

AUDIT WRAP-UP

Year Ended December 31, 2013



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., the Council) and, if appropriate, management of the City and is not intended and should not be used by anyone other than these specified parties.

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Tel: 907-278-8827
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

May 19, 2014

Honorable Mayor and City Council
City of Homer, Alaska

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. Our audit engagement letter dated February 3, 2014 outlined our plan for the audit of the financial statements of the City of Homer (the City) as of and for the year ended December 31, 2013. That document included a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the City. Feel free to contact us to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended December 31, 2013. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier audit engagement letter.
- We have issued an unmodified opinion on the financial statements and released our report on May 19, 2014.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of City personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the City's accounting practices, policies, estimates, and significant unusual transactions:

The City's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- The City did not adopt any new GASB pronouncements in 2013.
- There were no changes in significant accounting policies and practices during 2013.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed below:

Significant accounting estimates include:

Collectability of outstanding Accounts Receivables - Many of the City's accounts receivables are from granting agencies; these are considered by management to be 100% collectible. Customer accounts receivables (utility and harbor) are reviewed by management periodically to determine a reasonable amount of allowance, based on known factors, past history, and age of the outstanding amount.

Estimated Useful Life of Capital Assets (Depreciation) - The City maintains numerous capital assets including machinery, equipment, buildings and infrastructure. Assets are categorized by type and assigned estimate useful lives that vary from 3 years to 50 years, depending on asset type.

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2013.
- We did not identify any transactions for which there was a lack of authoritative guidance. However, we note the following significant transactions that were unique to 2013.
 - In 2013, the City issued Harbor Bonds.
 - In 2013, the City issued a Special Assessment Bond through the Kenai Peninsula Borough for the purpose of constructing a natural gas pipeline which the City will not own. The City incurred approximately \$8 million in debt while expending roughly \$7.7 in expense. The City will establish a special assessment district for payment of the debt upon completion of the capital project.

Results of Our Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

We proposed 25 adjustments to the financial statements of which the following were considered to be significant:

- To record grant receivable and grant revenue of \$117,149.
- To move transfers that were recorded in a revenue account of \$44,185
- To record expenses and account payable of \$59,614
- To record investments at fair value of \$115,222
- To correct recording of harbor bonds of \$278,202
- To capitalize construction interest of \$47,252
- To reduce prisoner care revenue of \$188,353
- To move investments out of the central treasury to the permanent fund of \$1,797,427

All of the proposed and corrected adjusting journal entries are included in the representation letter attached to this document.

There were no uncorrected misstatements related to accounts and/or disclosures that we presented to management.

OTHER COMMUNICATIONS

The following items represent required audit communications:

1. Qualitative aspects of significant accounting policies and practices
 - We concur with the City's interpretation and application of generally accepted accounting principles and practices derived from the standards set by the Governmental Accounting Standards Board (GASB).
2. Our conclusions regarding significant accounting estimates
 - The nature of the City's operations reduces the need for numerous significant estimates within the accounting records. See comment about estimates on the previous page. We believe the City's estimates are reasonable in the circumstances
3. Financial statement disclosures
 - We believe all necessary disclosures have been included in the footnotes to the financial statements.
4. New accounting pronouncements
 - As noted on the previous page, in 2013 the City did not adopt any new GASB pronouncements in 2013.
5. Alternative accounting treatments
 - We did not identify any accounting treatments that did not comply with generally accepted accounting principles and standards set by GASB.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in 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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we reported one significant deficiency. Our reports on internal control are included in the single audit section of the bound CAFR and are not repeated herein. The item reported included:

- Financial Reporting

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the City's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	Please refer to the attached management representation letter.

Independence Communication

Our engagement letter to you dated February 3, 2014 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.

Exhibit A

- Representation Letter is attached



City of Homer

www.cityofhomer-ak.gov

491 East Pioneer Avenue
Homer, Alaska 99603

(p) 907-235-8121

(f) 907-235-3140

May 19, 2014

BDO USA, LLP
3601 C Street, Suite 600
Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audits of the financial statements of the City of Homer, Alaska, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2013 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in financial position, and, where applicable, cash flows of the City of Homer in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 3, 2014, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We have included all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for 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.
- (3) The financial statements include all assets and liabilities under the entity's control.

