Activities		
Decrease in due to other funds	(41,938)	(319,412)
Transfers in	-	275,000
Net cash flows from noncapital financing activities	(41,938)	(44,412)
Net increase in cash and investments	-	-
Cash and Investments at beginning of year	-	-
Cash and Investments at end of year	\$ -	\$ -
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 63,250	\$ 60,739
Adjustments to reconcile earnings from operations to net cash provided (used) by operating activities - increase in accounts receivable	(21,312)	(16,327)
Net cash flows from operating activities	\$ 41,938	\$ 44,412

Internal Service Fund

An internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Insurance

This fund is used to account for the purchase of insurance through a public risk pool and the subsequent payments of claims and insurance premiums.

City of Kodiak, Alaska
Insurance Internal Service Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Cash and investments	\$ 86,899	\$ 338,338
Insurance settlement accounts receivable	279,372	-
Total Assets	\$ 366,271	\$ 338,338
Liabilities and Net Position		
Current liabilities - accounts payable	\$ -	\$ 1,651
Net position - unrestricted	366,271	336,687
Total Liabilities and Net Position	\$ 366,271	\$ 338,338

City of Kodiak, Alaska
Insurance Internal Service Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2013	2012
Operating revenues - charges for services	\$ 799,326	\$ 537,521
Operating expenses - insurance	506,491	467,495
Earnings from operations	292,835	70,026
Nonoperating revenues - investment income	749	138
Earnings before transfers	293,584	70,164
Transfers in	47,000	(400,000)
Transfers out	(311,000)	-
Change in net position	29,584	(329,836)
Net Position at beginning of year	336,687	666,523
Net Position at end of year	\$ 366,271	\$ 336,687

City of Kodiak, Alaska
Insurance Internal Service Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from interfund services provided	\$ 519,954	\$ 537,521
Payments to suppliers	(508,142)	(465,844)
Net cash flows from operating activities	11,812	71,677
Cash Flows from Noncapital Financing Activities		
Transfers in	47,000	-
Transfers out	(311,000)	(400,000)
Net cash flows from noncapital financing activities	(264,000)	(400,000)
Cash Flows from Investing Activities		
Investment income received	749	138
Net decrease in cash and investments	(251,439)	(328,185)
Cash and Investments at beginning of year	338,338	666,523
Cash and Investments at end of year	\$ 86,899	\$ 338,338
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 292,835	\$ 70,026
Adjustments to reconcile earnings from operations to net cash provided (used) by operating activities:		
Increase in assets - accounts receivable	(279,372)	-
Increase (decrease) in liabilities - accounts payable	(1,651)	1,651
Net cash flows from operating activities	\$ 11,812	\$ 71,677

Agency Fund

An agency fund is used to account for resources received and held by the City in a fiduciary capacity.

Kodiak Fisheries Development Association

This fund is used to account for resources held for the Kodiak Fisheries Development Association.

City of Kodiak, Alaska

Kodiak Fisheries Development Association Agency Fund
Statement of Changes in Assets and Liabilities

<i>Year Ended June 30, 2013</i>	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Current assets:				
Cash and investments	\$ 158,838	\$ 78,567	\$ 65,250	\$ 172,155
Accounts receivable	119	-	119	-
Total Assets	\$ 158,957	\$ 78,567	\$ 65,369	\$ 172,155
Current liabilities:				
Accounts payable	\$ 52,141	\$ 34,228	\$ 52,141	\$ 34,228
Due to others	106,816	44,339	13,228	137,927
Total Liabilities	\$ 158,957	\$ 78,567	\$ 65,369	\$ 172,155

State Expenditures

The Schedule of State Financial Assistance itemizes the sources of state grant funds received by the City during the year and corresponding expenditures as required by Government Auditing Standards.

City of Kodiak, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2013

Name of Award	Grant Number	Total Grant Award	July 1, 2012 Receivable (Unearned)	State Share of Expenditures	State Receipts	June 30, 2013 Receivable (Unearned)
Department of Commerce, Community and Economic Development						
* Baranof Park Improvements	13-DC-563	\$3,650,000	\$ -	\$ 2,960,801	\$ 2,940,213	\$ 20,588
Municipal Airport Improvements	07-DC-499	700,000	-	25,994	4,143	21,851
* New Library Construction	12-DC-444	6,900,000	335,187	6,194,638	5,542,494	987,331
* Pedestrian Improvements between Cruise Ship Dock (Pier II) and Downtown Kodiak	10-DC-020	700,000	375	474,133	474,508	-
* Pier and Downtown Pedestrian Improvements	13-DC-628	18,100,000	-	565,109	452,076	113,033
Cruise Ship Revenue	12-DC-614	1,600,000	-	900,943	61,095	839,848
Fisheries Business Tax	2013	23,473	-	23,473	23,473	-
	2013	90,469	-	90,469	90,469	-
Total Department of Commerce, Community and Economic Development			335,562	11,235,560	9,588,471	1,982,651
Department of Environmental Conservation						
Monashka Pumphouse Upgrade Design	50339	420,000	-	92,520	12,731	79,789
* Aleutian Homes Water & Sewer Replacement, Phase V	50338	1,300,000	-	654,505	23,478	631,027
* UV Secondary Water Treatment Facility	50337	5,404,452	212,686	122,566	323,491	11,761
Total Department of Environmental Conservation			212,686	869,591	359,700	722,577
Department of Revenue						
* Raw Fish Tax Sharing	2013	1,252,420	-	1,252,420	1,252,420	-
* State Revenue Sharing	2013	572,306	-	572,306	572,306	-
Aviation Gas Sharing	2013	7,075	-	7,075	7,075	-
Alcohol Beverage Sharing	2013	19,300	-	19,300	11,800	7,500
Telephone/Electric Cooperative	2013	44,586	-	44,586	-	44,586
Total Department of Revenue			-	1,895,687	1,843,601	52,086
Department of Education and Early Development						
Public Library Assistance	PLA-12-702-43	6,500	-	6,500	6,500	-
Interlibrary Cooperation Grant	ILC-12-702-131	708	-	708	708	-
Total Department of Education and Early Development			-	7,208	7,208	-
Department of Administration						
* PERS Relief	2013	990,464	-	990,464	990,464	-
Total State Financial Assistance			\$ 548,248	\$ 14,998,510	\$ 12,789,444	\$ 2,757,314

