

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS
AND SCHEDULES

GENERAL FUND

The General Fund *accounts for* the *financial* operations of the City of Homer which are not accounted for in any other fund. *Principal sources* of revenues are sales taxes, property taxes, charges for services, and intergovernmental revenues. Primary expenditures in the General Fund are for general government, public *safety*, and public works.

CITY OF HOMER, ALASKA
 General Fund
 Balance Sheet
 December 31, 2002
 (With Comparative Amounts for 2001)

Assets	2002	2001
Cash and investments	1,883,344	1,045,068
Receivables:		
Property taxes - delinquent	137,950	103,379
Less allowance for doubtful accounts	(72,063)	(36,888)
Net property taxes receivable	65,887	66,491
Sales taxes	404,684	351,546
Assessments	55,387	73,584
State and federal grants	2,562	-
Other	54,870	85,973
Total receivables	583,390	577,594
Due from other funds	470,222	1,004,754
Inventory	41,650	48,532
Prepaid items	182,323	102,428
Other asset	-	16,414
Total assets	3,160,929	2,794,790
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	217,866	168,250
Accrued payroll and related liabilities	165,272	130,158
Accrued leave	-	38,685
Deferred revenue	107,605	288,854
Deferred assessments	55,387	73,584
Deposits	8,117	8,449
Total liabilities	554,247	707,980
Fund balance:		
Reserved for inventory, prepaid items and other asset	223,973	167,374
Unreserved	2,382,709	1,919,436
Total fund balance	2,606,682	2,086,810
Total liabilities and fund balance	3,160,929	2,794,790

CITY OF HOMER, ALASKA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended December 31, 2002
 (With Comparative Amounts for 2001)

	2002	2001
Revenues:		
Property taxes	\$ 1,603,317	1,434,826
Sales taxes	2,358,810	2,069,920
Licenses and permits	17,000	12,520
Intergovernmental	765,845	784,840
Charges for services	2,045,851	1,393,570
Special assessments	18,197	29,776
Investment income	45,387	83,189
Fines and forfeitures	35,577	19,489
Total revenues	6,889,984	5,828,130
Expenditures:		
General government	1,688,822	1,684,884
Public safety	2,427,407	2,164,793
Public works	1,040,359	803,036
Library	331,765	298,541
Airport	124,311	107,541
Parks and recreation	386,188	342,943
Community service contributions	128,757	109,796
Debt service on capital leases:		
Principal payments	137,625	169,837
Interest	22,613	19,194
Total expenditures	6,287,847	5,700,565
Excess of revenues over expenditures	602,137	127,565
Other uses - transfers out	(229,522)	(440,893)
Special item - litigation settlement	-	91,930
Net change in fund balance	372,615	(221,398)
Fund balance at beginning of year	2,086,810	2,308,208
Cumulative effect of a change in accounting principle	147,257	-
Fund balance at end of year	\$ <u>2,606,682</u>	2,086,810

CITY OF HOMER, ALASKA
 General Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended December 31, 2002
 (With Comparative Amounts for 2001)

	2002		Variance Positive (Negative)	2001
	Budget	Actual		Actual
Revenues:				
Taxes:				
Property taxes	\$ 1,620,425	1,597,793	(22,632)	1,428,622
Sales taxes	2,255,434	2,358,810	103,376	2,069,920
Penalties and interest	7,001	5,524	(1,477)	6,204
Total taxes	3,882,860	3,962,127	79,267	3,504,746
Licenses and permits	6,900	17,000	10,100	12,520
Intergovernmental:				
Shared revenue	53,000	64,060	11,060	53,700
Safe communities	108,473	104,433	(4,040)	101,073
Utility cooperative	23,462	22,396	(1,066)	22,724
Alcohol beverage license	20,200	17,700	(2,500)	19,450
Public safety	456,500	453,028	(3,472)	471,853
Library grants	14,498	17,146	2,648	13,788
Public works	34,000	34,000	-	34,000
Reimbursements	29,000	38,131	9,131	47,948
Other grants	20,304	14,951	(5,353)	20,304
Total intergovernmental	759,437	765,845	6,408	784,840
Charges for services:				
Administrative services	914,746	914,746	-	752,651
Ambulance services	65,000	74,221	9,221	91,996
Fire contracts	242,000	352,120	110,120	31,629
Camping fees	114,000	133,165	19,165	114,773
Rents and leases	274,423	333,673	59,250	276,413
Donations	2,500	1,039	(1,461)	-
Airport services	83,411	97,404	13,993	83,888
Miscellaneous services	117,300	139,483	22,183	42,220
Total charges for services	1,813,380	2,045,851	232,471	1,393,570
Special assessments	-	18,197	18,197	29,776
Investment income	82,200	45,387	(36,813)	83,189
Fines and <i>forfeitures</i>	25,600	35,577	9,977	19,489
Total revenues	6,570,377	6,889,984	319,607	5,828,130

CITY OF HOMER, ALASKA
 General Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual, continued

	2002		Variance Positive (Negative)	2001
	Budget	Actual		Actual,
Expenditures:				
General government:				
City council/mayor:				
Salaries and benefits	4,585	4,730	(145)	4,670
Supplies	5,500	5,206	294	4,613
Other services and charges	258,120	218,838	39,282	360,629
Total City council/mayor	268,205	228,774	39,431	369,912
City clerk:				
Salaries and benefits	154,829	152,402	2,427	135,523
Supplies	1,900	2,204	(304)	2,347
Other services and charges	24,398	26,334	(1,936)	24,759
Total City clerk	181,127	180,940	187	162,629
City manager:				
Salaries and benefits	195,479	207,657	(12,178)	164,587
Supplies	2,700	2,806	(106)	1,505
Other services and charges	26,300	27,451	(1,151)	24,429
Total City manager	224,479	237,914	(13,435)	190,521
Financial services:				
Salaries and benefits	590,762	560,997	29,765	583,743
Supplies	9,100	7,557	1,543	5,803
Other services and charges	116,383	87,870	28,513	77,409
Capital outlay				91
Total financial services	716,245	656,424	59,821	667,046
Planning and zoning/property management:				
Salaries and benefits	193,006	178,773	14,233	111,315
Supplies	3,000	1,988	1,012	13,141
Other services and charges	19,961	19,625	336	23,202
Total planning and zoning/ property management	215,967	200,386	15,581	147,658

CITY OF HOMER, ALASKA
 General Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual, continued

	2002		Variance Positive (Negative)	2001
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
City hall complex:				
Salaries and benefits	\$ 12,026	12,145	(119)	5,004
Supplies	14,100	11,726	2,374	11,173
Other services and charges	90,543	160,513	(69,970)	130,941
Total City hall complex	116,669	184,384	(67,715)	147,118
Total general government	1,722,692	1,688,822	33,870	1,684,884
Public safety:				
Police department:				
Salaries and benefits	1,182,227	1,114,830	67,397	980,750
Supplies	39,950	39,519	431	34,548
Other services and charges	149,450	174,132	(24,682)	203,822
Total police department	1,371,627	1,328,481	43,146	1,219,120
DWI enforcement grant:				
Salaries and benefits		14,518	(14,518)	37,061
Capital outlay				5,008
Total DWI enforcement grant	-	14,518	(14,518)	42,069
Jail:				
Salaries and benefits	284,955	301,630	(16,675)	280,855
Supplies	21,540	17,553	3,987	18,923
Other services and charges	27,650	24,166	3,484	29,756
Capital outlay				10,000
Total jail	334,145	343,349	(9,204)	339,534
Animal control:				
Supplies	5,000	2,945	2,055	4,389
Other services and charges	44,550	45,291	(741)	44,202
Total animal control	49,550	48,236	1,314	48,591

