COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
Ketchikan Gateway Borough, Alaska

For the year ended June 30, 1988

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

KETCHIKAN GATEWAY BOROUGH, ALASKA

For the Year Ended June 30, 1988

Prepared by

KETCHIKAN GATEWAY BOROUGH

ACCOUNTING DEPARTMENT

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KETCHIKAN GATEWAY BOROUGH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 1988

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KETCHIKAN GATEWAY BOROUGH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 1988

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INTRODUCTORY SECTION

KETCHIKAN GATEWAY BOROUGH
344 Front Street
Ketchikan, Alaska 99901
(907) 225-6151

04/07/89

M E M O R A N D U M

To: Mayor Gregory and Assembly Members

Thru: Dave Crow, Borough Manager

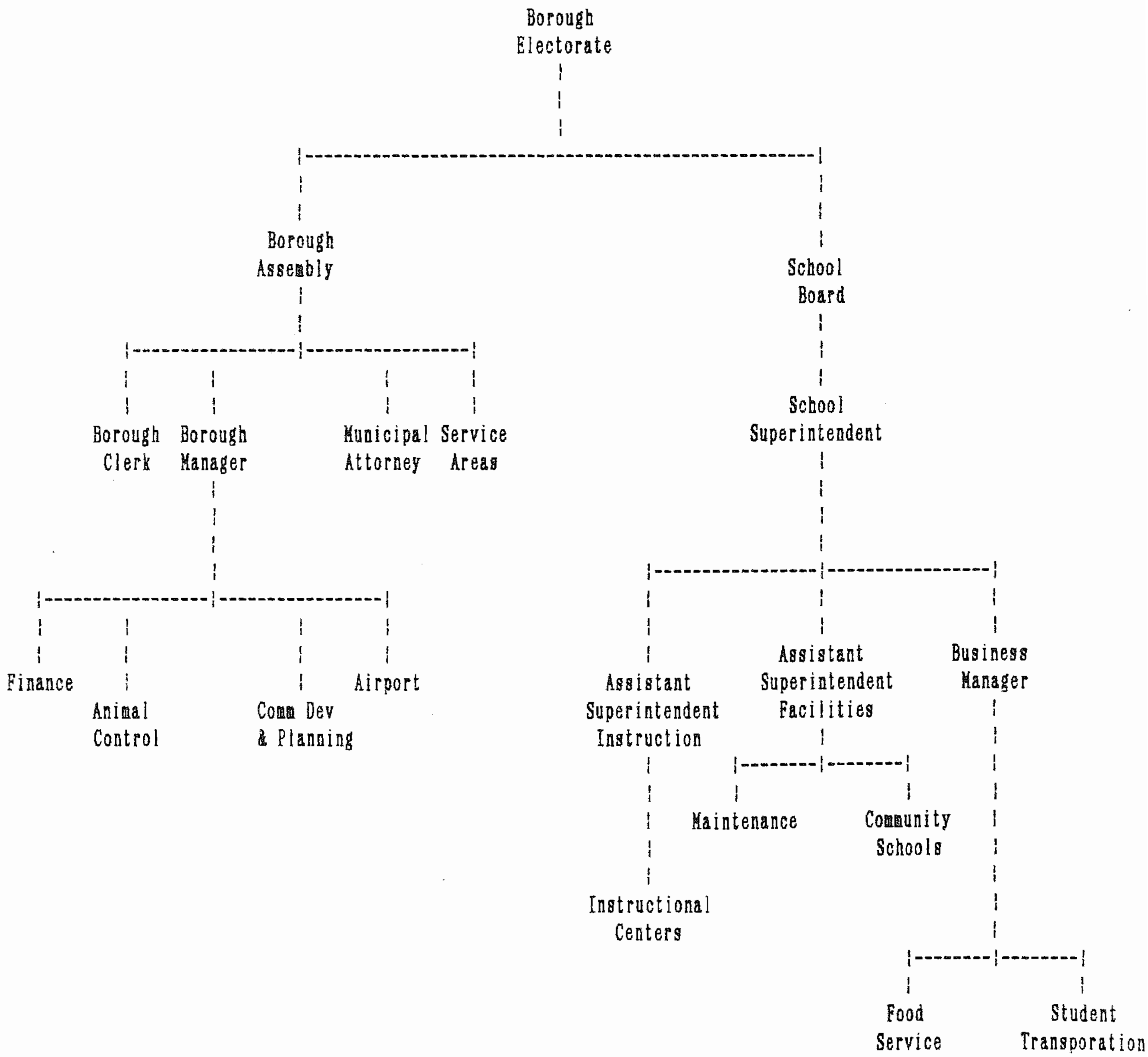
From: Marly F. Gregorioff, Director of Accounting & Risk Mgr

Subject: Audited Financial Report for Fiscal Year 1988.

Respectfully submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the Ketchikan Gateway Borough for the year ended June 30, 1988. This report is submitted in accordance with the policy of the Borough Assembly that an audited financial report be submitted to the Assembly following the close of each fiscal year. There was a considerable delay in issuing this years report in comparison to past years. In past years the City of Ketchikan Accounting Department prepared the monthly financial statements, prepared the audit work and completed the CAFR. This fiscal year was the beginning of the transition of the Borough accounting functions to the newly created Borough Accounting Department. Consequently the City of Ketchikan Accounting Department prepared the monthly financial statements and prepared the majority of the audit workpapers. The Borough Accounting Department was responsible for the remaining audit workpapers, the completion of the audit fieldwork and the preparation of the CAFR. This required familiarity with the entire year and research of activity prior to my hiring. Contributing to the complications of transition there were several key staff turnovers, computer program difficulties, the common cold and flu season, and scheduling complications for all involved. I feel confident that we are well on our way now, getting closer to catching up and issuing current financial statements.

I believe the following reports are accurate in all material aspects and present fairly the financial position and the results of operations of the Ketchikan Gateway Borough. All disclosures considered necessary have been made to enable the reader to understand the Borough's financial affairs. I also believe that the internal controls are adequate to safeguard the Borough assets and to ensure the reliability of the financial records used to prepare the financial statements. The nature of a transition including the creation of a new accounting department with new and different computers and programs create conditions and circumstances which can lead to minor infractions of internal control procedures. When any indication has arisen of a possible problem I have taken immediate steps to clear it up and to prevent future occurances. As permanent accounting staff have been hired additional controls were added. Internal controls will continue to be reviewed and revised as needed.

KETCHIKAN GATEWAY BOROUGH
ORGANIZATIONAL CHART
JUNE 30, 1988



KETCHIKAN GATEWAY BOROUGH
PRINCIPAL BOROUGH OFFICIALS
JUNE 30,1988

MAYOR & ASSEMBLY

Name;	Title;
Ralph C. Gregory, Jr.	Mayor
Ralph M. Bartholomew	Assemblymember
Michael R. Cruise	Assemblymember
Kaye D. King	Assemblymember
Dennis L McCarty	Assemblymember
Marie Westfall	Assemblymember
John Cote	Assemblymember
Don Chenhall	Assemblymember

BOROUGH STAFF

Name;	Title;
David G. Crow	Borough Manager
Russell W. Walker	Municipal Attorney
Georgianna C. Booth	Borough Clerk
Marly F. Gregorioff	Accounting Director
Sandra L. Isley	Revenue Collector
Robert W. Kern	Assessor
Bonnie D. Anderson	Animal Control Officer
William D. Jones	Planning Director
Ken Linder	Airport Manager

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

To the Ketchikan Gateway
Borough Assembly
Ketchikan, Alaska

We have audited the accompanying general purpose financial statements of the Ketchikan Gateway Borough, as of and for the year ended June 30, 1988, as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, Ketchikan, Alaska, as of June 30, 1988, and the results of its operations and the changes in financial position 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, individual fund, and individual account group financial statements, schedules, and statistical data listed in the 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, except for the statistical section marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Hogan, Mecham, Richardson and Co.

March 9, 1989

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

Combined Statement of Revenues, Expenditures and Changes in Fund Balance-All Governmental Fund Types

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

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

Combined Statement of Changes in Financial Position-All Proprietary Fund Types and Similar Trust Funds

KETCHIKAN GATEWAY BOROUGH
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1988

	<-----------Governmental Fund Types			----------->	Proprietary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS					
Cash & Temporary Investment	$4,157,574	$5,386,785	$0	$1,546,896	($28,400)
Funds with Fiscal Agents					
Property Taxes Receivable	78,175	3,380			
Due From Other Governments	112,738				
Accounts Receivable	30,985	1,056,477			239,513
Due From Other Funds	151,568	979,266		101,320	
Accrued Interest Receivable	96,864				
Deferred Accounts Receivable		846,789			
Restricted Assets					
Bond Redemption Fund Cash & Investments					58,133
Plant in Service					
Field					2,740,944
Terminal					2,590,085
Ferry					1,461,851
Accumulated Depreciation					(2,533,744)
Amount to be Provided for Payment of Long Term Debt					
Land					
Buildings					
Equipment					
Total Assets	$4,627,904	$8,272,698	$0	$1,648,216	$4,528,382

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT
JUNE 30, 1988

	Fiduciary Fund Types	Account Groups		
	Trust & Agency Funds	General Fixed Assets	General Long Term Debt	Total (Memorandum) (Only)
ASSETS				
Cash & Temporary Investment	$236,504			$11,299,359
Funds with Fiscal Agents	1,360,742			1,360,742
Property Taxes Receivable				81,555
Due From Other Governments				112,738
Accounts Receivable				1,326,975
Due From Other Funds	71,810			1,303,964
Accrued Interest Receivable	100			96,964
Deferred Accounts Receivabl				846,789
Restricted Assets				
Bond Redemption Fund Cash Investments				58,133
Plant in Service				
Field				2,740,944
Terminal				2,590,085
Ferry				1,461,851
Accumulated Depreciation				(2,533,744)
Amount to be Provided for Payment of Long Term Debt			15,488,532	15,488,532
Land		148,081		148,081
Buildings		28,894,027		28,894,027
Equipment		4,332,382		4,332,382
Total Assets	$1,669,156	$33,374,490	$15,488,532	$69,609,378

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1988

	<----------Governmental Fund Types			---------->Proprietary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	$281,973	$720,300	$0	$83,960	$36,648
Due to Other Governments	2,270,558				
Due to Other Funds	692,403	512,649			
Accrued Interest Payable					20,771
Accr Vacation & Sick Lv	124,344	110,897			119,771
Deferred Revenues		948,003		1,073,791	
Deferred Compensation					
G.O. Bonds Payable					1,500,000
Retirement Incentive Program Liabilities					
Equipment Lease Purchase					
Revenue Bonds Payable					360,000
Total Liabilities	$3,369,278	$2,291,849	$0	$1,157,751	$2,037,190
Fund Equity					
Contributed Capital					$2,274,809
Investment in General Fixed Assets					
Retained Earnings					
Rsvd for Bond Retirement					58,133
Unreserved					158,250
Fund Balances					
Rsvd for Encumbrances	1,075	311,253			
Unreserved	1,257,551	5,669,596		490,465	
Total Fund Equity	$1,258,626	$5,980,849	$0	$490,465	$2,491,192
	$4,627,904	$8,272,698	$0	$1,648,216	$4,528,382

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT
JUNE 30, 1988

	Fiduciary Fund Types	Account Groups		
	Trust & Agency Funds	General Fixed Assets	General Long Term Debt	Total (Memorandum) (Only)
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts Payable	$135,623			$1,258,504
Due to Other Governments				2,270,558
Due to Other Funds	98,912			1,303,964
Accrued Interest Payable				20,771
Accr Vacation & Sick Lv				355,012
Deferred Revenues				2,021,794
Deferred Compensation	892,931			892,931
G.O. Bonds Payable			15,059,000	16,559,000
Retirement Incentive Program Liabilities			237,471	237,471
Equipment Lease Purchase			192,061	192,061
Revenue Bonds Payable				360,000
Total Liabilities	$1,127,466	$0	$15,488,532	$25,472,066
Fund Equity				
Contributed Capital				$2,274,809
Investment in General Fixed Assets		33,374,490		33,374,490
Retained Earnings				
Rsvd for Bond Retirement				58,133
Unreserved				158,250
Fund Balances				
Rsvd for Encumbrances	10,000			322,328
Unreserved	531,690			7,949,302
Total Fund Equity	$541,690	$33,374,490	$0	$44,137,312
	$1,669,156	$33,374,490	$15,488,532	$69,609,378

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES & EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	<------------Governmental	Fund Types	------------>	
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes	$5,798,240	$240,235		
Payments in Lieu of Taxes	13,845			
Licenses and Permits	1,763			
Intergovernmental Revenues	882,771	15,045,205		1,125,971
Charges for Services	269,059	393,332		11,843
Other Revenues	367,989	417,320		34,412
Total Revenues	$7,333,667	$16,096,092	$0	$1,172,226
EXPENDITURES				
Administration	$1,339,567			
Animal Control	144,055			
Dept of Planning & Comm Dev	391,576	1,071,169		
Non-Departmental	160,010			
Education	607	15,535,373		
Capital Projects				
General	24,761			1,193,511
Education				32,155
Debt Service			3,352,586	
Total Expenditures	$2,060,576	$16,606,542	$3,352,586	$1,225,666
Excess (Deficit) of Revenues over Expenditures	$5,273,091	($510,450)	($3,352,586)	($53,440)
Other Financing Sources (Uses)				
Operating Transfers In	233,627	5,673,378	3,352,586	
Operating Transfers Out	(5,384,893)	(3,968,461)		
Total Other Financing	($5,151,266)	$1,704,917	$3,352,586	$0
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	$121,825	$1,194,467	$0	($53,440)
Fund Balances, July 1, 1987	1,136,801	4,786,382	0	543,905
Fund Balances, June 30, 1988	$1,258,626	$5,980,849	$0	$490,465

