



CITY OF NORTH POLE *Alaska*

REGULAR CITY COUNCIL MEETING **Monday, June 16, 2014**

Committee of the Whole – 6:30 p.m.
Regular City Council Meeting – 7:00 p.m.

MAYOR

Bryce Ward 888-4444

CITY CLERK

Kathy Weber, MMC 488-8583

COUNCIL MEMBERS

Michael Welch- <i>Mayor Pro Tem</i>	488-5834
Sharron Hunter- <i>Dep Mayor Pro Tem</i>	488-4282
Elizabeth Holm – <i>Alt Dep Mayor Pro Tem</i>	488-6125
Kevin McCarthy-	590-0800
Thomas McGhee-	455-0010
Preston Smith -	488-8824

1. Call to Order/Roll Call
2. Pledge of Allegiance to the US Flag
3. Invocation
4. Approval of the Agenda
5. Approval of the Minutes
6. Communications from the Mayor
 - Proclamations
 - Presentation of 2013 Annual City Audit by Kohler, Schmitt & Hutchison

7. Council Member Questions of the Mayor

8. Communications from Department Heads, Borough Representative and the City Clerk

9. Ongoing Projects Report

10. Citizens Comments (Limited to Five (5) minutes per Citizen)

11. Old Business

None

12. New Business

- a. Annual review and appointment of 2014 committee members
- b. Approve Annual Operating Plan between the State of Alaska, Department of Natural Resources, Division of Forestry (State), and the City of North Pole Fire Department (Cooperator)
- c. Approve Emergency Medical Services/Ambulance Contract between Fairbanks North Star Borough and City of North Pole – Renewal and Amendment No.4.
- d. Resolution 14-13, A Resolution naming the North Pole Exercise Trail in recognition of First Sergeant Thomas Uptgraft Senior and recognizing the donors who helped to make the exercise trail possible.

13. Council Comments

14. Adjournment

The City of North Pole will provide an interpreter at City Council meetings for hearing impaired individuals. The City does require at least 48 hours' notice to arrange for this service. All such requests are subject to the availability of an interpreter. All City Council meetings are recorded on CD. These CD's are available for listening or duplication at the City Clerk's Office during regular business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m. or can be purchased for \$5.00 per CD. The City Clerk's Office is located in City Hall, 125 Snowman Lane, North Pole, Alaska.

Committee of the Whole – 6:30 P.M.
Regular City Council Meeting – 7:00 P.M.

A regular meeting of the North Pole City Council was held on Monday, June 2, 2014 in the Council Chambers of City Hall, 125 Snowman Lane, North Pole, Alaska.

CALL TO ORDER/ROLL CALL

Mayor Ward called the regular City Council meeting of Monday, June 2, 2014 to order at 7:04 p.m.

There were present:

Absent/Excused

Ms. Holm

Ms. Hunter

Mr. McCarthy

Mr. McGhee

Excused

Mr. Smith

Excused

Mr. Welch

Mayor Ward

PLEDGE OF ALLEGIANCE TO THE U.S. FLAG

Led by Mayor Ward

INVOCATION

Invocation was given by Councilwoman Holm

APPROVAL OF AGENDA

Mr. Welch moved to Approve the Agenda of June 2, 2014

Seconded by Mr. McCarthy

Discussion

None

PASSED

YES – 5 – Welch, McCarthy, Holm, Hunter, Ward

NO – 0 –

Absent – 2 – McGhee, Smith

APPROVAL OF MINUTES

Ms. Holm moved to Approve the minutes of May 19, 2014

Seconded by Mr. Welch

Discussion

None

PASSED

YES – 5 – Welch, McCarthy, Holm, Hunter, Ward

NO – 0 –

Absent – 2 – McGhee, Smith

COMMUNICATIONS FROM THE MAYOR

*Presentation by Bob Shefchik – Update on the Interior Gas Utility

- The City is in need of volunteers for the annual 4th of July parade and picnic. If you are interested please call City Hall and sign up! The meetings are set for the following dates at 6pm here at city hall. The Festival is slated to start at 10am and run until 5pm. For vending information please contact North Pole City Hall. Meetings are as follows: Monday June 9th, Monday June 23rd, Monday June 30th
- The North Pole Lions have agreed to partner with the City of North Pole to host the 4th of July Parade this year. We look forward to partnership with the North Pole Lions. Parade entry information will be available through the lions.
- Last week I met with representatives from the Alaska Railroad about special trains for the interior. We discussed ideas ranging from Christmas trains to Easter trains and what they do in Anchorage. The main concern with special trains in the Interior is the severe cold and how the cars will stay heated. Stay tuned for more on a Special North Pole Christmas train
- We have had several complaints lately about ‘trash’ or ‘junk’ around neighborhoods in the City. The City of North Pole does not have specific ordinance against unappealing items on private property. The Fairbanks North Star Borough does not have junk ordinances either and it can lead to unappealing properties. Much of North Pole is lightly regulated through zoning regulation which limits the ability of the city to enforce cleanup of these properties.
- The City currently is in need of representation on the planning board.
- If you have concerns for noise or public safety, please contact our police department.

- I will be taking some time off this summer (Thursdays and Fridays). If you would like to stop in, please call and make an appointment to ensure I am here at City Hall. I do always carry my phone if there is a need to immediately reach me.

COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH REPRESENTATIVE AND THE CITY CLERK

Police Department, Sgt. Bellant

- Chief Dutra and Lt. Rathbun are in Anchorage for the next 2 days for the debriefing of Alaska Shield.
- Thanks for approving the grant money for the re-model of the Police Station.
- Siezed 70 marijuana plants in the City this past week.

City Accountant, Lisa Vaughn

- Talking with auditors and will present on June 16th.

Fire Department, Chief Lane

- None

Director of City Services, Bill Butler

Building Department

- No new permits issued since last council meeting
 - McDonalds' has submitted construction plans and project is in plan review
 - New residential permit application submitted
 - New institutional permit application submitted—bus shelter at Beaver Springs Mall

Public Works

- Flowers for roundabouts to be delivered Tuesday, June 3; plantings should be completed by weekend
- Exercise trail
 - Begun dumping fill to raise the level of Start/End site of trail (corner of Kevin's Way and Snowman Lane)
 - Site preparation to begin within next two weeks--stump grinding and dirt work to occur at Site 2 (corner of 5th and Davis) and stump grinding at Site 3 (corner of 8th Avenue and Blanket Blvd.)
 - Stump grinding firm will donate wood chips to be installed around base of exercise equipment

- FNSB has generated a lease agreement for Site 4 (corner of Santa Claus Lane and 8th Avenue)
- Two part-time summer staff hired for summer
 - Reduced summer hires by one to help manage budget in this period of budget uncertainty and to help fund vehicle repair expenses
- Flatbed truck is repeatedly failing and disrupting ability to complete jobs
 - Electrical, transmission and hydraulic system failures occurred in succession last week
 - Repair costs expected to be \$2,000-\$3,000
 - Need flatbed truck almost daily during the summer season

Utility Department

- Sewer outfall
 - Flow has not yet returned to the sewer outfall channel
 - Governor signed Capital Budget that includes \$500,000 for addressing sewer outfall
 - No feedback yet from ADEC on Compliance Order by Consent status
- Potential Hurst Road lift station failure—assembly that holds automatic pump control switches rusted through and dropped the controls into the lift station resulting in pumps running constantly
 - Failure occurred during the work day and a resident called in hearing the alarm

Natural Gas Utility Board

- Detailed report by the IGU Board President, Bob Shefchik, scheduled for tonight's meeting

City Clerk

- The additional work station has been installed and all programs have been installed.
- eDocs will be here next week, June 10th & 11th for training.
- There haven't been many applications received on the Records Preparation Clerk yet so it's very unlikely that we will have someone hire before the training begins.
- I'm still in the process of looking to upgrade the sound system in the council chambers and would welcome any advice from those who have some knowledge with this issue. I will be working toward putting out an RFP for the sound system in the council chambers.
- The Caselle program, Myviewpoint has been purchased and was installed. Tricia Fogarty and myself took the training last week. We will be scheduling with Dept Heads and employees a time when we can get them up and running. Council members will also be included in this training and will have accessibility to certain programs. I will keep everyone posted.

ONGOING PROJECTS

- None

CITIZENS COMMENTS

Rep. Doug Isaacson –

Mr. Isaacson asked the council to consider putting in an ordinance to not tax natural gas at least for the initial set-up. He likes what he sees in the City and it looks good.

Mr. Welch asked why the City would exempt natural gas and not other commodities.

Rep. Isaacson said that it would help to get people to convert and help the PM2.5. He said for the City to use some discretion and reevaluate it in 5 years.

Rep. Isaacson also spoke on the EPA ruling and that there is an opportunity to weigh in on it. The document is 625 pages.

OLD BUSINESS

ORDINANCE 14-07, AN ORDINANCE OF THE CITY OF NORTH POLE AMENDING TITLE 4, REVENUE AND FINANCE, ESTABLISHING PROCEDURES TO COLLECT DELINQUENT DEBTS OWED TO THE CITY

Mr. Welch said that this ordinance was introduced on May 19th and sent to our attorney for approval. For the most part it can be applied to other debts of the City.

Public Comment

Bill Bellant – 125 Snowman Lane

Mr. Bellant asked how much the City is talking about in debt.

Mr. Welch said that it is about \$75,000. Of that, \$25,000 of that is by one entity and some of them are people who have not paid anything since 2006.

Mr. Bellant asked if there was something that the City could do for the citations and if the State could implement something to help municipalities collect on citations. He would also like to see the State revoke driver's licenses for unpaid citations.

Mr. Welch *moved to* Adopt Ordinance 14-07, An Ordinance of The City of North Pole amending Title 4, Revenue and Finance, establishing procedures to collect delinquent debts owed to the City

Seconded by Mr. McCarthy

Discussion

None

PASSED

YES – 5 – Welch, McCarthy, Holm, Hunter, Ward

NO – 0 –

Absent – 2 – McGhee, Smith

NEW BUSINESS

RESOLUTION 14-11, A RESOLUTION GRANTING MAYOR BRYCE J. WARD AUTHORITY TO ENTER INTO A SHORT-TERM LINE OF CREDIT LOAN FOR \$500,000 WITH MT. MCKINLEY BANK TO FACILITATE CITY CASH FLOW DURING THE SUMMER 2014 CONSTRUCTION SEASON

Mr. Butler gave the council an update as to why the City needs to enter into a short-term line of credit to help cover large payments paid out to contractors doing projects for the summer. He said it was insurance for the City that the bills can still be paid.

Public Comment

None

Mr. Welch *moved to* Introduce and Adopt Resolution 14-11, a Resolution granting Mayor Bryce J. Ward authority to enter into a short-term line of credit loan for \$500,000 with Mt. McKinley Bank to facilitate City cash flow during the summer 2014 construction

Seconded by Ms. Holm

Discussion

None

PASSED

YES – 5 – Welch, McCarthy, Holm, Hunter, Ward

NO – 0 –

Absent – 2 – McGhee, Smith

RESOLUTION 14-12, A RESOLUTION ESTABLISHING THE GABE RICH & SCOTT JOHNSON MEMORIAL PARK ON A CITY PROPERTY; BLOCK 1 LOT 9 IN THE MORNING STAR SUBDIVISION, TO HONOR FAIRBANKS NORTH STAR BOROUGH RESIDENTS WHO HAVE DIED IN THE LINE OF DUTY WHILE SERVING THEIR COUNTRY, STATE OR MUNICIPALITY.

Mr. Butler reported to council on how this came into fruition. There is a property within the City limits that could be donated to create a Memorial Park. This would be built with donations.

Public Comment

Sgt. Bill Bellant -

Sgt. Bellant felt it was a fantastic idea and asked if they could change a street name for Gabe Rich. Rich worked for 4 years for the City and specifically for him. Kevin Lam was a reserve officer here and was killed while in service to Fairbanks Police Dept.

Mr. Welch *moved to* Introduce and Adopt Resolution 14-12, a Resolution establishing the Gabe Rich & Scott Johnson Memorial Park on a City property; block 1 lot 9 in the Morning Star Subdivision, to honor Fairbanks North Star Borough residents who have died in the line of duty while serving their country, state or municipality.

Seconded by Mr. McCarthy

Discussion

Mr. Welch liked this Resolution and felt it was fitting. He suggested some grammatical corrections and wanted to see the title "Trooper" added in front of Gabe Rich & Scott Johnson.

Mr. Welch *moved to* name the park the "Trooper Gabe Rich & Trooper Sgt. Scott Johnson Memorial Park.

Seconded by Ms. Hunter

Ms. Holm asked if we wanted to specifically name the park after those two officers when there were others that have been killed in the line of duty.

Mayor Ward said he didn't see an issue with naming the park after the two officer killed. He also said that there would be a committee set up to put the policy together.

On the main motion as amended

PASSED

YES – 5 –Welch, McCarthy, Holm, Hunter, Ward

NO – 0 –

Absent – 2 – Welch, McGhee

Discussion

Mayor Ward said that it was the intention to include those who have died serving their country, state, and municipality. He feels it is completely appropriate to name the park after the two troopers.

COUNCIL COMMENTS

Mr. McCarthy – brought up the subject on getting the packet on Thursday and that they should contact the front office with questions.

Ms. Hunter – Good night.

Ms. Holm – thanked the clerk, Lisa Vaughn and Bill Butler for their help this past week.

Mr. Welch – thanked Rep Isaacson for all his help and appreciates all he does for us. He appreciates Alaska after being in Georgia and Alabama and is happy to see IGU marching forward with their plans. He is happy to see the Resolution for Memorial Park and wishes the committee well. He hopes they can work out a workshop time for the budget.

Mayor Ward – Good night.

ADJOURNMENT

Mr. Welch adjourned the meeting at 8:37 p.m.

Seconded by Ms. Hunter

The regular meeting of June 2, 2014 adjourned at 8:37 p.m.

These minutes passed and approved by a duly constituted quorum of the North Pole City Council on Monday, June 16, 2014.

