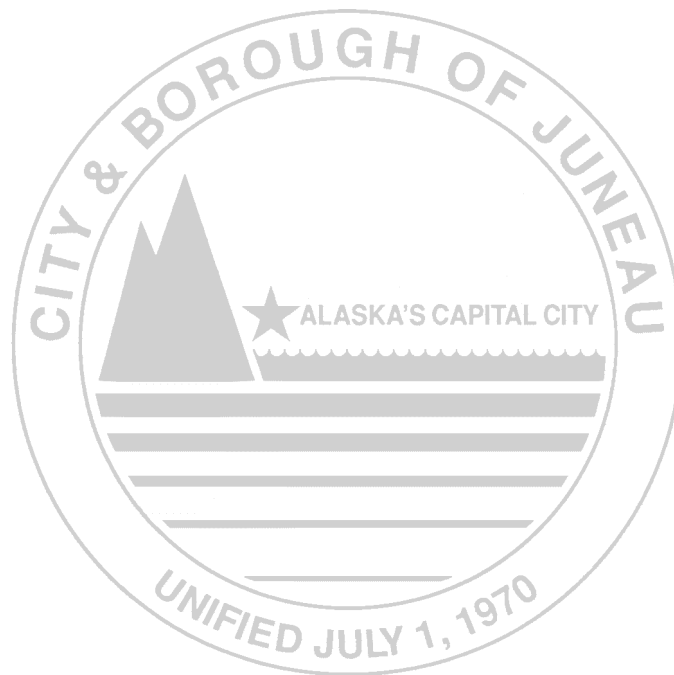

CITY and BOROUGH OF JUNEAU

FOR THE FISCAL YEAR July 1, 2003 to June 30, 2004

COMPREHENSIVE ANNUAL FINANCIAL REPORT



PREPARED BY:

DEPARTMENT OF FINANCE
CONTROLLER'S DIVISION

CRAIG DUNCAN, FINANCE DIRECTOR
MARY NORCROSS, DEPUTY FINANCE DIRECTOR/CONTROLLER

A special thanks to NBBJ for the cover drawing of the Bartlett 2005 Project.

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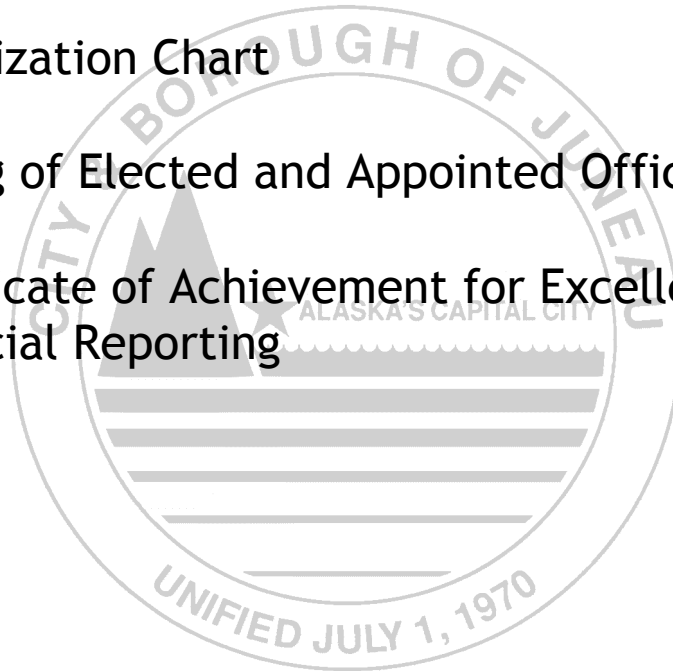
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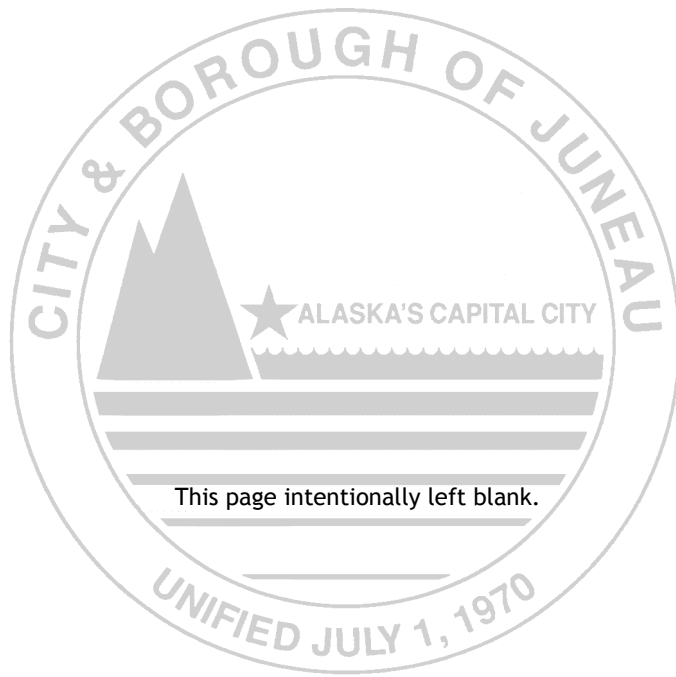
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- Certificate of Achievement for Excellence in Financial Reporting





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December 15, 2004

The Honorable Mayor and Assembly
Mr. Rod Swope, City Manager
City and Borough of Juneau
Juneau, Alaska 99801

I am pleased to transmit to you the Comprehensive Annual Financial Report (CAFR) of the City and Borough of Juneau, Alaska, (CBJ) for the fiscal year ended June 30, 2004.

Section 9.18 of the Charter requires an annual independent audit be made of the financial records and transactions of the CBJ by a certified public accountant. In addition the audit is designed to meet the requirements of the federal Single Audit Act Amendments of 1996, the related OMB Circular A-133 and the State of Alaska audit requirements under AS29.38.220 and 2 AAC 45.010.

The CBJ Finance Department prepared this CAFR. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. The enclosed data is accurate in all material aspects and is presented in a manner, which fairly sets forth the financial position and results of operations of the CBJ, on a government-wide and fund basis.

INTERNAL CONTROLS

To provide a reasonable basis for making these representations, a comprehensive internal control framework has been designed and established to protect the government's assets from loss, theft or misuse. The internal controls also allow for the preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed their benefits, the framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

AUDIT

Elgee Rehfeld Mertz, LLC, Certified Public Accountants have audited the CBJ's financial statements. The goal of the independent audit is to provide reasonable assurance the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the fiscal year ended June 30, 2004 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the CBJ was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of grant awards. These reports are available in the CBJ's separately issued Single Audit Reports.

REPORT PRESENTATION

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This information is presented in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in

The Honorable Mayor and Assembly

conjunction with it. The MD&A can be found in the financial section, immediately following the independent auditor's report.

THE FINANCIAL REPORTING ENTITY

The financial reporting entity includes the primary government (CBJ) and its component unit, the School District, an organization for which the CBJ is financially accountable. The focus of the financial reporting of this entity allows users to distinguish between the financial position and operations of the CBJ and its legally separate component unit. Therefore, the financial data of the School District is presented in a separate column, component unit, in the combined financial statements of the reporting entity.

The CBJ provides a wide range of services including: general administrative, education, community development, port, boat harbors, airport, hospital, alpine and Nordic ski area, parking, library, road services, fire services, mass transit, water and sewer utilities and police. In the last three years, we have had one significant change in our service structure, which is the elimination of the Health and Social Service Department. In FY00, our chemical dependency services were transferred to the hospital and our mental health services were privatized.

MAJOR CONSTRUCTION INITIATIVES AND FACILITY IMPROVEMENTS

Current: In October 2000 voters approved a proposition that imposes a temporary 5-year, 1% areawide sales tax to fund several large capital projects. The temporary tax provides partial funding for a major expansion and renovation of Bartlett Regional Hospital, construction of a seasonal ice arena (Treadwell Arena) and additional funding for the major renovation of the Juneau-Douglas High School. The Treadwell Arena and Juneau-Douglas Renovation projects are substantially complete. The updated status of the hospital project is presented below:

- **Bartlett Regional Hospital:** In December 2003, construction bids were opened a second time with the low bid being approximately \$6.0 million over the construction budget. Restructuring the construction contract to divide the project into two phases allowed the project to proceed with a project budget of about \$47.2 million. Phase I will build the new addition and phase II will remodel the existing building. A \$24.0 million contract was awarded for phase I in August 2004. Phase I is approximately 25% complete with the estimated completion date of April 2006. Once phase I is complete another contract will be awarded for phase II. Anticipated completion of phase II is summer of 2007. \$24.5 million in revenue bonds were issued in August 2004 to fully fund the project.

Future: Upgrades to the Juneau-Douglas School District facilities continue to be a focal point of the City's capital activity. State funding for school capital improvements became available again after voters approved a statewide bonding proposition for design, construction and major maintenance of educational and museum facilities in November 2002. The proposition implemented companion legislation that provided funding for the School Construction Bond Debt Reimbursement Program and allowed the City to move ahead with the new high school project endorsed by the voters in 1999.

- **New High School:** In June 2003, voters approved a proposition authorizing an additional \$12.6 million for the New High School to bring the project total to \$60.8 million. According to the State's Debt Reimbursement Program rules at this time, this size of high school would be eligible for 60% reimbursement. Student capacity was estimated at 1,100 students. \$20.0 million in general obligation bonds were sold in 2003 as partial funding for the project.

However, in May 2004 voters approved a ballot initiative prohibiting the City from awarding bids for the new high school until three criteria were met (regarding student population, school operating funds and school design). That voter decision effectively cancelled the high school project, which at that point had been fully designed. After several months of meetings to evaluate how to address the existing high school overcrowding problem, the School Board recommended pursuing a smaller school, which would cost \$54 million and have a capacity of 838 students. This recommendation was placed on the October 2004 General Election ballot. A second recommendation was made to redirect the bond funds left over from the cancelled high school project to school maintenance projects throughout the District.

The voters approved both recommendations in the October 2004 General Election. The left over bonds will be redirected for major maintenance projects as well as repairs needed to comply with the Americans with Disabilities Act. The new high school and the major maintenance projects qualify for 70% state reimbursement. Currently, the new high school is in the re-programming and conceptual design phase. Site work will begin in summer 2005 and the building construction will begin in summer 2006. The estimated completion date is late summer 2008; the school is scheduled to open in fall 2008.

The School District is in the planning phase for the major maintenance projects.

- **School Building Improvements:** In the October 2003 general election, voters authorized the issuance of \$6.9 million in general obligation bonds for renovations to the Floyd Dryden Middle School and Harborview Elementary School. These projects are still in the planning phase and the bonds have not been issued.
- **Miscellaneous Bond Funded Capital Projects:** In October 2002, voters approved \$15.0 million in additional general obligation bonds to fund a variety of capital improvement projects. \$13.3 million in general obligation bonds were issued in October 2003 to fund the following projects:
 - \$9.3 million for various docks and harbors projects;
 - \$2.2 million for a 3.8 mile expansion of the North Tee Harbor water system;
 - \$1.8 million for water and sewer improvements at the Juneau International Airport and in Douglas, expansion of Eaglecrest Ski Area lodge and planning/design of the West Juneau Park.

FACTORS AFFECTING FINANCIAL CONDITION

In presenting the financial information it may be helpful to obtain a broader perspective of the CBJ's economic environment.

Local Economy: Juneau is Alaska's capital and its third largest city. Located in the southeast part of the state, the City is bounded on the north and east by the Coast Range; to the south and west by the extensive network of islands and waterways of the Alexander Archipelago.

As Alaska's Capital City, government largely supports our economic base. In efforts to diversify, the CBJ continues to encourage investments in mining, manufacturing, tourism and regional merchandising. These efforts have resulted in private sector growth and economic diversification.

Private sector jobs represented 56% of all employment in 2003. This represents a continued downward trend in the private sector with private sector jobs declining by 47 while public sector jobs went up 173, continuing an upward trend.

Even though there is some indication that efforts to diversify are succeeding, the fact remains that Juneau's economic base still relies heavily on government employment. More than 7,692 of the 17,463 jobs reported by employers in 2003, were public sector jobs with the federal, state or local governments. The largest public sector employer is the state government with 4,547; while federal and local government employed 954 and 2,191, respectively.

The U.S. Forest Service and National Oceanic and Atmospheric Administration make up most of the federal work force. Other federal agencies providing employment in Juneau include the Coast Guard (U. S. Department of Transportation) and the U.S. Postal Service.

Except for the oil price crash and recession of 1986-88, Juneau's economy has shown moderate to significant growth. Even though the 2003 unemployment rate was 6.2%, an increase of .3% from the 2002 rate of 5.9%, Juneau's growth trend was slightly higher than the preceding ten-year average. Indicators, such as real estate values and gross business sales, all grew at a slightly slower pace in 2003.

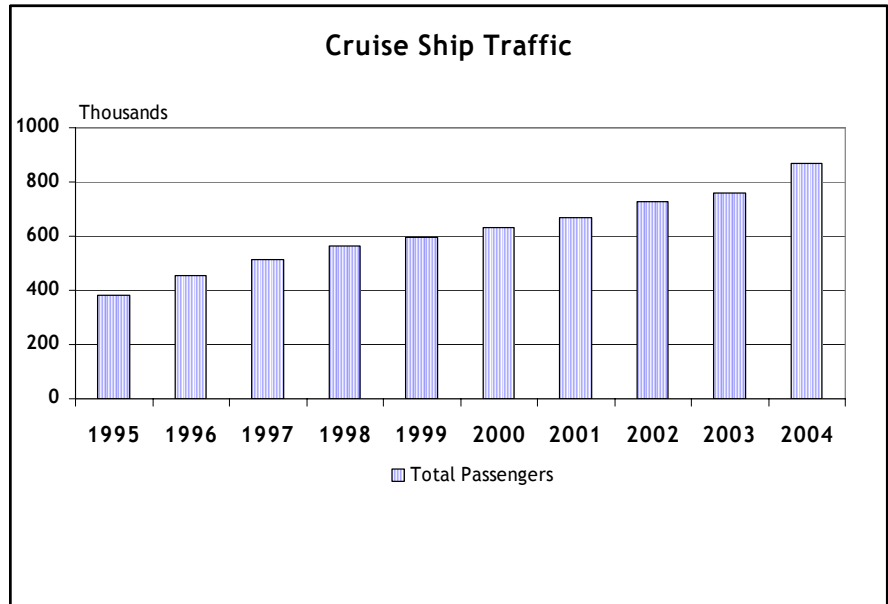
As of January 1, 2004 assessment, "real property" assessed values were \$2.57 billion, an increase of 6.0% over 2003. This increase was mainly due to a reevaluation of commercial and residential property coupled with a steady growth in new construction. The CBJ also issued 108 new residential unit-building permits in fiscal year 2004, a decline of 9.2% over fiscal year 2003.

Tourism experienced another active season in 2003. The majority of Juneau's visitors arrive by large cruise ships, traveling from Vancouver and Seattle by way of the "Inside Passage". During the summer of 2003, 760,432 passengers visited Juneau. This was a 4.4% increase over the previous summer's traffic. The preliminary tallies for 2004 indicate that as many as 867,055 cruise ship passengers visited Juneau.

The Honorable Mayor and Assembly

Other visitors to "Alaska's Capital City" arrive by major airline carriers and the Alaska Marine Highway. The number of passengers enplaning at the Juneau International Airport increased from 248,492 in 2002 to 249,994 in 2003, a 0.06% increase. However, Alaska Marine Highway traffic declined by 7.1%, to a total of 67,640 passengers.

Mining was Juneau's first basic industry and the backbone of the local economy until World War II. Thousands came at the turn of the century to mine gold in a string of highly mineralized deposits known as the "Juneau Gold Belt". Juneau was the hub of mining activity for this region, which stretched 120 miles from Berners Bay to Windham Bay. During the early 1900's the area produced dozens of mines with output totaling six million ounces of gold and one million ounces of silver. At today's prices, that amount of gold and silver would be worth approximately \$2.5 billion.



