City of Ketchikan



Alaska

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2011

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CITY OF KETCHIKAN, ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2011

Prepared by:

FINANCE DEPARTMENT

Robert E. Newell, Jr., CPA
Director of Finance

Michelle L. Johansen
Accounting Manager

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal 1
Certificate of Achievement 10
Organizational Chart 11
Principal City Officials 12

Financial Section

Independent Auditors' Report 13

Management's Discussion and Analysis 17

Basic Financial Statements

Government-wide Financial Statements:
Statement of Net Assets 33
Statement of Activities 34

Fund Financial Statements:

Governmental Funds:
Balance Sheet 39
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets 40
Statement of Revenues, Expenditures and Changes in Fund Balances 41
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 42

Proprietary Funds:
Statement of Net Assets 45
Statement of Revenues, Expenses, and Changes in Fund Net Assets 47
Statement of Cash Flows 48

Notes to the Basic Financial Statements 51

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – (Budgetary Basis) - General Fund 77

Notes to the Required Supplementary Information 80

Combining, Individual Fund Statements and Schedules:

Governmental Funds

Combining Statements Nonmajor Governmental Funds:

Combining Balance Sheet – by Fund Type 81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances by Fund Type 82

Nonmajor Special Revenue Funds:

Combining Balance Sheet 84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 86

Transient Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 88

Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 89

Ketchikan Boat Harbor Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 90

Bayview Cemetery Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 91

Federal and State Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 92

US Marshall Property Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 93

Special Assessment Guarantee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 94

Nonmajor Debt Service Fund:

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 96
General Obligation Bond Fund
Project Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 97

Nonmajor Capital Project Funds:

Combining Balance Sheet 100

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 101

Harbor Improvements Fund
Project Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 102

Major Capital Improvements Fund
Project Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 103

Major Capital Improvement Funds (provided for Budgetary Comparison only)
Community Facilities Development Fund
Project Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 104

General Fund
Combining Balance Sheet 106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 107

Sales Tax Hospital & Other Public Works Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 110

Sales Tax Public Works Fund & Other Public Works Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) 111

Economic Development Parking Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 112

Shoreline Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) 113

Proprietary Funds

Enterprise Funds
Major Enterprise Funds
Ketchikan Public Utilities Fund
Statement of Net Assets 116
Statement of Revenues, Expenses and Changes in Fund Net Assets – by Service 118
Statement of Cash Flow 120
Schedule of Revenues 122
Schedule of Operation and Maintenance Expenses 124
Comparative Schedule of Administrative and General Expenses 127

Port Fund
Statement of Net Assets 128
Statement of Revenues, Expenses and Changes in Fund Net Assets – by Service 130
Statement of Cash Flow 132

Wastewater Services Fund
Statement of Net Assets 134
Statement of Revenues, Expenses and Changes in Fund Net Assets – by Service 135
Statement of Cash Flow 136

Internal Service Funds
Combining Statement of Net Assets 140
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets 141
Combining Statement of Cash Flows 142

Additional Information
Combined Schedule of Cash and Investments Balances – All Funds 143
Combined Schedule of Investments – All Funds 145

Statistical Section
(Unaudited)

Government-wide Information
Net Asset by Component 150
Changes in Net Assets 152

Financial Trends
Fund Balances, Government Funds 158
Changes in Fund Balances, Governmental Funds 160
Tax Revenues by Source, Governmental Funds 162

Revenue Capacity
Direct and Overlapping Property Tax Rates 165
Assessed Value and Actual Value of Taxable Property 166
Principal Property Taxpayers 168
Property Tax Levies and Collections 169
Direct and Overlapping Sales Tax Rates 170
Major Governmental Activities Customer Base and Charges for Services Income 172
Major Business Type Activities Customer Base and Charges for Services Income 174
Gross Sales by Category 176

Debt Capacity
Ratios of Outstanding Debt by Type 180

Ratios of General Obligation Bonded Debt Outstanding 181
Pledged Revenue Coverage 182
Direct and Overlapping Governmental Activities Debt 184

Demographic and Economic Information
Demographic and Economic Statistics 186
Principal Employers 188

Operating Information
Property Value and Construction 191
Full-time Equivalent Employees by Function/Program 192
Operating Indicators by Function/Program 194
Capital Assets Statistics by Function/Program 196
Insurance Coverages 198
Utility Statistical Information 199
Energy Demand, Peak Demand and Resources
Gross Generation (mWh) 200
Historical Electric Customers, Energy Sales and Operating Results 202
Historical Telephone Access Lines and Operating Results 204
Historical Water Customers and Operating Results 206
Utility Rates and Charges 209
Port Fund Operating Results 210

LETTER OF TRANSMITTAL



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City of Ketchikan

April 30, 2012

Honorable Mayor, Members of the City Council, and the Citizens
of the City of Ketchikan, Alaska

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Ketchikan, Alaska for the year ended December 31, 2011. Section 5.2 of the City Charter requires an independent audit of the City's financial records and transactions by a certified public accountant within four months after the end of the City's fiscal year.

The CAFR was prepared by the City of Ketchikan Finance Department. The accuracy of the data in this financial report, and the completeness and the fairness of the presentation, including all disclosures is the responsibility of management. To provide a reasonable basis for making these representations, a comprehensive internal control framework has been established that is designed to protect the City's assets from loss, theft, or misuse and to maintain sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh the benefits, the framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we attest that to the best of our knowledge and belief that this financial report is complete and reliable in all material aspects.

The City's financial statements were audited by Mecham, Richardson and Company. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2011, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2011 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal and state financial assistance, the City is required as part of its annual audit to undergo a federal single audit and a state single audit. The federal single audit was performed in accordance with the provisions of the Single Audit Act Amendments of 1996, and the US Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The state single audit was performed in accordance with the State of Alaska Single Audit Regulation 2 AAC 45.010 and *Audit Guide and Compliance Supplement for State Single Audits*. These audits were designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. Information related to these single audits, including the Schedules of Expenditures of Federal Awards and State Financial Assistance, the auditor's reports on the internal control and compliance with applicable laws and regulations, and the schedules of findings and questioned costs are included in separately issued reports.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City of Ketchikan, incorporated in 1900, is a community of 8,142 and is the fifth largest city in Alaska. Located on Revillagigedo Island in southern Southeast Alaska, and within the boundaries of the Tongass National Forest, Ketchikan is 680 miles north of Seattle, Washington, and 230 miles south of Alaska's capital, Juneau. Ketchikan is the largest city located within the Ketchikan Gateway Borough and occupies five square miles.

The City is a home rule municipality operating under the Council-Manager form of government. The Mayor and the seven-member City Council are elected for staggered three-year terms by the community at large. Local elections are held annually in October. The governing board is responsible for enacting ordinances, adopting the annual budget, establishing policy, and appointing a City Manager/Utility Manager, a City Clerk and a City Attorney.

The City Manager/Utility General Manager serves at the pleasure of the City Council and is responsible for implementing the ordinances and policies of the governing board; and overseeing the daily operations of general government and the City's public utilities, including Ketchikan Public Utilities (KPU), the municipally owned electric, telecommunications and water utility.

The City provides a full range of general government services, including police and fire protection; emergency medical services; cemetery; library; museum; harbors; parking; street maintenance and improvements; and solid waste collection and disposal. The City also operates three enterprise funds that provide port, wastewater, and electric, telephone and water utility services.

The annual budget serves as the foundation for the City's financial planning and control. In the fall of each year, departments of the City are required to submit requests for appropriations and capital projects to the City Manager/KPU General Manager. The City Manager/KPU General Manager uses these requests as the basis for developing a proposed annual budget and five-year capital improvement plan and presents both spending plans to the City Council for review in November. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than three days before the start of the City's fiscal year, which begins on January 1. The appropriated budget is prepared by fund, function and department. Department heads may make certain transfers of appropriations within a department. Transfers of appropriations between departments and reserves require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and all major special revenue governmental funds of the City, this comparison is presented as required supplementary information. For nonmajor government funds with appropriated budgets, this comparison is presented in the governmental funds subsection of this report.

Local Economy

The information presented in the City's annual financial report is perhaps best understood when it is considered in the context of the local economy in which City is a participant. From the moment of the City's founding in 1900, the local economy has been based on natural resources. During the early 1900's mining and fishing were important area industries. At one point in its history, Ketchikan was known as the "Salmon Capital of the World". By the 1950s, mining's role in the local economy had diminished and fishing was in the process of being replaced by timber as the major industry that would drive the local economy for nearly the next fifty years. This transition occurred because two 50-year timber contracts to cut timber in the Tongass National Forest were awarded by the US Forest Service. The contracts resulted in the construction of two major pulp mill facilities, one of which was located in Ketchikan, and the development of several saw mills in and near Ketchikan.

For most of the second half of the 20th Century, the fishing and timber industries co-existed and the community enjoyed the benefits of a stable economy that grew at a slow, but consistent pace. By the time the 1990s arrived, both industries were under duress. The fishing industry was suffering from high operating costs, excessive inventories, low market prices and competition from farmed fish. The timber industry was faced with addressing environmental issues; changing government regulations that affected the supply of timber from the Tongass National Forest and impacted the cost of doing business; and the premature cancellation of the 50-year timber contracts. Overcoming these issues was difficult at best and eventually resulted in the closure of the Ketchikan pulp mill facility in 1997 and the subsequent closure of a several local saw mills and other regional timber operations in Southeast Alaska.

Ketchikan's economy is still based on natural resources but it has transitioned from one that is based on the extraction and development of natural resources to one that is more focused on the preservation of natural resources so they can be shared with future generations from around the world. The fishing and timber industries continue to play an important role in the City's economy, but Ketchikan's popularity as a major port of call for cruise ship companies and their passengers continues to grow. As a result, tourism has surpassed fishing and timber as the most important segment of the local economy. The number of visitors arriving by cruise ship has increased from 236,000 in 1990 to a record 942,000 in 2008. Beginning in 2009 the number of passengers began declining because of the global economic downturn and the imposition of an excise tax on cruise ship passengers by the State of Alaska. After bottoming out at 821,000 passengers in 2010, cruise ship traffic has started to rebound. In 2011, cruise ship traffic increased to 831,000 passengers and is expected to continue to improve. The forecast for 2012 calls for 28 ships to make 434 stops and bring approximately 885,000 passengers to the community. The growth in tourism has led local government and private businesses to make significant investments in the land-based facilities and port infrastructure necessary to accommodate the needs of the industry. The City invested over $40 million dollars in 2006 to expand and improve its port berthing facilities. Private companies have invested millions of dollars to develop a retail complex at the former Spruce Mill property and Berth IV and its adjacent ground transportation area. The City is currently in the process of completing phase one of a $26 million four-phase project to replace Berths I and II. Phase one is estimated to cost $6.5 million.

The City is a major contributor to community's economy and has played an important role in planning and supporting economic development. The City is the community's sole provider of electric utility services; the largest provider of port and harbor services; a major provider of telecommunication services; the owner of the Ketchikan Medical Center, a major regional health care facility; and the lead local governmental agency responsible for constructing and maintaining a significant portion of the community's transportation infrastructure, all of which affect the overall direction and health of the local economy. The City is one of the community's top five employers with an annual payroll of almost $20 million.

The City is located within the boundaries of the Ketchikan Gateway Borough, which had a population of 13,686 in 2011. Approximately 60 percent of the community's population, or 8,142 residents, make their home within the city limits. The City's population peaked in 1997 at 8,552, the last year of operations for the Ketchikan Pulp Company. School enrollment peaked in 1997 at 2,782 pupils and has since followed the same downward trend as population. In 2011, the Ketchikan Gateway Borough School District reported an enrollment of 2,167 pupils.

