KETCHIKAN GATEWAY BOROUGH
ALASKA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

JUNE 30, 1995

KETCHIKAN GATEWAY BOROUGH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 1995

Prepared by

DEPARTMENT OF ADMINISTRATIVE SERVICES

Alvin E. Hall, Director

KETCHIKAN GATEWAY BOROUGH

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1995

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INTRODUCTORY SECTION

KETCHIKAN GATEWAY BOROUGH
Office of Administrative Services • 344 Front Street • Ketchikan, Alaska 99901

Alvin E. Hall
Director

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December 19, 1995

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

The Comprehensive Annual Financial Report of the Ketchikan Gateway Borough, Alaska for the fiscal year ended June 30, 1995, is hereby submitted as mandated by local ordinances and state statutes. These ordinances and statutes require that the Ketchikan Gateway Borough issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the Ketchikan Gateway Borough. All disclosures necessary to enable the reader to gain an understanding of the Borough's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. It includes all funds and account groups of the Ketchikan Gateway Borough. The introductory section, which is unaudited, includes this transmittal letter, certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year 1994, an organizational chart, a list of elected and staff officials and a map showing the Borough Boundaries. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This year we have provided additional information which supports the financial statements and notes of disclosure.

The Borough is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-128,"Audits of State and Local Governments." State of Alaska Regulation 2 AAC 45.010, the Single Audit Information related to single audit, including schedules of federal and state financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separate issued single audit report.

The financial reporting entity (Ketchikan Gateway Borough) includes all the funds and account groups of the primary government (i.e., Ketchikan Gateway Borough as legally defined), as well as all of its component units. Component units are legally separate units for which the primary government is financially accountable. The Borough provides the following areawide services: assessment and collection of property taxes and sales tax collection for the Borough and cities within the Borough, planning and zoning, senior citizen funding and general administrative services. Non-areawide services represented by service areas provide for fire protection, water, sewer, roads and library services. The Ketchikan International Airport, and Transit System are enterprise funds operated by the Ketchikan Gateway Borough.

The School District is reported as a discretely presented component unit. Pension plans, including the State of Alaska Public Employees' Retirement System, the Masters, Mates and Pilots plan, the International Brotherhood of Electrical Workers plan have not met the established criteria for inclusion within the reporting entity and, accordingly, are excluded from this report.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The economy of the Ketchikan area is based primarily on forest products, fishing, and tourism. This results in the economy of Ketchikan being more stable than in other areas of Alaska that are much more dependent on oil production revenues. Although both fishing and forest products industries experience economic fluctuations, the long term outlook for both of these industries remains favorable. In addition, Ketchikan has experienced a large growth in tourism during the last few years as the number of visitors arriving on cruise ships, planes and boats has increased substantially. This trend of increased tourism is expected to continue for fiscal year 1996 and then growth is expected to level.

The government currently has a land area of 1,242 square miles and a population of 15,082. The government is empowered to levy a property tax on both real and business personal property located within its boundaries.

The Borough has operated under the Assembly-Manager form of government since 1963. Policy making and legislative authority are vested in the borough assembly, which consists of a mayor and a seven-member assembly. The assembly is responsible for, among other things, passing ordinances and resolutions, adopting the budget, appointing committees and hiring the borough's manager, attorney, and clerk. The borough's manager is the chief administrative officer of the borough. The borough manager has all of the powers and duties set forth in the Alaska Statute presently numbered AS 29.23.140, and other powers and duties elsewhere prescribed by law. He has supervision and control, directly and indirectly, over all administrative departments, agencies, officers, except the borough attorney and borough clerk.

The Borough is a second class borough with boundaries extending throughout Revillagigedo Island, Revilla Island, Pennock Island and other smaller islands identified within the Borough. The Ketchikan Gateway Borough is in Southeast Alaska, approximately 650 miles north of Seattle Washington. Access is limited to air and marine transportation. The Borough is also situated at the southern end of the Tongass National Forest (the Tongass) At 16.7 million acres, the Tongass is the largest national forest in the United States. Harvesting and promoting the natural resources of the Tongass and other natural resources in the area provides employment opportunities, directly or indirectly for the Borough.

Timber is the single largest source of employment. Approximately 15% of the local labor force is directly employed in the timber industry. Because of timber industry's role, the upturns and downswings of the local economy frequently parallel those of the industry. A significant portion of the timber activity in the borough revolves around the operations of Louisiana Pacific Corporation d/b/a Ketchikan Pulp Company which owns and operates a dissolving pulp mill and a sawmill located in Ward Cove.

Substantial portions of Southeast Alaska's forest products are exported to Japan and other Pacific rim countries. The combined value of Alaskan wood product exports was nearly $510 million for the 1994 fiscal year. Japan remained Alaska's primary market for wood products, accounting for 67% of the total dollar value of fiscal year 1994 exports. Although recessionary forces linger, a recovering housing market and a strong Japanese yen have allowed only a slight drop in Japanese lumber imports. Approximately 95% of Alaska's lumber and cant exports were shipped to Japan, along with 17% of exported pulp and 72% of the exported logs.

A reliable supply of harvestable timber remains an important economic issue with the timber industry. Some relief was granted in 1993 when the U.S. Forest Service approved the Central Prince of Wales sale to Ketchikan Pulp Company. This sale is expected to provide a dependable supply of timber for the next three years and will be instrumental in maintaining timber harvest levels at the projected 140 million board feet for 1995.

Fishing processing facilities and a large fishing fleet have made fishing the second most important industry in the Borough. On an annual basis, the industry provides employment for approximately 6% of the local work force. During the season's summer peak, the industry's share can exceed 30%.

Tourism currently the most dynamic and positive sector of our local economy and is now the third largest industry in the borough. Tourists travel into the borough either by air or water transportation, with the majority arriving by cruise ship. In 1995, 34 cruise ships made 329 stops in the borough and brought 355,784 visitors. In 1994 cruise ships brought 380,822 visitors. This is an decrease of 25,038 visitors or (6.5)%. This does not include two local operations serving the Southeast with a capacity of 50 passengers making scheduled weekly stops in Ketchikan. In addition, another 40,000 visitors arrive in the borough annually by airplane or on the Alaska Highway System.

Outlook. Timber is expected to continue to be a large part of our local economy. Valid concerns continue to exist regarding the availability of a reliable source of timber to supply the pulp mill and the sawmill. Because of changes to the Tongass National Forest timber management policies, the timber harvest for the next several years is expected to decrease by another 25%. The harvest of timber from private lands is also expected to decline. The final outcome is dependent on the industry's ability to adapt to the new management policies, development of new products to stimulate demand, and investment in the infrastructure and technology necessary to remain competitive. Strong housing starts, a favorable foreign currency exchange rate, and low inventories of wood products and rayon work favorably towards strengthening a strong demand for pulp and wood products from Southeast Alaska..

The prospects for fishing depend primarily on quantity and the quality of the salmon harvest. More seafood processors are exploring opportunities to expand their product lines and future growth in this area is promising, this process is still in the development stage, future years operations are where contributions may be recognized.

Tourism continues to be a growth industry because of additional visitors arriving in Ketchikan by cruise ship. Ketchikan completed the Ted Ferry Civic Center, operations for 1995 attracted several organizations to Ketchikan with additional visitors into the community. Final numbers were not available at this writing.

Construction employment is expected to remain strong throughout the year with major public improvement projects that started in 1992 through 1995 and nearing completion. The Borough has approved the construction of an Indoor Recreation Center that is in the site development and bidding process. Several major private retail and industrial developments are in various stages and expected to impact housing in future periods.

FINANCIAL INFORMATION

Borough Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Borough are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

Single Audit. As a recipient of federal and state financial assistance, the Borough also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the single audit performed by the Borough's independent accountants, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs and state awards, as well as to determine that the Borough has complied with applicable laws and regulations. The results of the Borough's single audit for the fiscal year ended June 30, 1995, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. Formal budgetary integration is employed as a management control device during the year for the General Fund and certain special revenue funds. The debt service funds do not use formal budgetary integration because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. The remaining special revenue funds and the capital projects funds are budgeted on a project length basis, and formal budgetary control is achieved as such..

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Ketchikan Gateway Borough Assembly. Resources are allocated to and accounted for individual funds, based upon the purposes for which those funds were created. The Assembly may, by ordinance, transfer appropriations between funds and amend the original budget in total. The Borough Manager may transfer amounts between line items within a department. The legal level of control (that is, the level at which expenditures cannot legally exceed the appropriation) is at the fund level.

Capital projects and grant activities are budgeted on project length basis. Activities of the General Fund and certain special revenue funds are included in the annual appropriating budget, and appropriations lapse at year end. The Borough also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Open encumbered amounts lapse at year end; however, they are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the Ketchikan Gateway Borough continues to meet its responsibility for sound financial management.

General Fund Balance. The following schedule presents a summary presents of general fund, special revenue funds, debt service fund and capital projects fund revenues for the fiscal year ended June 30, 1995 and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues:	Amount	Percent of Total	Increase (Decrease) from 1994	Percent of Increase (Decrease)
Taxes	$11,525,415	49.21%	$ 564,510	5.15%
Payments in Lieu of Taxes	18,530	.08	(2,314)	(11.10)
Licenses and Permits	18,525	.08	(15)	(0.01)
Revenue from Other Governments	10,899,259	46.54	(11,605,881)	(51.57)
Charges for Services	354,696	1.52	(23,596)	(6.24)
Other Revenue	604,062	2.57	(675,139)	(33.39)
Total	$23,420,487	100.00%	$(11,742,435)	

The most significant increase in actual continued revenue sources was derived from taxes and revenues from other governments. Tax revenues are a combination of three distinct resources: property taxes, sales tax, and automobile and boat taxes. A large portion of the tax revenue increase was a result of a 1/2 cent Borough wide increase in sales taxes.

The decrease in Revenue from other governments resulted from completion of Ketchikan Gateway High School which was funded through grants which has now been completed.

The following schedule presents a summary of general fund, special revenue funds, debt service and capital projects fund expenditures for the fiscal year ended June 30, 1995 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) From 1994	Percent of Increase (Decrease)
Administration	$ 1,548,419	8.36%	$ (27,539)	(1.75)
Public Services	5,086,625	27.45	(477,458)	(8.58)
Non-Departmental	162,847	.88	(22,212)	(12.00)
Automation	39,522	.21	(34,938)	(46.92)
Capital Projects	9,590,403	51.76	(6,702,144)	(41.14)
Debt Service	2,101,588	11.34	(2,758,052)	(56.75)
Total	$18,529,404	100.00%	($10,022,343)	

The significant decrease in capital projects is due to the construction of the Ketchikan High School, this is a multi-phase project was completed during the 1995 fiscal year. Other significant decreases are in debt service with the maturing of debt with no new issues in fiscal year 1995

Enterprise Operations. The Ketchikan Gateway Borough enterprise operations are comprised of the Ketchikan International Airport, Bus Transit and Ferry System. The intent of the Borough is that the cost of operations and providing services to the general public be financed primarily through user charges. The acquisition, and improvements of the facilities are financed from existing cash resources from operations, tax levies, the issuance of general obligation and revenue bonds.

Fiduciary Responsibility. The Ketchikan Gateway Borough has fiduciary responsibility in three areas. First, Alaska Statutes require the Borough to be responsible for collection and distribution of property and sales taxes for cities within the Borough. The second area of fiduciary responsibility involves participation by Borough employees in a deferred compensation plan. While the Borough does not administer the plan, contributions are assets of the Borough and are reported in an agency fund. .

Debt Administration. At June 30, 1995, the Ketchikan Gateway Borough had outstanding debt of $6,725,000. This is comprised of $6,200,000 in general obligation school debt, and enterprise funds which have outstanding debt of $525,000 comprised of $330,000 in general obligation bonds and $195,000 in revenue bonds. $529,000 in 1958 APW bonds were removed from debt service in 1995 as the Borough no longer has an obligation for payment. The voters have authorized the issuance of $7,500,000 for the construction of the Indoor Recreation Center. Debt service will be provided from the collection of 1/2 percent sales tax from sales in the Borough.

Cash Management. Cash temporarily idle during the year was invested in obligations of the U.S. Government, its agencies and instrumentalities, certificates of deposit, and repurchase agreements. Central treasury balances consisted of the General Fund, special revenue funds, capital projects funds, and portions of the enterprise and agency funds.

The Borough's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Normally all bank balances are covered by federal depository insurance, or by collateral held by the Borough's agent in the Borough's name. Borough investments are insured, registered, or are securities which are held by the Borough or its agent in the Borough's name, which places them in the lowest risk category as defined by Statement No. 3 of the Governmental Accounting Standards Board.

Risk Management. The Borough currently maintains coverage for comprehensive general liability, automobile liability, building and contents, education errors and omissions, and public officials liability.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The legislature also appropriated $1,200,000 for Mountain Point Water and Sewer, $150,878 for Lewis Reef study, $177,200 for design of the Indoor Recreation Center, $100,000 for ADA upgrades, $193,000 for the Airport Walkway cover, $243,000 for new buses meeting ADA requirements, and in addition several smaller grants have been approved under the matching fund program.

Projects completed during the year included the completion of the Ketchikan High School Reconstruction, development, Phase II construction of the swimming pool near the high school, the initiation of the design and letting of the site development contract for the Indoor Recreation Center, and purchase of two new buses meeting ADA requirements. .

OTHER INFORMATION

Independent Audit. Alaska State Statutes 29.35.120 requires an annual independent audit of the accounts and financial transactions of the Borough by a certified public accountant. The accounting firm of Hogan, Mecham, Richardson and Company, CPA's, was selected and ratified by the Borough Assembly. In addition to meeting the requirements set forth in the State Statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-128 and the State of Alaska Single Audit Act 2 AAC 45.010. The Auditor's report on the general purpose financial statements is included in the financial section of this report. The combining, individual fund and account group financial statements and schedules are presented for purposes of additional analysis. The auditor's reports related specifically to the single audit are contained in a separate report.

Awards. The Government Finance Officers Association ("the GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Borough for its comprehensive annual financial report for the fiscal year ended June 30, 1994. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the Administrative Services Department. Each member of the department has our sincere appreciation for their contribution. We would like to thank Mr. C. L. Cheshire of the University of Alaska Southeast, Economic Development Center for sharing with us his thoughts about the local economy and his economic statistics data base.

The Administrative Services Department would like to express its continued appreciation to the Mayor and Members of the Borough Assembly, for your interest, support, cooperation and involvement throughout the year in issues pertaining to the finances of the Ketichikan Gateway Borough.

Respectfully submitted,

Alvin E Hall

Alvin E. Hall
Director of Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ketchikan Gateway Borough, Alaska

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1994

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

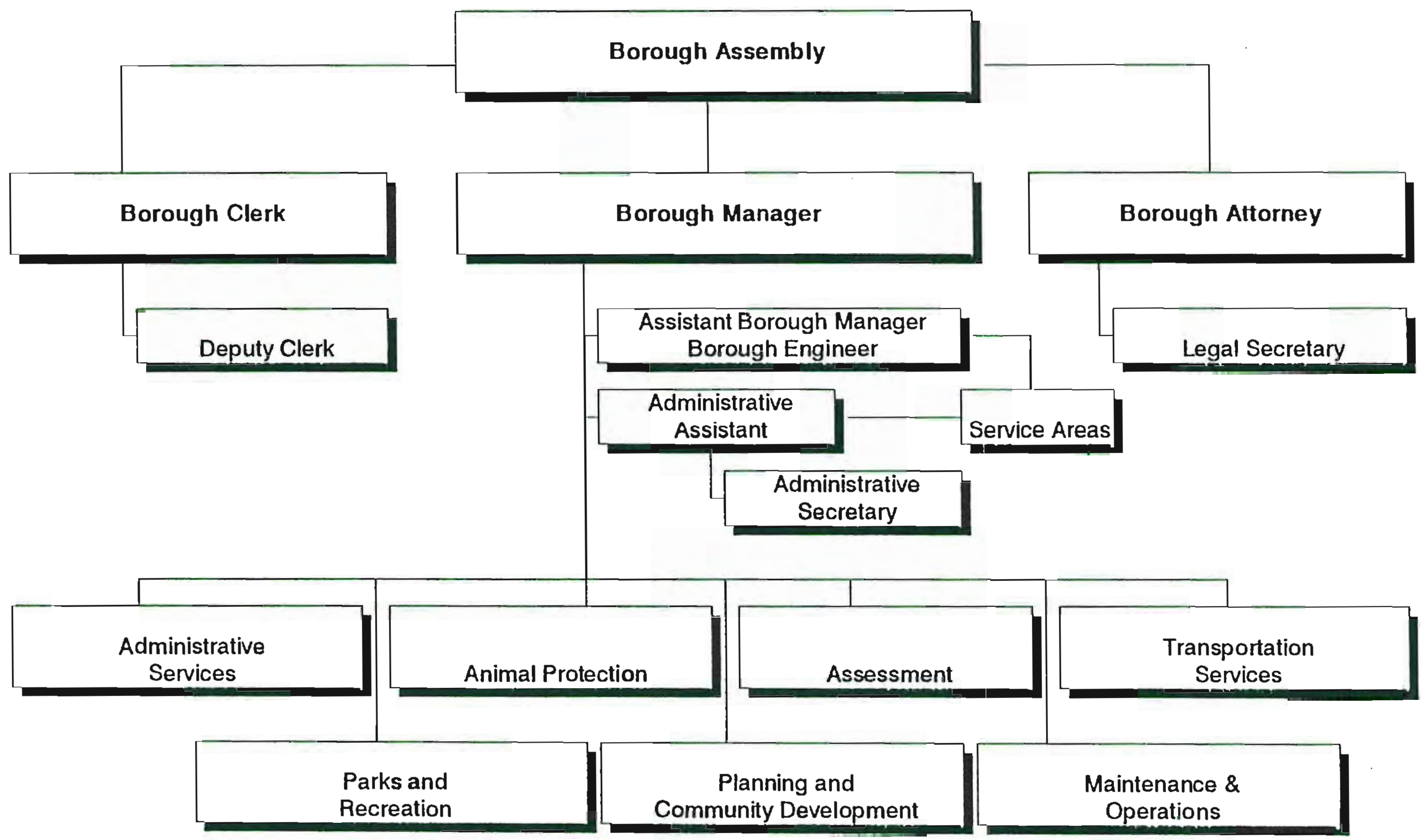
GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

