



KETCHIKAN GATEWAY BOROUGH

Ketchikan, Alaska

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

Lysichiton Americanus aka Skunk Cabbage
Photo provided by Ericka Rud, Recreation Center Supervisor
Photo may not be reproduced without the permission of the photographer.

KETCHIKAN GATEWAY BOROUGH

Ketchikan, Alaska

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2022

Prepared by:

Department of Finance

Charlanne J Thomas, Director
Nathan J Rubino, Controller
1900 First Avenue, Suite 118
Ketchikan, Alaska 99901



THIS PAGE INTENTIONALLY LEFT BLANK

Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2022

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal	1
GFOA Certificate of Achievement	5
Organizational Chart	6
List of Principal Officials	7

Financial Section

Independent Auditors' Report	11
---	----

Management's Discussion and Analysis	13
---	----

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	27
Statement of Activities	29

Fund Financial Statements:

Governmental Funds:

Balance Sheet	31
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	33
Statement of Revenues, Expenditures and Changes in Fund Balances	35
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	37
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: <i>General Fund</i>	38
<i>Commercial Passenger Vessel Special Revenue Funds</i>	39
<i>School Bond Capital Improvements Special Revenue Fund</i>	40
<i>Local Education Special Revenue Fund</i>	41

Proprietary Funds:

Statement of Net Position	42
Statement of Revenues, Expenses, and Changes in Fund Net Position	43
Statement of Cash Flows	45

Notes to the Basic Financial Statements	47
---	----

Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2022

Required Supplementary Information

Schedule of Borough’s Proportionate Share of NPL – PERS.....	94 & 95
Schedule of Borough Contributions – PERS	94 & 95
Schedule of Borough Information on OPEB – PERS	96 - 98
Schedule of Borough Contributions – OPEB.....	96 - 98
Schedule of Borough Contributions – IBEW.....	99
Notes to the Required Supplementary Information	100

Other Supplementary Information

Combining and Individual Fund Financial Statements and Schedules:

Governmental Funds

Nonmajor Governmental Funds:

Combining Balance Sheet – By Fund Type	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances By Fund Type	103

Nonmajor Special Revenue Funds:

Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107

Nonmajor Debt Service Funds:

Combining Statement of Revenues, Expenditures and Changes in Fund Balances	112
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	113

General Fund:

Comparative Balance Sheet.....	116
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	117

Special Revenue Funds:

Major Special Revenue Funds:

<i>Commercial Passenger Vessel Special Revenue Fund</i>	
Comparative Balance Sheet.....	119
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	120
<i>School Bond Capital Improvements Special Revenue Fund</i>	
Comparative Balance Sheet	121
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	122
<i>Local Education Special Revenue Fund</i>	
Comparative Balance Sheet.....	123
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	124

Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2022

Major Special Revenue Funds continued:

State & Federal Grants Special Revenue Fund

Comparative Balance Sheet	125
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	126

Nonmajor Special Revenue Funds:

Airport PFC Special Revenue Fund

Comparative Balance Sheet	129
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	130

DHSS Traveler Testing Special Revenue Fund

Comparative Balance Sheet	131
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	132

Forest Park Service Area Special Revenue Fund

Comparative Balance Sheet	133
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	134

Gold Nugget Service Area Special Revenue Fund

Comparative Balance Sheet	135
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	136

Health Equity Special Revenue Fund

Balance Sheet	137
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual	138

Homestead Service Area Special Revenue Fund

Comparative Balance Sheet	139
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	140

Land Trust Special Revenue Fund

Comparative Balance Sheet	141
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	142

Loring Service Area Special Revenue Fund

Comparative Balance Sheet	143
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	144

Mud Bight Service Area Special Revenue Fund

Comparative Balance Sheet	145
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	146

Nichols View Service Area Special Revenue Fund

Comparative Balance Sheet	147
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	148

Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2022

Nonmajor Special Revenue Funds, continued:

<i>Nonareawide Library Special Revenue Fund</i>	
Comparative Balance Sheet.....	149
Comparative Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual	150
<i>North Tongass Fire and EMS Service Area Special Revenue Fund</i>	
Comparative Balance Sheet.....	151
Comparative Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual	152
<i>Old Dairy Road Special Revenue Fund</i>	
Comparative Balance Sheet.....	153
Comparative Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual	154
<i>Recreation Sales Tax Special Revenue Fund</i>	
Comparative Balance Sheet.....	155
Comparative Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual	156
<i>South Tongass Service Area Special Revenue Fund</i>	
Comparative Balance Sheet.....	157
Comparative Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual	158
<i>Waterfall Service Area Special Revenue Fund</i>	
Comparative Balance Sheet.....	159
Comparative Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual	160

Capital Projects Fund:

Comparative Balance Sheet.....	163
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	164

Proprietary Funds:

Major Enterprise Funds:

<i>Airport Enterprise Fund</i>	
Comparative Statement of Net Position.....	167
Comparative Statement of Revenues, Expenses, and Changes in Net Position.....	168
Comparative Statement of Cash Flows.....	169
<i>Wastewater Enterprise Fund</i>	
Comparative Statement of Net Position	171
Comparative Statement of Revenues, Expenses, and Changes in Net Position	172
Comparative Statement of Cash Flows.....	173

Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2022

Internal Service Funds

Combining Statement of Net Position	176
Combining Statement of Revenues, Expenses and Changes in Net Position	177
Combining Statement of Cash Flows	178

School District Self-Insured Insurance Internal Service Fund

Comparative Statement of Net Position	179
Comparative Statement of Revenues, Expenses, and Changes in Net Position	180

Borough Self-Insured Insurance Internal Service Fund

Comparative Statement of Net Position	181
Comparative Statement of Revenues, Expenses and Changes in Net Position	182

Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2022

Statistical Section
(Unaudited)

Financial Trends

Government-wide Statement of Net Position.....	186
Changes in Net Position.....	187
Fund Balances, Governmental Funds.....	189
Changes in Governmental Fund Balances	191

Revenue Capacity

Assessed Value and Actual Value of Taxable Property.....	193
Principal Property Tax Payers.....	194
Property Tax Levies and Collections	195
Taxable Sales by Category.....	196

Debt Capacity

Current Year Debt Service by Type.....	197
Ratios of General Bonded Debt Outstanding.....	198
Direct and Overlapping Governmental Activities Debt.....	199

Demographic and Economic Information

Demographic Statistics.....	200
Principal Employers Current Year and Nine Years Ago	201

Operating Information

Miscellaneous Statistics	203
--------------------------------	-----

INTRODUCTORY SECTION



THIS PAGE INTENTIONALLY LEFT BLANK



KETCHIKAN GATEWAY BOROUGH

1900 First Avenue, Suite 118, Ketchikan, Alaska 99901

Charlanne J. Thomas, Finance Director

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

Office of the Borough Finance Department

March 15, 2023

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, 2022. 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, 2022, 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, 2022 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, 2021. This is the sixteenth 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
Allie Stickel
Molly Stump

Respectfully submitted,



Charlanne Thomas
Finance Director



Nathan Rubino
Controller



THIS PAGE INTENTIONALLY LEFT BLANK



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Ketchikan Gateway Borough
Alaska**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

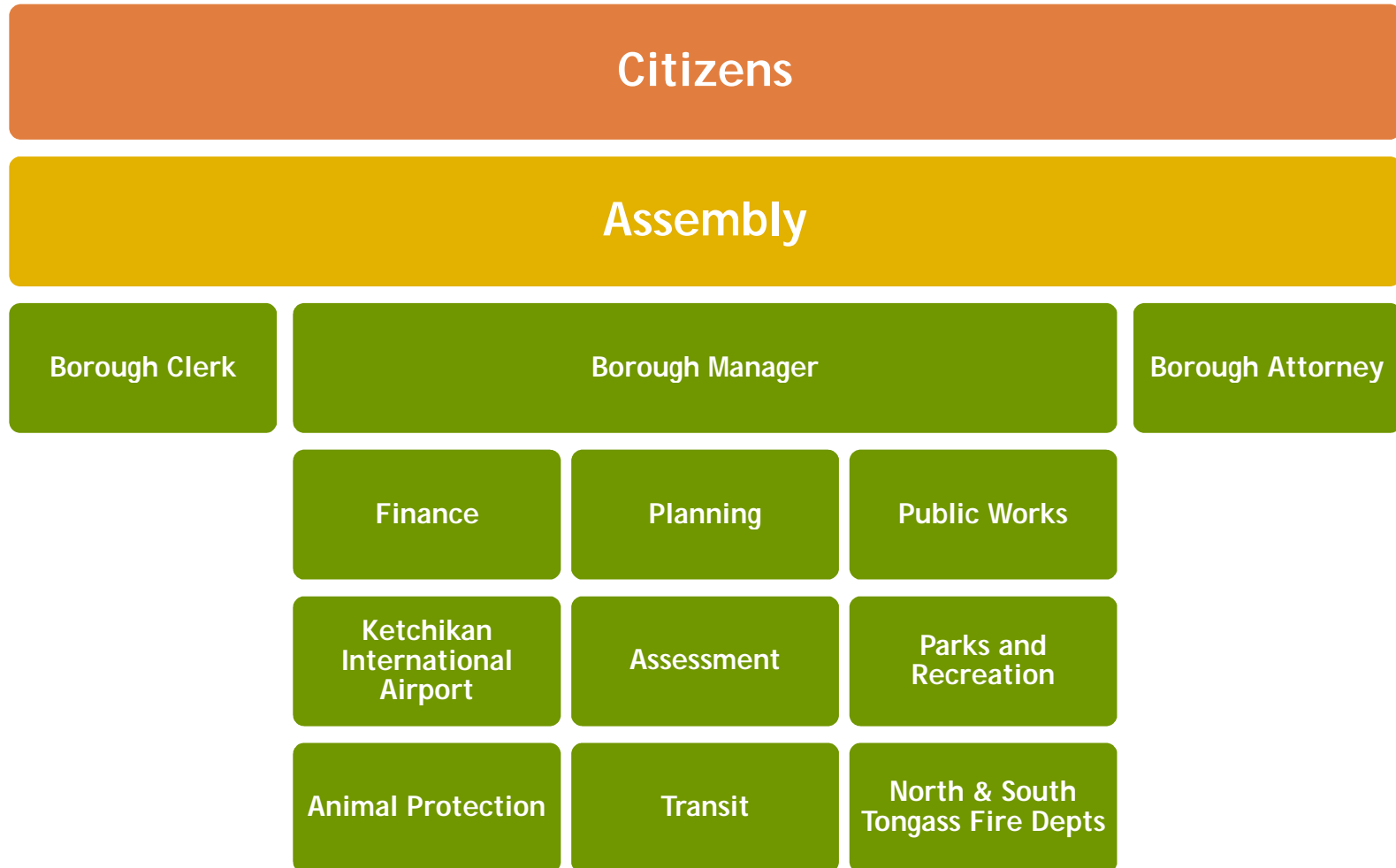
June 30, 2021

Christopher P. Morill

Executive Director/CEO

Ketchikan Gateway Borough

FY 2022



KETCHIKAN GATEWAY BOROUGH

PRINCIPAL BOROUGH OFFICIALS

June 30, 2022

MAYOR AND ASSEMBLY

		<u>Term Expires</u>
<i>Mayor</i>	Rodney Dial	2025
<i>Vice-Mayor</i>	Glen Thompson	2025
<i>Assembly Member</i>	Jeremy Bynum	2023
<i>Assembly Member</i>	Grant Echohawk	2024
<i>Assembly Member</i>	Judith McQuerry	2023
<i>Assembly Member</i>	Austin Otos	2025
<i>Assembly Member</i>	Jaime Palmer	2024
<i>Assembly Member</i>	Amanda (AJ) Pierce	2023

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>	Cynna Gubatayao
<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>	Charlanne Thomas
<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 Director</i>	Wendy Miller



THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION



THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ketchikan Gateway Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ketchikan Gateway Borough's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Ketchikan Gateway Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ketchikan Gateway Borough's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 13-26, 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 is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, 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 Ketchikan Gateway Borough's internal control over financial reporting and compliance.

Teuscher Walpole, LLC

Ketchikan, Alaska
March 31, 2023

1734 TONGASS AVE. KETCHIKAN, AK 99901
(907) 225-9688 • Fax (866) 589-8871

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

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, 2022. 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 \$195,469,138 (net position), an increase of \$13,822,461 or 7.6% over fiscal year 2021.
- Total net position is comprised of the following:
 - (1) Deferred outflows of resources include \$1,610,548 related to pensions and OPEB, and \$48,573 for deferred loss on refunding. Deferred inflows of resources include \$6,519,046 related to pensions and OPEB and \$3,547,215 related to lessor lease agreements under the guidance of GASB Statement No. 87- Leases (GASB 87).
 - (2) Net investment in capital assets of \$148,627,752 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets adjusted for deferred loss on refunding and unspent bond proceeds.
 - (3) Net position of \$21,708,843 is restricted by constraints imposed from outside the Borough such as debt covenants, grantors, laws, or regulations.
 - (4) Unrestricted net position of \$25,132,543 indicates that the Borough has available assets to maintain the Borough's continuing obligations to citizens and creditors.
- The Borough's governmental activities net position increased by \$11,669,342 or 7.9% and business-type activities increased by \$2,153,118 or 6.4%.
- The Borough's governmental funds reported total ending fund balances of \$49,773,042 as of June 30, 2022. This compares to the prior year ending fund balance of \$29,603,668 showing an increase of \$20,169,374 or 68.1% during fiscal year 2022. The increase is a result of Covid related grant funds.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$18,309,136 or 133.5% of total General Fund expenditures, exclusive of transfers to other funds. This is compared to the fiscal year 2021 unassigned fund balance of \$10,411,898, which was 87.7% of total General Fund expenditures, exclusive of transfers to other funds. The increase in unassigned fund balances is due to an increase in General Fund revenues as a result of increased sales taxes and revenue replacement grants.
- With the adoption of Ordinance 1793-A in 2016, the Assembly may levy an areawide property tax for schools, and an areawide property tax for purposes other than schools. To date, the Assembly has not levied an areawide property tax for purposes other than schools. The Borough's mill rate for the property tax for schools for fiscal year 2022 was levied at 5.2, per Resolution 2892-A. The mill rate had been 5.0, and this is the first increase since fiscal year 2013. The entire property tax for schools is deposited into 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

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

statements, and (3) notes to the basic financial statements. The Borough also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

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

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

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

the differences between these two perspectives. The budgetary comparison statements for the General 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 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 \$195,469,138. 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, 2022

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets	\$ 58,436,705	42,254,719	16,141,280	9,838,547	74,577,985	52,093,266
Receivable						
from Component						
Unit	3,379,559	2,494,714	-	-	3,379,559	2,494,714
Net other post-						
employment benefits						
asset	4,336,851	619,849	1,679,034	247,598	6,015,885	867,447
Capital assets	146,108,679	150,602,588	25,884,360	27,298,963	171,993,039	177,901,551
Total Assets	212,261,794	195,971,870	43,704,674	37,385,108	255,966,468	233,356,978
Deferred Outflows of Resources:						
Loss on refunding	48,573	88,697	-	-	48,573	88,697
Related to pensions	982,827	925,315	380,507	369,617	1,363,334	1,294,932
Related to OPEB	178,217	466,629	68,997	186,395	247,214	653,024
Total Assets and Deferred Outflows of Resources	\$ 213,471,411	197,452,511	\$ 44,154,178	\$ 37,941,120	\$ 257,625,589	\$ 235,393,631
Liabilities:						
Current liabilities	\$ 15,169,222	18,761,445	433,221	465,005	15,602,443	19,226,450
Long-term liabilities	33,360,563	29,841,308	3,127,184	3,922,336	36,487,747	33,763,644
Total Liabilities	48,529,785	48,602,753	3,560,405	4,387,341	52,090,190	52,990,094
Deferred Inflows of Resources:						
Related to leases	368,338	-	3,178,877	-	3,547,215	-
Related to pensions	2,393,358	42,933	926,601	17,150	3,319,959	60,083
Related to OPEB	2,306,222	497,893	892,865	198,883	3,199,087	696,776
Total Liabilities and Deferred Inflows of Resources	53,597,703	49,143,579	8,558,748	4,603,374	62,156,451	53,746,953
Net Position:						
Net investment in capital assets	123,484,984	126,297,456	25,142,768	27,298,963	148,627,752	153,596,419
Restricted	21,708,843	16,183,748	-	-	21,708,843	16,183,748
Unrestricted	14,679,881	5,723,162	10,452,662	6,143,349	25,132,543	11,866,511
Total Net Position	\$ 159,873,708	148,204,366	35,595,430	33,442,312	195,469,138	181,646,678

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

Restricted cash and investments make up approximately 19% or \$9,932,047 of Ketchikan Gateway Borough's cash and investments and are subject to external restrictions on how they must be used. \$255,414 is restricted for debt in the Land Trust Fund, \$7,503,239 is restricted for capital projects, and \$2,173,394 is restricted for commercial passenger vessel related projects.

GASB 87 added \$375,173 in lease accounts receivable and \$368,338 in deferred inflows of resources related to leases to the balance sheet for fiscal year 2022 for governmental activities and \$3,238,760 in lease accounts receivable and \$3,178,877 in deferred inflows of resources related to leases to the balance sheet for fiscal year 2022 for business-type activities.

The largest component of the Borough's governmental total assets is invested in capital assets. Capital assets account for 68.4% of total assets and deferred outflows of resources, and net investment in capital assets accounts for 77.2% of total net position. The Borough's capital assets include land, works of art, Borough buildings and improvements, School District land, buildings and improvements, vehicles, transit buses, infrastructure and intangible right-to-use leases. The Borough uses these capital assets to provide services to its citizens. The Borough's business type activities have spent approximately 58.6% 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. 70.6% of the Borough's business type activities total net position is composed of net investment in capital assets. Net investment in capital assets decreased by \$2,812,472 for governmental activities and decreased by \$2,156,195 for business-type activities. 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 increased by \$13,822,460 in fiscal year 2022. The net position for governmental activities increased by \$11,669,342, and the net position for business-type activities increased by \$2,153,118. The following table provides a summary of the changes in the Borough's net position:

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program:						
Charges for services	\$ 10,598,632	12,370,776	6,061,088	5,486,286	16,659,720	17,857,062
Operating grants	20,343,542	14,496,524	2,725,899	2,775,691	23,069,441	17,272,215
Capital grants	4,297,461	2,243,001	6,741	33,019	4,304,202	2,276,020
General:						
Taxes	23,523,583	19,947,306	-	-	23,523,583	19,947,306
Other	1,457,564	2,344,552	236,730	288,325	1,694,294	2,632,877
Total revenues	60,220,782	51,402,159	9,030,458	8,583,321	69,251,240	59,985,480
Program Expenses:						
General government	5,157,014	4,769,432	-	-	5,157,014	4,769,432
Fire and EMS	1,889,901	1,545,621	-	-	1,889,901	1,545,621
Water treatment & distribution	281,484	230,079	-	-	281,484	230,079
Library services	523,050	478,079	-	-	523,050	478,079
Parks and recreation	3,894,311	3,566,579	-	-	3,894,311	3,566,579
Public works	1,025,626	1,034,736	-	-	1,025,626	1,034,736
Public services	9,365,907	19,075,558	-	-	9,365,907	19,075,558
Transit	3,186,479	2,789,602	-	-	3,186,479	2,789,602
Education	21,576,749	21,411,157	-	-	21,576,749	21,411,157
Interest	1,196,400	1,242,300	-	-	1,196,400	1,242,300
Airport	-	-	6,142,735	6,169,526	6,142,735	6,169,526
Wastewater	-	-	1,189,124	1,074,881	1,189,124	1,074,881
Total expenses	48,096,921	56,143,143	7,331,859	7,244,407	55,428,780	63,387,550
Excess (deficiency)	12,123,861	(4,740,984)	1,698,599	1,338,914	13,822,460	(3,402,070)
Transfers	(454,519)	(278,193)	454,519	278,193	-	-
Change in net position	11,669,342	(5,019,177)	2,153,118	1,617,107	13,822,460	(3,402,070)
Net Position Beginning of Year	148,204,366	153,223,543	33,442,312	31,825,205	181,646,678	185,048,748
Net Position End of Year	\$ 159,873,708	148,204,366	35,595,430	33,442,312	195,469,138	181,646,678

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

Governmental Activities- The Borough is heavily reliant on property and sales taxes to support governmental operations and capital. Property taxes of \$11.6 million accounted for approximately 46.5% of the total governmental general revenues. Sales taxes provided 42.4% of the Borough's total governmental general revenues. Property taxes increased by \$613,458 or 5.6% over 2021 and sales tax increased by \$2,928,489 or 38.2% over 2021. The property tax increase is a result of a 3.3% increase in assessed property values, a mill levy increase from 5.0 to 5.2 mills, and previously exempt parcels being added to the tax rolls. Sales tax increase is a result of the tourism industry resuming and an increase in the single unit tax cap from 2020. The Borough recognized \$178,654 in investment income for fiscal year 2022. Program revenues covered 73.3% of governmental operating expenses, as compared to 52.2% coverage in fiscal year 2021.

Functional revenues and expenses for governmental activities as follows:

- Charges for services revenue overall decreased \$1,772,144 from fiscal year 2021. Charges for services for public services decreased \$2,514,631 and for education increased \$400,439. That decrease is due to pandemic travel restrictions being lifted, resulting in less traveler testing services being necessary, while the increase is due to fire alarm upgrades and repaving.
- Operating grants and contributions in total increased \$5,847,018 from fiscal year 2021, due mainly to Covid-19 related grants through ARPA.
- Capital grants and contributions increased by \$2,054,460 from fiscal year 2021. The Borough received a retroactive payment for School Bond Debt Reimbursement from the State of Alaska Department of Education and Early Development.
- Overall Governmental Activities expenditures decreased \$8,046,222 from fiscal year 2021. Public services expenditures decreased \$9,709,651. The majority of that decrease is due to a reduction in expenditures for Public Services related to State and Federal grant funding and traveler testing funded through the State of Alaska DHSS in the prior year.

Business-type Activities- the Borough has two enterprise funds; the Airport Enterprise Fund and the Wastewater Enterprise Fund. Changes in these funds for fiscal year 2022 are as follows:

- **Airport Enterprise Fund (Airport)** - The primary enterprise fund of Ketchikan Gateway Borough is the Airport. This fund is used to account for the operations of the Ketchikan International Airport. The Airport 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. This lease is a nonexchange transaction and not within the scope of GASB 87.

Operating revenues for the Airport increased by \$570,889 or 12.3% and operating expenses increased by \$44,173 or 0.7%. The increase is a result of COVID travel related restrictions being lifted as well as increased use of the airport. Passenger counts are now back to 95% of pre-pandemic levels. Operating grants decreased by \$246,322 and is the result of decreased ARPA grant funds.

Supplies and service increased by \$81,372 or 5.6%. Insurance costs increased by \$9,434 and depreciation decreased by \$118,856. These changes are nominal.

Net position increased \$2,069,976 or 8.5% from fiscal year 2021. The net position increase is partially due to an increase in passenger counts, and an increase in investment income.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

- **Wastewater Enterprise Fund (Wastewater Utility)** – 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 Wastewater Utility increased during fiscal year 2022. Operating revenues increased by \$3,913 or 0.5%. Operating expenses increased by \$116,879 or 10.9% and is attributable to increases in personnel services and supplies and services. "Recovery of expenditures from other funds" was the same as fiscal year 2021. Personnel services increased by \$67,484 or 31.7%. Supplies and services increased by \$52,567 or 10.4%. Insurance costs decreased slightly, and depreciation decreased.

Net position increased by \$83,142 or 0.9% from fiscal year 2021. The net position increase is a result of LGLR/ARPA and Covid State & Local Recovery grant funds.

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 \$49,773,042. Of this year-end total, \$18,275,516 is unassigned. Legally restricted fund balances totaling \$28,786,233 includes \$1,077,204 for airport projects; \$8,139,528 for capital projects; \$2,130,220 for commercial passenger vessel impacts; \$58,926 for dock improvements; \$11,216,649 for education; \$293,845 for library operations; \$3,118,575 for public safety and water; \$2,413,656 for recreation; and \$337,630 for road maintenance. Fund balance committed for Borough owned land management totaling \$2,706,908. The total ending fund balances of governmental funds increased by \$20,631,383 or 69.7% from fiscal year 2021.

Major Governmental Funds

General Fund – The General Fund is the Borough's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$7,901,623 or 75.9%. This increase is due to an increase in sales tax revenues, investment earnings, and transfers from ARPA grant funds.

Total taxes collected were \$2,364,283 over the budgeted amount. The favorable variance is primarily due to the return of the cruise industry and the single unit sales tax cap increase from \$1,000 to \$2,000. No property taxes were budgeted in the General Fund in fiscal year 2022. 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 \$540,522 more than budgeted and were \$746,689 more than fiscal year 2021. The increase from fiscal year 2021 is because revenues from the Federal transit operating grant and the State fisheries tax increased by \$378,243. The total increase was offset by a decrease in the other governmental revenues.

State Legislature provided \$555,946 in PERS relief to Ketchikan Gateway Borough and \$359,100 of the total relief was recognized in the General Fund. Total General Fund expenditures and transfers out increased by \$3,447,851 or 28.5% over fiscal year 2021.

Charges for services were \$43,301 more than budgeted. Charges for services in fiscal year 2022 were \$334,325 more than fiscal year 2021 due to increased revenues in the transit bus system, Parks and Recreation, animal control, and other revenues.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

Transfers from State and Federal Grant fund increased \$9,678,738 over fiscal year 2021 and exceeded budget by the same amount. The increase is a result of ARPA and Coronavirus State and Local Fiscal Recovery funds.

