

KETCHIKAN GATEWAY BOROUGH

FISCAL YEAR 2023

Annual Comprehensive Financial Report



Prepared By:
Department of Finance

KETCHIKAN GATEWAY BOROUGH

Ketchikan, Alaska

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2023

Prepared by:

Department of Finance

Charlanne J Thomas, Director
Rachel Nichols-CPA, Controller
Jonathan Kelley, Controller
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Ketchikan Gateway Borough, Alaska
Annual Comprehensive Financial Report
For The Year Ended June 30, 2023

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INTRODUCTORY SECTION



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KETCHIKAN GATEWAY BOROUGH

1900 First Avenue, Suite 118, Ketchikan, Alaska 99901

Cynna Gubatayao, Finance Director

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

Office of the Borough Finance Department

May 23, 2024

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, 2023. 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 BDO USA, LLP, with assistance from 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, 2023, 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, 2023 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 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
Corynn Hirt
Claire Kelly
Lhen Pabilona
Jackson Pool
Molly Stump

Respectfully submitted,



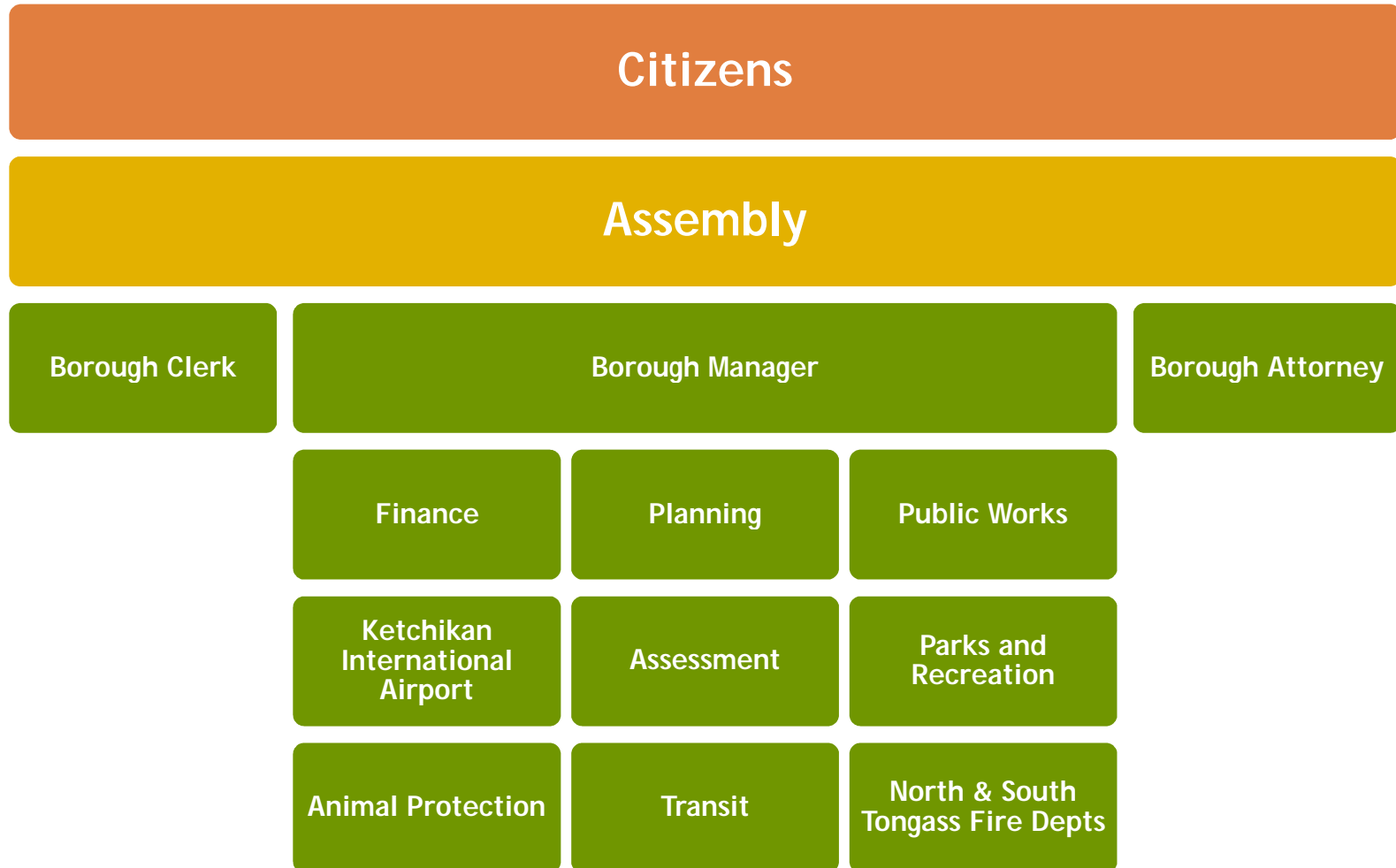
Charlanne Thomas
Finance Director



Jonathan Kelley
Controller

Ketchikan Gateway Borough

FY 2023



KETCHIKAN GATEWAY BOROUGH

PRINCIPAL BOROUGH OFFICIALS

June 30, 2023

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>	Jamie 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 Supervisor</i>	Wendy Miller



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S 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, 2023, 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, 2023, 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 9–21 and 34–37, 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 89–96 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 September 30, 2024, 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
September 30, 2024

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2023

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, 2023. 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 \$208,840,711 (net position), an increase of \$13,371,573 or 6.8% over fiscal year 2022.
- Total net position is comprised of the following:
 - (1) Deferred outflows of resources include \$1,967,385 related to pensions and OPEB, and \$34,118 for deferred loss on refunding. Deferred inflows of resources include \$374,109 related to OPEB and \$3,359,720 related to lessor lease agreements under the guidance of GASB Statement No. 87- Leases (GASB 87).
 - (2) Net investment in capital assets of \$149,035,416 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 \$23,256,538 is restricted by constraints imposed from outside the Borough such as debt covenants, grantors, laws, or regulations.
 - (4) Unrestricted net position of \$36,548,757 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 \$13,543,602 or 8.5% and business-type activities decreased by \$172,029 or less than 1%.
- The Borough's governmental funds reported total ending fund balances of \$56,865,129 as of June 30, 2023. This compares to the prior year ending fund balance of \$49,773,042 showing an increase of \$7,092,087 or 14.2% during fiscal year 2023. The increase is partially a result of receiving \$4,126,000 in Local Assistance and Tribal Consistency Fund (LATCF) funds made available to local governments by the American Rescue Plan and partially due to the full return of a cruise ship season.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$19,093,501 or 119.1% of total General Fund expenditures, exclusive of transfers to other funds. This is compared to the fiscal year 2022 unassigned fund balance of \$18,309,136, which was 133.5% 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 2023 was levied at 5.2, per Resolution 2943. The mill rate had been 5.0 since fiscal year 2013, but was first increased to 5.2 for fiscal year 2022. 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.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2023

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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, water treatment and distribution, transit, 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

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2023

resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The budgetary comparison statements for the General Fund, the 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 \$208,840,711. 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, 2023

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets	\$ 61,514,551	58,436,705	14,816,387	16,141,280	76,330,938	74,577,985
Receivable from Component Unit	7,121,246	3,379,559	-	-	7,121,246	3,379,559
Net other post- employment benefits asset	3,032,275	4,336,851	1,098,308	1,679,034	4,130,583	6,015,885
Capital assets	147,286,097	146,108,679	25,735,789	25,884,360	173,021,886	171,993,039
Total Assets	218,954,169	212,261,794	41,650,484	43,704,674	260,604,653	255,966,468
Deferred Outflows of Resources:						
Loss on refunding	34,118	48,573	-	-	34,118	48,573
Related to pensions	1,124,762	982,827	407,396	380,507	1,532,158	1,363,334
Related to OPEB	319,502	178,217	115,725	68,997	435,227	247,214
Total Assets and Deferred Outflows of Resources	\$ 220,432,551	213,471,411	42,173,605	44,154,178	262,606,156	257,625,589
Liabilities:						
Current liabilities	\$ 12,622,174	15,169,222	441,995	433,221	13,064,169	15,602,443
Long-term liabilities	33,468,181	33,360,563	3,499,266	3,127,184	36,967,447	36,487,747
Total Liabilities	46,090,355	48,529,785	3,941,261	3,560,405	50,031,616	52,090,190
Deferred Inflows of Resources:						
Related to leases	650,251	368,338	2,709,469	3,178,877	3,359,720	3,547,215
Related to pensions	-	2,393,358	-	926,601	-	3,319,959
Related to OPEB	274,635	2,306,222	99,474	892,865	374,109	3,199,087
Total Liabilities and Deferred Inflows of Resources	47,015,241	53,597,703	6,750,204	8,558,748	53,765,445	62,156,451
Net Position:						
Net investment in capital assets	124,041,219	123,484,984	24,994,197	25,142,768	149,035,416	148,627,752
Restricted	23,256,538	21,708,843	-	-	23,256,538	21,708,843
Unrestricted	26,119,553	14,679,881	10,429,204	10,452,662	36,548,757	25,132,543
Total Net Position	\$ 173,417,310	159,873,708	35,423,401	35,595,430	208,840,711	195,469,138

Ketchikan Gateway Borough, Alaska
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Restricted cash and investments make up approximately 18% or \$7,784,764 of Ketchikan Gateway Borough's governmental activities 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, \$4,560,394 is restricted for capital projects, and \$2,968,956 is restricted for commercial passenger vessel related projects.

GASB 87 added \$313,021 in lease accounts receivable and \$281,913 in deferred inflows of resources related to leases to the balance sheet for fiscal year 2023 for governmental activities and subtracted \$460,257 in lease accounts receivable and \$469,408 in deferred inflows of resources related to leases to the balance sheet for fiscal year 2023 for business-type activities.

The largest component of the Borough's governmental activities total assets is invested in capital assets. Capital assets account for 66.8% of total assets and deferred outflows of resources, and net investment in capital assets accounts for 71.5% 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 61% 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 increased by \$556,235 for governmental activities and decreased by \$148,571 for business-type activities. The increase in governmental type activities in the net investment in capital is due to several large assets acquired in 2023 and the decrease in 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 \$13,371,573 in fiscal year 2023. The net position for governmental activities increased by \$13,543,602, and the net position for business-type activities decreased by \$172,029. The following table provides a summary of the changes in the Borough's net position:

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Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2023

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program:						
Charges for services	\$ 11,423,481	10,598,632	6,399,322	6,061,088	17,822,803	16,659,720
Operating grants	11,505,397	20,343,542	504,925	2,725,899	12,010,322	23,069,441
Capital grants	3,522,222	4,297,461	-	6,741	3,522,222	4,304,202
General:						
Taxes	26,984,278	23,523,583	-	-	26,984,278	23,523,583
Other	4,395,233	1,457,564	300,118	236,730	4,695,351	1,694,294
Total revenues	57,830,611	60,220,782	7,204,365	9,030,458	65,034,976	69,251,240
Program Expenses:						
General government	4,178,630	5,157,014	-	-	4,178,630	5,157,014
Fire and EMS	2,198,808	1,889,901	-	-	2,198,808	1,889,901
Water treatment & distribution	373,820	281,484	-	-	373,820	281,484
Library services	539,800	523,050	-	-	539,800	523,050
Parks and recreation	4,090,961	3,894,311	-	-	4,090,961	3,894,311
Public works	1,075,360	1,025,626	-	-	1,075,360	1,025,626
Public services	3,658,967	9,365,907	-	-	3,658,967	9,365,907
Transit	3,744,918	3,186,479	-	-	3,744,918	3,186,479
Education	23,051,941	21,576,749	-	-	23,051,941	21,576,749
Interest	1,350,035	1,196,400	-	-	1,350,035	1,196,400
Airport	-	-	6,094,077	6,142,735	6,094,077	6,142,735
Wastewater	-	-	1,306,086	1,189,124	1,306,086	1,189,124
Total expenses	44,263,240	48,096,921	7,400,163	7,331,859	51,663,403	55,428,780
Excess (deficiency)	13,567,371	12,123,861	(195,798)	1,698,599	13,371,573	13,822,460
Transfers	(23,769)	(454,519)	23,769	454,519	-	-
Change in net position	13,543,602	11,669,342	(172,029)	2,153,118	13,371,573	13,822,460
Net Position Beginning of Year	159,873,708	148,204,366	35,595,430	33,442,312	195,469,138	181,646,678
Net Position End of Year	\$ 173,417,310	159,873,708	35,423,401	35,595,430	208,840,711	195,469,138

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2023

Governmental Activities- The Borough is heavily reliant on property and sales taxes to support governmental operations and capital. Property taxes of \$11.9 million accounted for approximately 38.1% of the total governmental general revenues. Sales taxes provided 43.4% of the Borough's total governmental general revenues. Property taxes increased by \$331,824 or 2.9% over 2022 and sales tax increased by \$3,036,979 or 28.7% over 2022. The small property tax increase is a result of a 3.6% decrease in assessed property values offset by 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 seasonal sales tax rate during the months of April to October. The Borough recognized \$100,739 in investment income for fiscal year 2023. Program revenues covered 59.8% of governmental operating expenses, as compared to 73.3% coverage in fiscal year 2022.

Functional revenues and expenses for governmental activities as follows:

- Charges for services revenue overall increased \$824,849 from fiscal year 2022. Charges for services for public services increased \$690,136 and for education decreased \$442,780. That increase is due to a full return of the cruise ship season, while the decrease is due to health insurance claims exceeding premium contributions.
- Operating grants and contributions in total decreased \$8,838,145 from fiscal year 2022, due mainly to COVID-19 related grants in prior years no longer being available.
- Capital grants and contributions decreased by \$775,239 from fiscal year 2022. Though capital grants and contributions for education increased, those for public service and transit decreased.
- Overall Governmental Activities expenditures decreased \$3,833,681 from fiscal year 2022. Public services expenditures decreased \$5,706,940. The majority of that decrease is due to a reduction in expenditures for Public Services related to State and Federal grant funding and COVID related funding that will not be a factor in upcoming years.

Business-type Activities- the Borough has 2 enterprise funds: the Airport Enterprise Fund and the Wastewater Enterprise Fund. Changes in these funds for fiscal year 2023 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 \$353,533 or 6.8% and operating expenses decreased by \$48,658 or 0.8%. The increase in revenue is a result higher independent travelers as well as increased use of the airport. Passenger counts are now back to pre-pandemic levels, if not slightly higher. Operating grants decreased by \$2,232,369 and was the result of decreased ARPA grant funds.

Supplies and service increased by \$189,028 or 12.3%. Insurance costs increased by \$24, and depreciation decreased by \$100,443. These changes are nominal.

Net position increased \$273,358 or 1.0% from fiscal year 2022. 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
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- **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 slightly decreased during fiscal year 2023. Operating revenues decreased by \$15,299 or 1.8%. Operating expenses increased by \$119,329 or 10% and is attributable to increases in personnel services and supplies and services. "Recovery of expenditures from other funds" was the same as fiscal year 2022. Personnel services increased by \$70,876 or 25.3%. Supplies and services increased by \$28,826 or 5.1%. Insurance costs and depreciation both increased slightly.

Net position decreased by \$445,387 or 4.7% from fiscal year 2022. The net decrease is a result less grant funds, less charges for services, and slightly higher expenses overall.

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 \$56,865,129. Of this year-end total, \$18,988,754 is unassigned. Legally restricted fund balances totaling \$27,816,932 includes \$1,512,411 for airport projects; \$4,560,394 for capital projects; \$2,953,893 for commercial passenger vessel impacts; \$60,703 for dock improvements; \$11,526,426 for education; \$288,198 for library operations; \$3,500,091 for public safety and water; \$3,050,320 for recreation; and \$364,496 for road maintenance. Fund balance committed totaling \$9,909,896 includes \$2,543,328 for Borough owned land management, and \$7,366,568 for capital projects. The total ending fund balances of governmental funds increased by \$7,092,088 or 14.2% from fiscal year 2022.

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 \$788,295 or 4.3%. This increase is due to an increase in sales tax revenues.

Total taxes collected were \$1,662,761 over the budgeted amount. The favorable variance is primarily due to the return of the cruise industry and an increase of the seasonal sales tax rate. No property taxes were budgeted in the General Fund in fiscal year 2023. 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 \$4,570,376 more than budgeted and were \$3,950,216 more than fiscal year 2022. The increase from fiscal year 2022 is a result of one-time LATCF grant funds and the State fisheries tax increased by \$397,793.

State Legislature provided \$213,189 in PERS relief to Ketchikan Gateway Borough and \$136,466 of the total relief was recognized in the General Fund. Total General Fund expenditures and transfers out increased by \$7,706,918 or 49.6% over fiscal year 2022.

Charges for services were \$322,359 more than budgeted. Charges for services in fiscal year 2023 were \$154,958 more than fiscal year 2022 due to increased revenues in the transit bus system, Parks and Recreation, animal control, and other revenues.

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Transfers in from State and Federal Grant fund decreased \$5,212,486 over fiscal year 2022 and exceeded budget by \$4,466,252. The decrease is a result of no longer receiving ARPA and Coronavirus State and Local Fiscal Recovery funds.

All general government departments under spent their final budgets. An 80% favorable variance in revenue collections and other financing sources of \$10,676,990 and a 10% favorable variance in expenditures and transfers out of \$2,575,135 increased the projected net change in fund balance by \$13,252,125. Sales tax collections were \$1,813,489 or 28.1% more than fiscal year 2022 and \$1,637,092 or 24.7% more than budgeted for fiscal year 2023.

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 2023, this fund received \$2,971,130 for commercial passenger vessel tax from the State of Alaska and recognized \$37,681 in investment earnings. Public services were charged to this fund in the amount of \$519,709. Funds were transferred out to the General Fund from the CPV Fund in the amount of \$1,413,310. Commercial passenger vessel tax revenues were \$91,370 less than budgeted.

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 \$2,665,158 in sales tax revenue, \$1,030,014 in intergovernmental revenues consisting of retroactive payments of school bond debt reimbursement, \$9,697 in penalties and interest, no miscellaneous revenue, and \$127,447 in investment earnings. This fund transferred out \$1,218,275 for G.O. bond principal and interest payments into Debt Service Funds, \$160,226 to the Recreation CIP Fund and \$237,185 to the Local Education Fund for building insurance. The fund balance increased by \$1,602,178 in fiscal year 2023.

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 \$27,978 under budget. Starting in fiscal year 2020, the Tobacco Excise Taxes is credited directly to the LEF. The LEF recognized \$1,223,450 in tobacco excise taxes, \$76,850 less than budgeted. Total transfers in were budgeted at \$431,516, with actuals less than budget by \$8,727. Transfers in to the LEF were \$237,185 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 \$1,070,363 and \$1,120,646 was received.

The fund balance of the LEF decreased by \$1,292,401, for an ending fund balance of \$1,606,531.

State & Federal Grants Fund – During the current fiscal year, the Borough received \$6,713,681 in State and Federal grants. The Borough expended \$67,799 on public services. The Borough reports on the balance sheet of the State & Federal Grants Fund \$1,977,674 in intergovernmental receivables, and \$648,451 in unearned revenues. The decrease in unearned revenues is a result of LGLR/ARPA and COVID State & Local Recovery grant funds that will no longer be received. Total transfers out also decreased as a result of no longer receiving one-time COVID related grants.

Capital Projects Fund – In fiscal year 2023, capital project expenditures were \$3,306,062. Proceeds from Alaska Clean Water Fund loan issued were \$112,278. Debt issuance costs of \$18,200 were incurred. Restricted cash and investments were presented of \$4,560,394, which includes unspent bond proceeds of \$4,290,747.

Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2023

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, 2023, was \$147,286,097 and \$25,735,789, respectively. The total change in net book value of capital assets was an increase of .8% for governmental and a .6% decrease for business-type activities. The overall change was a .6% increase for the Borough as a whole. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
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	4,712,066	1,432,730	6,560,740	5,996,767	11,272,806	7,429,497
Total non-depreciable	46,105,750	42,826,414	6,560,740	5,996,767	52,666,490	48,823,181
Depreciable assets:						
Buildings and improvements	163,110,619	162,838,672	18,017,317	17,890,814	181,127,936	180,729,486
Vehicles, ferry and equipment	13,698,915	11,168,016	16,145,669	16,145,671	29,844,584	27,313,687
Wastewater assets	-	-	14,653,158	14,141,763	14,653,158	14,141,763
Infrastructure	15,736,703	15,216,115	-	-	15,736,703	15,216,115
Intangible right-to-use leases	75,135	54,243	-	-	75,135	54,243
Total depreciable assets	192,621,372	189,277,046	48,816,144	48,178,248	241,437,516	237,455,294
Less accumulated depreciation	91,441,025	85,994,781	29,641,095	28,290,655	121,082,120	114,285,436
Book value - depreciable assets	101,180,347	103,282,265	19,175,049	19,887,593	120,355,396	123,169,858
Percentage depreciated	47%	45%	61%	59%	50%	48%
Book value - all assets	\$ 147,286,097	146,108,679	25,735,789	25,884,360	173,021,886	171,993,039

On June 30, 2023, the depreciable capital assets for governmental activities were 47% depreciated. This is a 2% increase from fiscal year 2022. 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, 2023

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, 61% of the asset values were depreciated on June 30, 2023, compared to 59% on June 30, 2022. The accumulated depreciation for fiscal year 2023 increased 6.3% for governmental activities and increased 4.8% for business-type activities.

The Borough owns the school district's land and buildings, which is approximately 50% of the Borough's governmental capital assets.

Major capital asset changes during 2023 included the following:

General Governmental Assets:

- Five Transit buses were purchased using State and Local CPV funds in the amount of \$2,480,160, of which \$1,100,301 was expensed in FY 2023.
- The Airport Terminal Expansion projects began and \$563,974 were expended at fiscal year end.
- Further expenses for the Transit Center Renovations were made for \$320,690 using FTA and CPV funds.
- \$168,409 was expenses for the South Tongass Water Master Plan utilizing the Loan Agreement with the State of Alaska.
- White Cliff Tenant improvements were made in the amount of \$66,379 from the Land Trust Fund.
- The Automation Department acquired Computer Assisted Mass Appraisal Software (CAMA) using FY 23 funds of \$129,282 from the General Fund. FY 2022 amounts for this were \$267,479.
- North Tongass Fire acquired Advanced Monitor/Defibrillators in the amount of \$86,604.
- Work continued on the Walker Field Turf Project in the amount of \$49,226 in FY 23. Funding was paid with the General Obligation Bond funds dedicated to the Field Upgrades Project.
- Various school projects were completed, including Point Higgins upgrades for \$59,941, Houghtaling Elementary Playground replacement for \$271,946, and Schoenbar Security Upgrades for \$74,129, which were paid for with School Bond CIP funds.

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Ketchikan Gateway Borough, Alaska
Management's Discussion and Analysis
Year Ended June 30, 2023

Long-term Debt

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

During the year, the Borough retired \$2,245,000 of its existing G.O. bonds, and \$135,000 of its certificates of participation in fiscal year 2023. The Borough also issued \$112,278 in debt in fiscal year 2023. Leases payable was adjusted for lessee agreements under GASB 87 for fiscal year 2023.