CITY OF HOMER, ALASKA

General Fund

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

	2002		Variance Positive (Negative)	2001
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Emergency services:				
Salaries and benefits	\$ 402,464	425,433	(22,969)	301,598
Supplies	28,570	34,755	(6,185)	26,926
Other services and charges	187,654	161,141	26,513	186,955
Capital outlay	53,050	71,494	(18,444)	-
Total emergency services	671,738	692,823	(21,085)	515,479
Total public safety	2,427,060	2,427,407	(347)	2,164,793
Public works:				
Administration:				
Salaries and benefits	144,751	115,380	29,371	105,164
Supplies	4,500	4,589	(89)	2,525
Other services and charges	49,581	62,389	(12,808)	56,554
Total administration	198,832	182,358	16,474	164,243
Maintenance:				
Salaries and benefits	91,663	91,874	(211)	86,222
Supplies	9,900	12,320	(2,420)	14,636
Other services and charges	63,000	54,531	8,469	49,261
Capital outlay	7,500	5,377	2,123	428
Less amounts allocated to other departments	-	-	-	(23,100)
Total maintenance	172,063	164,102	7,961	127,447
Streets:				
Salaries and benefits	194,754	158,559	36,195	156,906
Supplies	96,500	101,295	(4,795)	71,819
Other services and charges	45,700	24,085	21,615	23,255
Capital outlay	5,000	5,115	(115)	-
Total streets	341,954	289,054	52,900	251,980

CITY OF HOMER, ALASKA
 General Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual, continued

	2002		Variance Positive (Negative)	2001
	Budget	Actual		Actual,
Expenditures, continued:				
Public works, continued:				
Motor pool:				
Salaries and benefits	\$ 129,379	150,860	(21,481)	110,961
Supplies	29,500	34,376	(4,876)	34,976
Other services and charges	65,300	124,207	(58,907)	89,055
Capital outlay	-	-	-	4,724
Less amounts allocated to other departments	-	-	-	(50,442)
Total motor pool	224,179	309,443	(85,264)	189,274
Engineer/inspector:				
Salaries and benefits	80,417	87,284	(6,867)	61,530
Supplies	1,900	1,853	47	1,646
Other services and charges	14,100	6,265	7,835	6,916
Total engineer/inspector	96,417	95,402	1,015	70,092
Total public works	1,033,445	1,040,359	(6,914)	803,036
Library				
Salaries and benefits	257,502	254,118	3,384	217,091
Supplies	6,080	6,262	(182)	12,898
Other services and charges	56,280	51,584	4,696	68,552
Capital outlay	13,500	19,801	(6,301)	-
	333,362	331,765	1,597	298,541
Airport:				
Salaries and benefits	35,065	37,151	(2,086)	24,678
Supplies	13,000	12,636	364	14,313
Other services and charges	77,190	74,524	2,666	68,550
Total airport	125,255	124,311	944	107,541
Parks and recreation:				
Salaries and benefits	191,166	180,565	10,601	177,998
Supplies	31,500	37,535	(6,035)	27,034
Other services and charges	156,103	168,088	(11,985)	132,202
Capital outlay	-	-	-	5,709
Total parks and recreation	378,769	386,188	(7,419)	342,943

CITY OF HOMER, ALASKA
 General Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual, continued

	2002		Variance Positive (Negative)	2001
	Budget	Actual		Actual
Expenditures, continued:				
Community service contributions:				
Hospice of Homer	\$ 1,200	1,251	(51)	1,268
Council on Alcoholism	1,200	1,251	(51)	1,268
Mental health program	1,200	1,251	(51)	1,268
South Peninsula Women's Services	1,200	1,251	(51)	1,268
Kachemak Bay Family Planning	1,200	1,251	(51)	1,268
Homer Senior Citizens	1,200	1,251	(51)	1,268
Homer Friendship Center	1,200	1,251	(51)	1,268
Homer Foundation Non-Profit	120,000	120,000	-	100,920
Total community service contributions	128,400	128,757	(357)	109,796
Debt service on capital leases:				
Principal	137,839	137,625	214	169,837
Interest	22,399	22,613	(214)	19,194
Total debt service	160,238	160,238	-	189,031
Total expenditures	6,309,221	6,287,847	21,374	5,700,565
Excess of revenues over expenditures	261,156	602,137	340,981	127,565
Other uses - operating transfers to other funds	(229,522)	(229,522)	-	(440,893)
Special item - litigation settlement	-	-	-	91,930
Net change in fund balance	31,634	372,615	340,981	(221,398)
Fund balance at beginning of year	2,086,810	2,086,810	-	2,308,208
Cumulative effect of a change in accounting principle	-	147,257	147,257	-
Fund balance at end of year	\$ 2,118,444	2,606,682	488,238	2,086,810

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CITY OF HOMER, ALASKA
 Combining Balance Sheet - Nonmajor Governmental Funds
 December 31, 2002

Exhibit F-1

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>			<u>Capital Project Funds</u>			<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
	Library Donations	Volunteer Fire Department Donations	Total	1987 Rangeview Special Assessment Bonds	General Obligation 1990 Bonds and Special Assessment Bonds	Total	Streets and Sidewalks	Reserve Allocation	Total	Library Endowment	
<u>Assets</u>											
Cash and investments	\$ 177,575	50,209	227,784	22,249	236,779	259,028	1,837,113	1,005,067	2,842,180	12,300	3,341,292
Receivables net:											
Sales taxes							152,022	-	152,022		152,022
Assessments	-	-	-	4,525	15,325	19,850	-	-	-		19,850
Total assets	\$ 177,575	50,209	227,784	26,774	252,104	278,878	1,989,135	1,005,067	2,994,202	12,300	3,513,164
<u>Liabilities and Fund Balance</u>											
Liabilities:											
Accounts payable		29,992	29,992					246,128	246,128	-	276,120
Deferred revenues				4,525	15,325	19,850	-				19,850
Total liabilities	-	29,992	29,992	4,525	15,325	19,850	-	246,128	246,128	-	295,970
Fund balances:											
Reserved:											
Endowments										12,300	12,300
Debt service				22,249	236,779	259,028	-	-	-	-	259,028
Unreserved	177,575	20,217	197,792	-	-	-	1,989,135	758,939	2,748,074	-	2,945,866
Total fund balances	177,575	20,217	197,792	22,249	236,779	259,028	1,989,135	758,939	2,748,074	12,300	3,217,194
Total liabilities and fund balances	177,575	50,209	227,784	26,774	252,104	278,878	1,989,135	1,005,067	2,994,202	12,300	3,513,164