The shift in the local economy from timber to tourism has resulted in a labor force that has become more seasonal. In 2011, the monthly employment varied between 6,750 and 9,163. By contrast, in 1996, the last full year of operations for the Ketchikan Pulp Company, monthly employment varied between 6,680 and 7,947. The average employed labor force in 2011 was 7,713 with employment peaking at 9,163 in August. The unemployment rate for 2011 was 7.2 percent, a decrease from the 7.6 percent that was reported for 2010. Per capita income for 2008, 2009, and 2010 was $52,030, $51,850 and $51,266, respectively. No figures were available for 2011.

After several years of increases in the second half of the last decade, the City's property tax base has begun to stabilize and return to a more normalized growth rate. In 2011, assessed values increased from 2010 by $793,165, or .1 percent, to $801.2 million. Property values are projected to increase to $809 million in 2012. Gross sales increased from $515.3 million in 2010 to $558.3 million in 2011, or 8.3 percent. The City collected 9.85 million in sales tax revenues in 2011, or 5.6 percent from 2010. Sales tax revenues are projected to increase to $10.1 million in 2012.

Long-Term Financial Planning and Relevant Financial Policies

The mission of the City is to provide cost effective programs and services consistent with the goals of preserving and enhancing the current quality of life enjoyed by the citizens of Ketchikan. The long-term financial planning efforts of the City are directed towards identifying events and situations that may hinder the City's ability to achieve these goals, taking proactive or preemptive roles in developing strategic solutions to address the challenges that have been presented, and developing reasonable and prudent plans for ensuring that the City has the financial resources available to carry out its strategic solutions. In this context, the governing board and management of the City strive to promote policies and adopt plans that:

- Minimize the local tax burden and support reasonable and equitable fees for local government services.

- Encourage the development of reliable utility services that are adequate to meet the demands of the community at affordable rates that encourage private investment in the community.

- Actively address state mandates or regulatory issues that threaten to increase the cost of local government.
- Support full funding for the development and maintenance of infrastructure necessary to encourage economic development in the community and maintain Ketchikan's position as the major economic hub of Southern Southeast Alaska.

Port Development – As the tourism industry continues to grow so do the needs of the Port of Ketchikan, which is a major point of entry for almost one million visitors arriving in Ketchikan annually by cruise ship. Developing, constructing and maintaining adequate and safe port infrastructure for these visitors are of critical importance to the City. An independent evaluation of the wooden structures of Berths I and II concluded that significant portions have deteriorated and should be replaced. In order to keep these two berths operational, the City has spent over $3 million in emergency repairs pending the development of a plan for permanent repairs. The City recently approved a $26 million four phase plan to replace the deteriorating structures with steel piling and concrete decking and has secured $21 million in grants to fund the project. Another $5 million has been requested from the State of Alaska and is under consideration by the current session of the Alaska State Legislature. Phase one was completed in April 2012. Phases two, three and four will be competed in 2013, 2014, and 2015, respectively, so as not to interfere with tourism season.

Harbors Development – The community harbors serve the boating public, commercial fishermen and other commercial marine enterprises. The community's five harbors used to be owned and maintained by the State of Alaska until they were transferred to the City over the course of seven years, with the first transfer taking place in 2001. Under State ownership, the harbors were not well maintained and many of the transferred harbors had fallen into disrepair. Included in the City's 2012 – 2016 Capital Improvement Program for the Harbor Department is $10.5 million to correct the deficiencies caused by deferring maintenance and to restore the harbor facilities so they can be operated safely. The City Council determined that current revenues generated from harbor users will not be sufficient to finance these improvements and designated the City's portion of annual state raw fish tax receipts to be used for funding the improvements. The City also plans to actively seek matching federal and state grants and authorization from the voters to issue $5 million in general obligation bonds to finance the improvements.

Ketchikan Medical Center – In April 2009, NAC Architecture presented to the City Council a master plan for the Ketchikan Medical Center, which is owned by the City and operated by PeaceHealth of Bellingham, WA under a long-term lease agreement with the City. The master plan prepared by NAC Architecture concluded that the current facility is outdated and recommended improvements totaling $75 million. The City is working with PeaceHealth to develop a financing plan for the proposed improvements. The financing plan will most likely include bonds, federal and state grants and other local contributions. Discussions are underway to seek authorization from the voters in 2012 to issue general obligation bonds. The City's success in obtaining grants funds for the project will determine the size of the bond issue. The City anticipates that it will be necessary to develop a new revenue source to provide for the debt service on the bonds and is exploring an increase in the current 1% Hospital Sales Tax.

Sale of the Telecommunications Utility – In 2007, GCI, the largest private provider of telecommunication services in Alaska, began offering local dial tone service in the community of Ketchikan and effectively ended the City d/b/a Ketchikan Public Utilities d/b/a KPU Telecommunication's monopoly on local dial tone service. As expected, GCI captured a respectable share of the local telecommunications market and has continued to expand its market share albeit at a much slower pace. KPU Telecommunications is also facing competition from wireless providers of telecommunication services. Concerns regarding the KPU Telecommunication's long-term ability to compete effectively in this changing market resulted in the hiring of a consultant to advise the City on whether it should retain or sell its telecommunications utility. The consultant recommended that the City sell the telecommunications utility. On April 6, 2010 a special election was held to determine the future of the telecommunications utility. The qualified voters of the City passed a ballot proposition authorizing a sale by a vote of 388 to 375. The City had received an offer from Matanuska Telephone Association (MTA) to purchase the telecommunications utility but negotiations were put on hold pending the resolution of the National

Broadband Plan that was under consideration by the Federal Communications Commission. The City is also pursuing offers from other telecommunication companies.

Power Generation Facilities - The demand for energy from the City's municipally owned electric utility, KPU, has reached the capacity of its hydroelectric projects and is rapidly approaching the capacity of the Swan Lake Hydroelectric Project owned by the Southeast Alaska Power Agency. As the community's demand for energy continues to grow, KPU is responding aggressively by implementing a plan to meet this demand. The community currently relies on hydroelectric generation as its primary source of energy with diesel generation serving as a backup. Since the natural abundance of water reservoirs makes hydroelectric generation the most cost effective source of energy in Southeast Alaska, KPU is actively pursuing a number of hydroelectric projects. KPU has identified the development of the $26 million Whitman Lake Hydroelectric Project and the Metlakatla-Ketchikan Intertie as its top priorities. In March 2009, the Federal Energy Regulatory Commission issued a fifty-year license for the Whitman Lake Hydroelectric Project. The City has already secured state grant funding in the amount of $11 million and is planning to issue revenue bonds to finance the remaining $15 million needed to complete the project. An equipment contract is scheduled to be awarded in May 2012 and a construction contract is scheduled to be awarded in June 2012. The anticipated project completion date is December 31, 2013.

The Metlakatla-Ketchikan Intertie is a 34.5kV transmission that will interconnect the electrical systems of Metlakatla Power & Light, which is located on Annette Island, and KPU, which is located on Revillagidgedo Island. The intertie will consist of 16 miles of overhead transmission lines and a one mile submarine cable crossing. The estimated cost is $12.7 million. The overhead transmission lines will completed by the end of 2012. Efforts are under way by MP&L to seek funding for the submarine cable. Once the funding is in place, it will take approximately 18 months to construct the submarine cable. The long-term goal is to tap into a yet to be developed hydroelectric project at Triangle Lake on Annette Island.

Property Tax and Debt Policies – The City currently subscribes to a policy of a maintaining a stable property tax levy in order to promote Ketchikan as an attractive place to live and encourage economic development. Changes in the property tax levy are made in the context of a long-term perspective. As a result, increases or decreases in the property tax levy are made only if the long-term financial needs of the City warrant such changes. Short-term financial needs are addressed by making adjustments to the reserves of the City's general fund. This policy has been successful for 22 years.

The City Charter requires that the voters authorize all general obligation and revenue bonds issued by the City at either a special or regular municipal election. The City currently limits the issuance of revenue bonds to finance improvements for its electric, telecommunications, water and wastewater utilities and its port operations. In addition, revenue bonds can only be issued provided that the net revenue available from the pledged activities is equal to or greater than 1.25 times annual debt service after the issuance of the revenue bonds.

Major Initiatives

The City is a part of progressive community that seeks to improve the quality of life for its citizens. During 2011, a number of initiatives were undertaken by the City to improve the utility infrastructure, encourage economic development, enhance public safety and public health, promote the education and cultural experience of its citizens, and improve administrative efficiencies of city government. Some of the major initiatives are as follows:

- The voters of the City approved a municipal utility revenue bond ballot proposition totaling $15 million. The proceeds will be used to fund the construction the Whitman Lake Hydroelectric Project. The bonds will be issued in summer of 2012 and will mature in 20 years. The Whitman Lake Hydroelectric Project is a proposed 4.6 MW hydroelectric generation facility capable of generating approximately 16,000,000 kWh annually and will increase the capacity of KPU owned hydroelectric facilities by 20.3% to 95,000,000 kWh annually when it is placed in service.

- The City successfully recruited and filled the positions of fire chief, library director, police chief and electric utility manager. The City also replaced the position of city attorney with a contract attorney.

- A $9.5 million contract was awarded for the replacement of Fire Station No. 1. The new fire station is located in downtown Ketchikan and will be completed in May 2012.

- A $5.2 million contract was awarded for the replacement of water and sewer mains under Jackson and Monroe Streets and 4th and 7th Avenues. These mains serve a major residential area in the west end of Ketchikan.

- A $2.2 million contract was awarded for the construction of a new water reservoir located at the top of Jackson Street. The new reservoir will replace a temporary wooden water reservoir that was installed in 1973. The new reservoir will satisfy the fire flow requirements of the fire code and eliminate a source of dissolved organics that may have be leaching from the wooden water reservoir and contributing to the high levels of haloacetic acids in the municipal water system.

- The City began the first phase of a four phase project to replace the wooden portions Berths I and II with a concrete deck and steel piling by awarding a $6.5 million construction contract. The project will replace facilities that are in various stages of structural deterioration. Phase I will be completed in May 2012.

- As part of the master plan for the proposed $75 million upgrade of the Ketchikan Medical Center, the City accepted $990,000 federal grant to begin the design of the new facilities. This project will result in the construction of a new wing and the renovation of the existing structure.

- A $700,000 contract was awarded to replace the City's financial and accounting information system. The current system is over 30 years old and was becoming increasingly more expensive to update and maintain.

- An $8.8 million contract was awarded for the construction of a new public library on Copper Ridge Lane. The public library is currently located in downtown Ketchikan in a building that was constructed in 1967. The new facility will be located in a residential area near two local schools and the community's recreation center. The facility is expected to be completed in November 2012.

- The City and the Ketchikan Gateway Borough established the first sales tax holiday in the community. This was a one day event where local merchants were not required to collect the city and borough sales tax from their customers.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the thirty-third year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was a team effort on the part of the professional staff of the Finance Department. Without their efforts, it would not have been possible to produce this report. Each member worked many extra hours and exhibited an extraordinary effort to ensure the accuracy and timeliness of this report. We appreciate their dedication and the contributions they made to this effort. These individuals are:

Stan Aegerter	Terri Jirschele
Anita Beaudoin	Patty Keeley
Gretchen Blanchard	Nicolle Lewis
Rhonda Bolling	Camille Nelson
Vicki Boyd	Korry Olsen
Angie Delaney	Tracey Sader
Cristina Doyle	Terry Sivertsen

We would also like to express our appreciation to City Manager Karl Amylon and personnel from other City departments who assisted us in the preparation of this financial report. Finally, we would like to thank the Mayor and

members of the City Council for their continued interest and support in planning and conducting the financial affairs of the City in a dedicated and responsible manner.