KETCHIKAN GATEWAY BOROUGH

Fiscal Year 1995/96



KETCHIKAN GATEWAY BOROUGH

PRINCIPAL BOROUGH OFFICIALS

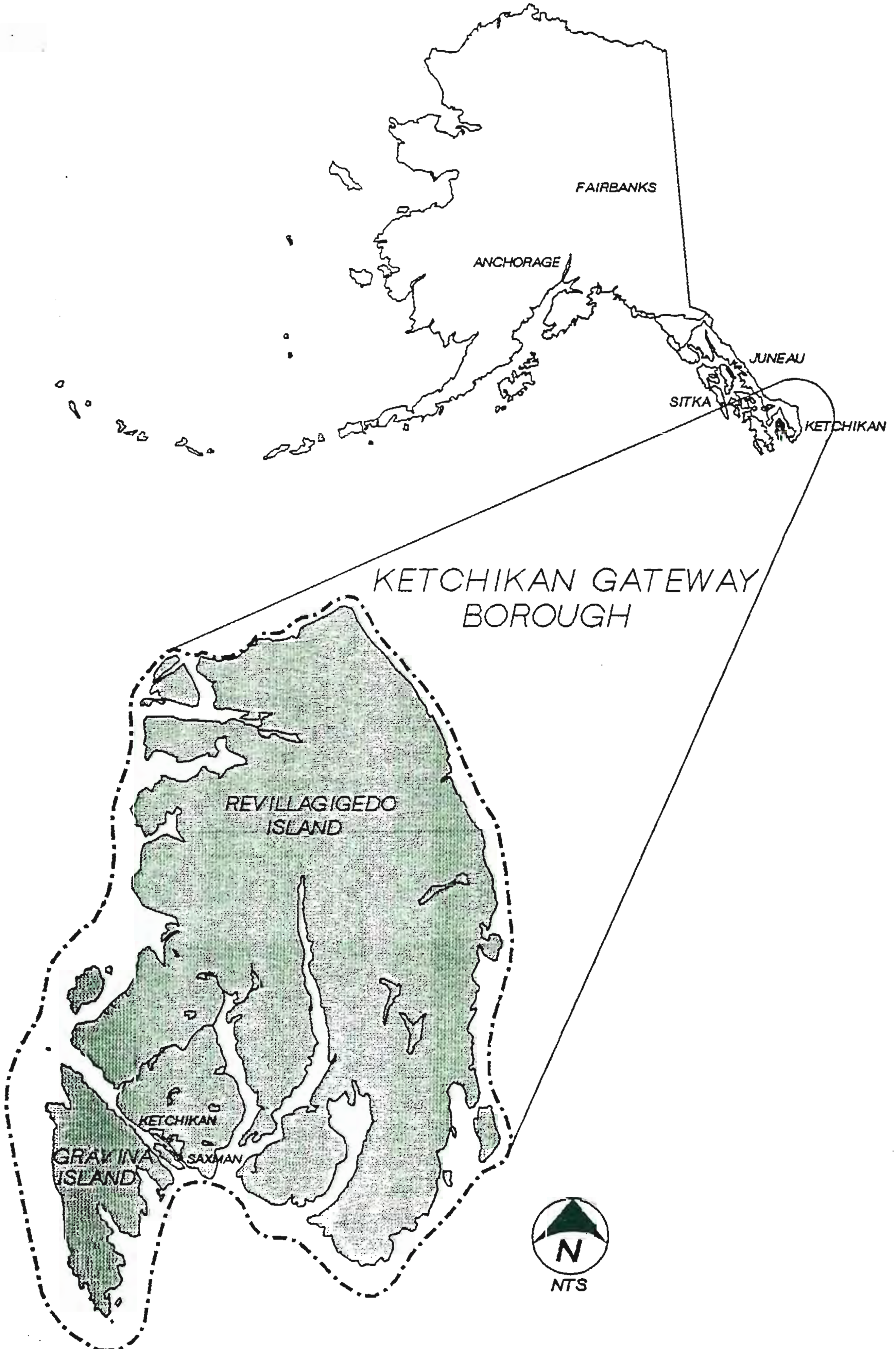
June 30, 1995

MAYOR AND ASSEMBLY

James Carlton	Mayor
Don Chenall	Assemblymember
John Conley	Assemblymember
Tom Coyne	Assemblymember
James B. Elkins	Assemblymember
Donald Mitchel	Assemblymember
George H. Tipton	Assemblymember
Phyllis Yetka	Assemblymember

BOROUGH STAFF

Michael D. Rody	Manager
James E. Voetberg	Assistant Manager
Scott A. Brandt–Erichsen	Borough Attorney
Georgianna Zimmerle	Borough Clerk
Alvin E. Hall	Director Administrative Services
Dennis Finegan	Director of Assessment
Eugene Martin	Animal Protection Supervisor
Robert Bright	Director of Planning
Penny Luce	Director Transportation Services
Greg Kolean	Director Parks and Recreation


FAIRBANKS
ANCHORAGE
JUNEAU
SITKA
KETCHIKAN
KETCHIKAN GATEWAY BOROUGH
REVILLAGIGEDO ISLAND
KETCHIKAN
SAXMAN
GRAVINA ISLAND
N
NTS

FINANCIAL SECTION

HOGAN, MECHAM, RICHARDSON AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

1734 TONGASS AVENUE
KETCHIKAN, ALASKA 99901
(907) 225-9688
FAX (907) 225-9687

Partners:
L. Pete Hogan, CPA
Edward B. Mecham, CPA
S. Dirk Richardson, CPA

A Member of the
AICPA Private
Company Practice
Section

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general-purpose financial statements of the Ketchikan Gateway Borough ("the Borough") as of and for the year ended June 30, 1995. These general-purpose financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ketchikan Gateway Borough as of June 30, 1995, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual

HOGAN, MECHAM, RICHARDSON AND COMPANY
Certified Public Accountants

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

fund and account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Ketchikan Gateway Borough. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The other data included in this report, designated as the "Statistical Section - Unaudited" in the table of contents, has not been audited by us and, accordingly, we do not express an opinion on such data.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated November 13, 1995 on our consideration of the Ketchikan Gateway Borough's internal control structure and a report dated November 13, 1995 on its compliance with laws and regulations.

Hogan, Mecham, Richardson and Company

November 13, 1995

GENERAL PURPOSE FINANCIAL STATEMENTS

The financial statements in this section provide a summary overview of the financial position of all funds and account groups including summary operating results of all funds.

The following statements are included in this section:

Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Units

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Discretely Presented Component Units

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget & Actual - General, Budgeted Special Revenue Fund Types

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types

Combining Statement of Cash Flows - All Proprietary Fund Types

Exhibit 1

KETCHIKAN GATEWAY BOROUGH

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1995

	Governmental Fund Types				Proprietary Type Funds	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS						
Cash and Temporary Investments	$ 258,105	$ 7,571,257		$ 48,579	$ 591,629	
Funds with Fiscal Agents						$ 1,431,992
Property Taxes Receivable	49,525					
Due From Other Governments		20,805			162	
Due From Primary Government						
Accounts Receivable	159,903	97,154		1,293,230	187,713	
Due From Other Funds	1,896,230					
Prepaid Insurance	7,621					
Deferred Accounts Receivable		167,839				
Inventory						
Restricted Assets						
Bond Redemption Fund Cash and Investments					59,733	
Plant in Service					9,163,753	
Accumulated Depreciation					(4,331,210)	
Land						
Buildings						
Equipment						
Swimming Pools						
Leasehold Improvements						
Amount to be Provided for Payment of Long Term Debt						
Total Assets	$ 2,371,384	$ 7,857,055	$	$ 1,341,809	$ 5,671,780	$ 1,431,992
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts Payable	$ 148,624	$ 388,804		$ 21,153	$ 49,912	
Retainage Payable		24,847		15,000		
Due to Other Governments	123,341					
Due to Other Funds		894,533		828,935	172,762	
Due to Component Unit	414,181					
Accrued Interest Payable					14,308	
Accrued Liabilities	375,529				165,973	
Deferred Revenue	50,911	433,983				
Deferred Compensation						
Bonds Payable					525,000	
Total Liabilities	1,112,586	1,742,167		865,088	927,955	
Equity and Other Credits:						
Contributed Capital					1,983,262	
Investment in General Fixed Assets						
Retained Earnings:						
Reserved					59,733	$ 150,000
Unreserved					2,700,830	1,281,992
Fund Balances:						
Reserved for Encumbrances	62,701	51,612		1,835,105		
Reserved for Prepaid	7,621					
Reserved for Inventory						
Reserved for Endowments						
Unreserved Fund Balance	1,188,476	6,063,276		(1,358,384)		
Total Equity and Other Credits	1,258,798	6,114,888		476,721	4,743,825	1,431,992
Total Liabilities, Equity and Other Credits	$ 2,371,384	$ 7,857,055	$	$ 1,341,809	$ 5,671,780	$ 1,431,992

The notes to the financial statements are an integral part of this statement.

Exhibit 1, cont.

KETCHIKAN GATEWAY BOROUGH

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 1995

	Fiduciary Fund Types	Account Groups		Totals (Memorandum only)	Component Unit	Totals (memorandum only)
	Trust and Agency Funds	General Fixed Assets	General Long Term Debt	Primary Government	School District	Reporting Entity
ASSETS						
Cash and Temporary Investments				$ 8,469,570	$ 220,731	$ 8,690,301
Funds with Fiscal Agents	$ 1,039,602			2,471,594		2,471,594
Property Taxes Receivable				49,525		49,525
Due From Other Governments				20,967	429,215	450,182
Due From Primary Government					414,181	414,181
Accounts Receivable				1,738,000		1,738,000
Due From Other Funds				1,896,230		1,896,230
Prepaid Insurance				7,621		7,621
Deferred Accounts Receivable				167,839		167,839
Inventory					31,968	31,968
Restricted Assets						
Bond Redemption Fund Cash and Investments				59,733	169,098	228,831
Plant in Service				9,163,753		9,163,753
Accumulated Depreciation				(4,331,210)		(4,331,210)
Land		$ 30,865		30,865	117,216	148,081
Buildings		932,877		932,877	61,808,827	62,741,704
Equipment		865,092		865,092	7,162,856	8,027,948
Swimming Pools		2,531,177		2,531,177		2,531,177
Leasehold Improvements					17,867	17,867
Amount to be Provided for Payment of Long Term Debt			$ 6,200,000	6,200,000		6,200,000
Total Assets	$ 1,039,602	$ 4,360,011	$ 6,200,000	$ 30,273,633	$ 70,371,959	$ 100,645,592
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts Payable				$ 608,493	$ 812,150	$ 1,420,643
Retainage Payable				39,847		39,847
Due to Other Governments				123,341		123,341
Due to Other Funds				1,896,230		1,896,230
Due to Component Unit				414,181		414,181
Accrued Interest Payable				14,308		14,308
Accrued Liabilities				541,502	179,865	721,367
Deferred Revenue				484,894		484,894
Deferred Compensation	$ 1,039,602			1,039,602	143,588	1,183,190
Bonds Payable			$ 6,200,000	6,725,000		6,725,000
Total Liabilities	1,039,602		6,200,000	11,887,398	1,135,603	13,023,001
Equity and Other Credits:						
Contributed Capital				1,983,262		1,983,262
Investment in General Fixed Assets		$ 4,360,011		4,360,011	69,106,766	73,466,777
Retained Earnings:						
Reserved				209,733		209,733
Unreserved				3,982,822		3,982,822
Fund Balances:						
Reserved for Encumbrances				1,949,418	37,424	1,986,842
Reserved for Prepaid				7,621		7,621
Reserved for Inventory					31,968	31,968
Reserved for Endowments					25,000	25,000
Unreserved Fund Balance				5,893,368	35,198	5,928,566
Total Equity and Other Credits		4,360,011		18,386,235	69,236,356	87,622,591
Total Liabilities, Equity and Other Credits	$ 1,039,602	$ 4,360,011	$ 6,200,000	$ 30,273,633	$ 70,371,959	$ 100,645,592

The notes to the financial statements are an integral part of this statement.

Exhibit 2

KETCHIKAN GATEWAY BOROUGH

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 1995

	General	Special Revenue	Debt Service	Capital Projects	Totals (memorandum only) Primary Government	Components Unit School District	Totals (memorandum only) Reporting Entity
REVENUES							
Taxes	$ 10,048,927	$ 1,476,488			$ 11,525,415		$ 11,525,415
Payments in Lieu of Taxes	18,530				18,530		18,530
Licenses and Permits	18,525				18,525		18,525
Revenues from Other Govts	1,538,870	3,437,746		$ 5,922,643	10,899,259	$ 14,115,560	25,014,819
Charges for Services	243,315	123,381			366,696		366,696
Other Revenues	181,739	339,358		82,965	604,062		604,062
Total Revenues	12,049,906	5,376,973		6,005,608	23,432,487	14,115,560	37,548,047
EXPENDITURES							
Current							
General Government	1,548,419				1,548,419		1,548,419
Public Services	2,632,926	2,465,699			5,098,625	20,471,485	25,570,110
Non-Departmental	162,847				162,847		162,847
Automation	39,522				39,522		39,522
Capital Outlay	60,519			9,529,884	9,590,403		9,590,403
Debt Service			$ 2,101,588		2,101,588		2,101,588
Total Expenditures	4,444,233	2,465,699	2,101,588	9,529,884	18,541,404	20,471,485	39,012,889
Excess (Deficit) of Revenues over Expenditures	7,605,673	2,911,274	(2,101,588)	(3,524,276)	4,891,083	(6,355,925)	(1,464,842)
Other Financing Sources (Uses)							
Operating Transfers In	155,978	300,000	2,101,588	844,716	3,402,282		3,402,282
Operating Transfers In from General Government						6,347,993	6,347,993
Operating Transfers Out	(450,000)	(3,102,282)			(3,552,282)		(3,552,282)
Operating Transfers Out to Component Unit	(6,347,993)				(6,347,993)		(6,347,993)
Total Other Financing Sources (Uses)	(6,642,015)	(2,802,282)	2,101,588	844,716	(6,497,993)	6,347,993	(150,000)
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	963,658	108,992		(2,679,560)	(1,606,910)	(7,932)	(1,614,842)
Fund Balances, Beginning of Year	295,140	6,005,896		3,156,281	9,457,317	137,522	9,594,839
Fund Balances, End of Year	$ 1,258,798	$ 6,114,888	$	$ 476,721	$ 7,850,407	$ 129,590	$ 7,979,997

The notes to the financial statements are an integral part of this statement.

Exhibit 3

KETCHIKAN GATEWAY BOROUGH

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL – GENERAL AND BUDGETED SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1995

	General			Annually Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	$ 9,998,432	$ 10,048,927	$ 50,495	$ 457,789	$ 453,661	$ (4,128)
Payments in Lieu of Taxes	20,000	18,530	(1,470)			
Licenses and Permits	13,000	18,525	5,525			
Revenue from Other Governments	1,232,172	1,538,870	306,698	1,679,035	1,790,391	111,356
Charges for Services	239,721	243,315	3,594	88,482	123,381	34,899
Other Revenues	135,000	181,739	46,739	429,762	311,039	(118,723)
Total Revenues	11,638,325	12,049,906	411,581	2,655,068	2,678,472	23,404
Expenditures						
Administration	1,614,502	1,548,419	66,083			
Public Services	2,632,712	2,632,926	(214)	1,091,792	615,790	476,002
Non–Departmental	153,639	162,847	(9,208)			
Automation	68,250	39,522	28,728			
Capital Projects	84,860	60,519	24,341			
Total Expenditures	4,553,963	4,444,233	109,730	1,091,792	615,790	476,002
Excess (Deficit) of Revenues over Expenditures	7,084,362	7,605,673	521,311	1,563,276	2,062,682	499,406
Other Financing Sources (Uses)						
Transfers from Other Funds	151,950	155,978	4,028	300,000	300,000	
Transfers to Other Funds	(6,797,991)	(6,797,993)	(2)	(2,258,211)	(2,257,566)	645
Total Other Financing Sources (Uses)	(6,646,041)	(6,642,015)	4,026	(1,958,211)	(1,957,566)	645
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	438,321	963,658	525,337	(394,935)	105,116	500,051
Fund Balance, Beginning of Year	295,140	295,140		5,759,913	5,759,913	
Fund Balance, End of Year	$ 733,461	$ 1,258,798	$ 525,337	$ 5,364,978	$ 5,865,029	$ 500,051

The notes to the financial statements are an integral part of this statement.

Exhibit 4

KETCHIKAN GATEWAY BOROUGH

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES

ALL PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 1995

	Proprietary Fund Types		Total Primary Government (Memorandum) Only
	Enterprise Funds	Internal Service Funds	
OPERATING REVENUES			
Charges for Services	$ 2,425,314	$ 1,653,096	$ 4,078,410
Total Operating Revenues	2,425,314	1,653,096	4,078,410
OPERATING EXPENSES			
Personnel Services	1,336,741		1,336,741
Supplies and Services	618,246		618,246
Insurance	169,879	1,993,520	2,163,399
Depreciation	330,760		330,760
Total Expenses	2,455,626	1,993,520	4,449,146
Operating Loss	(30,312)	(340,424)	(370,736)
Non operating Revenues (Expenses)			
Interest Earnings		92,835	92,835
State Operating Grants	121,712		121,712
Contingency Credits		42,570	42,570
Fund Adjustment – Deficit		(47,549)	(47,549)
Interest Expense	(45,358)		(45,358)
Other Revenue	1,833		1,833
Total Nonoperating Revenues (Expenses)	78,187	87,856	166,043
Income (Loss) Before Operating Transfers	47,875	(252,568)	(204,693)
Operating Transfers In	150,000		150,000
Total Transfers	150,000		150,000
Net Income	197,875	(252,568)	(54,693)
Depreciation of Fixed Assets Acquired by Grant	104,348		104,348
Net Increase	302,223	(252,568)	49,655
Retained Earnings, Beginning of Year	2,458,340	1,684,560	4,142,900
Retained Earnings, End of Year	$ 2,760,563	$ 1,431,992	$ 4,192,555

The notes to the financial statements are an integral part of this statement.

Exhibit 5

KETCHIKAN GATEWAY BOROUGH

COMBINING STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 1995

	Proprietary Fund Types: Enterprise	Proprietary Fund Types: Internal Service	Total Primary Government (Memorandum) Only
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 2,431,359	$ 1,653,096	$ 4,084,455
Cash Payments for Insurance	(169,879)	(1,998,499)	(2,168,378)
Cash Payments to Employees for Services	(1,164,995)		(1,164,995)
Cash Payments to Suppliers for Goods and Services	(600,270)		(600,270)
Net Cash Provided by Operating Activities	496,215	(345,403)	150,812
Cash Flows from Noncapital Financing Activites:			
Transfer from General Fund	150,000		150,000
Contingency Credits			
Fund Adjustment - Deficit			
Grant Received from State	121,712		121,712
Net Cash Provided by Noncapital Financing Activities	271,712		271,712
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(433,327)		(433,327)
Capital Grant from State	244,000		244,000
Principal Paid on G. O. and Revenue Bonds	(180,000)		(180,000)
Interest Paid on G. O. and Revenue Bonds	(45,358)		(45,358)
Net Cash Used for Capital and Related Financing	(414,685)		(414,685)
Cash Flow From Investing Activities:			
Interest on Investments	1,833	92,835	94,668
Net Cash Provided by Investing Activities	1,833	92,835	94,668
Net Increase (Decrease) in Cash and Cash Equivalents	355,075	(252,568)	102,507
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	296,287	1,684,560	1,980,847
Cash and Cash Equivalents at June (Including in Restricted Accounts)	$ 651,362	$ 1,431,992	$ 2,083,354
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			
Cash and Temporary Investments - Current Assets	591,629	1,431,992	2,023,621
Cash and Temporary Investments - Restricted Assets	59,733		59,733
	$ 651,362	$ 1,431,992	$ 2,083,354
Reconciliation of Operating Income to Cash Provided by Operating Activities:			
Operating Income (Loss)	(30,312)	(345,403)	(375,715)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	330,760		330,760
(Increase) Decrease in Accounts Receivable	6,045		6,045
Increase (Decrease) in Due to General Fund	172,762		172,762
Increase (Decrease) in Accounts Payable	17,978		17,978
Increase (Decrease) in Accrued Liabilities	(1,018)		(1,018)
Total Adjustments	526,527		526,527
Net Cash Provided by Operating Activities	$ 496,215	$ (345,403)	$ 150,812

KETCHIKAN GATEWAY BOROUGH
Notes to the Financial Statements
June 30, 1995

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ketchikan Gateway Borough (the "Borough") was incorporated September 13, 1963, under the provisions of the State of Alaska Borough Act of 1961, as a second class borough. The Borough operates under a seven member elected assembly and manager form of government. As required by generally accepted accounting principles, these financial statements present the government and component units, entities for which the Borough is considered to be financially accountable. Each discretely presented component unit, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the Borough.