CITY OF HOME ALASKA

Exhibit F-2

Combining Statement of Revenues Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2002

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>			<u>Capital Project Funds</u>			<u>Permanent Fund</u>	Total
	Library Donations	Volunteer Fire Department Donations	Total	1987 Rangeview Special Assessment Bonds	General Obligation Bonds and 1990 Special Assessment Bonds	Total	Streets and Sidewalks	Nonmajor Reserve Allocation	Tot 1	Library Endowment	Governmental Funds
Revenues:											
Sales taxes	\$						884,600	-	884,600	-	884,600
Special assessments				7,541	17,674	25,215	-	-	-	-	25,215
Investment income	8,167	91	8,258	881	2,451	3,332	26,117	14,409	40,526	-	52,116
Donations	19,358	57,723	77,081	-	-	-	-	-	-	-	77,081
Other								268,048	268,048	-	268,048
Total revenues	27,525	57,814	85,339	8,422	20,125	28,547	910,717	282,457	1,193,174	-	1,307,060
Expenditures:											
Public safety	-	41,784	41,784	-	-	-	-	-	-	-	41,784
Public works	-	-	-	-	-	-	74,372	2,812	77,184	-	77,184
Debt service:											
Principal payments	-	-	-	5,280	345,000	350,280	-	-	-	-	350,280
Interest	-	-	-	2,018	101,831	103,849	-	-	-	-	103,849
Capital projects	-	-	-	-	-	-	-	444,660	444,660	-	444,660
Total expenditures	-	41,784	41,784	7,298	446,831	454,129	74,372	447,472	521,844	-	1,017,757
Excess of revenues over under expenditures	27,525	16,030	43,555	1,124	(426,706)	(425,582)	836,345	(165,015)	671,330	-	289,303
Other financing sources uses											
Transfers in					447,254	447,254	-	161,250	161,250	-	608,504
Transfers out							(417,254)	(82,630)	(499,884)	-	(499,884)
Proceeds from issuance of capital lease					-	-	-	300,000	300,000	-	300,000
Net other financing sources uses					447,254	447,254	(417,254)	378,620	(38,634)	-	408,620
Net change in fund balances	27,525	16,030	43,555	1,124	20,548	21,672	419,091	213,605	632,696	-	697,923
Beginning fund balances	150,050	4,187	154,237	21,125	216,231	237,356	1,570,044	545,334	2,115,378	12,300	2,519,271
Ending fund balances	\$ 177,575	20,217	197,792	22,249	236,779	259,028	1,989,135	758,939	2,748,074	12,300	3,217,194

SPECIAL REVENUE FUNDS

A Special Revenue Fund is established to finance particular activities and is created from receipts of designated revenues.

Library Donations - This fund accounts for donations made to the library that have been earmarked for supplies.

Fire Department Donations - This fund accounts for donations made to the fire department that have been earmarked for supplies.

CITY OF HOMER, ALASKA
 Special Revenue Funds
 Combining Balance Sheet
 December 31, 2002
 (With Comparative Totals for 2001)

Assets	Library Donations	Fire Department Donations	<u>Totals</u>	
			2002	2001
Cash and investments	\$ 177,575	50,209	227,784	154,237
Liabilities and Fund Balances				
Liabilities - accounts payable	-	29,992	29,992	-
Fund balances - unreserved	177,575	20,217	197,792	154,237
Total liabilities and fund balances	\$ 177,575	50,209	227,784	154,237

CITY OF HOMER, ALASKA
 Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended December 31, 2002
 (With Comparative Totals for 2001)

	Fire		Totals	
	Library Donations	Department Donations	2002	2001
Revenues:				
Contributions	\$ 19,358	57,723	77,081	77,094
Interest	8,167	91	8,258	-
Total revenues	27,525	57,814	85,339	77,094
Expenditures - supplies	-	41,784	41,784	529
Excess of revenues over expenditures	27,525	16,030	43,555	76,565
Other financing sources - transfers in	-	-	-	58,695
Net change in fund balance	27,525	16,030	43,555	135,260
Fund balances at beginning of year	150,050	4,187	154,237	18,977
Fund balances at end of year	\$ 177,575	20,217	197,792	154,237

DEBT SERVICE FUNDS

These funds are established to account for the accumulation and disbursements of monies needed to comply with the interest and **principal** redemption requirements of general obligation and special assessment bonds.

1987 Rangeview Special Assessment Bonds - This fund accounts for the 1987 street special assessment bonds. Financing is provided by special assessments levied against benefited property.

General Obligation Bonds and 1990 Special Assessment Bonds - This fund accounts for the following bond issues:

1990 Special Assessment Bonds

1998 General Obligation Refunding Bonds

CITY OF HOMER, ALASKA
 Debt Service Funds
 Combining Balance Sheet
 December 31, 2002
 (With Comparative Totals for 2001)

Assets	1987 Rangeview Special Assessment Bonds	General Obligation Bonds and 1990 Special Assessment Bonds	Totals	
			2002	2001
Cash and investments	\$ 22,249	236,779	259,028	237,356
Assessments receivable:				
Current	2,262	15,325	17,587	18,505
Deferred	2,263	-	2,263	26,560
 Total assets	 26,774	 252,104	 278,878	 282,421
 <u>Liabilities and Fund Balances</u>				
Liabilities -deferred revenue	4,525	15,325	19,850	45,065
Fund balances - reserved for debt service	<u>22,249</u>	<u>236,779</u>	<u>259,028</u>	<u>237,356</u>
 Total liabilities and fund balances	 <u>26,774</u>	 <u>252,104</u>	 <u>278,878</u>	 <u>282,421</u>

CITY OF HOMER, ALASKA
 Debt Service Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Year Ended December 31, 2002
 (With Comparative Totals for 2001)

	1987 Rangeview Special Assessment Bonds	General Obligation Bonds and 1990 Special Assessment Bonds	Totals	
			2002	2001
Revenues:				
Special assessments	\$ 7,541	17,674	25,215	29,413
Interest	881	2,451	3,332	6,493
Total revenues	8,422	20,125	28,547	35,906
Expenditures:				
Debt service:				
Principal payments	5,280	345,000	350,280	325,280
Interest	2,018	101,831	103,849	118,002
Total expenditures	7,298	446,831	454,129	443,282
Excess of revenues over (under) expenditures	1,124	(426,706)	(425,582)	(407,376)
Other financing sources - transfers in		447,254	447,254	435,054
Net change in fund balance	1,124	20,548	21,672	27,678
Fund balances at <u>beginning</u> of year	21,125	216,231	237,356	209,678
Fund balances at end of year	\$ 22,249	236,779	259,028	237,356

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for the financial resources expended to acquire or construct major capital assets of a relatively permanent nature. Such financial resources include grants, contributions, bond proceeds, and operating transfers from other funds.

Capital Project Funds provide a formal mechanism to ensure that revenues dedicated to a certain project are used only for that project and enable the City administration to report to grantors of Capital Project Fund revenue that their requirements regarding the use of the revenues are fully satisfied.