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES & EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Subtotal Governmental Fund Types	Fiduciary Fund Type Expendable Trust	Total (Memorandum) (Only)
REVENUES			
Taxes	$6,038,475		$6,038,475
Payments in Lieu of Taxes	13,845		13,845
Licenses and Permits	1,763		1,763
Intergovernmental Revenues	17,053,947		17,053,947
Charges for Services	674,234		674,234
Other Revenues	819,721	337	820,058
Total Revenues	$24,601,985	$337	$24,602,322
EXPENDITURES			
Administration	$1,339,567		$1,339,567
Animal Control	144,055		144,055
Dept of Planning & Comm Dev	1,462,745		1,462,745
Non-Departmental	160,010		160,010
Education	15,535,980	1,000	15,536,980
Capital Projects			
General	1,218,272		1,218,272
Education	32,155		32,155
Debt Service	3,352,586		3,352,586
Total Expenditures	$23,245,370	$1,000	$23,246,370
Excess (Deficit) of Revenues over Expenditures	$1,356,615	($663)	$1,355,952
Other Financing Sources (Uses)			
Operating Transfers In	9,259,591		9,259,591
Operating Transfers Out	(9,353,354)		(9,353,354)
Total Other Financing	($93,763)	$0	($93,763)
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	$1,262,852	($663)	$1,262,189
Fund Balances, July 1, 1987	6,467,088	5,032	6,472,120
Fund Balances, June 30, 1988	$7,729,940	$4,369	$7,734,309

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NONGAAP BASIS)
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988

	General Fund			
	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes	$5,578,326	$5,798,240		$219,914
Payments in Lieu of Taxes	14,500	13,845		(655)
Licenses and Permits	2,000	1,763		(237)
Revenue from Other Govts	1,083,136	882,771		(200,365)
Charges for Services	270,600	269,059		(1,541)
Other Revenues	325,000	367,989		42,989
Transfers from Other Funds	225,359	233,627		8,268
Total Revenues	$7,498,921	$7,567,294	$0	$68,373
EXPENDITURES				
Administration	$1,303,671	$1,339,567	($7,703)	($28,193)
Animal Control	148,502	144,055	(256)	$4,703
General Services	429,023	391,576	(4,546)	$41,993
Non-Departmental	144,030	160,010	(13,404)	($2,576)
Education	396,070	381,121		$14,949
Capital Projects	0	24,761	(21,477)	($3,284)
Transfers to Other Funds	5,499,047	5,004,379		$494,668
Total Expenditures	$7,920,343	$7,445,469	($47,386)	$522,260
Excess (Deficit) of Revenues over Expenditures	($421,422)	$121,825	($47,386)	590,633
Fund Balances, July 1, 1987	1,114,165	1,136,801	48,461	(25,825)
Fund Balances, June 30, 1988	$692,743	$1,258,626	$1,075	$564,808

The Accompanying Notes are an Integral Part of the Finanical Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NONGAAP BASIS)
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988

	<---Special Revenue Funds--->			
	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes	$392,944	$240,235		($152,709)
Payments in Lieu of Taxes				0
Licenses and Permits				0
Revenue from Other Govts	13,465,277	15,023,304		1,558,027
Charges for Services	209,160	214,317		5,157
Other Revenues	694,345	618,236		(76,109)
Transfers from Other Funds	6,181,120	5,673,378		(507,742)
Total Revenues	$20,942,846	$21,769,470	$0	$826,624
EXPENDITURES				
Administration				$0
Animal Control				$0
General Services	910,155	1,071,169	2,837	($163,851)
Non-Departmental				$0
Education	15,930,237	15,535,373	197,364	$197,500
Capital Projects				$0
Transfers to Other Funds	3,958,782	3,968,461		($9,679)
Total Expenditures	$20,799,174	$20,575,003	$200,201	$23,970
Excess (Deficit) of Revenues over Expenditures	$143,672	$1,194,467	$200,201	850,594
Fund Balances, July 1, 1987	3,726,316	4,786,382	111,052	949,014
Fund Balances, June 30, 1988	$3,869,988	$5,980,849	$311,253	$1,799,608

The Accompanying Notes are an Integral Part of the Finanical Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NONGAAP BASIS)
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988

	<------Total (Memorandum Only)------			------>
	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes	$5,971,270	$6,038,475	$0	$67,205
Payments in Lieu of Taxes	14,500	13,845	0	(655)
Licenses and Permits	2,000	1,763	0	(237)
Revenue from Other Govts	14,548,413	15,906,075	0	1,357,662
Charges for Services	479,760	483,376	0	3,616
Other Revenues	1,019,345	986,225	0	(33,120)
Transfers from Other Funds	6,406,479	5,907,005	0	(499,474)
Total Revenues	$28,441,767	$29,336,764	$0	$894,997
EXPENDITURES				
Administration	$1,303,671	$1,339,567	($7,703)	($28,193)
Animal Control	148,502	144,055	(256)	$4,703
General Services	1,339,178	1,462,745	(1,709)	($121,858)
Non-Departmental	144,030	160,010	(13,404)	($2,576)
Education	16,326,307	15,916,494	197,364	$212,449
Capital Projects	0	24,761	(21,477)	($3,284)
Transfers to Other Funds	9,457,829	8,972,840	0	$484,989
Total Expenditures	$28,719,517	$28,020,472	$152,815	$546,230
Excess (Deficit) of Revenues over Expenditures	($277,750)	$1,316,292	$152,815	1,441,227
Fund Balances, July 1, 1987	4,840,481	5,923,183	159,513	923,189
Fund Balances, June 30, 1988	$4,562,731	$7,239,475	$312,328	$2,364,416

The Accompanying Notes are an Integral Part of the Finanical Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

		Proprietary Fund Types Enterprise Funds	Fiduciary Fund Types Nonexpendable Trusts	Total (Memorandum Only)
OPERATING REVENUES				
Ferry Fares		$621,846		$621,846
Landing Fees		703,176		703,176
Rentals		317,112		317,112
Fuel Revenues		49,408		49,408
Security Services		24,755		24,755
Other Revenues		81,143		81,143
Total Revenues		$1,797,440	$0	$1,797,440
OPERATING EXPENSES				
Benefits Payments			$6,192	$6,192
Bus Operations		67,433		67,433
Field				
Current Operations	669,120			
Depreciation	100,828	769,948		769,948
Terminal				
Current Operations	386,204			
Depreciation	73,283	459,487		459,487
Ferry				
Current Operations	625,878			
Depreciation	30,937	656,815		656,815
Total Expenditures		$1,953,683	$6,192	$1,959,875
Excess (Deficit) of Revenues over Expenditures		($156,243)	($6,192)	($162,435)
Non Operating Revenues (Expenses)				
UTMA Grant-Ferry	21,747			
State Revenue Sharing	90,728			
General Fund Contribution	101,264			
Interest Earnings	9,033	222,772	39,768	262,540
Interest Expense		(125,131)		(125,131)
Net Income (Loss)		(58,602)	33,576	(25,026)
Depr of F/A Acquired by Grant		73,107		73,107
Net Increase (Decrease)		14,505	33,576	48,081
Retained Earnings/Fund Balances, July 1, 1987		201,878	503,745	705,623
Retained Earnings/Fund Balances, June 30, 1988		$216,383	$537,321	$753,704

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Proprietary Fund Types Enterprise Funds	Fiduciary Fund Types Nonexpendable Trusts	Total (Memorandum Only)
Sources of Working Capital			
Net Income (Loss)	($58,602)	$33,576	($25,026)
Items not requiring (providing) Working Capital			
Depreciation	205,048		205,048
Total Sources of Working Capital	146,446	33,576	180,022
Uses of Working Capital			
Acquisition of Property, Plant & Equipment	17,089		17,089
Retirement of General Obligation Bonds	170,000		170,000
Total Uses of Working Capital	187,089	0	187,089
Net Increase (Decrease) in Working Capital	($40,643)	$33,576	($7,067)

Elements of Net Increase (Decrease) in Working Capital			
Cash & Temporary Investments	($145,514)		($145,514)
Funds With Fiscal Agents		32,801	32,801
Accounts Receivable	132,592		132,592
Interfund Receivable		775	775
Bond Redemption Fund Cash & Investments	(267)		(267)
Accounts Payable & Accrued Liabilities	(27,454)		(27,454)
Net Increase (Decrease) in Working Capital	($40,643)	$33,576	($7,067)

The Accompanying Notes are an Integral Part of the Financial Statements.

NOTE 1 - THE REPORTING ENTITY

The Ketchikan Gateway Borough is a second class borough operating under the powers granted by the constitution and laws of the State of Alaska. The Borough operates under an Assembly-Manager form of government and provides services in the following area: assessment and collection of taxes, planning and zoning, education, airport operation, animal control, drug paraphernalia control, fireworks regulation and library services. This Ketchikan Gateway Borough Comprehensive Annual Financial Report includes all functions, organizations and activities for which the Borough exercises oversight responsibility. The criteria used to determine if an oversight responsibility exists involve such factors as financial interdependency, reporting authority, designation of management and accountability for fiscal matters. Based on this criteria all departments of the Ketchikan Gateway Borough have been included in this Comprehensive Annual Financial Report. The Ketchikan Gateway Borough School District has also been included in this report as a result of the financial interdependency that exists between this agency and the Ketchikan Gateway Borough. The Borough does not exercise any element of oversight responsibility over any other entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ketchikan Gateway Borough conform to generally accepted accounting principles. The following is a summary of the more significant policies.

A. FUND ACCOUNTING

The accounts of the Borough are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report into seven generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS;

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

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

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.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. (Other than those financed by a proprietary Fund).

PROPRIETARY FUNDS;

Enterprise Funds - Enterprise 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 services on a continual basis be financed or recovered primarily through user charges. Costs includes direct expenses, allocable expenses such as insurance and depreciation.

FIDUCIARY FUNDS;

Trust Funds - Trust Funds are used to account for assets held by a governmental unit in a trustee capacity for individuals, private organizations, other governmental units and/or other funds. They include both expendable and non-expendable trust funds.

Agency Funds - Agency Funds are used to account for assets held by a government as an agent for individuals, private organizations, other governments and/or other funds.

B. FIXED ASSETS AND LONGTERM LIABILITIES - ACCOUNT GROUPS

The accounting and reporting treatment applied to the fixed assets and longterm liabilities associated with a fund are determined by its measurement focus. All governmental type funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance, net of current assets, is considered a measure of "available spendable resources". Governmental fund operating statements present increases and decreases in net current assets. Increases include revenues and other financing resources and decreases include expenditures and other financing uses. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain, infrastructure, general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All general fixed assets of the Borough are recorded based on historical or estimated historical cost. These fixed asset records are presented in the General Fixed Asset Account Group Section of this report.

Longterm liabilities of proprietary funds and trust funds are accounted for through those funds. All other unmatured general long-term liabilities of which the Borough is obligated in some manner are accounted for in the General Long Term Debt Account Group.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Proprietary funds are accounted for on a cost of services measurement focus. This means that all assets and all liabilities whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity or total net assets is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases or revenues and decreases or expenses in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are 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

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this basis revenues are recognized during the accounting period in which they become both measurable and available and therefore susceptible to accrual and include general property taxes, charges for services and grants for specific purposes. Major revenue sources that are considered not to be susceptible to accrual include sales taxes and intergovernmental revenue, except for grants for specific purposes. Expenditures are generally recognized when the related fund liability is incurred. An exception to this general rule is principal and interest on general longterm debt which is recognized when it is either due or when funds are transferred to the paying agent.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and measurable; expenses are recognized when they are incurred, if measurable. Unbilled service revenues are recorded as revenue for the period during which they were earned and are shown as receivables on the appropriate balance sheets.

Fiduciary fund revenues and expenses or expenditures as appropriate are recognized on the basis of accounting that is consistent with the fund's accounting measurement objective. Nonexpendable trusts and pension trust funds are accounted for on the accrual basis; expendable trust funds are accounted for on the modified accrual basis. Agency fund assets and liabilities are accounted for on the modified accrual basis.

D. BUDGETS AND BUDGETARY ACCOUNTING

The Borough Code of Ordinances specifies that a proposed budget for the next fiscal year must be submitted to the Borough Assembly at least eight weeks before the beginning of the fiscal year. Formal budgets for the beginning of the fiscal year were adopted by the Borough Assembly for the following funds: General 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, School Bond/Capital Improvements Fund, Airport Enterprise Fund and Non Area Wide Fund. In addition, administrative budgets were prepared for all special revenue funds for which no formal budgets were adopted by the Borough Assembly. Budgetary information for all of these funds are presented in the financial statements.

The 1987-88 budget was formally adopted by the Borough Assembly with the passage of Ordinance No. 624 on June 29, 1987, which also appropriated the necessary funds.

In addition, the following budget amendments were passed during the year:

(1) Ordinance No. 641 adopted December 21, 1987 appropriated $30,000 from the South End Fire Service Area Fund for additional capital improvements.

(2) Ordinance No. 645 adopted February 1, 1988 appropriated $10,000 from the General Fund for the purchase of additonal professional services and $16,000 from the Nonareawide Fund for the purchase of contractual service for the Overall Economic Development Plan and for Community Promotion.

(3) Ordinance No. 652 adopted March 7, 1988 appropriated $7,000 from the South End Fire Service Area Fund for additional capital improvements and $22,000 from the Waterfall Creek Service Area Fund for the purchase of additional contractual services.

(4) Ordiance No. 656 adopted April 4, 1988 appropriated $5,000 from the General Fund for the Alaska Teen Alternative program.

Current budgetary procedures authorize the Borough Manager to approve transfers of appropriations within departments. All transfers between departments must be authorized by the Borough Assembly and increases in total appropriations must be authorized by ordinance.

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

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year end are reported as reservation of fund balances since they do not constitute expenditures or liabilities. Payments made against prior year purchase orders result in current year expenditures being increased and current year encumbrance balances being reduced so that these payments do not reduce current year appropriations. Under this system prior year encumbrances, on which payments have been made, are netted with current year encumbrances. This sometimes results in negative emcumbrance balances appearing on budgetary statements.

F. INVESTMENTS

Investments are stated at cost or amortized cost, which approximates market.

G. INVENTORIES

Inventories of materials supplies are considered immaterial and are therefore not presented in the financial statements.