Respectfully submitted,

Robert E. Newell, Jr., CPA
Finance Director

Michelle L. Johansen
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ketchikan

Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



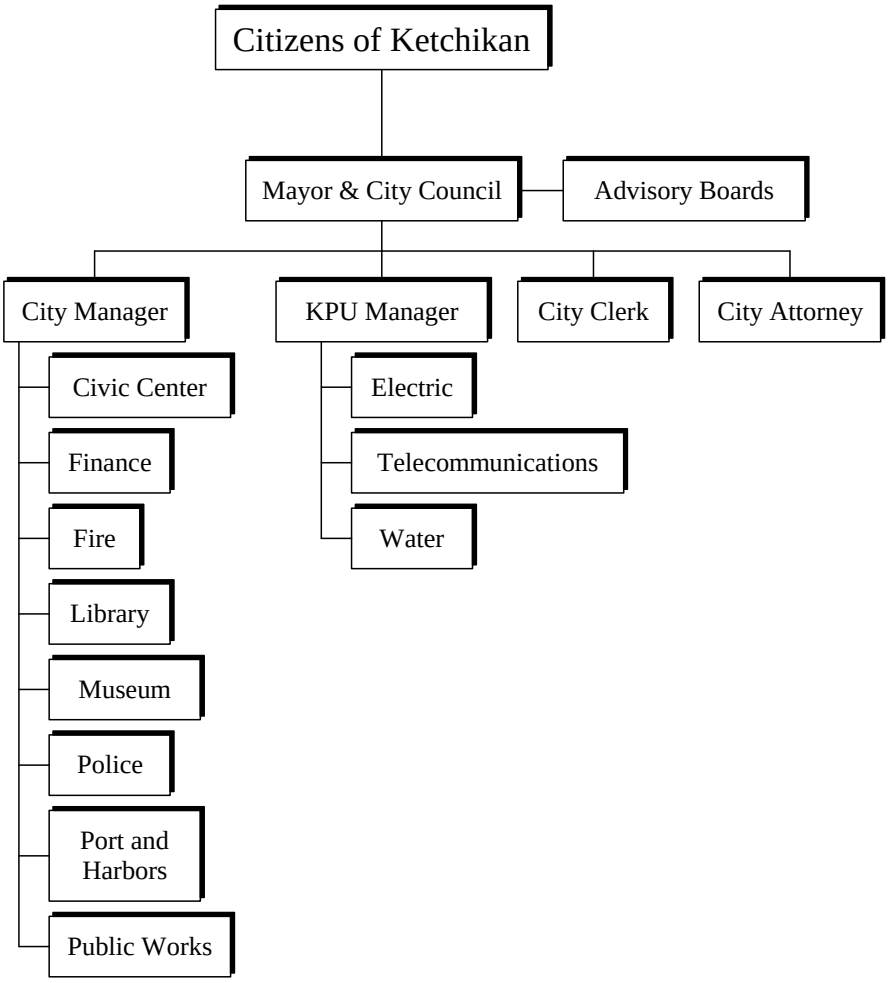
Linda C. Davidson

President

Jeffrey R. Ener

Executive Director

CITY OF KETCHIKAN, ALASKA
ORGANIZATIONAL CHART
DECEMBER 31, 2011



CITY OF KETCHIKAN, ALASKA

PRINCIPAL CITY OFFICIALS

December 31, 2011

MAYOR AND CITY COUNCIL

City Mayor	*Lew Williams III*
City Councilmember	*Samuel Bergeron*
City Councilmember	*Richard Coose*
City Councilmember	*KJ Harris*
City Councilmember	*DeAnn Karlson*
City Councilmember	*Matt Olsen*
City Councilmember	*Robert Sivertsen*
City Councilmember	*Marty West*

CITY STAFF

City Manager/KPU General Manager	*Karl R. Amylon*
City Clerk	*Katherine M. Suiter*
City Attorney	*Mitch Seaver*
Finance Director	*Robert E. Newell, Jr.*
Police Chief	*Alan Bengaard*
Fire Chief	*Franklin Share, III*
Public Works Director/Engineering Mgr.	*Clifton J. Allen*
Library Director	*Linda Gens*
Museum Director	*Michael Naab*
Civic Center Manager	*Elizabeth Jones*
Port and Harbors Director	*Steven R. Corporon*
Telecommunications Utility Manager	*Van G. Abbott*
Water Utility Manager	*John C. Kleinegger*
Electric Utility Manager	*Tim McConnell*
Sales, Marketing & Customer Service Manager	*Edward L. Cushing*

INDEPENDENT AUDITOR’S REPORT



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MECHAM, RICHARDSON AND COMPANY
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Ketchikan
Ketchikan, Alaska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ketchikan, Alaska as of and for the year ended December 31, 2011 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Ketchikan, Alaska's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ketchikan, Alaska, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2012 on our consideration of the City of Ketchikan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MECHAM, RICHARDSON AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and
Members of the City Council
City of Ketchikan, Alaska

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 17 through 32 and 77 through 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ketchikan, Alaska's basic financial statements. The combining and individual major and nonmajor fund financial statements, and schedules, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual major and nonmajor fund financial statements, and schedules listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ketchikan, Alaska's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express and opinion or provide an assurance on it.

Mecham, Richardson and Company

April 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Ketchikan is pleased to provide the users of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2011. We encourage users to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the information included in the notes to the financial statements.

Financial Highlights

- The City's assets exceeded its liabilities by $273 million (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
    1) Capital assets, net of related debt of $206.6 million, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
    2) Net assets of $16.4 million are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    3) Unrestricted net assets of $50 million represent the portion available to maintain the City's continuing obligations to its citizens and creditors.
- The City's governmental funds reported total ending fund balance of $32 million this year. This compares to the prior year ending fund balance of $33.4 million showing an decrease of $1.4 million during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was $3.3 million, or 15.5 percent of total General Fund expenditures. This was a decrease of $26,882 from the prior year. The General Fund also reported an operating surplus of $1.8 million.
- The City's proprietary funds reported total ending net assets of $123.8 million this year. This compares to the prior year ending net assets of $113 million, an increase of $10.8 million.
- The City raised its mill levy from 6.1 to 6.2, the first increase in 22 years.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The first of these government-wide statements is the *Statement of Net Assets.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors

such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both of the government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, culture, harbors, and health and welfare. Business-type activities include Ketchikan Public Utilities (KPU), the Port of Ketchikan and wastewater utility services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund information for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has five proprietary funds; three are classified as enterprise funds and two are internal service funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for electric, water, telecommunications and wastewater utilities and port facilities.

Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal funds to account for its risk management and insurance programs and compensated absences. Internal service fund assets and liabilities are predominantly governmental and have been included in the governmental activities of the government-wide statements of net assets.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. A budgetary comparison schedules is included as "required supplementary information" for the general fund. The schedule demonstrates compliance with the City's adopted and final revised budget.

Supplementary Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds are presented as supplementary information in this report.

Government-wide Financial Analysis

Statement of Net Assets

The City's net assets at December 31, 2011 and 2010 totaled $273 million and $251.4 million, respectively. The net assets for the City as a whole increased by $21.6 million. The following table summarizes the net assets of the City's governmental and business-type activities:

(*This page continued on the subsequent page)*

City of Ketchikan's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Assets:						
Current and other assets	$ 40,325,088	$ 40,272,593	$ 41,664,978	$ 39,365,320	$ 81,990,066	$ 79,637,913
Capital assets	125,626,827	114,113,730	147,807,676	139,946,564	273,434,503	254,060,294
Total assets	165,951,915	154,386,323	189,472,654	179,311,884	355,424,569	333,698,207
Liabilities:						
Current and other liabilities	5,349,722	2,695,385	9,323,088	7,626,174	14,672,810	10,321,559
Long-term liabilities	11,468,888	13,311,098	56,322,841	58,648,797	67,791,729	71,959,895
Total liabilities	16,818,610	16,006,483	65,645,929	66,274,971	82,464,539	82,281,454
Net assets:						
Invested in capital assets, net of debt	118,331,373	109,138,701	88,231,320	78,533,777	206,562,693	187,672,478
Restricted	8,010,280	7,975,618	8,431,062	8,196,207	16,441,342	16,171,825
Unrestricted	22,791,652	21,265,521	27,164,343	26,306,929	49,955,995	47,572,450
Total net assets	$ 149,133,305	$ 138,379,840	$ 123,826,725	$ 113,036,913	$ 272,960,030	$ 251,416,753

The largest component of the City's net assets is its investment in capital assets less any related outstanding debt issued to acquire those assets. The City's investment in capital assets accounts for 75.7 percent of its net assets. These capital assets include land, buildings, equipment, vehicles, and infrastructure used to provide services to the citizens of the City. These assets are not available for future spending. For the City as a whole, its net assets invested in capital assets increased by $18.9 million. Net assets invested in capital assets of the City's business-type activities increased by $9.7 million. Net assets invested in capital assets of governmental type activities increased by $9.2 million.

Approximately 6 percent of the City's net assets are restricted because of limitations placed on how they may be used. Included in restricted net assets are funds restricted for debt service for the City's municipal utility revenue bonds issued for KPU for utility improvements and port revenue bonds issued for port improvements, bond construction funds, and program specific funds accounted for in special revenue funds. The funds restricted for harbor improvements was awarded to the City at the time the City assumed ownership of previously owned state harbor facilities. Programs provided by the City include solid waste collection and disposal, harbors, and cemetery services.

Unrestricted net assets, which make up 18.3 percent of total net assets, increased from $47.6 million to $50 million. Unrestricted net assets reported for the City's governmental activities increased $1.5 million. The unrestricted net assets of the City's business-type activities increased $.9 million.

Total net assets over time may serve as an indicator of the City's financial position. Since 2004, the City's net assets have increased from $193 million to $273 million. Over the past eight years, the City's financial position has improved by $80 million, or 41.5 percent. While the long-term trend is more important for evaluating the strength of the City's financial position, it appears that the City's financial position is stable and may be gaining strength.