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

Outstanding Long Term Debt

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 23,165,000	25,410,000	-	-	23,165,000	25,410,000
Certificates of participation	2,460,000	2,595,000	-	-	2,460,000	2,595,000
Unamortized premiums	1,494,605	1,696,947	-	-	1,494,605	1,696,947
Unamortized loss on refunding	(34,118)	(48,573)	-	-	(34,118)	(48,573)
Leases payable	68,280	47,711	-	-	68,280	47,711
Compensated absences	924,263	836,358	286,038	308,636	1,210,301	1,144,994
LWCF note payable	112,278	-	741,592	741,592	853,870	741,592
Net pension liability	7,504,795	6,001,736	2,718,282	2,323,602	10,223,077	8,325,338
Total	<u>\$ 35,695,103</u>	<u>36,539,179</u>	<u>3,745,912</u>	<u>3,373,830</u>	<u>39,441,015</u>	<u>39,913,009</u>

Economic Conditions Affecting the Borough

Tourism Industry

The tourism industry is booming, with the number of cruise passengers on track to be 44% higher than 2022 levels, with nearly 1.7 million cruise ship passengers expected to visit. During the 2022 cruise season, ships were reporting capacities of 74%, but in 2023 ships are back to full capacity.

In calendar year 2023, there were 510 stops scheduled in Ketchikan and Ward Cove by ships with capacity for over 2,000 passengers each, plus an addition 210 stop by smaller ships. Total passenger count is expected to be approximately 1.7 million passengers.

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Year Ended June 30, 2023

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 2023, has picked up to pre-pandemic travel, if not somewhat higher. June 2023 was the best on record for passenger arrivals in Southeast Alaska, surpassing the June 2018 record by 3%.

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. The majority of this work will be completed in early 2024.

Seafood Industry

The seafood industry was the top private wage provider in Southeast Alaska in 2023 and is an important component of the Borough's economy as well. The 2023 seafood harvest was solid, but was a challenge for regional fishermen. A nearly successful ban of the troller fleet from fishing Chinook salmon and the ongoing Russia-Ukraine war, contributed to an overabundant global salmon supply which led to decreased prices across all species. However, the overall harvest by pounds landed was the best even-year harvest since 2014, with 245 million pounds of seafood harvested in 2022,

Mining Industry

Dawson Mine reported 54 full-time workers in 2022 and is a gold and silver project located on Prince of Wales Island. Additional mining exploration projects in this area are Bokan Mountain and Niblack, also located on Prince of Wales.

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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and investments	\$ 36,675,619	11,816,271	48,491,890	2,587,841
Restricted cash and investments	7,784,764	-	7,784,764	-
Prepaid items	8,315	-	8,315	119,222
Receivables	16,054,165	545,107	16,599,272	1,306,923
Leases receivable	668,194	512,033	1,180,227	-
Receivable from trust fund	-	-	-	83,386
Internal balances	323,494	(323,494)	-	-
Inventory	-	-	-	25,816
Total Current Assets	61,514,551	12,549,917	74,064,468	4,123,188
Noncurrent Assets				
Long-term receivables:				
Lease receivable	-	2,266,470	2,266,470	-
Receivable from component unit	7,121,246	-	7,121,246	-
Net other postemployment benefits asset	3,032,275	1,098,308	4,130,583	13,890,372
Capital assets:				
Nondepreciable capital assets	46,105,750	6,560,740	52,666,490	354,483
Depreciable capital assets, net	101,180,347	19,175,049	120,355,396	528,919
Total Noncurrent Assets	157,439,618	29,100,567	186,540,185	14,773,774
Total Assets	218,954,169	41,650,484	260,604,653	18,896,962
Deferred Outflows of Resources				
Loss on refunding	34,118	-	34,118	-
Related to pensions	1,124,762	407,396	1,532,158	-
Related to OPEB	319,502	115,725	435,227	-
Pension and OPEB deferrals	-	-	-	4,813,660
Total Deferred Outflows of Resources	1,478,382	523,121	2,001,503	4,813,660
Total Assets and Deferred Outflows of Resources	\$ 220,432,551	42,173,605	262,606,156	23,710,622
Liabilities				
Current Liabilities				
Accounts payable	\$ 1,614,595	168,738	1,783,333	994,435
Accounts payable- capital related	269,647	-	269,647	-
Accrued salaries and benefits	42,823	-	42,823	-
Intergovernmental payable	6,632,453	-	6,632,453	-
Accrued interest payable	283,610	11,251	294,861	-
Due to component unit	-	-	-	2,218,735
Deposits	97,241	-	97,241	-
Claims payable	569,526	-	569,526	-
Unearned revenue	851,239	15,360	866,599	15,425
Compensated absences payable	924,263	246,646	1,170,909	485,834
Leases payable	11,777	-	11,777	-
Note payable, due in one year	-	-	-	43,751
General obligation bonds payable	1,185,000	-	1,185,000	-
Certificates of participation payable	140,000	-	140,000	-
Total Current Liabilities	12,622,174	441,995	13,064,169	3,758,180

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Net Position, continued
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	
Long-Term Liabilities, net of current portion				
Compensated absences	\$ -	39,392	39,392	-
Self insurance payable	-	-	-	4,405,853
Net pension liability	7,504,795	2,718,282	10,223,077	-
Net Pension and OPEB liabilities	-	-	-	28,348,710
Lease payable	56,503	-	56,503	-
LWCF note payable	112,278	741,592	853,870	-
Note payable	-	-	-	133,990
General obligation bonds payable, including unamortized premium	22,974,017	-	22,974,017	-
Certificates of participation payable, including unamortized premium	2,820,588	-	2,820,588	-
Total Long-Term Liabilities	33,468,181	3,499,266	36,967,447	32,888,553
Total Liabilities	46,090,355	3,941,261	50,031,616	36,646,733
Deferred Inflows of Resources				
Related to leases	650,251	2,709,469	3,359,720	-
Related to OPEB	274,635	99,474	374,109	-
Pension and OPEB Deferrals	-	-	-	1,500,401
Total Deferred Inflows of Resources	924,886	2,808,943	3,733,829	1,500,401
Net Position (Deficit)				
Net investment in capital assets	124,041,219	24,994,197	149,035,416	883,402
Restricted for:				
Scholarships	-	-	-	7,000
Airport projects	1,512,411	-	1,512,411	-
Commercial passenger vessel impact	2,953,893	-	2,953,893	-
Dock improvements	60,703	-	60,703	-
Education	11,526,426	-	11,526,426	-
Library operations	288,198	-	288,198	-
Public safety and water	3,500,091	-	3,500,091	-
Recreation	3,050,320	-	3,050,320	-
Road maintenance	364,496	-	364,496	-
Unrestricted (Deficit)	26,119,553	10,429,204	36,548,757	(15,326,914)
Total Net Position (Deficit)	173,417,310	35,423,401	208,840,711	(14,436,512)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 220,432,551	42,173,605	262,606,156	23,710,622

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2023

	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	\$ 4,178,630	-	(88,768)	-	(4,267,398)	-	(4,267,398)	-
Fire and EMS	2,198,808	591,128	(15,113)	-	(1,622,793)	-	(1,622,793)	-
Water treatment & distribution	373,820	314,223	-	-	(59,597)	-	(59,597)	-
Library services	539,800	-	-	-	(539,800)	-	(539,800)	-
Parks and recreation	4,090,961	1,038,947	(8,682)	-	(3,060,696)	-	(3,060,696)	-
Public works	1,075,360	-	(4,551)	-	(1,079,911)	-	(1,079,911)	-
Public services	3,658,967	1,598,637	8,599,920	2,143,865	8,683,455	-	8,683,455	-
Transit	3,744,918	249,618	1,554,372	103,564	(1,837,364)	-	(1,837,364)	-
Education	23,051,941	7,630,928	1,120,646	1,274,793	(13,025,574)	-	(13,025,574)	-
Interest	1,350,035	-	347,573	-	(1,002,462)	-	(1,002,462)	-
Total Governmental Activities	44,263,240	11,423,481	11,505,397	3,522,222	(17,812,140)	-	(17,812,140)	-
Business Type Activities								
Airport	6,094,077	5,558,503	504,925	-	-	(30,649)	(30,649)	-
Wastewater	1,306,086	840,819	-	-	-	(465,267)	(465,267)	-
Total Business-Type Activities	7,400,163	6,399,322	504,925	-	-	(495,916)	(495,916)	-
Total Primary Government	\$ 51,663,403	17,822,803	12,010,322	3,522,222	(17,812,140)	(495,916)	(18,308,056)	-

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2023

Component Unit	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Ketchikan Gateway Borough School District	\$ 40,248,562	249,540	3,787,644	616,019				\$ (35,595,359)
General Revenues								
Property taxes					\$ 11,940,930	-	11,940,930	-
Sales taxes					13,621,802	-	13,621,802	-
Payment in lieu of taxes					1,421,546	-	1,421,546	-
Grants and entitlements not restricted to specific programs					3,971,038	38,824	4,009,862	26,181,848
E-Rate					-	-	-	205,670
Primary government appropriation					-	-	-	12,370,628
Investment earnings					100,739	261,294	362,033	-
Miscellaneous					323,456	-	323,456	65,616
Capital assets transferred to the Borough					-	-	-	-
Total General Revenues					31,379,511	300,118	31,679,629	38,823,762
Transfers					(23,769)	23,769	-	-
Total General Revenues and Transfers					31,355,742	323,887	31,679,629	38,823,762
Change in Net Position					13,543,602	(172,029)	13,371,573	3,228,403
Net Position (Deficit) Beginning of Year					159,873,708	35,595,430	195,469,138	(17,664,915)
Net Position (Deficit) End of Year					\$ 173,417,310	35,423,401	208,840,711	(14,436,512)

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet
June 30, 2023

	<u>General</u>	<u>Commercial Passenger Vessel</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>
Assets				
Cash and investments	\$ 8,967,382	-	9,472,151	-
Restricted cash and investments	-	2,968,956	-	-
Prepaid items	8,315	-	-	-
Receivables:				
Accounts	77,735	1,117	3,487	-
Leases	-	-	-	-
Due from component unit	-	-	-	2,218,735
Intergovernmental	1,655,242	-	12,748	-
Investment earnings	12,516	-	-	-
Property taxes	150,459	-	-	152,542
Sales taxes	9,089,635	-	789,558	398,797
Interfund receivables	7,059,328	-	-	-
Advances receivable	-	-	-	-
Total Assets	<u>\$ 27,020,612</u>	<u>2,970,073</u>	<u>10,277,944</u>	<u>2,770,074</u>
Liabilities				
Accounts payable	\$ 884,629	16,180	358,049	-
Accounts payable- capital related	-	-	-	-
Accrued salaries and benefits	42,823	-	-	-
Intergovernmental payable	6,632,453	-	-	-
Interfund payables	-	-	-	1,011,001
Advances payable	-	-	-	-
Deposits	5,029	-	-	-
Unearned revenues	202,788	-	-	-
Total Liabilities	<u>7,767,722</u>	<u>16,180</u>	<u>358,049</u>	<u>1,011,001</u>
Deferred Inflows of Resources				
Property tax revenues	151,074	-	-	152,542
Related to leases	-	-	-	-
Total Deferred Inflows of Resources	<u>151,074</u>	<u>-</u>	<u>-</u>	<u>152,542</u>
Fund Balances				
Nonspendable:				
Prepaid items	8,315	-	-	-
Advances to other funds	-	-	-	-
Restricted:				
Airport projects	-	-	-	-
Capital projects	-	-	-	-
Commercial passenger vessel impact	-	2,953,893	-	-
Dock improvements	-	-	-	-
Education	-	-	9,919,895	1,606,531
Library operations	-	-	-	-
Public safety and water	-	-	-	-
Recreation	-	-	-	-
Road maintenance	-	-	-	-
Committed:				
Capital projects	-	-	-	-
Borough-owned land management	-	-	-	-
Unassigned (deficit)	19,093,501	-	-	-
Total Fund Balances	<u>19,101,816</u>	<u>2,953,893</u>	<u>9,919,895</u>	<u>1,606,531</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 27,020,612</u>	<u>2,970,073</u>	<u>10,277,944</u>	<u>2,770,074</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet, continued

	<u>State & Federal Grants</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ -	7,523,937	10,439,379	36,402,849
Restricted cash and investments	-	4,560,394	255,414	7,784,764
Prepaid items	-	-	-	8,315
Receivables:				
Accounts	-	-	175,388	257,727
Leases	-	-	668,194	668,194
Due from component unit	-	-	-	2,218,735
Intergovernmental	1,977,674	112,278	256,307	4,014,249
Investment earnings	-	-	-	12,516
Property taxes	-	-	12,023	315,024
Sales taxes	-	-	789,558	11,067,548
Interfund receivables	-	-	-	7,059,328
Advances to other funds	-	-	141,232	141,232
Total Assets	<u>\$ 1,977,674</u>	<u>12,196,609</u>	<u>12,737,495</u>	<u>69,950,481</u>
Liabilities				
Accounts payable	\$ 181,207	-	174,530	1,614,595
Accounts payable- capital related	-	269,647	-	269,647
Accrued salaries and benefits	-	-	-	42,823
Intergovernmental payable	-	-	-	6,632,453
Interfund payables	1,148,016	-	311,215	2,470,232
Advances payable	-	-	141,232	141,232
Deposits	-	-	92,212	97,241
Unearned revenues	648,451	-	-	851,239
Total Liabilities	<u>1,977,674</u>	<u>269,647</u>	<u>719,189</u>	<u>12,119,462</u>
Deferred Inflows of Resources				
Property tax revenues	-	-	12,023	315,639
Related to leases	-	-	650,251	650,251
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>662,274</u>	<u>965,890</u>
Fund Balances				
Nonspendable:				
Prepaid items	-	-	-	8,315
Advances to other funds	-	-	141,232	141,232
Restricted:				
Airport projects	-	-	1,512,411	1,512,411
Capital projects	-	4,560,394	-	4,560,394
Commercial passenger vessel impact	-	-	-	2,953,893
Dock improvements	-	-	60,703	60,703
Education	-	-	-	11,526,426
Library operations	-	-	288,198	288,198
Public safety and water	-	-	3,500,091	3,500,091
Recreation	-	-	3,050,320	3,050,320
Road maintenance	-	-	364,496	364,496
Committed:				
Capital projects	-	7,366,568	-	7,366,568
Borough-owned land management	-	-	2,543,328	2,543,328
Unassigned (deficit)	-	-	(104,747)	18,988,754
Total Fund Balances	<u>-</u>	<u>11,926,962</u>	<u>11,356,032</u>	<u>56,865,129</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,977,674</u>	<u>12,196,609</u>	<u>12,737,495</u>	<u>69,950,481</u>

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, 2023*

Total Governmental Fund Balances	\$	56,865,129
 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	\$	238,727,122
Less accumulated depreciation	<u>(91,441,025)</u>	147,286,097
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.		
		3,032,275
Accrued interest receivable is not reported at the fund financial reporting level.		
		2,319
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.		
		315,639
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.		
		401,441
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.		
		(283,610)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$	(23,165,000)
Certificates of participation	(2,460,000)	
Premium for GO bonds	(994,017)	
Premium for certificates of participation	(500,588)	
Deferred loss on refunding	34,118	
Alaska Clean Water Fund loan	(112,278)	
Leases payable	(68,280)	
Compensated absences	(924,263)	
Net pension liability	<u>(7,504,795)</u>	
Total long-term liabilities		<u>(35,695,103)</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	\$	1,124,762
Deferred outflows of resources related to OPEB	319,502	
Deferred inflows of resources related to OPEB	<u>(274,635)</u>	
Total deferred pension items		<u>1,169,629</u>
 Net Position of Governmental Activities	 \$	 <u><u>173,417,310</u></u>

See accompanying notes to the basic financial statements.



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Ketchikan Gateway Borough, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	<u>General</u>	<u>Commercial Passenger Vessel</u>	<u>School Bond Capital Improvements</u>	<u>Local Education</u>
Revenues				
Taxes	\$ 8,362,761	-	2,674,855	9,616,972
Intergovernmental	8,272,372	-	1,030,014	1,120,646
Licenses and permits	2,924	-	-	-
Charges for services	1,337,359	-	-	-
Water fees	-	-	-	-
Commercial passenger vessel tax	-	2,971,130	-	-
Interest subsidy	-	-	-	-
Investment earnings (losses)	(342,072)	37,681	127,447	94,938
Miscellaneous	173,990	-	-	-
Total Revenues	<u>17,807,334</u>	<u>3,008,811</u>	<u>3,832,316</u>	<u>10,832,556</u>
Expenditures				
Current:				
General government	5,402,044	-	-	-
Library services	-	-	-	-
Fire and EMS	-	-	-	-
Water treatment and distribution	-	-	-	-
Public services	1,515,194	519,709	72,754	-
Parks and recreation	2,911,361	-	-	-
Public works	1,123,536	-	-	-
Transit	3,754,742	-	-	-
Education	-	-	-	11,651,044
Grants	380,656	-	-	-
Nondepartmental	294,593	-	-	-
Debt Service:				
Principal retirement	14,837	-	-	-
Interest and fiscal charges	539	-	-	-
Bond issuance costs	-	-	-	-
Capital Outlay	<u>633,172</u>	<u>252,119</u>	<u>541,698</u>	<u>-</u>
Total Expenditures	<u>16,030,674</u>	<u>771,828</u>	<u>614,452</u>	<u>11,651,044</u>
Excess (Deficiency) of Revenues Over Expenditures	1,776,660	2,236,983	3,217,864	(818,488)
Other Financing Sources (Uses)				
Proceeds from sale of property	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Transfers in	6,212,732	-	-	422,789
Transfers out	(7,201,097)	(1,413,310)	(1,615,686)	(896,702)
Total Other Financing Sources (Uses)	<u>(988,365)</u>	<u>(1,413,310)</u>	<u>(1,615,686)</u>	<u>(473,913)</u>
Net Change in Fund Balances	788,295	823,673	1,602,178	(1,292,401)
Fund Balances (Deficit) Beginning of Year	<u>18,313,521</u>	<u>2,130,220</u>	<u>8,317,717</u>	<u>2,898,932</u>
Fund Balances End of Year	<u>\$ 19,101,816</u>	<u>2,953,893</u>	<u>9,919,895</u>	<u>1,606,531</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	\$ -	-	4,839,504	25,494,092
Intergovernmental	6,713,681	-	265,107	17,401,820
Licenses and permits	-	-	-	2,924
Charges for services	-	-	1,964,057	3,301,416
Water fees	-	-	314,223	314,223
Commercial passenger vessel tax	-	-	-	2,971,130
Interest subsidy	-	-	347,573	347,573
Investment earnings (losses)	-	-	175,099	93,093
Miscellaneous	2,005	-	47,607	223,602
Total Revenues	<u>6,715,686</u>	<u>-</u>	<u>7,953,170</u>	<u>50,149,873</u>
Expenditures				
Current:				
General government	-	-	-	5,402,044
Library services	-	-	539,800	539,800
Fire and EMS	-	-	2,080,673	2,080,673
Water treatment and distribution	-	-	373,820	373,820
Public services	67,799	582	927,575	3,103,613
Parks and recreation	-	-	-	2,911,361
Public works	-	-	-	1,123,536
Transit	-	-	-	3,754,742
Education	-	-	-	11,651,044
Grants	-	-	-	380,656
Nondepartmental	-	-	-	294,593
Debt Service:				
Principal retirement	-	-	2,380,000	2,394,837
Interest and fiscal charges	-	-	1,527,432	1,527,971
Bond issuance costs	-	18,200	-	18,200
Capital Outlay	<u>2,167,592</u>	<u>3,306,062</u>	<u>249,190</u>	<u>7,149,833</u>
Total Expenditures	<u>2,235,391</u>	<u>3,324,844</u>	<u>8,078,490</u>	<u>42,706,723</u>
Excess (Deficiency) of Revenues Over Expenditures	4,480,295	(3,324,844)	(125,320)	7,443,150
Other Financing Sources (Uses)				
Proceeds from sale of property	-	-	271,526	271,526
Proceeds from issuance of debt	-	112,278	-	112,278
Transfers in	-	7,000,000	4,177,237	17,812,758
Transfers out	(4,466,252)	-	(2,954,578)	(18,547,625)
Total Other Financing Sources (Uses)	<u>(4,466,252)</u>	<u>7,112,278</u>	<u>1,494,185</u>	<u>(351,063)</u>
Net Change in Fund Balances	14,043	3,787,434	1,368,865	7,092,087
Fund Balances (Deficit) Beginning of Year	<u>(14,043)</u>	<u>8,139,528</u>	<u>9,987,167</u>	<u>49,773,042</u>
Fund Balances End of Year	<u>\$ -</u>	<u>11,926,962</u>	<u>11,356,032</u>	<u>56,865,129</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, 2023*

Net Changes in Fund Balances - Total Governmental Funds	\$	7,092,087
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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	\$ (5,512,528)	
Capital outlay	<u>6,654,540</u>	1,142,012

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.