H. ACCUMULATED UNPAID VACATION AND SICK LEAVE

Accumulated unpaid vacation and sick leave is accrued when incurred. At June 30, 1988 accumulated leave amounted to $355,012, which has been included as a liability on the financial statements.

I. TOTAL COLUMNS ON COMBINED STATEMENTS-LIFTABLE PORTION

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. DEBT SERVICE PAYMENTS

Expenditures for payments of interest and principal on the Borough's General Obligation Bonds are recorded when the money is transferred to the paying agent.

NOTE 3 - PROPERTY TAXES

Property taxes must be levied no later than June 15 of each year and are based on the assessed valuation of real and personal property as of January 1. These taxes are due and payable immediately upon levy and become delinquent if not paid on or before September 30 of the year in which they are levied. Foreclosure liens are filed the following January on property taxes that have not been paid by December 31. One year after the foreclosure lien has been filed proceedings may be started to enable the Borough to obtain title to the property in question. Three months later, title to their properties will revert to the Borough if the applicable taxes plus penalty, interest and foreclosure costs have not been paid in full. Property taxes are recognized as revenues during the period for which they are budgeted. This is also the year in which they are substantially collected and are available since it is assumed that all material tax amounts will be collected soon after the end of the fiscal year.

NOTE 4 - CASH AND INVESTMENTS

Cash and temporary investments, which are co-mingled but held for the account of the various funds, aggregated $11,367,492 as of June 30, 1988. At year end the carrying amount of the Borough's bank deposits was $3,044,957 and the bank balance was $3,209,221. All of the bank balance was covered by federal depository insurance or by collateral held by the Borough's agent in the Borough's name. Borough bond ordinances require that funds in revenue bond reserve and redemption accounts to be either deposited in demand deposits or invested in direct U. S. Goverment obligations. During the past fiscal year the provisions of these ordinances were complied with. The Borough does not have any ordinances either restricting the types of investments for other funds or specifying collateral levels. It is the Borough's policy to invest Borough funds only in time certificates of deposit or repurchase agreements with local banks or in U. S. government securities. The Borough also has a policy requiring that all non deferred compensation investments be collateralized to a level of 100 percent either federal, state or municipal obligations. The provisions of that policy were also complied with during the past fiscal year. Deferred compensation accounts may be invested by the Borough's deferred compensation agencies in accordance with the desire of participants consistent with plan documents. The following is a schedule of information relating to bank accounts and investments as of June 30, 1988 for the purpose of giving an indication of the level of risk assumed by the Borough as of year end.

	Carrying Amount	Bank Balance
Demand Deposits:		
Covered by FDIC Insurance or by collateral held by Borough's agent	$ 3,044,957	$ 3,209,221
Uninsured and uncollateralized	-0-	-0-
	$ 3,044,957	$ 3,209,221

	Carrying Amount	Market Value of Investments or Collateral
Time Certificates of Deposit: Covered by collateral held by the Borough's agent	$ 7,245,587	$ 7,324,497
Direct U. S. Government Obligations Held by Borough and agent	$ 1,030,000	$ 1,047,197

NOTE 5 - RESTRICTED ASSETS

Certain cash and investments in the Airport Enterprise Fund are restricted for the payment of cost of construction and revenue bond debt service. A description of these restricted funds follows:

The Bond Redemption Fund, shown as restricted assets of the Airport Enterprise Fund, has been established in accordance with the provisions of the revenue bonds indentures. These funds can only be used to meet the requirement of the applicable revenue bond ordinances.

Revenue Bond Redemption and Reserve Funds

The Borough obligates and binds itself to set aside and pay into the Bond Redemption Fund out of the money in the Airport Enterprise Fund fixed amounts necessary to pay the principal of and interest on the Revenue Bonds as they become due and payable.

Amounts so pledged to be paid out of the Airport Operating Fund into the Bond Redemption Fund and the Revenue Bond Reserve Fund are held to be prior lien and charge upon the money in the operating fund superior to all other charges of any kind except the charges required to pay the necessary cost of maintenance and operation of the Ketchikan Airport Facility.

A Revenue Bond Reserve Fund has been created per the bond indenture terms. The Borough covenants and agrees that it will set aside and pay into said Reserve Fund out of the money in the Airport Operating Fund, and out of the monies which it may now or later have on hand and available for such purposes, approximately sixty equal monthly payments, so that within 60 months after each revenue bond issue there will have been paid into the Reserve Fund a sum equal to $50,000. The Borough has provided in this fund as of June 30, 1988, $50,000 which is equal to the minimum required amount.

The Borough further agrees that it will at all times maintain such amounts in the Reserve Fund until there is a sufficient amount in the Bond Redemption Fund and Reserve Fund to pay the principal of and interest on all of the bonds outstanding, at which time the money in the Reserve Fund may be used to pay such principal and interest.

Other Terms

The Ketchikan Gateway Borough Airport Revenue Bond ordinances require that net revenue available for debt service be 1.35 times greater than the debt service for bonds outstanding for each calendar year.

All Revenue Bonds are redeemable at various dates and call prices.

NOTE 6 - LONG TERM DEBT

Following is a summary of long term debt transactions for the Borough for the year ended June 30, 1988:

		<------Bonds------>	
	Other Liabilities	General Obligation	Revenue
Balance, July 1, 1987	$ 615,739	$18,404,000	$380,000
Lease Purchase Obligation Assumed	110,086		
Retirement Incentive Program	(244,368)		
Lease Purchase Payments	(51,925))		
Bond Retirement		(1,845,000)	(20,000)
Balance, July 1, 1988	$ 429,532	$16,559,000	$360,000

Bonds Payable categorized by Applicable Funds and Account Groups:

General Long Term Debt Account Group	$15,059,000	
Airport Enterprise Fund	1,500,000	$360,000
Total	$16,559,000	$360,000

Bonds payable at June 30, 1988 consist of the following individual issues:

General Obligation Bonds:	
1958 Alaska Public Works Bonds due thru 1978 @ 2% interest	$529,000
1972 Airport due thru 1997 @ 5.5-6.5% interest	1,205,000
1973 Airport due thru 1993 @ 5.5-6.5% interest	295,000
1974 School Refunding due thru 1995 @ 5-8% interest	2,635,000
1983 School Bonds due thru 1994 @ 5-8% interest	11,895,000

Revenue Bonds:	
1980 Airport due thru 2000 @ 8% interest	$360,000

The annual requirements to amortize all bonds outstanding as of June 30, 1988 including interest of $5,060,117 for general obligations and $216,000 for revenue bonds are as follows:

Year Ended June 30	General Obligation Bonds	Revenue Bonds
1989	$3,316,083	$48,800
1990	3,309,292	47,200
1991	3,318,163	45,600
1992	3,339,177	49,000
1993	3,345,275	47,000
1994	3,290,574	45,000
1995	609,088	48,000
1996	383,150	45,600
1997	179,350	48,200
1998		50,400
1999		47,200
2000		54,000
Total	$21,090,152	$576,000

The amount of $58,133 is available in the Airport Enterprise Revenue Bond Redemption and Reserve Fund to service revenue bonds.

There are a number of limitations and restrictions contained in the various bond indentures. The Borough is in compliance with all significant limitations and restrictions.

NOTE 7 - GENERAL FIXED ASSET CHANGES

A summary of changes in general fixed assets follows:

	Balance July 1, 1987	Additions	Deletions	Balance June 30, 1988
Land	$ 148,081			$ 148,081
Buildings	28,851,828	42,199		28,894,027
Equipment	4,224,847	393,535	286,000	4,332,382
Total	$33,224,756	$435,734	$286,000	$33,374,490

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances as of June 30, 1988 were as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ 151,568	$ 692,403
School District Operating Fund	941,334	206,808
School District Food Svc Fund		4,771
Sch Dist Special Activities Fund	37,932	149,502
Day Care Center Fund		3,592
State & Federal Grant Fund		147,976
So Tongass Elementary Sch Fund	101,320	
Sch Dist Expendable Scholarship	1,854	2,400
Sch Dist Pension Fund	67,556	
Sch Dist Revolving Fund	2,400	96,512
Total	$ 1,303,964	$ 1,303,964

NOTE 9 - RETIREMENT SYSTEMS

Substantially all permanent full time and part time employees of the Borough are members of the Alaska Public Employees Retirement System (PERS), Alaska Teachers Retirement System (TRS), Masters, Mates & Pilots or are covered by a private plan for classified employees. The PERS plan is a defined benefit multiple employer agent public employee retirement system. The TRS plan is a multiple employer cost sharing public employee retirement system. The MMP is a defined benefit multiple employer pension plan for all Borough employees who are represented by the MMP bargaining unit. PERS and TRS cover 340 Borough employees. The Borough's total payroll for the year ended June 30, 1988 was $11,673,881 and the payroll for covered employees totaled $9,407,681.

Plan Description

PERS - The PERS acts as a common investment and administrative agent for the State of Alaska and any political subdivision and/or public organization who so elects to join the system. Benefits provided to members include normal retirement benefits, disability, pension benefits, cost of living allowance, major medical insurance benefits, death benefits, and other benefits.

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 and early retirement ages are 60 and 55, respectively. 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 1/4% for the second ten years of service and 2 1/2% for the third ten years of service. All service earned prior to July 1, 1986 is calculated using the 2% multiplier. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. 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 five 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.

Police and fire members are required to contribute 7.5% (5% prior to January 1, 1987) of their eligible compensation and all other members are required to contribute 6.75% (4.25% prior to January 1, 1987). The Borough is required to contribute the remaining amounts necessary to fund the PERS using the actuarial basis specified by the State Pension Plan 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 employees and a separate rate is determined for amortizing each employer's unfunded past service liability.

TRS - Certificated employees of the Ketchikan Gateway Borough School District are required to participate in TRS. Employees who retire at or after age 55 with 8 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary for each year of credited service. Benefits fully vest on reaching 8 years of service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. TRS also provides death and disability benefits, major medical benefits, cost of living allowance and early retirement benefits. Benefits are established by State statute.

MMP - The MMP plan is funded entirely by employer contributions which are a fixed amount per employee paid bimonthly. The Borough exercises no fiduciary responsibility over the MMP. Members of this plan are eligible to participate immediately upon employment and are fully vested after ten years of service.

Contributions for members who are employed in positions covered at the

Ketchikan International Airport as ferryboat workers of the Borough were $685.00 per employee per bimonthly payment. The payroll for covered employees totaled $143,553.

Funding Status and Progress

The amount reported 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, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to assist users assess the plan funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS, TRS and employers.

The pension benefit obligation was computed as part of actuarial valuations performed as of June 30, 1987. Significant actuarial assumptions used in the valuations include (a) a rate of return of 9% per year, compounded annually, net of expenses, (b) projected salary increases of 6.5% for the first five years and 5.5% per year thereafter, and (c) the 1984 Unisex Pension Mortality Table set back 1 1/2 years.

PERS - The unfunded pension benefit obligation (in thousands) at June 30, 1987 applicable to the Borough's employees was as follows:

	Borough	School District	Total
Pension benefit obligation:			
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 884	$ 609	$1,493
Current Employees;			
Accumulated employee contributions including allocated interest earnings	382	181	563
Employer financed, vested	1,177	470	1,647
Employer financed, nonvested	482	790	1,272
Total pension benefit obligation	$2,925	$2,050	$4,975
Net assets available for benefits*	2,921	1,174	4,095
Assets in excess of pension benefit obligation	$ (4)	$ (876)	$ (880)

* - Based upon the three year average ratio between market and book values of the PERS assets, except that fixed income investments are carried at book value.

There were no changes in the PERS actuarial method or assumptions from the previous actuarial valuation. However, there were changes in benefit provisions. Retirement age was increased from age 55 to 60, benefits were increased from 2% of average monthly compensation to those previously discussed and a guaranteed post-retirement pension adjustment was added. These changes had the effect of increasing the pension benefit obligation at June 30, 1987 as follows (in thousands):

Borough	$ 229
School District	$ 159

The pension benefit obligation at June 30, 1987 for PERS as a whole, was $1,905,005,000. PERS net assets available for benefits on that date (value at market) were $1,898,253,000, leaving an unfunded pension benefit obligation of $6,752,000.

TRS does not make separate measurements of assets and pension obligations for individual employers. The pension benefit obligation at June 30, 1987 for the System as a whole, determined through actuarial valuation performed as of that date was $1.2 billion. TRS's net assets available for benefits on that date (valued at market) were $1.3 Billion, leaving an unfunded pension benefit obligation of zero. The School District contribution represented 2.2 percent of total contributions required of all participating entities.

MMP - The Borough's obligation for retirement is limited to the amount paid to the Master, Mates and Pilots Trust Fund.

Actuarially Determined Contribution Requirements and Contributions Made

PERS - Funding policies provide for actuarially determined periodic contribution rates that change over time so that sufficient assets will be available to pay benefits when due. The actuarial method and assumptions used to compute the contribution rates are the same as those used to compute the pension benefit obligations.

Any unfunded liability is amortized using the level percentage of payroll method. The unfunded liability is amortized over 25 years and funding surpluses are amortized over 5 years.

The contributions for the year ended June 30, 1988 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 1987. The contribution consisted of $2,377,196, entirely for normal costs. The Borough contributed $335,716 and the employees contributed $2,041,480.

TRS - Covered employees are required by State statute to contribute 7 percent of their salary to the plan. Ketchikan Gateway Borough School District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 1988, which consisted of $1,074,870 from the School District and $547,233 from employees represented 13.76% and 7.0% of covered payroll respectively.

MMP - The Borough contributed $24,660 for covered employees.

Trend Information

Trend information provides an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the PERS follows:

	Borough	School District
Assets as a percent of pension benefit obligation*	100%	57%
Assets in excess of (unfunded) pension benefit obligation percent of the annual covered payroll (in thousands)*		All Areas Only (11.8)%

* - Only the current year trend information is available.

Additional trend information is available in the PERS June 30, 1987 actuarial valuation reports and the June 30, 1987 annual financial report.

Ten year historical trend information showing the TRS's progress in accumulating sufficient assets to pay benefits when due is presented in the TRS's June 30, 1987 Comprehensive Annual Financial Report.