Bryce J. Ward, Mayor

ATTEST:

Kathryn M. Weber, MMC
North Pole City Clerk

City of North Pole

Summer Festival Committee

May 28, 2014

1. 2014 Tasks & Appointment of Task Chairs
 - a. Elf Run T-C: NPHS Football Booster Club
 - i. Meet with Police Dept. to get Map of Route – Meet with Chad Rathbun
 - ii. Sponsors- see if they will donate for whole event(Summer Fest & Elf Run)
 - b. Parade T-C: Lions Club – Howard Rixie
 - i. Will get antique cars
 1. King/Queen- North Pole
 2. Santa, Mrs. Clause
 3. Grand Marshall
 - ii. Color Guard in parade
 - iii. Lions Facebook page
 - c. Midway Booths /Other Games T-C: Nadine Winters, Elizabeth Holm
 - d. **Entertainment, sounds, stage** T-C: Bryce Ward
 - i. Christmas in Ice – awaiting answer 5-28
 - ii. Tupu Tafaifa- Polynesian Dancers- awaiting answer 5-28
 - iii. Ice Alaska - awaiting answer 5-28
 - iv. Jerry & Glenner
 - v. Paul Doak – Big Boom Entertainment- \$ 700.00 from 11-5
 - vi. North Pole Marshall Arts Program awaiting answer 5-28
 - vii. Dance Theater of Fairbanks awaiting answer 5-28
 - viii. Lathrop Ballroom Dance Team awaiting answer 5-28
 - e. Bike Decorating T-C: Howard Rixie (Parade)
 - f. **BBQ Contest** T-C: Howard Rixie, Katy Englund
 - i. Need to talk to Dan Wright
 - g. Set up, Clean up, Logistics & Materials T-C: Mike Foster EAFB, Teffonie Wyman
 - i. Vests borrowed by lions club
 - ii. Have lots of help from EAFB
 - iii. Walkie talkies??
 - iv. **Bryce got 45 ft step deck for stage (Alaska West) setup will happen thurs pm**
 - v. carnival tent
 - h. Media, Advertising, Signage T-C: Nadine Winters
 - i. Finance , Fundraising T-C: Nadine Winters, Katy Englund, Teffonie Wyman
 - i. Clear Channel
 - ii. Facebook page
 - iii. KJNP
 - iv. Received \$ 500.00 donation from Birchwood Homes
 - v. Flint Hills

- vi. Mt McKinley Bank
 - vii. Fairbanks Building and Construction Trades \$ 250.00
- j. Grand Marshall: Nancy Upcraft
- 2. 2014 Theme: **American Made: Alaska Grown**
- 3. Other Issues /To do
 - a. Update Placks in Mayors Office
 - i. Most Patroritc
 - ii. Mayors Choice
 - iii. Best Theme
 - iv. Grand Marshall
 - b. Find Banners /Signs
 - c. Post Signs in town 2-3 weeks.
 - d. Contact Spirit of Alaska for Sponsor Banners
 - e. Press Release
- 4. Future Meeting Times
 - a. June 23, 6pm- FINALIZE ALL DETAILS
 - b. June 30, 6pm

Door Prizes

- **Kitchen Vixen**
-

Donators

- **Santa Clause House**
- **Flint Hills**
- **City of North Pole**
- **Leaf N Bean**
- **Advanced Printing**
- **North Pole Grange**
- **Birchwood Homes**
- **NP Grange Hall**
- **NPHS Booster CLub**

CITY OF NORTH POLE, ALASKA

ANNUAL FINANCIAL REPORT

December 31, 2013

CITY OF NORTH POLE, ALASKA

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KOHLER, SCHMITT & HUTCHISON
A Professional Corporation

Certified Public Accountants

714 4th Avenue, Suite 303 • (907) 456-6676 • Fax 456-6431
P.O. Box 70607, Fairbanks, Alaska 99707-0607 • ksh@kshcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of North Pole, 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 North Pole, Alaska, as of and for the year ended December 31, 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 opinion.

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 North Pole, Alaska, as of December 31, 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.

Other Matters

Prior Year Audit

The financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Pole, Alaska, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements were audited by another auditor who expressed an unmodified opinion on the financial statements in their report dated April 29, 2013. The report contained an emphasis of matter paragraph noting the adoption by the City of North Pole of 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*. Their opinion was not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit for the year ended December 31, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of North Pole, Alaska's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by OMB Circular A-133 and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, 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 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 December 31, 2013.

The individual fund financial statements and schedules related to the December 31, 2012 financial statements were audited by other auditors. These statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. We do not express an opinion or provide any assurance on the individual fund statements and schedules related to the December 31, 2012 financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2014, on our consideration of the City of North Pole, Alaska'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 on internal controls 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 North Pole, Alaska's internal control over financial reporting and compliance.

Fairbanks, Alaska
June 10, 2014

Wohler, Schmitt & Hutchinson PC

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BASIC FINANCIAL STATEMENTS

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CITY OF NORTH POLE
STATEMENT OF NET POSITION
December 31, 2013

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equity	\$ 2,198,239	972,316	3,170,555
Receivables, net of allowance for doubtful accounts of \$5,636	483,260	654,865	1,138,125
Special assessments, net of allowance for doubtful accounts of \$6,236	893,247	-	893,247
Other assets	9,274	-	9,274
Total current assets	3,584,020	1,627,181	5,211,201
Restricted cash and investments	-	200,213	200,213
Capital Assets			
Land and construction in progress	365,316	3,319,360	3,684,676
Other capital assets, net of depreciation	3,902,564	17,078,527	20,981,091
Total noncurrent assets	4,267,880	20,397,887	24,665,767
Total assets	7,851,900	22,225,281	29,876,968
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized loss on refunding	73,828	-	73,828
Total assets and deferred outflows of resources	\$ 7,925,728	22,225,281	30,151,009
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	110,286	121,382	231,668
Accrued liabilities	278,392	13,053	291,445
Customer deposits	-	29,849	29,849
Unearned revenue	134,038	106,836	240,874
Total current liabilities	522,716	271,120	793,836
Noncurrent liabilities			
Due within one year:			
Accrued vacation and sick leave	172,421	27,008	199,429
Bonds and loan	72,707	36,520	109,227
Capital leases	54,732	-	54,732
Due in more than one year:			
Loans	-	976,724	976,724
General obligation bond	885,000	-	885,000
Special assessment bonds	75,367	-	75,367
Revenue bonds	-	512,916	512,916
Unamortized bond premium	92,509	-	92,509
Capital leases	86,192	-	86,192
Total liabilities	1,961,644	1,824,288	3,785,932
<u>NET POSITION</u>			
Net investment in capital assets	3,001,373	18,871,727	21,873,100
Restricted for:			
Public safety	19,726	-	19,726
Unrestricted	2,942,985	1,529,266	4,472,251
Total net position	5,964,084	20,400,993	26,365,077
Total liabilities and net position	\$ 7,925,728	22,225,281	30,151,009

See notes to financial statements.

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CITY OF NORTH POLE
STATEMENT OF ACTIVITIES
Year ended December 31, 2013

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 879,484	18,465	72,803	8,181	(780,035)	-
Public safety	3,909,271	448,417	307,382	1,013,874	(2,139,598)	-
Public works	751,078	-	-	-	(751,078)	-
Community services	74,277	-	6,505	14,641	(53,131)	-
Debt service:						
Principal	133,331	-	-	-	(133,331)	-
Interest	49,162	-	-	-	(49,162)	-
Total governmental activities	5,796,603	466,882	386,690	1,036,696	(3,906,335)	-
Business-type activities:						
Water and sewer utility	2,780,296	1,748,625	48,069	1,839,173	855,571	855,571
Total business-type activities	2,780,296	1,748,625	48,069	1,839,173	855,571	855,571
General revenues:						
Taxes, grants and revenues not restricted to specific purposes:						
Sales tax					2,980,798	-
Property tax					1,030,386	-
Grants					556,903	-
Interest					56,157	-
Other					371,861	-
Transfers					(36,965)	36,965
					4,959,140	36,965
Total general revenues					1,052,805	892,536
Changes in net position					4,911,279	19,508,457
Beginning net position						24,419,736
Ending net position					\$ 5,964,084	20,400,993
						26,365,077

See notes to financial statements.

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CITY OF NORTH POLE
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2013

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equity	\$ 1,743,029	191,739	80,337	183,134	2,198,239
Receivables (net)					
Accounts, net of allowance for					
doubtful accounts of \$-0-	402,991	-	54,784	25,485	483,260
Special assessments, net of allowance for					
doubtful accounts of \$6,236	-	893,247	-	-	893,247
Other governments	-	-	-	-	-
Other prepaid expenses	9,274	-	-	-	9,274
Total assets	\$ 2,155,294	1,084,986	135,121	208,619	3,584,020
<u>LIABILITIES</u>					
Accounts payable	101,918	-	1,083	7,285	110,286
Accrued liabilities	261,165	-	-	-	261,165
Unearned revenue	-	-	134,038	-	134,038
Total liabilities	363,083	-	135,121	7,285	505,489
Deferred inflows - deferred assessments	-	893,014	-	-	893,014
<u>FUND EQUITY</u>					
Fund balances:					
Restricted-public safety	-	-	-	61,626	61,626
Committed-debt service	-	191,971	-	-	191,971
Assigned:					
General government	59,615	-	-	111,211	170,826
Public safety	28,704	-	-	8,774	37,478
Community services	-	-	-	19,726	19,726
Unassigned	1,703,898	-	-	-	1,703,898
Total fund balances	1,792,217	191,971	-	201,337	2,185,525
Total liabilities, deferred inflows, and fund balances	\$ 2,155,294	1,084,986	135,121	208,619	3,584,020

See notes to financial statements.

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CITY OF NORTH POLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total fund balances for governmental funds		\$ 2,185,525
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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 and related
accumulated depreciation are as follows:

Land and land improvements	\$ 365,316	
Buildings	3,835,942	
Office furniture and equipment	1,685,387	
Vehicles and equipment	3,640,762	
Infrastructure	1,733,206	
Accumulated depreciation	<u>(6,992,733)</u>	4,267,880

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of deferred assessments receivable.		893,014
---	--	---------

Long-term liabilities are not due and payable in the current period and
therefore are not reported as fund liabilities.

These liabilities consist of:

Bonds payable	\$ (1,033,074)	
Capital leases	(140,924)	
Unamortized bond premium	(92,509)	
Unamortized loss on refunding	73,828	
Accrued interest on bonds	(17,235)	
Accrued leave	<u>(172,421)</u>	<u>(1,382,335)</u>

Net assets of governmental activities		\$ <u><u>5,964,084</u></u>
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See notes to financial statements.

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CITY OF NORTH POLE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year ended December 31, 2013

REVENUES	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 4,011,184	-	-	-	4,011,184
Special assessments	-	77,612	-	-	77,612
Intergovernmental	643,442	-	1,036,696	200,492	1,880,630
Charges for services	448,417	-	-	93,154	541,571
Interest income	2,312	53,845	-	-	56,157
Other	312,714	-	-	6,505	319,219
	<u>5,418,069</u>	<u>131,457</u>	<u>1,036,696</u>	<u>300,151</u>	<u>6,886,373</u>
EXPENDITURES					
Current:					
General government	788,275	-	-	-	788,275
Public safety	3,533,874	-	-	-	3,533,874
Public works	626,714	-	-	-	626,714
Community services	45,347	-	-	-	45,347
Debt service					
Principal	61,194	72,137	-	-	133,331
Interest	134	49,028	-	-	49,162
Special revenue	-	-	-	217,781	217,781
Capital outlay	-	-	1,036,696	-	1,036,696
	<u>5,055,538</u>	<u>121,165</u>	<u>1,036,696</u>	<u>217,781</u>	<u>6,431,180</u>
Excess (deficiency) of revenues over expenditures	<u>362,531</u>	<u>10,292</u>	<u>-</u>	<u>82,370</u>	<u>455,193</u>
OTHER FINANCING SOURCES (USES)					
Transfers (to) from other funds	31,130	(36,965)	-	(31,130)	(36,965)
Total other financing sources(uses)	<u>31,130</u>	<u>(36,965)</u>	<u>-</u>	<u>(31,130)</u>	<u>(36,965)</u>
Net change in fund balances	393,661	(26,673)	-	51,240	418,228
Beginning fund balances	1,398,556	218,644	-	150,097	1,767,297
Ending fund balances	<u>\$ 1,792,217</u>	<u>191,971</u>	<u>-</u>	<u>201,337</u>	<u>2,185,525</u>

See notes to financial statements.

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CITY OF NORTH POLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2013

Net change in fund balances - total governmental funds	\$ 418,228
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation.	
	582,103
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the decrease in deferred assessments.	
	(66,023)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has no effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Payments on bonds	\$ 72,137
Payments on capital leases	55,154
Amortization of bond premium and loss on refunding	<u>(12,293)</u>
	114,998
Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This amount is the decrease in accrued interest payable.	
	2,861
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net increase in accrued leave.	
	<u>638</u>
Changes in net position of governmental activities	<u><u>\$ 1,052,805</u></u>

See notes to financial statements.

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CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year ended December 31, 2013

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 3,981,505	4,027,035	4,011,184	(15,851)
Licenses and permits	15,500	17,000	18,466	1,466
Charges for services - ambulance service	375,000	448,469	448,417	(52)
Intergovernmental:				
Federal government	-	96,301	95,392	(909)
State of Alaska	441,300	515,830	556,903	41,073
Investment income	3,000	3,000	2,312	(688)
Other revenues	258,750	281,110	285,395	4,285
Total revenues	<u>5,075,055</u>	<u>5,388,745</u>	<u>5,418,069</u>	<u>29,324</u>
Expenditures:				
General government	783,095	802,642	788,275	14,367
Public safety	3,504,892	3,593,635	3,533,874	59,761
Public works	664,822	657,199	626,714	30,485
Community services	70,551	56,949	45,347	11,602
Debt service:				-
Capital lease principal	61,195	61,195	61,194	1
Capital lease interest	500	500	134	366
Total expenditures	<u>5,085,055</u>	<u>5,172,120</u>	<u>5,055,538</u>	<u>116,582</u>
Excess of revenues over (under) expenditures	(10,000)	216,625	362,531	145,906
Other financing sources (uses):				
Transfers in	10,000	47,288	31,130	(16,158)
Net other financing sources (uses)	<u>10,000</u>	<u>47,288</u>	<u>31,130</u>	<u>(16,158)</u>
Net change in fund balance	\$ <u>-</u>	<u>169,337</u>	393,661	<u>129,748</u>
Beginning fund balance			<u>1,398,556</u>	
Ending fund balance			\$ <u><u>1,792,217</u></u>	

See notes to financial statements.

