

Ketchikan Gateway Borough

Ketchikan, Alaska



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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KETCHIKAN GATEWAY BOROUGH

Ketchikan, Alaska

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2019

Prepared by:

Department of Finance

Cynna Gubatayao, Director
Maureen Crosby-CPA, Controller
1900 First Avenue, Suite 118
Ketchikan, Alaska 99901



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INTRODUCTORY SECTION



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KETCHIKAN GATEWAY BOROUGH

1900 First Avenue, Suite 118, Ketchikan, Alaska 99901

Cynna Gubatayao, Finance Director

phone 907/228-6620 fax 907/247-6698

Office of the Borough Finance Department

December 19, 2019

Honorable Mayor, Members of the Borough Assembly,
and the Citizens of the Ketchikan Gateway Borough

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Ketchikan Gateway Borough for the year ended June 30, 2019. The CAFR is designed for the public to understand the operational accountability with the government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.

The CAFR was prepared by the Ketchikan Gateway Borough Finance Department and subsequently audited by Teuscher Walpole, LLC. The accuracy of the data in this financial report, and the completeness and the fairness of the presentation, including all disclosures, is the responsibility of management. To provide a reasonable basis for making these representations, a comprehensive internal control framework has been established that is designed to protect the Borough's assets from loss, theft, or misuse and to maintain sufficient reliable information for the preparation of the Borough's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh the 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 attest that to the best of our knowledge and belief this financial report is complete and reliable in all material aspects. The Borough's financial statements were also audited by Teuscher Walpole, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Borough's financial statements for the year ended June 30, 2019 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Borough's MD&A can be found immediately following the independent auditor's report.

Profile of the Ketchikan Gateway Borough

Located on Revillagigedo Island in southern Southeast Alaska, and within the boundaries of the Tongass National Forest, Ketchikan is 650 miles north of Seattle, Washington, and 200 miles south of Juneau, Alaska's capital. Its boundaries extend around Revillagigedo Island, Gravina Island, Pennock Island and other smaller islands with the defined boundaries. The Borough is situated at the southern end of the 16.8-million-acre Tongass National Forest (the Tongass). The Tongass is the largest national forest in the United States. Harvesting and promoting the natural resources of the Tongass provide employment opportunities,

directly or indirectly for the Borough. The City of Ketchikan and the City of Saxman are incorporated cities within the Borough.

The Borough was incorporated as a second-class borough on September 13, 1963, and has operated under the Assembly-Manager form of government since 1974. The Mayor and seven Assembly Members are elected by the voters at-large for staggered three-year terms. Local elections are held annually in October. The Assembly is responsible for enacting ordinances, adopting the annual budget, establishing policy, and appointing the Borough Manager, Borough Clerk, and Borough Attorney.

The Ketchikan Gateway Borough School District is reported as a discretely presented component.

The Borough operates an enterprise fund for the Ketchikan International Airport including the airport ferry, and operates an enterprise fund for non-areawide services for wastewater. The Borough is responsible for property tax assessments, tax collection, and schools. Fire protection, emergency medical services, road maintenance, docks, and water utility service are provided through service areas. The transit system, Gateway Aquatic and Recreation Center, and parks are operated within the General Fund. Other areawide services include planning, platting, animal protection, and economic development. Other non-areawide services include library services and solid waste.

As part of the long term financial planning process, the Assembly holds an annual work session each January or February. During the session, the Assembly considers the fiscal impact on fund balances of potential legislation, local policy actions and economic conditions. A planning window of at least five years is used. During the work session, the Assembly sets the initial assumptions to be used in preparation of the next annual budget.

The annual budget serves as the foundation for the Borough's financial plan and control. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the Ketchikan Gateway Borough Assembly. Departments are required to submit requests for appropriation to the Borough Manager. The Borough Manager uses these requests as a basis for developing a proposed annual budget that is submitted to the Borough Assembly by the first regular Assembly meeting in May. Upon adoption of the budget, the Manager may authorize the transfer of funds within a fund. The transfer of money between funds requires an action of the Assembly for ratification. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and all major special revenue funds of the Borough, this comparison is presented as part of the basic financial statements. For nonmajor governmental funds with appropriated budgets, this comparison is presented in the governmental fund subsection of this report.

IMPLEMENTATION OF GASB 68 and 75

The Ketchikan Gateway Borough participates in the State of Alaska Public Employees' Retirement (PERS) plan. GASB 68 requires a liability for pension obligations, or Net Pension Liability (NPL), to be reported on the balance sheets of the plan and participating employers. GASB 75 requires the recognition of liabilities related to other postemployment benefits (OPEB). The State's PERS and Teachers' Retirement System (TRS) are cost-sharing multi-employer plans, and under GASB rules, the NPL and OPEB must be allocated among the plans and all employers in the plans, based on legal responsibility for payment of the liabilities.

In recognition of the Special Funding Situation, the State of Alaska prepared schedules identifying, for each participating employer, the employer and non-employer portions of NPL and OPEB. For external accounting and reporting, the Borough and its component unit the Ketchikan Gateway Borough School

District have recorded only the employer's portion of NPL and OPEB as calculated by the State, and have not recorded the non-employer portion.

However, Management of the Borough also contends that the State's calculations for the employer portion of NPL and OPEB are materially flawed. For PERS, Management of the Borough argues that the Borough's and School District's legal responsibility for the NPL is only the portion of the statutorily capped employer contribution that is greater than the normal cost rates for pension and OPEB through the year 2030. The School District's legal responsibility for the TRS NPL and OPEB is arguably none.

At June 30, 2019, the amount of net pension liability and other postemployment benefits recognized, with reservations, by the Borough and School District, and the related State proportion, were as follows:

	Borough	School District	Total
Pension Liabilities			
PERS Employer	\$ 10,081,525	11,823,442	21,904,967
PERS NonEmployer (State)	<u>2,919,964</u>	<u>3,424,092</u>	<u>6,344,056</u>
	13,001,489	15,247,534	28,249,023
TRs Employer	-	14,675,887	14,675,887
TRs NonEmployer (State)	<u>-</u>	<u>21,818,277</u>	<u>21,818,277</u>
	-	36,494,164	36,494,164
Total Employer	10,081,525	26,499,329	36,580,854
Total NonEmployer (State)	<u>2,919,964</u>	<u>25,242,369</u>	<u>28,162,333</u>
Total Pension Liabilities	\$ <u>13,001,489</u>	<u>51,741,698</u>	<u>64,743,187</u>
OPEB Liabilities (ARCHT, RMP and ODD)			
PERS Employer	\$ 2,066,323	2,413,549	4,479,872
PERS NonEmployer (State)	<u>604,412</u>	<u>709,374</u>	<u>1,313,786</u>
	2,670,735	3,122,923	5,793,658
TRs Employer	-	2,266,114	2,266,114
TRs NonEmployer (State)	<u>-</u>	<u>3,550,083</u>	<u>3,550,083</u>
	-	5,816,197	5,816,197
Total Employer	2,066,323	4,679,663	6,745,986
Total NonEmployer (State)	<u>604,412</u>	<u>4,259,457</u>	<u>4,863,869</u>
Total OPEB Liabilities	\$ <u>2,670,735</u>	<u>8,939,120</u>	<u>11,609,855</u>
Total Local Share Pension and OPEB Liabilities	\$ <u>12,147,848</u>	<u>31,178,992</u>	<u>43,326,840</u>
Total Pension and OPEB Liabilities	\$ <u>15,672,224</u>	<u>60,680,818</u>	<u>76,353,042</u>

Acknowledgements

The Government Finance Officers Association of the United States and Canada (the GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ketchikan Gateway Borough for its CAFR for the fiscal year ended June 30, 2018. This is the twelfth consecutive year that the Borough has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the CAFR requires input from the professional staff of the Finance Department. Without their efforts, it would not have been possible to produce this report. We would like to thank the following staff members for their efforts and contributions:

Brenda Bjork
Amy Briggs
Claire Kelly
Lhen Pabilona
Brenda Secrest
Pam Srna
Charlanne Thomas

Respectfully submitted,



Cynna Gubatayao
Finance Director



Maureen Crosby, CPA
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Ketchikan Gateway Borough
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

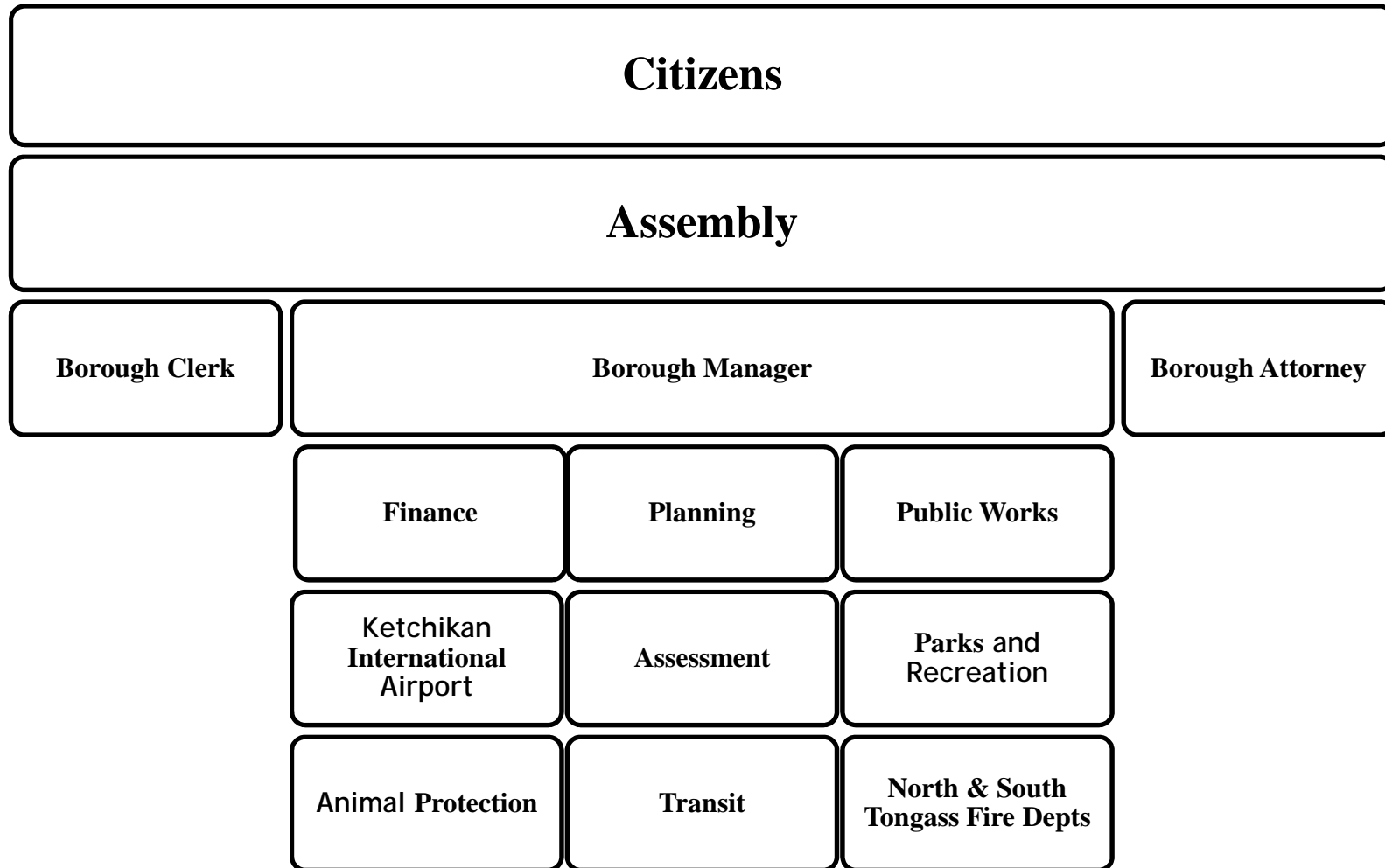
June 30, 2018

Christopher P. Morill

Executive Director/CEO

Ketchikan Gateway Borough

FY 2019



KETCHIKAN GATEWAY BOROUGH

PRINCIPAL BOROUGH OFFICIALS

June 30, 2019

MAYOR AND ASSEMBLY

		<u>Term Expires</u>
<i>Mayor</i>	David Landis	2019
<i>Vice-Mayor</i>	Judith McQuerry	2019
<i>Assembly Member</i>	Alan Bailey	2020
<i>Assembly Member</i>	Rodney Dial	2019
<i>Assembly Member</i>	Susan Pickrell	2020
<i>Assembly Member</i>	Amanda Pierce	2020
<i>Assembly Member</i>	Sven Westergard	2021
<i>Assembly Member</i>	Felix Wong	2021

The legislative power of the Ketchikan Gateway Borough is vested in an assembly of seven members. This assembly meets in regular session every first and third Monday of the month in the Assembly Chambers located in the White Cliff Building at 1900 First Avenue, Ketchikan, Alaska.

BOROUGH STAFF

<i>Borough Manager</i>	Ruben Duran
<i>Assistant Borough Manager</i>	Deanna Thomas
<i>Borough Attorney</i>	Glenn Brown
<i>Borough Clerk</i>	Kacie Paxton
<i>Director of Animal Protection</i>	Eddie Blackwood
<i>Director of Assessment</i>	Adam Thompson
<i>Director of Finance</i>	Cynna Gubatayao
<i>Director of Planning</i>	Richard Harney
<i>Airport Manager</i>	Mike Carney
<i>Director of Public Works</i>	Alex Peura
<i>Parks and Recreation Supervisor</i>	Wendy Miller



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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Borough Assembly
Ketchikan Gateway Borough
Ketchikan Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Ketchikan Gateway Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ketchikan Gateway Borough School District. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ketchikan Gateway Borough School District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Land Trust Special Revenue Fund, School Bond Capital Improvements Special Revenue Fund, and Local Education Special Revenue Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11–28 and the Public Employees Retirement System Schedule of Net Pension Liability, Net OPEB Liability and the Schedule of Pension Contributions, and the IBEW Pension Contributions on page 94–97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ketchikan Gateway Borough's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules, as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of Ketchikan Gateway Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ketchikan Gateway Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ketchikan Gateway Borough's internal control over financial reporting and compliance.

Teuscher Walpole, LLC

December 19, 2019

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2019

Within this section of the Ketchikan Gateway Borough, Alaska (the Borough) annual financial report, the Borough's management is pleased to provide this narrative discussion and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2019. The Borough's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Borough's net position exceeded its liabilities by \$183,452,497 for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Deferred outflows of resources includes \$2,036,624 related to pension and OPEB, and \$124,863 for deferred loss on refunding. Deferred inflows of resources includes \$1,049,813 related to pensions and OPEB.
 - (2) Net investment in capital assets of \$154,878,574 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (3) Net position of \$20,355,893 is restricted by constraints imposed from outside the Borough such as debt covenants, grantors, laws, or regulations.
 - (4) Unrestricted net position of \$8,218,030 indicates that the Borough has available assets to maintain the Borough's continuing obligations to citizens and creditors.
- The Borough's governmental funds reported total ending fund balances of \$36,618,407 this year. This compares to the prior year ending fund balance of \$34,921,601, showing an increase of \$1,696,806 during the current year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12,140,093 or 116% of total General Fund expenditures, exclusive of transfers to other funds. This is compared to the fiscal year 2018 unassigned fund balance of \$10,695,816, which was 105% of total General Fund expenditures, exclusive of transfers to other funds. The change of 11% is due to an increase in sales taxes and investment earnings.
- The Borough's mill rate is currently 5.0 and has been at this rate for 8 years, it was reduced from 5.8 in 2011. Beginning in fiscal year 2017, the entire 5.0 mills goes to the Local Education Fund.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the Borough's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Borough also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The Borough's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Borough's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2019

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Borough's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough as a whole is improving or deteriorating. Evaluation of the overall health of the Borough would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Borough infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Borough's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Borough's distinct activities or functions on revenues provided by the Borough's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Borough that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, library services, public services, fire and EMS, parks and recreation, public works, and education. Business-type activities include the airport and the wastewater systems.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Borough uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Borough's most significant funds rather than the Borough as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Borough has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Borough's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The budgetary comparison statements for the General Fund, the Land Trust Fund, the School Bond/Capital Improvements Fund, and the Economic Development Assistance Program Fund are presented as basic financial statements. There are no budgetary comparison statements for the State & Federal Grants Fund or for the Capital Projects Fund. State and Federal grants are not budgeted for, since funds are not normally appropriated by the agency until after the completion of the local budget process. Grants from other agencies are approved and accepted by the Assembly by resolution. Major Capital Projects are also not budgeted through the normal budget process because they are budgeted and approved by the Assembly when contracts are awarded.

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Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Borough charges customers a fee. The Borough has four proprietary funds. Two are classified as enterprise funds and two are internal service funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Borough organization for the airport operations and wastewater operations.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Borough's budget presentations, other than those funds referenced above. These statements and schedules demonstrate compliance with the Borough's adopted and final revised budget. As discussed, the Borough reports major funds in the basic financial statements.

Government-wide Financial Analysis

Statement of Net Position

The Borough's net position at fiscal year-end is \$183,452,497. The following table provides a summary of the Borough's net position.

(This page continued on the subsequent page).

Ketchikan Gateway Borough, Alaska
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Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current assets	\$ 42,233,806	\$ 41,208,736	5,558,428	4,214,010	47,792,234	45,422,746
Receivable from Component Unit	676,661	164,957	-	-	676,661	164,957
Capital assets	154,813,656	155,550,385	29,871,660	25,799,473	184,685,316	181,349,858
Total Assets	197,724,123	196,924,078	35,430,088	30,013,483	233,154,211	226,937,561
Deferred Outflows of Resources:						
Loss on refunding	124,863	223,442	-	-	124,863	223,442
Related to pensions	971,678	868,578	306,074	260,594	1,277,752	1,129,172
Related to OPEB	517,411	166,217	241,461	86,542	758,872	252,759
Total Assets and Deferred Outflows of Resources	\$ 199,338,075	\$ 198,182,315	\$ 35,977,623	\$ 30,360,619	\$ 235,315,698	\$ 228,542,934
Liabilities:						
Current liabilities	\$ 10,449,112	\$ 10,672,064	561,958	289,063	11,011,070	10,961,127
Long-term liabilities	35,471,367	38,596,162	4,330,951	2,863,563	39,802,318	41,459,725
Total Liabilities	45,920,479	49,268,226	4,892,909	3,152,626	50,813,388	52,420,852
Deferred Inflows of Resources:						
Related to pensions	139,134	774,231	113,892	394,046	253,026	1,168,277
Related to OPEB	522,270	554,891	274,517	288,907	796,787	843,798
Total Liabilities and Deferred Inflows of Resources	46,581,883	50,597,348	5,281,318	3,835,579	51,863,201	54,432,927
Net Position:						
Net investment in capital assets	125,006,914	122,089,151	29,871,660	25,799,473	154,878,574	147,888,624
Restricted	20,355,893	18,684,440	-	-	20,355,893	18,684,440
Unrestricted (deficit)	7,393,385	6,811,378	824,645	189,361	8,218,030	7,000,739
Total Net Position	\$ 152,756,192	147,584,969	30,696,305	25,988,834	183,452,497	173,573,803

Approximately 9.4% or \$3,356,479, of Ketchikan Gateway Borough's cash and investments are subject to external restrictions on how they must be used. \$423,388 is restricted for debt in the Land Trust Fund, \$752,066 is restricted for capital projects, and \$2,181,025 is restricted for commercial passenger vessel related projects.

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The largest component of the Borough's governmental total assets is invested in capital assets. Capital assets account for 77.7% of total assets and deferred outflows of resources, and net investment in capital assets accounts for 84.4% of total net position. The Borough's capital assets include land, Borough buildings and improvements, School District buildings and improvements, vehicles, transit buses, and infrastructure. The Borough uses these capital assets to provide services to its citizens. With business type activities, the Borough has spent approximately 83.0% of total assets and deferred outflows of resources on capital. Capital assets in the business-type activities provide airport and utility services, and they also generate revenues for these funds. 84.4% of the Borough's total net position is composed of net investment in capital assets. Net investment in capital assets for governmental activities increased by \$2,917,763 and net investment in capital assets for business type activities increased by \$4,072,187. The majority of the increases in capital assets for both governmental activities and business type activities were funded with grant funds.

Changes in Net Position

The Borough's total net position increased by \$9,878,694 in 2019. The net position for governmental activities increased by \$5,171,223 and the net position for business-type activities increased by \$4,707,471. The following table provides a summary of the changes in the Borough's net position:

(This page continued on the subsequent page).

Ketchikan Gateway Borough, Alaska
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Summary of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program:						
Charges for services	\$ 8,776,677	\$ 8,205,699	6,194,657	6,147,939	14,971,334	14,353,638
Operating grants	2,815,203	2,678,938	-	18,236	2,815,203	2,697,174
Capital grants	4,784,285	3,089,461	4,795,362	257,707	9,579,647	3,347,168
General:						
Taxes	21,677,200	20,939,399	-	-	21,677,200	20,939,399
Other	4,081,985	3,813,041	135,496	129,122	4,217,481	3,942,163
Total revenues	<u>42,135,350</u>	<u>38,726,538</u>	<u>11,125,515</u>	<u>6,553,004</u>	<u>53,260,865</u>	<u>45,279,542</u>
Program Expenses:						
General government	3,431,525	3,259,926	-	-	3,431,525	3,259,926
Fire and EMS	1,764,481	1,558,838	-	-	1,764,481	1,558,838
Water treatment & distribution	237,038	283,366	-	-	237,038	283,366
Library services	436,161	415,612	-	-	436,161	415,612
Parks and recreation	3,538,132	3,457,704	-	-	3,538,132	3,457,704
Public works	1,048,172	1,042,506	-	-	1,048,172	1,042,506
Public services	3,341,774	3,566,217	-	-	3,341,774	3,566,217
Transit	2,641,532	2,394,033	-	-	2,641,532	2,394,033
Education	18,743,052	15,841,676	-	-	18,743,052	15,841,676
Interest	1,529,612	1,701,147	-	-	1,529,612	1,701,147
Airport	-	-	5,681,725	5,680,358	5,681,725	5,680,358
Wastewater	-	-	988,967	1,042,474	988,967	1,042,474
Total expenses	<u>36,711,479</u>	<u>33,521,025</u>	<u>6,670,692</u>	<u>6,722,832</u>	<u>43,382,171</u>	<u>40,243,857</u>
Excess (deficiency)	5,423,871	5,205,513	4,454,823	(169,828)	9,878,694	5,035,685
Transfers	<u>(252,648)</u>	<u>(174,104)</u>	<u>252,648</u>	<u>174,104</u>	<u>-</u>	<u>-</u>
Change in net position	5,171,223	5,031,409	4,707,471	4,276	9,878,694	5,035,685
Net Position Beginning of Year, as restated	<u>147,584,969</u>	<u>142,553,560</u>	<u>25,988,834</u>	<u>25,984,558</u>	<u>173,573,803</u>	<u>168,538,118</u>
Net Position End of Year	<u>\$ 152,756,192</u>	<u>147,584,969</u>	<u>30,696,305</u>	<u>25,988,834</u>	<u>183,452,497</u>	<u>173,573,803</u>

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GOVERNMENTAL ACTIVITIES

The Borough is heavily reliant on property and sales taxes to support governmental operations and capital. Property taxes of \$10.6 million accounted for approximately 41.3% of the total general revenues. Sales taxes provided 38.1% of the Borough's total governmental general revenues. The Borough recognized \$666,731 in investment income for fiscal year 2019. The total income was from interest earnings on savings accounts, time certificates of deposit and interest charged on internal loans to other funds. Program revenues covered 44.6% of governmental operating expenses; as compared to 41.7% coverage in fiscal year 2018.

GOVERNMENTAL FUNCTIONAL REVENUES AND EXPENDITURES

- Charges for services increased \$570,978 from fiscal year 2018. This increase is due mainly to an increase in health insurance contributions for education. Insurance contributions from the component unit increased from \$5,772,579 in fiscal year 2018 to \$6,372,213 in fiscal year 2019.
- Operating grants and contributions in total increased \$136,265 from fiscal year 2018, due mainly to an increase in PERS On-behalf payments, and Transit grants. There were decreases in operating grants in other areas.
- Capital grants and contributions increased by \$1,694,824 from fiscal year 2018, due recognition of grant funds to purchase new buses for the Transit system.
- General Government expenditures increased \$171,599 from fiscal year 2018, due to an operating loss in the health insurance internal service fund, and the allocation of that loss across funds.
- Parks and Recreation expenditures increased \$80,428 from fiscal year 2018, due to an operating loss in the health insurance internal service fund, and the allocation of that loss to Parks and Recreation.
- Education expenditures increased \$2,901,376 from fiscal year 2018. This increase is composed of an increase in the Borough's appropriation for operations and an increase in health insurance claims.
- Total program expenditures for government funds increased by \$3,190,454 or 9.5%. The majority of that increase is due to increased expenditures for Education.

BUSINESS-TYPE ACTIVITIES

Airport Enterprise Fund - The primary enterprise fund of Ketchikan Gateway Borough is the Airport Enterprise Fund. This fund is used to account for the operations of the Ketchikan International Airport. The Airport Enterprise Fund is responsible for the operation and maintenance of the airport facilities and ferry system. The Ketchikan Gateway Borough owns and operates the terminal buildings and the airport ferries and leases the Ketchikan International Airport land reserve from the State of Alaska. (The lease with the State of Alaska is discussed at Note 3-G).

Operating revenues for the Airport Enterprise Fund increased by \$46,611 or .87% and operating expenses decreased by \$214,074 or 3.74%. This is mainly due to a credit in the Borough's Net Pension expense of \$273,677 and a credit in the Borough's Net OPEB expense of \$16,183. The net reduction in expenses related to pensions and OPEB was \$289,860. Operating grants decreased by \$61,568 and is due to contributed capital from grants allocated as operating capital.

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Personnel services decreased by \$291,812 or 9.57%. This decrease is due to the allocation of credits rather than expenses for pension and OPEB expense allocated through GASB 68 and GASB 75. Supplies and services increased by \$86,273 or 6.86%. Insurance costs decreased slightly and depreciation decreased by \$7,701 or .64%. These decreases are nominal.

Net position increased by \$4,083,109 or 24.3% from fiscal year 2018. The net position increase is mainly due to capital contributions from a State Legislative grant that paid for improvements at the Ketchikan International Airport.

The Wastewater Enterprise Fund (WEF) - is used to account for the operations of Ketchikan Gateway Borough's wastewater utility, sludge pumping, and other wastewater programs. The net position of the WEF increased during fiscal year 2019. Operating revenues increased by \$107 or .01%, a nominal amount. Operating expenses decreased by \$51,253 or 4.93%, attributable to decreases in supplies and services, and depreciation. "Recovery of expenditures from other funds" was comparable to fiscal year 2018. Personnel services increased by \$14,499 or 9.66%. Supplies and services decreased by \$58,173 or 11.09%. Insurance costs decreased slightly and depreciation increased nominally.

Net position increased by \$795,802 or 5.14% from fiscal year 2018. The net position increase is due to capital contributions from a State DEC grant that paid for wastewater improvements.

Financial Analysis of the Borough's Funds

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$36,618,407. Of this year-end total, \$12,140,093 is unassigned. Legally restricted fund balances totaling \$20,662,598 include \$1,181,462 for airport projects; \$752,066 for capital projects; \$2,664,116 for commercial passenger vessel impacts; \$51,166 for dock improvements; \$10,886,763 for education; \$290,473 for library operations; \$1,718,131 for public safety and water; \$2,731,211 for recreation; and \$387,210 for road maintenance. Fund balances are committed in total for \$3,791,679, consisting of \$195,493 for interfund loans and \$3,596,186 for Borough owned land management. The total ending fund balances of governmental funds increased by \$1,696,806 or 4.9% from fiscal year 2018.

Major Governmental Funds

General Fund – The General Fund is the Borough's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$1,454,158, a 13.6% increase. This increase is due to an increase sales tax revenues and investment earnings.

Total taxes collected were \$482,839 more than budgeted. No property taxes were budgeted in the General Fund in fiscal year 2019, as they are now budgeted in the Local Education Fund effective in fiscal year 2017. \$21 in delinquent property taxes from prior years were received in the General Fund. Taxes reported include automobile, sales, and penalties and interest.

Intergovernmental revenues were \$301,833 more than budgeted and were \$162,731 less than fiscal year 2018. The decrease from fiscal year 2018 is because revenues from the community assistance program and Federal PILT decreased in total by \$331,986. The total decrease was offset by an increase in the other intergovernmental revenues.

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Community assistance program revenue of \$399,711 was received in fiscal year 2019. The State Legislature provided \$335,739 in PERS relief to Ketchikan Gateway Borough and \$206,917 of the total relief was recognized in the General Fund. Total General Fund expenditures and transfers out increased by \$347,668 or 3.4% over fiscal year 2018.

Charges for services were \$2,499 less than budgeted. Charges for services in fiscal year 2019 were \$26,117 less than fiscal year 2018 due to decreased revenues in parks and recreation.

All general government departments with the exception of the Automation department under spent their final budgets. An 8.0% favorable variance in revenue collections of \$899,660 and a 6.8% favorable variance in expenditures and transfers out of \$782,391 increased the projected net change in fund balance by \$1,682,051. Sales tax collections were \$331,088 or 5.9% more than fiscal year 2018 and \$472,637 or 8.7% more than budgeted for fiscal year 2019.

Land Trust Fund – During fiscal year 2019, charges for services, land sales, investment earnings, and miscellaneous revenue brought total revenues to \$597,690. The Land Trust Fund recognized \$20,646 in miscellaneous revenues from easements. The fund expended \$422,653 for public services and \$500,000 for the purchase of land in the Mountain Point area. \$303,647 was transferred to the Debt Service Fund for principal and interest payments on the certificates of participation for the White Cliff School Building, which houses the Borough's administrative offices. The fund transferred \$242,920 back to the General Fund for the budgeted office space rent for governmental offices in the White Cliff building, and \$100,000 South Tongass Fire Department for the purchase of an E-One Pumper. The net change in fund balance was a \$971,530 decrease.

School Bond/Capital Improvements Fund – This fund is used to account for the receipt of revenues received from the State of Alaska for the School Bond Debt Reimbursement Program and the ½ -cent sales tax approved by the voters to fund school projects. These funds are used to pay for school bond debt, school capital projects that would qualify for bonding, and insurance on school buildings. This fund recognized \$1,934,894 in sales tax revenue, \$2,429,344 in debt reimbursement revenues, \$6,755 in penalties and interest, and \$91,257 in investment earnings. Debt reimbursement was budgeted at \$2,457,046 and \$2,429,344 was received. This fund transferred out \$3,512,811 for G.O. bond principal and interest payments into Debt Service Funds, \$162,740 to the Recreation CIP Fund and \$116,736 to the Local Education Fund for building insurance. This fund also expended \$41,461 for the Kayhi Welding Shop HVAC project. This project will continue in fiscal year 2020. The ending fund balance increased by \$628,550 or 11.4%

Local Education Special Revenue Fund – This fund is used to account for the receipt of property taxes, National Forest Receipts, and to process payments for local education support. Property tax collections were \$16,899 more than budgeted. Total transfers in were budgeted at \$1,168,640 and \$1,310,695 was transferred into the Local Education Fund, due to the closeout of the Tobacco Excise Tax Fund. In fiscal year 2019, the Assembly approved the dedication of one hundred percent of tobacco excise taxes to Education. Consequently, the Tobacco Tax Fund was closed out and the revenues and remaining fund balance were transferred into the Local Education Fund. In fiscal year 2020, the Tobacco Excise Taxes will be credited directly to the Local Education Fund. Transfers in to the Local Education Fund were \$116,736 from the School Bond CIP Fund for school building insurance, and \$1,004,069 from the Tobacco Tax Special Revenue Fund. National Forest Receipts were budgeted at \$896,229 and \$882,032 was received.