Discretely Presented Component Units. The Ketchikan Gateway School District (District) is responsible for elementary and secondary education within the Borough's jurisdiction. The members of the District's governing board are elected by the voters. However, the District is fiscally dependent upon the Borough because the Borough Assembly approves the District's budget, levies taxes and must approve any debt issuances. The District is presented as a governmental fund type.

Complete financial statements for the component unit may be obtained at the entity's administrative office.

Ketchikan Gateway School District
Pouch C
Ketchikan, Alaska 99901

B. Measurement Focus and Basis of Accounting and Basis of Presentation

The accounts of the Borough are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The Borough has the following fund types and account groups:

Governmental funds are used to account for the Borough's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Borough considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, licenses, interest and special assessment are susceptible to accrual. Sales taxes collected and held by the Borough at year end are also recognized as revenue or liabilities to other governments. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlement and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The *General Fund* is the Borough's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Borough applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Assembly has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Fiduciary Funds account for assets held by the Borough in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the Borough under the terms of a formal trust agreement.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Borough holds for others in an agency capacity.

Account Groups are used to account for fixed assets not accounted for in proprietary or trust funds, and the general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Cash and Investments and Equity

1. Deposits and Investments

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 treasury" which is the cash balance of that particular fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their ending equity balance.

Borough ordinance authorizes the Borough to invest in obligations of the U. S. Treasury, its agencies and instrumentalities, bankers' acceptances of the fifty largest banks, highest rated commercial paper, repurchase agreements, fully collateralized certificates of deposits, and highest rated bonds and notes issued by a state or political subdivision thereof. Borough ordinance places limitations on maturity of investments, and Borough investment procedures limit the level of investment by type.

Investments are stated at cost except for investments in the Deferred Compensation Fund, which are reported at market value.

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.

2. Receivables and Payables

Certain accounts within funds have made disbursements from the central treasury in excess of their individual equities. Consequently the General Fund has made a short-term loan to these funds. Short-term interfund loans are classified as "due from other funds" on the balance sheet.

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and payable on September 30. The Borough bills and collects its own property taxes as well as those of the special Revenue Funds and cities within the Borough. The taxes collected on behalf of Borough cities are recorded as liabilities of the General Fund. The Borough property tax revenues are recognized when levied to the extent that they result in current receivables. The Borough is permitted by State law to levy up to $3 per $100 of assessed valuation for general government services other than the payment of principal and interest on long-term debt. State law prohibits taxation that will result in revenues from all sources exceeding $1,500 per year for each person residing within the municipal boundaries or upon value that, when combined with the value of property otherwise taxable by the Borough, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents. The Borough is within these limits.

The Borough also collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 2% while the city rates are 3.5%. The sales tax collections for Borough cities are recorded as liabilities of the General Fund.

3. Inventories and Prepaid Items

Inventories in the Component Unit are carried at cost on the first-in, first-out method. These inventories consist of expendable supplies, equipment, and foodstuffs held at the central warehouse for issuance to schools or other district locations. The cost of inventory items is included in expenditures when issued for consumption. A portion of fund balance is reserved for inventory to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

Other inventories of materials and supplies are considered immaterial and are recorded as expenditures when purchased.

Prepaid Items are for services that will benefit periods beyond June 30, 1995.

4. Restricted Assets

Certain proceeds of the Borough Airport Enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The current portion of long term debt account is used to segregate resources accumulated for debt service payments over the next twelve months.

5. Fixed Assets

General fixed assets are not capitalized in the funds used to construct or acquire them. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or extend the asset life are not included in the general fixed asset account group or capitalized in the proprietary funds. Improvements to proprietary fund assets are capitalized and depreciated over the remaining useful life of the related fixed asset, as applicable, using straight line method.

Public domain or infrastructure consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and lighting systems, are not capitalized since they are immovable and of value only to the Borough. Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary funds types is computed using the straight-line method. Land and Buildings used rent free by the Component Unit are owned by the Ketchikan Gateway Borough. Since accounting responsibility has been delegated to the Component Unit, these assets are included on the Component Unit's financial statements. The Ketchikan Gateway Borough and/or the Component Unit hold title to all equipment.

Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized in 1995.

Depreciation is recorded for fixed assets in the Enterprise funds. Estimated useful lives by major class of depreciable fixed assets is as follows:

Airport Field Facilities	15-30 years
Vehicle and Moving Equipment	6-10 years
Airport Terminal Building	40 years
Equipment	6-10 years
Ferry Slip	40 years
Ferries	20 years

6. Compensated Absences

It is the Borough's policy to permit employees to accumulate earned vacation and sick pay benefits. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Unused sick pay is vested at 25% for the first five years of employment, an additional 25% is vested through year nine, and after 10 years of employment an employee is vested at 100%. Vested sick leave may only be received in cash by the employee upon termination of employment. For this reason, accumulated vacation and vested sick pay are fully funded within the fund type. The obligation of accumulated unpaid vacation and vested sick pay total $376,062 at June 30, 1995.

The Borough does not accrue a liability for nonvested sick pay, payable only in the event of employee absence due to illness.

7. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-term Debt Account Group. Long-term debt expected to be financed from proprietary fund operations is accounted for in those funds. Capital lease obligations are recognized in the general long-term debt account group at the net present value of the future minimum lease payments or the market value of the equipment as appropriate. A capital expenditure and other financing source are recognized in the appropriate governmental fund in the year the lease is executed.

8. Fund Equity

Contributed capital is recorded in proprietary funds for those monies received from capital grants or inter-governmental revenues. Reserves for encumbrances, endowments, prepaids and inventories represent those portions of fund equity legally segregated for future use. Designated portions of fund balances for subsequent years' expenditures and working capital represent tentative plans for future use of financial resources.

9. Memorandum Only-Total Columns

Total columns in the combined statements are captioned "Memorandum Only" to indicate that they are to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Such data are not comparable to a consolidation since the basis of accounting differs among the various funds and because interfund eliminations have not been made in the aggregation of this data.

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

10. Comparative Data/Reclassification

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Borough's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. BUDGETARY AND LEGAL COMPLIANCE

A. Budgetary Data

Budgets are adopted annually for the General, Special Revenue and Enterprise funds; all encumbered appropriations lapse at fiscal year end. Capital Projects fund budgets are adopted on a project length basis.

Budgets were legally adopted by the Borough Assembly for the following funds:

General Fund
Special Revenue Funds:

- Land Trust Fund
- Mud Bight Service Area Fund
- Shoreline Service Area Fund
- Mountain Point Service Area Fund
- South End Fire District Fund
- Waterfall Service Area Fund
- South Tongass Service Area Fund
- Forest Park Service Area Fund
- Gold Nugget Service Area Fund
- Non Areawide Fund
- School Bond/Capital Improvement Fund
- Permanent Fund
- Shoup Street Service Area Fund

Enterprise Funds:

- Airport Enterprise Fund
- Transit Enterprise Fund
- Ferry Enterprise Fund

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Borough code allows an additional appropriation to subsequent years' appropriation to the extent of the open encumbrance.

The budgetary data presented in the financial statements is reflective of the following procedure:

The Ketchikan Gateway Borough Board of Education is required by Alaska law to adopt and submit their annual budget to the Ketchikan Gateway Borough Assembly by April 1 of each year for approval by the Assembly of the total amount. Within 30 days after receipt of the School District budget, the Borough Assembly must determine the total amount of funds to be made available from local sources for school purposes and must furnish the Board of Education with a statement of this amount. By May 31 the Assembly must appropriate the local share of funding.

Any subsequent increases in the School District budget must be authorized by the Borough Assembly.

The Borough Manager shall prepare and submit to the Assembly, no later than the first regular assembly meeting in May of each year, a proposed annual budget and capital program for the next fiscal year, which shall contain detailed estimates of anticipated revenues and proposed expenditures for the year. The total of such proposed expenditures shall not exceed the total of such anticipated revenues. The Assembly then conducts public hearings to obtain taxpayer comment. The Assembly may add to, subtract from, or change appropriations but may not change the form of the budget. These budgets are legally enacted by passage of an ordinance and mill levies established. Alaska law mandates that tax levies be adopted no later than midnight of June 15 each year. The Borough prepares its budget on a GAAP basis.

Subsequent to the formal budget adoption, the Assembly may, by ordinance, transfer unencumbered balances between funds. The Borough Manager may transfer unencumbered balances within a fund, which is then reported to the Assembly at their next meeting. The legal level of control is at the fund level.

Emergency appropriations to meet public emergencies affecting life, health, welfare, or property may be made by the Assembly by ordinance without notice of public hearing. An Emergency appropriation is effective for 60 days. Other supplemental appropriations may be made only after a 30-day notice of public hearing.

During fiscal year 1995, the Borough Assembly made the following supplemental appropriations in the General and Special Revenue Funds:

(1) Ordinance No. 957 adopted April 17,1995, appropriated $343,116 from the Land Trust Fund.

(2) Ordinance No. 958 adopted April 17, 1995, appropriated $28,811 from the Shoup Street Service Area Fund and $2,014,983 from the Sales Tax Recreation Capital Fund.

Open encumbrances at fiscal year end are honored in the next year. Borough Code allows an additional appropriation in the subsequent year to the extent of the open encumbrance.

All budgetary data presented in this report has been prepared on the modified accrual basis of accounting for government type funds. Under current budgetary procedures, expenditures and encumbrances for a specific fund must not exceed the appropriation for that fund. In addition, the unexpended and encumbered balance of appropriation for each fund lapses at the end of each fiscal year.

B. Excess of Expenditures Over Appropriations

The following individual funds had expenditures in excess of appropriations:

Fund	Appropriation	Actual Expenditures
Special Revenue Funds:		
School Bonds/Capital Improvements Fund	$ 1,500	$ 1,823
Forest Park Service Area Fund	77,200	78,805
Non Areawide Fund	307,177	308,973
Enterprise Funds:		
Transit Enterprise Fund	198,235	258,573
Ferry Enterprise Fund	869,390	867,368

The expenditures in excess of appropriation resulted from expenditures in excess of expected amounts.

In the special revenue funds, certain funds are not budgeted. As such, they are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. A reconciliation of the entity differences in the excess of revenues and other financing sources over expenditures and other financing uses at June 30, 1995 is as follows:

Excess Revenues and Other Financing Sources Over Expenditures and Other Financing Uses for all budgeted special revenue funds	$ 105,116
Adjustments:	
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses for unbudgeted special revenue funds	
Federal Grants	(182,023)
Recreation Sales Tax Fund	185,899
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses for all special revenue funds	$108,992

C. Deficit Fund Equity

Negative undesignated fund equity is the result of inflows from external sources not materializing at the end of the current fiscal year.

Special Revenue Fund	
State and Federal Grants Fund	$ 81,752
Non Areawide Fund	2,415
School Bond/Capital Improvement Fund	325,349
Total Negative Undesignated Fund Balance	$409,516

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Borough maintains a cash and investment pool that is available for use by all funds except agency funds and the internal service fund, which is handled by an independent trustee institution. Each fund type's portion of the pool is displayed on the combined balance sheet as "Cash and Investments".

Deposits. At fiscal year-end, the carrying amount of the Borough's deposits was $1,250,595 and the bank balance was $1,641,948. Of the bank balance, $894,317 was covered by federal depository insurance or by collateral held by the Borough's agent in the Borough's name and $747,632 was uninsured and uncollateralized. The uninsured balance of $747,632 is held in accounts controlled by agents of the Alaska Department of Environmental Conservation for construction of sewer and water projects.

The Component Unit deposits was $366,000 at June 30, 1995, the carrying value was $221,000. Of the bank balance, $117,00 was insured or collateralized with securities held by the component unit or its custodian in the components unit's name and $249,000 was collateralized with securities held by the pledging financial institution's trust department or custodian in the component unit's name.

Investments

Category 1 Includes investments that are insured or registered or for which the securities are held by the Ketchikan Gateway Borough or its agent in the Borough's name.

Category 2 Includes uninsured and unregistered investments for which the securities held by the financial institution's trust department or agent in the Borough's name.

Category 3 Includes uninsured and unregistered investments for which the securities are held by the pledging financial institution, or by its trust department or agent but not in the Borough's name.

	Catetgory 1	Category 3	Carrying Amount	Market Value
U.S. Government Securities	$7,146,104	$ 130,656	$7,276,760	$7,133,447
Total	$7,146,104	$ 130,656	$7,276,760	$7,133,447
Investments Not Subject to Categorization:				
Investment in Deferred Compensation Plans and Stabilization Reserve Funds			2,471,594	2,471,594
Total			$9,748,354	$9,605,041

Short term investments of the component unit in the amount of $169,000 are classified as category #2 and have a market value of 171,000 at June 30, 1995.

B. Receivables

Receivables at June 30, 1995, consist of the following:

	General	Special Revenue	Capital Projects	Enterprise	Total
Taxes	$ 49,525				$ 49,525
Accounts Receivables	159,903	$ 97,154	$1,293,230	$187,713	1,738,000
Due From Other Funds	1,896,230				1,896,230
Due From Other Governments		20,805		162	20,967
Total Receivables	$2,105,658	$117,959	$1,293,230	$187,875	$3,704,722

C. Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance July 1, 1994	Additions	Deletions	Balance June 30, 1995
Land	$ 30,865			$ 30,865
Buildings	932,877			932,877
Equipment	1,672,212	$223,566	$1,030,686	865,092
Pools and Ballfields	2,531,177			2,531,177
Construction in Progress				
Total	$5,167,131	$223,566	$1,030,686	$4,360,011

A summary of the enterprise fund property, plant and equipment at June 30, 1995 is as follows:

	Balance July 1, 1994	Net Change Current Year	Balance June 30, 1995
Field	$3,187,754	$ (57,927)	$3,129,827
Terminal	3,949,129	13,576	3,962,705
Ferry	1,557,990	(43,974)	1,514,016
Administration	850	18,990	19,840
Murphy's Landing	10,800	2,075	12,875
Buses	148,938	375,552	524,490
Recreation			
	8,855,461	308,292	9,163,753
Accumulated Depreciation	(4,124,484)	(206,726)	(4,331,210)
Net Property, Plant, and Equipment	$4,730,977	$ 101,566	$4,832,543

D. Leases

The Ketchikan Gateway Borough has entered into an agreement with the State of Alaska, Department of Transportation, for the operation of the Ketchikan International Airport. This is a long term arrangement. Major repairs and improvements are provided through legislative funding. During the normal course of business the Borough has entered into subleases for portions of the terminal building and facilities. Leases are established for five years with options for renewal being negotiated during the final year of the lease for the terminal building. Other facilities are negotiated for periods from three to fifty years.

Listed below are the expected annual revenues from current executed leases:

Year	Terminal Space	Other
1996	443,886	10,750
1997	410,364	9,850
1998	87,534	9,850
1999	1,586	9,850

E. Long-Term Debt

The Ketchikan Gateway Borough has issued general obligation bonds for acquisition and construction of schools and airports. School bonds are reported in the General Long-Term Debt Account Group while the Airport Enterprise Fund debt is included in the proprietary fund statements since it must be repaid from proprietary revenues. During 1995 1958 APW bonds in the amount of $529,000 were removed from debt service as the Borough no longer has an obligation for payment. The general obligation school and airport bonds pledge the full faith and credit of the Borough.

A summary of changes in General Long-term debt is as follows:

	July 1, 1994	Retirements	June 30, 1995
Areawide General Obligation Bonds	$ 8,339,000	$2,139,000	$6,200,000
Enterprise Fund:			
General Obligation Bonds	480,000	150,000	330,000
Revenue Bonds	225,000	30,000	195,000
	$ 9,044,000	$2,319,000	$6,725,000

Bonds payable at June 30, 1995 consist of the following individual issues:

General Obligation Bonds:

1972 Airport Bonds	330,000
1974 School Refunding due through 1995 at 5-8% interest	200,000
1989 School Bonds due through 2000 at 6-6.7% interest	6,000,000
	6,530,000
Revenue Bonds:	
1980 Airport due through 2000 at 8% interest	195,000
	$6,725,000

The annual requirements to amortize all bonds outstanding as of June 30, 1995, including interest of $1,224,100 for general obligations and $50,400 for revenue bonds, are as follows:

Year Ending June 30	General Obligation Bonds	Revenue
1996	1,977,350	45,600
1997	1,696,750	48,200
1998	1,439,400	50,400
1999	1,360,200	47,200
2000	1,280,400	54,000
Total	$ 7,754,100	$ 245,400

The amount of $59,733 is available in the Airport Enterprise Revenue Redemption and Reserve Fund to service revenue bonds.

IV. OTHER INFORMATION

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 $1 million general liability, property and casualty coverage, workers' compensation at statutory amount, and marine coverage for the Borough's vessels.

The Ketchikan Gateway Borough purchases commercial insurance to insure its employees' and dependents health (including dental and vision), and to provide life insurance in case of death. The policy is retrospectively rated with the policyholder being entitled to any refunds. The carrier reserves the right to use the premium stabilization reserve fund (which is futher described in note IV. H) to pay claims if the premiums collected during the plan year are insufficient to pay claims, expenses and other retention items. If the premium stabilization reserve fund is insufficient, then the carrier reserves the right increase premiums in future years to recover the shortage. Claims, expenses, and other retention items have not exceeded claims during the past three years.

B. Segment Information - Enterprise Funds

Ketchikan Gateway Borough maintains three enterprise funds which are intended to be self-supporting through user fees charged for services and use of the facilities. Financial segment information as of and for the year ended June 30, 1995 is presented below.

	Ketchikan Airport	Transit	Ferry	Total
Operating Revenues	$1,374,069	$138,051	$913,194	$2,425,314
Operating Grants, Entitlement and Shared Revenues		46,712	75,000	121,712
Depreciation Expense	252,451	18,958	59,351	330,760
Operating Income (Loss)	113,957	(124,085)	(20,184)	(30,312)
Operating Transfers In		150,000		150,000
Net Income (Loss)	70,409	74,410	53,056	197,875
Property, Plant and Equipment Additions		375,552		375,552
Net Working Capital	48,265	25,877	112,407	186,549
Total Assets	4,021,552	470,595	1,179,633	5,671,780
Bonds and Other Long-term Liabilities	525,000			525,000
Total Equity	3,358,410	447,807	937,608	4,743,825
Contributed Capital	2,313,043	356,478	758,000	3,427,521
(Accumulated Amortization)	(1,140,150)	(38,408)	(265,700)	(1,444,258)

In fiscal year 1995 the airport and ferry were divided into two separate enterprise funds. The Airport Fund is responsible for the operation and maintenance of the airport facilities. The Ferry Fund is responsible for the operation and maintenance of the ferry system. The Transit fund is responsible for the operation and maintenance of the Borough's bus system.

C. Contingent Liabilities

Litigation

The Ketchikan Gateway Borough, in the normal course of its activities, is involved in various claims and pending litigations. It is the opinion of management and the Borough's legal staff, the disposition of these matters is not expected to have a material adverse effect on the Borough's financial position.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Borough expects such amounts, if any, to be immaterial.

At June 30, 1995, the Ketchikan Gateway Borough is committed for the completion of various projects in the amount of $1,835,075 accounted for in the Capital Projects Funds.

Ketchikan High School Pool - Phase II	$1,277,750
Ketchikan High School - Reconstruction	300,302
Other Construction Projects	257,053

D. Deferred Compensation Plan

The Borough and the School District offer their employees deferred compensation plans created in accordance with Internal Revenue Code, Section 457. The plans, available to all full-time employees at their option, permit participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property of the Borough and School District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Borough's and District's general creditors. Participants' rights under the plans are equal to those of general creditors in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of legal counsel that the Borough has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor. It is unlikely that the Borough will use the assets to satisfy the claims of general creditors in the future.