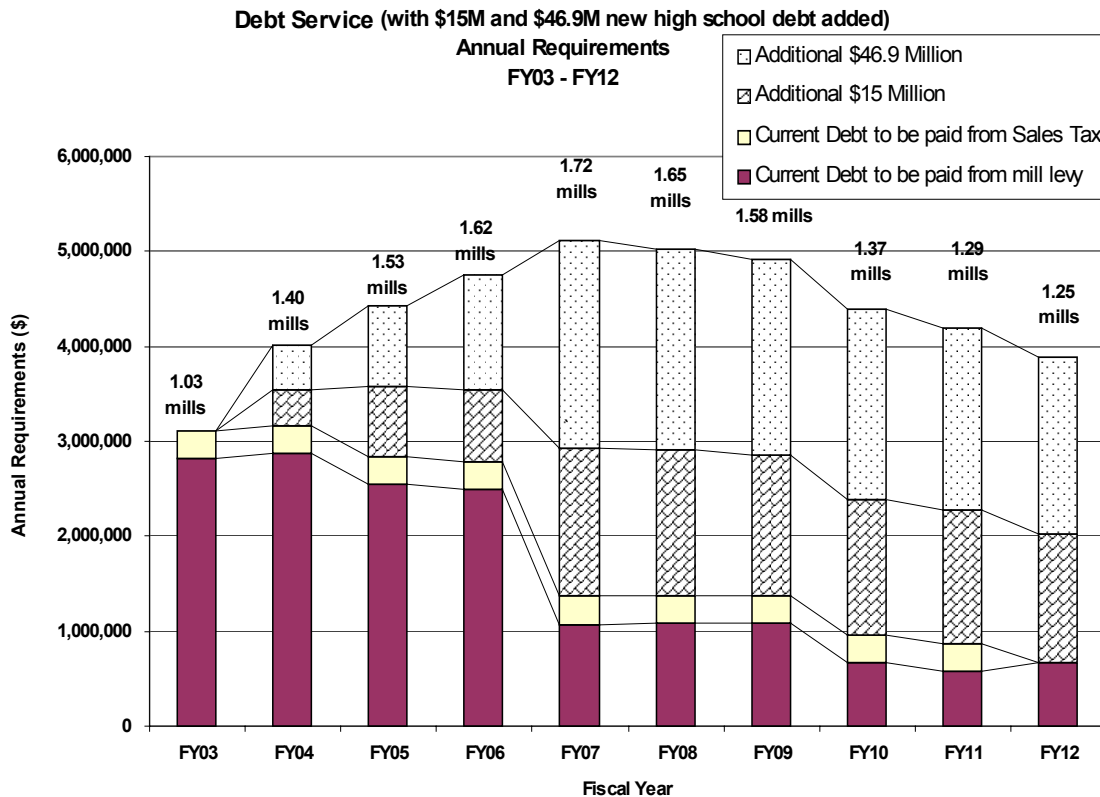
Juneau continues to benefit from large-scale mining. The largest operating mine in the Juneau area, the Kennecott Greens Creek, is located on Admiralty Island 18 miles west of downtown Juneau, and within the CBJ's boundaries. A land exchange/agreement in 1998 provided the Kennecott Greens Creek Mining Company with title to an additional 7,100 acres of mineralized property adjacent to the mine. The Company conducted an active exploration program on the land exchange property during FY01 and expects to continue exploration throughout the mine life. Currently the Kennecott Greens Creek Mine supports an annual payroll of approximately \$20 million, of which \$15.7 is paid to Juneau residents, and employs a workforce of approximately 265 individuals. The mine presently processes in excess of 2,200 tons of ore per day. On an annual basis, that production yields approximately 10 million ounces of silver, 85,000 ounces of gold and a total of 200,000 tons of zinc, lead and bulk concentrates.

Based on exploration information, the Kennecott Greens Creek Mining Company believes that the mine life may be extended an additional 9 years (from 2004). The permitted tailings disposal capacity was expanded to accommodate material from the known ore reserves as well as anticipated reserves. The 2003 U.S. Forest Service Environmental Impact Statement, that was required for the project, and associated Record of Decision allowed an amendment to the General Plan of Operations to expand the tailings disposal capacity. The company also obtained the additional required permits for expansion of the tailings area from other regulatory agencies.

The Kensington and Jualin mining prospects have been under analysis for possible development for approximately 15 years. In mid-1995 Coeur Alaska, Inc. acquired full ownership of the Kensington Gold Project. Since that time the company has performed engineering, design work and permitting on the mine site. The U.S. Forest Service will issue the Final Supplemental EIS and Record of Decision on the project in late 2004 or early 2005. Remaining federal and state permits are anticipated to be issued during the first half of 2005, with initial production expected in 2006. Given the current prices of gold (\$440/oz on the New York spot market in mid-December 2004), Coeur is motivated to bring the prospect into production. It is estimated that a fully operating mine would employ 225 workers during a 10-year mine life. Annual payroll is estimated to be \$15 million.

Besides tourism and mining, Juneau is offering economic incentives to other smaller industries to broaden the City's economy. A small, but economically important, area targeted by CBJ is regional shopping. The City has made a concerted effort to establish itself as a regional shopping destination for Southeast Alaska residents. As an incentive, local legislation provides for sales tax exemptions for nonresidents and property tax exemptions on business inventory.

Long-term Financial Position: While Juneau's economic indicators continue to show modest annual growth, the dominance of state government in the local economy, coupled with state government's reliance on a single revenue source, oil royalties and taxes, make long-term economic stability less certain.



Anticipating the eventual reduction in state funds due to decreasing oil production, the Mayor has appointed special ad hoc committees to develop ideas for long-term financial stability. Two such committees appointed in 1999 and 1990 respectively presented the Assembly with a number of economic suggestions. The Assembly implemented a number of efficiency recommendations, with the most significant recommendation being the creation of the Emergency Budget Reserve. The source of funding for the Emergency Budget Reserve is a portion of 1% of the 3% temporary sales tax levy. This sales tax levy has a five-year term. Juneau voters approved renewal of the temporary 3% tax levy in October 2000. The tax is effective July 1, 2002 and will expire June 30, 2007. The goal is to place \$10 million into the Emergency Budget Reserve. The CBJ has placed over half that amount, or about \$7.0 million, into the reserve as of June 30, 2004.

While we anticipate that the CBJ's long-term budgetary position will be tight, these future budgets should be within our ability to conservatively manage. Our projected operating mill levy needed for FY05 is 10.94 mills. This is well below the 12-mill levy cap placed on the operating mill levy. Additionally, we have seen increases in the mill levy to fund debt service. While there are no mill levy restrictions on the general obligation debt service mill levy, the tax impact to local residents is a concern. The mill levy required for the voter authorized general obligation bonds is estimated to climb to a peak of 1.72 mills in FY07. We are reviewing funding alternatives and possible ways to reduce the impact by matching maturing debt with this new debt service.

CASH MANAGEMENT

All cash used for operations and capital projects is maintained in an account referred to as the "Central Treasury". Central Treasury investments, consisting of temporarily idle cash, are managed in separate portfolios. Two portfolios are managed internally by CBJ staff while the third is managed through an investment management contract with Northern Trust. Authorized investments under both internal and external management are listed in Note 3 of this Comprehensive Annual Financial Report. The CBJ maintains a policy of minimizing risk through emphasis on investment security rather than the investment portfolio rate of return. Investments are selected after cash flow and risk analysis. The average yield on the Central Treasury investments for fiscal year 2004 was 0.67%. Investment revenues in the general fund, for the year ended June 30, 2004, represent 2.17% of the general fund revenues. Overall, the CBJ earned investment earnings of \$1.2 million.

The Honorable Mayor and Assembly

RISK MANAGEMENT

The CBJ continues to manage its existing risk management program successfully. Departmental allocations and claims payable figures for incurred but not reported claims have been adjusted to assure the availability of adequate resources to fund potential losses. Deductible levels are \$250,000 for property, general liability, and non-owned auto liability. The Workers' Compensation self-insurance reserve (SIR) is \$500,000. Special policies are carried for airport, hospital, ski resort, docks and harbors, and volunteer fire fighters. The CBJ also carries employee bonds when prudent. The following loss control techniques are employed to enhance our overall risk management program: (1) employee safety programs which include safety awareness and training; (2) regular inspections of all facilities and operations by the CBJ safety and loss control officers; and (3) inspections by third party inspectors such as state OSHA and insurance company loss control specialists. Risk Management also administers health benefits, group insurance and wellness and employee assistance programs.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City and Borough of Juneau, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. CBJ has received a Certificate of Achievement for the last seventeen consecutive years (fiscal years ended 6/30/87 - 6/30/03). We believe that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

I would like to thank the Finance Department staff for their efforts in preparing this comprehensive annual financial report. Mary Norcross, CBJ's Assistant Finance Director/Controller, coordinates the team efforts necessary for the report's production. Special thanks goes to Barbara Rolfe, Treasurer; Calvin Kubota, Deputy Treasurer; Anna Blackwell, Helen Davies, Sonia DelGado, Mary Ann Flake, Julia Haldorson, Angelica Lopez-Campos and Pat White, Accountants. Without their efforts, the production of the annual financial report would not be possible.

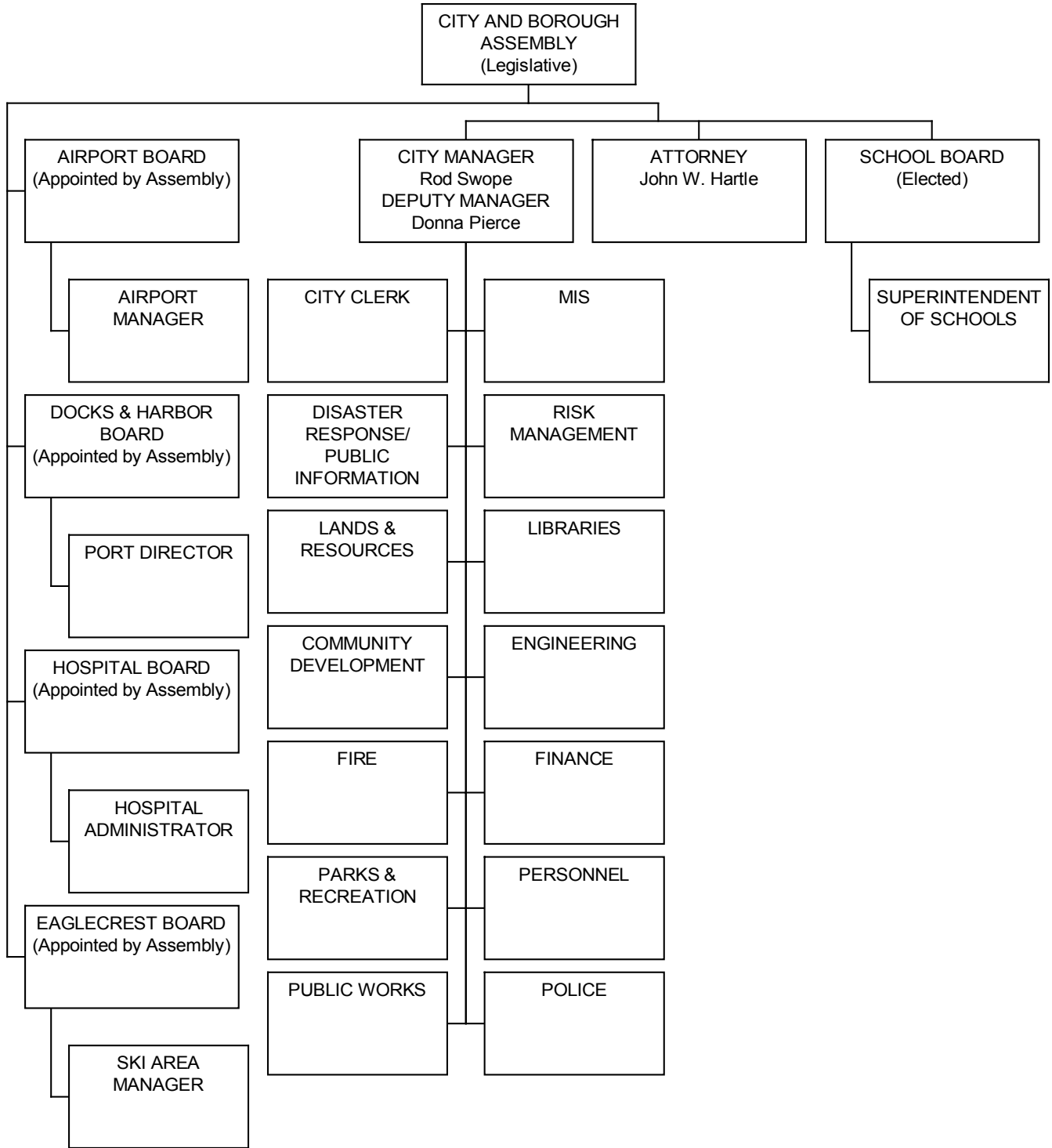
I wish to express my appreciation to Rod Swope our City Manager, for his support throughout the year in accomplishing our fiscal goals. Also, I want to thank the Mayor and Assembly for their interest and support in planning and conducting the financial operations of the City and Borough of Juneau in a responsible and progressive manner.

Respectfully submitted,



Craig W. Duncan, Finance Director

CITY and BOROUGH OF JUNEAU GOVERNMENTAL FUNCTIONS Organizational Chart



CITY and BOROUGH OF JUNEAU

ASSEMBLY

MAYOR

Bruce Botelho

DISTRICT #1

Jeff Bush
Merrill Sanford
David G. Stone

DISTRICT #2

Randy Wanamaker
Stan Ridgeway
Daniel Peterson

AREAWIDE

Johan Dybdahl
Marc Wheeler

ADMINISTRATION

Rod Swope, City Manager

FINANCE

Craig W. Duncan, Finance Director
Mary Norcross, Assistant Finance Director/Controller
Barbara J. Rolfe, Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and Borough of Juneau,
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

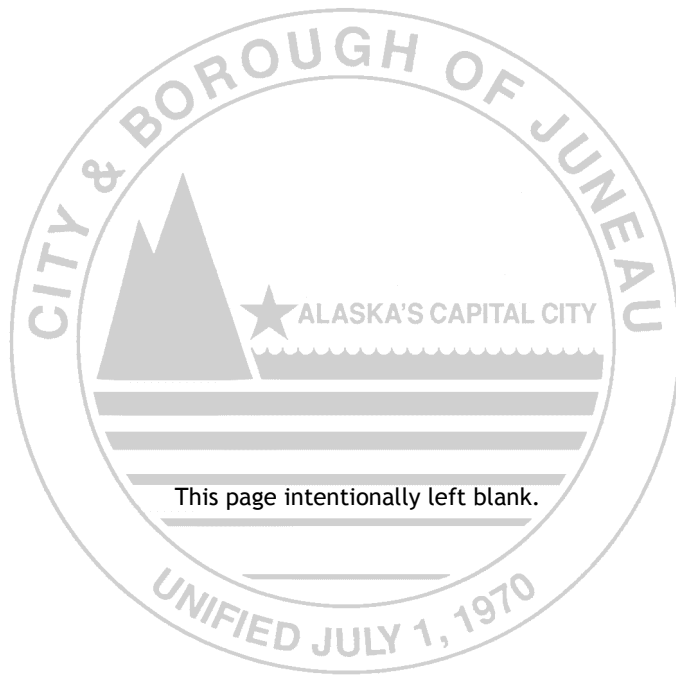


Nancy L. Ziehl

President

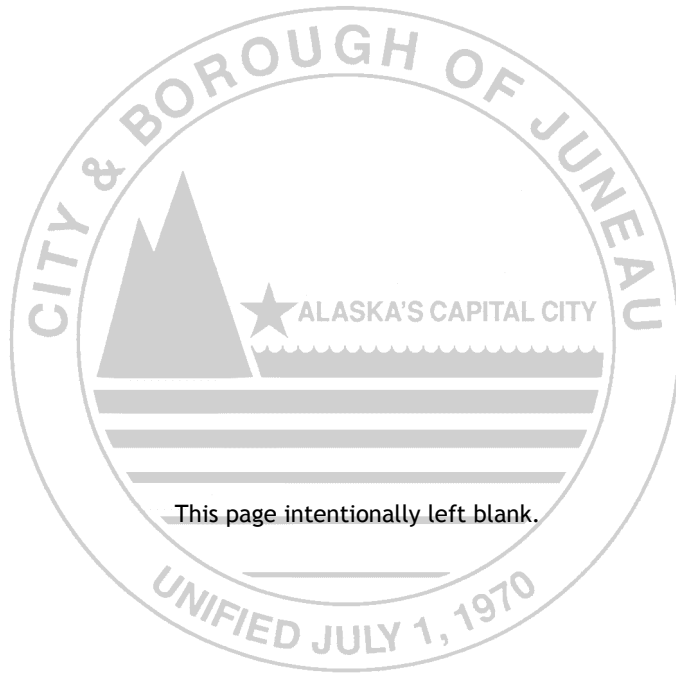
Jeffrey R. Emer

Executive Director



FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- Combining Fund Statements and Schedules
- Governmental Individual Fund Statements and Schedules
- Proprietary Individual Fund Statements and Schedules
- Capital Assets Used in the Operation of Governmental Funds



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ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Members of the Assembly,
City and Borough of Juneau, Alaska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough of Juneau, Alaska (City and Borough) as of and for the year ended June 30, 2004, which collectively comprise the City and Borough's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City and Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough as of June 30, 2004, and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major Special Revenue and Capital Project Funds, as listed in the table of contents, for the year then ended in conformity with generally accepted accounting principles of the United States of America.

The Management's Discussion and Analysis as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2004 on our consideration of the City and Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City and Borough's basic financial statements. The introductory section, combining and individual major and nonmajor fund financial statements, and statistical data are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual major and nonmajor fund financial statements and schedules have been subjected to the auditing

procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

ERM

December 3, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City and Borough of Juneau (CBJ) Management's Discussion and Analysis provides the narrative overview and analysis of the financial activities of the CBJ for the fiscal year ended June 30, 2004. Readers should consider the information presented here in conjunction with additional information in the letter of transmittal, which can be found on pages vii-xii of this report.