Ketchikan Gateway Borough Code §4.05.060(b) limits the unreserved fund balance within the School District's separate component unit fund balance to a maximum of 5% of the total budget as approved by the Assembly. The School District's unreserved fund balance at June 30, 2018, exceeded that amount. As a result,

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the School District returned \$208,712, which is shown as a recovery of school district excess fund balance in the fund statements.

The fund balance of the Local Education Fund increased by \$784,217, for an ending fund balance of \$4,763,193.

State & Federal Grants Fund – During the current fiscal year, the Borough received \$1,968,111 in State and Federal grants. The Borough expended \$119,529 on public services and \$1,848,582 towards governmental capital projects or equipment.

Capital Projects Fund – Construction continued on several school facility projects. Total costs were \$471,857 for construction projects. Investment earnings of \$427 were received on the unspent bond proceeds.

The Proprietary Funds – The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Factors concerning the finances of Ketchikan Gateway Borough's proprietary funds have already been addressed in the discussion of the Borough's business-type activities.

Capital Assets and Debt Administration

Capital Assets

The Borough's investment in capital assets, for governmental and business-type activities as of June 30, 2019, was \$154,813,656 and \$29,871,660 respectively. The total change in net book value of capital assets was a decrease of .05% for governmental and a 16% increase for business-type activities. The overall change was a 2.0% increase for the Borough as a whole. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

(This page continued on the subsequent page).

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Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Art	\$ 7,500	\$ 7,500	-	-	7,500	7,500
Land	40,267,817	39,560,817	-	-	40,267,817	39,560,817
Construction in progress	463,408	61,014	5,814,069	327,298	6,277,477	388,312
Total non-depreciable	40,738,725	39,629,331	5,814,069	327,298	46,552,794	39,956,629
Depreciable assets:						
Buildings and improvements	158,573,612	154,512,022	17,612,089	17,386,737	176,185,701	171,898,759
Vehicles, ferry and equipment	10,857,951	8,403,035	16,250,245	16,395,977	27,108,196	24,799,012
Wastewater assets	-	-	14,173,474	14,150,565	14,173,474	14,150,565
Infrastructure	14,668,777	17,764,785	-	-	14,668,777	17,764,785
Total depreciable assets	184,100,340	180,679,842	48,035,808	47,933,279	232,136,148	228,613,121
Less accumulated depreciation	70,025,409	64,758,788	23,978,217	22,461,104	94,003,626	87,219,892
Book value - depreciable assets	114,074,931	115,921,054	24,057,591	25,472,175	138,132,522	141,393,229
Percentage depreciated	<u>38%</u>	<u>36%</u>	<u>50%</u>	<u>47%</u>	<u>40%</u>	<u>38%</u>
Book value - all assets	\$ 154,813,656	155,550,385	29,871,660	25,799,473	184,685,316	181,349,858

At June 30, 2019, the depreciable capital assets for governmental activities were 38% depreciated. This is a 2% increase from fiscal year 2018. This comparison indicates that the Borough is replacing its assets at the same rate as they are depreciating which is a positive indicator.

The balance remaining in construction-in-progress for business-type activities is for Ketchikan International Airport and Wastewater projects.

With the Borough's business type activities, 50% of the asset values were depreciated at June 30, 2019 compared to 47% at June 30, 2018. The accumulated depreciation for FY 19 increased 8.0% for governmental activities and increased 7.0% for business-type activities.

The Borough owns the school district's land and buildings, which is approximately 51.6% of the Borough's governmental capital assets.

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Major capital asset changes during 2019 included the following:

General Governmental Assets:

- A 2018 GMC Terrain was purchased for the Assessment Department in the amount of \$18,516 and funded through the General Fund.
- A new server was purchased for the Automation Department in the amount of \$11,947 and funded through the General Fund.
- A TASKalfa copier was purchased for the Manager's Office in the amount of \$7,613 and funded through the General Fund.
- A TASKalfa copier was purchased for the Assessment Department in the amount of \$8,286 and funded through the General Fund.
- A Lucas Power Supply Battery was purchased for the North Tongass Fire Department in the amount of \$14,904 and funded through the North Tongass Service Area.
- A Kyocera Copier was purchased for the North Tongass Fire Department in the amount of \$6,495 and funded through the North Tongass Service Area.
- A 2019 Ford F-350 (Curbtender) was purchased for the Public Works Department in the amount of \$83,952 and funded through the General Fund and the Rec CIP Fund.
- A 2018 GMC Terrain was purchased for use in several departments and the Rec CIP Fund contributed \$9,715 towards the total purchase price for the Public Works Department.
- A 2017 GMC 1500 Sierra Pickup was purchased for use in several departments in the amount of \$38,895 and funded through the Wastewater, Rec CIP and the General Fund.
- A 2018 GMC Savana Cargo Van was purchased for the Public Works Department in the amount of \$29,682 and funded through the General Fund and the Rec CIP Fund.
- A diving board was purchased for the Aquatic Center in the amount of \$5,105 and funded through the Rec CIP Fund.
- A compressor was purchased for the South Tongass Fire Department in the amount of \$48,060 and funded through the South Tongass Service Area.
- An E-One Pumper was purchased for the South Tongass Fire Department in the amount of \$387,828 and funded through the South Tongass Service Area and a loan from the Land Trust Fund.
- Four Vehicle Lifts were purchased for the Transit Department for a total cost of \$32,684 and funded through the General Fund.
- Four 2018 35 foot Gillig buses were purchased for the Transit Department for a total cost of \$1,620,983 and funded through a Federal Capital Grant, two State Matching Grants and Commercial Passenger Vessel funds.

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- Two 2019 2WD Chevy El Dorado Vans were purchased for the Transit Department for a total cost of \$170,472 and funded through a Federal Capital Grant, two State Matching Grants and Commercial Passenger Vessel funds.
- A 2018 4WD Chevy Eldorado was purchased for the Transit Department in the amount of \$96,960 and was funded through a Federal Capital Grant, two State Matching Grants and Commercial Passenger Vessel funds.
- Work was completed on improvements to the Kayhi Sound System in the amount of \$113,845 and funded through G.O. Bond proceeds.
- Work was completed on carpet and flooring replacements at Kayhi in the amount of \$60,638 and funded through G.O. Bond proceeds.
- Paving work was completed on improvements to the Kayhi Alley and Parking Lot in the amount of \$297,374 and funded through G.O. Bond proceeds.
- Paving was completed in the Forest Park Service Area in the amount of \$86,297 and funded through the Forest Park Service Area.
- Construction was completed on the Dudley Field Grandstands in the amount of \$203,123 and funded through the Recreation CIP Fund and a Land and Water Conservation Grant.
- Construction was completed on the Esther Shea Grandstand and score booth project in the amount of \$148,591 and funded through the Recreation CIP Fund and a Land and Water Conservation Grant.
- Construction continued on the Walker Field Maintenance Facility in the amount of \$395,446 and was funded through the Rec CIP Fund.
- Construction began on the Kayhi Welding Shop HVAC Improvements project in the amount of \$41,461 and funded through the School Bond CIP Fund.
- A project for the Aquatic Center Pool Filters replacement began in the amount of \$21,200 and funded through the Rec CIP Fund.
- Land at Mountain Point was purchased in the amount of \$500,000 and funded through the Land Trust Fund.
- The State of Alaska patented 354.96 acres to the Borough. It is described as Secondary Bypass South. It has an estimated value of \$218,700 and will be reflected as "Contributed Capital."

Enterprise Funds:

- An excavator was purchased for the Airport Field in the amount of \$12,429 for the and funded through the Airport Enterprise Fund.
- A 2019 Chevrolet Cargo Van was purchased for the Airport Field in the amount of \$27,824 and funded through the Airport Enterprise Fund.

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- A Bobcat was purchased for the Airport Revilla Parking Lot in the amount of \$63,068 and funded through the Airport Enterprise Fund.
- Construction began on Airport Waterline Upgrades in the amount of \$60,545 and funded through a State Designated Legislative grant.
- Construction continued on the Airport Remodel and Roof Construction project in the amount of \$3,818,329 and funded through a State Designated Legislative grant and the Airport Enterprise Fund.
- A 2017 GMC 1500 Sierra Pickup was purchased for use in several departments. The Wastewater Enterprise contributed \$7,500 towards the purchase price.
- A sewage pump was purchased for the wastewater plant in the amount of \$15,408 and funded through the Wastewater Enterprise Fund.
- Construction in progress continued on wastewater improvements in the area of Shoup to Forest Park in the amount of \$1,607,898 and funded through a State DEC grant and loan.

Long-term Debt

The Borough currently reports four types of long-term debt: general obligation bonds, certificates of participation, compensated absences, and net pension liability.

During the year, the Borough retired \$3,735,000 of its existing G.O. bonds, and \$165,000 of certificates of participation.

See Note 3-H for additional information about the Borough's long-term debt.

(This page continued on the subsequent page).

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2019

Outstanding Long Term Debt

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 26,165,000	\$29,900,000	-	-	26,165,000	29,900,000
Certificates of participation	3,535,000	3,700,000	-	-	3,535,000	3,700,000
Unamortized premiums	538,310	862,812	-	-	538,310	862,812
Unamortized loss on refunding	(124,863)	(223,442)	-	-	(124,863)	(223,442)
Compensated absences	623,695	611,274	248,706	220,642	872,401	831,916
Net pension liability	7,176,620	6,920,736	2,904,905	2,792,029	10,081,525	9,712,765
Net OPEB liability	<u>1,376,993</u>	<u>1,029,864</u>	<u>689,330</u>	<u>536,204</u>	<u>2,066,323</u>	<u>1,566,068</u>
Total	<u>\$ 39,290,755</u>	<u>42,801,244</u>	<u>3,842,941</u>	<u>3,548,875</u>	<u>43,133,696</u>	<u>46,350,119</u>

As discussed in Note 3-I to the financial statements, the Borough participates in the Alaska Public Employees Retirement System (PERS) plan. In 2015, the Borough adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the Borough's fiscal year 2015.

In 2019, the Borough adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net OPEB Liability (and related deferred inflow/outflow accounts), as of the beginning of the Borough's fiscal year 2019. As a result of the implementation of this statement, the borough has recorded an adjustment to opening net position as discussed in Note 2-A to the financial statements.

Economic Conditions Affecting the Borough

Tourism Industry

Ketchikan's cruise ship industry generates over 1,000,000 visitors to the community. In calendar year 2018, more than 1.1 million visitors travelled to Ketchikan, and commercial passenger vessel tax was collected from 976,393 cruise ship passengers. For purposes of the Commercial Passenger Vessel (CPV) Excise Tax Fund, it is conservatively estimated that 980,000 CPV excise taxpaying passengers will visit Ketchikan in calendar year 2019.

The cruise ship industry is making large-scale investments in new berthing facilities. In 2019, Norwegian Cruise Lines announced that it had entered into a 30-year preferential berthing agreement with Ward Cove

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2019

Dock Group, LLC. The agreement will allow for the construction of a double ship pier in Ward Cove, formerly the site of a pulp mill. The pier will be built to simultaneously accommodate two ships of 4,000 passengers and is expected to be ready for the 2020 cruise season. In the short term, this new berth is expected to disperse current passengers over a wider area of the community. Swapping smaller ships for larger Panamax ships may increase visitors somewhat, but capacity is also constrained by infrastructure at departing ports.

The growth in tourism is the primary driving factor behind the increase in the Borough's sales tax revenue.

In May 2015, Delta Airlines started daily seasonal flights to the Ketchikan International Airport. Plans for the airport include expanding parking and rerouting traffic on the Revilla side, adding a waiting shelter, and a new ferry dock. A new ferry dock will be added to the Gravina side as well, providing redundancy options for the community's critical ferry link to the airport. The Revilla uplands work, funded by multiple federal funding sources, is currently in early construction phases, and is being administered by the State.

The airport terminal is undergoing remodeling and re-roofing, and work is 95% complete. The remodel and re-roofing of the existing terminal is being paid for by a State Legislative grant.

Previous airport remodel work and passenger ferry construction was paid for with revenue bonds issued in 2001. Passenger Facility Charges (PFC) initiated in 1999 provided the revenue stream for repaying the bonded debt. The revenue bonds were redeemed in 2013, and the PFC charge expired in January 2018. A new PFC application #2 was approved by the Federal Aviation Administration and collections started in March 2019.

Mining Industry

Bokan-Dotson Ridge

The 2014 Alaska Legislature granted authority to the Alaska Industrial Development and Export Authority to issue \$145 million in bonds to finance the infrastructure and construction costs of the Ucore Bokan-Dotson Ridge rare earth element project approximately 40 miles west of Ketchikan. In July 2016, Senator Lisa Murkowski introduced S.3203, the Alaska Economic Development to Resources Act, and the Congressional Committee on Energy and Natural Resources held hearings on the bill. Section 401 of the bill provides for Department of Energy grants for the development of more environmentally acceptable and less expensive ways to separate and process rare earth elements, which would increase the likelihood of economic production of rare earth elements at the Bokan Mountain mining project near Ketchikan.

In September 2018, Ucore entered into an agreement to purchase a separation plant development site approximately 11 miles north of the City of Ketchikan, and contracted with a local engineering firm to perform due diligence on the site. Ucore continues work to design a heavy rare earth element solvent extraction plant.

The Ketchikan Gateway Borough has long supported efforts to encourage production of rare earth elements through development of the Bokan-Dotson Ridge Rare Earth Element Project.

Marine Projects

Shipbuilding

The Ketchikan shipyard is owned by the Alaska Industrial Development and Export Authority (AIDEA) and operated by Vigor Alaska. Vigor completed construction of the *MV Tazlina*, a 280-foot Alaska Class ferry, in May 2018. Work on a sister ship, the *Hubbard*, is expected to begin in 2019 with completion expected summer 2020. The Borough Assembly has consistently supported the shipyard, and is requesting an exemption for the shipyard to federal regulations requiring small business set asides for Coast Guard maintenance and repair

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2019

work. If an exemption is granted, Vigor Alaska will be able to pursue maintenance and repair work on Coast Guard vessels homeported in Ketchikan, which is currently prohibited under the above-mentioned regulations.

Ward Cove

In 2010, the State of Alaska acquired ownership of upland and tideland properties in Ward Cove from the Ketchikan Gateway Borough consisting of 9.5 acres of uplands and 20.5 acres of tidelands. The State subsequently contracted for a master plan and feasibility study of the acquired property and refurbished an existing building into new office space and storage areas, now being used for the marine engineering staff. Alaska Marine Highway System (AMHS) management and vessel operations staff continue to occupy an adjacent building.

An AMHS feasibility study document outlines various phases and costs. The estimated project costs for the development of all desired improvements are in excess of \$30 million and a phased approach is required to accommodate funding limitations.

Project development efforts are currently separated into the following primary phases:

- Phase 1A: Design, Permitting, Dredging and Uplands Development - \$7 million.
- Phase 1B: Marine Facilities (AMHS Working Berth) - \$20 million.
- Phase 1C: Terminal Building, AMHS Passenger Amenities & Uplands Paving - \$3 million.

Plans provide for the relocation of all Ketchikan based AMHS management and engineering functions to the new office space. Original plans also called for working and layup berths for AMHS vessels but uncertainty remains as to schedule and future availability of construction funding.

Fiscal Challenges at the State Level

Oil prices are still about 25% lower than the three and a half years starting in 2013, but have increased significantly compared to the low of about \$30 per barrel in early 2016 and are stable at about \$60 per barrel at this time. The State has considered alternative revenue sources such as a statewide income or sales tax to offset the loss in oil tax revenue, but no firm action has yet occurred. The Permanent Fund Dividend has been cut in half for the past three years to help balance the State's budget. Any broad based tax, and continued reduction in Permanent Fund Dividend levels could affect local spending, although reported sales activity throughout the Borough remains steady thus far.

Debt Reimbursement for School Facilities

The 2015 Legislature imposed a five-year moratorium on new municipal debt for school construction, additions to schools, and major rehabilitation projects that qualify for partial reimbursement from the State. Once the moratorium ends on July 1, 2020, the level of partial reimbursement by the State for new school-related debt will drop approximately 30% compared to pre-moratorium levels. The Governor cut bond debt reimbursement for existing projects by 25% for FY 2017. Funding was restored for FY 2018 and 2019, but funding levels were reduced by 50% for FY 2020.

Ketchikan Gateway Borough, Alaska
 Management's Discussion and Analysis
 Year Ended June 30, 2019

Significant Cuts in State Capital Budget

As shown in the Table below, during the five fiscal years from 2011 to 2015, the Ketchikan House District received an average of \$26.7 million in State General Fund appropriations in the State Capital Budget.

For fiscal year 2019, Ketchikan received \$5.0 million in State General Fund appropriations and \$3.0 in Federal Funds in the State Capital Budget. For FY 2020, House District 36, which includes the Ketchikan Gateway Borough, received \$2.5 million, but none of that is for Ketchikan directly.

State Capital Budget			
Fiscal Year	State General Fund*	Federal/ Other*	Total*
2011	\$ 3.7	12.2	15.9
2012	33.7	4.6	38.3
2013	60.8	1.4	62.2
2014	26.3	22.4	48.7
2015	9.1	8.5	17.6
2016	-	49.0	49.0
2017	-	1.5	1.5
2018	-	2.0	2.0
2019	5.0	3.0	8.0
2020	-	-	-
	* \$(millions)		

Contacting the Borough's Financial Management

This financial report is designed to provide a general overview of the Borough's finances, comply with finance-related laws and regulations, and demonstrate the Borough's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Borough's Finance Director at 1900 First Avenue, Suite 118, Ketchikan, Alaska, 99901. This report and others are available on the Borough's web site at www.kgbak.us.

Contacting the Ketchikan Gateway Borough School District (the School District) – The School District provides elementary and secondary educational services to Borough students. The School District's Board of Education is an elected body. However, the Borough has responsibility for all significant fiscal matters. The Borough must approve the School District's annual budget and it appropriates resources for School District operations. The Borough issues all debt for School District construction and the Borough owns all of the land and buildings that the School District uses. Separately issued financial statements for the School District are available at their administrative office: Pouch Z, Ketchikan, Alaska 99901, or on the School District web site at www.kgbsd.org.



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Ketchikan Gateway Borough, Alaska
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and investments	\$ 27,488,687	4,908,244	32,396,931	2,789,224
Restricted cash and investments	3,356,479	-	3,356,479	-
Prepaid items	24,037	-	24,037	-
Receivables	11,195,655	819,132	12,014,787	1,200,578
Receivable from trust fund	-	-	-	71,540
Internal balances	168,948	(168,948)	-	-
Inventory	-	-	-	45,040
Total Current Assets	<u>42,233,806</u>	<u>5,558,428</u>	<u>47,792,234</u>	<u>4,106,382</u>
Noncurrent Assets				
Long-term receivables:				
Receivable from component unit	676,661	-	676,661	1,797,634
Capital assets:				
Nondepreciable capital assets	40,738,725	5,814,069	46,552,794	354,857
Depreciable capital assets, net	<u>114,074,931</u>	<u>24,057,591</u>	<u>138,132,522</u>	<u>306,715</u>
Total Noncurrent Assets	<u>155,490,317</u>	<u>29,871,660</u>	<u>185,361,977</u>	<u>2,459,206</u>
Total Assets	<u>197,724,123</u>	<u>35,430,088</u>	<u>233,154,211</u>	<u>6,565,588</u>
Deferred Outflows of Resources				
Loss on refunding	124,863	-	124,863	-
Related to pensions	971,678	306,074	1,277,752	-
Related to OPEB	517,411	241,461	758,872	-
Pension and OPEB deferrals	-	-	-	6,022,756
Total Assets and Deferred Outflows of Resources	<u>199,338,075</u>	<u>35,977,623</u>	<u>235,315,698</u>	<u>12,588,344</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 999,968	419,196	1,419,164	1,541,775
Accrued salaries and benefits	52,755	-	52,755	254,862
Intergovernmental payable	4,096,083	-	4,096,083	-
Accrued interest payable	409,614	-	409,614	-
Due to component unit	248,063	-	248,063	-
Payable to agency fund	-	-	-	45,350
Deposits	37,340	-	37,340	-
Claims payable	535,379	-	535,379	-
Unearned revenue	125,659	-	125,659	16,772
Compensated absences payable	494,251	142,762	637,013	-
General obligation bonds payable	3,280,000	-	3,280,000	-
Certificates of participation payable	<u>170,000</u>	<u>-</u>	<u>170,000</u>	<u>-</u>
Total Current Liabilities	<u>10,449,112</u>	<u>561,958</u>	<u>11,011,070</u>	<u>1,858,759</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Net Position, continued
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
Long-Term Liabilities, net of current portion				
Compensated absences	129,444	105,944	235,388	405,701
Self insurance payable	-	-	-	421,887
Net pension liability	7,176,620	2,904,905	10,081,525	-
Net OPEB liability	1,376,993	689,330	2,066,323	31,178,992
Net Pension and OPEB liabilities	-	-	-	-
LWCF note payable	-	630,772	630,772	-
General obligation bonds payable, including unamortized premium	23,384,474	-	23,384,474	-
Certificates of participation payable, including unamortized premium	3,403,836	-	3,403,836	-
Total Long-Term Liabilities	35,471,367	4,330,951	39,802,318	32,006,580
Total Liabilities	45,920,479	4,892,909	50,813,388	33,865,339
Deferred Inflows of Resources				
Related to pensions	139,134	113,892	253,026	-
Related to OPEB	522,270	274,517	796,787	-
Pension and OPEB Deferrals	-	-	-	2,625,996
Total Liabilities and Deferred Inflows of Resources	46,581,883	5,281,318	51,863,201	36,491,335
Net Position				
Net investment in capital assets	125,006,914	29,871,660	154,878,574	2,459,206
Restricted:				
Airport projects	1,181,462	-	1,181,462	-
Capital projects	445,361	-	445,361	-
Commercial passenger vessel impact	2,664,116	-	2,664,116	-
Dock improvements	51,166	-	51,166	-
Education	10,886,763	-	10,886,763	-
Library operations	290,473	-	290,473	-
Public safety and water	1,718,131	-	1,718,131	-
Recreation	2,731,211	-	2,731,211	-
Road maintenance	387,210	-	387,210	-
Unrestricted	7,393,385	824,645	8,218,030	(26,362,197)
Total Net Position	\$ 152,756,192	30,696,305	183,452,497	(23,902,991)

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary Government								
Governmental Activities								
General government	\$ 3,431,525	-	101,295	218,700	(3,111,530)	-	(3,111,530)	
Fire and EMS	1,764,481	303,027	22,466	-	(1,438,988)	-	(1,438,988)	
Water treatment & distribution	237,038	301,228	-	-	64,190	-	64,190	
Library services	436,161	-	-	-	(436,161)	-	(436,161)	
Parks and recreation	3,538,132	774,531	16,462	163,365	(2,583,774)	-	(2,583,774)	
Public works	1,048,172	-	21,160	-	(1,027,012)	-	(1,027,012)	
Public services	3,341,774	791,817	137,016	-	(2,412,941)	-	(2,412,941)	
Transit	2,641,532	233,861	1,101,744	1,726,950	421,023	-	421,023	
Education	18,743,052	6,372,213	882,032	2,675,270	(8,813,537)	-	(8,813,537)	
Interest	1,529,612	-	533,028	-	(996,584)	-	(996,584)	
Total Governmental Activities	<u>36,711,479</u>	<u>8,776,677</u>	<u>2,815,203</u>	<u>4,784,285</u>	<u>(20,335,314)</u>	<u>-</u>	<u>(20,335,314)</u>	
Business Type Activities								
Airport	5,681,725	5,428,676	-	3,787,452	-	3,534,403	3,534,403	
Wastewater	988,967	765,981	-	1,007,910	-	784,924	784,924	
Total Business-Type Activities	<u>6,670,692</u>	<u>6,194,657</u>	<u>-</u>	<u>4,795,362</u>	<u>-</u>	<u>4,319,327</u>	<u>4,319,327</u>	
Total Primary Government	<u>43,382,171</u>	<u>14,971,334</u>	<u>2,815,203</u>	<u>9,579,647</u>	<u>(20,335,314)</u>	<u>4,319,327</u>	<u>(16,015,987)</u>	

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2019

Component Unit	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Ketchikan Gateway Borough School District	\$ 42,891,311	250,792	6,222,454	2,008,453				\$ (34,409,612)
General Revenues								
Property taxes					\$ 10,638,237	-	10,638,237	-
Sales taxes					9,805,490	-	9,805,490	-
Payment in lieu of taxes					1,233,473	-	1,233,473	-
Grants and entitlements not restricted to specific programs					3,262,691	57,269	3,319,960	26,502,115
E-Rate					-	-	-	78,579
Primary government appropriation					-	-	-	9,355,421
Investment earnings					666,731	78,227	744,958	139
Miscellaneous					152,563	-	152,563	131,876
Total General Revenues					25,759,185	135,496	25,894,681	36,068,130
Transfers					(252,648)	252,648	-	-
Total General Revenues and Transfers					25,506,537	388,144	25,894,681	36,068,130
Change in Net Position					5,171,223	4,707,471	9,878,694	1,658,518
Net Position Beginning of Year					147,584,969	25,988,834	173,573,803	(25,561,509)
Net Position End of Year					\$ 152,756,192	30,696,305	183,452,497	(23,902,991)

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet
June 30, 2019

	<u>General</u>	<u>Land Trust</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>
Assets				
Cash and investments	\$ 7,471,322	3,096,537	5,561,018	4,711,777
Restricted cash and investments	-	423,388	-	-
Receivables:				
Accounts	58,145	5,493	2,455	2,507
Intergovernmental	76,900	-	26,754	-
Investment earnings	-	-	-	-
Prepaid items	9,881	-	-	-
Property taxes	22,506	-	-	364,129
Sales taxes	5,867,611	-	574,803	-
Interfund	3,448,339	-	-	-
Advances	-	304,967	-	-
Total Assets	<u>16,954,704</u>	<u>3,830,385</u>	<u>6,165,030</u>	<u>5,078,413</u>
Liabilities				
Accounts payable	493,842	25,365	41,460	45,087
Accrued salaries and benefits	52,755	-	-	-
Intergovernmental payable	4,096,083	-	-	-
Interfund payable	-	-	-	-
Interfund advances payable	-	-	-	-
Due to component unit	-	-	-	248,063
Deposits	23,999	13,341	-	-
Unearned revenues	125,659	-	-	-
Total Liabilities	<u>4,792,338</u>	<u>38,706</u>	<u>41,460</u>	<u>293,150</u>
Deferred Inflows of Resources				
Property tax revenues	12,392	-	-	22,070
Total Liabilities and Deferred Inflows of Resources	<u>4,804,730</u>	<u>38,706</u>	<u>41,460</u>	<u>315,220</u>
Fund Balances				
Nonspendable:				
Prepaid items	9,881	-	-	-
Restricted:				
Airport projects	-	-	-	-
Capital projects	-	-	-	-
Commercial passenger vessel impact	-	-	-	-
Dock improvements	-	-	-	-
Education	-	-	6,123,570	4,763,193
Library operations	-	-	-	-
Public safety and water	-	-	-	-
Recreation	-	-	-	-
Road maintenance	-	-	-	-
Committed:				
Advances receivable	-	195,493	-	-
Borough-owned land management	-	3,596,186	-	-
Unassigned	12,140,093	-	-	-
Total Fund Balances	<u>12,149,974</u>	<u>3,791,679</u>	<u>6,123,570</u>	<u>4,763,193</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 16,954,704</u>	<u>3,830,385</u>	<u>6,165,030</u>	<u>5,078,413</u>

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet, continued

	State & Federal Grants	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ -	-	6,376,853	27,217,507
Restricted cash and investments	-	752,066	2,181,025	3,356,479
Receivables:				
Accounts	-	-	130,724	199,324
Intergovernmental	3,357,977	-	58,064	3,519,695
Investment earnings	-	-	-	-
Prepaid items	-	-	14,156	24,037
Property taxes	-	-	7,018	393,653
Sales taxes	-	-	574,803	7,017,217
Interfund	-	-	-	3,448,339
Advances	-	-	-	304,967
Total Assets	<u>3,357,977</u>	<u>752,066</u>	<u>9,342,643</u>	<u>45,481,218</u>
Liabilities				
Accounts payable	276,905	-	117,309	999,968
Accrued salaries and benefits	-	-	-	52,755
Intergovernmental payable	-	-	-	4,096,083
Interfund payable	3,081,072	-	50,893	3,131,965
Interfund advances payable	-	-	129,275	129,275
Due to component unit	-	-	-	248,063
Deposits	-	-	-	37,340
Unearned revenues	-	-	-	125,659
Total Liabilities	<u>3,357,977</u>	<u>-</u>	<u>297,477</u>	<u>8,821,108</u>
Deferred Inflows of Resources				
Property tax revenues	-	-	7,241	41,703
Total Liabilities and Deferred Inflows of Resources	<u>3,357,977</u>	<u>-</u>	<u>304,718</u>	<u>8,862,811</u>
Fund Balances				
Nonspendable:				
Prepaid items	-	-	14,156	24,037
Restricted:				
Airport projects	-	-	1,181,462	1,181,462
Capital projects	-	752,066	-	752,066
Commercial passenger vessel impact	-	-	2,664,116	2,664,116
Dock improvements	-	-	51,166	51,166
Education	-	-	-	10,886,763
Library operations	-	-	290,473	290,473
Public safety and water	-	-	1,718,131	1,718,131
Recreation	-	-	2,731,211	2,731,211
Road maintenance	-	-	387,210	387,210
Committed:				
Advances receivable	-	-	-	195,493
Borough-owned land management	-	-	-	3,596,186
Unassigned	-	-	-	12,140,093
Total Fund Balances	<u>-</u>	<u>752,066</u>	<u>9,037,925</u>	<u>36,618,407</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,357,977</u>	<u>752,066</u>	<u>9,342,643</u>	<u>45,481,218</u>

Ketchikan Gateway Borough, Alaska
*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019*

Total Governmental Fund Balances	\$	36,618,407
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	\$ 224,839,065	
Less accumulated depreciation	<u>(70,025,409)</u>	154,813,656
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
This consists of deferred property taxes receivable.		41,702
An internal service fund is used by management to charge the costs of insurance to individual funds and the component unit. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		161,856
The internal service fund chargeback to enterprise funds is not reported in the governmental funds but is reported on the government-wide financial statements.		
		(6,745)
Accrued interest payable is not reported at the fund financial reporting level.		
		(409,614)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(26,165,000)	
Certificates of participation	(3,535,000)	
Premium for GO bonds	(499,474)	
Premium for certificates of participation	(38,836)	
Deferred loss on refunding	124,863	
Compensated absences	(623,695)	
Net pension liability	(7,176,620)	
Net OPEB liability	<u>(1,376,993)</u>	
Total long-term liabilities		<u>(39,290,755)</u>
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions	971,678	
Deferred inflows of resources related to pensions	(139,134)	
Deferred outflows of resources related to OPEB	517,411	
Deferred inflows of resources related to OPEB	<u>(522,270)</u>	
Total deferred pension items		<u>827,685</u>
Net Position Of Governmental Activities	\$	<u>152,756,192</u>

See accompanying notes to the basic financial statements.