City Facilities - This fund accounts *for* capital improvement projects for buildings and other facilities.

Streets and Sidewalks - This fund accounts *for* capital improvement projects *for streets* and sidewalks.

Reserve Allocation - This fund accounts for the accumulation of capital to purchase equipment.

CITY OF HOMER, ALASKA
 Capital Project Funds
 Combining Balance Sheet
 December 31, 2002
 (With Comparative Totals for 2001)

Assets	City Facilities	Streets and Sidewalks	Reserve Allocation	Totals	
				2002	2001
Cash and investments	\$ 568,111	1,837,113	1,005,067	3,410,291	3,705,117
Accounts receivable:					
Sales taxes	-	152,022	-	152,022	132,060
State and federal grants	537,388	-	-	537,388	54,270
Other	-	-	-	-	53,574
Total assets	1,105,499	1,989,135	1,005,067	4,099,701	3,945,021
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Liabilities and Fund Balances					
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Liabilities:					
Accounts payable	250,930	-	246,128	497,058	12,237
Accrued liabilities	428	-	-	428	4,940
Deferred revenue	105,009	-	-	105,009	90,656
Total liabilities	356,367	-	246,128	602,495	107,833
Fund balances - unreserved - designated:					
Capital outlay	749,132	1,989,135	757,364	3,495,631	3,835,613
Land	-	-	1,575	1,575	1,575
Total fund balances	749,132	1,989,135	758,939	3,497,206	3,837,188
Total liabilities and fund balances	\$ 1,105,499	1,989,135	1,005,067	4,099,701	3,945,021

CITY OF HOMER, ALASKA
 Capital Project Funds
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Year Ended December 31, 2002
 (With Comparative Totals for 2001)

	City Facilities	Streets and Sidewalks	Reserve Allocation	Totals 2002	Totals 2001
Revenues:					
Sales tax		884,600		884,600	776,452
Intergovernmental	808,393			808,393	253,546
Investment income	21,807	26,117	14,409	62,333	114,845
Other	101,833	-	268,048	369,881	129,177
Total revenues	932,033	910,717	282,457	2,125,207	1,274,020
Expenditures:					
General government	36,082			36,082	34,720
Public safety	57,913			57,913	5,113
Public works	503,090	74,372	2,812	580,274	148,361
Library	2,217			2,217	4,492
Parks and recreation	21,794			21,794	789
Community service	166,052			166,052	221,360
Capital outlay	1,121,035	-	444,660	1,565,695	228,424
Total expenditures	1,908,183	74,372	447,472	2,430,027	643,259
Excess of revenues over (under) expenditures	(976,150)	836,345	(165,015)	(304,820)	630,761
Other financing sources (uses):					
Transfers in	153,522	-	161,250	314,772	194,180
Transfers out		(417,254)	(82,630)	(499,884)	(369,054)
Proceeds from issuance of capital lease			300,000	300,000	
Net other financing sources (uses)	153,522	(417,254)	378,620	114,888	(174,874)
Net change in fund balance	(822,628)	419,091	213,605	(189,932)	455,887
Fund balances at beginning of year	1,571,760	1,570,044	545,334	3,687,138	3,231,251
Fund balances at end of year	\$ 749,132	1,989,135	758,939	3,497,206	3,687,138

PERMANENT FUND

This fund was established to benefit the library. The fund balance is reserved and only investment earnings may be spent.

CITY OF HOMER, ALASKA
Library Endowment Permanent Fund
Balance Sheet
December 31, 2002
(With Comparative Amounts for 2001)

Assets	2002	2001
Cash and investments	\$ <u>12,300</u>	<u>12,300</u>
Fund Balance		
Fund balance - reserved for endowments	<u>12,300</u>	<u>12,300</u>

CITY OF HOMER, ALASKA
Library Endowment Permanent Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended December 31, 2002
(With Comparative Amounts for 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues	\$ -	-
Operating transfers to other funds	<u>-</u>	<u>(58,695)</u>
Net change in fund balance	-	(58,695)
Fund balance at beginning of year	<u>12,300</u>	<u>70,995</u>
Fund balance at end of year	\$ 12,300	<u>12,300</u>

ENTERPRISE FUNDS

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business operations. The City of Homer utilizes two Enterprise Funds.

Port of Homer - This fund accounts for the operations of the port and harbor.

Water and Sewer Utility - This fund accounts for the operations of the water and sewer utility providing services to the residents of the City.

CITY OF HOMER, ALASKA
Enterprise Funds
Combining Statement of Net Assets
December 31, 2002
(With Comparative Totals for 2001)

Assets	Port of Homer	Water and Sewer U	Totals	
			2002	2 01
Current assets:				
Cash and investments	\$ -	2,016,136	2,016,136	1,432,564
Receivables, net of allowance for doubtful accounts:				
Accounts	100,173	153,513	253,686	274,593
Sales taxes	-	152,022	152,022	132,061
Assessments due within one year	-	28,668	28,668	29,586
State and federal grants and loans	282,042	2,013,272	2,295,314	1,537,827
Litigation settlement	100,000	-	100,000	100,000
Accrued interest	-	2,409	2,409	3,316
Inventory	30,491	133,641	164,132	136,010
Prepaid items	33,792	44,777	78,569	46,822
Current portion of note receivable	-	-	-	38,929
Deferred charges	-	-	-	75,250
Total current assets	<u>546,498</u>	<u>4,544,438</u>	<u>5,090,936</u>	<u>3,806,958</u>
Restricted assets- cash and investments restricted for debt service and capital projects	269,612	303,871	573,483	5,605,494
Assessments due after one year	-	98,113	98,113	187,618
Bond issuance costs, net of accumulated amortization	37,316	16,392	53,708	64,137
Litigation receivable, net of current portion	458,238	-	458,238	520,980
Property, plant and equipment, net of accumulated depreciation	<u>48,398,584</u>	<u>23,679,414</u>	<u>72,077,998</u>	<u>68,900,707</u>
Total assets	<u>\$ 49,710,248</u>	<u>28,642,228</u>	<u>78,352,476</u>	<u>79,085,894</u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Current liabilities:				
Accounts payable	63,106	135,703	198,809	988,648
Accrued liabilities	33,104	29,137	62,241	59,276
Accrued leave	113,881	92,272	206,153	135,975
Accrued interest	12,105	22,427	34,532	37,904
Current portion of long-term debt	145,000	423,003	568,003	593,793
Prepaid rentals and deposits	487,500	27,928	515,428	457,847
Due to other funds	314,693	-	314,693	899,018
Deferred revenue	18,000	-	18,000	2,519,997
Total current liabilities	<u>1,187,389</u>	<u>730,470</u>	<u>1,917,859</u>	<u>5,692,458</u>
Noncurrent liabilities:				
Deferred lease revenue	450,000	-	450,000	468,000
Long-term debt, net of current portion:				
Notes payable	-	4,475,146	4,475,146	2,817,164
Revenue bonds payable, net of deferred loss	<u>962,250</u>	<u>314,985</u>	<u>1,277,235</u>	<u>1,551,525</u>
Total liabilities	<u>2,599,639</u>	<u>5,520,601</u>	<u>8,120,240</u>	<u>10,529,147</u>
Net assets:				
Invested in capital assets, net of related debt	47,291,334	18,466,280	65,757,614	63,938,225
Unrestricted (deficit)	<u>(180,725)</u>	<u>4,655,347</u>	<u>4,474,622</u>	<u>4,618,522</u>
Total net assets	<u>\$ 47,110,609</u>	<u>23,121,627</u>	<u>70,232,236</u>	<u>68,556,747</u>