* Major program

City of Kodiak, Alaska

Notes to the Schedule of State Financial Assistance *Year Ended June 30, 2013*

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance includes the grant activity of City of Kodiak and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

This page intentionally left blank.

City of Kodiak, Alaska

Statistical Section

This part of the City of Kodiak’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	124-128
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity	129-133
These schedules contain information to help the reader assess the government’s most significant local revenue source, sales tax, and other information on property taxes.	
Debt Capacity	134-137
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	138-140
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	141-142
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Kodiak
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Invested in capital assets, net of related debt	\$ 13,184,178	\$ 15,861,107	\$ 17,363,043	\$ 18,423,911	\$ 19,715,240	\$ 19,649,138	\$ 32,822,868	\$ 39,687,520	\$ 42,372,752	\$ 51,181,346
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	22,046,319	18,351,673	17,069,035	17,120,507	20,490,905	26,532,000	16,890,514	11,819,026	13,398,387	16,207,289
Total governmental activities net assets	\$ 35,230,497	\$ 34,212,780	\$ 34,432,078	\$ 35,544,418	\$ 40,206,145	\$ 46,181,138	\$ 49,713,382	\$ 51,506,546	\$ 55,771,139	\$ 67,388,635
Business-type activities:										
Invested in capital assets, net of related debt	\$ 51,589,299	\$ 52,631,132	\$ 55,710,846	\$ 59,739,871	\$ 63,002,311	\$ 69,899,848	\$ 73,486,875	\$ 69,703,124	\$ 69,584,419	\$ 66,792,402
Restricted	-	259,875	221,450	221,450	653,862	505,050	505,050	505,050	505,050	505,050
Unrestricted	17,419,992	17,355,843	17,124,604	15,161,107	14,894,324	11,638,558	8,445,014	13,294,322	16,143,082	21,293,612
Total business-type activities net assets	\$ 69,009,291	\$ 70,246,850	\$ 73,056,900	\$ 75,122,428	\$ 78,550,497	\$ 82,043,456	\$ 82,436,939	\$ 83,502,496	\$ 86,232,551	\$ 88,591,064
Primary government:										
Invested in capital assets, net of related debt	\$ 64,773,477	\$ 68,492,239	\$ 73,073,889	\$ 78,163,782	\$ 82,717,551	\$ 89,548,986	\$ 106,309,743	\$109,390,644	\$111,957,171	\$117,973,748
Restricted	-	259,875	221,450	221,450	653,862	505,050	505,050	505,050	505,050	505,050
Unrestricted	39,466,311	35,707,516	34,193,639	32,281,614	35,385,229	38,170,558	25,335,528	25,113,348	29,541,469	37,500,901
Total primary government activities net assets	\$ 104,239,788	\$ 104,459,630	\$107,488,978	\$ 110,666,846	\$ 118,756,642	\$ 128,224,594	\$ 132,150,321	\$135,009,042	\$142,003,690	\$155,979,699