The Borough's and School District's deferred compensation plans are accounted for as an agency fund. The assets in this fund are shown at market value.

E. Employee Retirement Systems & Plans

Substantially all regular full-time and part-time (regular part-time is defined as an employee who regularly works at least 15 but less than 30 hours per week) employees of the Borough are members of the State of Alaska Public Employees' Retirement System (PERS) except for employees who are members of the Masters, Mates & Pilots (MMP) or International Brotherhood of Electrical Workers (IBEW) in addition the component unit certificated employees participate in the State of Alaska Teachers' Retirement System (TRS).

State of Alaska Teachers' Retirement System (TRS)

All certificated employees are required to participate in the TRS, a multiple-employer cost-sharing public retirement system. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Employer contribution rates are level percentages of payroll and are determined using the projected unit credit actuarial funding method. The Plan uses the level dollar method to amortize the unfunded liability over a rolling twenty-five year period. Funding surpluses are amortized over five years.

TRS's net assets available for benefits on June 30, 1994 (valued at market) were $2.47 billion, leaving an unfunded pension benefit obligation of $.29 billion. The component unit contribution represented 2 percent of the total contributions required of all participating entities.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1994. Significant acturial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% a year compounded annually, (b) projected salary increases of 5.0% for the first five years; 4.0% per year thereafter and (c) health care cost inflation on a decreasing scale with 10.5% for 1994, 9.5% for 1995, 8.5% for 1996, 7.5% for 1997, 6.5% for 1998, and 5.5% for 1999 and thereafter.

Ten-year historical trend information showing the TRS progress in accumulating sufficient assets to pay benefits when due is presented in the TRS June 30, 1994 comprehensive annual financial report. Additional information relating to the component unit TRS is presented in the Ketchikan Gateway Borough School District June 30, 1995 comprehensive annual financial report Note 7.

Alaska Public Employee Retirement System (PERS)

The PERS is a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions with the State of Alaska. The plan was created by State statutes and political subdivision participation is optional. Employee participation in the PERS is mandatory for regular employees scheduled to work at least 15 hours a week. There is no optional participation for other employees. Peace officers and firemen are required to contribute 7.5% of their eligible compensation and all other employees contribute 6.75%. The Borough is required contribute remaining amounts necessary to fund the plan using the actuarial basis specified by the State Retirement Board. Employer rates are adjusted annually on July 1 and are based on actuarial valuations made two years prior to that date. The employer rate for amortizing all future service liabilities is uniform for all participating employers, and a separate rate is determined for amortizing each employer's unfunded past service liability.

Benefits vest after five years of credited service. Employees hired prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees hired after June 30, 1986, the normal annual pension benefit is equal to 2% of the member's highest three-year average monthly compensation for the first ten years of service, 2.25% for the second ten years of service and 2.50% for the third ten years of service. All service earned prior to July 1, 1986 is calculated using the 2% multiplier. For peace officers and firemen, the normal annual pension benefit is equal to 2% of the employee's highest three-year average monthly compensation for the first ten years of service and 2.50% for all remaining years of service. Employees with 30 or more years of credited service (20 years for peace officers and firemen) may retire at any age and receive a normal benefit. Minimum benefits for employees eligible for retirement are $25 per month for each year of credited service. The plan also provides for both occupational and non-occupational disability and death benefits.

Pension benefits are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. The increase in the benefits is 75% of the CPI increase up to a 9% maximum for recipients who are at least age 65 or on disability or 50% of the increase up to a 6% maximum for recipients who are at least 60 but under 65 or who have been receiving benefits for at least five (5) years. Starting at age 65, or at any age for those employed before July 1, 1986, a retired employee who remains in Alaska is eligible for an additional allowance equal to 10% of the base benefit or $50 per month, whichever is greater. Retirement benefits are life only, level income or optional joint and survivor benefits (actuarially reduced).

Major medical benefits are provided without cost to all members first hired before July 1, 1986. Members first hired after June 30, 1986, may elect major medical benefits.

Employees can voluntarily contribute up to an additional 5% of their salary to the plan. Voluntary contributions are recorded in a separate account. Interest is paid on all employee contributions at the rate of 4.5%, compounded semiannually on June 30 and December 31.

The Borough's total payroll for the fiscal year ended June 30, 1995 was $3,131.161 and the payroll for covered employee totaled $2,211,991.

FUNDING STATUS AND PROGRESS

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. This measure is intended to assist users assessing funding status of the PERS on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of the credited projected benefits and is independent of the funding method used to determine contributions to the PERS.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1994, which is the latest date this information is available as of the date of these financial statements. Significant actuarial assumptions used in the valuations as of June 30, 1994 include (a) a rate of return of 8.00% per year, compounded annually, net of expenses, (b) projected salary increases of 5.5% for the first five years and 4.5% per year thereafter, with 4% attributable to inflation and the remainder attributable to merit and seniority, and (c) health inflation cost trend of 9.5% in 1995, 8.5% in 1996, 7.5% in 1997, 6.5% in 1998 and 5.5% in 1999 and later.

The unfunded pension benefit obligation applicable to the Borough's employees was $415,000 at June 30, 1994, as follows (in thousands):

Pension Benefit Obligation	June 30, 1994
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$4,182
Current employees:	
Accumulated employee contributions including allocated investment earnings	957
Employer financed - vested	3,098
Employer financed - nonvested	327
Total pension benefit obligation	8,564
Net assets available for benefits	8,149
Unfunded pension benefit obligation	$ 415

Actuarially Determined Contribution Requirements and Contribution

The funding policies for PERS provide for actuarially determined periodic contribution rates that change over time to assure sufficient assets are accumulated to pay benefits when due. The rate for Borough employee group as a whole is equal to a consolidated rate and a past service rate. The consolidated rate (10.36% for fiscal year 1995) is a uniform rate for all participating employers sufficient to amortize all future service liabilities (less value of employee contributions) over future working lifetimes of the covered group. It is determined using the projected credit actuarial funding method. The past service rate is determined separately for each employer using the level percentage of payroll method sufficient to amortize each employer's unfunded past service liability over 25 years. Funding surpluses are amortized over five years. The Borough's past service rate for the fiscal year ended June 30, 1995, was 1.66. The Actuarial method and assumptions used to compute the contribution rates are the same as those used to compute the pension benefit obligation.

The contributions to PERS during the fiscal year ended June 30, 1995, were $437,885 ($162,825 employee and $275,060 employer; 6.75 to 7.50 percent and 11.90 percent of covered payroll, respectively) and were made in accordance with actuarial determined requirements determined by an actuarial valuation of PERS as of June 30, 1994. Of the employers portion $228,929 (10.36 percent of covered payroll of $2,211,991) covered the normal cost and the Borough had a credit of $46,131 and $415,000 amortization of the unfunded actuarial accrued liability (18.76 percent of covered payroll.

Trend Information

The required ten-year trend information for the plan is located in the supplementary information section of the Borough's statistical section (Table 11) of the Borough's comprehensive annual financial report. However, prior to 1987, trend information for the PERS was available for the total plan only, not by individual employer.

Trend information gives and indication of the progress made in accumulating sufficient assets to pay benefits when due. In addition to (Table 11) three year trend information for the Ketchikan Gateway Borough is included in the tables below (thousands omitted).

	1994	1993	1992
Net assets available for benefits	8,149	7,218	5,974
Pension benefit obligation	8,564	7,294	6,200
Percent funded	95%	99%	96%
Unfunded pension benefit obligation	415	76	226
Annual covered payroll	2,209	2,281	2,366
Unfunded pension benefit obligation as a percent of annual covered payroll	18.78%	3.33%	9.55%

Contributions which were made in accordance with actuarially determined requirements as a percentage of annual covered payroll for the following years, except where noted:

	Employer
July 1, 1994 - June 30, 1995	11.90%
July 1, 1993 - June 30, 1994	11.75%
July 1, 1992 - June 30, 1993	12.83%
July 1, 1991 - June 30, 1992	12.80%

THE Masters, Mates and Pilots Plan

The Masters, Mates and Pilots (MMP) retirement plan is a union sponsored defined benefit plan. The plan is funded entirely by employer contributions which are a fixed amount of $685 per employee, paid bimonthly. The Borough exercises no fiduciary responsibility over the MMP plan. Members of this plan include the ferryboat workers employed in positions covered by the Ketchikan Airport enterprise fund. Employees are eligible to participate immediately upon employment and are fully vested after ten years of service.

Contributions for members who were employed in Borough positions during the year was $685 per employee per bimonthly payroll. The Borough's total payroll for the year ended June 30, 1995 was $3,131,161 and the payroll for covered employees totaled $144,233.

The Borough's obligation for retirement under the MMP plan is limited to the amount paid to the Masters, Mates and Pilots Pension Plan.

International Brotherhood of Electrical Workers

The International Brotherhood of Electrical Workers (IBEW) retirement plan is a union sponsored defined benefit plan. The plan is funded entirely by employer contributions based upon hourly rates which are determined by the collective bargaining process. The Borough exercises no fiduciary responsibility over the IBEW plan. Employees who are members of the IBEW are eligible to participate immediately upon employment and are fully vested after ten years of service.

Contributions for members who were employed in Borough positions were $2.25 per non-premium hour worked. The Borough's total payroll for the year ended June 30, 1995 was $3,131,161 and the payroll for covered employees totaled $237,431. The total amount contributed to the IBEW plan in FY 1995 was $38,969.

The Borough's obligation for retirement under the IBEW plan is limited to the amount paid to the Alaska Electrical Trust Fund.

F. Interfund Transfers

Interfund operating transfers have been made in accordance with appropriating ordinances. Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers between funds for the year ended June 30, 1995, were as follows:

	Transfers Out	Transfers In
General Fund	$ 450,000	$ 155,978
Special Revenue	3,102,282	300,000
Enterprise Funds		150,000
Debt Service		2,101,588
Capital Projects		844,716
Subtotals	$3,552,282	$3,552,282
Component Unit		
School District		$6,347,993
General Fund	$6,347,993	
Totals	$9,900,275	$9,900,275

G. Interfund Receivable and Payables

Interfund receivable and payable balances at June 30, 1995 were as follows:

	Interfund Receivables	Interfund Payables
General Fund	$1,896,230	
School Bond Capital Improvements		$341,743
Indoor Recreation Center		171,044
High School Renovation Project		828,887
Mountain Point Sewer and Water		371,210
Ferry Enterprise Fund		172,762
Local Emergency Planning Commission (LEPC)		3,679
Valley Park Pool Study		48
Mountain Point Breakwater Construction		1,500
Coastal Zone Management		5,357
Subtotals	1,896,230	1,896,230
Component Unit:	414,181	
General Fund		414,181
Totals	$2,310,411	$2,310,411

H. Medical and Life Insurance Premium Stabilization Reserve Fund

The Ketchikan Gateway Borough along with its component unit purchases commercial insurance to insure its employees' health and to provide life insurance in case of death. The carrier maintains a premium stabilization reserve fund on behalf of the Ketchikan Gateway Borough and component unit. The carrier places premiums collected in excess of claims, administrative expenses and other items into this fund at the end of the plan year, which begins September 1. The carrier reserves the right to use these funds to pay claims if the premiums collected during the plan year are insufficient to pay claims, administrative expenses and other retention items. The carrier has the right to cross apply funds between the Borough and the component unit. Funds may be withdrawn from the premium stabilization fund with thirty -one (31) days after receiving the official notification of the financial results for the plan year then ended. Or, the Ketchikan Gateway Borough and component unit may choose to have the carrier treat these funds, or portion of them, as premiums for the following plan year. Both the Ketchikan Gateway Borough and component unit agreed to maintain a $300,000 in the premium stabilization reserve fund as a contingency against future claims for the plan year ended August 31, 1995. The carrier credits interest on these funds at the rate of 4.5-5.5% per annum.

For the year ended June 30, 1995, the component unit elected to have the carrier treat $204,990 of the premium stabilization reserve fund as premium payments. The component unit did not withhold the employees portion of the premium from their paychecks during the two months that the component unit chose to fund the premium from the premium stabilization reserve fund.

Negotiated labor agreements typically call for 10% premium contribution from component unit employees. It has been determined that the premium paid by component unit employees is expended at the time of collection. Surpluses or deficits have been determined to be the assets of the Borough and component unit. The employee is not expected to pay additional premiums in the event of deficits in the fund.

Control of the premium stabilization reserve fund rests with the Ketchikan Gateway Borough. The premium stabilization reserve fund is accounted for by the Ketchikan Gateway Borough as an Internal Service Fund in the FY 1995 financial statements. The financial reporting for the plan is on a fiscal year from September 1 through August 31, these balances are shown on the Borough's fiscal year ending June 30, utilizing this information is not expected to have a material effect on the Borough's financial statements at June 30, 1995.

The following is a four year history of the premium stabilization reserve fund:

Plan Year Ended	Component Unit	Borough	Combined Balance
August 31, 1992	$ 837,857	$293,071	$1,130,928
August 31, 1993	1,204,084	350,691	1,554,775
August 31, 1994	1,271,597	412,963	1,684,560
August 31, 1995	1,080,382	351,610	1,431,992

I. Reconciliation of Beginning Fund Balances

Special revenue funds reconciliation to beginning fund balances are summarized below:

Ending Fund Balance at June 30, 1994	$6,054,096
Transfer to Capital Project Funds	(47,849)
Other	(353)
Beginning Fund Balance July 1, 1994	$6,005,896

J. Subsequent Events

In fiscal year 1996 the Borough are issuing G.O. Bonds in the amount of $7,500,000 to fund construction of an Indoor Recreation Center. Repayment of the bonds will come from a one half cent sales tax dedicated to the construction of recreation capital projects. Operations of the facility will be financed with the interest earnings.

Funds were encumbered in the amount of $767,108 during June 1995 for a capital project which funding was not available until the 1996 fiscal year.

K. Non Cash Transactions

$134,000 worth of assets were junked and removed from the enterprise funds fixed asset inventory during fiscal year 1995.

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GENERAL FUND STATEMENTS

The General Fund is the operating fund of the Borough. It is used to account for all financial resources except those required to be accounted for in separate funds.

The following statements are included in this section:

Balance Sheet - Comparative Balance Sheets

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Exhibit A-1

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE BALANCE SHEETS

June 30, 1995 and 1994

	1995	1994
Assets		
Cash & Temporary Investments	$ 258,105	$ 975
Accounts Receivable	159,903	101,523
Due From Other Funds	1,896,230	1,169,243
Prepaid Expenses	7,621	6,327
Property Taxes Receivable	49,525	32,551
Accrued Interest Receivable		
Total Assets	$ 2,371,384	$ 1,310,619
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	$ 148,624	$ 241,918
Due to Other Governments	123,341	77,090
Due to Other Funds		200,000
Due to Component Unit	414,181	80,813
Accrued Liabilities	375,529	357,587
Deferred Revenue	50,911	58,071
Total Liabilities	1,112,586	1,015,479
Fund Balance		
Reserved for Prepaid Insurance	7,621	
Reserved for Encumbrances	62,701	32,741
Unreserved	1,188,476	262,399
Total Fund Balance	1,258,798	295,140
Total Liabilities & Fund Balance	$ 2,371,384	$ 1,310,619

Exhibit A-2

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Years Ended June 30, 1995 and 1994

	1995	1994
Revenues		
Taxes		
Real & Personal Property Taxes	$ 6,658,096	$ 6,442,842
Automobile & Boat Taxes	173,432	168,576
Sales Taxes	3,089,749	2,850,463
Penalty & Interest	127,650	171,400
Total Taxes	10,048,927	9,633,281
Alaska State Housing Authority	18,530	20,844
Licenses and Permits		
Zoning Fees	18,525	18,540
Revenues from Other Governments		
State Municipal Assistance	261,977	306,152
State Revenue Sharing	222,359	247,649
State License Refunds	310,000	319,266
State Child Care Assistance	67,194	67,121
Federal Revenue – PILT	287,877	74,664
Timber Stumpage	389,463	165,878
Total Revenues from Other Governments	1,538,870	1,180,730
Charges for Services		
Animal Control	33,756	27,379
Parks and Recreation	186,351	177,650
Other Charges	23,208	45,539
Total Charges	243,315	250,568
Other Revenues		
Interest Income	181,739	102,211
Transfers from Other Funds		
Day Care Fund		
Land Trust Fund	125,000	380,000
Transit Fund		
Service Area Funds	20,978	20,881
Permanent Fund	10,000	10,000
Total Transfers	155,978	410,881
Total Revenues	$ 12,205,884	$ 11,617,055

Exhibit A-2, cont.

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Years Ended June 30, 1995 and 1994

	1995	1994
Expenditures		
Administration		
Mayor & Assembly	$ 99,185	$ 79,972
Law	145,741	199,868
Clerk	166,564	165,693
Manager	305,167	334,696
Finance-Accounting	470,729	449,088
Finance-Assessment	361,033	344,641
Total Administration	1,548,419	1,573,958
Public Services		
Animal Protection	236,501	218,336
Planning	484,542	449,317
OEDP	208,522	171,346
Community Education	541,363	582,239
Maintenance and Operations	436,942	448,788
Child Care Operations	69,702	84,056
Parks and Recreation	655,354	681,596
Total Public Services	2,632,926	2,635,678
Automation	39,522	74,460
Non Departmental	162,847	185,059
Capital Projects	60,519	105,243
Total Expenditures	4,444,233	4,574,398
Excess (Deficit) of Revenues over Expenditures	7,761,651	7,042,657
Other Financing Sources (Uses)		
Transfers to Component Unit	(6,347,993)	(6,347,993)
Transfers to Recreation Capital Fund		
Transfers to Recreation Fund		(37,038)
Transfers to Transit Fund	(150,000)	(150,000)
Transfers to Airport Fund		
Transfers to Bond Debt Fund	(300,000)	(617,469)
Total Other Financing	(6,797,993)	(7,152,500)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	963,658	(109,843)
Fund Balance Beginning of Year	295,140	404,983
Fund Balance End of Year	$ 1,258,798	$ 295,140

Exhibit A–3

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

For the Fiscal Years Ended June 30, 1995 and 1994

	1995 Budget	1995 Actual	Variance Favorable (Unfavorable)	1994 Budget	1994 Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes						
Real & Personal Property Taxes	$ 6,663,500	$ 6,658,096	$ (5,404)	$ 6,455,126	$ 6,442,842	$ (12,284)
Automobile & Boat Taxes	149,000	173,432	24,432	149,000	168,576	19,576
Sales Taxes	3,084,582	3,089,749	5,167	3,638,521	2,850,463	(788,058)
Penalty & Interest	101,350	127,650	26,300	103,600	171,400	67,800
Total Taxes	9,998,432	10,048,927	50,495	10,346,247	9,633,281	(712,966)
Alaska State Housing Authority	20,000	18,530	(1,470)	20,000	20,844	844
Licenses and Permits						
Zoning Fees	13,000	18,525	5,525	13,000	18,540	5,540
Revenues from Other Governments						
State Municipal Assistance	275,537	261,977	(13,560)	280,885	306,152	25,267
State Revenue Sharing	222,884	222,359	(525)	229,444	247,649	18,205
State License Refunds	250,000	310,000	60,000	251,488	319,266	67,778
State Child Care Assistance	67,510	67,194	(316)	76,250	67,121	(9,129)
Federal Revenue – PILT	266,241	287,877	21,636	209,336	74,664	(134,672)
Timber Stumpage	150,000	389,463	239,463	300,000	165,878	(134,122)
Total Revenues from Other Governments	1,232,172	1,538,870	306,698	1,347,403	1,180,730	(166,673)
Charges for Services						
Animal Control	27,500	33,756	6,256	35,000	27,379	(7,621)
Parks and Recreation	179,745	186,351	6,606	199,380	177,650	(21,730)
Other Charges	32,476	23,208	(9,268)	32,452	45,539	13,087
Total Charges	239,721	243,315	3,594	266,832	250,568	(16,264)
Other Revenues						
Interest Income	135,000	181,739	46,739	135,000	102,211	(32,789)
Transfers from Other Funds						
Day Care Fund						
Land Trust Fund	125,000	125,000		380,000	380,000	
Transit Fund						
Service Area Funds	16,950	20,978	4,028	16,950	20,881	3,931
Permanent Fund	10,000	10,000		10,000	10,000	
Total Transfers	151,950	155,978	4,028	406,950	410,881	3,931
Total Revenues	$ 11,790,275	$ 12,205,884	$ 415,609	$ 12,535,432	$ 11,617,055	$ (918,377)