NOTE 10 - DEFERRED COMPENSATION PLAN

The Borough and the School District offer its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all permanent employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees 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 and rights 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 and School District have no liability for losses under the plans but do have the duty of due care that would be required of an ordinary prudent investor. The Borough and School District believe that it is unlikely that they will use the assets to satisfy the claims of general creditors in the future. Amounts deducted for deferred compensation plans are normally remitted to the plan providers, if other than Borough, within 30 days.

NOTE 11 - ALASKA PUBLIC WORKS ABATEMENT

The Ketchikan Gateway Borough has requested the Department of Interior, bond holder, for forgiveness of indebtedness of the 2% 1958 bonds under the Alaska Public Works Act. This request has been disapproved. As of June 30, 1988 there has not been a request from the bond holder for payment of back principal or interest. The total amount of the bonds outstanding, which amounted to $529,000 as of June 30, 1988, appears in the Long Term Debt Account Group.

NOTE 12 - AIRPORT LEASE

The Borough leases the Ketchikan International Airport from the State of Alaska at the rate of $1.00 per year under a 42 year lease agreement that expires on May 31, 2027. Under the terms of this lease the Borough is required to operate the Airport for the use and benefit of the public and to perform all maintenance and repairs to the landing field. The lease further provides that the cost of repairs to the State owned facilities will be paid by the Borough if the cost does not exceed $10,000 and that the State will pay for repair costs in excess of this amount. In addition, the lease requires the Borough to maintain an Airport Enterprise Fund and to account for all of the revenues, costs and expenses of operating the airport in this fund. Any excess of specified revenues over specified expenses, both of which are defined in the lease, must be credited to a separate reserve account and can only be used for certain purposes. No excess of specified revenues over specified expense exists in the Airport Enterprise Fund as of June 30, 1988.

NOTE 13 - CONTINGENCIES

The Borough is involved as defendant in serveral claims and lawsuits. In the opinion of counsel for the Borough, in the event and subject to the basis of recovery, any judgements should be covered by insurance subject to applicable deductibles.

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 would become a liability of the General Fund.

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 seperate funds.

The following statements are included in this section:

Balance Sheet
Schedule of Revenues, Expenditures and Changes in Fund Balance

KETCHIKAN GATEWAY BOROUGH
BALANCE SHEET
GENERAL FUND
JUNE 30, 1988

ASSETS		
Cash & Temporary Investments		$4,157,574
Account Receivable		30,985
Property Taxes Receivable		78,175
Due from Other Governments		112,738
Due from Other Funds		151,568
Accrued Interest Receivable		96,864
Total Assets		$4,627,904
LIABILITIES, RESERVES AND FUND EQUITY		
Liabilities		
Accounts Payable	$281,973	
Due to Other Governments	2,270,558	
Due to Other Funds	692,403	
Accrued Vacation & Sick Leave	124,344	3,369,278
Fund Equity		
Reserved for Encumbrances	1,075	
Unreserved	1,257,551	1,258,626
Total Liabilities & Fund Equity		$4,627,904

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Real & Personal Property Taxes	$3,624,742	$3,556,909		($67,834)
Automobile & Boat Taxes	82,000	86,708		4,708
Sales Taxes	1,822,584	2,073,335		250,751
Penalty & Interest	49,000	81,288		32,288
Total Taxes	$5,578,326	$5,798,240	$0	$219,914
Payments in Lieu of Taxes				
Alaska State Housing Agency	14,500	13,845		(655)
Licenses and Permits				
Zoning Fees	2,000	1,763		(237)
Revenues from Other Governments				
State Municipal Assistance	527,830	500,028		(27,802)
State Revenue Sharing	335,256	206,711		(128,545)
State License Refunds	200,050	176,032		(24,018)
Timber Stumpage	20,000	0		(20,000)
Total Revenues	$1,083,136	$882,771	$0	($200,365)
Charges for Services				
Animal Control	29,000	29,464		464
City of Ketchikan	230,000	226,026		(3,974)
Other Charges	11,600	13,569		1,969
Total Charges	$270,600	$269,059	$0	($1,542)
Other Revenues				
Interest Income	325,000	367,989		42,989
Transfers from Other Funds				
Day Care Fund	22,216	30,484		8,268
Land Trust Fund	73,201	73,201		0
School Bond/Capital Improv	115,000	115,000		0
Transit Fund	7,500	7,500		0
Service Area Funds	7,442	7,442		0
Total Transfers	$225,359	$233,627	$0	$8,268
Total Revenues	$7,498,921	$7,567,294	$0	$68,373

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
EXPENDITURES				
Administration				
Mayor & Assembly	$140,730	$131,825	$36	$8,869
Law	316,821	311,714	606	4,501
Clerk	130,501	138,794	(1,385)	(6,908)
Manager	214,607	191,977	(6,958)	29,588
Finance-Accounting	68,540	112,150		(43,610)
Finance-Revenue	197,760	196,331	(2)	1,431
Finance-Assessing	234,712	256,777		(22,065)
Total Administration	$1,303,671	$1,339,567	($7,703)	($28,193)
Animal Control	148,502	144,055	(256)	4,703
Dept of Planning & Community Dev	429,023	391,576	(4,546)	41,993
Non Departmental	144,030	160,010	(13,404)	(2,576)
Capital Projects	0	24,761	(21,477)	(3,284)
Education				
Contractual Services	126,070	125,607		463
Insurance	270,000	255,514		14,486
	396,070	381,120	0	14,950
Transfers to School Dist	5,397,783	4,903,115		494,668
Transfers to Airport Fund	93,764	93,764		0
Transfers to Transit Fund	7,500	7,500		0
Total Expenditures	$7,920,343	$7,445,469	($47,386)	$522,260
Excess (Deficit) of Revenues over Expenditures	($421,422)	$121,825	($47,386)	$590,633
Fund Balances, July 1, 1987	1,114,165	1,136,801	48,461	($25,825)
Fund Balances, June 30, 1988	$692,743	$1,258,626	$1,075	$564,808

The Accompanying Notes are an Integral Part of the Financial Statements.

SPECIAL REVENUE FUND STATEMENTS

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

The following statements are included in this section:

Combining Statements - All Special Revenue Funds;
- Balance Sheets
- Statement of Revenues, Expenditures & Changes in Fund Balances

Individual Schedules of Revenues, Expenditures & Changes in Fund Balances
Budget and Actual for each Special Revenue Fund

The following individual funds are included in this section:

- Ketchikan School District Funds
  - Operating Funds
  - Food Services Fund
  - Special Activities Fund
- Day Care Center Fund
- Land Trust Fund
- Mud Bight Service Area Fund
- Shoreline Service Area Fund
- Mt. Point Service Area Fund
- South End Fire District Fund
- Non Areawide Fund
- Waterfall Service Area Fund
- South Tongass Service Area Fund
- State Grant Funds
- School Bond/Capital Improvements Fund

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1988

	Ketchikan School District Operating Fund	Ketchikan School District Food Services Fund	Ketchikan School District Special Activities Fund	Day Care Center Fund
ASSETS				
Cash & Temporary Investments	$18,298			
Property Taxes Receivable				
Accounts Receivable	454,684	13,287	215,698	39,512
Due From Other Funds	941,334		37,932	
Deferred Accounts Receivable				
Total Assets	$1,414,316	$13,287	$253,630	$39,512
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts Payable	$580,231	($75)	$38,427	$35,920
Due to Other Funds	206,808	4,771	149,502	3,592
Accrued Vacation & Sick Leave	110,897			
Deferred Revenues			8,694	
Total Liabilities	$897,936	$4,696	$196,623	$39,512
Fund Equity				
Reserved for Encumbrances	290,953			
Unreserved	225,427	8,591	57,007	
Total Fund Equity	$516,380	$8,591	$57,007	$0
Total Liabilities and Fund Equity	$1,414,316	$13,287	$253,630	$39,512

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1988

	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund	Mt Point Service Area Fund
ASSETS				
Cash & Temporary Investments	$2,921,647	$42,592	$54,944	$51,130
Property Taxes Receivable		1,816	193	
Accounts Receivable	110,462			
Due From Other Funds				
Deferred Accounts Receivable	846,789			
Total Assets	$3,878,898	$44,408	$55,137	$51,130
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts Payable	$5,925		$1,465	$622
Due to Other Funds				
Accrued Vacation & Sick Leave				
Deferred Revenues	846,789	27,308		
Total Liabilities	$852,714	$27,308	$1,465	$622
Fund Equity				
Reserved for Encumbrances				
Unreserved	3,026,184	17,100	53,672	50,508
Total Fund Equity	$3,026,184	$17,100	$53,672	$50,508
Total Liabilities and Fund Equity	$3,878,898	$44,408	$55,137	$51,130

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1988

	South End Fire District Fund	Waterfall Service Area Fund	So Tongass Service Area Fund	Non Areawide Fund
ASSETS				
Cash & Temporary Investments	$135,824	$25,295	$28,397	$65,931
Property Taxes Receivable	425			946
Accounts Receivable				
Due From Other Funds				
Deferred Accounts Receivable				
Total Assets	$136,249	$25,295	$28,397	$66,877
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts Payable	$9,973	$5,612		$22,200
Due to Other Funds				
Accrued Vacation & Sick Leave				
Deferred Revenues			23,212	
Total Liabilities	$9,973	$5,612	$23,212	$22,200
Fund Equity				
Reserved for Encumbrances				20,300
Unreserved	126,276	19,683	5,185	24,377
Total Fund Equity	$126,276	$19,683	$5,185	$44,677
Total Liabilities and Fund Equity	$136,249	$25,295	$28,397	$66,877

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1988

	State & Federal Grants Fund	School Bond/ Capital Improvements Fund	Total
ASSETS			
Cash & Temporary Investments	$62,000	$1,980,727	$5,386,785
Property Taxes Receivable			3,380
Accounts Receivable	147,976	74,859	1,056,477
Due From Other Funds			979,266
Deferred Accounts Receivable			846,789
Total Assets	$209,976	$2,055,586	$8,272,698
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	$20,000		$720,300
Due to Other Funds	147,976		512,649
Accrued Vacation & Sick Leave			110,897
Deferred Revenues	42,000		948,003
Total Liabilities	$209,976	$0	$2,291,849
Fund Equity			
Reserved for Encumbrances			311,253
Unreserved		2,055,586	5,669,596
Total Fund Equity	$0	$2,055,586	$5,980,849
Total Liabilities and Fund Equity	$209,976	$2,055,586	$8,272,698

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Ketchikan School District			Day Care
	Operating Fund	Food Services Fund	Special Activities Fund	Center Fund
REVENUES				
Taxes				
Intergovernmental Revenues	9,417,377	105,594	962,816	332,317
Charges for Services	15,131	114,841	65,052	
Other Revenues			22,626	
Total Revenues	$9,432,508	$220,435	$1,050,494	$332,317
EXPENDITURES				
Animal Control				
Public Services				301,833
Education	13,857,567	318,625	1,359,181	
Total Expenditures	$13,857,567	$318,625	$1,359,181	$301,833
Excess (Deficit) of Revenues over Expenditures	($4,425,059)	($98,190)	($308,687)	$30,484
Other Financing Sources (Uses)				
Operating Transfers In	5,279,476	60,482	333,420	
Operating Transfers Out	(547,363)		(120,846)	(30,484)
Total Other Financing	$4,732,113	$60,482	$212,574	($30,484)
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	307,054	(37,708)	(96,113)	0
Fund Balances, July 1, 1987	209,326	46,299	153,120	0
Fund Balances, June 30, 1988	$516,380	$8,591	$57,007	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund	Mt Point Service Area Fund
REVENUES				
Taxes		$2,931	$17,689	
Intergovernmental Revenues	410,365	92	939	
Charges for Services	179,015			15,686
Other Revenues	241,621	2,841	4,079	3,063
Total Revenues	$831,001	$5,864	$22,707	$18,749
EXPENDITURES				
Animal Control				
Public Services	16,295		23,017	4,577
Education				
Total Expenditures	$16,295	$0	$23,017	$4,577
Excess (Deficit) of Revenues over Expenditures	$814,706	$5,864	($310)	$14,172
Other Financing Sources (Uses)				
Operating Transfers In				
Operating Transfers Out	(73,201)	(1,815)	(1,311)	(978)
Total Other Financing	($73,201)	($1,815)	($1,311)	($978)
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	741,505	4,049	(1,621)	13,194
Fund Balances, July 1, 1987	2,284,679	13,051	55,293	37,314
Fund Balances, June 30, 1988	$3,026,184	$17,100	$53,672	$50,508

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	South End Fire District Fund	Waterfall Service Area Fund	So Tongass Service Area Fund	Non Areawide Fund
REVENUES				
Taxes	$57,078			$162,538
Intergovernmental Revenues	3,965			153,562
Charges for Services	3,175	432		
Other Revenues	10,540	1,723	1,879	5,447
Total Revenues	$74,758	$2,155	$1,879	$321,546
EXPENDITURES				
Animal Control				
Public Services	94,845	7,229		308,200
Education				
Total Expenditures	$94,845	$7,229	$0	$308,200
Excess (Deficit) of Revenues over Expenditures	($20,087)	($5,074)	$1,879	$13,346
Other Financing Sources (Uses)				
Operating Transfers In				
Operating Transfers Out	(3,263)	(75)		
Total Other Financing	($3,263)	($75)	$0	$0
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	(23,350)	(5,149)	1,879	13,346
Fund Balances, July 1, 1987	149,626	24,832	3,306	31,331
Fund Balances, June 30, 1988	$126,276	$19,683	$5,185	$44,677