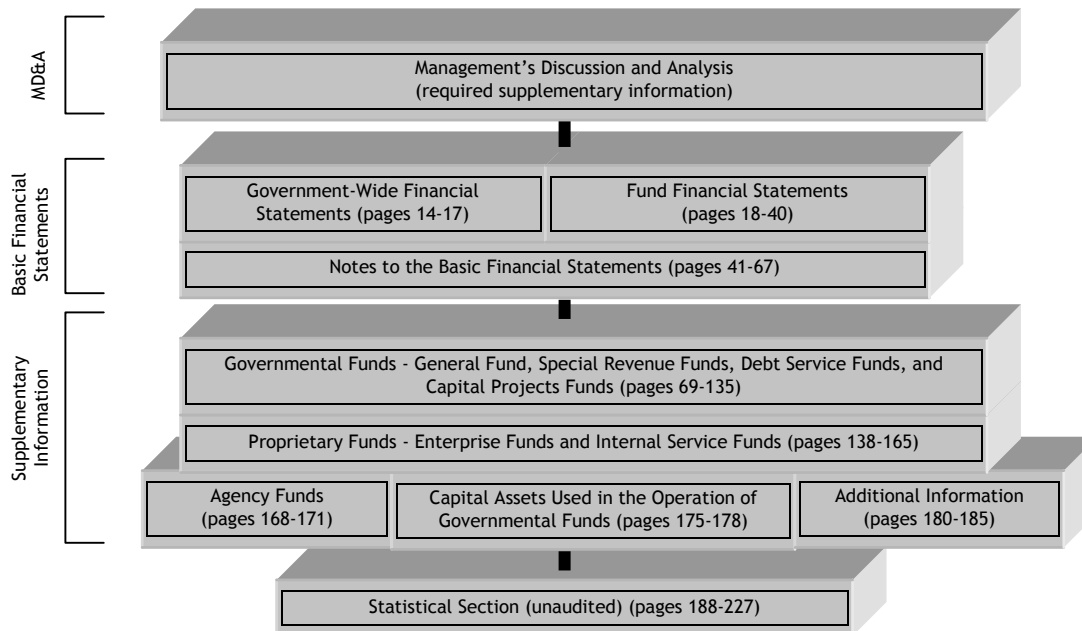
FINANCIAL HIGHLIGHTS

- CBJ net assets increased by \$11.8 million (2.2%). The governmental net assets decreased by \$14.7 million (5.3%) and the business-type net assets increased by \$26.5 million (10.6%)
- The governmental activity revenue increased \$9.5 million (11.6%) primarily due to the increase in charges for services.
- The total cost of all CBJ programs increased by \$9 million (6.0%) with the increase primarily attributable to recreation, public works, interest on long-term debt, harbors and docks, and waste management utility.
- The most significant governmental activity is education, which represents 25.6% of governmental expenses and 13.7% of total expenses. The most significant business-type activity is the hospital, which represents 68.4% of business-type expenses and 31.8% of total expenses.
- Total liabilities of CBJ increased \$31.1 million (45.6%) due to the issuance of bonds for the construction of a new high school and the renovation of Juneau Douglas High School.
- The General Fund (the primary operating fund), on the current financial resources basis, reported a decrease in fund balance of \$1.7 million (23.9%).

REPORT FORMAT

The comprehensive annual financial report is presented with the Management's Discussion and Analysis (MD&A). The report consists of government-wide statements, fund financial statements, notes to the financial statements, combining statements of non-major funds and supplementary information.

The report layout is graphically presented in the following illustration:



The first statements are highly condensed and present a government-wide view of the City's finances. Within this view, all operations are reported as either governmental or business-type activities. Governmental activities include basic services

MANAGEMENT'S DISCUSSION and ANALYSIS

June 30, 2004

such as public safety, public transportation, public works, parks and recreation, community development and general government administration. Business-type activities are airport, hospital, water, sewer, harbor, dock, and waste management. The government-wide statements include the Statement of Net Assets and Statement of Activities.

The focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to focus on the more relevant financial issues and broaden their basis for year to year or government to government comparisons.

OVERVIEW OF FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the CBJ's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the CBJ's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the CBJ's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether our financial position is improving or deteriorating.

The statement of activities demonstrates how the net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

These statements discretely present the financial position and activities of the school district, which is a component unit.

The government-wide financial statements can be found on pages 14-17 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental funds. *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. Governmental fund financial statements help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. A reconciliation is presented to facilitate this comparison between *governmental funds* and *governmental activities*.

The CBJ maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major governmental funds. The major governmental funds are the general fund; the roaded service area and sales tax special revenue funds; and the school capital projects fund. Data from the remaining special revenue, debt service funds and capital projects funds is presented in aggregate. Detail by fund type is presented in the combining statements.

The CBJ adopts an annual budget for all operating funds. A budgetary comparison statement has been provided for the major governmental funds except for the school capital projects fund, which is budgeted by project rather than on an annual basis.

MANAGEMENT'S DISCUSSION and ANALYSIS

June 30, 2004

The basic governmental fund financial statements can be found on pages 18-28 of this report.

Proprietary funds. The CBJ maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are used to accumulate and allocate costs among the CBJ's various functions. Internal service funds account for central equipment and risk management services. Central equipment services predominately benefit governmental rather than *business-type functions*, and have been included within *governmental activities* in the government-wide financial statements. Risk management services predominately benefit *business-type activities* and have been included with the proprietary funds.

The proprietary fund financial statements provide separate information for the airport, hospital, water and sewer utilities, harbors, dock and waste management. The airport, hospital and water and sewer utilities are considered major funds. The internal service funds are combined in aggregate in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30-39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the CBJ's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 40 of this report.

Notes to the financial statements. The notes provide additional information to support and clarify the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as an indicator of a government's financial position. In the case of the CBJ, assets exceeded liabilities by \$538.2 million as of June 30, 2004, compared to \$526.3 million and \$514.8 million for the years ended June 30, 2003 and June 30, 2002, respectively.

The largest portion of the CBJ's net assets (83.2%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt that is still outstanding. CBJ uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although CBJ's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this outstanding debt must be provided from other sources, as the capital assets themselves cannot be used as a source of funds to liquidate these liabilities. The amount of debt related to the investment in capital assets is \$78.1 million, of which \$20 million was unexpended as of June 30, 2004.

CITY and BOROUGH OF JUNEAU'S NET ASSETS

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|-------------------------------|--------------------------------|-------------|---------------------------------|-------------|---------------|-------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| Current and other assets | \$ 63,478,911 | 55,931,407 | 68,798,090 | 46,348,008 | 132,277,001 | 102,279,415 |
| Capital assets | 270,978,449 | 265,150,618 | 234,188,568 | 227,121,191 | 505,167,017 | 492,271,809 |
| Total assets | 334,457,360 | 321,082,025 | 302,986,658 | 273,469,199 | 637,444,018 | 594,551,224 |
| Current and other liabilities | 11,778,812 | 12,889,836 | 13,894,773 | 11,527,467 | 25,673,585 | 24,417,303 |
| Long-term liabilities | 60,599,415 | 31,396,224 | 13,019,980 | 12,397,703 | 73,619,395 | 43,793,927 |
| Total liabilities | 72,378,227 | 44,286,060 | 26,914,753 | 23,925,170 | 99,292,980 | 68,211,230 |
| Net assets: | | | | | | |
| Invested in capital assets, | | | | | | |
| net of related debt | 227,578,882 | 236,580,393 | 220,367,248 | 213,610,418 | 447,946,130 | 450,190,811 |
| Restricted | 16,379,939 | 23,108,128 | 23,768,023 | 11,440,786 | 40,147,962 | 34,548,914 |
| Unrestricted | 18,120,312 | 17,107,443 | 31,936,634 | 24,492,826 | 50,056,946 | 41,600,269 |
| Total net assets | \$ 262,079,133 | 276,795,964 | 276,071,905 | 249,544,030 | 538,151,038 | 526,339,994 |

MANAGEMENT’S DISCUSSION and ANALYSIS

June 30, 2004

An additional portion of the CBJ’s net assets (\$40.1 million or 7.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$50.1 million or 9.3%) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the CBJ was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior two fiscal years.

The government’s net assets increased by \$11.8 million during the current fiscal year compared to \$11.6 million in the prior fiscal year. This variance resulted from expenses increasing (\$8.9 million or 5.9%) at a slower rate than revenues (\$9.2 million or 5.7%). Nearly all of this variance was in governmental activities as revenues increased by \$9.5 million (11.6%) while expenses only increased \$6.1 million (7.7%). The growth in charges for service revenue was mainly centered in the accounting presentation of interest in long term-debt.

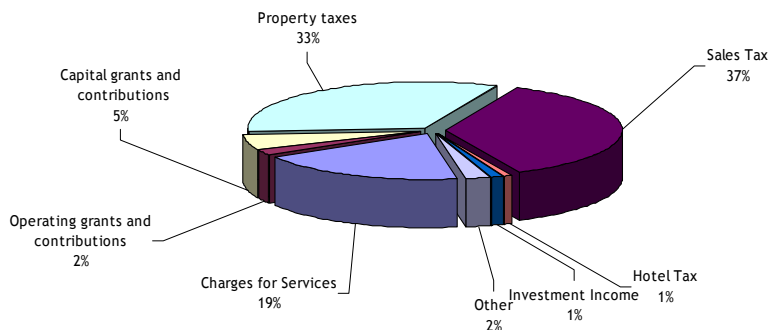
Governmental Activities. Governmental activities net assets decreased by \$14.7 million or 124.6% of the total change in net assets. However net assets increased overall by \$11.8 million. Key elements of the decrease for governmental activities are as follows:

CITY and BOROUGH OF JUNEAU’S CHANGES IN NET ASSETS

| REVENUES: | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|----------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|--------------------|--------------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| Program revenues: | | | | | | |
| Charges for services | \$ 17,535,879 | 7,134,988 | 68,989,577 | 62,777,422 | 86,525,456 | 69,912,410 |
| Operating grants & contributions | 1,711,698 | 2,197,407 | 460,706 | 575,575 | 2,172,404 | 2,772,982 |
| Capital grants & contributions | 4,884,822 | 5,892,438 | 9,441,157 | 15,019,420 | 14,325,979 | 20,911,858 |
| General revenues: | | | | | | |
| Property taxes | 30,025,665 | 28,725,113 | - | - | 30,025,665 | 28,725,113 |
| Other taxes | 33,840,677 | 31,683,357 | - | - | 33,840,677 | 31,683,357 |
| Other | 2,915,600 | 5,827,298 | 289,681 | 1,040,077 | 3,205,281 | 6,867,375 |
| Total revenues | \$ 90,914,341 | 81,460,601 | 79,181,121 | 79,412,494 | 170,095,462 | 160,873,095 |

- Significant increase in charges for services and taxes contributed to the overall increase in net assets. While the interest on long-term debt from the investment of bond sales declined significantly from the prior year, CBJ issued 33.25 million in general obligation debt. Much of this was unexpended at fiscal year end and earned interest.
- Other tax revenue increased \$2.2 million (6.8%) due to increases in sales tax collections. The fiscal year 2004 summer came with good weather which in turn boosted Juneau’s sales enormously, especially from tourists that got off the ships and moved around town.

Revenues - Governmental Activities
Fiscal Year Ended June 30, 2004



MANAGEMENT'S DISCUSSION and ANALYSIS

June 30, 2004

- Property tax revenues increased \$1.3 million (4.5%) due to an increase in the mill rate of .07% and a 2.5% growth in assessed property valuation. The majority of this year's property increase is due to new and real property value gains, which have been offset by business personal property value reductions.
- A \$3.0 million decrease in other revenue was primarily due to the decrease in interest income for unrestricted investment earnings.

CITY and BOROUGH OF JUNEAU'S CHANGES IN NET ASSETS, continued

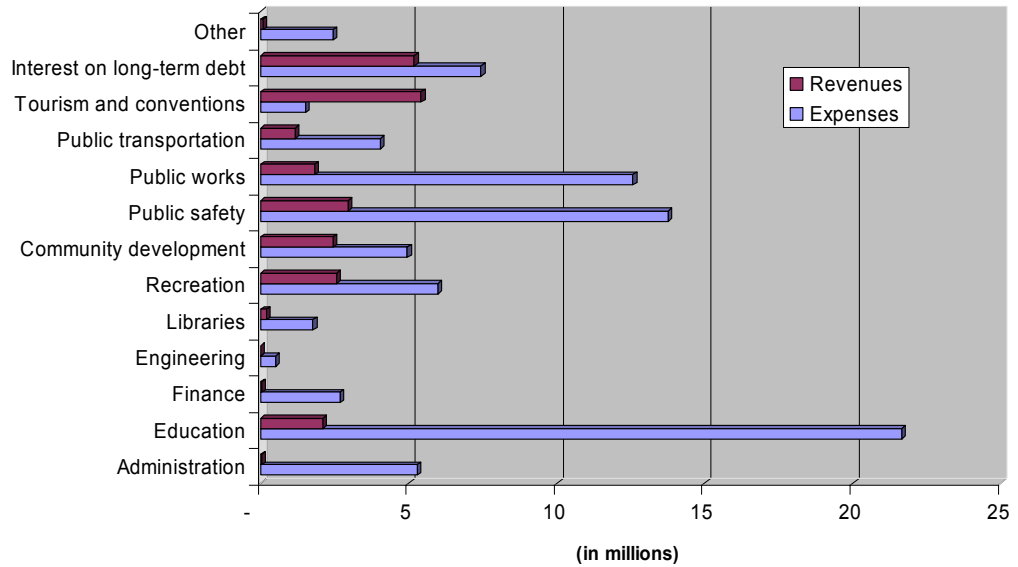
| EXPENSES: | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|-----------------------------------|--------------------------------|-------------|---------------------------------|-------------|---------------|-------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| Administration | \$ 5,289,733 | 6,222,487 | - | - | 5,289,733 | 6,222,487 |
| Education | 21,640,289 | 27,474,708 | - | - | 21,640,289 | 27,474,708 |
| Finance | 2,694,998 | 2,592,406 | - | - | 2,694,998 | 2,592,406 |
| Engineering | 504,518 | 576,328 | - | - | 504,518 | 576,328 |
| Libraries | 1,773,714 | 2,079,346 | - | - | 1,773,714 | 2,079,346 |
| Recreation | 6,006,226 | 4,772,951 | - | - | 6,006,226 | 4,772,951 |
| Community development | 4,961,726 | 4,529,458 | - | - | 4,961,726 | 4,529,458 |
| Public safety | 13,749,237 | 14,451,818 | - | - | 13,749,237 | 14,451,818 |
| Public works | 12,579,360 | 5,021,379 | - | - | 12,579,360 | 5,021,379 |
| Public transportation | 4,042,682 | 3,966,378 | - | - | 4,042,682 | 3,966,378 |
| Tourism and conventions | 1,512,871 | 1,495,046 | - | - | 1,512,871 | 1,495,046 |
| Interest on long-term debt | 7,448,694 | 3,643,659 | - | - | 7,448,694 | 3,643,659 |
| Other | 2,447,101 | 1,655,173 | - | - | 2,447,101 | 1,655,173 |
| Airport | - | - | 6,108,455 | 6,134,297 | 6,108,455 | 6,134,297 |
| Harbors | - | - | 2,822,952 | 2,349,669 | 2,822,952 | 2,349,669 |
| Docks | - | - | 1,909,645 | 1,531,668 | 1,909,645 | 1,531,668 |
| Hospital | - | - | 50,343,145 | 48,331,759 | 50,343,145 | 48,331,759 |
| Water | - | - | 3,995,160 | 4,577,902 | 3,995,160 | 4,577,902 |
| Sewer | - | - | 7,693,921 | 7,370,927 | 7,693,921 | 7,370,927 |
| Waste Management | - | - | 759,991 | 537,254 | 759,991 | 537,254 |
| Total expenses | 84,651,149 | 78,481,137 | 73,633,269 | 70,833,476 | 158,284,418 | 149,314,613 |
| Increase in net assets | | | | | | |
| before transfers | 6,263,192 | 2,979,463 | 5,547,852 | 8,579,018 | 11,811,044 | 11,558,481 |
| Transfers | (20,980,023) | (5,572,925) | 20,980,023 | 5,572,925 | - | - |
| Increase (decrease) in net assets | (14,716,831) | (2,593,462) | 26,527,875 | 14,151,943 | 11,811,044 | 11,558,481 |
| Net assets - 7/1 | 276,795,964 | 279,389,426 | 249,544,030 | 235,392,087 | 526,339,994 | 514,781,513 |
| Net assets - 6/30 | \$ 262,079,133 | 276,795,964 | 276,071,905 | 249,544,030 | 538,151,038 | 526,339,994 |

MANAGEMENT’S DISCUSSION and ANALYSIS

June 30, 2004

- Administration expenses decreased \$0.9 million (15.0%) primarily due to decreased contributions to the Alaska Committee, which in the prior year were used to support opposition of the statewide proposition to move the Legislature.
- Education expenses decreased \$5.8 million (21.2%) primarily due to construction activity on capital improvement projects.
- Recreation expenses increased \$1.2 million (25.8%) due to an increase in operation expenses, and a decrease in capitalized assets.