Changes in Net Assets

The City's net assets increased $21.54 million in 2011. The net assets for governmental and business-type activities increased $10.75 million and $10.79 million, respectively. The following table provides a summary of the changes in the City's net assets:

City of Ketchikan's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for services	$ 6,576,381	$ 6,193,868	$ 43,668,780	$ 42,303,514	$ 50,245,161	$ 48,497,382
Operating grants and contributions	1,173,178	963,699	221,076	111,337	1,394,254	1,075,036
Capital grants and contributions	10,529,822	2,840,226	9,908,854	5,361,548	20,438,676	8,201,774
General:			-	-	-	-
Taxes	15,070,369	14,550,006	-	-	15,070,369	14,550,006
Other	1,401,105	1,045,429	477,602	785,406	1,878,707	1,830,835
Total revenues	34,750,855	25,593,228	54,276,312	48,561,805	89,027,167	74,155,033
	-					
Expenses:						
General government	1,928,342	2,365,376	-	-	1,928,342	2,365,376
Public safety	8,368,059	7,751,934	-	-	8,368,059	7,751,934
Culture	2,862,064	2,822,040	-	-	2,862,064	2,822,040
Health and welfare	1,272,680	1,875,578	-	-	1,272,680	1,875,578
Public works	8,015,271	7,788,434	-	-	8,015,271	7,788,434
Harbor	2,169,152	2,057,164	-	-	2,169,152	2,057,164
Interest	478,822	256,909	-	-	478,822	256,909
KPU	-	-	32,535,214	31,191,681	32,535,214	31,191,681
Port	-	-	7,452,615	8,929,902	7,452,615	8,929,902
Wastewater	-	-	2,401,671	2,228,373	2,401,671	2,228,373
Total expenses	25,094,390	24,917,435	42,389,500	42,349,956	67,483,890	67,267,391
Increase in net assets before transfers	9,656,465	675,793	11,886,812	6,211,849	21,543,277	6,887,642
Transfers	1,097,000	1,023,000	(1,097,000)	(1,023,000)	-	-
Increase (decrease) in net assets	10,753,465	1,698,793	10,789,812	5,188,849	21,543,277	6,887,642
Beginning net assets,	138,379,840	136,681,047	113,036,913	107,848,064	251,416,753	244,529,111
Ending net assets	$149,133,305	$138,379,840	$123,826,725	$113,036,913	$272,960,030	$251,416,753

Governmental Activities. The City's net assets from governmental activities increased $10.8 million. This increase is $9.1 million more than the increase that occurred in 2010. The key elements in the change in net assets from the prior year are as follows:

- Capital grants and contributions increased $7.7 million. The City was successful in its efforts in to acquire grants for a number of important community projects. During 2011, the City was the successful recipient of federal and state grants for the replacement of its main fire station and its public library and the reconstruction and replacement of floats located in three of its harbors. The grants for the construction of the new fire station and library totaled $5.7 million. The grants for harbor improvements totaled $1.9 million.

- Taxes increased $.52 million. Sales revenues accounted for nearly all of the increase. Improved cruise ship passenger traffic and higher fuel prices drove sales tax revenues to the City's second best year on record for sales tax collections.

- General government expenses decreased $.44 million primarily because of a decision to change the funding of the City's $.31 million community grant program from a government activity to a business-type activity.

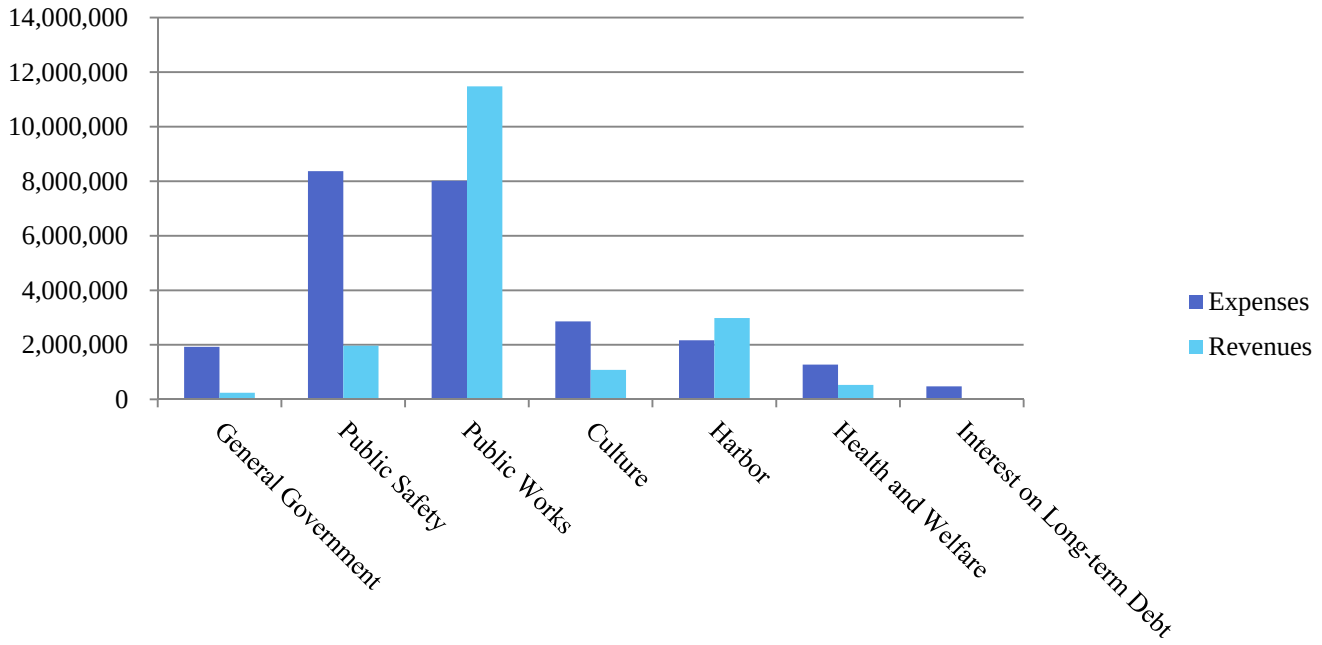
- Public safety expenses increased $.62 million because the number of vacant public safety positions declined significantly in 2011. The reduction in vacancies and cost of living adjustments increased the cost of personnel by over $.42 million.

- Health and welfare expenses decreased $.6 million because the City no longer operates Gateway Center for Human Services, a mental health and substance abuse treatment clinic.

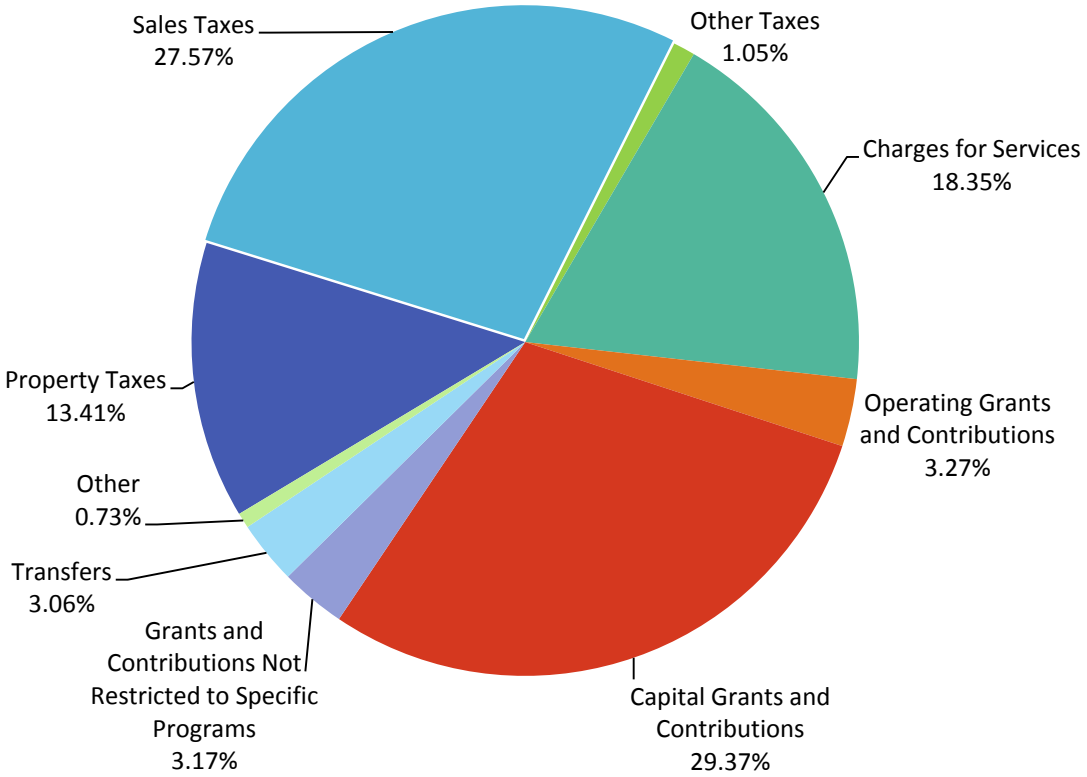
The following graphs compare program revenues with expenses and illustrate the revenues by source for governmental activities.

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EXPENSES AND PROGRAM REVENUES –GOVERNMENTAL ACTIVITIES



REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



Business-type Activities. The City's net assets from business-type activities increased $10.8 million. This increase is $5.6 million more than the increase that occurred in 2010. The City's business-type activities include electric, telecommunications, water and wastewater utilities; and port operations. The key elements in the change in net assets from the prior year are as follows:

Charges for services increased $1.4 million. The table below summarizes charges of services by business-type activity.

	2011	2010
Electric	$16,164,690	$15,310,910
Telecommunications	14,500,541	14,446,486
Water	2,899,352	2,535,859
Wastewater	2,117,793	2,009,767
Port	7,986,404	8,000,492
	$43,668,780	$42,303,514

Electric utility revenues increased $.85 million. Kilowatt-hour sales increased from 156,986,000 to 164,714,000, or 4.9% because of electric heating conversions and cooler temperatures. Water utility revenues increased $.36 million because rates were raised 15% effective March 1, 2011.

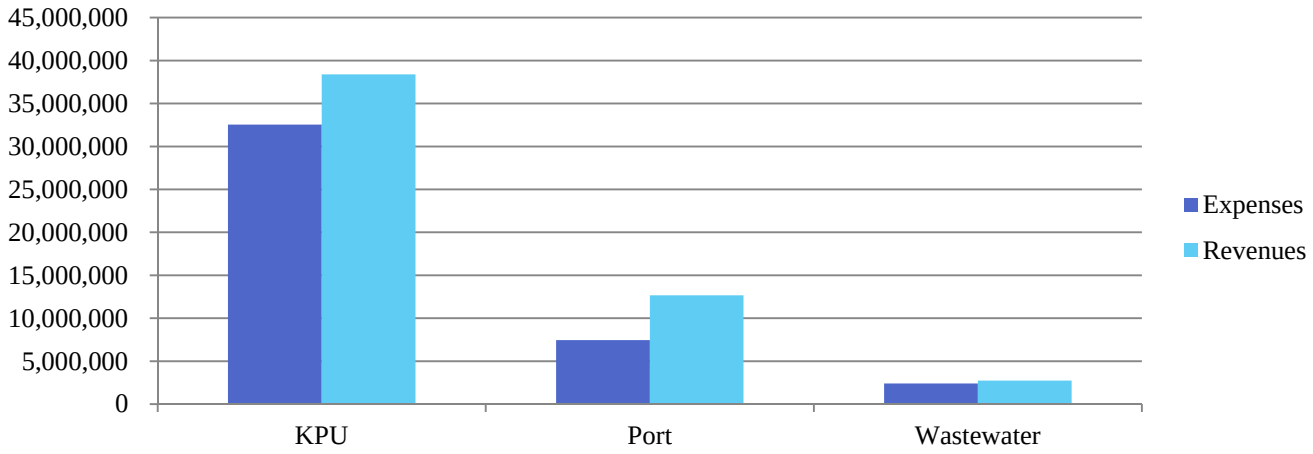
Capital grants and contributions increased $4.5 million. State grants totaling $1.97 million were used to finance the replacement of the Bethe substation and the design of the Whitman Lake hydroelectric project for the electric utility operated by Ketchikan Public Utilities (KPU). The City also used $4.6 million of state grant funds to finance the construction of the first phase of the replacements of Berths I and II for Port of Ketchikan. The water and wastewater utilities utilized $1.3 million of state grant funds for the Jackson and Monroe Streets water and sewer main replacement project.