City of Kodiak
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 1,783,346	\$ 1,968,566	\$ 2,244,270	\$ 2,328,195	\$ 2,442,402	\$ 2,419,468	\$ 2,502,315	\$ 2,140,978	\$ 2,657,730	\$ 2,902,171
Public safety	4,476,289	4,971,607	5,054,994	5,384,713	5,987,605	5,932,145	6,089,332	6,340,579	7,809,554	8,013,832
Public works	2,014,583	3,335,631	2,503,999	1,825,719	2,113,620	4,268,602	2,526,468	4,283,775	2,493,956	2,738,860
Engineering	147,284	157,750	215,981	167,571	167,812	140,886	121,747	91,293	146,051	166,843
Parks & recreation	1,024,215	2,642,528	1,124,144	1,099,535	1,009,117	1,133,502	1,199,620	1,268,556	1,251,567	1,134,514
Library	645,675	638,789	639,399	669,518	711,172	697,856	712,625	680,410	847,458	864,533
Community services	399,985	282,011	262,834	213,032	126,562	435,970	277,041	259,692	306,906	296,352
Interest on long-term debt	-	-	-	-	75,410	398,252	383,928	906,057	369,052	361,177
Construction in progress	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	10,491,377	13,996,882	12,045,621	11,688,283	12,633,700	15,426,681	13,813,076	15,971,340	15,882,274	16,478,282
Business-type activities:										
Cargo Pier	1,127,264	1,232,903	1,714,611	1,796,372	1,438,477	1,046,188	1,692,841	1,192,406	1,466,240	1,463,402
Boat Harbor	2,329,622	2,239,588	2,329,106	2,397,171	2,867,113	2,782,150	2,912,689	3,148,865	3,207,233	3,253,074
Boat Yard/Lift	-	-	-	-	-	35,019	528,977	1,117,928	1,078,009	1,263,689
Harbor Electric	449,179	471,593	488,004	640,125	648,498	611,387	605,989	633,313	804,834	657,379
Water Utility	1,826,774	1,683,286	1,740,225	2,893,352	2,864,069	5,598,768	2,952,723	2,280,910	2,635,421	3,279,097
Sewer Utility	2,533,580	2,538,608	2,659,591	5,288,305	3,800,645	3,016,736	2,665,150	3,058,490	3,261,989	3,082,518
Trident Basin	-	-	67,105	152,474	192,228	177,482	154,777	353,216	349,406	345,569
E-911 Services	-	-	-	-	-	-	37,553	5,518	5,548	5,890
Total business-type activities expenses	8,266,419	8,165,978	8,998,642	13,167,799	11,811,030	13,267,730	11,550,699	11,790,646	12,808,680	13,350,618
Total primary government expenses	18,757,796	22,162,860	21,044,263	24,856,082	24,444,730	28,694,411	25,363,775	27,761,986	28,690,954	29,828,900
Program revenues										
Governmental activities:										
Charges for services:										
General government	584,789	699,789	589,054	520,490	671,690	625,030	597,860	531,322	722,265	764,935
Public safety	995,157	908,256	910,753	1,003,467	1,022,257	1,033,791	914,020	1,111,833	1,246,856	1,285,143
Public works	938,371	376,077	395,490	406,595	357,420	313,568	288,198	235,343	238,617	445,150
Engineering	60,000	60,000	60,000	89,250	88,740	142,175	224,241	226,355	294,424	215,598
Parks & recreation	101,114	97,895	117,795	125,332	115,562	117,173	135,733	133,100	134,440	116,663
Library	19,901	24,451	23,334	18,578	18,623	16,140	15,980	12,542	13,692	12,592
Community services	55,751	-	-	-	-	-	-	40,897	42,712	42,025
Operating grants and contributions	14,587	10,500	20,700	12,700	37,154	44,520	733,005	292,846	392,273	788,840
Capital grants and contributions	634,174	1,394,878	1,265,164	520,832	1,007,347	2,311,754	1,119,257	2,770,746	2,821,724	10,188,295
Total governmental activities program revenues	3,403,844	3,571,846	3,382,290	2,697,244	3,318,793	4,604,151	4,028,294	5,354,984	5,907,003	13,859,241
Business-type activities:										
Charges for services:										
Cargo Pier	874,720	925,354	1,069,814	1,140,213	1,193,416	1,264,758	1,251,294	1,281,292	1,223,352	1,222,828
Boat Harbor	1,114,408	1,465,129	1,616,940	1,894,868	1,999,486	2,183,999	2,233,292	2,394,368	2,507,552	2,602,989
Boat Yard/Lift	-	-	-	-	-	-	320,574	293,845	239,889	642,020
Harbor Electric	442,330	423,407	547,840	678,706	682,471	708,714	654,986	707,770	834,600	724,632
Water Utility	1,955,759	2,003,579	2,096,333	2,120,037	2,276,688	2,254,850	2,458,561	2,896,130	3,192,048	3,597,677
Sewer Utility	1,856,773	1,875,801	1,882,108	2,213,233	2,501,624	2,821,293	3,180,800	3,531,627	3,638,220	3,696,903
Trident Basin	-	-	19,791	17,765	28,319	30,571	33,266	32,970	43,724	44,361
E-911 Services	-	-	-	-	-	-	66,901	67,428	66,287	69,140
Operating grants and contributions	2,778	-	-	-	-	-	136,560	252,109	385,985	1,391,896
Capital grants and contributions	707,191	2,210,453	2,647,341	4,631,660	4,933,513	8,182,722	1,207,047	1,183,596	3,930,175	1,642,653
Total business-type activities program revenues	6,953,959	8,903,723	9,880,167	12,696,482	13,615,517	17,446,907	11,543,281	12,641,135	16,061,832	15,635,099
Total primary government program revenues	\$ 10,357,803	\$ 12,475,569	\$ 13,262,457	\$ 15,393,726	\$ 16,934,310	\$ 22,051,058	\$ 15,571,575	\$ 17,996,119	\$ 21,968,835	\$ 29,494,340
Net (expense)/revenue:										
Governmental activities	\$ (7,087,533)	\$ (10,425,036)	\$ (8,663,331)	\$ (8,991,039)	\$ (9,314,907)	\$ (10,822,530)	\$ (9,784,782)	\$ (10,616,356)	\$ (9,975,271)	\$ (2,619,041)
Business-type activities	(1,312,460)	737,745	881,525	(471,317)	1,804,487	4,179,177	(7,418)	850,489	3,253,152	2,284,481
Total primary government net expenses	\$ (8,399,993)	\$ (9,687,291)	\$ (7,781,806)	\$ (9,462,356)	\$ (7,510,420)	\$ (6,643,353)	\$ (9,792,200)	\$ (9,765,867)	\$ (6,722,119)	\$ (334,560)