- (4) We have made available to you all:
 - (a) Financial records, and related data and all audit or relevant monitoring reports, if any, received from funding sources, as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) Minutes of the meetings of the City Council and committees of Council members that were held from January 1, 2013 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards or schedule of state financial assistance. All financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit (as listed in attachment A - "Schedule of Audit Adjustments") have been corrected. There were no uncorrected misstatements identified in the audit. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.
- (7) In regards to the preparation of the CAFR and the cash to accrual adjustments, services performed by you, we have: (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.
- (8) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have no knowledge of any:
 - (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or other professionals, (except as follows:)
- (9) We have no knowledge of any fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse.
- (10) We have a process to track the status of audit findings and recommendations.

- (11) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives, and whether related recommendations have been implemented.
- (12) We have provided views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- (13) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- (14) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
 - (a) The identity of related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - (c) All derivative instruments and any embedded derivative instruments that require bifurcation.
 - (d) Guarantees, whether written or oral, under which the City is contingently liable.
 - (e) Significant estimates and material concentrations known to management that are required to be disclosed. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances.
 - (f) The effects of all known actual or possible litigation, claims, assessments, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed.
 - (g) Commitments, such as:
 - Major fixed asset purchase agreements;
 - More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
 - Deferred compensation, bonuses, pensions plans, or severance pay; or
 - Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;

- (h) For environmental clean-up obligations.
 - (i) Participation in a public entity risk pool.
- (15) There are no:
- (a) Violations or possible violations of budget ordinances, laws, and regulations (including those pertaining to adopting, approving, and amending budgets), and provisions of contracts and grant agreements (including the failure to file reports required by regulatory bodies (e.g., EPA, OCC, FDIC, DOL, Medicare, U.S. Customs Service, HIPAA, IRS, Dept. of Commerce, state and municipal authorities) when the effects of failing to file could be material to the financial statements) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed.
 - (c) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- (16) Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (17) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (18) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance.
- (19) No discussions have taken place with your firm's personnel regarding employment with the City.
- (20) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (21) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- (22) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

- (23) The financial statements properly classify all funds and activities.
- (24) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and resented as such and all other funds that are presented as major are particularly important to financial statement users.
- (25) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (26) Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
- (27) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- (28) Special and extraordinary items are appropriately classified and reported.
- (29) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- (30) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- (31) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- (32) With respect to federal and state award programs:
 - (a) We are responsible for understanding and complying with, and have complied with, the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits including requirements relating to the preparation of the schedule of expenditures of federal awards (SEFA) and the Schedule of State Financial Assistance (SSFA).
 - (b) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and included in the SEFA and SSFA expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - (c) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards and the schedule of state financial assistance in accordance with the requirements of OMB Circular A-133 §310.b and the State of Alaska Audit Guide and

Compliance Supplement for State Single Audits, and we believe the SEFA and SSFA, including their form and content, are fairly presented in accordance with the Circular and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. The methods of measurement and presentation of the SEFA and SSFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SSFA.

- (d) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements considered to have a direct and material effect on each federal and state program.
- (e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides a reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies (including material weaknesses) in internal control over compliance as reported in the schedule of findings and questioned costs.
- (f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relating to each major federal and state program.
- (g) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- (h) We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the OMB Circular A-133 "Compliance Supplement" and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of federal and state awards, including the results of other audits or program reviews.
- (i) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- (j) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal and external monitoring that directly relate to the objectives of the compliance audit, including findings

received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- (k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-187, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- (l) We have disclosed to you our interpretations of compliance requirements that have varying interpretations, if any.
- (m) We have made available to you all documentation related to compliance with the direct and material requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- (n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- (o) There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- (p) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards and the schedule of state financial assistance.
- (q) The copies of federal and state program financial reports provided you are true copies of the reports submitted or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- (r) We have charged costs to federal and state awards in accordance with applicable cost principles.
- (s) We are responsible for, and will accurately prepare, the auditee section of the Data Collection Form as required by OMB Circular A-133.
- (t) We are also responsible for preparing and implementing a corrective action plan for each audit finding.
- (u) We are responsible for, and have accurately prepared, the summary schedule of prior audit findings required to be included by OMB Circular A-133, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- (33) We acknowledge our responsibility for the presentation of the required supplementary information, and the required supplementary information is measured and presented in accordance with prescribed guidelines.