All general government departments under spent their final budgets. A 128.6% favorable variance in revenue collections of \$13,177,982 and a 5.85% favorable variance in expenditures and transfers out of \$964,394 increased the projected net change in fund balance by \$14,142,376. Sales tax collections were \$1,790,972 or 38.3% more than fiscal year 2021 and \$2,358,603 or 57.5% more than budgeted for fiscal year 2022.

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 2022, this fund did not receive any commercial passenger vessel tax from the State of Alaska and recognized \$10,332 in investment earnings. Public services were charged to this fund in the amount of \$268,073. Funds were transferred out to the General Fund for Transit from the CPV Fund in the amount of \$460,755. The Borough did not budget any CPV revenue in 2022.

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 \$2,055,175 in sales tax revenue, \$4,206,968 in intergovernmental revenues consisting of retroactive payments of school bond debt reimbursement, \$7,935 in penalties and interest, \$15,045 in miscellaneous revenue, and \$15,787 in investment earnings. This fund transferred out \$1,499,250 for G.O. bond principal and interest payments into Debt Service Funds, \$162,632 to the Recreation CIP Fund and \$223,560 to the Local Education Fund for building insurance. The fund balance increased by \$4,172,194 in fiscal year 2022.

Local Education Fund (LEF) – 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 \$357,988 more than budget. Starting in fiscal year 2020, the Tobacco Excise Taxes is credited directly to the LEF. The LEF recognized \$1,274,961 in tobacco excise taxes, \$25,039 less than budgeted. Total transfers in were budgeted at \$458,694, with actuals less than budget by \$49,529. Transfers in to the LEF were \$223,561 from the School Bond/Capital Improvement Fund for school building insurance, and \$185,604 from the General Fund for in-kind services. National Forest Receipts were budgeted at \$719,647 and \$1,070,363 was received.

The fund balance of the LEF increased by \$48,239, for an ending fund balance of \$2,898,932.

State & Federal Grants Fund – During the current fiscal year, the Borough received \$16,720,706 in State and Federal grants. The Borough expended \$6,526,121 on public services and \$37,345 in capital for equipment purchases. The Borough reports on the balance sheet of the State & Federal Grants Fund \$791,249 in intergovernmental receivables, and \$5,114,703 in unearned revenues. The unearned revenues are the result of LGLR/ARPA and Covid State & Local Recovery grant funds. Total transfers out of \$10,171,283 consist of CARES Act/ARPA grants and a Designated State Legislative grant to the General Fund of \$9,678,738, the Wastewater Utility of \$400,115, the North Tongass Fire and EMS Service Area of \$52,427, and South Tongass Service Area of \$40,003.

Capital Projects Fund – In fiscal year 2022, capital project expenditures were \$88,373. Proceeds from General Obligation bonds issued were \$6,655,000, with a premium of \$965,085. Bond issuance costs of \$28,269 were incurred. Restricted cash and investments were presented of \$7,503,239 resulting from unspent bond proceeds.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

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, 2022, was \$146,108,679 and \$25,884,360 respectively. The total change in net book value of capital assets was a decrease of 3% for governmental and a 5.2% decrease for business-type activities. The overall change was a 3.3% 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.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets:						
Art	\$ 7,500	7,500	-	-	7,500	7,500
Land	41,386,184	41,386,184	-	-	41,386,184	41,386,184
Construction in progress	1,432,730	1,100,301	5,996,767	5,983,284	7,429,497	7,083,585
Total non-depreciable	42,826,414	42,493,985	5,996,767	5,983,284	48,823,181	48,477,269
Depreciable assets:						
Buildings and improvements	162,838,672	163,126,494	17,890,814	17,890,814	180,729,486	181,017,308
Vehicles, ferry and equipment	11,168,016	10,912,596	16,145,671	16,139,252	27,313,687	27,051,848
Wastewater assets	-	-	14,141,763	14,141,763	14,141,763	14,141,763
Infrastructure	15,216,115	14,668,777	-	-	15,216,115	14,668,777
Intangible right-to-use leases	54,243	-	-	-	54,243	-
Total depreciable assets	189,277,046	188,707,867	48,178,248	48,171,829	237,455,294	236,879,696
Less accumulated depreciation	85,994,781	80,599,264	28,290,655	26,856,153	114,285,436	107,455,417
Book value - depreciable assets	103,282,265	108,108,603	19,887,593	21,315,676	123,169,858	129,424,279
Percentage depreciated	45%	43%	59%	56%	48%	45%
Book value - all assets	\$ 146,108,679	150,602,588	25,884,360	27,298,960	171,993,039	177,901,548

At June 30, 2022, the depreciable capital assets for governmental activities were 45% depreciated. This is a 2% increase from fiscal year 2021. This comparison indicates that the Borough is replacing its assets at the same rate as they are depreciating, which is a positive indicator.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

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, 59% of the asset values were depreciated on June 30, 2022, compared to 56% at June 30, 2021. The accumulated depreciation for fiscal year 2022 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 50.5% of the Borough's governmental capital assets.

Major capital asset changes during 2022 included the following:

General Governmental Assets:

- Transit System automated passenger counters were installed on nine Borough buses totaling \$44,829.24, paid for with State Transit Technology grant funds.
- Approximately 2/3 of the replacement and upgrade of the Borough's Computer Aided Mass Appraisal Systems was completed, expending \$267,479 from the General Fund.
- The preliminary stages of design and engineering for the Transit Center occurred totaling \$18,427.90, paid for with General Fund dollars.
- The acquisition of a Ford F250 was made costing \$75,695, which was split 50/50 between South Tongass Service Area (Water Utility) and the Wastewater Enterprise Fund.
- A \$12,909 General Fund purchase of a PowerEdge R750 was made for the Automation Department Server Room.
- A \$36,966 General Fund purchase of a PowerStore 500 was made for the Automation Department.
- A respirator fit testing system was purchased for the South Tongass Volunteer Fire Department totaling \$9,370.
- A replacement of the existing hot water generator with the installation of 3 new indirect water heaters took place at the Gateway Recreation Center costing \$69,209.31 to be paid for through the General Fund.
- Engineering and design work for the Norman Walker Field Upgrades project began costing \$9,913.88. The engineering and design for the Dudley Field upgrades also began, costing \$55,058.98. Both of which were paid for with General Obligation Bond funds dedicated to the Field Upgrades Project.
- Upgrade to the school facilities totaling \$253,276.08 consisted of fire alarm upgrades and repaving, and were paid for with School Bond CIP funds.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

Long-term Debt

The Borough currently reports five types of long-term debt: general obligation bonds, certificates of participation, Alaska Clean Water Loans, compensated absences, and net pension and net OPEB liabilities.

During the year, the Borough retired \$2,045,000 of its existing G.O. bonds, and \$125,000 of its certificates of participation in fiscal year 2022. The Borough also issued \$6,655,000 in G.O. bonds series one in fiscal year 2022. Leases payable was added for lessee agreements under GASB 87 for fiscal year 2022.

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

Outstanding Long Term Debt

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 25,410,000	20,800,000	-	-	25,410,000	20,800,000
Certificates of participation	2,595,000	2,720,000	-	-	2,595,000	2,720,000
Unamortized premiums	1,696,947	947,907	-	-	1,696,947	947,907
Unamortized loss on refunding	(48,573)	(88,697)	-	-	(48,573)	(88,697)
Leases payable	47,711	-	-	-	47,711	-
Compensated absences	836,358	752,913	308,636	305,845	1,144,994	1,058,758
LWCF note payable	-	-	741,592	761,301	741,592	761,301
Net pension liability	6,001,736	7,491,429	2,323,602	2,992,446	8,325,338	10,483,875
Net OPEB liability	-	12,076	-	4,824	-	16,900
Total	<u>\$ 36,539,179</u>	<u>32,635,628</u>	<u>3,373,830</u>	<u>4,064,416</u>	<u>39,913,009</u>	<u>36,700,044</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.

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 2021 season, most of the revenue associated with cruise visitors will not be recognized until the FY 2023 annual financial reports.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

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.

In calendar year 2022, there were 505 stops scheduled in Ketchikan and Ward Cove by ships with capacity for over 2,000 passengers each, plus an addition 132 stop by smaller ships. Total passenger count is expected to be approximately 1.4 million passengers.

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. Passenger travel was down by 90% in the early days of the pandemic, but as of calendar year 2022, has picked up to 95% of pre-pandemic travel.

An Airport Terminal Plan was conducted in FY 2021. 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. A new Passenger Facility Charge (PFC) application #2 was approved by the Federal Aviation Administration and collections started in March 2020. The Borough is working on a PFC application #3 to support the terminal expansion. 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. This work is scheduled for completion at end of calendar year 2023.

Seafood Industry

The seafood industry was the top private wage provider in Southeast Alaska in 2021 and is an important component of the Borough's economy as well. The 2020 seafood harvest was one of the worst on record but rebounded well for 2021 and looks even stronger for 2022. Although they are only small segments of the larger seafood industry, interest in aquaculture and mariculture continues to grow. Multiple operations are underway with more potential farmers initiating permit applications to relevant agencies.

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

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2022

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.' Southeast Conference continues to work with Ucore on a potential SMC facility on Gravina Island, but the near term focus for Ucore is an SMC facility in Louisiana, with Alaska in the longer term plans.

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.

Contacting the Borough's Financial Management

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

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

Ketchikan Gateway Borough, Alaska
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and investments	\$ 31,853,485	10,401,187	42,254,672	2,512,377
Restricted cash and investments	9,932,047	-	9,932,047	-
Prepaid items	4,860	39,690	44,550	-
Receivables	15,946,433	2,786,350	18,732,783	1,634,066
Leases receivable	375,173	503,688	878,861	-
Receivable from trust fund	-	-	-	77,886
Internal balances	324,707	(324,707)	-	-
Inventory	-	-	-	30,791
Total Current Assets	<u>58,436,705</u>	<u>13,406,208</u>	<u>71,842,913</u>	<u>4,255,120</u>
Noncurrent Assets				
Long-term receivables:				
Lease receivable	-	2,735,072	2,735,072	-
Receivable from component unit	3,379,559	-	3,379,559	-
Net other postemployment benefits asset	4,336,851	1,679,034	6,015,885	21,713,242
Capital assets:				
Nondepreciable capital assets	42,826,414	5,996,767	48,823,181	354,483
Depreciable capital assets, net	<u>103,282,265</u>	<u>19,887,593</u>	<u>123,169,858</u>	<u>269,102</u>
Total Noncurrent Assets	<u>153,825,089</u>	<u>30,298,466</u>	<u>184,123,555</u>	<u>22,336,827</u>
Total Assets	<u>212,261,794</u>	<u>43,704,674</u>	<u>255,966,468</u>	<u>26,591,947</u>
Deferred Outflows of Resources				
Loss on refunding	48,573	-	48,573	-
Related to pensions	982,827	380,507	1,363,334	-
Related to OPEB	178,217	68,997	247,214	-
Pension and OPEB deferrals	-	-	-	4,371,914
Total Assets and Deferred Outflows of Resources	<u>\$ 213,471,411</u>	<u>44,154,178</u>	<u>257,625,589</u>	<u>30,963,861</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 1,011,789	159,964	1,171,753	628,579
Accrued salaries and benefits	32,926	-	32,926	267,569
Intergovernmental payable	4,407,254	-	4,407,254	-
Accrued interest payable	291,859	11,251	303,110	-
Due to component unit	-	-	-	591,835
Deposits	79,800	-	79,800	-
Claims payable	889,800	-	889,800	-
Unearned revenue	5,228,605	15,360	5,243,965	55,116
Compensated absences payable	836,358	246,646	1,083,004	-
Leases payable	10,831	-	10,831	-
General obligation bonds payable	2,245,000	-	2,245,000	-
Certificates of participation payable	<u>135,000</u>	<u>-</u>	<u>135,000</u>	<u>-</u>
Total Current Liabilities	<u>15,169,222</u>	<u>433,221</u>	<u>15,602,443</u>	<u>1,543,099</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Net Position, continued
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
Long-Term Liabilities, net of current portion				
Compensated absences	-	61,990	61,990	475,861
Self insurance payable	-	-	-	2,882,583
Net pension liability	6,001,736	2,323,602	8,325,338	-
Net Pension and OPEB liabilities	-	-	-	19,561,034
Lease payable	36,880	-	36,880	-
LWCF note payable	-	741,592	741,592	-
General obligation bonds payable, including unamortized premium	24,316,855	-	24,316,855	-
Certificates of participation payable, including unamortized premium	3,005,092	-	3,005,092	-
Total Long-Term Liabilities	<u>33,360,563</u>	<u>3,127,184</u>	<u>36,487,747</u>	<u>22,919,478</u>
Total Liabilities	48,529,785	3,560,405	52,090,190	24,462,577
Deferred Inflows of Resources				
Related to leases	368,338	3,178,877	3,547,215	-
Related to pensions	2,393,358	926,601	3,319,959	-
Related to OPEB	2,306,222	892,865	3,199,087	-
Pension and OPEB Deferrals	-	-	-	24,166,199
Total Liabilities and Deferred Inflows of Resources	<u>53,597,703</u>	<u>8,558,748</u>	<u>62,156,451</u>	<u>48,628,776</u>
Net Position				
Net investment in capital assets	123,484,984	25,142,768	148,627,752	623,585
Restricted for:				
Scholarships	-	-	-	7,000
Airport projects	1,077,204	-	1,077,204	-
Capital projects	1,062,138	-	1,062,138	-
Commercial passenger vessel impact	2,130,220	-	2,130,220	-
Dock improvements	58,926	-	58,926	-
Education	11,216,649	-	11,216,649	-
Library operations	293,845	-	293,845	-
Public safety and water	3,118,575	-	3,118,575	-
Recreation	2,413,656	-	2,413,656	-
Road maintenance	337,630	-	337,630	-
Unrestricted	14,679,881	10,452,662	25,132,543	(18,295,500)
Total Net Position	<u>\$ 159,873,708</u>	<u>35,595,430</u>	<u>195,469,138</u>	<u>(17,664,915)</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 5,157,014	-	372	-	(5,156,642)	-	(5,156,642)	-
Fire and EMS	1,889,901	294,430	114	-	(1,595,357)	-	(1,595,357)	-
Water treatment & distribution	281,484	316,049	-	-	34,565	-	34,565	-
Library services	523,050	-	-	-	(523,050)	-	(523,050)	-
Parks and recreation	3,894,311	829,868	89	-	(3,064,354)	-	(3,064,354)	-
Public works	1,025,626	-	97	-	(1,025,529)	-	(1,025,529)	-
Public services	9,365,907	908,501	16,644,655	-	8,187,249	-	8,187,249	-
Transit	3,186,479	176,076	2,228,296	-	(782,107)	-	(782,107)	-
Education	21,576,749	8,073,708	1,070,363	4,297,461	(8,135,217)	-	(8,135,217)	-
Interest	1,196,400	-	399,556	-	(796,844)	-	(796,844)	-
Total Governmental Activities	<u>48,096,921</u>	<u>10,598,632</u>	<u>20,343,542</u>	<u>4,297,461</u>	<u>(12,857,286)</u>	<u>-</u>	<u>(12,857,286)</u>	<u>-</u>
Business Type Activities								
Airport	6,142,735	5,204,970	2,725,899	-	-	1,788,134	1,788,134	-
Wastewater	1,189,124	856,118	-	6,741	-	(326,265)	(326,265)	-
Total Business-Type Activities	<u>7,331,859</u>	<u>6,061,088</u>	<u>2,725,899</u>	<u>6,741</u>	<u>-</u>	<u>1,461,869</u>	<u>1,461,869</u>	<u>-</u>
Total Primary Government	<u>\$ 55,428,780</u>	<u>16,659,720</u>	<u>23,069,441</u>	<u>4,304,202</u>	<u>(12,857,286)</u>	<u>1,461,869</u>	<u>(11,395,417)</u>	<u>-</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2022

Component Unit	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		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>40,375,319</u>	<u>46,330</u>	<u>5,298,125</u>	<u>243,274</u>				\$ <u>(34,787,590)</u>
General Revenues								
Property taxes					\$ 11,609,106		11,609,106	
Sales taxes					10,584,823	-	10,584,823	
Payment in lieu of taxes					1,329,654	-	1,329,654	
Grants and entitlements not restricted to specific programs					811,443	50,219	861,662	26,123,512
E-Rate					-	-	-	97,630
Primary government appropriation					-	-	-	10,781,028
Investment earnings					178,654	186,511	365,165	
Miscellaneous					467,467	-	467,467	62,054
Capital assets transferred to the Borough					-	-	-	(2,627,969)
Total General Revenues					<u>24,981,147</u>	<u>236,730</u>	<u>25,217,877</u>	<u>34,436,255</u>
Transfers					<u>(454,519)</u>	<u>454,519</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>24,526,628</u>	<u>691,249</u>	<u>25,217,877</u>	<u>34,436,255</u>
Change in Net Position					11,669,342	2,153,118	13,822,460	(351,335)
Net Position Beginning of Year					<u>148,204,366</u>	<u>33,442,312</u>	<u>181,646,678</u>	<u>(17,313,580)</u>
Net Position End of Year					\$ <u>159,873,708</u>	<u>35,595,430</u>	<u>195,469,138</u>	<u>(17,664,915)</u>

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet
June 30, 2022

	General	Commercial Passenger Vessel	School Bond Capital Improvements	Local Education
Assets				
Cash and investments	\$ 11,897,066	-	4,008,599	1,936,837
Restricted cash and investments	-	2,173,394	-	-
Prepaid items	4,385	-	-	-
Receivables:				
Accounts	48,357	738	1,370	847
Leases	-	-	-	-
Due to/from component unit	-	-	-	591,835
Intergovernmental	1,909,555	-	3,838,705	-
Investment earnings	11,426	-	-	-
Property taxes	118,351	-	-	117,289
Sales taxes	6,444,245	-	663,067	369,336
Interfund	3,233,038	-	-	-
Interfund advances	-	-	-	-
Total Assets	\$ 23,666,423	2,174,132	8,511,741	3,016,144
Liabilities				
Accounts payable	\$ 672,290	43,912	194,024	-
Accrued salaries and benefits	32,926	-	-	-
Intergovernmental payable	4,407,254	-	-	-
Interfund payable	-	-	-	-
Interfund advances payable	-	-	-	-
Deposits	6,457	-	-	-
Unearned revenues	113,902	-	-	-
Total Liabilities	5,232,829	43,912	194,024	-
Deferred Inflows of Resources				
Property tax revenues	120,073	-	-	117,212
Related to leases	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	5,352,902	43,912	194,024	117,212
Fund Balances				
Nonspendable:				
Prepaid items	4,385	-	-	-
Restricted:				
Airport projects	-	-	-	-
Capital projects	-	-	-	-
Commercial passenger vessel impact	-	2,130,220	-	-
Dock improvements	-	-	-	-
Education	-	-	8,317,717	2,898,932
Library operations	-	-	-	-
Public safety and water	-	-	-	-
Recreation	-	-	-	-
Road maintenance	-	-	-	-
Committed:				
Borough-owned land management	-	-	-	-
Unassigned (deficit)	18,309,136	-	-	-
Total Fund Balances	18,313,521	2,130,220	8,317,717	2,898,932
Total Liabilities, Deferred Inflows and Fund Balances	\$ 23,666,423	2,174,132	8,511,741	3,016,144

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet, continued

	State & Federal Grants	Capital Projects	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 4,309,537	636,289	9,065,157	31,853,485
Restricted cash and investments	-	7,503,239	255,414	9,932,047
Prepaid items	-	-	475	4,860
Receivables:				
Accounts	-	-	335,554	386,866
Leases	-	-	375,173	375,173
Due to/from component unit	-	-	-	591,835
Intergovernmental	791,249	-	31,719	6,571,228
Investment earnings	-	-	-	11,426
Property taxes	-	-	9,723	245,363
Sales taxes	-	-	663,067	8,139,715
Interfund	-	-	-	3,233,038
Interfund advances	-	-	181,902	181,902
Total Assets	\$ 5,100,786	8,139,528	10,918,184	61,526,938
Liabilities				
Accounts payable	\$ 126	-	101,437	1,011,789
Accrued salaries and benefits	-	-	-	32,926
Intergovernmental payable	-	-	-	4,407,254
Interfund payable	-	-	197,496	197,496
Interfund advances payable	-	-	180,689	180,689
Deposits	-	-	73,343	79,800
Unearned revenues	5,114,703	-	-	5,228,605
Total Liabilities	5,114,829	-	552,965	11,138,559
Deferred Inflows of Resources				
Property tax revenues	-	-	9,714	246,999
Related to leases	-	-	368,338	368,338
Total Liabilities and Deferred Inflows of Resources	5,114,829	-	931,017	11,753,896
Fund Balances				
Nonspendable:				
Prepaid items	-	-	-	4,385
Restricted:				
Airport projects	-	-	1,077,204	1,077,204
Capital projects	-	8,139,528	-	8,139,528
Commercial passenger vessel impact	-	-	-	2,130,220
Dock improvements	-	-	58,926	58,926
Education	-	-	-	11,216,649
Library operations	-	-	293,845	293,845
Public safety and water	-	-	3,118,575	3,118,575
Recreation	-	-	2,413,656	2,413,656
Road maintenance	-	-	337,630	337,630
Committed:				
Borough-owned land management	-	-	2,706,908	2,706,908
Unassigned (deficit)	(14,043)	-	(19,577)	18,275,516
Total Fund Balances	(14,043)	8,139,528	9,987,167	49,773,042
Total Liabilities, Deferred Inflows and Fund Balances	\$ 5,100,786	8,139,528	10,918,184	61,526,938

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
*Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022*

Total Governmental Fund Balances	\$	49,773,042
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	\$	232,103,457
Less accumulated depreciation		<u>(85,994,778)</u>
		146,108,679
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.		
		4,336,851
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.		
		246,999
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.		
		(545,783)
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.		
		(291,859)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$	(25,410,000)
Certificates of participation		(2,595,000)
Premium for GO bonds		(1,151,855)
Premium for certificates of participation		(545,092)
Deferred loss on refunding		48,573
Leases payable		(47,711)
Compensated absences		(836,358)
Net pension liability		(6,001,736)
Net OPEB liability		<u>-</u>
Total long-term liabilities		<u>(36,539,179)</u>
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions	\$	982,827
Deferred inflows of resources related to pensions		(2,393,358)
Deferred outflows of resources related to OPEB		178,217
Deferred inflows of resources related to OPEB		<u>(2,306,222)</u>
Total deferred pension items		<u>(3,538,536)</u>
Net Position Of Governmental Activities	\$	<u>159,873,708</u>

See accompanying notes to the basic financial statements.



THIS PAGE INTENTIONALLY LEFT BLANK

Ketchikan Gateway Borough, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	<u>General</u>	<u>Commercial Passenger Vessel</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>
Revenues				
Taxes	\$ 6,534,283	-	2,063,110	9,455,182
Intergovernmental	4,322,156	-	4,206,968	1,070,363
Licenses and permits	3,000	-	-	-
Charges for services	1,182,401	-	-	-
Water fees	-	-	-	-
Commercial passenger vessel tax	-	314,783	-	-
Interest subsidy	-	-	-	-
Investment earnings	57,836	10,332	15,787	30,632
Proceeds from sale of property	-	-	-	-
Miscellaneous	-	-	15,045	-
Total Revenues	<u>12,099,676</u>	<u>325,115</u>	<u>6,300,910</u>	<u>10,556,177</u>
Expenditures				
Current				
General government	4,625,388	-	-	-
Library services	-	-	-	-
Fire and EMS	-	-	-	-
Water treatment and distribution	-	-	-	-
Public services	1,364,868	268,073	28,809	-
Parks and recreation	2,758,766	-	-	-
Public works	1,033,190	-	-	-
Transit	3,113,076	-	-	-
Education	-	-	-	10,731,499
Grants	339,373	-	-	-
Nondepartmental	8,897	-	-	-
Capital Outlay	459,402	-	214,464	-
Debt Service				
Principal retirement	6,532	-	-	-
Interest and fiscal charges	689	-	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	<u>13,710,181</u>	<u>268,073</u>	<u>243,273</u>	<u>10,731,499</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,610,505)	57,042	6,057,637	(175,322)
Other Financing Sources (Uses)				
Other financing sources leases	44,302	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	11,282,498	-	-	409,165
Transfers out	(1,814,672)	(460,755)	(1,885,443)	(185,604)
Total Other Financing Sources (Uses)	<u>9,512,128</u>	<u>(460,755)</u>	<u>(1,885,443)</u>	<u>223,561</u>
Net Change in Fund Balances	7,901,623	(403,713)	4,172,194	48,239
Fund Balances Beginning of Year	<u>10,411,898</u>	<u>2,533,933</u>	<u>4,145,523</u>	<u>2,850,693</u>
Fund Balances End of Year	\$ <u>18,313,521</u>	<u>2,130,220</u>	<u>8,317,717</u>	<u>2,898,932</u>

See accompanying notes to the basic financial statements.