City of Kodiak
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 618,751	\$ 630,567	\$ 632,495	\$ 632,102	\$ 655,943	\$ 651,699	\$ 665,999	\$ 921,052	\$ 917,599	\$ 708,684
Sales taxes	7,316,442	7,795,331	8,136,785	8,465,804	8,850,746	9,277,394	9,379,409	9,631,344	10,259,515	11,215,647
Other taxes, penalties and interest	121,082	171,318	2,246	125,284	174,443	199,832	179,427	23,199	209,156	240,261
Loss on disposal of assets	-	-	(213,435)	-	-	-	-	-	-	-
Grants and entitlements not restricted to a specific purpose	1,024,134	668,195	1,053,177	1,387,466	2,521,664	2,125,313	1,584,024	1,458,343	2,199,410	1,986,156
Investment income	183,015	509,793	402,339	946,861	993,447	730,096	270,673	238,969	94,331	65,053
Land sales	-	-	-	-	1,415,900	1,518,308	746,475	-	-	-
Other	-	13,798	249,022	172,748	64,491	1,168,070	651,281	271,973	19,471	45,736
Transfers	(470,000)	(381,683)	(1,380,000)	(1,626,886)	(700,000)	1,126,811	(160,262)	(135,360)	540,382	(25,000)
Total governmental activities	8,793,424	9,407,319	8,882,629	10,103,379	13,976,634	16,797,523	13,317,026	12,409,520	14,239,864	14,236,537
Business-type activities:										
Other taxes, penalties and interest	-	-	-	-	-	-	179,789	-	-	-
Grants and entitlements not restricted to a specific purpose	-	-	66,223	-	-	-	-	-	-	-
Loss on disposal of assets	-	-	(14,731)	-	-	-	-	-	-	-
Investment income	113,756	284,567	545,117	856,379	729,548	260,355	60,850	79,708	17,285	49,032
Other	283,715	(166,436)	(48,084)	53,580	194,034	180,238	-	-	-	-
Transfers	470,000	381,683	1,380,000	1,626,886	700,000	(1,126,811)	160,262	135,360	(540,382)	25,000
Total business-type activities	867,471	499,814	1,928,525	2,536,845	1,623,582	(686,218)	400,901	215,068	(523,097)	74,032
Total primary government	\$ 9,660,895	\$ 9,907,133	#####	\$ 12,640,224	\$ 15,600,216	\$ 16,111,305	\$ 13,717,927	\$ 12,624,588	\$ 13,716,767	\$ 14,310,569
Change in Net Assets										
Governmental activities	\$ 1,705,891	\$ (1,017,717)	\$ 219,298	\$ 1,112,340	\$ 4,661,727	\$ 5,974,993	\$ 3,532,244	\$ 1,793,164	\$ 4,264,593	\$ 11,617,496
Business-type activities	(444,989)	1,237,559	2,810,050	2,065,528	3,428,069	3,492,959	393,483	1,065,557	2,730,055	2,358,513
Total primary government	\$ 1,260,902	\$ 219,842	\$ 3,029,348	\$ 3,177,868	\$ 8,089,796	\$ 9,467,952	\$ 3,925,727	\$ 2,858,721	\$ 6,994,648	\$ 13,976,009

City of Kodiak
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Nonspendable - prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,117	\$ -	\$ 13,741
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	-	1,638,770	1,490,854	1,156,232
Unassigned	-	-	-	-	-	-	-	4,865,844	5,238,816	7,402,864
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,506,731	\$ 6,729,670	\$ 8,572,837
All other governmental funds:										
Restricted for tourism	-	-	-	-	-	-	-	206,694	236,859	301,433
Committed for Enhancement Fund	-	-	-	-	-	-	-	4,778,691	1,990,740	2,055,523
Assigned:										
Capital projects	-	-	-	-	-	-	-	1,967,895	4,988,688	5,562,428
Public works	-	-	-	-	-	-	-	26,878	19,441	63,483
Unassigned (deficit)	-	-	-	-	-	-	-	(1,685,144)	(234,875)	-
Total other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,088,320	\$ 7,000,853	\$ 7,982,867
General Fund:										
Reserved	\$ 876,022	\$ 24,109	\$ 4,410	\$ 251,108	\$ 48,735	\$ 14,622	\$ 13,618	\$ -	\$ -	\$ -
Unreserved	4,620,192	6,071,577	4,868,452	5,322,163	8,261,482	7,689,501	8,838,952	-	-	-
Total General Fund	\$ 5,496,214	\$ 6,095,686	\$ 4,872,862	\$ 5,573,271	\$ 8,310,217	\$ 7,704,123	\$ 8,852,570	\$ -	\$ -	\$ -
All other governmental funds:										
Reserved	\$ 8,454,348	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,714,372	6,021,936	5,996,074	4,141,849	5,410,939	3,743,007	4,432,351	-	-	-
Capital project funds	-	4,631,014	5,519,696	6,680,620	14,765,170	15,263,690	3,645,026	-	-	-
Total other governmental funds	\$ 16,168,720	\$ 11,852,950	\$ 11,515,770	\$ 10,822,469	\$ 20,176,109	\$ 19,006,697	\$ 8,077,377	\$ -	\$ -	\$ -

