

A scenic photograph of a forest at sunset or sunrise. The sun is low on the horizon, casting a warm, golden glow through the trees. The light reflects on the water in the foreground. A large piece of driftwood lies on the dark, pebbly beach in the lower left. The sky is filled with soft, colorful clouds in shades of orange, pink, and blue.

Ketchikan Gateway Borough

Ketchikan, Alaska

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Totem Bight Sunset Beach
Photo provided by Carlos Rojas.
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KETCHIKAN GATEWAY BOROUGH

Ketchikan, Alaska

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2021

Prepared by:

Department of Finance

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



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Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2021

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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 23, 2021

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Ketchikan Gateway Borough for the year ended June 30, 2021. The ACFR 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 ACFR 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, 2021, 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, 2021 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.

Acknowledgements

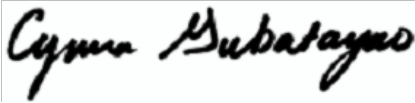
The Government Finance Officers Association of the United States and Canada (the GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ketchikan Gateway Borough for its ACFR for the fiscal year ended June 30, 2020. This is the fifteenth consecutive year that the Borough has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. 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 ACFR 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 ACFR 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
Jonathan Kelley
Claire Kelly
Lhen Pabilona
Pam Srna
Charlanne Thomas

Respectfully submitted,



Cynna Gubatayao
Finance Director



Maureen Crosby, CPA
Controller



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Government Finance Officers Association

Certificate of
Achievement
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Reporting

Presented to

**Ketchikan Gateway Borough
Alaska**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Ketchikan Gateway Borough

FY 2021



KETCHIKAN GATEWAY BOROUGH

PRINCIPAL BOROUGH OFFICIALS

June 30, 2021

MAYOR AND ASSEMBLY

		<u>Term Expires</u>
<i>Mayor</i>	Rodney Dial	2022
<i>Vice-Mayor</i>	Amanda (AJ) Pierce	2023
<i>Assembly Member</i>	Jeremy Bynum	2023
<i>Assembly Member</i>	David Landis	2022
<i>Assembly Member</i>	Judith McQuerry	2023
<i>Assembly Member</i>	Austin Otos	2022
<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>	Vacant
<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>	Alex Peura
<i>Director of Public Works</i>	Morgan Barry
<i>Parks and Recreation Supervisor</i>	Wendy Miller



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FINANCIAL SECTION



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Teuscher Walpole, LLC

CERTIFIED PUBLIC ACCOUNTANTS • TRUSTED ADVISORS

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 units, each major fund, and the aggregate remaining fund information of the Ketchikan Gateway Borough as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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 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 units, each major fund, and the aggregate remaining fund information of the Ketchikan Gateway Borough, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 11–26 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 93–101 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 23, 2021, on our consideration of the 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 the 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 23, 2021
Ketchikan, Alaska

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021. 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 assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$181,646,678 (net position), a decrease of \$3,402,070 or 1.9% over fiscal year 2020.
- Total net position is comprised of the following:
 - (1) Deferred outflows of resources includes \$1,947,956 related to pensions and OPEB, and \$88,697 for deferred loss on refunding. Deferred inflows of resources includes \$756,859 related to pensions and OPEB.
 - (2) Net investment in capital assets of \$153,596,419 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 \$16,183,748 is restricted by constraints imposed from outside the Borough such as debt covenants, grantors, laws, or regulations.
 - (4) Unrestricted net position of \$11,866,511 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 \$29,603,668 this year. This compares to the prior year ending fund balance of \$34,818,377 showing a decrease of \$5,214,709 during fiscal year 2021.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$10,411,898 or 88% of total General Fund expenditures, exclusive of transfers to other funds. This is compared to the fiscal year 2020 unassigned fund balance of \$12,572,758, which was 112% of total General Fund expenditures, exclusive of transfers to other funds. The decline in unassigned fund balances is due to a decrease in General Fund revenues and to the recognition of unrealized losses on an investment account.
- The Borough's proprietary funds reported total ending net position of \$33,442,312 an increase of \$1,617,107 or 5.1% over fiscal year 2020.
- The Borough's mill rate for fiscal year 2021 was levied at 5.0 and has been 5.0 mills for 10 years when it was reduced from 5.8 mills. As of fiscal year 2017 the entire areawide mill levy is allocated 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.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2021

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.

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, education, library services, public services, fire and EMS, parks and recreation, and public works. 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 Commercial Passenger Vessel Fund, the School Bond/Capital Improvements Fund, and the Local Education Fund are presented as basic financial statements. There are no budgetary comparison

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2021

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.

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 airport 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 \$181,646,678. The following table provides a summary of the Borough's net position.

(This page continued on the subsequent page).

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2021

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current assets	\$ 42,254,719	48,709,679	9,838,547	7,150,349	52,093,266	55,860,028
Receivable from Component Unit	2,494,714	1,561,190	-	-	2,494,714	1,561,190
Net other post- employment benefits asset	619,849	40,157	247,598	16,992	867,447	57,149
Capital assets	150,602,588	152,800,970	27,298,963	28,656,401	177,901,551	181,457,371
Total Assets	195,971,870	203,111,996	37,385,108	35,823,742	233,356,978	238,935,738
Deferred Outflows of Resources:						
Loss on refunding	88,697	71,589	-	-	88,697	71,589
Related to pensions	925,315	893,810	369,617	273,126	1,294,932	1,166,936
Related to OPEB	466,629	523,684	186,395	244,115	653,024	767,799
Total Assets and Deferred Outflows of Resources	\$ 197,452,511	204,601,079	\$ 37,941,120	\$ 36,340,983	\$ 235,393,631	\$ 240,942,062
Liabilities:						
Current liabilities	\$ 18,761,445	20,255,590	465,005	280,503	19,226,450	20,536,093
Long-term liabilities	29,841,308	30,553,443	3,922,336	3,886,174	33,763,644	34,439,617
Total Liabilities	48,602,753	50,809,033	4,387,341	4,166,677	52,990,094	54,975,710
Deferred Inflows of Resources:						
Related to pensions	42,933	321,111	17,150	190,892	60,083	512,003
Related to OPEB	497,893	247,392	198,883	158,209	696,776	405,601
Total Liabilities and Deferred Inflows of Resources	49,143,579	51,377,536	4,603,374	4,515,778	53,746,953	55,893,314
Net Position:						
Net investment in capital assets	126,297,456	126,508,378	27,298,963	28,656,401	153,596,419	155,164,779
Restricted	16,183,748	18,521,745	-	-	16,183,748	18,521,745
Unrestricted	5,723,162	8,193,420	6,143,349	3,168,804	11,866,511	11,362,224
Total Net Position	\$ 148,204,366	153,223,543	33,442,312	31,825,205	181,646,678	185,048,748

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Approximately 12.3% or \$3,527,284, of Ketchikan Gateway Borough's cash and investments are subject to external restrictions on how they must be used. \$255,414 is restricted for debt in the Land Trust Fund, \$636,215 is restricted for capital projects, and \$2,635,655 is restricted for commercial passenger vessel related projects.

The largest component of the Borough's governmental total assets is invested in capital assets. Capital assets account for 76.2% of total assets and deferred outflows of resources, and net investment in capital assets accounts for 85.1% of total net position. The Borough's capital assets include land, Borough buildings and improvements, School District land, buildings and improvements, vehicles, transit buses, and infrastructure. The Borough uses these capital assets to provide services to its citizens. The Borough's business type activities have spent approximately 72% of total assets and deferred outflows of resources on capital. Capital assets in the business-type activities provide airport and utility services, and they generate revenues for these funds. 82.2% of the Borough's business type activities total net position is composed of net investment in capital assets. Net investment in capital assets for governmental activities decreased by \$210,922 and net investment in capital assets for business type activities decreased by \$1,357,438. The decrease in governmental and business type activities in the net investment in capital assets is due to the depreciation of assets.

Changes in Net Position

The Borough's total net position decreased by \$3,402,070 in 2021. The net position for governmental activities decreased by \$5,019,177, and the net position for business increased by \$1,617,107. The following table provides a summary of the changes in the Borough's net position:

(This page continued on the next subsequent page)

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Summary of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program:						
Charges for services	\$ 12,370,776	8,625,873	5,486,286	6,151,021	17,857,062	14,776,894
Operating grants	14,496,524	3,270,621	2,775,691	804,837	17,272,215	4,075,458
Capital grants	2,243,001	2,920,884	33,019	26,798	2,276,020	2,947,682
General:						
Taxes	19,947,306	20,624,885	-	-	19,947,306	20,624,885
Other	2,344,552	4,657,527	288,325	228,596	2,632,877	4,886,123
Total revenues	<u>51,402,159</u>	<u>40,099,790</u>	<u>8,583,321</u>	<u>7,211,252</u>	<u>59,985,480</u>	<u>47,311,042</u>
Program Expenses:						
General government	4,769,432	4,170,530	-	-	4,769,432	4,170,530
Fire and EMS	1,545,621	1,490,185	-	-	1,545,621	1,490,185
Water treatment & distribution	230,079	316,121	-	-	230,079	316,121
Library services	478,079	464,839	-	-	478,079	464,839
Parks and recreation	3,566,579	3,589,035	-	-	3,566,579	3,589,035
Public works	1,034,736	1,024,598	-	-	1,034,736	1,024,598
Public services	19,075,558	3,612,137	-	-	19,075,558	3,612,137
Transit	2,789,602	2,628,542	-	-	2,789,602	2,628,542
Education	21,411,157	19,925,235	-	-	21,411,157	19,925,235
Interest	1,242,300	1,452,565	-	-	1,242,300	1,452,565
Airport	-	-	6,169,526	5,993,768	6,169,526	5,993,768
Wastewater	-	-	1,074,881	1,047,236	1,074,881	1,047,236
Total expenses	<u>56,143,143</u>	<u>38,673,787</u>	<u>7,244,407</u>	<u>7,041,004</u>	<u>63,387,550</u>	<u>45,714,791</u>
Excess (deficiency)	(4,740,984)	1,426,003	1,338,914	170,248	(3,402,070)	1,596,251
Transfers	<u>(278,193)</u>	<u>(958,652)</u>	<u>278,193</u>	<u>958,652</u>	<u>-</u>	<u>-</u>
Change in net position	(5,019,177)	467,351	1,617,107	1,128,900	(3,402,070)	1,596,251
Net Position Beginning of Year	<u>153,223,543</u>	<u>152,756,192</u>	<u>31,825,205</u>	<u>30,696,305</u>	<u>185,048,748</u>	<u>183,452,497</u>
Net Position End of Year	<u>\$ 148,204,366</u>	<u>153,223,543</u>	<u>33,442,312</u>	<u>31,825,205</u>	<u>181,646,678</u>	<u>185,048,748</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 \$10.9 million accounted for approximately 49.3% of the total general revenues. Sales taxes provided 34.4% of the Borough's total governmental general revenues. The Borough recognized (\$226,042) in investment loss for fiscal year 2021. The negative investment earnings is due to the recognition of \$410,468 in unrealized losses on investments. There was a recognition of an unrealized gain in fiscal year 2020 in the amount of \$395,721. The net investment loss was offset by interest earnings on savings accounts, time certificates of deposits and interest charged on internal loans to other funds. Program revenues covered 52.2% of governmental operating expenses, as compared to 38.3% coverage in fiscal year 2020. The increase in coverage is due to CARES act grant funding.

GOVERNMENTAL FUNCTIONAL REVENUES AND EXPENDITURES

- Charges for services increased \$3,744,903 from fiscal year 2020. Charges for services for public services increased \$2,511,576. That increase is due to a MOA through the State of Alaska Department of Health and Social Services (DHSS) for traveler testing.
- Operating grants and contributions in total increased \$11,225,903 from fiscal year 2020, due mainly to COVID-19 related grants through the CARES Act and FEMA.
- Capital grants and contributions decreased by \$677,883 from fiscal year 2020. The Borough received a capital grant through CARES for the down payment on five new buses to be delivered in approximately eighteen months, and contributed capital in the amount of \$1,142,700 for land donated from the State of Alaska. The Borough did not received any School Bond Debt Reimbursement from DEED as compared to \$2,920,884 reimbursement in fiscal year 2020.
- General Government expenditures increased \$598,902 from fiscal year 2020, due to a decrease in admin fees charged to other funds. Admin fees charged to service areas, special revenue funds and enterprise funds offset the total general government expenditures. Admin fees are reported on the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance as "recovery of expenditures from other funds." Spending for all departments increased over fiscal year 2020, with the exception of Mayor and Assembly, and Manager. Those departments decreased spending over fiscal year 2020.
- Education expenditures increased \$1,485,922 from fiscal year 2020. This increase is due to an increase in health care claims.
- Total program expenditures for government funds increased by \$17,469,356 or 45.2%. The majority of that increase is due to increased expenditures for Public Services related to State and Federal grant funding and traveler testing funded through the State of Alaska DHSS.

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).

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Operating revenues for the Airport Enterprise Fund decreased by \$703,474 or 13.2% and operating expenses increased by \$364,695 or 6.36%. This is mainly due to increases in personnel services of \$540,598. The increase in personnel services is related to a net increase for pensions and OPEB expenses. Operating grants increased by \$2,061,134 and is due to CARES and Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) grant revenues.

Supplies and service decreased by \$194,443 or 11.78%. The majority of this decrease is due to a reduction of contractual services incurred for the Terminal Area Plan. Insurance costs increased by \$9,214 and depreciation increased by \$9,326. These changes are nominal.

Net position decreased \$3,402,070 or 1.8% from fiscal year 2020. The net position decrease is partially due to a reduction in sales taxes, no commercial passenger vessel receipts, and an increase in public service expenditures due to CARES Act payments to community individuals and businesses and COVID traveler testing expenditures.

Wastewater Enterprise Fund (WEF) – this fund 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 decreased during fiscal year 2021. Operating revenues increased by \$38,739 or 4.8%. Operating expenses increased by \$42,455 or 3.9%, and is attributable to increases in personnel services and supplies and services. "Recovery of expenditures from other funds" was comparable to fiscal year 2020. Personnel services increased by \$39,426 or 22.72%. Supplies and services increased by \$4,507 or .9%. Insurance costs increased slightly and depreciation decreased.

Net position decreased by \$184,868 or 1.9% from fiscal year 2020. The net position decrease is a result of net operating expenses exceeding net operating revenues.

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 \$29,603,668. Of this year-end total, \$10,392,021 is unassigned. Legally restricted fund balances totaling \$16,257,826 include \$729,424 for airport projects; \$636,215 for capital projects; \$2,533,933 for commercial passenger vessel impacts; \$56,665 for dock improvements; \$6,996,216 for education; \$305,537 for library operations; \$2,887,661 for public safety and water; \$1,777,694 for recreation; and \$334,481 for road maintenance. Fund balances are committed in total for \$2,953,821, consisting of \$88,845 for interfund loans and \$2,864,976 for Borough owned land management. The total ending fund balances of governmental funds decreased by \$5,214,709 or 15% from fiscal year 2020.

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 decreased by \$2,160,860 or 17.2%. This decrease is due to a decrease in sales tax revenues, investment earnings and an increase in expenditures.

Total taxes collected were \$89,857 less than budgeted. The unfavorable variance is primarily due to the loss of sales taxes caused by the shutdown of the cruise industry. No property taxes were budgeted in the General

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Fund in fiscal year 2021. Since fiscal year 2017 property taxes have been budgeted and credited in the Local Education Fund. Taxes reported in the General Fund include automobile, sales, and penalties and interest.

Intergovernmental revenues were \$204,093 more than budgeted and were \$216,486 more than fiscal year 2020. The increase from fiscal year 2020 is because revenues from the Federal transit operating grant and Federal PILT increased in total by \$220,003. The total increase was offset by a decrease in the other intergovernmental revenues.

Community assistance program revenue of \$301,750 was received in fiscal year 2021. The State Legislature provided \$542,008 in PERS relief to Ketchikan Gateway Borough and \$346,863 of the total relief was recognized in the General Fund. Total General Fund expenditures and transfers out increased by \$624,474 or 5.5% over fiscal year 2020.

Charges for services were \$437,424 less than budgeted. Charges for services in fiscal year 2021 were \$192,221 less than fiscal year 2020 due to decreased revenues in animal control, the transit bus system, Parks and Recreation, and other revenues.

All general government departments with the exception of the Finance department under spent their final budgets. An 8% unfavorable variance in revenue collections of \$ (826,477) and a 9% favorable variance in expenditures and transfers out of \$1,196,259 increased the projected net change in fund balance by \$424,950. Sales tax collections were \$369,782 or 9.4% less than fiscal year 2020 and \$85,985 or 1.8% less than budgeted for fiscal year 2021.

Commercial Passenger Vessel (CPV) Fund – 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. During fiscal year 2021, this fund did not receive any commercial passenger vessel tax from the State of Alaska and recognized \$15,931 in investment earnings. Public services were charged to this fund in the amount of \$457,662. Transfers out to the Airport Enterprise Fund, the General Fund for Transit, and to North and South Tongass Service Areas were transferred out of the CPV Fund in the amount of \$561,334. The Borough did not budget any CPV revenue in 2021. The budget for Transfers Out was reduced in 2021, resulting in a fund balance decrease of \$1,003,065 or 28.4% from fiscal year 2020.

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 \$1,488,597 in sales tax revenue, \$5,754 in penalties and interest, \$2,095 in miscellaneous revenue, and \$22,980 in investment earnings. A transfer in was made in the amount of \$102,628 to close out a school construction fund. Debt reimbursement was not budgeted in fiscal year 2021. This fund transferred out \$1,495,986 for G.O. bond principal and interest payments into Debt Service Funds, \$162,646 to the Recreation CIP Fund and \$237,470 to the Local Education Fund for building insurance. The fund balance decreased by \$586,295 in fiscal year 2021.

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 \$27,372 less than budgeted. Total transfers in were budgeted at \$428,623 and \$423,073 was transferred into the Local Education Fund. In fiscal year 2021, the Tobacco Excise Taxes was credited directly to the Local Education Fund. The LEF recognized \$1,238,606 in tobacco excise taxes, \$131,394 less than budgeted. Transfers in to the Local Education Fund were \$237,470 from the School Bond CIP Fund for school building

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insurance, and \$185,604 from the General Fund. National Forest Receipts were budgeted at \$812,880 and \$749,633 was received.

The fund balance of the Local Education Fund decreased by \$1,070,084, for an ending fund balance of \$2,850,693.

State & Federal Grants Fund – During the current fiscal year, the Borough received \$12,799,545 in State and Federal grants, and \$1,480,000 in CARES grant revenue from the City of Ketchikan's CARES funds. The Borough expended \$13,179,245 on public services and \$1,100,300 in capital for the down payment on five Gillig buses that are to be delivered in approximately eighteen months. The Borough reports on the balance sheet of the State & Federal Grants Fund \$6,451,407 in prepaid items, \$5,532,243 in intergovernmental receivables, and \$10,525,327 in unearned revenues. The unearned revenues are the result of an advance payment for CARES Act grants and a Designated State Legislative grant.

Capital Projects Fund – In fiscal year 2021, there were no capital project expenditures. Investment earnings of \$112 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, 2021, was \$150,602,588 and \$27,298,963 respectively. The total change in net book value of capital assets was a decrease of 1.4% for governmental and a 5% decrease for business-type activities. The overall change was a 2% decrease 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.

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Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Art	\$ 7,500	7,500	-	-	7,500	7,500
Land	41,386,184	40,264,084	-	-	41,386,184	40,264,084
Construction in progress	<u>1,100,301</u>	<u>27,799</u>	<u>5,983,284</u>	<u>6,083,736</u>	<u>7,083,585</u>	<u>6,111,535</u>
Total non-depreciable	<u>42,493,985</u>	<u>40,299,383</u>	<u>5,983,284</u>	<u>6,083,736</u>	<u>48,477,269</u>	<u>46,383,119</u>
Depreciable assets:						
Buildings and improvements	163,126,493	162,457,510	17,890,814	17,652,171	181,017,307	180,109,681
Vehicles, ferry and equipment	10,912,596	10,942,001	16,139,252	16,250,245	27,051,848	27,192,246
Wastewater assets	-	-	14,141,761	14,163,908	14,141,761	14,163,908
Infrastructure	<u>14,668,777</u>	<u>14,668,777</u>	<u>-</u>	<u>-</u>	<u>14,668,777</u>	<u>14,668,777</u>
Total depreciable assets	188,707,866	188,068,288	48,171,827	48,066,324	236,879,693	236,134,612
Less accumulated depreciation	<u>80,599,263</u>	<u>75,566,701</u>	<u>26,856,148</u>	<u>25,493,659</u>	<u>107,455,411</u>	<u>101,060,360</u>
Book value - depreciable assets	<u>108,108,603</u>	<u>112,501,587</u>	<u>21,315,679</u>	<u>22,572,665</u>	<u>129,424,282</u>	<u>135,074,252</u>
Percentage depreciated	<u>43%</u>	<u>40%</u>	<u>56%</u>	<u>53%</u>	<u>45%</u>	<u>43%</u>
Book value - all assets	<u>\$ 150,602,588</u>	<u>152,800,970</u>	<u>27,298,963</u>	<u>28,656,401</u>	<u>177,901,551</u>	<u>181,457,371</u>

At June 30, 2021, the depreciable capital assets for governmental activities were 43% depreciated. This is a 3% increase from fiscal year 2020. 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, 56% of the asset values were depreciated at June 30, 2021 compared to 53% at June 30, 2020. The accumulated depreciation for FY 21 increased 6.7% for governmental activities and increased 5.3% for business-type activities.

The Borough owns the school district's land and buildings, which is approximately 50.6% of the Borough's governmental capital assets.

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Major capital asset changes during 2021 included the following:

General Governmental Assets:

- A down payment in the amount of \$1,100,300 was paid for a deposit on five thirty-five foot Gillig buses. The lead-time on the buses is approximately eighteen months. This payment will be tracked as construction in progress until the buses are received. This payment was funded through a State of Alaska Designated Legislative Grant.
- The Borough recognized \$1,142,700 as Contributed Capital for land donated to the Borough from the State of Alaska through Patents #24850 and #24851.
- Paving was done in the Old Dairy Road Service Area in the amount of \$73,060 and funded through an interfund loan from the Land Trust Fund.
- Paving was done in the Fire Station 4 area in the South Tongass Service Area in the amount of \$197,000 and was partially funded through an interfund loan from the Land Trust Fund.
- Leasehold improvements were completed in the White Cliff building for the Ketchikan Gateway Borough School District administrative office in the amount of \$100,160 and funded through the Land Trust Fund.
- A switch for the Automation department was purchased in the amount of \$9,085 and funded through the General Fund.
- A thermal pool cover and a power winder system were purchased for the pool at the Gateway Aquatic Center in the amount of \$45,942 and funded through the Recreation CIP Fund.
- A Water Tender in the amount of \$334,147 was purchased for the South Tongass Fire Department and funded through the South Tongass Service Area.
- Construction was completed on the Ketchikan High School boiler, capitalized for a total of \$298,764, and funded through the School Bond CIP Fund.

Enterprise Funds:

- Airport Terminal Renovations continued on the Airport Terminal in the amount of \$117,763 and funded through the Airport Passenger Facility Charges.
- A Vactor Water Pump was purchased in the amount of \$15,270 for the Wastewater Fund and funded through the Wastewater Fund.
- A twenty foot, thirty-two cubic foot container for wastewater sludge hauling was purchased in the amount of \$25,952 and funded through an ACWF loan through the State of Alaska.
- Construction continued on wastewater improvements in the area of Shoup to Forest Park in the amount of \$40,085 and funded through an ACWF loan through the State of Alaska.

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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 \$1,965,000 of its existing G.O. bonds, and no payments were scheduled for the certificates of participation in fiscal year 2021. The Borough also refinanced existing bond debt of \$1,530,000 with new financing of \$1,410,000, and existing certificate of participation debt of \$3,365,000 with new financing of \$2,720,000.

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

Outstanding Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 20,800,000	22,885,000	-	-	20,800,000	22,885,000
Certificates of participation	2,720,000	3,365,000	-	-	2,720,000	3,365,000
Unamortized premiums	947,907	393,484	-	-	947,907	393,484
Unamortized loss on refunding	(88,697)	(71,589)	-	-	(88,697)	(71,589)
Compensated absences	752,913	672,939	305,845	289,592	1,058,758	962,531
LWCF note payable	-	-	761,301	717,032	761,301	717,032
Net pension liability	7,491,429	7,082,850	2,992,446	2,863,228	10,483,875	9,946,078
Net OPEB liability	<u>12,076</u>	<u>154,626</u>	<u>4,824</u>	<u>172,112</u>	<u>16,900</u>	<u>326,738</u>
Total	<u>\$ 32,635,628</u>	<u>34,482,310</u>	<u>4,064,416</u>	<u>4,041,964</u>	<u>36,700,044</u>	<u>38,524,274</u>

Economic Conditions Affecting the Borough

Tourism Industry

In prior years, Ketchikan's tourism industry, and cruise ships specifically, generated over a million visitors each summer. Visitor counts continued to climb year over year, resulting in increasing sales and commercial passenger vessel tax revenues, and very strong seasonal employment. The arrival of the Covid-19 Pandemic and the resultant worldwide shut down of the cruise industry eliminated virtually all tourism for calendar year 2020, and reduced 2021 tourism to a fraction of prior years.