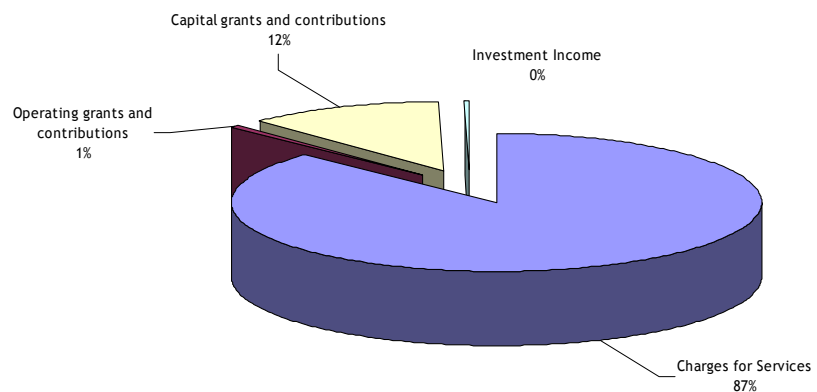
**Expenses and Program Revenues - Governmental Activities
June 30, 2004**



- Public Works’ overall expense increased by \$7.5 million (150.5%) which was primarily due to an increase in operating and depreciation expenses, combined with a decrease in capitalized assets.
- Interest on long-term debt increased by \$3.8 million (104.4%) due to current year bonds issued for construction of the new high school, bonds issued at the end of fiscal year 2003 for the Marine Park/Steamship Wharf capital project and bond-funded projects approved by the voters in fiscal year 2002.

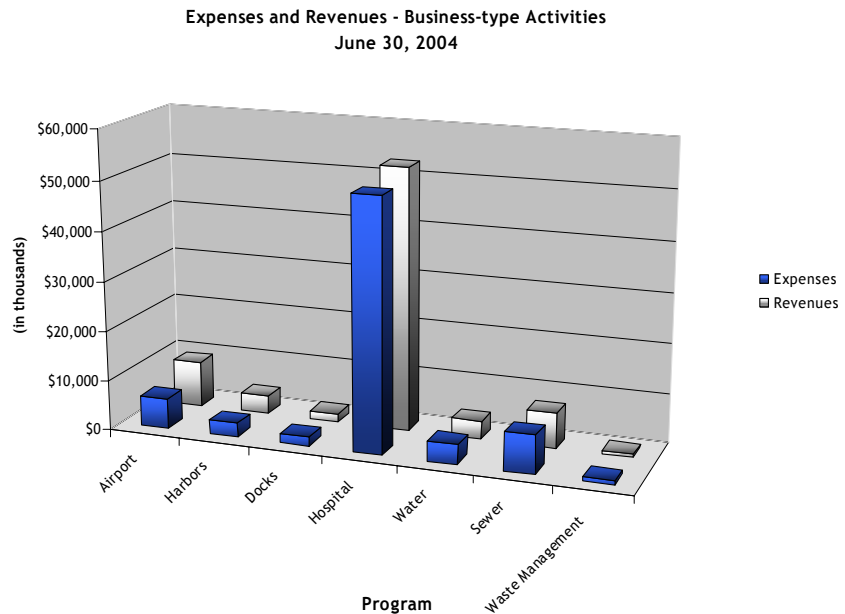
Business-type activities. Business-type activities increased the CBJ’s net assets by \$26.5 million and accounted for 225% of the total growth in net assets. Key elements of this increase are as follows:

**Revenues - Business-type Activities
Fiscal Year Ended June 30, 2004**



- Charges for services increased \$6.2 million (9.9%) due to the hospital’s increased rates from expanded services and increased sewer rates.
- Capital grants and contributions decreased \$5.5 million (37.1%) due to decreased bond activity in harbors and dock.
- Other revenue decreased \$915.6 thousand (88%) due to a decrease in interest income on unrestricted investment earnings.

- Harbors and Dock expenses increased \$473.3 thousand (20.1%) and \$234.1 thousand (15.5%) due to increased depreciation expenses.
- Waste management expenses increased \$222.7 thousand (41.5%) due to an increase in contractual services for hazardous waste collection and recyclable waste disposal.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the CBJ's governmental funds reported combined ending fund balances of \$53.8 million, an increase of \$8.8 million (19.6%) over the prior year primarily due to school capital projects. Of this total amount, \$42.5 million represents unreserved undesignated fund balance, which is available for spending. The remainder is reserved, or designated, to indicate that it is not available for new spending. The remaining fund balance of \$11.3 million has already been committed to liquidate contracts and purchase orders of the prior period (\$5.7 million), to meet the liability for earned but unused leave (\$2.8 million), and for other restricted purposes (\$2.7 million).

The general fund is the primary operating fund of the CBJ. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4.0 million, while total fund balance reached \$5.4 million. As a measure of the general fund's liquidity, both unreserved fund balance and total fund balance may be compared to total fund expenditures and other financing uses. Unreserved fund balance and total fund balance represent 15.2% and 20.2% of total expenditures and other financing uses, respectively.

Significant changes are as follows:

- Property taxes increased \$2.4 million (15.78%)
- Debt reimbursement from the State of Alaska increased \$.4 million (26.7%)
- Investment income decreased \$2.5 million (82.3%)
- Legislative and legal expenditures decreased \$1.5 million (38.4%) and \$.4 million (56.5%) respectively
- Transfers to the debt service funds decreased \$.7 million (19.1%)

MANAGEMENT'S DISCUSSION and ANALYSIS

June 30, 2004

The roaded service area special revenue fund is composed of parks and recreation, public safety - police, and public works - roads and street maintenance coupled with some support to Schools for youth activities. At the end of the current fiscal year, unreserved fund balance was \$2.8 million, while total fund balance reached \$3.1 million.

Significant changes are as follows:

- State sources decreased \$.40 million (23.3%)
- Fines and forfeitures increased \$.10 million (28.8%)

The sales tax special revenue fund makes up about 17.0% of total CBJ revenue. It is largely composed of 5.0% sales tax and 3.0% liquor tax. The unreserved fund at June 30, 2004, was \$9.1 million, while total fund balance reached \$10.0 million.

Significant changes are as follows:

- Sales tax increased \$1.7 million (5.6%)
- Transfers to the enterprise fund capital projects increased \$3.5 million (127.8%)
- Transfers to the general fund decreased \$2.3 million (14.4%)

Other governmental funds (with the exclusion of the general fund, roaded service area and sales tax) have a combined fund balance of \$35.3 million, an increase of \$8.1 million (27.2%). Significant changes are primarily due to expenditures made in the school capital project fund for the New High School at Dimond Park and Juneau Douglas High School Renovation project.

Enterprise funds. The CBJ's enterprise funds encompass the business-type activities presented in the government-wide financial statements, except for the exclusion of internal service fund activity.

As of the end of the current fiscal year, enterprise funds total combined net assets were \$273 million, an increase of \$26.3 million (10.6%) over the prior year. Of this amount, \$29.3 million represented unrestricted net assets. This amount is equal to 47.9% of operating expenditures exclusive of depreciation.

Significant changes are as follows:

- Charges for services increased \$4.6 million (8.9%).
- Salaries and fringe benefits increased \$1.5 million (4.6%).
- Capital contributions decreased \$5.6 million (37.1%).
- Transfers from other funds increased \$15.0 million (250.0%), while transfers to other funds decreased \$0.4 million (87.7%).

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences in the change in fund balance between the original budget and final amended budget were relatively minor \$0.2 million (9.5%) and can be briefly summarized as follows:

- Grant revenue increased \$0.1 million due to grants received during the fiscal year.
- Expenditures increased \$0.5 million due to an appropriation of supplemental grants and encumbrances from prior periods.

Actual revenues were \$0.5 million below budgeted, while actual expenditures of \$1.1 million were less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The CBJ's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounts to \$505.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the

MANAGEMENT'S DISCUSSION and ANALYSIS

June 30, 2004

CBJ's investment in capital assets for the current fiscal year was \$12.9 million (2.6%). Governmental capital assets increased \$5.8 million (2.2%), while business-type capital assets increased \$7.1 million (3.1%).

Major capital asset events during the current fiscal year included the following:

- Depreciation expense for fiscal year was \$28.2 million, an increase of \$1.5 million (5.6%) over the previous fiscal year.
- Construction in progress increased \$18.1 million (26.9%)
- Additions for plant, equipment and infrastructure were more than depreciation expense incurred by \$4.7 million and \$1.5 million, respectively.

CITY and BOROUGH OF JUNEAU'S CAPITAL ASSETS
(net of depreciation)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|--------------------------|--------------------------------|--------------------|---------------------------------|--------------------|--------------------|--------------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| Land | \$ 36,500,884 | 35,647,034 | 16,814,304 | 16,662,819 | 53,315,188 | 52,309,853 |
| Plant & equipment | 116,706,590 | 119,143,123 | 180,428,276 | 182,734,885 | 297,134,866 | 301,878,008 |
| Infrastructure | 69,042,135 | 70,549,654 | - | - | 69,042,135 | 70,549,654 |
| Construction in progress | 48,728,840 | 39,810,807 | 36,945,988 | 27,723,487 | 85,674,828 | 67,534,294 |
| Total | \$ 270,978,449 | 265,150,618 | 234,188,568 | 227,121,191 | 505,167,017 | 492,271,809 |

Additional information on the CBJ's capital assets can be found in Note 8 on pages 53-54 of this report.

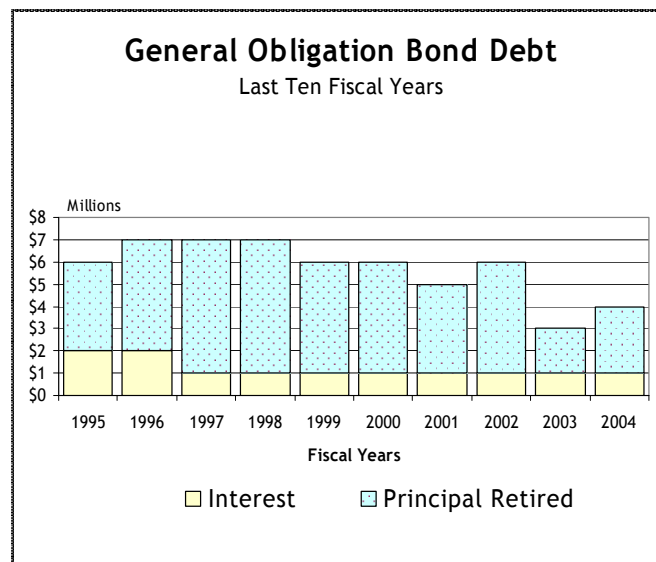
Debt Administration. As of June 30, 2004, the CBJ had a total of \$67 million in bond debt, which consisted of twelve general obligation and two revenue bond issues. The general obligation issues accounted for \$60.4 million and the revenue bonds accounted for \$6.6 million.

CITY and BOROUGH OF JUNEAU'S OUTSTANDING DEBT
Bonds and Notes Payable

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|--------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| General obligation bonds | \$ 58,150,919 | 27,970,710 | 2,227,081 | 3,239,290 | 60,378,000 | 31,210,000 |
| Revenue bonds | 4,330,000 | 5,685,000 | 2,315,000 | 2,505,000 | 6,645,000 | 8,190,000 |
| Notes payable | - | - | 8,959,942 | 6,684,422 | 8,959,942 | 6,684,422 |
| Total | \$ 62,480,919 | 33,655,710 | 13,502,023 | 12,428,712 | 75,982,942 | 46,084,422 |

The last Moody's Investor's Services rating on the CBJ's bonds was A2. The government's general obligation bonded indebtedness is not subject to a legal debt ceiling. CBJ's general obligation bond debt per capita is \$1,930 gross and \$1,680 net (less amounts due from enterprise operations). A more detailed analysis of bonded debt is contained in the Statistical Section, pages 187-228.

Approximately 71.6% or \$43.2 million of CBJ's \$60.4 million in outstanding general obligation bond debt as of June 30, 2004 represents school debt issued for school construction, repairs or technology. Approximately \$40.4 million of the outstanding school debt qualifies for the State of Alaska's School Construction Bond Debt Reimbursement program. Under this program, the State financially assists local communities with the financing of construction and major repair of school facilities. The amount reimbursed varies depending on the year of issuance and the state appropriation levels. The state has historically reimbursed local communities between 70% and 100% of the debt service incurred for approved school facilities. The range in



MANAGEMENT'S DISCUSSION and ANALYSIS

June 30, 2004

reimbursement for CBJ is 60%-100% in fiscal year 2004 due to the debt being issued for the new high school project and renovation of Juneau Douglas High School qualifying for 60% reimbursement.

The general obligation debt increased \$29.2 million (93.5%) in the current year. This increase is due to the issuance of debt of \$20.0 million and \$13.3 million in general obligation bonds for the construction of the new high school and general capital improvements, respectively.

Revenue bonded indebtedness decreased \$1.5 million (18.9%) due to the retirement of bonds, with no new issuance.

Additional information on the CBJ's long-term debt can be found in Note 9 on pages 55-60 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic diversity is very important to the future of the CBJ. The dominance of state government employment, coupled with the state's continued reliance on a single revenue source, oil, makes diversification a key factor in long-term economic stability. The CBJ is blessed with abundant resources: scenery for tourism; minerals for mining; fish for fishery development; and a prime location to provide regional merchandising to other communities. These resources, combined with our strongly reaffirmed role as Alaska's capital city, indicate that Juneau has a stable future.

However, as with most governments across the nation, the CBJ is in the midst of a challenging economic environment with sluggish growth counterbalanced by increasing costs. These conditions led to the preparation of a maintenance level budget for the FY05/06 biennial budget. A total of 43.89 Full Time Equivalent (FTE) positions were eliminated for the FY05 Adopted Budget coupled with an additional 25.31 FTE's in the FY06 Approved Budget. The mill rate will increase .3 (3.1% for FY05).

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, a request should be addressed to the City and Borough of Juneau, Controllers Division, Finance Department, 155 S. Seward, Juneau, AK 99801 or please call (907) 586-5216.

The CBJ component unit issues its own separate audited financial statements. These statements may be obtained by directly contacting the City and Borough of Juneau School District offices at (907) 463-1700.



CITY and BOROUGH OF JUNEAU

Statement of Net Assets

June 30, 2004

with comparative total amounts for 2003 and 2002

| | Primary Government | | Totals | |
|--------------------------------------------------------------------|----------------------------|-----------------------------|--------------------|--------------------|
| | Governmental Activities | Business-type Activities | 2004 | 2003 |
| ASSETS | | | | |
| Equity in central treasury | \$ 19,301,005 | 24,254,015 | 43,555,020 | 31,489,586 |
| Receivables (net of allowance for uncollectibles) | 11,864,496 | 12,138,392 | 24,002,888 | 22,689,772 |
| Due from other governments | 107,632 | - | 107,632 | 1,185,231 |
| Due from component unit | - | 778,281 | 778,281 | 597,036 |
| Due from primary government | - | - | - | - |
| Internal balances | 504,695 | (504,695) | - | - |
| Inventories | 1,576,280 | 3,473,877 | 5,050,157 | 4,877,900 |
| Prepaid items | 22,496 | 151,172 | 173,668 | 131,678 |
| Other assets | 525,225 | - | 525,225 | 869,847 |
| Bond issuance costs | 561,811 | 319,185 | 880,996 | 464,379 |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Equity in central treasury | 28,605,549 | 25,073,223 | 53,678,772 | 38,802,061 |
| Receivables (net of allowance for uncollectibles) | - | 448,645 | 448,645 | 657,048 |
| Intergovernmental receivables | 409,722 | 2,665,995 | 3,075,717 | 514,877 |
| Capital assets (net of accumulated depreciation where applicable): | | | | |
| Land | 36,500,884 | 16,814,304 | 53,315,188 | 52,309,853 |
| Plant and equipment | 116,706,590 | 180,428,276 | 297,134,866 | 301,878,008 |
| Infrastructure | 69,042,135 | - | 69,042,135 | 70,549,654 |
| Construction and infrastructure in progress | 48,728,840 | 36,945,988 | 85,674,828 | 67,534,294 |
| Total assets | 334,457,360 | 302,986,658 | 637,444,018 | 594,551,224 |
| LIABILITIES | | | | |
| Accounts payable | 896,408 | 2,345,718 | 3,242,126 | 2,795,907 |
| Accrued liabilities | 2,440,802 | 4,066,070 | 6,506,872 | 5,583,203 |
| Accrued interest payable | 664,889 | 232,500 | 897,389 | 570,401 |
| Due to component unit | 9,452 | - | 9,452 | 7,934 |
| Due to primary government | - | - | - | - |
| Deferred revenue | 702,668 | 1,830,567 | 2,533,235 | 1,532,244 |
| Liabilities payable from restricted assets | 1,438,060 | 1,943,957 | 3,382,017 | 4,700,023 |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Bonds, loans and retirement incentive payable | 4,348,062 | 2,012,832 | 6,360,894 | 6,737,320 |
| Compensated absences | 1,278,471 | 1,463,129 | 2,741,600 | 2,490,271 |
| Due in more than one year: | | | | |
| Bonds, loans and retirement incentive payable | 58,991,806 | 11,895,173 | 70,886,979 | 41,138,759 |
| Compensated absences | 1,607,609 | 1,124,807 | 2,732,416 | 2,655,168 |
| Total liabilities | 72,378,227 | 26,914,753 | 99,292,980 | 68,211,230 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 227,578,882 | 220,367,248 | 447,946,130 | 450,190,811 |
| Restricted for: | | | | |
| Capital projects | 7,236,227 | 23,768,023 | 31,004,250 | 29,333,160 |
| Debt service | 5,589,076 | - | 5,589,076 | 972,537 |
| Other purposes | 3,554,636 | - | 3,554,636 | 4,243,217 |
| Unrestricted | 18,120,312 | 31,936,634 | 50,056,946 | 41,600,269 |
| Total net assets | \$ 262,079,133 | 276,071,905 | 538,151,038 | 526,339,994 |

The notes to the basic financial statements are an integral part of this statement.