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

For the Fiscal Years Ended June 30, 1995 and 1994

	1995 Budget	1995 Actual	Variance Favorable (Unfavorable)	1994 Budget	1994 Actual	Variance Favorable (Unfavorable)
Expenditures						
Administration						
Mayor & Assembly	$ 116,787	$ 99,185	$ 17,602	$ 85,890	$ 79,972	$ 5,918
Law	172,448	145,741	26,707	174,345	199,868	(25,523)
Clerk	168,561	166,564	1,997	171,712	165,693	6,019
Manager	306,130	305,167	963	329,633	334,696	(5,063)
Finance–Accounting	488,376	470,729	17,647	462,287	449,088	13,199
Finance–Assessment	362,200	361,033	1,167	352,278	344,641	7,637
Total Administration	1,614,502	1,548,419	66,083	1,576,145	1,573,958	2,187
Public Services						
Animal Protection	228,200	236,501	(8,301)	220,535	218,336	2,199
Planning	487,759	484,542	3,217	568,054	449,317	118,737
OEDP	188,014	208,522	(20,508)	219,354	171,346	48,008
Community Education	525,195	541,363	(16,168)	557,488	582,239	(24,751)
Maintenance and Operations	505,823	436,942	68,881	502,490	448,788	53,702
Child Care Operations	67,510	69,702	(2,192)	76,250	84,056	(7,806)
Parks and Recreation	630,211	655,354	(25,143)	667,290	681,596	(14,306)
Total Public Services	2,632,712	2,632,926	(214)	2,811,461	2,635,678	175,783
Automation	68,250	39,522	28,728	81,750	74,460	7,290
Non Departmental	153,639	162,847	(9,208)	164,520	185,059	(20,539)
Capital Projects	84,860	60,519	24,341	123,300	105,243	18,057
Total Expenditures	4,553,963	4,444,233	109,730	4,757,176	4,574,398	182,778
Excess (Deficit) of Revenues over Expenditures	7,236,312	7,761,651	525,339	7,778,256	7,042,657	(735,599)
Other Financing Sources (Uses)						
Transfers to Component Unit	(6,347,991)	(6,347,993)	(2)	(6,347,993)	(6,347,993)	
Transfers to Recreation Capital Fund				(763,485)		763,485
Transfers to Recreation Fund					(37,038)	(37,038)
Transfers to Transit Fund	(150,000)	(150,000)		(150,000)	(150,000)	
Transfers to Airport Fund				(68,750)		68,750
Transfers to Bond Debt Fund	(300,000)	(300,000)		(617,469)	(617,469)	
Unusual Sales Tax Refund						
Total Other Financing	(6,797,991)	(6,797,993)	(2)	(7,947,697)	(7,152,500)	795,197
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 438,321	963,658	$ 525,337	$ (169,441)	(109,843)	$ 59,598
Fund Balance Beginning of Year		295,140			404,983	
Fund Balance End of Year		$ 1,258,798			$ 295,140	

SPECIAL REVENUE FUND STATEMENTS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specific purposes. This does not include debt service resources, expendable trusts or major capital projects.

The following statements are included in this section:

Special Revenue Funds - Combining Balance Sheets:

Special Revenue Funds - Combining Statement of Revenues, Expenditures & Changes in Fund Balances

Individual Statements of Revenues, Expenditures & Changes in Fund Balances Budget and Actual for each Special Revenue Fund for which a Budget is developed

The following individual funds are included in this section:

Recreation Sales Tax Fund
Land Trust Fund
Mud Bight Service Area Fund
Shoreline Service Area Fund
Mountain Point Service Area Fund
South End Fire District Fund
Waterfall Service Area Fund
South Tongass Service Area Fund
Forest Park Service Area Fund
Gold Nugget Service Area Fund
Non Areawide Fund
State and Federal Grants Fund
School Bond/Capital Improvements Fund
Permanent Fund
Shoup Street Service Area Fund

Exhibit B-1

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1995

	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund	Mountain Point Service Area Fund
Assets				
Cash & Temporary Investments	$ 5,118,835	$ 47,169	$ 69,588	$ 108,214
Due from Other Governments				
Accounts Receivable – General	1,279			235
Deferred Accounts Receivable	167,839			
Total Assets	$ 5,287,953	$ 47,169	$ 69,588	$ 108,449
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 182	$ 113	$ 2,491	$ 392
Retainage Payable				
Deferred Revenue	167,839			
Due to Other Funds				
Total Liabilities	168,021	113	2,491	392
Fund Balances				
Encumbrances	38,103		878	
Unreserved Fund Balance	5,081,829	47,056	66,219	108,057
Total Fund Balance	5,119,932	47,056	67,097	108,057
Total Liabilities and Fund Balances	$ 5,287,953	$ 47,169	$ 69,588	$ 108,449

Exhibit B-1, cont.

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1995

	South End Fire District Fund	Waterfall Service Area Fund	So Tongass Service Area Fund	Forest Park Service Area Fund
Assets				
Cash & Temporary Investments	$ 185,672	$ 83,242	$ 8,103	$ 300,091
Due from Other Governments				
Accounts Receivable – General				
Deferred Accounts Receivable				
Total Assets	$ 185,672	$ 83,242	$ 8,103	$ 300,091
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 5,949	$ 154		$ 9,848
Retainage Payable				
Deferred Revenue				
Due to Other Funds				
Total Liabilities	5,949	154		9,848
Fund Balances				
Encumbrances	4,950	4,951		2,600
Unreserved Fund Balance	174,773	78,137	$ 8,103	287,643
Total Fund Balance	179,723	83,088	8,103	290,243
Total Liabilities and Fund Balances	$ 185,672	$ 83,242	$ 8,103	$ 300,091

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1995

	Gold Nugget Service Area Fund	Non Areawide Fund	State & Federal Grants Fund	School Bond/ Capital Improvements Fund
Assets				
Cash & Temporary Investments	$ 20,902	$ 153,180	$ 875,867	
Due from Other Governments			20,805	
Accounts Receivable – General	43		77,295	$ 16,946
Deferred Accounts Receivable				
Total Assets	$ 20,945	$ 153,180	$ 973,967	$ 16,946
Liabilities and Fund Balances				
Liabilities				
Accounts Payable		$ 155,595	$ 211,938	$ 552
Retainage Payable			24,847	
Deferred Revenue			266,144	
Due to Other Funds			552,790	341,743
Total Liabilities		155,595	1,055,719	342,295
Fund Balances				
Encumbrances				
Unreserved Fund Balance	$ 20,945	(2,415)	(81,752)	(325,349)
Total Fund Balance	20,945	(2,415)	(81,752)	(325,349)
Total Liabilities and Fund Balances	$ 20,945	$ 153,180	$ 973,967	$ 16,946

Exhibit B-1, cont.

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1995

	Permanent Fund	Shoup Street Service Fund	Recreation Sales Tax Fund	Total
Assets				
Cash & Temporary Investments	$ 266,847	$ 1,583	$ 331,964	$ 7,571,257
Due from Other Governments				20,805
Accounts Receivable – General		1,356		97,154
Deferred Accounts Receivable				167,839
Total Assets	$ 266,847	$ 2,939	$ 331,964	$ 7,857,055
Liabilities and Fund Balances				
Liabilities				
Accounts Payable		$ 1,590		$ 388,804
Retainage Payable				24,847
Deferred Revenue				433,983
Due to Other Funds				894,533
Total Liabilities		1,590		1,742,167
Fund Balances				
Encumbrances		130		51,612
Unreserved Fund Balance	$ 266,847	1,219	$ 331,964	6,063,276
Total Fund Balance	266,847	1,349	331,964	6,114,888
Total Liabilities and Fund Balances	$ 266,847	$ 2,939	$ 331,964	$ 7,857,055

Exhibit B–2

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1995

	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund	Mountain Point Service Area Fund
REVENUES				
Taxes		$ 201	$ 42,853	
State Revenues				
Charges for Services		9,131		$ 84,600
Sale of Land	$ 85,888			
Interest and Miscellaneous	161,338	2,261	3,090	4,967
Total Revenues	247,226	11,593	45,943	89,567
EXPENDITURES				
Public Services	33,536	39	34,745	58,073
Total Expenditures	33,536	39	34,745	58,073
Excess (Deficit) of Revenues over Expenditures	213,690	11,554	11,198	31,494
Other Financing Sources (Uses)				
Interfund Transfers (In)				
Operating Transfers Out	(125,000)	(1,392)	(4,500)	(4,107)
Total Other Financing	(125,000)	(1,392)	(4,500)	(4,107)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	88,690	10,162	6,698	27,387
Fund Balance, Beginning of Year	5,031,242	36,894	60,399	80,670
Fund Balance, End of Year	$ 5,119,932	$ 47,056	$ 67,097	$ 108,057

Exhibit B–2, cont.

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1995

	South End Fire District Fund	Waterfall Service Area Fund	So Tongass Service Area Fund	Forest Park Service Area Fund
REVENUES				
Taxes	$ 76,898			$ 76,860
State Revenues		$ 720		844
Charges for Services		9,602		
Sale of Land				
Interest and Miscellaneous	9,384	3,356	$ 392	13,348
Total Revenues	86,282	13,678	392	91,052
EXPENDITURES				
Public Services	61,525	1,356		78,805
Total Expenditures	61,525	1,356		78,805
Excess (Deficit) of Revenues over Expenditures	24,757	12,322	392	12,247
Other Financing Sources (Uses)				
Interfund Transfers (In)				
Operating Transfers Out	(5,242)	(723)		(4,632)
Total Other Financing	(5,242)	(723)		(4,632)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	19,515	11,599	392	7,615
Fund Balance, Beginning of Year	160,208	71,489	7,711	282,628
Fund Balance, End of Year	$ 179,723	$ 83,088	$ 8,103	$ 290,243

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1995

	Gold Nugget Service Area Fund	Non Areawide Fund	State & Federal Grants Fund	School Bond/ Capital Improvements Fund
REVENUES				
Taxes		$ 256,849		
State Revenues	$ 372		$ 1,647,355	$ 1,763,906
Charges for Services	20,048			
Sale of Land				
Interest and Miscellaneous	423	2,343	20,531	10,800
Total Revenues	20,843	259,192	1,667,886	1,774,706
EXPENDITURES				
Public Services	13,715	308,973	1,849,909	1,823
Total Expenditures	13,715	308,973	1,849,909	1,823
Excess (Deficit) of Revenues over Expenditures	7,128	(49,781)	(182,023)	1,772,883
Other Financing Sources (Uses)				
Interfund Transfers (In)				300,000
Operating Transfers Out	(382)			(2,101,588)
Total Other Financing	(382)			(1,801,588)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	6,746	(49,781)	(182,023)	(28,705)
Fund Balance, Beginning of Year	14,199	47,366	100,271	(296,644)
Fund Balance, End of Year	$ 20,945	$ (2,415)	$ (81,752)	$ (325,349)

Exhibit B–2, cont.

KETCHIKAN GATEWAY BOROUGH

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1995

	Permanent Fund	Shoup Street Service Fund	Recreation Sales Tax Fund	Total
REVENUES				
Taxes			$ 1,022,827	$ 1,476,488
State Revenues		24,549		3,437,746
Charges for Services				123,381
Sale of Land				85,888
Interest and Miscellaneous	$ 13,449		7,788	253,470
Total Revenues	13,449	24,549	1,030,615	5,376,973
EXPENDITURES				
Public Services		23,200		2,465,699
Total Expenditures		23,200		2,465,699
Excess (Deficit) of Revenues over Expenditures	13,449	1,349	1,030,615	2,911,274
Other Financing Sources (Uses)				
Interfund Transfers (In)				300,000
Operating Transfers Out	(10,000)		(844,716)	(3,102,282)
Total Other Financing	(10,000)		(844,716)	(2,802,282)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	3,449	1,349	185,899	108,992
Fund Balance, Beginning of Year	263,398		146,065	6,005,896
Fund Balance, End of Year	$ 266,847	$ 1,349	$ 331,964	$ 6,114,888

Exhibit B–3

KETCHIKAN GATEWAY BOROUGH

RECREATION SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	1995	1994
REVENUES:		
Taxes	$ 1,022,827	$ 893,690
Other Revenue	7,788	11
Total Revenues	1,030,615	893,701
Excess (Deficit) of Revenues over Expenditures	1,030,615	893,701
Other Financing Sources (Uses)		
Operating Transfers Out	(844,716)	(786,020)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	185,899	107,681
Fund Balance, Beginning of Year	146,065	38,384
Fund Balance, End of Year	$ 331,964	$ 146,065

Exhibit B-4

KETCHIKAN GATEWAY BOROUGH

LAND TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Interest Income	$ 262,500	$ 161,267	$ (101,233)	266,787
Other Revenue		72	72	268,493
Sale of Land	100,000	85,887	(14,113)	
Total Revenues	362,500	247,226	(115,274)	535,280
EXPENDITURES:				
Public Services	443,116	33,536	409,580	59,264
Total Expenditures	443,116	33,536	409,580	59,264
Excess (Deficit) of Revenues over Expenditures	(80,616)	213,690	294,306	476,016
Other Financing Sources (Uses) Operating Transfers Out	(125,000)	(125,000)		(380,000)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (205,616)	88,690	$ 294,306	96,016
Fund Balance, Beginning of Year		5,031,242		4,935,226
Fund Balance, End of Year		$ 5,119,932		$ 5,031,242

Exhibit B–5

KETCHIKAN GATEWAY BOROUGH

MUD BIGHT SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Real and Personal Taxes	$	$ 201	$ 201	$ 543
State Revenues	50		(50)	98
Public Services	9,000	9,131	131	8,425
Interest Income	2,300	2,261	(39)	1,914
Total Revenues	11,350	11,593	243	10,980
EXPENDITURES:				
Public Services	23,200	39	23,161	129
Total Expenditures	23,200	39	23,161	129
Excess (Deficit) of Revenues over Expenditures	(11,850)	11,554	23,404	10,851
Other Financing Sources (Uses) Operating Transfers Out	(1,392)	(1,392)		(1,380)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (13,242)	10,162	$ 23,404	9,471
Fund Balance, Beginning of Year		36,894		27,423
Fund Balance, End of Year		$ 47,056		$ 36,894

Exhibit B-6

KETCHIKAN GATEWAY BOROUGH

SHORELINE SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Real and Personal Taxes	$ 45,208	$ 42,853	$ (2,355)	44,232
Automobile and Boat Taxes	550		(550)	947
State Revenues	35		(35)	69
Interest Income	2,940	3,090	150	3,300
Total Revenues	48,733	45,943	(2,790)	48,548
EXPENDITURES:				
Public Services	34,325	34,745	(420)	27,994
Total Expenditures	34,325	34,745	(420)	27,994
Excess (Deficit) of Revenues over Expenditures	14,408	11,198	(3,210)	20,554
Other Financing Sources (Uses) Operating Transfers Out	(4,500)	(4,500)		(4,500)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 9,908	6,698	$ (3,210)	16,054
Fund Balance, Beginning of Year		60,399		44,345
Fund Balance, End of Year		$ 67,097		$ 60,399

Exhibit B–7

KETCHIKAN GATEWAY BOROUGH

MOUNTAIN POINT SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Public Services	$ 62,040	$ 84,600	$ 22,560	$ 50,214
Interest Income	5,000	4,967	(33)	4,430
Total Revenues	67,040	89,567	22,527	54,644
EXPENDITURES:				
Public Services	68,450	58,073	10,377	64,461
Total Expenditures	68,450	58,073	10,377	64,461
Excess (Deficit) of Revenues over Expenditures	(1,410)	31,494	32,904	(9,817)
Other Financing Sources (Uses) Operating Transfers Out	(4,107)	(4,107)		(2,169)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (5,517)	27,387	$ 32,904	(11,986)
Fund Balance, Beginning of Year		80,670		92,656
Fund Balance, End of Year		$ 108,057		$ 80,670

Exhibit B–8

KETCHIKAN GATEWAY BOROUGH

SOUTH END FIRE DISTRICT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Real and Personal Taxes	$ 75,695	$ 75,079	$ (616)	$ 69,985
Automobile and Boat Taxes	1,600	1,819	219	1,766
State Revenues	373		(373)	746
Interest Income	7,500	7,384	(116)	8,309
Other Revenue	3,000	2,000	(1,000)	1,983
Total Revenues	88,168	86,282	(1,886)	82,789
EXPENDITURES:				
Public Services	90,291	61,525	28,766	18,178
Total Expenditures	90,291	61,525	28,766	18,178
Excess (Deficit) of Revenues over Expenditures	(2,123)	24,757	26,880	64,611
Other Financing Sources (Uses) Operating Transfers Out	(5,242)	(5,242)		(5,205)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (7,365)	19,515	$ 26,880	59,406
Fund Balance, Beginning of Year		160,208		100,802
Fund Balance, End of Year		$ 179,723		$ 160,208

Exhibit B-9

KETCHIKAN GATEWAY BOROUGH

WATERFALL SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
State Revenues	542	$ 720	$ 178	$ 1,084
Public Services	$ 9,360	9,602	242	9,148
Interest Income	3,365	3,356	(9)	3,710
Total Revenues	13,267	13,678	411	13,942
EXPENDITURES:				
Public Services	12,050	1,356	10,694	600
Total Expenditures	12,050	1,356	10,694	600
Excess (Deficit) of Revenues over Expenditures	1,217	12,322	11,105	13,342
Other Financing Sources (Uses)				
Operating Transfers Out	(723)	(723)		(865)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 494	11,599	$ 11,105	12,477
Fund Balance, Beginning of Year		71,489		59,012
Fund Balance, End of Year		$ 83,088		$ 71,489

Exhibit B-10

KETCHIKAN GATEWAY BOROUGH

SOUTH TONGASS SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Interest Income	$ 400	$ 392	$ (8)	$ 400
Total Revenues	400	392	(8)	400
EXPENDITURES:				
Public Services				
Total Expenditures				
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 400	392	$ (8)	400
Fund Balance, Beginning of Year		7,711		7,311
Fund Balance, End of Year		$ 8,103		$ 7,711

Exhibit B-11

KETCHIKAN GATEWAY BOROUGH

FOREST PARK SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Real and Personal Taxes	$ 74,350	$ 74,914	$ 564	$ 66,779
Automobile and Boat Taxes	1,700	1,946	246	1,516
State Revenues	2,241	844	(1,397)	4,482
Interest Income	13,387	13,348	(39)	14,794
Total Revenues	91,678	91,052	(626)	87,571
EXPENDITURES:				
Public Services	77,200	78,805	(1,605)	81,689
Total Expenditures	77,200	78,805	(1,605)	81,689
Excess (Deficit) of Revenues over Expenditures	14,478	12,247	(2,231)	5,882
Other Financing Sources (Uses) Operating Transfers Out	(4,632)	(4,632)		(6,285)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 9,846	7,615	$ (2,231)	(403)
Fund Balance, Beginning of Year		282,628		283,031
Fund Balance, End of Year		$ 290,243		$ 282,628