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Cruise ship companies resumed Alaska itineraries in June, 2021 with small National Geographic ships first. The first large vessel did not arrive until July 9. In calendar year 2019, there were 316 large vessel scheduled stops in Ketchikan. In 2021, there were 91 large vessel scheduled stops, compared to zero in 2020. Because of the late start to the season, most of the revenue associated with cruise visitors will not be recognized until the FY 2023 annual financial reports.

In 2020, Norwegian Cruise Lines announced that it had entered into a 30-year preferential berthing agreement with Ward Cove Dock Group, LLC. The agreement allowed for the construction of a double ship pier in Ward Cove, formerly the site of a pulp mill. The pier was built to simultaneously accommodate two ships of 4,000 passengers. The first ship docked at Ward Cove on August 1, 2021 and ships docked weekly thereafter. 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.

There are two major airlines flying into the Ketchikan International airport, and until the Covid-19 Pandemic, the airport terminal was stretched beyond capacity during the summer months. An Airport Terminal Plan was conducted this fiscal year. Management is now developing plans for implementing some of the recommendations, which include expanding and relocating the passenger screening area and adding a second jet way. Passenger travel was down by 90% in the early days of the pandemic, but by summer 2021, has picked up to 90% of 2019 travel. Demand increased enough in 2021 that airline capacity was strained, and air travel is expected to continue to rebound quickly. A new Passenger Facility Charge (PFC) application was approved by the Federal Aviation Administration and collections started in March 2020. Prior PFC collections were used to pay debt service on a revenue bond, the proceeds of which funded the last major terminal remodel and airport ferry construction. The Borough is well poised to take advantage of opportunities presented by the potential Biden administration infrastructure bill.

Airport related work currently underway, funded by multiple federal funding sources and administered by the State, includes 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 Island side as well, providing redundancy options for the community's critical ferry link to the airport.

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 October of 2021, Ucore entered into a Memorandum of Understanding with Vital Metals to feedstock for its proposed Southeast Alaska Strategic Metals Complex. Also in October 2021, Ucore entered into a Memorandum of Agreement with Southeast Conference, the local regional economic development organization, 'to acquire and develop and the Facility with a combination of Southeast Conference grant funding and Ucore funding, then establish a long term lease relationship.'

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.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2021

Marine Projects

National Oceanic and Atmospheric Administration

The National Oceanic and Atmospheric Administration (NOAA) research vessel the *M/V Fairweather* has been legally homeported in Ketchikan for a number of years, but unable to physically homeport due to aging infrastructure. The Ketchikan Gateway Borough has long been supportive of efforts to bring the Fairweather home, including securing funding for initial design phases of the project. An engineering contract for NEPA and permitting support was issued in August 2020. In November 2020, the Senate Appropriations Committee released a spending bill that provides \$45 million for facilities maintenance, and includes direction to the (NOAA) to prioritize funding for infrastructure projects related to marine operations and facilities to support research vessels. In April 2021, NOAA announced an \$18.7 million contract to renovate its Ketchikan dock facility. The project is expected to be completed by the end of 2022.

Shipbuilding

The Ketchikan shipyard is owned by the Alaska Industrial Development and Export Authority (AIDEA) and operated by Vigor Alaska. The Borough Assembly has consistently supported the shipyard, and was successful in obtaining an exemption for the shipyard to federal regulations requiring small business set asides for Coast Guard maintenance and repair work. With the exemption granted, Vigor Alaska should be able to pursue maintenance and repair work on Coast Guard vessels homeported in Ketchikan, which was prohibited under the above-mentioned regulations.

Fiscal Challenges at the State Level

Tourism is a major economic driver in the State of Alaska. With the easing of travel restrictions, the independent traveler industry has done well. Although the State does not derive any significant revenues from tourism directly, indirect impacts can be significant.

The largest portion of the State's revenue comes from oil. Oil prices are nearly double what they were a year ago and are currently at about \$83 per barrel. North Slope oil production also continues a slow decline and is only about 372,000 barrels per day as of this writing, compared to 432,000 a year ago. 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 decline in oil revenue at the State level exerts downward pressure on the various forms of state intergovernmental revenue. Certain programs, such as School Bond Debt Reimbursement and capitalization of the Community Assistance Program, have been reduced or eliminated.

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

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and investments	\$ 15,462,602	9,727,265	25,189,867	3,202,781
Restricted cash and investments	3,527,284	-	3,527,284	-
Prepaid items	6,519,662	-	6,519,662	-
Receivables	16,369,932	486,521	16,856,453	3,592,393
Receivable from trust fund	-	-	-	77,685
Internal balances	375,239	(375,239)	-	-
Inventory	-	-	-	36,011
Total Current Assets	<u>42,254,719</u>	<u>9,838,547</u>	<u>52,093,266</u>	<u>6,908,870</u>
Noncurrent Assets				
Long-term receivables:				
Receivable from component unit	2,494,714	-	2,494,714	2,627,969
Net other postemployment benefits asset	619,849	247,598	867,447	3,884,999
Capital assets:				
Nondepreciable capital assets	42,493,984	5,983,284	48,477,268	354,483
Depreciable capital assets, net	108,108,604	21,315,679	129,424,283	301,366
Total Noncurrent Assets	<u>153,717,151</u>	<u>27,546,561</u>	<u>181,263,712</u>	<u>7,168,817</u>
Total Assets	<u>195,971,870</u>	<u>37,385,108</u>	<u>233,356,978</u>	<u>14,077,687</u>
Deferred Outflows of Resources				
Loss on refunding	88,697	-	88,697	-
Related to pensions	925,315	369,617	1,294,932	-
Related to OPEB	466,629	186,395	653,024	-
Pension and OPEB deferrals	-	-	-	5,003,685
Total Assets and Deferred Outflows of Resources	<u>\$ 197,452,511</u>	<u>37,941,120</u>	<u>235,393,631</u>	<u>19,081,372</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 1,219,788	218,359	1,438,147	397,395
Accrued salaries and benefits	113,995	-	113,995	241,684
Intergovernmental payable	2,587,413	-	2,587,413	3,347,953
Accrued interest payable	294,280	-	294,280	-
Payable to agency fund	-	-	-	-
Deposits	78,345	-	78,345	-
Claims payable	1,060,705	-	1,060,705	-
Unearned revenue	10,628,468	-	10,628,468	89,968
Compensated absences payable	608,451	246,646	855,097	-
General obligation bonds payable	2,045,000	-	2,045,000	-
Certificates of participation payable	125,000	-	125,000	-
Total Current Liabilities	<u>18,761,445</u>	<u>465,005</u>	<u>19,226,450</u>	<u>4,077,000</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Net Position, continued
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
Long-Term Liabilities, net of current portion				
Compensated absences	144,462	59,199	203,661	469,762
Self insurance payable	-	-	-	2,374,371
Net pension liability	7,491,429	2,992,446	10,483,875	26,941,283
Net OPEB liability	12,076	4,824	16,900	-
Net Pension and OPEB liabilities	-	-	-	-
LWCF note payable	-	761,301	761,301	-
General obligation bonds payable, including unamortized premium	19,118,880	-	19,118,880	-
Certificates of participation payable, including unamortized premium	3,179,027	-	3,179,027	-
Total Long-Term Liabilities	<u>29,945,874</u>	<u>3,817,770</u>	<u>33,763,644</u>	<u>29,785,416</u>
Total Liabilities	48,707,319	4,282,775	52,990,094	-
Deferred Inflows of Resources				
Related to pensions	42,933	17,150	60,083	-
Related to OPEB	497,893	198,883	696,776	-
Pension and OPEB Deferrals	-	-	-	2,532,536
Total Liabilities and Deferred Inflows of Resources	<u>49,248,145</u>	<u>4,498,808</u>	<u>53,746,953</u>	<u>2,532,536</u>
Net Position				
Net investment in capital assets	126,297,456	27,298,963	153,596,419	655,849
Restricted for:				
Airport projects	729,424	-	729,424	-
Capital projects	562,137	-	562,137	-
Commercial passenger vessel impact	2,533,933	-	2,533,933	-
Dock improvements	56,665	-	56,665	-
Education	6,996,216	-	6,996,216	2,643,069
Library operations	305,537	-	305,537	-
Public safety and water	2,887,661	-	2,887,661	-
Recreation	1,777,694	-	1,777,694	-
Road maintenance	334,481	-	334,481	-
Unrestricted	5,723,162	6,143,349	11,866,511	(20,612,498)
Total Net Position	<u>\$ 148,204,366</u>	<u>33,442,312</u>	<u>181,646,678</u>	<u>(17,313,580)</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</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>Component Unit</u>
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary Government								
Governmental Activities								
General government	\$ 4,769,432	-	130,058	1,142,700	(3,496,674)	-	(3,496,674)	-
Fire and EMS	1,545,621	262,842	37,951	-	(1,244,828)	-	(1,244,828)	-
Water treatment & distribution	230,079	296,503	-	-	66,424	-	66,424	-
Library services	478,079	-	-	-	(478,079)	-	(478,079)	-
Parks and recreation	3,566,579	580,758	26,550	-	(2,959,271)	-	(2,959,271)	-
Public works	1,034,736	-	32,424	-	(1,002,312)	-	(1,002,312)	-
Public services	19,075,558	3,423,132	11,768,469	-	(3,883,957)	-	(3,883,957)	-
Transit	2,789,602	134,272	1,408,610	1,100,301	(146,419)	-	(146,419)	-
Education	21,411,157	7,673,269	749,633	-	(12,988,255)	-	(12,988,255)	-
Interest	1,242,300	-	342,829	-	(899,471)	-	(899,471)	-
Total Governmental Activities	<u>56,143,143</u>	<u>12,370,776</u>	<u>14,496,524</u>	<u>2,243,001</u>	<u>(27,032,842)</u>	<u>-</u>	<u>(27,032,842)</u>	<u>-</u>
Business Type Activities								
Airport	6,169,526	4,634,081	2,775,691	-	-	1,240,246	1,240,246	-
Wastewater	1,074,881	852,205	-	33,019	-	(189,657)	(189,657)	-
Total Business-Type Activities	<u>7,244,407</u>	<u>5,486,286</u>	<u>2,775,691</u>	<u>33,019</u>	<u>-</u>	<u>1,050,589</u>	<u>1,050,589</u>	<u>-</u>
Total Primary Government	\$ <u>63,387,550</u>	<u>17,857,062</u>	<u>17,272,215</u>	<u>2,276,020</u>	<u>(27,032,842)</u>	<u>1,050,589</u>	<u>(25,982,253)</u>	<u>-</u>

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2021

Component Unit	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Ketchikan Gateway Borough School District	\$ <u>45,120,237</u>	<u>51,181</u>	<u>9,909,184</u>	<u>-</u>				\$ <u>(35,159,872)</u>
General Revenues								
				\$ 10,995,648		10,995,648		-
				7,656,334	-	7,656,334		-
				1,295,324	-	1,295,324		-
				613,277	249,749	863,026	26,303,850	-
				-	-	-	147,556	-
				-	-	-	10,904,447	-
				(226,042)	38,576	(187,466)	389	-
				<u>1,957,317</u>	<u>-</u>	<u>1,957,317</u>	<u>67,538</u>	-
				22,291,858	288,325	22,580,183	37,423,780	-
				<u>(278,193)</u>	<u>278,193</u>	<u>-</u>	<u>-</u>	<u>-</u>
				22,013,665	566,518	22,580,183	37,423,780	-
				(5,019,177)	1,617,107	(3,402,070)	2,263,908	-
				<u>153,223,543</u>	<u>31,825,205</u>	<u>185,048,748</u>	<u>(19,577,488)</u>	-
				\$ <u>148,204,366</u>	<u>33,442,312</u>	<u>181,646,678</u>	<u>(17,313,580)</u>	-

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet
June 30, 2021

	<u>General</u>	<u>Commercial Passenger Vessel</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>
Assets				
Cash and investments	\$ 3,117,010	-	4,046,949	-
Restricted cash and investments	-	2,635,655	-	-
Prepaid items	3,255	-	-	-
Receivables:				
Accounts	34,019	1,184	1,832	-
Due to/from component unit	-	-	-	3,347,953
Intergovernmental	1,396,830	-	-	-
Investment earnings	7,563	-	-	-
Property taxes	119,667	-	-	119,681
Sales taxes	3,917,354	-	397,091	331,488
Due from component unit	-	-	-	-
Notes	-	-	-	-
Contracts	-	-	-	-
Interfund payable	5,349,800	-	-	-
Interfund advances payable	-	-	-	-
Total Assets	\$ 13,945,498	2,636,839	4,445,872	3,799,122
Liabilities				
Accounts payable	\$ 606,511	102,906	300,349	-
Accrued salaries and benefits	113,995	-	-	-
Intergovernmental payable	2,587,413	-	-	-
Interfund payable	-	-	-	830,474
Interfund advances payable	-	-	-	-
Due to component unit	-	-	-	-
Deposits	5,002	-	-	-
Unearned revenues	103,141	-	-	-
Total Liabilities	3,416,062	102,906	300,349	830,474
Deferred Inflows of Resources				
Property tax revenues	117,538	-	-	117,955
Total Liabilities and Deferred Inflows of Resources	3,533,600	102,906	300,349	948,429
Fund Balances				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Airport projects	-	-	-	-
Capital projects	-	-	-	-
Commercial passenger vessel impact	-	2,533,933	-	-
Dock improvements	-	-	-	-
Education	-	-	4,145,523	2,850,693
Library operations	-	-	-	-
Public safety and water	-	-	-	-
Recreation	-	-	-	-
Road maintenance	-	-	-	-
Committed:				
Advances receivable	-	-	-	-
Borough-owned land management	-	-	-	-
Unassigned (deficit)	10,411,898	-	-	-
Total Fund Balances	10,411,898	2,533,933	4,145,523	2,850,693
Total Liabilities, Deferred Inflows and Fund Balances \$	13,945,498	2,636,839	4,445,872	3,799,122

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet, continued

	State & Federal Grants	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ -	-	8,298,643	15,462,602
Restricted cash and investments	-	636,215	255,414	3,527,284
Prepaid items	6,451,407	-	65,000	6,519,662
Receivables:				
Accounts	-	-	227,510	264,545
Due to/from component unit	-	-	-	3,347,953
Intergovernmental	5,532,243	-	350,031	7,279,104
Investment earnings	-	-	-	7,563
Property taxes	-	-	11,639	250,987
Sales taxes	-	-	397,091	5,043,024
Due from component unit	-	-	-	-
Notes	-	-	-	-
Contracts	-	-	-	-
Interfund payable	-	-	-	5,349,800
Interfund advances payable	-	-	270,742	270,742
Total Assets	\$ 11,983,650	636,215	9,876,070	47,323,266
Liabilities				
Accounts payable	\$ 48,986	-	161,036	1,219,788
Accrued salaries and benefits	-	-	-	113,995
Intergovernmental payable	-	-	-	2,587,413
Interfund payable	1,409,337	-	385,649	2,625,460
Interfund advances payable	-	-	218,997	218,997
Due to component unit	-	-	-	-
Deposits	-	-	73,343	78,345
Unearned revenues	10,525,327	-	-	10,628,468
Total Liabilities	11,983,650	-	839,025	17,472,466
Deferred Inflows of Resources				
Property tax revenues	-	-	11,639	247,132
Total Liabilities and Deferred Inflows of Resources	11,983,650	-	850,664	17,719,598
Fund Balances				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Airport projects	-	-	729,424	729,424
Capital projects	-	636,215	-	636,215
Commercial passenger vessel impact	-	-	-	2,533,933
Dock improvements	-	-	56,665	56,665
Education	-	-	-	6,996,216
Library operations	-	-	305,537	305,537
Public safety and water	-	-	2,887,661	2,887,661
Recreation	-	-	1,777,694	1,777,694
Road maintenance	-	-	334,481	334,481
Committed:				
Advances receivable	-	-	88,845	88,845
Borough-owned land management	-	-	2,864,976	2,864,976
Unassigned (deficit)	-	-	(19,877)	10,392,021
Total Fund Balances	-	636,215	9,025,406	29,603,668
Total Liabilities, Deferred Inflows and Fund Balances	\$ 11,983,650	636,215	9,876,070	47,323,266

Ketchikan Gateway Borough, Alaska
*Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021*

Total Governmental Fund Balances		\$ 29,603,668
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	\$ 231,201,851	
Less accumulated depreciation	(80,599,263)	150,602,588
Certain other postemployment benefits (OPEB) plans have been funded in excess of the required contributions. These assets are not financial resources and therefore are not reported at the fund level.		
		619,849
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.		
		247,132
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.		
		(1,113,575)
The internal service fund chargeback to enterprise funds is not reported in the governmental funds but is reported on the government-wide financial statements.		
		323,494
Accrued interest payable is not reported at the fund financial reporting level.		
		(294,280)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (20,800,000)	
Certificates of participation	(2,720,000)	
Premium for GO bonds	(363,880)	
Premium for certificates of participation	(584,027)	
Deferred loss on refunding	88,697	
Compensated absences	(752,913)	
Net pension liability	(7,491,429)	
Net OPEB liability	(12,076)	
Total long-term liabilities		(32,635,628)
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	\$ 925,315	
Deferred inflows of resources related to pensions	(42,933)	
Deferred outflows of resources related to OPEB	466,629	
Deferred inflows of resources related to OPEB	(497,893)	
Total deferred pension items		851,118
Net Position Of Governmental Activities		\$ <u>148,204,366</u>



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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, 2021

	General	Commercial Passenger Vessel	School Bond Capital Improvements	Local Education
Revenues				
Taxes	\$ 4,738,759	-	1,494,351	8,812,391
Intergovernmental	3,575,467	-	-	749,633
Licenses and permits	4,300	-	-	-
Charges for services	848,076	-	-	-
Water fees	-	-	-	-
Commercial passenger vessel tax	-	-	-	-
Interest subsidy	-	-	-	-
Investment earnings	(354,089)	15,931	22,980	29,320
Proceeds from sale of property	-	-	-	-
Miscellaneous	-	-	2,095	-
Total Revenues	<u>8,812,513</u>	<u>15,931</u>	<u>1,519,426</u>	<u>9,591,344</u>
Expenditures				
Current				
General government	4,258,703	-	-	-
Library services	-	-	-	-
Fire and EMS	-	-	-	-
Water treatment and distribution	-	-	-	-
Public services	1,271,895	457,662	41,282	-
Parks and recreation	2,345,785	-	-	-
Public works	1,010,539	-	-	-
Transit	2,448,695	-	-	-
Education	-	-	-	10,898,897
Grants	310,014	-	-	-
Nondepartmental	221,189	-	-	-
Capital Outlay	9,085	-	270,965	-
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond discount	-	-	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	<u>11,875,905</u>	<u>457,662</u>	<u>312,247</u>	<u>10,898,897</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,063,392)	(441,731)	1,207,179	(1,307,553)
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Bond and certificate of participation premium	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Transfers in	1,103,629	-	102,627	423,073
Transfers out	(201,097)	(561,334)	(1,896,101)	(185,604)
Total Other Financing Sources (Uses)	<u>902,532</u>	<u>(561,334)</u>	<u>(1,793,474)</u>	<u>237,469</u>
Net Change in Fund Balances	(2,160,860)	(1,003,065)	(586,295)	(1,070,084)
Fund Balances Beginning of Year	<u>12,572,758</u>	<u>3,536,998</u>	<u>4,731,818</u>	<u>3,920,777</u>
Fund Balances End of Year	\$ <u>10,411,898</u>	<u>2,533,933</u>	<u>4,145,523</u>	<u>2,850,693</u>

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

	State & Federal Grants	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ -	-	3,460,869	18,506,370
Intergovernmental	12,799,545	-	37,951	17,162,596
Licenses and permits	-	-	-	4,300
Charges for services	-	-	3,548,628	4,396,704
Water fees	-	-	296,503	296,503
Commercial passenger vessel tax	-	-	-	-
Interest subsidy	-	-	342,829	342,829
Investment earnings	-	112	59,704	(226,042)
Proceeds from sale of property	-	-	80,383	80,383
Miscellaneous	1,480,000	-	475,224	1,957,319
Total Revenues	14,279,545	112	8,302,091	42,520,962
Expenditures				
Current				
General government	-	-	-	4,258,703
Library services	-	-	478,079	478,079
Fire and EMS	-	-	1,263,001	1,263,001
Water treatment and distribution	-	-	230,079	230,079
Public services	13,179,245	-	3,460,661	18,410,745
Parks and recreation	-	-	-	2,345,785
Public works	-	-	-	1,010,539
Transit	-	-	-	2,448,695
Education	-	-	-	10,898,897
Grants	-	-	-	310,014
Nondepartmental	-	-	-	221,189
Capital Outlay	1,100,300	-	750,308	2,130,658
Debt Service				
Principal retirement	-	-	1,965,000	1,965,000
Interest and fiscal charges	-	-	1,380,085	1,380,085
Bond discount	-	-	14,302	14,302
Bond issuance costs	-	-	30,187	30,187
Total Expenditures	14,279,545	-	9,571,702	47,395,958
Excess (Deficiency) of Revenues Over Expenditures	-	112	(1,269,611)	(4,874,996)
Other Financing Sources (Uses)				
Issuance of debt	-	-	4,130,000	4,130,000
Bond and certificate of participation premium	-	-	760,712	760,712
Payment to refunding escrow agent	-	-	(4,952,232)	(4,952,232)
Transfers in	-	-	3,694,463	5,323,792
Transfers out	-	(102,627)	(2,655,222)	(5,601,985)
Total Other Financing Sources (Uses)	-	(102,627)	977,721	(339,713)
Net Change in Fund Balances	-	(102,515)	(291,890)	(5,214,709)
Fund Balances Beginning of Year	-	738,730	9,317,296	34,818,377
Fund Balances End of Year	\$ -	636,215	9,025,406	29,603,668

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, 2021*

Net Changes In Fund Balances - Total Governmental Funds \$ (5,214,709)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Depreciation expense	\$ (5,446,046)	
Capital outlay	<u>2,130,658</u>	(3,315,388)

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. (25,694)

Capital assets activity relating to:

State of Alaska Patents #24850 and #24851	\$ <u>1,142,700</u>	1,142,700
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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. (196,304)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase in deferred property taxes. 145,609

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:

Refunding bonds issued	\$ (4,130,000)	
Principal payments on long-term debt	6,860,000	
Amortization of premiums	(554,423)	
Accrued interest	16,109	
Deferred loss on long-term debt	<u>17,108</u>	2,208,794

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.