**School District
Component Unit**

| <u>2002</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--------------------|------------------|------------------|------------------|
| 29,270,424 | 2,328,263 | 1,769,179 | 329,744 |
| 22,242,994 | 65,002 | 156,838 | 164,977 |
| 402,431 | 1,751,637 | 2,017,092 | 3,742,914 |
| 521,852 | - | - | - |
| - | 9,452 | 7,934 | 5,375 |
| - | - | - | - |
| 4,643,205 | 130,924 | 96,000 | 87,195 |
| 245,722 | 15,820 | - | - |
| 478,991 | 125,628 | 94,693 | 155,696 |
| 361,618 | - | - | - |
| 54,657,823 | - | - | - |
| 943,597 | - | - | - |
| 1,003,055 | - | - | - |
| 49,864,032 | - | - | - |
| 262,324,432 | 475,995 | 315,629 | 327,356 |
| 64,416,554 | - | - | - |
| 87,829,725 | - | - | - |
| <u>579,206,455</u> | <u>4,902,721</u> | <u>4,457,365</u> | <u>4,813,257</u> |
| 3,758,618 | 302,697 | 326,951 | 669,783 |
| 5,475,906 | 1,225,305 | 932,105 | 1,075,995 |
| 462,544 | - | - | - |
| 5,375 | - | - | - |
| - | 778,281 | 597,036 | 521,852 |
| 1,697,332 | 6,123 | 18,833 | 28,433 |
| 4,586,241 | - | - | - |
| 5,324,539 | - | - | 684,641 |
| 2,444,790 | 290,081 | 289,901 | 299,273 |
| 38,134,968 | - | - | - |
| 2,534,629 | 395,204 | 394,958 | 407,726 |
| 64,424,942 | 2,997,691 | 2,559,784 | 3,687,703 |
| 442,016,753 | 475,995 | 315,629 | 327,356 |
| 29,391,495 | - | - | - |
| 488,114 | - | - | - |
| 4,143,857 | - | - | - |
| 38,741,294 | 1,429,035 | 1,581,952 | 798,198 |
| <u>514,781,513</u> | <u>1,905,030</u> | <u>1,897,581</u> | <u>1,125,554</u> |

CITY and BOROUGH OF JUNEAU

Statement of Activities

For the Year Ended June 30, 2004

with comparative total amounts for 2003 and 2002

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------------------|----------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Legislative | \$ 1,634,229 | - | - | - |
| Legal | 1,167,961 | 23,031 | - | - |
| Administration | 2,487,543 | 6,792 | - | - |
| Education | 21,640,289 | - | - | 2,099,360 |
| Finance | 2,694,998 | 37,248 | - | - |
| Engineering | 504,518 | 14,200 | 2,896 | - |
| Libraries | 1,773,714 | 53,246 | 155,308 | - |
| Social services | 990,088 | 13,240 | - | - |
| Recreation | 6,006,226 | 2,114,357 | 5,775 | 458,178 |
| Community development and lands management | 4,961,726 | 1,667,352 | 62,052 | 731,764 |
| Low-income housing | 50,469 | 83,951 | - | - |
| Public safety | 13,749,237 | 1,997,458 | 558,863 | 398,412 |
| Public works | 12,579,360 | 75 | 806,804 | 1,037,973 |
| Public transportation | 4,042,682 | 904,100 | 120,000 | 159,135 |
| Community projects | 1,406,544 | - | - | - |
| Tourism and conventions | 1,512,871 | 5,427,311 | - | - |
| Interest on long-term debt | 7,448,694 | 5,193,518 | - | - |
| Total governmental activities (See Note 1) | \$ 84,651,149 | 17,535,879 | 1,711,698 | 4,884,822 |
| Business-type activities: | | | | |
| Airport | \$ 6,108,455 | 3,522,142 | 239,271 | 5,447,414 |
| Harbors | 2,822,952 | 1,587,529 | 221,435 | 1,908,356 |
| Docks | 1,909,645 | 1,570,404 | - | 78,105 |
| Hospital | 50,343,145 | 51,690,374 | - | 1,114,592 |
| Water | 3,995,160 | 3,049,781 | - | 622,841 |
| Sewer | 7,693,921 | 6,837,726 | - | 269,849 |
| Waste management | 759,991 | 731,621 | - | - |
| Total business-type activities | 73,633,269 | 68,989,577 | 460,706 | 9,441,157 |
| Total primary government | \$ 158,284,418 | 86,525,456 | 2,172,404 | 14,325,979 |
| Component Unit: | | | | |
| Education | \$ 48,568,297 | - | 7,909,222 | - |

General revenues:

- Property taxes
- Sales tax
- Hotel tax
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Gain on sale of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The notes to the basic financial statements are an integral part of this statement.



Net (Expense) Revenue and Changes in Net Assets

| Governmental Activities | Business-type Activities | Primary Government | | | School District Component Unit | | |
|----------------------------|-----------------------------|--------------------|--------------|--------------|-----------------------------------|--------------|--------------|
| | | 2004 | 2003 | 2002 | 2004 | 2003 | 2002 |
| (1,634,229) | - | (1,634,229) | (3,077,412) | (1,730,794) | - | - | - |
| (1,144,930) | - | (1,144,930) | (695,753) | (687,489) | - | - | - |
| (2,480,751) | - | (2,480,751) | (2,336,101) | (2,084,030) | - | - | - |
| (19,540,929) | - | (19,540,929) | (24,348,984) | (18,934,891) | - | - | - |
| (2,657,750) | - | (2,657,750) | (2,465,979) | (2,516,059) | - | - | - |
| (487,422) | - | (487,422) | (557,700) | (493,292) | - | - | - |
| (1,565,160) | - | (1,565,160) | (1,827,962) | (1,772,067) | - | - | - |
| (976,848) | - | (976,848) | (1,962,133) | (874,243) | - | - | - |
| (3,427,916) | - | (3,427,916) | (2,024,582) | (2,586,871) | - | - | - |
| (2,500,558) | - | (2,500,558) | (2,551,868) | (1,654,286) | - | - | - |
| 33,482 | - | 33,482 | (3,253) | (54,016) | - | - | - |
| (10,794,504) | - | (10,794,504) | (11,888,201) | (10,195,363) | - | - | - |
| (10,734,508) | - | (10,734,508) | (2,921,913) | (9,955,149) | - | - | - |
| (2,859,447) | - | (2,859,447) | (3,087,231) | (2,563,688) | - | - | - |
| (1,406,544) | - | (1,406,544) | 535,337 | - | - | - | - |
| 3,914,440 | - | 3,914,440 | 3,557,766 | 3,178,497 | - | - | - |
| (2,255,176) | - | (2,255,176) | (7,600,335) | (1,041,739) | - | - | - |
| (60,518,750) | - | (60,518,750) | (63,256,304) | (53,965,480) | - | - | - |
| - | 3,100,372 | 3,100,372 | 1,667,115 | 335,182 | - | - | - |
| - | 894,368 | 894,368 | 4,947,704 | (259,777) | - | - | - |
| - | (261,136) | (261,136) | 5,232,239 | (332,744) | - | - | - |
| - | 2,461,821 | 2,461,821 | (811,515) | (1,034,581) | - | - | - |
| - | (322,538) | (322,538) | (1,733,838) | (1,603,273) | - | - | - |
| - | (586,346) | (586,346) | (1,790,479) | 146,799 | - | - | - |
| - | (28,370) | (28,370) | 27,715 | 79,388 | - | - | - |
| - | 5,258,171 | 5,258,171 | 7,538,941 | (2,669,006) | - | - | - |
| (60,518,750) | 5,258,171 | (55,260,579) | (55,717,363) | (56,634,486) | - | - | - |
| - | - | - | - | - | (40,659,075) | (38,190,727) | (38,151,900) |
| 30,025,665 | - | 30,025,665 | 28,725,113 | 28,176,762 | - | - | - |
| 32,934,397 | - | 32,934,397 | 30,786,346 | 30,831,846 | - | - | - |
| 906,280 | - | 906,280 | 897,011 | 926,630 | - | - | - |
| - | - | - | - | - | 40,192,880 | 38,620,020 | 38,348,923 |
| 910,759 | 258,590 | 1,169,349 | 4,712,055 | 4,876,075 | 473,644 | 342,734 | 77,361 |
| 10,850 | 31,091 | 41,941 | 55,978 | 26,765 | - | - | - |
| 1,993,991 | - | 1,993,991 | 2,099,342 | 3,051,413 | - | - | - |
| (20,980,023) | 20,980,023 | - | - | - | - | - | - |
| 45,801,919 | 21,269,704 | 67,071,623 | 67,275,844 | 67,889,491 | 40,666,524 | 38,962,754 | 38,426,284 |
| (14,716,831) | 26,527,875 | 11,811,044 | 11,558,481 | 11,255,005 | 7,449 | 772,027 | 274,384 |
| 276,795,964 | 249,544,030 | 526,339,994 | 514,781,513 | 503,526,508 | 1,897,581 | 1,125,554 | 851,170 |
| \$ 262,079,133 | 276,071,905 | 538,151,038 | 526,339,994 | 514,781,513 | 1,905,030 | 1,897,581 | 1,125,554 |

CITY and BOROUGH OF JUNEAU

**Governmental Funds
Balance Sheet**

June 30, 2004

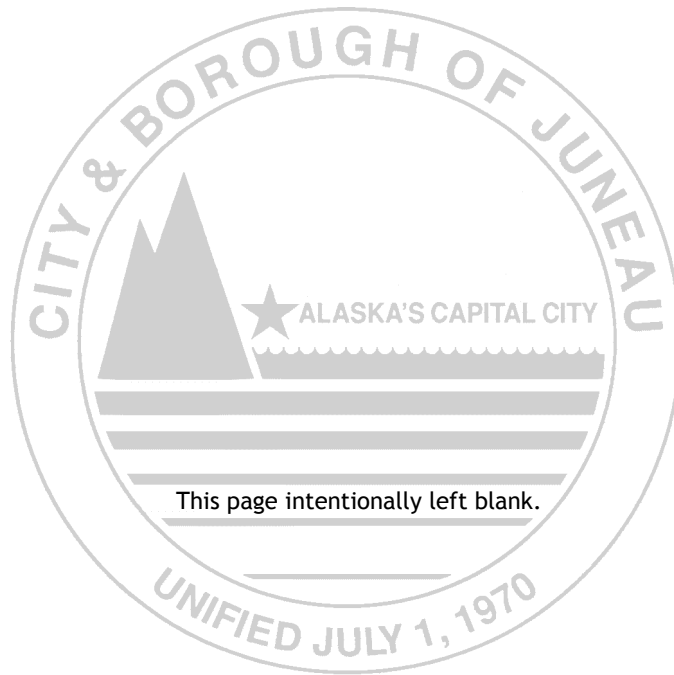
with comparative total amounts for 2003 and 2002

| | <u>General</u> | <u>Roaded Service Area</u> | <u>Sales Tax</u> |
|----------------------------------------------------------|---------------------|------------------------------------|-------------------|
| ASSETS | | | |
| Equity in central treasury | \$ - | 3,607,453 | 5,112,393 |
| Receivables, net of allowance for doubtful accounts: | | | |
| Accounts | 1,955,533 | 101,991 | - |
| Special assessments | 722,914 | - | - |
| Taxes | 285,542 | 105,228 | 5,679,694 |
| State of Alaska | 68,780 | - | - |
| Long-term notes | - | - | - |
| Interfund receivable from other funds | 4,474,086 | 160,109 | - |
| Inventories | 425,292 | 282,993 | - |
| Deposits | 511,943 | - | - |
| Prepaid items | 22,496 | - | - |
| Equity in joint ventures | - | - | - |
| Advance to other funds | 115,084 | - | - |
| Restricted assets: | | | |
| Equity in central treasury | - | - | - |
| Receivables: | | | |
| State of Alaska | - | - | - |
| Federal government | - | - | - |
| Total assets | <u>\$ 8,581,670</u> | <u>4,257,774</u> | <u>10,792,087</u> |
| LIABILITIES | | | |
| Interfund payable to other funds | \$ - | - | - |
| Accounts payable | 608,486 | 136,919 | 369 |
| Accrued salaries, payroll taxes and withholdings payable | 648,253 | 512,749 | - |
| Accrued and other liabilities | 1,000,266 | - | - |
| Deferred revenues | 971,320 | 526,687 | 742,568 |
| Advance from General Fund | - | - | - |
| Payable from restricted assets: | | | |
| Interfund payable to other funds | - | - | - |
| Accounts and contracts payable | - | - | - |
| Deferred revenues | - | - | - |
| Total liabilities | <u>3,228,325</u> | <u>1,176,355</u> | <u>742,937</u> |
| FUND BALANCES | | | |
| Reserved for: | | | |
| Advance to Special Revenue Fund | 115,084 | - | - |
| Subsequent year expenditures | 927,800 | 165,700 | 919,100 |
| Encumbrances | 241,510 | 121,832 | - |
| Long-term notes receivable | - | - | - |
| Equity in joint ventures | - | - | - |
| Prepaid items | 22,496 | - | - |
| Unreserved: | | | |
| Designated: | | | |
| Compensated absences General Fund | 1,104,027 | - | - |
| Compensated absences Special Revenue Funds | - | 1,130,032 | - |
| Replacement reserve | - | 282,532 | - |
| Undesignated, reported in: | | | |
| General Fund | 2,942,428 | - | - |
| Special Revenue Funds | - | 1,381,323 | 9,130,050 |
| Debt Service Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Total fund balances | <u>5,353,345</u> | <u>3,081,419</u> | <u>10,049,150</u> |
| Total liabilities and fund balances | <u>\$ 8,581,670</u> | <u>4,257,774</u> | <u>10,792,087</u> |

The notes to the basic financial statements are an integral part of this statement.



| Schools Capital Projects | Other Governmental Funds | Totals | | |
|--------------------------------|--------------------------------|-------------------|-------------------|-------------------|
| | | 2004 | 2003 | 2002 |
| - | 8,285,249 | 17,005,095 | 13,966,498 | 12,106,235 |
| - | 1,127,693 | 3,185,217 | 2,957,191 | 2,941,832 |
| - | - | 722,914 | 252,836 | 376,675 |
| - | 265,158 | 6,335,622 | 5,445,585 | 6,037,572 |
| 38,852 | - | 107,632 | 1,156,475 | 278,497 |
| - | 1,451,117 | 1,451,117 | 1,703,437 | 1,794,248 |
| - | - | 4,634,195 | 2,924,663 | 3,453,355 |
| - | 594,043 | 1,302,328 | 1,233,178 | 1,168,158 |
| - | - | 511,943 | 856,668 | 465,943 |
| - | - | 22,496 | 20,196 | 9,384 |
| - | 13,282 | 13,282 | 13,179 | 13,048 |
| - | - | 115,084 | 258,110 | 514,101 |
| 15,600,552 | 13,004,997 | 28,605,549 | 26,219,675 | 40,366,505 |
| - | 409,722 | 409,722 | 215,721 | 325,055 |
| - | - | - | - | 5,000 |
| <u>15,639,404</u> | <u>25,151,261</u> | <u>64,422,196</u> | <u>57,223,412</u> | <u>69,855,608</u> |
| - | 1,821,854 | 1,821,854 | 2,038,532 | 1,146,220 |
| - | 117,562 | 863,336 | 696,880 | 890,737 |
| - | 264,849 | 1,425,851 | 1,243,063 | 1,277,853 |
| - | - | 1,000,266 | 934,701 | 944,460 |
| - | 1,347,289 | 3,587,864 | 3,569,309 | 3,831,094 |
| - | 115,084 | 115,084 | 258,110 | 514,101 |
| - | 336,458 | 336,458 | 20,872 | 255,269 |
| 657,164 | 777,293 | 1,434,457 | 3,437,478 | 2,270,546 |
| - | 3,603 | 3,603 | 30,000 | 1,066,818 |
| <u>657,164</u> | <u>4,783,992</u> | <u>10,588,773</u> | <u>12,228,945</u> | <u>12,197,098</u> |
| - | - | 115,084 | 258,110 | 514,101 |
| - | 296,400 | 2,309,000 | 3,805,200 | 4,517,100 |
| 1,176,914 | 3,033,345 | 4,573,601 | 15,434,036 | 22,270,989 |
| - | 1,189,481 | 1,189,481 | 415,354 | 414,766 |
| - | 13,282 | 13,282 | 13,179 | 13,048 |
| - | - | 22,496 | 20,196 | 9,384 |
| - | - | 1,104,027 | 1,035,868 | 1,117,678 |
| - | 610,012 | 1,740,044 | 1,644,938 | 1,516,089 |
| - | - | 282,532 | 249,921 | 238,489 |
| - | - | 2,942,428 | 3,248,401 | 3,028,800 |
| - | 120,767 | 10,632,140 | 8,968,026 | 8,200,771 |
| - | 5,589,076 | 5,589,076 | 972,537 | 488,114 |
| <u>13,805,326</u> | <u>9,514,906</u> | <u>23,320,232</u> | <u>8,928,701</u> | <u>15,329,181</u> |
| <u>14,982,240</u> | <u>20,367,269</u> | <u>53,833,423</u> | <u>44,994,467</u> | <u>57,658,510</u> |
| <u>15,639,404</u> | <u>25,151,261</u> | <u>64,422,196</u> | <u>57,223,412</u> | <u>69,855,608</u> |



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Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

June 30, 2004

Fund balances-total governmental funds \$ 53,833,423

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds.

| | | |
|-------------------------------|----------------------|-------------|
| Governmental capital assets | \$ 462,294,092 | |
| Less accumulated depreciation | <u>(196,491,929)</u> | 265,802,163 |

Payment of bond issuance costs utilize current financial resources and therefore are reported as expenditures in governmental funds.

| | | |
|-------------------------------|------------------|---------|
| Bond issuance costs | 667,496 | |
| Less accumulated amortization | <u>(105,685)</u> | 561,811 |

Deferred revenue in governmental funds is susceptible to accrual on the government-wide statements. 2,885,196

Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

| | | |
|---------------------------------------|--------------------|--------------|
| Bonds and purchase agreements payable | (62,550,583) | |
| Premium on bonds payable | (916,487) | |
| Accumulated bond premium amortization | 208,441 | |
| Accrued interest payable | (663,983) | |
| Compensated absences | <u>(2,844,071)</u> | (66,766,683) |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the central equipment service internal service fund are included in the governmental activities in the statement of net assets:

| | | |
|-------------------------------------------------------|--------------------|------------------|
| Equity in central treasury | 2,295,910 | |
| Receivables - other | 169,626 | |
| Inventories | 273,952 | |
| Capital assets, less accumulated depreciation | 5,176,287 | |
| Accounts payable | (33,072) | |
| Other accrued liabilities and payables | (138,840) | |
| Due to component unit | (9,452) | |
| Receivable from (payable to) Business-type activities | <u>(1,971,188)</u> | <u>5,763,223</u> |

Net assets of governmental activities \$ 262,079,133

The notes to the basic financial statements are an integral part of this statement.