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

	<u>State & Federal Grants</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ -	-	4,141,484	22,194,059
Intergovernmental	16,720,706	-	147,182	26,467,375
Licenses and permits	-	-	-	3,000
Charges for services	-	-	1,023,474	2,205,875
Water fees	-	-	316,049	316,049
Commercial passenger vessel tax	-	-	-	314,783
Interest subsidy	-	-	399,556	399,556
Investment earnings	-	-	64,067	178,654
Proceeds from sale of property	-	-	6,277	6,277
Miscellaneous	-	-	452,422	467,467
Total Revenues	<u>16,720,706</u>	<u>-</u>	<u>6,550,511</u>	<u>52,553,095</u>
Expenditures				
Current				
General government	-	-	-	4,625,388
Library services	-	-	523,050	523,050
Fire and EMS	-	-	1,698,462	1,698,462
Water treatment and distribution	-	-	277,699	277,699
Public services	6,526,121	130	754,968	8,942,969
Parks and recreation	-	-	-	2,758,766
Public works	-	-	-	1,033,190
Transit	-	-	-	3,113,076
Education	-	-	-	10,731,499
Grants	-	-	-	339,373
Nondepartmental	-	-	-	8,897
Capital Outlay	37,345	88,373	76,787	876,371
Debt Service				
Principal retirement	-	-	2,170,000	2,176,532
Interest and fiscal charges	-	-	1,345,784	1,346,473
Bond issuance costs	-	28,269	-	28,269
Total Expenditures	<u>6,563,466</u>	<u>116,772</u>	<u>6,846,750</u>	<u>38,480,014</u>
Excess (Deficiency) of Revenues Over Expenditures	10,157,240	(116,772)	(296,239)	14,073,081
Other Financing Sources (Uses)				
Other financing sources leases	-	-	-	44,302
Issuance of debt	-	6,655,000	-	6,655,000
Bond premium	-	965,085	-	965,085
Transfers in	-	500,000	3,453,442	15,645,105
Transfers out	(10,171,283)	(500,000)	(2,195,442)	(17,213,199)
Total Other Financing Sources (Uses)	<u>(10,171,283)</u>	<u>7,620,085</u>	<u>1,258,000</u>	<u>6,096,293</u>
Net Change in Fund Balances	(14,043)	7,503,313	961,761	20,169,374
Fund Balances Beginning of Year	<u>-</u>	<u>636,215</u>	<u>9,025,406</u>	<u>29,603,668</u>
Fund Balances End of Year	\$ <u>(14,043)</u>	<u>8,139,528</u>	<u>9,987,167</u>	<u>49,773,042</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022*

Net Changes In Fund Balances - Total Governmental Funds \$ 20,169,374

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	\$ (5,395,515)	
Capital outlay	<u>891,665</u>	(4,503,850)

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.

567,791

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.

(132)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has 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:

Bonds issued	\$ (6,655,000)	
Premium on issued bonds	(965,085)	
Leases payable	(44,302)	
Principal payments on long-term debt	2,176,532	
Amortization of premiums	216,045	
Accrued interest	2,421	
Deferred loss on long-term debt	<u>(40,124)</u>	(5,309,513)

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	\$ (83,445)	
Net pension obligation and related accounts	(803,220)	
OPEB obligation and related accounts	<u>1,632,337</u>	<u>745,672</u>

Change In Net Position of Governmental Activities \$ 11,669,342

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	2022			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance on Final Budget</u>
Revenues				
Taxes	\$ 4,170,000	4,170,000	6,534,283	2,364,283
Licenses and permits	4,000	4,000	3,000	(1,000)
Intergovernmental	3,781,634	3,781,634	4,322,156	540,522
Charges for services	1,139,100	1,139,100	1,182,401	43,301
Investment earnings	<u>50,000</u>	<u>50,000</u>	<u>57,836</u>	<u>7,836</u>
Total Revenues	<u>9,144,734</u>	<u>9,144,734</u>	<u>12,099,676</u>	<u>2,954,942</u>
Expenditures				
Current				
General government	4,729,329	4,915,071	4,625,388	289,683
Public services	1,209,010	1,404,132	1,364,868	39,264
Parks and recreation	2,497,295	2,632,883	2,758,766	(125,883)
Public works	1,103,178	1,233,478	1,033,190	200,288
Transit - bus system	2,767,331	3,030,568	3,113,076	(82,508)
Nondepartmental	183,960	183,960	8,897	175,063
Education	344,635	344,635	339,373	5,262
Debt Service				
Principal retirement	-	-	6,532	(6,532)
Interest and fiscal charges	-	-	689	(689)
Capital Outlay	<u>109,848</u>	<u>929,848</u>	<u>459,402</u>	<u>470,446</u>
Total Expenditures	<u>12,944,586</u>	<u>14,674,575</u>	<u>13,710,181</u>	<u>964,394</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,799,852)	(5,529,841)	(1,610,505)	3,919,336
Other Financing Sources (Uses)				
Other financing sources leases	-	-	44,302	44,302
Transfers in	1,103,760	1,103,760	11,282,498	10,178,738
Transfers out	<u>(201,097)</u>	<u>(1,814,672)</u>	<u>(1,814,672)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>902,663</u>	<u>(710,912)</u>	<u>9,512,128</u>	<u>10,223,040</u>
Net Change in Fund Balance	\$ <u>(2,897,189)</u>	<u>(6,240,753)</u>	7,901,623	<u>14,142,376</u>
Fund Balance Beginning of Year			<u>10,411,898</u>	
Fund Balance End of Year			\$ <u><u>18,313,521</u></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, 2022

	2022			Variance On Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Commercial passenger vessel tax	\$ -	-	314,783	314,783
Investment earnings	<u>13,000</u>	<u>13,000</u>	<u>10,332</u>	<u>(2,668)</u>
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>325,115</u>	<u>312,115</u>
Expenditures				
Current				
Public services	<u>456,493</u>	<u>487,038</u>	<u>268,073</u>	<u>218,965</u>
Total Expenditures	<u>456,493</u>	<u>487,038</u>	<u>268,073</u>	<u>218,965</u>
Excess of Revenues Over Expenditures	(443,493)	(474,038)	57,042	531,080
Other Financing Uses				
Transfers out	<u>(460,755)</u>	<u>(460,755)</u>	<u>(460,755)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(904,248)</u>	<u>(934,793)</u>	(403,713)	<u>531,080</u>
Fund Balance Beginning of Year			<u>2,533,933</u>	
Fund Balance End of Year		\$	<u>2,130,220</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, 2022

	2022			Variance on Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Sales taxes	\$ 1,274,666	1,274,666	2,055,175	780,509
Intergovernmental	-	-	4,206,968	4,206,968
Penalties and interest	3,000	3,000	7,935	4,935
Miscellaneous	-	-	15,045	15,045
Investment earnings	<u>7,500</u>	<u>7,500</u>	<u>15,787</u>	<u>8,287</u>
Total Revenues	<u>1,285,166</u>	<u>1,285,166</u>	<u>6,300,910</u>	<u>5,015,744</u>
Expenditures				
Current				
Public service	600	30,600	28,809	1,791
Capital Outlay	<u>195,000</u>	<u>793,663</u>	<u>214,464</u>	<u>579,199</u>
Total Expenditures	<u>195,600</u>	<u>824,263</u>	<u>243,273</u>	<u>580,990</u>
Excess of Revenues Over Expenditures	1,089,566	460,903	6,057,637	5,596,734
Other Financing Uses				
Transfers out	<u>(1,934,972)</u>	<u>(1,934,972)</u>	<u>(1,885,443)</u>	<u>49,529</u>
Total Other Financing Uses	<u>(1,934,972)</u>	<u>(1,934,972)</u>	<u>(1,885,443)</u>	<u>49,529</u>
Net Change in Fund Balance	\$ <u>(845,406)</u>	<u>(1,474,069)</u>	4,172,194	<u>5,646,263</u>
Fund Balance Beginning of Year			<u>4,145,523</u>	
Fund Balance End of Year			\$ <u>8,317,717</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, 2022

2022				
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Property taxes	\$ 7,822,233	7,822,233	8,180,221	357,988
Excise taxes	1,300,000	1,300,000	1,274,961	(25,039)
Intergovernmental	719,647	719,647	1,070,363	350,716
Investment earnings	20,000	20,000	30,632	10,632
Total Revenues	<u>9,861,880</u>	<u>9,861,880</u>	<u>10,556,177</u>	<u>694,297</u>
Expenditures				
Current				
Education	<u>10,781,028</u>	<u>10,781,028</u>	<u>10,731,499</u>	<u>49,529</u>
Excess (Deficiency) of Revenues Over Expenditures	(919,148)	(919,148)	(175,322)	743,826
Other Financing Uses				
Transfers in	458,694	458,694	409,165	(49,529)
Transfers out	<u>(185,604)</u>	<u>(185,604)</u>	<u>(185,604)</u>	<u>-</u>
Total Other Financing Sources	<u>273,090</u>	<u>273,090</u>	<u>223,561</u>	<u>(49,529)</u>
Net Change in Fund Balance	\$ <u>(646,058)</u>	<u>(646,058)</u>	48,239	<u>694,297</u>
Fund Balance Beginning of Year			<u>2,850,693</u>	
Fund Balance End of Year		\$	<u><u>2,898,932</u></u>	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Net Position
June 30, 2022

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Assets				
Current Assets				
Cash and investments	\$ 9,058,886	1,342,301	10,401,187	-
Prepaid items	39,690	-	39,690	-
Receivables:				
Accounts	529,345	24,362	553,707	-
Leases	503,688	-	503,688	-
Intergovernmental	2,232,643	-	2,232,643	-
Total Current Assets	<u>12,364,252</u>	<u>1,366,663</u>	<u>13,730,915</u>	<u>-</u>
Noncurrent Assets				
Long-term leases receivables	2,735,072	-	2,735,072	-
Note receivable from component unit	-	-	-	3,379,559
Net other postemployment benefits asset	1,679,034	-	1,679,034	-
Capital Assets				
Nondepreciable	4,097,934	1,898,833	5,996,767	-
Depreciable, net	12,797,855	7,089,738	19,887,593	-
Total Noncurrent Assets	<u>21,309,895</u>	<u>8,988,571</u>	<u>30,298,466</u>	<u>3,379,559</u>
Total Assets	<u>33,674,147</u>	<u>10,355,234</u>	<u>44,029,381</u>	<u>3,379,559</u>
Deferred Outflows of Resources				
Related to pensions	380,507	-	380,507	-
Related to OPEB	68,997	-	68,997	-
Total Assets and Deferred Outflows of Resources	<u>\$ 34,123,651</u>	<u>10,355,234</u>	<u>44,478,885</u>	<u>3,379,559</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 56,134	103,830	159,964	-
Interfund advances payable	-	1,213	1,213	-
Compensated absences payable	246,646	-	246,646	-
Unearned revenue	15,360	-	15,360	-
Interest payable	-	11,251	11,251	-
Claims payable	-	-	-	889,800
Total Current Liabilities	<u>318,140</u>	<u>116,294</u>	<u>434,434</u>	<u>889,800</u>
Long-Term Liabilities, net of current portion				
Compensated absences payable	61,990	-	61,990	-
Net pension liability	2,323,602	-	2,323,602	-
LWCF note payable	-	741,592	741,592	-
Interfund payable	-	-	-	3,035,542
Total Long-Term Liabilities	<u>2,385,592</u>	<u>741,592</u>	<u>3,127,184</u>	<u>3,035,542</u>
Total Liabilities	<u>2,703,732</u>	<u>857,886</u>	<u>3,561,618</u>	<u>3,925,342</u>
Deferred Inflows of Resources				
Related to leases	3,178,877	-	3,178,877	-
Related to pensions	926,601	-	926,601	-
Related to OPEB	892,865	-	892,865	-
Total Liabilities and Deferred Inflows of Resources	<u>7,702,075</u>	<u>857,886</u>	<u>8,559,961</u>	<u>3,925,342</u>
Net Position (Deficit)				
Net investment in capital assets	16,895,789	8,246,979	25,142,768	-
Unrestricted (Deficit)	9,525,787	1,250,369	10,776,156	(545,783)
Total Net Position (Deficit) - Fund Level	<u>\$ 26,421,576</u>	<u>9,497,348</u>	<u>35,918,924</u>	<u>(545,783)</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>\$ 35,595,430</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, 2022

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Operating Revenues				
Charges for services	\$ 5,204,970	856,118	6,061,088	11,525,187
Operating Expenses				
Personnel services	3,265,451	280,472	3,545,923	-
Supplies and services	1,538,033	560,444	2,098,477	-
Insurance	253,537	5,644	259,181	-
Administration	-	-	-	1,684,337
Claims and premiums	-	-	-	11,795,527
Wellness plan	-	-	-	34,350
Depreciation	1,085,714	348,788	1,434,502	-
Total Operating Expenses	6,142,735	1,195,348	7,338,083	13,514,214
Less recovery of expenses	-	(9,768)	(9,768)	(1,443,244)
Net Operating Expenses	6,142,735	1,185,580	7,328,315	12,070,970
Operating Income (Loss)	(937,765)	(329,462)	(1,267,227)	(545,783)
Nonoperating Revenues (Expenses)				
Interest and fiscal charges	-	(3,544)	(3,544)	-
Investment earnings	177,219	9,292	186,511	-
Operating grants	2,776,118	-	2,776,118	-
Total Nonoperating Revenues (Expenses)	2,953,337	5,748	2,959,085	-
Income (Loss) before Capital Contributions and Transfers	2,015,572	(323,714)	1,691,858	(545,783)
Capital contributions	-	6,741	6,741	-
Transfers in	54,404	400,115	454,519	1,113,575
Change in Net Position	2,069,976	83,142	2,153,118	567,792
Net Position (Deficit) Beginning of Year	24,351,600	9,414,206		(1,113,575)
Net Position (Deficit) End of Year	\$ 26,421,576	9,497,348		(545,783)
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.			-	
Change in net position of business-type activities			\$ 2,153,118	

See accompanying notes to the basic financial statements.



THIS PAGE INTENTIONALLY LEFT BLANK

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2022

	<u>Business-type Activities</u>			Governmental Activities - Internal Service Funds
	<u>Airport</u>	<u>Wastewater</u>	<u>Total</u>	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from (for) Operating Activities				
Cash received from customers	\$ 4,983,968	869,777	5,853,745	10,817,096
Cash payments to employees for services	(3,657,823)	(280,472)	(3,938,295)	-
Cash payments for goods and services	(1,924,669)	(521,306)	(2,445,975)	(2,157,782)
Cash payments for claims	-	-	-	(10,084,093)
Net Cash from (for) Operating Activities	<u>(598,524)</u>	<u>67,999</u>	<u>(530,525)</u>	<u>(1,424,779)</u>
Cash Flows from Noncapital Financing Activities				
Interfund payables	-	-	-	311,204
Operating grants	599,674	33,019	632,693	-
Transfers in	54,404	400,115	454,519	1,113,575
Net Cash from Noncapital Financing Activities	<u>654,078</u>	<u>433,134</u>	<u>1,087,212</u>	<u>1,424,779</u>
Cash Flows from (for) Capital and Related Financing Activities				
Loan proceeds	-	(19,709)	(19,709)	-
Capital grant	-	6,741	6,741	-
Interest paid on debt service	-	7,707	7,707	-
Interfund advance payable	-	(50,532)	(50,532)	-
Payments for capital acquisitions	-	(13,483)	(13,483)	-
Net Cash for Capital and Related Financing Activities	<u>-</u>	<u>(69,276)</u>	<u>(69,276)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment earnings	177,219	9,292	186,511	-
Net Increase in Cash and Cash Equivalents	232,773	441,149	673,922	-
Cash and Cash Equivalents Beginning of Year	<u>8,826,113</u>	<u>901,152</u>	<u>9,727,265</u>	<u>-</u>
Cash and Cash Equivalents End of Year	\$ <u><u>9,058,886</u></u>	<u><u>1,342,301</u></u>	<u><u>10,401,187</u></u>	<u><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, 2022

	Business-type Activities			Governmental
	Airport	Wastewater	Total	Activities -
				Internal
				Service
				Funds
Reconciliation of Operating Income (Loss) to Net Cash from (for) Operating Activities				
Operating Income (Loss)	\$ (937,765)	(329,462)	(1,267,227)	(545,783)
Adjustments:				
Depreciation	1,085,714	348,788	1,434,502	-
Amortization of deferred inflows of resources for pensions				-
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts receivable	(176,479)	13,659	(162,820)	176,754
Lease receivable	(3,238,760)	-	(3,238,760)	-
Note receivable	-	-	-	(884,845)
Prepaid items	(39,690)	-	(39,690)	-
Net other postemployment benefits asset	(1,431,436)	-	(1,431,436)	-
Deferred outflows of resources for pensions	(10,890)	-	(10,890)	-
Deferred outflows of resources for OPEB	117,398	-	117,398	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts payable	(93,409)	35,014	(58,395)	-
Compensated absences payable	2,791	-	2,791	-
Unearned revenue	15,360	-	15,360	-
Net pension liability	(668,844)	-	(668,844)	-
Net OPEB liability	(4,824)	-	(4,824)	-
Deferred inflows of resources for leases	3,178,877	-	3,178,877	-
Deferred inflows of resources for pensions	909,451	-	909,451	-
Deferred inflows of resources for OPEB	693,982	-	693,982	-
Claims payable	-	-	-	(170,905)
Net Cash from (for) Operating Activities	\$ (598,524)	67,999	(530,525)	(1,424,779)

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
Table of Contents
For the Year Ended June 30, 2022

Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Presentation	1-B
Measurement Focus	1-C
Basis of Accounting	1-D
Assets, Liabilities and Fund Equity	1-E
Cash, Cash Equivalents, and Investments	1-E-1
Receivables	1-E-2
Interfund Balances	1-E-3
Consumable Inventories	1-E-4
Prepaid Items	1-E-5
Restricted Assets	1-E-6
Capital Assets	1-E-7
Compensated Absences	1-E-8
Accrued Liabilities and Long-term Obligations	1-E-9
Bond Premiums, Discounts, and Issuance Costs	1-E-10
Fund Equity	1-E-11
Operating Revenues and Expenses	1-E-12
Contributions of Capital	1-E-13
Interfund Activity	1-E-14
Estimates	1-E-15
Comparative Data	1-E-16
Pensions and OPEB	1-E-17
Deferred Outflows and Inflows of Resources	1-E-18
Leases	1-E-19
Changes in Accounting Principles, Stewardship, Compliance and Accountability	2
Budgetary Information	2-A
Excess of Expenditures over Appropriations	2-B
Deficit Fund Equities	2-C
Detailed Notes on All Funds	3
Cash and Investments	3-A
Receivables	3-B
Property and Sales Taxes	3-C
Capital Assets	3-D
Interfund Balances and Transfers	3-E
Compensated Absences	3-F
Leases	3-G
Long-Term Debt	3-H
Retirement Plans	3-I
Net Investment in Capital Assets	3-J
Other Notes	4
Risk Management	4-A
Contingent Liabilities	4-B
Tax Abatements	4-C
Accounting Pronouncements	4-D

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022

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, 2022

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 Special Revenue 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. This fund was qualitatively selected as a major fund for consistency purposes.

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.

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.

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, 2022

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, 2022

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, Deferred Outflows and Inflows of Resources 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 uncollectible, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue on June 30, 2022.

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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

1-E-4 Consumable Inventories

On the government-wide financial statements, the Borough did not record any inventory, however, component unit inventories are presented at cost using the first-in, first-out basis. The consumption method is used to records the expenditures when inventory is consumed rather than when purchased.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, 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 in the Commercial Passenger Vessel fund are for the improvement to the port and harbor facilities and other service to provide for vessel or watercraft visits and enhance interstate and foreign commerce. Cash and investments restricted in the Land Trust fund are for the reserve for the Certificate of Participation for the White Cliff Building.

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 (\$5,000) for capital assets consisting of equipment, and fifty thousand dollars (\$50,000) 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.

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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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.

1-E-8 Compensated Absences

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

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

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

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

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

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 and amortized over the life of the refunding bonds. 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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

using the straight-line method. At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure/expense in both the government wide statement of activities and at the fund level.

1-E-11 Fund Equity

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

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

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

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

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

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

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

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

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

Net Position - Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and any capital related obligations adding back any unspent proceeds. 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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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 financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates include those for allowance for uncollectible accounts and changes in assumptions for pension and OPEB plans.

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, 2022

1-E-17 Pensions and OPEB

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 and OPEB, pension expense, 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.

1-E-18 Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to future period(s) and will not be recognized as an inflow of resources (revenues) until that time. In the government-wide statements, deferred outflows of resources of the Borough consist of deferred loss on debt refundings as well as certain pension and OPEB related accounts. Deferred inflows of resources reported on the government-wide statements consist of deferred revenue from lessor lease agreements as well as certain pension and OPEB related accounts, while deferred inflows of resources reported on the governmental balance sheet consist of unavailable property taxes and deferred revenue from lessor leases.

1-E-18 Leases

Lessee - The Borough is party to multiple leases of nonfinancial assets as a lessee. The Borough recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the Borough initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Borough determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Borough uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Borough generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Borough is reasonably certain to exercise.

The Borough monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - The Borough has leased to third-parties' multiple nonfinancial assets. The Borough recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental and proprietary fund financial statements where applicable.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

At the commencement of the lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Borough uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

On June 30, 2022, the Borough had open encumbrances as follows:

Fund	Encumbrances
General Fund	\$ 185,234
Commercial Passenger Vessel	9,727
Capital Projects	204,582
Nonmajor	190,799
Total	\$ 590,342

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

2-B. Excess of Expenditures over Appropriations

The following individual fund had an excess of expenditures over appropriations on June 30, 2022:

Golden Nugget Service Area Special Revenue Fund
Health Equity Special Revenue Fund

2-C. Deficit Fund Equities

The following individual funds had a deficit fund balance/net position at the fund reporting level on June 30, 2022:

State & Federal Grants Special Revenue Fund	\$	(14,043)
Health Equity Special Revenue Fund		(19,577)
Self-Insured Health Insurance Internal Service Fund	\$	(545,783)

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 on June 30, 2022 are as follows:

		\$		3,638
Cash on hand				33,665,626
Deposits with financial institutions				18,517,455
Investments				<u>52,186,719</u>
Total		\$		<u><u>52,186,719</u></u>

		Governmental Activities		Business-Type Activities		Total
Unrestricted	\$	31,853,485	\$	10,401,187	\$	42,254,672
Restricted		<u>9,932,047</u>		<u>-</u>		<u>9,932,047</u>
Total	\$	<u><u>41,785,532</u></u>	\$	<u><u>10,401,187</u></u>	\$	<u><u>52,186,719</u></u>

The restricted cash and investments are comprised of investments in construction funds for school projects, commercial passenger vessel revenues for commercial passenger vessel related expenditures, and the land trust fund for bond reserve.

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, 2022, the carrying value of all the Borough’s deposits was \$33,665,626 and the bank value was \$33,844,184 per bank confirmations. All collateral securities were held by third parties in the Borough’s name and were not exposed to custodial credit risk.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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

The Borough has investments as follows: \$619,524 is deposited in the Alaska Municipal League Investment Pool, \$9,926,000 is deposited with Time Value Investments, \$7,716,517 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, 2022. 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 evidence 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 - \$619,524 is held in the Alaska Municipal League Investment Pool (AMLPL). The AMLPL is considered an external investment pool with a Standard and Poor's rating of AAAM. \$9,926,000 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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Interest rate risk - As of June 30, 2022, 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.

The Borough's investments are as follows:

<u>Investment Type</u>	<u>Investment Maturity (in years)</u>		
	<u>Current</u>		
	<u>Market Value</u>	<u>Less than 1</u>	<u>1 - 5</u>
AML Investment Pool	\$ 619,524	619,524	-
Bank of New York Mellon Trust	255,414	255,414	-
Time Value Investments	9,926,000	9,926,000	-
Money Market	<u>7,716,517</u>	<u>7,716,517</u>	-
	<u>\$ 18,517,455</u>	<u>18,517,455</u>	<u>-</u>

3-B. Receivables

Receivables on June 30, 2022, 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:

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

	General	Commercial Passenger Vessel	School Bond Capital Improvements	Local Education	State & Federal Grants
Current receivables:					
Accounts	\$ 676,512	738	1,370	847	-
Due to/from component unit	-	-	-	591,835	-
Intergovernmental	1,909,555	-	3,838,705	-	791,249
Investments	11,426	-	-	-	-
Property taxes	118,351	-	-	117,289	-
Sales taxes	6,444,245	-	663,067	369,336	-
Total current receivables	<u>9,160,089</u>	<u>738</u>	<u>4,503,142</u>	<u>1,079,307</u>	<u>791,249</u>
Allowance for doubtful accounts	(628,155)	-	-	-	-
Net current receivables	<u>8,531,934</u>	<u>738</u>	<u>4,503,142</u>	<u>1,079,307</u>	<u>791,249</u>
Long-term note receivable	-	-	-	-	-
Total receivables	<u>\$ 8,531,934</u>	<u>738</u>	<u>4,503,142</u>	<u>1,079,307</u>	<u>791,249</u>

	Nonmajor Governmental	Airport Enterprise	Wastewater Enterprise	Internal Service Fund	Totals
Current receivables:					
Accounts	\$ 352,024	535,254	37,937	-	1,604,682
Due to/from component unit	-	-	-	-	591,835
Intergovernmental	31,719	2,232,643	-	-	8,803,871
Investments	-	-	-	-	11,426
Property taxes	9,723	-	-	-	245,363
Sales taxes	663,067	-	-	-	8,139,715
Total current receivables	<u>1,056,533</u>	<u>2,767,897</u>	<u>37,937</u>	<u>-</u>	<u>19,396,892</u>
Allowance for doubtful accounts	(16,470)	(5,909)	(13,575)	-	(664,109)
Net current receivables	<u>1,040,063</u>	<u>2,761,988</u>	<u>24,362</u>	<u>-</u>	<u>18,732,783</u>
Long-term note receivable	-	-	-	3,379,559	3,379,559
Total receivables	<u>\$ 1,040,063</u>	<u>2,761,988</u>	<u>24,362</u>	<u>3,379,559</u>	<u>22,112,342</u>

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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)	\$ 120,073	-
Delinquent property taxes receivable (Local Education Fund)	117,212	-
Delinquent property taxes receivable (Nonmajor Funds)	9,714	-
Unearned revenue (General Fund)	-	113,902
Unearned revenue (Grants)	-	5,114,703
Total deferred/unearned revenue for governmental funds	\$ 246,999	5,228,605

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%.