The methods of measurement or presentation have not changed from those used in the prior period.

- (34) We acknowledge our responsibility for the presentation of the Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation have not changed from those used in the prior period and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- (35) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:

- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
- If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
- We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
- We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
- Our web site, which contains the electronic financial statements, will advise the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or

BDO USA, LLP
May 19, 2014
Page 9 of 9

disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,



Walt Wrede, City Manager



John Li, Finance Director

ATTACHMENT A - SCHEDULE OF AUDIT ADJUSTMENTS

Year End: December 31, 2013

Date: 1/1/2013 To 12/31/2013

Number	Date	Name	Account No	Debit	Credit
AJE 1	12/31/2013	Accounts Receivable State/Fed	415-0000-1162 415		-117,148.92
AJE 1	12/31/2013	State Grant	415-0929-4520 415	117,148.92	
		The reclass revenue to accounts receivable.		117,148.92	-117,148.92
AJE 2	12/31/2013	Accts Payable Clearing (01)	200-0000-2011 200		-21,092.22
AJE 2	12/31/2013	Opr Supplies	200-0406-5202 200	20,052.62	
AJE 2	12/31/2013	Opr Supplies	200-0406-5202 200	1,039.60	
		Auditor identified- Invoice incorrectly excluded from YE AP balance.		21,092.22	-21,092.22
AJE 3	12/31/2013	Bond Reserve	400-0000-1005 400	3,697.30	
AJE 3	12/31/2013	Interest On Investments	400-0600-4801 400		-3,697.30
		Record investment income on Harbor reserve account		3,697.30	-3,697.30
AJE 4	12/31/2013	Loans Payable	205-0000-2139 205	27,558.56	
AJE 4	12/31/2013	CWL Loan #409261 - Kachemak Dr	205-0000-2341 205		-4,821.92
AJE 4	12/31/2013	DWL Loan #409271	205-0000-2342 205		-22,736.64
		Correct ADEC loan balances 409261 and 409271		27,558.56	-27,558.56
AJE 5	12/31/2013	Equipment/Machinery - Utility	710-0000-1640 710	19,031.00	
AJE 5	12/31/2013	GF Building Utility Fund	710-0000-2820 710		-19,031.00
		To book water/sewer fixed assets to amount per TB.		19,031.00	-19,031.00

AJE 6 12/31/2013	Buildings	701-0000-1620 701		-518,254.00
AJE 6 12/31/2013	Improvements Other Than Bldgs	701-0000-1630 701		-174,301.00
AJE 6 12/31/2013	Equipment And Machinery	701-0000-1640 701		-168,368.00
AJE 6 12/31/2013	Construction In Progress	701-0000-1650 701	75,516.00	
AJE 6 12/31/2013	Roads	701-0000-1670 701		-884,214.00
AJE 6 12/31/2013	Invest Gen Fixed Assets-oth Fu	701-0000-2820 701	1,669,621.00	
	To book Governmenatal Fixed Assets to actual		1,745,137.00	-1,745,137.00
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AJE 7 12/31/2013	Equipment And Machinery	400-0000-1640 400	4,400.00	
AJE 7 12/31/2013	Adjustments To Fund Balance	400-0000-2711 400		-4,400.00
	To adjust Port Fixed Assets to actual per schedules		4,400.00	-4,400.00
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AJE 8 12/31/2013	Accumulated Depr-improvmnts	400-0000-1631 400	16,694.02	
AJE 8 12/31/2013	Accumulated Depr Equip&machi	400-0000-1641 400		-880.15
AJE 8 12/31/2013	Depreciation Expense	400-0601-5701 400		-15,813.87
	To adjust depreciation expense to actual per schedule		16,694.02	-16,694.02
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AJE 9 12/31/2013	Loan - Energy Fund	400-0000-2306 400	3,291.00	
AJE 9 12/31/2013	Transfers To Another Fund/Dept	400-0600-5990 400		-3,291.00
	To reduce the payable for the loan payment to the 620 fund that does not need to be booked as a transfer out.		3,291.00	-3,291.00
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AJE 10 12/31/2013	Other Revenue	456-0380-4902 456	14,252.00	
AJE 10 12/31/2013	Transfers(Opert	456-0380-4992 456		-14,252.00
AJE 10 12/31/2013	Revenue - Energy Fund	620-0375-4902 620	44,185.00	
AJE 10 12/31/2013	Other transfers	620-0375-4990 620		-44,185.00
	To move transfers that were recorded in revenue accounts		58,437.00	-58,437.00
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AJE 11 12/31/2013	Water Deferred Assessments	205-0000-2051 205	1,577.90	
AJE 11 12/31/2013	Sewer Deferred Assessments	205-0000-2054 205	10,739.00	