Accrued leave	\$ (79,974)	
Net pension obligation and related accounts	(98,897)	
OPEB obligation and related accounts	<u>414,686</u>	<u>235,815</u>

Change In Net Position of Governmental Activities \$ (5,019,177)

Ketchikan Gateway Borough, Alaska
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Taxes	\$ 4,828,616	4,828,616	4,738,759	(89,857)
Licenses and permits	3,500	3,500	4,300	800
Intergovernmental	3,371,374	3,371,374	3,575,467	204,093
Charges for services	1,285,500	1,285,500	848,076	(437,424)
Investment earnings	150,000	150,000	(354,089)	(504,089)
Total Revenues	<u>9,638,990</u>	<u>9,638,990</u>	<u>8,812,513</u>	<u>(826,477)</u>
Expenditures				
Current				
General government	4,234,362	4,341,157	4,258,703	82,454
Public services	1,183,637	1,210,592	1,271,895	(61,303)
Parks and recreation	2,557,880	2,575,878	2,345,785	230,093
Public works	1,137,188	1,152,065	1,010,539	141,526
Transit - bus system	2,556,592	2,648,493	2,448,695	199,798
Nondepartmental	190,260	190,260	221,189	(30,929)
Education	330,809	330,809	310,014	20,795
Capital Outlay	<u>622,910</u>	<u>622,910</u>	<u>9,085</u>	<u>613,825</u>
Total Expenditures	<u>12,813,638</u>	<u>13,072,164</u>	<u>11,875,905</u>	<u>1,196,259</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,174,648)	(3,433,174)	(3,063,392)	369,782
Other Financing Sources (Uses)				
Transfers in	1,103,629	1,103,629	1,103,629	-
Transfers out	(201,097)	(201,097)	(201,097)	-
Total Other Financing Sources (Uses)	<u>902,532</u>	<u>902,532</u>	<u>902,532</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(2,272,116)</u>	<u>(2,530,642)</u>	(2,160,860)	<u>369,782</u>
Fund Balance Beginning of Year			<u>12,572,758</u>	
Fund Balance End of Year		\$	<u>10,411,898</u>	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance On Final Budget</u>
Revenues				
Investment earnings	\$ 15,000	15,000	15,931	931
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>15,931</u>	<u>931</u>
Expenditures				
Current				
Public services	628,322	628,322	457,662	170,660
Capital Outlay	<u>294,900</u>	<u>294,900</u>	<u>-</u>	<u>294,900</u>
Total Expenditures	<u>923,222</u>	<u>923,222</u>	<u>457,662</u>	<u>465,560</u>
Excess of Revenues Over Expenditures	(908,222)	(908,222)	(441,731)	466,491
Other Financing Uses				
Transfers out	<u>(561,334)</u>	<u>(561,334)</u>	<u>(561,334)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(1,469,556)</u>	<u>(1,469,556)</u>	(1,003,065)	<u>466,491</u>
Fund Balance Beginning of Year			<u>3,536,998</u>	
Fund Balance End of Year		\$ <u>2,533,933</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, 2021

	2021			Variance on Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Sales taxes	\$ 1,547,915	1,547,915	1,488,597	(59,318)
Intergovernmental	-	-	-	-
Penalties and interest	5,000	5,000	5,754	754
Miscellaneous	-	-	2,095	2,095
Investment earnings	<u>80,000</u>	<u>80,000</u>	<u>22,980</u>	<u>(57,020)</u>
Total Revenues	<u>1,632,915</u>	<u>1,632,915</u>	<u>1,519,426</u>	<u>(113,489)</u>
Expenditures				
Current				
Public service	600	600	41,282	(40,682)
Capital Outlay	<u>100,000</u>	<u>539,250</u>	<u>270,965</u>	<u>268,285</u>
Total Expenditures	<u>100,600</u>	<u>539,850</u>	<u>312,247</u>	<u>227,603</u>
Excess of Revenues Over Expenditures	1,532,315	1,093,065	1,207,179	114,114
Other Financing Sources (Uses)				
Transfers in	-	-	102,627	102,627
Transfers out	<u>(1,911,155)</u>	<u>(1,911,155)</u>	<u>(1,896,101)</u>	<u>15,054</u>
Total Other Financing Sources (Uses)	<u>(1,911,155)</u>	<u>(1,911,155)</u>	<u>(1,793,474)</u>	<u>117,681</u>
Net Change in Fund Balance	\$ <u>(378,840)</u>	<u>(818,090)</u>	(586,295)	<u>231,795</u>
Fund Balance Beginning of Year			<u>4,731,818</u>	
Fund Balance End of Year			\$ <u><u>4,145,523</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, 2021

	2021			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Property taxes	\$ 7,601,157	7,601,157	7,573,785	(27,372)
Excise taxes	1,370,000	1,370,000	1,238,606	(131,394)
Intergovernmental	812,880	812,880	749,633	(63,247)
Investment earnings	<u>75,000</u>	<u>75,000</u>	<u>29,320</u>	<u>(45,680)</u>
Total Revenues	<u>9,859,037</u>	<u>9,859,037</u>	<u>9,591,344</u>	<u>(267,693)</u>
Expenditures				
Current				
Education	<u>10,904,447</u>	<u>10,904,447</u>	<u>10,898,897</u>	<u>5,550</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,045,410)	(1,045,410)	(1,307,553)	(262,143)
Other Financing Uses				
Transfers in	428,623	428,623	423,073	(5,550)
Transfers out	<u>(185,604)</u>	<u>(185,604)</u>	<u>(185,604)</u>	<u>-</u>
Total Other Financing Sources	<u>243,019</u>	<u>243,019</u>	<u>237,469</u>	<u>(5,550)</u>
Net Change in Fund Balance	\$ <u>(802,391)</u>	<u>(802,391)</u>	(1,070,084)	<u>(267,693)</u>
Fund Balance Beginning of Year			<u>3,920,777</u>	
Fund Balance End of Year		\$	<u>2,850,693</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, 2021

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Assets				
Current Assets				
Cash and investments	\$ 8,826,113	901,152	9,727,265	-
Receivables:				
Accounts	352,866	38,021	390,887	176,754
Intergovernmental	62,615	33,019	95,634	-
Total Current Assets	<u>9,241,594</u>	<u>972,192</u>	<u>10,213,786</u>	<u>176,754</u>
Noncurrent Assets				
Longterm Receivables:				
Note receivable from component unit	-	-	-	2,494,714
Net other postemployment benefits asset	247,598	-	247,598	-
Capital Assets				
Nondepreciable	4,097,934	1,885,350	5,983,284	-
Depreciable, net	13,877,153	7,438,526	21,315,679	-
Total Noncurrent Assets	<u>18,222,685</u>	<u>9,323,876</u>	<u>27,546,561</u>	<u>2,494,714</u>
Total Assets	<u>27,464,279</u>	<u>10,296,068</u>	<u>37,760,347</u>	<u>2,671,468</u>
Deferred Outflows of Resources				
Related to pensions	369,617	-	369,617	-
Related to OPEB	186,395	-	186,395	-
Total Assets and Deferred Outflows of Resources	<u>\$ 28,020,291</u>	<u>10,296,068</u>	<u>38,316,359</u>	<u>2,671,468</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 149,543	68,816	218,359	-
Interfund advances payable	-	-	-	-
Compensated absences payable	246,646	-	246,646	-
Claims payable	-	-	-	1,060,705
Total Current Liabilities	<u>396,189</u>	<u>68,816</u>	<u>465,005</u>	<u>1,060,705</u>
Long-Term Liabilities, net of current portion				
Compensated absences payable	59,199	-	59,199	-
Net pension liability	2,992,446	-	2,992,446	-
Net OPEB liability	4,824	-	4,824	-
Interfund advances payable	-	51,745	51,745	-
LWCF note payable	-	761,301	761,301	-
Interfund payable	-	-	-	2,724,338
Total Long-Term Liabilities	<u>3,056,469</u>	<u>813,046</u>	<u>3,869,515</u>	<u>2,724,338</u>
Total Liabilities	<u>3,452,658</u>	<u>881,862</u>	<u>4,334,520</u>	<u>3,785,043</u>
Deferred Inflows of Resources				
Related to pensions	17,150	-	17,150	-
Related to OPEB	198,883	-	198,883	-
Total Liabilities and Deferred Inflows of Resources	<u>3,668,691</u>	<u>881,862</u>	<u>4,550,553</u>	<u>3,785,043</u>
Net Position				
Net investment in capital assets	17,975,087	9,323,876	27,298,963	-
Unrestricted	6,376,513	90,330	6,466,843	(1,113,575)
Total Net Position - Fund Level	<u>\$ 24,351,600</u>	<u>9,414,206</u>	<u>33,765,806</u>	<u>(1,113,575)</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(323,494)	
Total Net Position - Government-wide Statement of Net Position			<u>\$ 33,442,312</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, 2021

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Operating Revenues				
Charges for services	\$ 4,634,081	852,205	5,486,286	10,971,653
Operating Expenses				
Personnel services	3,193,228	212,988	3,406,216	-
Supplies and services	1,456,661	507,877	1,964,538	-
Insurance	244,103	5,667	249,770	-
Administration	-	-	-	1,979,039
Claims and premiums	-	-	-	10,456,896
Wellness plan	-	-	-	44,450
Depreciation	1,204,570	351,937	1,556,507	-
Total Operating Expenses	6,098,562	1,078,469	7,177,031	12,480,385
Less recovery of expenses	-	(9,768)	(9,768)	(1,241,463)
Net Operating Expenses	6,098,562	1,068,701	7,167,263	11,238,922
Operating Income (Loss)	(1,464,481)	(216,496)	(1,680,977)	(267,269)
Non-Operating Revenues (Expenses)				
Interest and fiscal charges	-	(6,180)	(6,180)	-
Gain on disposal of capital assets	-	-	-	-
Investment earnings	33,787	4,789	38,576	-
Operating grants	3,025,440	-	3,025,440	-
Total Non-Operating Revenues (Expenses)	3,059,227	(1,391)	3,057,836	-
Income (Loss) before Capital Contributions and Transfers	1,594,746	(217,887)	1,376,859	(267,269)
Capital contributions	-	33,019	33,019	-
Transfers in	278,193	-	278,193	-
Change in Net Position	1,872,939	(184,868)	1,688,071	(267,269)
Net Position Beginning of Year	22,478,661	9,599,074		(846,306)
Net Position End of Year	\$ 24,351,600	9,414,206		(1,113,575)
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.			(70,964)	
Change in net position of business-type activities			\$ 1,617,107	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	Business-type Activities			Governmental
	Airport	Wastewater	Total	Activities - Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	\$ 4,491,751	860,646	5,352,397	9,909,986
Cash payments to employees for services	(3,619,490)	(212,988)	(3,832,478)	-
Cash payments for goods and services	(1,677,014)	(427,544)	(2,104,558)	(2,449,010)
Cash payments for claims	-	-	-	(8,789,433)
Net Cash Provided by Operating Activities	<u>(804,753)</u>	<u>220,114</u>	<u>(584,639)</u>	<u>(1,328,457)</u>
Cash Flows from Noncapital Financing Activities				
Interfund payables	-	-	-	1,328,457
Operating grants	3,025,440	-	3,025,440	-
Transfers in	278,193	-	278,193	-
Net Cash Provided by Noncapital Financing Activities	<u>3,303,633</u>	<u>-</u>	<u>3,303,633</u>	<u>1,328,457</u>
Cash Flows from Capital and Related Financing Activities				
Loan proceeds	-	44,269	44,269	-
Capital grant	-	33,019	33,019	-
Interest paid on debt service	-	(6,180)	(6,180)	-
Interfund advance payable	-	(46,091)	(46,091)	-
Payments for capital acquisitions	(117,762)	(81,307)	(199,069)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(117,762)</u>	<u>(56,290)</u>	<u>(174,052)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment earnings	33,787	4,789	38,576	-
Net Increase in Cash and Cash Equivalents	2,414,905	168,613	2,583,518	-
Cash and Cash Equivalents Beginning of Year	<u>6,411,208</u>	<u>732,539</u>	<u>7,143,747</u>	<u>-</u>
Cash and Cash Equivalents End of Year	<u>\$ 8,826,113</u>	<u>901,152</u>	<u>9,727,265</u>	<u>-</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, 2021

	<u>Business-type Activities</u>			Governmental Activities - Internal Service Funds
	<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)	\$ (1,464,481)	(216,496)	(1,680,977)	(267,269)
Adjustments:				
Depreciation	1,204,570	351,937	1,556,507	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts receivable	(142,330)	8,441	(133,889)	(157,472)
Note receivable	-	-	-	(933,524)
Intergovernmental	(48,905)	53,241	4,336	-
Net other postemployment benefits asset	(230,606)	-	(230,606)	-
Deferred outflows of resources for pensions	(96,491)	-	(96,491)	-
Deferred outflows of resources for OPEB	57,720	-	57,720	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts payable	72,655	22,991	95,646	-
Compensated absences payable	16,253	-	16,253	-
Net pension liability	127,218	-	127,218	-
Net OPEB liability	(167,288)	-	(167,288)	-
Deferred inflows of resources for pensions	(173,742)	-	(173,742)	-
Deferred inflows of resources for OPEB	40,674	-	40,674	-
Claims payable	-	-	-	29,808
Deferred revenue	-	-	-	-
Net Cash Provided by Operating Activities	\$ <u>(804,753)</u>	<u>220,114</u>	<u>(584,639)</u>	<u>(1,328,457)</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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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021

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, 2021

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.

Commercial Passenger Vessel Fund - 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.

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 Bond Debt Reimbursement Program, if it continues to be funded through the State, 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 area-wide 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 partially self-insured health insurance programs.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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 and excise taxes, interest and federal and state grants.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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.

Borough moneys shall be invested only in the following instruments. The equity position will emphasize large capitalization, U.S.-based companies, defined as market capitalization in excess of \$5,000,000,000. However, a defined allocation may be invested in non-U.S.-based (international) companies and small capitalization companies or mutual funds that invest in international and small capitalization companies. All securities purchased by the Borough, and all other borough investments, must meet the capital requirements through the investment types as described in Note 3-A. Cash and Investments.

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, 2021.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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-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, 2021, 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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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:

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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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.

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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 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, 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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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 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 governmental fund types: General Fund, Land Trust, Local Education, Commercial Passenger Vessel, Recreation Sales Tax, School Bond/Capital Improvement, Debt Service, Airport PFC Fund, Nonareawide Library, DHSS Traveler Testing, Health Equity, Rasmuson Foundation, and the following Service Areas: Forest Park, Gold Nugget, Homestead, Loring, Mud Bight, Nichols View, North Tongass Fire and EMS, Old Diary Road, Rasmuson Foundation, South Tongass, and Waterfall. The Borough also adopts annual budgets for the Airport and Wastewater proprietary funds. A project budget is adopted for each capital projects fund. The budget ordinance 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, 2021, the Borough had open encumbrances as follows:

Fund	Encumbrances
General Fund	\$ 1,723
State and Federal Grant	1,203,934
Nonmajor	168,921
Total	\$ 1,374,578

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

2-B. Excess of Expenditures over Appropriations

The following individual fund had an excess of expenditures over appropriations at June 30, 2021:

The DHSS Traveler Testing Special Revenue Fund

2-C. Deficit Fund Equities

The following individual fund had a deficit fund balance at the fund reporting level at June 30, 2021:

Health Equity Special Revenue Fund	\$ (19,877)
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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, 2021 are as follows:

Cash on hand	\$ 3,550
Deposits with financial institutions	12,226,072
Investments	<u>16,487,529</u>
Total	<u>\$ 28,717,151</u>

		Governmental Activities		Business-Type Activities		Total
Unrestricted	\$	15,462,602		9,727,265		25,189,867
Restricted		<u>3,527,284</u>		-		<u>3,527,284</u>
Total	\$	<u>18,989,886</u>		<u>9,727,265</u>		<u>28,717,151</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, 2021, the carrying value of all the Borough’s deposits was \$12,226,072 and the bank value was \$12,335,510 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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

The Borough has investments as follows: \$618,707 is deposited in the Alaska Municipal League Investment Pool, \$10,907,253 is deposited with Time Value Investments, \$4,706,155 is in a money market account at Wells Fargo, and \$255,414 is held at Bank of New York in a reserve fund for certificates of participation debt. The first two investments are not held at fair value, but are instead recorded at amortized cost as of June 30, 2021. 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;
- 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. \$618,707 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. \$10,907,253 is deposited in thirty-eight different banks in time certificates of deposits, and one bond issuances, 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, 2021, 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, 2021

The Borough's investments are as follows:

<u>Investment Type</u>	<u>Investment Maturity (in years)</u>		
	<u>Current Market Value</u>	<u>Less than 1</u>	<u>1 - 5</u>
AML Investment Pool	\$ 618,707	618,707	-
Bank of New York Mellon Trust	255,414	255,414	-
Time Value Investments	10,907,253	10,907,253	-
Money Market	<u>4,706,155</u>	<u>4,706,155</u>	<u>-</u>
	<u>\$ 16,487,529</u>	<u>16,487,529</u>	<u>-</u>

3-B. Receivables

Receivables at June 30, 2021, 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, 2021

	<u>General</u>	<u>Commercial Passenger Vessel</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>	<u>State & Federal Grants</u>
Receivables:					
Prepaid items	\$ 3,255	-	-	-	6,451,407
Accounts	42,687	1,184	1,832	-	-
Due to/from					
component unit	-	-	-	3,347,953	-
Intergovernmental	1,396,830	-	-	-	5,532,243
Investments	7,563	-	-	-	-
Property taxes	119,667	-	-	119,681	-
Sales taxes	3,917,354	-	397,091	331,488	-
Note	600,000	-	-	-	-
Interfund Advances	<u>5,349,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receivables	11,437,156	1,184	398,923	3,799,122	11,983,650
Allowance for					
doubtful accounts	<u>(608,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 10,828,488</u>	<u>1,184</u>	<u>398,923</u>	<u>3,799,122</u>	<u>11,983,650</u>

	<u>Nonmajor Governmental</u>	<u>Airport Enterprise</u>	<u>Wastewater Enterprise</u>	<u>Internal Service Fund</u>	<u>Totals</u>
Receivables:					
Prepaid items	\$ 65,000	-	-	-	6,519,662
Accounts	233,002	366,581	43,704	176,754	865,744
Due to/from					
component unit	-	-	-	-	3,347,953
Intergovernmental	350,031	62,615	33,019	-	7,374,738
Investments	-	-	-	-	7,563
Property taxes	11,639	-	-	-	250,987
Sales taxes	397,091	-	-	-	5,043,024
Note	-	-	-	2,494,714	3,094,714
Interfund advances	<u>270,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,620,542</u>
Total receivables	1,327,505	429,196	76,723	2,671,468	32,124,927
Allowance for					
doubtful accounts	<u>(5,492)</u>	<u>(13,715)</u>	<u>(5,683)</u>	<u>-</u>	<u>(633,558)</u>
Net receivables	<u>\$ 1,322,013</u>	<u>415,481</u>	<u>71,040</u>	<u>2,671,468</u>	<u>31,491,369</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, 2021

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered 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)	\$	117,538	-
Delinquent property taxes receivable (Local Education Fund)		117,955	-
Delinquent property taxes receivable (Nonmajor Funds)		11,639	-
Unearned revenue (General Fund)		-	111,645
Unearned revenue (Grants)		-	10,525,327
Total deferred/unearned revenue for governmental funds	\$	247,132	10,636,972

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, 2021

3-D. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 7/1/2020	Additions	Deductions	Balance 6/30/2021
Governmental activities:				
Nondepreciable capital assets:				
Works of art	\$ 7,500	-	-	7,500
Construction in progress - Borough	-	1,100,301	-	1,100,301
Construction in progress - School	27,799	-	27,799	-
Land - Borough	32,465,522	1,242,700	120,600	33,587,622
Land - School	7,798,562	-	-	7,798,562
Total nondepreciable capital assets	40,299,383	2,343,001	148,399	42,493,985
Depreciable capital assets:				
Buildings - Borough	26,774,893	100,160	-	26,875,053
Buildings - School	108,824,299	298,764	-	109,123,063
Equipment	6,408,742	389,174	92,901	6,705,015
Fields	4,758,399	-	-	4,758,399
Infrastructure	1,509,418	-	-	1,509,418
Land improvements	3,887,107	270,060	-	4,157,167
Pool	22,971,211	-	-	22,971,211
Water improvements	8,400,960	-	-	8,400,960
Buses	4,533,259	-	325,678	4,207,581
Total depreciable capital assets	188,068,288	1,058,158	418,579	188,707,867
Total cost of capital assets	228,367,671	3,401,159	566,978	231,201,852
Accumulated depreciation:				
Buildings - Borough	8,308,104	690,643	-	8,998,747
Buildings - School	47,715,794	2,672,501	-	50,388,295
Equipment	4,648,660	280,680	90,067	4,839,273
Fields	2,669,951	174,065	-	2,844,016
Infrastructure	969,674	51,606	-	1,021,280
Land improvements	836,074	234,463	-	1,070,537
Pool	6,414,647	919,935	-	7,334,582
Water improvements	1,508,819	168,888	-	1,677,707
Buses	2,494,978	253,265	323,416	2,424,827
Total accumulated depreciation	75,566,701	5,446,046	413,483	80,599,264
Governmental activities capital assets, net	\$ 152,800,970	(2,044,887)	153,495	150,602,588

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Governmental activities depreciation:		
General Government	\$	25,313
Education		2,838,991
Fire and EMS		304,303
Parks and Recreation		1,200,376
Public Services		705,962
Public Works		31,410
Transit		<u>339,691</u>
Total governmental activities depreciation expense	\$	<u>5,446,046</u>

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

	Balance 7/1/2020	Additions	Deductions	Balance 6/30/2021
Business-type activities:				
Nondepreciable capital assets				
Construction in progress-Airport	\$ 4,238,471	117,763	258,300	4,097,934
Construction in progress-Wastewater	<u>1,845,265</u>	<u>40,085</u>	<u>-</u>	<u>1,885,350</u>
Total nondepreciable capital assets	<u>6,083,736</u>	<u>157,848</u>	<u>258,300</u>	<u>5,983,284</u>
Depreciable capital assets:				
Ferry	16,187,177	-	110,995	16,076,182
Field	4,360,148	-	-	4,360,148
Terminal building	13,083,223	258,300	19,657	13,321,866
Murphy's landing	208,800	-	-	208,800
Revilla parking	63,068	-	-	63,068
Wastewater	285,628	-	63,365	222,263
Mountain Point wastewater	<u>13,878,280</u>	<u>41,222</u>	<u>-</u>	<u>13,919,502</u>
Total depreciable capital assets	<u>48,066,324</u>	<u>299,522</u>	<u>194,017</u>	<u>48,171,829</u>
Total capital assets	<u>54,150,060</u>	<u>457,370</u>	<u>452,317</u>	<u>54,155,113</u>
Accumulated depreciation:				
Ferry	8,559,512	784,996	110,995	9,233,513
Field	3,216,926	97,623	-	3,314,549
Terminal building	7,087,625	316,696	19,657	7,384,664
Murphy's landing	208,800	-	-	208,800
Revilla parking	6,132	5,256	-	11,388
Wastewater	285,624	-	63,365	222,259
Mountain Point wastewater	<u>6,129,040</u>	<u>351,937</u>	<u>-</u>	<u>6,480,977</u>
Total accumulated depreciation	<u>25,493,659</u>	<u>1,556,508</u>	<u>194,017</u>	<u>26,856,150</u>
Business-type activities capital assets, net \$	<u>28,656,401</u>	<u>(1,099,138)</u>	<u>258,300</u>	<u>27,298,963</u>
Business-type activities depreciation:				
Airport		\$ 1,204,571		
Wastewater		<u>351,937</u>		
		<u>\$ 1,556,508</u>		

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

3-E. Interfund Balances and Transfers

Interfund balances at June 30, 2021, 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 2021 through 2028.

Payable to:	Payable From:			
	Local Education Fund	State & Federal Grants	Wastewater Enterprise Fund	Non-Major Governmental Funds
General Fund	\$ 830,474	1,409,337	-	140,922
Nonmajor Governmental Funds	-	-	51,744	218,997
Total	\$ 830,474	1,409,337	51,744	359,919

Payable to:	Payable From:		
	Non-Major Debt Service Fund	Internal Service Fund	Total
General Fund	\$ 244,728	2,724,339	5,349,800
Nonmajor Governmental Funds	-	-	270,741
Total	\$ 244,728	2,724,339	5,620,541

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers to:	Transfers From:		
	General Fund	Local Education	School Bond Capital Improvements Fund
General Fund	\$ -	113,445	-
School Bond CIP Fund	-	-	-
Local Education Fund	185,604	-	237,470
Non-Major			
Special Revenue	9,993	72,159	162,646
Non-Major Debt Service	-	-	1,495,986
Capital Projects	-	-	-
Airport Enterprise	5,500	-	-
 Total	 \$ 201,097	 185,604	 1,896,102

Transfers to:	Transfers From:		
	Non-Major Special Revenue Funds	Capital Projects	Total
General Fund	\$ 990,184	-	1,103,629
School Bond CIP Fund	-	102,628	102,628
Local Education Fund	-	-	423,074
Non-Major			
Special Revenue	341,400	-	586,198
Non-Major Debt Service	1,612,279	-	3,108,265
Capital Projects	-	-	-
Airport Enterprise	272,693	-	278,193
 Total	 \$ 3,216,556	 102,628	 5,601,987

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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021. The leases that are in place as of June 30, 2021 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 \$547,042 on 170,867 square feet. Land leases generate annual revenues of \$162,710 on 209,350 square feet.

The Borough entered into a lease agreement with a local contractor for timber related uses related to the harvest of timber from the State of Alaska, USFS and the University of Alaska property in Vallenar Bay, or any other timber related activity in Southeast Alaska. The lease was effective September 1, 2020 and expires August 31, 2022. The lease payments are \$3,049 a month.