947,224

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Accrued interest on leases	2,319	
Deferred property taxes	<u>68,640</u>	70,959

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:

Alaska Clean Water Fund loans issued	\$ (112,278)	
Principal payments on long-term debt	2,394,837	
Amortization of premiums	202,342	
Accrued interest	8,249	
Deferred loss on long-term debt	<u>(14,455)</u>	2,478,695

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	\$ (87,905)	
Net pension obligation and related accounts	1,032,234	
OPEB obligation and related accounts	<u>868,296</u>	<u>1,812,625</u>

Change in Net Position of Governmental Activities	\$	<u><u>13,543,602</u></u>
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Ketchikan Gateway Borough, Alaska
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023

	2023			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Taxes	\$ 6,700,000	6,700,000	8,362,761	1,662,761
Licenses and permits	4,000	4,000	2,924	(1,076)
Intergovernmental	3,701,996	3,701,996	8,272,372	4,570,376
Charges for services	1,015,000	1,015,000	1,337,359	322,359
Investment earnings (losses)	40,000	40,000	(342,072)	(382,072)
Miscellaneous	135,600	135,600	173,990	38,390
Total Revenues	11,596,596	11,596,596	17,807,334	6,210,738
Expenditures				
Current:				
General government	7,339,294	7,364,294	5,402,044	1,962,250
Public services	1,588,157	1,590,157	1,515,194	74,963
Parks and recreation	2,808,553	2,808,553	2,911,361	(102,808)
Public works	1,294,085	1,294,085	1,123,536	170,549
Transit - bus system	3,771,237	3,826,487	3,754,742	71,745
Nondepartmental	220,669	220,669	294,593	(73,924)
Education	381,022	381,022	380,656	366
Debt Service:				
Principal retirement	-	-	14,837	(14,837)
Interest and fiscal charges	-	-	539	(539)
Capital Outlay	1,120,542	1,120,542	633,172	487,370
Total Expenditures	18,523,559	18,605,809	16,030,674	2,575,135
Excess (Deficiency) of Revenues Over Expenditures	(6,926,963)	(7,009,213)	1,776,660	8,785,873
Other Financing Sources (Uses)				
Transfers in	1,746,480	1,746,480	6,212,732	4,466,252
Transfers out	(7,201,097)	(7,201,097)	(7,201,097)	-
Total Other Financing Sources (Uses)	(5,454,617)	(5,454,617)	(988,365)	4,466,252
Net Change in Fund Balance	(12,381,580)	(12,463,830)	788,295	13,252,125
Fund Balance Beginning of Year	18,313,521	18,313,521	18,313,521	-
Fund Balance End of Year	\$ 5,931,941	5,849,691	19,101,816	13,252,125

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, 2023

2023				
	Original Budget	Final Budget	Actual	Variance On Final Budget
Revenues				
Commercial passenger vessel tax	\$ 3,062,500	3,062,500	2,971,130	(91,370)
Investment earnings	12,000	12,000	37,681	25,681
Total Revenues	3,074,500	3,074,500	3,008,811	(65,689)
Expenditures				
Current:				
Public services	354,000	432,155	519,709	(87,554)
Capital Outlay	555,982	585,732	252,119	333,613
Total Expenditures	909,982	1,017,887	771,828	246,059
Excess of Revenues Over Expenditures	2,164,518	2,056,613	2,236,983	180,370
Other Financing Uses				
Transfers out	(1,413,310)	(1,413,310)	(1,413,310)	-
Net Change in Fund Balance	751,208	643,303	823,673	180,370
Fund Balance Beginning of Year	2,130,220	2,130,220	2,130,220	-
Fund Balance End of Year	\$ 2,881,428	2,773,523	2,953,893	180,370

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, 2023

	2023			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Sales taxes	\$ 1,816,000	1,816,000	2,665,158	849,158
Intergovernmental	1,040,481	1,040,481	1,030,014	(10,467)
Penalties and interest	3,000	3,000	9,697	6,697
Investment earnings	7,500	7,500	127,447	119,947
Total Revenues	<u>2,866,981</u>	<u>2,866,981</u>	<u>3,832,316</u>	<u>965,335</u>
Expenditures				
Current:				
Public service	-	-	72,754	(72,754)
Capital Outlay	<u>1,714,000</u>	<u>1,714,000</u>	<u>541,698</u>	<u>1,172,302</u>
Total Expenditures	<u>1,714,000</u>	<u>1,714,000</u>	<u>614,452</u>	<u>1,099,548</u>
Excess of Revenues Over Expenditures	1,152,981	1,152,981	3,217,864	2,064,883
Other Financing Uses				
Transfers out	<u>(1,892,538)</u>	<u>(1,892,538)</u>	<u>(1,615,686)</u>	<u>276,852</u>
Total Other Financing Uses	<u>(1,892,538)</u>	<u>(1,892,538)</u>	<u>(1,615,686)</u>	<u>276,852</u>
Net Change in Fund Balance	(739,557)	(739,557)	1,602,178	2,341,735
Fund Balance Beginning of Year	<u>8,317,717</u>	<u>8,317,717</u>	<u>8,317,717</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 7,578,160</u>	<u>7,578,160</u>	<u>9,919,895</u>	<u>2,341,735</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, 2023

	2023			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Property taxes	\$ 8,421,500	8,421,500	8,393,522	(27,978)
Excise taxes	1,300,300	1,300,300	1,223,450	(76,850)
Intergovernmental	1,070,363	1,070,363	1,120,646	50,283
Investment earnings	20,000	20,000	94,938	74,938
Total Revenues	<u>10,812,163</u>	<u>10,812,163</u>	<u>10,832,556</u>	<u>20,393</u>
Expenditures				
Current:				
Education	11,659,530	11,659,530	11,651,044	8,486
Total Expenditures	<u>11,659,530</u>	<u>11,659,530</u>	<u>11,651,044</u>	<u>8,486</u>
Excess (Deficiency) of Revenues Over Expenditures	(847,367)	(847,367)	(818,488)	28,879
Other Financing Sources (Uses)				
Transfers in	431,516	431,516	422,789	(8,727)
Transfers out	(185,604)	(185,604)	(896,702)	(711,098)
Total Other Financing Sources (Uses)	<u>245,912</u>	<u>245,912</u>	<u>(473,913)</u>	<u>(719,825)</u>
Net Change in Fund Balance	(601,455)	(601,455)	(1,292,401)	(690,946)
Fund Balance Beginning of Year	<u>2,898,932</u>	<u>2,898,932</u>	<u>2,898,932</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 2,297,477</u>	<u>2,297,477</u>	<u>1,606,531</u>	<u>(690,946)</u>

See accompanying notes to the basic financial statements.



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Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Net Position
June 30, 2023

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Assets				
Current Assets				
Cash and investments	\$ 11,090,834	725,437	11,816,271	272,770
Receivables:				
Accounts	433,604	26,286	459,890	384,782
Leases	512,033	-	512,033	-
Intergovernmental	76,003	-	76,003	-
Interest	9,214	-	9,214	-
Total Current Assets	<u>12,121,688</u>	<u>751,723</u>	<u>12,873,411</u>	<u>657,552</u>
Noncurrent Assets				
Long-term leases receivables	2,266,470	-	2,266,470	-
Note receivable from component unit	-	-	-	4,902,511
Net other postemployment benefits asset	1,098,308	-	1,098,308	-
Capital Assets				
Nondepreciable	4,661,907	1,898,833	6,560,740	-
Depreciable, net	11,939,088	7,235,961	19,175,049	-
Total Noncurrent Assets	<u>19,965,773</u>	<u>9,134,794</u>	<u>29,100,567</u>	<u>4,902,511</u>
Total Assets	<u>32,087,461</u>	<u>9,886,517</u>	<u>41,973,978</u>	<u>5,560,063</u>
Deferred Outflows of Resources				
Related to pensions	407,396	-	407,396	-
Related to OPEB	115,725	-	115,725	-
Total Deferred Outflows of Resources	<u>523,121</u>	<u>-</u>	<u>523,121</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 32,610,582</u>	<u>9,886,517</u>	<u>42,497,099</u>	<u>5,560,063</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 87,025	81,713	168,738	-
Interfund payables	-	-	-	4,589,096
Compensated absences payable	246,646	-	246,646	-
Unearned revenue	15,360	-	15,360	-
Interest payable	-	11,251	11,251	-
Claims payable	-	-	-	569,526
Total Current Liabilities	<u>349,031</u>	<u>92,964</u>	<u>441,995</u>	<u>5,158,622</u>
Long-Term Liabilities, net of current portion				
Compensated absences payable	39,392	-	39,392	-
Net pension liability	2,718,282	-	2,718,282	-
LWCF note payable	-	741,592	741,592	-
Total Long-Term Liabilities	<u>2,757,674</u>	<u>741,592</u>	<u>3,499,266</u>	<u>-</u>
Total Liabilities	<u>3,106,705</u>	<u>834,556</u>	<u>3,941,261</u>	<u>5,158,622</u>
Deferred Inflows of Resources				
Related to leases	2,709,469	-	2,709,469	-
Related to OPEB	99,474	-	99,474	-
Total Deferred Inflows of Resources	<u>2,808,943</u>	<u>-</u>	<u>2,808,943</u>	<u>-</u>
Net Position				
Net investment in capital assets	16,600,995	8,393,202	24,994,197	-
Unrestricted	10,093,939	658,759	10,752,698	401,441
Total Net Position - Fund Level	<u>\$ 26,694,934</u>	<u>9,051,961</u>	<u>35,746,895</u>	<u>401,441</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>\$ 35,423,401</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, 2023

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Operating Revenues				
Charges for services	\$ 5,558,503	840,819	6,399,322	11,873,128
Operating Expenses				
Personnel services	3,128,184	351,348	3,479,532	-
Supplies and services	1,727,061	589,270	2,316,331	-
Insurance	253,561	8,890	262,451	-
Administration	-	-	-	1,863,489
Claims and premiums	-	-	-	12,979,299
Wellness plan	-	-	-	34,950
Depreciation	985,271	365,169	1,350,440	-
Total Operating Expenses	6,094,077	1,314,677	7,408,754	14,877,738
Less recovery of expenses	-	(9,768)	(9,768)	(3,233,090)
Net Operating Expenses	6,094,077	1,304,909	7,398,986	11,644,648
Operating Income (Loss)	(535,574)	(464,090)	(999,664)	228,480
Nonoperating Revenues (Expenses)				
Interest and fiscal charges	-	(1,177)	(1,177)	-
Investment earnings	241,414	19,880	261,294	7,646
Operating grants	543,749	-	543,749	-
Total Nonoperating Revenues (Expenses)	785,163	18,703	803,866	7,646
Income (Loss) before Transfers	249,589	(445,387)	(195,798)	236,126
Transfers in	23,769	-	23,769	711,098
Change in Net Position	273,358	(445,387)	(172,029)	947,224
Net Position (Deficit) Beginning of Year	26,421,576	9,497,348		(545,783)
Net Position End of Year	\$ 26,694,934	9,051,961		401,441
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			\$ (172,029)	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows for Operating Activities				
Cash received from customers	\$ 5,635,879	838,895	6,474,774	9,965,394
Cash payments to employees for services	(3,968,985)	(351,348)	(4,320,333)	-
Cash payments for goods and services	(1,910,041)	(610,509)	(2,520,550)	(2,334,084)
Cash payments for claims	-	-	-	(9,630,838)
Net Cash for Operating Activities	<u>(243,147)</u>	<u>(122,962)</u>	<u>(366,109)</u>	<u>(1,999,528)</u>
Cash Flows from Noncapital Financing Activities				
Interfund payables	-	-	-	1,553,554
Operating grants	2,700,389	-	2,700,389	-
Transfers in	23,769	-	23,769	711,098
Net Cash from Noncapital Financing Activities	<u>2,724,158</u>	<u>-</u>	<u>2,724,158</u>	<u>2,264,652</u>
Cash Flows for Capital and Related Financing Activities				
Interest paid on debt service	-	(1,177)	(1,177)	-
Interfund advance payable	-	(1,213)	(1,213)	-
Payments for capital acquisitions	(690,477)	(511,392)	(1,201,869)	-
Net Cash for Capital and Related Financing Activities	<u>(690,477)</u>	<u>(513,782)</u>	<u>(1,204,259)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment earnings	241,414	19,880	261,294	7,646
Net Increase (Decrease) in Cash and Cash Equivalents	2,031,948	(616,864)	1,415,084	272,770
Cash and Cash Equivalents Beginning of Year	<u>9,058,886</u>	<u>1,342,301</u>	<u>10,401,187</u>	<u>-</u>
Cash and Cash Equivalents End of Year	<u>\$ 11,090,834</u>	<u>725,437</u>	<u>11,816,271</u>	<u>272,770</u>

(continued)

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Cash Flows, continued
For the Year Ended June 30, 2023

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Reconciliation of Operating Income (Loss) to Net Cash for Operating Activities				
Operating Income (Loss)	\$ (535,574)	(464,090)	(999,664)	228,480
Adjustments:				
Depreciation	985,271	365,169	1,350,440	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts receivable	95,741	(1,924)	93,817	(384,782)
Lease receivable	451,043	-	451,043	-
Note receivable	-	-	-	(1,522,952)
Prepaid items	39,690	-	39,690	-
Net other postemployment benefits asset	580,726	-	580,726	-
Deferred outflows of resources for pensions	(26,889)	-	(26,889)	-
Deferred outflows of resources for OPEB	(46,728)	-	(46,728)	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts payable	30,891	(22,117)	8,774	-
Compensated absences payable	(22,598)	-	(22,598)	-
Net pension liability	394,680	-	394,680	-
Deferred inflows of resources for leases	(469,408)	-	(469,408)	-
Deferred inflows of resources for pensions	(926,601)	-	(926,601)	-
Deferred inflows of resources for OPEB	(793,391)	-	(793,391)	-
Claims payable	-	-	-	(320,274)
Net Cash for Operating Activities	\$ (243,147)	(122,962)	(366,109)	(1,999,528)

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
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For the Year Ended June 30, 2023

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023

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, 2023

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.

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.

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.

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, 2023

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 nonexchange 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, 2023

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, 2023.

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, 2023

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, 2023, 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 investmnets restricted in the Capital Projects fund are for unspent bond proceeds for capital projects. 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, construction in progress and works of art. 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, 2023

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 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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023

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 nonoperating 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, changes in assumptions for pension and OPEB plans, and lessor and lessee lease arrangements.

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, 2023

1-E-17 Pensions and OPEB

For purposes of measuring the net pension liability and the net OPEB asset, 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 asset 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-19 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, 2023

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, 2023, the Borough had open encumbrances as follows:

Fund	Encumbrances
General Fund	\$ 6,373
Airport	20,646
Total	\$ <u>27,019</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

2-B. Excess of Expenditures over Appropriations

The following individual fund had an excess of expenditures over appropriations on June 30, 2023:

Health Equity Special Revenue Fund
Waterfall Service Area Special Revenue Fund

2-C. Deficit Fund Equities

The following individual fund had a deficit fund balance at the fund reporting level on June 30, 2023:

Health Equity Special Revenue Fund \$ (104,747)

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, 2023 are as follows:

Cash on hand	\$	3,970
Deposits with financial institutions		20,748,979
Investments		<u>35,523,705</u>
Total	\$	<u><u>56,276,654</u></u>

		<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>
Unrestricted	\$	36,675,619	\$	11,816,271	\$	48,491,890
Restricted		<u>7,784,764</u>		<u>-</u>		<u>7,784,764</u>
Total	\$	<u><u>44,460,383</u></u>	\$	<u><u>11,816,271</u></u>	\$	<u><u>56,276,654</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, 2023, the carrying value of all the Borough’s deposits was \$20,748,979 and the bank value was \$20,694,176 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, 2023

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: \$13,830,520 is deposited in the Alaska Municipal League Investment Pool, \$9,378,126 is deposited with Time Value Investments, \$12,059,644 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, 2023. 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 - \$13,830,520 is held in the Alaska Municipal League Investment Pool (AMLP). The AMLP is considered an external investment pool with a Standard and Poor's rating of AAAM. \$9,378,126 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, 2023

Interest rate risk - As of June 30, 2023, 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:

Investment Type	Investment Maturity (in years)		
	Current Market Value	Less than 1	1 - 5
AML Investment Pool	\$ 13,830,520	\$ 13,830,520	\$ -
Bank of New York Mellon Trust	255,414	255,414	-
Time Value Investments	9,378,126	9,378,126	-
Money Market	12,059,645	12,059,645	-
	<u>\$ 35,523,705</u>	<u>\$ 35,523,705</u>	<u>\$ -</u>

3-B. Receivables

Receivables on June 30, 2023, 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, 2023

	General	Commercial Passenger Vessel	School Bond Capital Improvements	Local Education	State & Federal Grants	Capital Projects
Current receivables:						
Accounts	\$ 702,477	1,117	3,487	-	-	-
Leases	-	-	-	-	-	-
Due from component unit	-	-	-	2,218,735	-	-
Intergovernmental	1,655,242	-	12,748	-	1,977,674	112,278
Interest*	12,516	-	-	-	-	-
Property taxes	150,459	-	-	152,543	-	-
Sales taxes	9,089,635	-	789,558	398,797	-	-
Total current receivables	<u>11,610,329</u>	<u>1,117</u>	<u>805,793</u>	<u>2,770,075</u>	<u>1,977,674</u>	<u>112,278</u>
Allowance for doubtful accounts	(624,742)	-	-	-	-	-
Net current receivables	<u>10,985,587</u>	<u>1,117</u>	<u>805,793</u>	<u>2,770,075</u>	<u>1,977,674</u>	<u>112,278</u>
Long-term lease receivable	-	-	-	-	-	-
Long-term note receivable	-	-	-	-	-	-
Total receivables	<u>\$ 10,985,587</u>	<u>1,117</u>	<u>805,793</u>	<u>2,770,075</u>	<u>1,977,674</u>	<u>112,278</u>

	Nonmajor Governmental	Airport Enterprise	Wastewater Enterprise	Internal Service Fund	Totals
Current receivables:					
Accounts	\$ 180,958	434,707	33,696	384,782	1,741,224
Leases	668,194	512,033	-	-	1,180,227
Due from component unit	-	-	-	-	2,218,735
Intergovernmental	256,307	76,003	-	-	4,090,252
Interest*	2,318	9,214	-	-	24,048
Property taxes	12,023	-	-	-	315,025
Sales taxes	789,558	-	-	-	11,067,548
Total current receivables	<u>1,909,358</u>	<u>1,031,957</u>	<u>33,696</u>	<u>384,782</u>	<u>20,637,059</u>
Allowance for doubtful accounts	(5,570)	(1,103)	(7,410)	-	(638,825)
Net current receivables	<u>1,903,788</u>	<u>1,030,854</u>	<u>26,286</u>	<u>384,782</u>	<u>19,998,234</u>
Long-term lease receivable	-	2,266,470	-	-	2,266,470
Long-term note receivable	-	-	-	4,902,511	4,902,511
Total receivables	<u>\$ 1,903,788</u>	<u>3,297,324</u>	<u>26,286</u>	<u>5,287,293</u>	<u>27,167,215</u>

*Interest receivable in the Nonmajor Governmental Funds is \$0, included above is an accrual of interest for leases of \$2,318, which is presented in the Governmental Activities column of the entity-wide statement of net position.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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)	\$ 151,074	-
Delinquent property taxes receivable (Local Education Fund)	152,542	-
Delinquent property taxes receivable (Nonmajor Funds)	12,023	-
Deferred inflow of resources related to leases (Nonmajor Funds)	650,251	-
Unearned revenue (General Fund)	-	202,788
Unearned revenue (State & Federal Grants Fund)	-	648,451
Total deferred/unearned revenue for governmental funds	\$ 965,890	851,239

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% and the City of Saxman is 4.0%. The City of Ketchikan sales tax rate was 4.0% from July 1, 2022 to March 31, 2023. The City of Ketchikan sales tax rate changed to a seasonal rate effective beginning April 1, 2023. The rate was 5.5% from April 1, 2023 to June 30, 2023. The seasonal rates are as follows:

Seasonal Periods	Tax Rate
April 1 to September 30	5.5%
October 1 to March 31	3.0%

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

3-D. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 7/1/2022	Additions/ Adjustments	Deductions/ Adjustments	Balance 6/30/2023
Governmental activities:				
Nondepreciable capital assets:				
Works of art	\$ 7,500	-	-	7,500
Construction in progress - Borough	1,432,730	4,143,212	1,145,130	4,430,812
Construction in progress - School	-	281,254	-	281,254
Land - Borough	33,587,622	-	-	33,587,622
Land - School	7,798,562	-	-	7,798,562
Total nondepreciable capital assets	<u>42,826,414</u>	<u>4,424,466</u>	<u>1,145,130</u>	<u>46,105,750</u>
Depreciable capital assets:				
Buildings - Borough	26,779,072	-	-	26,779,072
Buildings - School	109,376,342	271,946	-	109,648,288
Equipment	6,960,435	2,530,899	-	9,491,334
Fields	5,305,737	573,360	52,771	5,826,326
Infrastructure	1,509,418	-	-	1,509,418
Land improvements	3,712,047	-	-	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	20,892	-	75,135
Total depreciable capital assets	<u>189,277,046</u>	<u>3,397,097</u>	<u>52,771</u>	<u>192,621,372</u>
Total cost of capital assets	<u>232,103,460</u>	<u>7,821,563</u>	<u>1,197,901</u>	<u>238,727,122</u>
Accumulated depreciation:				
Buildings - Borough	9,599,141	680,984	-	10,280,125
Buildings - School	53,021,754	2,644,128	-	55,665,882
Equipment	5,177,271	285,296	52,771	5,409,796
Fields	3,143,587	200,724	-	3,344,311
Infrastructure	1,069,389	48,109	-	1,117,498
Land improvements	1,197,402	215,887	-	1,413,289
Pool	8,254,517	919,935	-	9,174,452
Water improvements	1,846,595	168,888	-	2,015,483
Buses	2,678,092	340,227	-	3,018,319
Intangible right-to-use leases	7,033	8,350	13,513	1,870
Total accumulated depreciation	<u>85,994,781</u>	<u>5,512,528</u>	<u>66,284</u>	<u>91,441,025</u>
Governmental activities capital assets, net	<u>\$ 146,108,679</u>	<u>2,309,035</u>	<u>1,131,617</u>	<u>147,286,097</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Governmental activities depreciation:

General Government	\$	24,791
Education		2,810,618
Fire and EMS		286,919
Parks and Recreation		1,203,064
Public Services		690,795
Public Works		51,251
Transit		<u>445,090</u>
Total governmental activities depreciation expense	\$	<u><u>5,512,528</u></u>

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

	Balance 7/1/2022	Additions	Deductions	Balance 6/30/2023
Business-type activities:				
Nondepreciable capital assets				
Construction in progress-Airport	\$ 4,097,934	563,973	-	4,661,907
Construction in progress-Wastewater	1,898,833	-	-	1,898,833
Total nondepreciable capital assets	<u>5,996,767</u>	<u>563,973</u>	<u>-</u>	<u>6,560,740</u>
Depreciable capital assets:				
Ferry	16,076,182	-	-	16,076,182
Field	4,360,148	120,200	-	4,480,348
Terminal building	13,321,866	6,303	-	13,328,169
Murphy's landing	208,800	-	-	208,800
Revilla parking	69,487	-	-	69,487
Wastewater	222,263	498,438	-	720,701
Mountain Point wastewater	13,919,502	12,955	-	13,932,457
Total depreciable capital assets	<u>48,178,248</u>	<u>637,896</u>	<u>-</u>	<u>48,816,144</u>
Total capital assets	<u>54,175,015</u>	<u>1,201,869</u>	<u>-</u>	<u>55,376,884</u>
Accumulated depreciation:				
Ferry	9,932,980	610,282	-	10,543,262
Field	3,403,531	95,783	-	3,499,314
Terminal building	7,676,459	272,667	-	7,949,126
Murphy's landing	208,800	-	-	208,800
Revilla parking	16,858	6,539	-	23,397
Wastewater	222,259	20,640	-	242,899
Mountain Point wastewater	6,829,768	344,529	-	7,174,297
Total accumulated depreciation	<u>28,290,655</u>	<u>1,350,440</u>	<u>-</u>	<u>29,641,095</u>
Business-type activities capital assets, net	<u>\$ 25,884,360</u>	<u>(148,571)</u>	<u>-</u>	<u>25,735,789</u>

Business-type activities depreciation:

Airport	\$ 985,271
Wastewater	<u>365,169</u>
Total business-type activities depreciation expense	<u>\$ 1,350,440</u>

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

3-E. Interfund Balances and Transfers

Interfund balances on June 30, 2023, 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.

		Interfund Payable:				
		Local Education Fund	State and Federal Grants Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Interfund Receivable:						
General Fund	\$	1,011,001	1,148,016	311,215	4,589,096	7,059,328
		Advances Payable:				
		Nonmajor Governmental Funds				
Advances Receivable:						
Nonmajor Governmental Funds	\$		141,232			

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Interfund transfers for the year ended June 30, 2023, consisted of the following:

From General Fund to:	
Local Education Fund for education	\$ 185,604
Capital Projects Fund for capital activities	7,000,000
Nonmajor Governmental Funds for road maintenance	9,993
Airport Fund for medivac	5,500
Total Transfers from General Fund	7,201,097
From Commercial Passenger Vessel Fund to:	
General Fund for transit subsidy	1,038,310
Nonmajor Governmental Funds for passenger facilities charges	375,000
Total Transfers from Commercial Passenger Vessel Fund	1,413,310
From School Bond CIP Fund to:	
Local Education Fund for school insurance	237,185
Nonmajor Governmental Funds for debt service	1,218,275
Nonmajor Governmental Funds for recreation subsidy	160,226
Total Transfers from School Bond CIP Fund	1,615,686
From Local Education Fund to:	
General Fund for education	113,445
Nonmajor Governmental Funds for fire/ems	72,159
Internal Service Funds for insurance	711,098
Total Transfers from Local Education Fund	896,702
From State & Federal Grant Fund to:	
General Fund for grant activities	4,466,252
From Nonmajor Governmental Funds to:	
General Fund for recreation subsidy	594,725
Nonmajor Governmental Funds for debt service	2,341,584
Airport Fund for passenger facilities charges	18,269
Total Transfers from Nonmajor Governmental Funds	2,954,578
Total Transfers To at the Fund Level	\$ 18,547,625

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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

3-F. Compensated Absences

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

3-G. Leases

Lease payable - During the current year, the Borough participated in multiple lease agreements as a lessee for nonfinancial assets. An initial lease liability was recorded in the amount of \$47,711 at the beginning of the current year. As of June 30, 2023, the outstanding balance on the lease was \$68,280. The principal and interest payments vary on these leases. The leases use an incremental borrowing rate of 4% in lieu of a stated interest rate. The nonfinancial assets have various estimated useful lives. The value of the right-to-use asset as of June 30, 2023 was \$75,135 and had accumulated amortization of \$1,870.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Year Ending December 31,	Principal	Interest	Total
2024	11,777	1,526	13,303
2025	11,425	2,260	13,685
2026	12,284	1,803	14,087
2027	13,198	1,312	14,510
2028	14,169	784	14,953
Thereafter	5,427	217	5,644
Total	\$ 68,280	7,902	76,182

Leases receivable - During the current year, the Borough, as lessor, participated in 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 \$572,457 for the fiscal year ended June 30, 2023. The Borough recognized \$510,572 in lease revenue and \$106,688 in interest revenue for the fiscal year ended June 30, 2023. As of June 30, 2023, the Borough’s receivable for lease payments was \$3,446,697. The Borough recognized a deferred inflow of resource associated with the lease of \$3,359,720 on June 30, 2023, that will be recognized as revenue over the remainder of the lease terms.