CITY OF HOMER, ALASKA
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Net Assets
Year Ended December 31, 2002
(with Comparative Totals for 2001)

	Port of Homer	Water and	Totals	
		Sewer Utility	2002	2001
Operating revenues - charges for services	2,603,535	2,213,359	4,816,894	4,501,641
Operating expenses:				
Operations	1,355,545	1,039,984	2,395,529	2,194,804
Administration	724,993	949,020	1,674,013	1,447,199
Depreciation	925,553	1,610,338	2,535,891	2,551,593
Total operating expenses	3,006,091	3,599,342	6,605,433	6,193,596
Operating loss	(402,556)	(1,385,983)	(1,788,539)	(1,691,955)
Nonoperating revenues (expenses):				
Investment income	33,855	59,901	93,756	440,850
Interest expense	(58,950)	(103,454)	(162,404)	(189,737)
Litigation settlement	58,259	-	58,259	40,821
Amortization of bond issuance costs	(5,331)	(5,098)	(10,429)	(10,430)
Sales taxes	-	884,600	884,600	776,452
Other income	108,874	25,097	133,971	107,502
Other expenses	-	(71,008)	(71,008)	(26,170)
Net nonoperating revenues (expenses)	136,707	790,038	926,745	1,139,288
Loss before contributions and transfers	(265,849)	(595,945)	(861,794)	(552,667)
Capital contributions	2,518,630	51,273	2,569,903	11,697,320
Transfers in	82,630	-	82,630	239,408
Transfers out		(115,250)	(115,250)	-
Change in net assets	2,335,411	(659,922)	1,675,489	11,384,061
Net assets at beginning of year	44,775,198	23,781,549	68,556,747	57,172,686
Net assets at end of year	\$ 47,110,609	23,121,627	70,232,236	68,556,747

CITY OF HOMER, ALASKA
Enterprise Funds
Combining Statement of Cash Flows
Year Ended December 31, 2002
(With Comparative Totals for 2001)

	Port of Homer	Water and	Totals	
		Sewer	2002	2001
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,831,128	2,190,333	5,021,461	4,651,729
Payments to suppliers	(1,832,362)	(1,171,247)	(3,003,609)	(1,128,849)
Payments to employees	(1,054,177)	(828,968)	(1,883,145)	(1,728,888)
Litigation settlement	58,259	-	58,259	40,821
Other miscellaneous receipts				107,502
Net cash flows from operating activities	2,848	190,118	192,966	1,942,315
Cash flows from capital and related financing activities:				
Principal payments on long-term debt	(148,762)	(429,424)	(578,186)	(573,169)
Interest payments on long-term debt and interfund borrowing	(54,317)	(100,749)	(155,066)	(193,385)
Acquisition of property, plant and equipment	(3,688,406)	(2,024,776)	(5,713,182)	(12,667,235)
Increase (decrease) in due to other funds	(584,325)		(584,325)	530,849
Decrease in deferred revenue	(2,501,997)		(2,501,997)	(832,267)
Capital contributions received	3,757,009	3,058	3,760,067	10,295,148
Principal collections on special assessments		90,423	90,423	66,500
Sales tax revenue received		864,639	864,639	775,218
Transfers in	82,630	-	82,630	239,408
Transfers out		(115,250)	(115,250)	
Refund of deferred charge		75,250	75,250	-
Net cash flows from capital and related financing activities	(3,138,168)	(1,636,829)	(4,774,997)	(2,358,933)
Cash flows from investing activities:				
Investment income received	33,855	60,808	94,663	534,115
Payments received on note		38,929	38,929	38,930
Net cash flows from investing activities	33,855	99,737	133,592	573,045
Net increase (decrease) in cash and cash equivalents	(3,101,465)	(1,346,974)	(4,448,439)	156,427
Cash and cash equivalents at beginning of year	3,371,077	3,666,981	7,038,058	6,881,631
Cash and cash equivalents at end of year	\$ <u>269,612</u>	2,320,007	2,589,619	7,038,058
Cash and cash equivalents at end of year:				
Cash and investments		2,016,136	2,016,136	1,432,564
Cash and investments restricted for debt service and capital projects	269,612	303,871	573,483	5,605,494
	\$ 269,612	2,320,007	2,589,619	7,038,058

CITY OF HOMER, ALASKA
Enterprise Funds
Combining Statement of Cash Flows, continued
Year Ended December 31, 2002
(With Comparative Totals for 2001)

	Port of Homer	Water and Sewer Utility	Totals	
			2002	2001
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	(402,556)	(1,385,983)	(1,788,539)	(1,691,955)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation	925,553	1,610,338	2,535,891	2,551,593
Increase (decrease) in allowance for doubtful accounts	(3,430)	2,094	(1,336)	13,637
Amortization of deferred lease revenue	(18,000)	-	(18,000)	(18,000)
Litigation settlement	58,259	-	58,259	40,821
Miscellaneous nonoperating revenues	108,874	25,097	133,971	107,502
Miscellaneous nonoperating expenses		(71,008)	(71,008)	(26,170)
(Increase) decrease in assets:				
Receivables	48,093	(48,123)	(30)	118,921
Inventory	(15,759)	(12,363)	(28,122)	(12,285)
Prepaid items	(10,534)	(21,213)	(31,747)	(1,733)
Litigation settlement receivable	62,742	-	62,742	59,190
Increase (decrease) in liabilities:				
Accounts payable	(824,138)	34,299	(789,839)	751,111
Accrued liabilities	23	2,942	2,965	(9,843)
Accrued leave	18,734	51,444	70,178	32,957
Prepaid rentals and deposits	54,987	2,594	57,581	35,331
Retirement incentive program				(8,762)
Net cash flows from operating activities	2,848	190,118	192,966	1,942,315

CITY OF HOMER, ALASKA
 Port of Homer Enterprise Fund
 Statement of Net Assets
 December 31, 2002
 (With Comparative Amounts for 2001)