Notes: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

City of Kodiak
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 8,056,275	\$ 8,551,379	\$ 8,929,890	\$ 9,223,190	\$ 9,681,132	\$ 10,128,925	\$ 10,224,835	\$ 10,575,595	\$ 11,386,270	\$ 12,150,131
Intergovernmental	1,672,895	1,815,685	2,249,839	1,897,112	3,566,165	4,481,587	3,436,286	4,521,935	5,411,721	12,462,294
Charges for services	1,150,469	1,169,988	1,204,864	1,304,629	1,219,155	1,232,892	1,194,380	1,356,105	1,602,132	1,538,470
Fines and forfeitures	36,890	44,770	55,934	29,452	55,479	20,122	23,514	6,156	3,619	15,308
Licenses and permits	54,758	58,319	43,064	51,535	102,748	76,679	70,489	93,193	71,957	237,950
Rental income	225,284	231,496	187,374	168,356	136,480	213,460	198,188	166,373	197,032	236,124
Interfund charges	516,477	662,020	605,160	609,740	760,430	690,920	678,820	662,872	813,225	865,152
Investment income	183,015	509,793	383,909	878,442	944,184	722,722	268,746	236,576	94,193	63,457
Special assessments	55,389	246,921	293,351	195,827	99,587	91,300	81,088	57,242	47,057	44,335
Sale of land	-	-	-	-	1,415,330	1,518,308	746,475	-	-	-
Donations	-	-	-	-	-	-	-	-	-	500,000
Other revenues	21,846	13,673	90,658	110,960	65,061	14,155	651,281	271,973	21,157	46,736
Total revenues	11,973,298	13,304,044	14,044,043	14,469,243	18,045,751	19,191,070	17,574,102	17,948,020	19,648,363	28,159,957
Expenditures										
General government	1,447,188	1,542,525	1,790,557	1,838,143	1,968,278	1,947,971	1,988,470	2,121,115	2,167,022	2,421,254
Public safety	4,196,991	4,552,442	5,204,895	5,422,461	5,806,415	5,686,969	5,980,113	6,454,474	7,130,363	7,408,485
Public works	1,307,523	1,610,106	1,729,607	2,032,734	1,816,084	4,274,007	2,270,267	4,060,798	2,763,027	2,376,153
Engineering	142,789	168,871	216,394	158,090	162,559	128,245	143,630	87,209	150,113	189,900
Parks and recreation	903,068	850,848	950,291	986,890	1,006,513	1,013,620	1,089,285	1,148,482	1,128,736	1,083,502
Library	622,716	598,915	650,423	668,146	704,219	695,715	720,071	680,345	778,930	825,732
Community services	287,487	279,689	260,513	262,754	267,839	426,747	267,818	250,469	297,683	287,129
Other - insurance and administration	399,985	548,991	497,178	461,949	484,548	474,613	525,528	529,442	517,399	487,673
Debt service principal	-	-	-	-	-	135,000	145,000	150,000	155,000	165,000
Debt service interest	-	-	-	-	15,344	377,227	385,740	378,490	370,990	363,240
Capital outlay	3,307,776	6,486,272	2,924,189	1,004,082	2,223,366	7,539,755	13,678,791	7,080,038	3,200,704	9,975,708
Total expenditures	12,615,523	16,638,659	14,224,047	12,835,249	14,455,165	22,699,869	27,194,713	22,940,862	18,659,967	25,583,776
Excess of revenues over (under) expenditures	(642,225)	(3,334,615)	(180,004)	1,633,994	3,590,586	(3,508,799)	(9,620,611)	(4,992,842)	988,396	2,576,181
Other financing sources (uses)										
General obligation bond issuance	-	-	-	-	8,000,000	-	-	-	-	-
Transfers in	3,652,752	3,346,892	3,512,057	5,416,011	11,422,989	11,180,416	2,664,564	4,206,656	5,753,450	2,005,699
Transfers out	(3,622,752)	(3,728,575)	(4,892,057)	(7,042,897)	(10,922,989)	(9,447,123)	(2,824,826)	(4,342,016)	(4,813,068)	(1,756,699)
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Net other financing sources (uses)	30,000	(381,683)	(1,380,000)	(1,626,886)	8,500,000	1,733,293	(160,262)	(135,360)	940,382	249,000
Net change in fund balances	\$ (612,225)	\$ (3,716,298)	\$ (1,560,004)	\$ 7,108	\$ 12,090,586	\$ (1,775,506)	\$ (9,780,873)	\$ (5,128,202)	\$ 1,928,778	\$ 2,825,181
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.13%	3.45%	4.00%	3.40%	3.58%	3.38%

City of Kodiak
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Hotel/Motel Tax	Total
2004	\$ 618,751	\$ 7,316,442	\$ 109,243	\$ 8,044,436
2005	630,567	7,795,331	105,992	8,531,890
2006	632,495	8,136,785	133,781	8,903,061
2007	632,102	8,465,804	101,294	9,199,200
2008	655,943	8,850,746	146,385	9,653,074
2009	651,699	9,277,394	168,267	10,097,360
2010	665,999	9,379,409	154,145	10,199,553
2011	765,539	9,631,344	155,513	10,552,396
2012	917,599	10,259,515	171,564	11,348,678
2013	708,684	11,215,647	196,687	12,121,017