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Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023 were as follows:

Fiscal Year	Principal	Interest	Interest Subsidy	Net Interest	Total
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	855,000	778,521	(295,388)	483,133	1,338,133
2029-2033	4,800,000	3,079,773	(1,192,450)	1,887,323	6,687,323
2034-2038	5,825,000	1,491,568	(629,242)	862,326	6,687,326
2039	1,295,000	79,228	(35,653)	43,575	1,338,575
Total	\$ <u>15,890,000</u>	<u>9,010,759</u>	<u>(3,497,940)</u>	<u>5,512,819</u>	<u>21,402,819</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. The bonds were paid in full during the current year.

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. The bonds were paid in full during the current year.

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, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
2024	235,000	31,625	266,625
2025	250,000	19,500	269,500
2026	265,000	6,625	271,625
Total	\$ <u>750,000</u>	<u>57,750</u>	<u>807,750</u>

Ketchikan Gateway Borough, Alaska
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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, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
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	170,000	81,550	251,550
2029-2033	990,000	267,000	1,257,000
2034-2036	695,000	42,300	737,300
Total	\$ 2,460,000	796,675	3,256,675

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, 2023 were as follow:

Fiscal Year	Principal	Interest	Total
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	260,000	273,750	533,750
2029-2033	1,505,000	1,155,125	2,660,125
2034-2038	1,925,000	728,375	2,653,375
2039-2042	1,915,000	197,375	2,112,375
Total	\$ 6,525,000	3,570,125	10,095,125

Alaska Clean Water Fund Note Payable

Business-type activities: 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 Forest 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. There were no drawdowns in fiscal year 2023. The nonsubsidy note payable balance at June 30, 2023 was \$741,592.

Governmental activities: The Borough entered into an agreement on September 14, 2021 with the Alaska Department of Environmental Conservation (ADEC) for a 5-year loan not to exceed \$225,000 to be used

Ketchikan Gateway Borough, Alaska
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for the South Tongass Water Utility Master Plan. Of the amount, \$75,000 is considered a subsidy (principal forgiveness). The Borough will pay a finance charge of 1.5% on each disbursement. Repayment will begin following substantial completion and initiation of the operation of the project. The Borough drew down \$112,278 in the current fiscal year. The nonsubsidy note payable balance at June 30, 2023 was \$112,278.

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

Changes in Long-term Debt - Changes in the Borough's long-term obligations consisted of the following for the year ended June 30, 2023:

	Outstanding 7/1/2022	Additions/ Adjustments	Reductions/ Adjustments	Outstanding 6/30/2023	Amounts Due in One Year
Governmental Activities					
GO Bonds - 2009B & C	\$ 16,600,000	-	710,000	15,890,000	735,000
GO Bonds - 2011 III	595,000	-	595,000	-	-
GO Bonds - 2013 One	585,000	-	585,000	-	-
GO Bonds - 2020 Bond	975,000	-	225,000	750,000	235,000
GO Bonds - 2022 One	6,655,000	-	130,000	6,525,000	215,000
Unamortized Premium	1,151,855	-	157,838	994,017	-
Net GO Bonds	<u>26,561,855</u>	<u>-</u>	<u>2,402,838</u>	<u>24,159,017</u>	<u>1,185,000</u>
Certificates of Participation					
C of P 2020 Certificates	2,595,000	-	135,000	2,460,000	140,000
Unamortized Premium	545,092	-	44,504	500,588	-
Net COPs	<u>3,140,092</u>	<u>-</u>	<u>179,504</u>	<u>2,960,588</u>	<u>140,000</u>
LWCF note payable	-	112,278	-	112,278	-
Leases payable	47,711	20,569	-	68,280	11,777
Compensated absences	836,358	855,516	767,611	924,263	924,263
Net pension liability	<u>6,001,736</u>	<u>1,503,059</u>	<u>-</u>	<u>7,504,795</u>	<u>-</u>
Total Governmental Activities	<u>\$ 36,587,752</u>	<u>2,491,422</u>	<u>3,349,953</u>	<u>35,729,221</u>	<u>2,261,040</u>
Business-Type Activities					
LWCF note payable	\$ 741,592	-	-	741,592	-
Compensated absences	308,636	210,941	233,539	286,038	246,646
Net pension liability	<u>2,323,602</u>	<u>394,680</u>	<u>-</u>	<u>2,718,282</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 3,373,830</u>	<u>605,621</u>	<u>233,539</u>	<u>3,745,912</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

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2023

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 an annual comprehensive 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/#pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full 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.

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2023

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 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, 2023 were determined in the June 30, 2021 actuarial valuations. The Borough’s contribution rates for the 2023 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.41%	-%
Total Contribution Rates	24.79%	2.79%

Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year, the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the Borough are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan’s pension and healthcare funds.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

In 2023, the Borough was credited with the following contributions to the pension plan:

	Measurement Period	Borough Fiscal Year
	July 1, 2021 to June 30, 2022	July 1, 2022 to June 30, 2023
Employer contributions (including DBUL)	\$ 955,931	\$ 1,239,877
Nonemployer contributions (on-behalf)	555,946	213,189
Total Contributions	\$ 1,511,877	\$ 1,453,066

In addition, employee contributions to the Plan totaled \$174,001 during the Borough’s fiscal year.

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

At June 30, 2023, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough proportionate share of NPL	\$ 10,223,077
State’s proportionate share of NPL associated with the Borough	2,830,431
Total Net Pension Liability	\$ 13,053,508

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2022 measurement date, the Borough’s proportion was 0.20058 percent, which was a decrease of 0.02636 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Borough recognized pension expense of \$1,074,648 and on-behalf revenue of \$184,899 for support provided by the State. At June 30, 2023, 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
Net difference between projected and actual earnings on pension plan investments	\$ 292,281	\$ -
Borough contributions subsequent to the measurement date	1,239,877	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 1,532,158	\$ -

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For the Year Ended June 30, 2023

The \$1,239,877 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, 2024. 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,

2024	\$	(34,748)
2025		(89,066)
2026		(213,814)
2027		629,909
Total Amortization		\$ 292,281

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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 officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 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. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Peace officer/firefighter	

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For the Year Ended June 30, 2023

All others Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Other See the experience study report dated July 15, 2022.

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and were effective June 30, 2022.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27 %	+/- 6 %	6.51 %
Global equity (non-U.S.)	18 %	+/- 4 %	5.70 %
Aggregate bonds	21 %	+/- 10 %	0.31 %
Opportunistic	6 %	+/- 4 %	- %
Real assets	14 %	+/- 7 %	3.71 %
Private equity	14 %	+/- 6 %	9.61 %
Cash equivalents	- %	- %	(0.50)%

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Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed 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 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough's proportionate share of the net pension liability	0.20058%	\$ 13,762,459	\$ 10,223,077	\$ 7,238,647

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 annual comprehensive financial report for PERS, and at the following website, as noted above. <https://drb.alaska.gov/docs/reports/#pers>.

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

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2023

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, 2023 to cover a portion of the Borough’s employer match contributions. For the year ended June 30, 2023, forfeitures reduced pension expense by \$4,832.

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, 2023, 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, 2023 were \$273,485 and \$437,471, 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 annual comprehensive financial report for PERS, at the following website <https://drb.alaska.gov/docs/reports/#pers>.

Employer Contribution Rates

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

Employer contribution rates for the year ended June 30, 2023 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

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In 2023, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022	Borough Fiscal Year July 1, 2022 to June 30, 2023
Employer contributions – ARHCT	\$ 157,119	\$ -
Employer contributions - RMP	46,853	60,166
Employer contributions - ODD	15,415	19,329
Total Contributions	\$ 219,387	\$ 79,495

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

At June 30, 2023, 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	\$ 3,917,280
Borough’s proportionate share of NOA - RMP	96,172
Borough’s proportionate share of NOA – ODD	117,131
Total Borough’s Proportionate Share of Net OPEB Asset	\$ 4,130,583
State’s proportionate share of the ARHCT NOA associated with the Borough	1,120,942
Total Net OPEB Asset	\$ 5,251,525

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Borough’s proportion of the net OPEB assets was 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, 2021 Measurement Date Employer Proportion	June 30, 2022 Measurement Date Employer Proportion	Change
Borough’s proportionate share of the net OPEB assets:			
ARHCT	0.22787%	0.19909%	(0.02878)%
RMP	0.24123%	0.27691%	0.03568 %
ODD	0.23948%	0.26719%	0.02771 %

Ketchikan Gateway Borough, Alaska
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For the Year Ended June 30, 2023

For the year ended June 30, 2023, the Borough recognized OPEB expense (benefit) of \$(1,348,036). Of this amount, \$(380,776) was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (1,447,604)	\$ (380,776)
RMP	81,639	-
ODD	17,929	-
Total	\$ (1,348,036)	\$ (380,776)

At June 30, 2023, 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	\$ -	\$ 4,767	\$ -	\$ 4,767
Changes in assumptions	-	18,621	-	18,621
Difference between projected and actual investment earnings	222,242	13,717	3,967	239,926
Changes in proportion and differences between Borough contributions and proportionate share of contributions	88,863	2,074	1,481	92,418
Borough contributions subsequent to the measurement date	-	60,166	19,329	79,495
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 311,105	\$ 99,345	\$ 24,777	\$ 435,227
<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (27,727)	\$ (3,779)	\$ (38,426)	\$ (69,932)
Changes in assumptions	(179,770)	(115,313)	(746)	(295,829)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(1,022)	(7,326)	(8,348)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (207,497)	\$ (120,114)	\$ (46,498)	\$ (374,109)

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Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2024. 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
2024	\$ (155,957)	\$ (13,803)	\$ (7,884)	\$ (177,644)
2025	(77,940)	(14,474)	(8,082)	(100,496)
2026	(175,580)	(16,592)	(8,712)	(200,884)
2027	513,085	2,196	(3,585)	511,696
2028	-	(17,178)	(5,685)	(22,863)
Thereafter	-	(21,084)	(7,102)	(28,186)
Total Amortization	\$ 103,608	\$ (80,935)	\$ (41,050)	\$ (18,377)

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2022 was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

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 officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 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	7.25%, 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 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050

Ketchikan Gateway Borough, Alaska

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

Mortality
Peace officer/firefighter
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor

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table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ARHCT and ODD Plans)	Deaths are assumed to result from occupational causes 35% of the time.
Participation (ARHCT)	100% of system paid 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.
Other	See the experience study report dated July 15, 2022.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and were effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27 %	+/- 6 %	6.51 %
Global equity (non-U.S.)	18 %	+/- 4 %	5.70 %
Aggregate bonds	21 %	+/- 10 %	0.31 %
Opportunistic	6 %	+/- 4 %	- %
Real assets	14 %	+/- 7 %	3.71 %
Private equity	14 %	+/- 6 %	9.61 %
Cash equivalents	- %	- %	(0.50)%

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Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2022 was 7.25%. The discount rate used changed from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Asset (Liability) 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 7.25%, as well as what the Borough's proportionate share of the respective plan's net OPEB asset (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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough's proportionate share of the net OPEB asset (liability):				
ARHCT	0.19909%	\$ 2,327,429	\$ 3,917,280	\$ 5,250,512
RMP	0.27691%	\$ (17,689)	\$ 96,172	\$ 183,001
ODD	0.26719%	\$ 110,336	\$ 117,131	\$ 122,445

Sensitivity of the Net OPEB Asset (Liability) 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 2021 actuarial valuation reports as well as what the Borough's proportionate share of the respective plan's net OPEB asset (liability) 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 (liability):				
ARHCT	0.19909%	\$ 5,407,351	\$ 3,917,280	\$ 2,137,847
RMP	0.27691%	\$ 194,925	\$ 96,172	\$ (36,841)
ODD	0.26719%	\$ 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.

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(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, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2023, the Borough contributed \$153,370 in DC OPEB costs. This amount has been recognized as expense/expenditures.

3-J. Net Investment in Capital Assets and Restricted Net Position

The “Net Investment in Capital Assets” on the government-wide statement of net position as of June 30, 2023 is as follows:

<u>Net investment in capital assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Cost of capital assets	\$ 238,727,122	55,376,884
Less accumulated depreciation	<u>(91,441,025)</u>	<u>(29,641,095)</u>
Book value	147,286,097	25,735,789
Less capital related debt	(27,569,810)	(741,592)
Plus deferred loss on refunding	34,118	-
Plus unspent bond proceeds	<u>4,290,814</u>	<u>-</u>
Net investment on capital assets	<u>\$ 124,041,219</u>	<u>24,994,197</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, 2023

Restricted net position for governmental activities consists of the following on June 30, 2023:

Net Position	Governmental
Restricted:	<u>Activities</u>
Airport projects	\$ 1,512,411
Commercial passenger vessel impact	2,953,893
Dock improvements	60,703
Education	11,526,426
Library operations	288,198
Public safety and water	3,500,091
Recreation	3,050,320
Road maintenance	<u>364,496</u>
Total Restricted Net Position	23,256,538
Unspent bond funds related to capital projects	<u>4,560,394</u>
Total Restricted Fund Balance	\$ <u><u>27,816,932</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 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, 2023, but not billed until after fiscal year end. The amounts booked for the Borough were \$45,948 and \$523,578 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.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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 \$2,155 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, 2022, and June 30, 2023 were as follows:

	Ketchikan Gateway Borough	Borough School District	Total
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	196,952	692,848	889,800
Premiums expense	435,645	1,294,133	1,729,778
Claims expense	2,468,138	10,075,516	12,543,654
Wellness plan	34,950	-	34,950
Claims and premiums paid	<u>(3,089,737)</u>	<u>(11,538,919)</u>	<u>(14,628,656)</u>
Claims payable at June 30, 2023	\$ <u>45,948</u>	<u>523,578</u>	<u>569,526</u>

4-B. Contingent Liabilities

Unasserted Claims – The Borough may from time to time be involved in various claims, lawsuits, and disputes with third parties, possible loss contingencies arising from federal, state, or local environmental, 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, 2023, 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

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023, the value of the abatement was \$338,198.

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 2023, the value of the abatement was \$100,444.

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 2023 reporting:

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 debt obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting. The Borough evaluated the impacts of GASB Statement 91 and determined there to be no impact to the Borough’s financial statements for the current fiscal year.

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 also provide guidance for accounting and financial reporting for availability payment arrangements (APA). The Borough evaluated the impacts of GASB Statement 94 and determined there to be no impact to the Borough’s financial statements for the current fiscal year.

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. The Borough evaluated the impacts of GASB Statement 96 and determined there to be no impact to the Borough’s financial statements for the current fiscal year.

GASB Statement No. 99 – *Omnibus 2022* – Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future 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, which 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. The Borough evaluated the impacts of GASB Statement 99 and determined there to be no impact to the Borough’s financial statements for the current fiscal year.

Ketchikan Gateway Borough, Alaska
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

The GASB has issued new accounting standards with upcoming implementation dates. 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. 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.

GASB Statement No. 102 – *Certain Risk Disclosures* – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

GASB Statement No. 103 – *Financial Reporting Model Improvements* – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

4-E. Subsequent Events

South Tongass Fire Department Building Fire – On April 9, 2024, the building housing the South Tongass Volunteer Fire Department suffered a devastating fire which rendered the building wholly unusable, destroying two medical service units, and one fire truck. On April 12, 2024, the Borough Mayor and Assembly requested that the Governor of the State of Alaska declare a disaster emergency per AS 26.23 and provide State assistance to the Borough for response and recovery of this event. At this time, the Borough does not have a estimate on the loss value from this disaster.

Borough Vendor Victim of Cyber Attack – On May 3, 2024, the Borough had a vendor fall victim to a cyber-attack where fraudulent banking information for various customers was released, including the Borough. The Borough processed an EFT in the amount of \$625,156 for payment on an ongoing capital project on one their fields. The Borough worked with the banks, local law enforcement and the FBI to recover the payment. On July 24, 2024, the Borough successfully recovered all but \$34 of the initial payment.



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REQUIRED SUPPLEMENTARY INFORMATION

Ketchikan Gateway Borough, Alaska
Public Employees' Retirement System - Pension Plan

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

Table 1

<i>Years Ended June 30,</i>	2023	2022	2021	2020	2019
Borough's Proportion of the Net Pension Liability	0.20058%	0.22694%	0.17766%	0.18173%	0.20289%
Borough's Proportionate Share of the Net Pension Liability	\$ 10,223,077	\$ 8,325,338	\$ 10,483,875	\$ 9,948,078	\$ 10,081,525
State of Alaska Proportionate Share of the Net Pension Liability	2,830,431	1,129,305	4,339,743	3,948,260	2,919,964
Total Net Pension Liability	\$ 13,053,508	\$ 9,454,643	\$ 14,823,618	\$ 13,896,338	\$ 13,001,489
Borough's Covered Payroll	6,873,750	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	148.73%	131.72%	178.43%	176.33%	180.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.97%	76.46%	61.61%	63.42%	65.19%

Schedule of Borough Contributions

Table 2

<i>Years Ended June 30,</i>	2023	2022	2021	2020	2019
Contractually Required Contributions	\$ 1,239,877	\$ 955,931	\$ 834,980	\$ 719,736	\$ 726,601
Contributions Relative to the Contractually Required Contribution	1,239,877	955,931	834,980	719,736	726,601
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough Covered Payroll	7,818,314	6,873,750	6,320,633	5,875,554	5,641,615
Contributions as a Percentage of Covered Payroll	15.86%	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

Years Ended June 30,	ARHCT					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.19909%	0.22787%	0.17751%	0.18167%	0.20283%	0.18790%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,917,280)	\$ (5,845,590)	\$ (803,867)	\$ 269,564	\$ 2,081,628	\$ 1,587,059
State of Alaska Proportionate Share of the Net OPEB Liability	(1,120,942)	(766,865)	(333,379)	107,069	60,442	591,650
Total Net OPEB Liability (Asset)	\$ (5,038,222)	\$ (6,612,455)	\$ (1,137,246)	\$ 376,633	\$ 2,142,070	\$ 2,178,709
Borough's Covered Payroll	1,986,802	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	-197.17%	-217.05%	-30.26%	10.14%	69.06%	49.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%	88.12%	89.68%

Schedule of Borough Contributions

Table 4

Years Ended June 30,	ARHCT					
	2023	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	2,345,995	1,986,802	2,693,193	2,656,647	2,659,242	3,014,224
Contributions as a Percentage of Covered Payroll	0.000%	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.

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

Years Ended June 30,	RMP					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.27691%	0.24123%	0.23827%	0.23898%	0.22853%	0.23339%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (96,172)	\$ (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)	\$ (96,172)	\$ (64,751)	\$ 16,900	\$ 57,174	\$ 29,081	\$ 12,198
Borough's Covered Payroll	4,886,948	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	-1.97%	-1.84%	0.53%	1.92%	1.12%	0.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of Borough Contributions

Table 4

Years Ended June 30,	RMP					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 60,166	\$ 46,853	\$ 44,771	\$ 42,502	\$ 28,045	\$ 26,641
Contributions Relative to the Contractually Required Contribution	60,166	46,853	44,771	42,502	28,045	26,641
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	5,472,319	4,886,948	3,525,485	3,218,907	2,982,373	2,586,418
Contributions as a Percentage of Covered Payroll	1.099%	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.

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					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.26719%	0.23948%	0.23324%	0.23571%	0.22853%	0.23339%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (117,131)	\$ (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)	\$ (117,131)	\$ (105,544)	\$ (63,580)	\$ (57,149)	\$ (44,386)	\$ (33,189)
Borough's Covered Payroll	4,886,948	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	-2.40%	-2.99%	1.98%	-1.92%	-1.72%	-1.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

Table 4

<i>Years Ended June 30,</i>	ODD					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 19,329	\$ 15,415	\$ 12,774	\$ 10,228	\$ 9,624	\$ 4,911
Contributions Relative to the Contractually Required Contribution	19,329	15,415	12,774	10,228	9,624	4,911
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	5,472,319	4,886,948	3,525,485	3,218,907	2,982,373	2,586,418
Contributions as a Percentage of Covered Payroll	0.353%	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.

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
2023	\$ 142,417	\$ 142,417	\$ -	\$ 1,073,665	13.26%
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%

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, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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

These tables are presented based on the Plan measurement date. For June 30, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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 2022, the discount rate was lowered from 7.38% to 7.25%.