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Ketchikan Gateway Borough, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	<u>General</u>	<u>Land Trust</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>
Revenues				
Taxes	\$ 6,002,394	-	1,941,649	7,980,622
Intergovernmental	3,307,304	3,625	2,429,344	882,032
Licenses and permits	900	-	-	-
Charges for services	1,255,501	468,134	-	-
Water fees	-	-	-	-
Commercial passenger vessel tax	-	-	-	-
Interest subsidy	-	-	-	-
Investment earnings	191,587	86,489	91,257	156,179
Proceeds from sale of property	-	18,796	-	-
Miscellaneous	-	20,646	-	-
Total Revenues	<u>10,757,686</u>	<u>597,690</u>	<u>4,462,250</u>	<u>9,018,833</u>
Expenditures				
Current				
General government	3,277,394	-	-	-
Library services	-	-	-	-
Fire and EMS	-	-	-	-
Water treatment and distribution	-	-	-	-
Public services	978,327	422,653	-	-
Parks and recreation	2,302,908	-	-	-
Public works	1,041,438	-	-	-
Transit	2,236,632	-	-	-
Education	299,923	-	250	9,355,421
Nondepartmental	141,891	-	-	-
Capital Outlay	183,287	500,000	41,461	-
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>10,461,800</u>	<u>922,653</u>	<u>41,711</u>	<u>9,355,421</u>
Excess (Deficiency) of Revenues Over Expenditures	295,886	(324,963)	4,420,539	(336,588)
Other Financing Sources (Uses)				
Transfers in	1,364,791	-	298	1,310,695
Transfers out	(206,519)	(646,567)	(3,792,287)	(189,890)
Total Other Financing Sources (Uses)	<u>1,158,272</u>	<u>(646,567)</u>	<u>(3,791,989)</u>	<u>1,120,805</u>
Net Change in Fund Balances	1,454,158	(971,530)	628,550	784,217
Fund Balances Beginning of Year	<u>10,695,816</u>	<u>4,763,209</u>	<u>5,495,020</u>	<u>3,978,976</u>
Fund Balances End of Year	\$ <u>12,149,974</u>	<u>3,791,679</u>	<u>6,123,570</u>	<u>4,763,193</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	<u>State & Federal Grants</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ -	-	4,524,915	20,449,580
Intergovernmental	1,968,111	-	312,525	8,902,941
Licenses and permits	-	-	-	900
Charges for services	-	-	378,701	2,102,336
Water fees	-	-	301,228	301,228
Commercial passenger vessel tax	-	-	2,440,983	2,440,983
Interest subsidy	-	-	533,028	533,028
Investment earnings	-	427	140,792	666,731
Proceeds from sale of property	-	-	-	18,796
Miscellaneous	-	-	131,919	152,565
Total Revenues	<u>1,968,111</u>	<u>427</u>	<u>8,764,091</u>	<u>35,569,088</u>
Expenditures				
Current				
General government	-	-	-	3,277,394
Library services	-	-	436,161	436,161
Fire and EMS	-	-	1,486,381	1,486,381
Water treatment and distribution	-	-	237,038	237,038
Public services	119,529	-	1,051,253	2,571,762
Parks and recreation	-	-	-	2,302,908
Public works	-	-	-	1,041,438
Transit	-	-	-	2,236,632
Education	-	-	-	9,655,594
Nondepartmental	-	-	-	141,891
Capital Outlay	1,848,582	471,857	1,474,992	4,520,179
Debt Service				
Principal retirement	-	-	3,900,000	3,900,000
Interest and fiscal charges	-	-	1,812,256	1,812,256
Total Expenditures	<u>1,968,111</u>	<u>471,857</u>	<u>10,398,081</u>	<u>33,619,634</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(471,430)	(1,633,990)	1,949,454
Other Financing Sources (Uses)				
Transfers in	-	-	5,893,728	8,569,512
Transfers out	-	(298)	(3,986,599)	(8,822,160)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(298)</u>	<u>1,907,129</u>	<u>(252,648)</u>
Net Change in Fund Balances	-	(471,728)	273,139	1,696,806
Fund Balances Beginning of Year	<u>-</u>	<u>1,223,794</u>	<u>8,764,786</u>	<u>34,921,601</u>
Fund Balances End of Year	<u>\$ -</u>	<u>752,066</u>	<u>9,037,925</u>	<u>36,618,407</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019*

Net Changes In Fund Balances - Total Governmental Funds		\$ 1,696,806
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>		
Depreciation expense	\$ (5,461,965)	
Capital outlay	<u>4,520,179</u>	(941,786)
<p>The book value of capital assets relating to the disposition is not reported at the fund financial reporting level, but is reported at the government-wide financial reporting level.</p>		
		(13,645)
<p>Capital assets activity relating to:</p>		
Land Patent from the State of Alaska	<u>218,700</u>	218,700
<p>Internal service funds are used by management to charge the costs of self-insurance to individual funds. A portion of the net gain of the activity is reported in governmental activities.</p>		
		(472,220)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the decrease in deferred property taxes.</p>		
		(5,853)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:</p>		
Principal payments on long-term debt	3,900,000	
Net decrease in premium	324,502	
Decrease in accrued interest	56,721	
Net decrease in deferred loss on bonds	<u>(98,579)</u>	4,182,644
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in accrued leave	(12,421)	
Decrease in net pension obligation and related accounts	482,312	
Decrease in net OPEB obligation and related accounts	<u>36,686</u>	<u>506,577</u>
Change In Net Position of Governmental Activities		\$ <u>5,171,223</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	2019			Variance on Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 5,519,555	5,519,555	6,002,394	482,839
Licenses and permits	-	-	900	900
Intergovernmental	3,005,471	3,005,471	3,307,304	301,833
Charges for services	1,258,000	1,258,000	1,255,501	(2,499)
Investment earnings	<u>75,000</u>	<u>75,000</u>	<u>191,587</u>	<u>116,587</u>
Total Revenues	<u>9,858,026</u>	<u>9,858,026</u>	<u>10,757,686</u>	<u>899,660</u>
Expenditures				
Current				
General government	3,354,419	3,473,819	3,277,394	196,425
Public services	1,119,898	1,119,898	978,327	141,571
Parks and recreation	2,363,456	2,363,456	2,302,908	60,548
Public works	1,231,067	1,231,067	1,041,438	189,629
Transit - bus system	2,224,991	2,248,491	2,236,632	11,859
Nondepartmental	200,952	200,952	141,891	59,061
Education	334,708	334,708	299,923	34,785
Capital Outlay	<u>221,500</u>	<u>267,000</u>	<u>183,287</u>	<u>83,713</u>
Total Expenditures	<u>11,050,991</u>	<u>11,239,391</u>	<u>10,461,800</u>	<u>777,591</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,192,965)	(1,381,365)	295,886	1,677,251
Other Financing Sources (Uses)				
Transfers in	1,364,791	1,364,791	1,364,791	-
Transfers out	<u>(206,519)</u>	<u>(211,319)</u>	<u>(206,519)</u>	<u>4,800</u>
Total Other Financing Sources (Uses)	<u>1,158,272</u>	<u>1,153,472</u>	<u>1,158,272</u>	<u>4,800</u>
Net Change in Fund Balance	\$ <u>(34,693)</u>	<u>(227,893)</u>	1,454,158	<u>1,682,051</u>
Fund Balance Beginning of Year			<u>10,695,816</u>	
Fund Balance End of Year			\$ <u><u>12,149,974</u></u>	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	2019			Variance on Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Charges for services	\$ 466,738	466,738	468,134	1,396
Intergovernmental	1,191	1,191	3,625	2,434
Investment earnings	20,000	20,000	86,489	66,489
Proceeds from sale of property	150,000	150,000	18,796	(131,204)
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>20,646</u>	<u>(29,354)</u>
Total Revenues	<u>687,929</u>	<u>687,929</u>	<u>597,690</u>	<u>(90,239)</u>
Expenditures				
Current				
Public services	608,113	608,113	422,653	185,460
Capital Outlay	<u>130,000</u>	<u>630,000</u>	<u>500,000</u>	<u>130,000</u>
Total Expenditures	<u>738,113</u>	<u>1,238,113</u>	<u>922,653</u>	<u>315,460</u>
Excess (Deficiency) of Revenues Over Expenditures	(50,184)	(550,184)	(324,963)	225,221
Other Financing Uses				
Transfers out	<u>(541,454)</u>	<u>(641,454)</u>	<u>(646,567)</u>	<u>(5,113)</u>
Net Change in Fund Balance	\$ <u>(591,638)</u>	<u>(1,191,638)</u>	(971,530)	<u>220,108</u>
Fund Balance Beginning of Year			<u>4,763,209</u>	
Fund Balance End of Year			\$ <u><u>3,791,679</u></u>	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	2019			Variance on Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Sales taxes	\$ 1,796,994	1,796,994	1,934,894	137,900
Intergovernmental	2,457,046	2,457,046	2,429,344	(27,702)
Penalties and interest	3,500	3,500	6,755	3,255
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>91,257</u>	<u>76,257</u>
Total Revenues	<u>4,272,540</u>	<u>4,272,540</u>	<u>4,462,250</u>	<u>189,710</u>
Expenditures				
Current				
Education	600	600	250	350
Capital Outlay	<u>1,413,508</u>	<u>1,563,508</u>	<u>41,461</u>	<u>1,522,047</u>
Total Expenditures	<u>1,414,108</u>	<u>1,564,108</u>	<u>41,711</u>	<u>1,522,397</u>
Excess of Revenues Over Expenditures	2,858,432	2,708,432	4,420,539	1,712,107
Other Financing Sources (Uses)				
Transfers in	-	-	298	298
Transfers out	<u>(3,751,555)</u>	<u>(3,789,541)</u>	<u>(3,792,287)</u>	<u>(2,746)</u>
Total Other Financing Sources (Uses)	<u>(3,751,555)</u>	<u>(3,789,541)</u>	<u>(3,791,989)</u>	<u>(2,448)</u>
Net Change in Fund Balance	\$ <u>(893,123)</u>	<u>(1,081,109)</u>	628,550	<u>1,709,659</u>
Fund Balance Beginning of Year			<u>5,495,020</u>	
Fund Balance End of Year		\$	<u><u>6,123,570</u></u>	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Local Education Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	2019			Variance on Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Property taxes	\$ 7,336,694	7,336,694	7,353,593	16,899
Excise taxes	-	-	627,029	627,029
Intergovernmental	896,229	896,229	882,032	(14,197)
Investment earnings	<u>45,000</u>	<u>45,000</u>	<u>156,179</u>	<u>111,179</u>
Total Revenues	<u>8,277,923</u>	<u>8,277,923</u>	<u>9,018,833</u>	<u>740,910</u>
Expenditures				
Current				
Education	8,988,033	9,564,133	9,564,133	-
Less recovery of school district excess fund balance	<u>-</u>	<u>-</u>	<u>(208,712)</u>	<u>208,712</u>
Total Expenditures	<u>8,988,033</u>	<u>9,564,133</u>	<u>9,355,421</u>	<u>208,712</u>
Excess (Deficiency) of Revenues Over Expenditures	(710,110)	(1,286,210)	(336,588)	949,622
Other Financing Uses				
Transfers in	1,168,640	1,168,640	1,310,695	142,055
Transfers out	<u>(189,890)</u>	<u>(189,890)</u>	<u>(189,890)</u>	<u>-</u>
Total Other Financing Sources	<u>978,750</u>	<u>978,750</u>	<u>1,120,805</u>	<u>142,055</u>
Net Change in Fund Balance	\$ <u>268,640</u>	<u>(307,460)</u>	784,217	<u>1,091,677</u>
Fund Balance Beginning of Year			<u>3,978,976</u>	
Fund Balance End of Year			\$ <u>4,763,193</u>	

See accompanying notes to the basic financial statements.



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Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Net Position
June 30, 2019

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Assets				
Current Assets				
Cash and investments	\$ 4,523,296	384,948	4,908,244	271,180
Prepaid items	-	-	-	-
Receivables:				
Accounts	180,863	50,677	231,540	65,764
Intergovernmental	29,597	557,995	587,592	-
Total Current Assets	<u>4,733,756</u>	<u>993,620</u>	<u>5,727,376</u>	<u>336,944</u>
Noncurrent Assets				
Longterm Receivables:				
Note receivable from component unit	-	-	-	676,661
Capital Assets				
Nondepreciable	4,076,629	1,737,440	5,814,069	-
Depreciable, net	15,978,586	8,079,005	24,057,591	-
Total Noncurrent Assets	<u>20,055,215</u>	<u>9,816,445</u>	<u>29,871,660</u>	<u>676,661</u>
Total Assets	<u>24,788,971</u>	<u>10,810,065</u>	<u>35,599,036</u>	<u>1,013,605</u>
Deferred Outflows of Resources				
Related to pensions	306,074	-	306,074	-
Related to OPEB	241,461	-	241,461	-
Total Assets and Deferred Outflows of Resources	<u>\$ 25,336,506</u>	<u>10,810,065</u>	<u>36,146,571</u>	<u>1,013,605</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 189,540	229,656	419,196	-
Interfund advances payable	33,090	44,768	77,858	-
Compensated absences payable	142,762	-	142,762	-
Claims payable	-	-	-	535,379
Total Current Liabilities	<u>365,392</u>	<u>274,424</u>	<u>639,816</u>	<u>535,379</u>
Long-Term Liabilities, net of current portion				
Compensated absences payable	105,944	-	105,944	-
Net pension liability	2,904,905	-	2,904,905	-
Net OPEB liability	689,330	-	689,330	-
Interfund advances payable	-	97,835	97,835	-
LWCF note payable	-	630,772	630,772	-
Interfund payable	-	-	-	316,370
Total Long-Term Liabilities	<u>3,700,179</u>	<u>728,607</u>	<u>4,428,786</u>	<u>316,370</u>
Total Liabilities	<u>4,065,571</u>	<u>1,003,031</u>	<u>5,068,602</u>	<u>851,749</u>
Deferred Inflows of Resources				
Related to pensions	113,892	-	113,892	-
Related to OPEB	274,517	-	274,517	-
Total Liabilities and Deferred Inflows of Resources	<u>4,453,980</u>	<u>1,003,031</u>	<u>5,457,011</u>	<u>851,749</u>
Net Position				
Net investment in capital assets	20,055,215	9,816,445	29,871,660	-
Unrestricted	827,311	(9,411)	817,900	161,856
Total Net Position - Fund Level	<u>\$ 20,882,526</u>	<u>9,807,034</u>	<u>30,689,560</u>	<u>161,856</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			<u>6,745</u>	
Total Net Position - Government-wide Statement of Net Position			<u>\$ 30,696,305</u>	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Operating Revenues				
Charges for services	\$ 5,428,676	765,981	6,194,657	8,790,387
Operating Expenses				
Personnel services	2,757,789	164,619	2,922,408	-
Supplies and services	1,343,414	466,208	1,809,622	-
Insurance	220,810	3,754	224,564	-
Administration	-	-	-	1,237,119
Claims and premiums	-	-	-	9,032,073
Wellness plan	-	-	-	28,175
Depreciation	1,187,974	352,838	1,540,812	-
Total Operating Expenses	5,509,987	987,419	6,497,406	10,297,367
Less recovery of expenses	-	(7,768)	(7,768)	(853,586)
Net Operating Expenses	5,509,987	979,651	6,489,638	9,443,781
Operating Income (Loss)	(81,311)	(213,670)	(294,981)	(653,394)
Non-Operating Revenues (Expenses)				
Interest and fiscal charges	(1,598)	(9,316)	(10,914)	-
Gain on disposal of capital assets	1,300	-	1,300	-
Investment earnings	67,349	10,878	78,227	9,734
Operating grants	57,269	-	57,269	-
Total Non-Operating Revenues (Expenses)	124,320	1,562	125,882	9,734
Income (Loss) before Capital Contributions and Transfers	43,009	(212,108)	(169,099)	(643,660)
Capital contributions	3,787,452	1,007,910	4,795,362	-
Transfers in	252,648	-	252,648	-
Change in Net Position	4,083,109	795,802	4,878,911	(643,660)
Net Position Beginning of Year	16,799,417	9,011,232		805,516
Net Position End of Year	\$ 20,882,526	9,807,034		161,856
Reconciliation of the fund level operating statement to the government-wide statement of activities:				
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(171,440)	
Change in net position of business-type activities			\$ 4,707,471	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2019

	<u>Business-type Activities</u>			Governmental Activities - Internal Service Funds
	<u>Airport</u>	<u>Wastewater</u>	<u>Total</u>	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	\$ 5,379,420	792,652	6,172,072	8,937,324
Cash payments to employees for services	(2,729,725)	(164,619)	(2,894,344)	-
Cash payments for goods and services	(1,431,793)	(832,549)	(2,264,342)	(1,672,937)
Cash payments for claims	-	-	-	(7,656,524)
Net Cash Provided by Operating Activities	<u>1,217,902</u>	<u>(204,516)</u>	<u>1,013,386</u>	<u>(392,137)</u>
Cash Flows from Noncapital Financing Activities				
Interfund payables	-	-	-	(233,313)
Operating grants	57,269	-	57,269	-
Transfers in	252,648	-	252,648	-
Net Cash Provided by Noncapital Financing Activities	<u>309,917</u>	<u>-</u>	<u>309,917</u>	<u>(233,313)</u>
Cash Flows from Capital and Related Financing Activities				
Sale of capital assets	1,300	-	1,300	-
Capital grant	3,787,452	1,007,910	4,795,362	-
Interest paid on debt service	(1,598)	(9,316)	(10,914)	-
Interfund advance payable	(32,064)	(42,406)	(74,470)	-
Payments for capital acquisitions	(3,982,194)	(1,030,817)	(5,013,011)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(227,104)</u>	<u>(74,629)</u>	<u>(301,733)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment earnings	67,349	10,878	78,227	9,734
Net Increase in Cash and Cash Equivalents	1,368,064	(268,267)	1,099,797	(615,716)
Cash and Cash Equivalents Beginning of Year	<u>3,155,232</u>	<u>653,215</u>	<u>3,808,447</u>	<u>886,896</u>
Cash and Cash Equivalents End of Year	\$ <u>4,523,296</u>	<u>384,948</u>	<u>4,908,244</u>	<u>271,180</u>

(continued)

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska

Proprietary Funds

Statement of Cash Flows, continued

For the Year Ended June 30, 2019

	<u>Business-type Activities</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Airport</u>	<u>Wastewater</u>	<u>Total</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ (81,311)	(213,670)	(294,981)	(653,394)
Adjustments:				
Depreciation	1,187,974	352,838	1,540,812	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts receivable	179,685	26,671	206,356	631,634
Note receivable	-	-	-	(511,704)
Intergovernmental	(10,876)	(557,995)	(568,871)	-
Prepaid items	20,924	-	20,924	-
Deferred outflows of resources for pensions	(45,480)	-	(45,480)	-
Deferred outflows of resources for OPEB	(154,919)	-	(154,919)	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts payable	122,383	187,640	310,023	-
Compensated absences payable	28,064	-	28,064	-
Net pension liability	112,876	-	112,876	-
Net OPEB liability	153,126	-	153,126	-
Deferred inflows of resources for pensions	(280,154)	-	(280,154)	-
Deferred inflows of resources for OPEB	(14,390)	-	(14,390)	-
Claims payable	-	-	-	141,327
Net Cash Provided by Operating Activities	\$ <u>1,217,902</u>	<u>(204,516)</u>	<u>1,013,386</u>	<u>(392,137)</u>

See accompanying notes to the basic financial statements.



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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
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For the Year Ended June 30, 2019

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

The Ketchikan Gateway Borough, Alaska (the “Borough”) was incorporated September 13, 1963 as a Second Class Borough under the provisions of the State of Alaska Borough Act of 1961. The Borough operates under a seven-member elected Assembly and a Manager form of government.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Borough have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the Borough’s accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Borough consists of all funds, departments, boards and agencies that are not legally separate from the Borough.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the Borough’s discretely presented component unit. It is reported separately to emphasize that it is legally separate from the Borough.

A brief description of the discretely presented component unit follows:

Ketchikan Gateway Borough School District (the School District) – The School District provides elementary and secondary educational services to Borough students. The School District’s Board of Education is an elected body, however, the Borough has responsibility for all significant fiscal matters. The Borough must approve the School District’s annual budget and it appropriates resources for School District operations. The Borough issues all debt for School District construction and the Borough owns all of the land and buildings that the School District uses. Separately issued financial statements for the School District are available on-line at www.kgbsd.org or from the District’s administrative office:

Pouch Z
Ketchikan, AK 99901

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1-B. Basis of Presentation

The Borough's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Borough as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and Borough's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the Borough and its discretely presented component unit at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Borough's governmental activities and for each identifiable activity of the business-type activities of the Borough. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Borough does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers who purchase, use, or directly benefit from the services provided by the program; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying the functional program to which revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the Borough. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the Borough.

Fund Financial Statements - During the year, the Borough segregates transactions related to certain Borough functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Borough at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns. The internal service funds are aggregated into a single column.

Fund Accounting - The Borough uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Borough uses two categories of funds: governmental and proprietary.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated.

The Borough reports the difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources as fund balance. The following are the Borough's major governmental funds:

The General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's fund balance is available to the Borough for any purpose provided it is expended or transferred according to the general laws of the State of Alaska.

Land Trust Special Revenue Fund - This fund is used to account for revenues from land sales, office space leases, and loans to other Borough funds and related expenditures.

School Bond/Capital Improvements Special Revenue Fund - This fund is used to account for the receipt of revenues from the State of Alaska for the School Debt Reimbursement Program and the ½ -cent sales tax that was approved by the voters to fund school projects. These funds are used to pay for school bond debt, school building insurance, and school capital projects that would qualify for bonding.

Local Education Special Revenue Fund - This fund is used to account for the receipt of property taxes, Secure Rural Schools revenues, and tobacco tax proceeds, and to process payments for local education support.

Capital Projects Fund - This fund is used to account for the acquisition and construction of major school and other capital facilities other than those financed by proprietary funds. Management of the Borough has chosen to reflect this fund as a major fund for consistency purposes.

State and Federal Grants Special Revenue Fund - This fund is used to account for the expenditures and receipts of all State and Federal grant programs. State and Federal grant expenditures are governed by the requirements of the individual grant agreements. Management of the Borough has chosen to reflect this fund as a major fund for consistency purposes.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The major proprietary funds follow.

Airport Fund - This fund accounts for the operations of the Ketchikan International Airport.

Wastewater Fund - This fund is used to account for the Borough's wastewater program and sewer systems.

Internal Service Fund - The Borough's internal service funds account for the Borough's and its discretely presented component unit's self-insurance programs.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities, and all deferred inflows/outflows associated with the operation of the Borough are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and all deferred inflows/outflows are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Borough finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Borough, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the Borough receives value without directly giving equal value in return include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Borough must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Borough on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be subject to accrual: property taxes, sales taxes, interest and federal and state grants.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Borough and all investments in the cash central treasury. For purposes of the statement of cash flows, the Borough has defined cash and cash equivalents as the demand deposits and all investments maintained in the cash central treasury regardless of maturity period, since the various funds use the central treasury essentially as a demand deposit account.

The Borough utilizes a central treasury to aggregate cash from all funds for cash management and investment purposes. Each fund has an account titled "cash in central treasury" which is the cash balance of that particular fund. Each fund whose monies are deposited in the central treasury has equity therein. Investment earnings are allocated monthly to participating funds based on their ending equity balance.

Investments are stated at fair value based on quoted market prices.

The Borough is authorized to invest in:

- Obligations of the U. S. Treasury, its agencies and instrumentalities;
- The highest rated commercial paper;
- Repurchase agreements;
- Fully collateralized certificates of deposits; and
- The highest rated bonds and notes issued by a state or political subdivision thereof.

Borough ordinance places limitations on maturity of investments, and Borough investment procedures limit the level of investment by type.

Certain long-term investments are made in the equity market, not to exceed 25 percent of the portfolio and stock investments restricted to companies with assets greater than \$5 billion. These investments are managed through an account with Time Value Investments. The equity investments are cash assets that will not be expended within the next one to five years.

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at June 30, 2019.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." Long-term loans between funds are classified as "advances receivable/advances payable." These amounts are eliminated in the governmental and business-

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Consumable Inventories

On the government-wide financial statements, Borough inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method). Component unit inventories are presented at cost using the first-in, first-out basis.

On the fund financial statements, inventories of governmental and proprietary funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when consumed.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is shown as nonspendable; as this amount is not available for general appropriation.

1-E-6 Restricted Assets

The investment account within the capital projects fund segregates cash and investments that are restricted for school construction projects. Cash and investments restricted for debt service payments are segregated in the revenue bond current debt service account for debt service payments over the next 12 months, and in the revenue bond future debt service account for debt service payments beyond that period. The revenue bond renewal and replacement account segregates cash and investments reserved to cover unexpected contingencies or to fund asset renewals and replacements. The customer deposits account reflects cash from security deposits in the Borough's Planning Department that will eventually be returned to customers.

1-E-7 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Borough reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Borough maintains a capitalization threshold of five thousand dollars for capital assets consisting of equipment, and fifty thousand dollars for buildings, building improvements, land improvements, and infrastructure. The Borough's infrastructure consists of roads, bridges, airport runways, and water and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Borough's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Asset Class	Estimated Lives	
	Governmental Activities	Business-type Activities
Buildings	50 Years	40 Years
Machinery and equipment	6-15 Years	6-10 Years
Vehicles and moving equipment	5-10 Years	5-10 Years
Fields	20 Years	---
Infrastructure	10-20 Years	---
Land improvements	20 Years	---
Pool	25 Years	---
Water system improvements	50 Years	---
Buses	12 Years	---
Airport field facilities	---	15-30 Years
Ferry slip	---	40 Years
Ferries	---	20 Years

Works of art are not depreciated if the artwork is removable from the building. Artwork that has become part of the building, ceramic walls for example, is depreciated over 50 years.

At the inception of capital leases at the governmental fund reporting level, expenditures and an “other financing source” of an equal amount are reported at the net present value of future minimum lease payments.

1-E-8 Compensated Absences

It is the Borough's policy to permit employees to accumulate paid time off (PTO) benefits up to a maximum of 720 hours at calendar year-end.

PTO benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All PTO liabilities include salary-related payments, where applicable.

The total PTO liability is reported on the government-wide financial statements. Proprietary funds report the total PTO liability in each individual fund at the fund reporting level. Governmental funds report the PTO liability at the fund reporting level only “*when due.*”

1-E-9 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds payable are recognized as a liability in the governmental fund financial statements when due.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

1-E-10 Bond Premiums, Discounts and Issuance Costs

On the government-wide and the proprietary fund type statements of net position, bond premiums and discounts are netted against bonds payable. Any gain or loss on refunding is reported as a deferred charge. On the government-wide and proprietary fund type statement of activities, bond premiums, and discounts are deferred and amortized over the life of the bonds using the straight-line method. At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure/expense in both the government wide statement of activities and at the fund level.

1-E-11 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; prepaid items, inventories, long term advances and receivables; or (b) legally or contractually required to be maintained intact.

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

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

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

Assigned fund balance – This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly has delegated the assignment ability to the Finance Director through Resolution 2553. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition,

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

1-E-12 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Borough, these revenues are charges for services for the wastewater and the airport enterprise funds and premiums for the self-insurance internal service funds. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. Nonoperating revenues include investment earnings and operating grants, and nonoperating expenses include interest expense and the loss on the disposition of capital assets.

1-E-13 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-14 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues and eliminated from the total column. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-15 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-16 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. In addition, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

1-E-17 Pensions

Pensions. For purposes of measuring the net pension liability and the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, OPEB, and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability and the net OPEB liability have been allocated between the governmental activities, business-type activities, based on PERS covered payroll during the fiscal year.

Note 2 – Changes in Accounting Principles, Stewardship, Compliance and Accountability

2-A. Budgetary Information – The Borough adopts an annual operating budget for the following funds: General Fund, Land Trust, Local Education, Commercial Passenger Vessel, Recreation Sales Tax, School Bond/Capital Improvement, Economic Development Assistance Program, Airport PFC Fund, Nonareawide Library, Tobacco Tax, and the following Service Areas: Mud Bight, South Tongass, Loring, Waterfall, Nichols View, Forest Park, Gold Nugget, Homestead, North Tongass Fire and EMS. A project budget is adopted for each capital projects fund. The budget resolution reflects the total budget of each fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the individual fund. Borough department heads may make transfers of appropriations within a department and the Borough Manager may authorize transfers of appropriations between departments within an individual fund. Transfers of appropriations between funds require the approval of the Borough Assembly.

During the year, the Borough Assembly approved budget revisions.

All unexpended annual appropriations lapse at year-end, with the exception of encumbrances; appropriations made for a capital or grant project or a contract or grant award. Such an appropriation does not lapse until its purpose has been accomplished or abandoned, and are carried forward to subsequent fiscal years.

At June 30, 2019, the Borough had open encumbrances as follows:

Fund	Encumbrances
General Fund	\$ 172,583
Capital Projects	2,761
Land Trust	12,067
State and Federal Grant	6,522,848
Nonmajor	152,137
Total	\$ 6,862,396

2-B. Excess of Expenditures over Appropriations

There were no funds that had an excess of expenditures over appropriations at June 30, 2019:

2-C. Deficit Fund Equities

No individual funds had a deficit fund balance at the fund reporting level at June 30, 2019.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 3 - Detailed Notes on All Funds

3-A. Cash and Investments

Cash and investments for Ketchikan Gateway Borough consist of governmental and business-type activities. The balances at June 30, 2019 are as follows:

Cash on hand	\$	3,550
Deposits with financial institutions		3,303,878
Investments		<u>32,445,982</u>
Total	\$	<u>35,753,410</u>

		<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Unrestricted	\$	27,488,687	4,908,244	32,396,931
Restricted		<u>3,356,479</u>	-	<u>3,356,479</u>
Total	\$	<u>30,845,166</u>	<u>4,908,244</u>	<u>35,753,410</u>

The restricted cash and investments are comprised of investments in construction funds for school projects and commercial passenger vessel revenues for commercial passenger vessel related expenditures.