City of Kodiak
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					
2004	\$ 204,930,695	\$ 132,993,636	\$ 22,156,200	\$ 315,768,131	2.00	\$ 328,154,600	96.23%
2005	198,553,895	133,377,637	16,769,000	315,162,532	2.00	339,253,700	92.90%
2006	198,407,195	135,496,037	17,644,700	316,258,532	2.00	358,713,700	88.16%
2007	202,102,695	136,851,037	18,696,800	320,256,932	2.00	376,672,400	85.02%
2008	204,268,195	136,704,037	19,575,700	321,396,532	2.00	389,892,700	82.43%
2009	207,887,196	139,455,992	21,028,450	326,314,738	2.00	416,724,100	78.30%
2010	216,020,977	139,126,798	22,489,410	332,658,365	2.00	405,445,000	82.05%
2011	274,821,033	138,431,537	25,709,065	387,543,505	2.00	432,685,300	89.57%
2012	276,733,900	140,575,600	26,514,600	390,794,900	2.00	436,298,000	89.57%
2013	289,841,300	152,443,300	28,115,800	414,168,800	2.00	463,300,300	89.40%

Source

Kodiak Island Borough Assessing Department and the State of Alaska Department of Commerce & Economic Development

Note

Property tax is calculated at full value as of January 1 of the tax year. Annually the Borough reports to the State the taxable value of property. The State then evaluates the report and adds in optionally exempted property to determine the Estimated Actual Taxable Value. The total Tax Rate is based on \$1,000 of assessed value.

City of Kodiak
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$100 of Assessed Value)

Fiscal Year	City of Kodiak			Kodiak Island Borough			Total Direct & Overlapping Rates	
	Real Property Millage	Personal Property Millage	Total City Millage	Real Property Millage	Personal Property Millage	Total Borough Millage	Real Property	Personal Property
2004	2.00	0.00	2.00	9.25	9.25	9.25	11.25	9.25
2005	2.00	0.00	2.00	10.25	10.25	10.25	12.25	10.25
2006	2.00	0.00	2.00	11.00	11.00	11.00	13.00	11.00
2007	2.00	0.00	2.00	10.50	10.50	10.50	12.50	10.50
2008	2.00	0.00	2.00	10.50	10.50	10.50	12.50	10.50
2009	2.00	0.00	2.00	10.50	10.50	10.50	12.50	10.50
2010	2.00	0.00	2.00	10.50	10.50	10.50	12.50	10.50
2011	2.00	0.00	2.00	10.50	10.50	10.50	12.50	10.50
2012	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2013	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75

Source: City of Kodiak records and Kodiak Island Borough records

City of Kodiak

Top Ten Sales Tax Business Categories & Principal Property Taxpayers
Current Year and Nine Years Ago

Business Category	2013			2004		
	Total Sales Receipts	Rank	Percentage of Total Sales Receipts	Total Sales Receipts	Rank	Percentage of Total Sales Receipts
Wholesale/Retail Trade	\$ 241,643,439	1	55.62%	\$ 154,537,290	1	52.67%
Construction	59,838,603	2	13.77%	39,243,321	2	13.37%
Utilities	28,236,350	3	6.50%	19,092,933	4	6.51%
Accommodation and Food Services	23,722,589	4	5.46%	16,498,980	5	5.62%
Manufacturing	22,306,003	5	5.13%	19,486,569	3	6.64%
Real Estate and Rental and Leasing	16,323,950	6	3.76%	14,524,388	6	4.95%
Other Services (except Public Administration)	13,763,010	7	3.17%	9,365,176	7	3.19%
Information	10,368,745	8	2.39%	7,000,081	8	2.39%
Transportation and Warehousing	6,616,171	9	1.52%	5,606,758	9	1.91%
Profession, Scientific & Technical Services	4,522,368	10	1.04%	4,308,012	10	1.47%
	<u>\$ 427,341,228</u>		<u>98.37%</u>	<u>\$ 289,663,508</u>		<u>98.72%</u>

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ocean Beauty Seafoods LLC	\$ 18,341,300	1	4.43%	5,604,200	6	1.77%
Westward Seafoods, Inc	13,022,200	2	3.14%	\$ 6,023,900	5	1.91%
International Seafoods of Alaska	11,787,200	3	2.85%	6,343,400	4	2.01%
Alaska Communciations Systems	10,535,200	4	2.54%	-		0.00%
Wal-Mart/Sams Club	9,959,100	5	2.40%	7,934,200	1	-
Brechan Enterprises Inc.	9,944,800	6	2.40%	3,923,895	9	1.24%
GCI Communication Corp	9,618,300	7	2.32%	-		-
Trident Seafoods Corporation	10,082,200	8	2.43%	5,368,500	7	1.70%
Mill Bay Plaza Associates, Ltd	8,952,200	9	2.16%	7,138,400	2	2.26%
Horizon Lines of Alaska, LLC	6,978,800	10	1.69%	6,460,600	3	2.05%
Alaska Pacific Seafoods	-		-	4,082,600	8	1.29%
Kodiak Associates	-		-	3,126,300	10	0.99%
	<u>\$ 109,221,300</u>		<u>26.37%</u>	<u>\$ 56,005,995</u>		<u>17.74%</u>

Source: City of Kodiak records and Kodiak Island Borough records.

Note: City sales tax rate is 6%, with a maximum taxable transaction amount of \$750; any amount over \$750 is tax exempt. The maximum tax to be charged on a transaction is \$45.

Comparative sales tax information is not available until fiscal year 2001.

Comparative principal property taxpayers for 1999 is not available.