Exhibit B–12

KETCHIKAN GATEWAY BOROUGH

GOLD NUGGET SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Public Services	$ 8,082	$ 20,048	$ 11,966	$ 20,324
State Revenues	300	372	72	599
Interest Income	440	423	(17)	777
Total Revenues	8,822	20,843	12,021	21,700
EXPENDITURES:				
Public Services	6,372	13,715	(7,343)	19,698
Total Expenditures	6,372	13,715	(7,343)	19,698
Excess (Deficit) of Revenues over Expenditures	2,450	7,128	4,678	2,002
Other Financing Sources (Uses)) Operating Transfers Out	(382)	(382)		(477)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ 2,068	6,746	$ 4,678	1,525
Fund Balance, Beginning of Year		14,199		12,674
Fund Balance, End of Year		$ 20,945		$ 14,199

Exhibit B-13

KETCHIKAN GATEWAY BOROUGH

NON AREAWIDE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Real and Personal Taxes	$ 258,686	$ 256,849	$ (1,837)	$ 248,166
State Revenues	6,038		(6,038)	9,592
Interest Income	2,350	2,343	(7)	2,386
Total Revenues	267,074	259,192	(7,882)	260,144
EXPENDITURES:				
Library Services	307,177	308,973	(1,796)	276,977
Total Expenditures	307,177	308,973	(1,796)	276,977
Excess (Deficit) of Revenues over Expenditures	$ (40,103)	(49,781)	$ (9,678)	(16,833)
Fund Balance, Beginning of Year		47,366		64,199
Fund Balance, End of Year		$ (2,415)		$ 47,366

Exhibit B–14

KETCHIKAN GATEWAY BOROUGH

STATE AND FEDERAL GRANTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	1995	1994
REVENUES:		
State Sources	$ 1,647,355	$ 2,354,149
Other Revenues	20,531	20,906
Total Revenues	1,667,886	2,375,055
EXPENDITURES:		
Public Services	1,849,909	2,377,930
Total Expenditures	1,849,909	2,377,930
Excess (Deficit) of Revenues over Expenditures	(182,023)	(2,875)
Fund Balance, Beginning of Year	100,271	103,146
Fund Balance, End of Year	$ (81,752)	$ 100,271

Exhibit B-15

KETCHIKAN GATEWAY BOROUGH

SCHOOL BONDS/CAPITAL IMPROVEMENTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
State Grant	$ 1,669,456	$ 1,763,906	$ 94,450	$ 4,249,373
Interest Income				
Other Revenue	13,480	10,800	(2,680)	9,000
Total Revenues	1,682,936	1,774,706	91,770	4,258,373
EXPENDITURES:				
Public Services	1,500	1,823	(323)	1,485
Capital Outlay				482,703
Total Expenditures	1,500	1,823	(323)	484,188
Excess (Deficit) of Revenues over Expenditures	1,681,436	1,772,883	91,447	3,774,185
Other Financing Sources (Uses)				
Interfund Transfers (In)	300,000	300,000		712,469
Operating Transfers Out	(2,101,588)	(2,101,588)		(4,859,640)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (120,152)	(28,705)	$ 91,447	(372,986)
Fund Balance, Beginning of Year		(296,644)		76,342
Fund Balance, End of Year		$ (325,349)		$ (296,644)

Exhibit B-16

KETCHIKAN GATEWAY BOROUGH

PERMANENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Interest Income	$ 13,100	$ 13,449	$ 349	$ 14,352
Total Revenues	13,100	13,449	349	14,352
Excess (Deficit) of Revenues over Expenditures	13,100	13,449	349	14,352
Other Financing Sources (Uses)				
Operating Transfers Out	(10,000)	(10,000)		(10,000)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 3,100	3,449	$ 349	4,352
Fund Balance, Beginning of Year		263,398		259,046
Fund Balance, End of Year		$ 266,847		$ 263,398

Exhibit B–17

KETCHIKAN GATEWAY BOROUGH

SHOUP STREET SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1995
With Comparative Totals for the Year Ended June 30, 1994)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1994 Actual
REVENUES:				
Public Services	$	$ 24,549	$ 24,549	$ 15,140
Total Revenues		24,549	24,549	15,140
EXPENDITURES:				
Public Services	28,111	23,200	4,911	10,050
Total Expenditures	28,111	23,200	4,911	10,050
Excess (Deficit) of Revenues over Expenditures	(28,111)	1,349	29,460	5,090
Other Financing Sources (Uses))				
Operating Transfers Out	(645)		645	(645)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (28,756)	1,349	$ 30,105	4,445
Fund Balance, Beginning of Year				
Fund Balance, End of Year		$ 1,349		$ 4,445

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The following funds are included in this section:

1974 GENERAL OBLIGATION BOND REDEMPTION FUND - To accumulate funds for the payment of principal and interest on the 1974 High School Expansion General Obligation Refunding Bonds due through 1995 at 5% to 8% interest. Financing is provided through transfers from the School Bond/Capital Improvements Fund which are partially funded through the State in the form of debt reimbursement payments.

1989 GENERAL OBLIGATION BOND REDEMPTION FUND - To accumulate funds for the payment of principal and interest. Financing is provided through transfers from the School Bond/Capital Improvements Fund.

The following statements are included in this section:

Debt Service Funds - Combining Balance Sheet

Debt Service Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Exhibit C-1

KETCHIKAN GATEWAY BOROUGH

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	1974 G.O. Bond Redemption Fund	1989 G.O. Bond Redemption Fund	Totals	
			1995	1994
ASSETS				
Due from Other Funds	$	$	$	$
Total Assets	$	$	$	$
FUND BALANCE				
Fund Balance	$	$	$	$
Total Fund Balance	$	$	$	$

Exhibit C-2

KETCHIKAN GATEWAY BOROUGH

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	1974 G.O. Bond Redemption Fund	1989 G.O. Bond Redemption Fund	Totals 1995	Totals 1994
EXPENDITURES				
Debt Service				
Principal	$ 410,000	$ 1,200,000	$ 1,610,000	$ 4,045,000
Interest	21,788	469,800	491,588	814,640
Total	431,788	1,669,800	2,101,588	4,859,640
Excess (Deficit) of Revenues over Expenditures	(431,788)	(1,669,800)	(2,101,588)	(4,859,640)
Other Financing Sources (Uses)				
Transfer from General Fund	431,788	1,669,800	2,101,588	4,859,640
Transfer from School Operating				
Total Other Financing Sources (Uses)	431,788	1,669,800	2,101,588	4,859,640
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
Fund Balances, Beginning of Year				
Fund Balances, End of Year	$	$	$	$

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. This does not include capital projects financed by proprietary funds and special assessment funds.

The following funds are included in this section:

- Other Construction Projects
- K-High Swimming Pool Remodel
- School Bond Construction Fund - 1989

The following statements are included in this section:

- Capital Projects Funds - Combining Balance Sheet
- Capital Projects Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Exhibit D-1

KETCHIKAN GATEWAY BOROUGH

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 1995
(With Comparative Totals for June 30, 1994)

	Other Construction Projects	K-High Swimming Pool Remodel	School Bond Construction Fund 1989	Total 1995	Total 1994
Assets					
Cash in Central Treasury	$ 46,204	$ 2,375		$ 48,579	$ 8,287,854
Due From Other Funds					
Accounts Receivable			$ 1,293,230	1,293,230	147,353
Total Assets	$ 46,204	$ 2,375	$ 1,293,230	$ 1,341,809	$ 8,435,207
Liabilities and Fund Equity					
Liabilities					
Accounts Payable		$ 740	$ 20,413	$ 21,153	$ 1,510,989
Retainage Payable			15,000	15,000	541,448
Due to Other Funds	$ 48		828,887	828,935	
Deferred Grant Receipts					3,274,338
Total Liabilities	48	740	864,300	865,088	5,326,775
Fund Equity					
Encumbrances	257,053	1,277,750	300,302	1,835,105	6,498,459
Fund Balance	(210,897)	(1,276,115)	128,628	(1,358,384)	(3,390,027)
Total Fund Balances	46,156	1,635	428,930	476,721	3,108,432
Total Liabilities and Fund Equity	$ 46,204	$ 2,375	$ 1,293,230	$ 1,341,809	$ 8,435,207

Exhibit D-2

KETCHIKAN GATEWAY BOROUGH

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Other Construction Projects	K-High Swimming Pool Remodel	School Bond Construction Fund 1989	Total 1995	Total 1994
REVENUES					
Local Sources					
State Sources			$ 5,922,643	$ 5,922,643	$ 14,704,218
Other Revenues					39,613
Interest			82,965	82,965	555,392
Total Revenues			6,005,608	6,005,608	15,299,223
EXPENDITURES					
Contractual Services	$ 46,409	$ 798,365		844,774	700,073
Educational Facilities			8,685,110	8,685,110	15,004,528
Total Expenditures	46,409	798,365	8,685,110	9,529,884	15,704,601
Excess (Deficit) of Revenues over Expenditures	(46,409)	(798,365)	(2,679,502)	(3,524,276)	(405,378)
Other Financing Sources (Uses)					
Transfers from Other Funds	44,716	800,000		844,716	691,020
Total Other Financing Sources (Uses)	44,716	800,000		844,716	691,020
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,693)	1,635	(2,679,502)	(2,679,560)	285,642
Fund Balances, Beginning of Year	47,849		3,108,432	3,156,281	2,822,790
Fund Balances, End of Year	$ 46,156	$ 1,635	$ 428,930	$ 476,721	$ 3,108,432

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ENTERPRISE FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing these services on a continuing basis be financed or recovered primarily through user charges. Costs include an allocation of depreciation expense.

AIRPORT ENTERPRISE FUND - An enterprise fund to account for the operations of the Ketchikan International Airport. All of the financial transactions relating to the Ketchikan International Airport are accounted for in this fund.

TRANSIT ENTERPRISE FUND - An enterprise fund to account for the operation of the Borough Bus System. All of the financial transactions relating to the Borough Buses are accounted for in this fund.

FERRY ENTERPRISE FUND - An enterprise fund to account for the operation of the Ferry System. All of the financial transactions relating to the Recreation Programs are accounted for in this fund.

The following statements are included in this section:

Enterprise Funds - Combining Balance Sheet
Enterprise Funds - Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Enterpise Funds - Combining Statement of Cash Flows

<u>Airport Enterprise Fund:</u>
Comparative Balance Sheets
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual
Comparative Statements of Cash Flows
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual

<u>Transit Enterprise Fund:</u>
Comparative Balance Sheets
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual
Comparative Statements of Cash Flows
Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual

<u>Ferry Enterprise Fund</u>
Balance Sheet
Statement of Revenues, Expenses and Changes in Retained Earnings
Statements of Cash Flows
Statement of Revenues, Expenses and Changes in Retained Earning - Budget and Actual

Exhibit E-1

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 1995
(With Comparative Totals for June 30, 1994)

	Airport	Transit	Ferry	Totals June 30, 1995	Totals June 30, 1994
ASSETS					
Cash and Investments	$ 188,694	$ 48,503	354,432	$ 591,629	$ 236,554
Due From Other Governments		162		162	162
Accounts Receivable	187,713			187,713	193,758
Total Currrent Assets	376,407	48,665	354,432	779,504	430,474
Restricted Assets					
Bond Redemption Fund Cash & Investments	59,733			59,733	59,733
Plant in Service					
Buildings and Equipment	7,125,247	524,490	1,514,016	9,163,753	8,855,461
Construction in Progress					
Less Accumulated Depreciation	(3,539,835)	(102,560)	(688,815)	(4,331,210)	(4,124,484)
Total Plant in Service	3,585,412	421,930	825,201	4,832,543	4,730,977
Total Assets	$ 4,021,552	$ 470,595	$1,179,633	$ 5,671,780	$ 5,221,184
LIABILITIES AND FUND EQUITY					
Current Liabilities					
Accounts Payable	$ 32,317	$ 13,369	$ 4,226	$ 49,912	$ 31,934
Due to Other Funds			172,762	172,762	
Deferred Revenue					76,633
Accrued Vacation & Sick Leave	91,517	9,419	65,037	165,973	166,991
Accrued Interest Payable	14,308			14,308	14,308
Current Portion of Long Term Debt	190,000			190,000	180,000
Total Current Liabilities	328,142	22,788	242,025	592,955	469,866
Long-term Debt	335,000			335,000	525,000
Total Liabilities	663,142	22,788	242,025	927,955	994,866
Fund Equity:					
Contributed Capital	1,172,893	318,069	492,300	1,983,262	1,767,978
Retained Earnings					
Unreserved	2,125,784	129,738	445,308	2,700,830	2,398,607
Reserved	59,733			59,733	59,733
Total Retained Earnings	2,185,517	129,738	445,308	2,760,563	2,458,340
Total Fund Equity	3,358,410	447,807	937,608	4,743,825	4,226,318
Total Liabilities and Fund Equity	$ 4,021,552	$ 470,595	$1,179,633	$ 5,671,780	$ 5,221,184

Exhibit E-2

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 1995
(With Comparative Totals for the Year Ended June 30, 1994)

	Airport	Transit	Ferry	Totals June 30, 1995	Totals June 30, 1994
OPERATING REVENUES					
Charges for Services	$ 1,374,069	$ 138,051	$ 913,194	$ 2,425,314	$ 2,309,443
Total Operating Revenues	1,374,069	138,051	913,194	2,425,314	2,309,443
OPERATING EXPENSES					
Personnel Services	628,309	162,655	545,777	1,336,741	1,369,365
Supplies and Services	285,322	72,023	260,901	618,246	705,120
Insurance	94,030	8,500	67,349	169,879	155,794
Depreciation	252,451	18,958	59,351	330,760	333,512
Total Operating Expenses	1,260,112	262,136	933,378	2,455,626	2,563,791
Net Operating (Loss)	113,957	(124,085)	(20,184)	(30,312)	(254,348)
NON OPERATING REVENUES (EXPENSES)					
State Operating Grants		46,712	75,000	121,712	171,712
Interest Earnings					15,318
Interest Expense	(43,548)		(1,810)	(45,358)	(55,956)
Other Revenue		1,783	50	1,833	80
Total Nonoperating Revenues (Expenses)	(43,548)	48,495	73,240	78,187	131,154
Income (Loss) Before Operating Transfers	70,409	(75,590)	53,056	47,875	(123,194)
Other Financing Sources (Uses)					
Operating Transfers In		150,000		150,000	187,038
Operating Transfers Out					
Total Other Financing Sources (Uses)		150,000		150,000	187,038
Net Income (Loss)	70,409	74,410	53,056	197,875	63,844
Depreciation of Fixed Assets Acquired by Grants	62,965	3,563	37,820	104,348	110,826
Increase (Decrease) in Retained Earnings	133,374	77,973	90,876	302,223	174,670
Retained Earnings, Beginning of Year	2,052,143	51,765	354,432	2,458,340	2,283,670
Retained Earnings at End of Year	$ 2,185,517	$ 129,738	$ 445,308	$ 2,760,563	$ 2,458,340

Exhibit E-3

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 1995

	Airport	Transit	Ferry	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 1,380,114	$ 138,051	$ 913,194	$ 2,431,359
Cash Payments for Insurance	(94,030)	(8,500)	(67,349)	(169,879)
Cash Payments to Employees for Services	(696,408)	(160,609)	(307,978)	(1,164,995)
Cash Payments to Suppliers for Goods and Services	(274,783)	(68,812)	(256,675)	(600,270)
Net Cash Provided by Operating Activities	314,893	(99,870)	281,192	496,215
Cash Flows from Noncapital Financing Activites:				
Transfer from General Fund		150,000		150,000
Grant Received from State		46,712	75,000	121,712
Net Cash Provided by Noncapital Financing Activities		196,712	75,000	271,712
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(32,584)	(400,743)		(433,327)
Contributed Capital				
Capital Grant from State		244,000		244,000
Principal Paid on G. O. and Revenue Bonds	(180,000)			(180,000)
Interest Paid on G. O. and Revenue Bonds	(43,548)		(1,810)	(45,358)
Net Cash Used for Capital and Related Financing	(256,132)	(156,743)	(1,810)	(414,685)
Cash Flow From Investing Activities:				
Interest on Investments		1,783	50	1,833
Net Cash Provided by Investing Activities		1,783	50	1,833
Net Increase (Decrease) in Cash and Cash Equivalents	58,761	(58,118)	354,432	355,075
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	189,666	106,621		296,287
Cash and Cash Equivalents at June (Including in Restricted Accounts)	$ 248,427	$ 48,503	$ 354,432	$ 651,362
Reconciliation of Cash and Cash Equivalents to Balance Sheet:				
Cash and Temporary Investments - Current Assets	188,694	48,503	354,432	591,629
Cash and Temporary Investments - Restricted Assets	59,733			59,733
	$ 248,427	$ 48,503	$ 354,432	$ 651,362
Reconciliation of Operating Income to Cash Provided by Operating Activities:				
Operating Income (Loss)	113,957	(124,085)	(20,184)	(30,312)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	252,451	18,958	59,351	330,760
(Increase) Decrease in Accounts Receivable	6,045			6,045
Increase (Decrease) in Due to General Fund			172,762	172,762
Increase (Decrease) in Accounts Payable	10,539	3,213	4,226	17,978
Increase (Decrease) in Accrued Liabilities	(68,099)	2,044	65,037	(1,018)
Total Adjustments	200,936	24,215	301,376	526,527
Net Cash Provided by Operating Activities	$ 314,893	$ (99,870)	$ 281,192	$ 496,215

Exhibit E-4

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

BALANCE SHEET

June 30, 1995

	1995
ASSETS	
Cash and Cash Equivalents	$ 188,694
Accounts Receivable	187,713
Total Currrent Assets	376,407
Restricted Assets	
Bond Redemption Fund Cash & Cash Equivalents	59,733
Plant in Service	
Field	3,129,827
Terminal	3,962,705
Ferry	
Administration	19,840
Murphy's Landing	12,875
Less Accumulated Depreciation	(3,539,835)
Total Plant in Service	3,585,412
Total Assets	$ 4,021,552
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	$ 32,317
Accrued Vacation & Sick Leave	91,517
Accrued Interest Payable	14,308
Current Portion of Long Term Debt	190,000
Total Current Liabilities	328,142
Long-term Debt	335,000
Total Liabilities	663,142
Fund Equity:	
Contributed Capital	1,172,893
Retained Earnings	
Unreserved	2,125,784
Reserved	59,733
Total Retained Earnings	2,185,517
Total Fund Equity	3,358,410
Total Liabilities and Fund Equity	$ 4,021,552

Exhibit E-5

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 1995

	June 30, 1995
OPERATING REVENUES	
Charges for Services	$ 1,374,069
Total Operating Revenues	1,374,069
OPERATING EXPENSES	
Personnel Services	628,309
Supplies and Services	285,322
Insurance	94,030
Total Operation and Maintenance	1,007,661
Depreciation	252,451
Total Operating Expenses	1,260,112
Net Operating (Loss)	113,957
NON OPERATING REVENUES (EXPENSES)	
State Operating Grants	
Interest Earnings	
Interest Expense	(43,548)
Total Nonoperating Revenues (Expenses)	(43,548)
Income (Loss) Before Operating Transfers	70,409
Other Financing Sources (Uses)	
Operating Transfers In	
Total Other Financing Sources (Uses)	
Net Income (Loss)	70,409
Depreciation of Fixed Assets Acquired by Grants	62,965
Increase (Decrease) in Retained Earnings	133,374
Retained Earnings, Beginning of Year	2,052,143
Retained Earnings at End of Year	$ 2,185,517