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CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
December 31, 2013

	<u>2013</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equity	\$ 972,316
Receivables	
Grants	522,698
Accounts	137,803
Allowance for doubtful accounts	(5,636)
Total current assets	<u>1,627,181</u>
NONCURRENT ASSETS	
Property, plant and equipment	46,183,706
Less accumulated depreciation	(25,785,819)
Total property, plant and equipment	<u>20,397,887</u>
Restricted cash	<u>200,213</u>
Total assets	<u>\$ 22,225,281</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	121,382
Accrued liabilities	40,061
Customer deposits	29,849
Unearned revenues	106,836
Current portion of bond and note payable	36,520
Total current liabilities	<u>334,648</u>
BOND AND NOTES PAYABLE, less current portion	<u>1,489,640</u>
Total liabilities	<u>1,824,288</u>
<u>NET POSITION</u>	
Net investment in capital assets	18,871,727
Unrestricted	1,529,266
Total net position	<u>20,400,993</u>
Total liabilities and net position	<u>\$ 22,225,281</u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended December 31, 2013

	<u>2013</u>
OPERATING REVENUES-charges for services	\$ 1,748,625
OPERATING EXPENSES	
Water	
Salaries and benefits	261,725
Other operating expenses	325,603
Depreciation	<u>522,984</u>
	<u>1,110,312</u>
Sewer	
Salaries and benefits	339,282
Materials and supplies	328,218
Depreciation	<u>971,256</u>
	<u>1,638,756</u>
Operating loss	<u>(1,000,443)</u>
NONOPERATING REVENUES (EXPENSES)	
State of Alaska PERS relief	48,069
Interest expense	<u>(31,228)</u>
	<u>16,841</u>
Loss before contributions and transfers	(983,602)
Interfund transfer in (out)	36,965
Capital contributions	<u>1,839,173</u>
Changes in net position	892,536
Beginning net position	<u>19,508,457</u>
Ending net position	<u>\$ 20,400,993</u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
Year ended December 31, 2013

	2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,707,863
Cash paid to suppliers	(796,846)
Cash paid to employees	(601,007)
Net cash provided (used) by operating activities	<u>310,010</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	<u>36,965</u>
	<u>36,965</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to property, plant, and equipment	(2,620,802)
Proceeds from debt	676,724
Capital contributions received	1,839,173
Payment of revenue bond principal and interest	(67,215)
Net cash provided (used) by capital and related financing activities	<u>(172,120)</u>
 Net increase (decrease) in cash	 174,855
CASH AND CASH EQUIVALENTS, January 1	<u>997,674</u>
CASH AND CASH EQUIVALENTS, December 31	\$ <u><u>1,172,529</u></u>
 Cash and cash equivalents at end of year:	
Cash and cash equity	972,316
Restricted cash	<u>200,213</u>
	1,172,529
 Operating loss	 (1,000,443)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	1,494,241
Noncash expense - PERS relief	48,069
Decrease (increase) in:	
Receivables	(88,831)
Inventory	-
Increase (decrease) in:	
Accounts payable	(119,217)
Accrued liabilities	4,108
Customer deposits	2,475
Unearned revenue	<u>(30,392)</u>
Net cash provided (used) by operating activities	\$ <u><u>310,010</u></u>

See notes to financial statements.

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CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of North Pole was formed by a Home Rule Charter on September 28, 1970, under the provisions of Alaska Statute, Title 29, as amended. The legislative branch of the government is comprised of a mayor and six council members. Individual departments are under the direction of the mayor, with the exception of the city clerk, who is under the direction of the City Council. There are no other entities considered for possible inclusion in the City's financial reporting entity.

Government-Wide and Fund Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Sales taxes, property taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and sales taxes, charges for services, leases, 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. All other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major funds:

Major governmental funds:

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

The *Debt Service Fund* accounts for the proceeds from water and sewer special assessments and the payment of general obligation and special assessment debt principal and interest.

The *Capital Projects Fund* is used to account for the City's various capital improvement projects that are not included in the Water and Sewer Enterprise Fund.

Major proprietary fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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 Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets - The annual City operating budget is prepared by management by the eighth week of the preceding year to which it relates. All funds are budgeted on an annual basis encompassing a fiscal year. The General Capital Project Fund has project-length budgets. The budget is then submitted to the City Council for review and approval. Amendments to the budget can occur any time during the fiscal year through City Council action. The legal level of budgetary control for all funds is at the function or activity level. Unencumbered funds remaining at the end of the current fiscal year may be reallocated for the purposes set forth in the budget proposal.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

An annual budget for the General Fund is legally adopted on the same modified accrual basis used to reflect actual revenues and expenditures.

Annual budgets are also adopted for the Water and Sewer Enterprise Fund. However, generally accepted accounting principles do not require the adoption of budgets for Enterprise Funds, and budgetary comparisons are not included for this fund since the measurement focus is upon determination of net income and financial position.

Central Treasury - A central treasury is used to account for cash from the funds of the City to maximize interest income. Investments are stated at fair value. Investment earnings are allocated to the funds based on their respective cash balances.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Water and Sewer Enterprise Fund considers 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.

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

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales taxes, special assessment receivables, and state and federal grants. Business-type activities report fees for water and sewer services and other receivables from customers as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals for sales taxes, special assessment receivables, and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Nonexchange transactions measurable but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Fees for water and sewer services and other receivables from customers compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Interfund Transactions - During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

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

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets (e.g., roads, sidewalks, etc.) have been capitalized on a prospective basis. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

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

Buildings	15 – 37 years
Vehicles	5 – 20 years
Equipment	5 – 20 years
Infrastructure	20 years
Sewer and water system	20 – 30 years

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Long-Term Debt - In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method.

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 balances 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 resolutions, or 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.

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 Mayor 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.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Deferred inflows and outflows-- The City has adopted GASB pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The pronouncements require reporting two categories of accounts. A *deferred outflow* represents the consumption of the government's net assets or fund balance that is applicable to a future reporting period. A *deferred inflow* represents the acquisition of net assets 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*.

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

2. CASH AND CASH EQUITY

The City of North Pole utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and cash equity" or included in "due to other funds."

Investment Policy - The City does not have formal policies governing the types of investments it is authorized to hold.

Reconciliation of Deposit and Investment Balances - The following is a reconciliation of the City's deposit and investment balances to the financial statements as of December 31, 2013.

Bank deposits	\$ 3,370,568
Other	<u>200</u>
	\$ <u>3,370,768</u>

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

2. CASH AND CASH EQUITY, CONTINUED

Reconciliation to the basic financial statements:

	Governmental Activities	Business-type Activities	Totals
Cash and cash equity	\$ 2,198,239	972,316	3,170,555
Restricted cash	-	200,213	200,213
	<u>\$ 2,198,239</u>	<u>1,172,529</u>	<u>3,370,768</u>

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. To limit its exposure to custodial credit risk, City policy requires that all deposits be fully insured or collateralized.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 301,933	41,084	343,017	-
Land and land improvements	365,316	-	-	365,316
Total assets not being depreciated	<u>667,249</u>	<u>41,084</u>	<u>343,017</u>	<u>365,316</u>
<i>Capital assets being depreciated:</i>				
Buildings	3,540,662	295,280	-	3,835,942
Office furniture and equipment	1,581,568	103,819	-	1,685,387
Vehicles and equipment	2,743,132	928,807	31,177	3,640,762
Infrastructure	1,733,206	-	-	1,733,206
Total assets being depreciated	<u>9,598,568</u>	<u>1,327,906</u>	<u>31,177</u>	<u>10,895,297</u>
Less accumulated depreciation for:				
Buildings	2,585,413	124,381	-	2,709,794
Office furniture and equipment	1,164,266	69,056	-	1,233,322
Vehicles and equipment	2,329,766	163,773	31,177	2,462,362
Infrastructure	500,595	86,660	-	587,255
Total accumulated depreciation	<u>6,580,040</u>	<u>443,870</u>	<u>31,177</u>	<u>6,992,733</u>
Total capital assets being depreciated, net	<u>3,018,528</u>	<u>884,036</u>	<u>-</u>	<u>3,902,564</u>
Governmental activity capital assets, net	<u>\$ 3,685,777</u>	<u>925,120</u>	<u>343,017</u>	<u>4,267,880</u>
Business-type activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	390,415	7,770	-	398,185
Construction in progress	4,737,883	2,610,141	4,426,848	2,921,175
Total capital assets not being depreciated	<u>5,128,298</u>	<u>2,617,911</u>	<u>4,426,848</u>	<u>3,319,360</u>
<i>Capital assets being depreciated:</i>				
Sewer and water system	36,657,528	4,429,739	-	41,087,267
Machinery and equipment	1,777,078	-	-	1,777,078
Total assets being depreciated	<u>38,434,606</u>	<u>4,429,739</u>	<u>-</u>	<u>42,864,345</u>
Less accumulated depreciation for:				
Sewer and water system	23,534,746	1,388,739	-	24,923,485
Machinery and equipment	756,832	105,502	-	862,334
Total accumulated depreciation	<u>24,291,578</u>	<u>1,494,241</u>	<u>-</u>	<u>25,785,819</u>
Total capital assets being depreciated, net	<u>14,143,028</u>	<u>2,935,498</u>	<u>-</u>	<u>17,078,526</u>
Business-type activity capital assets, net	<u>\$ 19,271,326</u>	<u>5,553,409</u>	<u>4,426,848</u>	<u>20,397,887</u>

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

3. CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to the functions as follows:

Governmental activities

General government	\$ 35,857
Public safety	269,719
Public works	127,472
Community services	<u>10,822</u>
Total depreciation - governmental activities	\$ <u>443,870</u>

Business-type activities

Water	522,984
Sewer	<u>971,256</u>
Total depreciation expense - business-type activities	\$ <u>1,494,241</u>

4. LONG-TERM DEBT

Advance Refunding - In 2012, the City issued \$835,000 in 2012 Series II General Obligation Refunding Bonds with interest rates of 2 percent to 5 percent to advance refund General Obligation Bonds of \$835,000. The new bonds were issued at a premium of \$137,568 and after paying issuance and other costs of \$20,438, the net proceeds were \$952,130. The net proceeds from the issuance were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the old bonds. The advance refunding met the requirements of an in-substance defeasance of a portion of the old bonds and \$835,000 was removed from the City's government-wide financial statements. The remaining liability on the old bonds at December 31, 2013 is \$125,000. At December 31, 2013, \$820,000 of the deferred bonds remain outstanding and payable by the escrow account paying agent. As a result of the advance refunding in 2012, the City recorded a deferred loss of \$110,742. The balance remaining in the deferred loss as of December 31, 2013 is \$73,828.

Alaska Clean Water Loan- In 2011, the City entered into a loan agreement with the Alaska Department of Environmental Conservation for an additional Alaska Clean Water Fund loan in the amount of \$1,416,500 with a loan term of 20 years at a rate of 1.5 percent per annum. Construction on this project to reduce inflow and infiltration in the City sewer system was still in progress at December 31, 2013 so no repayment schedule for this debt has been determined. The note payable at December 31, 2013 consists of loan advances received by the City.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, CONTINUED

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2013:

	Balance January 1, 2013	Additions	Retired	Balance December 31, 2013	Due Within One Year
Governmental activities					
General Obligation Bonds -					
\$1,350,000 2005 Series B bonds, due in annual installments of \$55,000 to \$105,000 through May 1, 2015; including interest at 5%.	\$ 180,000	-	55,000	125,000	60,000
General Obligations Refunding Bonds -					
\$835,000 2012 Series 2 bonds, due in annual installments of \$5,000 to \$100,000 through September 1, 2025; plus variable interest at 2% to 5%.	825,000	-	5,000	820,000	-
Special Assessment Bonds -					
\$300,000 2002 utility special assessment bonds, due in annual installments of \$16,890 through June 20, 2019; including interest at 4.75%.	100,211	-	12,137	88,074	12,707
Capital lease obligation for a copier, payable in various monthly amounts including interest at 10.49%.	3,368	-	3,108	260	260
Capital lease obligation for a fire pumper truck, payable in annual installments of \$46,944 including interest at 4.615% through 2016.	166,522	-	39,259	127,263	41,071
Capital lease obligation for a police vehicle, payable in annual install- ments of \$14,384 including interest at 6.5% through 2014.	26,188	-	12,787	13,401	13,401
Accrued leave	173,059	206,433	207,071	172,421	172,421
Total governmental activities	1,474,348	206,433	334,362	1,346,419	299,860
Unamortized bond premium	117,130		24,621	92,509	
	<u>\$ 1,591,478</u>			<u>1,438,928</u>	

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, CONTINUED

	Balance January 1, 2013	Additions	Retired	Balance December 31, 2013	Due Within One Year
Business-type activities					
Revenue bonds-					
\$647,600 1998 utility revenue bonds, due in semi-annual installments of \$18,483 including interest at 4.875% through March 1, 2036.	\$ 535,423	-	10,987	524,436	11,520
Note payable-					
\$500,000 2007 Water Utility Alaska Drinking Water loan, due in annual installments of \$25,000 plus interest at 1.5% through April 1, 2026.	350,000	-	25,000	325,000	25,000
Note payable - construction in progress					
\$1,416,500 Alaska Clean Water Fund Loan	-	-	-	676,724	-
Accrued leave	22,900	35,581	31,473	27,008	27,008
Total business-type activities	\$ 908,323	35,581	67,460	1,553,168	63,528

Governmental activities

The annual debt service requirements of the general obligation bonds and loans outstanding at December 31, 2013 that are in repayment status follow:

Year Ending December 31,	General Obligation Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 60,000	41,300	101,300	12,707	4,184	16,891
2015	65,000	38,175	103,175	13,310	3,580	16,890
2016	65,000	36,650	101,650	13,942	2,948	16,890
2017	70,000	33,950	103,950	14,605	2,285	16,890
2018	70,000	31,150	101,150	15,298	1,592	16,890
2019-2023	420,000	99,950	519,950	18,212	865	19,077
2024-2025	195,000	10,250	205,250	-	-	-
	\$ 945,000	291,425	1,236,425	88,074	15,454	103,528

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, CONTINUED

Business type activities

Year Ending December 31,	Revenue Bonds			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 11,520	25,445	36,965	25,000	4,875	29,875
2015	12,088	24,877	36,965	25,000	4,500	29,500
2016	12,685	24,280	36,965	25,000	4,125	29,125
2017	13,310	23,655	36,965	25,000	3,750	28,750
2018	13,967	22,998	36,965	25,000	3,375	28,375
2019-2023	80,881	103,944	184,825	125,000	11,250	136,250
2024-2028	102,904	81,922	184,826	75,000	2,250	77,250
2029-2033	130,924	53,901	184,825	-	-	-
2034-2036	146,157	15,796	161,953	-	-	-
	<u>\$ 524,436</u>	<u>376,818</u>	<u>901,254</u>	<u>325,000</u>	<u>34,125</u>	<u>359,125</u>

5. CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of three police vehicles, a fire engine, and a copier. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The following is a summary of the assets acquired with the capital leases that have an outstanding balance as of December 31, 2013:

	General Fund
Machinery and equipment	\$ 470,716
Less accumulated depreciation	<u>(308,067)</u>
Carrying value	<u>\$ 162,649</u>

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

5. CAPITAL LEASES, CONTINUED

The following is a schedule of future minimum lease payments under these capital leases and the present value of the net minimum lease payments at December 31, 2013:

<u>Year Ending December 31,</u>	<u>General Fund</u>
2014	\$ 61,423
2015	46,944
2016	<u>45,220</u>
Total minimum lease payments	153,587
Less interest portion	<u>12,663</u>
Present value of future minimum lease payments	140,924
Less current portion	<u>54,732</u>
Long-term portion	<u><u>\$ 86,192</u></u>

6. INTERFUND BALANCES AND TRANSFERS

There were no interfund balances at December 31, 2013. A schedule of interfund transfers for the year ended December 31, 2013, follows:

Transfers:

From non-major governmental funds to the General Fund	\$ 31,130
From Debt Service fund to Water and Sewer	
Enterprise Fund for short-term capital costs	\$ 36,965

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

7. 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

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.