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

3-D. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 7/1/2021	Reclass	Additions	Deductions	Balance 6/30/2022
Governmental activities:					
Nondepreciable capital assets:					
Works of art	\$ 7,500	-	-	-	7,500
Construction in progress - Borough	1,100,301	-	332,429	-	1,432,730
Land - Borough	33,587,622	-	-	-	33,587,622
Land - School	7,798,562	-	-	-	7,798,562
Total nondepreciable capital assets	<u>42,493,985</u>	<u>-</u>	<u>332,429</u>	<u>-</u>	<u>42,826,414</u>
Depreciable capital assets:					
Buildings - Borough	26,875,053	(95,981)	-	-	26,779,072
Buildings - School	109,123,063	-	253,279	-	109,376,342
Equipment	6,705,015	58,736	204,149	7,465	6,960,435
Fields	4,758,399	482,365	64,973	-	5,305,737
Infrastructure	1,509,418	-	-	-	1,509,418
Land improvements	4,157,167	(445,120)	-	-	3,712,047
Pool	22,971,211	-	-	-	22,971,211
Water improvements	8,400,960	-	-	-	8,400,960
Buses	4,207,581	-	-	-	4,207,581
Intangible right-to-use leases	-	-	54,243	-	54,243
Total depreciable capital assets	<u>188,707,867</u>	<u>-</u>	<u>576,644</u>	<u>7,465</u>	<u>189,277,046</u>
Total cost of capital assets	<u>231,201,852</u>	<u>-</u>	<u>909,073</u>	<u>7,465</u>	<u>232,103,460</u>
Accumulated depreciation:					
Buildings - Borough	8,998,747	(84,674)	685,068	-	9,599,141
Buildings - School	50,388,295	-	2,633,459	-	53,021,754
Equipment	4,839,273	73,551	264,447	-	5,177,271
Fields	2,844,016	100,146	199,425	-	3,143,587
Infrastructure	1,021,280	-	48,109	-	1,069,389
Land improvements	1,070,537	(89,023)	215,888	-	1,197,402
Pool	7,334,582	-	919,935	-	8,254,517
Water improvements	1,677,707	-	168,888	-	1,846,595
Buses	2,424,827	-	253,265	-	2,678,092
Intangible right-to-use leases	-	-	7,033	-	7,033
Total accumulated depreciation	<u>80,599,264</u>	<u>-</u>	<u>5,395,517</u>	<u>-</u>	<u>85,994,781</u>
Governmental activities capital assets, net	<u>\$ 150,602,588</u>	<u>-</u>	<u>(4,486,444)</u>	<u>7,465</u>	<u>146,108,679</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Governmental activities depreciation:	
General Government	\$ 22,872
Education	2,799,949
Fire and EMS	303,464
Parks and Recreation	1,197,820
Water Treatment and Distribution	3,785
Public Services	698,506
Public Works	35,200
Transit	<u>333,921</u>
Total governmental activities depreciation expense	<u>\$ 5,395,517</u>

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

	Balance 7/1/2021	Additions	Deductions	Balance 6/30/2022
Business-type activities:				
Nondepreciable capital assets				
Construction in progress-Airport	\$ 4,097,934	-	-	4,097,934
Construction in progress-Wastewater	1,885,350	13,483	-	1,898,833
Total nondepreciable capital assets	<u>5,983,284</u>	<u>13,483</u>	<u>-</u>	<u>5,996,767</u>
Depreciable capital assets:				
Ferry	16,076,182	-	-	16,076,182
Field	4,360,148	-	-	4,360,148
Terminal building	13,321,866	-	-	13,321,866
Murphy's landing	208,800	-	-	208,800
Revilla parking	63,068	6,419	-	69,487
Wastewater	222,263	-	-	222,263
Mountain Point wastewater	13,919,502	-	-	13,919,502
Total depreciable capital assets	<u>48,171,829</u>	<u>6,419</u>	<u>-</u>	<u>48,178,248</u>
Total capital assets	<u>54,155,113</u>	<u>19,902</u>	<u>-</u>	<u>54,175,015</u>
Accumulated depreciation:				
Ferry	9,233,513	699,467	-	9,932,980
Field	3,314,549	88,982	-	3,403,531
Terminal building	7,384,664	291,795	-	7,676,459
Murphy's landing	208,800	-	-	208,800
Revilla parking	11,388	5,470	-	16,858
Wastewater	222,259	-	-	222,259
Mountain Point wastewater	6,480,980	348,788	-	6,829,768
Total accumulated depreciation	<u>26,856,153</u>	<u>1,434,502</u>	<u>-</u>	<u>28,290,655</u>
Business-type activities capital assets, net	<u>\$ 27,298,960</u>	<u>(1,414,600)</u>	<u>-</u>	<u>25,884,360</u>
Business-type activities depreciation:				
Airport	\$	1,085,714		
Wastewater		348,788		
	<u>\$</u>	<u>1,434,502</u>		

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

3-E. Interfund Balances and Transfers

Interfund balances on June 30, 2022, 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 From:			
	Local Education Fund	State & Federal Grants	Wastewater Enterprise Fund	Nonmajor Governmental Funds
Payable to:				
General Fund	\$ -	-	-	197,496
Nonmajor Governmental Funds	-	-	1,213	180,689
Total	\$ -	-	1,213	378,185

	Payable From:	
	Internal Service Fund	Total
Payable to:		
General Fund	\$ 3,035,542	3,233,038
Nonmajor Governmental Funds	-	181,902
Total	\$ 3,035,542	3,414,940

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Interfund transfers for the year ended June 30, 2022, consisted of the following:

From General Fund to:	
Local Education for education	\$ 185,604
Capital Projects for capital activities	500,000
Nonmajor Governmental Funds road maintenance	9,993
Airport Fund for medivac	5,500
Internal Service Fund for insurance	1,113,575
Total Transfers from General Fund	1,814,672
From Commercial Passenger Vessel Fund to:	
General Fund for transit subsidy	460,755
From School Bond CIP Fund to:	
Local Education for school insurance	223,561
Nonmajor Governmental Funds for debt service	1,499,250
Nonmajor Governmental Funds for recreation subsidy	162,632
Total Transfers from School Bond CIP Fund	1,885,443
From Local Education Fund to:	
General Fund for education	113,445
Nonmajor Governmental Funds for fire/ems	72,159
Total Transfers from Local Education Fund	185,604
From State & Federal Grant Fund to:	
General Fund for grant activities	9,678,738
Nonmajor Governmental Funds for grant activities	92,430
Wastewater Enterprise Fund for grant activities	400,115
Total Transfers from State & Federal Grant Fund	10,171,283
From Capital Projects Fund to:	
General Fund for capital activities	500,000
From Nonmajor Governmental Funds to:	
General Fund recreation subsidy	529,560
Nonmajor Governmental Funds for debt service	1,616,978
Airport Fund for passenger facilities charges	48,904
Total Transfers from Nonmajor Governmental Funds	2,195,442
Total Transfers To at the Fund Level	\$ 17,213,199

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

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

3-F. Compensated Absences

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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

3-G. Leases

Lease payable - During the current year, the Borough entered into multiple lease agreements as a lessee for non-financial assets. The leases went into effect on July 1, 2021. An initial lease liability was recorded in the amount of \$54,243 during the current year. As of June 30, 2022, the outstanding balance on the lease was \$47,711. The Borough is required to make monthly principal and interest payments of \$1,058. The lease has an interest rate of 4%. The non-financial assets have various estimated useful lives. The value of the right-to-use asset as of June 30, 2022 was \$54,243 and had accumulated amortization of \$7,033.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 10,831	1,503	12,334
2024	6,536	1,220	7,756
2025	7,142	1,001	8,143
2026	7,805	746	8,551
2027	8,529	449	8,978
Thereafter	6,868	115	6,983
Total	\$ 47,711	5,034	52,745

Leases receivable - During the current year, the Borough, as lessor, entered into several multiple-year lease agreements to third parties for various nonfinancial assets. The lengths of the lease terms vary, and the Borough used their incremental borrowing rate of 4% when there was no stated interest rate in the lease contract. The Borough received payments totaling \$695,532 for the fiscal year ended June 30, 2022. The Borough recognized \$605,939 in lease revenue and \$156,312 in interest revenue for the fiscal year ended June 30, 2022. As of June 30, 2022, the Borough's receivable for lease payments was \$3,613,933. The Borough recognized a deferred inflow of resource associated with the lease of \$3,547,215 on June 30, 2022, that will be recognized as revenue over the remainder of the lease terms.

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Net Interest</u>	<u>Total</u>
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	825,000	827,551	(312,548)	515,003	1,340,003
2028-2032	4,620,000	3,359,371	(1,290,309)	2,069,062	6,689,062
2033-2037	5,610,000	1,834,788	(756,705)	1,078,083	6,688,083
2038-2039	2,545,000	234,931	(105,719)	129,212	2,674,212
Total	\$ <u>16,600,000</u>	<u>10,007,866</u>	<u>(3,869,833)</u>	<u>6,138,033</u>	<u>22,738,033</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, 2022 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 595,000	14,875	609,875
Total	\$ <u>595,000</u>	<u>14,875</u>	<u>609,875</u>

Borough General Obligation Bonds, 2013 One Series - General obligation bonds, Series 2013, denominations of \$5,000, dated March 12, 2013, total issue \$4,875,000. The bond proceeds were used for school district facility upgrades. Interest rates range from 2% - 5%. The bonds mature February 1, 2023. Annual debt service requirements as of June 30, 2022 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 585,000	23,400	608,400
Total	\$ <u>585,000</u>	<u>23,400</u>	<u>608,400</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022 were as follows:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$	225,000	43,125	268,125
2024		235,000	31,625	266,625
2025		250,000	19,500	269,500
2026		265,000	6,625	271,625
Total	\$	<u>975,000</u>	<u>100,875</u>	<u>1,075,875</u>

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, 2022 were as follows:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$	135,000	119,425	254,425
2024		140,000	112,550	252,550
2025		145,000	105,425	250,425
2026		155,000	97,925	252,925
2027		165,000	89,925	254,925
2028-2032		945,000	315,375	1,260,375
2033-2036		910,000	75,475	985,475
Total	\$	<u>2,595,000</u>	<u>916,100</u>	<u>3,511,100</u>

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Borough General Obligation Bonds, 2022 One Series - General obligation bonds, Series 2022, denominations of \$5,000, dated April 14, 2022, total issue \$6,655,000. The bond proceeds were used for recreational facilities. Interest rate is 5%. The bonds mature December 1, 2041. Annual debt service requirements as of June 30, 2022 were as follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 130,000	329,500	459,500
2024	215,000	320,875	535,875
2025	225,000	309,875	534,875
2026	235,000	298,375	533,375
2027	245,000	286,375	531,375
2028-2032	1,435,000	1,228,625	2,663,625
2033-2036	1,835,000	822,375	2,657,375
2037-2041	2,335,000	303,625	2,638,625
Total	<u>\$ 6,655,000</u>	<u>3,899,625</u>	<u>10,554,625</u>

Alaska Clean Water Fund Note Payable – The Borough entered into an agreement on June 7, 2016 with the Alaska Department of Environmental Conservation (ADEC) for a 20-year loan not to exceed \$2,858,024 to be used to extend the South Tongass Wastewater main from Shoup Street to Forrest Park. Of that amount, \$335,802 is considered a subsidy (principal forgiveness). The Borough will pay a finance charge of 1.5% on each disbursement. Repayment will begin following initiation of operation of the facility based on the schedule prepared by ADEC over 20 years. The Borough drew down \$49,120 in fiscal year 2022, of which \$24,560 was considered a subsidy. The non-subsidy note payable balance at June 30, 2022 was \$741,592.

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

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Changes in Long-term Debt - Changes in the Borough's long-term obligations consisted of the following for the year ended June 30, 2022:

	Outstanding 7/1/2021	Additions	Reductions	Outstanding 6/30/2022	Amounts Due in One Year
Governmental Activities					
GO Bonds - 2009B & C	\$ 17,290,000	-	690,000	16,600,000	710,000
GO Bonds - 2011 III	1,165,000	-	570,000	595,000	595,000
GO Bonds - 2013 One	1,150,000	-	565,000	585,000	585,000
GO Bonds - 2020 Bond	1,195,000	-	220,000	975,000	225,000
GO Bonds - 2022 One	-	6,655,000	-	6,655,000	130,000
Unamortized Premium	363,880	965,085	177,110	1,151,855	-
Net GO Bonds	<u>21,163,880</u>	<u>7,620,085</u>	<u>2,222,110</u>	<u>26,561,855</u>	<u>2,245,000</u>
Certificates of Participation					
C of P 2020 Certificates	2,720,000	-	125,000	2,595,000	135,000
Unamortized Premium	584,027	-	38,935	545,092	-
Net COPs	<u>3,304,027</u>	<u>-</u>	<u>163,935</u>	<u>3,140,092</u>	<u>135,000</u>
Leases payable	-	54,243	6,532	47,711	10,831
Compensated absences	752,913	747,971	664,526	836,358	836,358
Total Governmental Activities	<u>\$ 25,220,820</u>	<u>8,422,299</u>	<u>3,057,103</u>	<u>30,586,016</u>	<u>3,227,189</u>
Business-Type Activities					
LWCF note payable	\$ 750,051	49,121	57,580	741,592	-
Compensated absences	305,845	126,651	123,860	308,636	246,646
Total Business-Type Activities	<u>\$ 1,055,896</u>	<u>175,772</u>	<u>181,440</u>	<u>1,050,228</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 <https://drb.alaska.gov/docs/reports/>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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

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

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from 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. Peace 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, 2022

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, 2022 were determined in the June 30, 2020 actuarial valuations. The Borough's contribution rates for the 2022 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54 %	26.99 %	8.11 %
Postemployment healthcare (ARHCT)	6.46 %	3.12 %	-
Total Contribution Rates	22.00 %	30.11 %	8.11 %

In 2022, the Borough was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2020 to June 30, 2021	Borough Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions (including DBUL)	\$ 834,980	\$ 955,931
Nonemployer contributions (on-behalf)	542,008	555,946
Total Contributions	\$ 1,376,988	\$ 1,511,877

In addition, employee contributions to the Plan totaled \$178,255 during the Borough's fiscal year.

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

On June 30, 2022, 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	\$ 8,325,338
State's proportionate share of NPL associated with the Borough	1,129,305
Total Net Pension Liability	\$ 9,454,643

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 measurement date, the Borough's proportion was 0.22694 percent, which was an increase of 0.04928 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Borough recognized pension expense of \$2,946,419 and on-behalf revenue of \$1,619 for support provided by the State. On June 30, 2022, 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	\$ (36,883)
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on pension plan investments		(3,283,076)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	407,403	-
Borough contributions subsequent to the measurement date	955,931	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 1,363,334	\$ (3,319,959)

The \$955,931 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 ending June 30, 2023. 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,

2023		\$ (392,424)
2024		(752,024)
2025		(813,482)
2026		(954,626)
Total Amortization		\$ (2,912,556)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 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 employee 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 healthy 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 officers/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28 %	6.63 %
Global equity (non-U.S.)	19 %	5.41 %
Aggregate bonds	22 %	0.76 %
Opportunistic	6 %	4.39 %
Real assets	13 %	3.16 %
Private equity	12 %	9.29 %
Cash equivalents	- %	0.13 %

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	0.22694	\$ 12,330,986	\$ 8,325,338	\$ 4,960,081

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 expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website <https://drb.alaska.gov/docs/reports/>.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by \$11,580.

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, 2022, 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, 2022 were \$218,923 and \$350,381, 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 <https://drb.alaska.gov/docs/reports/>.

Employer Contribution Rate

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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Employer contribution rates for the year ended June 30, 2022 were as follows:

	Other		Police/Fire
Alaska Retiree Healthcare Trust	6.46	%	6.46%
Retiree Medical Plan	1.07	%	1.07%
Occupational Death and Disability Benefits	0.31	%	0.68%
Total Contribution Rates	7.84	%	8.21%

In 2022, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period		Borough Fiscal Year
	July 1, 2020		July 1, 2021
	to		to
	June 30, 2021		June 30, 2022
Employer contributions – ARHCT	\$ 200,446		\$ 157,119
Employer contributions - RMP	44,771		46,853
Employer contributions - ODD	12,774		15,415
Total Contributions	\$ 257,991		\$ 219,387

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

On June 30, 2022, 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	\$ 5,845,590
Borough's proportionate share of NOA - RMP	64,751
Borough's proportionate share of NOA – ODD	105,544
Total Borough's Proportionate Share of Net OPEB Asset	\$ 6,015,885
State's proportionate share of the ARHCT NOA associated with the Borough	766,865
Total Net OPEB Asset	\$ 6,782,750

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

The total OPEB liabilities for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets 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, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB assets:			
ARHCT	0.17551%	0.22787%	0.05036 %
RMP	0.23827%	0.24123%	0.00296 %
ODD	0.23324%	0.23948%	0.00624 %

For the year ended June 30, 2022, the Borough recognized OPEB expense of \$(2,083,960). Of this amount, \$(266,073) 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	\$ (2,166,031)	\$ (266,073)
RMP	68,043	-
ODD	14,028	-
Total	\$ (2,083,960)	\$ (266,073)

On June 30, 2022, 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	\$ -	\$ 4,814	\$ -	\$ 4,814
Changes in assumptions	-	20,126	-	20,126
Difference between projected and actual investment earnings	-	980	-	980
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	-	1,907	1,907
Borough contributions subsequent to the measurement date	157,119	46,853	15,415	219,387
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 157,119	\$ 72,773	\$ 17,322	\$ 247,214

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (61,388)	\$ (3,079)	\$ (28,828)	\$ (93,295)
Changes in assumptions	(220,906)	(38,482)	(802)	(260,190)
Difference between projected and actual investment earnings	(2,735,423)	(57,929)	(16,924)	(2,810,276)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	(32,367)	(1,327)	(1,632)	(35,326)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (3,050,084)	\$ (100,817)	\$ (48,186)	\$ (3,199,087)

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, 2023. 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
2023	\$ (955,486)	\$ (16,075)	\$ (8,850)	\$ (980,411)
2024	(629,959)	(16,102)	(8,839)	(654,900)
2025	(676,445)	(16,686)	(9,017)	(702,148)
2026	(788,194)	(18,532)	(9,582)	(816,308)
2027	(-)	(2,136)	(5,016)	(7,152)
Thereafter	(-)	(5,366)	(4,975)	(10,341)
Total Amortization	\$ (3,050,084)	\$ (74,897)	\$ (46,279)	\$ (3,171,260)

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

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, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate 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%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
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 nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. 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.

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 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<i>Asset Class</i>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63 %
Global equity (non-U.S.)	19%	5.41 %
Aggregate bonds	22%	0.76 %
Opportunistic	6%	4.39 %
Real assets	13%	3.16 %
Private equity	12%	9.29 %
Cash equivalents	-%	0.13 %

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 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 or 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
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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 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 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 asset:				
ARHCT	0.22787%	\$ (3,822,928)	\$ (5,845,590)	\$ (7,525,260)
RMP	0.24123%	\$ 42,261	\$ (64,751)	\$ (145,579)
ODD	0.23948%	\$ (101,064)	\$ (105,544)	\$ (109,112)

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 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 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 asset:				
ARHCT	0.22787%	\$ (7,721,887)	\$ (5,845,590)	\$ (3,581,389)
RMP	0.24123%	\$ (157,148)	\$ (64,751)	\$ 61,145
ODD	0.23948%	\$ 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.

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, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Annual Postemployment Healthcare Cost

In fiscal year 2022, the Borough contributed \$133,664 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, 2022 is as follows:

<u>Net investment in capital assets</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Cost of capital assets	\$ 232,103,460	\$ 54,175,010
Less accumulated depreciation	<u>(85,994,781)</u>	<u>(28,290,650)</u>
Book value	146,108,679	25,884,360
Less capital related debt	(29,749,658)	(741,592)
Plus deferred loss on refunding	48,573	-
Plus unspent bond proceeds	<u>7,077,390</u>	<u>-</u>
 Net investment in capital assets	 <u>\$ 123,484,984</u>	 <u>\$ 25,142,768</u>

(This page continued on the next subsequent page)

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Restricted net position for governmental activities consists of the following on June 30, 2022:

<u>Net Position</u>	<u>Governmental Activities</u>
Restricted:	
Airport projects	\$ 1,077,204
Capital projects	1,062,138
Commercial passenger vessel impact	2,130,220
Dock improvements	58,926
Education	11,216,649
Library operations	293,845
Public safety and water	3,118,575
Recreation	2,413,656
Road maintenance	<u>337,630</u>
 Total Restricted Net Position	 21,708,843
 Unspent bond funds related to capital projects	 <u>7,077,390</u>
 Total Restricted Fund Balance	 \$ <u><u>28,786,233</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.

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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022, but not billed until after fiscal year end. The amounts booked for the Borough were \$196,952 and \$692,848 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 \$2,123 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 were as follows:

	<u>Ketchikan Gateway Borough</u>	<u>Borough School District</u>	<u>Total</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	257,701	803,004	1,060,705
Premiums expense	433,408	1,250,928	1,684,336
Claims expense	3,832,938	7,523,494	11,356,432
Wellness plan	34,350	-	34,350
Claims and premiums paid	<u>(4,361,445)</u>	<u>(8,884,578)</u>	<u>(13,246,023)</u>
Claims payable at June 30, 2022	\$ <u>196,952</u>	<u>692,848</u>	<u>889,800</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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, 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, 2022, 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, 2022, the value of the abatement was \$325,191.

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 2022, the value of the abatement was \$92,565.

4-D. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the Borough for 2022 reporting:

GASB Statement No. 87 – Leases – Effective for year-end June 30, 2022. This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Borough implemented this standard for leases as lessee and lessor, recording lease receivables and deferred inflows of resources, intangible right to use assets and lease liability for fiscal year end 2022.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period – Effective for year-end June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Borough implemented this standard and expensed interest cost incurred during the fiscal year in the enterprise funds.

GASB Statement No. 92 - Omnibus 2020 – Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The Borough does not have any activity related to the provisions of this standard.

GASB Statement No. 93 – Replacement of Interbank Offered Rates – The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The Borough does not use an IBOR, therefore this standard is not applicable.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This standard is not applicable to the Borough for fiscal year 2022.

GASB Statement No. 98 – The Annual Comprehensive Financial Report – Effective for year-end June 30, 2022. Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Borough implemented this standard for fiscal year 2022.

The GASB has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB Statement No. 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 91 – Conduit Debt Obligations – Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements – Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 99 – Omnibus 2022 – Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

GASB Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62 – Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 – Compensated Absences – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.



THIS PAGE INTENTIONALLY LEFT BLANK

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>	2022	2021	2020	2019
Borough's Proportion of the Net Pension Liability	0.22694%	0.17766%	0.18173%	0.20289%
Borough's Proportionate Share of the Net Pension Liability	\$ 8,325,338	\$ 10,483,875	\$ 9,948,078	\$ 10,081,525
State of Alaska Proportionate Share of the Net Pension Liability	1,129,305	4,339,743	3,948,260	2,919,964
Total Net Pension Liability	\$ 9,454,643	\$ 14,823,618	\$ 13,896,338	\$ 13,001,489
Borough's Covered Payroll	6,320,633	5,875,554	5,641,615	5,600,642
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	131.72%	178.43%	176.33%	180.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	61.61%	63.42%	65.19%

Schedule of Borough Contributions

Table 2

<i>Years Ended June 30,</i>	2022	2021	2020	2019
Contractually Required Contributions	\$ 955,931	\$ 834,980	\$ 719,736	\$ 726,601
Contributions Relative to the Contractually Required Contribution	955,931	834,980	719,736	726,601
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough Covered Payroll	6,873,750	6,320,633	5,875,554	5,641,615
Contributions as a Percentage of Covered Payroll	13.91%	13.21%	12.25%	12.88%

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

Schedule of Borough Contributions

Table 2

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

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

See accompanying notes to Required Supplementary Information

Ketchikan Gateway Borough, 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				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.22787%	0.17751%	0.18167%	0.20283%	0.18790%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (5,845,590)	\$ (803,867)	\$ 269,564	\$ 2,081,628	\$ 1,587,059
State of Alaska Proportionate Share of the Net OPEB Liability	(766,865)	(333,379)	107,069	60,442	591,650
Total Net OPEB Liability (Asset)	\$ (6,612,455)	\$ (1,137,246)	\$ 376,633	\$ 2,142,070	\$ 2,178,709
Borough's Covered Payroll	2,693,193	2,656,647	2,659,242	3,014,224	3,185,636
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-217.05%	-30.26%	10.14%	69.06%	49.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	98.13%	88.12%	89.68%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	ARHCT				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 157,119	\$ 200,446	\$ 282,382	\$ 256,933	\$ 218,449
Contributions Relative to the Contractually Required Contribution	157,119	200,446	282,382	256,933	218,449
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	1,986,802	2,693,193	2,656,647	2,659,242	3,014,224
Contributions as a Percentage of Covered Payroll	7.908%	7.443%	10.629%	9.662%	7.247%

*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				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.24123%	0.23827%	0.23898%	0.22853%	0.23339%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (64,751)	\$ 16,900	\$ 57,174	\$ 29,081	\$ 12,198
State of Alaska Proportionate Share of the Net OPEB Liability	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (64,751)	\$ 16,900	\$ 57,174	\$ 29,081	\$ 12,198
Borough's Covered Payroll	3,525,485	3,218,907	2,982,373	2,586,418	2,433,427
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.84%	0.53%	1.92%	1.12%	0.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 46,853	\$ 44,771	\$ 42,502	\$ 28,045	\$ 26,641
Contributions Relative to the Contractually Required Contribution	46,853	44,771	42,502	28,045	26,641
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	4,886,948	3,525,485	3,218,907	2,982,373	2,586,418
Contributions as a Percentage of Covered Payroll	0.959%	1.270%	1.320%	0.940%	1.030%

*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				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.23948%	0.23324%	0.23571%	0.22853%	0.23339%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (105,544)	\$ (63,580)	\$ (57,149)	\$ (44,386)	\$ (33,189)
State of Alaska Proportionate Share of the Net OPEB Liability	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (105,544)	\$ (63,580)	\$ (57,149)	\$ (44,386)	\$ (33,189)
Borough's Covered Payroll	3,525,485	3,218,907	2,982,373	2,586,418	2,433,427
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.99%	1.98%	-1.92%	-1.72%	-1.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	ODD				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 15,415	\$ 12,774	\$ 10,228	\$ 9,624	\$ 4,911
Contributions Relative to the Contractually Required Contribution	15,415	12,774	10,228	9,624	4,911
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	4,886,948	3,525,485	3,218,907	2,982,373	2,586,418
Contributions as a Percentage of Covered Payroll	0.315%	0.202%	0.318%	0.323%	0.190%

*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
2022	\$ 113,816	\$ 113,816	-	\$ 743,131	15.32%
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%

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, 2022, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 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 the Borough's 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, 2022, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

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

2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. 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 ten years of information is available, the Borough will present only those years for which information is available.