City of Kodiak
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 626,232	\$ 616,172	98.39%	\$ 2,579	\$ 618,751	98.81%
2005	631,536	628,516	99.52%	2,051	630,567	99.85%
2006	630,325	623,763	98.96%	8,732	632,495	100.00%
2007	632,517	599,261	94.74%	16,420	615,681	97.34%
2008	641,218	640,435	99.88%	15,508	655,943	100.00%
2009	653,397	644,857	98.69%	6,842	651,699	99.74%
2010	665,317	656,852	98.73%	4,848	661,700	100.00%
2011	775,087	759,262	97.96%	3,494	762,756	98.41%
2012	780,820	772,189	98.89%	1,488	773,677	99.09%
2013	830,179	817,304	98.45%	14,442	831,745	100.00%

City of Kodiak
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities			Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Alaska Clean Water Fund Loans	Alaska Drinking Water Fund Loan		
2004	\$ -	\$ 1,015,000	\$ 2,413,167	\$ -	1.9%	553
2005	-	820,000	2,212,070	-	1.6%	498
2006	-	620,000	2,010,973	-	1.3%	443
2007	-	420,000	1,809,876	-	1.1%	392
2008	8,000,000	6,215,000	1,608,779	-	7.3%	2,649
2009	7,865,000	7,000,000	1,957,682	550,000	7.7%	2,908
2010	7,720,000	6,895,000	3,177,346	440,000	6.6%	2,752
2011	7,570,000	6,795,000	3,486,136	1,355,116	7.8%	3,133
2012	7,415,000	6,685,000	3,139,645	1,589,186	7.4%	2,983
2013	7,250,000	6,570,000	2,792,495	2,371,341	7.1%	2,952

City of Kodiak
Direct and Overlapping Debt
As of June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Kodiak General Obligation Bonds	\$ 7,250,000	100%	\$ 7,250,000
Kodiak Island Borough General Obligation Bonds	<u>50,158,572</u>	42%	<u>11,870,265</u>
Total direct and overlapping debt	<u>\$ 57,408,572</u>		<u>\$ 19,120,265</u>

Source: Assessed value data used to estimate applicable percentages provided by the Kodiak Island Borough and the State of Alaska.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Kodiak Island Borough's taxable assessed value that is within the City of Kodiak's boundaries and dividing it by the Kodiak Island Borough's total taxable assessed value.

City of Kodiak
Legal Debt Margin Information
As of June 30, 2013

Assessed Value	\$ 442,284,600
Less Exempt Property	<u>28,115,800</u>
Total	<u>\$ 414,168,800</u>

The State of Alaska does not mandate a debt limit to its municipalities and political subdivisions. Debt capacity is ultimately determined by the voters and the marketplace.

Source: Kodiak Island Borough assessment reports

City of Kodiak
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Boat Harbor Revenue Bonds						Coverage
	Boat Harbor Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2004	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	
2005	-	-	-	-	-	n/a	
2006	-	-	-	-	-	n/a	
2007	-	-	-	-	-	n/a	
2008	1,999,486	2,038,080	(38,594)	-	-	n/a	
2009	2,183,999	1,697,696	486,303	-	24,405	n/a	
2010	2,233,292	1,518,404	714,888	30,000	96,721	5.64	
2011	2,394,368	1,756,658	637,710	30,000	94,921	5.10	
2012	2,507,552	1,806,778	700,774	35,000	92,971	5.48	
2013	2,602,989	1,868,970	734,019	35,000	90,871	5.83	

Operating expenses excludes depreciation.

Fiscal Year	Shipyards Revenue Bonds						Coverage
	Shipyards Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2004	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	
2005	-	-	-	-	-	n/a	
2006	-	-	-	-	-	n/a	
2007	-	-	-	-	-	n/a	
2008	-	-	-	-	-	n/a	
2009	-	35,004	(35,004)	-	-	n/a	
2010	320,574	316,277	4,297	75,000	211,551	0.01	
2011	293,845	350,274	(56,429)	70,000	236,870	-0.18	
2012	239,889	308,101	(68,212)	75,000	237,693	-0.22	
2013	642,020	492,924	149,096	80,000	233,543	0.48	

Operating expenses excludes depreciation.

City of Kodiak
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2004	6,194	\$ 179,615,748	\$ 28,998	2,696	10.3%
2005	6,088	185,356,421	30,446	2,701	8.8%
2006	5,937	194,989,036	32,843	2,736	8.7%
2007	5,689	206,202,418	36,246	2,685	6.8%
2008	5,974	216,662,949	36,268	2,650	7.0%
2009	5,974	226,719,274	37,951	2,661	7.9%
2010	6,626	275,754,242	41,617	2,595	6.7%
2011	6,130	245,028,360	39,972	2,565	6.4%
2012	6,312	254,651,328	40,344	2,524	5.8%
2013	6,431	269,175,936	41,856	2,559	5.1%

Source: State of Alaska, Department of Commerce, Community, and Economic Development and the Department of Labor, and Kodiak Island Borough School District.

City of Kodiak
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2013 Rank</u>	<u>2004 Rank</u>
Kodiak Island Borough School District	1	2
Federal Government	2	4
International Seafoods	3	7
Trident Seafood Corporation	4	5
Providence Hospital	5	6
Ocean Beauty Seafoods	6	1
North Pacific Processors, Inc.	7	3
United States Seafoods LLC	8	-
City of Kodiak	9	8
Safeway	10	-
Wal-Mart Associates Inc	-	9
Western Alaska Fisheries	-	10

Source: State of Alaska Department of Labor

Note: Employers are ranked by number of workers listed in Alaska Department of Labor and Workforce Development, Research and Analysis Section.
The State of Alaska has passed legislation that prevents disclosure of the number of employees for each employer.