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

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

Schedule of the Borough's Contributions

These tables are 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, 2023*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 10,439,379	-	10,439,379
Restricted cash and investments	255,414	-	255,414
Receivables:			
Accounts	175,388	-	175,388
Leases	668,194	-	668,194
Intergovernmental	32,359	223,948	256,307
Property taxes	12,023	-	12,023
Sales taxes	789,558	-	789,558
Advances receivable	141,232	-	141,232
Total Assets	\$ 12,513,547	223,948	12,737,495
Liabilities			
Accounts payable	\$ 174,530	-	174,530
Deposits	92,212	-	92,212
Interfund payables	87,267	223,948	311,215
Advances payable	141,232	-	141,232
Total Liabilities	495,241	223,948	719,189
Deferred Inflows of Resources			
Property tax revenues	12,023	-	12,023
Related to leases	650,251	-	650,251
Total Deferred Inflows of Resources	662,274	-	662,274
Fund Balances			
Nonspendable	141,232	-	141,232
Restricted	8,776,219	-	8,776,219
Committed	2,543,328	-	2,543,328
Unassigned (deficit)	(104,747)	-	(104,747)
Total Fund Balances	11,356,032	-	11,356,032
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,513,547	223,948	12,737,495

Ketchikan Gateway Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 4,839,504	-	4,839,504
Intergovernmental	265,107	-	265,107
Charges for services	1,964,057	-	1,964,057
Water fees	314,223	-	314,223
Interest subsidy	-	347,573	347,573
Investment earnings	175,099	-	175,099
Miscellaneous	47,607	-	47,607
Total Revenues	<u>7,605,597</u>	<u>347,573</u>	<u>7,953,170</u>
Expenditures			
Current:			
Library services	539,800	-	539,800
Fire and EMS	2,080,673	-	2,080,673
Water treatment and distribution	373,820	-	373,820
Public services	927,575	-	927,575
Debt Service:			
Principal retirement	-	2,380,000	2,380,000
Interest and fiscal charges	-	1,527,432	1,527,432
Capital Outlay	<u>249,190</u>	<u>-</u>	<u>249,190</u>
Total Expenditures	<u>4,171,058</u>	<u>3,907,432</u>	<u>8,078,490</u>
Excess (Deficiency) of Revenues Over Expenditures	3,434,539	(3,559,859)	(125,320)
Other Financing Sources (Uses)			
Proceeds from sale of property	271,526	-	271,526
Transfers in	617,378	3,559,859	4,177,237
Transfers out	<u>(2,954,578)</u>	<u>-</u>	<u>(2,954,578)</u>
Total Other Financing Sources (Uses)	<u>(2,065,674)</u>	<u>3,559,859</u>	<u>1,494,185</u>
Net Change in Fund Balances	1,368,865	-	1,368,865
Fund Balances Beginning of Year	<u>9,987,167</u>	<u>-</u>	<u>9,987,167</u>
Fund Balances End of Year	<u>\$ 11,356,032</u>	<u>-</u>	<u>11,356,032</u>

Ketchikan Gateway Borough, Alaska

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2023

	Airport PFC	DHSS Traveler Testing	Forest Park Service Area	Gold Nugget Service Area	Health Equity	Homestead Service Area
Assets						
Cash and investments	\$ 1,424,645	-	81,362	43,294	-	154,772
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Accounts	87,766	-	31	17	-	121
Leases	-	-	-	-	-	-
Intergovernmental	-	29,646	130	-	-	-
Property taxes	-	-	1,135	-	-	-
Sales and excise taxes	-	-	-	-	-	-
Advances receivable	-	-	-	-	-	-
Total Assets	\$ <u>1,512,411</u>	<u>29,646</u>	<u>82,658</u>	<u>43,311</u>	<u>-</u>	<u>154,893</u>
Liabilities						
Accounts payable	\$ -	-	1,790	-	47,126	113
Deposits	-	-	-	-	-	-
Interfund payables	-	29,646	-	-	57,621	-
Advances payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>29,646</u>	<u>1,790</u>	<u>-</u>	<u>104,747</u>	<u>113</u>
Deferred Inflows of Resources						
Property tax revenues	-	-	1,135	-	-	-
Related to leases	-	-	-	-	-	-
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,135</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	1,512,411	-	79,733	43,311	-	154,780
Committed	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(104,747)	-
Total Fund Balances (Deficit)	<u>1,512,411</u>	<u>-</u>	<u>79,733</u>	<u>43,311</u>	<u>(104,747)</u>	<u>154,780</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ <u>1,512,411</u>	<u>29,646</u>	<u>82,658</u>	<u>43,311</u>	<u>-</u>	<u>154,893</u>

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

	Land Trust	Loring Service Area	Mud Bight Service Area	Nichols View Service Area	Non- areawide Library	North Tongass Fire and EMS
Assets						
Cash and investments	\$ 2,335,352	60,679	2,095	2,534	287,438	2,105,863
Restricted cash and investments	255,414	-	-	-	-	-
Receivables:						
Accounts	6,462	24	2,227	-	108	44,369
Leases	668,194	-	-	-	-	-
Intergovernmental	-	-	-	-	652	883
Property taxes	-	-	-	-	2,917	5,596
Sales and excise taxes	-	-	-	-	-	-
Advances receivable	141,232	-	-	-	-	-
Total Assets	\$ 3,406,654	60,703	4,322	2,534	291,115	2,156,711
Liabilities						
Accounts payable	\$ 39,633	-	-	-	-	46,429
Deposits	32,210	-	-	-	-	-
Interfund payables	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-
Total Liabilities	71,843	-	-	-	-	46,429
Deferred Inflows of Resources						
Property tax revenues	-	-	-	-	2,917	5,596
Related to leases	650,251	-	-	-	-	-
Deferred Inflows of Resources	650,251	-	-	-	2,917	5,596
Fund Balances						
Nonspendable	141,232	-	-	-	-	-
Restricted	-	60,703	4,322	2,534	288,198	2,104,686
Committed	2,543,328	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total Fund Balances (Deficit)	2,684,560	60,703	4,322	2,534	288,198	2,104,686
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 3,406,654	60,703	4,322	2,534	291,115	2,156,711

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	\$ 128,738	2,319,844	1,450,128	42,635	10,439,379
Restricted cash and investments	-	-	-	-	255,414
Receivables:					
Accounts	49	966	32,849	399	175,388
Leases	-	-	-	-	668,194
Intergovernmental	15	-	1,033	-	32,359
Property taxes	-	-	2,375	-	12,023
Sales and excise taxes	-	789,558	-	-	789,558
Advances receivable	-	-	-	-	141,232
Total Assets	\$ 128,802	3,110,368	1,486,385	43,034	12,513,547
Liabilities					
Accounts payable	\$ 29	46	35,905	3,459	174,530
Deposits	-	60,002	-	-	92,212
Interfund payables	-	-	-	-	87,267
Advances payable	88,532	-	52,700	-	141,232
Total Liabilities	88,561	60,048	88,605	3,459	495,241
Deferred Inflows of Resources					
Property tax revenues	-	-	2,375	-	12,023
Related to leases	-	-	-	-	650,251
Deferred Inflows of Resources	-	-	2,375	-	662,274
Fund Balances					
Nonspendable	-	-	-	-	141,232
Restricted	40,241	3,050,320	1,395,405	39,575	8,776,219
Committed	-	-	-	-	2,543,328
Unassigned (deficit)	-	-	-	-	(104,747)
Total Fund Balances (Deficit)	40,241	3,050,320	1,395,405	39,575	11,356,032
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 128,802	3,110,368	1,486,385	43,034	12,513,547

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	Airport PFC	DHSS Traveler Testing	Forest Park Service Area	Gold Nugget Service Area	Health Equity	Homestead Service Area
Revenues						
Taxes	\$ -	-	81,168	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	434,971	-	-	12,062	371,026	9,839
Water fees	-	-	-	-	-	-
Investment earnings	18,505	-	1,330	662	-	2,346
Miscellaneous	-	-	-	-	-	-
Total Revenues	453,476	-	82,498	12,724	371,026	12,185
Expenditures						
Current:						
Library services	-	-	-	-	-	-
Fire and EMS	-	-	-	-	-	-
Water treatment and distribution	-	-	-	-	-	-
Public services	-	-	52,681	16,919	456,196	38,035
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	52,681	16,919	456,196	38,035
Excess (Deficiency) of Revenues Over Expenditures	453,476	-	29,817	(4,195)	(85,170)	(25,850)
Other Financing Sources (Uses)						
Proceeds from sale of property	-	-	-	-	-	-
Transfers in	-	-	-	-	-	23,352
Transfers out	(18,269)	-	-	-	-	-
Total Other Financing Sources (Uses)	(18,269)	-	-	-	-	23,352
Net Change in Fund Balances (Deficit)	435,207	-	29,817	(4,195)	(85,170)	(2,498)
Fund Balances (Deficit) Beginning of Year	1,077,204	-	49,916	47,506	(19,577)	157,278
Fund Balances (Deficit) End of Year	\$ 1,512,411	-	79,733	43,311	(104,747)	154,780

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	\$ -	-	-	-	529,574	798,193
Intergovernmental	-	-	-	-	-	9,228
Charges for services	478,047	2,873	25,185	-	-	400,110
Water fees	-	-	-	-	-	-
Investment earnings	56,414	866	154	-	4,579	33,286
Miscellaneous	3,575	-	-	-	-	-
Total Revenues	538,036	3,739	25,339	-	534,153	1,240,817
Expenditures						
Current:						
Library services	-	-	-	-	539,800	-
Fire and EMS	-	-	-	-	-	1,073,795
Water treatment and distribution	-	-	-	-	-	-
Public services	279,581	1,962	29,143	500	-	-
Capital Outlay	66,379	-	-	-	-	141,521
Total Expenditures	345,960	1,962	29,143	500	539,800	1,215,316
Excess (Deficiency) of Revenues Over Expenditures	192,076	1,777	(3,804)	(500)	(5,647)	25,501
Other Financing Sources (Uses)						
Proceeds from sale of property	271,526	-	-	-	-	-
Transfers in	-	-	-	-	-	245,400
Transfers out	(485,950)	-	-	-	-	-
Total Other Financing Sources (Uses)	(214,424)	-	-	-	-	245,400
Net Change in Fund Balances (Deficit)	(22,348)	1,777	(3,804)	(500)	(5,647)	270,901
Fund Balances (Deficit) Beginning of Year	2,706,908	58,926	8,126	3,034	293,845	1,833,785
Fund Balances (Deficit) End of Year	\$ 2,684,560	60,703	4,322	2,534	288,198	2,104,686

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	\$ 19,124	2,674,855	736,590	-	4,839,504
Intergovernmental	-	244,779	11,100	-	265,107
Charges for services	-	-	191,018	38,926	1,964,057
Water fees	-	-	314,223	-	314,223
Investment earnings	1,907	32,043	22,360	647	175,099
Miscellaneous	-	15,000	29,032	-	47,607
Total Revenues	<u>21,031</u>	<u>2,966,677</u>	<u>1,304,323</u>	<u>39,573</u>	<u>7,605,597</u>
Expenditures					
Current:					
Library services	-	-	-	-	539,800
Fire and EMS	-	-	1,006,878	-	2,080,673
Water treatment and distribution	-	-	373,820	-	373,820
Public services	11,872	-	-	40,686	927,575
Capital Outlay	-	39,880	1,410	-	249,190
Total Expenditures	<u>11,872</u>	<u>39,880</u>	<u>1,382,108</u>	<u>40,686</u>	<u>4,171,058</u>
Excess (Deficiency) of Revenues Over Expenditures	9,159	2,926,797	(77,785)	(1,113)	3,434,539
Other Financing Sources (Uses)					
Proceeds from sale of property	-	-	-	-	271,526
Transfers in	-	160,226	188,400	-	617,378
Transfers out	-	(2,450,359)	-	-	(2,954,578)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,290,133)</u>	<u>188,400</u>	<u>-</u>	<u>(2,065,674)</u>
Net Change in Fund Balances (Deficit)	9,159	636,664	110,615	(1,113)	1,368,865
Fund Balances (Deficit) Beginning of Year	31,082	2,413,656	1,284,790	40,688	9,987,167
Fund Balances (Deficit) End of Year	<u>\$ 40,241</u>	<u>3,050,320</u>	<u>1,395,405</u>	<u>39,575</u>	<u>11,356,032</u>



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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, 2023

	2023
	Actual
Revenues	
Intergovernmental - interest subsidy	\$ 347,573
Expenditures	
Debt Service:	
Principal retirement	2,380,000
Interest and fiscal charges	1,527,432
Total Expenditures	3,907,432
Deficiency of Revenues Over Expenditures	(3,559,859)
Other Financing Sources	
Transfers in	3,559,859
Total Other Financing Sources	3,559,859
Net Change in Fund Balance	-
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, 2023

	2023			Variance On Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental - interest subsidy - bonds	\$ 371,893	371,893	347,573	(24,320)
Expenditures				
Debt Service:				
Principal retirement - bonds	2,245,000	2,245,000	2,245,000	-
Principal retirement - certificates of participation	135,000	135,000	135,000	-
Interest and fiscal charges - bonds	1,408,007	1,408,007	1,408,007	-
Interest and fiscal charges - certificates of participation	126,375	126,375	119,425	6,950
Total Expenditures	3,914,382	3,914,382	3,907,432	6,950
Deficiency of Revenues Over Expenditures	(3,542,489)	(3,542,489)	(3,559,859)	(17,370)
Other Financing Sources				
Transfers in	3,542,489	3,542,489	3,559,859	17,370
Net Change in Fund Balances	-	-	-	-
Fund Balance Beginning of Year	-	-	-	-
Fund Balance End of Year	\$ -	-	-	-

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, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 8,967,382	11,897,066
Prepaid items	8,315	4,385
Receivables:		
Accounts	77,735	48,357
Intergovernmental	1,655,242	1,909,555
Investment earnings	12,516	11,426
Property taxes	150,459	118,351
Sales taxes	9,089,635	6,444,245
Interfund receivables	<u>7,059,328</u>	<u>3,233,038</u>
Total Assets	<u>\$ 27,020,612</u>	<u>23,666,423</u>
Liabilities		
Accounts payable	\$ 884,629	672,290
Accrued salaries and benefits	42,823	32,926
Unearned revenues	202,788	113,902
Intergovernmental payable	6,632,453	4,407,254
Deposits payable	<u>5,029</u>	<u>6,457</u>
Total Liabilities	<u>7,767,722</u>	<u>5,232,829</u>
Deferred Inflows of Resources		
Property tax revenues	<u>151,074</u>	<u>120,073</u>
Fund Balance		
Nonspendable for prepaids	8,315	4,385
Unassigned	<u>19,093,501</u>	<u>18,309,136</u>
Total Fund Balance	<u>19,101,816</u>	<u>18,313,521</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 27,020,612</u>	<u>23,666,423</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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes:					
Automobile	\$ 50,000	50,000	61,610	11,610	51,168
Sales	6,635,000	6,635,000	8,272,092	1,637,092	6,458,603
Penalties and interest	15,000	15,000	29,059	14,059	24,512
Total taxes	<u>6,700,000</u>	<u>6,700,000</u>	<u>8,362,761</u>	<u>1,662,761</u>	<u>6,534,283</u>
Licenses and permits:					
Zoning fees	4,000	4,000	2,924	(1,076)	3,000
Intergovernmental:					
State fisheries tax	302,000	302,000	572,072	270,072	174,279
Community assistance	292,288	292,288	427,837	135,549	322,381
PERS relief	143,724	143,724	136,466	(7,258)	359,100
State and local PILT	37,500	37,500	49,751	12,251	49,292
Federal payment in lieu of taxes	1,200,000	1,200,000	1,371,795	171,795	1,280,362
Federal operating grant - transit system	1,726,484	1,726,484	1,588,251	(138,233)	2,136,742
LATCF Grants	-	-	4,126,200	4,126,200	-
Total intergovernmental	<u>3,701,996</u>	<u>3,701,996</u>	<u>8,272,372</u>	<u>4,570,376</u>	<u>4,322,156</u>
Charges for services:					
Animal control	40,000	40,000	48,794	8,794	36,051
Bus system revenue	200,000	200,000	249,618	49,618	176,076
Parks and recreation	775,000	775,000	1,038,947	263,947	829,868
Total charges for services	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,337,359</u>	<u>322,359</u>	<u>1,041,995</u>
Investment earnings (losses)	40,000	40,000	(342,072)	(382,072)	57,836
Miscellaneous	<u>135,600</u>	<u>135,600</u>	<u>173,990</u>	<u>38,390</u>	<u>140,406</u>
Total Revenues	<u>11,596,596</u>	<u>11,596,596</u>	<u>17,807,334</u>	<u>6,210,738</u>	<u>12,099,676</u>
Other Financing Sources					
Leases proceeds (as lessee)	-	-	-	-	44,302
Transfers In:					
Commercial Passenger Vessel Fund	1,038,310	1,038,310	1,038,310	-	460,755
State & Federal Grant Fund	-	-	4,466,252	4,466,252	9,678,738
Land Trust Fund	231,525	231,525	231,525	-	227,402
Local Education Fund	113,445	113,445	113,445	-	113,445
Construction Fund	-	-	-	-	500,000
Recreation Sales Tax Fund	363,200	363,200	363,200	-	302,158
Total transfers in	<u>1,746,480</u>	<u>1,746,480</u>	<u>6,212,732</u>	<u>4,466,252</u>	<u>11,282,498</u>
Total Other Financing Sources	<u>1,746,480</u>	<u>1,746,480</u>	<u>6,212,732</u>	<u>4,466,252</u>	<u>11,326,800</u>
Total Revenues and Other Financing Sources	<u>\$ 13,343,076</u>	<u>13,343,076</u>	<u>24,020,066</u>	<u>10,676,990</u>	<u>23,426,476</u>

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

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current:					
General government:					
Mayor and assembly Manager	\$ 184,694	184,694	181,367	3,327	120,239
Clerk	1,248,504	1,248,504	1,219,537	28,967	775,018
Law	618,765	618,765	600,072	18,693	546,134
Finance	459,149	484,149	465,048	19,101	394,174
Assessment	2,055,737	2,055,737	1,854,103	201,634	1,819,503
Automation	919,190	919,190	831,602	87,588	751,387
Automation	934,433	934,433	874,233	60,200	765,322
Total general government	<u>6,420,472</u>	<u>6,445,472</u>	<u>6,025,962</u>	<u>419,510</u>	<u>5,171,777</u>
Less recovery of expenditures from other funds	918,822	918,822	(623,918)	1,542,740	(546,389)
Net general government	<u>7,339,294</u>	<u>7,364,294</u>	<u>5,402,044</u>	<u>1,962,250</u>	<u>4,625,388</u>
Public services:					
Animal protection	732,569	732,569	775,284	(42,715)	646,188
Planning	855,588	857,588	739,910	117,678	718,680
Total public services	<u>1,588,157</u>	<u>1,590,157</u>	<u>1,515,194</u>	<u>74,963</u>	<u>1,364,868</u>
Parks and recreation	2,808,553	2,808,553	2,911,361	(102,808)	2,758,766
Public works	1,294,085	1,294,085	1,123,536	170,549	1,033,190
Transit - bus system	3,771,237	3,826,487	3,754,742	71,745	3,113,076
Nondepartmental	220,669	220,669	294,593	(73,924)	8,897
Grants	381,022	381,022	380,656	366	339,373
Debt Service:					
Principal retirement	-	-	14,837	(14,837)	6,532
Interest and fiscal charges	-	-	539	(539)	689
Capital Outlay	<u>1,120,542</u>	<u>1,120,542</u>	<u>633,172</u>	<u>487,370</u>	<u>459,402</u>
Total Expenditures	<u>18,523,559</u>	<u>18,605,809</u>	<u>16,030,674</u>	<u>2,575,135</u>	<u>13,710,181</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	7,000,000	7,000,000	7,000,000	-	500,000
Self Insurance Fund	-	-	-	-	1,113,575
Local Education Fund	185,604	185,604	185,604	-	185,604
Total Other Financing Uses	<u>7,201,097</u>	<u>7,201,097</u>	<u>7,201,097</u>	<u>-</u>	<u>1,814,672</u>
Total Expenditures and Other Financing Uses	<u>25,724,656</u>	<u>25,806,906</u>	<u>23,231,771</u>	<u>2,575,135</u>	<u>15,524,853</u>
Net Change in Fund Balance	(12,381,580)	(12,463,830)	788,295	13,252,125	7,901,623
Fund Balance Beginning of Year	<u>18,313,521</u>	<u>18,313,521</u>	<u>18,313,521</u>	<u>-</u>	<u>10,411,898</u>
Fund Balance End of Year	<u>\$ 5,931,941</u>	<u>5,849,691</u>	<u>19,101,816</u>	<u>13,252,125</u>	<u>18,313,521</u>

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Restricted cash and investments	\$ 2,968,956	2,173,394
Accounts receivable	1,117	738
Total Assets	\$ 2,970,073	2,174,132
Liabilities		
Accounts payable	\$ 16,180	43,912
Fund Balance		
Restricted for commercial passenger vessel impact	2,953,893	2,130,220
Total Liabilities and Fund Balance	\$ 2,970,073	2,174,132

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Commercial passenger vessel tax	\$ 3,062,500	3,062,500	2,971,130	(91,370)	314,783
Investment earnings	12,000	12,000	37,681	25,681	10,332
Total Revenues	3,074,500	3,074,500	3,008,811	(65,689)	325,115
Expenditures					
Current:					
Public services	354,000	432,155	519,709	(87,554)	268,073
Capital Outlay	555,982	585,732	252,119	333,613	-
Total Expenditures	909,982	1,017,887	771,828	246,059	268,073
Excess of Revenues Over Expenditures	2,164,518	2,056,613	2,236,983	180,370	57,042
Other Financing Uses					
Transfers out	(1,413,310)	(1,413,310)	(1,413,310)	-	(460,755)
Net Change in Fund Balance	751,208	643,303	823,673	180,370	(403,713)
Fund Balance Beginning of Year	2,130,220	2,130,220	2,130,220	-	2,533,933
Fund Balance End of Year	\$ 2,881,428	2,773,523	2,953,893	180,370	2,130,220

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 9,472,151	4,008,599
Receivables:		
Accounts	3,487	1,370
Intergovernmental	12,748	3,838,705
Sales taxes	789,558	663,067
Total Assets	\$ 10,277,944	8,511,741
Liabilities		
Accounts payable	\$ 358,049	194,024
Fund Balance		
Restricted for education	9,919,895	8,317,717
Total Liabilities and Fund Balance	\$ 10,277,944	8,511,741

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,816,000	1,816,000	2,665,158	849,158	2,055,175
Intergovernmental	1,040,481	1,040,481	1,030,014	(10,467)	4,206,968
Penalties and interest	3,000	3,000	9,697	6,697	7,935
Miscellaneous	-	-	-	-	15,045
Investment earnings	7,500	7,500	127,447	119,947	15,787
Total Revenues	2,866,981	2,866,981	3,832,316	965,335	6,300,910
Expenditures					
Current:					
Public Service	-	-	72,754	(72,754)	28,809
Capital Outlay	1,714,000	1,714,000	541,698	1,172,302	214,464
Total Expenditures	1,714,000	1,714,000	614,452	1,099,548	243,273
Excess of Revenues Over Expenditures	1,152,981	1,152,981	3,217,864	2,064,883	6,057,637
Other Financing Uses					
Transfers out	(1,892,538)	(1,892,538)	(1,615,686)	276,852	(1,885,443)
Net Change in Fund Balance	(739,557)	(739,557)	1,602,178	2,341,735	4,172,194
Fund Balance Beginning of Year	8,317,717	8,317,717	8,317,717	-	4,145,523
Fund Balance End of Year	\$ 7,578,160	7,578,160	9,919,895	2,341,735	8,317,717

Ketchikan Gateway Borough, Alaska
Local Education Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ -	1,936,837
Receivables:		
Accounts	-	847
Property taxes	152,542	117,289
Sales taxes	398,797	369,336
Due from component unit	<u>2,218,735</u>	<u>591,835</u>
Total Assets	<u>\$ 2,770,074</u>	<u>3,016,144</u>
Liabilities		
Interfund payables	<u>\$ 1,011,001</u>	<u>-</u>
Deferred Inflows of Resources		
Property tax revenue	<u>152,542</u>	<u>117,212</u>
Fund Balance		
Restricted for education	<u>1,606,531</u>	<u>2,898,932</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,770,074</u>	<u>3,016,144</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, 2023

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

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Property taxes	\$ 8,421,500	8,421,500	8,393,522	(27,978)	8,180,221
Excise taxes	1,300,300	1,300,300	1,223,450	(76,850)	1,274,961
Intergovernmental	1,070,363	1,070,363	1,120,646	50,283	1,070,363
Investment earnings	20,000	20,000	94,938	74,938	30,632
Total Revenues	10,812,163	10,812,163	10,832,556	20,393	10,556,177
Expenditures					
Current:					
Education	11,659,530	11,659,530	11,651,044	8,486	10,731,499
Excess (Deficiency) of Revenues Over Expenditures	(847,367)	(847,367)	(818,488)	28,879	(175,322)
Other Financing Sources (Uses)					
Transfers in	431,516	431,516	422,789	(8,727)	409,165
Transfers out	(185,604)	(185,604)	(896,702)	(711,098)	(185,604)
Total Other Financing Sources (Uses)	245,912	245,912	(473,913)	(719,825)	223,561
Net Change in Fund Balance	(601,455)	(601,455)	(1,292,401)	(690,946)	48,239
Fund Balance Beginning of Year	2,898,932	2,898,932	2,898,932	-	2,850,693
Fund Balance End of Year	\$ 2,297,477	2,297,477	1,606,531	(690,946)	2,898,932