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	State & Federal Grants Fund	School Bond/ Capital Improvements Fund	Total
REVENUES			
Taxes			$240,235
Intergovernmental Revenues	315,173	3,343,004	15,045,204
Charges for Services			393,332
Other Revenues		123,501	417,319
Total Revenues	$315,173	$3,466,505	$16,096,091
EXPENDITURES			
Animal Control			$0
Public Services	315,173		1,071,168
Education			15,535,373
Total Expenditures	$315,173	$0	$16,606,541
Excess (Deficit) of Revenues over Expenditures	$0	$3,466,505	($510,450)
Other Financing Sources (Uses)			
Operating Transfers In			$5,673,378
Operating Transfers Out		(3,189,125)	(3,968,461)
Total Other Financing	$0	($3,189,125)	$1,704,917
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	0	277,380	1,194,467
Fund Balances, July 1, 1987		1,778,205	4,786,382
Fund Balances, June 30, 1988	$0	$2,055,585	$5,980,849

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SCHOOL DISTRICT OPERATING FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
State Sources	$8,947,582	$9,359,125		$411,543
Federal Sources	14,677	36,351		21,674
Charges for Services	15,000	15,131		131
Other Revenues	18,000	21,901		3,901
Total Revenues	$8,995,259	$9,432,508	$0	$437,249
EXPENDITURES				
Education				
Instruction	$8,856,464	$8,809,460	$28,290	$18,714
Supporting Services	2,913,346	2,787,889	(6,621)	132,078
Plant Operations & Maint	2,463,144	2,254,810	176,205	32,129
Non-Programmed Chgs	5,000	5,408	(510)	102
Total	$14,237,954	$13,857,567	$197,364	$183,023
TRANSFERS TO (FROM) OTHER FUNDS				
Food Service Fund	$60,482	$60,482		$0
Special Activities Fund	485,461	486,881		(1,420)
General Fund	(5,667,783)	(5,158,630)		(509,153)
Ktn High Pupil Activity	(113,278)	(113,278)		0
Schoenbar Pupil Activity	(7,577)	(7,568)		(9)
Total	($5,242,695)	($4,732,113)	$0	($510,582)
Total Expenditures	$8,995,259	$9,125,454	$197,364	($327,559)
Excess (Deficit) of Revenues over Expenditures	$0	$307,054	$197,364	$109,690
Fund Balances, July 1, 1987		209,326	93,589	115,737
Fund Balances, June 30, 1988	$0	$516,380	$290,953	$225,427

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SCHOOL DISTRICT FOOD SERVICE FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Federal Sources	$96,000	$105,594		$9,594
Sale of Lunches	108,000	114,841		6,841
Total Revenues	$204,000	$220,435	$0	$16,435
EXPENDITURES				
Education				
Food Services	$310,781	$318,625		($7,844)
TRANSFERS TO (FROM) OTHER FUNDS				
Operating Fund	(60,482)	(60,482)		0
Total Expenditures	250,299	258,143	0	(7,844)
Excess (Deficit) of Revenues over Expenditures	(46,299)	(37,708)	0	8,591
Fund Balances, July 1, 1987	46,299	46,299		0
Fund Balances, June 30, 1988	$0	$8,591	$0	$8,591

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SCHOOL DISTRICT SPECIAL ACTIVITIES FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental	$955,248	$962,816		$7,568
Swimming Pool Rev	65,000	65,052		52
Other	23,595	22,626		(969)
Total Revenues	1,043,843	1,050,494	0	6,651
EXPENDITURES				
Education				
Pupil Transportation	$436,678	$429,495		$7,183
Tuition	62,144	65,594		(3,450)
Instruction	658,463	634,857		23,606
Community Services	224,217	229,235		(5,018)
Total	1,381,502	1,359,181	0	22,321
TRANSFERS TO (FROM) OTHER FUNDS				
KHS Pupil Activity	113,278	113,278		0
SJH Pupil Activity	7,577	7,568		9
General Fund	(125,000)	(125,000)		0
Pupil Transportation	(72,000)	(72,000)		0
Community Schools	(135,000)	(136,420)		1,420
Total	(211,145)	(212,574)	0	1,429
Total Expenditures	1,170,357	1,146,607	0	23,750
Excess (Deficit) of Revenues over Expenditures	($126,514)	($96,113)	$0	$30,401
Fund Balances, July 1, 1987	126,514	153,120		26,606
Fund Balances, June 30, 1988	$0	$57,007	$0	$57,007

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DAY CARE CENTER FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
State Grant	$244,376	$332,317		$87,941
EXPENDITURES				
Public Services	$222,160	$301,833		($79,673)
Transfer to General Fund	22,216	30,484		(8,268)
Total Expenditures	$244,376	$332,317	$0	($87,941)
Excess (Deficit) of Revenues over Expenditures	$0	$0		$0
Fund Balances, July 1, 1987	0	0		0
Fund Balances, June 30, 1988	$0	$0	$0	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LAND TRUST FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Federal Grant	$330,000	$410,365		$80,365
Interst Income	97,000	179,015		82,015
Sale of Land	435,000	241,621		(193,379)
Total Revenues	$862,000	$831,001	$0	($30,999)
EXPENDITURES				
Public Services	$122,375	$16,295	($2,159)	$108,239
Transfer to General Fund	73,201	73,201		0
Total Expenditures	$195,576	$89,496	($2,159)	$108,239
Excess (Deficit) of Revenues over Expenditures	$666,424	$741,505	($2,159)	$77,240
Fund Balances, July 1, 1987	1,882,250	2,284,679	2,159	400,270
Fund Balances, June 30, 1988	$2,548,674	$3,026,184	$0	$477,510

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MUD BIGHT SERVICE AREA FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Real & Personal	$3,108	$2,837		($271)
Penalty & Interest		94		94
	$3,108	$2,931	$0	($177)
Intergovernmental				
State Revenue Sharing		$92		$92
State Grant	27,358			(27,358)
	$27,358	$92	$0	($27,266)
Other Revenue				
Interest Income	1,750	2,841		1,091
Total Revenues	$32,216	$5,864	$0	($26,352)
EXPENDITURES				
Contract Services	$36,300			$36,300
Transfer to General Fund	1,815	1,815		0
Total Expenditures	$38,115	$1,815	$0	$36,300
Excess (Deficit) of Revenues over Expenditures	($5,899)	$4,049	$0	$9,948
Fund Balances, July 1, 1987	7,521	13,051	0	5,530
Fund Balances, June 30, 1988	$1,622	$17,100	$0	$15,478

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SHORELINE SERVICE AREA FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Real & Personal Property	$17,727	$17,307		($420)
Automobile and Boat Taxes		180		180
Penalty & Interest		202		202
	$17,727	$17,689	$0	($38)
Intergovernmental				
State Revenue Sharing	4,052	939		(3,113)
Other Revenue				
Interest Income	4,000	4,079		79
Total Revenues	$25,779	$22,707	$0	($3,072)
EXPENDITURES				
Community Dev & Planning	26,226	23,017		3,209
Transfer to General Fund	1,311	1,311		0
Total Expenditures	27,537	24,328	0	3,209
Excess (Deficit) of Revenues over Expenditures	($1,758)	($1,621)	$0	$137
Fund Balances, July 1, 1987	27,018	55,293		28,275
Fund Balances, June 30, 1988	$25,260	$53,672	$0	$28,412

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MT. POINT SERVICE AREA FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Charges for Services				
Water Service	$16,000	$15,686		($314)
Other Revenue				
Interest Income	1,500	3,063		1,563
Total Revenues	$17,500	$18,749	$0	$1,249
EXPENDITURES				
Public Services	$19,550	$4,577		$14,973
Transfer to General Fund	978	978		0
Total Expenditures	$20,528	$5,555	$0	$14,973
Excess (Deficit) of Revenues over Expenditures	($3,028)	$13,194	$0	$16,222
Fund Balances, July 1, 1987	5,170	37,314	0	32,144
Fund Balances, June 30, 1988	$2,142	$50,508	$0	$48,366

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SOUTH END FIRE DISTRICT FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Real & Personal	$58,170	$55,686		($2,484)
Automobile & Boat		1,015		1,015
Penalty & Interest		377		377
	$58,170	$57,078	$0	($1,092)
Intergovernmental				
State Revenue Sharing	5,494	3,965		(1,529)
Charges for Services				
Rental Income	4,800	3,175		(1,625)
Other Revenue				
Interest Income	7,500	10,540		3,040
Total Revenues	$75,964	$74,758	$0	($1,206)
EXPENDITURES				
Public Services	$102,260	$94,845	($2,946)	$10,361
Transfer to General Fund	3,263	3,263		0
Total Expenditures	$105,523	$98,108	($2,946)	$10,361
Excess (Deficit) of Revenues over Expenditures	($29,559)	($23,350)	($2,946)	$9,155
Fund Balances, July 1, 1987	53,553	149,626	2,946	93,127
Fund Balances, June 30, 1988	$23,994	$126,276	$0	$102,282

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
WATERFALL SERVICE AREA FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Charges for Services				
Other Charges	$360	$432		$72
Other Revenue				
Interest Income	1,250	1,723		473
Total Revenues	$1,610	$2,155	$0	$545
EXPENDITURES				
Contract Services	$25,500	$7,229		$18,271
Transfer to General Fund	75	75		0
Total Expenditures	$25,575	$7,304	$0	$18,271
Excess (Deficit) of Revenues over Expenditures	($23,965)	($5,150)	$0	$18,816
Fund Balances, July 1, 1987	18,939	24,832		5,893
Fund Balances, June 30, 1988	($5,026)	$19,683	$0	$24,709

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SOUTH TONGASS SERVICE AREA FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
State Grant	23,220			(23,220)
Other Revenue				
Interest Income	1,750	1,879		129
Total Revenues	$24,970	$1,879	$0	($23,091)
EXPENDITURES				
Community Dev & Planning	23,034			23,034
Total Expenditures	23,034	0	0	23,034
Excess (Deficit) of Revenues over Expenditures	$1,936	$1,879	$0	($57)
Fund Balances, July 1, 1987	1,750	3,306		1,556
Fund Balances, June 30, 1988	$3,686	$5,185	$0	$1,499

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON AREAWIDE FUND
FOR YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Real & Personal	$147,916	$162,537		$14,621
Sales Taxes	165,523			(165,523)
Penalty & Interest	500			(500)
	$313,939	$162,537	$0	($151,402)
Intragovernmental				
Raw Fish Tax		94,348		94,348
State Revenue Sharing		59,214		59,214
	$0	$153,562	$0	$153,562
Other Revenue				
Interest Income	1,000	5,447		4,447
Total Revenues	$314,939	$321,546	$0	$6,607
EXPENDITURES				
Library Services	$160,000	$160,000		$0
Economic Development	172,750	148,200	7,942	16,608
Total Expenditures	$332,750	$308,200	$7,942	$16,608
Excess (Deficit) of Revenues over Expenditures	($17,811)	$13,346	$7,942	$23,215
Fund Balances, July 1, 1987	12,337	31,331	12,358	$6,636
Fund Balances, June 30, 1988	($5,474)	$44,677	$20,300	$29,851

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
STATE & FEDERAL GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
State Grant		$167,485		$167,485
Federal Grant		147,688		147,688
Total Revenues	$0	$315,173	$0	$315,173
EXPENDITURES				
Contract Services		315,173		(315,173)
Excess (Deficit) of Revenues over Expenditures	0	0	0	0
Fund Balances, July 1, 1987	0	0	0	0
Fund Balances, June 30, 1988	$0	$0	$0	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SCHOOL BOND/CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
State Grant	$2,817,270	$3,343,005		$525,735
Other Revenue				
Interest Income	102,000	123,501		21,501
Total Revenues	$2,919,270	$3,466,505	$0	$547,235
EXPENDITURES				
Transfers to Other Funds				
Transer to General Fund	115,000	115,000		0
Transfer to Debt Service Fund	3,074,125	3,074,125		0
Total Expenditures	3,189,125	3,189,125	0	0
Excess (Deficit) of Revenues over Expenditures	($269,855)	$277,380	$0	$547,235
Fund Balances, July 1, 1987	1,544,965	1,778,205	0	233,240
Fund Balances, June 30, 1988	$1,275,110	$2,055,585	$0	$780,475

The Accompanying Notes are an Integral Part of the Financial Statements.

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 interst 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 General Fund which are partially funded through the State in the form of debt reimbursement payments.

1983 GENERAL OBLIGATION BOND REDEMPTION FUND - To accumulate funds for the payment of principal and interst. Financing is provided through transfers from the School Bond Interest Fund.

STATE OF ALASKA RETIREMENT INCENTIVE PROGRAM - To accumulate funds for the payment of the employer's share for implementing a retirement incentive program in accordance with State statutes. Financing is provided through transfers from the School Operating Fund.