Defined Benefit Plan (Tiers I, II, and III)

Funding Policy

Regular employees are required to contribute 6.75 percent of their annual covered salary (2.97 percent for pension and 3.78 percent for healthcare). Police and firefighters are required to contribute 7.5 percent of their annual covered salary (3.29 percent for pension and 4.21 percent for healthcare). The PERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the funds necessary to meet both pension and post-employment healthcare benefit obligations when due. The PERS average employer contribution rates for January through June 2013 were 35.84 percent (8.67 percent normal cost plus 24.16 percent past service rate, plus a 3.01 percent defined contribution retirement rate), an increase of 7.01 percent from the state's prior fiscal year. The PERS average employer contribution rates for July through December 2013 were 35.68 percent (8.12 percent normal cost plus 24.19 percent past service rate, plus a 3.37 percent defined contribution retirement rate), a decrease of .4 percent.

Effective July 1, 2007, the Alaska legislature set the effective employer rate at 22 percent for all employers with the difference between the effective rate and the actuarially determined rate (if greater than 22 percent) to be paid by the State on behalf of the municipal employer.

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

7. DEFINED BENEFIT PENSION PLAN, CONTINUED

Plan Contributions

The City contributed \$ 300,431, \$324,958, and \$339,883 in 2013, 2012, and 2011, respectively, to the PERS cost sharing defined benefit plan. This amount is equal to the mandatory employer contributions for the year.

On behalf payments made by the State for the years ending 2013, 2012, and 2011 were \$357,646, \$322,550 and \$285,843. On-behalf payments are recorded in the financial statements as revenue and expense/expenditures.

Defined Contribution Plan (Tier IV)

Funding Policy

Employee contribution rates for the defined contribution plan are 8 percent of eligible compensation. Calendar year 2013 employer contributions are 22 percent, the same as the defined benefit tiers.

For January through June 2013 the employers are required to contribute 5 percent to each member's individual pension account, 0.48 percent in the retiree medical plan and a flat dollar amount per employee based on 3 percent of the employer's average annual employee compensation into the employee's health reimbursement account and a residual contribution to pay down the defined benefit plan's unfunded liability. The employer also contributes 0.99 percent for occupational death and disability benefits for peace officers and firefighters and 0.14 percent for all others.

For July through December 2013 the employers are required to contribute 5 percent to each member's individual pension account, 0.48 percent into the retiree medical plan and a flat dollar amount per employee based on 3 percent of the employer's average annual employee compensation into the employee's health reimbursement account and a residual contribution to pay down the defined benefit's plan unfunded liability. The employer also contributes 1.14 percent for occupational death and disability benefits for peace officers and firefighters and 0.20 percent for all others.

Plan Contributions

City contributions to the PERS defined contribution plan for years ended 2013, 2012, and 2011 was \$266,060, \$241,572, and \$210,314, respectively, and the employee contributions to the plan were \$96,672, \$87,879, and \$76,538, respectively.

8. DEFERRED COMPENSATION PLAN

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

CITY OF NORTH POLE, ALASKA

Notes to Basic Financial Statements, Continued

9. 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; i.e., employee injuries, and (f) medical insurance costs of employees.

The City is self-insured for employee health benefits and group life insurance. An umbrella policy covers individual claims in excess of \$25,000 and liabilities are recorded for all claims when they are reported to the City. The self-insurance plan is administered by Great West Life and Annuity Insurance Company and the expenditures are recorded in the General Fund. The City accrues estimated costs of health care based on plan maximums.

The City maintains third party insurance coverage for property and liability risks. Coverage for property insurance exceeds \$7.5 million with 90 percent coinsurance and a \$10,000 deductible per incident. Liability coverage includes \$2 million in liability insurance and \$3 million in umbrella insurance with a \$10,000 deductible. Workers compensation insurance is in accordance with Alaska statutes. Additionally, the City has \$4 million in emergency medical services professional liability, public officials, and employment practices liability insurance, and auto and other equipment coverage.

10. CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability.

11. SUBSEQUENT EVENT

In February 2014, Flint Hills announced that refinery operations would cease as of June 2, 2014, resulting in a layoff of 80 employees. They announced that they would continue to retain 30 employees to continue their retail operation; however the Refinery is up for sale. Most of the 80 employees have found other employment, either with Flint Hills operations in the States or around Alaska. There is the possibility of having the value of the property and equipment devalued for assessment purposes, beginning with the 2015 assessment year. The City of North Pole estimates that this could result in a decrease of \$84,000 in property taxes.

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SUPPLEMENTARY FINANCIAL INFORMATION

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GENERAL FUND

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

Revenue, for this and other funds, is recorded by source, i.e., taxes, State of Alaska, etc. Expenditures are recorded first by function, then by activity and object of the expenditure.

General Fund expenditures are made primarily for current day-to-day operating expenditures and operating equipment. Capital expenditures for large-scale public improvements, such as buildings, are accounted for elsewhere in the Capital Project or Enterprise Funds.

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CITY OF NORTH POLE
GENERAL FUND
BALANCE SHEET
December 31, 2013
with comparative data for 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and cash equity	\$ 1,743,029	1,206,655
Receivables (net of allowance for doubtful accounts of \$-0-)		
Sales taxes	364,633	356,064
Property taxes	11,166	6,126
Business taxes	15,344	8,125
Grants	4,624	6,775
Other	7,224	414
	<u>402,991</u>	<u>377,504</u>
Other prepaid assets	9,274	-
Due from other funds	<u>-</u>	<u>118,320</u>
Total assets	\$ <u><u>2,155,294</u></u>	<u><u>1,702,479</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	101,918	111,588
Accrued payroll and related liabilities	261,165	192,335
Unearned revenue	<u>-</u>	<u>-</u>
	<u>363,083</u>	<u>303,923</u>
Fund balance-assigned	88,319	-
Fund balance - unassigned	<u>1,703,898</u>	<u>1,398,556</u>
	<u>1,792,217</u>	<u>1,398,556</u>
Total liabilities and fund balance	\$ <u><u>2,155,294</u></u>	<u><u>1,702,479</u></u>

CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year ended December 31, 2013
with comparative data for 2012

	2013			2012
	Final	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES				
Taxes				
Sales, alcohol, and use taxes	\$ 3,002,105	2,980,798	(21,307)	2,874,657
Property taxes	1,024,930	1,030,386	5,456	954,545
Total taxes	4,027,035	4,011,184	(15,851)	3,829,202
Business licenses	17,000	18,465	1,465	14,830
Charges for services - ambulance service	448,469	448,417	(52)	415,095
Federal government				
DOT commercial vehicle safety	4,301	4,301	-	3,255
Alaska Highway Safety Office	7,000	5,427	(1,573)	9,297
Corps of Engineers	80,000	72,652	(7,348)	67,388
IRS reimbursements	5,000	4,159	(841)	5,320
Total Federal government	96,301	86,539	(9,762)	85,260
State of Alaska				
State revenue sharing	256,585	256,584	(1)	343,801
PERS relief	259,245	300,319	41,074	253,763
Total State of Alaska	515,830	556,903	41,073	597,564
Investment Income	3,000	2,312	(688)	2,621
Other revenues				
Citation revenues	62,300	61,304	(996)	76,790
Fingerprinting	12,000	10,620	(1,380)	11,495
Police reports	2,810	2,612	(198)	3,015
Other public safety revenues	6,000	15,801	9,801	13,571
Miscellaneous	198,000	203,912	5,912	32,113
Total other revenues	281,110	294,249	13,139	136,984
Total revenues	5,388,745	5,418,069	29,324	5,081,556

See notes to financial statements.

CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
Year ended December 31, 2013
with comparative data for 2012

	2013		Variance	2012
	Final	Actual	Favorable (Unfavorable)	Actual
EXPENDITURES				
General government				
Administration				
Salaries and benefits	\$ 475,259	480,966	(5,707)	487,635
Materials and supplies	53,900	44,651	9,249	84,430
Purchased services	172,001	161,262	10,739	170,126
Vehicle expenses	2,200	1,074	1,126	2,674
Insurance	23,030	23,026	4	20,770
Repairs and maintenance	38,102	39,933	(1,831)	35,665
Total administration	<u>764,492</u>	<u>750,912</u>	<u>13,580</u>	<u>801,300</u>
Municipal building				
Purchased services	32,750	31,715	1,035	32,755
Repairs and maintenance	5,400	5,648	(248)	-
Total municipal building	<u>38,150</u>	<u>37,363</u>	<u>787</u>	<u>32,755</u>
Total general government	<u>802,642</u>	<u>788,275</u>	<u>14,367</u>	<u>834,055</u>
Public safety				
Police department				
Salaries and benefits	1,384,489	1,388,612	(4,123)	1,358,635
Materials and supplies	36,657	35,437	1,220	31,039
Purchased services	79,603	66,449	13,154	68,381
Vehicle expenses	57,190	57,763	(573)	69,235
Insurance	125,000	103,938	21,062	99,343
Repairs and maintenance	15,500	10,542	4,958	13,953
	<u>1,698,439</u>	<u>1,662,741</u>	<u>35,698</u>	<u>1,640,586</u>
Fire department				
Salaries and benefits	1,696,226	1,677,198	19,028	1,715,453
Materials and supplies	30,060	28,672	1,388	29,705
Purchased services	61,830	65,552	(3,722)	77,625
Vehicle expenses	31,000	31,127	(127)	31,105
Insurance	55,080	48,938	6,142	47,498
Repairs and maintenance	21,000	19,646	1,354	22,172
	<u>1,895,196</u>	<u>1,871,133</u>	<u>24,063</u>	<u>1,923,558</u>
Total public safety	<u>\$ 3,593,635</u>	<u>3,533,874</u>	<u>59,761</u>	<u>3,564,144</u>

See notes to financial statements.

CITY OF NORTH POLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
Year ended December 31, 2013
with comparative data for 2012

	2013			2012
	Final	Actual	Variance Favorable (Unfavorable)	Actual
EXPENDITURES, CONTINUED				
Public works				
Salaries and benefits	\$ 286,753	282,777	3,976	269,863
Materials and supplies	34,100	28,882	5,218	24,088
Purchased services	177,764	164,512	13,252	175,548
Vehicle expenses	36,500	32,011	4,489	27,341
Insurance	14,500	13,242	1,258	13,242
Repairs and maintenance	107,582	105,290	2,292	92,572
Total public works	<u>657,199</u>	<u>626,714</u>	<u>30,485</u>	<u>602,654</u>
Debt service				
Capital lease principal	61,195	61,194	1	86,030
Capital lease interest	500	134	366	9,027
Total debt service	<u>61,695</u>	<u>61,328</u>	<u>367</u>	<u>95,057</u>
Community services				
North Pole Christmas on Ice	8,542	7,047	1,495	10,951
North Pole Chamber of Commerce	17,085	14,095	2,990	21,903
Convention and Visitors	2,847	2,349	498	3,651
North Pole Economic Development Council	<u>28,475</u>	<u>21,856</u>	<u>6,619</u>	<u>36,505</u>
	<u>56,949</u>	<u>45,347</u>	<u>11,602</u>	<u>73,010</u>
Capital outlay - police vehicle	-	-	-	40,573
Total expenditures	<u>5,172,120</u>	<u>5,055,538</u>	<u>116,582</u>	<u>5,209,493</u>
Excess of revenues over (under) expenditures	216,625	362,531	145,906	(127,937)
Other financing sources (uses)				
Issuance of capital lease	-	-	-	40,573
Transfers in	<u>47,288</u>	<u>31,130</u>	<u>(16,158)</u>	<u>(3,631)</u>
Net other financing sources (uses)	<u>47,288</u>	<u>31,130</u>	<u>(16,158)</u>	<u>36,942</u>
Net change in fund balance	<u>\$ 169,337</u>	<u>393,661</u>	<u>129,748</u>	<u>(90,995)</u>
Beginning fund balance		<u>1,398,556</u>		<u>1,489,551</u>
Ending fund balance		<u>\$ 1,792,217</u>		<u>1,398,556</u>

See notes to financial statements.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are established to finance particular activities and are created from receipts of designated revenues.

Building Department

This fund is used to accumulate moneys from the building permits and inspections.

Fire Department

This fund is used to account for the maintenance and improvement of the fire department.

North Pole Community Ice Rink

This fund accounts for the activities related to the development of the community ice rink project.

North Pole Festival

This fund is used to record donations and expenditures for summer and winter festivals and the Mayor's picnic.

Abade

This fund is used to accumulate monies for the multi-jurisdictional task force grant.

Abade State Forfeitures

This fund is used to record state public safety forfeitures and expenditures for public safety.

IRS Forfeitures

This fund is used to record other public safety forfeitures and expenditures for public safety.

AHSO

This fund is used to account for the Alaska Highway Safety traffic inspection grants.

JAG

This fund is used to account for the State Department of Public Safety JAG grant.

Impound Lot

This fund is used to account for monies collected from impound fees.

Buck Nystrom Fund

This fund is used to account for donations for high school football.

CITY OF NORTH POLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2013

ASSETS												
	Building Department	Fire Department	North Pole Community Ice Rink	North Pole Festival	Abade	Abade - State Forfeitures	IRS Forfeitures	AHSO	JAG	Impound Lot	Buck Nystrom Memorial	Total
Cash and cash equity	\$ 118,494	3,567	10,973	8,252	17,296	37,963	6,367	(16,658)	(3,620)	-	500	183,134
Accounts receivable	-	-	-	-	-	-	-	21,865	3,620	-	-	25,485
	<u>\$ 118,494</u>	<u>3,567</u>	<u>10,973</u>	<u>8,252</u>	<u>17,296</u>	<u>37,963</u>	<u>6,367</u>	<u>5,207</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>208,619</u>
LIABILITIES												
Accounts payable	<u>7,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,285</u>
	<u>7,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,285</u>
FUND BALANCES												
Restricted-public safety	-	-	-	-	17,296	37,963	6,367	-	-	-	-	61,626
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
General government	111,211	-	-	-	-	-	-	-	-	-	-	111,211
Public safety	-	3,567	-	-	-	-	-	5,207	-	-	-	8,774
Community services	-	-	10,973	8,253	-	-	-	-	-	-	500	19,726
Total fund balances	<u>111,211</u>	<u>3,567</u>	<u>10,973</u>	<u>8,253</u>	<u>17,296</u>	<u>37,963</u>	<u>6,367</u>	<u>5,207</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>201,337</u>
Total liabilities and fund balances	<u>\$ 118,494</u>	<u>3,567</u>	<u>10,973</u>	<u>8,252</u>	<u>17,296</u>	<u>37,963</u>	<u>6,367</u>	<u>5,207</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>208,619</u>

See notes to financial statements.