Schedule of the Borough's 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, 2022*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 9,065,157	-	9,065,157
Restricted cash and investments	255,414	-	255,414
Prepaid items	-	475	475
Receivables:			
Accounts	335,554	-	335,554
Leases	375,173	-	375,173
Intergovernmental	31,719	-	31,719
Interfund advances	181,902	-	181,902
Property taxes	9,723	-	9,723
Sales taxes	<u>663,067</u>	<u>-</u>	<u>663,067</u>
Total Assets	\$ <u>10,917,709</u>	<u>475</u>	<u>10,918,184</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 101,437	-	101,437
Deposits	73,343	-	73,343
Interfund payable	197,021	475	197,496
Interfund advances payable	<u>180,689</u>	<u>-</u>	<u>180,689</u>
Total Liabilities	552,490	475	552,965
Deferred Inflows of Resources			
Property tax revenues	9,714	-	9,714
Related to leases	<u>368,338</u>	<u>-</u>	<u>368,338</u>
Total Liabilities and Deferred Inflows of Resources	<u>930,542</u>	<u>475</u>	<u>931,017</u>
Fund Balances			
Restricted	7,299,836	-	7,299,836
Committed	2,706,908	-	2,706,908
Unassigned (deficit)	<u>(19,577)</u>	<u>-</u>	<u>(19,577)</u>
Total Fund Balances	<u>9,987,167</u>	<u>-</u>	<u>9,987,167</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>10,917,709</u>	<u>475</u>	<u>10,918,184</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 4,141,484	-	4,141,484
Intergovernmental	147,182	-	147,182
Charges for services	1,023,474	-	1,023,474
Water fees	316,049	-	316,049
Interest subsidy	-	399,556	399,556
Investment earnings	64,067	-	64,067
Proceeds from sale of property	6,277	-	6,277
Miscellaneous	452,422	-	452,422
Total Revenues	<u>6,150,955</u>	<u>399,556</u>	<u>6,550,511</u>
Expenditures			
Current			
Library services	523,050	-	523,050
Fire and EMS	1,698,462	-	1,698,462
Water treatment and distribution	277,699	-	277,699
Public services	754,968	-	754,968
Capital Outlay	76,787	-	76,787
Debt Service			
Principal retirement	-	2,170,000	2,170,000
Interest and fiscal charges	-	1,345,784	1,345,784
Total Expenditures	<u>3,330,966</u>	<u>3,515,784</u>	<u>6,846,750</u>
Excess (Deficiency) of Revenues Over Expenditures	2,819,989	(3,116,228)	(296,239)
Other Financing Sources (Uses)			
Transfers in	337,214	3,116,228	3,453,442
Transfers out	(2,195,442)	-	(2,195,442)
Total Other Financing Sources (Uses)	<u>(1,858,228)</u>	<u>3,116,228</u>	<u>1,258,000</u>
Net Change in Fund Balances	961,761	-	961,761
Fund Balances Beginning of Year	<u>9,025,406</u>	<u>-</u>	<u>9,025,406</u>
Fund Balances End of Year	<u>\$ 9,987,167</u>	<u>-</u>	<u>9,987,167</u>

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2022

	<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	\$ 988,812	-	50,378	47,363	-	157,130
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Accounts	88,392	-	17	143	182,855	217
Leases	-	-	-	-	-	-
Intergovernmental	-	29,646	99	-	-	-
Interfund advances	-	-	-	-	-	-
Property taxes	-	-	632	-	-	-
Sales and excise taxes	-	-	-	-	-	-
Total Assets	\$ <u>1,077,204</u>	<u>29,646</u>	<u>51,126</u>	<u>47,506</u>	<u>182,855</u>	<u>157,347</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ -	-	578	-	35,057	69
Deposits	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-
Interfund payable	-	29,646	-	-	167,375	-
Total Liabilities	-	29,646	578	-	202,432	69
Deferred Inflows of Resources						
Property tax revenues	-	-	632	-	-	-
Related to leases	-	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	<u>29,646</u>	<u>1,210</u>	-	<u>202,432</u>	<u>69</u>
Fund Balances						
Restricted	1,077,204	-	49,916	47,506	-	157,278
Committed	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(19,577)	-
Total Fund Balances	<u>1,077,204</u>	<u>-</u>	<u>49,916</u>	<u>47,506</u>	<u>(19,577)</u>	<u>157,278</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>1,077,204</u>	<u>29,646</u>	<u>51,126</u>	<u>47,506</u>	<u>182,855</u>	<u>157,347</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	\$ 2,288,523	58,906	6,214	3,034	293,247	1,821,302
Restricted cash and investments	255,414	-	-	-	-	-
Receivables:						
Accounts	8,226	20	1,912	-	100	25,192
Leases	375,173	-	-	-	-	-
Intergovernmental	-	-	-	-	498	675
Interfund advances	181,902	-	-	-	-	-
Property taxes	-	-	-	-	2,536	4,577
Sales and excise taxes	-	-	-	-	-	-
Total Assets	\$ <u>3,109,238</u>	<u>58,926</u>	<u>8,126</u>	<u>3,034</u>	<u>296,381</u>	<u>1,851,746</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 20,651	-	-	-	-	13,393
Deposits	13,341	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Total Liabilities	33,992	-	-	-	-	13,393
Deferred Inflows of Resources						
Property tax revenues	-	-	-	-	2,536	4,568
Related to leases	368,338	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>402,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,536</u>	<u>17,961</u>
Fund Balances						
Restricted	-	58,926	8,126	3,034	293,845	1,833,785
Committed	2,706,908	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total Fund Balances	<u>2,706,908</u>	<u>58,926</u>	<u>8,126</u>	<u>3,034</u>	<u>293,845</u>	<u>1,833,785</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>3,109,238</u>	<u>58,926</u>	<u>8,126</u>	<u>3,034</u>	<u>296,381</u>	<u>1,851,746</u>

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

	Old Dairy Road	Recreation Sales Tax	South Tongass Service Area	Waterfall Service Area	Total Nonmajor Special Revenue Funds
Assets					
Cash and investments	\$ 123,490	1,809,961	1,377,384	39,413	9,065,157
Restricted cash and investments	-	-	-	-	255,414
Receivables:					
Accounts	43	630	26,474	1,333	335,554
Leases	-	-	-	-	375,173
Intergovernmental	11	-	790	-	31,719
Interfund advances	-	-	-	-	181,902
Property taxes	-	-	1,978	-	9,723
Sales and excise taxes	-	663,067	-	-	663,067
Total Assets	\$ 123,544	2,473,658	1,406,626	40,746	10,917,709
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ -	-	31,631	58	101,437
Deposits	-	60,002	-	-	73,343
Interfund advances payable	92,462	-	88,227	-	180,689
Interfund payable	-	-	-	-	197,021
Total Liabilities	92,462	60,002	119,858	58	552,490
Deferred Inflows of Resources					
Property tax revenues	-	-	1,978	-	9,714
Related to leases	-	-	-	-	368,338
Total Liabilities and Deferred Inflows of Resources	92,462	60,002	121,836	58	930,542
Fund Balances					
Restricted	31,082	2,413,656	1,284,790	40,688	7,299,836
Committed	-	-	-	-	2,706,908
Unassigned (deficit)	-	-	-	-	(19,577)
Total Fund Balances	31,082	2,413,656	1,284,790	40,688	9,987,167
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 123,544	2,473,658	1,406,626	40,746	10,917,709

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	<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	\$ -	-	77,167	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	(74,339)	-	12,428	261,701	9,210
Water fees	-	-	-	-	-	-
Investment earnings	3,387	-	301	256	-	605
Proceeds from sale of property	-	-	-	-	-	-
Miscellaneous	<u>393,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>396,684</u>	<u>(74,339)</u>	<u>77,468</u>	<u>12,684</u>	<u>261,701</u>	<u>9,815</u>
Expenditures						
Current						
Library services	-	-	-	-	-	-
Fire and EMS	-	-	-	-	-	-
Water treatment and distribution	-	-	-	-	-	-
Public services	-	-	71,008	34,640	261,401	15,870
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>71,008</u>	<u>34,640</u>	<u>261,401</u>	<u>15,870</u>
Excess (Deficiency) of Revenues Over Expenditures	396,684	(74,339)	6,460	(21,956)	300	(6,055)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	23,352
Transfers out	<u>(48,904)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(48,904)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,352</u>
Net Change in Fund Balances	347,780	(74,339)	6,460	(21,956)	300	17,297
Fund Balances Beginning 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>
Fund Balances End of Year	\$ <u><u>1,077,204</u></u>	<u><u>-</u></u>	<u><u>49,916</u></u>	<u><u>47,506</u></u>	<u><u>(19,577)</u></u>	<u><u>157,278</u></u>

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

	Land Trust	Loring Service Area	Mud Bight Service Area	Nichols View Service Area	Non- areawide Library	North Tongass Fire and EMS
Revenues						
Taxes	-	-	-	-	509,624	764,642
Intergovernmental	-	-	-	-	-	20,553
Charges for services	457,755	3,046	24,445	-	-	216,085
Water fees	-	-	-	-	-	-
Investment earnings	34,263	235	71	-	1,734	8,206
Proceeds from sale of property	6,277	-	-	-	-	-
Miscellaneous	6,500	-	-	-	-	-
Total Revenues	<u>504,795</u>	<u>3,281</u>	<u>24,516</u>	<u>-</u>	<u>511,358</u>	<u>1,009,486</u>
Expenditures						
Current						
Library services	-	-	-	-	523,050	-
Fire and EMS	-	-	-	-	-	879,055
Water treatment and distribution	-	-	-	-	-	-
Public services	273,856	1,020	29,331	500	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,069</u>
Total Expenditures	<u>273,856</u>	<u>1,020</u>	<u>29,331</u>	<u>500</u>	<u>523,050</u>	<u>910,124</u>
Excess (Deficiency) of Revenues Over Expenditures	230,939	2,261	(4,815)	(500)	(11,692)	99,362
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	72,827
Transfers out	(477,852)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(477,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,827</u>
Net Change in Fund Balances	(246,913)	2,261	(4,815)	(500)	(11,692)	172,189
Fund Balances Beginning 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>
Fund Balances End of Year	<u>\$ 2,706,908</u>	<u>58,926</u>	<u>8,126</u>	<u>3,034</u>	<u>293,845</u>	<u>1,833,785</u>

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

	Old Dairy Road	Recreation Sales Tax	South Tongass Service Area	Waterfall Service Area	Total Nonmajor Special Revenue Funds
Revenues					
Taxes	\$ 19,016	2,063,110	707,925	-	4,141,484
Intergovernmental	-	90,493	36,136	-	147,182
Charges for services	-	-	78,345	34,798	1,023,474
Water fees	-	-	316,049	-	316,049
Investment earnings	459	7,980	6,405	165	64,067
Proceeds from sale of property	-	-	-	-	6,277
Miscellaneous	-	-	52,625	-	452,422
Total Revenues	<u>19,475</u>	<u>2,161,583</u>	<u>1,197,485</u>	<u>34,963</u>	<u>6,150,955</u>
Expenditures					
Current					
Library services	-	-	-	-	523,050
Fire and EMS	-	-	819,407	-	1,698,462
Water treatment and distribution	-	-	277,699	-	277,699
Public services	14,993	19,567	-	32,782	754,968
Capital Outlay	<u>-</u>	<u>-</u>	<u>45,718</u>	<u>-</u>	<u>76,787</u>
Total Expenditures	<u>14,993</u>	<u>19,567</u>	<u>1,142,824</u>	<u>32,782</u>	<u>3,330,966</u>
Excess (Deficiency) of Revenues Over Expenditures	4,482	2,142,016	54,661	2,181	2,819,989
Other Financing Sources (Uses)					
Transfers in	-	162,632	78,403	-	337,214
Transfers out	-	(1,668,686)	-	-	(2,195,442)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,506,054)</u>	<u>78,403</u>	<u>-</u>	<u>(1,858,228)</u>
Net Change in Fund Balances	4,482	635,962	133,064	2,181	961,761
Fund Balances Beginning of Year	<u>26,600</u>	<u>1,777,694</u>	<u>1,151,726</u>	<u>38,507</u>	<u>9,025,406</u>
Fund Balances End of Year	\$ <u>31,082</u>	<u>2,413,656</u>	<u>1,284,790</u>	<u>40,688</u>	<u>9,987,167</u>



THIS PAGE INTENTIONALLY LEFT BLANK

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, 2022

	2022
	Actual
Revenues	
Intergovernmental - interest subsidy	\$ 399,556
Expenditures	
Debt Service	
Principal retirement	2,170,000
Interest and fiscal charges	1,345,784
Total Expenditures	3,515,784
Excess (Deficiency) of Revenues Over Expenditures	(3,116,228)
Other Financing Sources	
Transfers in	3,116,228
Total Other Financing Sources (Uses)	3,116,228
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, 2022

	2022			Variance On Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental - interest subsidy - bonds	\$ 384,330	384,330	399,556	15,226
Total Revenues	<u>384,330</u>	<u>384,330</u>	<u>399,556</u>	<u>15,226</u>
Expenditures				
Debt Service				
Principal retirement - bonds	2,045,000	2,045,000	2,045,000	-
Principal retirement - certificates of participation	125,000	125,000	125,000	-
Interest and fiscal charges - bonds	1,176,892	1,176,892	1,220,334	(43,442)
Interest and fiscal charges - certificates of participation	<u>132,875</u>	<u>132,875</u>	<u>125,450</u>	<u>7,425</u>
Total Expenditures	<u>3,479,767</u>	<u>3,479,767</u>	<u>3,515,784</u>	<u>(36,017)</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,095,437)	(3,095,437)	(3,116,228)	(20,791)
Other Financing Sources				
Transfers in	<u>3,095,437</u>	<u>3,095,437</u>	<u>3,116,228</u>	<u>20,791</u>
Total Other Financing Sources (Uses)	<u>3,095,437</u>	<u>3,095,437</u>	<u>3,116,228</u>	<u>20,791</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	-	<u>-</u>
Fund Balance Beginning of Year			-	
Fund Balance End of Year			\$ <u>-</u>	



THIS PAGE INTENTIONALLY LEFT BLANK

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 11,897,066	3,117,010
Prepaid items	4,385	3,255
Receivables:		
Accounts	48,357	34,019
Intergovernmental	1,909,555	1,396,830
Investment earnings	11,426	7,563
Property taxes	118,351	119,667
Sales taxes	6,444,245	3,917,354
Interfund	3,233,038	5,349,800
Total Assets	\$ <u>23,666,423</u>	<u>13,945,498</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 672,290	606,511
Accrued salaries and benefits	32,926	113,995
Unearned revenues	113,902	103,141
Intergovernmental payable	4,407,254	2,587,413
Deposits payable	6,457	5,002
Total Liabilities	5,232,829	3,416,062
Deferred Inflows of Resources		
Property tax revenues	120,073	117,538
Total Liabilities and Deferred Inflows of Resources	<u>5,352,902</u>	<u>3,533,600</u>
Fund Balance		
Nonspendable	4,385	3,255
Unassigned	18,309,136	10,408,643
Total Fund Balance	<u>18,313,521</u>	<u>10,411,898</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>23,666,423</u>	<u>13,945,498</u>

Ketchikan Gateway Borough, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes:					
Automobile	\$ 60,000	60,000	51,168	(8,832)	53,865
Sales	4,100,000	4,100,000	6,458,603	2,358,603	4,667,631
Penalties and interest	10,000	10,000	24,512	14,512	17,263
Total taxes	<u>4,170,000</u>	<u>4,170,000</u>	<u>6,534,283</u>	<u>2,364,283</u>	<u>4,738,759</u>
Licenses and permits					
Zoning fees	4,000	4,000	3,000	(1,000)	4,300
Intergovernmental:					
State fisheries tax	307,000	307,000	174,279	(132,721)	311,527
Community assistance	271,000	271,000	322,381	51,381	301,750
PERS relief	338,190	338,190	359,100	20,910	346,863
State and local PILT	37,500	37,500	49,292	11,792	45,481
Federal payment in lieu of taxes	1,200,000	1,200,000	1,280,362	80,362	1,249,843
Federal operating grant - transit system	1,627,944	1,627,944	2,136,742	508,798	1,320,003
Total intergovernmental	<u>3,781,634</u>	<u>3,781,634</u>	<u>4,322,156</u>	<u>540,522</u>	<u>3,575,467</u>
Charges for services:					
Animal control	34,000	34,000	36,051	2,051	30,634
Bus system revenue	200,000	200,000	176,076	(23,924)	134,272
Parks and recreation	750,000	750,000	829,868	79,868	580,758
Other revenues	155,100	155,100	140,406	(14,694)	102,412
Total charges for services	<u>1,139,100</u>	<u>1,139,100</u>	<u>1,182,401</u>	<u>43,301</u>	<u>848,076</u>
Investment earnings	50,000	50,000	57,836	7,836	(354,089)
Total Revenues	<u>9,144,734</u>	<u>9,144,734</u>	<u>12,099,676</u>	<u>2,954,942</u>	<u>8,812,513</u>
Other Financing Sources					
Other financing sources leases	-	-	44,302	44,302	-
Transfers In:					
Commercial Passenger Vessel Fund	460,755	460,755	460,755	-	360,236
State & Federal Grant Fund	-	-	9,678,738	9,678,738	-
Land Trust Fund	227,402	227,402	227,402	-	242,969
Local Education Fund	113,445	113,445	113,445	-	113,445
Construction Fund	-	-	500,000	500,000	-
Recreation Sales Tax Fund	302,158	302,158	302,158	-	386,979
Total Other Financing Sources	<u>1,103,760</u>	<u>1,103,760</u>	<u>11,282,498</u>	<u>10,223,040</u>	<u>1,103,629</u>
Total Revenues and Other Financing Sources	<u>\$ 10,248,494</u>	<u>10,248,494</u>	<u>23,426,476</u>	<u>13,177,982</u>	<u>9,916,142</u>

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

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current:					
General government:					
Mayor and assembly Manager	\$ 120,727	138,837	120,239	18,598	112,504
Clerk	999,548	908,601	775,018	133,583	838,947
Law	523,730	547,810	546,134	1,676	494,739
Finance	396,271	397,395	394,174	3,221	388,826
Assessment	1,698,008	1,835,039	1,819,503	15,536	1,642,443
Automation	716,087	769,260	751,387	17,873	709,501
Automation	824,906	868,077	765,322	102,755	652,673
Total general government	<u>5,279,277</u>	<u>5,465,019</u>	<u>5,171,777</u>	<u>293,242</u>	<u>4,839,633</u>
Less recovery of expenditures from other funds	<u>(549,948)</u>	<u>(549,948)</u>	<u>(546,389)</u>	<u>(3,559)</u>	<u>(580,930)</u>
Net general government	<u>4,729,329</u>	<u>4,915,071</u>	<u>4,625,388</u>	<u>289,683</u>	<u>4,258,703</u>
Public services:					
Animal protection	487,357	638,882	646,188	(7,306)	499,879
Planning	721,653	765,250	718,680	46,570	772,016
Total public services	<u>1,209,010</u>	<u>1,404,132</u>	<u>1,364,868</u>	<u>39,264</u>	<u>1,271,895</u>
Parks and recreation	2,497,295	2,632,883	2,758,766	(125,883)	2,345,785
Public works	1,103,178	1,233,478	1,033,190	200,288	1,010,539
Transit - bus system	2,767,331	3,030,568	3,113,076	(82,508)	2,448,695
Nondepartmental	183,960	183,960	8,897	175,063	221,189
Grants	344,635	344,635	339,373	5,262	310,014
Debt Service					
Principal retirement	-	-	6,532	(6,532)	-
Interest and fiscal charges	-	-	689	(689)	-
Capital Outlay	<u>109,848</u>	<u>929,848</u>	<u>459,402</u>	<u>470,446</u>	<u>9,085</u>
Total Expenditures	<u>12,944,586</u>	<u>14,674,575</u>	<u>13,710,181</u>	<u>964,394</u>	<u>11,875,905</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
Construction Fund	-	500,000	500,000	-	-
Self Insurance Fund	-	1,113,575	1,113,575	-	-
Local Education Fund	185,604	185,604	185,604	-	185,604
Total Other Financing Uses	<u>201,097</u>	<u>1,814,672</u>	<u>1,814,672</u>	<u>-</u>	<u>201,097</u>
Total Expenditures and Other Financing Uses	<u>13,145,683</u>	<u>16,489,247</u>	<u>15,524,853</u>	<u>964,394</u>	<u>12,077,002</u>
Net Change in Fund Balance	\$ <u>(2,897,189)</u>	<u>(6,240,753)</u>	7,901,623	<u>14,142,376</u>	<u>(2,160,860)</u>
Fund Balance Beginning of Year			10,411,898		12,572,758
Fund Balance End of Year			\$ <u>18,313,521</u>		<u>10,411,898</u>

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Restricted cash and investments	\$ 2,173,394	2,635,655
Accounts receivable	<u>738</u>	<u>1,184</u>
Total Assets	\$ <u>2,174,132</u>	<u>2,636,839</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>43,912</u>	<u>102,906</u>
Fund Balance		
Restricted for commercial passenger vessel impact	<u>2,130,220</u>	<u>2,533,933</u>
Total Liabilities and Fund Balance	\$ <u>2,174,132</u>	<u>2,636,839</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Commercial passenger vessel tax	\$ -	-	314,783	314,783	-
Investment earnings	<u>13,000</u>	<u>13,000</u>	<u>10,332</u>	<u>(2,668)</u>	<u>15,931</u>
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>325,115</u>	<u>312,115</u>	<u>15,931</u>
Expenditures					
Current					
Public services	<u>456,493</u>	<u>487,038</u>	<u>268,073</u>	<u>218,965</u>	<u>457,662</u>
Total Expenditures	<u>456,493</u>	<u>487,038</u>	<u>268,073</u>	<u>218,965</u>	<u>457,662</u>
Excess of Revenues Over Expenditures	(443,493)	(474,038)	57,042	531,080	(441,731)
Other Financing Uses					
Transfers out	<u>(460,755)</u>	<u>(460,755)</u>	<u>(460,755)</u>	<u>-</u>	<u>(561,334)</u>
Net Change in Fund Balance	\$ <u>(904,248)</u>	<u>(934,793)</u>	(403,713)	<u>531,080</u>	<u>(1,003,065)</u>
Fund Balance Beginning of Year			<u>2,533,933</u>		<u>3,536,998</u>
Fund Balance End of Year			\$ <u>2,130,220</u>		<u>2,533,933</u>

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 4,008,599	4,046,949
Receivables:		
Accounts	1,370	1,832
Intergovernmental	3,838,705	-
Sales taxes	<u>663,067</u>	<u>397,091</u>
Total Assets	<u>\$ 8,511,741</u>	<u>4,445,872</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>194,024</u>	<u>300,349</u>
Fund Balance		
Restricted for education	<u>8,317,717</u>	<u>4,145,523</u>
Total Liabilities and Fund Balance	<u>\$ 8,511,741</u>	<u>4,445,872</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,274,666	1,274,666	2,055,175	780,509	1,488,597
Intergovernmental	-	-	4,206,968	4,206,968	-
Penalties and interest	3,000	3,000	7,935	4,935	5,754
Miscellaneous	-	-	15,045	15,045	2,095
Investment earnings	7,500	7,500	15,787	8,287	22,980
Total Revenues	<u>1,285,166</u>	<u>1,285,166</u>	<u>6,300,910</u>	<u>5,015,744</u>	<u>1,519,426</u>
Expenditures					
Current					
Public Service	600	30,600	28,809	1,791	41,282
Capital Outlay	<u>195,000</u>	<u>793,663</u>	<u>214,464</u>	<u>579,199</u>	<u>270,965</u>
Total Expenditures	<u>195,600</u>	<u>824,263</u>	<u>243,273</u>	<u>580,990</u>	<u>312,247</u>
Excess (Deficiency) of Revenues Over Expenditures	1,089,566	460,903	6,057,637	5,596,734	1,207,179
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	102,627
Transfers out	<u>(1,934,972)</u>	<u>(1,934,972)</u>	<u>(1,885,443)</u>	<u>49,529</u>	<u>(1,896,101)</u>
Total Other Financing Sources (Uses)	<u>(1,934,972)</u>	<u>(1,934,972)</u>	<u>(1,885,443)</u>	<u>49,529</u>	<u>(1,793,474)</u>
Net Change in Fund Balance	\$ <u>(845,406)</u>	<u>(1,474,069)</u>	<u>4,172,194</u>	<u>5,646,263</u>	(586,295)
Fund Balance Beginning of Year			<u>4,145,523</u>		<u>4,731,818</u>
Fund Balance End of Year			\$ <u>8,317,717</u>		<u>4,145,523</u>

Ketchikan Gateway Borough, Alaska
Local Education Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 1,936,837	-
Receivables:		
Accounts	847	-
Due to/from component unit	591,835	3,347,953
Property	117,289	119,681
Taxes	<u>369,336</u>	<u>331,488</u>
Total Assets	\$ <u>3,016,144</u>	<u>3,799,122</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Interfund payable	\$ <u>-</u>	<u>830,474</u>
Deferred Inflows of Resources		
Property tax revenue	<u>117,212</u>	<u>117,955</u>
Total Liabilities and Deferred Inflows of Resources	<u>117,212</u>	<u>948,429</u>
Fund Balance		
Restricted for education	<u>2,898,932</u>	<u>2,850,693</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>3,016,144</u>	<u>3,799,122</u>

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, 2022

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

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Property taxes	\$ 7,822,233	7,822,233	8,180,221	357,988	7,573,785
Excise taxes	1,300,000	1,300,000	1,274,961	(25,039)	1,238,606
Intergovernmental	719,647	719,647	1,070,363	350,716	749,633
Investment earnings	20,000	20,000	30,632	10,632	29,320
Total Revenues	9,861,880	9,861,880	10,556,177	694,297	9,591,344
Expenditures					
Current					
Education	10,781,028	10,781,028	10,731,499	49,529	10,898,897
Total Expenditures	10,781,028	10,781,028	10,731,499	49,529	10,898,897
Excess (Deficiency) of Revenues Over Expenditures	(919,148)	(919,148)	(175,322)	743,826	(1,307,553)
Other Financing Sources (Uses)					
Transfers in	458,694	458,694	409,165	(49,529)	423,073
Transfers out	(185,604)	(185,604)	(185,604)	-	(185,604)
Total Other Financing Sources (Uses)	273,090	273,090	223,561	(49,529)	237,469
Net Change in Fund Balance	\$ (646,058)	(646,058)	48,239	694,297	(1,070,084)
Fund Balance Beginning of Year			2,850,693		3,920,777
Fund Balance End of Year			\$ 2,898,932		2,850,693

Ketchikan Gateway Borough, Alaska
State & Federal Grants Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 4,309,537	-
Prepaid items	-	6,451,407
Intergovernmental receivable	<u>791,249</u>	<u>5,532,243</u>
Total Assets	\$ <u>5,100,786</u>	<u>11,983,650</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 126	48,986
Interfund payable	-	1,409,337
Unearned revenue	<u>5,114,703</u>	<u>10,525,327</u>
Total Liabilities	<u>5,114,829</u>	<u>11,983,650</u>
Fund Deficit		
Unassigned	<u>(14,043)</u>	<u>-</u>
Total Liabilities and Fund Deficit	\$ <u>5,100,786</u>	<u>11,983,650</u>

Ketchikan Gateway Borough, Alaska
State and Federal Grants Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Deficit
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Intergovernmental	\$ 16,720,706	12,799,545
Miscellaneous	<u>-</u>	<u>1,480,000</u>
Total Revenues	<u>16,720,706</u>	<u>14,279,545</u>
Expenditures		
Current		
Public services	6,526,121	13,179,245
Capital Outlay	<u>37,345</u>	<u>1,100,300</u>
Total Expenditures	<u>6,563,466</u>	<u>14,279,545</u>
Excess of Revenues Over Expenditures	10,157,240	-
Other Financing Uses		
Transfers out	<u>(10,171,283)</u>	<u>-</u>
Net Change in Fund Deficit	(14,043)	-
Fund Balance Beginning of Year	<u>-</u>	<u>-</u>
Fund Deficit End of Year	\$ <u><u>(14,043)</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.