Although the overall expenses of the City's business-type activities for 2011 were unchanged from the prior year, there were some significant changes within the business-type activities. Expenses for KPU increased $1.3 million because of higher electric generation costs and additional costs incurred by the water utility in bringing its new water treatment facility on line. KPU administrative costs increased because of the City Council's decision to have KPU absorb the full cost of the City's $300,000 community grant program.

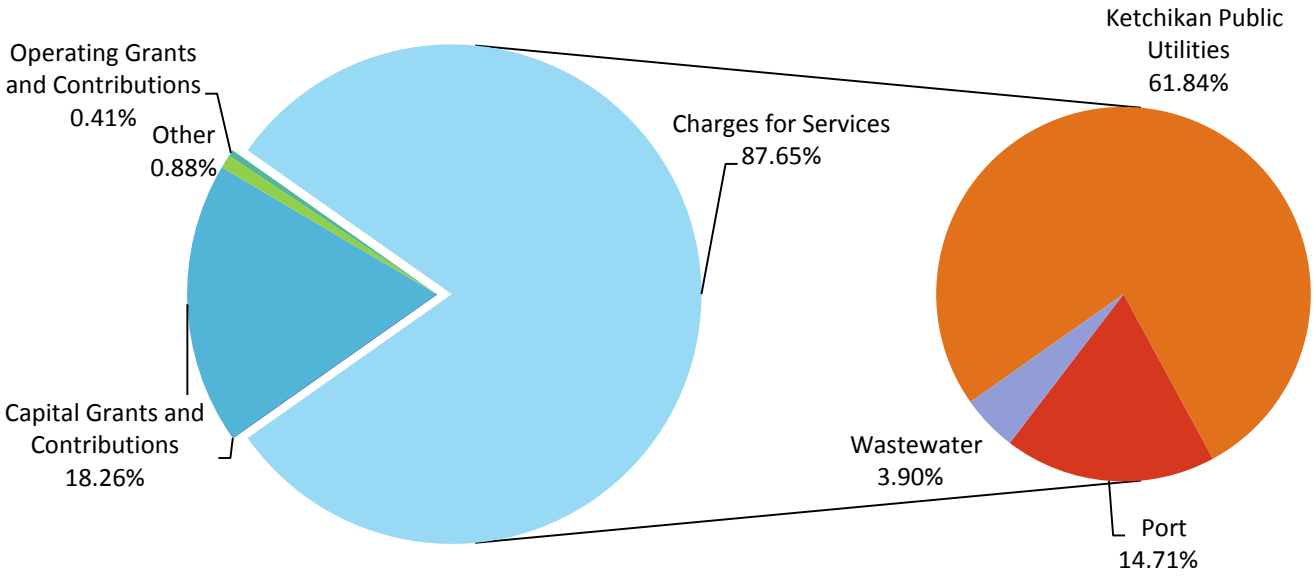
Expenses for the Port decreased $1.5 million. The lease payments for Berth IV, which are based on the number of passengers arriving by cruise ship, decreased $.56 million. The number of passengers visiting Ketchikan has declined from a record 920,000 passengers in 2008 to 829,000 passengers in 2011. Supplies and services decreased $.8 million because the amount required for emergency repairs to Berths I and II declined.

The following graphs compare program revenues with program expenses and illustrate the revenues by source for business-type activities**.**

EXPENSES AND PROGRAM REVENUES –BUSINESS-TYPE ACTIVITIES



REVENUE BY SOURCE –BUSINESS-TYPE ACTIVITIES



Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is an analysis of the City major governmental funds and proprietary funds.

Governmental Funds. The financial statements of governmental funds show more detail than governmental activities in the government-wide financial statements and focus on near-term, inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds reported combined ending fund balances of $32 million, a decrease of $1.4 million or 4.1%, from last year. Governmental fund balances have been classified in accordance with the requirements of GASB Statement No.54, *Fund Balance Reporting and Government Fund Type Definitions*. Nonspendable fund balances total $.38 million and consists entirely of land held for resale. Restricted fund balances total $4.4 and includes $4 million that has been restricted by bond covenants for capital improvements. Committed fund balances total $1.1 million and includes $.7 million from the Alaska raw fish tax that has been designated by the City Council for the development and construction of a drive down and launch ramp for one of the City's harbors. Assigned fund balances total $22.9 million and includes $5.4 million for subsequent year's budget deficit, $4.3 million for streets and sidewalks maintenance and other public projects, $3.8 million for public health, $3 million for solid waste, $2.8 for economic and parking development and $2.1 million for community facilities.

The general fund is the primary operating fund of the City through which all receipts and payments of ordinary City operations are processed unless they are required to be accounted for in another fund. By definition, it is a major governmental fund under generally accepted accounting principles. Pursuant to the requirements of GASB Statement No. 54, the following funds, which were previously reported as special revenue funds, have been incorporated into the general fund for reporting purposes: (1) Hospital Sales Tax Fund, (2) Public Works Sales Tax Fund, (3) Economic and Parking Development Fund, and (4) Shoreline Services Fund. To facilitate the analysis of the City's general fund, its Statement of Revenues, Expenditures and Changes in Fund Balances for year ended December 31, 2010, has been restated and presented below.

Revenues:	
Taxes	$ 13,957,782
Intergovernmental	1,754,780
Charges for services	1,947,618
Interdepartmental harges	3,048,226
Other	477,463
Total Revenues	21,185,869
Expenditures:	
General government	4,455,116
Public safety	8,098,220
Culture and Tourism	2,366,965
Health and Welfare	662,879
Public works	5,077,440
Total Expenditures	20,660,620
Excess (Deficiency) of Revenues Over (Under) Expenditures	525,249
Other Financing Sources (Uses):	
Transfers In	1,591,621
Transfers Out	(1,259,856)
Total Other Financing Sources (Uses)	331,765
Net Change in Fund Balance	857,014
Fund Balance, Janauary 1, 2010	16,858,401
Fund Balance, December 31, 2010	$ 17,715,415

Total general fund revenues for 2011 amounted to $22.4 million, an increase of $1.2 million from 2010. Tax revenues from property taxes and sales taxes account for 67% of the increase. An increase in the mill levy from $6.10 to $6.20 per thousand dollars of assessed value, a small rebound in the tourism industry and higher fuel prices drove the increase in the City's tax revenues. Licenses and permits, which are included in other revenues, increased $.2 million. The value of commercial construction taking place in the maritime industry and the public sector helped to drive the value of building permits issued in 2011 to $106.1 million, an increase of $95 million from the prior year. Total general fund expenditures for 2011 amounted to $21.1 million, an increase of $.4 million from 2010. Most of the increase was due to a two percent cost of living adjustment granted to all City employees, effective January 1, 2011. The total fund balance of the general fund increased from $17.7 million in 2010, as restated, to $19.5 million in 2011. The unassigned fund balance decreased from $3.3 million to $3.27 million.

The total revenues of the Community Facilities Development Fund increased $5.7 million, all of which can be attributed to two grant awards from the State of Alaska to fund the construction of a new fire station and a new public library. Expenditures increased $8.4 million because of the construction activity underway for the new facilities. The total fund balance of the Community Facilities Development Fund decreased from $9.8 million to $6.5 million. Restricted assets held in a bond construction account established for the new fire station were used to pay for construction costs not covered by the grant. The $11 million fire station is expected to be placed in service in May 2012.

Propriety Funds. The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Factors concerning the finances of the City's three proprietary funds have already been addressed in the discussion of the City's business–type activities.

General Fund Budgetary Highlights

The adopted 2011 budget for the General Fund projected annual revenues of $14.6 million and included appropriations for expenditures totaling $18.3 million. During the year, revenue projections increased by $137,000 to $14.7 million because of grants awarded to the City for public safety after the adoption of the budget. Actual revenues, on a budgetary basis, for the year totaled $15.4 million and exceeded the budgetary projection by $.7 million, or 4.8 percent. Revenues exceeded projections for the following reasons:

- Sales tax revenues exceeded projections by $200,000 because of a small rebound in the tourism industry and higher fuel prices.
- Revenues from building permits increased $140,000 due to the issuance of permits with an all-time record of $106.1 million in construction value.
- Revenues from other governments increased $332,000 because of unanticipated grants for public safety and an unanticipated increase in State Revenue Sharing.
- Charges for ambulance services increased $122,000. These charges are contingent on the number of patient transports and the level of service provided, both of which are difficult to project.

During the year supplemental appropriations and transfers from appropriated reserves increased appropriations for expenditures by $276,000 to $18.6 million. The most significant budget revisions are discussed below:

- The City Council transferred $139,000 from the appropriated reserves of the General Fund for personnel and professional consulting services.

- Supplemental appropriations for the Fire Department totaling $137,000 for grants awarded to the City for public safety.

General fund actual expenditures totaled $18.5 million. The amount spent and encumbered, on a budgetary basis, was $17.6 million. The City spent and encumbered $1.7 million less than the amount appropriated, as amended. In 2011, the employee vacancy rate for the general fund was approximately 4.5 percent. This lowered the City's actual cost of personnel by about $640,000. The City was not able to utilize $117,000 of grant funds programmed for 2011. The rest of the decrease is attributable to the City departments generally spending less than the amount appropriated for their department.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities, net of accumulated depreciation as of December 31, 2011, amounts to $273.4 million. This investment in capital assets includes land, buildings, improvements, utility plants, port facilities, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets, net of accumulated depreciation, was $19.4 million or 7.6 percent. The City's investment in governmental activities increased $11.5 million and business-type activities capital assets increased by $7.9 million. See Note 4-E for additional information about changes in capital assets during the calendar year and the amount outstanding at the end of the year. The following table provides a summary of capital asset activity.

(*This page continued on the subsequent page)*

Capital Assets

	Governmental Activities		Business Activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Non-depreciable assets:						
Land	$ 25,890,862	$ 25,890,862	$ 4,450,356	$ 4,450,356	$ 30,341,218	$ 30,341,218
Construction in progress	18,046,479	6,719,485	23,732,997	20,389,010	41,779,476	27,108,495
Intangibles and other	100,750	100,750	1,038,019	938,689	1,138,769	1,039,439
Total non-depreciable	$ 44,038,091	$ 32,711,097	$ 29,221,372	$ 25,778,055	$ 73,259,463	$ 58,489,152
Depreciable assets:						
Utility plants	$ -	$ -	$ 197,219,497	$ 186,001,491	$ 197,219,497	$ 186,001,491
Port facilities	-	-	55,083,086	55,344,097	55,083,086	55,344,097
Land improvements	1,421,304	1,421,304	-	-	1,421,304	1,421,304
Buildings	54,206,819	54,206,819	-	-	54,206,819	54,206,819
Machinery and equipment	14,553,665	14,086,103	-	-	14,553,665	14,086,103
Infrastructure	54,505,584	51,247,517	-	-	54,505,584	51,247,517
Total depreciable assets	124,687,372	120,961,743	252,302,583	241,345,588	376,989,955	362,307,331
Less accum. depreciation	(43,098,636)	(39,559,110)	(133,716,279)	(127,177,079)	(176,814,915)	(166,736,189)
Net depreciable assets	$ 81,588,736	$ 81,402,633	$ 118,586,304	$ 114,168,509	$ 200,175,040	$ 195,571,142
Percentage depreciated	35%	33%	53%	53%	47%	46%
Book value - all assets	$ 125,626,827	$ 114,113,730	$ 147,807,676	$ 139,946,564	$ 273,434,503	$ 254,060,294

Major capital assets under construction during 2011 included the following:

- Warren and Bayview Streets bridges - $1,775,000
- Whitman Lake hydroelectric plant - $865,000
- Baranof Avenue water reservoir - $1,908,000
- Downtown fire station replacement - $7,678,000
- Library replacement - $1,514,000
- Bethe substation replacement - $1,385,000
- Jackson and Monroe Streets water main replacement - $1,090,000
- Jackson and Monroe Streets sewer main replacement - $809,000

Major capital assets completed during 2011 included the following:

- Millar Street bridge - $1,177,000
- Thomas Basin float replacement - $948,000
- Telecom aerial fiber cable - $1,114,000
- Tongass Avenue Phase II water main replacement - $3,752,000
- Tongass Avenue Phase II sewer main replacement - $4,509,000
- Knudson Cove launch ramp replacement - $1,107,000

At December 31, 2011, the depreciable capital assets for governmental activities were 35 percent depreciated. At December 31, 2010 and 2009, capital assets were 33 and 31 percent depreciated, respectively. This trend would suggest that the City is incurring deferred maintenance on its governmental capital assets. No change in the percentage depreciated implies that capital assets are being properly maintained. A decrease in the percentage is an indicator that capital assets are being well

maintained. The City's business-type activities capital assets were 53 percent depreciated at December 31, 2011 compared to 53 and 51 percent for 2010 and 2009, respectively. This trend would suggest that the City is maintaining the status quo for its business-type capital assets.