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 1988

ASSETS	STATE OF ALASKA RETIREMENT INCENTIVE PROGRAM	1974 G.O. REFUNDING BOND REDEMPTION FUND	1983 G.O. BOND REDEMPTION FUND	TOTAL
Cash & Temporary Investments	$0	$0	$0	$0
Due from Other Govts				0
Total Assets	$0	$0	$0	$0
LIABILITIES, RESERVES AND FUND EQUITY				
Liabilities				
Accrued Interest Payable	$0	$0	$0	$0
Due to Other Funds				0
Fund Equity				0
Total Liabilities & Fund Equity	$0	$0	$0	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR YEAR ENDED JUNE 30, 1988

	STATE OF ALASKA RETIREMENT INCENTIVE PROGRAM	1974 G.O. REFUNDING BOND REDEMPTION FUND	1983 G.O. BOND REDEMPTION FUND	TOTAL
EXPENDITURES				
Debt Service				
Principal	$271,857	$270,000	$1,425,000	$1,966,857
Interest	6,604	157,705	1,221,420	1,385,729
Total	278,461	427,705	2,646,420	3,352,586
Excess (Deficit) of Revenues over Expenditures	(278,461)	(427,705)	(2,646,420)	(3,352,586)
Other Financing Sources (Uses)				
Operating Transfers In				
School Operating Fund	278,461			278,461
School Bond Interest Fund		427,705	2,646,420	3,074,125
Total	278,461	427,705	2,646,420	3,352,586
Excess (Deficit) of Revenues over Expenditures	0	0	0	0
Fund Balances, July 1, 1987	0	0	0	0
Fund Balances, June 30, 1988	$0	$0	$0	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

CAPITAL PROJECT FUNDS

Capital Project 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:

- Airport Ferry Grant Fund
- Senate Bill 168 Capital Investments Fund
- Ketchikan Secondary Route Construction Fund
- School Bond Contruction Fund - 1983
- North Point Higgins Access Road
- North Point Higgins School Fund
- South Tongass Elementary School Fund

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 1988

	Airport Ferry Grant Fund	Senate Bill 168 Capital Improvements Fund	Ketchikan Secondary Route Const Fund	School Bond Construction Fund-1983
ASSETS				
Cash & Temporary Investments		$439,139	$958,314	$108,045
Due From Other Funds				
Total Assets	$0	$439,139	$958,314	$108,045
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts Payable		$64	$83,896	
Deferred Revenues		87,125	874,418	
Total Liabilities	$0	$87,189	$958,314	$0
Fund Equity				
Unreserved Fund Balance		351,950		108,045
Total Fund Equity	$0	$351,950	$0	$108,045
Total Liabilities and Fund Equity	$0	$439,139	$958,314	$108,045

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 1988

	N Point Higgins Access Rd Fund	N Point Higgins School Fund	South Tongass Elementary School Fund	Total
ASSETS				
Cash & Temporary Investments	$41,398			$1,546,896
Due From Other Funds			101,320	101,320
Total Assets	$41,398	$0	$101,320	$1,648,216
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts Payable				$83,960
Deferred Revenues	41,398		70,850	1,073,791
Total Liabilities	$41,398	$0	$70,850	$1,157,751
Fund Equity				
Unreserved Fund Balance			30,470	490,465
Total Fund Equity	$0	$0	$30,470	$490,465
Total Liabilities and Fund Equity	$41,398	$0	$101,320	$1,648,216

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Airport Ferry Grant Fund	Senate Bill 168 Capital Improvements Fund	Ketchikan Secondary Route Const Fund	School Bond Construction Fund-1983
REVENUES				
State Grants	$600,000	$191,968	$305,401	
Local Sources				
Interest Income		34,412		
Total Revenues	$600,000	$226,380	$305,401	$0
EXPENDITURES				
Capital Outlays				
Airport Improvements	$600,000	$38,652		
Fire Fighting Equipment		7,169		
Educational Facilities				
Other Improvements		238,736	305,401	3,553
Total Expenditures	$600,000	$284,557	$305,401	$3,553
Excess (Deficit) of Revenues over Expenditures	$0	($58,177)	$0	($3,553)
Fund Balances, July 1, 1987		410,127		111,598
Fund Balances, June 30, 1988	$0	$351,950	$0	$108,045

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	N Point Higgins Access Rd Fund	N Point Higgins School Fund	South Tongass Elementary School Fund	Total
REVENUES				
State Grants			$28,602	$1,125,971
Local Sources		3,553	8,290	11,843
Interest Income				34,412
Total Revenues	$0	$3,553	$36,892	$1,172,226
EXPENDITURES				
Capital Outlays				
Airport Improvements				$638,652
Fire Fighting Equipment				7,169
Educational Facilities		3,553	28,602	32,155
Other Improvements				547,690
Total Expenditures	$0	$3,553	$28,602	$1,225,666
Excess (Deficit) of Revenues over Expenditures	$0	$0	$8,290	($53,440)
Fund Balances, July 1, 1987			22,180	543,905
Fund Balances, June 30, 1988	$0	$0	$30,470	$490,465

The Accompanying Notes are an Integral Part of the Financial Statements.

PROPRIETARY 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.

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 1988

	Aiport Enterprise Fund	Transit Enterprise Fund	Total
ASSETS			
Cash & Investments	($40,174)	$11,774	($28,400)
Accounts Receivable	239,514		239,514
Restricted Assets			
Bond Redemption Fund Cash & Investments	58,133		58,133
Plant in Service - Net			
Field	1,520,439		1,520,439
Terminal	1,696,272		1,696,272
Ferry	1,042,424		1,042,424
Total Assets	$4,516,608	$11,774	$4,528,382
LIABILITIES, RESERVES AND FUND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	$36,648	$0	$36,648
Accured Interest Payable	20,771		20,771
Accrued Vacation & Sick Leave	119,771		119,771
General Obligation Bonds Payable ($160,000 due within one year)	1,500,000		1,500,000
Revenue Bonds Payable ($20,000 due within one year)	360,000		360,000
Total Liabilities	$2,037,190	$0	$2,037,190
Fund Equity			
Contributed Capital	$2,274,809		$2,274,809
Reserved for Debt Retirement	58,133		58,133
Retained Earnings	146,476	11,774	158,250
Total Fund Equity	$2,479,418	$11,774	$2,491,192
Total Liabilities and Fund Equity	$4,516,608	$11,774	$4,528,382

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Airport Enterprise Fund	Transit Enterprise Fund	Total
OPERATING REVENUES			
Charges for Services	$1,716,297	$70,635	$1,786,932
Other Revenues	10,508		10,508
Total Operating Revenues	$1,726,805	$70,635	$1,797,440
OPERATING EXPENSES			
Field	$769,948		$769,948
Terminal	459,487		459,487
Ferry	656,815		656,815
Bus Operations		67,433	67,433
Total Operating Expenses	$1,886,250	$67,433	$1,953,683
Net Operating Revenues(Loss)	($159,445)	$3,202	($156,243)
NON OPERATING REVENUES (EXPENSES)			
UTMA Grant - Ferry	$21,747		$21,747
State Revenue Sharing	90,728		90,728
General Fund Contribution	93,764	7,500	101,264
Interest Earnings	$7,961	1,072	9,033
Interest Expense	(125,131)		(125,131)
Total Non Operating Rev (Exp)	$89,069	$8,572	$97,641
Net Income (Loss)	($70,376)	$11,774	($58,602)
Depreciation of Fixed Assets Acquired by Grants	73,107		73,107
Increase (Decrease)	$2,731	$11,774	$14,505
RETAINED EARNINGS, July 1, 1987	201,878	0	201,878
RETAINED EARNINGS, June 30, 1988	$204,609	$11,774	$216,383

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
PROPRIETARY TYPE FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Airport Enterprise Fund	Transit Enterprise Fund	Total
SOURCES OF WORKING CAPITAL			
Operations			
Net Income (Loss)	($70,376)	$11,774	($58,602)
Items Not Requiring (Providing) Working Capital			
Depreciation	205,048		205,048
Total Sources of Working Capital	$134,672	$11,774	$146,446
USES OF WORKING CAPITAL			
Acquisition of Property, Plant & Equipment	$17,089		17,089
Retirement of General Obligation Bonds	170,000		170,000
Total Uses of Working Capital	$187,089	$0	$187,089
Net Increase (Decrease) in Working Capital	($52,417)	$11,774	($40,643)

Elements of Net Increase (Decrease) in Working Capital;			
Cash & Temporary Investments	($157,288)	$11,774	($145,514)
Accounts Receivable	132,592		132,592
Bond Redemption Fund Cash & Investments	(267)		(267)
Accounts Payable & Accrued Liabilities	(27,454)		(27,454)
Net Increase (Decrease) in Working Capital	($52,417)	$11,774	($40,643)

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
BALANCE SHEET
AIRPORT ENTERPRISE FUND
JUNE 30, 1988 AND 1987

	1988		1987	
ASSETS				
Cash & Investments	($40,174)		$117,114	
Accounts Receivable	239,514	$199,340	106,922	$224,036
Restricted Assets				
Bond Redemption Fund Cash & Investments		58,133		58,400
Plant in Service				
Field	2,740,943		2,729,169	
Terminal	2,590,085		2,589,680	
Ferry	1,461,851		706,941	
	6,792,879		6,025,790	
Less Allowance for Depreciation	2,533,744	4,259,135	2,328,697	3,697,093
Total Assets		$4,516,608		$3,979,529
LIABILITIES, RESERVES AND FUND EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	$36,648		$3,870	
Accured Interest Payable	20,771		22,750	
Accrued Vacation & Sick Leave	119,771	$177,190	123,116	$149,736
General Obligation Bonds Payable ($160,000 due within one year)	1,500,000		1,650,000	
Revenue Bonds Payable ($20,000 due within one year)	360,000	1,860,000	380,000	2,030,000
Total Liabilities		2,037,190		2,179,736
Fund Equity				
Contributed Capital		2,274,809		1,597,915
Reserved for Debt Retirement	58,133		58,400	
Retained Earnings	146,476	204,609	143,478	201,878
Total Fund Equity		2,479,418		1,799,793
Total Liabilities and Fund Equity		$4,516,608		$3,979,529

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
AIRPORT ENTERPRISE FUND
FOR YEARS ENDED JUNE 30, 1988 AND 1987

	1988		1987	
OPERATING REVENUES				
Charges for Services				
Ferry Fares		$621,846		$569,879
Landing Fees		703,176		616,792
Rentals		317,112		293,186
Fuel Revenue		49,408		28,921
Security Services		24,755		31,146
Other Revenues		10,508		29,752
Total Operating Revenues		$1,726,805		$1,569,676
OPERATING EXPENSES				
Field				
Current Operations	$669,120		$767,294	
Depreciation	100,828	$769,948	110,550	$877,844
Terminal				
Current Operations	386,204		401,630	
Depreciation	73,283	459,487	74,526	476,156
Ferry				
Current Operations	625,878		566,966	
Depreciation	30,937	656,815	31,215	598,181
Total Operating Expenses		$1,886,250		$1,952,181
Net Operating Revenues(Loss)		($159,445)		($382,505)
NON OPERATING REVENUES (EXPENSES)				
UTMA Grant - Ferry	$21,747		$19,583	
State Revenue Sharing	90,728		104,763	
General Fund Contribution	93,764		129,411	
Interest Earnings	7,961	$214,200	18,371	$272,128
Interest Expense		(125,131)		(134,566)
Net Income (Loss)		($70,376)		($244,943)
Depreciation of Fixed Assets Acquired by Grants		73,107		81,078
Increase (Decrease)		$2,731		($163,865)
RETAINED EARNINGS, July 1, 1987		201,878		365,743
RETAINED EARNINGS, June 30, 1988		$204,609		$201,878

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF CHANGES IN FINANCIAL POSITION
AIRPORT ENTERPRISE FUND
FOR YEARS ENDED JUNE 30, 1988 AND 1987

	1988	1987
SOURCES OF WORKING CAPITAL		
Operations		
Net Income (Loss)	($70,376)	($244,943)
Items Not Requiring (Providing) Working Capital		
Depreciation	205,048	216,291
Total Sources of Working Capital	$134,672	($28,652)
USES OF WORKING CAPITAL		
Acquisition of Property, Plant & Equipment	$17,089	
Retirement of General Obligation Bonds	170,000	150,000
Total Uses of Working Capital	$187,089	$150,000
Net Increase (Decrease) in Working Capital	($52,417)	($178,652)

Elements of Net Increase (Decrease) in Working Capital;		
Cash & Temporary Investments	($157,288)	($117,429)
Accounts Receivable	132,592	(47,407)
Bond Redemption Fund Cash & Investments	(267)	633
Accounts Payable & Accrued Liabilities	(27,454)	(14,449)
Net Increase (Decrease) in Working Capital	($52,417)	($178,652)

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON GAAP BASIS)
AIRPORT ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Field				
Landing Fees	$672,000	$703,176		$31,176
Fuel Flowage	30,000	34,426		4,426
Other	32,000	25,458		(6,542)
	$734,000	$763,060		$29,060
Terminal				
Rentals	$314,308	$291,430		($22,878)
Security Services	32,000	24,755		(7,245)
Other	500	7		(494)
	$346,808	$316,192		($30,616)
Ferry				
Fares	$640,000	$621,846		($18,154)
Other	0	5,060		5,060
	$640,000	$626,906		($13,094)
Other				
Interest Income	10,000	7,961		(2,039)
Murphy's Pullout	6,500	5,665		(835)
General Fund Contribution	93,764	93,764		0
State Revenue Sharing	117,181	90,728		(26,453)
State UMTA Grant	20,000	21,747		1,747
State Fuel Tax Refund	24,000	14,981		(9,019)
	271,445	234,846		(36,599)
Total Revenues	$1,992,253	$1,941,004	$0	($51,249)

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON GAAP BASIS)
AIRPORT ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
EXPENDITURES				
Field				
Operating Expenditures	$689,243	$680,894	($1,377)	$9,726
Debt Service	93,360	95,453		(2,093)
	$782,603	$776,347	($1,377)	$7,633
Terminal				
Operating Expenditures	$397,532	$386,610	($7,299)	$18,221
Debt Service	180,656	187,440		(6,784)
	$578,188	$574,050	($7,299)	$11,437
Ferry				
Operating Expenditures	$643,651	$630,786	($8,575)	$21,440
Debt Service	11,970	12,238		(268)
	655,621	643,024	(8,575)	21,172
Total Expenditures	$2,016,412	$1,993,421	($17,251)	$40,242
Excess (Deficit) of Revenues over Expenditures	($24,159)	($52,417)	($17,251)	($11,007)
Fund Balances, July 1, 1987	8,641	132,700	26,307	97,752
Fund Balances, June 30, 1988	($15,518)	$80,283	$9,056	$86,745

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
BALANCE SHEET
TRANSIT ENTERPRISE FUND
JUNE 30, 1988 AND 1987

	1988	1987
ASSETS		
Cash & Investments	$11,774	$0
Total Assets	$11,774	$0
LIABILITIES, RESERVES AND FUND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	$0	$0
Accrued Vacation & Sick Leave	0	0
Total Liabilities	$0	$0
Fund Equity		
Retained Earnings	11,774	0
Total Fund Equity	11,774	0
Total Liabilities and Fund Equity	$11,774	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
TRANSIT ENTERPRISE FUND
FOR YEARS ENDED JUNE 30, 1988 AND 1987