CITY and BOROUGH OF JUNEAU

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2004, with comparative totals for 2003 and 2002

| REVENUES | General | Roaded Service Area | Sales Tax |
|---------------------------------------------------------------------|---------------------|------------------------|---------------------|
| Taxes | \$ 18,665,067 | 10,625,288 | 32,701,823 |
| State sources | 2,709,372 | 1,333,907 | - |
| Federal sources | 787,841 | - | - |
| Local sources | - | - | - |
| Charges for services | 552,343 | - | - |
| Contracted services | - | - | - |
| Licenses, permits and fees | 869,781 | 1,444,477 | - |
| Fines and forfeitures | 40,587 | 591,209 | - |
| Interest | 539,881 | - | - |
| Land sales | - | - | - |
| Rentals | 1,292 | - | - |
| Special assessments | 567,060 | - | - |
| Equity in earnings of AJT Mining Properties, Inc. joint ventures | - | - | - |
| Other | 84,027 | 29,546 | - |
| Total revenues | <u>24,817,251</u> | <u>14,024,427</u> | <u>32,701,823</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Legislative | 2,469,481 | - | - |
| Legal | 1,171,372 | - | - |
| Administration | 2,667,931 | - | - |
| Education | 18,404,200 | 200,000 | - |
| Finance | 2,070,169 | - | 620,138 |
| Engineering | 513,031 | - | - |
| Libraries | 1,782,517 | - | - |
| Recreation | - | 2,886,184 | - |
| Community development and lands management | 2,168,846 | - | - |
| Low-income housing | - | - | - |
| Public safety | 2,295,400 | 8,847,322 | - |
| Public works | 1,943,359 | 3,141,502 | - |
| Public transportation | - | - | - |
| Community projects | - | - | - |
| Tourism and conventions | - | - | - |
| Special assessments | 168,314 | - | - |
| Other | (59,766) | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Fiscal agent, bond issuance and letter of credit fees | - | - | - |
| Capital projects | - | - | - |
| Total expenditures | <u>35,594,854</u> | <u>15,075,008</u> | <u>620,138</u> |
| Excess (deficiency) of revenues over expenditures | (10,777,603) | (1,050,581) | 32,081,685 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from other funds | 14,761,200 | 3,033,961 | - |
| Transfers to other funds | (5,665,400) | (2,367,600) | (29,271,200) |
| General obligation bond proceeds | - | - | - |
| Bond premium | - | - | - |
| Total other financing sources (uses) | <u>9,095,800</u> | <u>666,361</u> | <u>(29,271,200)</u> |
| Net change in fund balances | (1,681,803) | (384,220) | 2,810,485 |
| Fund balances at beginning of year | <u>7,035,148</u> | <u>3,465,639</u> | <u>7,238,665</u> |
| Fund balances at end of year | \$ <u>5,353,345</u> | <u>3,081,419</u> | <u>10,049,150</u> |

The notes to the basic financial statements are an integral part of this statement.



| Schools Capital Project | Non-Major Governmental | Totals | | |
|----------------------------|---------------------------|-------------------|--------------------|-------------------|
| | | 2004 | 2003 | 2002 |
| - | 2,597,396 | 64,589,574 | 61,066,031 | 59,097,011 |
| 38,851 | 1,701,994 | 5,784,124 | 7,547,955 | 6,302,852 |
| - | 358,504 | 1,146,345 | 1,954,694 | 2,660,778 |
| - | 311,737 | 311,737 | 303,889 | 292,819 |
| - | 2,022,640 | 2,574,983 | 1,857,443 | 2,368,544 |
| - | 331,700 | 331,700 | 323,800 | 307,100 |
| - | 5,151,829 | 7,466,087 | 6,599,682 | 6,806,786 |
| - | - | 631,796 | 501,679 | 460,670 |
| 294,208 | 16,782 | 850,871 | 3,553,761 | 3,618,659 |
| - | 847,573 | 847,573 | 158,233 | 407,569 |
| - | 232,503 | 233,795 | 290,806 | 216,682 |
| - | - | 567,060 | 153,840 | 209,442 |
| - | 103 | 103 | 131 | 190 |
| - | 441,127 | 554,700 | 877,332 | 513,451 |
| <u>333,059</u> | <u>14,013,888</u> | <u>85,890,448</u> | <u>85,189,276</u> | <u>83,262,553</u> |
| - | - | 2,469,481 | 4,032,270 | 2,400,483 |
| - | - | 1,171,372 | 748,643 | 735,114 |
| - | - | 2,667,931 | 2,595,525 | 2,590,608 |
| - | - | 18,604,200 | 18,316,000 | 17,599,600 |
| - | - | 2,690,307 | 2,551,803 | 2,513,749 |
| - | - | 513,031 | 564,762 | 449,969 |
| - | - | 1,782,517 | 1,842,077 | 1,735,496 |
| - | 1,641,870 | 4,528,054 | 3,983,786 | 3,815,336 |
| - | 1,339,426 | 3,508,272 | 3,400,271 | 2,905,933 |
| - | 2,469 | 2,469 | 11,808 | 300,139 |
| - | 2,150,693 | 13,293,415 | 13,305,226 | 11,866,047 |
| - | - | 5,084,861 | 4,772,352 | 4,743,791 |
| - | 3,742,621 | 3,742,621 | 3,348,231 | 3,067,453 |
| - | - | - | 60,710 | 57,120 |
| - | 1,434,807 | 1,434,807 | 1,394,346 | 1,358,054 |
| - | - | 168,314 | 922,411 | 14,899 |
| - | 196,673 | 136,907 | 311,753 | 185,946 |
| - | 4,546,934 | 4,546,934 | 2,966,384 | 5,301,583 |
| - | 1,962,589 | 1,962,589 | 1,340,078 | 1,205,632 |
| 262,354 | 12,352 | 274,706 | - | 233,150 |
| <u>13,004,589</u> | <u>8,133,314</u> | <u>21,137,903</u> | <u>26,766,886</u> | <u>15,180,537</u> |
| <u>13,266,943</u> | <u>25,163,748</u> | <u>89,720,691</u> | <u>93,235,322</u> | <u>78,260,639</u> |
| (12,933,884) | (11,149,860) | (3,830,243) | (8,046,046) | 5,001,914 |
| 3,411,403 | 23,883,175 | 45,089,739 | 45,199,475 | 47,110,596 |
| (7,914,765) | (20,850,797) | (66,069,762) | (50,581,400) | (55,970,858) |
| 20,000,000 | 13,250,000 | 33,250,000 | 3,382,134 | 13,149,820 |
| - | 399,222 | 399,222 | (2,618,206) | 180,382 |
| <u>15,496,638</u> | <u>16,681,600</u> | <u>12,669,199</u> | <u>(4,617,997)</u> | <u>4,469,940</u> |
| 2,562,754 | 5,531,740 | 8,838,956 | (12,664,043) | 9,471,854 |
| 12,419,486 | 14,835,529 | 44,994,467 | 57,658,510 | 48,186,656 |
| <u>14,982,240</u> | <u>20,367,269</u> | <u>53,833,423</u> | <u>44,994,467</u> | <u>57,658,510</u> |



Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the fiscal year ended June 30, 2004

Net change in fund balances - total governmental funds \$ 8,838,956

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is depreciated over the estimated useful lives.

| | | |
|---------------------------------|---------------------|-----------|
| Expenditures for capital assets | \$ 19,035,055 | |
| Less current year depreciation | <u>(13,291,167)</u> | 5,743,888 |

Advances and payments on long-term debt and bond issuance costs are reported
as financial sources and uses in the governmental funds. In the statement of
net assets, the advances and payments are reflected as changes in the
liabilities and the bond issuance costs are reported as an asset.

| | | |
|------------------------|------------------|--------------|
| Bond and loan advances | (28,056,482) | |
| Bond premium | (399,222) | |
| Bond issuance costs | 164,805 | |
| Bond and loan payments | <u>(646,584)</u> | (28,937,483) |

Deferred revenues that are susceptible to accrual on the statement
of activities do not provide current financial resources and therefore
are not reported as revenues in the governmental funds.

| | | |
|----------------------------|--|-----------|
| Change in deferred revenue | | (407,477) |
|----------------------------|--|-----------|

Some transactions 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.

| | | |
|-------------------------------------|------------------|-----------|
| Amortization of bond premium | 136,276 | |
| Amortization of bond issuance costs | (24,730) | |
| Change in accrued interest payable | (284,633) | |
| Change in compensated absences | <u>(163,264)</u> | (336,351) |

Internal service funds are used by management to charge the costs of
certain activities to individual funds. Costs in excess of revenues
for services provided to governmental activities are not reported
as expenditures in governmental funds.

381,636

| | | |
|-------------------------------------------------|--|-------------------------------|
| Change in net assets of governmental activities | | \$ <u><u>(14,716,831)</u></u> |
|-------------------------------------------------|--|-------------------------------|

The notes to the basic financial statements are an integral part of this statement.

CITY and BOROUGH OF JUNEAU

GENERAL FUND

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

For the fiscal year ended June 30, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget - positive (negative) |
|-----------------------------------------------------------------------|-----------------------|---------------------|---------------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 18,270,200 | 18,270,200 | 18,665,067 | 394,867 |
| State sources | 2,120,200 | 2,271,212 | 2,709,372 | 438,160 |
| Federal sources | 757,700 | 757,700 | 787,841 | 30,141 |
| Licenses, permits and fees | 695,400 | 695,400 | 869,781 | 174,381 |
| Ambulance and air medevac | 519,200 | 519,200 | 552,343 | 33,143 |
| Fines and forfeitures | 47,000 | 47,000 | 40,587 | (6,413) |
| Investment and interest income | 2,592,400 | 2,592,400 | 539,881 | (2,052,519) |
| Other | 173,200 | 173,200 | 652,379 | 479,179 |
| Total revenues | <u>25,175,300</u> | <u>25,326,312</u> | <u>24,817,251</u> | <u>(509,061)</u> |
| EXPENDITURES - Current: | | | | |
| Legislative | 2,569,900 | 2,585,022 | 2,483,088 | 101,934 |
| Legal | 1,249,121 | 1,252,032 | 1,171,477 | 80,555 |
| Administration | 2,695,748 | 2,992,031 | 2,753,884 | 238,147 |
| Education | 18,404,200 | 18,404,200 | 18,404,200 | - |
| Finance | 2,199,243 | 2,251,434 | 2,122,139 | 129,295 |
| Engineering | 603,988 | 633,789 | 537,537 | 96,252 |
| Libraries | 1,835,900 | 1,856,440 | 1,787,575 | 68,865 |
| Community development and lands management | 2,309,000 | 2,345,748 | 2,194,902 | 150,846 |
| Public safety | 2,295,400 | 2,295,400 | 2,295,400 | - |
| Facility maintenance | 2,192,500 | 2,220,864 | 1,977,614 | 243,250 |
| Special assessments | 168,314 | 168,314 | 168,314 | - |
| Other - nondepartmental | 6,872 | 6,872 | 8,393 | (1,521) |
| Total expenditures and encumbrances | <u>36,530,186</u> | <u>37,012,146</u> | <u>35,904,523</u> | <u>1,107,623</u> |
| Excess (deficiency) of revenues over expenditures and encumbrances | <u>(11,354,886)</u> | <u>(11,685,834)</u> | <u>(11,087,272)</u> | <u>598,562</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from: | | | | |
| Special Revenue Funds | 14,632,800 | 14,687,800 | 14,687,800 | - |
| Enterprise Funds | 23,400 | 23,400 | 23,400 | - |
| Capital Projects Funds | - | 50,000 | 50,000 | - |
| Transfers to: | | | | |
| Special Revenue Funds | (492,100) | (492,100) | (492,100) | - |
| Debt Service Funds | (4,372,100) | (4,372,100) | (4,372,100) | - |
| Enterprise Funds | (801,200) | (801,200) | (801,200) | - |
| Total other financing sources (uses) | <u>8,990,800</u> | <u>9,095,800</u> | <u>9,095,800</u> | <u>-</u> |
| Net change in fund balance | \$ <u>(2,364,086)</u> | <u>(2,590,034)</u> | <u>(1,991,472)</u> | <u>598,562</u> |
| Fund balance at beginning of year | | | 7,035,148 | |
| Fund balance at end of year | | | 5,043,676 | |
| Reconciliation to GAAP fund balance: | | | | |
| Encumbrances at end of year | | | 241,510 | |
| Change in liability for compensated absences | | | 68,159 | |
| Fund balance at end of year - GAAP basis | | | \$ <u>5,353,345</u> | |

The notes to the basic financial statements are an integral part of this statement.

ROADED SERVICE AREA

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

For the fiscal year ended June 30, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget - positive (negative) |
|----------------------------------------------------------|---------------------|--------------------|---------------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 10,623,400 | 10,623,400 | 10,625,288 | 1,888 |
| State sources | 1,573,800 | 1,579,575 | 1,333,907 | (245,668) |
| Federal source | 10,700 | 10,700 | - | (10,700) |
| Licenses, permits and fees | 1,550,500 | 1,565,500 | 1,444,477 | (121,023) |
| Fines and forfeitures | 544,000 | 544,000 | 591,209 | 47,209 |
| Other | 15,500 | 32,244 | 29,546 | (2,698) |
| Total revenues | <u>14,317,900</u> | <u>14,355,419</u> | <u>14,024,427</u> | <u>(330,992)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | 200,000 | 200,000 | 200,000 | - |
| Parks and recreation | 3,062,900 | 3,159,249 | 2,938,292 | 220,957 |
| Public safety - police | 9,282,300 | 9,239,981 | 8,928,607 | 311,374 |
| Public works - roads and street maintenance | 3,389,300 | 3,414,961 | 3,181,347 | 233,614 |
| Air pollution | - | - | 3,500 | (3,500) |
| Total expenditures and encumbrances | <u>15,934,500</u> | <u>16,014,191</u> | <u>15,251,746</u> | <u>762,445</u> |
| Excess of revenues over expenditures and encumbrances | <u>(1,616,600)</u> | <u>(1,658,772)</u> | <u>(1,227,319)</u> | <u>431,453</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from Special Revenue Funds | 3,087,700 | 3,033,961 | 3,033,961 | - |
| Transfers to Special Revenue Funds | (2,367,600) | (2,367,600) | (2,367,600) | - |
| Total other financing sources (uses) | <u>720,100</u> | <u>666,361</u> | <u>666,361</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (896,500)</u> | <u>(992,411)</u> | <u>(560,958)</u> | <u>431,453</u> |
| Fund balance at beginning of year | | | <u>3,465,639</u> | |
| Fund balance at end of year | | | 2,904,681 | |
| Reconciliation to GAAP fund balance: | | | | |
| Encumbrances at end of year | | | 121,832 | |
| Change in liability for compensated absences | | | <u>54,906</u> | |
| Fund balance at end of year - GAAP basis | | | <u>\$ 3,081,419</u> | |

The notes to the basic financial statements are an integral part of this statement.