Long-term Debt

At December 31, 2011, the City had $72.8 million in outstanding bonded debt and other long-term debt, a decrease of $2.7 million from 2010. Total general obligation bonded debt decreased from $17 million to $16.4 million, or 3.8 percent. Total revenue bonded debt decreased from $56.1 million to $54 million, or 3.7 percent. The following table provides a summary of outstanding long-term debt:

Outstanding Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
General obligation bonds	$11,280,000	$12,080,000	$5,100,222	$4,942,967	$16,380,222	$17,022,967
Revenue bonds	-	-	53,974,282	56,063,232	53,974,282	56,063,232
Landfill closure costs	942,900	938,520	-	-	942,900	938,520
Compensated absences	910,333	903,062	637,007	648,981	1,547,340	1,552,043
Total	$ 13,133,233	$ 13,921,582	$ 59,711,511	$ 61,655,180	$ 72,844,744	$ 75,576,762

In August 2007, the City issued $6.5 million of junior lien municipal utility revenue bonds through the ADEC's Drinking Water Loan Program to finance the construction of a required water treatment facility to control the levels of haloacetic acids in the municipal water system and bring the City into compliance with the Stage I Disinfectant and Disinfection Byproducts Rules. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2011, the City had incurred construction costs of $3.41 million that were eligible for reimbursement from this loan program. The City does not expect to borrow more than $3.7 million for this project. The final loan amount will be determined at the time the project is completed.

In January 2010, the City issued $3.43 million of general obligation bonds through the ADEC's Clean Water Loan Program for the second phase of the Tongass Avenue Sewer Main Replacement Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2011, City had incurred construction costs of $3.42 million that were eligible for reimbursement from this loan program. The final loan amount will be determined at the time the project is completed.

In January 2010, the City issued $1.21 million of junior lien municipal utility revenue bonds through the ADEC's Drinking Water Loan Program for the second phase of the Tongass Avenue Water Main Replacement Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2011, the City had incurred construction costs of $1.21 million that were eligible for reimbursement from this loan program. The final loan amount will be determined at the time the project is completed.

In January 2010, the City issued $1.22 million of junior lien municipal utility revenue bonds through the ADEC's Drinking Water Loan Program to finance the site preparation work for the Baranof Water Reservoir. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2011, the City had incurred construction costs of

$1.1 million that were eligible for reimbursement from this loan program. The final loan amount will be determined at the time the project is completed.

In 2011, the City received loan offers from the ADEC's Clean and Drinking Water Loan Programs totaling $7.6 million. Junior lien municipal utility revenue bonds were issued for the same amount in 2012. The loans will finance the construction of water and wastewater main replacements and a new 750,000-gallon water reservoir. As of December 31, 2011, the City had incurred construction costs of $1.13 million that were eligible for reimbursement from these loan programs. The final loan amounts will be determined at the time the project is completed.

The City continues to maintain its current bond rating of BBB+ from Standard & Poor's Corporation for its 1994 Port General Obligation Bonds. Moody's Investor Service continues to rate the bonds at Baa2. All of the City's other general obligation and municipal revenue bonds have been issued through the Alaska Municipal Bond Bank, the Alaska Department of Environmental Conservation or Banc of America. The rating agencies have not separately rated these bonds. The City's general obligation bonded indebtedness is not subject to a legal debt ceiling. The City is required to maintain debt service coverage that generates net revenue from its utilities and port operations that is equal to or greater than 1.25 times annual debt service. The City has complied with all general obligation and revenue bond covenants. As of December 31, 2011, the City's total direct general obligation bond debt per capita was $2,012 and its net direct general obligation bond debt per capita was $860.

See Note 4-I for additional information about the City's long-term debt. The landfill closure and postclosure care liability are discussed in Note 4-H.

Economic Factors and Next's Year Budgets and Rates

Tourism is an important part of the local economy. In 2008, 37 cruise ships made 502 stops in Ketchikan and brought a record 931,000 passengers to the community. In 2009 and 2010, the national recession had a significant impact on tourism in Ketchikan. By 2010, the cruise lines companies had reduced the number of ships servicing the Southeast Alaska market to 26 ships and decreased the number of stops to 429. As a result, passenger counts dropped to about 821,000. Local businesses felt the impact as retail sales dropped, local governments saw sales tax revenues decline and port revenues decreased by $921,000, or 10.3% in 2010. This prompted the City Council to take a very conservative approach to budgeting. Steps were taken to reduce staffing through attrition and defer nonessential capital spending. Tax increases and fee increases for services and utility rates were minimized by drawing down reserves. Exceptions were made for water and wastewater utility rates, which needed to be raised because they were inadequate for covering the cost of operations and debt service.

Looking beyond 2011, the City sees some improvements for the local economy coming from three industries. The cruise line companies are adding ships to the Southeast Alaska market. Twenty-eight ships will make 434 stops in Ketchikan in 2012 and bring about 883,000 visitors to the community. The maritime industry got a big boost when the Alaska Ship and Dry Dock was purchased by Vigor Industrial, a leading provider of ship building, ship repair and other marine related services in the Pacific Northwest. This purchase will provide Alaska Ship and Dry Dock with an infusion of capital that will be required if the firm expects to compete for a state contract to build the Alaska Class Ferries. Activity in the mining industry is picking up because mines located on the Prince of Wales Island appear to be economically viable for development. A private company that provides services to remote locations recently acquired a major portion of the former Ketchikan Pulp Company site. The company plans to use the property as a staging area for its operations and for the development of facilities for ancillary maritime services. While the City sees these activities as having very positive impact on the local economy, it recognizes that the uncertain direction of the national economy remains a factor that could adversely affect Ketchikan.

In 2012, City issued general obligation bonds totaling $5.2 million to finance the construction of a new library. The City also issued general obligation bonds in 2010 totaling $7.2 million to finance the construction of a new fire station. A long-term plan has yet to be developed to address what resources will be used to pay the $855,000 annual debt service required for the new bonds. The City anticipates that it will be able to use existing resources and an unexpected increase in State Revenue Sharing to meet the debt service requirements for 2012. The City's ability to continue to provide for the debt service from existing resources may be limited especially if the local economy fails to recover fully from the recent economic down turn and State Revenue Sharing returns to normal funding level. At some point in the future, the City may need to consider new revenue sources in order to provide for the debt service on the bonds.

As noted above, the City Council has also reviewed the City tax and fee structures and decided to hold the line on taxes and increase certain utility fees. In January 2012, the City Council approved a 5 percent rate increase for the wastewater utility. The wastewater utility has begun to issue bonds to finance long overdue improvements to its distribution system. The rate increase will help finance the debt service on the bonds. The City Council also decided in January 2012 not to approve a recommended 15 percent rate increase for the water utility. Instead, the City Council opted to wait for the results of a revenue requirement and rate study that is being conducted for the water utility. The preliminary results from this study suggest that the 15 percent rate increased proposed in January 2012 will be required. Revenue requirements and rates studies are also underway for the City's electric and wastewater utilities and a proposed stormwater utility.

The City will continue to monitor the local economy in 2012 and beyond. The City recognizes that the local, state and national economies are still working through a slow recovery period. The City expects that it will continue to take a conservative approach to managing its fiscal affairs in an effort to minimize the need to raise taxes during these uncertain times.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the City's finances and to demonstrate the City's accountability for the financial resources it receives. If you have any questions about this report or would like to request additional information, please contact the City of Ketchikan, Office of the Finance Director, 334 Front Street, Ketchikan, Alaska 99901 or call us at (907) 228-5621. This financial report and prior year financial reports are also available on our web site at www.city.ketchikan.ak.us/departments/finance/index.html.

City of Ketchikan, Alaska
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and temporary investments (Note 4A)	$ 28,178,625	$ 17,609,119	$ 45,787,744
Restricted cash, cash equivalents and investments	4,342,901	1,881,665	6,224,566
Receivables:			
Accounts	364,542	2,315,428	2,679,970
Taxes	2,014,132	-	2,014,132
Intergovernmental	2,886,950	8,600,549	11,487,499
Interest	13,752	-	13,752
Unbilled	53,437	1,013,509	1,066,946
Internal	1,283,762	(1,283,762)	-
Inventory	-	3,116,612	3,116,612
Prepaid items	583,830	806,945	1,390,775
Total current assets	39,721,931	34,060,065	73,781,996
Noncurrent assets:			
Land for resale	382,742	-	382,742
Restricted investments	-	6,650,950	6,650,950
Accrued interest on restricted assets	-	54,875	54,875
Capital Assets (Note 4E)			
Nondepreciable capital assets	44,038,091	29,221,372	73,259,463
Depreciable capital assets, net	81,588,736	118,586,304	200,175,040
Deferred Charges	220,415	899,087	1,119,502
Total noncurrent assets	126,229,984	155,412,588	281,642,572
Total Assets	165,951,915	189,472,653	355,424,568
Liabilities			
Current liabilities			
Accounts payable	3,004,613	4,456,778	7,461,391
Accrued interest payable	81,367	245,977	327,344
Customers deposits payable	-	309,110	309,110
Unearned revenue	177,069	54,445	231,514
Claims payable	250,000	-	250,000
Compensated absences payable	878,139	563,814	1,441,953
General obligation bonds payable	958,534	270,000	1,228,534
Revenue bonds payable	-	3,422,963	3,422,963
Total current liabilities	5,349,722	9,323,087	14,672,809
Noncurrent liabilities			
Accrued interest payable	-	13,752	13,752
Compensated absences payable (net of current portion)	32,194	73,194	105,388
Landfill closure costs (net of current portion)	942,900	-	942,900
General obligation bonds payable (net of current portion)	10,493,794	4,830,222	15,324,016
Revenue bonds payable (net of current portion)	-	51,405,673	51,405,673
Total noncurrent liabilities	11,468,888	56,322,841	67,791,729
Total Liabilities	16,818,610	65,645,928	82,464,538
Net Assets			
Invested in capital assets, net of related debt (Note 4K)	118,331,373	88,231,320	206,562,693
Restricted for:			
Capital and maintenance outlay	2,886,532	-	2,886,532
Repair and replacement funds	-	2,088,610	2,088,610
Debt service	-	6,342,452	6,342,452
Program purposes	5,123,748	-	5,123,748
Unrestricted	22,791,652	27,164,343	49,955,995
Total Net Assets	$ 149,133,305	$ 123,826,725	$ 272,960,030