City of Kodiak
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	11.00	12.50	12.50	11.30	12.05	12.05	12.30	12.30	12.30	13.30
Public Safety:										
Police	36.00	36.00	35.00	35.00	37.00	37.00	37.00	41.50	41.50	41.50
Fire	12.75	12.75	12.75	12.75	13.75	13.75	13.75	13.75	13.75	13.75
Public Works	10.00	10.00	10.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Engineering	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks and Recreation	5.00	5.00	5.00	5.00	5.00	6.00	5.00	7.25	5.75	5.75
Library	7.00	7.00	7.00	6.75	6.75	6.75	6.75	7.00	7.00	7.00
Harbor	14.00	14.00	14.00	14.00	14.00	14.00	16.40	16.40	16.40	16.40
Water	6.00	6.00	6.00	6.60	6.60	6.85	6.60	6.60	6.60	6.60
Sewer	8.00	8.00	7.00	7.80	8.60	8.35	9.35	9.35	9.35	9.35
Total	112.75	114.25	112.25	110.70	115.25	116.25	118.65	125.65	124.15	125.15

Note: Full-time equivalent employees are permanent employees.

City of Kodiak
Operating Indicators by Function
Last Ten Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Complaints investigated	7,512	7,352	7,796	8,195	8,376	8,839	7,716	8,746	10,168	13,856
Motor vehicle collision reports	191	126	180	86	67	89	124	89	118	155
Bookings/admissions	1,027	900	1,000	959	850	917	917	864	849	1,030
Investigations conducted	172	240	264	200	147	125	188	158	201	293
Service calls received/dispatched	6,710	6,725	6,720	8,353	8,376	9,661	7,279	8,797	10,168	13,855
Fire:										
Fire response within 5 minutes	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
EMS response within 5 minutes	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Public Works:										
Streets										
Time spent on snow removal (man hours)	3,000	1,274	2,827	5,883	5,558	5,900	5,000	4,704	5,000	3,406
Garage										
Preventative maintenance checks	150	150	107	113	113	132	125	80	130	56
Building inspection										
Building permits issued	223	203	224	190	182	197	190	201	223	219
Engineering -										
Projects completed on schedule & within budget	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Parks and Recreation:										
Landscape maintenance (in acres)	240.5	240.5	240.5	240.5	240.5	240.5	240.5	240.5	240.5	240.5
Teen center attendance	17,453	16,283	11,245	31,111	29,829	32,920	31,000	36,088	16,054	16,054
Number of aquatic participants	13,274	10,386	7,993	19,496	13,566	15,463	19,728	27,804	35,799	35,314
Ice rink attendance	6,654	10,362	10,000	10,000	19,594	32,679	34,480	34,480	6,598	8,492
Library:										
Number of visitors	148,897	149,000	149,757	149,702	149,572	149,300	149,800	149,273	149,264	149,000
Number of materials withdrawn	4,225	3,500	2,111	3,750	3,334	3,800	3,800	3,047	4,957	3,502
Harbor:										
Vehicle, boat and foot patrol hours	10,489	10,500	6,996	5,832	7,000	7,000	7,000	7,000	7,000	7,000
Number of owner accounts	2,229	2,400	1,543	1,314	1,400	1,400	1,400	1,400	1,400	1,600
Water -										
All regulations met	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sewer:										
Treatment standards met	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Discharge effluent limits met	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: In 2005 the swimming pool had a 3 month emergency closure. The ice rink was new in 2004.

City of Kodiak
Capital Asset Statistics by Function
Last Ten Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	23	22	21	20	20	20	20	21	23	20
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	10	11	11	10	9	9	9	9	9	8
Public Works:										
Streets (miles)	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4
Runways (feet)	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650
Parks and Recreation:										
Number of parks/ playgrounds	14	14	14	14	14	14	14	14	14	14
Teen center	1	1	1	1	1	1	1	1	1	1
Ice rink	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Harbor:										
Number of harbors	2	2	2	2	2	2	2	2	2	2
Piers & docks	6	6	6	6	6	6	6	6	6	6
Water:										
Water mains (miles)	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4
Number of reservoirs	4	4	4	4	4	4	4	4	4	4
Sewer:										
Sewer mains (miles)	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9
Lift stations	20	20	20	20	20	20	20	20	20	20



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and City Council
City of Kodiak, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kodiak, Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Kodiak's basic financial statements and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
December 18, 2013



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

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

Honorable Mayor and City Council
City of Kodiak, Alaska

Report on Compliance for Each Major State Program

We have audited City of Kodiak's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Kodiak's major state programs for the year ended June 30, 2013. City of Kodiak's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, City of Kodiak complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
December 18, 2013

City of Kodiak, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> (none reported)
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> (none reported)
Type of auditor's report issued on compliance for major programs:	Unmodified	
Dollar threshold used to distinguish between a major program:		\$ 100,000

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

None noted.

Section III - State Award Findings and Questioned Costs

None noted.

City of Kodiak, Alaska

Schedule of Prior Audit Findings
Year Ended June 30, 2013

Federal Award Findings and Questioned Costs

None noted.

State of Alaska Award Findings and Questioned Costs

None noted.

City of Kodiak, Alaska

Corrective Action Plan *Year Ended June 30, 2013*

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