Deposits – Custodial credit risk-deposits – This is the risk that in the event of a bank failure, the Borough’s deposits may not be returned to it. The Borough’s deposit policy is in accordance with guidelines established by the Borough’s Code of Ordinances, the Borough Assembly and its bond ordinances. All deposits are covered by federal depository insurance up to \$250,000 and collateralized with eligible securities to secure at least 100 percent of the book value of deposits. As of June 30, 2019, the carrying value of all the Borough’s deposits was \$3,303,878 and the bank value was \$3,350,219 per bank confirmations. All collateral securities were held by third parties in the Borough’s name, and were not exposed to custodial credit risk.

Investments – All investment pool cash purchases and sales are part of the Borough’s cash management activity and considered cash and cash equivalents. Interest earned from the pooled investments is allocated to each fund based on an average earnings rate and monthly cash balance of each fund. The Borough has recorded investments at the current portfolio value. The Borough’s investment policy is in accordance with guidelines established by the Borough’s Code of Ordinances.

The Borough has investments in certificates of deposits totaling \$545,371 with First Bank, \$10,440,096 is deposited in the Alaska Municipal League Investment Pool, \$5,955,000 is deposited with Time Value Investments and \$15,505,515 is in a money market account at Wells Fargo. The first three investments are not held at fair value, but are instead recorded at amortized cost as of June 30, 2019. The Borough is using the Income Approach to value the investments that are held with Time Value Investments.

The following investments are permitted under the Borough’s Code of Ordinances Section 4.10.060:

- U.S. government obligations, U.S. government agency obligations and U.S. government instrumentality obligations which have a liquid market with a readily determinable market value;

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

- Certificates of deposit and other evidences of deposit at financial institutions and commercial paper rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency;
- Investment-grade obligations of U.S. corporations, state and local governments and public authorities;
- Repurchase agreements whose underlying purchased securities consist of the foregoing;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities;
- Local government investment pools, either state-administered or through joining powers statutes and other intergovernmental agreement legislation;
- Mutual funds whose investments are limited to U.S. government securities or treasury securities;
- A majority of the equity position will be invested in common stock issued by U.S. corporations with market capitalization in excess of five billion dollars (\$5,000,000,000) at time of purchase which trade on NASDAQ or New York Stock Exchange. A maximum of ten (10) percent of the equity allocation may be invested in mutual funds that invest in small capitalization companies or individual companies whose market capitalization is less than one billion dollars (\$1,000,000,000). Small capitalization is defined as one billion dollars (\$1,000,000,000) or less;
- A maximum of ten (10) percent of the equity allocation may be invested in international mutual funds or individual companies that are non-U.S.-based.

Concentration of credit risk. The Borough's investments as of June 30, 2019 were held in a time certificate of deposit (TCD) with First Bank. The term of the TCD is 24 months and it matures February 18, 2020. \$10,440,096 is held in the Alaska Municipal League Investment Pool (AMLIP). The AMLIP is considered an external investment pool with a Standard and Poor's rating of AAAM. \$5,955,000 is deposited in twentyone different banks in time certificates of deposits and managed through Time Value Investments.

The Borough has no formal policy relating to credit risk or the concentration of credit risk.

Interest rate risk. As of June 30, 2019, the weighted average maturity of the Borough's investment portfolio was less than one year. To minimize interest rate risk, the Borough's investment policy limits the portfolio to a maximum weighted average maturity of 24 months to meet the Borough's cash flow requirements.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

The Borough's investments are as follows:

Investment Type	Investment Maturity (in years)		
	Current Market Value	Less than 1	1 - 5
Certificate of Deposit	\$ 545,371	545,371	-
AML Investment Pool	10,440,096	10,440,096	-
Time Value Investments	5,955,000	5,955,000	-
Money Market	15,505,515	15,505,515	-
	\$ 32,445,982	32,445,982	-

3-B. Receivables

Receivables at June 30, 2019, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the Borough's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Receivables as of year-end for the Borough's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

	<u>General</u>	<u>Land Trust</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>	<u>State & Federal Grants</u>
Receivables:					
Accounts	\$ 68,422	6,183	2,455	2,507	-
Intergovernmental	76,900	-	26,754	-	3,357,977
Prepaid items	9,881	-	-	-	-
Property taxes	22,506	-	-	364,129	-
Sales taxes	5,867,611	-	574,803	-	-
Note	600,000	-	-	-	-
Interfund Advances	<u>3,448,339</u>	<u>304,967</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receivables	10,093,659	311,150	604,012	366,636	3,357,977
Allowance for doubtful accounts	<u>(610,278)</u>	<u>(690)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 9,483,382</u>	<u>310,460</u>	<u>604,012</u>	<u>366,636</u>	<u>3,357,977</u>

	<u>Nonmajor Governmental</u>	<u>Airport Enterprise</u>	<u>Wastewater Enterprise</u>	<u>Internal Service Fund</u>	<u>Totals</u>
Receivables:					
Accounts	\$ 132,640	193,188	59,743	65,764	530,902
Intergovernmental	58,064	29,597	-	-	4,107,287
Prepaid items	14,156	-	-	-	24,037
Property taxes	7,018	-	-	-	393,653
Sales taxes	574,803	-	-	-	7,017,217
Note	-	-	557,995	676,661	1,834,656
Interfund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,753,306</u>
Total receivables	786,681	222,785	617,738	742,425	17,661,058
Allowance for doubtful accounts	<u>(1,916)</u>	<u>(12,325)</u>	<u>(9,066)</u>	<u>-</u>	<u>(634,274)</u>
Net receivables	<u>\$ 784,765</u>	<u>210,460</u>	<u>608,672</u>	<u>742,425</u>	<u>17,026,784</u>

Defeased Bonds – All refunded bonds have been fully defeased and paid to bondholders.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of the end of the current fiscal year, the various components of deferred inflows and unearned revenue reported in the governmental funds were as follows:

		Deferred - Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$	12,392	-
Delinquent property taxes receivable (Local Education Fund)		22,070	-
Delinquent property taxes receivable (Nonmajor Funds)		7,242	-
Unearned revenue (General Fund)		-	125,659
Total deferred/unearned revenue for governmental funds	\$	41,704	125,659

3-C. Property and Sales Taxes

The Borough levies its real property taxes on July 1 of each fiscal year based upon the assessed valuation as of the previous January 1. Property taxes are considered due the following July 1 and are considered delinquent on October 1, which is also the lien date. The Borough collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 2.5% while the rate for the City of Ketchikan and the City of Saxman is 4.0%.

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3-D. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 7/1/2018	Additions	Deductions	Balance 6/30/2019
Governmental activities:				
Nondepreciable capital assets:				
Works of Art	\$ 7,500	-	-	7,500
Land - Borough	31,762,255	718,700	11,700	32,469,255
Land - School	7,798,562	-	-	7,798,562
Construction in progress - Borough	56,554	416,646	51,973	421,227
Construction in progress - School	4,460	41,461	3,740	42,181
Total nondepreciable capital assets	<u>39,629,331</u>	<u>1,176,807</u>	<u>67,413</u>	<u>40,738,725</u>
Depreciable capital assets:				
Buildings - Borough	25,607,051	-	-	25,607,051
Buildings - School	105,933,760	174,483	-	106,108,243
Equipment	5,758,191	763,788	197,287	6,324,692
Fields	4,350,971	407,428	-	4,758,399
Infrastructure	1,509,418	-	-	1,509,418
Land improvements	3,503,436	383,671	-	3,887,107
Pool	22,971,211	-	-	22,971,211
Water improvements	8,400,960	-	-	8,400,960
Buses	2,644,844	1,888,415	-	4,533,259
Total depreciable capital assets	<u>180,679,842</u>	<u>3,617,785</u>	<u>197,287</u>	<u>184,100,340</u>
Total cost of capital assets	<u>220,309,173</u>	<u>4,794,592</u>	<u>264,700</u>	<u>224,839,065</u>
Accumulated depreciation:				
Buildings - Borough	6,979,245	661,093	-	7,640,338
Buildings - School	42,504,990	2,559,377	-	45,064,367
Equipment	4,107,403	393,584	195,344	4,305,643
Fields	2,317,010	172,401	-	2,489,411
Infrastructure	866,448	51,613	-	918,061
Land improvements	401,288	211,364	-	612,652
Pool	4,574,777	919,935	-	5,494,712
Water improvements	1,171,043	168,888	-	1,339,931
Buses	1,836,584	323,710	-	2,160,294
Total accumulated depreciation	<u>64,758,788</u>	<u>5,461,965</u>	<u>195,344</u>	<u>70,025,409</u>
Governmental activities capital assets, net	\$ <u>155,550,385</u>	<u>(667,373)</u>	<u>69,356</u>	<u>154,813,656</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Governmental activities depreciation:	
General Government	\$ 75,469
Education	2,715,245
Fire and EMS	291,853
Parks and Recreation	1,174,203
Public Services	783,809
Public Works	12,038
Transit	<u>409,348</u>
 Total governmental activities depreciation expense	 \$ <u><u>5,461,965</u></u>

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

	Balance 7/1/2018	Reclass	Additions	Deductions	Balance 6/30/2019
Business-type activities:					
Nondepreciable capital assets					
Construction in progress-Airport	\$ 197,755	-	3,878,874	-	4,076,629
Construction in progress-Wastewater	<u>129,543</u>	<u>-</u>	<u>1,607,897</u>	<u>-</u>	<u>1,737,440</u>
Total depreciable capital assets	<u>327,298</u>	<u>-</u>	<u>5,486,771</u>	<u>-</u>	<u>5,814,069</u>
Depreciable capital assets:					
Ferry	16,187,177	-	-	-	16,187,177
Field	4,343,595	-	40,253	23,700	4,360,148
Terminal building	13,043,142	-	-	-	13,043,142
Murphy's landing	208,800	-	-	-	208,800
Revilla parking	-	-	63,068	-	63,068
Wastewater	270,261	48,065	-	-	318,326
Mountain Point wastewater	13,832,239	-	22,907	-	13,855,146
Forest Park wastewater	<u>48,065</u>	<u>(48,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total depreciable capital assets	<u>47,933,279</u>	<u>-</u>	<u>126,228</u>	<u>23,700</u>	<u>48,035,807</u>
Total capital assets	<u>48,260,577</u>	<u>-</u>	<u>5,612,999</u>	<u>23,700</u>	<u>53,849,876</u>
Accumulated depreciation:					
Ferry	6,989,517	-	784,995	-	7,774,512
Field	3,051,150	-	91,855	23,700	3,119,305
Terminal building	6,470,008	-	310,248	-	6,780,256
Murphy's landing	208,800	-	-	-	208,800
Revilla parking	-	-	876	-	876
Wastewater	312,434	-	3,073	-	315,507
Mountain Point wastewater	<u>5,429,195</u>	<u>-</u>	<u>349,765</u>	<u>-</u>	<u>5,778,960</u>
Total accumulated depreciation	<u>22,461,104</u>	<u>-</u>	<u>1,540,812</u>	<u>23,700</u>	<u>23,978,216</u>
Business-type activities capital assets, net \$	<u><u>25,799,473</u></u>	<u><u>-</u></u>	<u><u>4,072,187</u></u>	<u><u>-</u></u>	<u><u>29,871,660</u></u>
Business-type activities depreciation:					
Airport			1,187,974		
Wastewater			<u>352,838</u>		
			<u><u>1,540,812</u></u>		

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

3-E. Interfund Balances and Transfers

Interfund balances at June 30, 2019, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The balances due to the Land Trust Fund are interfund loans and payment schedules have been established for the various funds and the balances are scheduled to be repaid in fiscal years 2020 through 2028.

	Payable From:		
Payable to:	State and Federal Grants	Airport Enterprise Fund	Wastewater Enterprise Fund
General Fund	\$ 3,081,072	-	-
Land Trust Fund - Advances Receivable	-	33,090	142,603
Total	\$ 3,081,072	33,090	142,603

	Payable From:			
Payable to:	Non-Major Governmental Funds	Non-Major Debt Service Fund	Internal Service Fund	Total
General Fund	\$ -	50,894	316,370	3,448,336
Land Trust Fund - Advances Receivable	129,275	-	-	304,968
Total	\$ 129,275	50,894	316,370	3,753,304

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers to:	Transfers From:			
	General Fund	Land Trust Fund	Local Education	School Bond Capital Improvements Fund
General Fund	\$ -	242,920	113,445	-
Land Trust Fund	-	-	-	-
School Bond CIP Fund	-	-	-	-
Local Education Fund	189,890	-	-	116,736
Non-Major				
Special Revenue	11,129	100,000	76,445	162,740
Non-Major Debt Service	-	303,377	-	3,512,811
Capital Projects	-	-	-	-
Airport Enterprise	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>206,519</u>	<u>646,297</u>	<u>189,890</u>	<u>3,792,287</u>

Transfers to:	Transfers From:		
	Non-Major Special Revenue Funds	Capital Projects	Total
General Fund	\$ 1,008,426	-	1,364,791
Land Trust Fund	-	-	-
School Bond CIP Fund	-	298	298
Local Education Fund	1,004,069	-	1,310,695
Non-Major			
Special Revenue	364,186	-	714,500
Non-Major Debt Service	1,362,770	-	5,178,958
Capital Projects	-	-	-
Airport Enterprise	<u>247,148</u>	<u>-</u>	<u>252,648</u>
Total	\$ <u>3,986,598</u>	<u>298</u>	<u>8,821,889</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All Borough transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

3-F. Compensated Absences

Employees may receive cash payments for unused compensated absences only upon termination or for hours in excess of 720 at the end of any calendar year. Employees may also request “leave buy outs” from their personal leave bank and approval of those requests are at the discretion of the Borough Manager.

3-G. Operating Leases

The Borough leases the Ketchikan International Airport from the State of Alaska at the rate of one dollar per year under a 42-year lease agreement that expires May 31, 2027. Under the terms of this lease, the Borough is required to operate the airport for the use and benefit of the public and to perform all routine maintenance and repairs to the building and landing field. The lease further provides that the first \$10,000 of the cost of repairs to State of Alaska owned facilities are to be paid by the Borough and the balance of the cost of major repairs are to be paid by the State of Alaska. In addition, the lease requires the Borough to maintain an airport enterprise fund and to account for all of the revenues, costs and expenses of operating the airport in this fund. Any excess of specified revenues over specified expenses, both of which are defined in the lease, must be credited to a separate reserve account and can only be used for certain purposes. No excess of specified revenues over specified expense exists in the airport enterprise fund as of June 30, 2019. The leases that are in place as of June 30, 2019 have expiration dates through 2024. One long-term land lease extends through 2049.

The Borough also collects rents from land, a seaplane dock, a floatplane pullout, aircraft tie-downs, an ARFF/maintenance building, aircraft parking, and Murphy’s Pullout. The Borough collects these rents on a month-to-month basis. Current airport terminal leases generate annual revenues of \$559,893 on 170,867 square feet. Land leases generate annual revenues of \$154,225 on 209,350 square feet.

3-H. Long-Term Debt

The Borough has numerous bond issues outstanding. A summary of the governmental activities follows:

Borough General Obligation Bonds, 2009B&C Taxable Series – General obligation bonds, Series 2009B&C, denominations of \$5,000 or integral multiples thereof, dated December 18, 2009, \$16,681,000 taxable Build America Bond (2009B) and \$3,744,000 taxable Recovery Zone Development Bond (2009C), total issue \$20,425,000. The bond proceeds were used to construct a community aquatic center of which 17.848% is considered a school facility. Interest rates range from 1.53% to 6.118%. The bonds mature February 1, 2039. Annual debt service requirements as of June 30, 2019 are as follows:

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Fiscal Year	Principal	Interest	Interest Subsidy	Net Interest	Total
2020	645,000	1,098,479	(407,374)	691,105	1,336,105
2021	665,000	1,066,390	(396,142)	670,248	1,335,248
2022	690,000	1,032,642	(384,330)	648,312	1,338,312
2023	710,000	997,107	(371,893)	625,214	1,335,214
2024	735,000	959,654	(358,785)	600,869	1,335,869
2025-2029	4,125,000	4,128,244	(1,559,414)	2,568,830	6,693,830
2030-2034	4,990,000	2,787,667	(1,090,212)	1,697,455	6,687,455
2035-2039	6,040,000	1,135,195	(489,529)	645,666	6,685,666
Total	\$ 18,600,000	13,205,378	(5,057,679)	8,147,699	26,747,699

Borough General Obligation Bonds, 2010A Series – General obligation bonds, Series 2010, denominations of \$5,000, dated March 11, 2010, total issue \$5,990,000. The bond proceeds were used to construct school facilities, and advance refund \$5,900,000 of the 2000 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding are \$530,120 over the term. The bonds mature March 1, 2020. Annual debt service requirements as of June 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020	700,000	28,000	728,000

Borough General Obligation Bonds, 2010B Four Taxable Series – General obligation bonds, Series 2010B, denominations of \$5,000, dated December 9, 2010, total issue \$3,270,000. The bond proceeds were used for repairs and improvements to the Ketchikan High School roof. Interest rates range from 1.422% to 5.759%. The bonds mature August 1, 2025. Annual debt service requirements as of June 30, 2019 follow:

Fiscal Year	Principal	Interest	Interest Subsidy	Net Interest	Total
2020	230,000	85,233	(38,355)	46,878	276,878
2021	240,000	74,574	(33,558)	41,016	281,016
2022	245,000	63,091	(28,391)	34,700	279,700
2023	250,000	50,753	(22,839)	27,914	277,914
2024	255,000	37,534	(16,890)	20,644	275,644
2025-2026	540,000	31,188	(14,034)	17,154	557,154
Total	\$ 1,760,000	342,373	(154,067)	188,306	1,948,306

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Certificate of Participation 2010A-2- White Cliff Taxable – Bonds issued December 21, 2010, in the amount of \$3,700,000 as a direct borrowing with the Alaska Municipal Bond Bank, with no line of credit. The proceeds were used to purchase the White Cliff Building through a lease and lease-back transaction with the Bank of New York Mellon Trust Company (the “Trustee”). A leasehold interest is vested in the Trustee and will revert to the Borough upon termination of the lease. The White Cliff Building is the home of Ketchikan Gateway Borough’s administrative offices. The bonds contain a provision that they are redeemable at 100% of the principal amount, or the sum of the present value of the remaining scheduled payments, in the event of a material adverse change in Section 54AA or 6431 of the Internal Revenue Code pertaining to Build America Bonds and Recovery Zone Economic Development Bonds. Face coupon interest rates range from 5.781% through FY 2026 to 6.863% beginning in FY 2027 through the balance of the term, with an interest subsidy of 45% from the Federal Government for Recovery Zone Economic Development Bonds. The subsidy is subject to sequestration and in 2019, the subsidy was reduced by 6.2%. The debt will be paid off July 1, 2035. Annual debt service requirements as of June 30, 2019 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Net Interest</u>	<u>Total</u>
2020	170,000	230,705	(103,817)	126,888	296,888
2021	175,000	220,877	(99,395)	121,482	296,482
2022	180,000	210,760	(94,842)	115,918	295,918
2023	185,000	200,355	(90,160)	110,195	295,195
2024	190,000	189,660	(85,347)	104,313	294,313
2025-2029	1,070,000	760,316	(314,424)	445,892	1,515,892
2030-2034	1,280,000	367,514	(184,452)	183,062	1,463,062
2035	285,000	19,560	(17,449)	2,111	287,111
Total	\$ <u>3,535,000</u>	<u>2,199,747</u>	<u>(989,886)</u>	<u>1,209,861</u>	<u>4,744,861</u>

Borough General Obligation Bonds, 2011 III Series - General obligation bonds, Series 2011, denominations of \$5,000, dated November 30, 2011, total issue \$4,900,000. The bond proceeds were used to advance refund \$5,900,000 of the 2003 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding are \$375,553 over the term. The bonds mature September 1, 2022. Annual debt service requirements as of June 30, 2019 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	520,000	95,900	615,900
2021	545,000	71,875	616,875
2022	570,000	44,000	614,000
2023	<u>595,000</u>	<u>14,875</u>	<u>609,875</u>
Total	\$ <u>2,230,000</u>	<u>226,650</u>	<u>2,456,650</u>

Ketchikan Gateway Borough, Alaska
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Borough General Obligation Bonds, 2012 II Series – General obligation bonds, Series 2012, denominations of \$5,000, dated May 24, 2012, total issue \$3,080,000. The bond proceeds were used to advance refund \$3,090,000 of the 2005 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding are \$187,620 over the term. The bonds mature September 1, 2019. Annual debt service requirements as of June 30, 2019 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ <u>665,000</u>	<u>16,625</u>	<u>681,625</u>

Borough General Obligation Bonds, 2013 One Series – General obligation bonds, Series 2013, denominations of \$5,000, dated March 12, 2013, total issue \$4,875,000. The bond proceeds were used for school district facility upgrades. Interest rates range from 2% - 5%. The bonds mature February 1, 2023. Annual debt service requirements as of June 30, 2019 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	520,000	88,400	608,400
2021	540,000	67,600	607,600
2022	565,000	46,000	611,000
2023	<u>585,000</u>	<u>23,400</u>	<u>608,400</u>
Total	\$ <u>2,210,000</u>	<u>225,400</u>	<u>2,435,400</u>

Defeased Bonds – All refunded bonds have been fully defeased and paid to bondholders.

Changes in Long-term Debt - Changes in the Borough’s long-term obligations consisted of the following for the year ended June 30, 2018:

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Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2019

Governmental Activities	Outstanding 7/1/2018	Additions	Reductions	Outstanding 6/30/2019	Amounts Due in One Year
GO Bonds - 2009B & C	\$ 19,225,000	-	625,000	18,600,000	645,000
GO Bonds - 2010A One	1,375,000	-	675,000	700,000	700,000
GO Bonds - 2010B Four	1,985,000	-	225,000	1,760,000	230,000
GO Bonds - 2011 III	2,730,000	-	500,000	2,230,000	520,000
GO Bonds - 2012 II	1,305,000	-	640,000	665,000	665,000
GO Bonds - 2013 One	2,705,000	-	495,000	2,210,000	520,000
GO Bonds - 2015A One	575,000	-	575,000	-	-
Certificates of Participation					
C of P 2010A-2	3,700,000	-	165,000	3,535,000	170,000
Compensated absences	<u>611,274</u>	<u>595,311</u>	<u>582,890</u>	<u>623,695</u>	<u>494,251</u>
Total Governmental Activities	\$ <u>34,211,274</u>	<u>595,311</u>	<u>4,482,890</u>	<u>30,323,695</u>	<u>3,944,251</u>
 Business-Type Activities					
Compensated absences	\$ <u>220,642</u>	<u>183,325</u>	<u>155,261</u>	<u>248,706</u>	<u>142,762</u>
Total Business-Type Activities	\$ <u>220,642</u>	<u>183,325</u>	<u>155,261</u>	<u>248,706</u>	<u>142,762</u>

The general obligation bonds and certificates of participation for governmental activities are being retired by the general obligation bond debt service and certificate of participation funds.

The compensated absences liability is being liquidated from the fund from which the employees' salaries are paid. These funds include the General Fund, Land Trust Fund, Commercial Passenger Vessel Fund, Economic Development Assistance Program Fund, South Tongass Service Area, North Tongass Fire & EMS Service Area, and the Airport Enterprise Fund.

3-I. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Borough participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

Ketchikan Gateway Borough, Alaska
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The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded “on-behalf” contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the

Ketchikan Gateway Borough, Alaska
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ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB Rate: This is the rate used to determine the long-term pension liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For 2019, the rate uses an 8% pension discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2019 were determined in the June 30, 2016 actuarial valuations. The Borough's contribution rates for the 2019 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

In 2019, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2017 to June 30, 2018	Borough Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions (including DBUL)	\$ 779,118	\$ 726,601
Nonemployer contributions (on-behalf)	184,242	335,739
Total Contributions	\$ 963,360	\$ 1,062,340

In addition, employee contributions to the Plan totaled \$183,838 during the Borough's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2019

by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

	2019
<hr/>	
Borough proportionate share of NPL	\$ 10,081,525
State's proportionate share of NPL associated with the Borough	2,919,964
<hr/>	
Total Net Pension Liability	\$ 13,001,489
<hr/>	

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the Borough's proportion was 0.20289 percent, which was an increase of 0.01500 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Borough recognized pension expense of \$173,906 and on-behalf revenue of \$136,718 for support provided by the State. At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<hr/>		
Difference between expected and actual experience	\$ -	\$ (253,026)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	222,655	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	328,496	-
Borough contributions subsequent to the measurement date	726,601	-
<hr/>		
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 1,277,752	\$ (253,026)
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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
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The \$726,601 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2020	\$ 358,656
2021	121,747
2022	(172,516)
2023	(9,762)
2024	-
Thereafter	-
<hr/>	
Total Amortization	\$ 298,125

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	For peace officer/firefighter, increases range from 9.66% to 4.92% based on service. For all others, increases range from 8.55% to 4.34% based on age and service.
Allocation methodology	Amounts for FY 2018 were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the fiscal years 2019 to 2039 to the Plan. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination – 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
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The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation report are the same as those used in the June 30, 2016 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.20289%	\$ 13,350,483	\$ 10,081,525	\$ 7,316,382

Ketchikan Gateway Borough, Alaska
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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2019 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2019, forfeitures reduced pension expense by \$103,170.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2019, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2019 were \$149,171 and \$238,686, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Borough participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is a self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above.

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<http://doa.alaska.gov/drb/pers.>

Contribution Rates

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2019 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	5.83%	5.83%
Retiree Medical Plan	0.94%	0.94%
Occupational Death and Disability Benefits	0.26%	0.76%
Total Contribution Rates	7.03%	7.53%

In 2019, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2017 to June 30, 2018	Borough Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions – ARHCT	\$ 218,449	\$ 256,933
Employer contributions - RMP	26,641	28,045
Employer contributions - ODD	4,911	9,624
Nonemployer contributions (on-behalf)- ARHCT	-	-
Total Contributions	\$ 250,001	\$ 294,602

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2019, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2019
Borough's proportionate share of NOL – ARHCT	\$ 2,081,628
Borough's proportionate share of NOL – RMP	29,081
Borough's proportionate share of NOL (Asset) – ODD	(44,386)
Total Borough's Proportionate Share of NOL (Asset)	\$ 2,066,323
State's proportionate share of the ARHCT NOL associated with the Borough	604,412
Total Net OPEB Liabilities	\$ 2,670,735

Ketchikan Gateway Borough, Alaska
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The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The Borough's proportion of the net OPEB liabilities were based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.18790%	0.20283%	0.01493 %
RMP	0.23339%	0.22853%	(0.00537)%
ODD	0.23339%	0.22853%	(0.00537)%

As a result of its requirement to contribute to the plans, the Borough recognized OPEB expense of \$336,102 and on-behalf revenue of \$79,347 for support provided by the State associated with the ARHCT plan.

At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (236,582)
Changes in assumptions	329,276	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(446,919)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	134,994	(113,286)
Borough contributions subsequent to the measurement date	294,602	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 758,872	\$ (796,787)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

The \$294,602 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2020	\$ (120,394)
2021	(56,935)
2022	(145,726)
2023	(9,629)
2024	27
Thereafter	140
Total Amortization	\$ (332,517)

Actuarial Assumptions

The total OPEB liability for each plan the measurement period ended June 30, 2018 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for Peace Officer/ Firefighter. Graded by service from 8.55% to 4.34% for all others
Allocation methodology	Amounts for 2018 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% RDS/EGWP:6.5% grading down to 4.0%
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination – 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.
2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return for each major asset class included in the plans' targeted asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.20283%	\$ 4,214,253	\$ 2,081,628	\$ 294,052
RMP	0.22853%	\$ 86,843	\$ 29,081	\$ (15,972)
ODD	0.22853%	\$ (41,680)	\$ (44,386)	\$ (46,612)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the Borough's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rates, as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.20283%	\$ 40,408	\$ 2,081,628	\$ 4,540,476
RMP	0.22853%	\$ (24,725)	\$ 29,081	\$ 101,089
ODD	0.22853%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS defined contribution members also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,103 per year for each full-time employee, and \$1.35 per hour for part-time employees. Employees do not contribute to the DC OPEB plans.

Annual Postemployment Healthcare Cost

In 2019, the Borough contributed \$93,886 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

3-J. Net Investment in Capital Assets

The “Net Investment in Capital Assets” on the government-wide statement of net position as of June 30, 2019 is as follows:

<u>Net investment in capital assets</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Cost of capital assets	\$ 224,839,065	\$ 53,849,878
Less accumulated depreciation	<u>(70,025,409)</u>	<u>(23,978,218)</u>
Book value	154,813,656	29,871,660
Less capital related debt	(30,238,310)	-
Plus deferred loss on refunding	124,863	-
Plus unspent bond proceeds	<u>306,705</u>	<u>-</u>
 Net investment in capital assets	 <u>\$ 125,006,914</u>	 <u>\$ 29,871,660</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Restricted net position for governmental activities consists of the following at June 30, 2019:

<u>Net Position</u>	<u>Governmental Activities</u>
Restricted:	
Airport projects	1,181,462
Capital projects	445,361
Commercial passenger vessel impact	2,664,116
Dock improvements	51,166
Education	10,886,763
Library operations	290,473
Public safety and water	1,718,131
Recreation	2,731,211
Road maintenance	<u>387,210</u>
 Total Restricted Net Position	 20,355,893
 Unspent bond funds related to capital projects	 <u>306,705</u>
 Total Restricted Fund Balance	 \$ <u>20,662,598</u>

Note 4 - Other Notes

4-A. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The Borough has purchased insurance through commercial carriers to cover these risks. Insurance coverage includes general liability, property and casualty coverage, Worker's Compensation at statutory amounts, and marine coverage for the Borough's vessels.

The Ketchikan Gateway Borough and Ketchikan Gateway Borough School District (component unit) established a partially self-funded health plan to cover its employees' health care coverage (including dental and vision) effective September 1, 1996. It purchases stop loss insurance at \$150,000 per covered individual and in an aggregate amount based on employee coverage. It also purchases life and accidental death and dismemberment insurance for eligible employees.

Both the School District and Borough participate in the internal service fund established to record transactions involving the partially self-funded health plan. The Borough and the School District contribute to the Borough's internal service fund and the payments from the fund are used to pay administration and employee health care claims.

The Ketchikan Gateway Borough provides an accounting of the internal service fund balances for the Borough and the School District on a quarterly basis. The insurance plan is based on actuarially determined

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

monthly fixed costs and actual claims up to the stop loss of \$150,000 per person. The difference between the liability recorded and actual incurred but unrecorded claims may be material.

Ketchikan Gateway Borough booked a liability for claims for services provided to Borough and School District employees prior to June 30, 2019, but not billed until after fiscal year end. The amounts booked for the Borough were \$131,504 and \$326,785 for the School District.

The liability booked for claims was based on actual claims for services provided prior to fiscal year-end, and was provided by Meritain, the third party administrator.

Effective FY 2004, the International Brotherhood of Electrical Workers (IBEW) elected to have its membership enroll in the Alaska Electrical Health & Welfare Fund (AEH&WF). The Borough contributes to the IBEW plan based on the membership of the union. The Borough contributes \$1,955 per month per member, and the member pays \$50 per month. The portion paid on behalf of IBEW employees is reported at the Fund level as “premiums.”

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Borough’s insurance coverage during the past three years.