	1988	1987
OPERATING REVENUES		
Charges for Services	$70,635	$0
Total Operating Revenues	$70,635	$0
OPERATING EXPENSES		
Salaries & Wages	$38,265	$0
Supplies	907	0
Fuel & Oil	5,014	0
Equipment Maintenance	6,551	0
Insurance	9,196	0
Total Operating Expenses	$59,933	$0
Net Operating Revenues(Loss)	$10,702	$0
NON OPERATING REVENUES (EXPENSES)		
Interest Earnings	$1,072	$0
General Fund Contribution	7,500	
Administration Fee-General Fund	(7,500)	0
Net Income (Loss)	$11,774	$0
RETAINED EARNINGS, July 1, 1987	0	0
RETAINED EARNINGS, June 30, 1988	$11,774	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF CHANGES IN FINANCIAL POSITION
TRANSIT ENTERPRISE FUND
FOR YEARS ENDED JUNE 30, 1988 AND 1987

	1988	1987
SOURCES OF WORKING CAPITAL		
Operations		
Net Income (Loss)	$11,774	$0
Items Not Requiring (Providing) Working Capital		
Depreciation	0	0
Total Sources of Working Capital	$11,774	$0
USES OF WORKING CAPITAL		
Acquisition of Property, Plant & Equipment	$0	$0
Total Uses of Working Capital	$0	$0
Net Increase (Decrease) in Working Capital	$11,774	$0

Elements of Net Increase (Decrease) in Working Capital;

	1988	1987
Cash & Temporary Investments	$11,774	$0
Net Increase (Decrease) in Working Capital	$11,774	$0

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
TRANSIT ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Budget	Actual	Encumbrance	Variance Favorable (Unfavorable)
REVENUES				
Charges for Services	$66,350	$70,635		$4,285
Interest Income	0	1,073		1,073
Transfer from General Fund	7,500	7,500		0
Total Revenues	$73,850	$79,207	$0	$5,357
OPERATING EXPENSES				
Salaries & Wages	$47,104	$38,265		$8,839
Supplies	1,100	907		193
Fuel & Oil	5,000	5,014		(14)
Equipment Maintenance	4,500	6,551		(2,051)
Insurance	7,932	9,196		(1,264)
Administration-To Gen Fund	7,500	7,500		0
Total Expenditures	$73,136	$67,433	$0	$5,703
Net Income	$714	$11,774	$0	$11,060
Fund Balances, July 1, 1987	0	0	0	0
Fund Balances, June 30, 1988	$714	$11,774	$0	$11,060

The Accompanying Notes are an Integral Part of the Financial Statements.

TRUST AND AGENCY FUNDS

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

The following funds are included in this section:

- Trust Funds
  - Expendable Scholarship Funds
  - Pension Trust Fund
- Agency Funds
  - School Revolving Funds
  - Deferred Compensation Fund

KETCHIKAN GATEWAY BOROUGH
COMBINING BALANCE SHEET
FIDUCIARY TYPE FUNDS
JUNE 30, 1988

	<------Trust Funds------>		<-----Agency Funds----->		Total
	Expendable Scholarship Fund	Nonexpendable Trust Funds	School Revolving Fund	Deferred Compensation Fund	
ASSETS					
Cash & Investments	$6,769		$229,735		$236,504
Funds w/Fiscal Agents		467,811		892,931	1,360,742
Due From Other Funds		69,410	2,400		71,810
Accr Interest Receivable		100			100
Total Assets	$6,769	$537,321	$232,135	$892,931	$1,669,156
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable			$135,623		$135,623
Due to Other Funds	2,400		96,512		98,912
Deferred Compensation				892,931	892,931
Total Liabilities	$2,400	$0	$232,135	$892,931	$1,127,466
Fund Equity					
Reserved		10,000			10,000
Unreserved	4,369	527,321			531,690
Total Fund Equity	$4,369	$537,321	$0	$0	$541,690
Total Liabilities and Fund Equity	$6,769	$537,321	$232,135	$892,931	$1,669,156

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
EXPENDABLE SCHOLARSHIP TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1988

	Clarke Cochrane Memorial Scholarship Fund
REVENUES	
Other Revenues	
Interest Income	$337
EXPENDITURES	
Education	1,000
Excess (Deficit) of Revenues over Expenditures	($663)
FUND BALANCE, July 1, 1987	5,032
FUND BALANCE, June 30, 1988	$4,369

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Pension Trust Fund	John Koel Trust Fund	Total
REVENUES			
Other Revenues			
Interest Income	$38,493	$1,275	$39,768
EXPENSES			
Education			
Employee Benefits	5,692	500	6,192
Net Income	$32,801	$775	$33,576
FUND BALANCE, July 1, 1987	492,566	11,179	503,745
FUND BALANCE, June 30, 1988	$525,367	$11,954	$537,321

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Pension Trust	John Koel Trust	Total
Sources of Working Capital			
Net Income (Loss)	$32,801	$775	$33,576
Items not requiring (providing) Working Capital			
Depreciation	0	0	0
Total Sources of Working Capital	32,801	775	33,576
Uses of Working Capital			
Capital Projects	0	0	0
Total Uses of Working Capital	0	0	0
Net Increase (Decrease) in Working Capital	$32,801	$775	$33,576

Elements of Net Increase (Decrease) in Working Capital			
Cash & Temporary Investments	$0	$0	$0
Funds With Fiscal Agents	32,801		32,801
Interfund Receivable		775	775
Net Increase (Decrease) in Working Capital	$32,801	$775	$33,576

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF CHANGES IN ASSETS & LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 1988

	Balance 6-30-87	Additions	Deductions	Balance 6-30-88
SCHOOL REVOLVING FUND				
Assets				
Cash & Temporary Investments	$12,500	$524,735	$307,500	$229,735
Due from Other Funds	87,482		85,082	2,400
Total Assets	$99,982	$524,735	$392,582	$232,135
Liabilities				
Accounts Payable	$99,982	$428,223	$392,582	$135,623
Due to Other Funds	0	96,512		96,512
	$99,982	$524,735	$392,582	$232,135
DEFERRED COMPENSATION FUND				
Assets				
Funds with Fiscal Agents	$905,959	$114,533	$127,561	$892,931
Liabilities				
Deferred Compensation	$905,959	$114,533	$127,561	$892,931
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash & Temporary Investments	$12,500	$524,735	$307,500	$229,735
Funds with Fiscal Agents	905,959	114,533	127,561	892,931
Due from Other Funds	87,482	0	85,082	2,400
Total Assets	$1,005,941	$639,268	$520,143	$1,125,066
Liabilities				
Accounts Payable	$99,982	$428,223	$392,582	$135,623
Due to Other Funds	$0	$96,512	$0	96,512
Deferred Compensation	905,959	114,533	127,561	892,931
Total Liabilities	$1,005,941	$639,268	$520,143	$1,125,066

The Accompanying Notes are an Integral Part of the Financial Statements.

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.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF GENERAL FIXED ASSETS
GENERAL FIXED ASSET ACCOUNT GROUP
JUNE 30, 1988

GENERAL FIXED ASSETS	
Land	$148,081
Buildings	28,894,027
Equipment	4,332,382
Total	$33,374,490

INVESTMENT IN GENERAL FIXED ASSETS FROM:	
General Revenues	$980,196
School District Sources	31,735,429
Federal and State Grants	658,865
Total	$33,374,490

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF GENERAL FIXED ASSETS BY FUNCTION
GENERAL FIXED ASSET ACCOUNT GROUP
JUNE 30, 1988

	Land	Buildings	Equipment	Total
Administration		$185,030	$339,041	$524,071
Fire Districts		157,871	322,189	480,060
Animal Control	30,865	443,714	78,604	553,183
Planning			81,747	81,747
Education	117,216	28,107,412	3,510,801	31,735,429
Total	$148,081	$28,894,027	$4,332,382	$33,374,490

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
GENERAL FIXED ASSET ACCOUNT GROUP
FOR THE YEAR ENDED JUNE 30, 1988

	Balance 6-30-87	Additions	Transfers and Deductions	Balance 6-30-88
Administration	$354,825	$169,246		$524,071
Fire Districts	467,362	12,698		480,060
Animal Control	533,183	20,000		553,183
Planning	76,033	5,714		81,747
Education	31,793,353	228,076	286,000	31,735,429
Total	$33,224,756	$435,734	$286,000	$33,374,490

The Accompanying Notes are an Integral Part of the Financial Statements.

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.

KETCHIKAN GATEWAY BOROUGH
STATEMENT OF GENERAL LONG TERM DEBT
GENERAL LONG TERM DEBT ACCOUNT GROUP
JUNE 30, 1988

Amounts to be provided for payment of Long Term Debt		$15,488,532
General Long Term Debt Payable		
General Obligation Bonds		
1958 G. O. Bonds	$529,000	
1974 G. O. Bonds	2,635,000	
1983 G. O. Bonds	11,895,000	$15,059,000
Retirement Incentive Program Liabilities		237,471
Equipment Lease Purchase		192,061
Total		$15,488,532

The Accompanying Notes are an Integral Part of the Financial Statements.

SUPPLEMENTARY SCHEDULES

These schedules provide supplemental financial information that is considered valuable in understanding the financial operations of the Borough.

The following schedules are included in this section:

- Combined Schedules
  - Cash and Investment Balances - All Funds
  - Investments - All Funds
  - Bonds Payable
- Schedule of Estimated Useful Lives of Assets Subject to Depreciation
- Debt Service Requirements until Maturity

KETCHIKAN GATEWAY BOROUGH
COMBINED SCHEDULE OF CASH AND INVESTMENT BALANCES
ALL FUNDS
JUNE 30, 1988

CASH & INVESTMENTS CLASSIFIED BY FUND		
General Fund		$4,157,574
Special Revenue Funds		
School District Operating Fund	$18,298	
Land Trust Fund	2,921,647	
Mud Bight Service Area Fund	42,592	
Shoreline Service Area Fund	54,944	
Mt. Point Service Area Fund	51,130	
South End Fire District Fund	135,824	
Waterfall Service Area Fund	25,295	
South Tongass Service Area Fund	28,397	
Non Areawide Fund	65,931	
State & Federal Grants Fund	62,000	
School Bond/Capital Imp Fund	1,980,727	
		5,386,785
Capital Project Funds		
Senate Bill 168 Capital Improvements Fund	$439,139	
Ketchikan Secondary Route Construction Fund	958,314	
School Bond Construction Fund - 1983	108,045	
North Point Higgins Access Road	41,398	
		1,546,896
Enterprise Funds		
Transit Fund	$11,774	
Airport Fund - Unrestricted	(40,174)	
Airport Fund - Restricted	58,133	
		29,733
Trust Funds		
Expendable Scholarship Funds	16,769	
School District Revolving Fund	229,735	
		246,504
Total Cash & Investments		$11,367,492
CASH CLASSIFIED BY DEPOSITORY		
Change Funds		$1,950
Cash in Transit		45,000
First Bank of Ketchikan		3,089,892
National Bank of Alaska		4,518
Alliance Bank		70,700
Alaska Federal Savings & Loan		25,432
Total Cash		$3,237,492
Investments		8,130,000
Total Cash and Investments		$11,367,492

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED SCHEDULE OF INVESTMENTS
ALL FUNDS
JUNE 30, 1988

	Certificate Numbers	Interest Rates	Maturity Dates	Amount
COMBINED INVESTMENTS				
Certificates of Deposit				
National Bank of Alaska	29579	7.560	07/15/88	$750,000
First Bank	21861	6.610	07/29/88	1,000,000
First Bank	21903	6.520	08/16/88	800,000
First Bank	21895	6.520	08/30/88	800,000
First Bank	22134	7.570	10/31/88	1,000,000
First Bank	22135	7.640	11/30/88	1,000,000
First Bank	22162	7.470	12/16/88	1,000,000
First Bank	22193	7.770	12/30/88	750,000
Other Investments				
U. S. Treasury Notes		6.375	09/30/88	1,000,000
AIRPORT FUND				
Other Investments				
U. S. Treasury Notes	308-309	14.875	08/15/91	20,000
EXPENDABLE SCHOLARSHIP FUND				
Other Investments				
U. S. Treasury Notes - Series G		8.500		10,000
Total Investments				$8,130,000

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
SCHEDULE OF ESTIMATED USEFUL LIVES OF ASSETS
SUBJECT TO DEPRECIATION
FOR THE YEAR ENDED JUNE 30, 1988

ASSETS	Estimated Years of Life
Airport Field Facilities	15 - 30
Vehicles and Moving Equipment	6 - 10
Airport Terminal Building	40
Equipment	6 - 10
Ferry Slip	40
Ferries	20

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
COMBINED SCHEDULE OF BONDS PAYABLE
JUNE 30, 1988

	Interest Rates(%)	Payment Dates	Issue Date	Final Maturity Date
GENERAL OBLIGATION BONDS				
1958 APW Bonds	2.00			
1972 Airport Bonds	5.50- 6.50	5/1 & 11/1	05/01/72	05/01/97
1973 Airport Bonds	5.50- 6.50	4/1 & 10/1	04/01/73	04/01/93
1974 School Refunding	5.00- 8.00	3/1 & 9/1	03/01/74	09/01/95
1983 School Construction	9.15-20.00	6/1 & 12/1	06/01/83	06/01/93
REVENUE BONDS				
1980 Airport Improvement Bond	8.00	5/1 & 11/1	05/01/80	05/01/00

	Authorized	Issued	Retired	Outstanding
GENERAL OBLIGATION BONDS				
1958 APW Bonds	$529,000	$529,000	$0	$529,000
1972 Airport Bonds	2,200,000	2,200,000	995,000	1,205,000
1973 Airport Bonds	790,000	790,000	495,000	295,000
1974 School Refunding	4,835,000	4,835,000	2,200,000	2,635,000
1983 School Construction	16,900,000	16,900,000	5,005,000	11,895,000
	$25,254,000	$25,254,000	$8,695,000	$16,559,000
REVENUE BONDS				
1980 Airport Improvement Bond	$410,000	$410,000	$50,000	$360,000

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH
DEBT SERVICE REQUIREMENTS TO MATURITY
JUNE 30, 1988

Fiscal Year	G.O. Bonds-Education Principal	Interest	Total
1989	$1,850,000	$1,218,468	$3,068,468
1990	2,020,000	1,046,112	3,066,112
1991	2,195,000	879,719	3,074,719
1992	2,400,000	696,082	3,096,082
1993	2,610,000	493,255	3,103,255
1994	2,845,000	269,734	3,114,734
1995	410,000	21,788	431,788
1996	200,000	5,000	205,000
1997	0	0	0
1998	0	0	0
1999	0	0	0
2000	0	0	0
	$14,530,000	$4,630,158	$19,160,158

Fiscal	G. O. Bonds-Airport			Revenue Bonds-Airport		
Year	Principal	Interest	Total	Principal	Interest	Total
1989	$160,000	$87,615	$247,615	$20,000	$28,800	$48,800
1990	165,000	78,180	243,180	20,000	27,200	47,200
1991	175,000	68,445	243,445	20,000	25,600	45,600
1992	185,000	58,059	243,059	25,000	24,000	49,000
1993	195,000	47,020	242,020	25,000	22,000	47,000
1994	140,000	35,840	175,840	25,000	20,000	45,000
1995	150,000	27,300	177,300	30,000	18,000	48,000
1996	160,000	18,150	178,150	30,000	15,600	45,600
1997	170,000	9,350	179,350	35,000	13,200	48,200
1998	0	0	0	40,000	10,400	50,400
1999	0	0	0	40,000	7,200	47,200
2000	0	0	0	50,000	4,000	54,000
	$1,500,000	$429,959	$1,929,959	$360,000	$216,000	$576,000

The Accompanying Notes are an Integral Part of the Financial Statements.