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.

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 988,812	651,612
Accounts receivable	<u>88,392</u>	<u>77,812</u>
Total Assets	\$ <u>1,077,204</u>	<u>729,424</u>
Fund Balance		
Restricted for airport projects	\$ <u>1,077,204</u>	<u>729,424</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, 2022

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

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
PFC revenues	\$ 300,000	300,000	393,297	93,297	274,856
Investment earnings	<u>3,500</u>	<u>3,500</u>	<u>3,387</u>	<u>(113)</u>	<u>3,597</u>
Total Revenues	<u>303,500</u>	<u>303,500</u>	<u>396,684</u>	<u>93,184</u>	<u>278,453</u>
Other Financing Uses					
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(48,904)</u>	<u>1,096</u>	<u>(237,995)</u>
Net Change in Fund Balance	\$ <u>253,500</u>	<u>253,500</u>	347,780	<u>94,280</u>	40,458
Fund Balance Beginning of Year			<u>729,424</u>		<u>688,966</u>
Fund Balance End of Year		\$ <u>1,077,204</u>			<u>729,424</u>

Ketchikan Gateway Borough, Alaska
DHSS Traveler Testing Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Receivables		
Intergovernmental	\$ <u>29,646</u>	<u>146,317</u>
Liabilities		
Accounts payable	\$ -	28,031
Interfund payable	<u>29,646</u>	<u>43,947</u>
Total Liabilities	<u>29,646</u>	<u>71,978</u>
Fund Balance		
Restricted for public safety	<u>-</u>	<u>74,339</u>
Total Liabilities and Fund Balance	\$ <u>29,646</u>	<u>146,317</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ -	-	(74,339)	(74,339)	2,737,779
Expenditures					
Current					
Public services	-	-	-	-	2,663,440
Net Change in Fund Balance	\$ -	-	(74,339)	(74,339)	74,339
Fund Balance Beginning of Year			74,339		-
Fund Balance End of Year		\$ -			74,339

Ketchikan Gateway Borough, Alaska
Forest Park Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 50,378	45,019
Receivables:		
Accounts	17	21
Intergovernmental	99	191
Property taxes	<u>632</u>	<u>714</u>
Total Assets	<u>\$ 51,126</u>	<u>45,945</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 578	1,775
Deferred Inflows of Resources		
Property tax revenue	632	714
Total Liabilities and Deferred Inflows of Resources	<u>1,210</u>	<u>2,489</u>
Fund Balance		
Restricted for road maintenance	<u>49,916</u>	<u>43,456</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 51,126</u>	<u>45,945</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 77,037	77,037	77,167	130	76,515
Investment earnings	500	500	301	(199)	417
Total Revenues	<u>77,537</u>	<u>77,537</u>	<u>77,468</u>	<u>(69)</u>	<u>76,932</u>
Expenditures					
Current					
Public services	76,146	76,146	71,008	5,138	71,793
Total Expenditures	<u>76,146</u>	<u>76,146</u>	<u>71,008</u>	<u>5,138</u>	<u>71,793</u>
Net Change in Fund Balance	\$ <u>1,391</u>	<u>1,391</u>	6,460	<u>5,069</u>	5,139
Fund Balance Beginning of Year			<u>43,456</u>		<u>38,317</u>
Fund Balance End of Year		\$	<u>49,916</u>		<u>43,456</u>

Ketchikan Gateway Borough, Alaska
Gold Nugget Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 47,363	69,167
Accounts receivable	<u>143</u>	<u>295</u>
Total Assets	<u>\$ 47,506</u>	<u>69,462</u>
Fund Balance		
Restricted for road maintenance	<u>\$ 47,506</u>	<u>69,462</u>

Ketchikan Gateway Borough, Alaska
Gold Nugget Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 12,000	12,000	12,428	428	11,774
Investment earnings	950	950	256	(694)	381
Total Revenues	12,950	12,950	12,684	(266)	12,155
Expenditures					
Current					
Public services	33,920	33,920	34,640	(720)	13,431
Net Change in Fund Balance	\$ <u>(20,970)</u>	<u>(20,970)</u>	(21,956)	<u>(986)</u>	(1,276)
Fund Balance Beginning of Year			69,462		70,738
Fund Balance End of Year		\$	47,506		69,462

Ketchikan Gateway Borough, Alaska
Health Equity Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Accounts receivable	\$ <u>182,855</u>	<u>104,734</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 35,057	27,637
Interfund payable	<u>167,375</u>	<u>96,974</u>
Total Liabilities	<u>202,432</u>	<u>124,611</u>
Fund Deficit		
Unassigned Deficit	<u>(19,577)</u>	<u>(19,877)</u>
Total Liabilities and Fund Deficit	\$ <u>182,855</u>	<u>104,734</u>

Ketchikan Gateway Borough, Alaska
Health Equity Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Deficit - Budget and Actual
For the Year Ended June 30, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ -	745,485	261,701	(483,784)	104,734
Expenditures					
Current					
Public services	-	-	261,401	(261,401)	124,611
Net Change in Fund Deficit	\$ -	745,485	300	(745,185)	(19,877)
Fund Deficit Beginning of Year			(19,877)		-
Fund Deficit End of Year			\$ (19,577)		(19,877)

Ketchikan Gateway Borough, Alaska
Homestead Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and investments	\$ 157,130	141,015
Accounts receivable	217	249
Total Assets	\$ 157,347	141,264
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 69	1,283
Fund Balance		
Restricted for road maintenance	157,278	139,981
Total Liabilities and Fund Balance	\$ 157,347	141,264

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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 7,170	7,170	9,210	2,040	7,545
Investment earnings	<u>1,700</u>	<u>1,700</u>	<u>605</u>	<u>(1,095)</u>	<u>794</u>
Total Revenues	<u>8,870</u>	<u>8,870</u>	<u>9,815</u>	<u>945</u>	<u>8,339</u>
Expenditures					
Current					
Public services	<u>27,359</u>	<u>27,359</u>	<u>15,870</u>	<u>11,489</u>	<u>15,898</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,489)	(18,489)	(6,055)	12,434	(7,559)
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>4,863</u>	<u>4,863</u>	17,297	<u>12,434</u>	15,793
Fund Balance Beginning of Year			<u>139,981</u>		<u>124,188</u>
Fund Balance End of Year		\$ <u>157,278</u>			<u>139,981</u>

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments:		
Unrestricted	\$ 2,288,523	2,450,878
Restricted	255,414	255,414
Receivables:		
Accounts	8,226	10,267
Leases	375,173	-
Interfund advances	<u>181,902</u>	<u>270,742</u>
Total Assets	\$ <u>3,109,238</u>	<u>2,987,301</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 20,651	20,139
Deposits	<u>13,341</u>	<u>13,341</u>
Total Liabilities	<u>33,992</u>	<u>33,480</u>
Deferred Inflows of Resources		
Related to leases	<u>368,338</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>402,330</u>	<u>33,480</u>
Fund Balance		
Committed:		
Noncurrent portion of advances	-	88,845
Borough-owned land management	<u>2,706,908</u>	<u>2,864,976</u>
Total Fund Balance	<u>2,706,908</u>	<u>2,953,821</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>3,109,238</u>	<u>2,987,301</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 461,950	461,950	457,755	(4,195)	492,160
Investment earnings	10,000	10,000	34,263	24,263	25,599
Proceeds from sale of property	50,000	50,000	6,277	(43,723)	80,383
Miscellaneous	<u>15,000</u>	<u>15,000</u>	<u>6,500</u>	<u>(8,500)</u>	<u>19,076</u>
Total Revenues	<u>536,950</u>	<u>536,950</u>	<u>504,795</u>	<u>(32,155)</u>	<u>617,218</u>
Expenditures					
Current					
Public services	326,318	333,239	273,856	59,383	360,985
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,160</u>
Total Expenditures	<u>326,318</u>	<u>333,239</u>	<u>273,856</u>	<u>59,383</u>	<u>461,145</u>
Excess (Deficiency) of Revenues Over Expenditures	210,632	203,711	230,939	27,228	156,073
Other Financing Uses					
Transfers out	<u>(491,733)</u>	<u>(491,733)</u>	<u>(477,852)</u>	<u>13,881</u>	<u>(637,263)</u>
Net Change in Fund Balance	\$ <u>(281,101)</u>	<u>(288,022)</u>	(246,913)	<u>(41,109)</u>	(481,190)
Fund Balance Beginning of Year			<u>2,953,821</u>		<u>3,435,011</u>
Fund Balance End of Year			\$ <u>2,706,908</u>		<u>2,953,821</u>

Ketchikan Gateway Borough, Alaska
Loring Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 58,906	56,640
Accounts receivable	<u>20</u>	<u>25</u>
Total Assets	<u>\$ 58,926</u>	<u>56,665</u>
Fund Balance		
Restricted for dock improvements	<u>\$ 58,926</u>	<u>56,665</u>

Ketchikan Gateway Borough, Alaska
Loring Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 3,075	3,075	3,046	(29)	3,114
Investment earnings	<u>650</u>	<u>650</u>	<u>235</u>	<u>(415)</u>	<u>290</u>
Total Revenues	<u>3,725</u>	<u>3,725</u>	<u>3,281</u>	<u>(444)</u>	<u>3,404</u>
Expenditures					
Current					
Public services	<u>3,098</u>	<u>3,098</u>	<u>1,020</u>	<u>2,078</u>	<u>934</u>
Net Change in Fund Balance	\$ <u>627</u>	<u>627</u>	2,261	<u>(1,634)</u>	2,470
Fund Balance Beginning of Year			<u>56,665</u>		<u>54,195</u>
Fund Balance End of Year		\$ <u>58,926</u>			<u>56,665</u>

Ketchikan Gateway Borough, Alaska
Mud Bight Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and investments	\$ 6,214	11,354
Accounts receivable	1,912	1,587
Total Assets	\$ 8,126	12,941
Fund Balance		
Restricted for road maintenance	\$ 8,126	12,941

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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 13,110	13,110	24,445	11,335	13,022
Investment earnings	500	500	71	(429)	132
Total Revenues	13,610	13,610	24,516	10,906	13,154
Expenditures					
Current					
Public services	31,800	31,800	29,331	2,469	24,654
Net Change in Fund Balance	\$ <u>(18,190)</u>	<u>(18,190)</u>	(4,815)	<u>(13,375)</u>	(11,500)
Fund Balance Beginning of Year			12,941		24,441
Fund Balance End of Year			\$ <u>8,126</u>		<u>12,941</u>

Ketchikan Gateway Borough, Alaska
Nichols View Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ <u>3,034</u>	<u>3,534</u>
Fund Balance		
Restricted for road maintenance	\$ <u>3,034</u>	<u>3,534</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	<u>2022</u>			<u>2021</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance On Final Budget</u>	<u>Actual</u>
Revenues					
Investment earnings	\$ -	-	-	-	-
Expenditures					
Current					
Public services	\$ <u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balance	\$ <u><u>(500)</u></u>	<u><u>(500)</u></u>	<u>(500)</u>	<u><u>-</u></u>	<u>(500)</u>
Fund Balance Beginning of Year			<u>3,534</u>		<u>4,034</u>
Fund Balance End of Year		\$ <u>3,034</u>			<u>3,534</u>

Ketchikan Gateway Borough, Alaska
Nonareawide Library Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 293,247	304,443
Receivables:		
Accounts	100	137
Intergovernmental	498	957
Property taxes	<u>2,536</u>	<u>2,725</u>
Total Assets	\$ <u>296,381</u>	<u>308,262</u>
Deferred Inflows of Resources and Fund Balance		
Deferred Inflows of Resources		
Property tax revenue	\$ <u>2,536</u>	<u>2,725</u>
Fund Balance		
Restricted for library operations	<u>293,845</u>	<u>305,537</u>
Total Deferred Inflows of Resources and Fund Balance	\$ <u>296,381</u>	<u>308,262</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, 2022

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

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 510,838	510,838	509,624	(1,214)	479,656
Investment earnings	<u>4,000</u>	<u>4,000</u>	<u>1,734</u>	<u>(2,266)</u>	<u>2,391</u>
Total Revenues	<u>514,838</u>	<u>514,838</u>	<u>511,358</u>	<u>(3,480)</u>	<u>482,047</u>
Expenditures					
Current					
Library services	<u>540,121</u>	<u>540,121</u>	<u>523,050</u>	<u>17,071</u>	<u>478,079</u>
Net Change in Fund Balance	\$ <u>(25,283)</u>	<u>(25,283)</u>	(11,692)	<u>13,591</u>	3,968
Fund Balance Beginning of Year			<u>305,537</u>		<u>301,569</u>
Fund Balance End of Year			\$ <u>293,845</u>		<u>305,537</u>

Ketchikan Gateway Borough, Alaska
North Tongass Fire and EMS Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 1,821,302	1,655,706
Receivables:		
Accounts	25,192	12,486
Intergovernmental	675	1,297
Property taxes	<u>4,577</u>	<u>3,923</u>
Total Assets	\$ <u>1,851,746</u>	<u>1,673,412</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ <u>13,393</u>	<u>7,893</u>
Deferred Inflows of Resources		
Property tax revenue	<u>4,568</u>	<u>3,923</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,961</u>	<u>11,816</u>
Fund Balance		
Restricted for public safety	<u>1,833,785</u>	<u>1,661,596</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>1,851,746</u>	<u>1,673,412</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 768,000	768,000	764,642	(3,358)	703,183
Intergovernmental	18,297	18,297	20,553	2,256	19,611
Service area fees	134,400	134,400	128,741	(5,659)	125,200
Investment earnings	16,000	16,000	8,206	(7,794)	8,886
EMS revenues	<u>70,000</u>	<u>70,000</u>	<u>87,344</u>	<u>17,344</u>	<u>65,172</u>
Total Revenues	<u>1,006,697</u>	<u>1,006,697</u>	<u>1,009,486</u>	<u>2,789</u>	<u>922,052</u>
Expenditures					
Current					
Fire and EMS	971,717	1,043,813	879,055	164,758	686,109
Capital Outlay	<u>95,000</u>	<u>95,000</u>	<u>31,069</u>	<u>63,931</u>	<u>-</u>
Total Expenditures	<u>1,066,717</u>	<u>1,138,813</u>	<u>910,124</u>	<u>228,689</u>	<u>686,109</u>
Excess (Deficiency) of Revenues Over Expenditures	(60,020)	(132,116)	99,362	231,478	235,943
Other Financing Sources					
Transfers in	<u>20,400</u>	<u>20,400</u>	<u>72,827</u>	<u>52,427</u>	<u>132,255</u>
Net Change in Fund Balance	\$ <u>(39,620)</u>	<u>(111,716)</u>	172,189	<u>283,905</u>	368,198
Fund Balance Beginning of Year			<u>1,661,596</u>		<u>1,293,398</u>
Fund Balance End of Year		\$	<u>1,833,785</u>		<u>1,661,596</u>

Ketchikan Gateway Borough, Alaska
Old Dairy Road Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and investments	\$ 123,490	122,861
Receivables:		
Accounts	43	-
Intergovernmental	11	22
Total Assets	\$ 123,544	122,883
Liabilities		
Interfund advances payable	\$ 92,462	96,283
Fund Balance		
Restricted for road maintenance	31,082	26,600
Total Liabilities and Fund Balance	\$ 123,544	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, 2022

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

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 18,954	18,954	19,016	62	18,739
Investment earnings	-	-	459	459	-
Total Revenues	<u>18,954</u>	<u>18,954</u>	<u>19,475</u>	<u>521</u>	<u>18,739</u>
Expenditures					
Current					
Public services	16,125	16,125	14,993	1,132	18,991
Capital Outlay	-	-	-	-	73,060
Total Expenditures	<u>16,125</u>	<u>16,125</u>	<u>14,993</u>	<u>1,132</u>	<u>92,051</u>
Excess of Revenues Over Expenditures	2,829	2,829	4,482	1,653	(73,312)
Other Financing Sources					
Transfers in	-	-	-	-	100,000
Net Change in Fund Balance	\$ <u>2,829</u>	<u>2,829</u>	4,482	<u>1,653</u>	26,688
Fund Balance Beginning of Year			<u>26,600</u>		<u>(88)</u>
Fund Balance End of Year		\$ <u>31,082</u>			<u>26,600</u>

Ketchikan Gateway Borough, Alaska
Recreation Sales Tax Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 1,809,961	1,466,233
Receivables:		
Accounts	630	569
Sales tax receivable	<u>663,067</u>	<u>397,091</u>
Total Assets	\$ <u>2,473,658</u>	<u>1,863,893</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	26,197
Deposits	<u>60,002</u>	<u>60,002</u>
Total Liabilities	<u>60,002</u>	<u>86,199</u>
Fund Balance		
Restricted for recreation	<u>2,413,656</u>	<u>1,777,694</u>
Total Liabilities and Fund Balance	\$ <u>2,473,658</u>	<u>1,863,893</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,274,666	1,274,666	2,055,175	780,509	1,488,597
Intergovernmental	-	-	90,493	90,493	-
Penalties and interest	2,500	2,500	7,935	5,435	5,755
Investment earnings	7,500	7,500	7,980	480	8,939
Total Revenues	<u>1,284,666</u>	<u>1,284,666</u>	<u>2,161,583</u>	<u>876,917</u>	<u>1,503,291</u>
Expenditures					
Current					
Public services	50,000	50,000	19,567	30,433	86,399
Capital Outlay	-	-	-	-	45,941
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>19,567</u>	<u>30,433</u>	<u>132,340</u>
Excess of Revenues Over Expenditures	1,234,666	1,234,666	2,142,016	907,350	1,370,951
Other Financing Sources (Uses)					
Transfers in	162,632	162,632	162,632	-	162,646
Transfers out	<u>(1,640,470)</u>	<u>(1,640,470)</u>	<u>(1,668,686)</u>	<u>(28,216)</u>	<u>(1,779,964)</u>
Total Other Financing Sources (Uses)	<u>(1,477,838)</u>	<u>(1,477,838)</u>	<u>(1,506,054)</u>	<u>(28,216)</u>	<u>(1,617,318)</u>
Net Change in Fund Balance	\$ <u>(243,172)</u>	<u>(243,172)</u>	635,962	<u>879,134</u>	(246,367)
Fund Balance Beginning of Year			<u>1,777,694</u>		<u>2,024,061</u>
Fund Balance End of Year			\$ <u><u>2,413,656</u></u>		<u>1,777,694</u>

Ketchikan Gateway Borough, Alaska
South Tongass Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 1,377,384	1,281,072
Receivables:		
Accounts	26,474	17,372
Intergovernmental	790	1,519
Property taxes	<u>1,978</u>	<u>4,277</u>
Total Assets	<u>\$ 1,406,626</u>	<u>1,304,240</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 31,631	25,523
Advances payable	<u>88,227</u>	<u>122,714</u>
Total Liabilities	<u>119,858</u>	<u>148,237</u>
Deferred Inflows of Resources		
Property tax revenues	<u>1,978</u>	<u>4,277</u>
Total Liabilities and Deferred Inflows of Resources	<u>121,836</u>	<u>152,514</u>
Fund Balance		
Restricted for public safety and water	<u>1,284,790</u>	<u>1,151,726</u>
Total Fund Balance	<u>1,284,790</u>	<u>1,151,726</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,406,626</u>	<u>1,304,240</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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 703,872	703,872	707,925	4,053	688,424
Intergovernmental	21,764	21,764	36,136	14,372	18,340
Water fees	306,139	306,139	316,049	9,910	296,503
Investment earnings	5,000	5,000	6,405	1,405	8,048
EMS revenue	70,000	70,000	78,345	8,345	72,470
Miscellaneous	38,900	38,900	52,625	13,725	26,558
Total Revenues	<u>1,145,675</u>	<u>1,145,675</u>	<u>1,197,485</u>	<u>51,810</u>	<u>1,110,343</u>
Expenditures					
Current					
Fire and EMS	804,634	841,692	819,407	22,285	576,892
Water treatment and distribution	393,187	407,614	277,699	129,915	233,409
Capital Outlay	<u>24,000</u>	<u>83,000</u>	<u>45,718</u>	<u>37,282</u>	<u>531,147</u>
Total Expenditures	1,221,821	1,332,306	1,142,824	189,482	1,341,448
Less recovery of expenditures from other funds	-	-	-	-	(3,330)
Net Expenditures	<u>1,221,821</u>	<u>1,332,306</u>	<u>1,142,824</u>	<u>189,482</u>	<u>1,338,118</u>
Excess (Deficiency) of Revenues Over Expenditures	(76,146)	(186,631)	54,661	241,292	(227,775)
Other Financing Sources					
Transfers in	<u>38,400</u>	<u>38,400</u>	<u>78,403</u>	<u>40,003</u>	<u>167,945</u>
Net Change in Fund Balance	\$ <u>(37,746)</u>	<u>(148,231)</u>	133,064	<u>281,295</u>	(59,830)
Fund Balance Beginning of Year			<u>1,151,726</u>		<u>1,211,556</u>
Fund Balance End of Year		\$	<u>1,284,790</u>		<u>1,151,726</u>

Ketchikan Gateway Borough, Alaska
Waterfall Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and investments	\$ 39,413	39,109
Accounts receivable	1,333	1,956
Total Assets	\$ 40,746	41,065
 Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 58	2,558
 Fund Balance		
Restricted for road maintenance	40,688	38,507
Total Liabilities and Fund Balance	\$ 40,746	41,065

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, 2022
With Comparative Actual Amounts for the Year Ended June 30, 2021

	2022			2021	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 37,625	37,625	34,798	(2,827)	20,392
Investment earnings	600	600	165	(435)	230
Total Revenues	<u>38,225</u>	<u>38,225</u>	<u>34,963</u>	<u>(3,262)</u>	<u>20,622</u>
Expenditures					
Current					
Public services	37,825	37,825	32,782	5,043	29,025
Total Expenditures	<u>37,825</u>	<u>37,825</u>	<u>32,782</u>	<u>5,043</u>	<u>29,025</u>
Net Change in Fund Balance	\$ <u>400</u>	<u>400</u>	2,181	<u>1,781</u>	(8,403)
Fund Balance Beginning of Year			<u>38,507</u>		<u>46,910</u>
Fund Balance End of Year		\$	<u>40,688</u>		<u>38,507</u>



THIS PAGE INTENTIONALLY LEFT BLANK

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, 2022 and 2021

	2022	2021
Assets		
Cash and investments	\$ 636,289	636,215
Restricted cash and investments	7,503,239	-
Total Assets	8,139,528	636,215
Fund Balance		
Restricted for capital projects	\$ 8,139,528	636,215