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Net Interest</u>	<u>Total</u>
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	765,000	919,964	(344,893)	575,071	1,340,071
2026	790,000	874,500	(328,981)	545,519	1,335,519
2027-2030	4,450,000	3,627,125	(1,384,023)	2,243,102	6,693,102
2031-2035	5,395,000	2,164,854	(872,228)	1,292,626	6,687,626
2036-2039	<u>3,755,000</u>	<u>464,662</u>	<u>(209,031)</u>	<u>255,631</u>	<u>4,010,631</u>
Total	\$ <u>17,290,000</u>	<u>11,040,508</u>	<u>(4,254,164)</u>	<u>6,786,344</u>	<u>24,076,344</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, 2020 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 570,000	44,000	614,000
2023	<u>595,000</u>	<u>14,875</u>	<u>609,875</u>
Total	\$ <u>1,165,000</u>	<u>58,875</u>	<u>1,223,875</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 2020 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 565,000	46,000	611,000
2023	<u>585,000</u>	<u>23,400</u>	<u>608,400</u>
Total	\$ <u>1,150,000</u>	<u>69,400</u>	<u>1,219,400</u>

Borough General Obligation Bonds, 2020 Bonds Taxable Series One – General obligation bonds, Series 2020 One, denominations of \$5,000, dated July 7, 2020, total issue \$1,410,000. The bond proceeds refinanced the 2010B-4 bonds used for repairs and improvements to the Ketchikan High School roof. Interest rates are 5%. The bonds mature December 1, 2025. Annual debt service requirements as of June 30, 2021 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 220,000	54,250	274,250
2023	225,000	43,125	268,125
2024	235,000	31,625	266,625
2025	250,000	19,500	269,500
2026	<u>265,000</u>	<u>6,625</u>	<u>271,625</u>
Total	\$ <u>1,195,000</u>	<u>155,125</u>	<u>1,350,125</u>

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Certificate of Participation 2020 Certificate - White Cliff Taxable – Bonds issued July 7, 2020, in the amount of \$2,720,000 as a direct borrowing with the Alaska Municipal Bond Bank, with no line of credit. The proceeds were used to refinance the 2010B certificates of participation that 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 debt will be paid off December 1, 2035. Annual debt service requirements as of June 30, 2021 follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	125,000	132,875	257,875
2023		135,000	126,375	261,375
2024		140,000	119,500	259,500
2025		145,000	112,375	257,375
2026		155,000	104,875	259,875
2027-2031		905,000	396,375	1,301,375
2032-2035		<u>1,115,000</u>	<u>143,625</u>	<u>1,258,625</u>
 Total	 \$	 <u><u>2,720,000</u></u>	 <u><u>1,136,000</u></u>	 <u><u>3,856,000</u></u>

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

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Changes in Long-term Debt - Changes in the Borough's long-term obligations consisted of the following for the year ended June 30, 2021:

Governmental Activities	Outstanding 7/1/2020	Additions	Reductions	Outstanding 6/30/2021	Amounts Due in One Year
GO Bonds - 2009B & C	\$ 17,955,000	-	665,000	17,290,000	690,000
GO Bonds - 2010B Four	1,530,000	-	1,530,000	-	-
GO Bonds - 2011 III	1,710,000	-	545,000	1,165,000	570,000
GO Bonds - 2013 One	1,690,000	-	540,000	1,150,000	565,000
GO Bonds - 2020 Bond	-	1,410,000	215,000	1,195,000	220,000
Certificates of Participation					
C of P 2010A-2	3,365,000	-	3,365,000	-	-
C of P 2020 Certificates	-	2,720,000	-	2,720,000	125,000
Compensated absences	<u>672,939</u>	<u>636,968</u>	<u>556,994</u>	<u>752,913</u>	<u>608,451</u>
Total Governmental Activities	\$ <u>26,922,939</u>	<u>4,766,968</u>	<u>7,416,994</u>	<u>24,272,913</u>	<u>2,778,451</u>
Business-Type Activities					
LWCF note payable	\$ 717,032	44,269	-	761,301	-
Compensated absences	<u>289,592</u>	<u>247,634</u>	<u>231,381</u>	<u>305,845</u>	<u>246,646</u>
Total Business-Type Activities	\$ <u>1,006,624</u>	<u>291,903</u>	<u>231,381</u>	<u>1,067,146</u>	<u>246,646</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, 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.

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

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2021

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.

(a) Defined Benefit (DB) Pension Plan

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 a DB agent-multiple employer plan to a DB 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 (ARM 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 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 DC plan. Contributions derived from the DC employee payroll is 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 ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

method over a closed 25 year term, which ends in 2039. This change results in a lower ARM Board Rates than previously adopted.

State 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 funds 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.

Contribution rates for the year ended June 30, 2021 were determined in the June 30, 2019 actuarial valuations. The Borough's contribution rates for the 2021 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	26.58%	8.85%
Postemployment healthcare (ARHCT)	-%	4.27%	-%
Total Contribution Rates	22.00%	30.85%	8.85%

In 2021, the Borough was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2019 to June 30, 2020	Borough Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions (including DBUL)	\$ 719,736	\$ 834,980
Nonemployer contributions (on-behalf)	411,255	542,008
Total Contributions	\$ 1,130,991	\$ 1,376,988

In addition, employee contributions to the Plan totaled \$186,210 during the Borough's fiscal year.

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For the Year Ended June 30, 2021

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

At June 30, 2021, 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 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:

Borough proportionate share of NPL	\$ 10,483,875
State's proportionate share of NPL associated with the Borough	4,339,743
Total Net Pension Liability	\$ 14,823,618

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2020 measurement date, the Borough's proportion was 0.17766 percent, which was a decrease of 0.00407 from its proportion measured as of June 30, 2019.

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

For the year ended June 30, 2021, the Borough recognized pension expense of \$2,185,624 and on-behalf revenue of \$560,824 for support provided by the State. At June 30, 2021, 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
Difference between expected and actual experience	\$ 33,257	\$ -
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on pension plan investments	426,695	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(60,083)
Borough contributions subsequent to the measurement date	834,980	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 1,294,932	\$ (60,083)

The \$834,980 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, 2021. 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,

2021		\$ (19,284)
2022		150,056
2023		158,604
2024		110,493
2025		-
Thereafter		-
Total Amortization		\$ 399,869

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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, excluding the inflation component of 2.36%, for each major asset class included

Ketchikan Gateway Borough, Alaska
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in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. 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 7.38%, 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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension liability	0.17766	\$ 13,631,253	\$ 10,483,875	\$ 7,844,101

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 DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB 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

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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, 2021 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2021, forfeitures reduced pension expense by \$0.

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, 2021, 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, 2021 were \$176,264 and \$282,023, 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, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. 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. <http://doa.alaska.gov/drb/pers>.

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For the Year Ended June 30, 2021

Employer Contribution Rate

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, 2021 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.27%	1.27%
Occupational Death and Disability Benefits	0.31%	0.70%
Total Contribution Rates	1.58%	1.97%

In 2021, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2019 to June 30, 2020	Borough Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions – ARHCT	\$ 282,382	\$ 200,446
Employer contributions - RMP	42,502	44,771
Employer contributions - ODD	10,228	12,774
Nonemployer contributions (on-behalf)	-	-
Total Contributions	\$ 335,112	\$ 257,991

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

At June 30, 2021, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) 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:

Borough's proportionate share of NOA – ARHCT	\$ 803,867
Borough's proportionate share of NOA – ODD	63,580
Total Borough's Proportionate Share of Net OPEB Asset	\$ 867,447
State's proportionate share of the ARHCT NOA associated with the Borough	333,379
Total Net OPEB Asset	\$ 1,200,826

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2021

At June 30, 2021, the Borough reported a liability for its proportionate share of the net OPEB liability (NOL) associated with the Borough's participation in the RMP Plan. The amount recognized by the Borough for its proportionate share was \$ (16,900).

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is 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, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.18167%	0.17751%	(0.00416)%
RMP	0.23898%	0.23827%	(0.00071)%
ODD	0.23571%	0.23324%	(0.00247)%

For the year ended June 30, 2021, the Borough recognized OPEB expense of \$(412,744). Of this amount, \$(214,538) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB expense		On-behalf revenue
ARHCT	\$	(515,699)	\$ (214,538)
RMP		85,675	-
ODD		17,280	-
Total	\$	(412,744)	\$ (214,538)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

At June 30, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 88	\$ -	\$ 88
Changes in assumptions	-	23,734	-	23,734
Difference between projected and actual investment earnings	322,533	7,567	2,181	332,281
Changes in proportion and differences between Borough contributions and proportionate share of contributions	35,858	739	2,333	38,930
Borough contributions subsequent to the measurement date	200,446	44,771	12,774	257,991
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 558,837	\$ 76,899	\$ 17,288	\$ 653,024

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (64,489)	\$ (3,632)	\$ (21,333)	\$ (89,454)
Changes in assumptions	(560,343)	(43,691)	(931)	(604,965)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(1,631)	(726)	(2,357)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (624,832)	\$ (48,954)	\$ (22,990)	\$ (696,776)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2022	\$ (591,567)	\$ (2,059)	\$ (2,992)	\$ (596,618)
2023	114,803	(549)	(2,476)	111,778
2024	123,268	(576)	(2,465)	120,227
2025	87,055	(1,154)	(2,638)	83,263
2026	-	(2,976)	(3,188)	(6,164)
Thereafter	-	(9,512)	(4,717)	(14,229)
Total Amortization	\$ (266,441)	\$ (16,826)	\$ (18,476)	\$ (301,743)

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2021

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation.
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% 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, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amounts included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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, excluding the inflation component of 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2020 was 7.38%. This discount rate used did not change from the prior measurement date. 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2021

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 7.38%, 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 a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.17751	\$ 838,819	\$ (803,867)	\$ (2,164,497)
RMP	0.23827	\$ 104,699	\$ 16,900	\$ (49,559)
ODD	0.23324	\$ (59,746)	\$ (63,580)	\$ (66,645)

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 liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports 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	0.17751	\$ (2,324,029)	\$ (803,867)	\$ 1,036,961
RMP	0.23827	\$ (59,299)	\$ 16,900	\$ 120,548
ODD	0.23324	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense 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
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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, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,159 per year for each full-time employee, and \$1.38 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2021, the Borough contributed \$125,152 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, 2021 is as follows:

<u>Net investment in capital assets</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Cost of capital assets	\$ 231,201,851	\$ 54,155,111
Less accumulated depreciation	<u>(80,599,263)</u>	<u>(26,856,148)</u>
Book value	150,602,588	27,298,963
Less capital related debt	(24,467,907)	-
Plus deferred loss on refunding	88,697	-
Plus unspent bond proceeds	<u>74,078</u>	<u>-</u>
 Net investment in capital assets	 <u>\$ 126,297,456</u>	 <u>\$ 27,298,963</u>

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Restricted net position for governmental activities consists of the following at June 30, 2021:

<u>Net Position</u>	<u>Governmental Activities</u>
Restricted:	
Airport projects	\$ 729,424
Capital projects	562,137
Commercial passenger vessel impact	2,533,933
Dock improvements	56,665
Education	6,996,216
Library operations	305,537
Public safety and water	2,887,661
Recreation	1,777,694
Road maintenance	<u>334,481</u>
 Total Restricted Net Position	 16,183,748
 Unspent bond funds related to capital projects	 <u>74,078</u>
 Total Restricted Fund Balance	 \$ <u><u>16,257,826</u></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.

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2021

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 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, 2021, but not billed until after fiscal year end. The amounts booked for the Borough were \$257,701 and \$803,004 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 \$2,023 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, 2020 and June 30, 2021 follows:

	<u>Gateway Borough</u>	<u>School District</u>	<u>Total</u>
Claims payable at June 30, 2019	\$ 136,331	399,048	535,379
Premiums expense	400,745	-	400,745
Claims expense	2,911,143	5,199,929	8,111,072
Wellness plan	19,775	-	19,775
Claims and premiums paid	<u>(3,178,371)</u>	<u>(4,857,703)</u>	<u>(8,036,074)</u>
Claims payable at June 30, 2020	289,623	741,274	1,030,897
Premiums expense	396,192	-	396,192
Claims expense	2,999,130	7,061,574	10,060,704
Wellness plan	44,450	-	44,450
Claims and premiums paid	<u>(3,471,694)</u>	<u>(6,999,844)</u>	<u>(10,471,538)</u>
Claims payable at June 30, 2021	\$ <u>257,701</u>	<u>803,004</u>	<u>1,060,705</u>

4-B. Contingent Liabilities

Unasserted Claims – The Borough may from time to time be involved in various claims, lawsuits, and disputes with third parties, possible loss contingencies arising from federal, state or local environmental,

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

health, and safety regulations, actions involving allegations of misconduct, discrimination, or breach of contract incidental to the operations of the Borough.

As of June 30, 2021, there were no asserted or unasserted claims.

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, 2021, 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 2021, the value of the abatement was \$92,662.



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REQUIRED SUPPLEMENTARY INFORMATION

Ketchikan Gateway Borough, Alaska
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>	2021	2020	2019	2018
Borough's Proportion of the Net Pension Liability	0.17766%	0.18173%	0.20289%	0.18789%
Borough's Proportionate Share of the Net Pension Liability	\$ 10,483,875	\$ 9,948,078	\$ 10,081,525	\$ 9,712,764
State of Alaska Proportionate Share of the Net Pension Liability	4,339,743	3,948,260	2,919,964	3,618,387
Total Net Pension Liability	\$ 14,823,618	\$ 13,896,338	\$ 13,001,489	\$ 13,331,151
Borough's Covered Payroll	5,875,554	5,641,615	5,600,642	5,619,063
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	178.43%	176.33%	180.01%	172.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61%	63.42%	65.19%	63.37%

Schedule of Borough Contributions

Table 2

<i>Years Ended June 30,</i>	2021	2020	2019	2018
Contractually Required Contributions	\$ 834,980	\$ 719,736	\$ 726,601	\$ 779,119
Contributions Relative to the Contractually Required Contribution	834,980	719,736	726,601	779,119
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough Covered Payroll	6,220,633	5,875,554	5,641,615	5,600,642
Contributions as a Percentage of Covered Payroll	13.21%	12.25%	12.88%	13.91%

*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
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>	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.22949%	0.18618%	0.14081%
Borough's Proportionate Share of the Net Pension Liability	\$ 12,827,704	\$ 9,029,795	\$ 6,567,341
State of Alaska Proportionate Share of the Net Pension Liability	1,616,658	2,417,411	5,516,963
Total Net Pension Liability	\$ 14,444,362	\$ 11,447,206	\$ 12,084,304
Borough's Covered Payroll	5,647,489	5,529,019	5,023,087
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	227.14%	163.32%	130.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.55%	63.96%	63.37%

Schedule of Borough Contributions **Table 2**

<i>Years Ended June 30,</i>	2017	2016	2015
Contractually Required Contributions	\$ 695,794	\$ 594,216	\$ 576,131
Contributions Relative to the Contractually Required Contribution	695,794	594,216	576,131
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Borough Covered Payroll	5,619,063	5,647,489	5,529,019
Contributions as a Percentage of Covered Payroll	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, Alaska
Public Employees' Retirement System - OPEB Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Table 3

<i>Years Ended June 30,</i>	ARHCT			
	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.17751%	0.18167%	0.20283%	0.18790%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (803,867)	\$ 269,564	\$ 2,081,628	\$ 1,587,059
State of Alaska Proportionate Share of the Net OPEB Liability	(333,379)	107,069	604,412	591,650
Total Net OPEB Liability (Asset)	\$ (1,137,246)	\$ 376,633	\$ 2,686,040	\$ 2,178,709
Borough's Covered Payroll	5,875,554	5,641,615	5,600,642	5,619,063
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-13.68%	4.78%	37.17%	28.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	106.15%	98.13%	88.12%	89.68%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	ARHCT			
	2021	2020	2019	2018
Contractually Required Contributions	\$ 200,446	\$ 282,382	\$ 256,933	\$ 218,449
Contributions Relative to the Contractually Required Contribution	200,446	282,382	256,933	218,449
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	6,220,633	5,875,554	5,641,615	5,600,642
Contributions as a Percentage of Covered Payroll	3.171%	4.806%	4.554%	3.900%

*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
Public Employees' Retirement System - OPEB Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Table 3

<i>Years Ended June 30,</i>	RMP			
	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.23827%	0.23898%	0.22853%	0.23339%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ 16,900	\$ 57,174	\$ 29,081	\$ 12,198
State of Alaska Proportionate Share of the Net OPEB Liability	-	-	-	-
Total Net OPEB Liability (Asset)	\$ 16,900	\$ 57,174	\$ 29,081	\$ 12,198
Borough's Covered Payroll	5,875,554	5,641,615	5,600,642	5,619,063
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	0.29%	1.01%	0.52%	0.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	95.23%	83.17%	88.71%	93.98%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	RMP			
	2021	2020	2019	2018
Contractually Required Contributions	\$ 44,771	\$ 42,502	\$ 28,045	\$ 26,641
Contributions Relative to the Contractually Required Contribution	44,771	42,502	28,045	26,641
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	6,220,633	5,875,554	5,641,615	5,600,642
Contributions as a Percentage of Covered Payroll	0.708%	0.723%	0.497%	0.476%

*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
Public Employees' Retirement System - OPEB Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Table 3

<i>Years Ended June 30,</i>	ODD			
	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.23324%	0.23571%	0.22853%	0.23339%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (63,580)	\$ (57,149)	\$ (44,386)	\$ (33,189)
State of Alaska Proportionate Share of the Net OPEB Liability	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (63,580)	\$ (57,149)	\$ (44,386)	\$ (33,189)
Borough's Covered Payroll	5,875,554	5,641,615	5,600,642	5,619,063
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.08%	-1.01%	-0.79%	-0.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	283.80%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	ODD			
	2021	2020	2019	2018
Contractually Required Contributions	\$ 12,774	\$ 10,228	\$ 9,624	\$ 4,911
Contributions Relative to the Contractually Required Contribution	12,774	10,228	9,624	4,911
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	6,220,633	5,875,554	5,641,615	5,600,642
Contributions as a Percentage of Covered Payroll	0.202%	0.174%	0.171%	0.088%

*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
2021	\$ 97,037	\$ 97,037	-	\$ 700,766	13.85%
2020	\$ 115,850	\$ 115,850	-	\$ 725,779	15.96%
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%

See accompanying notes to Required Supplementary Information

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, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

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.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

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.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

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

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

This table is presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.

2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Borough will present only those years for which information is available.

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.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

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.

Ketchikan Gateway Borough, Alaska

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 8,298,643	-	8,298,643
Restricted cash and investments	255,414	-	255,414
Prepaid items	-	65,000	65,000
Receivables:			
Accounts	227,510	-	227,510
Intergovernmental	150,303	199,728	350,031
Interfund advances	270,742	-	270,742
Property taxes	11,639	-	11,639
Sales taxes	<u>397,091</u>	<u>-</u>	<u>397,091</u>
Total Assets	\$ <u>9,611,342</u>	<u>264,728</u>	<u>9,876,070</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 141,036	20,000	161,036
Deposits	73,343	-	73,343
Interfund payable	140,921	244,728	385,649
Interfund advances payable	<u>218,997</u>	<u>-</u>	<u>218,997</u>
Total Liabilities	574,297	264,728	839,025
Deferred Inflows of Resources			
Property tax revenues	<u>11,639</u>	<u>-</u>	<u>11,639</u>
Total Liabilities and Deferred Inflows of Resources	<u>585,936</u>	<u>264,728</u>	<u>850,664</u>
Fund Balances			
Nonspendable - prepaid items	-	-	-
Restricted	6,091,462	-	6,091,462
Committed	2,953,821	-	2,953,821
Unassigned (deficit)	<u>(19,877)</u>	<u>-</u>	<u>(19,877)</u>
Total Fund Balances	<u>9,025,406</u>	<u>-</u>	<u>9,025,406</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>9,611,342</u>	<u>264,728</u>	<u>9,876,070</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 3,460,869	-	3,460,869
Intergovernmental	37,951	-	37,951
Charges for services	3,548,628	-	3,548,628
Water fees	296,503	-	296,503
Commercial passenger vessel tax	-	-	-
Interest subsidy	-	342,829	342,829
Investment earnings	59,704	-	59,704
Proceeds from sale of property	80,383	-	80,383
Miscellaneous	<u>475,224</u>	<u>-</u>	<u>475,224</u>
Total Revenues	<u>7,959,262</u>	<u>342,829</u>	<u>8,302,091</u>
Expenditures			
Current			
Library services	478,079	-	478,079
Fire and EMS	1,263,001	-	1,263,001
Water treatment and distribution	233,409	-	233,409
Public services	3,460,661	-	3,460,661
Capital Outlay	750,308	-	750,308
Debt Service			
Principal retirement	-	1,965,000	1,965,000
Interest and fiscal charges	-	1,380,085	1,380,085
Bond discount	-	14,302	14,302
Bond issuance costs	<u>-</u>	<u>30,187</u>	<u>30,187</u>
Total Expenditures	<u>6,185,458</u>	<u>3,389,574</u>	<u>9,575,032</u>
Less recovery of expenditures from other funds	<u>(3,330)</u>	<u>-</u>	<u>(3,330)</u>
Net Expenditures	<u>6,182,128</u>	<u>3,389,574</u>	<u>9,571,702</u>
Excess (Deficiency) of Revenues Over Expenditures	1,777,134	(3,046,745)	(1,269,611)
Other Financing Sources (Uses)			
Refunding bonds issued	-	4,130,000	4,130,000
Bond premium	-	760,712	760,712
Payment to bond refunding escrow agent	-	(4,952,232)	(4,952,232)
Transfers in	586,198	3,108,265	3,694,463
Transfers out	<u>(2,655,222)</u>	<u>-</u>	<u>(2,655,222)</u>
Total Other Financing Sources (Uses)	<u>(2,069,024)</u>	<u>3,046,745</u>	<u>977,721</u>
Net Change in Fund Balances	(291,890)	-	(291,890)
Fund Balances Beginning of Year	<u>9,317,296</u>	<u>-</u>	<u>9,317,296</u>
Fund Balances End of Year	\$ <u>9,025,406</u>	<u>-</u>	<u>9,025,406</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2021

	<u>Airport PFC</u>	<u>DHSS Traveler Testing</u>	<u>Forest Park Service Area</u>	<u>Gold Nugget Service Area</u>	<u>Health Equity</u>	<u>Homestead Service Area</u>
Assets						
Cash and investments	\$ 651,612	-	45,019	69,167	-	141,015
Restricted cash and investments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Receivables:					-	
Accounts	77,812	-	21	295	104,734	249
Intergovernmental	-	146,317	191	-	-	-
Interfund advances	-	-	-	-	-	-
Property taxes	-	-	714	-	-	-
Sales and excise taxes	-	-	-	-	-	-
Total Assets	\$ <u>729,424</u>	<u>146,317</u>	<u>45,945</u>	<u>69,462</u>	<u>104,734</u>	<u>141,264</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ -	28,031	1,775	-	27,637	1,283
Deposits	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-
Interfund payable	-	<u>43,947</u>	-	-	<u>96,974</u>	-
Total Liabilities	-	71,978	1,775	-	124,611	1,283
Deferred Inflows of Resources						
Property tax revenues	-	-	<u>714</u>	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	<u>71,978</u>	<u>2,489</u>	-	<u>124,611</u>	<u>1,283</u>
Fund Balances						
Restricted	729,424	74,339	43,456	69,462	-	139,981
Committed	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	<u>(19,877)</u>	-
Total Fund Balances	<u>729,424</u>	<u>74,339</u>	<u>43,456</u>	<u>69,462</u>	<u>(19,877)</u>	<u>139,981</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>729,424</u>	<u>146,317</u>	<u>45,945</u>	<u>69,462</u>	<u>104,734</u>	<u>141,264</u>

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

	<u>Land Trust</u>	<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	\$ 2,450,878	56,640	11,354	3,534	304,443	1,655,706
Restricted cash and investments	255,414	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Receivables:						
Accounts	10,267	25	1,587	-	137	12,486
Intergovernmental	-	-	-	-	957	1,297
Interfund advances	270,742	-	-	-	-	-
Property taxes	-	-	-	-	2,725	3,923
Sales and excise taxes	-	-	-	-	-	-
Total Assets	\$ <u>2,987,301</u>	<u>56,665</u>	<u>12,941</u>	<u>3,534</u>	<u>308,262</u>	<u>1,673,412</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 20,139	-	-	-	-	7,893
Deposits	13,341	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Total Liabilities	33,480	-	-	-	-	7,893
Deferred Inflows of Resources						
Property tax revenues	-	-	-	-	2,725	3,923
Total Liabilities and Deferred Inflows of Resources	<u>33,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,725</u>	<u>11,816</u>
Fund Balances						
Restricted	-	56,665	12,941	3,534	305,537	1,661,596
Committed	2,953,821	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total Fund Balances	<u>2,953,821</u>	<u>56,665</u>	<u>12,941</u>	<u>3,534</u>	<u>305,537</u>	<u>1,661,596</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>2,987,301</u>	<u>56,665</u>	<u>12,941</u>	<u>3,534</u>	<u>308,262</u>	<u>1,673,412</u>