Assets	2002	2001
Current assets:		
Receivables:		
Accounts, net of allowance for doubtful accounts of \$36,452 in 2002 and \$39,882 in 2001	\$ 100,173	144,836
State and federal grants	282,042	1,520,421
Litigation settlement - current	100,000	100,000
Net receivables	482,215	1,765,257
Inventory	30,491	14,732
Prepaid items	33,792	23,258
Total current assets	546,498	1,803,247
Restricted assets- cash and investments restricted for debt service and harbor deferred maintenance and construction	269,612	3,371,077
Bond issuance costs, net of accumulated amortization of \$21,324 in 2002 and \$15,993 in 2001	37,316	42,647
Property, plant and equipment:		
Property, plant and equipment in service	48,726,748	31,985,003
Land and land improvements	15,254,041	15,254,041
Construction work in progress		13,053,339
Less accumulated depreciation	(15,582,205)	(14,656,652)
Net property, plant and equipment	48,398,584	45,635,731
Long-term portion of litigation receivable, net of 6% discount of \$141,762 in 2002 and \$179,020 in 2001	458,238	520,980
Total assets	\$ 49,710,248	51,373,682
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	63,106	887,244
Accrued liabilities	33,104	33,081
Accrued leave	113,881	95,147
Accrued interest	12,105	13,579
Current portion of bonds payable	145,000	148,762
Prepaid berth rentals and deposits	487,500	432,513
Due to other funds	314,693	899,018
Deferred revenue	18,000	2,519,997
Total current liabilities	1,187,389	5,029,341
Deferred lease revenue	450,000	468,000
Long-term debt, net of current portion - revenue bonds payable, net of deferred loss of \$42,750 in 2002 and \$48,857 in 2001	962,250	1,101,143
Total liabilities	2,599,639	6,598,484
Net assets:		
Invested in capital assets, net of related debt	47,291,334	44,385,826
Unrestricted	(180,725)	389,372
Total net assets	\$ 47,110,609	44,775,198

CITY OF HOMER, ALASKA
 Port of Homer Enterprise Fund
 Statement of Revenues, Expenses and Changes in Net Assets
 Year Ended December 31, 2002
 (With Comparative Amounts for 2001)

	2002	2001
Operating revenues:		
Harbor	\$ 1,335,248	1,218,924
Main dock	105,545	128,982
Fish dock	708,203	665,006
Deep water dock	210,283	279,138
Uplands	233,698	240,732
Recreation facilities	10,558	9,662
Total operating revenues	2,603,535	2,542,444
Operating expenses, excluding depreciation:		
Harbor	816,423	736,225
Main dock	45,662	35,089
Fish dock	433,068	413,988
Deep water dock	45,487	48,206
Uplands	-	1,242
Recreation facilities	14,905	20,105
Administration	724,993	735,103
Depreciation	925,553	951,944
Total operating expenses, excluding depreciation	3,006,091	2,941,902
Operating loss	(402,556)	(399,458)
Nonoperating revenues (expenses):		
Investment income	33,855	348,618
Interest expense - bonds	(58,950)	(58,366)
Litigation settlement	58,259	40,821
Amortization of bond issuance costs	(5,331)	(5,331)
State of Alaska	-	11,783
Other income	108,874	95,719
Other expenses	-	(26,170)
Net nonoperating revenues (expenses)	136,707	407,074
Income (loss) before contributions and transfers	(265,849)	7,616
Capital contributions	2,518,630	11,652,999
Transfers in	82,630	239,408
Change in net assets	2,335,411	11,900,023
Net assets at beginning of year	44,375,198	32,875,175
Net assets at end of year	\$ 47,110,609	44,775,198

CITY OF HOMER, ALASKA
Port of Homer Enterprise Fund
Statement of Cash Flows
Year Ended December 31, 2002
(With Comparative Amounts for 2001)

	2002	2001
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,831,128	2,535,612
Other miscellaneous receipts	-	107,502
Payments to suppliers	(1,832,362)	(237,267)
Payments to employees	(1,054,177)	(966,931)
Litigation settlement	58,259	40,821
Net cash flows from operating activities	<u>2,848</u>	<u>1,479,737</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(148,762)	(148,746)
Interest payments on long-term debt and interfund borrowing	(54,317)	(53,609)
Acquisition of property, plant and equipment	(3,688,406)	(12,444,767)
Increase (decrease) in due to other funds	(584,325)	530,849
Decrease in deferred revenue	(2,501,997)	(832,267)
Capital contributions received	3,757,009	10,250,827
Transfers in	82,630	239,408
Net cash flows from capital and related financing activities	<u>(3,138,168)</u>	<u>(2,458,305)</u>
Cash flows from investing activities - investment income received	<u>33,855</u>	<u>416,343</u>
Net decrease in cash and cash equivalents	(3,101,465)	(562,225)
Cash and cash equivalents at beginning of year	<u>3,371,077</u>	<u>3,933,302</u>
Cash and cash equivalents at end of year	<u>\$ 269,612</u>	<u>3,371,077</u>
Cash and cash equivalents at end of year - Cash and investments restricted for debt service and harbor deferred maintenance and construction	<u>\$ 269,612</u>	<u>3,371,077</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (402,556)	(399,458)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	925,553	951,944
Increase (decrease) in allowance for doubtful accounts	(3,430)	11,699
Amortization of deferred lease revenue	(18,000)	(18,000)
Litigation settlement	58,259	40,821
Miscellaneous nonoperating revenues	108,874	107,502
Miscellaneous nonoperating expenses	-	(26,170)
(Increase) decrease in assets:		
Receivables	48,093	(37,999)
Inventory	(15,759)	(1,364)
Prepaid items	(10,534)	(765)
Litigation settlement receivable	62,742	59,190
Increase (decrease) in liabilities:		
Accounts payable	(824,138)	744,945
Accrued liabilities	23	(5,730)
Accrued leave	18,734	30,418
Prepaid berth rentals and deposits	54,987	31,466
Retirement incentive program	-	(8362)
Net cash flows from operating activities	<u>2,848</u>	<u>1,479,737</u>

CITY OF HOMER, ALASKA
 Port of Homer Enterprise Fund
 Combining Schedule of Port of Homer Capital Projects
 Year Ended December 31, 2002

	Kachemak				
	Bay Pioneer Dock	Boat Harbor TORA	Fish Cleaning Station	Other Equipment,	Totals
Funding sources:					
State and federal grants	\$ 1,932,755	566,241	20,000	-	2,518,996
Port of Homer funds	264,514	674,015	632	144,823	1,083,984
Total funding sources	\$ 2,197,269	1,240,256	20,632	144,823	3,602,980
Capital outlay:					
Salaries and benefits	22,367	4,677	292	-	27,336
Supplies	1,697	1,235,579		-	1,237,276
Other services and charges	2,173,205	-	20,340	6,674	2,200,219
Equipment			-	138,149	138,149
Total capital outlay	\$ 2,197,269	1,240,256	20,632	144,823	3,602,980

CITY OF HOMER, ALASKA
Water and Sewer Utility Enterprise Fund
Statement of Net Assets
December 31, 2002
(With Comparative Amounts for 2001)