STATISTICAL SECTION

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

The following schedules are included in this section:

- General Governmental Expenditures by Function
- General Government Revenues by Source
- Tax Revenues by Source
- Per Capita Cost of General Government Expenditures
- Property Tax Levies & Collections
- Assessed & Estimated Actual Value of Taxable Property
- Assessed Value of Taxable Property & Tax Rates of All Overlapping Governments
- Ratio of General Bonded Debt to Assessed Value & Bond Debt Per Capita
- Computation of Legal Debt Margin
- Computation of Direct & Overlapping Debt
- Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures
- Insurance Coverages
- Demographic Statistics
- Principal Taxpayers
- Miscellaneous Statistics

U N A U D I T E D   S E C T I O N.

KETCHIKAN GATEWAY BOROUGH
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	General Government	Public Services	Education Operating	Education Capital	Debt Service Education
1979	972	297	8,149	300	609
1980	1,303	146	8,713	356	610
1981	2,100	185	9,604	218	521
1982	3,468	244	11,555	628	525
1983	4,349	298	12,761	377	524
1984	3,206	431	13,370	2,532	2,217
1985	2,804	460	14,406	7,413	3,178
1986	2,730	944	14,474	10,884	3,064
1987	3,021	978	14,684	2,029	3,085
1988	2,238	1,438	15,896	32	3,074

All amounts have been rounded to the nearest thousand.

General Government Expenditures and Revenue figures include data for all funds except Proprietary and Fiduciary Fund Types.

UNAUDITED.

KETCHIKAN GATEWAY BOROUGH
GENERAL REVENUES BY SOURCE
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	Taxes	Intergovtal Revenues	Charges for Services	Other Revenues	Total
1979	2,707	7,268	188	360	10,523
1980	2,771	8,048	256	619	11,694
1981	2,602	11,005	240	684	14,531
1982	2,236	12,641	299	1,058	16,234
1983	2,543	14,251	443	1,270	18,507
1984	2,618	15,476	680	2,821	21,595
1985	4,094	15,883	543	2,935	23,455
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

All amounts have been rounded to the nearest thousand.

General Government Expenditures and Revenue figures include data for all funds except Proprietary and Fiduciary Fund Types.

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
TAX REVENUES BY SOURCE
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	General Property	General Sales	Other	Total
1979	1,470	1,154	83	2,707
1980	1,372	1,326	73	2,771
1981	1,021	1,581	0	2,602
1982	528	1,708	0	2,236
1983	661	1,882	0	2,543
1984	695	1,923	0	2,618
1985	2,186	1,908	0	4,094
1986	1,923	1,966	0	3,889
1987	2,305	1,955	0	4,260
1988	3,979	2,073	0	6,052

All amounts have been rounded to the nearest thousand.

General Government Expenditures and Revenue figures include data for all funds except Proprietary and Fiduciary Fund Types.

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
PER CAPITA COST OF GENERAL GOVERMENT EXPENDITURES
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

		<----------TOTAL----------		
Fiscal Year	Population	Operations & Capital Outlay	Debt Service	Capital Improvements
1979	13,071	9,418,317	608,818	300,073
1980	13,463	10,143,817	609,702	18,839
1981	14,406	12,091,337	526,401	15,193
1982	12,336	14,815,559	530,409	1,074,053
1983	12,829	14,876,972	528,971	2,902,911
1984	14,314	16,339,926	2,217,244	3,199,272
1985	14,314	17,172,169	3,177,612	7,911,147
1986	14,314	17,504,612	3,064,517	11,526,513
1987	14,314	17,364,199	3,084,952	3,347,973
1988	12,829	19,031,170	3,074,125	1,211,427

		<----------PER CAPITA----------		
Fiscal Year	Population	Operations & Capital Outlay	Debt Service	Capital Improvements
1979	13,071	720.55	46.58	22.96
1980	13,463	753.46	45.29	1.40
1981	14,406	839.33	36.54	1.05
1982	12,336	1,201.00	43.00	87.07
1983	12,829	1,159.64	41.23	226.28
1984	14,314	1,141.53	154.90	223.51
1985	14,314	1,199.68	221.99	552.69
1986	14,314	1,222.90	214.09	805.26
1987	14,314	1,213.09	215.52	233.89
1988	12,829	1,483.45	239.62	94.43

General Government Expenditures and Revenue figures include data for all funds except Proprietary and Fiduciary Fund Types.

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections
1979	1,466,894	1,460,575	99.6%	9,542	1,470,117
1980	1,393,166	1,368,491	98.2%	3,271	1,371,762
1981	806,266	793,451	98.4%	11,203	804,654
1982	460,850	453,759	98.5%	5,202	458,961
1983	568,074	561,283	98.8%	4,870	566,153
1984	594,507	587,386	98.8%	5,620	593,006
1985	1,984,597	1,969,314	99.2%	19,250	1,988,564
1986	1,690,886	1,681,476	99.4%	6,786	1,688,262
1987	1,958,321	1,947,614	99.5%	7,236	1,954,850
1988	3,866,473	3,717,544	96.1%	89,302	3,806,846

Fiscal Year	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As % Of Levy
1979	100.2%	10,433	0.7%
1980	98.5%	6,889	0.5%
1981	99.8%	18,918	2.3%
1982	99.6%	20,807	4.5%
1983	99.7%	22,728	4.0%
1984	99.7%	24,553	4.1%
1985	100.2%	15,283	0.8%
1986	99.8%	15,280	0.9%
1987	99.8%	7,236	0.4%
1988	98.5%	195,702	5.1%

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	Estimated Actual Value	Assessed Value	Percent of Estimated Value To Assessed Value
1979	293,378,830	293,378,830	100.0%
1980	306,854,630	306,854,630	100.0%
1981	366,613,765	366,613,765	100.0%
1982	445,168,300	445,168,300	100.0%
1983	532,766,200	532,766,200	100.0%
1984	573,656,746	573,656,746	100.0%
1985	638,157,830	638,157,830	100.0%
1986	660,988,333	660,988,333	100.0%
1987	652,773,750	652,773,750	100.0%
1988	644,691,600	644,691,600	100.0%

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
ASSESSED VALUE, TAXABLE PROPERTY AND TAX RATES - ALL OVERLAPPING GOVERNMENTS
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	Assessed Value of Real and Personal Property	<-------- Property Tax Millage Rates: City of Ketchikan	Shoreline Svc Area	South End Fire Svc Area	Mud Bight Service Area	Non Areawide	Ketchikan Gateway Borough --------->	Tax Levy Municipal Purposes
1979	293,378,830	10.10	1.20				5.00	1,466,894
1980	306,854,630	11.50	1.30				4.50	1,393,166
1981	366,613,765	12.60	1.10				2.50	806,266
1982	445,168,300	4.90	0.80				1.00	460,850
1983	532,766,200	4.80	1.50				1.00	568,074
1984	573,656,746	8.40	0.75	1.00			1.00	594,507
1985	638,157,830	8.90	1.00	1.00			3.10	1,984,597
1986	660,988,333	8.90	2.00	1.00	10.00		2.55	1,690,886
1987	652,773,750	9.50	0.50	1.00	15.00	0.58	3.00	1,958,321
1988	644,691,600	9.10	0.50	1.00	7.50	0.60	5.70	3,866,473

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	Population	Assessed Value	General Bonded Debt	Ratio to Assessed Value	General Bonded Debt per Capita
1979	13,071	293,378,830	7,482,000	2.55%	572
1980	13,463	306,854,630	8,024,000	2.61%	596
1981	14,406	366,613,765	7,689,000	2.10%	534
1982	12,336	445,168,300	6,914,000	1.55%	560
1983	12,829	532,766,200	23,429,000	4.40%	1,826
1984	14,314	573,656,746	23,019,000	4.01%	1,608
1985	14,314	638,157,830	21,619,000	3.39%	1,510
1986	14,314	660,988,333	20,094,000	3.04%	1,404
1987	14,314	652,773,750	18,404,000	2.82%	1,286
1988	12,829	644,691,600	16,559,000	2.57%	1,291

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDING JUNE 30, 1988

No debt limit is mandated by law.

COMPUTATION OF DIRECT & OVERLAPPING DEBT
FOR THE YEAR ENDING JUNE 30, 1988

Outstanding G.O. Bonds - Ketchikan Gateway Borough		$16,559,000
Less: Self Supporting Debt Bonds paid from Airport Revenues		
1972 Airport Improvement Bonds	$1,205,000	
1973 Airport Improvement Bonds	295,000	
		1,500,000
Net Direct Debt		$15,059,000
Overlapping Debt of the City of Ketchikan (100%)		$9,637,000
Total Direct and Overlapping Debt		$24,696,000

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	Debt Service Payments Principal	Interest	Total	Total General Expenditures	Ratio of Debt Service to General Expenditures
1979	292,000	316,818	608,818	10,327,208	5.9%
1980	311,000	298,702	609,702	10,772,358	5.7%
1981	244,000	282,401	526,401	12,632,931	4.2%
1982	269,000	265,370	534,370	16,420,021	3.3%
1983	275,000	248,845	523,845	18,308,854	2.9%
1984	299,000	1,918,244	2,217,244	21,756,442	10.2%
1985	1,400,000	2,017,358	3,417,358	28,260,928	12.1%
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%

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
INSURANCE COVERAGES
FOR THE YEAR ENDING JUNE 30, 1988

Condensed Description of Coverages

Fire Insurance	
Broad form perils, fire and EC, vandalism and malicious mischief - all property and equipment and certain scheduled property	53,847,200
Comprehensive General Liability	
Bodily injury and property damage	1,000,000
Auto Liability	
Bodily injury and property damage	1,000,000
Public Officials Liability	1,000,000
Marine Insurance - Airport Ferries	
Hull Insurance	1,000,000
Liability	5,000,000
Worker's Compensation and Employer's Liability	
All Borough employees	Legal Limits
Position and Fidelity Bonds	
Revenue Collector	75,000
Employee honesty blanket position bond-each employee, except Mayor, Assembly members and Commissioners	75,000
Airport Owners & Operators Liability	
Bodily injury and property damage	100,000,000
Boiler and Machinery Policy	
Limit per accident	500,000

UNAUDITED.

KETCHIKAN GATEWAY BOROUGH
DEMOGRAPHIC STATISTICS
FOR THE TEN YEAR PERIOD ENDING JUNE 30, 1988

Fiscal Year	Borough Population	Alaska Per Capita Income(1)	Borough School Enrollment(2)	Alaska Unemployment Rate(1)
1979	13,071	11,947	2,478	10.9%
1980	13,493	12,435	2,454	8.6%
1981	14,406	13,797	2,428	8.9%
1982	12,336	15,460	2,354	12.7%
1983	12,829	17,281	2,372	11.5%
1984	14,314	17,995	2,512	12.6%
1985	14,314	17,970	2,492	11.3%
1986	14,314	18,140	2,535	10.0%
1987	14,314	17,744	2,605	10.9%
1988	12,829	17,886	2,594	9.7%

Sources:
(1) Alaska State Department of Labor
(2) Ketchikan Gateway Borough School District

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDING JUNE 30, 1988

TAXPAYER	BUSINESS TYPE	VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
Ketchikan Pulp	Forest Products	60,362,750	9.36%
Port West, Inc.	Retail Stores	8,490,400	1.32%
The Hames Group	Retail Stores	8,431,450	1.31%
Wayne Construction	Construction	5,611,500	0.87%
Union Oil Company	Petroleum Products	5,554,900	0.86%
E. C. Phillips & Son	Fish Processing	5,057,300	0.78%
Tongass Commercial Center	Commercial Property	4,551,550	0.71%
Vanderwheele, James & Ken	Commercial Property	4,544,050	0.70%
Haines Terminal & Hwy Co. (Chevron, U.S.A.)	Petroleum Products	4,115,700	0.64%
Temsco Helicopters	Aviation Services	3,169,350	0.49%
TOTAL PRINCIPAL TAXPAYERS		109,888,950	17.05%
TOTAL ASSESSED VALUATION		644,691,600	100.00%

U N A U D I T E D.

KETCHIKAN GATEWAY BOROUGH
MISCELLANEOUS STATISTICS
FOR THE YEAR ENDING JUNE 30, 1988

Date of Incorporation	September 13, 1963
Form of Government	Borough
Area - Square Miles	1,242
Education (through Grade 12 only)	
Number of Attendance Centers	7
Number of Classrooms	126
Number of Teachers	165
Number of Students	2,531
Elections	
Number of Registered Voters	6,885
Number of Votes in last regular election	3,124
Airport Operations	
Landings & Takeoffs per year - all Aircraft	36,524
Air Carrier Passengers per year	147,420
Planning	
Number of zoning permits issued	210
Permanent Employees as of June 30, 1988	287

U N A U D I T E D.