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

	<u>Old Dairy Road</u>	<u>Recreation Sales Tax</u>	<u>South Tongass Service Area</u>	<u>Waterfall Service Area</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets					
Cash and investments	\$ 122,861	1,466,233	1,281,072	39,109	8,298,643
Restricted cash and investments	-	-	-	-	255,414
Prepaid items	-	-	-	-	-
Receivables:					
Accounts	-	569	17,372	1,956	227,510
Intergovernmental	22	-	1,519	-	150,303
Interfund advances	-	-	-	-	270,742
Property taxes	-	-	4,277	-	11,639
Sales and excise taxes	-	397,091	-	-	397,091
Total Assets	<u>\$ 122,883</u>	<u>1,863,893</u>	<u>1,304,240</u>	<u>41,065</u>	<u>9,611,342</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ -	26,197	25,523	2,558	141,036
Deposits	-	60,002	-	-	73,343
Interfund advances payable	96,283	-	122,714	-	218,997
Interfund payable	-	-	-	-	140,921
Total Liabilities	96,283	86,199	148,237	2,558	574,297
Deferred Inflows of Resources					
Property tax revenues	-	-	4,277	-	11,639
Total Liabilities and Deferred Inflows of Resources	<u>96,283</u>	<u>86,199</u>	<u>152,514</u>	<u>2,558</u>	<u>585,936</u>
Fund Balances					
Restricted	26,600	1,777,694	1,151,726	38,507	6,091,462
Committed	-	-	-	-	2,953,821
Unassigned (deficit)	-	-	-	-	(19,877)
Total Fund Balances	<u>26,600</u>	<u>1,777,694</u>	<u>1,151,726</u>	<u>38,507</u>	<u>9,025,406</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 122,883</u>	<u>1,863,893</u>	<u>1,304,240</u>	<u>41,065</u>	<u>9,611,342</u>



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Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	<u>Airport PFC</u>	<u>DHSS Traveler Testing</u>	<u>Forest Park Service Area</u>	<u>Gold Nugget Service Area</u>	<u>Health Equity</u>	<u>Homestead Service Area</u>
Revenues						
Taxes	\$ -	-	76,515	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	2,737,779	-	11,774	-	7,545
Water fees	-	-	-	-	-	-
Commercial passenger vessel tax	-	-	-	-	-	-
Investment earnings	3,597	-	417	381	-	794
Proceeds from sale of property	-	-	-	-	-	-
Miscellaneous	<u>274,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,734</u>	<u>-</u>
Total Revenues	<u>278,453</u>	<u>2,737,779</u>	<u>76,932</u>	<u>12,155</u>	<u>104,734</u>	<u>8,339</u>
Expenditures						
Current						
Library services	-	-	-	-	-	-
Fire and EMS	-	-	-	-	-	-
Water treatment and distribution	-	-	-	-	-	-
Public services	-	2,663,440	71,793	13,431	124,611	15,898
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>2,663,440</u>	<u>71,793</u>	<u>13,431</u>	<u>124,611</u>	<u>15,898</u>
Less recovery of expenditures from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Expenditures	<u>-</u>	<u>2,663,440</u>	<u>71,793</u>	<u>13,431</u>	<u>124,611</u>	<u>15,898</u>
Excess (Deficiency) of Revenues Over Expenditures	278,453	74,339	5,139	(1,276)	(19,877)	(7,559)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	23,352
Transfers out	<u>(237,995)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(237,995)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,352</u>
Net Change in Fund Balances	40,458	74,339	5,139	(1,276)	(19,877)	15,793
Fund Balances Beginning of Year	<u>688,966</u>	<u>-</u>	<u>38,317</u>	<u>70,738</u>	<u>-</u>	<u>124,188</u>
Fund Balances End of Year	\$ <u>729,424</u>	<u>74,339</u>	<u>43,456</u>	<u>69,462</u>	<u>(19,877)</u>	<u>139,981</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	<u>Land Trust</u>	<u>Loring Service Area</u>	<u>Mud Bight Service Area</u>	<u>Nichols View Service Area</u>	<u>Nonareawide Library</u>	<u>North Tongass Fire and EMS</u>
Revenues	\$					
Taxes	-	-	-	-	479,656	703,183
Intergovernmental	-	-	-	-	-	19,611
Charges for services	492,160	3,114	13,022	-	-	190,372
Water fees	-	-	-	-	-	-
Commercial passenger vessel tax	-	-	-	-	-	-
Investment earnings	25,599	290	132	-	2,391	8,886
Proceeds from sale of property	80,383	-	-	-	-	-
Miscellaneous	19,076	-	-	-	-	-
Total Revenues	<u>617,218</u>	<u>3,404</u>	<u>13,154</u>	<u>-</u>	<u>482,047</u>	<u>922,052</u>
Expenditures						
Current						
Library services	-	-	-	-	478,079	-
Fire and EMS	-	-	-	-	-	686,109
Water treatment and distribution	-	-	-	-	-	-
Public services	360,985	934	24,654	500	-	-
Capital Outlay	<u>100,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>461,145</u>	<u>934</u>	<u>24,654</u>	<u>500</u>	<u>478,079</u>	<u>686,109</u>
Less recovery of expenditures from other funds	-	-	-	-	-	-
Net Expenditures	<u>461,145</u>	<u>934</u>	<u>24,654</u>	<u>500</u>	<u>478,079</u>	<u>686,109</u>
Excess (Deficiency) of Revenues Over Expenditures	156,073	2,470	(11,500)	(500)	3,968	235,943
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	132,255
Transfers out	(637,263)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(637,263)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,255</u>
Net Change in Fund Balances	(481,190)	2,470	(11,500)	(500)	3,968	368,198
Fund Balances Beginning of Year	<u>3,435,011</u>	<u>54,195</u>	<u>24,441</u>	<u>4,034</u>	<u>301,569</u>	<u>1,293,398</u>
Fund Balances End of Year	<u>\$ 2,953,821</u>	<u>56,665</u>	<u>12,941</u>	<u>3,534</u>	<u>305,537</u>	<u>1,661,596</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	Old Dairy Road	Rasmuson Foundaton	Recreation Sales Tax	South Tongass Service Area	Waterfall Service Area	Total Nonmajor Special Revenue Funds
Revenues						
Taxes	\$ 18,739	-	1,494,352	688,424	-	3,460,869
Intergovernmental	-	-	-	18,340	-	37,951
Charges for services	-	-	-	72,470	20,392	3,548,628
Water fees	-	-	-	296,503	-	296,503
Commercial passenger vessel tax	-	-	-	-	-	-
Investment earnings	-	-	8,939	8,048	230	59,704
Proceeds from sale of property	-	-	-	-	-	80,383
Miscellaneous	-	50,000	-	26,558	-	475,224
Total Revenues	<u>18,739</u>	<u>50,000</u>	<u>1,503,291</u>	<u>1,110,343</u>	<u>20,622</u>	<u>7,959,262</u>
Expenditures						
Current						
Library services	-	-	-	-	-	478,079
Fire and EMS	-	-	-	576,892	-	1,263,001
Water treatment and distribution	-	-	-	233,409	-	233,409
Public services	18,991	50,000	86,399	-	29,025	3,460,661
Capital Outlay	<u>73,060</u>	<u>-</u>	<u>45,941</u>	<u>531,147</u>	<u>-</u>	<u>750,308</u>
Total Expenditures	<u>92,051</u>	<u>50,000</u>	<u>132,340</u>	<u>1,341,448</u>	<u>29,025</u>	<u>6,185,458</u>
Less recovery of expenditures from other funds	-	-	-	(3,330)	-	(3,330)
Net Expenditures	<u>92,051</u>	<u>50,000</u>	<u>132,340</u>	<u>1,338,118</u>	<u>29,025</u>	<u>6,182,128</u>
Excess (Deficiency) of Revenues Over Expenditures	(73,312)	-	1,370,951	(227,775)	(8,403)	1,777,134
Other Financing Sources (Uses)						
Transfers in	100,000	-	162,646	167,945	-	586,198
Transfers out	-	-	(1,779,964)	-	-	(2,655,222)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>(1,617,318)</u>	<u>167,945</u>	<u>-</u>	<u>(2,069,024)</u>
Net Change in Fund Balances	26,688	-	(246,367)	(59,830)	(8,403)	(291,890)
Fund Balances Beginning of Year	<u>(88)</u>	<u>-</u>	<u>2,024,061</u>	<u>1,211,556</u>	<u>46,910</u>	<u>9,317,296</u>
Fund Balances End of Year	\$ <u>26,600</u>	<u>-</u>	<u>1,777,694</u>	<u>1,151,726</u>	<u>38,507</u>	<u>9,025,406</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 Balance
For the Year Ended June 30, 2021

	2021
	Actual
Revenues	
Intergovernmental - interest subsidy	\$ 342,829
 Expenditures	
Debt Service	
Principal retirement	1,965,000
Interest and fiscal charges	1,380,085
Bond discount	14,302
Bond issuance costs	30,187
Total Expenditures	3,389,574
Excess (Deficiency) of Revenues Over Expenditures	(3,046,745)
 Other Financing Sources	
Refunding bonds issued	4,130,000
Bond premium	760,712
Payment to refunding escrow agent	(4,952,232)
Transfers in	3,108,265
Total Other Financing Sources (Uses)	3,046,745
Net Change in Fund Balances	-
Fund Balance Beginning of Year	-
Fund Balance End of Year	-

Ketchikan Gateway Borough, Alaska
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021			Variance On Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental - interest subsidy - bonds	\$ 429,701	429,701	4,424	(425,277)
Intergovernmental - interest subsidy - certificates of Participation	<u>99,395</u>	<u>99,395</u>	<u>338,405</u>	<u>239,010</u>
Total Revenues	<u>529,096</u>	<u>529,096</u>	<u>342,829</u>	<u>(186,267)</u>
Expenditures				
Debt Service				
Principal retirement - bonds	1,990,000	1,990,000	1,965,000	25,000
Principal retirement - certificates of participation	170,000	170,000	-	170,000
Interest and fiscal charges - bonds	1,280,439	1,280,439	1,263,940	16,499
Interest and fiscal charges - certificates of participation	220,877	220,877	116,145	104,732
Bond discount	-	-	4,210	(4,210)
Bond issuance costs	-	-	8,478	(8,478)
Certificates of participation discount	-	-	10,092	(10,092)
Certificates of participation issuance costs	<u>-</u>	<u>-</u>	<u>21,709</u>	<u>(21,709)</u>
Total Expenditures	<u>3,661,316</u>	<u>3,661,316</u>	<u>3,389,574</u>	<u>271,742</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,132,220)	(3,132,220)	(3,046,745)	85,475
Other Financing Sources				
Refunding bonds issued	-	-	1,410,000	1,410,000
Refunding certificates issued	-	-	2,720,000	2,720,000
Bond premium	-	-	174,305	174,305
Certificates of participation premium	-	-	586,407	586,407
Payment to refunding escrow agent	-	-	(4,952,232)	(4,952,232)
Transfers in	<u>3,132,220</u>	<u>3,132,220</u>	<u>3,108,265</u>	<u>(23,955)</u>
Total Other Financing Sources (Uses)	<u>3,132,220</u>	<u>3,132,220</u>	<u>3,046,745</u>	<u>(85,475)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	-	<u>-</u>
Fund Balance Beginning of Year			-	
Fund Balance End of Year			\$ <u>-</u>	



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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.

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.

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 3,117,010	10,445,916
Prepaid items	3,255	-
Receivables:		
Accounts	34,019	92,791
Intergovernmental	1,396,830	176,303
Investment earnings	7,563	9,446
Property taxes	119,667	38,474
Sales taxes	3,917,354	3,066,026
Interfund	<u>5,349,800</u>	<u>1,532,474</u>
Total Assets	\$ <u>13,945,498</u>	<u>15,361,430</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 606,511	406,921
Accrued salaries and benefits	113,995	71,876
Unearned revenues	103,141	114,725
Intergovernmental payable	2,587,413	2,149,813
Deposits payable	<u>5,002</u>	<u>6,770</u>
Total Liabilities	3,416,062	2,750,105
Deferred Inflows of Resources		
Property tax revenues	<u>117,538</u>	<u>38,567</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,533,600</u>	<u>2,788,672</u>
Fund Balance		
Unassigned	<u>10,411,898</u>	<u>12,572,758</u>
Total Fund Balance	<u>10,411,898</u>	<u>12,572,758</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>13,945,498</u>	<u>15,361,430</u>



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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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes:					
Automobile	\$ 60,000	60,000	53,865	(6,135)	50,664
Sales	4,753,616	4,753,616	4,667,631	(85,985)	5,151,380
Penalties and interest	15,000	15,000	17,263	2,263	15,875
Total taxes	<u>4,828,616</u>	<u>4,828,616</u>	<u>4,738,759</u>	<u>(89,857)</u>	<u>5,217,919</u>
Licenses and permits					
Zoning fees	3,500	3,500	4,300	800	4,341
Intergovernmental:					
State fisheries tax	357,500	357,500	311,527	(45,973)	332,744
Community assistance	300,787	300,787	301,750	963	374,560
PERS relief	391,587	391,587	346,863	(44,724)	254,582
State and local PILT	21,500	21,500	45,481	23,981	48,050
Federal payment in lieu of taxes	1,200,000	1,200,000	1,249,843	49,843	1,249,045
Federal operating grant - transit system	1,100,000	1,100,000	1,320,003	220,003	1,100,000
Total intergovernmental	<u>3,371,374</u>	<u>3,371,374</u>	<u>3,575,467</u>	<u>204,093</u>	<u>3,358,981</u>
Charges for services:					
Animal control	45,000	45,000	30,634	(14,366)	33,520
Bus system revenue	220,000	220,000	134,272	(85,728)	157,591
Parks and recreation	855,000	855,000	580,758	(274,242)	671,669
Other revenues	165,500	165,500	102,412	(63,088)	177,517
Total charges for services	<u>1,285,500</u>	<u>1,285,500</u>	<u>848,076</u>	<u>(437,424)</u>	<u>1,040,297</u>
Investment earnings	150,000	150,000	(354,089)	(504,089)	557,509
Total Revenues	<u>9,638,990</u>	<u>9,638,990</u>	<u>8,812,513</u>	<u>(826,477)</u>	<u>10,179,047</u>
Other Financing Sources					
Transfers In:					
Commercial Passenger Vessel Fund	360,236	360,236	360,236	-	844,837
Land Trust Fund	242,969	242,969	242,969	-	242,686
Local Education Fund	113,445	113,445	113,445	-	113,445
Recreation Sales Tax Fund	386,979	386,979	386,979	-	495,296
Total Other Financing Sources	<u>1,103,629</u>	<u>1,103,629</u>	<u>1,103,629</u>	<u>-</u>	<u>1,696,264</u>
Total Revenues and Other Financing Sources	<u>\$ 10,742,619</u>	<u>10,742,619</u>	<u>9,916,142</u>	<u>(826,477)</u>	<u>11,875,311</u>

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

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current:					
General government:					
Mayor and assembly Manager	\$ 121,275	121,275	112,504	8,771	151,986
Clerk	864,024	888,465	838,947	49,518	889,965
Law	487,084	502,556	494,739	7,817	472,825
Finance	383,252	395,644	388,826	6,818	357,382
Assessment	1,584,800	1,619,655	1,642,443	(22,788)	1,490,471
Automation	707,690	720,594	709,501	11,093	623,111
Automation	673,254	679,985	652,673	27,312	567,826
Total general government	<u>4,821,379</u>	<u>4,928,174</u>	<u>4,839,633</u>	<u>88,541</u>	<u>4,553,566</u>
Less recovery of expenditures from other funds	<u>(587,017)</u>	<u>(587,017)</u>	<u>(580,930)</u>	<u>(6,087)</u>	<u>(676,473)</u>
Net general government	<u>4,234,362</u>	<u>4,341,157</u>	<u>4,258,703</u>	<u>82,454</u>	<u>3,877,093</u>
Public services:					
Animal protection	490,899	500,729	499,879	850	456,500
Planning	692,738	709,863	772,016	(62,153)	651,733
Total public services	<u>1,183,637</u>	<u>1,210,592</u>	<u>1,271,895</u>	<u>(61,303)</u>	<u>1,108,233</u>
Parks and recreation	<u>2,557,880</u>	<u>2,575,878</u>	<u>2,345,785</u>	<u>230,093</u>	<u>2,341,794</u>
Public works	<u>1,137,188</u>	<u>1,152,065</u>	<u>1,010,539</u>	<u>141,526</u>	<u>1,014,221</u>
Transit - bus system	<u>2,556,592</u>	<u>2,648,493</u>	<u>2,448,695</u>	<u>199,798</u>	<u>2,330,377</u>
Nondepartmental	<u>190,260</u>	<u>190,260</u>	<u>221,189</u>	<u>(30,929)</u>	<u>188,689</u>
Grants	<u>330,809</u>	<u>330,809</u>	<u>310,014</u>	<u>20,795</u>	<u>334,509</u>
Capital Outlay	<u>622,910</u>	<u>622,910</u>	<u>9,085</u>	<u>613,825</u>	<u>52,228</u>
Total Expenditures	<u>12,813,638</u>	<u>13,072,164</u>	<u>11,875,905</u>	<u>1,196,259</u>	<u>11,247,144</u>
Other Financing Uses					
Transfers Out:					
Airport Enterprise Fund	5,500	5,500	5,500	-	5,500
Homestead Service Area Fund	9,993	9,993	9,993	-	9,993
Local Education Fund	185,604	185,604	185,604	-	189,890
Total Other Financing Uses	<u>201,097</u>	<u>201,097</u>	<u>201,097</u>	<u>-</u>	<u>205,383</u>
Total Expenditures and Other Financing Uses	<u>13,014,735</u>	<u>13,273,261</u>	<u>12,077,002</u>	<u>1,196,259</u>	<u>11,452,527</u>
Net Change in Fund Balance	\$ <u>(2,272,116)</u>	<u>(2,530,642)</u>	(2,160,860)	<u>369,782</u>	422,784
Fund Balance Beginning of Year			<u>12,572,758</u>		<u>12,149,974</u>
Fund Balance End of Year			\$ <u>10,411,898</u>		<u>12,572,758</u>

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Restricted cash and investments	\$ 2,635,655	3,535,379
Accounts receivable	<u>1,184</u>	<u>1,965</u>
Total Assets	\$ <u>2,636,839</u>	<u>3,537,344</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>102,906</u>	<u>346</u>
Fund Balance		
Restricted for commercial passenger vessel impact	<u>2,533,933</u>	<u>3,536,998</u>
Total Liabilities and Fund Balance	\$ <u>2,636,839</u>	<u>3,537,344</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Commercial passenger vessel tax	\$ -	-	-	-	2,723,867
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>15,931</u>	<u>931</u>	<u>26,275</u>
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>15,931</u>	<u>931</u>	<u>2,750,142</u>
Expenditures					
Current					
Public services	628,322	628,322	457,662	170,660	589,293
Capital Outlay	<u>294,900</u>	<u>294,900</u>	<u>-</u>	<u>294,900</u>	<u>-</u>
Total Expenditures	<u>923,222</u>	<u>923,222</u>	<u>457,662</u>	<u>465,560</u>	<u>589,293</u>
Excess of Revenues Over Expenditures	(908,222)	(908,222)	(441,731)	466,491	2,160,849
Other Financing Uses					
Transfers out	<u>(561,334)</u>	<u>(561,334)</u>	<u>(561,334)</u>	<u>-</u>	<u>(1,287,967)</u>
Net Change in Fund Balance	\$ <u>(1,469,556)</u>	<u>(1,469,556)</u>	(1,003,065)	<u>466,491</u>	872,882
Fund Balance Beginning of Year			<u>3,536,998</u>		<u>2,664,116</u>
Fund Balance End of Year		\$	<u>2,533,933</u>		<u>3,536,998</u>

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 4,046,949	4,952,074
Receivables:		
Accounts	1,832	2,752
Intergovernmental	-	350,551
Sales taxes	<u>397,091</u>	<u>304,511</u>
Total Assets	<u>\$ 4,445,872</u>	<u>5,609,888</u>
 Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>300,349</u>	<u>878,070</u>
 Fund Balance		
Restricted for education	<u>4,145,523</u>	<u>4,731,818</u>
Total Liabilities and Fund Balance	<u>\$ 4,445,872</u>	<u>5,609,888</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,547,915	1,547,915	1,488,597	(59,318)	1,676,185
Intergovernmental	-	-	-	-	1,009,767
Penalties and interest	5,000	5,000	5,754	754	5,266
Miscellaneous	-	-	2,095	2,095	-
Investment earnings	<u>80,000</u>	<u>80,000</u>	<u>22,980</u>	<u>(57,020)</u>	<u>74,903</u>
Total Revenues	<u>1,632,915</u>	<u>1,632,915</u>	<u>1,519,426</u>	<u>(113,489)</u>	<u>2,766,121</u>
Expenditures					
Current					
Public Service	600	600	41,282	(40,682)	-
Capital Outlay	<u>100,000</u>	<u>539,250</u>	<u>270,965</u>	<u>268,285</u>	<u>879,053</u>
Total Expenditures	<u>100,600</u>	<u>539,850</u>	<u>312,247</u>	<u>227,603</u>	<u>879,053</u>
Excess (Deficiency) of Revenues Over Expenditures	1,532,315	1,093,065	1,207,179	114,114	1,887,068
Other Financing Sources (Uses)					
Transfers in	-	-	102,627	102,627	13,688
Transfers out	<u>(1,911,155)</u>	<u>(1,911,155)</u>	<u>(1,896,101)</u>	<u>15,054</u>	<u>(3,292,508)</u>
Total Other Financing Sources (Uses)	<u>(1,911,155)</u>	<u>(1,911,155)</u>	<u>(1,793,474)</u>	<u>117,681</u>	<u>(3,278,820)</u>
Net Change in Fund Balance	\$ <u>(378,840)</u>	<u>(818,090)</u>	(586,295)	<u>231,795</u>	(1,391,752)
Fund Balance Beginning of Year			<u>4,731,818</u>		<u>6,123,570</u>
Fund Balance End of Year		\$	<u>4,145,523</u>		<u>4,731,818</u>

Ketchikan Gateway Borough, Alaska
Local Education Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and investments	\$ -	1,038,295
Receivables:		
Accounts	-	576
Due to/from component unit	3,347,953	2,526,399
Property	119,681	52,293
Taxes	331,488	355,064
Total Assets	\$ 3,799,122	3,972,627
Liabilities and Fund Balance		
Liabilities		
Interfund payable	\$ 830,474	-
Deferred Inflows of Resources		
Property tax revenue	117,955	51,850
Total Liabilities and Deferred Inflows of Resources	948,429	51,850
Fund Balance		
Restricted for education	2,850,693	3,920,777
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,799,122	3,972,627

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, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Property taxes	\$ 7,601,157	7,601,157	7,573,785	(27,372)	7,481,092
Excise taxes	1,370,000	1,370,000	1,238,606	(131,394)	1,299,368
Intergovernmental	812,880	812,880	749,633	(63,247)	847,305
Investment earnings	<u>75,000</u>	<u>75,000</u>	<u>29,320</u>	<u>(45,680)</u>	<u>106,732</u>
Total Revenues	<u>9,859,037</u>	<u>9,859,037</u>	<u>9,591,344</u>	<u>(267,693)</u>	<u>9,734,497</u>
Expenditures					
Current					
Education	10,904,447	10,904,447	10,898,897	5,550	10,797,829
Excess (Deficiency) of Revenues Over Expenditures	(1,045,410)	(1,045,410)	(1,307,553)	(262,143)	(1,063,332)
Other Financing Sources (Uses)					
Transfers in	428,623	428,623	423,073	(5,550)	406,520
Transfers out	<u>(185,604)</u>	<u>(185,604)</u>	<u>(185,604)</u>	<u>-</u>	<u>(185,604)</u>
Total Other Financing Sources (Uses)	<u>243,019</u>	<u>243,019</u>	<u>237,469</u>	<u>(5,550)</u>	<u>220,916</u>
Net Change in Fund Balance	\$ <u><u>(802,391)</u></u>	<u><u>(802,391)</u></u>	(1,070,084)	<u><u>(267,693)</u></u>	(842,416)
Fund Balance Beginning of Year			<u>3,920,777</u>		<u>4,763,193</u>
Fund Balance End of Year		\$	<u><u>2,850,693</u></u>		<u><u>3,920,777</u></u>

Ketchikan Gateway Borough, Alaska
State & Federal Grants Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ -	4,277,030
Prepaid items	6,451,407	6,493,020
Intergovernmental receivable	<u>5,532,243</u>	<u>358,706</u>
Total Assets	\$ <u>11,983,650</u>	<u>11,128,756</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 48,986	108,953
Interfund payable	1,409,337	-
Unearned revenue	<u>10,525,327</u>	<u>11,019,803</u>
Total Liabilities	11,983,650	11,128,756
Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>11,983,650</u>	<u>11,128,756</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Intergovernmental	\$ 12,799,545	519,772
Miscellaneous	<u>1,480,000</u>	<u>-</u>
Total Revenues	<u>14,279,545</u>	<u>519,772</u>
Expenditures		
Current		
Public services	13,179,245	519,772
Capital Outlay	<u>1,100,300</u>	<u>-</u>
Total Expenditures	<u>14,279,545</u>	<u>519,772</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 various airlines. These funds are used to pay for the principal and interest payments of the Airport revenue bonds.