A schedule of the changes in the claims liability for the years ended June 30, 2018 and June 30, 2019 follows:

	Ketchikan Gateway Borough	Borough School District	Total
	<u> </u>	<u> </u>	<u> </u>
Claims payable at June 30, 2017	\$ 113,628	360,759	474,387
Premiums expense	364,881	-	364,881
Claims expense	1,781,676	4,949,328	6,731,004
Claims and premiums paid	<u>(2,178,805)</u>	<u>(4,997,415)</u>	<u>(7,176,220)</u>
Claims payable at June 30, 2018	81,380	312,672	394,052
Premiums expense	380,636	-	380,636
Claims expense	2,927,739	5,723,698	8,651,437
Wellness plan	28,175	-	28,175
Claims and premiums paid	<u>(3,281,599)</u>	<u>(5,637,322)</u>	<u>(8,918,921)</u>
Claims payable at June 30, 2019	\$ <u>136,331</u>	<u>399,048</u>	<u>535,379</u>

4-B. Contingent Liabilities

Unasserted Claims – The Borough may from time to time be involved in various claims, lawsuits, disputes with third parties, possible loss contingencies arising from federal, state or local environmental, health, and safety regulations, actions involving allegations of misconduct, discrimination, or breach of contract incidental to the operations of the Borough.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

As of June 30, 2019, there is a pending claim asserted in a case in the State Superior Court which, if successful, could result in monetary damages of an unknown amount. The school district is being represented by insurance defense counsel and as such, the Borough is unable to estimate the likelihood of an unfavorable outcome.

Grants – The Borough has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Borough believes such disallowances, if any, will be immaterial.

4-C. Tax Abatements

In September 2006, the Borough, the City of Ketchikan, and Ketchikan Public Utilities entered into an agreement with the Alaska Industrial Development and Export Authority (AIDEA) to provide relief from real property taxes on the shipyard for a period of 30 years. AIDEA is the owner of the shipyard property. Vigor Industrial, LLC has operated the shipyard since 2012. For the year ended June 30, 2019, the value of the abatement was \$294,415.

The Borough and the City of Ketchikan have entered into agreements with Ketchikan Indian Community and Tlingit Haida Regional Housing Authority to provide partial tax relief for development of low-income housing. For 2019, the value of the abatement was \$42,709.

Note 5 – New Accounting Pronouncements

GASB 83 – Certain Asset Retirement Obligations – Effective for year-end June 30, 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB 84 – Fiduciary Activities – Effective for year-end June 30, 2020. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB 87 – Leases – Effective for year-end June 30, 2021. This statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 88 – Certain Disclosures Related to Debt, including Direct borrowings and Direct Placements – Effective for year-end June 30, 2019. This statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. – Effective for year-end June 30, 2021. This Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

GASB 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61. – Effective for year-end June 30, 2020. This Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

Ketchikan Gateway Borough
Public Employees' Retirement System - Pension Plan

Schedule of the Borough's Proportionate Share of the Net Pension Liability

Table 1

<i>Years Ended June 30,</i>	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.20289%	0.18789%	0.22949%	0.18618%	0.14081%
Borough's Proportionate Share of the Net Pension Liability	\$ 10,081,525	\$ 9,712,764	\$ 12,827,704	\$ 9,029,795	\$ 6,567,341
State of Alaska Proportionate Share of the Net Pension Liability	2,919,964	3,618,387	1,616,658	2,417,411	5,516,963
Total Net Pension Liability	\$ 13,001,489	\$ 13,331,151	\$ 14,444,362	\$ 11,447,206	\$ 12,084,304
Borough's Covered Payroll	5,600,642	5,619,063	5,647,489	5,529,019	5,023,087
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	180.01%	172.85%	227.14%	163.32%	130.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.19%	63.37%	59.55%	63.96%	63.37%

Schedule of Borough Contributions

Table 2

<i>Years Ended June 30,</i>	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 726,601	\$ 779,119	\$ 695,794	\$ 594,216	\$ 576,131
Contributions Relative to the Contractually Required Contribution	726,601	779,119	695,794	594,216	576,131
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	5,641,615	5,600,642	5,619,063	5,647,489	5,529,019
Contributions as a Percentage of Covered Payroll	12.88%	13.91%	12.38%	10.52%	10.42%

*The schedules are intended to show information for ten years, and additional years' information will be displayed as it becomes available.

See accompanying notes to Required Supplementary Information.

Ketchikan Gateway Borough
Public Employees' Retirement System - OPEB Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability

Table 3

<i>Years Ended June 30,</i>	ARHCT		RMP		ODD	
	2019	2018	2019	2018	2019	2018
Borough's Proportion of the Net OPEB Liability	0.20283%	0.18790%	0.22853%	0.23339%	0.22853%	0.23339%
Borough's Proportionate Share of the Net OPEB Liability	\$ 2,081,628	\$ 1,587,059	\$ 29,081	\$ 12,198	\$ (44,386)	\$ (33,189)
State of Alaska Proportionate Share of the Net OPEB Liability	604,412	591,650	-	-	-	-
Total Net OPEB Liability	\$ 2,686,040	\$ 2,178,709	\$ 29,081	\$ 12,198	\$ (44,386)	\$ (33,189)
Borough's Covered Payroll	5,600,642	5,619,063	5,600,642	5,619,063	5,600,642	5,619,063
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	37.17%	28.24%	0.52%	0.22%	-0.79%	-0.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	88.12%	89.68%	88.71%	93.98%	270.62%	212.97%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	ARHCT		RMP		ODD	
	2019	2018	2019	2018	2019	2018
Contractually Required Contributions	\$ 256,933	\$ 218,449	\$ 28,045	\$ 26,641	\$ 9,624	\$ 4,911
Contributions Relative to the Contractually Required Contribution	256,933	218,449	28,045	26,641	9,624	4,911
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	5,641,615	5,600,642	5,641,615	5,600,642	5,641,615	5,600,642
Contributions as a Percentage of Covered Payroll	4.55%	3.90%	0.50%	0.48%	0.17%	0.09%

*The schedules are intended to show information for ten years, and additional years' information will be displayed as it becomes available.

See accompanying notes to Required Supplementary Information.

Ketchikan Gateway Borough, Alaska
International Brotherhood of Electrical Workers (IBEW)
Schedule of Borough Contributions

Table 5

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Borough's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 111,830	\$ 111,830	-	\$ 719,829	15.54%
2018	\$ 111,465	\$ 111,465	-	\$ 695,112	16.04%
2017	\$ 110,939	\$ 110,939	-	\$ 717,220	15.47%
2016	\$ 99,825	\$ 99,825	-	\$ 672,428	14.85%
2015	\$ 109,054	\$ 109,054	-	\$ 709,780	15.36%
2014	\$ 108,190	\$ 108,190	-	\$ 742,885	14.56%
2013	\$ 113,469	\$ 113,469	-	\$ 837,252	13.55%
2012	\$ 113,830	\$ 113,830	-	\$ 696,453	16.34%
2011	\$ 104,883	\$ 104,883	-	\$ 646,618	16.22%
2010	\$ 121,065	\$ 121,065	-	\$ 706,466	17.14%

See accompanying notes to Required Supplementary Information.

Ketchikan Gateway Borough, Alaska
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

Tables 1 and 2. Public Employees' Retirement System Pension Plan

Schedule of the Borough's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

Schedule of Borough Contributions

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

Tables 3 and 4. Public Employees' Retirement System OPEB Plans

Schedule of the Borough's Proportionate Share of the Net OPEB Liability

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

Changes in Assumptions: The medical trend rate assumption used for the ARHCT plan was updated to reflect anticipated increases in costs based on recent survey data. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

Schedule of Borough Contributions

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

Table 5. International Brotherhood of Electrical Workers (IBEW) – Schedule of Borough's Contributions

This table is based on the Borough's contributions based on the Borough's fiscal year. All contributions are recognized in expense/expenditures when paid. There is no net pension liability associated with this plan at this time.

NONMAJOR SPECIAL REVENUE FUNDS

Airport Passenger Facilities Charges (PFC) – This fund is used to account for PFC revenues received from various airlines. These funds are used to pay for the principal and interest payments of the Airport revenue bonds.

Commercial Passenger Vessel Fund (CPV) – This fund is used to account for CPV revenues received from the State of Alaska. These funds will be used to improve port and harbor facilities and other services to properly provide for vessel or watercraft visits and to enhance the safety and efficiency of interstate and foreign commerce.

Economic Development Assistance Program Fund – This fund is used to account for economic development assistance type expenditures as deemed appropriate by the Borough's Code of Ordinances.

Forest Park Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Gold Nugget Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Homestead Service Area Fund – This fund is used to account for revenues assessed on property owners to pay for road maintenance within the Homestead Service Area.

Loring Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Mud Bight Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Nichols View Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Nonareawide Library Fund – This fund is used to account for the collection of property and motor vehicle taxes, which are used to pay the allocated cost for the City of Ketchikan Library operations.

North Tongass Fire & EMS Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Recreation Sales Tax Fund – This fund is used to account for the receipt of twenty percent (20%) of all Borough sales tax revenues. These revenues may only be expended for bonafide recreation costs in the following proportion: eighty percent (80%) for recreation capital improvement projects, and twenty percent (20%) for maintenance and operation costs of Borough recreation facilities.

South Tongass Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Tobacco Tax Fund – This fund is used to account for the collections of excise taxes on tobacco products. Eighty-five percent of the net proceeds are transferred to the Local Education Fund. The remaining fifteen percent is to be spent on cessation programs.

Waterfall Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Ketchikan Gateway Borough, Alaska*Nonmajor Governmental Funds**Combining Balance Sheet**June 30, 2019*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 6,376,853	-	6,376,853
Restricted cash and investments	2,181,025	-	2,181,025
Receivables:			
Accounts	130,724	-	130,724
Intergovernmental	7,171	50,893	58,064
Prepaid items	14,156	-	14,156
Property taxes	7,018	-	7,018
Sales taxes	574,803	-	574,803
Total Assets	\$ 9,291,750	50,893	9,342,643
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 117,309	-	117,309
Interfund payable	-	50,893	50,893
Interfund advances payable	129,275	-	129,275
Total Liabilities	246,584	50,893	297,477
Deferred Inflows of Resources			
Property tax revenues	7,241	-	7,241
Total Liabilities and Deferred Inflows of Resources	253,825	50,893	304,718
Fund Balances			
Nonspendable - Prepaid items	14,156	-	14,156
Restricted	9,023,769	-	9,023,769
Assigned	-	-	-
Total Fund Balances	9,037,925	-	9,037,925
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,291,750	50,893	9,342,643

Ketchikan Gateway Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 4,524,915	-	4,524,915
Intergovernmental	312,525	-	312,525
Charges for services	378,701	-	378,701
Water fees	301,228	-	301,228
Commercial passenger vessel tax	2,440,983	-	2,440,983
Interest subsidy	-	533,028	533,028
Investment earnings	140,792	-	140,792
Miscellaneous	131,919	-	131,919
Total Revenues	<u>8,231,063</u>	<u>533,028</u>	<u>8,764,091</u>
Expenditures			
Current			
Library services	436,161	-	436,161
Fire and EMS	1,486,381	-	1,486,381
Water treatment and distribution	240,368	-	240,368
Public services	1,051,253	-	1,051,253
Capital Outlay	1,474,992	-	1,474,992
Debt Service			
Principal retirement	-	3,900,000	3,900,000
Interest and fiscal charges	-	1,812,256	1,812,256
Total Expenditures	<u>4,689,155</u>	<u>5,712,256</u>	<u>10,401,411</u>
Less recovery of expenditures from other funds	<u>(3,330)</u>	<u>-</u>	<u>(3,330)</u>
Net Expenditures	<u>4,685,825</u>	<u>5,712,256</u>	<u>10,398,081</u>
Excess (Deficiency) of Revenues Over Expenditures	3,545,238	(5,179,228)	(1,633,990)
Other Financing Sources (Uses)			
Transfers in	714,500	5,179,228	5,893,728
Transfers out	<u>(3,986,599)</u>	<u>-</u>	<u>(3,986,599)</u>
Total Other Financing Sources (Uses)	<u>(3,272,099)</u>	<u>5,179,228</u>	<u>1,907,129</u>
Net Change in Fund Balances	273,139	-	273,139
Fund Balances Beginning of Year	<u>8,764,786</u>	<u>-</u>	<u>8,764,786</u>
Fund Balances End of Year	<u>\$ 9,037,925</u>	<u>-</u>	<u>9,037,925</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	<u>Airport PFC</u>	<u>Commercial Passenger Vessel</u>	<u>Forest Park Service Area</u>	<u>Gold Nugget Service Area</u>	<u>Homestead Service Area</u>
Assets					
Cash and investments	\$ 1,096,929	545,372	82,915	71,506	143,920
Restricted cash and investments	-	2,181,025	-	-	-
Receivables:					
Accounts	84,533	1,801	32	163	295
Intergovernmental	-	-	264	-	-
Prepaid items	-	-	-	-	-
Property taxes	-	-	292	-	-
Sales and excise taxes	-	-	-	-	-
Total Assets	\$ <u>1,181,462</u>	<u>2,728,198</u>	<u>83,503</u>	<u>71,669</u>	<u>144,215</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ -	64,082	518	-	65
Interfund advances payable	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>64,082</u>	<u>518</u>	<u>-</u>	<u>65</u>
Deferred Inflows of Resources					
Property tax revenues	-	-	292	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>64,082</u>	<u>810</u>	<u>-</u>	<u>65</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	<u>1,181,462</u>	<u>2,664,116</u>	<u>82,693</u>	<u>71,669</u>	<u>144,150</u>
Total Fund Balances	<u>1,181,462</u>	<u>2,664,116</u>	<u>82,693</u>	<u>71,669</u>	<u>144,150</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u><u>1,181,462</u></u>	<u><u>2,728,198</u></u>	<u><u>83,503</u></u>	<u><u>71,669</u></u>	<u><u>144,215</u></u>



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Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Balance Sheet, continued

	<u>Loring Service Area</u>	<u>Mud Bight Service Area</u>	<u>Nichols View Service Area</u>	<u>Non- areawide Library</u>	<u>North Tongass Fire and EMS</u>
Assets					
Cash and investments	\$ 51,145	40,890	4,534	289,093	846,838
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	21	988	-	113	13,584
Intergovernmental	-	-	-	1,320	3,476
Prepaid items	-	-	-	-	8,761
Property taxes	-	-	-	1,446	1,185
Sales and excise taxes	-	-	-	-	-
Total Assets	\$ 51,166	41,878	4,534	291,972	873,844
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ -	-	-	-	27,480
Interfund advances payable	-	-	-	-	31,617
Total Liabilities	-	-	-	-	59,097
Deferred Inflows of Resources					
Property tax revenues	-	-	-	1,499	1,355
Total Liabilities and Deferred Inflows of Resources	-	-	-	1,499	60,452
Fund Balances					
Nonspendable	-	-	-	-	8,761
Restricted	51,166	41,878	4,534	290,473	804,631
Total Fund Balances	51,166	41,878	4,534	290,473	813,392
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 51,166	41,878	4,534	291,972	873,844

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Balance Sheet, continued

	Recreation Sales Tax	South Tongass Service Area	Waterfall Service Area	Total Nonmajor Special Revenue Funds
Assets				
Cash and investments	\$ 2,170,602	993,876	39,233	6,376,853
Restricted cash and investments	-	-	-	2,181,025
Receivables:				
Accounts	837	25,249	3,108	130,724
Intergovernmental	-	2,111	-	7,171
Prepaid items	-	5,395	-	14,156
Property taxes	-	4,095	-	7,018
Sales and excise taxes	574,803	-	-	574,803
Total Assets	\$ 2,746,242	1,030,726	42,341	9,291,750
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 15,031	10,078	55	117,309
Interfund advances payable	-	97,658	-	129,275
Total Liabilities	15,031	107,736	55	246,584
Deferred Inflows of Resources				
Property tax revenues	-	4,095	-	7,241
Total Liabilities and Deferred Inflows of Resources	15,031	111,831	55	253,825
Fund Balances				
Nonspendable	-	5,395	-	14,156
Restricted	2,731,211	913,500	42,286	9,023,769
Total Fund Balances	2,731,211	918,895	42,286	9,037,925
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,746,242	1,030,726	42,341	9,291,750

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	Airport PFC	Commercial Passenger Vessel	Forest Park Service Area	Gold Nugget Service Area	Homestead Service Area
Revenues					
Taxes	\$ -	-	73,491	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	12,102	7,555
Water fees	-	-	-	-	-
Commercial passenger vessel tax	-	2,440,983	-	-	-
Investment earnings	18,348	27,732	1,976	1,180	2,153
Miscellaneous	127,662	-	-	-	-
Total Revenues	<u>146,010</u>	<u>2,468,715</u>	<u>75,467</u>	<u>13,282</u>	<u>9,708</u>
Expenditures					
Current					
Library services	-	-	-	-	-
Fire and EMS	-	-	-	-	-
Water treatment and distribution	-	-	-	-	-
Public services	-	914,140	41,307	14,113	6,377
Capital Outlay	-	<u>190,077</u>	<u>86,297</u>	-	-
Total Expenditures	<u>-</u>	<u>1,104,217</u>	<u>127,604</u>	<u>14,113</u>	<u>6,377</u>
Less recovery of expenditures from other funds	-	-	-	-	-
Net Expenditures	<u>-</u>	<u>1,104,217</u>	<u>127,604</u>	<u>14,113</u>	<u>6,377</u>
Excess (Deficiency) of Revenues Over Expenditures	146,010	1,364,498	(52,137)	(831)	3,331
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	28,774
Transfers out	(56,308)	(1,114,203)	-	-	-
Total Other Financing Sources (Uses)	<u>(56,308)</u>	<u>(1,114,203)</u>	<u>-</u>	<u>-</u>	<u>28,774</u>
Net Change in Fund Balances	89,702	250,295	(52,137)	(831)	32,105
Fund Balances Beginning of Year	<u>1,091,760</u>	<u>2,413,821</u>	<u>134,830</u>	<u>72,500</u>	<u>112,045</u>
Fund Balances End of Year	\$ <u>1,181,462</u>	<u>2,664,116</u>	<u>82,693</u>	<u>71,669</u>	<u>144,150</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	Loring Service Area	Mud Bight Service Area	Nichols View Service Area	Nonareawide Library	North Tongass Fire and EMS
Revenues	\$				
Taxes	-	-	-	452,920	662,696
Intergovernmental	44,133	-	-	-	12,241
Charges for services	3,112	12,133	-	-	195,039
Water fees	-	-	-	-	-
Commercial passenger vessel tax	-	-	-	-	-
Investment earnings	847	786	-	5,909	18,416
Miscellaneous	-	-	-	-	1,687
Total Revenues	<u>48,092</u>	<u>12,919</u>	<u>-</u>	<u>458,829</u>	<u>890,079</u>
Expenditures					
Current					
Library services	-	-	-	436,161	-
Fire and EMS	-	-	-	-	849,994
Water treatment and distribution	-	-	-	-	-
Public services	4,597	33,376	500	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,006</u>
Total Expenditures	<u>4,597</u>	<u>33,376</u>	<u>500</u>	<u>436,161</u>	<u>939,000</u>
Less recovery of expenditures from other funds	-	-	-	-	-
Net Expenditures	<u>4,597</u>	<u>33,376</u>	<u>500</u>	<u>436,161</u>	<u>939,000</u>
Excess (Deficiency) of Revenues Over Expenditures	43,495	(20,457)	(500)	22,668	(48,921)
Other Financing Sources (Uses)					
Transfers in	-	-	-	49,458	170,400
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,458</u>	<u>170,400</u>
Net Change in Fund Balances	43,495	(20,457)	(500)	72,126	121,479
Fund Balances Beginning of Year	<u>7,671</u>	<u>62,335</u>	<u>5,034</u>	<u>218,347</u>	<u>691,913</u>
Fund Balances End of Year	<u>\$ 51,166</u>	<u>41,878</u>	<u>4,534</u>	<u>290,473</u>	<u>813,392</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	Recreation Sales Tax	South Tongass Service Area	Tobacco Tax	Waterfall Service Area	Total Nonmajor Special Revenue Funds
Revenues					
Taxes	\$ 1,941,649	650,686	743,473	-	4,524,915
Intergovernmental	245,926	10,225	-	-	312,525
Charges for services	-	107,988	-	40,772	378,701
Water fees	-	301,228	-	-	301,228
Commercial passenger vessel tax	-	-	-	-	2,440,983
Investment earnings	41,217	17,027	4,625	576	140,792
Miscellaneous	-	2,570	-	-	131,919
Total Revenues	<u>2,228,792</u>	<u>1,089,724</u>	<u>748,098</u>	<u>41,348</u>	<u>8,231,063</u>
Expenditures					
Current					
Library services	-	-	-	-	436,161
Fire and EMS	-	636,387	-	-	1,486,381
Water treatment and distribution	-	240,368	-	-	240,368
Public services	18,435	-	310	18,098	1,051,253
Capital Outlay	<u>666,224</u>	<u>443,388</u>	<u>-</u>	<u>-</u>	<u>1,474,992</u>
Total Expenditures	<u>684,659</u>	<u>1,320,143</u>	<u>310</u>	<u>18,098</u>	<u>4,689,155</u>
Less recovery of expenditures from other funds	-	(3,330)	-	-	(3,330)
Net Expenditures	<u>684,659</u>	<u>1,316,813</u>	<u>310</u>	<u>18,098</u>	<u>4,685,825</u>
Excess (Deficiency) of Revenues Over Expenditures					
	1,544,133	(227,089)	747,788	23,250	3,545,238
Other Financing Sources (Uses)					
Transfers in	177,468	288,400	-	-	714,500
Transfers out	(1,812,019)	-	(1,004,069)	-	(3,986,599)
Total Other Financing Sources (Uses)	<u>(1,634,551)</u>	<u>288,400</u>	<u>(1,004,069)</u>	<u>-</u>	<u>(3,272,099)</u>
Net Change in Fund Balances	(90,418)	61,311	(256,281)	23,250	273,139
Fund Balances Beginning of Year	<u>2,821,629</u>	<u>857,584</u>	<u>256,281</u>	<u>19,036</u>	<u>8,764,786</u>
Fund Balances End of Year	\$ <u>2,731,211</u>	<u>918,895</u>	<u>-</u>	<u>42,286</u>	<u>9,037,925</u>

DEBT SERVICE FUNDS

Debt Service Funds – These funds are used to account for transfers in from other funds and for principal and interest payments made on the Borough’s General Obligation Debt and Certificates of Participation Debt.

Ketchikan Gateway Borough, Alaska
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	2009-4 G.O. Bond Redemption Fund	2010A-One G.O. Bond Redemption Fund	2010B One Certificate of Participation Fund	2010B 4 Two G.O. Bond Redemption Fund
Revenues				
Intergovernmental - interest subsidy	\$ 391,334	-	101,597	40,097
Expenditures				
Debt Service				
Principal retirement	625,000	675,000	165,000	225,000
Interest and fiscal charges	1,129,104	55,000	240,244	95,208
Total Expenditures	1,754,104	730,000	405,244	320,208
Excess (Deficiency) of Revenues Over Expenditures	(1,362,770)	(730,000)	(303,647)	(280,111)
Other Financing Sources				
Transfers in	1,362,770	730,000	303,647	280,111
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	-	-	-	-
Fund Balances End of Year	\$ -	-	-	-

Ketchikan Gateway Borough, Alaska
Nonmajor Debt Service Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	2011 III G.O. Bond Redemption Fund	2012 Two G.O. Bond Redemption Fund	2013 One G.O. Bond Redemption Fund	2015A One G.O. Bond Redemption Fund	Total Nonmajor Debt Service Funds
Revenues					
Intergovernmental - interest subsidy	\$ -	-	-	-	533,028
Expenditures					
Debt Service					
Principal retirement	500,000	640,000	495,000	575,000	3,900,000
Interest and fiscal charges	118,800	49,250	113,150	11,500	1,812,256
Total Expenditures	<u>618,800</u>	<u>689,250</u>	<u>608,150</u>	<u>586,500</u>	<u>5,712,256</u>
Excess (Deficiency) of Revenues Over Expenditures	(618,800)	(689,250)	(608,150)	(586,500)	(5,179,228)
Other Financing Sources					
Transfers in	618,800	689,250	608,150	586,500	5,179,228
Net Change in Fund Balances	-	-	-	-	-
Fund Balances Beginning of Year	-	-	-	-	-
Fund Balances End of Year	\$ -	-	-	-	-



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GENERAL FUND and MAJOR SPECIAL REVENUE FUNDS

General Fund - This fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the Borough for any purpose provided it is expended or transferred according to the general laws of the State of Alaska.

Land Trust Fund - This fund is used to account for revenues from land sales, loans to other Borough funds, and related expenditures.

School Bond/Capital Improvements Fund - This fund is used to account for the receipt of revenues received from the State of Alaska for the School Debt Reimbursement Program and the ½ - cent sales tax that was approved to fund school projects. These funds are used to pay for school bond debt, school building insurance, and school capital projects that would qualify for bonding.

Local Education Fund - This fund is used to account for the receipt of property taxes, Secure Rural Schools revenues, tobacco tax proceeds, and to process payments for local education support.

State & Federal Grants Fund - This fund is used to account for the expenditures and receipts of all State and Federal grant programs. State and Federal grant expenditures are governed by the requirements of the individual grant agreements.

Ketchikan Gateway Borough, Alaska
General Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and investments	\$ 7,471,322	8,643,855
Receivables:		
Accounts	58,145	23,817
Intergovernmental	76,900	55,641
Prepaid items	9,881	-
Property taxes	22,506	20,105
Sales taxes	5,867,611	5,544,421
Interfund	3,448,339	783,618
Total Assets	\$ 16,954,704	15,071,457
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 493,842	337,516
Accrued salaries and benefits	52,755	34,476
Unearned revenues	125,659	143,445
Intergovernmental payable	4,096,083	3,817,904
Deposits payable	23,999	22,179
Total Liabilities	4,792,338	4,355,520
Deferred Inflows of Resources		
Property tax revenues	12,392	20,121
Total Liabilities and Deferred Inflows of Resources	4,804,730	4,375,641
Fund Balance		
Nonspendable	9,881	-
Unassigned	12,140,093	10,695,816
Total Fund Balance	12,149,974	10,695,816
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,954,704	15,071,457



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Ketchikan Gateway Borough, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes:					
Real and personal property	\$ -	-	21	21	5,934
Automobile	60,000	60,000	59,662	(338)	58,811
Sales	5,449,555	5,449,555	5,922,192	472,637	5,591,104
Penalties and interest	10,000	10,000	20,519	10,519	17,283
Total taxes	<u>5,519,555</u>	<u>5,519,555</u>	<u>6,002,394</u>	<u>482,839</u>	<u>5,673,132</u>
Licenses and permits					
Zoning fees	-	-	900	900	75
Intergovernmental:					
State fisheries tax	260,000	260,000	421,998	161,998	414,663
Community assistance	397,000	397,000	399,711	2,711	427,566
PERS relief	226,171	226,171	206,917	(19,254)	115,486
State and local PILT	22,300	22,300	44,576	22,276	19,292
Federal payment in lieu of taxes	1,100,000	1,100,000	1,188,897	88,897	1,493,028
State operating grant - transit system	1,000,000	1,000,000	1,045,205	45,205	1,000,000
Total intergovernmental	<u>3,005,471</u>	<u>3,005,471</u>	<u>3,307,304</u>	<u>301,833</u>	<u>3,470,035</u>
Charges for services:					
Animal control	45,000	45,000	40,253	(4,747)	41,807
Bus system revenue	235,000	235,000	233,861	(1,139)	235,970
Parks and recreation	840,000	840,000	774,531	(65,469)	806,584
Other revenues	138,000	138,000	206,856	68,856	197,257
Total charges for services	<u>1,258,000</u>	<u>1,258,000</u>	<u>1,255,501</u>	<u>(2,499)</u>	<u>1,281,618</u>
Investment earnings	75,000	75,000	191,587	116,587	70,062
Total Revenues	<u>9,858,026</u>	<u>9,858,026</u>	<u>10,757,686</u>	<u>899,660</u>	<u>10,494,922</u>
Other Financing Sources					
Transfers In:					
Commercial Passenger Vessel Fund	559,177	559,177	559,177	-	550,672
Economic Development Assistance					
Program Fund	-	-	-	-	516,172
Land Trust Fund	242,920	242,920	242,920	-	249,147
Local Education Fund	113,445	113,445	113,445	-	-
Recreation Sales Tax Fund	449,249	449,249	449,249	-	424,516
Total Other Financing Sources	<u>1,364,791</u>	<u>1,364,791</u>	<u>1,364,791</u>	<u>-</u>	<u>1,740,507</u>
Total Revenues and Other Financing Sources	\$ <u>11,222,817</u>	<u>11,222,817</u>	<u>12,122,477</u>	<u>899,660</u>	<u>12,235,429</u>

Ketchikan Gateway Borough, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current:					
General government:					
Mayor and assembly Manager	\$ 148,716	163,116	146,589	16,527	130,109
Clerk	768,383	868,383	801,067	67,316	870,933
Law	441,163	441,163	417,905	23,258	409,332
Finance	353,964	353,964	334,549	19,415	414,033
Assessment	1,437,308	1,442,308	1,401,554	40,754	1,278,160
Automation	655,222	655,222	594,641	60,581	680,188
Automation	<u>572,636</u>	<u>572,636</u>	<u>587,989</u>	<u>(15,353)</u>	<u>475,775</u>
Total general government	4,377,392	4,496,792	4,284,294	212,498	4,258,530
Less recovery of expenditures from other funds	<u>(1,022,973)</u>	<u>(1,022,973)</u>	<u>(1,006,900)</u>	<u>(16,073)</u>	<u>(977,501)</u>
Net general government	<u>3,354,419</u>	<u>3,473,819</u>	<u>3,277,394</u>	<u>196,425</u>	<u>3,281,029</u>
Public services:					
Animal protection	473,749	473,749	408,462	65,287	407,476
Planning	646,149	646,149	569,865	76,284	641,511
Total public services	<u>1,119,898</u>	<u>1,119,898</u>	<u>978,327</u>	<u>141,571</u>	<u>1,048,987</u>
Parks and recreation	<u>2,363,456</u>	<u>2,363,456</u>	<u>2,302,908</u>	<u>60,548</u>	<u>2,344,439</u>
Public works	<u>1,231,067</u>	<u>1,231,067</u>	<u>1,041,438</u>	<u>189,629</u>	<u>1,043,389</u>
Transit - bus system	<u>2,224,991</u>	<u>2,248,491</u>	<u>2,236,632</u>	<u>11,859</u>	<u>2,173,557</u>
Nondepartmental	<u>200,952</u>	<u>200,952</u>	<u>141,891</u>	<u>59,061</u>	<u>224,197</u>
Grants	<u>334,708</u>	<u>334,708</u>	<u>299,923</u>	<u>34,785</u>	<u>4,200</u>
Capital Outlay	<u>221,500</u>	<u>267,000</u>	<u>183,287</u>	<u>83,713</u>	<u>107,779</u>
Total Expenditures	<u>11,050,991</u>	<u>11,239,391</u>	<u>10,461,800</u>	<u>777,591</u>	<u>10,227,577</u>
Other Financing Uses					
Transfers Out:					
Airport Fund	5,500	5,500	5,500	-	5,500
Homestead Service Area Fund	11,129	11,129	11,129	-	28,774
Land Trust	-	4,800	-	4,800	58,800
Schools Reserve Fund	<u>189,890</u>	<u>189,890</u>	<u>189,890</u>	<u>-</u>	<u>-</u>
Total Other Financing Uses	<u>206,519</u>	<u>211,319</u>	<u>206,519</u>	<u>4,800</u>	<u>93,074</u>
Total Expenditures and Other Financing Uses	<u>11,257,510</u>	<u>11,450,710</u>	<u>10,668,319</u>	<u>782,391</u>	<u>10,320,651</u>
Net Change in Fund Balance	\$ <u>(34,693)</u>	<u>(227,893)</u>	1,454,158	<u>1,682,051</u>	1,914,778
Fund Balance Beginning of Year			<u>10,695,816</u>		<u>8,781,038</u>
Fund Balance End of Year			\$ <u>12,149,974</u>		<u>10,695,816</u>