CITY OF NORTH POLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended December 31, 2013

	Building Department	Fire Department	North Pole Community Ice Rink	North Pole Festival	Abade	Abade - State Forfeitures	IRS Forfeitures	AHSO	JAG	Impound Lot	Buck Nystrom Memorial	Total
REVENUES												
Intergovernmental	-	-	-	-	26,748	34,273	-	91,510	47,961	-	-	200,492
Charges for services	72,802	-	-	-	-	-	-	-	-	20,352	-	93,154
Other	-	-	-	6,005	-	-	-	-	-	-	500	6,505
	<u>72,802</u>	<u>-</u>	<u>-</u>	<u>6,005</u>	<u>26,748</u>	<u>34,273</u>	<u>-</u>	<u>91,510</u>	<u>47,961</u>	<u>20,352</u>	<u>500</u>	<u>300,151</u>
EXPENDITURES												
	<u>44,490</u>	<u>9,828</u>	<u>-</u>	<u>5,563</u>	<u>10,931</u>	<u>4,776</u>	<u>-</u>	<u>91,510</u>	<u>47,961</u>	<u>2,722</u>	<u>-</u>	<u>217,781</u>
Excess (deficiency) of revenues over expenditures	28,312	(9,828)	-	442	15,817	29,497	-	-	-	17,630	500	82,370
OTHER FINANCING SOURCES (USES)												
Interfund transfers in (out)	-	(13,500)	-	-	(3,646)	3,696	(50)	-	-	(17,630)	-	(31,130)
Total other financing sources (uses)	<u>-</u>	<u>(13,500)</u>	<u>-</u>	<u>-</u>	<u>(3,646)</u>	<u>3,696</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>(17,630)</u>	<u>-</u>	<u>(31,130)</u>
Net change in fund balances	28,312	(23,328)	-	442	12,171	33,193	(50)	-	-	-	500	51,240
Beginning fund balances	82,899	26,895	10,973	7,811	5,125	4,770	6,417	5,207	-	-	-	150,097
Ending fund balances	<u>\$ 111,211</u>	<u>\$ 3,567</u>	<u>\$ 10,973</u>	<u>\$ 8,253</u>	<u>\$ 17,296</u>	<u>\$ 37,963</u>	<u>\$ 6,367</u>	<u>\$ 5,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 201,337</u>

See notes to financial statements.

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DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bond and special assessment debt-principal, interest and related costs for issuances that are not accounted for in the Enterprise Fund.

CITY OF NORTH POLE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year ended December 31, 2013
with comparative data for 2012

	2013	2012
Revenues		
Special assessments	77,612	73,040
Investment income	53,845	41,301
	\$ 131,457	114,341
Expenditures - debt service		
2005 Series B - G.O. bonds		
Principal	55,000	65,000
Interest	4,500	41,257
Total 2005 Series B-G.O. bonds	59,500	106,257
2002 special assessment bonds		
Principal	12,137	11,586
Interest	4,753	5,304
Total 2002 special assessment bonds	16,890	16,890
2012 Series 2 refunding bonds		
Debt issuance cost	-	20,438
Principal	5,000	-
Interest	39,775	-
Total 2012 Series 2 refunding bonds	44,775	20,438
Other	-	704
	-	704
Total expenditures	121,165	144,289
Excess of revenues over (under) expenditures	10,292	(29,948)
Other financing sources (uses)		
Transfers out	(36,965)	(36,965)
Refunding bond issuance - par value	-	835,000
Refunding bond issuance - premium on bond issuance	-	137,568
Payment to refunding bond escrow agent	-	(952,130)
	(36,965)	(16,527)
Net changes in fund balance	(26,673)	(46,475)
Beginning fund balance	218,644	265,119
Ending fund balance	\$ 191,971	218,644

MAJOR ENTERPRISE FUND

An Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprise – where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government’s council has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Enterprise Fund

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

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENTS OF NET POSITION
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equity	\$ 972,316	748,516
Receivables		
Grants	522,698	445,985
Accounts	137,803	125,685
Allowance for doubtful accounts	(5,636)	(5,636)
Total current assets	<u>1,627,181</u>	<u>1,314,550</u>
NONCURRENT ASSETS		
Property, plant and equipment	46,183,706	43,562,904
Less accumulated depreciation	(25,785,819)	(24,291,578)
Total property, plant and equipment	<u>20,397,887</u>	<u>19,271,326</u>
Restricted cash	<u>200,213</u>	<u>249,158</u>
	<u>200,213</u>	<u>249,158</u>
Total assets	<u>\$ 22,225,281</u>	<u>20,835,034</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	121,382	240,599
Accrued liabilities	40,061	35,953
Customer deposits	29,849	27,374
Unearned revenues	106,836	137,228
Current portion of bond and note payable	36,520	35,978
Total current liabilities	<u>334,648</u>	<u>477,132</u>
BOND AND NOTES PAYABLE, less current portion	<u>1,489,640</u>	<u>849,445</u>
Total liabilities	<u>1,824,288</u>	<u>1,326,577</u>
<u>NET POSITION</u>		
Net investment in capital assets	18,871,727	18,385,903
Unrestricted	1,529,266	1,122,554
Total net position	<u>20,400,993</u>	<u>19,508,457</u>
Total liabilities and net position	<u>\$ 22,225,281</u>	<u>20,835,034</u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Water	\$ 857,920	806,614
Sewer	890,705	1,054,308
	<u>1,748,625</u>	<u>1,860,922</u>
OPERATING EXPENSES		
Water		
Salaries and benefits	261,725	430,421
Materials and supplies	66,584	74,973
Purchased services	235,594	236,132
Vehicle expense	5,549	8,302
Insurance	17,684	19,288
Repairs and maintenance	192	765
Depreciation	522,984	389,612
Bad debt expense	-	260
	<u>1,110,312</u>	<u>1,159,753</u>
Sewer		
Salaries and benefits	339,282	146,626
Materials and supplies	46,107	33,035
Purchased services	259,053	294,758
Vehicle expense	7,024	10,062
Insurance	16,034	10,461
Repairs and maintenance	-	-
Depreciation	971,256	723,565
Bad debt expense	-	86
	<u>1,638,756</u>	<u>1,218,593</u>
Operating loss	<u>(1,000,443)</u>	<u>(517,424)</u>
NONOPERATING REVENUES (EXPENSES)		
State of Alaska PERS relief	48,069	39,522
Interest expense	(31,228)	(32,120)
	<u>16,841</u>	<u>7,402</u>
Loss before contributions and transfers	(983,602)	(510,022)
Interfund transfer in (out)	36,965	36,965
Capital contributions	<u>1,839,173</u>	<u>1,088,885</u>
Changes in net position	892,536	615,828
Beginning net position	<u>19,508,457</u>	<u>18,892,629</u>
Ending net position	<u>\$ 20,400,993</u>	<u>19,508,457</u>

See notes to financial statements.

CITY OF NORTH POLE
WATER AND SEWER ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
Years ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,707,863	1,847,769
Cash paid to suppliers	(796,846)	(596,075)
Cash paid to employees	(601,007)	(537,751)
Net cash provided (used) by operating activities	<u>310,010</u>	<u>713,943</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	<u>36,965</u>	<u>36,965</u>
	<u>36,965</u>	<u>36,965</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to property, plant, and equipment	(2,620,802)	(1,575,135)
Proceeds of long term debt	676,724	-
Capital contributions received	1,839,173	835,407
Payment of revenue bond principal and interest	(67,215)	(67,589)
Net cash provided (used) by capital and related financing activities	<u>(172,120)</u>	<u>(807,317)</u>
 Net increase (decrease) in cash	 174,855	 (56,409)
CASH AND CASH EQUIVALENTS, January 1	<u>997,674</u>	<u>1,054,083</u>
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 1,172,529</u>	<u>997,674</u>
Cash and cash equivalents at end of year:		
Cash and cash equity	972,316	748,516
Restricted cash	<u>200,213</u>	<u>249,158</u>
	1,172,529	997,674
 Operating loss	 (1,000,443)	 (517,424)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,494,241	1,113,177
Noncash expense - PERS relief	48,069	39,522
Decrease (increase) in:		
Receivables	(88,831)	(226)
Inventory	-	17,264
Increase (decrease) in:		
Accounts payable	(119,217)	74,783
Accrued liabilities	4,108	(226)
Customer deposits	2,475	5,824
Unearned revenue	<u>(30,392)</u>	<u>(18,751)</u>
 Net cash provided (used) by operating activities	 \$ <u>310,010</u>	 <u>713,943</u>

See notes to financial statements.

SINGLE AUDIT SECTION

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**FEDERAL SINGLE AUDIT
REPORTS AND SCHEDULES**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Members of the City Council
City of North Pole, 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 the City of North Pole, Alaska, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise City of North Pole, Alaska's basic financial statements and have issued our report thereon dated June 10, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [F2013-01, F2013-02]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of North Pole, Alaska's financial statements are free of 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*.

City of North Pole, Alaska's Response to Findings

City of North Pole, Alaska's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of North Pole, Alaska's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Fairbanks, Alaska
June 10, 2014

(Cohler, Hermit & Kitham PC)



KOHLER, SCHMITT & HUTCHISON
A Professional Corporation

Certified Public Accountants

714 4th Avenue, Suite 303 • (907) 456-6676 • Fax 456-6431
P.O. Box 70607, Fairbanks, Alaska 99707-0607 • ksh@kshcpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Honorable Mayor and
Members of the City Council
City of North Pole, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of North Pole, Alaska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of North Pole, Alaska's major federal programs for the year ended December 31, 2013. City of North Pole, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of North Pole, Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of North Pole, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of North Pole, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of City of North Pole, Alaska 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 North Pole, Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of North Pole, Alaska's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fairbanks, Alaska
June 10, 2014



CITY OF NORTH POLE, ALASKA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program			
Water and Waste Disposal Systems for Rural Communities	10.760	60-002-1585	\$ 171,188
Passed through Program from:			
State of Alaska Department of Natural Resources			
Volunteer Fire Assistance Grant 2010	10.664	38133	5,427
Total U.S. Department of Agriculture			\$ 176,615
ENVIRONMENTAL PROTECTION AGENCY			
Passed through Program from:			
State of Alaska Department of Environmental Conservation:			
Capitalization Grants for Clean Water State Revolving Funds-			
Alaska Clean Water Fund			
Inflow and Infiltration Reduction Loan	66.458	633291	570,751
Total Environmental Protection Agency			\$ 570,751
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Programs from:			
Alaska Division of Homeland Security and Emergency Management			
Emergency Management Performance Grant 12	97.042	GR35585	5,000
Emergency Management Performance Grant 13	97.042	GR34457	3,854
State Homeland Security Program 2012	97.067	GR34077	39,561
Total U.S. Department of Homeland Security			\$ 48,415
U.S. DEPARTMENT OF JUSTICE			
Direct Program			
Equitable Sharing Program	16.000		10,931
Total U.S. Department of Justice			\$ 10,931
U. S. DEPARTMENT OF TRANSPORTATION			
Passed through Programs from:			
State of Alaska Department of Transportation and Public Facilities			
National Motor Carrier Safety	20.218		4,301
High Visibility Enforcement DUI 2013	20.600	154 AL 13-01-00(B)-6	2,763
High Visibility Enforcement CIOT 2013	20.607	402 PT 13-06-00(A)-7	1,802
ASTEP DUI Enforcement HVE 2014	20.607	154 AL 14-01-00(A)-7	861
Traffic Enforcement Officer 2013	20.607	154 AL 13-01-00(D)	62,685
Traffic Enforcement Officer 2014	20.607	154-AL 14-01-00(C)	21,865
Total U.S. Department of Transportation			\$ 94,277
U. S. DEPARTMENT OF TREASURY			
Direct Program			
Treasury Forfeiture Fund-Currency Crimes Task Force	21.TFF		4,159
Total U.S. Department of Treasury			\$ 4,159
Grand Total- Federal Financial Assistance			\$ 905,148

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF NORTH POLE, ALASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of City of North Pole, Alaska under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operation of the City of North Pole, Alaska, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of North Pole, Alaska.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2013

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ <u>X</u> Yes	_____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified	
Internal control over major programs:		
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	_____ Yes	_____ <u>X</u> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? _____ X Yes _____ No

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year ended December 31, 2013

FINDINGS – FINANCIAL STATEMENTS AUDIT

F2013-01 City personnel did not prepare fixed asset records, debt schedules and reconciliations of grant receivables.

Condition: In order for the City to produce financial statements in accordance with generally accepted accounting principles, fixed asset records must be prepared that tie to the prior year audit, and reflect current year transactions. Also long-term debt, including capital leases, and reconciliations of grants receivable are necessary schedules for the closing of the books.

Criteria: Strong internal controls require adequately trained staff.

Context: An objective of internal control is to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements.

Cause: The City of North Pole may need to train or provide assistance to staff to prepare these financial statement records.

Effect: This condition resulted in the following:

- Grant accounts receivables and fixed assets were not reconciled to the prior year audited balances.
- Current year additions and deletions to capital assets along with depreciation were not recorded.
- Information needed for proper financial statement presentation and note preparation for the debt liabilities was not readily available.

Recommendation: Management should ensure that assistance or training is provided to City personnel so that these records are properly prepared.

Grantee response: See corrective action plan

F2013-02 General ledger chart of accounts

Condition: The general ledger chart of accounts of the City of North Pole, Alaska is not utilized in a manner that efficiently presents the information displayed in the annual financial statement, causing a risk of misclassification and misstatement.

Criteria: Management is responsible for maintaining adequate internal control over financial reporting including the design of the chart of accounts.

Context: The design of the chart of accounts affects the manner in which financial information is combined.

Cause: The condition has developed over a number of years and the exact cause is not determinable.

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year ended December 31, 2013

Effect: The design of the chart of accounts has resulted in the following risks of misclassifications and misstatements:

- The chart of account does not label all identical activities with the same number in different funds.
- The chart of accounts does not have a format that allows condensing and reporting of the general fund and other fund expenditures in program/function formats.
- Funds reported in the financial statements consist of other separate funds that need to be added together in a worksheet in order to derive the presentation required for financial statement presentation.

Recommendation: We recommend that the City consider consulting with their software vendor for assistance and recommendations on improving the chart of accounts.

Grantee response: See corrective action plan

FINDINGS AND QUESTIONED COST – MAJOR AWARD PROGRAMS AUDIT.

None.

CITY OF NORTH POLE, ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

There were no prior year federal award findings and questioned costs.

CITY OF NORTH POLE. ALASKA
CORRECTIVE ACTION PLAN
Year ended December 31, 2013

FINANCIAL STATEMENT FINDINGS

Finding: F2013-01 – City personnel did not prepare fixed asset records, debt schedules and reconciliations of grant receivables.

Recommendation: Management should ensure that assistance or training is provided to City personnel so that these records are properly prepared.

Name of Contact Person: Bryce Ward, Mayor

Corrective Action: Management will work to ensure that the fixed assets, debt schedules and grant receivable reconciliations are completed prior to the audit.