Department of Health and Social Services (DHSS) Traveler Testing Special Revenue Fund – This fund is used to account for and process payments for services provided for COVID-19 traveler testing and to receive reimbursements from the State of Alaska per a Memorandum of Agreement between Ketchikan Gateway Borough and the State of Alaska.

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.

Health Equity Fund – This fund is used to account for expenditures used to help with improving efforts and increase access to COVID-19 testing, build capacity to increase access to COVID-19 vaccines, with the intention of decreasing health inequities in the community.

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.

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

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.

Old Dairy Road 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.

Rasmuson Fund – This fund is used to account for revenue received from the Rasmuson Foundation to pass onto nonprofits in the community.

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 was used to account for the collections of excise taxes on tobacco products. Eighty-five percent of the net proceeds were transferred to the Local Education Fund. The remaining fifteen percent is to be spent on cessation programs. This balance of this fund was transferred to the Local Education Fund in fiscal year 2019 and closed out.

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 651,612	657,592
Accounts receivable	<u>77,812</u>	<u>31,374</u>
Total Assets	\$ <u>729,424</u>	<u>688,966</u>
Fund Balance		
Restricted for airport projects	\$ <u>729,424</u>	<u>688,966</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
PFC revenues	\$ 395,000	395,000	274,856	(120,144)	304,632
Investment earnings	<u>17,000</u>	<u>17,000</u>	<u>3,597</u>	<u>(13,403)</u>	<u>12,894</u>
Total Revenues	<u>412,000</u>	<u>412,000</u>	<u>278,453</u>	<u>(133,547)</u>	<u>317,526</u>
Other Financing Uses					
Transfers out	<u>(300,000)</u>	<u>(360,000)</u>	<u>(237,995)</u>	<u>122,005</u>	<u>(810,022)</u>
Net Change in Fund Balance	\$ <u>112,000</u>	<u>52,000</u>	40,458	<u>(11,542)</u>	(492,496)
Fund Balance Beginning of Year			688,966		<u>1,181,462</u>
Fund Balance End of Year			\$ <u>729,424</u>		<u>688,966</u>

Ketchikan Gateway Borough, Alaska
DHSS Traveler Testing Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Receivables		
Intergovernmental	\$ <u>146,317</u>	<u>154,128</u>
 Liabilities		
Accounts payable	\$ 28,031	64,503
Interfund payable	<u>43,947</u>	<u>89,625</u>
 Total Liabilities	 <u>71,978</u>	 <u>154,128</u>
 Fund Balance		
Restricted for public safety	<u>74,339</u>	<u>-</u>
 Total Liabilities and Fund Balance	 \$ <u>146,317</u>	 <u>154,128</u>

Ketchikan Gateway Borough, Alaska
DHSS Traveler Testing Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ -	-	2,737,779	2,737,779	154,128
Expenditures					
Current					
Public services	-	935,360	2,663,440	(1,728,080)	154,128
Net Change in Fund Balance	\$ -	(935,360)	74,339	4,465,859	-
Fund Balance Beginning of Year			-		-
Fund Balance End of Year			\$ 74,339		-

Ketchikan Gateway Borough, Alaska
Forest Park Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 45,019	38,640
Receivables:		
Accounts	21	21
Intergovernmental	191	206
Property taxes	<u>714</u>	<u>795</u>
Total Assets	<u>\$ 45,945</u>	<u>39,662</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 1,775	550
Deferred Inflows of Resources		
Property tax revenue	<u>714</u>	<u>795</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,489</u>	<u>1,345</u>
Fund Balance		
Restricted for road maintenance	<u>43,456</u>	<u>38,317</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 45,945</u>	<u>39,662</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 76,665	76,665	76,515	(150)	75,250
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>417</u>	<u>(583)</u>	<u>977</u>
Total Revenues	<u>77,665</u>	<u>77,665</u>	<u>76,932</u>	<u>(733)</u>	<u>76,227</u>
Expenditures					
Current					
Public services	<u>76,320</u>	<u>76,320</u>	<u>71,793</u>	<u>4,527</u>	<u>120,603</u>
Net Change in Fund Balance	\$ <u>1,345</u>	<u>1,345</u>	5,139	<u>3,794</u>	(44,376)
Fund Balance Beginning of Year			<u>38,317</u>		<u>82,693</u>
Fund Balance End of Year		\$	<u>43,456</u>		<u>38,317</u>

Ketchikan Gateway Borough, Alaska
Gold Nugget Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and investments	\$ 69,167	70,056
Accounts receivable	295	682
Total Assets	\$ 69,462	70,738
Fund Balance		
Restricted for road maintenance	\$ 69,462	70,738

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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 12,000	12,000	11,774	(226)	12,072
Investment earnings	950	950	381	(569)	914
Total Revenues	12,950	12,950	12,155	(795)	12,986
Expenditures					
Current					
Public services	33,920	33,920	13,431	20,489	13,917
Net Change in Fund Balance	\$ <u>(20,970)</u>	<u>(20,970)</u>	(1,276)	<u>19,694</u>	(931)
Fund Balance Beginning of Year			70,738		71,669
Fund Balance End of Year		\$ <u>69,462</u>			<u>70,738</u>

Ketchikan Gateway Borough, Alaska
Health Equity Special Revenue Fund
Balance Sheet
June 30, 2021

	<u>2021</u>
Assets	
Cash and investments	\$ -
Accounts receivable	<u>104,734</u>
Total Assets	<u>\$ 104,734</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 27,637
Interfund payable	<u>96,974</u>
Total Liabilities	<u>124,611</u>
Fund Balance	
Unassigned Deficit	<u>(19,877)</u>
Total Liabilities and Fund Balance	<u>\$ 104,734</u>

Ketchikan Gateway Borough, Alaska
Health Equity Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021			Variance On Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Charges for services	\$ -	-	104,734	104,734
Total Revenues	<u>-</u>	<u>-</u>	<u>104,734</u>	<u>104,734</u>
Expenditures				
Current				
Public services	-	745,486	124,611	620,875
Net Change in Fund Balance	\$ <u>-</u>	<u>(745,486)</u>	(19,877)	<u>725,609</u>
Fund Balance Beginning of Year			-	
Fund Balance End of Year			\$ <u>(19,877)</u>	

Ketchikan Gateway Borough, Alaska
Homestead Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and investments	\$ 141,015	123,860
Accounts receivable	<u>249</u>	<u>396</u>
Total Assets	\$ <u>141,264</u>	<u>124,256</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>1,283</u>	<u>68</u>
Fund Balance		
Restricted for road maintenance	<u>139,981</u>	<u>124,188</u>
Total Liabilities and Fund Balance	\$ <u>141,264</u>	<u>124,256</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 7,170	7,170	7,545	375	8,920
Investment earnings	<u>1,700</u>	<u>1,700</u>	<u>794</u>	<u>(906)</u>	<u>1,555</u>
Total Revenues	<u>8,870</u>	<u>8,870</u>	<u>8,339</u>	<u>(531)</u>	<u>10,475</u>
Expenditures					
Current					
Public services	<u>27,602</u>	<u>27,602</u>	<u>15,898</u>	<u>11,704</u>	<u>53,789</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,732)	(18,732)	(7,559)	11,173	(43,314)
Other Financing Sources					
Transfers in	<u>23,352</u>	<u>23,352</u>	<u>23,352</u>	<u>-</u>	<u>23,352</u>
Net Change in Fund Balance	\$ <u>4,620</u>	<u>4,620</u>	15,793	<u>11,173</u>	(19,962)
Fund Balance Beginning of Year			<u>124,188</u>		<u>144,150</u>
Fund Balance End of Year			\$ <u>139,981</u>		<u>124,188</u>

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments:		
Unrestricted	\$ 2,450,878	2,869,441
Restricted	255,414	429,473
Receivables:		
Accounts	10,267	5,567
Interfund advances	<u>270,742</u>	<u>176,595</u>
Total Assets	\$ <u>2,987,301</u>	<u>3,481,076</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 20,139	9,224
Deposits	<u>13,341</u>	<u>36,841</u>
Total Liabilities	<u>33,480</u>	<u>46,065</u>
Fund Balance		
Committed:		
Noncurrent portion of advances	88,845	80,854
Borough-owned land management	<u>2,864,976</u>	<u>3,354,157</u>
Total Fund Balance	<u>2,953,821</u>	<u>3,435,011</u>
Total Liabilities and Fund Balance	\$ <u>2,987,301</u>	<u>3,481,076</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 471,095	471,095	492,160	21,065	468,362
Intergovernmental	6,531	6,531	-	(6,531)	-
Investment earnings	45,000	45,000	25,599	(19,401)	55,262
Proceeds from sale of property	50,000	50,000	80,383	30,383	34,682
Miscellaneous	15,000	15,000	19,076	4,076	-
Total Revenues	587,626	587,626	617,218	29,592	558,306
Expenditures					
Current					
Public services	362,815	592,815	360,985	231,830	367,389
Capital Outlay	125,000	225,000	100,160	124,840	-
Total Expenditures	487,815	817,815	461,145	356,670	367,389
Excess (Deficiency) of Revenues Over Expenditures	99,811	(230,189)	156,073	386,262	190,917
Other Financing Uses					
Transfers out	(634,451)	(709,451)	(637,263)	72,188	(547,585)
Net Change in Fund Balance	\$ (534,640)	(939,640)	(481,190)	458,450	(356,668)
Fund Balance Beginning of Year			3,435,011		3,791,679
Fund Balance End of Year			\$ 2,953,821		3,435,011

Ketchikan Gateway Borough, Alaska
Loring Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and investments	\$ 56,640	54,163
Accounts receivable	25	32
Total Assets	\$ 56,665	54,195
Fund Balance		
Restricted for dock improvements	\$ 56,665	54,195

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, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 3,075	3,075	3,114	39	3,056
Intergovernmental	35,772	35,772	-	(35,772)	-
Investment earnings	650	650	290	(360)	657
Miscellaneous	-	-	-	-	378
Total Revenues	39,497	39,497	3,404	(36,093)	4,091
Expenditures					
Current					
Public services	38,870	38,870	934	37,936	1,062
Net Change in Fund Balance	\$ <u>627</u>	<u>627</u>	2,470	<u>1,843</u>	3,029
Fund Balance Beginning of Year			54,195		51,166
Fund Balance End of Year		\$	56,665		54,195

Ketchikan Gateway Borough, Alaska
Mud Bight Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 11,354	23,016
Accounts receivable	<u>1,587</u>	<u>1,425</u>
Total Assets	\$ <u>12,941</u>	<u>24,441</u>
Fund Balance		
Restricted for road maintenance	\$ <u>12,941</u>	<u>24,441</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 13,110	13,110	13,022	(88)	13,528
Investment earnings	500	500	132	(368)	467
Total Revenues	13,610	13,610	13,154	(456)	13,995
Expenditures					
Current					
Public services	26,500	26,500	24,654	1,846	31,432
Net Change in Fund Balance	\$ <u>(12,890)</u>	<u>(12,890)</u>	(11,500)	<u>1,390</u>	(17,437)
Fund Balance Beginning of Year			24,441		41,878
Fund Balance End of Year			\$ <u>12,941</u>		<u>24,441</u>

Ketchikan Gateway Borough, Alaska
Nichols View Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ <u>3,534</u>	<u>4,034</u>
Fund Balance		
Restricted for road maintenance	\$ <u>3,534</u>	<u>4,034</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current					
Public services	\$ 500	500	500	-	500
Net Change in Fund Balance	\$ <u>(500)</u>	<u>(500)</u>	(500)	<u>-</u>	(500)
Fund Balance Beginning of Year			<u>4,034</u>		<u>4,534</u>
Fund Balance End of Year		\$ <u>3,534</u>			<u>4,034</u>

Ketchikan Gateway Borough, Alaska
Nonareawide Library Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 304,443	300,369
Receivables:		
Accounts	137	167
Intergovernmental	957	1,033
Property taxes	<u>2,725</u>	<u>2,174</u>
Total Assets	\$ <u>308,262</u>	<u>303,743</u>
 Deferred Inflows of Resources and Fund Balance		
 Deferred Inflows of Resources		
Property tax revenue	\$ <u>2,725</u>	<u>2,174</u>
 Fund Balance		
Restricted for library operations	<u>305,537</u>	<u>301,569</u>
Total Deferred Inflows of Resources and Fund Balance	\$ <u>308,262</u>	<u>303,743</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 472,059	472,059	479,656	7,597	470,333
Investment earnings	<u>6,000</u>	<u>6,000</u>	<u>2,391</u>	<u>(3,609)</u>	<u>5,602</u>
Total Revenues	<u>478,059</u>	<u>478,059</u>	<u>482,047</u>	<u>3,988</u>	<u>475,935</u>
Expenditures					
Current					
Library services	<u>478,079</u>	<u>478,079</u>	<u>478,079</u>	<u>-</u>	<u>464,839</u>
Net Change in Fund Balance	\$ <u>(20)</u>	<u>(20)</u>	3,968	<u>3,988</u>	11,096
Fund Balance Beginning of Year			<u>301,569</u>		<u>290,473</u>
Fund Balance End of Year			\$ <u>305,537</u>		<u>301,569</u>

Ketchikan Gateway Borough, Alaska
North Tongass Fire and EMS Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 1,655,706	1,291,733
Prepaid items	-	4,824
Receivables:		
Accounts	12,486	6,517
Intergovernmental	1,297	1,400
Property taxes	<u>3,923</u>	<u>1,142</u>
Total Assets	\$ <u>1,673,412</u>	<u>1,305,616</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 7,893	11,076
Deferred Inflows of Resources		
Property tax revenue	<u>3,923</u>	<u>1,142</u>
Total Liabilities and Deferred Inflows of Resources	<u>11,816</u>	<u>12,218</u>
Fund Balance		
Nonspendable - prepaid item	-	4,824
Restricted for public safety	<u>1,661,596</u>	<u>1,288,574</u>
Total Fund Balance	<u>1,661,596</u>	<u>1,293,398</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>1,673,412</u>	<u>1,305,616</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 708,577	708,577	703,183	(5,394)	693,418
Intergovernmental	19,659	19,659	19,611	(48)	14,801
Service area fees	134,400	134,400	125,200	(9,200)	120,304
Investment earnings	16,000	16,000	8,886	(7,114)	16,036
EMS revenues	75,000	75,000	65,172	(9,828)	66,995
Miscellaneous	-	-	-	-	10,868
Total Revenues	953,636	953,636	922,052	(31,584)	922,422
Expenditures					
Current					
Fire and EMS	893,752	908,837	686,109	222,728	600,503
Capital Outlay	-	53,952	-	53,952	12,313
Total Expenditures	893,752	962,789	686,109	276,680	612,816
Excess (Deficiency) of Revenues Over Expenditures	59,884	(9,153)	235,943	245,096	309,606
Other Financing Sources					
Transfers in	132,255	132,255	132,255	-	170,400
Net Change in Fund Balance	\$ 192,139	123,102	368,198	245,096	480,006
Fund Balance Beginning of Year			1,293,398		813,392
Fund Balance End of Year		\$	1,661,596		1,293,398

Ketchikan Gateway Borough, Alaska
Old Dairy Road Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and investments	\$ 122,861	-
Receivables:		
Intergovernmental	22	-
Total Assets	\$ 122,883	-
 Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ -	83
Interfund advances payable	96,283	-
Interfund payable	-	5
Total Liabilities	96,283	88
 Fund Balance		
Restricted for road maintenance	26,600	(88)
Total Liabilities and Fund Balance	\$ 122,883	-

Ketchikan Gateway Borough, Alaska
Old Dairy Road Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 18,671	18,671	18,739	68	-
Total Revenues	<u>18,671</u>	<u>18,671</u>	<u>18,739</u>	<u>68</u>	<u>-</u>
Expenditures					
Current					
Public services	19,535	19,535	18,991	544	88
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>73,060</u>	<u>26,940</u>	<u>-</u>
Total Expenditures	<u>119,535</u>	<u>119,535</u>	<u>92,051</u>	<u>27,484</u>	<u>88</u>
Excess of Revenues Over Expenditures	(100,864)	(100,864)	(73,312)	27,552	(88)
Other Financing Sources					
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(864)</u>	<u>(864)</u>	26,688	<u>27,552</u>	(88)
Fund Balance Beginning of Year			<u>(88)</u>		<u>-</u>
Fund Balance End of Year			\$ <u><u>26,600</u></u>		<u><u>(88)</u></u>



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Ketchikan Gateway Borough, Alaska
Rasmuson Foundation Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021			
	Original Budget	Final Budget	Actual	Variance On Final Budget
Revenues				
Miscellaneous	\$ -	-	50,000	50,000
Total Revenues	-	-	50,000	50,000
Expenditures				
Current				
Public services	-	50,000	50,000	-
Net Change in Fund Balance	\$ -	(50,000)	-	50,000
Fund Balance Beginning of Year			-	
Fund Balance End of Year			\$ -	

Ketchikan Gateway Borough, Alaska
Recreation Sales Tax Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 1,466,233	1,732,587
Receivables:		
Accounts	569	963
Sales tax receivable	<u>397,091</u>	<u>304,511</u>
Total Assets	\$ <u>1,863,893</u>	<u>2,038,061</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 26,197	14,000
Deposits	<u>60,002</u>	<u>-</u>
Total Liabilities	<u>86,199</u>	<u>14,000</u>
Fund Balance		
Restricted for recreation	<u>1,777,694</u>	<u>2,024,061</u>
Total Liabilities and Fund Balance	\$ <u>1,863,893</u>	<u>2,038,061</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,547,915	1,547,915	1,488,597	(59,318)	1,676,185
Intergovernmental	-	-	-	-	87,776
Penalties and interest	5,000	5,000	5,755	755	5,266
Investment earnings	40,000	40,000	8,939	(31,061)	29,444
Total Revenues	<u>1,592,915</u>	<u>1,592,915</u>	<u>1,503,291</u>	<u>(89,624)</u>	<u>1,798,671</u>
Expenditures					
Current					
Public services	15,700	15,700	86,399	(70,699)	65,908
Capital Outlay	<u>255,000</u>	<u>255,000</u>	<u>45,941</u>	<u>209,059</u>	<u>746,616</u>
Total Expenditures	<u>270,700</u>	<u>270,700</u>	<u>132,340</u>	<u>138,360</u>	<u>812,524</u>
Excess of Revenues Over Expenditures	1,322,215	1,322,215	1,370,951	48,736	986,147
Other Financing Sources (Uses)					
Transfers in	162,646	162,646	162,646	-	162,751
Transfers out	<u>(1,722,227)</u>	<u>(1,722,227)</u>	<u>(1,779,964)</u>	<u>(57,737)</u>	<u>(1,856,048)</u>
Total Other Financing Sources (Uses)	<u>(1,559,581)</u>	<u>(1,559,581)</u>	<u>(1,617,318)</u>	<u>(57,737)</u>	<u>(1,693,297)</u>
Net Change in Fund Balance	\$ <u>(237,366)</u>	<u>(237,366)</u>	(246,367)	<u>(9,001)</u>	(707,150)
Fund Balance Beginning of Year			<u>2,024,061</u>		<u>2,731,211</u>
Fund Balance End of Year		\$ <u>1,777,694</u>			<u>2,024,061</u>

Ketchikan Gateway Borough, Alaska
South Tongass Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 1,281,072	1,287,332
Prepaid items	-	4,824
Receivables:		
Accounts	17,372	16,734
Intergovernmental	1,519	1,652
Property taxes	<u>4,277</u>	<u>6,995</u>
Total Assets	\$ <u>1,304,240</u>	<u>1,317,537</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 25,523	20,226
Advances payable	<u>122,714</u>	<u>78,760</u>
Total Liabilities	148,237	98,986
Deferred Inflows of Resources		
Property tax revenues	<u>4,277</u>	<u>6,995</u>
Total Liabilities and Deferred Inflows of Resources	<u>152,514</u>	<u>105,981</u>
Fund Balance		
Nonspendable - Prepaid items	-	4,824
Restricted for public safety and water	<u>1,151,726</u>	<u>1,206,732</u>
Total Fund Balance	<u>1,151,726</u>	<u>1,211,556</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>1,304,240</u>	<u>1,317,537</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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ -	-	-	-	26,496
Taxes	675,180	675,180	688,424	13,244	667,688
Intergovernmental	32,158	32,158	18,340	(13,818)	19,596
Water fees	304,201	304,201	296,503	(7,698)	304,863
Investment earnings	18,000	18,000	8,048	(9,952)	17,071
EMS revenue	65,000	65,000	72,470	7,470	57,630
Miscellaneous	<u>38,400</u>	<u>38,400</u>	<u>26,558</u>	<u>(11,842)</u>	<u>3,243</u>
Total Revenues	<u>1,132,939</u>	<u>1,132,939</u>	<u>1,110,343</u>	<u>(22,596)</u>	<u>1,096,587</u>
Expenditures					
Current					
Fire and EMS	759,431	771,708	576,892	194,816	642,697
Water treatment and distribution	484,626	484,626	233,409	251,217	319,451
Capital Outlay	<u>347,000</u>	<u>544,000</u>	<u>531,147</u>	<u>12,853</u>	<u>33,508</u>
Total Expenditures	1,591,057	1,800,334	1,341,448	458,886	995,656
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>1,587,727</u>	<u>1,797,004</u>	<u>1,338,118</u>	<u>458,886</u>	<u>992,326</u>
Excess (Deficiency) of Revenues Over Expenditures	(454,788)	(664,065)	(227,775)	436,290	104,261
Other Financing Sources					
Transfers in	<u>92,945</u>	<u>92,945</u>	<u>167,945</u>	<u>75,000</u>	<u>188,400</u>
Net Change in Fund Balance	\$ <u>(361,843)</u>	<u>(571,120)</u>	(59,830)	<u>511,290</u>	292,661
Fund Balance Beginning of Year			<u>1,211,556</u>		<u>918,895</u>
Fund Balance End of Year			\$ <u>1,151,726</u>		<u>1,211,556</u>

Ketchikan Gateway Borough, Alaska
Waterfall Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and investments	\$ 39,109	44,203
Accounts receivable	1,956	2,707
Total Assets	\$ 41,065	46,910
 Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 2,558	-
 Fund Balance		
Restricted for road maintenance	38,507	46,910
Total Liabilities and Fund Balance	\$ 41,065	46,910

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, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 37,625	37,625	20,392	(17,233)	36,112
Investment earnings	600	600	230	(370)	587
Total Revenues	<u>38,225</u>	<u>38,225</u>	<u>20,622</u>	<u>(17,603)</u>	<u>36,699</u>
Expenditures					
Current					
Public services	32,525	32,525	29,025	3,500	32,075
Net Change in Fund Balance	\$ <u>5,700</u>	<u>5,700</u>	(8,403)	<u>(14,103)</u>	4,624
Fund Balance Beginning of Year			46,910		42,286
Fund Balance End of Year			\$ <u>38,507</u>		<u>46,910</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Restricted cash and investments	\$ <u>636,215</u>	<u>738,730</u>
Fund Balance		
Restricted for capital projects	\$ <u>636,215</u>	<u>738,730</u>

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Investment earnings	\$ 112	352
Excess (Deficiency) of Revenues Over Expenditures	112	352
Other Financing Sources (Uses)		
Transfers out	(102,627)	(13,688)
Net Change in Fund Balance	(102,515)	(13,336)
Fund Balance Beginning of Year	738,730	752,066
Fund Balance End of Year	\$ 636,215	738,730



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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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and investments	\$ 8,826,113	6,411,208
Receivables:		
Accounts, net	352,866	210,536
Intergovernmental	<u>62,615</u>	<u>13,710</u>
Total Current Assets	<u>9,241,594</u>	<u>6,635,454</u>
Noncurrent Assets		
Net other postemployment benefits asset	247,598	16,992
Capital Assets		
Non-depreciable	4,097,934	4,238,471
Depreciable, net	<u>13,877,153</u>	<u>14,823,424</u>
Total Noncurrent Assets	<u>18,222,685</u>	<u>19,078,887</u>
Total Assets	<u>27,464,279</u>	<u>25,714,341</u>
Deferred Outflows of Resources		
Related to pensions	369,617	273,126
Related to OPEB	<u>186,395</u>	<u>244,115</u>
Total Assets and Deferred Outflows of Resources	\$ <u>28,020,291</u>	<u>26,231,582</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 149,543	76,888
Compensated absences payable	<u>246,646</u>	<u>157,790</u>
Total Current Liabilities	<u>396,189</u>	<u>234,678</u>
Long-Term Liabilities, Net of Current Portion		
Compensated absences payable	59,199	131,802
Net pension liability	2,992,446	2,865,228
Net OPEB liability	<u>4,824</u>	<u>172,112</u>
Total Long-Term Liabilities	<u>3,056,469</u>	<u>3,169,142</u>
Total Liabilities	<u>3,452,658</u>	<u>3,403,820</u>
Deferred Inflows of Resources		
Related to pensions	17,150	190,892
Related to OPEB	<u>198,883</u>	<u>158,209</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,668,691</u>	<u>3,752,921</u>
Net Position		
Net investment in capital assets	17,975,087	19,061,895
Unrestricted	<u>6,376,513</u>	<u>3,416,766</u>
Total Net Position	\$ <u>24,351,600</u>	<u>22,478,661</u>