Assets	2002	2001
Current assets:		
Cash and investments	2,016,136	1,432,564
Receivables:		
Accounts, net of allowance for doubtful accounts of \$7,046 in 2002 and \$4,952 in 2001	153,513	129,757
Sales taxes	152,022	132,061
Assessments due within one year	28,668	29,586
State and federal grants and loans	2,013,272	17,406
Accrued interest	2,409	3,316
Net receivables	2,349,884	312,126
Inventory	133,641	121,278
Prepaid items	44,777	23,564
Current portion of note receivable	-	38,929
Deferred charges	-	75,250
Total current assets	4,544,438	2,003,711
Restricted assets - cash and investments restricted for debt service	303,871	2,234,417
Assessments due after one year	98,113	187,618
Bond issuance costs, net of accumulated amortization of \$20,392 in 2002 and \$15,294 in 2001	16,392	21,490
Property, plant and equipment:		
Property, plant and equipment in service	45,435,690	45,375,524
Land	107,239	107,239
Construction work in progress	2,152,194	187,584
Less accumulated depreciation	(24,015,709)	(22,405,371)
Net property, plant and equipment	23,679,414	23,264,976
Total assets	28,642,228	27,712,212
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	135,703	101,404
Accrued liabilities	29,137	26,195
Accrued leave	92,272	40,828
Accrued interest	22,427	24,325
Current portion of long-term debt	423,003	445,031
Customer utility deposits	279,928	25,334
Total current liabilities	730,470	663,117
Long-term debt, net of current portion:		
Notes payable	4,475,146	2,817,164
Revenue bonds payable, net of deferred loss of \$15,015 in 2002 and \$19,618 in 2001	314,985	450,382
Total liabilities	5,520,601	3,930,663
Net assets		
Invested in capital assets, net of related debt	18,466,280	19,552,399
Unrestricted	4,655,347	4,229,150
Total net assets	23,121,627	23,781,549

CITY OF HOMER, ALASKA
 Water and Sewer Utility Enterprise Fund
 Statement of Revenues, Expenses and Changes in Net Assets
 Year Ended December 31, 2002
 (With Comparative Amounts for 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Water charges and connection fees	1,204,898	1,160,849
Sewer charges and connection fees	1,008,461	797,348
Inspection fees	-	1,000
Total operating revenues	<u>2,213,359</u>	<u>1,959,197</u>
 Operating expenses:		
Water department:		
Treatment plant operations and testing	226,180	205,876
Pumping system	49,142	58,605
Distribution system and reservoir	134,347	109,763
Water meters	57,960	44,569
Water hydrants	43,921	40,215
Administration	481,109	336,779
Total water department	<u>992,659</u>	<u>795,807</u>
Sewer department:		
Treatment plant	368,139	298,232
Collection system	71,844	109,515
Lift station	88,451	73,174
Administration	467,911	375,317
Total sewer department	<u>996,345</u>	<u>856,238</u>
Depreciation	<u>1,610,338</u>	<u>1,599,649</u>
Total operating expenses	<u>3,599,342</u>	<u>3,251,694</u>
Operating loss	<u>\$ (1,385,983)</u>	<u>(1,292,497)</u>

CITY OF HOMER, ALASKA
 Water and Sewer Utility Enterprise Fund
 Statement of Revenues, Expenses and Changes in Net Assets, continued
 Year Ended December 31, 2002
 (With Comparative Amounts for 2001)

	2002	<u>2001</u>
Nonoperating revenues expenses):		
Investment income	\$ 59,901	92,232
Interest expense	(103,454)	(131,371)
Sales taxes	884,600	776,452
Amortization of bond issuance costs	(5,098)	(5,099)
Infiltration study	(31,818)	-
Other income	25,097	-
Other expenses	<u>(39,190)</u>	-
Net nonoperating revenues (expenses)	<u>790,038</u>	<u>732,214</u>
 Loss before contributions and transfers	 (595,945)	 (560,283)
 Capital contributions	 51,273	 44,321
Transfers out	<u>(115,250)</u>	-
 Change in net assets	 (659,922)	 (515,962)
 Net assets at beginning of year	 <u>23,781,549</u>	 <u>24,297,511</u>
 Net assets at end of year	 \$ <u>23,121,627</u>	 <u>23,781,549</u>

CITY OF HOMER, ALASKA

Water and Sewer Utility Enterprise Fund
Statement of Cash Flows
Year Ended December 31, 2002
(With Comparative Amounts for 2001)

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,190,333	2,116,117
Payments to suppliers	(1,171,247)	(891,582)
Payments to employees	(828,968)	(761,957)
Net cash flows from operating activities	<u>190,118</u>	<u>462,578</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(429,424)	(424,423)
Interest payments on long-term debt	(100,749)	(139,776)
Acquisition of property, plant and equipment	(2,024,776)	(222,468)
Capital contributions received	3,058	44,321
Principal collections on special assessments	90,423	66,500
Sales tax revenue received	864,639	775,218
Transfers out	(115,250)	-
Refund of deferred charge	75,250	-
Net cash flows from capital and related financing activities	<u>(1,636,829)</u>	<u>99,372</u>
Cash flows from investing activities:		
Investment income received	60,808	117,772
Payments received on note	38,929	38,930
Net cash flows from investing activities	<u>99,737</u>	<u>156,702</u>
Increase (decreases) in cash and cash equivalents	(1,346,974)	718,652
Cash and cash equivalents at beginning of year	<u>3,666,981</u>	<u>2,948,329</u>
Cash and cash equivalents at end of year	<u>\$ 2,320,007</u>	<u>3,666,981</u>
Cash and cash equivalents at end of year:		
Cash and investments	2,016,136	1,432,564
Cash and investments restricted for debt service	303,871	2,234,417
	<u>\$ 2,320,007</u>	<u>3,666,981</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	\$ (1,385,983)	(1,292,497)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	1,610,338	1,599,649
Increase in allowance for doubtful accounts	2,094	1,938
Miscellaneous nonoperating revenues	25,097	-
Miscellaneous nonoperating expenses	(71,008)	-
(Increase) decrease in assets:		
Receivables	(48,123)	156,920
Inventory	(12,363)	(10,921)
Prepaid items	(21,213)	(968)
Increase (decrease) in liabilities:		
Accounts payable	34,299	6,166
Accrued liabilities	2,942	(4,113)
Accrued leave	51,444	2,539
Deposits	2,594	3,865
Net cash flows from operating activities	<u>190,118</u>	<u>462,578</u>

CITY OF HOMER, ALASKA
 Water and Sewer Utility Enterprise Fund
 Combining Schedule of Water and Sewer Utility Capital Projects
 Year Ended December 31, 2002

	Vehicles and Other Equipment	Water Storage	Hillside Acres LID	Harrington Heights LID	Mariner Drive LID	Forest Glen LID	East End LID	West Lakeshore LID	Thompson Drive LID	East Road LID	Totals
Funding sources:											
State and federal grants	\$ -	51,273	-	-	-	-	-	-	-	-	51,273
Capitalization loans			69,198	363,214	289,486	600,334	8,253	525,520	10,802	13,979	1,880,786
Water and Sewer Utility funds	54,899	32,361	-	48	47	48	-	47	-	-	87,450
Total funding sources	\$ 54,899	83,634	69,198	<u>363,262</u>	289,533	600,382	8,253	525,567	<u>10,802</u>	13,979	2,019,509
Capital outlay:											
Salaries and benefits		2,469	4,416	4,374	7,964	11,232	595	10,014	108	224	41,396
Other services and charges		81,165	64,782	358,888	281,569	589,150	7,658	515,553	10,694	13,755	1,923,214
Equipment	54,899	-	-	-	-	-	-	-	-	-	54,899
Total capital outlay	\$ 54,899	83,634	69,198	363,262	289,533	600,382	8,253	525,567	10,802	13,979	2,019,509

INTERNAL SERVICE FUND

The Internal Service Fund accounts for the financing of goods or services provided by one City department to another City department on a cost-reimbursement basis.