Ketchikan Gateway Borough, Alaska
State & Federal Grants Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ -	4,309,537
Intergovernmental receivable	1,977,674	791,249
Total Assets	<u>\$ 1,977,674</u>	<u>5,100,786</u>
Liabilities		
Accounts payable	\$ 181,207	126
Interfund payable	1,148,016	-
Unearned revenue	648,451	5,114,703
Total Liabilities	<u>1,977,674</u>	<u>5,114,829</u>
Fund Deficit		
Unassigned	-	(14,043)
Total Fund Deficit	<u>-</u>	<u>(14,043)</u>
Total Liabilities and Fund Deficit	<u>\$ 1,977,674</u>	<u>5,100,786</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Intergovernmental	\$ 6,713,681	16,720,706
Miscellaneous	2,005	-
Total Revenues	<u>6,715,686</u>	<u>16,720,706</u>
Expenditures		
Current:		
Public services	67,799	6,526,121
Capital Outlay	<u>2,167,592</u>	<u>37,345</u>
Total Expenditures	<u>2,235,391</u>	<u>6,563,466</u>
Excess of Revenues Over Expenditures	4,480,295	10,157,240
Other Financing Uses		
Transfers out	<u>(4,466,252)</u>	<u>(10,171,283)</u>
Net Change in Fund Deficit	14,043	(14,043)
Fund Deficit Beginning of Year	<u>(14,043)</u>	<u>-</u>
Fund Deficit End of Year	<u>\$ -</u>	<u>(14,043)</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, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 1,424,645	988,812
Accounts receivable	87,766	88,392
Total Assets	\$ 1,512,411	1,077,204
Fund Balance		
Restricted for airport projects	\$ 1,512,411	1,077,204

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
PFC revenues	\$ 310,000	310,000	434,971	124,971	393,297
Investment earnings	4,000	4,000	18,505	14,505	3,387
Total Revenues	314,000	314,000	453,476	139,476	396,684
Other Financing Uses					
Transfers out	(1,176,000)	(1,176,000)	(18,269)	1,157,731	(48,904)
Net Change in Fund Balance	(862,000)	(862,000)	435,207	1,297,207	347,780
Fund Balance Beginning of Year	1,077,204	1,077,204	1,077,204	-	729,424
Fund Balance End of Year	\$ 215,204	215,204	1,512,411	1,297,207	1,077,204

Ketchikan Gateway Borough, Alaska
DHSS Traveler Testing Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Intergovernmental receivables	\$ <u>29,646</u>	<u>29,646</u>
Liabilities		
Interfund payables	\$ <u>29,646</u>	<u>29,646</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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ -	-	-	-	(74,339)
Net Change in Fund Balance	-	-	-	-	(74,339)
Fund Balance Beginning of Year	-	-	-	-	74,339
Fund Balance End of Year	\$ -	-	-	-	-

Ketchikan Gateway Borough, Alaska
Forest Park Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 81,362	50,378
Receivables:		
Accounts	31	17
Intergovernmental	130	99
Property taxes	1,135	632
Total Assets	\$ 82,658	51,126
Liabilities		
Accounts payable	\$ 1,790	578
Deferred Inflows of Resources		
Property tax revenue	1,135	632
Fund Balance		
Restricted for road maintenance	79,733	49,916
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 82,658	51,126

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 81,506	81,506	81,168	(338)	77,167
Investment earnings	500	500	1,330	830	301
Total Revenues	82,006	82,006	82,498	492	77,468
Expenditures					
Current:					
Public services	76,146	76,146	52,681	23,465	71,008
Total Expenditures	76,146	76,146	52,681	23,465	71,008
Net Change in Fund Balance	5,860	5,860	29,817	23,957	6,460
Fund Balance Beginning of Year	49,916	49,916	49,916	-	43,456
Fund Balance End of Year	\$ 55,776	55,776	79,733	23,957	49,916

Ketchikan Gateway Borough, Alaska
Gold Nugget Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 43,294	47,363
Accounts receivable	17	143
Total Assets	\$ 43,311	47,506
Fund Balance		
Restricted for road maintenance	\$ 43,311	47,506

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 12,000	12,000	12,062	62	12,428
Investment earnings	250	250	662	412	256
Total Revenues	12,250	12,250	12,724	474	12,684
Expenditures					
Current:					
Public services	33,920	33,920	16,919	17,001	34,640
Net Change in Fund Balance	(21,670)	(21,670)	(4,195)	17,475	(21,956)
Fund Balance Beginning of Year	47,506	47,506	47,506	-	69,462
Fund Balance End of Year	\$ 25,836	25,836	43,311	17,475	47,506

Ketchikan Gateway Borough, Alaska
Health Equity Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Accounts receivable	\$ -	182,855
Liabilities		
Accounts payable	\$ 47,126	35,057
Interfund payables	57,621	167,375
Total Liabilities	104,747	202,432
Fund Deficit		
Unassigned	(104,747)	(19,577)
Total Liabilities and Fund Deficit	\$ -	182,855

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ -	-	371,026	371,026	261,701
Expenditures					
Current:					
Public services	-	-	456,196	(456,196)	261,401
Net Change in Fund Deficit	-	-	(85,170)	(85,170)	300
Fund Deficit Beginning of Year	(19,577)	(19,577)	(19,577)	-	(19,877)
Fund Deficit End of Year	\$ (19,577)	(19,577)	(104,747)	(85,170)	(19,577)

Ketchikan Gateway Borough, Alaska
Homestead Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 154,772	157,130
Accounts receivable	121	217
Total Assets	\$ 154,893	157,347
Liabilities		
Accounts payable	\$ 113	69
Fund Balance		
Restricted for road maintenance	154,780	157,278
Total Liabilities and Fund Balance	\$ 154,893	157,347

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 9,460	9,460	9,839	379	9,210
Investment earnings	500	500	2,346	1,846	605
Total Revenues	9,960	9,960	12,185	2,225	9,815
Expenditures					
Current:					
Public services	59,507	59,507	38,035	21,472	15,870
Excess (Deficiency) of Revenues Over Expenditures	(49,547)	(49,547)	(25,850)	23,697	(6,055)
Other Financing Sources					
Transfers in	23,352	23,352	23,352	-	23,352
Net Change in Fund Balance	(26,195)	(26,195)	(2,498)	23,697	17,297
Fund Balance Beginning of Year	157,278	157,278	157,278	-	139,981
Fund Balance End of Year	\$ 131,083	131,083	154,780	23,697	157,278

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 2,335,352	2,288,523
Restricted cash and investments	255,414	255,414
Receivables:		
Accounts	6,462	8,226
Leases	668,194	375,173
Advances receivable	141,232	181,902
Total Assets	<u>\$ 3,406,654</u>	<u>3,109,238</u>
Liabilities		
Accounts payable	\$ 39,633	20,651
Deposits	32,210	13,341
Total Liabilities	<u>71,843</u>	<u>33,992</u>
Deferred Inflows of Resources		
Related to leases	650,251	368,338
Fund Balance		
Nonspendable for advances receivable	141,232	181,902
Committed for Borough-owned land management	2,543,328	2,525,006
Total Fund Balance	<u>2,684,560</u>	<u>2,706,908</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,406,654</u>	<u>3,109,238</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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 464,718	464,718	478,047	13,329	457,755
Investment earnings	15,000	15,000	56,414	41,414	34,263
Miscellaneous	-	-	3,575	3,575	6,500
Total Revenues	<u>479,718</u>	<u>479,718</u>	<u>538,036</u>	<u>58,318</u>	<u>498,518</u>
Expenditures					
Current:					
Public services	331,773	331,773	279,581	52,192	273,856
Capital Outlay	<u>400,000</u>	<u>400,000</u>	<u>66,379</u>	<u>333,621</u>	<u>-</u>
Total Expenditures	<u>731,773</u>	<u>731,773</u>	<u>345,960</u>	<u>385,813</u>	<u>273,856</u>
Excess (Deficiency) of Revenues Over Expenditures	(252,055)	(252,055)	192,076	444,131	224,662
Other Financing Sources (Uses)					
Proceeds from sale of property	50,000	50,000	271,526	221,526	6,277
Transfers out	<u>(492,900)</u>	<u>(492,900)</u>	<u>(485,950)</u>	<u>6,950</u>	<u>(477,852)</u>
Total Other Financing Sources (Uses)	<u>(442,900)</u>	<u>(442,900)</u>	<u>(214,424)</u>	<u>228,476</u>	<u>(471,575)</u>
Net Change in Fund Balance	(694,955)	(694,955)	(22,348)	(672,607)	(246,913)
Fund Balance Beginning of Year	<u>2,706,908</u>	<u>2,706,908</u>	<u>2,706,908</u>	<u>-</u>	<u>2,953,821</u>
Fund Balance End of Year	<u>\$ 2,011,953</u>	<u>2,011,953</u>	<u>2,684,560</u>	<u>(672,607)</u>	<u>2,706,908</u>

Ketchikan Gateway Borough, Alaska
Loring Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 60,679	58,906
Accounts receivable	24	20
Total Assets	\$ 60,703	58,926
Fund Balance		
Restricted for dock improvements	\$ 60,703	58,926

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 3,275	3,275	2,873	(402)	3,046
Investment earnings	250	250	866	616	235
Total Revenues	3,525	3,525	3,739	214	3,281
Expenditures					
Current:					
Public services	11,621	11,621	1,962	9,659	1,020
Net Change in Fund Balance	(8,096)	(8,096)	1,777	(9,873)	2,261
Fund Balance Beginning of Year	58,926	58,926	58,926	-	56,665
Fund Balance End of Year	\$ 50,830	50,830	60,703	(9,873)	58,926

Ketchikan Gateway Borough, Alaska
Mud Bight Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 2,095	6,214
Accounts receivable	<u>2,227</u>	<u>1,912</u>
Total Assets	<u>4,322</u>	<u>8,126</u>
Fund Balance		
Restricted for road maintenance	<u>\$ 4,322</u>	<u>8,126</u>

Ketchikan Gateway Borough, Alaska
Mud Bight Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 25,870	25,870	25,185	(685)	24,445
Investment earnings	75	75	154	79	71
Total Revenues	25,945	25,945	25,339	(606)	24,516
Expenditures					
Current:					
Public services	31,800	31,800	29,143	2,657	29,331
Net Change in Fund Balance	(5,855)	(5,855)	(3,804)	(2,051)	(4,815)
Fund Balance Beginning of Year	8,126	8,126	8,126	-	12,941
Fund Balance End of Year	\$ 2,271	2,271	4,322	(2,051)	8,126

Ketchikan Gateway Borough, Alaska
Nichols View Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ <u>2,534</u>	<u>3,034</u>
Fund Balance		
Restricted for road maintenance	\$ <u>2,534</u>	<u>3,034</u>

Ketchikan Gateway Borough, Alaska
Nichols View Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current:					
Public services	\$ 500	500	500	-	500
Net Change in Fund Balance	(500)	(500)	(500)	-	(500)
Fund Balance Beginning of Year	3,034	3,034	3,034	-	3,534
Fund Balance End of Year	\$ 2,534	2,534	2,534	-	3,034

Ketchikan Gateway Borough, Alaska
Nonarea-wide Library Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 287,438	293,247
Receivables:		
Accounts	108	100
Intergovernmental	652	498
Property taxes	<u>2,917</u>	<u>2,536</u>
Total Assets	<u>\$ 291,115</u>	<u>296,381</u>
Deferred Inflows of Resources		
Property tax revenue	<u>\$ 2,917</u>	<u>2,536</u>
Fund Balance		
Restricted for library operations	<u>288,198</u>	<u>293,845</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 291,115</u>	<u>296,381</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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 529,959	529,959	529,574	(385)	509,624
Investment earnings	1,750	1,750	4,579	2,829	1,734
Total Revenues	531,709	531,709	534,153	2,444	511,358
Expenditures					
Current:					
Library services	539,800	539,800	539,800	-	523,050
Net Change in Fund Balance	(8,091)	(8,091)	(5,647)	2,444	(11,692)
Fund Balance Beginning of Year	293,845	293,845	293,845	-	305,537
Fund Balance End of Year	\$ 285,754	285,754	288,198	2,444	293,845

Ketchikan Gateway Borough, Alaska
North Tongass Fire and EMS Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 2,105,863	1,821,302
Receivables:		
Accounts	44,369	25,192
Intergovernmental	883	675
Property taxes	5,596	4,577
Total Assets	<u>\$ 2,156,711</u>	<u>1,851,746</u>
Liabilities		
Accounts payable	\$ <u>46,429</u>	<u>13,393</u>
Deferred Inflows of Resources		
Property tax revenue	<u>5,596</u>	<u>4,568</u>
Fund Balance		
Restricted for public safety	<u>2,104,686</u>	<u>1,833,785</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,156,711</u>	<u>1,851,746</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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 799,929	799,929	798,193	(1,736)	764,642
Intergovernmental	9,772	9,772	9,228	(544)	20,553
Service area fees	134,400	134,400	126,680	(7,720)	128,741
Investment earnings	8,000	8,000	33,286	25,286	8,206
EMS revenues	160,000	160,000	273,430	113,430	87,344
Total Revenues	<u>1,112,101</u>	<u>1,112,101</u>	<u>1,240,817</u>	<u>128,716</u>	<u>1,009,486</u>
Expenditures					
Current:					
Fire and EMS	1,273,952	1,273,952	1,073,795	200,157	879,055
Capital Outlay	<u>127,200</u>	<u>127,200</u>	<u>141,521</u>	<u>(14,321)</u>	<u>31,069</u>
Total Expenditures	<u>1,401,152</u>	<u>1,401,152</u>	<u>1,215,316</u>	<u>185,836</u>	<u>910,124</u>
Excess (Deficiency) of Revenues Over Expenditures	(289,051)	(289,051)	25,501	314,552	99,362
Other Financing Sources					
Transfers in	<u>245,401</u>	<u>245,401</u>	<u>245,400</u>	<u>(1)</u>	<u>72,827</u>
Net Change in Fund Balance	(43,650)	(43,650)	270,901	314,551	172,189
Fund Balance Beginning of Year	<u>1,833,785</u>	<u>1,833,785</u>	<u>1,833,785</u>	<u>-</u>	<u>1,661,596</u>
Fund Balance End of Year	<u>\$ 1,790,135</u>	<u>1,790,135</u>	<u>2,104,686</u>	<u>314,551</u>	<u>1,833,785</u>

Ketchikan Gateway Borough, Alaska
Old Dairy Road Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 128,738	123,490
Receivables:		
Accounts	49	43
Intergovernmental	15	11
Total Assets	<u>\$ 128,802</u>	<u>123,544</u>
Liabilities		
Accounts payable	\$ 29	-
Advances payable	88,532	92,462
Total Liabilities	<u>88,561</u>	<u>92,462</u>
Fund Balance		
Restricted for road maintenance	40,241	31,082
Total Liabilities and Fund Balance	<u>\$ 128,802</u>	<u>123,544</u>

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 19,100	19,100	19,124	24	19,016
Investment earnings	400	400	1,907	1,507	459
Total Revenues	19,500	19,500	21,031	1,531	19,475
Expenditures					
Current:					
Public services	13,002	13,002	11,872	1,130	14,993
Net Change in Fund Balance	6,498	6,498	9,159	2,661	4,482
Fund Balance Beginning of Year	31,082	31,082	31,082	-	26,600
Fund Balance End of Year	\$ 37,580	37,580	40,241	2,661	31,082

Ketchikan Gateway Borough, Alaska
Recreation Sales Tax Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 2,319,844	1,809,961
Receivables:		
Accounts	966	630
Sales tax receivable	<u>789,558</u>	<u>663,067</u>
Total Assets	<u>\$ 3,110,368</u>	<u>2,473,658</u>
Liabilities		
Accounts payable	\$ 46	-
Deposits	<u>60,002</u>	<u>60,002</u>
Total Liabilities	<u>60,048</u>	<u>60,002</u>
Fund Balance		
Restricted for recreation	<u>3,050,320</u>	<u>2,413,656</u>
Total Liabilities and Fund Balance	<u>\$ 3,110,368</u>	<u>2,473,658</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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Sales taxes	\$ 1,816,000	1,816,000	2,665,158	849,158	2,055,175
Intergovernmental	237,668	237,668	244,779	7,111	90,493
Penalties and interest	3,000	3,000	9,697	6,697	7,935
Investment earnings	7,500	7,500	32,043	24,543	7,980
Miscellaneous	-	-	15,000	15,000	-
Total Revenues	2,064,168	2,064,168	2,966,677	902,509	2,161,583
Expenditures					
Current:					
Public services	-	-	-	-	19,567
Capital Outlay	85,000	85,000	39,880	45,120	-
Total Expenditures	85,000	85,000	39,880	45,120	19,567
Excess of Revenues Over Expenditures	1,979,168	1,979,168	2,926,797	947,629	2,142,016
Other Financing Sources (Uses)					
Transfers in	160,226	160,226	160,226	-	162,632
Transfers out	(2,157,914)	(2,157,914)	(2,450,359)	(292,445)	(1,668,686)
Total Other Financing Sources (Uses)	(1,997,688)	(1,997,688)	(2,290,133)	(292,445)	(1,506,054)
Net Change in Fund Balance	(18,520)	(18,520)	636,664	655,184	635,962
Fund Balance Beginning of Year	2,413,656	2,413,656	2,413,656	-	1,777,694
Fund Balance End of Year	\$ 2,395,136	2,395,136	3,050,320	655,184	2,413,656

Ketchikan Gateway Borough, Alaska
South Tongass Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 1,450,128	1,377,384
Receivables:		
Accounts	32,849	26,474
Intergovernmental	1,033	790
Property taxes	<u>2,375</u>	<u>1,978</u>
Total Assets	<u>\$ 1,486,385</u>	<u>1,406,626</u>
Liabilities		
Accounts payable	\$ 35,905	31,631
Advances payable	<u>52,700</u>	<u>88,227</u>
Total Liabilities	<u>88,605</u>	<u>119,858</u>
Deferred Inflows of Resources		
Property tax revenues	<u>2,375</u>	<u>1,978</u>
Fund Balance		
Restricted for public safety and water	<u>1,395,405</u>	<u>1,284,790</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,486,385</u>	<u>1,406,626</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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	\$ 734,667	734,667	736,590	1,923	707,925
Intergovernmental	9,841	9,841	11,100	1,259	36,136
Water fees	313,163	313,163	314,223	1,060	316,049
Investment earnings	5,000	5,000	22,360	17,360	6,405
EMS revenue	335,000	335,000	191,018	(143,982)	78,345
Miscellaneous	38,900	38,900	29,032	(9,868)	52,625
Total Revenues	1,436,571	1,436,571	1,304,323	(132,248)	1,197,485
Expenditures					
Current:					
Fire and EMS	1,105,768	1,120,768	1,006,878	113,890	819,407
Water treatment and distribution	508,666	508,666	373,820	134,846	277,699
Capital Outlay	10,000	10,000	1,410	8,590	45,718
Total Expenditures	1,624,434	1,639,434	1,382,108	257,326	1,142,824
Excess (Deficiency) of Revenues Over Expenditures	(187,863)	(202,863)	(77,785)	125,078	54,661
Other Financing Sources					
Transfers in	188,400	188,400	188,400	-	78,403
Net Change in Fund Balance	537	(14,463)	110,615	125,078	133,064
Fund Balance Beginning of Year	1,284,790	1,284,790	1,284,790	-	1,151,726
Fund Balance End of Year	\$ 1,285,327	1,270,327	1,395,405	125,078	1,284,790

Ketchikan Gateway Borough, Alaska
Waterfall Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 42,635	39,413
Accounts receivable	399	1,333
Total Assets	\$ 43,034	40,746
Liabilities		
Accounts payable	\$ 3,459	58
Fund Balance		
Restricted for road maintenance	39,575	40,688
Total Liabilities and Fund Balance	\$ 43,034	40,746

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, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			2022	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	\$ 37,375	37,375	38,926	1,551	34,798
Investment earnings	125	125	647	522	165
Total Revenues	37,500	37,500	39,573	2,073	34,963
Expenditures					
Current:					
Public services	37,888	37,888	40,686	(2,798)	32,782
Net Change in Fund Balance	(388)	(388)	(1,113)	(725)	2,181
Fund Balance Beginning of Year	40,688	40,688	40,688	-	38,507
Fund Balance End of Year	\$ 40,300	40,300	39,575	(725)	40,688



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CAPITAL PROJECTS FUND

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

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Balance Sheet
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 7,523,937	636,289
Restricted cash and investments	4,560,394	7,503,239
Intergovernmental receivable	112,278	-
Total Assets	<u>\$ 12,196,609</u>	<u>8,139,528</u>
Liabilities		
Accounts payable- capital related	\$ 269,647	-
Fund Balance		
Restricted for capital projects	4,560,394	8,139,528
Committed for capital projects	7,366,568	-
Total Fund Balance	<u>11,926,962</u>	<u>8,139,528</u>
Total Liabilities and Fund Balance	<u>\$ 12,196,609</u>	<u>8,139,528</u>

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Expenditures		
Current:		
Public services	\$ 582	130
Debt Service:		
Bond issuance costs	18,200	28,269
Capital Outlay	<u>3,306,062</u>	<u>88,373</u>
Total Expenditures	<u>3,324,844</u>	<u>116,772</u>
Deficiency of Revenues Over Expenditures	(3,324,844)	(116,772)
Other Financing Sources (Uses)		
Issuance of debt	-	6,655,000
Bond premium	-	965,085
Loan proceeds	112,278	-
Transfers in	7,000,000	500,000
Transfers out	<u>-</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>7,112,278</u>	<u>7,620,085</u>
Net Change in Fund Balance	3,787,434	7,503,313
Fund Balance Beginning of Year	<u>8,139,528</u>	<u>636,215</u>
Fund Balance End of Year	<u>\$ 11,926,962</u>	<u>8,139,528</u>



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MAJOR ENTERPRISE FUNDS

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

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

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and investments	\$ 11,090,834	9,058,886
Prepaid items	-	39,690
Receivables:		
Accounts, net	433,604	529,345
Leases	512,033	503,688
Intergovernmental	76,003	2,232,643
Interest	9,214	-
Total Current Assets	<u>12,121,688</u>	<u>12,364,252</u>
Noncurrent Assets		
Long-term leases receivables	2,266,470	2,735,072
Net other postemployment benefits asset	1,098,308	1,679,034
Capital Assets		
Nondepreciable	4,661,907	4,097,934
Depreciable, net	<u>11,939,088</u>	<u>12,797,855</u>
Total Noncurrent Assets	<u>19,965,773</u>	<u>21,309,895</u>
Total Assets	<u>32,087,461</u>	<u>33,674,147</u>
Deferred Outflows of Resources		
Related to pensions	407,396	380,507
Related to OPEB	<u>115,725</u>	<u>68,997</u>
Total Deferred Outflow of Resources	<u>523,121</u>	<u>449,504</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 32,610,582</u>	<u>34,123,651</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 87,025	56,134
Compensated absences payable	246,646	246,646
Unearned revenue	<u>15,360</u>	<u>15,360</u>
Total Current Liabilities	<u>349,031</u>	<u>318,140</u>
Long-Term Liabilities, Net of Current Portion		
Compensated absences payable	39,392	61,990
Net pension liability	<u>2,718,282</u>	<u>2,323,602</u>
Total Long-Term Liabilities	<u>2,757,674</u>	<u>2,385,592</u>
Total Liabilities	<u>3,106,705</u>	<u>2,703,732</u>
Deferred Inflows of Resources		
Related to leases	2,709,469	3,178,877
Related to pensions	-	926,601
Related to OPEB	<u>99,474</u>	<u>892,865</u>
Total Deferred Inflows of Resources	<u>2,808,943</u>	<u>4,998,343</u>
Net Position		
Net investment in capital assets	16,600,995	16,895,789
Unrestricted	<u>10,093,939</u>	<u>9,525,787</u>
Total Net Position	<u>26,694,934</u>	<u>26,421,576</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 32,610,582</u>	<u>34,123,651</u>