AJE 11	12/31/2013	Assessment Revenue	205-0375-4518 205		-12,316.90
		To tie deferred assessments to actual per schedule		12,316.90	-12,316.90
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AJE 12	12/31/2013	Accts Payable Clearing (01)	600-0000-2011 600		-31,591.66
AJE 12	12/31/2013	Prof & Spec Svc	600-0800-5210 600	3,530.05	
AJE 12	12/31/2013	Health Ins Prem	600-0800-5247 600	28,061.61	
		To record additional accrued A/P Meritain Admin and premiums.		31,591.66	-31,591.66
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AJE 13	12/31/2013	Accts Payable Clearing (01)	400-0000-2011 400		-6,924.65
AJE 13	12/31/2013	Waste Oil Dipos	400-0611-5256 400	6,924.65	
		To record additional accrued A/P Emerald Alaska Inc		6,924.65	-6,924.65
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AJE 14	12/31/2013	Interest Income	100-0025-4801 100		-50,943.50
AJE 14	12/31/2013	Dain Rauscher Investments	999-0000-1026 999		-18,724.83
AJE 14	12/31/2013	Raymond James	999-0000-1035 999		-22,216.53
AJE 14	12/31/2013	U S BANK - INCOME -340	999-0000-1043 999	4,237.78	
AJE 14	12/31/2013	U S BANK - GROWTH - 341	999-0000-1044 999	161,927.51	
AJE 14	12/31/2013	Pro-Equities Investments	999-0000-1045 999		-74,280.43
		To book investments to market value.		166,165.29	-166,165.29
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AJE 15	12/31/2013	Cash Balance	100-0000-1000 100	50,943.50	
AJE 15	12/31/2013	Cash Balance	999-0000-1000 999		-50,943.50
		Book investments to market value		50,943.50	-50,943.50
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AJE 16	12/31/2013	Bond Reserve	400-0000-1005 400	290,000.00	
AJE 16	12/31/2013	2013 - Port Bonds	400-0000-2307 400	482,708.00	
AJE 16	12/31/2013	Unamortized Premium	400-0000-2308 400		-494,506.00
AJE 16	12/31/2013	Bond Issue Fees	400-0375-5613 400	24,057.00	
AJE 16	12/31/2013	Bond Issue Fees	400-0375-5613 400		-290,000.00
AJE 16	12/31/2013	Other Revenue	400-0600-4902 400		-12,259.00

Correct Harbor Bond issue

796,765.00 -796,765.00

AJE 17 12/31/2013	Cash Balance	400-0000-1000 400		-290,000.00
AJE 17 12/31/2013	Bond Reserve	400-0000-1005 400	290,000.00	
AJE 17 12/31/2013	Cash Balance	999-0000-1000 999	290,000.00	
AJE 17 12/31/2013	Bank of New York Mellon	999-0000-1049 999		-290,000.00