CITY and BOROUGH OF JUNEAU

SALES TAX

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

For the fiscal year ended June 30, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget - positive (negative) |
|----------------------------------------|---------------------|---------------------|----------------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| General sales tax - 5% | \$ 29,462,500 | 29,462,500 | 31,916,886 | 2,454,386 |
| Liquor sales tax - 3% | 635,000 | 635,000 | 743,837 | 108,837 |
| Miscellaneous | 42,900 | 42,900 | 41,100 | (1,800) |
| Total revenues | <u>30,140,400</u> | <u>30,140,400</u> | <u>32,701,823</u> | <u>2,561,423</u> |
| EXPENDITURES - Current: Finance | <u>680,100</u> | <u>680,100</u> | <u>620,138</u> | <u>59,962</u> |
| Excess of revenues over expenditures | <u>29,460,300</u> | <u>29,460,300</u> | <u>32,081,685</u> | <u>2,621,385</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to: | | | | |
| General Fund | (13,657,800) | (13,697,800) | (13,697,800) | - |
| Special Revenue Funds: | | | | |
| Fire Service Area | (175,000) | (175,000) | (175,000) | - |
| Roaded Service Area | (2,462,000) | (2,462,000) | (2,462,000) | - |
| Capital Projects Funds | (5,796,000) | (5,796,000) | (5,796,000) | - |
| Enterprise Funds: | | | | |
| Bartlett Regional Hospital | (623,300) | (623,300) | (623,300) | - |
| Capital Projects | (6,224,000) | (6,224,000) | (6,224,000) | - |
| General Debt Service Fund | (293,100) | (293,100) | (293,100) | - |
| Total other financing sources (uses) | <u>(29,231,200)</u> | <u>(29,271,200)</u> | <u>(29,271,200)</u> | <u>-</u> |
| Net change in fund balance | \$ <u>229,100</u> | <u>189,100</u> | 2,810,485 | <u>2,621,385</u> |
| Fund balance at beginning of year | | | <u>7,238,665</u> | |
| Fund balance at end of year | | | \$ <u>10,049,150</u> | |

The notes to the basic financial statements are an integral part of this statement.



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CITY and BOROUGH OF JUNEAU

Proprietary Funds

Statement of Net Assets

June 30, 2004

with comparative total amounts for 2003 and 2002

| | Business-type Activities | | | |
|--------------------------------------------------------|------------------------------------|----------------------------------|------------------------------|------------------------------|
| | Juneau International Airport | Bartlett Regional Hospital | Areawide Water Utility | Areawide Sewer Utility |
| ASSETS | | | | |
| Current assets: | | | | |
| Equity in central treasury | \$ 2,228,486 | 8,021,698 | 4,650,211 | 3,694,079 |
| Receivables, net of allowance for doubtful accounts: | | | | |
| Accounts | 752,568 | 8,874,363 | 444,899 | 1,003,968 |
| Federal government | - | - | - | - |
| Other | - | 344,778 | - | - |
| Inventories | 380,998 | 1,619,428 | 449,068 | 1,017,789 |
| Prepaid items | - | 149,188 | - | - |
| Total current assets | <u>3,362,052</u> | <u>19,009,455</u> | <u>5,544,178</u> | <u>5,715,836</u> |
| Non-current assets: | | | | |
| Restricted assets: | | | | |
| Equity in central treasury | 2,740,028 | 7,914,422 | 4,485,211 | 1,805,255 |
| Special assessments receivable | - | - | 45,336 | 403,309 |
| Receivables: | | | | |
| State of Alaska | 126,916 | - | 240,364 | 141,199 |
| Federal government | 171,055 | - | - | - |
| Bond issuance costs | 8,561 | 28,513 | 68,091 | 11,885 |
| Capital assets: | | | | |
| Land | 13,363,761 | 254,925 | 252,393 | 850,562 |
| Buildings and improvements | 56,382,797 | 29,659,383 | 82,470,284 | 76,619,126 |
| Machinery, equipment and fixtures | 6,436,695 | 21,869,517 | 813,788 | 1,496,119 |
| Construction work in progress | 9,284,028 | 6,699,035 | 3,440,858 | 8,418,339 |
| Less accumulated depreciation | (35,485,272) | (29,586,437) | (29,449,510) | (30,004,841) |
| Total capital assets (net of accumulated depreciation) | <u>49,982,009</u> | <u>28,896,423</u> | <u>57,527,813</u> | <u>57,379,305</u> |
| Total noncurrent assets | <u>53,028,569</u> | <u>36,839,358</u> | <u>62,366,815</u> | <u>59,740,953</u> |
| Total assets | \$ <u>56,390,621</u> | <u>55,848,813</u> | <u>67,910,993</u> | <u>65,456,789</u> |



| Enterprise Funds | | | | | | | |
|-------------------|------------------------|--------------------|--------------------|--------------------|------------------------|-------------------|-------------------|
| Boat Harbors | Other Enterprise Funds | Totals | | | Internal Service Funds | | |
| | | 2004 | 2003 | 2002 | 2004 | 2003 | 2002 |
| 600,737 | 1,969,929 | 21,165,140 | 12,765,358 | 11,360,650 | 5,384,785 | 4,757,730 | 5,803,539 |
| 378,467 | 318,529 | 11,772,794 | 11,764,229 | 10,668,908 | - | - | - |
| - | - | - | 28,756 | 123,934 | - | - | - |
| - | - | 344,778 | 383,292 | 315,675 | 190,446 | 183,202 | 108,084 |
| 6,594 | - | 3,473,877 | 3,371,072 | 3,214,520 | 273,952 | 273,650 | 260,527 |
| - | - | 149,188 | 109,075 | 101,971 | 1,984 | 2,407 | 134,367 |
| <u>985,798</u> | <u>2,288,458</u> | <u>36,905,777</u> | <u>28,421,782</u> | <u>25,785,658</u> | <u>5,851,167</u> | <u>5,216,989</u> | <u>6,306,517</u> |
| 6,526,036 | 1,602,271 | 25,073,223 | 12,582,386 | 14,291,318 | - | - | - |
| - | - | 448,645 | 657,048 | 943,597 | - | - | - |
| 1,908,356 | - | 2,416,835 | 35,969 | 391,861 | - | - | - |
| - | 78,105 | 249,160 | 263,187 | 281,139 | - | - | - |
| 139,387 | 62,748 | 319,185 | 42,643 | 43,244 | - | - | - |
| 1,481,167 | 611,496 | 16,814,304 | 16,662,819 | 16,668,336 | - | - | - |
| 18,460,122 | 22,030,782 | 285,622,494 | 281,594,211 | 240,081,352 | 17,828 | 17,828 | 17,828 |
| 431,352 | 292,131 | 31,339,602 | 29,354,979 | 24,276,701 | 12,841,945 | 12,108,555 | 11,759,086 |
| 6,872,347 | 2,231,381 | 36,945,988 | 27,723,487 | 50,558,052 | - | - | - |
| (5,324,846) | (6,683,853) | (136,534,759) | (128,215,453) | (117,969,384) | (7,682,547) | (7,032,891) | (6,761,172) |
| <u>21,920,142</u> | <u>18,481,937</u> | <u>234,187,629</u> | <u>227,120,043</u> | <u>213,615,057</u> | <u>5,177,226</u> | <u>5,093,492</u> | <u>5,015,742</u> |
| <u>30,493,921</u> | <u>20,225,061</u> | <u>262,694,677</u> | <u>240,701,276</u> | <u>229,566,216</u> | <u>5,177,226</u> | <u>5,093,492</u> | <u>5,015,742</u> |
| <u>31,479,719</u> | <u>22,513,519</u> | <u>299,600,454</u> | <u>269,123,058</u> | <u>255,351,874</u> | <u>11,028,393</u> | <u>10,310,481</u> | <u>11,322,259</u> |

(Continued)

CITY and BOROUGH OF JUNEAU

Proprietary Funds

Statement of Net Assets, continued

June 30, 2004

with comparative total amounts for 2003 and 2002

| | Business-type Activities | | | |
|----------------------------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------|-------------------------------------|
| | Juneau International <u>Airport</u> | Bartlett Regional <u>Hospital</u> | Areawide Water <u>Utility</u> | Areawide Sewer <u>Utility</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Interfund payable to General Fund | \$ - | - | - | - |
| Accounts payable | 78,772 | 1,857,947 | 20,329 | 111,288 |
| Contracts payable | - | 377,988 | - | - |
| Accrued salaries, payroll taxes and withholdings payable | 69,484 | 674,280 | 50,161 | 122,024 |
| Accrued annual leave and compensation time | 80,996 | 1,137,072 | 33,719 | 150,884 |
| Accrued interest and other liabilities | - | 11,143 | 39,631 | 181,726 |
| Deferred revenues | 45,000 | 1,196,138 | - | - |
| Retirement Incentive Program | - | - | - | - |
| State of Alaska extension loans payable | - | - | 69,226 | 342,042 |
| General obligation bonds payable | - | 855,592 | - | 177,984 |
| Revenue bonds payable | - | - | 156,750 | 33,250 |
| Total current liabilities | 274,252 | 6,110,160 | 369,816 | 1,119,198 |
| Non-current liabilities: | | | | |
| Restricted liabilities: | | | | |
| Interfund payable to General Fund | 307,327 | - | 21,045 | 374,164 |
| Accounts and contracts payable | 277,117 | 208,943 | 409,115 | 191,142 |
| Deferred revenues | 215,646 | - | 49,119 | - |
| Accrued annual leave and compensation time | 93,049 | 726,980 | 44,546 | 162,594 |
| Long-term contracts payable | - | - | - | - |
| Unamortized bond premium | - | 10,368 | 13,455 | 4,171 |
| State of Alaska extension loans payable | - | - | 1,315,291 | 7,233,383 |
| General obligation bonds payable | - | 1,011,056 | - | 182,449 |
| Revenue bonds payable | - | - | 1,636,750 | 488,250 |
| Total non-current liabilities | 893,139 | 1,957,347 | 3,489,321 | 8,636,153 |
| Total liabilities | 1,167,391 | 8,067,507 | 3,859,137 | 9,755,351 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 49,990,570 | 26,658,789 | 54,364,801 | 48,747,935 |
| Restricted: | | | | |
| Capital projects | 2,237,909 | 7,705,479 | 4,291,632 | 1,784,457 |
| Unrestricted | 2,994,751 | 13,417,038 | 5,395,423 | 5,169,046 |
| Total net assets | \$ 55,223,230 | 47,781,306 | 64,051,856 | 55,701,438 |

Adjustments to reflect the consolidation of internal
service fund activities related to enterprise
Net assets of business-type activities

The notes to the basic financial statements are an integral part of this statement.



Enterprise Funds

| <u>Boat Harbors</u> | <u>Other Enterprise Funds</u> | <u>Totals</u> | | | <u>Internal Service Funds</u> | | |
|---------------------|-------------------------------|--------------------|--------------------|--------------------|-------------------------------|------------------|------------------|
| | | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
| - | - | - | - | 737,305 | - | - | - |
| 33,503 | 81,483 | 2,183,322 | 1,845,546 | 2,046,811 | 195,468 | 253,480 | 821,070 |
| - | - | 377,988 | 517,544 | 759,229 | 64,459 | 137,713 | 131,669 |
| 73,140 | 16,413 | 1,005,502 | 818,127 | 785,304 | 26,574 | 21,987 | 24,041 |
| 50,213 | 1,453 | 1,454,337 | 1,325,786 | 1,252,718 | 19,040 | 30,504 | 27,947 |
| - | - | 232,500 | 188,698 | 153,775 | 3,049,585 | 2,567,678 | 2,447,983 |
| 589,429 | - | 1,830,567 | 1,255,608 | 1,278,905 | - | - | - |
| - | - | - | - | 32,033 | - | - | - |
| - | - | 411,268 | 332,920 | 305,182 | - | - | - |
| - | - | 1,033,576 | 1,012,209 | 912,801 | - | - | - |
| - | - | 190,000 | 190,000 | 180,000 | - | - | - |
| <u>746,285</u> | <u>99,349</u> | <u>8,719,060</u> | <u>7,486,438</u> | <u>8,444,063</u> | <u>3,355,126</u> | <u>3,011,362</u> | <u>3,452,710</u> |
| 1,726,712 | 46,635 | 2,475,883 | 865,259 | 1,314,561 | - | - | - |
| 451,505 | 141,370 | 1,679,192 | 865,901 | 1,031,072 | - | - | - |
| - | - | 264,765 | 366,644 | 217,805 | - | - | - |
| 68,409 | 1,980 | 1,097,558 | 1,066,732 | 1,026,912 | 59,010 | 41,611 | 38,075 |
| - | - | - | 754,932 | 895,532 | 16,780 | 81,030 | 218,330 |
| - | - | 27,994 | - | - | - | - | - |
| - | - | 8,548,674 | 5,974,558 | 3,858,503 | - | - | - |
| - | - | 1,193,505 | 2,247,773 | 3,204,097 | - | - | - |
| - | - | 2,125,000 | 2,334,782 | 2,528,053 | - | - | - |
| <u>2,246,626</u> | <u>189,985</u> | <u>17,412,571</u> | <u>14,476,581</u> | <u>14,076,535</u> | <u>75,790</u> | <u>122,641</u> | <u>256,405</u> |
| <u>2,992,911</u> | <u>289,334</u> | <u>26,131,631</u> | <u>21,963,019</u> | <u>22,520,598</u> | <u>3,430,916</u> | <u>3,134,003</u> | <u>3,709,115</u> |
| <u>22,059,529</u> | <u>18,544,685</u> | <u>220,366,309</u> | <u>213,609,270</u> | <u>200,861,129</u> | <u>5,095,081</u> | <u>4,872,396</u> | <u>4,662,008</u> |
| 6,256,175 | 1,492,371 | 23,768,023 | 11,440,786 | 13,344,477 | - | - | - |
| <u>171,104</u> | <u>2,187,129</u> | <u>29,334,491</u> | <u>22,109,983</u> | <u>18,625,670</u> | <u>2,502,396</u> | <u>2,304,082</u> | <u>2,951,136</u> |
| <u>28,486,808</u> | <u>22,224,185</u> | <u>273,468,823</u> | <u>247,160,039</u> | <u>232,831,276</u> | <u>7,597,477</u> | <u>7,176,478</u> | <u>7,613,144</u> |
| | | <u>2,603,082</u> | <u>2,383,991</u> | <u>2,560,811</u> | | | |
| | \$ | <u>276,071,905</u> | <u>249,544,030</u> | <u>235,392,087</u> | | | |

CITY and BOROUGH OF JUNEAU

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Assets

June 30, 2004

with comparative total amounts for 2003 and 2002

| | Business-type Activities | | | |
|--------------------------------------------------|------------------------------------|----------------------------------|------------------------------|------------------------------|
| | Juneau International Airport | Bartlett Regional Hospital | Areawide Water Utility | Areawide Sewer Utility |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Unpledged | \$ 1,389,826 | 51,682,527 | - | - |
| Pledged as security for revenue bonds | - | - | 3,049,781 | 6,837,726 |
| Building and land rentals or sales | 2,132,316 | 7,847 | - | - |
| Total operating revenues | <u>3,522,142</u> | <u>51,690,374</u> | <u>3,049,781</u> | <u>6,837,726</u> |
| OPERATING EXPENSES | | | | |
| Salaries and fringe benefits | 1,558,625 | 27,592,342 | 1,026,399 | 2,827,563 |
| Contracted services | 663,913 | 10,329,207 | 49,824 | 215,337 |
| Materials and utilities | 686,144 | 7,257,051 | 341,079 | 1,329,003 |
| Insurance premiums | - | - | - | - |
| Claims | - | - | - | - |
| Other | 431,250 | 2,368,470 | 444,686 | 783,031 |
| Total operating expenses | <u>3,339,932</u> | <u>47,547,070</u> | <u>1,861,988</u> | <u>5,154,934</u> |
| Depreciation | 2,779,311 | 2,825,358 | 2,055,368 | 2,330,447 |
| Total operating expenses | <u>6,119,243</u> | <u>50,372,428</u> | <u>3,917,356</u> | <u>7,485,381</u> |
| Operating loss | <u>(2,597,101)</u> | <u>1,317,946</u> | <u>(867,575)</u> | <u>(647,655)</u> |
| NONOPERATING INCOME (EXPENSES) | | | | |
| Interest income | 17,566 | 82,561 | 54,561 | 47,769 |
| Federal grants | 157,256 | - | - | - |
| State sources | 82,015 | - | - | - |
| Amortization of bond issuance costs | (629) | (19,009) | (5,370) | - |
| Interest expense | - | (106,687) | (83,619) | (240,145) |
| Gain (loss) on disposal of assets | 19,998 | 11,093 | - | - |
| Net nonoperating revenues | <u>276,206</u> | <u>(32,042)</u> | <u>(34,428)</u> | <u>(192,376)</u> |
| Income (loss) before contributions and transfers | <u>(2,320,895)</u> | <u>1,285,904</u> | <u>(902,003)</u> | <u>(840,031)</u> |
| Capital contributions | 5,447,414 | 1,114,592 | 622,841 | 269,849 |
| Transfers from other funds | 250,000 | 7,062,600 | 3,025,000 | 810,000 |
| Transfers to other funds | - | - | (682) | (22,718) |
| Change in net assets | <u>3,376,519</u> | <u>9,463,096</u> | <u>2,745,156</u> | <u>217,100</u> |
| Total net assets - beginning | <u>51,846,711</u> | <u>38,318,210</u> | <u>61,306,700</u> | <u>55,484,338</u> |
| Total net assets - ending | <u>\$ 55,223,230</u> | <u>47,781,306</u> | <u>64,051,856</u> | <u>55,701,438</u> |

The notes to the basic financial statements are an integral part of this statement.