Exhibit E-6

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1995

	1995
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 1,380,114
Cash Payments for Insurance	(94,030)
Cash Payments to Employees for Services	(696,408)
Cash Payments to Suppliers for Goods and Services	(274,783)
Net Cash Provided by Operating Activities	314,893
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(32,584)
Principal Paid on G.O. Bonds	(180,000)
Interest Paid on G.O. Bonds	(43,548)
Net Cash Provided by Capital and Related Financing Activities	(256,132)
Cash Flow from Investing Activities	
Interest on Investments	
Net Cash Provided by Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	58,761
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	189,666
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	$ 248,427
Reconciliation of Cash and Cash Equivalents to Balance Sheet:	
Cash and Temporary Investments - Current Assets	$ 188,694
Cash and Temporary Investments _ Restricted Assets	59,733
	$ 248,427
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ 113,957
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	252,451
(Increase) Decrease in Accounts Receivable	6,045
Increase (Decrease) in Accounts Payable	10,539
Increase (Decrease) in Accrued Liabilities	(68,099)
Total Adjustments	200,936
Net Cash Provided by Operating Activities	$ 314,893

Exhibit E-7

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL

For the Year Ended June 30, 1995

	Budget	Actual	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
OPERATING REVENUES					
Charges for Services	$ 1,486,301	$1,374,069		$1,374,069	$ (112,232)
Total Operating Income	1,486,301	1,374,069		1,374,069	(112,232)
OPERATING EXPENSES					
Personnel Services	771,165	628,309		628,309	142,856
Services and Supplies	370,223	285,321	$ 158,400	443,721	(73,498)
Insurance	105,000	94,030		94,030	10,970
Debt Services	44,992	43,548		43,548	1,444
Depreciation - Net	156,098	189,487		189,487	(33,389)
Total Operating Expenses	1,447,478	1,240,695	158,400	1,399,095	48,383
Excess (Deficit) of Revenues over Expenditures	38,823	133,374	(158,400)	(25,026)	(63,849)
Retained Earnings, Beginning of Year		2,052,143			
Retained Earnings at End of Year		$2,185,517			

Nature and Amount of Adjustments from GAAP Basis to Budgetary Basis	
Principal Payment of Long Term Debt	$ (158,400)
Total Adjustments	$ (158,400)

Exhibit E-8

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE BALANCE SHEETS

June 30, 1995 and 1994

	1995	1994
ASSETS		
Cash and Cash Equivalents	$ 48,503	$ 106,621
Due from Other Governments	162	162
Total Currrent Assets	48,665	106,783
Plant in Service		
Buses	524,490	148,938
Less Accumulated Depreciation	(102,560)	(107,792)
Net Plant in Service	421,930	41,146
Total Assets	$ 470,595	$ 147,929
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	$ 13,369	$ 10,156
Due to Other Funds		
Deferred Revenue		76,633
Accrued Vacation and Sick Leave	9,419	7,375
Total Current Liabilities	22,788	94,164
Fund Equity:		
Contributed Capital	318,069	2,000
Retained Earnings	129,738	51,765
Total Fund Equity	447,807	53,765
Total Liabilities and Fund Equity	$ 470,595	$ 147,929

Exhibit E-9

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Years Ended June 30, 1995 and June 30, 1994

	June 30, 1995	June 30, 1994
OPERATING REVENUES		
Charges for Services	$ 138,051	$ 120,373
Total Operating Revenues	138,051	120,373
OPERATING EXPENSES		
Personnel Services	162,655	149,200
Supplies and Services	72,023	91,760
Insurance	8,500	
Total Operation and Maintenance	243,178	240,960
Depreciation	18,958	14,482
Total Operating Expenses	262,136	255,442
Net Operating (Loss)	(124,085)	(135,069)
NON OPERATING REVENUES (EXPENSES)		
UMTA Grant for Ferry		
State Operating Grants	46,712	46,712
Interest Earnings	1,783	5,613
Total Nonoperating Revenues (Expenses)	48,495	52,325
Income (Loss) Before Operating Transfers	(75,590)	(82,744)
Other Financing Sources (Uses)		
Operating Transfers In	150,000	150,000
Total Other Financing Sources (Uses)	150,000	150,000
Net Income (Loss)	74,410	67,256
Depreciation of Fixed Assets Acquired by Grants	3,563	2,711
Increase (Decrease) in Retained Earnings	77,973	69,967
Retained Earnings, Beginning of Year	51,765	(18,202)
Retained Earnings at End of Year	$ 129,738	$ 51,765

Exhibit E-10

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 1995 and 1994

	1995	1994
Cash Flows from Operating Activities:		
Cash Received from Customers	138,051	120,373
Cash Payments for Insurance	(8,500)	
Cash Payments to Employees for Services	(160,611)	(147,876)
Cash Payments to Suppliers for Goods and Services	(68,810)	(99,617)
Net Cash Provided by Operating Activities	(99,870)	(127,120)
Cash Flows from Noncapital Financing Activities		
Transfer from General Fund	150,000	150,000
Payments to Other Funds		(43,758)
Grant Received from State	46,712	46,712
Net Cash Provided by Noncapital Financing Activities	196,712	152,954
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(400,743)	(1,459)
Capital Grant Received from State	244,000	76,633
Net Cash Used for Capital and Related Financing Activities	(156,743)	75,174
Cash Flow from Investing Activities		
Interest on Investments	1,783	5,613
Net Cash Provided by Investing Activities	1,783	5,613
Net Increase (Decrease) in Cash and Cash Equivalents	(58,118)	106,621
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	106,621	
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	48,503	106,621
Reconciliation of Cash and Cash Equivalents to Balance Sheet:		
Cash and Temporary Investments - Current Assets	48,503	106,621
	48,503	106,621
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(124,085)	(135,069)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	18,958	14,482
Increase (Decrease) in Deferred Revenue		
Increase (Decrease) in Accounts Payable	3,213	(7,858)
Increase (Decrease) in Accrued Liabilities	2,044	1,325
Total Adjustments	24,215	7,949
Net Cash Provided by Operating Activities	(99,870)	(127,120)

Exhibit E-11

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL

For the Year Ended June 30, 1995

	Budget	Actual	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
OPERATING REVENUES					
Operating Transfers In	$ 150,000	$ 150,000		$ 150,000	
State Operating Grants		46,712	$ (46,712)		
Other Revenue		1,783	(1,783)		
Charges for Services	120,000	138,051		138,051	$ 18,051
Total Operating Income	270,000	336,546	(48,495)	288,051	18,051
OPERATING EXPENSES					
Personnel Services	133,868	162,654		162,654	(28,786)
Supplies and Service	61,167	72,024		72,024	(10,857)
Insurance	8,500	8,500		8,500	
Depreciation	(5,300)	15,395	(16,247)	(852)	(4,448)
Total Operating Expenses	198,235	258,573	(16,247)	242,326	(44,091)
Excess (Deficit) of Revenues Over Expenditures	71,765	77,973	(32,248)	45,725	26,040
Retained Earnings, Beginning of Year	51,765	51,765		51,765	
Retained Earnings at End of Year	$ 123,530	$ 129,738	$ (32,248)	$ 97,490	$ 26,040

Nature and Amount of Adjustments from GAAP Basis to Budgetary Basis	
Depreciation	18,958
State Operating Grant	(46,712)
Other Income	(1,783)
Amortization of Contributed Capital	(2,711)
Total Adjustments	$ (32,248)

Exhibit E-12

KETCHIKAN GATEWAY BOROUGH

FERRY ENTERPRISE FUND

BALANCE SHEET

June 30, 1995

	1995
ASSETS	
Cash and Investments	$ 354,432
Plant in Service	
Ferry	1,514,016
Less Accumulated Depreciation	(688,815)
Total Plant in Service	825,201
Total Assets	$ 1,179,633
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	$ 4,226
Due to Other Funds	172,762
Accrued Vacation & Sick Leave	65,037
Total Liabilities	242,025
Fund Equity:	
Contributed Capital	492,300
Retained Earnings	
Unreserved	445,308
Total Retained Earnings	445,308
Total Fund Equity	937,608
Total Liabilities and Fund Equity	$ 1,179,633

Exhibit E 13

KETCHIKAN GATEWAY BOROUGH

FERRY ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 1995

	June 30, 1995
OPERATING REVENUES	
Charges for Services	$ 913,194
Total Operating Revenues	913,194
OPERATING EXPENSES	
Personnel Services	545,777
Supplies and Services	260,901
Insurance	67,349
Total Operation and Maintenance	874,027
Depreciation	59,351
Total Operating Expenses	933,378
Net Operating (Loss)	(20,184)
NON OPERATING REVENUES (EXPENSES)	
State Operating Grants	75,000
Interest Earnings	50
Interest Expense	(1,810)
Total Nonoperating Revenues (Expenses)	73,240
Income (Loss) Before Operating Transfers	53,056
Other Financing Sources (Uses)	
Operating Transfers In	
Total Other Financing Sources (Uses)	
Net Income (Loss)	53,056
Depreciation of Fixed Assets Acquired by Grants	37,820
Increase (Decrease) in Retained Earnings	90,876
Retained Earnings, Beginning of Year	354,432
Retained Earnings at End of Year	$ 445,308

Exhibit E 14

KETCHIKAN GATEWAY BOROUGH

FERRY ENTERPRISE FUND

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 1995

	1995
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 913,194
Cash Payments to Employees for Services	(375,327)
Cash Payments to Suppliers for Goods and Services	(256,675)
Net Cash Provided by Operating Activities	281,192
Cash Flow from Non-Capital Financing Activities	
Grant Received from State	75,000
Cash Flows from Capital and Related Financing Activities:	
Interest Paid on G.O. Bonds	(1,810)
Net Cash Used for Capital and Related Financing Activities	(1,810)
Cash Flow from Investing Activities	
Interest on Investments	50
Net Cash Provided by Investing Activities	50
Net Increase (Decrease) in Cash and Cash Equivalents	354,432
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	$ 354,432
Reconciliation of Cash and Cash Equivalents to Balance Sheet:	
Cash and Temporary Investments - Current Assets	354,432
Cash and Temporary Investments - Restricted Assets	
	$ 354,432
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(20,184)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	59,351
Increase in due to General Fund	172,762
Increase in Accrued Liabilities	65,037
Increase in Accounts Payable	4,226
Total Adjustments	301,376
Net Cash Provided by Operating Activities	$ 281,192

Exhibit E-15

KETCHIKAN GATEWAY BOROUGH

FERRY ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL

For the Year Ended June 30, 1995

	Budget	Actual	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
OPERATING REVENUES					
Other Income		50		50	50
State Operating Grants	75,000	75,000		75,000	
Charges for Services	$ 850,000	$ 913,194		913,194	$ 63,194
Total Operating Income	925,000	988,244		988,244	63,244
OPERATING EXPENSES					
Personnel Services	525,544	545,777		545,777	(20,233)
Supplies and Services	232,034	260,901		260,901	(28,867)
Interest Expense	1,812	1,810		1,810	2
Insurance	50,000	67,349		67,349	(17,349)
Depreciation	60,000	21,531	(37,820)	(16,289)	76,289
Total Operating Expenses	869,390	897,368	(37,820)	859,548	9,842
Net Operating Revenues(Loss)	55,610	90,876	37,820	128,696	73,086
Retained Earnings, Beginning of Year		354,432			
Retained Earnings at End of Year		$ 445,308			

Nature and Amount of Adjustments from GAAP Basis to Budgetary Basis			
Amortization of Contributed Capital			37,820
Total Adjustments			$ 37,820

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

<u>Internal Service Funds:</u>

Balance Sheet

Statement of Revenues, Expenses and Changes in Retained Earnings - Actual

Statement of Cash Flows

Exhibit F-1

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERVICE FUNDS

BALANCE SHEET

June 30, 1995

	Insurance Stablization Fund
ASSETS	
Equity in Stabilization Insurance Fund	$ 1,281,992
Restricted Assets	150,000
Total Currrent Assets	1,431,992
LIABILITIES AND FUND EQUITY	
Fund Equity:	
Reserved	150,000
Unreserved	1,281,992
Total Retained Earnings	1,431,992
Total Fund Equity	1,431,992
Total Liabilities and Fund Equity	$ 1,431,992

Exhibit F–2

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS ACTUAL

For the Fiscal Year Ended June 30, 1995

	Insurance Stablization Fund
OPERATING REVENUES	
Insurance Premiums	$ 1,653,096
Total Operating Income	1,653,096
OPERATING EXPENSES	
Expense – Claims Service	1,993,520
Total Operating Expenses	1,993,520
Net Operating Revenues(Loss)	(340,424)
NON OPERATING REVENUES (EXPENSES)	
Interest Income	92,835
Contingency Credits	42,570
Fund Adjustment – Deficit	(47,549)
Total Nonoperating Revenues (Expenses)	87,856
Net Income (Loss)	(252,568)
Retained Earnings, Beginning of Year	1,684,560
Retained Earnings at End of Year	$ 1,431,992

Exhibit F-3

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERIVCE FUND

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 1995

		1995
Cash Flows from Operating Activities:		
Cash Received from Customers and Users	$	1,653,096
Contingency Credits		42,570
Fund Adjustment – Deficit		(47,549)
Cash Payments for Insurance		(1,993,520)
Net Cash Provided by Operating Activities		(345,403)
Cash Flow from Investing Activities:		
Interest on Investments		92,835
Net Cash Provided by Investing Activities		92,835
Net Increase (Decrease) in Cash and Cash Equivalents		(252,568)
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)		1,684,560
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	$	1,431,992
Reconciliation of Cash and Cash Equivalents to Balance Sheet:		
Cash and Temporary Investments – Current Assets		1,431,992
Cash and Temporary Investments _ Restricted Assets		
	$	1,431,992
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)		(345,403)
Total Adjustments		
Net Cash Provided by Operating Activities	$	(345,403)

AGENCY FUNDS

Agency Funds are used to account for assets held by a governmental unit in a agency capacity for individuals, other governmental units and/or other funds.

The following funds and statements are included in this section:

<u>Agency Funds</u>

Agency Funds - Statement of Changes in Assets and Liabilities

Exhibit G–1

KETCHIKAN GATEWAY BOROUGH

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 1995

	Balance June 30, 1994	Additions	Deductions	Balance June 30, 1995
DEFERRED COMPENSATION FUND				
Assets				
Funds with Fiscal Agents	$ 928,454	$ 121,563	$ 10,415	$ 1,039,602
Liabilities				
Deferred Compensation	$ 928,454	$ 121,563	$ 10,415	$ 1,039,602

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group accounts for all fixed assets of the Borough that are not used in the proprietary fund operations. They do not represent financial resources available for expenditures. They are items for which financial resources have been used and for which accountability should be maintained.

The following statements are included in this section:

Comparative Schedules of General Fixed Assets

Schedule of General Fixed Assets-by Function and Activity

Exhibit H–1

KETCHIKAN GATEWAY BOROUGH

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS

June 30, 1995 and 1994

	1995	1994
GENERAL FIXED ASSETS		
Land	$ 30,865	$ 30,865
Buildings	932,877	932,877
Equipment	865,092	1,672,212
Swimming Pools/Ballfields	2,531,177	2,531,177
Total	$ 4,360,011	$ 5,167,131

	1995	1994
INVESTMENT IN GENERAL FIXED ASSETS FROM:		
Federal and State Grants	$ 1,080,811	$ 1,080,811
General Revenues	3,279,200	4,086,320
Total	$ 4,360,011	$ 5,167,131

Exhibit H-2

KETCHIKAN GATEWAY BOROUGH

SCHEDULE OF GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY

June 30, 1995

Function and Activity	Land	Buildings	Machinery and Equipment	Ballfields / Pools	Total
General Government:					
Manager			$ 23,274		$ 23,274
Attorney			13,446		13,446
Clerk			25,550		25,550
Administrative Services			69,562		69,562
Assessment			36,896		36,896
Total General Government			168,728		168,728
Services:					
Animal Protection		$ 6,772	60,853		67,625
Parks and Recreation		139,490	27,958	$ 2,531,177	2,698,625
Maintenance and Operations			152,366		152,366
Planning			36,893		36,893
Child Care Assistance			3,727		3,727
Non-Departmental			49,652		49,652
Local Emergency Planning Commission			12,077		12,077
Total Services		146,262	343,526	2,531,177	3,020,965
Service Areas:					
Southend Fire District			195,636		195,636
Shoreline Service Area			154,919		154,919
Mt. Point Service Area			2,283		2,283
Total Service Areas			352,838		352,838
General Fixed Assets (Unidentified)					
Acquired in previous fiscal periods	$ 30,865	$ 786,615			817,480
Total General Fixed Assets	$ 30,865	$ 932,877	$ 865,092	$ 2,531,177	$ 4,360,011

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GENERAL LONG-TERM DEBT ACCOUNT GROUP

This account group accounts for all the unmatured general long-term liabilities of the Borough that are payable from revenue sources other than from proprietary and trust funds and for which the Borough is obligated in some manner. The liabilities are secured by the general credit and revenue raising power of the Borough rather than specific assets acquired or specific fund resources.

The following schedules are included in this section:

Comparative Statements of General Long-Term Debt

Statement of Changes in Long-Term Debt

Exhibit I-1

KETCHIKAN GATEWAY BOROUGH

GENERAL LONG-TERM DEBT ACCOUNT GROUP

COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT

June 30, 1995 and 1994

	June 30, 1995	June 30, 1994
Other Debits		
Amount to Provided-Bonds	$ 6,200,000	$ 7,810,000
Total Other Debits	$ 6,200,000	$ 7,810,000
Liabilities		
74 School Refunding G.O. Bonds	200,000	610,000
89 School Construction G.O. Bonds	6,000,000	7,200,000
Total General Long-term Debt	$ 6,200,000	$ 7,810,000

Exhibit I–2

KETCHIKAN GATEWAY BOROUGH

GENERAL LONG–TERM DEBT ACCOUNT GROUP

STATEMENT OF CHANGES IN LONG–TERM DEBT

For the Fiscal Year Ended June 30, 1995

	Balance June 30, 1994	Additions	Deletions	Balance June 30, 1995
Other Debits				
Amount to be Provided–Bonds	$ 7,810,000		$ 1,610,000	$ 6,200,000
Liabilities				
74 School Refunding G.O. Bonds	$ 610,000		$ 410,000	$ 200,000
89 School Construction G.O. Bonds	7,200,000		1,200,000	6,000,000
Total General Long–term Debt	$ 7,810,000		$ 1,610,000	$ 6,200,000

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ADDITIONAL INFORMATION

Additional information provides fiscal data considered useful in meeting informational needs and providing a better understanding of Municipal finances.