Proposed Completion Date: December 31, 2014

Finding: F2013-02 General ledger chart of accounts

Recommendation: The City should consider consulting with their software vendor for assistance and recommendations on improving the chart of accounts.

Name of Contact Person: Bryce Ward, Mayor

Corrective Action: Management will explore options to bring clarity and efficiency to the City's chart of accounts and will continue to ensure consistency among all new accounts created.

Proposed Completion Date: Fiscal year 2015

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STATE SINGLE AUDIT
REPORTS AND SCHEDULES

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of the City Council
City of North Pole, 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 North Pole, Alaska, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise City of North Pole, Alaska's basic financial statements, and have issued our report thereon dated June 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of North Pole, Alaska'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of North Pole, Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of City of North Pole, Alaska's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [S2013-01, S2013-02]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of North Pole, Alaska'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*.

City of North Pole, Alaska's Response to Findings

City of North Pole, Alaska's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of North Pole, Alaska's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

Fairbanks, Alaska
June 10 2014





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF ALASKA
AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS**

Honorable Mayor and
Members of the City Council
City of North Pole, Alaska

Report on Compliance for Each Major State Program

We have audited the City of North Pole, Alaska'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 the City of North Pole's major state programs for the year ended December 31, 2013. The City of North Pole, Alaska'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 the City of North Pole, Alaska'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 the *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 the City of North Pole, Alaska'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 the City of North Pole, Alaska's compliance.

Opinion on Each Major State Program

In our opinion, the City of North Pole, Alaska 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 December 31, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Report on Internal Control Over Compliance

Management of the City of North Pole, Alaska 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 the City of North Pole, Alaska'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 the City of North Pole, Alaska'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 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.

Fairbanks, Alaska
June 10, 2014

Wolfe, Schmidt & Huth PC

CITY OF NORTH POLE, ALASKA
Schedule of State Financial Assistance
For the Year Ended December 31, 2013

<u>State Grantor / Pass Through Grantor / Program Title</u>	<u>Grant ID Number</u>	<u>Expenditures</u>
<u>Alaska Department of Administration</u>		
Public employees retirement system on behalf payment*	N/A	\$ 357,646
Total Alaska Department of Administration		
<u>Alaska Department of Commerce, Community & Economic Development</u>		
Community Revenue Sharing Program*	N/A	198,860
North Pole Archival System	14-DC-112	8,181
Fire Department Equipment Upgrades and Replacement	11-DC-314	38,998
100 Foot Aerial Platform*	14-DC-109	928,807
Senior Center Equipment Upgrades	11-DC-315	2,193
Water Treatment Plant Roof Improvements	08-DC-471	2,799
Rehabilitate North Pole Utility Well and Adjustment Control Panel	09-DC-505	35,174
Total Alaska Department of Commerce, Community & Economic Development		1,215,012
<u>Alaska Department of Environmental Conservation</u>		
Wastewater Plant Engineering and Design	63320	21,915
Wastewater Plant Engineering and Design	63321	34,909
Techite Sewer Main and Manhole Rehabilitation*	63322	1,573,189
Alaska Clean Water Fund-Inflow and Infiltration Reduction Loan*	633291	105,973
Total Alaska Department of Environmental Conservation		1,735,986
<u>Alaska Department of Revenue</u>		
Electric and Telephone Co-op Tax*	N/A	53,124
Liquor Licenses	N/A	4,600
Total Alaska Department of Revenue		57,724
<u>Alaska Department of Public Safety</u>		
Asset Forfeitures		4,775
Justice Assistance Grant 13	13-023D	20,662
Justice Assistance Grant 14	14-204	25,000
Total Alaska Department of Public Safety		50,437
Total State Financial Assistance		\$ 3,416,805

* Denotes Major Program

See Notes to Schedule of State Financial Assistance.

CITY OF NORTH POLE, ALASKA
NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE

1. BASIS OF PRESENTATION

The accompanying schedule of state financial assistance (Schedule) includes the state grant activity of City of North Pole, Alaska under programs of the state government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the City of North Pole, Alaska, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of North Pole, Alaska.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2013

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified that are not considered to
be material weaknesses?

 X Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes X No

State Financial Assistance

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

Unmodified

Internal control over major programs:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified that are not considered to
be material weaknesses?

_____ Yes X None reported

Dollar threshold used to distinguish a state major program: \$ 50,000

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year ended December 31, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

S2013-01 City personnel did not prepare fixed asset records, debt schedules and reconciliations of grant receivables.

Condition: In order for the City to produce financial statements in accordance with generally accepted accounting principles, fixed asset records must be prepared that tie to the prior year audit, and reflect current year transactions. Also long-term debt, including capital leases, and reconciliations of grants receivable are necessary schedules for the closing of the books.

Criteria: Strong internal controls require adequately trained staff.

Context: An objective of internal control is to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements.

Cause: The City of North Pole may need to train or provide assistance to staff to prepare these financial statement records.

Effect: This condition resulted in the following:

- Grant accounts receivables and fixed assets were not reconciled to the prior year audited balances.
- Current year additions and deletions to capital assets along with depreciation were not recorded.
- Information needed for proper financial statement presentation and note preparation for the debt liabilities was not readily available.

Recommendation: Management should ensure that assistance or training is provided to City personnel so that these records are properly prepared.

Grantee response: See corrective action plan

S2013-02 General ledger chart of accounts

Condition: The general ledger chart of accounts of the City of North Pole, Alaska is not utilized in a manner that efficiently presents the information displayed in the annual financial statement, causing a risk of misclassification and misstatement.

Criteria: Management is responsible for maintaining adequate internal control over financial reporting including the design of the chart of accounts.

Context: The design of the chart of accounts affects the manner in which financial information is combined.

Cause: The condition has developed over a number of years and the exact cause is not determinable.

CITY OF NORTH POLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year ended December 31, 2013

Effect: The design of the chart of accounts has resulted in the following risks of misclassifications and misstatements:

- The chart of account does not label all identical activities with the same number in different funds.
- The chart of accounts does not have a format that allows condensing and reporting of the general fund and other fund expenditures in program/function formats.
- Funds reported in the financial statements consist of other separate funds that need to be added together in a worksheet in order to derive the presentation required for financial statement presentation.

Recommendation: We recommend that the City consider consulting with their software vendor for assistance and recommendations on improving the chart of accounts.

Grantee response: See corrective action plan

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

The City of North Pole, Alaska did not have any findings that are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

CITY OF NORTH POLE, ALASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

There were no prior year financial statement findings or state award findings and questioned costs.

CITY OF NORTH POLE. ALASKA
CORRECTIVE ACTION PLAN
Year ended December 31, 2013

FINANCIAL STATEMENT FINDINGS

Finding: S2013-01 – City personnel did not prepare fixed asset records, debt schedules and reconciliations of grant receivables.

Name of Contact Person: Bryce Ward, Mayor

Corrective Action: Management will work to ensure that the fixed assets, debt schedules and grant receivable reconciliations are completed prior to the audit.

Proposed Completion Date: December 31, 2014

Finding: S2013-02 General ledger chart of accounts

Name of Contact Person: Bryce Ward, Mayor

Corrective Action: Management will explore options to bring clarity and efficiency to the City's chart of accounts and will continue to ensure consistency among all new accounts created.

Proposed Completion Date: Fiscal year 2015

City of North Pole
2014 Committees

4th of July Committee			
Name	Phone	Address	Phone
Katy Englund	978-2282		Kenglund.ak@gmail.com
teffonie Wyman	322-0236		teffw@northpoleworshipcenter.com
Christina Croskrey	388-8076		ccroskrey@alaskasurgerycenter.com
Bryce Ward	888-4444	606 E5th ave North Pole, Ak 99705	bryce.ward@northpolealaska.org
Larnetia skipps	378-6635		larnetiaskipps@gmail.com
Elizabeth Holm	347-3797		elizabeth87@live.com
Nadine Winters	590-0024		Nadine@acsalaska.net
Howard Rixie	378-7797		hsrixie@gmail.com

Trooper Gabe Rich and Trooper Scott Johnson Memorial Park Committee			
Bryce Ward	888-4444	City of North Pole Mayor	bryce.ward@northpolealaska.org
Joni Scharfenberg	978-1727	Tanana Soil and water	jonisc@gmail.com
Jeff Jacobsen	459-1304	Fairbanks North Star Borough	jjacobson@fnsb.us
Kirsten Wicker	377-2116	Eielson AFB	kirsten.wicker@us.af.mil
Steve Dutra	488-8456	North Pole PD	sdutra@northpolepolice.org
Buddy Lane	322-2193	Interior Fire Chiefs Association (CNP Fire Chief)	blane@northpolefire.org
Joe Dallaire	978-0829	Alaska Peace Officers Association (APOA)	joedallaire.apoa@gmail.com



ANNUAL OPERATING PLAN 2014

**BETWEEN: State of Alaska, Department of Natural Resources, Division of Forestry
(State), and City of North Pole Fire Department (Cooperator)**

Purpose

The Annual Operating Plan is a supplement to the Cooperative Fire Protection Agreement. The Cooperative Fire Protection Agreement implements the intent of A.S. 41.15.010, which states that the State provides protection from wildland fire and other destructive agents, commensurate with the values at risk, on land that is owned privately, by the state, or by a municipality. It is also recognized by the Cooperator that an obligation exists to provide protection to life and property from wildland fires within their area of responsibility, subject to available resources, funding, and personnel. Therefore, it is to the mutual advantage of the Cooperator and the State to coordinate efforts in the prevention, detection, and suppression of wildland fires. It is in the best interests of both the Cooperator and the State that wildland fires be suppressed quickly and efficiently to minimize the destruction of natural resources, threat to life and property.

I. Primary Response Notification Procedures

- A. Upon receipt of an incoming call for a wildland fire within State Forestry's protection area, the Cooperator's Dispatch Center will contact State Forestry at 451-2626 or the State's Duty Officer to forward fire information.
- B. The cooperators Senior Fire Officer (SFO) will notify State Forestry via the State's primary radio frequency or telephone at 907-451-2626 for any response to a wildland fire within the cooperator's primary response area. The cooperator's SFO may instruct their dispatch center to make this call to State Forestry at the time of dispatch.
- C. Within a Cooperator's service area, the State will generally not respond to wildland fires during Low, and Moderate Fire Danger Levels. This section does not preclude a Cooperator from requesting State assistance on any wildland incident that exceeds the capability of their resources for control.

II. Discretionary Response Procedures (requested outside service area boundaries)

- A. When requesting a discretionary response outside the cooperator's service area, State Forestry will contact the department's dispatch center who will notify the appropriate Senior Fire Officer (SFO). The decision of accepting a discretionary response request is at the sole discretion of the cooperator. In accordance with their department's policy, the Senior Fire Officer will make all appropriate notifications prior to the acceptance of the discretionary response request. If the cooperator cannot respond, State Forestry will request the next closest force available.
- B. When requesting a cooperator's discretionary response, the State will designate the type and number of apparatus needed. If available, a department SFO may accompany the unit(s).

III. Communications

- A. State Forestry units responding to incidents within the protection area of a cooperator will advise the Senior Fire Officer of their response on the Fairbanks North Star Borough Tactical Frequency.
- B. For multiple agency response and helicopter communications, Fairbanks North Star Borough Tactical frequency is recommended for initial contact only. Incident frequencies will be established and coordinated by responding agencies once on scene and reported back to dispatch. Responding units may contact the cooperator's dispatch as a back-up for the above communications plan.
- C. On scene communications between ground forces and any aircraft will be routed through a single point contact (Forestry) as designated by the incident commander. The primary frequency for aircraft communication is State Tactical Air to Ground (Rx 166.6375 Tx 166.6375).

IV. Command

- A. Upon arrival at a wildland fire incident, the first unit on the scene establishes command until it is determined that a unified command is needed.
- B. Upon transfer of command by a cooperator Incident Commander, a forestry Incident Commander must be established as either Unified or Single Command when forestry resources remain on scene.

V. Fire Reports and Reporting

- A. Cooperators will provide State Forestry with a copy of:
 - 1) Incident map
 - 2) ANFIRS report with a narrative stating pertinent information and suspected cause.
 - 3) Fax the ANFIRS report to State Forestry (907-451-2633) or email dnr.fas1@alaska.gov within 48 hours of the incident being called out.

VI. Fiscal Considerations

- A. Fire departments may bill State Forestry for costs incurred on incidents beyond the first four hours or for discretionary responses outside the department's service area. If a wildland fire within cooperator district boundaries goes beyond four hours, the DOF Fire Management Officer or Duty Officer may authorize reimbursement to the cooperator from the start of the incident.
- B. Payment for suppression costs for volunteer personnel hours on wildland fires will be made to the cooperator at the current State EFF rate schedule. These rates are for the first 40 hours in any calendar week beginning Monday at 0001 hours. After 40 hours, overtime will be paid at 1 ½ times the above rates; Engine Boss EFF-6, Engine Crew Member EFF-4.
- C. State Forestry will attempt to complete EFF hiring paperwork before the incident or prior to releasing EFF from the incident. EFF hiring paperwork includes an I-9 Employment Eligibility Verification, W-2 Tax Form, Condition of Hire Statement, Personnel Action, State of Alaska Designation of Beneficiary, and EFF Time Report (OF-288).
- D. Payment to cooperators with paid staff may be compensated at their existing paid department rates or an average thereof when direct billing occurs. Billing will include overtime charges incurred over the fire incident. **Rates should be attached as an addendum to this document.**
- E. Payment for hourly costs for equipment owned by the cooperator will follow the Cooperator Condition of Hire.
- F. As part of an annual pre-season arrangement, Fairbanks Area Forestry may pre-inspect vehicles to verify proper National Wildfire Coordinating Group (NWCG) engine Type ratings and NUS requirements.
- G. Bills should be submitted by the cooperator within 15 days after the incident is declared out. Approved bills will include the total amounts incurred for apparatus and equipment used on the fire, including direct expenditures and the costs of repairing and reconditioning property loaned under this agreement.

VII. Prepositioning

- A. The State will provide the cooperator with a daily Prepositioning Report listing available resources and hours of availability during the fire season.
- B. When State Forestry engine crews are prepositioned in a service area, they will be dispatched simultaneously to wildland fires with the cooperating department. State Forestry ground units will acknowledge their response to the cooperator's Senior Fire Officer and State Forestry dispatch.
- C. State Forestry dispatch will always have dispatch priority over State Forestry resources and can direct them to a higher priority fire at any time.

VIII. Investigation Procedures

- A. State Forestry will provide fire investigators for origin and cause of wildland fires, the request for an investigator must be placed early in the incident and every effort must be made to protect the point of origin and identify witnesses.
- B. The cooperator will assist the State in the investigation of wildland fires that are suspected of a violation.
- C. The cooperator shall assist with enforcement of burn permit violations.