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for services	\$ 4,634,081	5,337,555
Operating Expenses		
Personnel services	3,193,228	2,652,630
Supplies and services	1,456,661	1,651,104
Insurance	244,103	234,889
Depreciation	1,204,570	1,195,244
Total Operating Expenses	<u>6,098,562</u>	<u>5,733,867</u>
Operating (Gain) Loss	(1,464,481)	(396,312)
Non-Operating Revenues (Expenses)		
Interest and fiscal charges	-	(626)
Gain on disposal of capital assets	-	-
Investment income	33,787	64,882
Operating grants	3,025,440	964,306
Total Non-Operating Revenues (Expenses)	<u>3,059,227</u>	<u>1,028,562</u>
Income (Loss) Before Capital Contributions and Transfers	1,594,746	632,250
Capital contributions	-	5,233
Transfers in	278,193	958,652
Change in Net Position	1,872,939	1,596,135
Net Position Beginning of Year	<u>22,478,661</u>	<u>20,882,526</u>
Net Position End of Year	\$ <u>24,351,600</u>	<u>22,478,661</u>

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 4,491,751	5,307,882
Cash payments to employees for services	(3,619,490)	(3,194,645)
Cash payments for goods and services	<u>(1,677,014)</u>	<u>(1,982,758)</u>
Net Cash Provided by Operating Activities	<u>(804,753)</u>	<u>130,479</u>
Cash Flows from Noncapital Financing Activities		
Operating grants	3,025,440	964,306
Transfers in	<u>278,193</u>	<u>958,652</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,303,633</u>	<u>1,922,958</u>
Cash Flows from Capital and Related Financing Activities		
Sale of capital assets	-	-
Capital grant	-	5,233
Interest paid on debt service	-	(626)
Interfund advance payable	-	(33,090)
Payments for capital acquisitions and construction	<u>(117,762)</u>	<u>(201,924)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(117,762)</u>	<u>(230,407)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>33,787</u>	<u>64,882</u>
Net Increase in Cash and Cash Equivalents	2,414,905	1,887,912
Cash and Cash Equivalents Beginning of Year	<u>6,411,208</u>	<u>4,523,296</u>
Cash and Cash Equivalents End of Year	<u>\$ 8,826,113</u>	<u>6,411,208</u>

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows, continued

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	\$ (1,464,481)	(396,312)
Adjustments:		
Depreciation	1,204,570	1,195,244
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	(142,330)	(29,673)
Intergovernmental receivable	(48,905)	15,887
Net other postemployment benefits asset	(230,606)	(16,992)
Deferred outflows of resources for pensions	(96,491)	32,948
Deferred outflows of resources for OPEB	57,720	(2,654)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	72,655	(112,652)
Compensated absences payable	16,253	40,886
Net pension liability	127,218	(39,677)
Net OPEB liability	(167,288)	(517,218)
Deferred inflows of resources for pensions	(173,742)	77,000
Deferred inflows of resources for OPEB	40,674	(116,308)
Net Cash Provided by Operating Activities	\$ <u>(804,753)</u>	<u>130,479</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and investments	\$ 901,152	732,539
Accounts receivable, net	38,021	46,462
Intergovernmental	<u>33,019</u>	<u>86,260</u>
Total Current Assets	<u>972,192</u>	<u>865,261</u>
Noncurrent Assets		
Capital Assets		
Non-depreciable	1,885,350	1,845,265
Depreciable, net	<u>7,438,526</u>	<u>7,749,241</u>
Total Noncurrent Assets	<u>9,323,876</u>	<u>9,594,506</u>
Total Assets	\$ <u>10,296,068</u>	<u>10,459,767</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 68,816	45,825
Interfund advances payable	<u>-</u>	<u>47,300</u>
Total Current Liabilities	68,816	93,125
Long-Term Liabilities		
Interfund advances payable (net of current portion)	51,745	50,536
ACWF loan payable	<u>761,301</u>	<u>717,032</u>
Total Long-Term Liabilities	<u>813,046</u>	<u>767,568</u>
Total Liabilities	<u>881,862</u>	<u>860,693</u>
Net Position		
Net investment in capital assets	9,323,876	9,594,506
Unrestricted	<u>90,330</u>	<u>4,568</u>
Total Net Position	\$ <u>9,414,206</u>	<u>9,599,074</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Charges for services	\$ 852,205	813,466
Operating Expenses		
Personnel services	212,988	173,562
Supplies and services	507,877	503,370
Insurance	5,667	5,158
Depreciation	351,937	353,924
Total Operating Expenses	1,078,469	1,036,014
Less recovery of expenses from other funds	(9,768)	(7,768)
Net Operating Expenses	1,068,701	1,028,246
Operating Loss	(216,496)	(214,780)
Non-Operating Expenses		
Interest and fiscal charges	(6,180)	(20,017)
Gain on disposal of capital assets	-	1,027
Investment earnings	4,789	4,245
Total Non-Operating Revenues (Expenses)	(1,391)	(14,745)
Income (Loss) Before Capital Contributions and Transfers	(217,887)	(229,525)
Capital contributions	33,019	21,565
Change in Net Position	(184,868)	(207,960)
Net Position Beginning of Year	9,599,074	9,807,034
Net Position End of Year	\$ 9,414,206	9,599,074

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 860,646	817,681
Cash payments to employees for services	(212,988)	(173,562)
Cash payments for goods and services	<u>(427,544)</u>	<u>(212,856)</u>
Net Cash Provided by (Used in) Operating Activities	<u>220,114</u>	<u>431,263</u>
Cash Flows from Capital and Related Financing Activities		
Sale of capital assets	-	15,408
Loan proceeds	44,269	86,259
Capital grant	33,019	21,565
Interest paid on debt service	(6,180)	(20,017)
Interfund advance payable	(46,091)	(44,767)
Payments for capital acquisitions	<u>(81,307)</u>	<u>(146,365)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(56,290)</u>	<u>(87,917)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>4,789</u>	<u>4,245</u>
Net Increase in Cash and Cash Equivalents	168,613	347,591
Cash and Cash Equivalents Beginning of Year	<u>732,539</u>	<u>384,948</u>
Cash and Cash Equivalents End of Year	<u>\$ 901,152</u>	<u>732,539</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows, continued

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	\$ (216,496)	(214,780)
Adjustments:		
Depreciation	351,937	353,924
(Increase) Decrease in Assets:		
Accounts receivable	8,441	4,215
Intergovernmental	53,241	471,735
Increase (Decrease) in Liabilities:		
Accounts payable	<u>22,991</u>	<u>(183,831)</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>220,114</u>	<u>431,263</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, 2021

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Assets			
Accounts receivable	\$ 136,471	40,283	176,754
Note receivable	<u>2,494,714</u>	<u>-</u>	<u>2,494,714</u>
Total Assets	<u>\$ 2,631,185</u>	<u>40,283</u>	<u>2,671,468</u>
Current Liabilities			
Claims payable	\$ 803,004	257,701	1,060,705
Noncurrent Liabilities			
Interfund payable	<u>1,828,181</u>	<u>896,157</u>	<u>2,724,338</u>
Total Liabilities	<u>2,631,185</u>	<u>1,153,858</u>	<u>3,785,043</u>
Net Position			
Unrestricted	<u>\$ -</u>	<u>(1,113,575)</u>	<u>(1,113,575)</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, 2021

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Insurance premiums	\$ 7,673,269	3,298,384	10,971,653
Operating Expenses			
Administration	1,461,641	517,398	1,979,039
Premiums	-	396,192	396,192
Claims	7,061,574	2,999,130	10,060,704
Wellness plan	-	44,450	44,450
Total Operating Expenses	<u>8,523,215</u>	<u>3,957,170</u>	<u>12,480,385</u>
Less return of excess stop-loss premiums	<u>(849,946)</u>	<u>(391,517)</u>	<u>(1,241,463)</u>
Net Operating Expenses	<u>7,673,269</u>	<u>3,565,653</u>	<u>11,238,922</u>
Operating Income (loss)	-	(267,269)	(267,269)
Non-Operating Revenues			
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	-	(267,269)	(267,269)
Net Position Beginning of Year	<u>-</u>	<u>(846,306)</u>	<u>(846,306)</u>
Net Position End of Year	\$ <u><u>-</u></u>	<u><u>(1,113,575)</u></u>	<u><u>(1,113,575)</u></u>

Ketchikan Gateway Borough, Alaska
Self-Insured Health Insurance Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2021

	<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	\$ 6,611,602	3,298,384	9,909,986
Cash payments for goods and services	(1,461,641)	(987,369)	(2,449,010)
Cash payments for claims	<u>(6,149,898)</u>	<u>(2,639,535)</u>	<u>(8,789,433)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(999,937)</u>	<u>(328,520)</u>	<u>(1,328,457)</u>
Cash Flows from Noncapital Financing Activities			
Interfund payable	<u>999,937</u>	<u>328,520</u>	<u>1,328,457</u>
Cash Flows from Investing Activities			
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents End of Year	\$ <u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ <u>-</u>	<u>(267,269)</u>	<u>(267,269)</u>
Decrease (Increase) in Assets:			
Accounts receivable	(128,143)	(29,329)	(157,472)
Note receivable	(933,524)	-	(933,524)
Increase (Decrease) in Liabilities:			
Claims payable	<u>61,730</u>	<u>(31,922)</u>	<u>29,808</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u>(999,937)</u>	<u>(328,520)</u>	<u>(1,328,457)</u>



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Ketchikan Gateway Borough, Alaska
School District Self-Insured Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Accounts receivable	\$ 136,471	8,328
Note receivable	<u>2,494,714</u>	<u>1,561,190</u>
Total Assets	<u><u>\$ 2,631,185</u></u>	<u><u>1,569,518</u></u>
Current Liabilities		
Claims payable	\$ 803,004	741,274
Noncurrent Liabilities		
Interfund payable	<u>1,828,181</u>	<u>828,244</u>
Total Liabilities	<u><u>2,631,185</u></u>	<u><u>1,569,518</u></u>
Net Position		
Unrestricted	<u><u>\$ -</u></u>	<u><u>-</u></u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Insurance premiums	\$ 7,673,269	6,308,769
Operating Expenses		
Administration	1,461,641	1,179,317
Claims	7,061,574	5,199,929
Total Operating Expenses	8,523,215	6,379,246
Less return of excess stop-loss premiums	(849,946)	(70,477)
Net Operating Expenses	7,673,269	6,308,769
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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Accounts receivable	\$ 40,283	10,954
Total Assets	<u>\$ 40,283</u>	<u>10,954</u>
 Current Liabilities		
Claims payable	\$ 257,701	289,623
 Noncurrent Liabilities		
Interfund payable	<u>896,157</u>	<u>567,637</u>
 Total Liabilities	<u>1,153,858</u>	<u>857,260</u>
 Net Position		
Unrestricted	\$ <u>(1,113,575)</u>	<u>(846,306)</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Insurance premiums	\$ 3,298,384	2,616,894
Operating Expenses		
Administration	517,398	448,707
Premiums	396,192	400,745
Claims	2,999,130	2,911,143
Wellness plan	44,450	19,775
Total Operating Expenses	<u>3,957,170</u>	<u>3,780,370</u>
Less return of excess stop-loss premiums	<u>(391,517)</u>	<u>(154,405)</u>
Net Operating Expenses	<u>3,565,653</u>	<u>3,625,965</u>
Operating Income (loss)	(267,269)	(1,009,071)
Non-Operating Revenues		
Investment earnings	<u>-</u>	<u>909</u>
Change in Net Position	(267,269)	(1,008,162)
Net Position Beginning of Year	<u>(846,306)</u>	<u>161,856</u>
Net Position End of Year	\$ <u><u>(1,113,575)</u></u>	<u><u>(846,306)</u></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
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KETCHIKAN GATEWAY BOROUGH

Government-wide Statement of Net Position

June 30, 2021

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities					
Net investment in capital assets	\$ 126,297,456	126,508,378	125,006,914	122,089,151	122,598,700
Restricted	16,183,748	18,521,745	20,355,893	18,684,440	14,602,379
Unrestricted	<u>5,723,162</u>	<u>8,193,420</u>	<u>7,393,385</u>	<u>6,811,378</u>	<u>6,842,646</u>
Total governmental activities net position	<u>148,204,366</u>	<u>153,223,543</u>	<u>152,756,192</u>	<u>147,584,969</u>	<u>144,043,725</u>
Business-type Activities					
Net investment in capital assets	27,298,963	28,656,401	29,871,660	25,799,473	26,992,069
Restricted	-	-	-	-	-
Unrestricted (deficit)	<u>6,143,349</u>	<u>3,168,804</u>	<u>824,645</u>	<u>189,361</u>	<u>(231,649)</u>
Total business-type activities net position	<u>33,442,312</u>	<u>31,825,205</u>	<u>30,696,305</u>	<u>25,988,834</u>	<u>26,760,420</u>
Primary Government					
Net investment in capital assets	153,596,419	155,164,779	154,878,574	147,888,624	149,590,769
Restricted	16,183,748	18,521,745	20,355,893	18,684,440	14,602,379
Unrestricted	<u>11,866,511</u>	<u>11,362,224</u>	<u>8,218,030</u>	<u>7,000,739</u>	<u>6,610,997</u>
Total primary government net position	<u>\$ 181,646,678</u>	<u>185,048,748</u>	<u>183,452,497</u>	<u>173,573,803</u>	<u>170,804,145</u>
	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities					
Net investment in capital assets	\$ 123,108,660	121,277,988	121,446,896	119,848,381	121,020,663
Restricted	6,865,378	6,819,220	7,148,989	13,928,936	9,800,504
Unrestricted	<u>15,737,037</u>	<u>15,584,427</u>	<u>19,954,904</u>	<u>11,945,485</u>	<u>14,338,149</u>
Total governmental activities net position	<u>145,711,075</u>	<u>143,681,635</u>	<u>148,550,789</u>	<u>145,722,802</u>	<u>145,159,316</u>
Business-type Activities					
Net investment in capital assets	28,320,766	28,156,141	29,131,474	28,458,282	26,857,847
Restricted	-	-	-	-	385,000
Unrestricted (deficit)	<u>(913,623)</u>	<u>(1,771,657)</u>	<u>(287,748)</u>	<u>(413,071)</u>	<u>(2,838,539)</u>
Total business-type activities net position	<u>27,407,143</u>	<u>26,384,484</u>	<u>28,843,726</u>	<u>28,045,211</u>	<u>24,404,308</u>
Primary Government					
Net investment in capital assets	151,429,426	149,434,129	150,578,370	148,306,663	147,878,510
Restricted	6,865,378	6,819,220	7,148,989	13,928,936	10,185,504
Unrestricted	<u>14,823,414</u>	<u>13,812,770</u>	<u>19,667,156</u>	<u>11,532,414</u>	<u>11,499,610</u>
Total primary government net position	<u>\$ 173,118,218</u>	<u>170,066,119</u>	<u>177,394,515</u>	<u>173,768,013</u>	<u>169,563,624</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.



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KETCHIKAN GATEWAY BOROUGH

Table 2 Changes in NP

Changes in Net Position
June 30, 2021

	2021	2020	2019	2018	2017
Expenses					
Governmental activities:					
General government	\$ 4,769,432	4,170,530	3,431,525	3,259,926	4,017,111
Fire and EMS	1,545,621	1,490,185	1,764,481	1,558,838	1,577,017
Water treatment and distribution	230,079	316,121	237,038	283,366	235,529
Library services	478,079	464,839	436,161	415,612	402,279
Parks and recreation	3,566,579	3,589,035	3,538,132	3,457,704	3,617,576
Public works	1,034,736	1,024,598	1,048,172	1,042,506	1,059,778
Public services	19,075,558	3,612,137	3,341,774	3,566,217	4,842,281
Transit	2,789,602	2,628,542	2,641,532	2,394,033	2,498,261
Education	21,411,157	19,925,235	18,743,052	15,841,676	15,879,303
Interest	1,242,300	1,452,565	1,529,612	1,701,147	1,885,487
Total governmental activities expenses	56,143,143	38,673,787	36,711,479	33,521,025	36,014,622
Business-type activities:					
Airport	6,169,526	5,993,768	5,681,725	5,680,358	6,471,321
Wastewater	1,074,881	1,047,236	988,967	1,042,474	995,507
Total business-type activities expenses	7,244,407	7,041,004	6,670,692	6,722,832	7,466,828
Total primary government expenses	63,387,550	45,714,791	43,382,171	40,243,857	43,481,450
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	262,842	271,425	303,027	285,590	285,930
Water treatment and distribution	296,503	304,863	301,228	296,613	294,097
Parks and recreation	580,758	671,669	774,531	806,584	802,398
Public services	3,423,132	911,556	791,817	808,363	786,417
Transit	134,272	157,591	233,861	235,970	206,273
Education	7,673,269	6,308,769	6,372,213	5,772,579	5,162,893
Capital grants	2,243,001	2,920,884	4,784,285	3,089,461	2,161,683
Operating grants	14,496,524	3,270,621	2,815,203	2,678,938	2,110,949
Total governmental activities program revenues	29,110,301	14,817,378	16,376,165	13,974,098	11,810,640
Business-type activities:					
Charges for services:					
Airport	4,634,081	5,337,555	5,428,676	5,382,065	5,533,220
Wastewater	852,205	813,466	765,981	765,874	728,983
Operating grants	2,775,691	804,837	-	18,236	172,675
Capital grants	33,019	26,798	4,795,362	257,707	123,136
Total business-type activities program revenues	8,294,996	6,982,656	10,990,019	6,423,882	6,558,014
Total primary government program revenues	37,405,297	21,800,034	27,366,184	20,397,980	18,368,654
Net (Expense) Revenue					
Governmental activities	(27,032,842)	(23,856,409)	(20,335,314)	(19,546,927)	(24,203,982)
Business-type activities	1,050,589	(58,348)	4,319,327	(298,950)	(908,814)
Total primary government net expense	(25,982,253)	(23,914,757)	(16,015,987)	(19,845,877)	(25,112,796)
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes		10,813,508	10,638,237	10,155,598	9,175,916
Sales taxes		8,514,282	9,805,490	9,271,481	8,882,165
Payment in lieu of taxes		1,297,095	1,233,473	1,512,320	1,154,550
Grants and entitlements not restricted		3,431,171	3,262,691	3,094,716	2,770,696
Transfers		(958,652)	(252,648)	(174,104)	(172,303)
Investment earnings		907,237	666,731	283,080	36,343
Property sales (loss on requisitions)		-	-	-	-
Miscellaneous		319,119	152,563	435,245	689,265
Write off delinquent note		-	-	-	-
Total governmental activities general revenues and other changes in net position		24,323,760	25,506,537	24,578,336	22,536,632
Business-type activities:					
Unrestricted grant/investment earnings		228,596	135,496	129,122	89,788
Transfers		958,652	252,648	174,104	172,303
Total business-type activities general revenues and other changes in net position	-	1,187,248	388,144	303,226	262,091
Total primary government general revenues and other changes in net position	-	25,511,008	25,894,681	24,881,562	22,798,723
Changes in Net Position					
Governmental activities	(27,032,842)	467,351	5,171,223	5,031,409	(1,667,350)
Business-type activities	1,050,589	1,128,900	4,707,471	4,276	(646,723)
Total primary government, change in net position	\$ (25,982,253)	1,596,251	9,878,694	5,035,685	(2,314,073)

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

Table 2 Changes in NP

Changes in Net Position, Continued
June 30, 2021

Fiscal Year	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
General government	\$ 3,517,224	4,037,970	3,514,098	4,623,576	4,239,516
Fire and EMS	1,438,761	1,545,356	1,376,751	1,252,822	1,305,555
Water treatment and distribution	224,652	324,110	318,826	249,401	226,424
Library services	390,575	405,199	422,570	410,326	380,266
Parks and recreation	3,432,887	3,340,866	3,338,139	2,601,546	2,374,277
Public works	1,168,318	1,027,166	1,001,996	1,209,701	1,043,521
Public services	5,306,734	8,890,872	5,342,481	3,875,327	5,086,592
Transit	2,384,212	2,221,390	2,164,006	2,071,438	1,960,671
Education	16,182,438	15,015,738	15,357,268	14,465,416	14,300,313
Interest	1,957,353	2,254,374	2,310,634	2,394,406	2,504,748
Total governmental activities expenses	<u>36,003,154</u>	<u>39,063,041</u>	<u>35,146,769</u>	<u>33,153,959</u>	<u>33,421,883</u>
Business-type activities:					
Airport	5,874,984	5,665,297	5,679,424	5,810,984	5,262,004
Wastewater	986,801	1,098,072	881,576	897,029	1,176,513
Total business-type activities expenses	<u>6,861,785</u>	<u>6,763,369</u>	<u>6,561,000</u>	<u>6,708,013</u>	<u>6,438,517</u>
Total primary government expenses	<u>42,864,939</u>	<u>45,826,410</u>	<u>41,707,769</u>	<u>39,861,972</u>	<u>39,860,400</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	276,812	253,670	238,838	254,234	317,569
Water treatment and distribution	286,472	251,863	217,149	193,081	176,394
Parks and recreation	725,988	775,960	753,563	732,284	565,998
Public services	1,615,691	1,559,619	1,256,400	1,239,091	911,068
Transit	189,230	200,588	222,236	242,111	217,131
Education	4,912,773	4,677,856	4,937,191	4,295,465	3,769,524
Capital grants	5,189,749	5,828,520	4,503,237	3,529,066	5,154,055
Operating grants	3,330,138	3,181,765	4,072,710	3,738,574	2,431,499
Total governmental activities program revenues	<u>16,526,853</u>	<u>16,729,841</u>	<u>16,201,324</u>	<u>14,223,906</u>	<u>13,543,238</u>
Business-type activities:					
Charges for services:					
Airport	4,947,152	4,694,448	4,401,938	3,878,788	3,973,769
Wastewater	780,854	656,048	596,426	555,396	760,358
Operating grants	3,332	7,386	73,994	2,710,000	42,959
Capital grants	1,731,076	487,172	1,865,802	1,310,860	10,016,959
Total business-type activities program revenues	<u>7,462,414</u>	<u>5,845,054</u>	<u>6,938,160</u>	<u>8,455,044</u>	<u>14,794,045</u>
Total primary government program revenues	<u>23,989,267</u>	<u>22,574,895</u>	<u>23,139,484</u>	<u>22,678,950</u>	<u>28,337,283</u>
Net (Expense) Revenue					
Governmental activities	(19,476,301)	(22,333,200)	(18,945,445)	(18,930,053)	(19,878,645)
Business-type activities	600,629	(918,315)	377,160	1,747,031	8,355,528
Total primary government net expense	<u>(18,875,672)</u>	<u>(23,251,515)</u>	<u>(18,568,285)</u>	<u>(17,183,022)</u>	<u>(11,523,117)</u>
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	8,545,890	8,359,993	8,169,731	7,890,521	8,746,139
Sales taxes	8,567,889	8,553,791	8,625,653	8,682,819	8,316,512
Payment in lieu of taxes	1,232,522	1,052,512	1,131,659	1,035,188	1,054,735
Grants and entitlements not restricted	2,989,349	3,466,541	3,598,414	3,559,577	3,353,441
Transfers	(299,765)	(272,424)	(184,881)	(1,652,342)	(439,935)
Investment earnings	36,483	49,504	54,254	59,449	(114,092)
Property sales (loss on reacquisitions)	-	-	-	-	-
Miscellaneous	433,373	400,057	378,601	354,128	351,236
Write off delinquent note	-	-	-	-	(789,553)
Total governmental activities general revenues and other changes in net position	<u>21,505,741</u>	<u>21,609,974</u>	<u>21,773,431</u>	<u>19,929,340</u>	<u>20,478,483</u>
Business-type activities:					
Unrestricted grant/investment earnings	122,265	167,786	236,474	241,530	907,259
Transfers	299,765	272,424	184,881	1,652,342	439,935
Total business-type activities general revenues and other changes in net position	<u>422,030</u>	<u>440,210</u>	<u>421,355</u>	<u>1,893,872</u>	<u>1,347,194</u>
Total primary government general revenues and other changes in net position	<u>21,927,771</u>	<u>22,050,184</u>	<u>22,194,786</u>	<u>21,823,212</u>	<u>21,825,677</u>
Changes in Net Position					
Governmental activities	2,029,440	(723,226)	2,827,986	999,287	599,838
Business-type activities	1,022,659	(478,105)	798,515	3,640,903	9,702,722
Total primary government, change in net position	<u>\$ 3,052,099</u>	<u>(1,201,331)</u>	<u>3,626,501</u>	<u>4,640,190</u>	<u>10,302,560</u>