Risk Management Fund - This fund accounts for money received from other City funds to pay for the cost of medical, dental, vision and weekly income benefits self-insurance claims.

CITY OF HOMER, ALASKA
 Risk Management Internal Service Fund
 Statement of Net Assets
 December 31, 2002
 (With Comparative Amounts for 2001)

Assets	2002	2001
Accounts receivable	<u>17,251</u>	<u>27,027</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	144,890	82,367
Due to other funds	<u>155,529</u>	<u>105,736</u>
Total liabilities	300,419	188,103
Net assets - deficit	<u>(283,168)</u>	<u>(161,076)</u>
Total liabilities and net assets	<u>17,251</u>	<u>27,027</u>

CITY OF HOMER, ALASKA
 Risk Management Internal Service Fund
 Statement of Revenues, Expenses and Changes in Net Assets
 Year Ended December 31, 2002
 (With Comparative Amounts for 2001)

	2002	2001
Operating revenues - interfund insurance charges	\$ 633,424	<u>447,349</u>
Operating expenses:		
Claims	513,297	444,391
Insurance premiums	199,017	146,411
Administration	43,202	<u>40,269</u>
Total operating expenses	<u>755,516</u>	<u>631,071</u>
Net loss	(122,092)	(183,722)
Net assets - deficit at beginning of year	<u>(161,076)</u>	<u>22,646</u>
Net assets - deficit at end of year	\$ <u>(283,168)</u>	<u>(161,076)</u>

CITY OF HOMER, ALASKA
 Risk Management Internal Service Fund
 Statement of Cash Flows
 Year Ended December 31, 2002
 (With Comparative Amounts for 2001)

	2002	2001
Cash flows from operating activities:		
Operating loss	\$ (122,092)	(183,722)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
(Increase) decrease in accounts receivable	9,776	(27,027)
Increase in accounts payable	62,523	26,154
Net cash flows from operating activities	(49,793)	(184,595)
 Cash flows from noncapital financing activities - increase in due to other funds	 49,793	 105,736
 Net decrease in cash and cash equivalents	 -	 (78,859)
 Cash and cash equivalents at beginning of year	 -	 78,859
 Cash and cash equivalents at end of year	 =	 =

CITY OF HOMER, ALASKA
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2002

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Share of Expenditures
DEPARTMENT OF AGRICULTURE				
Community Recreation Facility	980-10-037	10.670	\$ 12,500	5,911
Passed through the State of Alaska Department of Natural Resources - Volunteer Fire Assistance	39717	10.202	5,000	5000
Total Department of Agriculture				<u>10,911</u>
DEPARTMENT OF INTERIOR				
Passed Through the State of Alaska Department of Natural Resources - Jack Gist Recreational Park	02-00369	15.916	169,792	125
Passed Through the State of Alaska Department of Fish and Game - Fish Cleaning Facilities (75% Federal)	Co-op 00-035	15.605	81,000	15,000
Total Department of Interior				<u>15,125</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the State of Alaska Department of of Community and Economic Development South Peninsula Women's Shelter	824750	14.228	106,752	73,102
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through the State of Alaska Department of Military and Veteran Affairs Kenai Peninsula Flooding and Winter Storm Disaster	DR-1445-AK	83.544	575,460	377,318
ENVIRONMENTAL PROTECTION AGENCY				
Passed through the State of Alaska Department of Environmental Conservation Clean Water Loan	409031	66.458	2,847,824	821,873
Drinking Water Loan	409041	66.468	2,801,614	779,638
Total Environmental Protection Agency				<u>1,601,511</u>
DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership	01006031	16.607	2,407	2,057
Internet Crimes Against Children	2001-MC-CX-K040	16.543	45,000	22,715
Passed through the City of Soldotna Bryne Memorial Drug Grant	None	16.580	6,722	5,345
Total Department of Justice				<u>30,117</u>
DEPARTMENT OF LABOR				
Passed through the State of Alaska Department of Administration, Alaska Commission on Aging Senior Employment Program	0225141	17.235	8,423	3,813
Senior Employment Program	0235141	17.235	8,424	4,665
Total Department of Labor				<u>8,478</u>
DEPARTMENT OF TRANSPORTATION				
Multi-Purpose Dock (U.S. Coast Guard)	N/A	20.xxx	5,787,240	1,932,755
Passed through the State of Alaska Department of Transportation and Public Facilities Safety Saturation Patrols	020215	20.600	20,304	14,518
Speed Enforcement Safety Project	PT 020513	20.600	26,271	26,116
Passed through the State of Alaska Department of Public Safety, Division of Alaska State Troopers Seat Belt Enforcement	DTNH 22-00-G-09051	20.205	10,631	10,631
Total Department of Transportation				<u>1,984,020</u>
Total Federal Financial Assistance			\$ 100,582	

CITY OF HOMER, ALASKA
 Schedule of State Financial Assistance
 Year Ended December 31, 2002

Name of Award	Grant Number	Total Grant Award	State Share of Expenditures
DEPARTMENT OF REVENUE:			
Raw Fish Tax		\$ 46,756	46,756
Electric and Telephone Sharing		22,396	22,396
Liquor License		17,700	17,700
Total Department of Revenue			<u>86,852</u>
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT:			
* State Revenue Sharing	830070	64,060	64,060
* Safe Communities	830315	104,433	104,433
New Animal Shelter	001569-9-001	102,500	7,339
Community Recreation Facility	991569-9-001	101,862	33,669
Fish Resource Landing Tax		3,670	3,670
* Ambulance Replacement	02-DC-024	100,000	100,000
Total Department of Community and Economic Development			<u>313,171</u>
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT:			
Public Library Assistance	PLA-02-738-34	6,400	6,300
Public Library Assistance	PLA-03-738-34	6,250	100
Total Department of Education and Early Development			<u>6,400</u>
DEPARTMENT OF ENVIRONMENTAL CONSERVATION:			
* Water Storage Reservoir Design	40902	72,000	51,273
Infiltration and Inflow Study	40903	51,100	22,273
Total Department of Environmental Conservation			<u>73,546</u>
DEPARTMENT OF FISH AND GAME -			
Fish Cleaning Facilities (25% State)	Co-op 00-035	27,000	<u>5,000</u>
DEPARTMENT OF MILITARY AND VETERAN AFFAIRS -			
* Kenai Peninsula Flooding and Winter Storm Disaster	DR-1445	191,820	<u>125,773</u>
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES:			
* Homer Small Boat Harbor Transfer		3,587,373	<u>566,241</u>
DEPARTMENT OF HEALTH AND SOCIAL SERVICES -			
Tobacco Sales to Minors	06844	3,900	<u>1,225</u>
DEPARTMENT OF PUBLIC SAFETY			
Drug Eradication Funds	None	636	<u>636</u>
Total State Financial Assistance			\$ 1,178,844

* Major program

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