IX. Prevention

- A. Authorized cooperators may issue burn permits for burning and may request assistance with this task through the Fire Management Officer. The on-line burn permit application process is recommended prior to requesting assistance of Forestry personnel.
- B. The state will notify the cooperator for burning suspensions, wind advisories, closures, and Red Flag Warnings through the Daily Prepositioning Report. Telephone notification will be made for emergencies not covered in the Prepositioning Report
- C. When requested, the State will assign a prevention technician to assist with cooperator fire prevention programs.
- D. The State and Cooperator will coordinate prevention, Fire Wise, and public awareness programs.

X. Fire Training/Physical Fitness

- A. State Forestry and their delegated agencies will issue NWGC Interagency Red Cards after proof of training and physical fitness. Qualifications will be demonstrated by possession of a current, valid Red Card appropriate to the position being hired. All personnel hired as EFF by State Forestry must meet established physical fitness and training standards for the position hired. There will be no exceptions.
- B. Cooperator personnel assigned to a Discretionary Response shall be certified by the cooperator's chief as trained and fit for the duty(s) requested. Personnel not possessing NWCG Interagency Red Cards shall remain employees of the cooperator. They are the liability of the cooperator and are not eligible to be hired as EFF.
- C. The State will assist in the training of agency personnel in wildland fire protection.

XI. Fire Stores/Equipment Guidelines

- A. Task Force Mobilization will be in accordance with the State of Alaska Division of Forestry Cooperator Conditions of Hire.
- B. Cooperator will outfit apparatus appropriate to their needs for wildland fire as determined by the Fire Chief. Wildland fire supplies and equipment can be replaced through the State Fire Warehouse, with appropriate resource order and fire number. Any lost or damaged supplies or equipment may also be replaced by filling out the appropriate Property Loss and Damage Report through Forestry Dispatch.

This agreement, dated _____, is between the State of Alaska, Department of Natural Resources, Division of Forestry, with an address of 3700 Airport Way, Fairbanks, Alaska 99709-4699 and City of North Pole Fire Department with an address of 125 Snowman Lane, Northpole, Alaska 99705.

Fire Chief, Buddy Lane

Area Forester, Kathryn Pyne

State of Alaska – Division of Forestry

Cooperator Conditions of Hire

Introduction

The Division of Forestry has an important cooperative relationship with structure fire departments in the Areas, and occasionally has a need to mobilize resources to assist with structure protection within the Wildland Urban Interface. Cooperator resources - engines, water tenders, and personnel that are equipped and trained to provide structure protection- are beneficial to the Division of Forestry.

The Division of Forestry and the Cooperator establish a formal relationship by signing a Cooperative Fire Protection Agreement. Generally, the Area solicits the Cooperative Fire Protection Agreement with their local structure fire department (SFD). The agreement is signed by the fire department's Chief and sent from the Area, through the Region, to the Central Office for the State Forester's signature. Once activated, the Cooperative Fire Protection Agreement remains in effect until either party terminates the agreement in writing.

General business and administrative information is specified in this, the Cooperator Conditions of Hire. The fire department's Chief (or Authorized Agent) will be provided with a copy of this document, which will remain in effect until such time it is revised by the Division of Forestry. The local Area serves as the liaison between the State and the Cooperator. Any claims for damages while assigned to the incident should be documented prior to leaving the incident. The incident retains a copy of the paperwork for the assigned Cooperator resources for the final fire package, but the original packet is returned to the Cooperator's home Area for completion and processing.

All personnel responding to wildland fire shall be equipped with proper personal protective equipment as stipulated in the DOF Policy and Procedures Manual Section 2120. This includes a fire-retardant shirt and jeans or coveralls, helmet (non-metal), eye protection, heavy-duty leather gloves, 8" tall lace up leather boots, and a fire shelter for each person.

Agreement

The State of Alaska, Department of Natural Resources, Division of Forestry will be referred to as "Forestry" in this document. Structural Fire Departments (SFD) under Cooperative Agreement with Forestry will be referred to as "Cooperator" in this document.

1. Order For Service - Upon acceptance of an order for service, either verbally or via Resource Order, a binding contract between the Cooperator and Forestry is created incorporating the terms of the Cooperative Fire Protection Agreement, the Annual Operating Plan, these Cooperator Conditions of Hire, and the SFD Fire Apparatus Rental Agreement (Form 10-2197b).

2. Reporting for Service - The Cooperator is responsible for providing apparatus to Forestry in a good and safe operating condition and will be subject to pre-use inspection at time of hire. If, in the determination of Forestry, the apparatus is not in good, safe operating condition based upon the manufacturer's general safety specifications when it arrives for work, Forestry may reject it. If equipment is rejected, Forestry will not pay any costs, including transportation costs. The operator/personnel shall keep a copy of the SFD Cooperative Fire Agreement and Cooperator Conditions of Hire document with the apparatus.
3. Timekeeping - The start of the rental period begins upon passing inspection and said time shall be documented on the initial shift ticket. Each service call will be documented via shift tickets to an Emergency Equipment Use Invoice, OF-286, or equivalent. The Cooperator agrees that service call documents may be signed by the Cooperator's operator/personnel as a duly authorized representative for the purpose of certification as to the number of hours or other units of pay earned. The Cooperator or its operator/personnel must sign shift tickets during the assignment and the Emergency Equipment Use Invoice document at the time of release from work.
4. Equipment Operator/Personnel - The Cooperator shall furnish one operator and one additional firefighter for each apparatus. Operators/personnel from SFDs using the Direct Payment Method will be hired by Forestry as Emergency Firefighters (EFF). The operator, if hired by Forestry as EFF, will become Forestry employee(s), and are subject to the Conditions of Hire established in the latest version of the Alaska Emergency Firefighter Type 2 Crew Management Guide. Operators from SFDs using the Cooperator Reimbursement will remain employees of the department. The operator must possess a valid driver's license with applicable endorsements. The Cooperator will ensure that the operator/personnel are qualified to operate the apparatus. Additional Cooperator personnel may staff the apparatus as specified in the AOP.
5. Transportation of Apparatus - Subject to paragraph 2, apparatus shall be delivered, at Forestry's expense, from point of hire to the work site and returned to the point of hire.
6. Performance and Direction of Work - The operator/personnel are responsible at all times for the safe and efficient operation of apparatus and may refuse to work in a situation:
 - exceeding operator/personnel ability
 - that exceeds the capability of the apparatus
 - that may result in damage to the apparatus

The operator/personnel receive work assignments from, and perform work under the general direction of, Forestry. In the event Forestry terminates an operator for cause, replacement operator/personnel may be requested from the Cooperator. A performance evaluation will be completed for each operator/apparatus.

7. Termination of Order for Service - There is no guaranteed length of hire under any order for service. Forestry may terminate an order for service when it is determined by Forestry that the apparatus is no longer needed. When the order for service is terminated, Forestry shall be liable only for payments in accordance with payment provisions of this contract for services rendered prior to the effective date and time of termination. In the event the Cooperator requires return of apparatus, the Cooperator shall notify Forestry, and the equipment shall be released within 8 hours.

8. Custody - When the operator/personnel remain employees of the Cooperator, the apparatus remains in operator/personnel custody. When the operator/personnel are hired as EFF, the apparatus remains in Forestry custody during the period of use. During such time, Forestry, as custodian, will exercise ordinary prudence and diligence in the use and care of the apparatus. Control of apparatus and personnel shall follow the Incident Command System.

9. Licenses and Permits and Insurance - The Cooperator is responsible for obtaining at their own expense, carrying a copy of, and showing proof at the time of hire, all necessary licenses, permits required by state and federal law/regulation, for both the apparatus and operator/personnel.

10. Servicing and Repairs - The Cooperator is responsible for the cost of all servicing, except when Forestry assumes responsibility for partial or total servicing on an incident. The term servicing shall include providing and maintaining the apparatus with fuel, oil, lubricants, filters, and other operating supplies to maintain the apparatus in a safe operating condition. It is the responsibility of the operator/personnel to determine that the fuel used is the proper fuel for the apparatus. Forestry will provide fuel for apparatus assigned to project fires.

Apparatus furnished by the Cooperator must have enough time remaining on its scheduled maintenance program to accomplish the anticipated length of hire.

11. Tools, Spares, and Accessories - The operator/personnel are responsible at all times for tools, spares, and accessories belonging to the Cooperator, and shall secure them in the apparatus if possible. Items that cannot be so secured may be placed in a Forestry-designated storage area, if available.

12. Required Equipment - The Cooperator agrees to furnish apparatus, except command vehicles, with the following equipment:

- a. All apparatus listed on the Cooperators SFD Cooperative Fire Agreement AOP will be accompanied by a complete vehicle inventory in hard copy format.
- b. All fire apparatus resource ordered as part of an Engine Task Force/Strike Team are required to carry structural firefighting equipment necessary to conform with Cooperator Standard Operating Procedures and are required to carry the following minimal equipment upon leaving for the incident. These items will be supplied by Forestry upon request of the Cooperator and shall be returned to the same Forestry Area Office upon completion of the assignment.

4 ea. 100' length of 1½" hose (Forestry)	1 ea. Fire Shelter per seat
1 ea. 400' 1½" Progressive hose lay bag	1 ea. EFF bag per Firefighter
5 ea. 1½" nozzle to fit 1 ½" hose	1 ea. King Radio w/Clam Shell & Batteries
5 ea. 100' length of 1" hose (Forestry)	5 ea. 1" nozzles to fit 1" hose
2 ea. Shovel	3 ea. Pulaski ea.
4 ea. 1½" NHx1½ NH double female	2 ea. Back pack pump (FEDCO) (full)
4 ea. 1½" NHx1½ NH double male	1 ea. Back pack pump (FEDCO) (empty)
6 ea. 1½" NHx1" NPSH (female-male) reducer	2 ea. Cases MRE's
1 ea. 1" NPSH x1½" NH (female/male) increaser	2 ea. Cubitainer Water
6 ea. 1½" NH x 1 ½" NH x 1 ½" NH Gated Wye	2 ea. Pack of fusees (10 ea./pk) OR
2 ea. Hose clamp for 1" and 1½" hose	1 ea. Drip torch w/5 gallons drip torch fuel
1 ea. Portable Tank, 1500 gallons or larger (Water Tenders only, all types)	

13. Apparatus Loss, Damage, or Destruction - Equipment furnished under a contractual agreement with Forestry may be subject to extreme environmental and/or strenuous operating conditions which could include, but are not limited to, unimproved roads, steep, rocky, brushy, hilly terrain, dust, heat, and smoky conditions. As a result, what is considered normal wear and tear under any agreement with the State for fire suppression or other all risk incident actions is in excess of what equipment is subjected to under normal highway operations. The rates paid for the equipment reflects expected wear and tear due to adverse conditions under which the equipment is likely to be operated.

If the Cooperator wishes to file a claim for non-Forestry provided equipment, a State Property Loss/Damage Report documenting lost, stolen, or damaged equipment not arising from the above conditions or as the result of negligence on the part of Forestry must be completed and submitted to the State within thirty days of demobilization. Incomplete or unsupported claims will be returned to the Cooperator for further information and/or documentation.

In the event damage or destruction occurs as a result of negligence on the part of the State, Forestry's liability is limited to the lesser of the actual repair costs or market value. Forestry is not responsible for the costs of loss or physical damage to Cooperator's equipment due to negligence on the part of Cooperator's personnel, for indirect damages such as loss of use or lost profits, or for wear and tear.

14. Accessories for Apparatus – All apparatus must have the following: seat belts for all occupants, three portable emergency reflectors, one 5-lb. functional ABC fire extinguisher, and any additional accessories as specified in the Annual Operating Plan.

15. Meals and Bedding - If a Forestry-subsisted incident camp is established, meals and bedding for operator/personnel will be furnished without additional charge. Such meals and bedding will be commensurate with that provided to Forestry employees.

16. Personnel Pay Rates - Operator/personnel will be paid for all hours they are on-shift at the appropriate hourly rate of pay. Note: operator/personnel may be on a shorter or longer shift than the apparatus to which they are assigned. The number of operator/personnel listed on the rate charts is standard staffing. Any changes to standard staffing will be agreed to in the AOP. No additional personnel will be paid by Forestry unless Resource Ordered.

Forestry will not pay administrative fees in excess of 13.5% to Cooperators using the Cooperator Reimbursement method, nor will Forestry pay for backfill positions unless required by municipal ordinance or union contract. As a cost containment measure, higher paid Cooperators shall be considered for release first.

17. Equipment Payments - Payment will be at rates specified on the SFD Fire Apparatus Rental Agreement, Form 10-2197b. Each shift must be documented on an Emergency Equipment Shift Ticket and must be signed by the Cooperator's operator/personnel and the supervisor on the incident as the duly authorized representative for the purpose of certification as to the number of hours or other units of pay earned. Hours shall consist of the period actually working (assigned), ordered standby, or compensable travel time.

The incident or dispatch office will compile the amount earned on the Emergency Equipment Use Invoice which both parties will sign to show concurrence of the amount due the Cooperator at the time of release from assignment whether or not the Cooperator's method of payment is by Cooperator Reimbursement or Direct Payment method. OF-288s will be posted for Cooperator staff by the incident or Area. In the case of Cooperators being paid by the reimbursement method, both the Emergency Equipment Use Invoice and any pertinent OF-288s will be included as backup documentation for any invoice requesting reimbursement from the State.

Apparatus is inoperable when the apparatus itself is inoperable, or when the operator/personnel are unavailable. A shift is the hours worked as defined by the Incident Action Plan and/or as determined by the dispatching office.

Apparatus rental rates will be based on actual operating costs. These costs include routine maintenance; normal wear and tear (minor scratches, chips in windshield, etc.); insurance; and other pertinent overhead expenses. Rental rates will not exceed the rates listed below (Tables 1 and 2), unless actual operating costs are documented and submitted to Forestry. Federal Excess Personal Property (FEPP) apparatus provided by a Cooperator may be paid up to 66% of the normal rate. If apparatus is ordered and staffed with a relief crew, then a double-crewed daily rate will be paid for the apparatus.

- a.
 - 1) On the first and last shift of hire or assignment, the Cooperator shall be paid at the hourly rate, for every continuous hour on-shift, provided the apparatus is operable and available. The hourly accumulated rate shall not exceed the daily rate specified.
 - 2) If the apparatus is inoperable or unavailable during an on-shift period, this will be considered down time, and charges will not accrue.

- b.
 - 1) For shifts under hire or assignment between the first and last, the Cooperator shall be paid at the daily rate, provided that the apparatus is operable and available the entire shift.
 - 2) For apparatus not operable for the full shift, the deduction is calculated by converting the length of shift to determine the hourly rate and paying the Cooperator for the total hours worked before the equipment became nonoperational (not to exceed the daily rate).
- c. In those cases where Forestry is the direct cause of the apparatus down time Forestry will negotiate a reasonable settlement with the Cooperator.