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments:		
Unrestricted	\$ 3,096,537	3,992,646
Restricted	423,388	414,806
Receivables:		
Accounts	5,493	13,100
Interfund advances	<u>304,967</u>	<u>361,182</u>
Total Assets	<u>\$ 3,830,385</u>	<u>4,781,734</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 25,365	6,184
Deposits	<u>13,341</u>	<u>12,341</u>
Total Liabilities	<u>38,706</u>	<u>18,525</u>
Fund Balance		
Committed:		
Noncurrent portion of advances	195,493	187,708
Borough-owned land management	<u>3,596,186</u>	<u>4,575,501</u>
Total Fund Balance	<u>3,791,679</u>	<u>4,763,209</u>
Total Liabilities and Fund Balance	<u>\$ 3,830,385</u>	<u>4,781,734</u>

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 466,738	466,738	468,134	1,396	496,383
Intergovernmental	1,191	1,191	3,625	2,434	1,770
Investment earnings	20,000	20,000	86,489	66,489	53,745
Proceeds from sale of property	150,000	150,000	18,796	(131,204)	251,794
Miscellaneous	50,000	50,000	20,646	(29,354)	73,744
Total Revenues	687,929	687,929	597,690	(90,239)	877,436
Expenditures					
Current					
Public services	608,113	608,113	422,653	185,460	306,714
Capital Outlay	130,000	630,000	500,000	130,000	-
Total Expenditures	738,113	1,238,113	922,653	315,460	306,714
Excess (Deficiency) of Revenues Over Expenditures	(50,184)	(550,184)	(324,963)	225,221	570,722
Other Financing Uses					
Transfers out	(541,454)	(641,454)	(646,567)	(5,113)	(554,816)
Net Change in Fund Balance	\$ (591,638)	(1,191,638)	(971,530)	220,108	15,906
Fund Balance Beginning of Year			4,763,209		4,747,303
Fund Balance End of Year			\$ 3,791,679		4,763,209

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 5,561,018	4,934,608
Receivables:		
Accounts	2,455	-
Intergovernmental	26,754	26,769
Sales taxes	<u>574,803</u>	<u>543,063</u>
Total Assets	<u>\$ 6,165,030</u>	<u>5,504,440</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>41,460</u>	<u>9,420</u>
Fund Balance		
Restricted for education	<u>6,123,570</u>	<u>5,495,020</u>
Total Liabilities and Fund Balance	<u>\$ 6,165,030</u>	<u>5,504,440</u>

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,796,994	1,796,994	1,934,894	137,900	1,834,991
Intergovernmental	2,457,046	2,457,046	2,429,344	(27,702)	2,429,779
Penalties and interest	3,500	3,500	6,755	3,255	5,193
Investment earnings	15,000	15,000	91,257	76,257	33,095
Total Revenues	<u>4,272,540</u>	<u>4,272,540</u>	<u>4,462,250</u>	<u>189,710</u>	<u>4,303,058</u>
Expenditures					
Current					
Education	600	600	250	350	71,679
Capital Outlay	<u>1,413,508</u>	<u>1,563,508</u>	<u>41,461</u>	<u>1,522,047</u>	<u>9,403</u>
Total Expenditures	<u>1,414,108</u>	<u>1,564,108</u>	<u>41,711</u>	<u>1,522,397</u>	<u>81,082</u>
Excess (Deficiency) of Revenues Over Expenditures	2,858,432	2,708,432	4,420,539	1,712,107	4,221,976
Other Financing Sources (Uses)					
Transfers in	-	-	298	298	-
Transfers out	<u>(3,751,555)</u>	<u>(3,789,541)</u>	<u>(3,792,287)</u>	<u>(2,746)</u>	<u>(3,751,398)</u>
Total Other Financing Sources Uses	<u>(3,751,555)</u>	<u>(3,789,541)</u>	<u>(3,791,989)</u>	<u>(2,448)</u>	<u>(3,751,398)</u>
Net Change in Fund Balance	\$ <u>(893,123)</u>	<u>(1,081,109)</u>	628,550	<u>1,709,659</u>	<u>470,578</u>
Fund Balance Beginning of Year			<u>5,495,020</u>		<u>5,024,442</u>
Fund Balance End of Year		\$ <u>6,123,570</u>			<u>5,495,020</u>

Ketchikan Gateway Borough, Alaska
Local Education Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and investments	\$ 4,711,777	4,824,767
Receivables:		
Property	364,129	23,231
Accounts	2,507	-
Total Assets	\$ 5,078,413	4,847,998
 Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 45,087	-
Due to Component Unit	248,063	846,389
Total Liabilities	293,150	846,389
 Deferred Inflows of Resources		
Property tax revenue	22,070	22,633
Total Liabilities and Deferred Inflows of Resources	315,220	869,022
 Fund Balance		
Restricted for education	4,763,193	3,978,976
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,078,413	4,847,998

Ketchikan Gateway Borough, Alaska
Local Education Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	<u>2019</u>			<u>2018</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance On Final Budget</u>	<u>Actual</u>
Revenues					
Property taxes	\$ 7,336,694	7,336,694	7,353,593	16,899	7,107,622
Excise taxes	-	-	627,029	627,029	-
Intergovernmental	896,229	896,229	882,032	(14,197)	905,127
Investment earnings	45,000	45,000	156,179	111,179	61,742
Total Revenues	<u>8,277,923</u>	<u>8,277,923</u>	<u>9,018,833</u>	<u>740,910</u>	<u>8,074,491</u>
Expenditures					
Current					
Education	8,988,033	9,564,133	9,564,133	-	8,166,839
Less recovery of school district excess fund balance	-	-	(208,712)	208,712	(809,687)
Total Expenditures	<u>8,988,033</u>	<u>9,564,133</u>	<u>9,355,421</u>	<u>208,712</u>	<u>7,357,152</u>
Excess (Deficiency) of Revenues Over Expenditures	(710,110)	(1,286,210)	(336,588)	949,622	717,339
Other Financing Sources (Uses)					
Transfers in	1,168,640	1,168,640	1,310,695	142,055	1,150,579
Transfers out	(189,890)	(189,890)	(189,890)	-	-
Total Other Financing Sources (Uses)	<u>978,750</u>	<u>978,750</u>	<u>1,120,805</u>	<u>142,055</u>	<u>1,150,579</u>
Net Change in Fund Balance	\$ <u>268,640</u>	<u>(307,460)</u>	784,217	<u>1,091,677</u>	1,867,918
Fund Balance Beginning of Year			<u>3,978,976</u>		<u>2,111,058</u>
Fund Balance End of Year			\$ <u>4,763,193</u>		<u>3,978,976</u>

Ketchikan Gateway Borough, Alaska
State & Federal Grants Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Intergovernmental receivable	\$ <u>3,357,977</u>	<u>165,630</u>
Total Assets	\$ <u><u>3,357,977</u></u>	<u><u>165,630</u></u>
Liabilities		
Accounts payable	\$ 276,905	25,005
Interfund payable	<u>3,081,072</u>	<u>140,625</u>
Total Liabilities	\$ <u><u>3,357,977</u></u>	<u><u>165,630</u></u>

Ketchikan Gateway Borough, Alaska
State and Federal Grants Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Intergovernmental	\$ <u>1,968,111</u>	<u>445,382</u>
Expenditures		
Current		
Public services	119,529	108,695
Capital Outlay	<u>1,848,582</u>	<u>336,687</u>
Total Expenditures	<u>1,968,111</u>	<u>445,382</u>
Fund Balance Beginning of Year	<u>-</u>	<u>-</u>
Fund Balance End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>

NONMAJOR SPECIAL REVENUE FUNDS

Airport Passenger Facilities Charges (PFC) – This fund is used to account for PFC revenues received from varying airlines. These funds are used to pay for the principal and interest payments of the Airport revenue bonds.

Commercial Passenger Vessel Fund (CPV) – This fund is used to account for CPV revenues received from the State of Alaska. These funds will be used to improve port and harbor facilities and other services to properly provide for vessel or watercraft visits and to enhance the safety and efficiency of interstate and foreign commerce.

Economic Development Assistance Program Fund – This fund is used to account for economic development assistance type expenditures as deemed appropriate by the Borough's Code of Ordinances.

Forest Park Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Gold Nugget Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Homestead Service Area Fund – This fund is used to account for revenues assessed on property owners to pay for road maintenance within the Homestead Service Area.

Loring Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Mud Bight Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Nichols View Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Nonareawide Library Fund – This fund is used to account for the collection of property and motor vehicle taxes, which are used to pay the allocated cost for the City of Ketchikan Library operations.

North Tongass Fire & EMS Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Recreation Sales Tax Fund – This fund is used to account for the receipt of twenty percent (20%) of all Borough sales tax revenues. These revenues may only be expended for bonafide recreation costs in the following proportion: eighty percent (80%) for recreation capital improvement projects, and twenty percent (20%) for maintenance and operation costs of Borough recreation facilities.

South Tongass Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Tobacco Tax Fund – This fund is used to account for the collections of excise taxes on tobacco products. Eighty-five percent of the net proceeds are transferred to the Local Education Fund. The remaining fifteen percent is to be spent on cessation programs.

Waterfall Service Area Fund – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

Ketchikan Gateway Borough, Alaska
Airport PFC Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 1,096,929	1,048,967
Accounts receivable	<u>84,533</u>	<u>42,793</u>
Total Assets	\$ <u>1,181,462</u>	<u>1,091,760</u>
Fund Balance		
Restricted for airport projects	<u>1,181,462</u>	<u>1,091,760</u>
Total Liabilities and Fund Balance	\$ <u>1,181,462</u>	<u>1,091,760</u>

Ketchikan Gateway Borough, Alaska
Airport PFC Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
PFC revenues	\$ -	-	127,662	127,662	361,094
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>18,348</u>	<u>15,348</u>	<u>6,846</u>
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>146,010</u>	<u>143,010</u>	<u>367,940</u>
Expenditures					
Current					
Public services	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	3,000	(497,000)	146,010	(356,990)	367,940
Other Financing Uses					
Transfers out	<u>-</u>	<u>(648,308)</u>	<u>(56,308)</u>	<u>592,000</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>3,000</u>	<u>(1,145,308)</u>	89,702	<u>235,010</u>	<u>367,940</u>
Fund Balance Beginning of Year			<u>1,091,760</u>		<u>723,820</u>
Fund Balance End of Year			\$ <u>1,181,462</u>		<u>1,091,760</u>

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 545,372	544,157
Restricted cash and investments	2,181,025	1,869,664
Account Receivable	<u>1,801</u>	<u>-</u>
Total Assets	\$ <u>2,728,198</u>	<u>2,413,821</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>64,082</u>	<u>-</u>
Fund Balance		
Restricted for commercial passenger vessel impact	<u>2,664,116</u>	<u>2,413,821</u>
Total Liabilities and Fund Balance	\$ <u>2,728,198</u>	<u>2,413,821</u>

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Commercial passenger vessel tax	\$ 2,250,000	2,250,000	2,440,983	190,983	2,252,488
Investment earnings	6,000	6,000	27,732	21,732	12,433
Total Revenues	2,256,000	2,256,000	2,468,715	212,715	2,264,921
Expenditures					
Current					
Public services	1,146,873	1,146,873	914,140	232,733	876,936
Capital Outlay	180,055	232,942	190,077	42,865	4,867
Total Expenditures	1,326,928	1,379,815	1,104,217	275,598	881,803
Excess of Revenues Over Expenditures	929,072	876,185	1,364,498	488,313	1,383,118
Other Financing Uses					
Transfers out	(1,114,203)	(1,114,203)	(1,114,203)	-	(1,078,830)
Net Change in Fund Balance	\$ (185,131)	(238,018)	250,295	488,313	304,288
Fund Balance Beginning of Year			2,413,821		2,109,533
Fund Balance End of Year			\$ <u>2,664,116</u>		<u>2,413,821</u>

Ketchikan Gateway Borough, Alaska
Economic Development Assistance Program Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ -	48,938
Receivables:		
Intergovernmental	<u>-</u>	<u>6,040</u>
Total Assets	\$ <u><u>-</u></u>	<u><u>54,978</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>-</u>	<u>54,978</u>
Fund Balance		
Assigned for economic development	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u><u>-</u></u>	<u><u>54,978</u></u>

Ketchikan Gateway Borough, Alaska
Economic Development Assistance Program Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Investment earnings	\$ -	-	-	-	2
Expenditures					
Current					
Public services	-	-	-	-	266,337
Capital Outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	266,337
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	(266,335)
Other Financing Uses					
Transfers out	-	-	-	-	(516,172)
Net Change in Fund Balance	\$ -	-	-	-	(782,507)
Fund Balance Beginning of Year			-		782,507
Fund Balance End of Year		\$ -	-		-

Ketchikan Gateway Borough, Alaska
Forest Park Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 82,915	134,694
Receivables:		
Account	32	-
Intergovernmental	264	136
Property taxes	<u>292</u>	<u>728</u>
Total Assets	<u>\$ 83,503</u>	<u>135,558</u>
 Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ <u>518</u>	<u>-</u>
 Deferred Inflows of Resources		
Property tax revenue	<u>292</u>	<u>728</u>
Total Liabilities and Deferred Inflows of Resources	<u>810</u>	<u>728</u>
 Fund Balance		
Restricted for road maintenance	<u>82,693</u>	<u>134,830</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 83,503</u>	<u>135,558</u>

Ketchikan Gateway Borough, Alaska
Forest Park Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 73,034	73,034	73,491	457	70,439
Investment earnings	<u>500</u>	<u>500</u>	<u>1,976</u>	<u>1,476</u>	<u>1,106</u>
Total Revenues	<u>73,534</u>	<u>73,534</u>	<u>75,467</u>	<u>1,933</u>	<u>71,545</u>
Expenditures					
Current					
Public services	154,570	204,570	41,307	163,263	<u>56,976</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>86,297</u>	<u>(86,297)</u>	<u>-</u>
Total Expenditures	<u>154,570</u>	<u>204,570</u>	<u>127,604</u>	<u>76,966</u>	<u>56,976</u>
Net Change in Fund Balance	\$ <u>(81,036)</u>	<u>(131,036)</u>	(52,137)	<u>78,899</u>	14,569
Fund Balance Beginning of Year			<u>134,830</u>		<u>120,261</u>
Fund Balance End of Year		\$	<u>82,693</u>		<u>134,830</u>

Ketchikan Gateway Borough, Alaska
Gold Nugget Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 71,506	72,036
Accounts receivable	<u>163</u>	<u>464</u>
Total Assets	<u>\$ 71,669</u>	<u>72,500</u>
Fund Balance		
Restricted for road maintenance	<u>\$ 71,669</u>	<u>72,500</u>

Ketchikan Gateway Borough, Alaska
Gold Nugget Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 12,100	12,100	12,102	2	12,138
Investment earnings	<u>200</u>	<u>200</u>	<u>1,180</u>	<u>980</u>	<u>941</u>
Total Revenues	<u>12,300</u>	<u>12,300</u>	<u>13,282</u>	<u>982</u>	<u>13,079</u>
Expenditures					
Current					
Public services	<u>33,920</u>	<u>33,920</u>	<u>14,113</u>	<u>19,807</u>	<u>12,777</u>
Net Change in Fund Balance	\$ <u>(21,620)</u>	<u>(21,620)</u>	(831)	<u>20,789</u>	302
Fund Balance Beginning of Year			<u>72,500</u>		<u>72,198</u>
Fund Balance End of Year			\$ <u>71,669</u>		<u>72,500</u>

Ketchikan Gateway Borough, Alaska
Homestead Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and investments	\$ 143,920	111,722
Accounts receivable	<u>295</u>	<u>323</u>
Total Assets	\$ <u>144,215</u>	<u>112,045</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>65</u>	<u>-</u>
Total Liabilities	<u>65</u>	<u>-</u>
Fund Balance		
Restricted for road maintenance	<u>144,150</u>	<u>112,045</u>
Total Liabilities and Fund Balance	\$ <u>144,215</u>	<u>112,045</u>

Ketchikan Gateway Borough, Alaska
Homestead Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 9,478	9,478	7,555	(1,923)	7,502
Investment earnings	<u>140</u>	<u>140</u>	<u>2,153</u>	<u>2,013</u>	<u>838</u>
Total Revenues	<u>9,618</u>	<u>9,618</u>	<u>9,708</u>	<u>90</u>	<u>8,340</u>
Expenditures					
Current					
Public services	<u>38,202</u>	<u>38,202</u>	<u>6,377</u>	<u>31,825</u>	<u>19,322</u>
Excess (Deficiency) of Revenues Over Expenditures	(28,584)	(28,584)	3,331	31,915	(10,982)
Other Financing Sources					
Transfers in	<u>28,774</u>	<u>28,774</u>	<u>28,774</u>	<u>-</u>	<u>28,774</u>
Net Change in Fund Balance	\$ <u>190</u>	<u>190</u>	32,105	<u>31,915</u>	17,792
Fund Balance Beginning of Year			<u>112,045</u>		<u>94,253</u>
Fund Balance End of Year			\$ <u>144,150</u>		<u>112,045</u>

Ketchikan Gateway Borough, Alaska
Loring Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 51,145	51,778
Accounts receivable	<u>21</u>	<u>26</u>
Total Assets	<u>\$ 51,166</u>	<u>51,804</u>
Liabilities		
Accounts payable	\$ -	-
Unearned revenue	<u>-</u>	<u>44,133</u>
Total Liabilities	<u>-</u>	<u>44,133</u>
Fund Balance		
Restricted for dock improvements	<u>51,166</u>	<u>7,671</u>
Total Liabilities and Fund Balance	<u>\$ 51,166</u>	<u>51,804</u>

Ketchikan Gateway Borough, Alaska
Loring Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Property taxes	\$ -	-	-	-	108
Charges for services	3,000	3,000	3,112	112	3,000
Intergovernmental	39,045	39,045	44,133	5,088	-
Investment earnings	<u>150</u>	<u>150</u>	<u>847</u>	<u>697</u>	<u>403</u>
Total Revenues	<u>42,195</u>	<u>42,195</u>	<u>48,092</u>	<u>5,897</u>	<u>3,511</u>
Expenditures					
Current					
Public services	<u>42,086</u>	<u>42,086</u>	<u>4,597</u>	<u>37,489</u>	<u>8,180</u>
Net Change in Fund Balance	\$ <u>109</u>	<u>109</u>	43,495	<u>43,386</u>	(4,669)
Fund Balance Beginning of Year			<u>7,671</u>		<u>12,340</u>
Fund Balance End of Year		\$	<u>51,166</u>		<u>7,671</u>

Ketchikan Gateway Borough, Alaska
Mud Bight Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 40,890	60,765
Accounts receivable	<u>988</u>	<u>1,570</u>
Total Assets	\$ <u>41,878</u>	<u>62,335</u>
Fund Balance		
Restricted for road maintenance	\$ <u>41,878</u>	<u>62,335</u>

Ketchikan Gateway Borough, Alaska
Mud Bight Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 12,720	12,720	12,133	(587)	13,228
Investment earnings	200	200	786	586	510
Total Revenues	12,920	12,920	12,919	(1)	13,738
Expenditures					
Current					
Public services	42,400	42,400	33,376	9,024	20,981
Net Change in Fund Balance	\$ <u>(29,480)</u>	<u>(29,480)</u>	(20,457)	<u>9,023</u>	(7,243)
Fund Balance Beginning of Year			62,335		69,578
Fund Balance End of Year			\$ <u>41,878</u>		<u>62,335</u>

Ketchikan Gateway Borough, Alaska
Nichols View Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ <u>4,534</u>	<u>5,034</u>
Fund Balance		
Restricted for road maintenance	\$ <u>4,534</u>	<u>5,034</u>

Ketchikan Gateway Borough, Alaska
Nichols View Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current					
Public services	\$ <u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balance	\$ <u><u>(500)</u></u>	<u><u>(500)</u></u>	<u>(500)</u>	<u><u>-</u></u>	<u>(500)</u>
Fund Balance Beginning of Year			<u>5,034</u>		<u>5,534</u>
Fund Balance End of Year		\$ <u><u>4,534</u></u>			<u><u>5,034</u></u>

Ketchikan Gateway Borough, Alaska
Nonareawide Library Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 289,093	217,625
Receivables:		
Accounts	113	-
Intergovernmental	1,320	702
Property taxes	<u>1,446</u>	<u>810</u>
Total Assets	\$ <u>291,972</u>	<u>219,137</u>
 Deferred Inflows of Resources and Fund Balance		
 Deferred Inflows of Resources		
Property tax revenue	\$ <u>1,499</u>	<u>790</u>
 Fund Balance		
Restricted for library operations	<u>290,473</u>	<u>218,347</u>
Total Deferred Inflows of Resources and Fund Balance	\$ <u>291,972</u>	<u>219,137</u>

Ketchikan Gateway Borough, Alaska
Nonareawide Library Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 454,757	454,757	452,920	(1,837)	433,294
Investment earnings	<u>1,500</u>	<u>1,500</u>	<u>5,909</u>	<u>4,409</u>	<u>2,439</u>
Total Revenues	<u>456,257</u>	<u>456,257</u>	<u>458,829</u>	<u>2,572</u>	<u>435,733</u>
Expenditures					
Current					
Library services	<u>436,161</u>	<u>436,161</u>	<u>436,161</u>	<u>-</u>	<u>415,612</u>
Excess of Revenues Over Expenditures	20,096	20,096	22,668	2,572	20,121
Other Financing Sources					
Transfers in	<u>49,458</u>	<u>49,458</u>	<u>49,458</u>	<u>-</u>	<u>44,814</u>
Net Change in Fund Balance	\$ <u>69,554</u>	<u>69,554</u>	72,126	<u>2,572</u>	64,935
Fund Balance Beginning of Year			<u>218,347</u>		<u>153,412</u>
Fund Balance End of Year			\$ <u>290,473</u>		<u>218,347</u>

Ketchikan Gateway Borough, Alaska
North Tongass Fire and EMS Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 846,838	820,259
Receivables:		
Accounts	13,584	2,796
Intergovernmental	3,476	918
Prepaid items	8,761	-
Property taxes	<u>1,185</u>	<u>292</u>
Total Assets	<u>\$ 873,844</u>	<u>824,265</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 27,480	29,053
Interfund advances payable	<u>31,617</u>	<u>103,007</u>
Total Liabilities	59,097	132,060
Deferred Inflows of Resources		
Property tax revenue	<u>1,355</u>	<u>292</u>
Total Liabilities and Deferred Inflows of Resources	<u>60,452</u>	<u>132,352</u>
Fund Balance		
Nonspendable - Prepaid item	8,761	-
Restricted for public safety	<u>804,631</u>	<u>691,913</u>
Total Fund Balance	<u>813,392</u>	<u>691,913</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 873,844</u>	<u>824,265</u>

Ketchikan Gateway Borough, Alaska
North Tongass Fire and EMS Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 663,090	663,090	662,696	(394)	632,430
Intergovernmental	17,468	17,468	12,241	(5,227)	6,612
Service area fees	127,700	127,700	117,864	(9,836)	125,400
Investment earnings	2,500	2,500	18,416	15,916	7,130
EMS revenues	80,000	80,000	77,175	(2,825)	79,306
Miscellaneous	-	-	1,687	1,687	172
Total Revenues	<u>890,758</u>	<u>890,758</u>	<u>890,079</u>	<u>(679)</u>	<u>851,050</u>
Expenditures					
Current					
Fire and EMS	988,690	988,690	849,994	138,696	679,981
Capital Outlay	<u>81,500</u>	<u>111,500</u>	<u>89,006</u>	<u>22,494</u>	<u>-</u>
Total Expenditures	<u>1,070,190</u>	<u>1,100,190</u>	<u>939,000</u>	<u>161,190</u>	<u>679,981</u>
Excess (Deficiency) of Revenues Over Expenditures	(179,432)	(209,432)	(48,921)	160,511	171,069
Other Financing Sources					
Transfers in	<u>170,400</u>	<u>170,400</u>	<u>170,400</u>	<u>-</u>	<u>170,400</u>
Net Change in Fund Balance	\$ <u>(9,032)</u>	<u>(39,032)</u>	121,479	<u>160,511</u>	341,469
Fund Balance Beginning of Year			<u>691,913</u>		<u>350,444</u>
Fund Balance End of Year			<u>\$ 813,392</u>		<u>691,913</u>

Ketchikan Gateway Borough, Alaska
Recreation Sales Tax Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 2,170,602	2,278,566
Receivables:		
Accounts	837	-
Sales tax receivable	<u>574,803</u>	<u>543,063</u>
Total Assets	\$ <u>2,746,242</u>	<u>2,821,629</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>15,031</u>	<u>-</u>
Fund Balance		
Restricted for recreation	<u>2,731,211</u>	<u>2,821,629</u>
Total Liabilities and Fund Balance	\$ <u>2,746,242</u>	<u>2,821,629</u>

Ketchikan Gateway Borough, Alaska
Recreation Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,796,994	1,796,994	1,934,894	137,900	1,834,991
Intergovernmental	238,451	238,451	245,926	7,475	247,023
Penalties and interest	3,500	3,500	6,755	3,255	5,202
Investment earnings	9,000	9,000	41,217	32,217	22,026
Total Revenues	<u>2,047,945</u>	<u>2,047,945</u>	<u>2,228,792</u>	<u>180,847</u>	<u>2,109,242</u>
Expenditures					
Current					
Public services	27,500	27,500	18,435	9,065	53,274
Capital Outlay	<u>987,100</u>	<u>1,259,600</u>	<u>666,224</u>	<u>593,376</u>	<u>80,967</u>
Total Expenditures	<u>1,014,600</u>	<u>1,287,100</u>	<u>684,659</u>	<u>602,441</u>	<u>134,241</u>
Excess of Revenues Over Expenditures	1,033,345	760,845	1,544,133	783,288	1,975,001
Other Financing Sources (Uses)					
Transfers in	177,468	177,468	177,468	-	177,958
Transfers out	<u>(1,785,261)</u>	<u>(1,785,261)</u>	<u>(1,812,019)</u>	<u>(26,758)</u>	<u>(1,793,370)</u>
Total Other Financing Sources (Uses)	<u>(1,607,793)</u>	<u>(1,607,793)</u>	<u>(1,634,551)</u>	<u>(26,758)</u>	<u>(1,615,412)</u>
Net Change in Fund Balance	\$ <u>(574,448)</u>	<u>(846,948)</u>	(90,418)	<u>756,530</u>	359,589
Fund Balance Beginning of Year			<u>2,821,629</u>		<u>2,462,040</u>
Fund Balance End of Year		\$	<u>2,731,211</u>		<u>2,821,629</u>

Ketchikan Gateway Borough, Alaska
South Tongass Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 993,876	850,556
Receivables:		
Accounts	25,249	5,945
Intergovernmental	2,111	1,083
Prepaid items	5,395	-
Property taxes	<u>4,095</u>	<u>2,992</u>
Total Assets	\$ <u>1,030,726</u>	<u>860,576</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 10,078	-
Advances payable	<u>97,658</u>	<u>-</u>
Total Liabilities	<u>107,736</u>	<u>-</u>
Deferred Inflows of Resources		
Property tax revenues	<u>4,095</u>	<u>2,992</u>
Total Liabilities and Deferred Inflows of Resources	111,831	2,992
Fund Balance		
Nonspendable - Prepaid items	5,395	-
Restricted for public safety and water	<u>913,500</u>	<u>857,584</u>
Total Fund Balance	<u>918,895</u>	<u>857,584</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>1,030,726</u>	<u>860,576</u>

Ketchikan Gateway Borough, Alaska
South Tongass Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 24,000	24,000	27,900	3,900	27,082
Taxes	652,605	652,605	650,686	(1,919)	625,856
Intergovernmental	15,703	15,703	10,225	(5,478)	4,154
Water fees	294,233	294,233	301,228	6,995	296,613
Investment earnings	3,000	3,000	17,027	14,027	7,414
EMS revenue	70,000	70,000	80,088	10,088	53,802
Miscellaneous	-	-	2,570	2,570	237
Total Revenues	<u>1,059,541</u>	<u>1,059,541</u>	<u>1,089,724</u>	<u>30,183</u>	<u>1,015,158</u>
Expenditures					
Current					
Fire and EMS	750,112	750,112	636,387	113,725	610,703
Water treatment and distribution	381,836	381,836	240,368	141,468	286,696
Capital Outlay	<u>347,500</u>	<u>447,500</u>	<u>443,388</u>	<u>4,112</u>	<u>127,209</u>
Total Expenditures	1,479,448	1,579,448	1,320,143	259,305	1,024,608
Less recovery of expenditures from other funds	<u>(3,330)</u>	<u>(3,330)</u>	<u>(3,330)</u>	<u>-</u>	<u>(3,330)</u>
Net Expenditures	<u>1,476,118</u>	<u>1,576,118</u>	<u>1,316,813</u>	<u>259,305</u>	<u>1,021,278</u>
Excess (Deficiency) of Revenues Over Expenditures	(416,577)	(516,577)	(227,089)	289,488	(6,120)
Other Financing Sources					
Transfers in	<u>188,400</u>	<u>188,400</u>	<u>288,400</u>	<u>100,000</u>	<u>188,400</u>
Net Change in Fund Balance	\$ <u>(228,177)</u>	<u>(328,177)</u>	61,311	<u>389,488</u>	182,280
Fund Balance Beginning of Year			<u>857,584</u>		<u>675,304</u>
Fund Balance End of Year		\$	<u>918,895</u>		<u>857,584</u>

Ketchikan Gateway Borough, Alaska
Tobacco Tax Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Accounts receivable	\$	
Excise taxes	-	349,721
Total Assets	\$ -	349,721
Liabilities and Fund Balance		
Liabilities		
Accounts payable	-	130
Interfund payable	\$ -	93,310
Fund Balance		
Restricted for education	-	256,281
Total Liabilities and Fund Balance	\$ -	349,721

Ketchikan Gateway Borough, Alaska
Tobacco Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Tobacco tax	\$ 1,059,000	1,059,000	743,473	(315,527)	1,265,836
Charges for services	1,000	1,000	-	(1,000)	900
Investment earnings	<u>500</u>	<u>500</u>	<u>4,625</u>	<u>4,125</u>	<u>1,436</u>
Total Revenues	<u>1,060,500</u>	<u>1,060,500</u>	<u>748,098</u>	<u>(312,402)</u>	<u>1,268,172</u>
Expenditures					
Current					
Public services	<u>160,000</u>	<u>160,000</u>	<u>310</u>	<u>159,690</u>	<u>2,523</u>
Other Financing Uses					
Transfers out	<u>(900,000)</u>	<u>(1,350,000)</u>	<u>(1,004,069)</u>	<u>(345,931)</u>	<u>(1,075,803)</u>
Net Change in Fund Balance	\$ <u>500</u>	<u>(449,500)</u>	(256,281)	<u>(498,643)</u>	189,846
Fund Balance Beginning of Year			<u>256,281</u>		<u>66,435</u>
Fund Balance End of Year			\$ <u><u>-</u></u>		<u><u>256,281</u></u>

Ketchikan Gateway Borough, Alaska
Waterfall Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 39,233	22,618
Accounts receivable	<u>3,108</u>	<u>4,430</u>
Total Assets	<u>\$ 42,341</u>	<u>27,048</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 55	-
Interfund advances payable	<u>-</u>	<u>8,012</u>
Total Liabilities	<u>55</u>	<u>8,012</u>
Fund Balance		
Restricted for road maintenance	<u>42,286</u>	<u>19,036</u>
Total Liabilities and Fund Balance	<u>\$ 42,341</u>	<u>27,048</u>

Ketchikan Gateway Borough, Alaska
Waterfall Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 37,125	37,125	40,772	3,647	36,073
Investment earnings	<u>100</u>	<u>100</u>	<u>576</u>	<u>476</u>	<u>239</u>
Total Revenues	<u>37,225</u>	<u>37,225</u>	<u>41,348</u>	<u>4,123</u>	<u>36,312</u>
Expenditures					
Current					
Public services	<u>33,005</u>	<u>33,005</u>	<u>18,098</u>	<u>14,907</u>	<u>31,922</u>
Net Change in Fund Balance	\$ <u>4,220</u>	<u>4,220</u>	23,250	<u>19,030</u>	4,390
Fund Balance Beginning of Year			<u>19,036</u>		<u>14,646</u>
Fund Balance End of Year			\$ <u>42,286</u>		<u>19,036</u>



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CAPITAL PROJECTS FUND

Capital Projects Fund – This fund is used to account for the acquisition and construction of major school and other capital facilities other than those financed by proprietary funds.