KETCHIKAN GATEWAY BOROUGH

Fund Balances, Governmental Funds
June 30, 2021

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Committed	\$ -	-	-	-	-
Unassigned	10,411,898	12,572,758	12,140,093	10,695,816	8,781,038
Total general fund	10,411,898	12,572,758	12,140,093	10,695,816	8,781,038
All other governmental funds					
Reserved					
Capital projects funds	636,215	-	-	-	-
Unreserved, report in:					
Special revenue funds	-	-	-	-	-
Nonspendable	-	9,648	24,037	-	-
Restricted	15,621,611	18,801,048	20,662,598	19,462,576	16,372,064
Committed	2,953,821	3,435,011	3,791,679	4,763,209	4,747,303
Assigned	-	-	-	-	782,507
Unassigned	(19,877)	(88)	-	-	-
Total all other governmental funds	19,191,770	22,245,619	24,478,314	24,225,785	21,901,874
Total Governmental Funds	\$ 29,603,668	34,818,377	36,618,407	34,921,601	30,682,912

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Reserved	\$ -	-	-	-	-
Unreserved	8,395,444	10,301,525	7,790,668	6,276,521	6,860,808
Total general fund	8,395,444	10,301,525	7,790,668	6,276,521	6,860,808
All other governmental funds					
Reserved					
Capital projects funds	-	-	-	-	-
Unreserved, report in:					
Special revenue funds	-	-	-	-	-
Nonspendable	-	138,424	2,055,751	2,557,461	4,288,124
Restricted	8,888,164	9,053,941	12,912,463	13,928,936	9,800,504
Committed	12,146,408	9,167,824	6,650,448	6,310,341	4,285,593
Assigned	1,585,572	2,061,142	5,361,936	5,918,222	5,034,099
Unassigned	-	(306,001)	(789,399)	(1,187,887)	(548,946)
Total all other governmental funds	22,620,144	20,115,330	26,191,199	27,527,073	22,859,374
Total Governmental Funds	\$ 31,015,588	30,416,855	33,981,867	33,803,594	29,720,182



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KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances
June 30, 2021

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Taxes	\$ 18,506,370	19,267,970	20,449,580	19,489,094	18,076,414
Intergovernmental	17,162,596	5,857,998	8,902,941	7,509,882	5,478,780
Licenses and permits	4,300	4,341	900	75	350
Charges for services	4,396,704	2,007,900	2,102,336	296,613	2,080,668
Water fees	296,503	304,863	301,228	2,136,432	294,097
Commercial vessel passenger tax	-	2,723,867	2,440,983	2,252,488	2,163,570
Interest Subsidy	342,829	514,564	533,028	544,110	555,527
Investment earnings	(226,042)	907,237	666,731	283,080	36,343
Proceeds from sale of property	80,383	34,682	18,796	251,794	537,896
Miscellaneous	1,957,319	319,121	152,565	435,247	689,265
Total Revenues	<u>42,520,962</u>	<u>31,942,543</u>	<u>35,569,088</u>	<u>33,198,815</u>	<u>29,912,910</u>
Expenditures					
General government	4,258,703	3,877,093	3,277,394	3,281,029	3,375,133
Library services	478,079	464,839	436,161	415,612	402,279
Fire and EMS	1,263,001	1,243,200	1,486,381	1,290,684	1,291,583
Water treatment and distribution	230,079	316,121	237,038	283,366	235,529
Public services	18,410,745	3,058,189	2,571,762	2,824,072	3,937,171
Parks and recreation	2,345,785	2,341,794	2,302,908	2,344,439	2,337,665
Public works	1,010,539	1,014,221	1,041,438	1,043,389	1,014,255
Transit	2,448,695	2,330,377	2,236,632	2,173,557	2,033,548
Education	10,898,897	10,797,829	9,655,594	7,433,031	8,104,556
Nondepartmental and grants	531,203	523,198	141,891	224,197	237,186
Capital Outlay	2,130,658	1,723,718	4,520,179	1,740,609	1,371,867
Debt Service:					
Principal retirement	1,965,000	3,450,000	3,900,000	3,755,000	3,605,000
Interest and fiscal charges	1,380,085	1,643,342	1,812,256	1,977,037	2,127,511
Bond discount	14,302	-	-	-	-
Bond issuance costs	30,187	-	-	-	-
Total Expenditures	<u>47,395,958</u>	<u>32,783,921</u>	<u>33,619,634</u>	<u>28,786,022</u>	<u>30,073,283</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,874,996)	(841,378)	1,949,454	4,412,793	(160,373)
Other Financing Sources (Uses)					
General obligation bonds issued	4,130,000	-	-	-	-
Bond and certificate of participation premium	760,712	-	-	-	-
Settlement	-	-	-	-	-
Transfers in	5,323,792	7,240,153	8,569,512	8,689,359	7,399,634
Other financing proceeds (uses)	-	-	-	-	-
Capital leases	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Transfers out	(5,601,985)	(8,198,805)	(8,822,160)	(8,863,463)	(7,571,937)
Payment to refunding bond escrow agent	(4,952,232)	-	-	-	-
Total Other Financing Sources (Uses)	(339,713)	(958,652)	(252,648)	(174,104)	(172,303)
Special item - write off delinquent note	-	-	-	-	-
Net Change in Fund Balances	<u>\$ (5,214,709)</u>	<u>(1,800,030)</u>	<u>1,696,806</u>	<u>4,238,689</u>	<u>(332,676)</u>
Debt Service as a					
Percentage of noncapital expenditures	7.39%	16.40%	19.63%	21.19%	19.97%

KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances, continued
June 30, 2021

	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 17,111,344	16,939,761	16,805,205	16,492,010	17,052,595
Intergovernmental	7,762,751	11,454,346	9,787,808	8,236,478	9,372,872
Licenses and permits	366	275	90	835	11,543
Charges for services	2,807,355	2,787,628	2,460,333	2,460,017	1,984,455
Water fees	286,472	251,863	217,149	193,081	176,394
Commercial vessel passenger tax	2,141,633	2,032,375	2,240,210	1,977,770	1,947,248
Interest Subsidy	607,601	458,053	606,982	600,911	615,002
Investment earnings	36,483	49,504	54,234	59,449	(114,090)
Proceeds from sale of property	571,512	87,322	473,320	-	1,632,855
Miscellaneous	433,373	401,991	389,216	360,996	367,004
Total Revenues	<u>31,758,890</u>	<u>34,463,118</u>	<u>33,034,547</u>	<u>30,381,547</u>	<u>33,045,878</u>
Expenditures					
General government	3,226,042	4,023,951	3,584,249	3,613,270	3,523,762
Library services	390,575	405,199	422,570	410,326	380,266
Fire and EMS	1,171,095	1,388,627	1,163,729	1,055,508	1,070,550
Water treatment and distribution	224,652	324,110	318,826	249,401	226,424
Public services	4,465,968	8,298,452	4,730,443	3,324,609	4,615,631
Parks and recreation	2,242,488	2,325,059	2,306,465	2,303,059	2,135,115
Public works	1,076,951	1,093,458	1,030,382	1,182,394	1,018,329
Transit	2,012,331	2,173,103	1,994,798	1,862,205	1,805,799
Education	8,690,445	7,899,000	8,050,000	8,239,518	8,650,000
Nondepartmental and grants	266,125	272,048	260,433	227,909	215,849
Capital Outlay	1,205,693	3,689,268	2,888,235	2,257,159	21,037,970
Debt Service:					
Principal retirement	3,625,000	3,465,000	3,358,741	2,936,443	2,994,753
Interest and fiscal charges	2,263,027	2,403,755	2,562,522	2,474,835	2,536,190
Bond discount	-	-	-	-	-
Bond issuance costs	-	17,318	-	37,962	75,066
Total Expenditures	<u>30,860,392</u>	<u>37,778,348</u>	<u>32,671,393</u>	<u>30,174,598</u>	<u>50,285,704</u>
Excess (Deficiency) of Revenues Over Expenditures	898,498	(3,315,230)	363,154	206,949	(17,239,826)
Other Financing Sources (Uses)					
General obligation bonds issued	-	2,185,000	-	4,875,000	8,070,000
Premium on bonds	-	129,986	-	653,805	1,287,659
Settlement	-	-	-	-	-
Transfers in	10,026,481	8,775,867	6,957,976	7,223,798	7,156,872
Other financing proceeds (uses)	-	(2,292,344)	-	-	-
Capital leases	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Transfers out	(10,326,246)	(9,048,291)	(7,142,857)	(8,876,140)	(7,596,807)
Payment to refunding bond escrow agent	-	-	-	-	(9,277,870)
Total Other Financing Sources (Uses)	(299,765)	(249,782)	(184,881)	3,876,463	(360,146)
Special item - write off delinquent note	-	-	-	-	(789,553)
Net Change in Fund Balances	<u>\$ 598,733</u>	<u>(3,565,012)</u>	<u>178,273</u>	<u>4,083,412</u>	<u>(18,389,525)</u>
Debt Service as a					
Percentage of noncapital expenditures	19.86%	17.22%	19.88%	19.38%	18.91%

KETCHIKAN GATEWAY BOROUGH

Assessed Value and Actual Value of Taxable Property

Changes in Assessment

June 30, 2021

Jan 1 Assessment Date	Fiscal Year	Assessed Residential	Assessed Commercial	Assessed Industrial	Assessed Vacant	Tax-Exempt	Sr. & Vet Tax-Exempt *	Optional Tax-Exempt*	Total Assessed Value	Estimated Actual Value	Total Direct Tax Rate
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	157,592,300	151,268,100	6,324,200	1,491,723,100	1,649,315,400	5.00
2019	2020	993,267,600	284,004,300	135,136,100	100,997,200	161,177,100	154,728,400	6,448,700	1,513,405,200	1,674,582,300	5.00
2020	2021	1,010,393,600	283,388,500	165,946,700	9,739,300	167,717,000	162,402,900	5,314,100	1,469,468,100	1,637,185,100	5.00

Source: Ketchikan Gateway Borough Assessment and Finance Department.

* 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 Nine Years Ago
June 30, 2021

Taxpayer	2020			2011		
	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	0.97%	\$ 8,704,600	4	0.70%
Ketchikan Dock Company LLC	13,336,200	2	0.88%	12,730,200	2	1.02%
Cape Fox Heritage Foundation Inc	11,369,900	3	0.75%	14,632,100	1	1.17%
Harbor Enterprises	11,213,000	4	0.74%	7,502,900	7	0.60%
Tongass Trading Company	10,813,500	5	0.71%	10,936,800	3	0.88%
Boyer Towing Inc	9,120,700	6	0.60%	7,073,000	8	0.57%
Dock Street Building Corporation	8,962,400	7	0.59%	-	-	-
Alaska General Seafood	8,441,700	8	0.56%	-	-	-
The Landing LLC	8,338,700	9	0.55%	8,086,600	5	0.65%
ECPS Inc.	8,333,700	10	0.55%	6,422,100	10	0.51%
Carr-Gottstein Foods	-		-	7,857,900	6	0.63%
Wal-Mart	-		-	6,731,800	9	0.54%
Total Principal Property Tax Payers	\$ 104,683,800		6.91%	\$ 90,678,000		7.26%
Total Assessment	\$ 1,515,368,100		100.00%	\$ 1,248,598,100		100.00%

Source: Ketchikan Gateway Borough Assessment Department.

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

June 30, 2021

<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>
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%
2018	7,051,550	7,035,939	99.8%	15,016	7,050,955	100.0%
2019	7,306,694	7,292,806	99.8%	11,176	7,303,982	100.0%
2020	7,465,510	7,202,005	96.5%	195,988	7,397,993	99.1%
2021	7,570,857	7,452,250	98.4%	-	7,452,250	98.4%

KETCHIKAN GATEWAY BOROUGH

Taxable Sales by Category, Fiscal Years
June 30, 2021

Borough & City	Fiscal Year				
	2021	2020	2019	2018	2017
Contractors	\$ 10,071,848	8,230,226	7,717,604	8,285,917	8,705,620
Finance, insurance, banks	2,104,213	1,919,795	1,764,366	1,968,375	2,121,486
Hotels, motels, lodges	15,288,061	16,410,310	18,505,291	17,629,291	17,040,832
Manufacturing	2,501,359	5,283,361	5,978,521	6,102,888	5,416,665
Real estate	25,089,501	25,265,729	25,404,414	25,383,983	25,375,243
Remote retail	6,431,859	5,688,424	2,560,754	-	-
Retail trade	30,715,113	30,201,283	31,884,797	31,195,601	30,826,527
Retail trade - food	52,252,941	52,725,454	54,112,766	51,797,395	51,048,392
Retail trade, bars & catering	17,857,239	20,293,928	24,335,969	23,082,423	22,423,776
Retail, automotive	17,117,108	16,106,969	16,083,534	16,022,811	15,917,566
Retail, specialty	12,227,899	12,758,592	13,291,980	12,529,288	8,316,256
Retail, var, jewelry, curios	40,242,868	63,616,492	80,215,226	75,591,776	71,596,802
Services, entertainment	533,295	3,984,057	5,918,334	5,121,047	4,879,129
Service, general	7,267,301	7,630,066	7,796,894	7,527,296	7,539,686
Services, professional	4,908,107	4,540,870	4,392,688	3,787,259	3,947,599
Trans, comm, utilities	<u>34,138,849</u>	<u>63,403,154</u>	<u>81,530,881</u>	<u>77,040,477</u>	<u>70,616,846</u>
	\$ <u>278,747,561</u>	<u>338,058,710</u>	<u>381,494,019</u>	<u>363,065,827</u>	<u>345,772,425</u>

	Fiscal Year				
	2016	2015	2014	2013	2012
Contractors	\$ 7,927,307	7,867,431	7,631,093	8,341,403	7,415,207
Finance, insurance, banks	2,034,010	1,969,763	2,177,388	2,382,608	1,995,024
Hotels, motels, lodges	16,638,336	15,657,714	14,892,935	14,172,548	13,689,815
Manufacturing	5,107,522	4,905,355	5,158,746	5,134,717	4,790,346
Real estate	24,690,427	24,087,383	23,596,203	23,620,663	23,056,248
Remote retail	-	-	-	-	-
Retail trade	30,501,262	30,170,161	30,423,980	31,082,386	29,591,532
Retail trade - food	51,431,344	50,291,242	49,829,177	49,191,379	48,912,887
Retail trade, bars & catering	22,606,016	21,053,279	20,652,476	21,067,069	20,478,553
Retail, automotive	15,657,382	15,675,897	15,718,601	15,506,019	15,515,934
Retail, specialty	8,285,862	8,305,021	8,131,033	9,028,790	9,218,351
Retail, var, jewelry, curios	70,454,293	69,317,752	68,920,331	68,972,807	68,721,446
Services, entertainment	4,142,301	4,023,139	3,868,802	3,645,970	3,458,109
Service, general	7,113,165	6,680,135	6,317,339	5,822,680	5,746,990
Services, professional	3,674,948	3,631,121	3,783,013	3,733,164	3,580,581
Trans, comm, utilities	<u>67,882,034</u>	<u>72,447,447</u>	<u>77,611,687</u>	<u>77,125,153</u>	<u>75,656,992</u>
	\$ <u>338,146,209</u>	<u>336,082,840</u>	<u>338,712,804</u>	<u>338,827,356</u>	<u>331,828,015</u>

Source: Ketchikan Gateway Borough Finance Department

KETCHIKAN GATEWAY BOROUGH

Current Year Debt Service by Type, Last Ten Fiscal Years
June 30, 2021

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	Per Capita Cost	Principal	Interest	Total	Total Revenues - 1/2 cent Sales Tax, Penalties, Interest, Misc.	Other Expenses	Available for Other Projects
2012	2,311,500	1,394,586	3,706,086	2,176,095	(12,406)	1,659,745	3,823,434	13,750	(9)	353,500	469,174	822,674	1,659,745	-	837,071
2013	2,394,500	1,366,698	3,761,198	3,353,421	81,487	1,650,132	5,085,040	13,938	(95)	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	(24)	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	(23)	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	13,754	(73)	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	13,785	(17)	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	13,798	(76)	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	13,901	(40)	437,500	497,708	935,208	1,941,649	684,659	321,782
2020	2,828,500	521,490	3,349,990	1,009,767	88,592	1,681,451	2,779,810	13,526	42	451,500	438,774	890,274	1,961,422	1,778,297	(707,149)
2021	1,524,500	381,565	1,906,065	-	125,611	1,488,597	1,614,208	13,526	22	465,500	469,174	934,674	1,665,938	246,367	484,897

Note: G.O. Bonds only

KETCHIKAN GATEWAY BOROUGH

Ratios of General Bonded Debt Outstanding
June 30, 2021

Fiscal Year	General Obligation Bonds			Total Debt	Personal Income (1)	Total Debt/Personal Income	Percentage of Actual Taxable Value of Property (2)	Per Capita
	Governmental Type	Loans and Leases	Certificates of Participation					
2010	\$ 46,810,000	586,677	-	47,396,677	669,186,958	7.1%	3.9%	3,517
2011	47,925,000	294,937	4,700,000	52,919,937	719,623,566	7.4%	4.6%	3,867
2012	44,855,000	95,184	4,570,000	49,520,184	738,773,750	6.7%	4.8%	3,601
2013	46,975,000	48,741	4,435,000	51,458,741	736,525,734	7.0%	4.6%	3,692
2014	43,805,000	-	4,295,000	48,100,000	774,688,960	6.2%	3.7%	3,471
2015	40,430,000	-	4,155,000	44,585,000	796,720,925	5.6%	3.2%	3,225
2016	36,950,000	-	4,010,000	40,960,000	774,914,114	5.3%	3.0%	2,978
2017	33,495,000	-	3,860,000	37,355,000	790,597,320	4.7%	2.6%	2,710
2018	29,900,000	-	3,700,000	33,600,000	826,100,058	4.1%	2.3%	2,435
2019	26,165,000	-	3,535,000	29,700,000	858,275,542	3.5%	2.0%	2,137
2020	22,885,000	-	3,365,000	26,250,000	858,928,052	3.1%	1.7%	1,941

1 Personal income data for current year not available until after publication of this document. Prior year used until current year is available.

2 Assessment data in table 5

KETCHIKAN GATEWAY BOROUGH
Direct and Overlapping Governmental Activities Debt
 June 30, 2021

Governmental Unit

Ketchikan Gateway Borough

Total Direct Debt

Outstanding G.O. Bonds	\$ 20,800,000
Certificates of Participation	<u>2,720,000</u>

Total Direct Debt	<u>23,520,000</u>
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City of Ketchikan Direct Debt	<u>52,083,374</u>
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Total Direct and Overlapping Debt	<u><u>\$ 75,603,374</u></u>
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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

Demographic Statistics

Last Ten Years

June 30, 2021

Fiscal Year	Borough Population	Personal Income	Alaska Per Capita Income - (1)	Annual Average Unemployment Rate	Education - (2)			
					Borough School Enrollment (ADM)	Number of Attendance Centers	Number of Classrooms	Number of Teachers FTE
2010	13,477	669,186,958	49,654	7.78%	2,136	7	147	159
2011	13,686	719,623,566	52,581	8.60%	2,151	7	147	159
2012	13,750	738,773,750	53,729	8.10%	2,201	7	147	152
2013	13,938	736,525,734	52,843	7.80%	2,174	7	147	152
2014	13,856	774,688,960	55,910	7.90%	2,210	7	147	154
2015	13,825	796,720,925	57,629	6.90%	2,226	7	147	154
2016	13,754	774,914,114	56,341	6.50%	2,239	7	147	154
2017	13,785	790,597,320	57,352	6.10%	2,296	7	147	151
2018	13,798	826,100,058	59,871	6.00%	2,287	7	147	151
2019	13,901	858,275,542	61,742	6.20%	2,247	7	147	155
2020	13,526	858,928,052	63,502	13.40%	2,205	8	150	167

(1) Census and Per Capita Income per State of Alaska Department of Labor and St. Louis Fred (<https://fred.stlouisfed.org/series/AKPCPI>)

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

Principal Employer Industries Calendar Year 2020 and Ten Years Ago
June 30, 2020

Calendar Year Employer	2020			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Trade, Transportation and Utilities	1,317	1	20.88%	1,715	1	23.85%
Local Government	1,136	2	18.01%	1,086	2	15.10%
Educational & Health Services	976	3	15.47%	787	4	10.95%
Leisure & Hospitality	616	4	9.77%	788	3	10.96%
State of Alaska	470	5	7.45%	711	5	9.89%
Financial Activities	342	6	5.42%	375	7	5.22%
Professional & Business Services	338	7	5.36%	224	10	3.12%
Manufacturing	335	8	5.31%	534	6	7.43%
Construction	263	9	4.17%	246	9	3.42%
Federal Government	222	10	3.52%	273	8	3.80%
Other	136	11	2.16%	184	11	2.56%
Natural Resource and Mining	90	12	1.43%	180	12	2.50%
Information	67	13	1.06%	87	13	1.21%
	<u>6,308</u>		<u>100.00%</u>	<u>7,190</u>		<u>100.00%</u>

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 14

Miscellaneous Statistics

June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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 *	326	382	439	510	449	725	824	808	833	820
Animals Impounded	181	190	254	289	217	259	296	251	441	411
Animals Surrendered	140	138	96	136	121	166	148	161	192	303
Animals Adopted	136	153	142	142	139	210	170	162	224	209
Animals Claimed	83	102	137	160	91	122	126	117	112	124
<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	23	23	22	23	24	24	24	22	23
Fire and EMS	6	6	6	6	5	5	5	5	5	5
Public services	10	10	10	10	12	12	12	12	11	11
Parks and Recreation	15	15	15	15	15	15	15	15	15	15
Public works	11	11	12	12	12	12	12	12	15	14
Transit	16	16	17	13	13	13	14	12	12	12
Automation	1	1	1	1	1	1	1	1	1	1
Airport	29	29	29	28	28	28	27	27	27	27
	111	111	113	107	109	110	110	108	108	108
<i>South Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	1	1	1
Volunteers	34	35	32	30	24	35	35	36	36	35
Fire Calls	40	38	33	51	55	53	41	32	31	33
Emergency Calls/EMS Incidents	155	147	149	157	129	124	135	121	141	113
Fire Investigations	12	10	5	7	7	6	7	6	5	7
<i>North Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	2	2	2
Volunteers	21	24	28	19	24	18	21	26	24	20
Fire Calls	18	46	26	13	21	16	10	21	40	26
Emergency Calls/EMS Incidents	158	176	215	234	232	186	154	207	156	113
Fire Investigations	5	4	4	2	1	0	1	1	1	0
<i>Elections</i>										
Registered Voters		11,840	11,583	11,319	10,401	10,286	10,071	9,963	9,836	10,065
Votes Cast Last Borough Election		3,158	2,972	2,739	2,158	2,762	2,204	2,233	2,407	1,554
% Voting Last Borough Election		27%	26%	24%	21%	27%	22%	22%	24%	15%

KETCHIKAN GATEWAY BOROUGH

Table 14

Miscellaneous Statistics

June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</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	18	8	8	8	8	8	8	8	8	6
Average Daily Treatment (gals)	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	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)	804	835	835	664	649	628	613	598	580	522
Sludge Pumping Customers	1,424	1,373	1,373	1,370	1,263	1,281	1,254	1,241	1,235	1,231
South Tongass Service Area:										
Water, Hydrant, Connections	537	485	485	485	485	485	427	405	404	402
Average Daily Treatment (gals)	110,000	140,000	140,000	175,000	175,000	175,000	175,000	175,000	175,000	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	2	2	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	<i>not available</i>	58,327	125,791	123,952	118,984	107,646	94,251	89,013	102,390	100,568
Outbound Passengers	<i>not available</i>	57,114	125,632	123,529	119,802	105,433	90,233	86,718	101,947	100,054
<i>Airport Ferry</i>										
Passengers	<i>not available</i>	254,984	388,264	378,108	380,061	388,631	365,306	354,728	347,939	337,255
Vehicles	<i>not available</i>	79,502	102,399	94,872	97,168	96,061	85,725	85,783	79,648	79,847
<i>Transit</i>										
Passengers	122,304	309,260	406,251	385,554	425,103	448,585	415,317	407,010	459,855	404,649
<i>Visitor Industry (Calendar Year)</i>										
Cruise Ship Passengers	<i>not available</i>	-	980,000	976,393	899,975	865,428	856,653	812,950	791,108	778,899
<i>Data supplied by Ketchikan Gateway Borough Department Directors</i>										



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