Command Vehicles: When ordered by Forestry, command vehicle rates will be applicable when an individual in any of the following positions uses the vehicle:

- Incident Commander
- Branch Director
- Water Handling Specialist
- Operations Section Chief
- Division/Group Supervisor
- Fire Chief/Designee
- Structural Protection Specialist
- Strike Team/Task Force Leader

Command Vehicles must meet the following criteria and come equipped with the following equipment:

Four Wheel Drive	First Aid Kit	Emergency Lighting
Seating for 3 Persons	Fire Extinguisher	Field Programmable Radio

18. Insurance- The Cooperator must carry and maintain motor vehicle liability insurance as required by AS 28.22.01. In the case of the Cooperator's operator/personnel being hired by the State as an EFF, the State covers Worker's Compensation and potential liability based on apparatus operations in response to and operation on a wildland fire. In the case of the Cooperator's operator/personnel remaining an employee of the Cooperator, the Cooperator must carry and maintain Worker's Compensation coverage as required by AS 23.30.045.

19. Evaluations- All SFD Engines will be evaluated by the incident supervisor and the evaluation form will be included in the equipment packet upon release from the incident.

20. Documentation Requirements for Out-of-Area Assignment-

Mobilization Finance Packet one (1) copy each of:

- a. Resource Order
- b. Annual Operating Plan
- c. Cooperator Conditions of Hire (this document)
- d. SFD Cooperative Fire Protection Agreement
- e. Vehicle Inspection Checklist
- f. Initial Shift Ticket
- g. Blank Contractor Evaluation Form

Demobilization Finance Packet, one (1) each of:

- a. Resource Order
- b. Annual Operating Plan
- c. Cooperator Conditions of Hire (this document)
- d. SFD Cooperative Fire Protection Agreement
- e. Vehicle Inspection Checklist
- f. Completed Shift Tickets
- g. Emergency Equipment Use Invoice OF-286
- h. Completed OF-288s
- i. Claims documentation, if applicable
- j. Completed Evaluation
- k. Any receipts documenting reimbursable expenses accrued on the assignment

21. Non-Engine Vehicle Rates - Any vehicle owned by the signatory Fire Department not reflected in #22 below, if accepted, will be paid at rates shown in Chapter 6 of the Alaska Incident Business Management Handbook. Personally-owned vehicles can not be signed up under this Conditions of Hire.

22. Rates

Table 1- Engine Types, Rates and Minimum Requirements

Rates & Components (excludes personnel costs)	Structure Engines		Wildland Engines				
	1	2	3	4	5	6	7
Hourly Rate	\$185	\$175	\$115	\$100	\$85	\$70	\$55
Daily Rate	\$2,550	\$2,405	\$1,605	\$1,385	\$1,135	\$960	\$775
Double-Crewed Daily Rate	\$4,005	\$3,495	\$2,520	\$2,090	\$1,785	\$1,510	\$1,215
Tank minimum capacity (gal)	300	300	500	750	400	150	50
Pump Min Flow (GPM)	1000	500	150	50	50	30	10
Rated pressure (psi)	150	150	250	100	100	100	100
Hose (feet) 2 1/2 inch	1200	1000	-	-	-	-	-
Hose (feet) 1 1/2 inch	400	500	1000	300	300	300	-
Hose (feet) 1 inch	-	-	500	300	300	300	200
Ladders per NFPA 1901	Yes	Yes	-	-	-	-	-
Master Stream 500 GPM Min	Yes	-	-	-	-	-	-
Personnel (minimum)	2	2	2	2	2	2	2

Table 2- Water Tender Types and Minimum Requirements

Rates & Components <i>(excluding personnel costs)</i>	Water Tender Types					COMMAND VEHICLE RATE (excluding personnel costs)	
	Support			Tactical			
	S1	S2	S3	T1	T2		
Hourly Rate	\$125	\$105	\$85	\$105	\$85		
Daily Rate	\$1,750	\$1,460	\$1,165	\$1,460	\$1,165		
Double-Crewed Daily Rate	\$2,745	\$2,290	\$1,830	\$2,290	\$1,830		
Tank Capacity (gal)	4000	2500	1000	2000	1000	Rates	Command
Pump Min. Flow (GPM)	300	200	200	250	250	Hourly	\$35
At Rates Pressure (psi)	50	50	50	150	150	Daily	\$490
Max. Refill Time (minutes)	30	20	15	-	-	Double-Crewed Daily	\$770
Pump and roll	-	-	-	Yes	Yes		
Personnel minimum	1	1	1	2	2	Personnel	1

Common Additional Needs - Request as needed.

- Wildland Engines – All-wheel drive required
 - (Wildland Engines without all-wheel drive will be compensated at a rate one step below actual typing)
- Compressed air foam system (CAFS) with minimum 40 cfm compressor
- Additional personnel

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION (49 CFR Part 29): The bidder/offer or certifies, by submission of this proposal or acceptance of this contract/agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. It further agrees by signature on this agreement to include this clause without modification in all lower tier transactions, solicitation, proposals, contracts and subcontracts. Where the bidder/offer or/contractor or any lower tier participant is unable to certify to this statement, it shall attach an explanation to this agreement.

I certify that I have read and agree to the conditions of hire and rates contained on this form.

This document supersedes all prior versions of this agreement. Earlier versions must be deleted/destroyed and replaced with this document.

Cooperator's/Authorized Agent's Signature

Date

Printed Name

Title

Structure Fire Dept. (SFD) Fire Apparatus Rental Agreement		1. Area Office (Name and Address) SOA/ DNR/FAF 3700 Airport Way Fairbanks, AK 99709		2. Agreement Number AK DF A 04 FS 0031 NORTH POLE This Number must appear on all Papers relating to this Agreement	
7. Cooperator's Telephone Number		3. Point of Hire Fairbanks, Alaska		4. Effective Dates:	
a. Day (907) 488-0444	b. Night (907) 488-0444	5. Cooperator (Name and address) NORTH POLE FIRE DEPT 125 SNOWMAN LN NORTH POLE, AK 99705		a. Beginning 04/01/2014	b. Ending 09/30/2014
		8. SSN/Federal Tax I.D. No.		6. Prepared by Fairbanks Area Forestry Fire Operations Dispatch	
9. Item Description (include type, make, model, year, serial number and accessories)		10. Number of Personnel (min)		11. Hourly Rate *	12. Shift Rate **
A. TYPE: 1 ENGINE STRUCTURAL ENGINE 2,500 GAL / 1500 GPM 16 CHANNEL RADIO E-24 Model Year _____ VIN # _____ <i>License #XXN-878</i>		4		\$ 185.00	\$2,550.00
B. TYPE: 1 ENGINE STRUCTURAL ENGINE 750 GAL/ 1000 GPM 16 CHAN RADIO E-23 Model Year _____ VIN #C17DGAY144203 <i>License #XXK-329</i>		2		\$ 185.00	\$2,550.00
C. TYPE: 1 ENGINE STRUCTURAL ENGINE 1,000 GAL / 1750 GPM 16 CHANNEL RADIO E-22 Model Year _____ VIN # _____ <i>License #XXK 327</i>		4		185.00	\$2,550.00
D. TYPE: 6-X Engine, Squad 24 4 X 4 BRUSH UNIT 300 GAL / 250 GPM 32 CHANNEL RADIO C-21 Model Year _____ VIN #1GBJK34N6PE112003 MAX GVWR (lbs) _____ <i>License # XXT-130</i>		2		\$ 70.00	\$ 960.00
E. TYPE: 6-X Engine 4 X 4 BRUSH UNIT 300 GAL / 250 GPM 32 CHANNEL RADIO SQ-24 Model Year _____ VIN # _____ MAX GVWR (lbs) _____ <i>License # XXZ 583</i>		2		\$ 70.00	\$ 960.00
F. TYPE:COMMAND 4 X 4 COMMAND UNIT 32 CHANNEL RADIO C-22 Model Year _____ VIN # _____ <i>License #XXM-430</i>				\$ 35.00	\$ 490.00
13. Special Provisions * Hourly rate paid for first and last shift hired **Daily rate paid for all but first and last shift hired *** Personnel must be State of Alaska Certified & Redcarded for BLS or ACLS. Cooperator certifies that they have read the latest version of the "SFD Rental of Fire Apparatus Conditions" Form 10-2197b X= 4x4 or "All Wheel Drive"					
14. Cooperator's Signature		15. Date	16. Forestry Officer's Signature		17. Date
18. Printed Name and Title Buddy Lane, Fire Chief			19 Printed Name and Title Kathryn Pyne, Area Forester		

Structure Fire Dept. (SFD) Fire Apparatus Rental Agreement		1. Area Office (Name and Address) SOA/ DNR/FAF 3700 Airport Way Fairbanks, AK 99709		2. Agreement Number AK DF A 04 FS 0031 NORTH POLE This Number must appear on all Papers relating to this Agreement	
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a. Day (907) 488-0444	b. Night (907) 488-0444	5. Cooperator (Name and address) NORTH POLE FIRE DEPT 125 SNOWMAN LN NORTH POLE, AK 99705		a. Beginning 04/01/2014	b. Ending 09/30/2014
		8. SSN/Federal Tax I.D. No.		6. Prepared by Fairbanks Area Forestry Fire Operations Dispatch	
9. Item Description (include type, make, model, year, serial number and accessories)		10. Number of Personnel		11. Hourly Rate *	
G. TYPE 1 RESCUE MEDICAL 4 X 4 AMBULANCE (ALS) WITH SUPPLIES 16 CHANNEL RADIO Model Year _____ VIN # _____ License # XXU-351		***		AKFBMH for hourly rate process	
H. TYPE: BOAT/ MOTOR & TRAILER, USCG Registration #: _____ Model Year _____ VIN # _____ Trailer License Number: _____					
I.					
J.					
K.					
L.					
13. Special Provisions * Hourly rate paid for first and last shift hired **Daily rate paid for all but first and last shift hired *** Personnel must be State of Alaska Certified & Redcarded for BLS or ACLS. Cooperator certifies that they have read the latest version of the "SFD Rental of Fire Apparatus Conditions" Form 10-2197b X= 4x4 or "All Wheel Drive"					
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18. Printed Name and Title Buddy Lane, Fire Chief			19 Printed Name and Title Kathryn Pyne, Area Forester		



Fairbanks North Star Borough

Emergency Operations Department

3175 Peger Road • PO Box 71267 • Fairbanks, AK 99707-1267 (907)459-1481 fax 459-1119

FAIRBANKS NORTH STAR BOROUGH AND CITY OF NORTH POLE EMERGENCY MEDICAL SERVICES/AMBULANCE CONTRACT RENEWAL AND AMENDMENT NO. 4

1. The parties, the Fairbanks North Star Borough and the City of North Pole hereby agree to allow for the fourth renewal of their Emergency Medical Services/Ambulance Contract effective July 1, 2010 through June 30, 2011 for an additional one year period, July 1, 2014 through June 30, 2015.
2. This extension shall be on the same terms and conditions in the current contract, and any amendments thereto, with the following amendments:
 - a. Section 3. The total contract amount shall be \$407,523 for the period of the contract renewal.

**CITY OF NORTH POLE
EMERGENCY MEDICAL SERVICES/AMBULANCE CONTRACT**

SIGNATURE PAGE

RECOMMENDED: _____ DATE: _____
Fire Chief

APPROVED: _____ DATE: _____
Mayor
City of North Pole

APPROVED: _____ DATE: _____
Luke T. Hopkins, FNSB Mayor

ATTEST: _____ DATE: _____
Nanci Ashford-Bingham, FNSB Clerk

REVIEWED BY: _____ DATE: _____
Fairbanks North Star Borough Legal Department

ORIGINALS FILED WITH: Contractor, Clerk's Office and Emergency Operations Department



Fairbanks North Star Borough Emergency Operations Department

3175 Peger Road • PO Box 71267 • Fairbanks, AK 99707-1267 (907)459-1481 fax 459-1119

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EMERGENCY MEDICAL SERVICES/AMBULANCE CONTRACT**

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Fire Chief

APPROVED: _____ DATE: _____
Mayor
City of North Pole

APPROVED: _____ DATE: _____
Luke T. Hopkins, FNSB Mayor

ATTEST: _____ DATE: _____
Nanci Ashford-Bingham, FNSB Clerk

REVIEWED BY: _____ DATE: _____
Fairbanks North Star Borough Legal Department

ORIGINALS FILED WITH: Contractor, Clerk's Office and Emergency Operations Department



Fairbanks North Star Borough

Emergency Operations Department

3175 Peger Road • PO Box 71267 • Fairbanks, AK 99707-1267 (907)459-1481 fax 459-1119

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EMERGENCY MEDICAL SERVICES/AMBULANCE CONTRACT**

SIGNATURE PAGE

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Fire Chief

APPROVED: _____ DATE: _____
Mayor
City of North Pole

APPROVED: _____ DATE: _____
Luke T. Hopkins, FNSB Mayor

ATTEST: _____ DATE: _____
Nanci Ashford-Bingham, FNSB Clerk

REVIEWED BY: _____ DATE: _____
Fairbanks North Star Borough Legal Department

ORIGINALS FILED WITH: Contractor, Clerk's Office and Emergency Operations Department

**CITY OF NORTH POLE
RESOLUTION 14-13**

**A RESOLUTION NAMING THE NORTH POLE EXERCISE TRAIL
IN RECOGNITION OF FIRST SERGEANT THOMAS UPTGRAFT SENIOR
AND RECOGNIZING THE DONORS WHO HELPED TO MAKE THE EXERCISE
TRAIL POSSIBLE**

WHEREAS, 1st Sergeant (1SG) Thomas Uptgraft Senior was an exercise enthusiast and encouraged others to exercise to promote fitness, health and wellness; and

WHEREAS, 1SG Uptgraft believed in giving back to his community to improve the quality of life for his friends, neighbors and the community as a whole; and

WHEREAS, 1SG Uptgraft wanted to leave a positive legacy that would help people improve the quality of their lives through exercise and family time, and

WHEREAS, 1SG Uptgraft died on January 23, 2013 and his family designated a donation to the City of North Pole in the amount of \$10,000 to promote fitness, health and family time through exercise and being outdoors; and

WHEREAS, the City has land and pedestrian paths where it planned to develop an exercise trail; and

WHEREAS, members of the community share 1SG Uptgraft's belief in giving back to their community and in the fitness, health and wellness benefits that exercise promotes; and

WHEREAS, the City wishes to acknowledge and thank the community members who also made the exercise trail possible that include:

- Julie Ament of North Pole Physical Therapy
- Willie and Francie Cork
- Glen and Kathy Weber of Weber, Inc. for land preparation work

NOW THEREFORE BE IT RESOLVED the North Pole City Council thanks the donors to the development of the planned exercise trail and further names the trail the 1SG Thomas Uptgraft, Senior Community Fitness Trail.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this 16th day of June 2014.

Bryce J. Ward, Mayor

ATTEST:

Kathryn M Weber, MMC
North Pole City Clerk

PASSED/Failed Yes: No: Absent
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