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Investment earnings	\$ -	112
Expenditures		
Current		
Public services	130	-
Capital Outlay	88,373	
Bond issuance costs	28,269	-
Total Expenditures	<u>116,772</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(116,772)	112
Other Financing Sources (Uses)		
Issuance of debt	6,655,000	-
Bond premium	965,085	-
Transfers in	500,000	-
Transfers out	<u>(500,000)</u>	<u>(102,627)</u>
Total Other Financing Sources (Uses)	<u>7,620,085</u>	<u>(102,627)</u>
Net Change in Fund Balance	7,503,313	(102,515)
Fund Balance Beginning of Year	<u>636,215</u>	<u>738,730</u>
Fund Balance End of Year	\$ <u><u>8,139,528</u></u>	<u><u>636,215</u></u>



THIS PAGE INTENTIONALLY LEFT BLANK

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and investments	\$ 9,058,886	8,826,113
Prepaid items	39,690	-
Receivables:		
Accounts, net	529,345	352,866
Leases	503,688	-
Intergovernmental	<u>2,232,643</u>	<u>62,615</u>
Total Current Assets	<u>12,364,252</u>	<u>9,241,594</u>
Noncurrent Assets		
Restricted Assets:		
Long-term leases receivables	2,735,072	-
Net other postemployment benefits asset	1,679,034	247,598
Capital Assets		
Nondepreciable	4,097,934	4,097,934
Depreciable, net	<u>12,797,855</u>	<u>13,877,153</u>
Total Noncurrent Assets	<u>21,309,895</u>	<u>18,222,685</u>
Total Assets	<u>33,674,147</u>	<u>27,464,279</u>
Deferred Outflows of Resources		
Related to pensions	380,507	369,617
Related to OPEB	68,997	186,395
Total Assets and Deferred Outflows of Resources	<u>\$ 34,123,651</u>	<u>28,020,291</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 56,134	149,543
Compensated absences payable	246,646	246,646
Unearned revenue	<u>15,360</u>	<u>-</u>
Total Current Liabilities	<u>318,140</u>	<u>396,189</u>
Long-Term Liabilities, Net of Current Portion		
Compensated absences payable	61,990	59,199
Net pension liability	2,323,602	2,992,446
Net OPEB liability	<u>-</u>	<u>4,824</u>
Total Long-Term Liabilities	<u>2,385,592</u>	<u>3,056,469</u>
Total Liabilities	<u>2,703,732</u>	<u>3,452,658</u>
Deferred Inflows of Resources		
Related to leases	3,178,877	-
Related to pensions	926,601	17,150
Related to OPEB	<u>892,865</u>	<u>198,883</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,702,075</u>	<u>3,668,691</u>
Net Position		
Net investment in capital assets	16,895,789	17,975,087
Unrestricted	<u>9,525,787</u>	<u>6,376,513</u>
Total Net Position	<u>\$ 26,421,576</u>	<u>24,351,600</u>

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ 5,204,970	4,634,081
Operating Expenses		
Personnel services	3,265,451	3,193,228
Supplies and services	1,538,033	1,456,661
Insurance	253,537	244,103
Depreciation	1,085,714	1,204,570
Total Operating Expenses	<u>6,142,735</u>	<u>6,098,562</u>
Operating Income (Loss)	(937,765)	(1,464,481)
Nonoperating Revenues (Expenses)		
Investment income	177,219	33,787
Operating grants	2,776,118	3,025,440
Total Nonoperating Revenues (Expenses)	<u>2,953,337</u>	<u>3,059,227</u>
Income (Loss) Before Transfers	2,015,572	1,594,746
Transfers in	54,404	278,193
Change in Net Position	2,069,976	1,872,939
Net Position Beginning of Year	<u>24,351,600</u>	<u>22,478,661</u>
Net Position End of Year	\$ <u>26,421,576</u>	<u>24,351,600</u>

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 4,983,968	4,491,751
Cash payments to employees for services	(3,657,823)	(3,619,490)
Cash payments for goods and services	<u>(1,924,669)</u>	<u>(1,677,014)</u>
Net Cash Provided by Operating Activities	<u>(598,524)</u>	<u>(804,753)</u>
Cash Flows from Noncapital Financing Activities		
Operating grants	599,674	3,025,440
Transfers in	<u>54,404</u>	<u>278,193</u>
Net Cash Provided by Noncapital Financing Activities	<u>654,078</u>	<u>3,303,633</u>
Cash Flows from Capital and Related Financing Activities		
Payments for capital acquisitions and construction	<u>-</u>	<u>(117,762)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>177,219</u>	<u>33,787</u>
Net Increase in Cash and Cash Equivalents	232,773	2,414,905
Cash and Cash Equivalents Beginning of Year	<u>8,826,113</u>	<u>6,411,208</u>
Cash and Cash Equivalents End of Year	<u>\$ 9,058,886</u>	<u>8,826,113</u>

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

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Loss	\$ (937,765)	(1,464,481)
Adjustments:		
Depreciation	1,085,714	1,204,570
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	(176,479)	(142,330)
Leases receivable	(3,238,760)	-
Intergovernmental receivable	-	(48,905)
Prepaid items	(39,690)	-
Net other postemployment benefits asset	(1,431,436)	(230,606)
Deferred outflows of resources for pensions	(10,890)	(96,491)
Deferred outflows of resources for OPEB	117,398	57,720
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	(93,409)	72,655
Compensated absences payable	2,791	16,253
Unearned revenue	15,360	-
Net pension liability	(668,844)	127,218
Net OPEB liability	(4,824)	(167,288)
Deferred inflows of resources for leases	3,178,877	-
Deferred inflows of resources for pensions	909,451	(173,742)
Deferred inflows of resources for OPEB	693,982	40,674
Net Cash Provided by Operating Activities	\$ <u>(598,524)</u>	<u>(804,753)</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and investments	\$ 1,342,301	901,152
Accounts receivable, net	24,362	38,021
Intergovernmental	<u>-</u>	<u>33,019</u>
Total Current Assets	<u>1,366,663</u>	<u>972,192</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable	1,898,833	1,885,350
Depreciable, net	<u>7,089,738</u>	<u>7,438,526</u>
Total Noncurrent Assets	<u>8,988,571</u>	<u>9,323,876</u>
Total Assets	<u>\$ 10,355,234</u>	<u>10,296,068</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 103,830	68,816
Interfund advances payable	1,213	-
Interest Payable	<u>11,251</u>	<u>-</u>
Total Current Liabilities	<u>116,294</u>	<u>68,816</u>
Long-Term Liabilities		
Interfund advances payable (net of current portion)	-	51,745
ACWF loan payable	<u>741,592</u>	<u>761,301</u>
Total Long-Term Liabilities	<u>741,592</u>	<u>813,046</u>
Total Liabilities	<u>857,886</u>	<u>881,862</u>
Net Position		
Net investment in capital assets	8,246,979	9,323,876
Unrestricted	<u>1,250,369</u>	<u>90,330</u>
Total Net Position	<u>\$ 9,497,348</u>	<u>9,414,206</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ 856,118	852,205
Operating Expenses		
Personnel services	280,472	212,988
Supplies and services	560,444	507,877
Insurance	5,644	5,667
Depreciation	348,788	351,937
Total Operating Expenses	1,195,348	1,078,469
Less recovery of expenses from other funds	(9,768)	(9,768)
Net Operating Expenses	1,185,580	1,068,701
Operating Income (Loss)	(329,462)	(216,496)
Nonoperating Expenses		
Interest and fiscal charges	(3,544)	(6,180)
Investment earnings	9,292	4,789
Total Nonoperating Revenues (Expenses)	5,748	(1,391)
Income (Loss) Before Capital Contributions and Transfers	(323,714)	(217,887)
Capital contributions	6,741	33,019
Transfers in	400,115	-
Change in Net Position	83,142	(184,868)
Net Position Beginning of Year	9,414,206	9,599,074
Net Position End of Year	\$ 9,497,348	9,414,206

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 869,777	860,646
Cash payments to employees for services	(280,472)	(212,988)
Cash payments for goods and services	<u>(521,306)</u>	<u>(427,544)</u>
Net Cash Provided by (Used in) Operating Activities	<u>67,999</u>	<u>220,114</u>
Cash Flows from Noncapital Financing Activities		
Operating grants	33,019	-
Transfers in	<u>400,115</u>	<u>-</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>433,134</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Loan proceeds	(19,709)	44,269
Capital grant	6,741	33,019
Interest paid on debt service	7,707	(6,180)
Interfund advance payable	(50,532)	(46,091)
Payments for capital acquisitions	<u>(13,483)</u>	<u>(81,307)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(69,276)</u>	<u>(56,290)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>9,292</u>	<u>4,789</u>
Net Increase in Cash and Cash Equivalents	441,149	168,613
Cash and Cash Equivalents Beginning of Year	<u>901,152</u>	<u>732,539</u>
Cash and Cash Equivalents End of Year	\$ <u><u>1,342,301</u></u>	<u><u>901,152</u></u>

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

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ (329,462)	(216,496)
Adjustments:		
Depreciation	348,788	351,937
(Increase) Decrease in Assets:		
Accounts receivable	13,659	8,441
Intergovernmental	-	53,241
Increase (Decrease) in Liabilities:		
Accounts payable	<u>35,014</u>	<u>22,991</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>67,999</u></u>	<u><u>220,114</u></u>

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, 2022

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Assets			
Note receivable	\$ <u>3,379,559</u>	<u>-</u>	<u>3,379,559</u>
Current Liabilities			
Claims payable	\$ <u>692,848</u>	<u>196,952</u>	<u>889,800</u>
Noncurrent Liabilities			
Interfund payable	<u>2,658,304</u>	<u>377,238</u>	<u>3,035,542</u>
Total Liabilities	<u>3,351,152</u>	<u>574,190</u>	<u>3,925,342</u>
Net Position			
Unrestricted	\$ <u>28,407</u>	<u>(574,190)</u>	<u>(545,783)</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, 2022

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Insurance premiums	\$ 8,073,708	3,451,479	11,525,187
Operating Expenses			
Administration	1,250,929	433,408	1,684,337
Premiums	-	439,095	439,095
Claims	7,523,494	3,832,938	11,356,432
Wellness plan	-	34,350	34,350
Total Operating Expenses	<u>8,774,423</u>	<u>4,739,791</u>	<u>13,514,214</u>
Less return of excess stop-loss premiums	<u>(729,122)</u>	<u>(714,122)</u>	<u>(1,443,244)</u>
Net Operating Expenses	<u>8,045,301</u>	<u>4,025,669</u>	<u>12,070,970</u>
Operating Income (Loss)	28,407	(574,190)	(545,783)
Transfers In	-	1,113,575	1,113,575
Change in Net Position	<u>28,407</u>	<u>539,385</u>	<u>567,792</u>
Net Position Beginning of Year	<u>-</u>	<u>(1,113,575)</u>	<u>(1,113,575)</u>
Net Position End of Year	<u>\$ 28,407</u>	<u>(574,190)</u>	<u>(545,783)</u>

Ketchikan Gateway Borough, Alaska
Self-Insured Health Insurance Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2022

	<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	\$ 7,325,334	3,491,762	10,817,096
Cash payments for goods and services	(1,250,929)	(906,853)	(2,157,782)
Cash payments for claims	<u>(6,904,528)</u>	<u>(3,179,565)</u>	<u>(10,084,093)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(830,123)</u>	<u>(594,656)</u>	<u>(1,424,779)</u>
Cash Flows from Noncapital Financing Activities			
Transfer in	-	1,113,575	1,113,575
Interfund payable	<u>830,123</u>	<u>(518,919)</u>	<u>311,204</u>
Net Cash Provided by Noncapital Financing Activities	<u>830,123</u>	<u>594,656</u>	<u>1,424,779</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>-</u></u>	<u><u>-</u></u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ <u>28,407</u>	<u>(574,190)</u>	<u>(545,783)</u>
Decrease (Increase) in Assets:			
Accounts receivable	136,471	40,283	176,754
Note receivable	(884,845)	-	(884,845)
Increase (Decrease) in Liabilities:			
Claims payable	<u>(110,156)</u>	<u>(60,749)</u>	<u>(170,905)</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>(830,123)</u></u>	<u><u>(594,656)</u></u>	<u><u>(1,424,779)</u></u>

Ketchikan Gateway Borough, Alaska
School District Self-Insured Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2022 and 2021

	2022	2021
Assets		
Accounts receivable	\$ -	136,471
Note receivable	<u>3,379,559</u>	<u>2,494,714</u>
Total Assets	<u>\$ 3,379,559</u>	<u>2,631,185</u>
Current Liabilities		
Claims payable	\$ <u>692,848</u>	<u>803,004</u>
Noncurrent Liabilities		
Interfund payable	<u>2,658,304</u>	<u>1,828,181</u>
Total Liabilities	<u>3,351,152</u>	<u>2,631,185</u>
Net Position		
Unrestricted	\$ <u>28,407</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Insurance premiums	\$ 8,073,708	7,673,269
Operating Expenses		
Administration	1,250,929	1,461,641
Claims	7,523,494	7,061,574
Total Operating Expenses	8,774,423	8,523,215
Less return of excess stop-loss premiums	(729,122)	(849,946)
Net Operating Expenses	8,045,301	7,673,269
Change in Net Position	28,407	-
Net Position Beginning of Year	-	-
Net Position End of Year	\$ 28,407	-

Ketchikan Gateway Borough, Alaska
Borough Self-Insured Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Accounts receivable	\$ <u> -</u>	<u> 40,283</u>
Current Liabilities		
Claims payable	\$ <u> 196,952</u>	<u> 257,701</u>
Noncurrent Liabilities		
Interfund payable	<u> 377,238</u>	<u> 896,157</u>
Total Liabilities	<u> 574,190</u>	<u> 1,153,858</u>
Net Position		
Unrestricted	\$ <u> (574,190)</u>	<u> (1,113,575)</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Insurance premiums	\$ 3,451,479	3,298,384
Operating Expenses		
Administration	433,408	517,398
Premiums	439,095	396,192
Claims	3,832,938	2,999,130
Wellness plan	34,350	44,450
Total Operating Expenses	<u>4,739,791</u>	<u>3,957,170</u>
Less return of excess stop-loss premiums	<u>(714,122)</u>	<u>(391,517)</u>
Net Operating Expenses	<u>4,025,669</u>	<u>3,565,653</u>
Operating Income (Loss)	(574,190)	(267,269)
Transfers In	1,113,575	-
Change in Net Position	539,385	(267,269)
Net Position Beginning of Year	<u>(1,113,575)</u>	<u>(846,306)</u>
Net Position End of Year	<u>\$ (574,190)</u>	<u>(1,113,575)</u>



THIS PAGE INTENTIONALLY LEFT BLANK

**STATISTICAL
SECTION**
(Un-Audited)

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:

Financial Trends- These schedules contain trend information to help the users understand how the Borough's financial performance and wellbeing have changed over time.

Government-wide Statement of Net Position.....	Table 1
Changes in Net Position.....	Table 2
Fund Balances, Governmental Funds	Table 3
Changes in Governmental Fund Balances	Table 4

Revenue Capacity- These schedules contain information to help the users assess the Borough's most significant local revenue source, such as property and sales tax.

Assessed Value and Actual Value of Taxable Property.....	Table 5
Principal Property Tax Payers.....	Table 6
Property Tax Levies and Collections	Table 7
Taxable Sales by Category.....	Table 8

Debt Capacity- These schedules present information to help the users assess the affordability of the Borough's current level of outstanding debt and the Borough's ability to issue additional debt in the future.

Current Year Debt Service by Type.....	Table 9
Ratios of General Bonded Debt Outstanding.....	Table 10
Direct and Overlapping Governmental Activities Debt.....	Table 11

Demographic and Economic Information- These schedules offer demographic and economic indicators to help the users understand the environment within which the Borough's financial activities take place.

Demographic Statistics.....	Table 12
Principal Employers Current Year and Nine Years Ago	Table 13

Operating Information- This schedule contains service and infrastructure data to help the users understand how the information in the Borough's financial report relates to the services the Borough provides and the activities it performs.

Miscellaneous Statistics	Table 14
--------------------------------	----------

KETCHIKAN GATEWAY BOROUGH

Government-wide Statement of Net Position

Net Position by Component

Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental Activities					
Net investment in capital assets	\$ 123,484,984	126,297,456	126,508,378	125,006,914	122,089,151
Restricted	21,708,843	16,183,748	18,521,745	20,355,893	18,684,440
Unrestricted	<u>14,679,881</u>	<u>5,723,162</u>	<u>8,193,420</u>	<u>7,393,385</u>	<u>6,811,378</u>
Total governmental activities net position	<u>159,873,708</u>	<u>148,204,366</u>	<u>153,223,543</u>	<u>152,756,192</u>	<u>147,584,969</u>
Business-type Activities					
Net investment in capital assets	25,142,768	27,298,963	28,656,401	29,871,660	25,799,473
Unrestricted (deficit)	<u>10,452,662</u>	<u>6,143,349</u>	<u>3,168,804</u>	<u>824,645</u>	<u>189,361</u>
Total business-type activities net position	<u>35,595,430</u>	<u>33,442,312</u>	<u>31,825,205</u>	<u>30,696,305</u>	<u>25,988,834</u>
Primary Government					
Net investment in capital assets	148,627,752	153,596,419	155,164,779	154,878,574	147,888,624
Restricted	21,708,843	16,183,748	18,521,745	20,355,893	18,684,440
Unrestricted	<u>25,132,543</u>	<u>11,866,511</u>	<u>11,362,224</u>	<u>8,218,030</u>	<u>7,000,739</u>
Total primary government net position	\$ <u>195,469,138</u>	<u>181,646,678</u>	<u>185,048,748</u>	<u>183,452,497</u>	<u>173,573,803</u>
	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental Activities					
Net investment in capital assets	\$ 122,598,700	123,108,660	121,277,988	121,446,896	119,848,381
Restricted	14,602,379	6,865,378	6,819,220	7,148,989	13,928,936
Unrestricted	<u>6,842,646</u>	<u>15,737,037</u>	<u>15,584,427</u>	<u>19,954,904</u>	<u>11,945,485</u>
Total governmental activities net position	<u>144,043,725</u>	<u>145,711,075</u>	<u>143,681,635</u>	<u>148,550,789</u>	<u>145,722,802</u>
Business-type Activities					
Net investment in capital assets	26,992,069	28,320,766	28,156,141	29,131,474	28,458,282
Unrestricted (deficit)	<u>(231,649)</u>	<u>(913,623)</u>	<u>(1,771,657)</u>	<u>(287,748)</u>	<u>(413,071)</u>
Total business-type activities net position	<u>26,760,420</u>	<u>27,407,143</u>	<u>26,384,484</u>	<u>28,843,726</u>	<u>28,045,211</u>
Primary Government					
Net investment in capital assets	149,590,769	151,429,426	149,434,129	150,578,370	148,306,663
Restricted	14,602,379	6,865,378	6,819,220	7,148,989	13,928,936
Unrestricted	<u>6,610,997</u>	<u>14,823,414</u>	<u>13,812,770</u>	<u>19,667,156</u>	<u>11,532,414</u>
Total primary government net position	\$ <u>170,804,145</u>	<u>173,118,218</u>	<u>170,066,119</u>	<u>177,394,515</u>	<u>173,768,013</u>

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

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

KETCHIKAN GATEWAY BOROUGH

Table 2 Changes in NP

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses					
Governmental activities:					
General government	\$ 5,157,014	4,769,432	4,170,530	3,431,525	3,259,926
Fire and EMS	1,889,901	1,545,621	1,490,185	1,764,481	1,558,838
Water treatment and distribution	281,484	230,079	316,121	237,038	283,366
Library services	523,050	478,079	464,839	436,161	415,612
Parks and recreation	3,894,311	3,566,579	3,589,035	3,538,132	3,457,704
Public works	1,025,626	1,034,736	1,024,598	1,048,172	1,042,506
Public services	9,365,907	19,075,558	3,612,137	3,341,774	3,566,217
Transit	3,186,479	2,789,602	2,628,542	2,641,532	2,394,033
Education	21,576,749	21,411,157	19,925,235	18,743,052	15,841,676
Interest	1,196,400	1,242,300	1,452,565	1,529,612	1,701,147
Total governmental activities expenses	<u>48,096,921</u>	<u>56,143,143</u>	<u>38,673,787</u>	<u>36,711,479</u>	<u>33,521,025</u>
Business-type activities:					
Airport	6,142,735	6,169,526	5,993,768	5,681,725	5,680,358
Wastewater	1,189,124	1,074,881	1,047,236	988,967	1,042,474
Total business-type activities expenses	<u>7,331,859</u>	<u>7,244,407</u>	<u>7,041,004</u>	<u>6,670,692</u>	<u>6,722,832</u>
Total primary government expenses	<u>55,428,780</u>	<u>63,387,550</u>	<u>45,714,791</u>	<u>43,382,171</u>	<u>40,243,857</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	294,430	262,842	271,425	303,027	285,590
Water treatment and distribution	316,049	296,503	304,863	301,228	296,613
Parks and recreation	829,868	580,758	671,669	774,531	806,584
Public services	908,501	3,423,132	911,556	791,817	808,363
Transit	176,076	134,272	157,591	233,861	235,970
Education	8,073,708	7,673,269	6,308,769	6,372,213	5,772,579
Capital grants	4,297,461	2,243,001	2,920,884	4,784,285	3,089,461
Operating grants	20,343,542	14,496,524	3,270,621	2,815,203	2,678,938
Total governmental activities program revenues	<u>35,239,635</u>	<u>29,110,301</u>	<u>14,817,378</u>	<u>16,376,165</u>	<u>13,974,098</u>
Business-type activities:					
Charges for services:					
Airport	5,204,970	4,634,081	5,337,555	5,428,676	5,382,065
Wastewater	856,118	852,205	813,466	765,981	765,874
Operating grants	2,725,899	2,775,691	804,837	-	18,236
Capital grants	6,741	33,019	26,798	4,795,362	257,707
Total business-type activities program revenues	<u>8,793,728</u>	<u>8,294,996</u>	<u>6,982,656</u>	<u>10,990,019</u>	<u>6,423,882</u>
Total primary government program revenues	<u>44,033,363</u>	<u>37,405,297</u>	<u>21,800,034</u>	<u>27,366,184</u>	<u>20,397,980</u>
Net (Expense) Revenue					
Governmental activities	(12,857,286)	(27,032,842)	(23,856,409)	(20,335,314)	(19,546,927)
Business-type activities	1,461,869	1,050,589	(58,348)	4,319,327	(298,950)
Total primary government net expense	<u>(11,395,417)</u>	<u>(25,982,253)</u>	<u>(23,914,757)</u>	<u>(16,015,987)</u>	<u>(19,845,877)</u>
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	11,609,106	10,995,648	10,813,508	10,638,237	10,155,598
Sales taxes	10,584,823	7,656,334	8,514,282	9,805,490	9,271,481
Payment in lieu of taxes	1,329,654	1,295,324	1,297,095	1,233,473	1,512,320
Grants and entitlements not restricted	811,443	613,277	3,431,171	3,262,691	3,094,716
Transfers	(454,519)	(278,193)	(958,652)	(252,648)	(174,104)
Investment earnings	178,654	(226,042)	907,237	666,731	283,080
Miscellaneous	467,467	1,957,317	319,119	152,563	435,245
Total governmental activities general revenues and other changes in net position	<u>24,526,628</u>	<u>22,013,665</u>	<u>24,323,760</u>	<u>25,506,537</u>	<u>24,578,336</u>
Business-type activities:					
Unrestricted grant/investment earnings	236,730	288,325	228,596	135,496	129,122
Transfers	454,519	278,193	958,652	252,648	174,104
Total business-type activities general revenues and other changes in net position	<u>691,249</u>	<u>566,518</u>	<u>1,187,248</u>	<u>388,144</u>	<u>303,226</u>
Total primary government general revenues and other changes in net position	<u>25,217,877</u>	<u>22,580,183</u>	<u>25,511,008</u>	<u>25,894,681</u>	<u>24,881,562</u>
Changes in Net Position					
Governmental activities	11,669,342	(5,019,177)	467,351	5,171,223	5,031,409
Business-type activities	2,153,118	1,617,107	1,128,900	4,707,471	4,276
Total primary government, change in net position	<u>\$ 13,822,460</u>	<u>(3,402,070)</u>	<u>1,596,251</u>	<u>9,878,694</u>	<u>5,035,685</u>

Notes:

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

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

KETCHIKAN GATEWAY BOROUGH

Table 2 Changes in NP

Changes in Net Position, Continued
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government	\$ 4,017,111	3,517,224	4,037,970	3,514,098	4,623,576
Fire and EMS	1,577,017	1,438,761	1,545,356	1,376,751	1,252,822
Water treatment and distribution	235,529	224,652	324,110	318,826	249,401
Library services	402,279	390,575	405,199	422,570	410,326
Parks and recreation	3,617,576	3,432,887	3,340,866	3,338,139	2,601,546
Public works	1,059,778	1,168,318	1,027,166	1,001,996	1,209,701
Public services	4,842,281	5,306,734	8,890,872	5,342,481	3,875,327
Transit	2,498,261	2,384,212	2,221,390	2,164,006	2,071,438
Education	15,879,303	16,182,438	15,015,738	15,357,268	14,465,416
Interest	1,885,487	1,957,353	2,254,374	2,310,634	2,394,406
Total governmental activities expenses	<u>36,014,622</u>	<u>36,003,154</u>	<u>39,063,041</u>	<u>35,146,769</u>	<u>33,153,959</u>
Business-type activities:					
Airport	6,471,321	5,874,984	5,665,297	5,679,424	5,810,984
Wastewater	995,507	986,801	1,098,072	881,576	897,029
Total business-type activities expenses	<u>7,466,828</u>	<u>6,861,785</u>	<u>6,763,369</u>	<u>6,561,000</u>	<u>6,708,013</u>
Total primary government expenses	<u>43,481,450</u>	<u>42,864,939</u>	<u>45,826,410</u>	<u>41,707,769</u>	<u>39,861,972</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	285,930	276,812	253,670	238,838	254,234
Water treatment and distribution	294,097	286,472	251,863	217,149	193,081
Parks and recreation	802,398	725,988	775,960	753,563	732,284
Public services	786,417	1,615,691	1,559,619	1,256,400	1,239,091
Transit	206,273	189,230	200,588	222,236	242,111
Education	5,162,893	4,912,773	4,677,856	4,937,191	4,295,465
Capital grants	2,161,683	5,189,749	5,828,520	4,503,237	3,529,066
Operating grants	2,110,949	3,330,138	3,181,765	4,072,710	3,738,574
Total governmental activities program revenues	<u>11,810,640</u>	<u>16,526,853</u>	<u>16,729,841</u>	<u>16,201,324</u>	<u>14,223,906</u>
Business-type activities:					
Charges for services:					
Airport	5,533,220	4,947,152	4,694,448	4,401,938	3,878,788
Wastewater	728,983	780,854	656,048	596,426	555,396
Operating grants	172,675	3,332	7,386	73,994	2,710,000
Capital grants	123,136	1,731,076	487,172	1,865,802	1,310,860
Total business-type activities program revenues	<u>6,558,014</u>	<u>7,462,414</u>	<u>5,845,054</u>	<u>6,938,160</u>	<u>8,455,044</u>
Total primary government program revenues	<u>18,368,654</u>	<u>23,989,267</u>	<u>22,574,895</u>	<u>23,139,484</u>	<u>22,678,950</u>
Net (Expense) Revenue					
Governmental activities	(24,203,982)	(19,476,301)	(22,333,200)	(18,945,445)	(18,930,053)
Business-type activities	(908,814)	600,629	(918,315)	377,160	1,747,031
Total primary government net expense	<u>(25,112,796)</u>	<u>(18,875,672)</u>	<u>(23,251,515)</u>	<u>(18,568,285)</u>	<u>(17,183,022)</u>
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	9,175,916	8,545,890	8,359,993	8,169,731	7,890,521
Sales taxes	8,882,165	8,567,889	8,553,791	8,625,653	8,682,819
Payment in lieu of taxes	1,154,550	1,232,522	1,052,512	1,131,659	1,035,188
Grants and entitlements not restricted	2,770,696	2,989,349	3,466,541	3,598,414	3,559,577
Transfers	(172,303)	(299,765)	(272,424)	(184,881)	(1,652,342)
Investment earnings	36,343	36,483	49,504	54,254	59,449
Miscellaneous	689,265	433,373	400,057	378,601	354,128
Total governmental activities general revenues and other changes in net position	<u>22,536,632</u>	<u>21,505,741</u>	<u>21,609,974</u>	<u>21,773,431</u>	<u>19,929,340</u>
Business-type activities:					
Unrestricted grant/investment earnings	89,788	122,265	167,786	236,474	241,530
Transfers	172,303	299,765	272,424	184,881	1,652,342
Total business-type activities general revenues and other changes in net position	<u>262,091</u>	<u>422,030</u>	<u>440,210</u>	<u>421,355</u>	<u>1,893,872</u>
Total primary government general revenues and other changes in net position	<u>22,798,723</u>	<u>21,927,771</u>	<u>22,050,184</u>	<u>22,194,786</u>	<u>21,823,212</u>
Changes in Net Position					
Governmental activities	(1,667,350)	2,029,440	(723,226)	2,827,986	999,287
Business-type activities	(646,723)	1,022,659	(478,105)	798,515	3,640,903
Total primary government, change in net position	\$ <u>(2,314,073)</u>	<u>3,052,099</u>	<u>(1,201,331)</u>	<u>3,626,501</u>	<u>4,640,190</u>

KETCHIKAN GATEWAY BOROUGH

Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 4,385	-	-	9,881	-
Unassigned	18,309,136	10,411,898	12,572,758	12,140,093	10,695,816
Total general fund	<u>18,313,521</u>	<u>10,411,898</u>	<u>12,572,758</u>	<u>12,149,974</u>	<u>10,695,816</u>
All other governmental funds					
Nonspendable	-	-	9,648	14,156	-
Restricted	28,786,233	16,257,826	18,801,048	20,662,598	19,462,576
Committed	2,706,908	2,953,821	3,435,011	3,791,679	4,763,209
Assigned	-	-	-	-	-
Unassigned	(33,620)	(19,877)	(88)	-	-
Total all other governmental funds	<u>31,459,521</u>	<u>19,191,770</u>	<u>22,245,619</u>	<u>24,468,433</u>	<u>24,225,785</u>
Total Governmental Funds	\$ <u>49,773,042</u>	<u>29,603,668</u>	<u>34,818,377</u>	<u>36,618,407</u>	<u>34,921,601</u>
	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Nonspendable	\$ -	-	-	-	-
Unassigned	8,781,038	8,395,444	10,301,525	7,790,668	6,276,521
Total general fund	<u>8,781,038</u>	<u>8,395,444</u>	<u>10,301,525</u>	<u>7,790,668</u>	<u>6,276,521</u>
All other governmental funds					
Nonspendable	-	-	138,424	2,055,751	2,557,461
Restricted	16,372,064	8,888,164	9,053,941	12,912,463	13,928,936
Committed	4,747,303	12,146,408	9,167,824	6,650,448	6,310,341
Assigned	782,507	1,585,572	2,061,142	5,361,936	5,918,222
Unassigned	-	-	(306,001)	(789,399)	(1,187,887)
Total all other governmental funds	<u>21,901,874</u>	<u>22,620,144</u>	<u>20,115,330</u>	<u>26,191,199</u>	<u>27,527,073</u>
Total Governmental Funds	\$ <u>30,682,912</u>	<u>31,015,588</u>	<u>30,416,855</u>	<u>33,981,867</u>	<u>33,803,594</u>



THIS PAGE INTENTIONALLY LEFT BLANK

KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances
Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 22,194,059	18,506,370	19,267,970	20,449,580	19,489,094
Intergovernmental	26,467,375	17,162,596	5,857,998	8,902,941	7,509,882
Licenses and permits	3,000	4,300	4,341	900	75
Charges for services	2,205,875	4,396,704	2,007,900	2,102,336	296,613
Water fees	316,049	296,503	304,863	301,228	2,136,432
Commercial vessel passenger tax	314,783	-	2,723,867	2,440,983	2,252,488
Interest Subsidy	399,556	342,829	514,564	533,028	544,110
Investment earnings	178,654	(226,042)	907,237	666,731	283,080
Proceeds from sale of property	6,277	80,383	34,682	18,796	251,794
Miscellaneous	467,467	1,957,319	319,121	152,565	435,247
Total Revenues	52,553,095	42,520,962	31,942,543	35,569,088	33,198,815
Expenditures					
General government	4,625,388	4,258,703	3,877,093	3,277,394	3,281,029
Library services	523,050	478,079	464,839	436,161	415,612
Fire and EMS	1,698,462	1,263,001	1,243,200	1,486,381	1,290,684
Water treatment and distribution	277,699	230,079	316,121	237,038	283,366
Public services	8,942,969	18,410,745	3,058,189	2,571,762	2,824,072
Parks and recreation	2,758,766	2,345,785	2,341,794	2,302,908	2,344,439
Public works	1,033,190	1,010,539	1,014,221	1,041,438	1,043,389
Transit	3,113,076	2,448,695	2,330,377	2,236,632	2,173,557
Education	10,731,499	10,898,897	10,797,829	9,655,594	7,433,031
Nondepartmental and grants	348,270	531,203	523,198	141,891	224,197
Capital Outlay	876,371	2,130,658	1,723,718	4,520,179	1,740,609
Debt Service:					
Principal retirement	2,176,532	1,965,000	3,450,000	3,900,000	3,755,000
Interest and fiscal charges	1,346,473	1,380,085	1,643,342	1,812,256	1,977,037
Bond issuance costs	28,269	44,489	-	-	-
Total Expenditures	38,480,014	47,395,958	32,783,921	33,619,634	28,786,022
Excess (Deficiency) of Revenues Over Expenditures	14,073,081	(4,874,996)	(841,378)	1,949,454	4,412,793
Other Financing Sources (Uses)					
General obligation bonds issued	6,655,000	4,130,000	-	-	-
Bond and certificate of participation premium	965,085	760,712	-	-	-
Transfers in	15,645,105	5,323,792	7,240,153	8,569,512	8,689,359
Other financing sources leases	44,302	-	-	-	-
Transfers out	(17,213,199)	(5,601,985)	(8,198,805)	(8,822,160)	(8,863,463)
Payment to refunding bond escrow agent	-	(4,952,232)	-	-	-
Total Other Financing Sources (Uses)	6,096,293	(339,713)	(958,652)	(252,648)	(174,104)
Net Change in Fund Balances	\$ 20,169,374	(5,214,709)	(1,800,030)	1,696,806	4,238,689
Debt Service as a					
Percentage of noncapital expenditures	9.37%	7.39%	16.40%	19.63%	21.19%

KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances, continued
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues					
Taxes	\$ 18,076,414	17,111,344	16,939,761	16,805,205	16,492,010
Intergovernmental	5,478,780	7,762,751	11,454,346	9,787,808	8,236,478
Licenses and permits	350	366	275	90	835
Charges for services	2,080,668	2,807,355	2,787,628	2,460,333	2,460,017
Water fees	294,097	286,472	251,863	217,149	193,081
Commercial vessel passenger tax	2,163,570	2,141,633	2,032,375	2,240,210	1,977,770
Interest Subsidy	555,527	607,601	458,053	606,982	600,911
Investment earnings	36,343	36,483	49,504	54,234	59,449
Proceeds from sale of property	537,896	571,512	87,322	473,320	-
Miscellaneous	689,265	433,373	401,991	389,216	360,996
Total Revenues	<u>29,912,910</u>	<u>31,758,890</u>	<u>34,463,118</u>	<u>33,034,547</u>	<u>30,381,547</u>
Expenditures					
General government	3,375,133	3,226,042	4,023,951	3,584,249	3,613,270
Library services	402,279	390,575	405,199	422,570	410,326
Fire and EMS	1,291,583	1,171,095	1,388,627	1,163,729	1,055,508
Water treatment and distribution	235,529	224,652	324,110	318,826	249,401
Public services	3,937,171	4,465,968	8,298,452	4,730,443	3,324,609
Parks and recreation	2,337,665	2,242,488	2,325,059	2,306,465	2,303,059
Public works	1,014,255	1,076,951	1,093,458	1,030,382	1,182,394
Transit	2,033,548	2,012,331	2,173,103	1,994,798	1,862,205
Education	8,104,556	8,690,445	7,899,000	8,050,000	8,239,518
Nondepartmental and grants	237,186	266,125	272,048	260,433	227,909
Capital Outlay	1,371,867	1,205,693	3,689,268	2,888,235	2,257,159
Debt Service:					
Principal retirement	3,605,000	3,625,000	3,465,000	3,358,741	2,936,443
Interest and fiscal charges	2,127,511	2,263,027	2,403,755	2,562,522	2,474,835
Bond issuance costs	-	-	17,318	-	37,962
Total Expenditures	<u>30,073,283</u>	<u>30,860,392</u>	<u>37,778,348</u>	<u>32,671,393</u>	<u>30,174,598</u>
Excess (Deficiency) of Revenues Over Expenditures	(160,373)	898,498	(3,315,230)	363,154	206,949
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	2,185,000	-	4,875,000
Premium on bonds	-	-	129,986	-	653,805
Transfers in	7,399,634	10,026,481	8,775,867	6,957,976	7,223,798
Other financing sources leases	-	-	-	-	-
Transfers out	(7,571,937)	(10,326,246)	(9,048,291)	(7,142,857)	(8,876,140)
Payment to refunding bond escrow agent	-	-	(2,292,344)	-	-
Total Other Financing Sources (Uses)	(172,303)	(299,765)	(249,782)	(184,881)	3,876,463
Net Change in Fund Balances	<u>\$ (332,676)</u>	<u>598,733</u>	<u>(3,565,012)</u>	<u>178,273</u>	<u>4,083,412</u>
Debt Service as a					
Percentage of noncapital expenditures	19.97%	19.86%	17.22%	19.88%	19.38%

KETCHIKAN GATEWAY BOROUGH

*Assessed Value and Actual Value of Taxable Property
Changes in Assessment
Last Ten Fiscal Years*

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
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
2021	2022	1,111,246,000	293,540,200	168,296,800	95,412,100	173,628,800	168,282,900	5,345,900	1,668,495,100	1,842,123,900	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, 2022

Taxpayer	2021			2012		
	Assessed (Taxable) Value	Rank	Percentage of Total Assessed Value	Assessed (Taxable) Value	Rank	Percentage of Total Assessed Value
Power Systems & Supply of Alaska	37,717,300	1	1.52%			-
Trident Seafoods Corporation	14,754,000	2	0.59%	10,238,700	4	0.81%
Ketchikan Dock Company LLC	13,576,700	3	0.55%	12,729,900	2	1.00%
Harbor Enterprises	11,250,200	4	0.45%	7,502,900	7	0.59%
Tongass Trading Company	10,590,300	5	0.43%	11,116,800	3	0.88%
Dock Street Building Corporation	8,616,200	6	0.35%			-
Alaska General Seafood	8,483,400	7	0.34%			-
ECPS Inc.	8,349,800	8	0.34%	6,680,200	10	0.53%
The Landing LLC	8,338,700	9	0.34%	8,086,600	5	0.64%
Carr-Gottstein Foods	6,828,600	10	0.27%	7,857,900	6	0.62%
Wal-Mart Stores # Division-Store	6,548,000	11	0.26%	6,731,800	9	0.53%
Eichner & Eichner LLC	5,864,500	12	0.24%			-
Total Principal Property Tax Payers	\$ <u>140,917,700</u>		<u>5.66%</u>	\$ <u>70,944,800</u>		<u>5.59%</u>
Total Assessment	\$ <u>2,488,377,500</u>		<u>100.00%</u>	\$ <u>1,269,523,500</u>		<u>100.00%</u>

Source: Ketchikan Gateway Borough Assessment Department.

KETCHIKAN GATEWAY BOROUGH*Property Tax Levies and Collections*

Last Ten Fiscal Years

<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>
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%	94,144	7,546,394	99.7%

KETCHIKAN GATEWAY BOROUGH

Taxable Sales by Category
Last Ten Fiscal Years

Borough & City	Fiscal Year				
	2022	2021	2020	2019	2018
Contractors	\$ 10,320,288	10,071,848	8,230,226	7,717,604	8,285,917
Finance, insurance, banks	2,118,628	2,104,213	1,919,795	1,764,366	1,968,375
Hotels, motels, lodges	25,389,590	15,288,061	16,410,310	18,505,291	17,629,291
Manufacturing	5,140,358	2,501,359	5,283,361	5,978,521	6,102,888
Real estate	28,543,207	25,089,501	25,265,729	25,404,414	25,383,983
Remote retail	6,634,596	6,431,859	5,688,424	2,560,754	-
Retail trade	41,647,403	30,715,113	30,201,283	31,884,797	31,195,601
Retail trade - food	54,148,963	52,252,941	52,725,454	54,112,766	51,797,395
Retail trade, bars & catering	26,729,798	17,857,239	20,293,928	24,335,969	23,082,423
Retail, automotive	19,355,663	17,117,108	16,106,969	16,083,534	16,022,811
Retail, specialty	6,735,451	12,227,899	12,758,592	13,291,980	12,529,288
Retail, var, jewelry, curios	67,893,301	40,242,868	63,616,492	80,215,226	75,591,776
Services, entertainment	3,235,486	533,295	3,984,057	5,918,334	5,121,047
Service, general	8,930,543	7,267,301	7,630,066	7,796,894	7,527,296
Services, professional	4,309,367	4,908,107	4,540,870	4,392,688	3,787,259
Trans, comm, utilities	63,963,405	34,138,849	63,403,154	81,530,881	77,040,477
	\$ <u>375,096,047</u>	<u>278,747,561</u>	<u>338,058,710</u>	<u>381,494,019</u>	<u>363,065,827</u>

	Fiscal Year				
	2017	2016	2015	2014	2013
Contractors	\$ 8,705,620	7,927,307	7,867,431	7,631,093	8,341,403
Finance, insurance, banks	2,121,486	2,034,010	1,969,763	2,177,388	2,382,608
Hotels, motels, lodges	17,040,832	16,638,336	15,657,714	14,892,935	14,172,548
Manufacturing	5,416,665	5,107,522	4,905,355	5,158,746	5,134,717
Real estate	25,375,243	24,690,427	24,087,383	23,596,203	23,620,663
Remote retail	-	-	-	-	-
Retail trade	30,826,527	30,501,262	30,170,161	30,423,980	31,082,386
Retail trade - food	51,048,392	51,431,344	50,291,242	49,829,177	49,191,379
Retail trade, bars & catering	22,423,776	22,606,016	21,053,279	20,652,476	21,067,069
Retail, automotive	15,917,566	15,657,382	15,675,897	15,718,601	15,506,019
Retail, specialty	8,316,256	8,285,862	8,305,021	8,131,033	9,028,790
Retail, var, jewelry, curios	71,596,802	70,454,293	69,317,752	68,920,331	68,972,807
Services, entertainment	4,879,129	4,142,301	4,023,139	3,868,802	3,645,970
Service, general	7,539,686	7,113,165	6,680,135	6,317,339	5,822,680
Services, professional	3,947,599	3,674,948	3,631,121	3,783,013	3,733,164
Trans, comm, utilities	70,616,846	67,882,034	72,447,447	77,611,687	77,125,153
	\$ <u>345,772,425</u>	<u>338,146,209</u>	<u>336,082,840</u>	<u>338,712,804</u>	<u>338,827,356</u>

Source: Ketchikan Gateway Borough Finance Department

KETCHIKAN GATEWAY BOROUGH

Current Year Debt Service by Type
Last Ten Fiscal Years

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	Surplus Funded through the School Bond CIP Fund	Population	Per Capita Cost	Principal	Interest	Total	Total Revenues - 1/2 cent Sales Tax, Penalties, Interest, Misc.	Other Expenses	Available for Other Projects
2013	\$ 2,394,500	1,366,698	3,761,198	3,353,421	81,487	1,650,132	5,085,040	1,323,842	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	336,201	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	321,096	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	1,000,254	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	228,130	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	1,054,906	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	550,636	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	(570,180)	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	(291,857)	13,526	22	465,500	469,174	934,674	1,665,938	246,367	484,897
2022	1,687,000	508,014	2,195,014	4,206,968	15,787	2,055,175	6,277,930	4,082,916	13,754	(297)	483,000	453,594	936,594	2,324,215	(635,962)	2,023,583

Note: G.O. Bonds only
Source: Ketchikan Gateway Borough Finance Department.

KETCHIKAN GATEWAY BOROUGH

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Personal Income (1)	Total Debt/Personal Income	Percentage of Actual Taxable Value of Property (2)	Per Capita (3)
	General Obligation Bonds	Loans and Leases	Certificates of Participation	Alaska Clean Water Fund Loans	Total Debt				
2013	\$ 49,219,306	48,741	4,487,546	-	53,755,593	738,773,750	7.3%	4.1%	3,909
2014	45,756,240	-	4,345,261	-	50,101,501	736,525,734	6.8%	3.7%	3,595
2015	42,206,887	-	4,202,976	-	46,409,863	774,688,960	6.0%	3.4%	3,349
2016	38,400,779	-	4,055,691	-	42,456,470	796,720,925	5.3%	3.1%	3,071
2017	34,638,908	-	3,903,406	-	38,542,314	774,914,114	5.0%	2.7%	2,802
2018	30,721,691	-	3,741,121	30,784	34,493,596	790,597,320	4.4%	2.4%	2,502
2019	26,664,474	-	3,573,836	630,772	30,869,082	826,100,058	3.7%	2.1%	2,237
2020	23,241,933	-	3,401,551	717,032	27,360,516	858,275,542	3.2%	1.8%	1,968
2021	21,163,880	-	3,304,027	761,301	25,229,208	858,928,052	2.9%	1.7%	1,865
2022	26,561,855	47,711	3,140,092	741,592	30,491,250	905,192,002	3.4%	1.8%	2,217

1 Personal income data for current year not available until after publication of this document. Prior year used until current year is available.
Personal income data in table 12.

2 Assessment data in table 5

KETCHIKAN GATEWAY BOROUGH
Direct and Overlapping Governmental Activities Debt
 June 30, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Ketchikan Gateway Borough</u>
City of Ketchikan	\$ 51,373,096	100%	\$ 51,373,096
Ketchikan Gateway Borough School District	-	100%	-
Subtotal, overlapping debt			51,373,096
Outstanding G.O. Bonds			26,561,855
Certificates of Participation			3,140,092
Leases Payable			47,711
Total direct and overlapping debt			<u>\$ 81,122,754</u>

The figures reported for the City of Ketchikan reflect the amounts shown in the FY2021 Annual Comprehensive Financial Report for the year ended June 30, 2021.

KETCHIKAN GATEWAY BOROUGH*Demographic Statistics*

Last Ten Fiscal Years

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
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
2021	13,754	905,192,002	65,813	6.40%	2,163	9	150	159

(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, 2021 and Ten Years Ago
June 30, 2022

Calendar Year Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Private Ownership	4,670	1	41.84%	5,301	1	41.84%
Trade, Transportation and Utilities	1,421	2	12.73%	1,685	2	13.30%
Local Government	1,146	3	10.27%	1,113	3	8.79%
Educational & Health Services	961	4	8.61%	922	4	7.28%
Leisure & Hospitality	745	5	6.67%	783	5	6.18%
State of Alaska	471	6	4.22%	711	6	5.61%
Manufacturing	365	7	3.27%	546	7	4.31%
Financial Activities	335	8	3.00%	390	8	3.08%
Construction	285	9	2.55%	322	9	2.54%
Professional & Business Services	277	10	2.48%	218	11	1.72%
Federal Government	204	11	1.83%	257	10	2.03%
Other	124	12	1.11%	183	12	1.44%
Natural Resource and Mining Information	97	13	0.87%	150	13	1.18%
	61	14	0.55%	88	14	0.69%
	<u>11,162</u>		<u>100.00%</u>	<u>12,669</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/>



THIS PAGE INTENTIONALLY LEFT BLANK

KETCHIKAN GATEWAY BOROUGH

Table 14

Miscellaneous Statistics
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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 *	306	326	382	439	510	449	725	824	808	833
Animals Impounded	168	181	190	254	289	217	259	296	251	441
Animals Surrendered	126	140	138	96	136	121	166	148	161	192
Animals Adopted	182	136	153	142	142	139	210	170	162	224
Animals Claimed	79	83	102	137	160	91	122	126	117	112
<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	24	23	23	23	22	23	24	24	24	22
Fire and EMS	6	6	6	6	6	5	5	5	5	5
Public services	12	10	10	10	10	12	12	12	12	11
Parks and Recreation	16	15	15	15	15	15	15	15	15	15
Public works	11	11	11	12	12	12	12	12	12	15
Transit	17	16	16	17	13	13	13	14	12	12
Automation	2	1	1	1	1	1	1	1	1	1
Airport	29	29	29	29	28	28	28	27	27	27
	117	111	111	113	107	109	110	110	108	108
<i>South Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	2	1	1
Volunteers	33	34	35	32	30	24	35	35	36	36
Fire Calls	43	40	38	33	51	55	53	41	32	31
Emergency Calls/EMS Incidents	207	155	147	149	157	129	124	135	121	141
Fire Investigations	8	12	10	5	7	7	6	7	6	5
<i>North Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	2	2	2
Volunteers	20	21	24	28	19	24	18	21	26	24
Fire Calls	18	18	46	26	13	21	16	10	21	40
Emergency Calls/EMS Incidents	223	158	176	215	234	232	186	154	207	156
Fire Investigations	1	5	4	4	2	1	0	1	1	1
<i>Elections</i>										
Registered Voters	11,914	11,856	11,840	11,583	11,319	10,401	10,286	10,071	9,963	9,836
Votes Cast Last Borough Election	3,689	2,398	3,158	2,972	2,739	2,158	2,762	2,204	2,233	2,407
% Voting Last Borough Election	31%	20%	27%	26%	24%	21%	27%	22%	22%	24%

KETCHIKAN GATEWAY BOROUGH

Table 14

Miscellaneous Statistics
Last Ten Fiscal Years

	<u>2022</u>	<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>
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	18	8	8	8	8	8	8	8	8
Average Daily Treatment (gals)	190,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
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)	801	804	835	835	664	649	628	613	598	580
Sludge Pumping Customers	1,422	1,424	1,373	1,373	1,370	1,263	1,281	1,254	1,241	1,235
South Tongass Service Area:										
Water, Hydrant, Connections	540	537	485	485	485	485	485	427	405	404
Average Daily Treatment (gals)	195,000	110,000	140,000	140,000	175,000	175,000	175,000	175,000	175,000	175,000
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	2	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	117,546	70,476	58,327	125,791	123,952	118,984	107,646	94,251	89,013	102,390
Outbound Passengers	116,211	69,409	57,114	125,632	123,529	119,802	105,433	90,233	86,718	101,947
<i>Airport Ferry</i>										
Passengers	383,096	292,077	254,984	388,264	378,108	380,061	388,631	365,306	354,728	347,939
Vehicles	119,554	87,966	79,502	102,399	94,872	97,168	96,061	85,725	85,783	79,648
<i>Transit</i>										
Passengers	178,410	122,304	309,260	406,251	385,554	425,103	448,585	415,317	407,010	459,855
<i>Visitor Industry (Calendar Year)</i>										
Cruise Ship Passengers	1,426,458	not available	-	980,000	976,393	899,975	865,428	856,653	812,950	791,108
<i>Data supplied by Ketchikan Gateway Borough Department Directors</i>										



THIS PAGE INTENTIONALLY LEFT BLANK