Move bond reserve cash to fund 400

580,000.00 -580,000.00

AJE 18 12/31/2013	Cash Balance	400-0000-1000 400		-24,726.00
AJE 18 12/31/2013	Unamortized Premium	400-0000-2308 400	24,726.00	
AJE 18 12/31/2013	Cash Balance	456-0000-1000 456	24,726.00	
AJE 18 12/31/2013	Interest pymt on Loans	456-0382-5608 456		-24,726.00

Amortize bond premium

49,452.00 -49,452.00

AJE 19 12/31/2013	Cash Balance	400-0000-1000 400		-47,251.50
AJE 19 12/31/2013	Construction In Progress	400-0000-1650 400	47,251.50	
AJE 19 12/31/2013	Cash Balance	456-0000-1000 456	47,251.50	
AJE 19 12/31/2013	Interest pymt on Loans	456-0382-5608 456		-47,251.50

To capitalize interest expense
related to CIP projects

94,503.00 -94,503.00

AJE 20 12/31/2013	Cash Balance	100-0000-1000 100		-14,818.57
AJE 20 12/31/2013	Interest Income	100-0025-4801 100	14,818.57	

To reverse interest income

14,818.57 -14,818.57

AJE 21 12/31/2013	Unearned Revenue - Prisoner Care	100-0000-2225 100		-188,352.50
AJE 21 12/31/2013	Prisoner Care	100-0030-4503 100	188,352.50	

Client recognized 5 quarters of
revenue instead of 4 quarters of revenue.
Auditor moved a quarter into unearned
revenue.

188,352.50 -188,352.50

AJE 22 12/31/2013	Cash Balance	100-0000-1000 100		-181,087.16
AJE 22 12/31/2013	Transfers To	100-0100-5990 100	181,087.16	
AJE 22 12/31/2013	Cash Balance	806-0000-1000 806		-1,616,339.96
AJE 22 12/31/2013	US Bank Income Account	806-0000-1043 806	629,080.64	
AJE 22 12/31/2013	US Bank - Growth Account	806-0000-1044 806	1,168,346.48	
AJE 22 12/31/2013	Transfer in	806-0100-4990 806		-181,087.16
AJE 22 12/31/2013	Cash Balance	999-0000-1000 999	1,797,427.12	
AJE 22 12/31/2013	U S BANK - INCOME -340	999-0000-1043 999		-629,080.64
AJE 22 12/31/2013	U S BANK - GROWTH - 341	999-0000-1044 999		-1,168,346.48
	Move Permanent Fund Accounts to the Permanent Fund		3,775,941.40	-3,775,941.40
AJE 23 12/31/2013	Cash	175-0000-1000 175		-1,270,097.45
AJE 23 12/31/2013	Natural Gas Dist Reserve	175-0000-1048 175	1,270,097.45	
AJE 23 12/31/2013	Cash Balance	999-0000-1000 999	1,270,097.45	
AJE 23 12/31/2013	Natural Gas Dist Reserve	999-0000-1048 999		-1,270,097.45
	Move the natural gas line loan reserve account to the gasoline fund		2,540,194.90	-2,540,194.90
AJE 24 12/31/2013	Cash Balance	100-0000-1000 100		-166,165.29
AJE 24 12/31/2013	Interest Income	100-0025-4801 100	166,165.29	
AJE 24 12/31/2013	US Bank Income Account	806-0000-1043 806	4,237.78	
AJE 24 12/31/2013	US Bank - Growth Account	806-0000-1044 806	161,927.51	
AJE 24 12/31/2013	Interest Income	806-0301-4801 806		-166,165.29
AJE 24 12/31/2013	Cash Balance	999-0000-1000 999	166,165.29	
AJE 24 12/31/2013	U S BANK - INCOME -340	999-0000-1043 999		-4,237.78
AJE 24 12/31/2013	U S BANK - GROWTH - 341	999-0000-1044 999		-161,927.51
	To move the fair value adjustment for perm fund adjustments from the general fund to the perm fund		498,495.87	-498,495.87
AJE 25 12/31/2013	Accts Payable Clearing (01)	151-0000-2011 151	9,507.46	
AJE 25 12/31/2013	Construction	151-0792-5261 151		-9,507.46
	To reverse a double payment		9,507.46	-9,507.46
			10,966,430.08	-10,966,430.08