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Charges for services	\$ 5,558,503	5,204,970
Operating Expenses		
Personnel services	3,128,184	3,265,451
Supplies and services	1,727,061	1,538,033
Insurance	253,561	253,537
Depreciation	985,271	1,085,714
Total Operating Expenses	6,094,077	6,142,735
Operating Loss	(535,574)	(937,765)
Nonoperating Revenues		
Investment income	241,414	177,219
Operating grants	543,749	2,776,118
Total Nonoperating Revenues	785,163	2,953,337
Income Before Transfers	249,589	2,015,572
Transfers in	23,769	54,404
Change in Net Position	273,358	2,069,976
Net Position Beginning of Year	26,421,576	24,351,600
Net Position End of Year	\$ 26,694,934	26,421,576

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Increase in Cash and Cash Equivalents		
Cash Flows for Operating Activities		
Cash received from customers	\$ 5,635,879	4,983,968
Cash payments to employees for services	(3,968,985)	(3,657,823)
Cash payments for goods and services	<u>(1,910,041)</u>	<u>(1,924,669)</u>
Net Cash Used for Operating Activities	<u>(243,147)</u>	<u>(598,524)</u>
Cash Flows from Noncapital Financing Activities		
Operating grants	2,700,389	599,674
Transfers in	<u>23,769</u>	<u>54,404</u>
Net Cash from Noncapital Financing Activities	<u>2,724,158</u>	<u>654,078</u>
Cash Flows for Capital and Related Financing Activities		
Payments for capital acquisitions and construction	<u>(690,477)</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment earnings	<u>241,414</u>	<u>177,219</u>
Net Increase in Cash and Cash Equivalents	2,031,948	232,773
Cash and Cash Equivalents Beginning of Year	<u>9,058,886</u>	<u>8,826,113</u>
Cash and Cash Equivalents End of Year	<u>\$ 11,090,834</u>	<u>9,058,886</u>

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

	<u>2023</u>	<u>2022</u>
Reconciliation of Loss to Net Cash Used for Operating Activities		
Operating Loss	\$ (535,574)	(937,765)
Adjustments:		
Depreciation	985,271	1,085,714
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	95,741	(176,479)
Leases receivable	451,043	(3,238,760)
Prepaid items	39,690	(39,690)
Net other postemployment benefits asset	580,726	(1,431,436)
Deferred outflows of resources for pensions	(26,889)	(10,890)
Deferred outflows of resources for OPEB	(46,728)	117,398
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	30,891	(93,409)
Compensated absences payable	(22,598)	2,791
Unearned revenue	-	15,360
Net pension liability	394,680	(668,844)
Net OPEB liability	-	(4,824)
Deferred inflows of resources for leases	(469,408)	3,178,877
Deferred inflows of resources for pensions	(926,601)	909,451
Deferred inflows of resources for OPEB	(793,391)	693,982
Net Cash Used for Operating Activities	<u>\$ (243,147)</u>	<u>(598,524)</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and investments	\$ 725,437	1,342,301
Accounts receivable, net	26,286	24,362
Total Current Assets	<u>751,723</u>	<u>1,366,663</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable	1,898,833	1,898,833
Depreciable, net	7,235,961	7,089,738
Total Noncurrent Assets	<u>9,134,794</u>	<u>8,988,571</u>
Total Assets	<u>\$ 9,886,517</u>	<u>10,355,234</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 81,713	103,830
Advances payable	-	1,213
Interest Payable	11,251	11,251
Total Current Liabilities	<u>92,964</u>	<u>116,294</u>
Long-Term Liabilities		
ACWF loan payable	741,592	741,592
Total Liabilities	<u>834,556</u>	<u>857,886</u>
Net Position		
Net investment in capital assets	8,393,202	8,246,979
Unrestricted	658,759	1,250,369
Total Net Position	<u>9,051,961</u>	<u>9,497,348</u>
Total Liabilities and Net Position	<u>\$ 9,886,517</u>	<u>10,355,234</u>

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Charges for services	\$ 840,819	856,118
Operating Expenses		
Personnel services	351,348	280,472
Supplies and services	589,270	560,444
Insurance	8,890	5,644
Depreciation	365,169	348,788
Total Operating Expenses	1,314,677	1,195,348
Less recovery of expenses from other funds	(9,768)	(9,768)
Net Operating Expenses	1,304,909	1,185,580
Operating Loss	(464,090)	(329,462)
Nonoperating Revenues (Expenses)		
Interest and fiscal charges	(1,177)	(3,544)
Investment earnings	19,880	9,292
Total Nonoperating Revenues (Expenses)	18,703	5,748
Loss Before Capital Contributions and Transfers	(445,387)	(323,714)
Capital contributions	-	6,741
Transfers in	-	400,115
Change in Net Position	(445,387)	83,142
Net Position Beginning of Year	9,497,348	9,414,206
Net Position End of Year	\$ 9,051,961	9,497,348

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from (for) Operating Activities		
Cash received from customers	\$ 838,895	869,777
Cash payments to employees for services	(351,348)	(280,472)
Cash payments for goods and services	(610,509)	(521,306)
Net Cash from (for) Operating Activities	<u>(122,962)</u>	<u>67,999</u>
Cash Flows from Noncapital Financing Activities		
Operating grants	-	33,019
Transfers in	-	400,115
Net Cash from Noncapital Financing Activities	<u>-</u>	<u>433,134</u>
Cash Flows for Capital and Related Financing Activities		
Loan proceeds	-	(19,709)
Capital grant	-	6,741
Interest paid on debt service	(1,177)	7,707
Interfund advance payable	(1,213)	(50,532)
Payments for capital acquisitions	(511,392)	(13,483)
Net Cash for Capital and Related Financing Activities	<u>(513,782)</u>	<u>(69,276)</u>
Cash Flows from Investing Activities		
Investment earnings	19,880	9,292
Net Increase (Decrease) in Cash and Cash Equivalents	(616,864)	441,149
Cash and Cash Equivalents Beginning of Year	<u>1,342,301</u>	<u>901,152</u>
Cash and Cash Equivalents End of Year	<u>\$ 725,437</u>	<u>1,342,301</u>

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

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Loss to Net Cash from (for) Operating Activities		
Operating Loss	\$ (464,090)	(329,462)
Adjustments:		
Depreciation	365,169	348,788
(Increase) Decrease in Assets:		
Accounts receivable	(1,924)	13,659
Increase (Decrease) in Liabilities:		
Accounts payable	<u>(22,117)</u>	<u>35,014</u>
Net Cash from (for) Operating Activities	<u>\$ (122,962)</u>	<u>67,999</u>



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INTERNAL SERVICE FUNDS

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

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

Ketchikan Gateway Borough, Alaska
Self-Insured Health Insurance Internal Service Funds
Combining Statement of Net Position
June 30, 2023

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Assets			
Current Assets			
Cash and investments	\$ -	272,770	272,770
Accounts receivable	238,570	146,212	384,782
Total Current Assets	<u>238,570</u>	<u>418,982</u>	<u>657,552</u>
Noncurrent Assets			
Note receivable from component unit	4,902,511	-	4,902,511
Total Assets	<u>\$ 5,141,081</u>	<u>418,982</u>	<u>5,560,063</u>
Liabilities			
Current Liabilities			
Claims payable	\$ 523,578	45,948	569,526
Interfund payables	4,589,096	-	4,589,096
Total Liabilities	<u>5,112,674</u>	<u>45,948</u>	<u>5,158,622</u>
Net Position			
Unrestricted	<u>28,407</u>	<u>373,034</u>	<u>401,441</u>
Total Liabilities and Net Position	<u>\$ 5,141,081</u>	<u>418,982</u>	<u>5,560,063</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, 2023

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Insurance premiums	\$ 7,630,928	4,242,200	11,873,128
Operating Expenses			
Administration	1,294,133	569,356	1,863,489
Premiums	-	435,645	435,645
Claims	10,075,516	2,468,138	12,543,654
Wellness plan	-	34,950	34,950
Total Operating Expenses	<u>11,369,649</u>	<u>3,508,089</u>	<u>14,877,738</u>
Less return of excess stop-loss premiums	<u>(3,027,623)</u>	<u>(205,467)</u>	<u>(3,233,090)</u>
Net Operating Expenses	<u>8,342,026</u>	<u>3,302,622</u>	<u>11,644,648</u>
Operating Income (Loss)	(711,098)	939,578	228,480
Nonoperating Revenues			
Interest income	-	7,646	7,646
Income (Loss) Before Transfers	(711,098)	947,224	236,126
Transfers In	<u>711,098</u>	-	<u>711,098</u>
Change in Net Position	-	947,224	947,224
Net Position Beginning of Year	<u>28,407</u>	<u>(574,190)</u>	<u>(545,783)</u>
Net Position End of Year	\$ <u><u>28,407</u></u>	<u><u>373,034</u></u>	<u><u>401,441</u></u>

Ketchikan Gateway Borough, Alaska
Self-Insured Health Insurance Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

	<u>School District</u>	<u>Borough</u>	<u>Total Internal Service Funds</u>
Increase in Cash and Cash Equivalents			
Cash Flows from (for) Operating Activities			
Cash received from customers	\$ 5,869,406	4,095,988	9,965,394
Cash payments for goods and services	(1,294,133)	(1,039,951)	(2,334,084)
Cash payments for claims	<u>(7,217,163)</u>	<u>(2,413,675)</u>	<u>(9,630,838)</u>
Net Cash from (for) Operating Activities	<u>(2,641,890)</u>	<u>642,362</u>	<u>(1,999,528)</u>
Cash Flows from (for) Noncapital Financing Activities			
Transfer in	711,098	-	711,098
Interfund payable	<u>1,930,792</u>	<u>(377,238)</u>	<u>1,553,554</u>
Net Cash from (for) Noncapital Financing Activities	<u>2,641,890</u>	<u>(377,238)</u>	<u>2,264,652</u>
Cash Flows from Investing Activities			
Investment earnings	<u>-</u>	<u>7,646</u>	<u>7,646</u>
Net Increase in Cash and Cash Equivalents	-	272,770	272,770
Cash and Cash Equivalents Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents End of Year	\$ <u>-</u>	<u>272,770</u>	<u>272,770</u>
Reconciliation of Operating Income to Net Cash from (for) Operating Activities			
Operating Income (Loss)	\$ <u>(711,098)</u>	<u>939,578</u>	<u>228,480</u>
(Increase) in Assets:			
Accounts receivable	(238,570)	(146,212)	(384,782)
Note receivable	(1,522,952)	-	(1,522,952)
(Decrease) in Liabilities:			
Claims payable	<u>(169,270)</u>	<u>(151,004)</u>	<u>(320,274)</u>
Net Cash from (for) Operating Activities	\$ <u>(2,641,890)</u>	<u>642,362</u>	<u>(1,999,528)</u>



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Ketchikan Gateway Borough, Alaska
School District Self-Insured Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2023 and 2022

	2023	2022
Assets		
Accounts receivable	\$ 238,570	-
Note receivable from component unit	4,902,511	3,379,559
Total Assets	\$ 5,141,081	3,379,559
Liabilities		
Current Liabilities		
Claims payable	\$ 523,578	692,848
Interfund payables	4,589,096	2,658,304
Total Liabilities	5,112,674	3,351,152
Net Position		
Unrestricted	28,407	28,407
Total Liabilities and Net Position	\$ 5,141,081	3,379,559

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Insurance premiums	\$ <u>7,630,928</u>	<u>8,073,708</u>
Operating Expenses		
Administration	1,294,133	1,250,929
Claims	<u>10,075,516</u>	<u>7,523,494</u>
Total Operating Expenses	<u>11,369,649</u>	<u>8,774,423</u>
Less return of excess stop-loss premiums	<u>(3,027,623)</u>	<u>(729,122)</u>
Net Operating Expenses	<u>8,342,026</u>	<u>8,045,301</u>
Operating Income (Loss)	(711,098)	28,407
Transfers In	<u>711,098</u>	<u>-</u>
Change in Net Position	-	28,407
Net Position Beginning of Year	<u>28,407</u>	<u>-</u>
Net Position End of Year	\$ <u>28,407</u>	<u>28,407</u>

Ketchikan Gateway Borough, Alaska
Borough Self-Insured Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and investments	\$ 272,770	-
Accounts receivable	146,212	-
Total Assets	<u>\$ 418,982</u>	<u>-</u>
Liabilities		
Current Liabilities		
Claims payable	\$ 45,948	196,952
Interfund payables	-	377,238
Total Liabilities	<u>45,948</u>	<u>574,190</u>
Net Position (Deficit)		
Unrestricted	<u>373,034</u>	<u>(574,190)</u>
Total Liabilities and Net Position	<u>\$ 418,982</u>	<u>-</u>

Ketchikan Gateway Borough, Alaska
Borough Self-Insured Insurance Internal Service Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position (Deficit)
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Insurance premiums	\$ 4,242,200	3,451,479
Operating Expenses		
Administration	569,356	433,408
Premiums	435,645	439,095
Claims	2,468,138	3,832,938
Wellness plan	34,950	34,350
Total Operating Expenses	<u>3,508,089</u>	<u>4,739,791</u>
Less return of excess stop-loss premiums	<u>(205,467)</u>	<u>(714,122)</u>
Net Operating Expenses	<u>3,302,622</u>	<u>4,025,669</u>
Operating Income (Loss)	939,578	(574,190)
Nonoperating Revenue		
Interest income	<u>7,646</u>	<u>-</u>
Income (Loss) Before Transfers	947,224	(574,190)
Transfers In	<u>-</u>	<u>1,113,575</u>
Change in Net Position (Deficit)	947,224	539,385
Net Deficit Beginning of Year	<u>(574,190)</u>	<u>(1,113,575)</u>
Net Position (Deficit) End of Year	\$ <u>373,034</u>	<u>(574,190)</u>



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**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
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KETCHIKAN GATEWAY BOROUGH

Government-wide Statement of Net Position

June 30, 2023

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental Activities					
Net investment in capital assets	\$ 124,041,219	123,492,448	126,297,456	126,508,378	125,006,914
Restricted	23,256,538	21,708,843	16,183,748	18,521,745	20,355,893
Unrestricted	<u>26,119,553</u>	<u>15,141,890</u>	<u>5,723,162</u>	<u>8,193,420</u>	<u>7,393,385</u>
Total governmental activities net position	<u>173,417,310</u>	<u>160,343,181</u>	<u>148,204,366</u>	<u>153,223,543</u>	<u>152,756,192</u>
Business-type Activities					
Net investment in capital assets	24,994,197	25,142,768	27,298,963	28,656,401	29,871,660
Unrestricted (deficit)	<u>10,429,204</u>	<u>10,452,662</u>	<u>6,143,349</u>	<u>3,168,804</u>	<u>824,645</u>
Total business-type activities net position	<u>35,423,401</u>	<u>35,595,430</u>	<u>33,442,312</u>	<u>31,825,205</u>	<u>30,696,305</u>
Primary Government					
Net investment in capital assets	149,035,416	148,635,216	153,596,419	155,164,779	154,878,574
Restricted	23,256,538	21,708,843	16,183,748	18,521,745	20,355,893
Unrestricted	<u>36,548,757</u>	<u>25,594,552</u>	<u>11,866,511</u>	<u>11,362,224</u>	<u>8,218,030</u>
Total primary government net position	<u>\$ 208,840,711</u>	<u>195,938,611</u>	<u>181,646,678</u>	<u>185,048,748</u>	<u>183,452,497</u>
	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities					
Net investment in capital assets	\$ 122,089,151	122,598,700	123,108,660	121,277,988	121,446,896
Restricted	18,684,440	14,602,379	6,865,378	6,819,220	7,148,989
Unrestricted	<u>6,811,378</u>	<u>6,842,646</u>	<u>15,737,037</u>	<u>15,584,427</u>	<u>19,954,904</u>
Total governmental activities net position	<u>147,584,969</u>	<u>144,043,725</u>	<u>145,711,075</u>	<u>143,681,635</u>	<u>148,550,789</u>
Business-type Activities					
Net investment in capital assets	25,799,473	26,992,069	28,320,766	28,156,141	29,131,474
Unrestricted (deficit)	<u>189,361</u>	<u>(231,649)</u>	<u>(913,623)</u>	<u>(1,771,657)</u>	<u>(287,748)</u>
Total business-type activities net position	<u>25,988,834</u>	<u>26,760,420</u>	<u>27,407,143</u>	<u>26,384,484</u>	<u>28,843,726</u>
Primary Government					
Net investment in capital assets	147,888,624	149,590,769	151,429,426	149,434,129	150,578,370
Restricted	18,684,440	14,602,379	6,865,378	6,819,220	7,148,989
Unrestricted	<u>7,000,739</u>	<u>6,610,997</u>	<u>14,823,414</u>	<u>13,812,770</u>	<u>19,667,156</u>
Total primary government net position	<u>\$ 173,573,803</u>	<u>170,804,145</u>	<u>173,118,218</u>	<u>170,066,119</u>	<u>177,394,515</u>

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

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

KETCHIKAN GATEWAY BOROUGH

Changes in Net Position
June 30, 2023

	Fiscal Year				
	2023	2022	2021	2020	2019
Expenses					
Governmental activities:					
General government	\$ 4,178,630	5,149,550	4,769,432	4,170,530	3,431,525
Fire and EMS	2,198,808	1,889,901	1,545,621	1,490,185	1,764,481
Water treatment and distribution	373,820	281,484	230,079	316,121	237,038
Library services	539,800	523,050	478,079	464,839	436,161
Parks and recreation	4,090,961	3,894,311	3,566,579	3,589,035	3,538,132
Public works	1,075,360	1,025,626	1,034,736	1,024,598	1,048,172
Public services	3,658,967	9,365,907	19,075,558	3,612,137	3,341,774
Transit	3,744,918	3,186,479	2,789,602	2,628,542	2,641,532
Education	23,051,941	21,576,749	21,411,157	19,925,235	18,743,052
Interest	1,350,035	1,196,400	1,242,300	1,452,565	1,529,612
Total governmental activities expenses	<u>44,263,240</u>	<u>48,089,457</u>	<u>56,143,143</u>	<u>38,673,787</u>	<u>36,711,479</u>
Business-type activities:					
Airport	6,094,077	6,142,735	6,169,526	5,993,768	5,681,725
Wastewater	1,306,086	1,189,124	1,074,881	1,047,236	988,967
Total business-type activities expenses	<u>7,400,163</u>	<u>7,331,859</u>	<u>7,244,407</u>	<u>7,041,004</u>	<u>6,670,692</u>
Total primary government expenses	<u>51,663,403</u>	<u>55,421,316</u>	<u>63,387,550</u>	<u>45,714,791</u>	<u>43,382,171</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	591,128	294,430	262,842	271,425	303,027
Water treatment and distribution	314,223	316,049	296,503	304,863	301,228
Parks and recreation	1,038,947	829,868	580,758	671,669	774,531
Public services	1,598,637	725,596	3,423,132	911,556	791,817
Transit	249,618	176,076	134,272	157,591	233,861
Education	7,630,928	8,073,708	7,673,269	6,308,769	6,372,213
Capital grants	3,522,222	4,297,461	2,243,001	2,920,884	4,784,285
Operating grants	11,505,397	20,343,542	14,496,524	3,270,621	2,815,203
Total governmental activities program revenues	<u>26,451,100</u>	<u>35,056,730</u>	<u>29,110,301</u>	<u>14,817,378</u>	<u>16,376,165</u>
Business-type activities:					
Charges for services:					
Airport	5,558,503	5,204,970	4,634,081	5,337,555	5,428,676
Wastewater	840,819	856,118	852,205	813,466	765,981
Operating grants	504,925	2,725,899	2,775,691	804,837	-
Capital grants	-	6,741	33,019	26,798	4,795,362
Total business-type activities program revenues	<u>6,904,247</u>	<u>8,793,728</u>	<u>8,294,996</u>	<u>6,982,656</u>	<u>10,990,019</u>
Total primary government program revenues	<u>33,355,347</u>	<u>43,850,458</u>	<u>37,405,297</u>	<u>21,800,034</u>	<u>27,366,184</u>
Net (Expense) Revenue					
Governmental activities	(17,812,140)	(13,032,727)	(27,032,842)	(23,856,409)	(20,335,314)
Business-type activities	(495,916)	1,461,869	1,050,589	(58,348)	4,319,327
Total primary government net expense	<u>(18,308,056)</u>	<u>(11,570,858)</u>	<u>(25,982,253)</u>	<u>(23,914,757)</u>	<u>(16,015,987)</u>
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	11,940,930	11,609,107	10,995,648	10,813,508	10,638,237
Sales taxes	13,621,802	10,584,823	7,656,334	8,514,282	9,805,490
Payment in lieu of taxes	1,421,546	1,329,654	1,295,324	1,297,095	1,233,473
Grants and entitlements not restricted	3,971,038	1,456,381	613,277	3,431,171	3,262,691
Transfers	(23,769)	(454,519)	(278,193)	(958,652)	(252,648)
Investment earnings	100,739	178,629	(226,042)	907,237	666,731
Miscellaneous	323,456	467,467	1,957,317	319,119	152,563
Total governmental activities general revenues and other changes in net position	<u>31,355,742</u>	<u>25,171,542</u>	<u>22,013,665</u>	<u>24,323,760</u>	<u>25,506,537</u>
Business-type activities:					
Unrestricted grant/investment earnings	300,118	236,730	288,325	228,596	135,496
Transfers	23,769	454,519	278,193	958,652	252,648
Total business-type activities general revenues and other changes in net position	<u>323,887</u>	<u>691,249</u>	<u>566,518</u>	<u>1,187,248</u>	<u>388,144</u>
Total primary government general revenues and other changes in net position	<u>31,679,629</u>	<u>25,862,791</u>	<u>22,580,183</u>	<u>25,511,008</u>	<u>25,894,681</u>
Changes in Net Position					
Governmental activities	13,543,602	12,138,815	(5,019,177)	467,351	5,171,223
Business-type activities	(172,029)	2,153,118	1,617,107	1,128,900	4,707,471
Total primary government, change in net position	<u>\$ 13,371,573</u>	<u>14,291,933</u>	<u>(3,402,070)</u>	<u>1,596,251</u>	<u>9,878,694</u>

Notes:

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

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

KETCHIKAN GATEWAY BOROUGH

Changes in Net Position, Continued

June 30, 2023

	Fiscal Year				
	2018	2017	2016	2015	2014
Expenses					
Governmental activities:					
General government	\$ 3,259,926	4,017,111	3,517,224	4,037,970	3,514,098
Fire and EMS	1,558,838	1,577,017	1,438,761	1,545,356	1,376,751
Water treatment and distribution	283,366	235,529	224,652	324,110	318,826
Library services	415,612	402,279	390,575	405,199	422,570
Parks and recreation	3,457,704	3,617,576	3,432,887	3,340,866	3,338,139
Public works	1,042,506	1,059,778	1,168,318	1,027,166	1,001,996
Public services	3,566,217	4,842,281	5,306,734	8,890,872	5,342,481
Transit	2,394,033	2,498,261	2,384,212	2,221,390	2,164,006
Education	15,841,676	15,879,303	16,182,438	15,015,738	15,357,268
Interest	1,701,147	1,885,487	1,957,353	2,254,374	2,310,634
Total governmental activities expenses	<u>33,521,025</u>	<u>36,014,622</u>	<u>36,003,154</u>	<u>39,063,041</u>	<u>35,146,769</u>
Business-type activities:					
Airport	5,680,358	6,471,321	5,874,984	5,665,297	5,679,424
Wastewater	1,042,474	995,507	986,801	1,098,072	881,576
Total business-type activities expenses	<u>6,722,832</u>	<u>7,466,828</u>	<u>6,861,785</u>	<u>6,763,369</u>	<u>6,561,000</u>
Total primary government expenses	<u>40,243,857</u>	<u>43,481,450</u>	<u>42,864,939</u>	<u>45,826,410</u>	<u>41,707,769</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	285,590	285,930	276,812	253,670	238,838
Water treatment and distribution	296,613	294,097	286,472	251,863	217,149
Parks and recreation	806,584	802,398	725,988	775,960	753,563
Public services	808,363	786,417	1,615,691	1,559,619	1,256,400
Transit	235,970	206,273	189,230	200,588	222,236
Education	5,772,579	5,162,893	4,912,773	4,677,856	4,937,191
Capital grants	3,089,461	2,161,683	5,189,749	5,828,520	4,503,237
Operating grants	2,678,938	2,110,949	3,330,138	3,181,765	4,072,710
Total governmental activities program revenues	<u>13,974,098</u>	<u>11,810,640</u>	<u>16,526,853</u>	<u>16,729,841</u>	<u>16,201,324</u>
Business-type activities:					
Charges for services:					
Airport	5,382,065	5,533,220	4,947,152	4,694,448	4,401,938
Wastewater	765,874	728,983	780,854	656,048	596,426
Operating grants	18,236	172,675	3,332	7,386	73,994
Capital grants	257,707	123,136	1,731,076	487,172	1,865,802
Total business-type activities program revenues	<u>6,423,882</u>	<u>6,558,014</u>	<u>7,462,414</u>	<u>5,845,054</u>	<u>6,938,160</u>
Total primary government program revenues	<u>20,397,980</u>	<u>18,368,654</u>	<u>23,989,267</u>	<u>22,574,895</u>	<u>23,139,484</u>
Net (Expense) Revenue					
Governmental activities	(19,546,927)	(24,203,982)	(19,476,301)	(22,333,200)	(18,945,445)
Business-type activities	(298,950)	(908,814)	600,629	(918,315)	377,160
Total primary government net expense	<u>(19,845,877)</u>	<u>(25,112,796)</u>	<u>(18,875,672)</u>	<u>(23,251,515)</u>	<u>(18,568,285)</u>
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	10,155,598	9,175,916	8,545,890	8,359,993	8,169,731
Sales taxes	9,271,481	8,882,165	8,567,889	8,553,791	8,625,653
Payment in lieu of taxes	1,512,320	1,154,550	1,232,522	1,052,512	1,131,659
Grants and entitlements not restricted	3,094,716	2,770,696	2,989,349	3,466,541	3,598,414
Transfers	(174,104)	(172,303)	(299,765)	(272,424)	(184,881)
Investment earnings	283,080	36,343	36,483	49,504	54,254
Miscellaneous	435,245	689,265	433,373	400,057	378,601
Total governmental activities general revenues and other changes in net position	<u>24,578,336</u>	<u>22,536,632</u>	<u>21,505,741</u>	<u>21,609,974</u>	<u>21,773,431</u>
Business-type activities:					
Unrestricted grant/investment earnings	129,122	89,788	122,265	167,786	236,474
Transfers	174,104	172,303	299,765	272,424	184,881
Total business-type activities general revenues and other changes in net position	<u>303,226</u>	<u>262,091</u>	<u>422,030</u>	<u>440,210</u>	<u>421,355</u>
Total primary government general revenues and other changes in net position	<u>24,881,562</u>	<u>22,798,723</u>	<u>21,927,771</u>	<u>22,050,184</u>	<u>22,194,786</u>
Changes in Net Position					
Governmental activities	5,031,409	(1,667,350)	2,029,440	(723,226)	2,827,986
Business-type activities	4,276	(646,723)	1,022,659	(478,105)	798,515
Total primary government, change in net position	<u>\$ 5,035,685</u>	<u>(2,314,073)</u>	<u>3,052,099</u>	<u>(1,201,331)</u>	<u>3,626,501</u>

KETCHIKAN GATEWAY BOROUGH

Fund Balances, Governmental Funds
June 30, 2023

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 8,315	4,385	-	-	9,881
Unassigned	19,093,501	18,954,000	10,411,898	12,572,758	12,140,093
Total general fund	<u>19,101,816</u>	<u>18,958,385</u>	<u>10,411,898</u>	<u>12,572,758</u>	<u>12,149,974</u>
All other governmental funds					
Nonspendable	141,232	-	-	9,648	14,156
Restricted	27,816,932	28,786,233	16,257,826	18,801,048	20,662,598
Committed	9,909,896	2,706,908	2,953,821	3,435,011	3,791,679
Assigned	-	-	-	-	-
Unassigned	(104,747)	(216,475)	(19,877)	(88)	-
Total all other governmental funds	<u>37,763,313</u>	<u>31,276,666</u>	<u>19,191,770</u>	<u>22,245,619</u>	<u>24,468,433</u>
Total Governmental Funds	\$ <u>56,865,129</u>	<u>50,235,051</u>	<u>29,603,668</u>	<u>34,818,377</u>	<u>36,618,407</u>
	Fiscal Year				
	2018	2017	2016	2015	2014
General Fund					
Nonspendable	\$ -	-	-	-	-
Unassigned	10,695,816	8,781,038	8,395,444	10,301,525	7,790,668
Total general fund	<u>10,695,816</u>	<u>8,781,038</u>	<u>8,395,444</u>	<u>10,301,525</u>	<u>7,790,668</u>
All other governmental funds					
Nonspendable	-	-	-	138,424	2,055,751
Restricted	19,462,576	16,372,064	8,888,164	9,053,941	12,912,463
Committed	4,763,209	4,747,303	12,146,408	9,167,824	6,650,448
Assigned	-	782,507	1,585,572	2,061,142	5,361,936
Unassigned	-	-	-	(306,001)	(789,399)
Total all other governmental funds	<u>24,225,785</u>	<u>21,901,874</u>	<u>22,620,144</u>	<u>20,115,330</u>	<u>26,191,199</u>
Total Governmental Funds	\$ <u>34,921,601</u>	<u>30,682,912</u>	<u>31,015,588</u>	<u>30,416,855</u>	<u>33,981,867</u>



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KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances
June 30, 2023

	Fiscal Year				
	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 25,494,092	22,194,059	18,506,370	19,267,970	20,449,580
Intergovernmental	17,401,820	27,112,314	17,162,596	5,857,998	8,902,941
Licenses and permits	2,924	3,000	4,300	4,341	900
Charges for services	3,301,416	2,022,970	4,396,704	2,007,900	2,102,336
Water fees	314,223	316,049	296,503	304,863	301,228
Commercial vessel passenger tax	2,971,130	314,783	-	2,723,867	2,440,983
Interest Subsidy	347,573	399,556	342,829	514,564	533,028
Investment earnings	93,093	178,629	(226,042)	907,237	666,731
Proceeds from sale of property	-	6,277	80,383	34,682	18,796
Miscellaneous	223,602	467,467	1,957,319	319,121	152,565
Total Revenues	50,149,873	53,015,104	42,520,962	31,942,543	35,569,088
Expenditures					
General government	5,402,044	4,625,388	4,258,703	3,877,093	3,277,394
Library services	539,800	523,050	478,079	464,839	436,161
Fire and EMS	2,080,673	1,698,462	1,263,001	1,243,200	1,486,381
Water treatment and distribution	373,820	277,699	230,079	316,121	237,038
Public services	3,103,613	8,942,969	18,410,745	3,058,189	2,571,762
Parks and recreation	2,911,361	2,758,766	2,345,785	2,341,794	2,302,908
Public works	1,123,536	1,033,190	1,010,539	1,014,221	1,041,438
Transit	3,754,742	3,113,076	2,448,695	2,330,377	2,236,632
Education	11,651,044	10,731,499	10,898,897	10,797,829	9,655,594
Nondepartmental and grants	675,249	348,270	531,203	523,198	141,891
Capital Outlay	7,149,833	876,371	2,130,658	1,723,718	4,520,179
Debt Service:					
Principal retirement	2,394,837	2,176,532	1,965,000	3,450,000	3,900,000
Interest and fiscal charges	1,527,971	1,346,473	1,380,085	1,643,342	1,812,256
Bond issuance costs	18,200	28,269	44,489	-	-
Total Expenditures	42,706,723	38,480,014	47,395,958	32,783,921	33,619,634
Excess (Deficiency) of Revenues Over Expenditures	7,443,150	14,535,090	(4,874,996)	(841,378)	1,949,454
Other Financing Sources (Uses)					
General obligation bonds issued	-	6,655,000	4,130,000	-	-
Bond and certificate of participation premium	-	965,085	760,712	-	-
Proceeds from issuance of debt	112,278	-	-	-	-
Transfers in	17,812,758	15,645,105	5,323,792	7,240,153	8,569,512
Proceeds from sale of property	271,526	-	-	-	-
Other financing sources leases	-	44,302	-	-	-
Transfers out	(18,547,625)	(17,213,199)	(5,601,985)	(8,198,805)	(8,822,160)
Payment to refunding bond escrow agent	-	-	(4,952,232)	-	-
Total Other Financing Sources (Uses)	(351,063)	6,096,293	(339,713)	(958,652)	(252,648)
Net Change in Fund Balances	\$ 7,092,087	20,631,383	(5,214,709)	(1,800,030)	1,696,806
Debt Service as a					
Percentage of noncapital expenditures	11.08%	9.37%	7.39%	16.40%	19.63%

KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances, continued
June 30, 2023

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Taxes	\$ 19,489,094	18,076,414	17,111,344	16,939,761	16,805,205
Intergovernmental	7,509,882	5,478,780	7,762,751	11,454,346	9,787,808
Licenses and permits	75	350	366	275	90
Charges for services	296,613	2,080,668	2,807,355	2,787,628	2,460,333
Water fees	2,136,432	294,097	286,472	251,863	217,149
Commercial vessel passenger tax	2,252,488	2,163,570	2,141,633	2,032,375	2,240,210
Interest Subsidy	544,110	555,527	607,601	458,053	606,982
Investment earnings	283,080	36,343	36,483	49,504	54,234
Proceeds from sale of property	251,794	537,896	571,512	87,322	473,320
Miscellaneous	435,247	689,265	433,373	401,991	389,216
Total Revenues	33,198,815	29,912,910	31,758,890	34,463,118	33,034,547
Expenditures					
General government	3,281,029	3,375,133	3,226,042	4,023,951	3,584,249
Library services	415,612	402,279	390,575	405,199	422,570
Fire and EMS	1,290,684	1,291,583	1,171,095	1,388,627	1,163,729
Water treatment and distribution	283,366	235,529	224,652	324,110	318,826
Public services	2,824,072	3,937,171	4,465,968	8,298,452	4,730,443
Parks and recreation	2,344,439	2,337,665	2,242,488	2,325,059	2,306,465
Public works	1,043,389	1,014,255	1,076,951	1,093,458	1,030,382
Transit	2,173,557	2,033,548	2,012,331	2,173,103	1,994,798
Education	7,433,031	8,104,556	8,690,445	7,899,000	8,050,000
Nondepartmental and grants	224,197	237,186	266,125	272,048	260,433
Capital Outlay	1,740,609	1,371,867	1,205,693	3,689,268	2,888,235
Debt Service:					
Principal retirement	3,755,000	3,605,000	3,625,000	3,465,000	3,358,741
Interest and fiscal charges	1,977,037	2,127,511	2,263,027	2,403,755	2,562,522
Bond issuance costs	-	-	-	17,318	-
Total Expenditures	28,786,022	30,073,283	30,860,392	37,778,348	32,671,393
Excess (Deficiency) of Revenues Over Expenditures	4,412,793	(160,373)	898,498	(3,315,230)	363,154
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	2,185,000	-
Premium on bonds	-	-	-	129,986	-
Proceeds from issuance of debt	-	-	-	-	-
Transfers in	8,689,359	7,399,634	10,026,481	8,775,867	6,957,976
Proceeds from sale of property	-	-	-	-	-
Other financing sources leases	-	-	-	-	-
Transfers out	(8,863,463)	(7,571,937)	(10,326,246)	(9,048,291)	(7,142,857)
Payment to refunding bond escrow agent	-	-	-	(2,292,344)	-
Total Other Financing Sources (Uses)	(174,104)	(172,303)	(299,765)	(249,782)	(184,881)
Net Change in Fund Balances	\$ 4,238,689	(332,676)	598,733	(3,565,012)	178,273
Debt Service as a					
Percentage of noncapital expenditures	21.19%	19.97%	19.86%	17.22%	19.88%

KETCHIKAN GATEWAY BOROUGH

Assessed Value and Actual Value of Taxable Property

Changes in Assessment

June 30, 2023

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
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
2022	2023	1,059,302,700	288,354,000	164,772,800	95,316,100	170,098,900	164,790,300	5,307,600	1,607,745,600	1,777,844,500	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, 2023

Taxpayer	2022			2013		
	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	1.55%			-
Trident Seafoods Corporation	14,754,000	2	0.60%	15,829,500	2	1.20%
Ketchikan Dock Company LLC	13,576,700	3	0.56%	14,156,200	3	1.08%
Cape Fox Corporation	12,711,100	4	0.52%	17,531,500	1	1.33%
Harbor Enterprises Inc.	11,250,200	5	0.46%	11,113,300	4	0.85%
Tongass Trading Company	10,842,700	6	0.44%			-
Boyer Towing Inc.	9,216,500	7	0.38%	9,318,200	6	0.71%
Dock Street Building Corporation	8,928,700	8	0.37%	8,784,400	7	0.67%
Alaska General Seafoods	8,483,400	9	0.35%	7,736,700	10	0.59%
ECPS Inc.	8,349,800	10	0.34%	8,188,300	9	0.62%
Total Principal Property Tax Payers	\$ <u>135,830,400</u>		<u>5.57%</u>	\$ <u>92,658,100</u>		<u>7.05%</u>
Total Assessment	\$ <u>2,440,539,600</u>		<u>100.00%</u>	\$ <u>1,314,675,800</u>		<u>100.00%</u>

Source: Ketchikan Gateway Borough Assessment Department.

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

June 30, 2023

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	15,568	7,051,507	100.0%
2019	7,306,694	7,292,806	99.8%	11,727	7,304,533	100.0%
2020	7,465,510	7,202,005	96.5%	246,925	7,448,930	99.8%
2021	7,570,857	7,452,250	98.4%	101,983	7,554,233	99.8%
2022	8,102,087	8,081,894	99.8%	373	8,082,267	99.8%
2023	8,363,491	8,341,890	99.7%	1,179	8,343,069	99.8%

KETCHIKAN GATEWAY BOROUGH*Taxable Sales by Category, Fiscal Years*

June 30, 2023

Borough & City	Fiscal Year				
	2023	2022	2021	2020	2019
Contractors	\$ 11,118,610	10,320,288	10,071,848	8,230,226	7,717,604
Finance, insurance, banks	1,885,988	2,118,628	2,104,213	1,919,795	1,764,366
Hotels, motels, lodges	28,861,118	25,389,590	15,288,061	16,410,310	18,505,291
Manufacturing	8,340,177	5,140,358	2,501,359	5,283,361	5,978,521
Real estate	31,149,132	28,543,207	25,089,501	25,265,729	25,404,414
Remote retail	7,023,081	6,634,596	6,431,859	5,688,424	2,560,754
Retail trade	46,537,048	41,647,403	30,715,113	30,201,283	31,884,797
Retail trade - food	61,856,034	54,148,963	52,252,941	52,725,454	54,112,766
Retail trade, bars & catering	34,528,784	26,729,798	17,857,239	20,293,928	24,335,969
Retail, automotive	20,908,256	19,355,663	17,117,108	16,106,969	16,083,534
Retail, specialty	7,980,810	6,735,451	12,227,899	12,758,592	13,291,980
Retail, var, jewelry, curios	104,189,047	67,893,301	40,242,868	63,616,492	80,215,226
Services, entertainment	7,575,365	3,235,486	533,295	3,984,057	5,918,334
Service, general	9,290,588	8,930,543	7,267,301	7,630,066	7,796,894
Services, professional	4,554,091	4,309,367	4,908,107	4,540,870	4,392,688
Trans, comm, utilities	99,592,250	63,963,405	34,138,849	63,403,154	81,530,881
	\$ <u>485,390,379</u>	<u>375,096,047</u>	<u>278,747,561</u>	<u>338,058,710</u>	<u>381,494,019</u>

	Fiscal Year				
	2018	2017	2016	2015	2014
Contractors	\$ 8,285,917	8,705,620	7,927,307	7,867,431	7,631,093
Finance, insurance, banks	1,968,375	2,121,486	2,034,010	1,969,763	2,177,388
Hotels, motels, lodges	17,629,291	17,040,832	16,638,336	15,657,714	14,892,935
Manufacturing	6,102,888	5,416,665	5,107,522	4,905,355	5,158,746
Real estate	25,383,983	25,375,243	24,690,427	24,087,383	23,596,203
Remote retail	-	-	-	-	-
Retail trade	31,195,601	30,826,527	30,501,262	30,170,161	30,423,980
Retail trade - food	51,797,395	51,048,392	51,431,344	50,291,242	49,829,177
Retail trade, bars & catering	23,082,423	22,423,776	22,606,016	21,053,279	20,652,476
Retail, automotive	16,022,811	15,917,566	15,657,382	15,675,897	15,718,601
Retail, specialty	12,529,288	8,316,256	8,285,862	8,305,021	8,131,033
Retail, var, jewelry, curios	75,591,776	71,596,802	70,454,293	69,317,752	68,920,331
Services, entertainment	5,121,047	4,879,129	4,142,301	4,023,139	3,868,802
Service, general	7,527,296	7,539,686	7,113,165	6,680,135	6,317,339
Services, professional	3,787,259	3,947,599	3,674,948	3,631,121	3,783,013
Trans, comm, utilities	77,040,477	70,616,846	67,882,034	72,447,447	77,611,687
	\$ <u>363,065,827</u>	<u>345,772,425</u>	<u>338,146,209</u>	<u>336,082,840</u>	<u>338,712,804</u>

Source: Ketchikan Gateway Borough Finance Department

KETCHIKAN GATEWAY BOROUGH

Current Year Debt Service by Type, Last Ten Fiscal Years
June 30, 2023

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
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
2023	1,883,000	892,891	2,775,891	1,030,014	127,447	2,665,158	3,822,619	1,046,728	13,741	(76)	497,000	845,987	1,342,987	3,126,903	(1,438,650)	3,222,566

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

KETCHIKAN GATEWAY BOROUGH

Ratios of General Bonded Debt Outstanding
June 30, 2023

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				
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
2023	24,159,017	68,280	2,960,588	741,592	27,929,477	934,512,024	3.0%	1.7%	2,033

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, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Ketchikan Gateway Borough</u>
City of Ketchikan	\$ 49,512,169	100%	\$ 49,512,169
Ketchikan Gateway Borough School District		100%	-
			<u>49,512,169</u>
			49,512,169
			24,159,017
			2,960,588
			<u>68,280</u>
			<u>\$ 76,700,054</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 Years

June 30, 2023

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
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
2022	13,741	943,512,024	68,664	4.20%	2,100	9	150	175

(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 2022 and Ten Years Ago
June 30, 2023

Calendar Year Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Private Ownership	5,159	1	42.50%	5,397	1	42.02%
Trade, Transportation and Utilities	1,662	2	13.69%	1,701	2	13.24%
Local Government	1,149	3	9.46%	1,130	3	8.80%
Educational & Health Services	979	4	8.06%	972	4	7.57%
Leisure & Hospitality	962	5	7.92%	800	5	6.23%
State of Alaska	481	6	3.96%	692	6	5.39%
Manufacturing	352	7	2.90%	596	7	4.64%
Financial Activities	339	8	2.79%	383	8	2.98%
Professional & Business Services	288	9	2.37%	199	11	1.55%
Construction	281	10	2.31%	342	9	2.66%
Federal Government	193	11	1.59%	246	10	1.92%
Other	135	12	1.11%	181	12	1.41%
Natural Resource and Mining	93	13	0.77%	111	13	0.86%
Information	67	14	0.55%	93	14	0.72%
	<u>12,140</u>		<u>100.00%</u>	<u>12,843</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/>



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KETCHIKAN GATEWAY BOROUGH

Table 14

Miscellaneous Statistics

June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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 *	335	306	326	382	439	510	449	725	824	808
Animals Impounded	194	168	181	190	254	289	217	259	296	251
Animals Surrendered	162	126	140	138	96	136	121	166	148	161
Animals Adopted	203	182	136	153	142	142	139	210	170	162
Animals Claimed	110	79	83	102	137	160	91	122	126	117
<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	24	23	23	23	22	23	24	24	24
Fire and EMS	6	6	6	6	6	6	5	5	5	5
Public services	12	12	10	10	10	10	12	12	12	12
Parks and Recreation	16	16	15	15	15	15	15	15	15	15
Public works	11	11	11	11	12	12	12	12	12	12
Transit	17	17	16	16	17	13	13	13	14	12
Automation	2	2	1	1	1	1	1	1	1	1
Airport	29	29	29	29	29	28	28	28	27	27
	117	117	111	111	113	107	109	110	110	108
<i>South Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	2	2	1
Volunteers	34	33	34	35	32	30	24	35	35	36
Fire Calls	18	43	40	38	33	51	55	53	41	32
Emergency Calls/EMS Incidents	204	207	155	147	149	157	129	124	135	121
Fire Investigations	-	8	12	10	5	7	7	6	7	6
<i>North Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	2	2	2
Volunteers	16	20	21	24	28	19	24	18	21	26
Fire Calls	12	18	18	46	26	13	21	16	10	21
Emergency Calls/EMS Incidents	310	223	158	176	215	234	232	186	154	207
Fire Investigations	-	1	5	4	4	2	1	-	1	1
<i>Elections</i>										
Registered Voters	11,873	11,914	11,856	11,840	11,583	11,319	10,401	10,286	10,071	9,963
Votes Cast Last Borough Election	2,264	3,689	2,398	3,158	2,972	2,739	2,158	2,762	2,204	2,233
% Voting Last Borough Election	19%	31%	20%	27%	26%	24%	21%	27%	22%	22%

KETCHIKAN GATEWAY BOROUGH

Table 14

Miscellaneous Statistics

June 30, 2023

	<u>2023</u>	<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>
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	18	8	8	8	8	8	8	8
Average Daily Treatment (gals)	190,000	190,000	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	801	804	835	835	664	649	628	613	598
Sludge Pumping Customers	1,422	1,422	1,424	1,373	1,373	1,370	1,263	1,281	1,254	1,241
South Tongass Service Area:										
Water, Hydrant, Connections	540	540	537	485	485	485	485	485	427	405
Average Daily Treatment (gals)	195,000	195,000	110,000	140,000	140,000	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	2	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	139,596	117,546	70,476	58,327	125,791	123,952	118,984	107,646	94,251	89,013
Outbound Passengers	138,908	116,211	69,409	57,114	125,632	123,529	119,802	105,433	90,233	86,718
<i>Airport Ferry</i>										
Passengers	420,715	383,096	292,077	254,984	388,264	378,108	380,061	388,631	365,306	354,728
Vehicles	124,855	119,554	87,966	79,502	102,399	94,872	97,168	96,061	85,725	85,783
<i>Transit</i>										
Passengers	327,390	178,410	122,304	309,260	406,251	385,554	425,103	448,585	415,317	407,010
<i>Visitor Industry (Calendar Year)</i>										
Cruise Ship Passengers	1,474,945	1,426,458	not available	-	980,000	976,393	899,975	865,428	856,653	812,950
<i>Data supplied by Ketchikan Gateway Borough Department Directors</i>										