The following schedules are included in this section:

Combined Schedule of Cash and Investment Balances - All Funds

Public Employees Retirement System - Required Supplementary Ten Year Trend Information

Combined Schedule of Bonds Payable

Debt Service Requirement to Maturity

Exhibit J-1

KETCHIKAN GATEWAY BOROUGH

COMBINED SCHEDULE OF CASH AND INVESTMENT BALANCES - ALL FUNDS

June 30, 1995

CASH & INVESTMENTS CLASSIFIED BY FUND		
General Fund		$ 258,105
Special Revenue Funds:		
Land Trust Fund	5,118,835	
Non Areawide Fund	153,180	
Permanent Fund	266,847	
South End Fire District Fund	185,672	
Shoreline Service Area Fund	69,588	
Recreation Sales Tax Fund	331,964	
Mt. Point Service Area Fund	108,214	
Waterfall Service Area Fund	83,242	
Mud Bight Service Area	47,169	
South Tongass Service Area Fund	8,103	
Forest Park Service Area Fund	300,091	
Gold Nugget Service Area Fund	20,902	
Shoup Street Service Area Fund	1,583	
State & Federal Grants Fund	875,867	7,571,257
Capital Projects Fund:		
School Bond Construction Fund		48,579
Enterprise Funds:		
Airport Fund - Unrestricted	543,126	
Airport Fund - Restricted	59,733	
Transit Fund	48,504	651,363
Internal Service Fund:		
Risk Management Funds		1,431,992
Agency:		
Cash with Deferred Comp Agent		1,039,602
Total Cash by Fund		$ 11,000,898
CASH CLASSIFIED BY DEPOSITORY		
Change Funds & Petty Cash	$ 1,948	
Coopers & Lybrand Trust Account	747,632	
First Bank of Ketchikan	4,018	
National Bank of Alaska	498,946	
Funds with Aetna Insurance Company	1,431,992	
Funds with Fiscal Agents	1,039,602	
Total Cash		3,724,138
Investments		
National Bank of Alaska		
U.S. Trust	7,276,760	
Total Investments		7,276,760
Total Cash and Investments		$ 11,000,898

Exhibit J–2

KETCHIKAN GATEWAY BOROUGH
Public Employees Retirement System
Required Supplementary Ten Year Trend Information

The required supplementary information for PERS gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The pension benefit obligation has not been determined by the actuary for years prior to June 30, 1987; therefore, historical trend information beyond the five year period shown below is not available (in thousands).

Fiscal Year	Net Assets (at market) Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Overfunded) Pension Benefit Obligation	Annual Covered Payroll	Unfunded (Overfunded) Pension Benefit Obligation as a Percentage Covered Payroll
1987	2,921	2,925	99.9%	4	est. 1,200	0.3%
1988	3,489	3,508	99.5%	19	1,536	1.2%
1989	3,877	4,016	96.5%	139	1,645	8.4%
1990	4,666	4,090	114.1%	576	1,841	31.3%
1991	4,940	5,280	93.6%	340	2,101	16.2%
1992	5,974	6,200	96.4%	226	2,366	9.6%
1993	7,218	7,294	99.0%	76	2,210	3.4%
1994	8,149	8,564	95.0%	415	2,212	18.8%

UNAUDITED

Exhibit J–3

KETCHIKAN GATEWAY BOROUGH

COMBINED SCHEDULE OF BONDS PAYABLE

Year Ended June 30, 1995

	Interest Rate	Payment Dates	Issue Date	Final Maturity Date	Authorized	Issued	Retired	Outstanding
GENERAL OBLIGATION BONDS								
1972 Airport Bonds	5.50 – 6.50	5/1 & 11/1	05/01/72	05/01/1997	2,200,000	2,200,000	1,870,000	330,000
1974 School Refunding	5.00 – 8.00	3/1 & 9/1	03/01/74	09/01/1995	4,835,000	4,835,000	4,635,000	200,000
1989 Series "A" School Bonds	6.20 – 6.70	4/1 & 10/1	11/14/89	10/01/2000	9,600,000	9,600,000	3,600,000	6,000,000
					$ 16,635,000	$ 16,635,000	$ 10,105,000	$ 6,530,000
REVENUE BONDS								
1980 Airport Improvement Bonds	8.00	5/1 & 11/1	05/01/80	05/01/2000	$ 410,000	$ 410,000	$ 215,000	$ 195,000

Exhibit J–4

KETCHIKAN GATEWAY BOROUGH

DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 1995

Fiscal	G.O. Bonds–Education			G. O. Bonds–Airport			Revenue Bonds–Airport		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1996	1,400,000	399,200	1,799,200	160,000	18,150	178,150	30,000	15,600	45,600
1997	1,200,000	317,400	1,517,400	170,000	9,350	179,350	35,000	13,200	48,200
1998	1,200,000	239,400	1,439,400	0	0	0	40,000	10,400	50,400
1999	1,200,000	160,200	1,360,200	0	0	0	40,000	7,200	47,200
2000	1,200,000	80,400	1,280,400	0	0	0	50,000	4,000	54,000
	$ 6,200,000	$ 1,196,600	$ 7,396,600	$ 330,000	$ 27,500	$ 357,500	$ 195,000	$ 50,400	$ 245,400

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STATISTICAL SECTION - (UNAUDITED)

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

The following schedules are included in this section:

- General Governmental Expenditures by Function
- General Governmental Revenues by Source
- Property Tax Levies and Collections
- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates - Direct and Overlapping Governments
- Principal Taxpayers
- Computation of Legal Debt Margin and Computation of Direct and Overlapping Debt
- Ratio of Net General Obligation Bond Debt to Assessed Value and Net General Obligation Debt Per Capita
- Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures
- Demographic Statistics
- Miscellaneous Statistics
- Property Value and Construction
- Revenue Bond Coverage

UNAUDITED SECTION

Table 1

KETCHIKAN GATEWAY BOROUGH
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	General Government	Public Services	Education Operating	Education Capital	Debt Service Education	Total
1986	$ 2,730	$ 944	$ 14,474	$ 10,884	$ 3,064	$ 32,096
1987	3,021	978	14,684	2,029	3,085	23,797
1988	2,238	1,438	15,896	32	3,074	22,678
1989	2,079	1,819	16,689	10	3,068	23,665
1990	2,230	2,046	16,752	779	3,244	25,051
1991	1,962	3,145	17,535	1,123	5,671	29,436
1992	1,974	4,132	17,761	4,060	5,490	33,417
1993	1,964	4,998	595	13,191	4,923	25,671
1994	1,833	5,564	588	15,705	4,859	28,549
1995	1,751	5,087	60	9,530	2,102	18,530

(1) General government expenditures and revenue figures include data for all funds except proprietary and fiduciary fund types.

UNAUDITED

Table 2

KETCHIKAN GATEWAY BOROUGH
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Taxes	Inter – governmental Revenues	Charges for Services	Other Revenues	Total
$ 1986	$ 3,889	$ 16,878	$ 583	$ 1,872	$ 23,222
1987	4,260	15,436	580	1,051	21,327
1988	6,052	22,729	771	850	30,402
1989	6,843	15,974	776	1,083	24,676
1990	7,312	16,365	954	1,026	25,657
1991	7,572	18,988	539	2,354	29,453
1992	8,235	19,461	348	2,150	30,194
1993	9,991	13,680	296	2,255	26,222
1994	10,961	22,505	378	1,319	35,163
1995	11,525	10,899	355	641	23,420

(1) General government expenditures and revenue figures include data for all funds except proprietary and fiduciary fund types.

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Table 2A

KETCHIKAN GATEWAY BOROUGH
GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Automobile Tax	Boat Tax	Total
1986	$ 1,923	$ 1,966	(2)	(2)	$ 3,889
1987	2,305	1,955	(2)	(2)	4,260
1988	3,979	2,073	(2)	(2)	6,052
1989	4,520	2,323	(2)	(2)	6,843
1990	4,037	2,614	$ 102	$ 41	6,794
1991	4,278	2,795	104	29	7,206
1992	4,846	2,808	143	33	7,830
1993	6,273	2,965	114	35	9,387
1994	6,443	3,021	135	34	9,633
1995	6,658	3,217	138	36	10,049

(1) General government expenditures and revenue figures include data for all funds except proprietary and fiduciary fund types.
(2) Information not available

UNAUDITED

Table 3

KETCHIKAN GATEWAY BOROUGH
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(amounts expressed in dollars)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstandin; Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1986	$ 1,690,886	$ 1,681,476	99.4%	$ 6,786	$ 1,688,262	99.8%	$ 15,280	0.9%
1987	1,958,321	1,947,614	99.5%	7,236	1,954,850	99.8%	7,236	0.4%
1988	3,866,473	3,717,544	96.1%	89,302	3,806,846	98.5%	195,702	5.1%
1989	4,491,458	4,420,026	98.4%	6,212	4,426,238	98.5%	212,692	4.7%
1990	4,540,936	4,426,772	97.5%	47,459	4,474,231	98.5%	315,991	7.0%
1991	4,413,036	4,304,335	97.5%	127,388	4,431,723	100.4%	297,304	6.7%
1992	5,105,663	4,696,759	92.0%	148,936	4,845,695	94.9%	557,272	10.9%
1993	6,573,889	6,447,090	98.1%	113,928	6,561,018	99.8%	557,272	8.5%
1994	6,832,029	6,403,390	93.7%	39,452	6,442,842	94.3%	21,715	0.3%
1995	7,053,655	6,611,215	93.7%	46,881	6,658,096	94.4%	393,296	5.6%

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Table 4

KETCHIKAN GATEWAY BOROUGH
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Real Property		Personal Property		Exemptions	Total		
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Real Property	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value To Total Estimated Actual Value
1986	623,963,483	623,963,483	37,024,850	37,024,850	N/A	660,988,333	660,988,333	100%
1987	619,258,100	619,258,100	33,515,650	33,515,650	N/A	652,773,750	652,773,750	100%
1988	612,622,700	612,622,700	32,068,900	32,068,900	N/A	644,691,600	644,691,600	100%
1989	634,195,750	634,195,750	37,974,350	37,974,350	N/A	672,170,100	672,170,100	100%
1990	666,993,200	666,993,200	43,808,500	43,808,500	14,881,000	725,682,700	725,682,700	100%
1991	681,735,000	681,735,000	53,771,000	53,771,000	38,838,400	774,344,400	774,344,400	100%
1992	718,163,850	718,163,850	55,421,400	55,421,400	35,800,450	792,034,850	792,034,850	100%
1993	738,564,850	738,564,850	53,470,000	53,470,000	44,979,100	819,894,650	819,894,650	100%
1994	725,831,925	725,831,925	50,919,750	50,919,750	43,142,975	856,242,900	856,242,900	100%
1995	808,998,500	808,998,500	55,258,900	55,258,900	51,643,400	915,900,800	915,900,800	100%

(1) Total assessed value based on 100% of estimated actual value.

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Table 5

KETCHIKAN GATEWAY BOROUGH
PROPERTY TAX RATES
Direct and Overlapping Governments
Last Ten Fiscal Years

	Property Tax Millage Rates							
Fiscal Year	City of Ketchikan	Shoreline Service Area	South End Fire Service Area	Mud Bight Service Area	Forest Park Service Area	Non Areawide	Ketchikan Gateway Borough	Total
1986	8.90	2.00	1.00	10.00			2.55	24.45
1987	9.50	0.50	1.00	15.00		0.58	3.00	29.58
1988	9.10	0.50	1.00	7.50		0.60	5.70	24.40
1989	8.20	0.50	1.00	5.00		0.85	6.00	21.55
1990	8.80	0.50	1.00	5.00		0.85	6.00	22.15
1991	8.70	0.50	1.00	10.00		1.00	6.00	27.20
1992	8.10	1.00	1.00	10.00	5.00	0.60	6.60	32.30
1993	7.50	1.00	1.00	10.00	5.00	0.65	8.30	33.45
1994	7.50	1.00	1.00	0.00	5.00	0.65	8.30	23.45
1995	7.00	1.00	1.00	0.00	5.00	0.70	7.50	22.20

UNAUDITED

Table 6

KETCHIKAN GATEWAY BOROUGH
PRINCIPAL TAXPAYERS
June 30, 1995
(amounts expressed in thousands)

Taxpayer	Business Type	Valuation	Percentage of Total Assessed Valuation
Ketchikan Pulp	Forest Products	$ 78,914,900	8.62%
The Hames Group	Retail Stores	11,882,700	1.30%
Cape Fox Corporation (Includes Cape Fox Hotel Corp.)	Forest Products	9,748,200	1.06%
E. C. Phillips & Son, Inc.	Fish Processing	7,374,200	0.81%
Kanaway Seafoods	Seafood Processing	6,145,000	0.67%
Union Oil Company	Petroleum Products	5,783,600	0.63%
Vanderweele, James & Ken	Commercial Property	5,354,100	0.58%
Carr–Gottstein Foods Co.	Retail Stores	4,990,400	0.54%
Ward's Cove Packing Co., Inc.	Seafood Processing	4,586,300	0.50%
Main Street Associates, Ltd.	Retail/Commercial	4,337,500	0.47%
Total Principal Taxpayers		$ 139,116,900	15.18%
Total Assessed Valuation		$ 915,900,800	100.00%

UNAUDITED

Table 7

KETCHIKAN GATEWAY BOROUGH
Computation of Legal Debt Margin
June 30, 1995

No Debt Limit is Mandated by Law

Computation of Direct and Overlapping Debt

Total Direct Debt			
Outstanding G.O. Bonds – Ketchikan Gateway Borough		$	6,200,000
Less Self Supporting Debt:			
1972 Airport Improvement Bonds			330,000
Total Direct Debt			6,530,000
City of Ketchikan Direct Debt			
Outstanding G.O. Bonds		$	11,905,000
Less Self Supporting Debt:			
Bonds Paid from Ketchikan Port Fund Revenues	$ (3,413,620)		
Bonds Paid from Sales Tax Hospital Fund Revenues	(490,546)		
Bonds Paid from Wastewater Fund Revenues	(156,954)		
Bonds Paid from Refunding Bonds	(2,105,670)		(6,166,790)
Total City of Ketchikan Direct Debt			5,738,210
Total Direct and Overlapping Debt		$	12,268,210

Source: Ketchikan Gateway Borough and City of Ketchikan Financial Records

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Table 8

KETCHIKAN GATEWAY BOROUGH
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund (4)	Debt Payable from Enterprise Revenues (5)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1986	14,314	$ 660,988,333	$ 20,094,000	0	$ 1,785,000	$ 18,309,000	2.77%	$ 1,279
1987	14,314	652,773,750	18,404,000	0	1,650,000	16,754,000	2.57%	1,170
1988	12,829	644,691,600	16,559,000	0	1,500,000	15,059,000	2.34%	1,174
1989	12,829	672,170,100	14,549,000	0	1,340,000	13,209,000	1.97%	1,030
1990	12,829	710,801,700	24,364,000	0	1,175,000	23,189,000	3.26%	1,808
1991	13,818	735,506,000	20,794,000	0	1,000,000	19,794,000	2.69%	1,432
1992	13,828	773,585,250	16,194,000	0	815,000	15,379,000	1.99%	1,112
1993	13,828	792,034,850	12,384,000	0	620,000	11,764,000	1.49%	851
1994	14,923	819,894,650	8,819,000	0	480,000	8,339,000	1.02%	559
1995	15,028	915,900,800	6,530,000	0	330,000	6,200,000	0.68%	413

(1) U.S. Government Census
(2) From Table 4.
(3) Amounts do not include revenue bonds.
(4) Amount available for repayment of general obligation bonds.
(5) These amounts include the general obligation bonds that are being repaid from the Airport Enterprise Fund.

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Table 9

KETCHIKAN GATEWAY BOROUGH
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Ten Year Period Ending June 30, 1995

Fiscal Year	Debt Service Payments			Total General Expenditures	Ratio of Debt Service to General Expenditures
	Principal	Interest	Total		
1986	$ 1,399,000	$ 1,665,517	$ 3,064,517	$ 29,031,125	10.6%
1987	1,555,000	1,529,952	3,084,952	20,712,172	14.9%
1988	1,695,000	1,379,125	3,074,125	20,242,597	15.2%
1989	1,910,471	1,218,468	3,128,939	23,664,786	13.2%
1990	2,020,000	1,046,112	3,066,112	24,635,784	12.4%
1991	3,395,000	1,933,012	5,328,012	33,514,929	15.9%
1992	3,600,000	1,388,482	4,988,482	32,637,470	15.3%
1993	3,810,000	1,112,455	4,922,455	25,670,551	19.2%
1994	4,045,000	814,534	4,859,534	28,549,747	17.0%
1995	1,610,000	491,588	2,101,588	30,929,801	6.8%

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Table 10

KETCHIKAN GATEWAY BOROUGH
DEMOGRAPHIC STATISTICS
Ten Year Period Ending June 30, 1995

Fiscal Year	(1) Borough Population	(1) Alaska Per Capita Income	(1) Median Age	(2) Borough School Enrollment	(1) Alaska Unemployment Rate	(1) Ketchikan Unemployment Rate
1986	14,314	$ 18,140	(3)	2,535	10.0%	(3)
1987	14,314	17,744	(3)	2,605	10.9%	(3)
1988	12,829	17,886	(3)	2,594	9.7%	(3)
1989	12,829	21,173	(3)	2,480	10.8%	(3)
1990	12,829	21,668	32	2,757	6.7%	7.5%
1991	13,818	21,688	32	2,823	7.0%	7.9%
1992	13,828	21,067	32	2,664	8.5%	9.9%
1993	13,828	22,419	32	2,690	6.1%	5.9%
1994	14,923	23,395	30	2,735	7.5%	7.5%
1995	15,028	(3)	(3)	2,728	6.5%	5.2%

Sources:
(1) Alaska Department of Labor
(2) Ketchikan Gateway Borough School District (Average Daily Attendance)
(3) Information not available

UNAUDITED

Table 11

KETCHIKAN GATEWAY BOROUGH
MISCELLANEOUS STATISTICS
FOR THE YEAR ENDED JUNE 30, 1995

Date of Incorporation	9/13/1963
Type of Government	Second Class Borough
Form of Government	Assembly/Manager
Area – Square Miles	1,242
Education (through Grade 12 only)	
Number of Attendance Centers	7
Number of Classrooms	136
Number of Teachers	169FTE
Number of Students (Average Daily Attendance)	2,728
Elections	
Number of Registered Voters	9,318
Number of Votes in last regular election	2,786
Airport Operations	
Landings & Takeoffs per year – all Aircraft	37,230
Air Carrier Passengers per year	179,878
Ferry Passengers	369,178
Ferry Vehicles	81,609
Planning	
Number of zoning permits issued	194
Permanent Employees as of June 30, 1995	83

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Table 12

KETCHIKAN GATEWAY BOROUGH
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

Fiscal Year	Property Value (1) Assessed Valuation	Construction Number of Units	Construction Value
1985	$ 638,157,830	173	$ 10,934,940
1986	660,988,333	185	7,122,328
1987	652,773,750	156	6,117,550
1988	644,691,600	129	2,002,125
1989	672,170,100	160	8,611,283
1990	725,682,700	204	12,911,660
1991	744,344,400	178	5,391,435
1992	809,385,700	153	18,818,175
1993	837,013,950	158	32,886,000
1994	819,894,650	158	11,172,000
1995	849,837,900	130	10,685,122

Table 13

KETCHIKAN GATEWAY BOROUGH
REVENUE BOND COVERAGE
AIRPORT

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1986	$ 2,105,410	$ 1,813,169	$ 292,241	$ 15,000	$ 32,800	$ 47,800	6.11
1987	1,922,882	1,735,890	186,992	15,000	31,600	46,600	4.01
1988	2,014,112	1,681,202	332,910	20,000	30,400	50,400	6.61
1989	2,077,319	1,604,486	472,833	20,000	28,800	48,800	9.69
1990	2,352,058	1,814,229	537,829	20,000	27,200	47,200	11.39
1991	2,331,149	1,794,049	537,100	20,000	25,600	45,600	11.78
1992	2,632,412	2,088,504	543,908	25,000	24,000	49,000	11.10
1993	2,374,679	1,862,324	512,355	25,000	22,000	47,000	10.90
1994	2,431,970	1,989,319	442,651	25,000	20,000	45,000	9.84
1995	1,437,034	1,007,661	429,373	30,000	18,000	48,000	8.95

(1) Total revenues (including interest).
(2) Total operating expenses exclusive of depreciation.
(3) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the airport enterprise fund or debt defeance transactions.

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