Enterprise Funds

| Boat Harbors | Non-Major Enterprise Funds | Totals | | | Internal Service Funds | | |
|---------------------|-----------------------------------|--------------------|--------------------|--------------------|-------------------------------|-------------------|--------------------|
| | | 2004 | 2003 | 2002 | 2004 | 2003 | 2002 |
| 1,030,574 | 1,875,282 | 55,978,209 | 51,412,259 | 46,610,300 | 14,943,612 | 12,830,025 | 9,355,208 |
| - | - | 9,887,507 | 8,149,811 | 7,779,225 | - | - | - |
| 556,955 | 426,743 | 3,123,861 | 3,215,352 | 3,041,831 | - | - | - |
| <u>1,587,529</u> | <u>2,302,025</u> | <u>68,989,577</u> | <u>62,777,422</u> | <u>57,431,356</u> | <u>14,943,612</u> | <u>12,830,025</u> | <u>9,355,208</u> |
| 994,315 | 506,494 | 34,505,738 | 32,995,131 | 29,699,387 | 614,320 | 576,474 | 523,650 |
| 73,814 | 671,139 | 12,003,234 | 11,885,864 | 10,696,730 | 292,293 | 460,789 | 225,146 |
| 389,649 | 201,904 | 10,204,830 | 9,650,209 | 9,026,306 | 236,830 | 209,211 | 205,511 |
| - | - | - | - | - | 10,122,153 | 9,440,276 | 7,820,943 |
| - | - | - | - | - | 2,024,911 | 1,161,384 | 1,193,525 |
| 305,611 | 231,468 | 4,564,516 | 4,185,248 | 3,439,328 | 526,662 | 538,138 | 459,806 |
| <u>1,763,389</u> | <u>1,611,005</u> | <u>61,278,318</u> | <u>58,716,452</u> | <u>52,861,751</u> | <u>13,817,169</u> | <u>12,386,272</u> | <u>10,428,581</u> |
| 901,992 | 920,568 | 11,813,044 | 11,499,342 | 10,483,541 | 889,646 | 857,472 | 724,262 |
| <u>2,665,381</u> | <u>2,531,573</u> | <u>73,091,362</u> | <u>70,215,794</u> | <u>63,345,292</u> | <u>14,706,815</u> | <u>13,243,744</u> | <u>11,152,843</u> |
| <u>(1,077,852)</u> | <u>(229,548)</u> | <u>(4,101,785)</u> | <u>(7,438,372)</u> | <u>(5,913,936)</u> | <u>236,797</u> | <u>(413,719)</u> | <u>(1,797,635)</u> |
| 29,519 | 26,614 | 258,590 | 1,025,450 | 1,156,702 | 19,866 | 138,655 | 166,263 |
| - | - | 157,256 | 197,683 | 129,731 | - | - | - |
| 221,435 | - | 303,450 | 377,892 | 357,905 | 159,135 | - | 82,851 |
| (3,574) | (41,832) | (70,414) | - | - | - | - | - |
| - | - | (430,451) | (440,862) | (557,083) | (5,649) | (11,952) | (17,040) |
| (161,147) | (98,986) | (229,042) | 14,628 | 7,765 | 10,850 | 41,350 | 19,000 |
| 86,233 | (114,204) | (10,611) | 1,174,791 | 1,095,020 | 184,202 | 168,053 | 251,074 |
| <u>(991,619)</u> | <u>(343,752)</u> | <u>(4,112,396)</u> | <u>(6,263,581)</u> | <u>(4,818,916)</u> | <u>420,999</u> | <u>(245,666)</u> | <u>(1,546,561)</u> |
| 1,908,356 | 78,105 | 9,441,157 | 15,019,419 | 4,128,444 | - | - | - |
| 9,379,000 | 506,823 | 21,033,423 | 6,007,457 | 9,001,294 | - | - | - |
| - | (30,000) | (53,400) | (434,532) | (141,032) | - | (191,000) | - |
| <u>10,295,737</u> | <u>211,176</u> | <u>26,308,784</u> | <u>14,328,763</u> | <u>8,169,790</u> | <u>420,999</u> | <u>(436,666)</u> | <u>(1,546,561)</u> |
| <u>18,191,071</u> | <u>22,013,009</u> | <u>247,160,039</u> | <u>232,831,276</u> | <u>224,661,486</u> | <u>7,176,478</u> | <u>7,613,144</u> | <u>9,159,705</u> |
| <u>28,486,808</u> | <u>22,224,185</u> | <u>273,468,823</u> | <u>247,160,039</u> | <u>232,831,276</u> | <u>7,597,477</u> | <u>7,176,478</u> | <u>7,613,144</u> |

CITY and BOROUGH OF JUNEAU

Proprietary Funds

Statement of Cash Flows

June 30, 2004

with comparative total amounts for 2003 and 2002

| | Business-type Activities | | | |
|----------------------------------------------------------------------|------------------------------------|----------------------------------|------------------------------|------------------------------|
| | Juneau International Airport | Bartlett Regional Hospital | Areawide Water Utility | Areawide Sewer Utility |
| Increase (decrease) in cash and cash equivalents: | | | | |
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 3,130,872 | 53,076,128 | 2,955,443 | 6,523,449 |
| Cash payments to suppliers for goods and services | (1,211,652) | (14,960,189) | (236,671) | (1,526,333) |
| Cash payments to employees for services | (1,512,444) | (27,380,167) | (1,005,346) | (2,791,555) |
| Cash payments for interfund exchange transactions | (363,375) | (4,579,932) | (378,936) | (950,932) |
| Net cash provided (used) by operating activities | 43,401 | 6,155,840 | 1,334,490 | 1,254,629 |
| Cash flows from investing activities: | | | | |
| Earnings from invested proceeds | 17,566 | 82,561 | 54,561 | 47,769 |
| Interest received on customer accounts | - | - | - | - |
| Interest received on special assessments | - | - | - | - |
| Net cash provided by investing activities | 17,566 | 82,561 | 54,561 | 47,769 |
| Cash flows from noncapital financing activities: | | | | |
| Transfers to other funds | - | - | (682) | (22,718) |
| Transfers from other funds | 250,000 | 7,062,600 | 3,025,000 | 810,000 |
| Cash from federal sources | 186,012 | - | - | - |
| Cash from state sources | 82,015 | - | - | - |
| Net cash provided (used) by noncapital financing activities | 518,027 | 7,062,600 | 3,024,318 | 787,282 |
| Cash flows from capital and related financing activities: | | | | |
| Cash received from revenue and general obligation bonds | - | - | - | - |
| Cash received from long-term loan | - | - | 1,007,573 | 1,600,906 |
| Cash paid for bond issuance costs | (9,190) | - | (45,606) | - |
| Cash received on disposal of assets | 19,998 | 11,093 | - | - |
| Cash received from federal and state capital grants | 4,557,897 | - | 230,003 | 83,000 |
| Cash received from contributed capital | 890,702 | 1,114,592 | 158,604 | 247,923 |
| Cash paid for acquisition and construction of capital assets | (5,995,533) | (3,570,982) | (1,817,322) | (1,379,138) |
| Principal paid on general obligation bond maturities | - | (838,053) | - | (174,156) |
| Principal paid on revenue bond maturities | - | - | (156,750) | (33,250) |
| Principal paid on long-term loans and contracts | - | (517,544) | - | (332,959) |
| Interest paid on bonds and contracts | - | (113,598) | (87,104) | (239,324) |
| Net cash provided (used) by capital and related financing activities | (536,126) | (3,914,492) | (710,602) | (226,998) |
| Net increase (decrease) in cash and cash equivalents: | 42,868 | 9,386,509 | 3,702,767 | 1,862,682 |
| Cash and cash equivalents at beginning of year | 4,925,646 | 6,549,611 | 5,432,655 | 3,636,652 |
| Cash and cash equivalents at end of year | \$ 4,968,514 | 15,936,120 | 9,135,422 | 5,499,334 |



Enterprise Funds

| <u>Boat Harbors</u> | <u>Other Enterprise Funds</u> | <u>Totals</u> | | | <u>Internal Service Funds</u> | | |
|---------------------|-------------------------------|---------------------|--------------------|---------------------|-------------------------------|--------------------|--------------------|
| | | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
| 1,498,718 | 2,229,889 | 69,414,499 | 62,136,887 | 57,641,981 | 14,936,368 | 12,754,907 | 9,247,124 |
| (245,736) | (802,554) | (18,983,135) | (21,396,638) | (18,281,904) | (12,778,833) | (12,138,856) | (8,853,091) |
| (982,827) | (486,648) | (34,158,987) | (32,881,453) | (29,483,974) | (603,798) | (572,435) | (519,954) |
| (164,340) | (291,613) | (6,729,128) | (6,071,992) | (4,924,708) | - | - | - |
| <u>105,815</u> | <u>649,074</u> | <u>9,543,249</u> | <u>1,786,804</u> | <u>4,951,395</u> | <u>1,553,737</u> | <u>43,616</u> | <u>(125,921)</u> |
| 29,519 | 26,614 | 258,590 | 1,025,450 | 1,156,702 | 19,866 | 138,655 | 166,263 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>29,519</u> | <u>26,614</u> | <u>258,590</u> | <u>1,025,450</u> | <u>1,156,702</u> | <u>19,866</u> | <u>138,655</u> | <u>166,263</u> |
| - | (30,000) | (53,400) | (429,186) | (141,032) | - | (191,000) | - |
| 9,379,000 | 506,823 | 21,033,423 | 6,007,457 | 9,001,294 | - | - | - |
| - | - | 186,012 | 168,927 | 5,797 | - | - | - |
| 221,435 | - | 303,450 | 341,923 | 364,237 | - | - | - |
| <u>9,600,435</u> | <u>476,823</u> | <u>21,469,485</u> | <u>6,089,121</u> | <u>9,230,296</u> | - | <u>(191,000)</u> | - |
| - | - | - | 3,030,435 | 2,709,102 | - | - | - |
| - | - | 2,608,479 | 2,750,212 | 350,151 | - | - | - |
| (142,961) | (104,580) | (302,337) | 6,821 | (45,855) | - | - | - |
| - | - | 31,091 | 30,334 | 46,436 | 12,736 | 77,567 | 19,000 |
| - | - | 4,870,900 | 123,934 | 314,124 | 159,135 | - | 82,851 |
| - | 78,105 | 2,489,926 | 15,219,138 | 3,953,999 | - | - | - |
| (3,933,189) | (889,862) | (17,586,026) | (24,924,629) | (16,674,150) | (975,267) | (971,439) | (1,464,406) |
| - | - | (1,012,209) | (3,904,632) | (815,744) | - | - | - |
| - | - | (190,000) | (180,131) | (1,100,227) | - | - | - |
| - | - | (850,503) | (988,705) | (952,405) | (137,504) | (131,256) | (128,013) |
| - | - | (440,026) | (368,376) | (453,494) | (5,648) | (11,952) | (16,578) |
| <u>(4,076,150)</u> | <u>(916,337)</u> | <u>(10,380,705)</u> | <u>(9,205,599)</u> | <u>(12,668,063)</u> | <u>(946,548)</u> | <u>(1,037,080)</u> | <u>(1,507,146)</u> |
| 5,659,619 | 236,174 | 20,890,619 | (304,224) | 2,670,330 | 627,055 | (1,045,809) | (1,466,804) |
| <u>1,467,154</u> | <u>3,336,026</u> | <u>25,347,744</u> | <u>25,651,968</u> | <u>22,981,638</u> | <u>4,757,730</u> | <u>5,803,539</u> | <u>7,270,343</u> |
| <u>7,126,773</u> | <u>3,572,200</u> | <u>46,238,363</u> | <u>25,347,744</u> | <u>25,651,968</u> | <u>5,384,785</u> | <u>4,757,730</u> | <u>5,803,539</u> |

(Continued)

CITY and BOROUGH OF JUNEAU

Proprietary Funds

Statement of Cash Flows, continued

June 30, 2004

with comparative total amounts for 2003 and 2002

| | Business-type Activities | | | |
|--------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------|-------------------------------------|
| | Juneau International <u>Airport</u> | Bartlett Regional <u>Hospital</u> | Areawide Water <u>Utility</u> | Areawide Sewer <u>Utility</u> |
| Reconciliation of operating loss to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ (2,597,101) | 1,317,946 | (867,575) | (647,655) |
| Adjustments to reconcile net operating loss to net cash provided (used) by operating activities: | | | | |
| Depreciation | 2,779,311 | 2,825,358 | 2,055,368 | 2,330,447 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (340,533) | 864,808 | (88,194) | (314,277) |
| (Increase) decrease in due from State of Alaska | - | - | - | - |
| (Increase) decrease in due from Federal government | - | - | - | - |
| (Increase) decrease in other receivables | - | 38,514 | - | - |
| (Increase) decrease in inventories | (26,956) | (84,207) | 44,964 | (41,501) |
| (Increase) decrease in prepaid expenses | - | (40,113) | - | - |
| Increase (decrease) in accounts payable | 233,236 | 547,319 | 168,903 | (154,472) |
| Increase (decrease) in accrued salaries payable | 15,632 | 125,452 | 8,535 | 18,753 |
| Increase (decrease) in accrued annual leave and compensation time | 30,549 | 86,723 | 12,518 | 17,255 |
| Increase (decrease) in deferred revenues | (50,737) | 482,432 | (6,144) | - |
| Decrease in Retirement Incentive Program payable | - | - | - | - |
| Increase (decrease) in accrued and other liabilities | - | (8,392) | 6,115 | 46,079 |
| Total adjustments | 2,640,502 | 4,837,894 | 2,202,065 | 1,902,284 |
| Net cash provided (used) by operating activities | \$ 43,401 | 6,155,840 | 1,334,490 | 1,254,629 |

The notes to the basic financial statements are an integral part of this statement.



Enterprise Funds

| <u>Boat Harbors</u> | <u>Other Enterprise Funds</u> | <u>Totals</u> | | | <u>Internal Service Funds</u> | | |
|---------------------|-------------------------------|--------------------|--------------------|--------------------|-------------------------------|------------------|--------------------|
| | | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
| <u>(1,077,852)</u> | <u>(229,548)</u> | <u>(4,101,785)</u> | <u>(7,438,371)</u> | <u>(5,913,936)</u> | <u>236,797</u> | <u>(413,719)</u> | <u>(1,797,635)</u> |
| 901,992 | 920,568 | 11,813,044 | 11,499,341 | 10,483,541 | 889,646 | 857,472 | 724,262 |
| (136,338) | 5,969 | (8,565) | (1,095,320) | (141,719) | - | - | - |
| - | - | - | 391,861 | 447,563 | - | - | - |
| - | (78,105) | (78,105) | 5,000 | (5,000) | - | - | - |
| - | - | 38,514 | (67,617) | 64,249 | (7,244) | (75,118) | (108,084) |
| 4,895 | - | (102,805) | (156,552) | (39,268) | (302) | (13,123) | (7,526) |
| - | - | (40,113) | 18,146 | 251,937 | 423 | 131,960 | (17,963) |
| 354,103 | 10,344 | 1,159,433 | (1,589,170) | (256,917) | (58,012) | (567,590) | 622,683 |
| 2,590 | 16,413 | 187,375 | 32,823 | 156,748 | 4,587 | (2,054) | 4,372 |
| 8,898 | 3,433 | 159,376 | 112,888 | 90,697 | 5,935 | 6,093 | (676) |
| 47,527 | - | 473,078 | 125,540 | (154,468) | - | - | - |
| - | - | - | (32,033) | (32,032) | - | - | - |
| - | - | 43,802 | (19,732) | - | 481,907 | 119,695 | 454,646 |
| <u>1,183,667</u> | <u>878,622</u> | <u>13,645,034</u> | <u>9,225,175</u> | <u>10,865,331</u> | <u>1,316,940</u> | <u>457,335</u> | <u>1,671,714</u> |
| <u>105,815</u> | <u>649,074</u> | <u>9,543,249</u> | <u>1,786,804</u> | <u>4,951,395</u> | <u>1,553,737</u> | <u>43,616</u> | <u>(125,921)</u> |

Fiduciary Funds

Comparative Statement of Fiduciary Assets and Liabilities

June 30, 2004, 2003 and 2002

| | Agency Funds | | |
|-------------------------------|-------------------|----------------|----------------|
| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
| ASSETS | | | |
| Equity in central treasury | \$ 909,407 | 899,374 | 845,254 |
| Plant and equipment | 7,588 | 7,588 | 7,588 |
| Total assets | \$ <u>916,995</u> | <u>906,962</u> | <u>852,842</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | - | - |
| Accrued and other liabilities | 916,995 | 906,962 | 852,842 |
| Total liabilities | \$ <u>916,995</u> | <u>906,962</u> | <u>852,842</u> |

The notes to the basic financial statements are an integral part of this statement.