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General government	$ 1,928,342	$ 80,044	$ 163,778	$ -
Public safety	8,368,059	1,130,700	810,856	23,468
Culture	2,862,064	961,317	121,141	-
Health and welfare	1,272,680	-	-	530,472
Public works	8,015,271	3,242,180	48,684	8,186,488
Harbor	2,169,152	1,162,140	28,719	1,789,394
Interest	478,822	-	-	-
Total Governmental Activities	25,094,390	6,576,381	1,173,178	10,529,822
Business-Type Activities:				
Electric, telecommunications and water	32,535,214	33,564,583	183,667	4,641,002
Port	7,452,615	7,986,404	29,536	4,654,981
Wastewater	2,401,671	2,117,793	7,873	612,871
Total Business-Type Activities	42,389,500	43,668,780	221,076	9,908,854
Total	$ 67,483,890	$ 50,245,161	$ 1,394,254	$ 20,438,676
General Revenues:				
Property taxes				
Sales taxes				
Transient taxes				
Intergovernmental - unrestricted				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets Beginning of Year				
Net Assets End of Year				

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,684,520)	$ -	$ (1,684,520)
(6,403,035)	-	(6,403,035)
(1,779,606)	-	(1,779,606)
(742,208)	-	(742,208)
3,462,081	-	3,462,081
811,101	-	811,101
(478,822)	-	(478,822)
(6,815,009)	-	(6,815,009)
-	5,854,038	5,854,038
-	5,218,306	5,218,306
-	336,866	336,866
-	11,409,210	11,409,210
(6,815,009)	11,409,210	4,594,201
4,808,930	-	4,808,930
9,883,856	-	9,883,856
377,583	-	377,583
1,137,762	-	1,137,762
101,754	132,196	233,950
161,589	345,406	506,995
1,097,000	(1,097,000)	-
17,568,474	(619,398)	16,949,076
10,753,465	10,789,812	21,543,277
138,379,840	113,036,913	251,416,753
$ 149,133,305	$ 123,826,725	$ 272,960,030



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GOVERNMENTAL FUNDS



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City of Ketchikan, Alaska
Balance Sheet
Governmental Funds
December 31, 2011

	General	Community Facilities Development	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and temporary investments	$ 17,312,073	$ 2,349,978	$ 6,252,077	$ 25,914,128
Restricted cash - bond construction funds				
Bond construction funds		4,035,099		4,035,099
Library construction funds		307,802		307,802
Receivables:				
Accounts	364,542	-	-	364,542
Taxes	1,953,141	-	60,991	2,014,132
Intergovernmental	128,094	1,536,652	1,222,204	2,886,950
Accrued interest	13,752	-	-	13,752
Interfund	1,007,056	-	-	1,007,056
Advances	1,283,762	-	-	1,283,762
Unbilled receivables	-	-	53,437	53,437
Land for resale	382,742	-	-	382,742
Total Assets	$ 22,445,162	$ 8,229,531	$ 7,588,709	$ 38,263,402
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 884,590	$ 1,768,602	$ 332,217	$ 2,985,409
Interfund payable	-	-	1,007,056	1,007,056
Deferred revenue	2,012,158	-	60,991	2,073,149
Unearned revenue	59,659	-	117,410	177,069
Total Liabilities	2,956,407	1,768,602	1,517,674	6,242,683
Fund Balances				
Nonspendable - Land held for resale	382,742	-	-	382,742
Restricted for:				
Law enforcement	-	-	25,267	25,267
Fire station construction	-	4,035,099	-	4,035,099
Library construction	-	307,802	-	307,802
Committed:				
Harbor drive down ramp	-	-	701,158	701,158
Special assesments	-	-	406,343	406,343
Assigned:				
Subsequent years budget	4,439,032	-	1,017,057	5,456,089
Economic development and parking	2,874,145	-	-	2,874,145
Public health	3,813,959	-	-	3,813,959
General government	110,031	-	-	110,031
Public safety	153,982	-	-	153,982
Culture and tourism	50,648	-	76,292	126,940
Public works	90,839	-	-	90,839
Collection and disposal of solid waste	-	-	2,993,411	2,993,411
Cemetery	-	-	117,314	117,314
Harbor	-	-	273,491	273,491
Streets, sidewalks and other public projects	4,301,781	-	-	4,301,781
Library construction	-	-	2,092	2,092
Community facilities	-	2,118,028	-	2,118,028
Harbor construction	-	-	385,783	385,783
Public works projects	-	-	72,827	72,827
Unassigned	3,271,596	-	-	3,271,596
Total Fund Balances	19,488,755	6,460,929	6,071,035	32,020,719
Total Liabilities and Fund Balances	$ 22,445,162	$ 8,229,531	$ 7,588,709	$ 38,263,402

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2011

Total Governmental Fund Balances			$	32,020,719
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.				
Cost of capital assets	$	168,725,464		
Less accumulated depreciation		(43,098,637)		125,626,827
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:				
Taxes				1,943,787
Services				129,362
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:				
Interfund receivables	$	1,007,056		
Interfund payables		(1,007,056)		-
An internal service fund is used by management to charge the costs of compensated absences, insurance and claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.				1,668,790
Accrued interest is not reported at the fund financial reporting level				(81,367)
Deferred charges not reported at the fund financial reporting level				
Bond issuance costs	$	98,640		
Deferred amount on refunding		121,775	$	220,415
Liabilities that are not due in the current period and therefore are not reported in the funds:				
General obligation bonds	$	(11,280,000)		
Premiums for GO bonds		(172,328)		
Landfill closure costs		(942,900)		(12,395,228)
Net Assets Of Governmental Activities			$	149,133,305

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Community Facilities Development	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 14,749,983	$ -	$ 378,096	$ 15,128,079
Licenses and permits	276,275	-	-	276,275
Intergovernmental	1,837,045	5,683,478	5,314,171	12,834,694
Charges for services	1,959,694	-	4,123,191	6,082,885
Fines and forfeitures	156,707	-	2,867	159,574
Investment earnings	188,926	13,637	5,758	208,321
Contributions	-	1,598	-	1,598
Interdepartmental charges	3,175,838	-	-	3,175,838
Miscellaneous	58,979	40,080	97,222	196,281
Total Revenues	22,403,447	5,738,793	9,921,305	38,063,545
Expenditures				
Current:				
General government	4,694,767	-	-	4,694,767
Public safety	8,248,647	7,538,925	6,998	15,794,570
Culture	2,650,503	1,506,693	99,782	4,256,978
Health and welfare	1,023,397	-	530,472	1,553,869
Public works	4,459,416	-	5,403,569	9,862,985
Harbor	-	-	3,136,954	3,136,954
Debt Service:				
Principal retirement	-	-	800,000	800,000
Interest and fiscal charges	-	-	454,029	454,029
Total Expenditures	21,076,730	9,045,618	10,431,804	40,554,152
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,326,717	(3,306,825)	(510,499)	(2,490,607)
Other Financing Sources (Uses)				
Sale of capital assets	9,778	-	-	9,778
Transfers in	1,593,680	-	1,156,835	2,750,515
Transfers out	(1,156,835)	-	(496,680)	(1,653,515)
Total Other Financing Sources (Uses)	446,623	-	660,155	1,106,778
Net Change in Fund Balances	1,773,340	(3,306,825)	149,656	(1,383,829)
Fund Balances Beginning of Year As Restated (See Note 2-C for Restatements)	17,715,415	9,767,754	5,921,379	33,404,548
Fund Balances End of Year	$ 19,488,755	$ 6,460,929	$ 6,071,035	$ 32,020,719

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

Net Changes In Fund Balances - Total Governmental Funds		$ (1,383,829)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	$ (3,737,200)	
Capital outlay	15,288,186	11,550,986
The book value of capital assets relating to the disposition is not reported at the fund financial reporting level but is reported at the government-wide financial reporting level		(37,889)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes		(57,710)
Charges for Services		17,647
Interest		(106,567)
Elimination of transfers between governmental funds:		
Transfers in	$ (1,653,515)	
Transfers out	1,653,515	-
Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(22,484)
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General obligation bonds	$ 800,000	
Amortization of premiums and deferred charges	(2,309)	
Landfill closure costs	(4,380)	793,311
Change In Net Assets of Governmental Activities		$ 10,753,465

See accompanying notes to the basic financial statements

PROPRIETARY FUNDS



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City of Ketchikan, Alaska
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Assets					
Current Assets:					
Cash and temporary investments	$ 13,845,368	$ 2,373,808	$ 1,389,943	$ 17,609,119	$ 2,264,497
Restricted cash, cash equivalents and investments	980,160	901,505	-	1,881,665	-
Receivables:					
Accounts	2,315,428	-	-	2,315,428	-
Intergovernmental	5,134,497	2,382,100	1,083,952	8,600,549	-
Inventory	3,116,612	-	-	3,116,612	-
Prepaid items	23,986	782,959	-	806,945	583,830
Unbilled revenue	910,979	-	102,530	1,013,509	-
Total Current Assets	26,327,030	6,440,372	2,576,425	35,343,827	2,848,327
Noncurrent Assets:					
Restricted Assets:					
Investments	1,959,852	4,691,098	-	6,650,950	-
Accrued interest on restricted assets	23,554	31,321	-	54,875	-
Deferred Charges	490,288	404,383	4,416	899,087	-
Capital Assets:					
Nondepreciable capital assets	20,743,803	7,408,236	1,069,333	29,221,372	-
Depreciable capital assets, net	65,406,443	40,244,900	12,934,961	118,586,304	-
Total Noncurrent Assets	88,623,940	52,779,938	14,008,710	155,412,588	-
Total Assets	114,950,970	59,220,310	16,585,135	190,756,415	2,848,327
Liabilities					
Current Liabilities:					
Accounts payable	3,638,344	685,648	132,786	4,456,778	19,204
Accrued interest	89,549	156,428	-	245,977	-
Customer deposits	309,110	-	-	309,110	-
Compensated absences payable	511,489	24,184	28,141	563,814	878,139
Unearned revenue	54,445	-	-	54,445	-
General obligation bonds payable	-	270,000	-	270,000	-
Revenue bonds payable	2,619,402	803,561	-	3,422,963	-
Claims payable	-	-	-	-	250,000
Total Current Liabilities	7,222,339	1,939,821	160,927	9,323,087	1,147,343
Long-Term Liabilities:					
Accrued interest	-	13,752	-	13,752	-
Advances payable	-	1,283,762	-	1,283,762	-
Compensated absences payable (net of current portion)	72,871	323	-	73,194	32,194
Revenue bonds payable (net of current portion)	16,436,151	34,969,522	-	51,405,673	-
General obligation bonds payable (net of current portion)	-	270,000	4,560,222	4,830,222	-
Total Long-Term Liabilities	16,509,022	36,537,359	4,560,222	57,606,603	32,194
Total Liabilities	23,731,361	38,477,180	4,721,149	66,929,690	1,179,537
Net Assets					
Invested in capital assets, net of related debt	67,447,195	11,340,053	9,444,072	88,231,320	-
Restricted for bond retirement	2,963,566	3,378,886	-	6,342,452	-
Restricted for repair and replacement	-	2,088,610	-	2,088,610	-
Unrestricted	20,808,848	3,935,581	2,419,914	27,164,343	1,668,790
Total Net Assets	$ 91,219,609	$ 20,743,130	$ 11,863,986	$ 123,826,725	$ 1,668,790