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Restricted cash and investments	\$ <u>752,066</u>	<u>1,223,794</u>
Total Assets	\$ <u><u>752,066</u></u>	<u><u>1,223,794</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Restricted for capital projects	<u>752,066</u>	<u>1,223,794</u>
Total Liabilities and Fund Balance	\$ <u><u>752,066</u></u>	<u><u>1,223,794</u></u>

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Investment earnings	\$ 427	673
Expenditures		
Current		
Public services	-	9,948
Capital Outlay		
Educational facilities	471,857	1,073,697
Total Expenditures	<u>471,857</u>	<u>1,083,645</u>
Excess (Deficiency) of Revenues Over Expenditures	(471,430)	(1,082,972)
Other Financing Sources (Uses)		
Transfers out	(298)	-
Total Other Financing Sources (Uses)	<u>(298)</u>	<u>-</u>
Net Change in Fund Balance	(471,728)	(1,082,972)
Fund Balance Beginning of Year	<u>1,223,794</u>	<u>2,306,766</u>
Fund Balance End of Year	\$ <u><u>752,066</u></u>	<u><u>1,223,794</u></u>



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MAJOR ENTERPRISE FUNDS

Airport Fund – This fund is used to account for the operations of the Ketchikan International Airport.

Wastewater Fund – This fund is used to account for the operations of the Borough's sewer systems.

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and investments	\$ 4,523,296	3,155,232
Prepaid items	-	20,924
Receivables:		
Accounts, net	180,863	360,548
Intergovernmental	29,597	18,721
Total Current Assets	<u>4,733,756</u>	<u>3,555,425</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	4,076,629	197,755
Depreciable, net	15,978,586	17,063,240
Total Noncurrent Assets	<u>20,055,215</u>	<u>17,260,995</u>
Total Assets	<u>24,788,971</u>	<u>20,816,420</u>
Deferred Outflows of Resources		
Related to pensions	306,074	260,594
Related to OPEB	241,461	86,542
Total Assets and Deferred Outflows of Resources	<u>\$ 25,336,506</u>	<u>21,163,556</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 189,540	67,157
Interfund advances payable	33,090	51,667
Compensated absences payable	142,762	179,891
Total Current Liabilities	<u>365,392</u>	<u>298,715</u>
Long-Term Liabilities, Net of Current Portion		
Compensated absences payable	105,944	40,751
Net pension liability	2,904,905	2,792,029
Net OPEB liability	689,330	536,204
Interfund advances payable	-	13,487
Total Long-Term Liabilities	<u>3,700,179</u>	<u>3,382,471</u>
Total Liabilities	<u>4,065,571</u>	<u>3,681,186</u>
Deferred Inflows of Resources		
Related to pensions	113,892	394,046
Related to OPEB	274,517	288,907
Total Liabilities and Deferred Inflows of Resources	<u>4,453,980</u>	<u>4,364,139</u>
Net Position		
Net investment in capital assets	20,055,215	17,260,995
Unrestricted	827,311	(461,578)
Total Net Position	<u>\$ 20,882,526</u>	<u>16,799,417</u>

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Charges for services	\$ 5,428,676	5,382,065
Operating Expenses		
Personnel services	2,757,789	3,049,601
Supplies and services	1,343,414	1,257,141
Insurance	220,810	221,644
Depreciation	1,187,974	1,195,675
Total Operating Expenses	5,509,987	5,724,061
Operating (Gain) Loss	(81,311)	(341,996)
Non-Operating Revenues (Expenses)		
Interest and fiscal charges	(1,598)	(2,542)
Gain on disposal of capital assets	1,300	-
Investment income	67,349	23,301
Operating grants	57,269	118,837
Total Non-Operating Revenues (Expenses)	124,320	139,596
Income (Loss) Before Capital Contributions and Transfers	43,009	(202,400)
Capital contributions	3,787,452	178,524
Transfers in	252,648	174,104
Change in Net Position	4,083,109	150,228
Net Position Beginning of Year	16,799,417	16,649,189
Net Position End of Year	\$ 20,882,526	16,799,417

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 5,379,420	5,155,177
Cash payments to employees for services	(2,729,725)	(3,036,350)
Cash payments for goods and services	<u>(1,431,793)</u>	<u>(1,485,524)</u>
Net Cash Provided by Operating Activities	<u>1,217,902</u>	<u>633,303</u>
Cash Flows from Noncapital Financing Activities		
Operating grants	57,269	142,608
Transfers in	<u>252,648</u>	<u>174,104</u>
Net Cash Provided by Noncapital Financing Activities	<u>309,917</u>	<u>316,712</u>
Cash Flows from Capital and Related Financing Activities		
Sale of capital assets	1,300	-
Capital grant	3,787,452	178,524
Interest paid on debt service	(1,598)	(2,542)
Interfund advance payable	(32,064)	(31,121)
Payments for capital acquisitions	<u>(3,982,194)</u>	<u>(231,027)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(227,104)</u>	<u>(86,166)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>67,349</u>	<u>23,301</u>
Net Increase in Cash and Cash Equivalents	1,368,064	887,150
Cash and Cash Equivalents Beginning of Year	<u>3,155,232</u>	<u>2,268,082</u>
Cash and Cash Equivalents End of Year	<u>\$ 4,523,296</u>	<u>3,155,232</u>

(continued)

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows, continued
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	\$ (81,311)	(341,996)
Adjustments:		
Depreciation	1,187,974	1,195,675
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	179,685	(125,965)
Intergovernmental receivable	(10,876)	-
Prepaid items	20,924	(14,983)
Deferred outflows of resources for pensions	(45,480)	651,840
Deferred outflows of resources for OPEB	(154,919)	35,621
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	122,383	8,244
Compensated absences payable	28,064	13,251
Net pension liability	112,876	(1,066,517)
Net OPEB liability	153,126	(361,821)
Deferred inflows of resources for pensions	(280,154)	351,047
Deferred inflows of resources for OPEB	(14,390)	288,907
Net Cash Provided by Operating Activities	\$ <u>1,217,902</u>	<u>633,303</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and investments	\$ 384,948	653,215
Accounts receivable, net	50,677	77,348
Intergovernmental	<u>557,995</u>	<u>-</u>
Total Current Assets	<u>993,620</u>	<u>730,563</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	1,737,440	129,543
Depreciable, net	<u>8,079,005</u>	<u>8,408,935</u>
Total Noncurrent Assets	<u>9,816,445</u>	<u>8,538,478</u>
Total Assets	\$ <u>10,810,065</u>	<u>9,269,041</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 229,656	42,016
Interfund advances payable	<u>44,768</u>	<u>42,405</u>
Total Current Liabilities	274,424	84,421
Long-Term Liabilities		
Interfund advances payable (net of current portion)	97,835	142,604
ACWF loan payable	<u>630,772</u>	<u>30,784</u>
Total Liabilities	<u>1,003,031</u>	<u>257,809</u>
Net Position		
Net investment in capital assets	9,816,445	8,538,478
Unrestricted	<u>(9,411)</u>	<u>472,754</u>
Total Net Position	\$ <u><u>9,807,034</u></u>	<u><u>9,011,232</u></u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Charges for services	\$ 765,981	765,874
Operating Expenses		
Personnel services	164,619	150,120
Supplies and services	466,208	524,381
Insurance	3,754	4,331
Depreciation	352,838	359,840
Total Operating Expenses	987,419	1,038,672
Less recovery of expenses from other funds	(7,768)	(7,768)
Net Operating Expenses	979,651	1,030,904
Operating Loss	(213,670)	(265,030)
Non-Operating Expenses		
Interest and fiscal charges	(9,316)	(11,570)
Investment earnings	10,878	5,219
Total Non-Operating Revenues (Expenses)	1,562	(6,351)
Income (Loss) Before Capital Contributions and Transfers	(212,108)	(271,381)
Capital contributions	1,007,910	79,183
Change in Net Position	795,802	(192,198)
Net Position Beginning of Year	9,011,232	9,203,430
Net Position End of Year	\$ 9,807,034	9,011,232

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 792,652	745,295
Cash payments to employees for services	(164,619)	(150,120)
Cash payments for goods and services	<u>(832,549)</u>	<u>(545,125)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(204,516)</u>	<u>50,050</u>
Cash Flows from Capital and Related Financing Activities		
Capital grant	1,007,910	79,183
Interest paid on debt service	(9,316)	(11,570)
Interfund advance payable	(42,406)	(40,150)
Payments for capital acquisitions	<u>(1,030,817)</u>	<u>(101,109)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(74,629)</u>	<u>(73,646)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>10,878</u>	<u>5,219</u>
Net Increase in Cash and Cash Equivalents	(268,267)	(18,377)
Cash and Cash Equivalents Beginning of Year	<u>653,215</u>	<u>671,592</u>
Cash and Cash Equivalents End of Year	<u>\$ 384,948</u>	<u>653,215</u>

(continued)

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows, continued
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	\$ (213,670)	(265,030)
Adjustments:		
Depreciation	352,838	359,840
(Increase) Decrease in Assets:		
Accounts receivable	26,671	(20,579)
Intergovernmental	(557,995)	-
Increase (Decrease) in Liabilities:		
Accounts payable	<u>187,640</u>	<u>(24,181)</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>(204,516)</u></u>	<u><u>50,050</u></u>



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INTERNAL SERVICE FUNDS

School District Self-Insured Insurance – This fund is used to account for health insurance premiums paid on behalf of and by School District employees and for health insurance claims paid for School District employees.

Borough Self-Insured Insurance – This fund is used to account for health insurance premiums paid on behalf of Borough employees and for health insurance claims paid for Borough employees.

Ketchikan Gateway Borough, Alaska
Self-Insured Health Insurance Internal Service Funds
Combining Statement of Net Position
June 30, 2019

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Current Assets			
Cash and investments	\$ -	271,180	271,180
Assets			
Accounts receivable	38,757	27,007	65,764
Note receivable	<u>676,661</u>	<u>-</u>	<u>676,661</u>
Total Assets	<u>\$ 715,418</u>	<u>298,187</u>	<u>1,013,605</u>
Current Liabilities			
Claims payable	\$ 399,048	136,331	535,379
Noncurrent Liabilities			
Interfund payable	<u>316,370</u>	<u>-</u>	<u>316,370</u>
Total Liabilities	<u>715,418</u>	<u>136,331</u>	<u>851,749</u>
Net Position			
Unrestricted	<u>\$ -</u>	<u>161,856</u>	<u>161,856</u>

Ketchikan Gateway Borough, Alaska
Self-Insured Health Insurance Internal Service Funds
Combining Statement of Revenues,
Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Insurance premiums	\$ 6,372,213	2,418,174	8,790,387
Operating Expenses			
Administration	891,479	345,640	1,237,119
Premiums	-	380,636	380,636
Claims	5,723,698	2,927,739	8,651,437
Wellness plan	-	28,175	28,175
Total Operating Expenses	<u>6,615,177</u>	<u>3,682,190</u>	<u>10,297,367</u>
Less return of excess stop-loss premiums	<u>(242,964)</u>	<u>(610,622)</u>	<u>(853,586)</u>
Net Operating Expenses	<u>6,372,213</u>	<u>3,071,568</u>	<u>9,443,781</u>
Operating Income (loss)	-	(653,394)	(653,394)
Non-Operating Revenues			
Investment earnings	<u>-</u>	<u>9,734</u>	<u>9,734</u>
Change in Net Position	-	(643,660)	(643,660)
Net Position Beginning of Year	<u>-</u>	<u>805,516</u>	<u>805,516</u>
Net Position End of Year	\$ <u><u>-</u></u>	<u><u>161,856</u></u>	<u><u>161,856</u></u>

Ketchikan Gateway Borough, Alaska
Self-Insured Health Insurance Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	\$ 6,519,150	2,418,174	8,937,324
Cash payments for goods and services	(891,479)	(781,458)	(1,672,937)
Cash payments for claims	<u>(5,394,358)</u>	<u>(2,262,166)</u>	<u>(7,656,524)</u>
Net Cash Provided by (Used in) Operating Activities	<u>233,313</u>	<u>(625,450)</u>	<u>(392,137)</u>
Cash Flows from Noncapital Financing Activities			
Interfund payable	<u>(233,313)</u>	<u>-</u>	<u>(233,313)</u>
Cash Flows from Investing Activities			
Investment earnings	<u>-</u>	<u>9,734</u>	<u>9,734</u>
Net Increase in Cash and Cash Equivalents	-	(615,716)	(615,716)
Cash and Cash Equivalents Beginning of Year	<u>-</u>	<u>886,896</u>	<u>886,896</u>
Cash and Cash Equivalents End of Year	\$ <u><u>-</u></u>	<u><u>271,180</u></u>	<u><u>271,180</u></u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ <u>-</u>	<u>(653,394)</u>	<u>(653,394)</u>
Decrease (Increase) in Assets:			
Accounts receivable	658,641	(27,007)	631,634
Note receivable	(511,704)	-	(511,704)
Increase (Decrease) in Liabilities:			
Claims payable	<u>86,376</u>	<u>54,951</u>	<u>141,327</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>233,313</u></u>	<u><u>(625,450)</u></u>	<u><u>(392,137)</u></u>



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Ketchikan Gateway Borough, Alaska
School District Self-Insured Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Accounts receivable	\$ 38,757	697,398
Note receivable	676,661	164,957
Total Assets	715,418	862,355
Current Liabilities		
Claims payable	\$ 399,048	312,672
Noncurrent Liabilities		
Interfund payable	316,370	549,683
Total Liabilities	715,418	862,355
Net Position		
Unrestricted	\$ -	-

Ketchikan Gateway Borough, Alaska
School District Self-Insured Insurance Internal Service Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Insurance premiums	\$ 6,372,213	5,772,579
Operating Expenses		
Administration	891,479	823,251
Claims	5,723,698	5,646,726
Total Operating Expenses	6,615,177	6,469,977
Less return of excess stop-loss premiums	(242,964)	(697,398)
Net Operating Expenses	6,372,213	5,772,579
Operating Income (Loss)	-	-
Change in Net Position	-	-
Net Position Beginning of Year	-	-
Net Position End of Year	\$ -	-

Ketchikan Gateway Borough, Alaska
Borough Self-Insured Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and investments	\$ 271,180	886,896
Accounts receivable	27,007	-
Current Liabilities		
Claims payable	\$ 136,331	81,380
Net Position		
Unrestricted	\$ 161,856	805,516

Ketchikan Gateway Borough, Alaska
Borough Self-Insured Insurance Internal Service Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Insurance premiums	\$ 2,418,174	2,616,630
Operating Expenses		
Administration	345,640	301,528
Premiums	380,636	364,881
Claims	2,927,739	1,781,676
Wellness plan	28,175	-
Total Operating Expenses	<u>3,682,190</u>	<u>2,448,085</u>
Less return of excess stop-loss premiums	<u>(610,622)</u>	<u>-</u>
Operating Income	(653,394)	168,545
Investment earnings	<u>9,734</u>	<u>7,318</u>
Change in Net Position	(643,660)	175,863
Net Position Beginning of Year	<u>805,516</u>	<u>629,653</u>
Net Position End of Year	\$ <u>161,856</u>	<u>805,516</u>



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STATISTICAL SECTION

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STATISTICAL SECTION

This section contains various tables showing historical and other financial information considered to be informative in understanding the finances of the Borough.

The following tables are included in this section:

Revenues and Expenditures/Expenses

Government-wide Statement of Net Position.....	Table 1
Changes in Net Position.....	Table 2
Fund Balances, Governmental Funds.....	Table 3
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Miscellaneous Statistics.....	Table 15



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KETCHIKAN GATEWAY BOROUGH

Government-wide Statement of Net Position

June 30, 2019

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental Activities					
Net investment in capital assets	\$ 125,006,914	122,089,151	122,598,700	123,108,660	121,277,988
Restricted	20,355,893	18,684,440	14,602,379	6,865,378	6,819,220
Unrestricted	<u>7,393,385</u>	<u>6,811,378</u>	<u>6,842,646</u>	<u>15,737,037</u>	<u>15,584,427</u>
Total governmental activities net position	<u>152,756,192</u>	<u>147,584,969</u>	<u>144,043,725</u>	<u>145,711,075</u>	<u>143,681,635</u>
Business-type Activities					
Net investment in capital assets	29,871,660	25,799,473	26,992,069	28,320,766	28,156,141
Restricted	-	-	-	-	-
Unrestricted (deficit)	<u>824,645</u>	<u>189,361</u>	<u>(231,649)</u>	<u>(913,623)</u>	<u>(1,771,657)</u>
Total business-type activities net position	<u>30,696,305</u>	<u>25,988,834</u>	<u>26,760,420</u>	<u>27,407,143</u>	<u>26,384,484</u>
Primary Government					
Net investment in capital assets	154,878,574	147,888,624	149,590,769	151,429,426	149,434,129
Restricted	20,355,893	18,684,440	14,602,379	6,865,378	6,819,220
Unrestricted	<u>8,218,030</u>	<u>7,000,739</u>	<u>6,610,997</u>	<u>14,823,414</u>	<u>13,812,770</u>
Total primary government net position	<u>\$ 183,452,497</u>	<u>173,573,803</u>	<u>170,804,145</u>	<u>173,118,218</u>	<u>170,066,119</u>
Governmental Activities					
Fiscal Year					
	2014	2013	2012	2011	2010
Net investment in capital assets	\$ 121,446,896	119,848,381	121,020,663	117,038,168	116,791,016
Restricted	7,148,989	13,928,936	9,800,504	9,326,387	6,749,034
Unrestricted	<u>19,954,904</u>	<u>11,945,485</u>	<u>14,338,149</u>	<u>18,194,923</u>	<u>24,295,274</u>
Total governmental activities net position	<u>148,550,789</u>	<u>145,722,802</u>	<u>145,159,316</u>	<u>144,559,478</u>	<u>147,835,324</u>
Business-type Activities					
Net investment in capital assets	29,131,474	28,458,282	26,857,847	17,458,210	17,703,199
Restricted	-	-	385,000	385,000	385,000
Unrestricted (deficit)	<u>(287,748)</u>	<u>(413,071)</u>	<u>(2,838,539)</u>	<u>(3,141,624)</u>	<u>(3,311,312)</u>
Total business-type activities net position	<u>28,843,726</u>	<u>28,045,211</u>	<u>24,404,308</u>	<u>14,701,586</u>	<u>14,776,887</u>
Primary Government					
Net investment in capital assets	150,578,370	148,306,663	147,878,510	134,496,378	134,494,215
Restricted	7,148,989	13,928,936	10,185,504	9,711,387	7,134,034
Unrestricted	<u>19,667,156</u>	<u>11,532,414</u>	<u>11,499,610</u>	<u>15,053,299</u>	<u>20,983,962</u>
Total primary government net position	<u>\$ 177,394,515</u>	<u>173,768,013</u>	<u>169,563,624</u>	<u>159,261,064</u>	<u>162,612,211</u>

notes: The Borough implemented the provisions of GASB statements 63 and 65 in FY13. Prior years have not been restated to reflect this change; however all terminology has been updated to reflect this revision.

The Borough implemented the provisions of GASB 68 in FY15. Only FY14 has been restated to reflect this change.

KETCHIKAN GATEWAY BOROUGH

Changes in Net Position
June 30, 2019

	2019	2018	2017	2016	2015
Expenses					
Governmental activities:					
General government	\$ 3,431,525	3,259,926	4,017,111	3,517,224	4,037,970
Fire and EMS	1,764,481	1,558,838	1,577,017	1,438,761	1,545,356
Water treatment and distribution	237,038	283,366	235,529	224,652	324,110
Library services	436,161	415,612	402,279	390,575	405,199
Parks and recreation	3,538,132	3,457,704	3,617,576	3,432,887	3,340,866
Public works	1,048,172	1,042,506	1,059,778	1,168,318	1,027,166
Public services	3,341,774	3,566,217	4,842,281	5,306,734	8,890,872
Transit	2,641,532	2,394,033	2,498,261	2,384,212	2,221,390
Education	18,743,052	15,841,676	15,879,303	16,182,438	15,015,738
Interest	1,529,612	1,701,147	1,885,487	1,957,353	2,254,374
Total governmental activities expenses	<u>36,711,479</u>	<u>33,521,025</u>	<u>36,014,622</u>	<u>36,003,154</u>	<u>39,063,041</u>
Business-type activities:					
Airport	5,681,725	5,680,358	6,471,321	5,874,984	5,665,297
Wastewater	988,967	1,042,474	995,507	986,801	1,098,072
Total business-type activities expenses	<u>6,670,692</u>	<u>6,722,832</u>	<u>7,466,828</u>	<u>6,861,785</u>	<u>6,763,369</u>
Total primary government expenses	<u>43,382,171</u>	<u>40,243,857</u>	<u>43,481,450</u>	<u>42,864,939</u>	<u>45,826,410</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	303,027	285,590	285,930	276,812	253,670
Water treatment and distribution	301,228	296,613	294,097	286,472	251,863
Parks and recreation	774,531	806,584	802,398	725,988	775,960
Public services	791,817	808,363	786,417	1,615,691	1,559,619
Transit	233,861	235,970	206,273	189,230	200,588
Education	6,372,213	5,772,579	5,162,893	4,912,773	4,677,856
Capital grants	4,784,285	3,089,461	2,161,683	5,189,749	5,828,520
Operating grants	2,815,203	2,678,938	2,110,949	3,330,138	3,181,765
Total governmental activities program revenues	<u>16,376,165</u>	<u>13,974,098</u>	<u>11,810,640</u>	<u>16,526,853</u>	<u>16,729,841</u>
Business-type activities:					
Charges for services:					
Airport	5,428,676	5,382,065	5,533,220	4,947,152	4,694,448
Wastewater	765,981	765,874	728,983	780,854	656,048
Operating grants	-	18,236	172,675	3,332	7,386
Capital grants	4,795,362	257,707	123,136	1,731,076	487,172
Total business-type activities program revenues	<u>10,990,019</u>	<u>6,423,882</u>	<u>6,558,014</u>	<u>7,462,414</u>	<u>5,845,054</u>
Total primary government program revenues	<u>27,366,184</u>	<u>20,397,980</u>	<u>18,368,654</u>	<u>23,989,267</u>	<u>22,574,895</u>
Net (Expense) Revenue					
Governmental activities	(20,335,314)	(19,546,927)	(24,203,982)	(19,476,301)	(22,333,200)
Business-type activities	4,319,327	(298,950)	(908,814)	600,629	(918,315)
Total primary government net expense	<u>(16,015,987)</u>	<u>(19,845,877)</u>	<u>(25,112,796)</u>	<u>(18,875,672)</u>	<u>(23,251,515)</u>
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	10,638,237	10,155,598	9,175,916	8,545,890	8,359,993
Sales taxes	9,805,490	9,271,481	8,882,165	8,567,889	8,553,791
Payment in lieu of taxes	1,233,473	1,512,320	1,154,550	1,232,522	1,052,512
Grants and entitlements not restricted	3,262,691	3,094,716	2,770,696	2,989,349	3,466,541
Transfers	(252,648)	(174,104)	(172,303)	(299,765)	(272,424)
Investment earnings	666,731	283,080	36,343	36,483	49,504
Property sales (loss on requisitions)	-	-	-	-	-
Miscellaneous	152,563	435,245	689,265	433,373	400,057
Write off delinquent note	-	-	-	-	-
Total governmental activities general revenues and other changes in net position	<u>25,506,537</u>	<u>24,578,336</u>	<u>22,536,632</u>	<u>21,505,741</u>	<u>21,609,974</u>
Business-type activities:					
Unrestricted grant/investment earnings	135,496	129,122	89,788	122,265	167,786
Transfers	252,648	174,104	172,303	299,765	272,424
Total business-type activities general revenues and other changes in net position	<u>388,144</u>	<u>303,226</u>	<u>262,091</u>	<u>422,030</u>	<u>440,210</u>
Total primary government general revenues and other changes in net position	<u>25,894,681</u>	<u>24,881,562</u>	<u>22,798,723</u>	<u>21,927,771</u>	<u>22,050,184</u>
Changes in Net Position					
Governmental activities	5,171,223	5,031,409	(1,667,350)	2,029,440	(723,226)
Business-type activities	4,707,471	4,276	(646,723)	1,022,659	(478,105)
Total primary government, change in net position	\$ <u>9,878,694</u>	<u>5,035,685</u>	<u>(2,314,073)</u>	<u>3,052,099</u>	<u>(1,201,331)</u>

Notes:

The Borough implemented the provisions of GASB statements 63 and 65 in FY13. Prior years have not been restated to reflect this change.; however all terminology has been updated to reflect this revision.

The Borough implemented the provisions of GASB 68 in FY15. Only FY14 has been restated to reflect this change.

KETCHIKAN GATEWAY BOROUGH

Changes in Net Position, Continued
June 30, 2019

Fiscal Year					
	2014	2013	2012	2011	2010
Expenses					
Governmental activities:					
General government	\$ 3,514,098	4,623,576	4,239,516	3,502,989	3,198,263
Fire and EMS	1,376,751	1,252,822	1,305,555	1,289,444	1,249,053
Water treatment and distribution	318,826	249,401	226,424	207,102	228,725
Library services	422,570	410,326	380,266	372,794	371,886
Parks and recreation	3,338,139	2,601,546	2,374,277	2,066,242	2,004,219
Public works	1,001,996	1,209,701	1,043,521	1,093,054	1,391,689
Public services	5,342,481	3,875,327	5,086,592	3,595,580	4,162,195
Transit	2,164,006	2,071,438	1,960,671	1,640,624	1,427,218
Education	15,357,268	14,465,416	14,300,313	15,091,534	16,017,284
Interest	2,310,634	2,394,406	2,504,748	2,453,966	1,540,248
Total governmental activities expenses	<u>35,146,769</u>	<u>33,153,959</u>	<u>33,421,883</u>	<u>31,313,329</u>	<u>31,590,780</u>
Business-type activities:					
Airport	5,679,424	5,810,984	5,262,004	4,835,323	4,625,758
Wastewater	881,576	897,029	1,176,513	1,010,836	912,252
Total business-type activities expenses	<u>6,561,000</u>	<u>6,708,013</u>	<u>6,438,517</u>	<u>5,846,159</u>	<u>5,538,010</u>
Total primary government expenses	<u>41,707,769</u>	<u>39,861,972</u>	<u>39,860,400</u>	<u>37,159,488</u>	<u>37,128,790</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	238,838	254,234	317,569	242,335	236,534
Water treatment and distribution	217,149	193,081	176,394	177,610	165,463
Parks and recreation	753,563	732,284	565,998	538,013	410,238
Public services	1,256,400	1,239,091	911,068	862,291	684,279
Transit	222,236	242,111	217,131	184,624	179,729
Education	4,937,191	4,295,465	3,769,524	3,535,740	3,153,995
Capital grants	4,503,237	3,529,066	5,154,055	6,426,775	8,369,771
Operating grants	4,072,710	3,738,574	2,431,499	904,866	705,498
Total governmental activities program revenues	<u>16,201,324</u>	<u>14,223,906</u>	<u>13,543,238</u>	<u>12,872,254</u>	<u>13,905,507</u>
Business-type activities:					
Charges for services:					
Airport	4,401,938	3,878,788	3,973,769	3,633,607	3,283,332
Wastewater	596,426	555,396	760,358	702,530	576,803
Operating grants	73,994	2,710,000	42,959	79,122	128,193
Capital grants	1,865,802	1,310,860	10,016,959	556,653	638,665
Total business-type activities program revenues	<u>6,938,160</u>	<u>8,455,044</u>	<u>14,794,045</u>	<u>4,971,912</u>	<u>4,626,993</u>
Total primary government program revenues	<u>23,139,484</u>	<u>22,678,950</u>	<u>28,337,283</u>	<u>17,844,166</u>	<u>18,532,500</u>
Net (Expense) Revenue					
Governmental activities	(18,945,445)	(18,930,053)	(19,878,645)	(18,441,075)	(17,685,273)
Business-type activities	377,160	1,747,031	8,355,528	(874,247)	(911,017)
Total primary government net expense	<u>(18,568,285)</u>	<u>(17,183,022)</u>	<u>(11,523,117)</u>	<u>(19,315,322)</u>	<u>(18,596,290)</u>
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	8,169,731	7,890,521	8,746,139	9,015,302	9,491,422
Sales taxes	8,625,653	8,682,819	8,316,512	8,105,296	7,974,171
Payment in lieu of taxes	1,131,659	1,035,188	1,054,735	1,020,959	1,036,032
Grants and entitlements not restricted	3,598,414	3,559,577	3,353,441	3,451,680	3,677,791
Transfers	(184,881)	(1,652,342)	(439,935)	(632,983)	(625,258)
Investment earnings	54,254	59,449	(114,092)	650,810	361,309
Property sales (loss on reacquisitions)	-	-	-	(7,313,222)	1,650,939
Miscellaneous	378,601	354,128	351,236	867,387	326,885
Write off delinquent note	-	-	(789,553)	-	-
Total governmental activities general revenues and other changes in net position	<u>21,773,431</u>	<u>19,929,340</u>	<u>20,478,483</u>	<u>15,165,229</u>	<u>23,893,291</u>
Business-type activities:					
Unrestricted grant/investment earnings	236,474	241,530	907,259	165,963	106,177
Transfers	184,881	1,652,342	439,935	632,983	625,258
Total business-type activities general revenues and other changes in net position	<u>421,355</u>	<u>1,893,872</u>	<u>1,347,194</u>	<u>798,946</u>	<u>731,435</u>
Total primary government general revenues and other changes in net position	<u>22,194,786</u>	<u>21,823,212</u>	<u>21,825,677</u>	<u>15,964,175</u>	<u>24,624,726</u>
Changes in Net Position					
Governmental activities	2,827,986	999,287	599,838	(3,275,846)	6,208,018
Business-type activities	798,515	3,640,903	9,702,722	(75,301)	(179,582)
Total primary government, change in net position	\$ <u>3,626,501</u>	<u>4,640,190</u>	<u>10,302,560</u>	<u>(3,351,147)</u>	<u>6,028,436</u>

KETCHIKAN GATEWAY BOROUGH

Fund Balances, Governmental Funds
June 30, 2019

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Committed	\$ -	-	-	-	-
Unassigned	12,140,093	10,695,816	8,781,038	8,395,444	10,301,525
Total general fund	12,140,093	10,695,816	8,781,038	8,395,444	10,301,525
All other governmental funds					
Reserved					
Capital projects funds	-	-	-	-	-
Unreserved, report in:					
Special revenue funds	-	-	-	-	-
Nonspendable	24,037	-	-	-	138,424
Restricted	20,662,598	19,462,576	16,372,064	8,888,164	9,053,941
Committed	3,791,679	4,763,209	4,747,303	12,146,408	9,167,824
Assigned	-	-	782,507	1,585,572	2,061,142
Unassigned	-	-	-	-	(306,001)
Total all other governmental funds	24,478,314	24,225,785	21,901,874	22,620,144	20,115,330
Total Governmental Funds	\$ 36,618,407	34,921,601	30,682,912	31,015,588	30,416,855

	Fiscal Year				
	2014	2013	2012	2011	2010
General Fund					
Reserved	\$ -	-	-	123,675	30,420
Unreserved	7,790,668	6,276,521	6,860,808	6,550,394	5,991,166
Total general fund	7,790,668	6,276,521	6,860,808	6,674,069	6,021,586
All other governmental funds					
Reserved	-	-	-	-	10,780,900
Capital projects funds	-	-	-	-	23,845,433
Unreserved, report in:					
Special revenue funds	-	-	-	-	15,676,744
Nonspendable	2,055,751	2,557,461	4,288,124	4,538,151	-
Restricted	12,912,463	13,928,936	9,800,504	29,263,760	-
Committed	6,650,448	6,310,341	4,285,593	1,683,538	-
Assigned	5,361,936	5,918,222	5,034,099	6,554,142	-
Unassigned	(789,399)	(1,187,887)	(548,946)	(603,953)	-
Total all other governmental funds	26,191,199	27,527,073	22,859,374	41,435,638	50,303,077
Total Governmental Funds	\$ 33,981,867	33,803,594	29,720,182	48,109,707	56,324,663

Note: The Borough adopted the provisions of GASB Statement 54 regarding fund balance classifications in FY 2011. Prior years have not been restated.

KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances
June 30, 2019

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 20,449,580	19,489,094	18,076,414	17,111,344	16,939,761	16,805,205	16,492,010	17,052,595	17,182,814	17,471,661
Intergovernmental	8,902,941	7,509,882	5,478,780	7,762,751	11,454,346	9,787,808	8,236,478	9,372,872	8,420,951	11,475,300
Licenses and permits	900	75	350	366	275	90	835	11,543	14,168	11,108
Charges for services	2,102,336	296,613	2,080,668	2,807,355	2,787,628	2,460,333	2,460,017	1,984,455	1,736,329	1,496,472
Water fees	301,228	2,136,432	294,097	286,472	251,863	217,149	193,081	176,394	177,610	165,463
Commercial vessel passenger tax	2,440,983	2,252,488	2,163,570	2,141,633	2,032,375	2,240,210	1,977,770	1,947,248	2,095,324	2,313,793
Interest Subsidy	533,028	544,110	555,527	607,601	458,053	606,982	600,911	615,002	547,193	-
Investment earnings	666,731	283,080	36,343	36,483	49,504	54,234	59,449	(114,090)	710,139	354,644
Proceeds from sale of property	18,796	251,794	537,896	571,512	87,322	473,320	-	1,632,855	69,000	3,555,179
Miscellaneous	152,565	435,247	689,265	433,373	401,991	389,216	360,996	367,004	330,620	330,086
Total Revenues	35,569,088	33,198,815	29,912,910	31,758,890	34,463,118	33,034,547	30,381,547	33,045,878	31,284,148	37,173,706
Expenditures										
General government	3,277,394	3,281,029	3,375,133	3,226,042	4,023,951	3,584,249	3,613,270	3,523,762	3,222,852	2,718,432
Library services	436,161	415,612	402,279	390,575	405,199	422,570	410,326	380,266	372,794	371,886
Fire and EMS	1,486,381	1,290,684	1,291,583	1,171,095	1,388,627	1,163,729	1,055,508	1,070,550	1,058,292	1,020,905
Water treatment and distribution	237,038	283,366	235,529	224,652	324,110	318,826	249,401	226,424	209,885	229,160
Public services	2,571,762	2,824,072	3,937,171	4,465,968	8,298,452	4,730,443	3,324,609	4,615,631	3,218,115	3,896,096
Parks and recreation	2,302,908	2,344,439	2,337,665	2,242,488	2,325,059	2,306,465	2,303,059	2,135,115	1,786,992	1,778,070
Public works	1,041,438	1,043,389	1,014,255	1,076,951	1,093,458	1,030,382	1,182,394	1,018,329	1,066,171	1,325,648
Transit	2,236,632	2,173,557	2,033,548	2,012,331	2,173,103	1,994,798	1,862,205	1,805,799	1,542,359	1,285,049
Education	9,655,594	7,433,031	8,104,556	8,690,445	7,899,000	8,050,000	8,239,518	8,650,000	9,411,000	9,617,935
Nondepartmental	141,891	224,197	237,186	266,125	272,048	260,433	227,909	215,849	378,305	376,593
Capital Outlay	4,520,179	1,740,609	1,371,867	1,205,693	3,689,268	2,888,235	2,257,159	21,037,970	19,492,677	6,484,687
Debt Service:										
Principal retirement	3,900,000	3,755,000	3,605,000	3,625,000	3,465,000	3,358,741	2,936,443	2,994,753	2,567,666	2,331,677
Interest and fiscal charges	1,812,256	1,977,037	2,127,511	2,263,027	2,403,755	2,562,522	2,474,835	2,536,190	2,612,426	1,092,438
Bond issuance costs	-	-	-	-	17,318	-	37,962	75,066	149,870	250,738
Total Expenditures	33,619,634	28,786,022	30,073,283	30,860,392	37,778,348	32,671,393	30,174,598	50,285,704	47,089,404	32,779,314
Excess (Deficiency) of Revenues Over Expenditures	1,949,454	4,412,793	(160,373)	898,498	(3,315,230)	363,154	206,949	(17,239,826)	(15,805,256)	4,394,392
Other Financing Sources (Uses)										
General obligation bonds issued	-	-	-	-	2,185,000	-	4,875,000	8,070,000	8,165,000	29,490,000
Premium on bonds	-	-	-	-	129,986	-	653,805	1,287,659	58,283	372,207
Settlement	-	-	-	-	-	-	-	-	-	-
Transfers in	8,569,512	8,689,359	7,399,634	10,026,481	8,775,867	6,957,976	7,223,798	7,156,872	6,969,046	4,566,059
Other financing proceeds (uses)	-	-	-	-	(2,292,344)	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Transfers out	(8,822,160)	(8,863,463)	(7,571,937)	(10,326,246)	(9,048,291)	(7,142,857)	(8,876,140)	(7,596,807)	(7,602,029)	(5,191,317)
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	(9,277,870)	-	(6,204,412)
Total Other Financing Sources (Uses)	(252,648)	(174,104)	(172,303)	(299,765)	(249,782)	(184,881)	3,876,463	(360,146)	7,590,300	23,032,537
Special item - write off delinquent note	-	-	-	-	-	-	-	(789,553)	-	-
Net Change in Fund Balances	\$ 1,696,806	4,238,689	(332,676)	598,733	(3,565,012)	178,273	4,083,412	(18,389,525)	(8,214,956)	27,426,929
Debt Service as a										
Percentage of noncapital expenditures	19.63%	21.19%	19.97%	19.86%	17.22%	19.88%	19.38%	18.91%	18.77%	13.02%

KETCHIKAN GATEWAY BOROUGH

Assessed Value and Actual Value of Taxable Property
Changes in Assessment
June 30, 2019

Jan 1 Assessment Date	Fiscal Year	Assessed Residential	Assessed Commercial	Assessed Industrial	Assessed Vacant	Personal Property	Tax-Exempt	Sr. & Vet Tax-Exempt *	Optional Tax-Exempt*	Total Assessed Value	Estimated Actual Value	Total Direct Tax Rate
2009	2010	\$ 822,438,200	254,362,500	75,665,800	87,967,100	67,594,600	12,423,900	-	12,423,900	1,308,028,200	1,320,452,100	6.80
2010	2011	820,093,100	260,724,100	78,436,900	89,344,000	49,705,200	79,408,100	-	79,408,100	1,298,303,300	1,377,711,400	6.00
2011	2012	826,264,800	239,790,800	141,830,500	46,344,400	-	125,874,600	100,704,800	25,169,800	1,254,230,500	1,380,105,100	5.80
2012	2013	818,902,900	355,707,600	-	94,913,000	-	138,995,900	100,844,300	38,151,600	1,269,523,500	1,408,519,400	5.00
2013	2014	814,871,700	390,971,100	-	108,833,000	-	146,723,400	103,019,000	43,704,400	1,314,675,800	1,461,399,200	5.00
2014	2015	866,712,200	372,893,500	-	108,782,600	-	183,274,080	110,012,900	73,261,180	1,348,388,300	1,531,662,380	5.00
2015	2016	850,485,430	264,444,500	127,388,200	105,826,500	-	217,821,424	119,209,600	98,611,824	1,348,144,630	1,565,966,054	5.00
2016	2017	902,461,300	275,878,300	128,061,200	104,389,500	-	171,080,400	137,714,400	33,366,000	1,410,790,300	1,581,870,700	5.00
2017	2018	939,763,800	283,612,900	132,524,500	103,922,000	-	152,217,600	145,101,300	7,116,300	1,459,823,200	1,612,040,800	5.00
2018	2019	970,409,400	284,272,500	134,405,000	102,636,200	-	158,823,600	152,499,400	6,324,200	1,491,723,100	1,650,546,700	5.00

Source: Ketchikan Gateway Borough Assessment and Finance Department.

Notes: Business Personal Property Tax within the Borough was repealed in FY 2011.

The Ketchikan Shipyard, operated by Vigor Industrial, went from an optional exemption to a mandatory exemption in FY 2018.

* Exemptions for 2011 forward are reported as follows:

Tax-Exempt - Total value of all exemptions granted.

Sr. & Vet Tax-Exempt - Total value of Senior Citizens and Disabled Veterans Exemptions.

Optional Tax-Exempt - Total value of all exemptions granted under AS 29.45.050. This includes the optional portion of NRHA housing, Community Purpose and the Ketchikan Shipyard.

KETCHIKAN GATEWAY BOROUGH

Principal Property Tax Payers Current Year and Ten Years Ago
June 30, 2019

Taxpayer	2019			2010		
	Assessed (Taxable) Value	Rank	Percentage of Total Assessed Value	Assessed (Taxable) Value	Rank	Percentage of Total Assessed Value
Trident Seafoods Corporation	\$ 14,754,000	1	0.99%	\$ 8,704,600	4	0.71%
Ketchikan Dock Company LLC	13,336,200	2	0.89%	12,730,700	2	1.05%
Cape Fox Heritage Foundation Inc	11,772,900	3	0.79%	14,867,300	1	1.22%
Harbor Enterprises	11,213,000	4	0.75%	7,502,900	7	0.62%
Tongass Trading Company	10,809,500	5	0.72%	10,946,900	3	0.90%
Boyer Towing Inc	9,117,500	6	0.61%	7,071,800	9	0.58%
Dock Street Building Corporation	8,962,400	7	0.60%	-	-	-
Alaska General Seafood	8,431,400	8	0.56%	-	-	-
The Landing LLC	8,338,700	9	0.56%	8,086,600	5	0.66%
ECPS Inc.	8,330,500	10	0.56%	6,493,000	10	0.53%
Carr-Gottstein Foods	-	-	-	7,857,900	6	0.65%
Wal-Mart	-	-	-	6,731,800	8	0.55%
Total Principal Property Tax Payers	\$ <u>105,066,100</u>		<u>7.04%</u>	\$ <u>90,993,500</u>		<u>7.47%</u>
Total Assessment	\$ <u>1,493,101,900</u>		<u>100.00%</u>	\$ <u>1,218,079,000</u>		<u>100.00%</u>

Source: Ketchikan Gateway Borough Assessment Department.

KETCHIKAN GATEWAY BOROUGH*Property Tax Levies and Collections, Last Ten Fiscal Years*

June 30, 2019

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2010	8,642,875	7,911,034	91.5%	731,722	8,642,756	100.0%
2011	7,848,169	7,120,983	90.7%	727,008	7,847,991	100.0%
2012	7,241,869	7,201,114	99.4%	40,755	7,241,869	100.0%
2013	6,982,379	6,872,731	98.4%	109,648	6,982,379	100.0%
2014	6,573,379	6,511,100	99.1%	62,279	6,573,379	100.0%
2015	6,741,942	6,674,436	99.0%	67,506	6,741,942	100.0%
2016	6,740,723	6,707,598	99.5%	33,125	6,740,723	100.0%
2017	6,738,896	6,712,505	99.6%	26,391	6,738,896	100.0%

KETCHIKAN GATEWAY BOROUGH

Taxable Sales by Category, Fiscal Years
June 30, 2019

Borough & City	Fiscal Year				
	2019	2018	2017	2016	2015
Contractors	\$ 7,595,385	8,282,409	8,708,180	7,927,307	7,867,431
Finance, insurance, banks	1,758,105	1,961,434	2,120,486	2,034,010	1,969,763
Hotels, motels, lodges	18,493,712	17,628,906	17,040,832	16,638,336	15,657,714
Manufacturing	5,978,521	6,102,888	5,416,665	5,107,522	4,905,355
Real estate	25,280,263	25,364,573	25,346,535	24,690,427	24,087,383
Remote Retail	2,560,754	-	-	-	-
Retail trade	31,884,797	31,195,601	30,826,527	30,501,262	30,170,161
Retail trade - food	54,073,630	51,783,667	51,048,392	51,431,344	50,291,242
Retail trade, bars & catering	24,335,969	23,082,423	22,423,776	22,606,016	21,053,279
Retail, automotive	16,083,534	16,022,811	15,917,566	15,657,382	15,675,897
Retail, specialty	13,258,829	12,529,288	8,316,256	8,285,862	8,305,021
Retail, var, jewelry, curios	80,215,226	75,591,776	71,596,802	70,454,293	69,317,752
Services, entertainment	5,918,334	5,121,047	4,879,129	4,142,301	4,023,139
Service, general	7,752,242	7,526,325	7,539,686	7,113,165	6,680,135
Services, professional	4,421,728	3,802,169	3,973,747	3,674,948	3,631,121
Trans, comm, utilities	<u>81,484,760</u>	<u>77,040,477</u>	<u>70,616,846</u>	<u>67,882,034</u>	<u>72,447,447</u>
	\$ <u>381,095,789</u>	<u>363,035,794</u>	<u>345,771,425</u>	<u>338,146,209</u>	<u>336,082,840</u>

	Fiscal Year				
	2014	2013	2012	2011	2010
Contractors	\$ 7,631,093	8,341,403	7,415,207	6,141,701	6,251,223
Finance, insurance, banks	2,177,388	2,382,608	1,995,024	2,192,021	2,183,286
Hotels, motels, lodges	14,892,935	14,172,548	13,689,815	12,603,094	12,888,607
Manufacturing	5,158,746	5,134,717	4,790,346	6,140,406	5,926,608
Real estate	23,596,203	23,620,663	23,056,248	24,485,430	24,840,277
Retail trade	30,423,980	31,082,386	29,591,532	61,376,056	61,939,877
Retail trade - food	49,829,177	49,191,379	48,912,887	46,657,847	46,474,680
Retail trade, bars & catering	20,652,476	21,067,069	20,478,553	18,350,884	17,928,618
Retail, automotive	15,718,601	15,506,019	15,515,934	14,139,519	13,897,325
Retail, specialty	8,131,033	9,028,790	9,218,351	14,635,547	15,022,750
Retail, var, jewelry, curios	68,920,331	68,972,807	68,721,446	28,413,986	31,046,295
Services, entertainment	3,868,802	3,645,970	3,458,109	3,922,744	4,113,145
Service, general	6,317,339	5,822,680	5,746,990	8,943,572	9,111,881
Services, professional	3,783,013	3,733,164	3,580,581	3,477,776	3,614,729
Trans, comm, utilities	<u>77,611,687</u>	<u>77,125,153</u>	<u>75,656,992</u>	<u>66,144,540</u>	<u>61,645,321</u>
	\$ <u>338,712,804</u>	<u>338,827,356</u>	<u>331,828,015</u>	<u>317,625,123</u>	<u>316,884,622</u>

Source: Ketchikan Gateway Borough Finance Department

KETCHIKAN GATEWAY BOROUGH

Current Year Debt Service by Type, Last Ten Fiscal Years
June 30, 2019

Fiscal Year	School G.O. Bond Debt			Revenues - School Bond -			Capital Improvement Fund	Per Capita Cost	Recreation Special Revenue Fund G.O. Bonds			Rec CIP Fund		
	Principal	Interest	Total	State School Debt Reimbursement	Misc.	1/2 cent Sales Tax	Total Revenues	Population	Principal	Interest	Total	Total Revenues - 1/2 cent Sales Tax, Penalties, Interest, Misc.	Other Expenses	Available for Other Projects
2010	\$ 1,305,000	870,930	2,175,930	1,946,454	12,570	1,598,834	3,557,858	13,477	-	-	-	1,598,834	-	1,598,834
2011	2,008,500	1,444,053	3,452,553	2,025,976	19,593	1,614,719	3,660,288	13,686	276,500	1,002,567	1,279,067	1,614,719	290,599	45,053
2012	2,311,500	1,394,586	3,706,086	2,176,095	(12,406)	1,659,745	3,823,434	13,750	353,500	497,708	851,208	1,659,745	-	808,537
2013	2,394,500	1,366,698	3,761,198	3,353,421	81,487	1,650,132	5,085,040	13,938	360,500	576,507	937,007	1,650,132	330,516	382,609
2014	2,795,500	1,099,800	3,895,300	2,513,044	6,979	1,711,478	4,231,501	13,856	374,500	562,087	936,587	1,711,478	195,177	579,714
2015	2,940,000	960,914	3,900,914	2,517,988	5,948	1,698,074	4,222,010	13,825	385,000	550,852	935,852	1,698,074	277,017	485,205
2016	2,662,000	822,213	3,484,213	2,530,287	248,126	1,706,054	4,484,467	13,778	413,000	523,377	936,377	1,706,054	260,059	509,618
2017	2,512,000	991,653	3,503,653	1,926,565	40,640	1,764,578	3,731,783	13,746	413,000	829,863	1,242,863	1,764,568	27,834	493,871
2018	2,608,000	640,152	3,248,152	2,429,779	38,288	1,834,991	4,303,058	13,758	427,000	497,708	924,708	1,834,991	53,274	857,009
2019	3,297,500	614,114	3,911,614	2,429,344	98,012	1,934,894	4,462,250	13,918	437,500	497,708	935,208	1,941,649	684,659	321,782

Note: G.O. Bonds only

KETCHIKAN GATEWAY BOROUGH

Ratios of General Bonded Debt Outstanding

June 30, 2019

Fiscal Year	General Obligation Bonds Governmental Type	Loans and Leases	Certificates of Participation	Total Debt	Personal Income	Total Debt/Personal Income	Percentage of Actual Taxable Value of Property (1)	Per Capita
2010	\$ 46,810,000	586,677	-	47,396,677	701,208,310	6.8%	3.9%	3,517
2011	47,925,000	294,937	4,700,000	52,919,937	641,490,192	8.2%	4.6%	3,867
2012	44,855,000	95,184	4,570,000	49,520,184	704,907,500	7.0%	4.8%	3,601
2013	46,975,000	48,741	4,435,000	51,458,741	598,441,968	8.6%	4.6%	3,692
2014	43,805,000	-	4,295,000	48,100,000	712,974,336	6.7%	3.7%	3,471
2015	40,430,000	-	4,155,000	44,585,000	693,323,750	6.4%	3.2%	3,225
2016	36,950,000	-	4,010,000	40,960,000	766,690,588	5.3%	3.0%	2,973
2017	33,495,000	-	3,860,000	37,355,000	786,439,966	4.7%	2.7%	2,718
2018	29,900,000	-	3,700,000	33,600,000	786,439,966	4.3%	2.4%	2,442
2019	26,165,000	-	3,535,000	29,700,000	795,817,322	3.7%	2.0%	2,134

1 Assessment data in table 5

KETCHIKAN GATEWAY BOROUGH
Direct and Overlapping Governmental Activities Debt
 June 30, 2019

Governmental Unit

Ketchikan Gateway Borough	
Total Direct Debt	
Outstanding G.O. Bonds	\$ 26,165,000
Certificates of Participation	<u>3,535,000</u>
 Total Direct Debt	 29,700,000
 City of Ketchikan Direct Debt	 <u>55,309,962</u>
 Total Direct and Overlapping Debt	 \$ <u><u>85,009,962</u></u>

The figures reported for the City of Ketchikan reflect the amounts shown in the FY2018 Comprehensive Annual Financial Report for the year ended December 31, 2018.

KETCHIKAN GATEWAY BOROUGH

Revenue Bond Coverage
Ketchikan International Airport
 Last Ten Years
 June 30, 2019

Fiscal Year	Gross Revenues - (1)	Operating Expenses - (2)	Net Revenue Available for Debt Service	Debt Service Requirements - (3)			Coverage
				Principal	Interest	Total	
2010	3,768,310	3,957,424	(189,114)	250,000	127,483	377,483	(0.50)
2011	4,212,118	4,240,937	(28,819)	260,000	115,627	375,627	(0.08)
2012	4,570,795	4,617,663	(46,868)	165,000	69,393	234,393	(0.20)
2013	7,160,408	4,791,025	2,369,383	955,000	84,840	1,039,840	Redeemed
2014	5,074,329	4,811,900	262,429	-	-	-	-
2015	5,255,866	4,518,757	737,109	-	-	-	-
2016	5,470,152	4,782,916	687,236	-	-	-	-
2017	6,192,850	5,452,250	740,600	-	-	-	-
2018	5,768,240	4,484,683	1,283,557	-	-	-	-
2019	5,613,607	4,322,013	1,291,594	-	-	-	-

- (1) Total revenues (including interest), plus State Operating Grants, plus revenues from Passenger Facility Charges (PFC fund).
- (2) Total operating expenses exclusive of depreciation.
- (3) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the Airport enterprise fund or debt defeasance transactions.

KETCHIKAN GATEWAY BOROUGH*Demographic Statistics*

Last Ten Years

June 30, 2019

Fiscal Year	Borough Population	Personal Income	Alaska Per Capita Income - (1)	Annual Average Unemployment Rate	Education - (2)			
					Borough School Enrollment	Number of Attendance Centers	Number of Classrooms	Number of Teachers FTE
2010	13,477	701,208,310	52,030	7.78%	2,110	7	147	159
2011	13,686	641,490,192	46,872	7.20%	2,100	7	147	159
2012	13,750	704,907,500	51,266	7.20%	2,167	7	147	152
2013	13,938	598,441,968	42,936	4.20%	2,201	7	147	152
2014	13,856	712,974,336	51,456	6.80%	2,266	7	147	154
2015	13,825	693,323,750	50,150	6.10%	2,360	7	147	154
2016	13,778	766,690,588	55,646	6.00%	2,365	7	147	154
2017	13,754	786,439,966	57,179	6.30%	2,392	7	147	151
2018	13,754	786,439,966	57,179	6.20%	2,378	7	147	151
2019	13,918	795,817,322	57,179	6.20%	2,346	7	147	153

(1) Census and Per Capita Income per State of Alaska Department of Labor. Data not available for Fiscal Year 2019 as of the publication date for this report. An estimate has been used instead.

(2) <http://education.alaska.gov/stats/SchoolLevelCount.pdf>

Principal Employers Calendar Year 2016 and Ten Years Ago
June 30, 2016

Calendar Year Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Trade, Transportation and Utilities	1,720	1	23.13%	1,734	1	24.00%
Local Government	1,128	2	15.17%	1,102	2	15.25%
Educational & Health Services	1,053	3	14.16%	729	4	10.09%
Leisure & Hospitality	935	4	12.57%	829	3	11.48%
State of Alaska	586	5	7.88%	689	5	9.54%
Manufacturing	466	6	6.27%	556	6	7.70%
Financial Activities	349	7	4.69%	375	7	5.19%
Professional & Business Services	332	8	4.46%	220	10	3.05%
Construction	302	9	4.06%	262	9	3.63%
US Federal Government	226	10	3.04%	283	8	3.92%
Other	156	11	2.10%	194	11	2.69%
Natural Resource and Mining Information	93 90	12 13	1.25% 1.21%	155 96	12 13	2.15% 1.33%
	<u>7,436</u>		100.00%	<u>7,224</u>		100.00%

Due to federal confidentiality laws employer identifying information such as employment ranges, numbers or ranking are not available. Employment by NAICS Industry Category is reflected for the Ketchikan Gateway Borough.

Source: State of Alaska, Department of Labor
<http://live.laborstats.alaska.gov/qcew/>

KETCHIKAN GATEWAY BOROUGH

Table 15

Miscellaneous Statistics

June 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Date of Incorporation & Code of Ordinances Adopted- 1963										
Form of Government - Elected Assembly - Manager										
Second-Class Borough										
<i>Ketchikan Gateway Borough</i>										
Borough, square miles	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900
Revillagigedo Island, square miles	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129
Gravina Island, square miles	96	96	96	96	96	96	96	96	96	96
<i>Animal Protection</i>										
Licenses Issued *	439	510	449	725	824	808	833	820	828	774
Animals Impounded	254	289	217	259	296	251	441	411	392	362
Animals Surrendered	96	136	121	166	148	161	192	303	310	296
Animals Adopted	142	142	139	210	170	162	224	209	182	130
Animals Claimed	137	160	91	122	126	117	112	124	136	161
<i>* Effective July 2016, licenses are valid for one, two or three years to match with rabies expiration dates. Prior licenses have been valid for one year only.</i>										
<i>Employees by function</i>										
General Government	23	22	23	24	24	24	22	23	24	25
Fire and EMS	6	6	5	5	5	5	5	5	4	4
Public services	10	10	12	12	12	12	11	11	13	13
Parks and Recreation	15	15	15	15	15	15	15	15	15	15
Public works	12	12	12	12	12	12	15	14	19	23
Transit	17	13	13	13	14	12	12	12	11	9
Automation	1	1	1	1	1	1	1	1	1	1
Airport	29	28	28	28	27	27	27	27	27	28
	113	107	109	110	110	108	108	108	114	118
<i>South Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	1	1	1	1	1
Volunteers	32	30	24	35	35	36	36	35	39	43
Fire Calls	33	51	55	53	41	32	31	33	67	34
Emergency Calls/EMS Incidents	149	157	129	124	135	121	141	113	101	96
Fire Investigations	5	7	7	6	7	6	5	7	6	5
<i>North Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	2	2	2
Volunteers	28	19	24	18	21	26	24	20	24	23
Fire Calls	26	13	21	16	10	21	40	26	24	25
Emergency Calls/EMS Incidents	215	234	232	186	154	207	156	113	126	145
Fire Investigations	4	2	1	0	1	1	1	0	0	0
<i>Elections</i>										
Registered Voters	11,583	11,319	10,401	10,286	10,071	9,963	9,836	10,065	10,105	10,354
Votes Cast Last Borough Election	2,972	2,739	2,158	2,762	2,204	2,233	2,407	1,554	1,849	2,127
% Voting Last Borough Election	26%	24%	21%	27%	22%	22%	24%	15%	18%	21%

KETCHIKAN GATEWAY BOROUGH

Table 15

Miscellaneous Statistics

June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Date of Incorporation & Code of Ordinances Adopted- 1963 Form of Government - Elected Assembly - Manager Second-Class Borough										
<i>Ketchikan Gateway Borough</i>										
<i>Sewer & Water Plants</i>										
Wastewater Enterprise Fund:										
Miles of Sanitary Sewers	8	8	8	8	8	8	8	6	6	6
Average Daily Treatment (gals)	180,000	180,000	180,000	180,000	180,000	180,000	180,000	100,000	100,000	100,000
Treatment Capacity (gals)	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Sewer Connections (Billable EDU's)	835	664	649	628	613	598	580	522	522	522
Sludge Pumping Customers	1,373	1,370	1,263	1,281	1,254	1,241	1,235	1,231	1,231	Not available
South Tongass Service Area:										
Water, Hydrant, Connections	485	485	485	485	427	405	404	402	402	402
Average Daily Treatment (gals)	140,000	175,000	175,000	175,000	175,000	175,000	175,000	149,533	149,533	149,533
Treatment Capacity (gals)	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000
<i>Municipal Parks</i>										
Developed Parks	15	15	15	15	15	15	15	15	15	15
Developed Acres	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564
Swimming Pools	2	1	1	1	1	1	1	1	1	1
Lighted Ball Fields	7	7	7	7	7	7	7	7	7	7
<i>Ketchikan International Airport (Calendar Year)</i>										
Inbound Passengers	125,400	123,952	118,984	107,646	94,251	89,013	102,390	100,568	99,072	96,160
Outbound Passengers	124,500	123,529	119,802	105,433	90,233	86,718	101,947	100,054	98,262	95,050
<i>Airport Ferry</i>										
Passengers	390,600	378,108	380,061	388,631	365,306	354,728	347,939	337,255	337,996	336,422
Vehicles	102,400	94,872	97,168	96,061	85,725	85,783	79,648	79,847	76,243	83,690
<i>Transit</i>										
Passengers	406,251	385,554	425,103	448,585	415,317	407,010	459,855	404,649	329,122	309,043
<i>Visitor Industry (Calendar Year)</i>										
Cruise Ship Passengers	980,000	976,393	899,975	865,428	856,653	812,950	791,108	778,899	835,325	925,517

Data supplied by Ketchikan Gateway Borough Department Directors



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