See accompanying notes to the basic financial statements



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City of Ketchikan, Alaska
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Operating Revenues					
Charges for services	$ 33,644,583	$ 7,986,404	$ 2,117,793	$ 43,748,780	$ 2,302,074
Miscellaneous	528,358	-	1,363	529,721	2,020
Total Operating Revenues	34,172,941	7,986,404	2,119,156	44,278,501	2,304,094
Operating Expenses					
Operation and maintenance	19,997,855	4,110,671	2,075,072	26,183,598	-
Administration and general	6,097,427	-	-	6,097,427	-
Depreciation	5,892,449	1,401,754	326,599	7,620,802	-
Compensated absences	-	-	-	-	998,490
Insurance	-	-	-	-	1,114,910
Claims	-	-	-	-	192,200
Total Operating Expenses	31,987,731	5,512,425	2,401,671	39,901,827	2,305,600
Operating Income (Loss)	2,185,210	2,473,979	(282,515)	4,376,674	(1,506)
Non-Operating Revenues (Expenses)					
Operating grants	183,667	29,536	7,873	221,076	-
Interest and fiscal charges	(592,198)	(1,917,927)	-	(2,510,125)	-
Amortization of debt discounts	(35,285)	(22,263)	-	(57,548)	-
Gain or (loss) on sale of capital assets	-	(184,315)	-	(184,315)	-
Investment earnings	80,209	51,165	822	132,196	1,506
Total Non-Operating Revenues (Expenses)	(363,607)	(2,043,804)	8,695	(2,398,716)	1,506
Income (Loss) Before Capital Contributions, Grants and Transfers	1,821,603	430,175	(273,820)	1,977,958	-
Capital contributions and grants	4,641,002	4,654,981	612,871	9,908,854	-
Transfers out - payment in lieu of taxes	(728,000)	(295,000)	(74,000)	(1,097,000)	-
Total Capital Contributions, Grants and Transfers	3,913,002	4,359,981	538,871	8,811,854	-
Change in Net Assets	5,734,605	4,790,156	265,051	10,789,812	-
Net Assets Beginning of Year	85,485,004	15,952,974	11,598,935	113,036,913	1,668,790
Net Assets End of Year	$ 91,219,609	$ 20,743,130	$ 11,863,986	$ 123,826,725	$ 1,668,790

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Cash Flows from Operating Activities					
Cash received from customers and users	$ 34,422,872	$ 7,986,404	$ 2,113,715	$ 44,522,991	$ 2,304,094
Cash payments to employees for services	(9,631,607)	(851,661)	(707,220)	(11,190,488)	-
Cash payments to suppliers for goods and services	(16,830,973)	(3,257,237)	(1,343,175)	(21,431,385)	-
Cash payments for insurance and claims	-	-	-	-	(1,335,852)
Cash payments for compensated absences	-	-	-	-	(991,219)
Net Cash Provided (Used) by Operating Activities	7,960,292	3,877,506	63,320	11,901,118	(22,977)
Cash Flows from Noncapital Financing Activities					
Operating grant from other governments	183,667	29,536	7,873	221,076	-
Cash overdraft assumed to be financed	-	-	(1,743,706)	(1,743,706)	-
Payment in lieu of taxes to the general fund	(728,000)	(295,000)	(74,000)	(1,097,000)	-
Net Cash Used by Noncapital Financing Activities	(544,333)	(265,464)	(1,809,833)	(2,619,630)	-
Cash Flows from Capital and Related Financing Activities					
Capital grant received from other governments	4,199,918	2,374,691	980,811	7,555,420	-
Capital debt proceeds	2,151,914	-	3,229,862	5,381,776	-
Principal paid on general obligation bonds	-	(921,238)	-	(921,238)	-
Interest paid on general obligation bonds	-	(214,148)	-	(214,148)	-
Principal paid on revenue bonds	(2,570,000)	(740,000)	-	(3,310,000)	-
Interest paid on revenue bonds	(480,697)	(1,825,877)	-	(2,306,574)	-
Payments for capital acquisitions and construction	(9,600,001)	(4,010,995)	(1,075,039)	(14,686,035)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,298,866)	(5,337,567)	3,135,634	(8,500,799)	-
Cash Flows from Investing Activities					
Investment earnings	79,479	45,237	822	125,538	1,506
Proceeds from bond reserve fund investments	-	194,015	-	194,015	-
Purchase of bond reserve fund investments	(9,240)	(521,882)	-	(531,122)	-
Net Cash Provided (Used) by Investing Activities	70,239	(282,630)	822	(211,569)	1,506
Net Increase (Decrease) in Cash and Cash Equivalents	1,187,332	(2,008,155)	1,389,943	569,120	(21,471)
Cash and Cash Equivalents Beginning of Year (including $1,072,191 for Ketchikan Public Utilities and $919,242 for Port reported in restricted accounts)	13,638,196	5,283,468	-	18,921,664	2,285,968
Cash and Cash Equivalents End of Year (including $980,160 for Ketchikan Public Utilities and $901,505 for Port reported in restricted accounts)	$ 14,825,528	$ 3,275,313	$ 1,389,943	$ 19,490,784	$ 2,264,497

(continued)

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

(continued)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	$ 2,185,210	$ 2,473,979	$ (282,515)	$ 4,376,674	$ (1,506)
Adjustments:					
Depreciation	5,892,449	1,401,754	326,599	7,620,802	-
Other	83,170	-	-	83,170	-
(Increase) Decrease in Assets:					
Accounts receivable	305,715	-	-	305,715	-
Unbilled revenue	(36,850)	-	(5,441)	(42,291)	-
Prepaid expenses	(23,986)	(30,103)	-	(54,089)	13,520
Inventory	(814,031)	-	-	(814,031)	-
Customer deposits	48,352	-	-	48,352	-
Increase (Decrease) in Liabilities:					
Accounts payable	366,880	28,729	12,114	407,723	(42,262)
Compensated absences payable	(27,683)	3,147	12,563	(11,973)	7,271
Unearned revenue	(18,934)	-	-	(18,934)	-
Net Cash Provided (Used) by Operating Activities	$ 7,960,292	$ 3,877,506	$ 63,320	$ 11,901,118	$ (22,977)
Noncash investing, capital and financing activities					
Fair value of non-cash investments	$ (5,722)	$ (22,665)			
Revenue bond arbitrage	(4,965)				

See accompanying notes to the basic financial statements



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Index

Summary of Significant Accounting Policies 1
Reporting Entity 1-A
Basis of Presentation 1-B
Measurement Focus 1-C
Basis of Accounting 1-D
Assets, Liabilities and Fund Equity 1-E
Cash, Cash Equivalents and Investments 1-E-1
Receivables 1-E-2
Interfund Balances 1-E-3
Consumable Inventories 1-E-4
Prepaid Items 1-E-5
Restricted Assets 1-E-6
Capital Assets 1-E-7
Compensated Absences 1-E-8
Accrued Liabilities and Long-term Obligations 1-E-9
Bond Premiums, Discounts and Issuance Costs 1-E-10
Fund Equity 1-E-11
Operating Revenues and Expenses 1-E-12
Contributions of Capital 1-E-13
Interfund Activity 1-E-14
Estimates 1-E-15

Changes in Accounting Principles, Fund Reclassifications and Fund Balance Reclassifications 2
Changes in Accounting Principle 2-A
Fund Reclassifications 2-B
Fund Balance Reclassifications 2-C

Stewardship, Compliance and Accountability 3
Budgetary Information 3-A

Detailed Notes on All Funds 4
Deposits and Investments 4-A
Receivables 4-B
Property Taxes 4-C
Operating Leases 4-D
Capital Assets 4-E
Commitments 4-F
Interfund Balances and Transfers 4-G
Landfill Closure and Post-closure Care 4-H
Long-Term Debt 4-I
Pensions 4-J
Investment In Capital Assets Net of Related Debt 4-K

Other Notes 5
Risk Management 5-A
Contingent Liabilities 5-B
Swan Lake Hydroelectric Facility and Related Party Transactions 5-C
Violations of the Stage I Disinfectants/Disinfection Byproducts Rule 5-D
Ketchikan Public Utilities-Sale of the Telecommunications Division 5-E
Issuance of Debt 5-F
Jackson and Monroe Water and Sewer Utilities Replacement 5-G

The City of Ketchikan, Alaska (the "City") is a home rule municipality operating under the powers granted by the constitution and laws of the State of Alaska. The City operates under a Council-Manager form of government and provides a variety of municipal services including general administration; police; fire; library; museum; health; public works; cemetery; port and harbors; solid waste collection and disposal; wastewater collection and treatment; and electric, telecommunications and water utilities.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Statements and Interpretations of Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. Governments have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt. Based upon this criterion, the reporting entity is limited to the City and no component units are included.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and City's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City at the end of its fiscal year.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and proprietary funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds - Government funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Alaska.

Community Facilities Development Fund – This fund is used to account for the construction of major public facilities.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary funds include as enterprise and internal service funds. The following are the City's major enterprise funds:

Ketchikan Public Utilities Fund – This fund provides electric and telecommunication utility services to most residents of the Ketchikan Gateway Borough, which includes the City, and water utility services to the residents of the City.

Ketchikan Port Fund – This fund accounts for the operation and maintenance of the port facilities that are owned or operated by the City.

Wastewater Services Fund – This fund accounts for the collection, treatment and disposal of wastewater within the City.

The following is a brief description of the City's internal service funds.

Internal Service Funds – The internal service funds provide services to other funds on a cost-reimbursement basis. These services include paying the costs of compensated absences for the City's employees and to pay for claims not

Note 1 - Summary of Significant Accounting Policies (Continued)

covered by the City's insurance plans. The City's two internal services funds are the compensated absences fund and the self-insurance fund.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 4-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing, which specify the year when the resources are required to be used or the year when use is first permitted, matching, in which the City must provide local resources to be used for a specified purpose, and expenditure, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from most non-exchange transactions also must be available within 60 days of year-end, except that revenue from sales taxes must be available within 30 days of year-end and revenues from grants must be available within 180 days of year-end.

Under the modified accrual basis of accounting, property taxes, personal taxes, boat taxes, sales taxes, transient taxes, special assessments, interest revenue and charges for services are susceptible to accrual. Other revenues become measurable and available when cash is received and are recognized as revenue at that time.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available)

Note 1 - Summary of Significant Accounting Policies (Continued)

rather than as revenue. On the government-wide statement of net assets, deferred revenue is recognized as revenue reflecting the change from modified accrual to accrual basis accounting. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as unearned revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

A central treasury is used to account for all cash and investments, except for restricted bond redemption, bond reserve, and bond construction cash and investments; and capital improvement fund investments.

Investments are recorded at fair value, which is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The exceptions are the City's nonparticipating contracts, and certificates of deposit, which are valued at cost. Investment revenue on cash pool investments is allocated to the various funds based on their month-end cash pool equity balances.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents as the demand deposits and all investments maintained in the cash management pool, regardless of maturity period, since the various funds use the cash management pool essentially as a demand deposit account.

The City is authorized to invest in obligations of, or obligations issued or guaranteed by, the US Treasury, agencies or instrumentalities, negotiable certificates of deposit issued by rated banks, and certificates of deposit issued by banks located within the State of Alaska or issued by a rated bank. The City is also authorized to enter into repurchase agreements secured by obligations insured and guaranteed by US Treasury, agencies, or instrumentalities.

City bond ordinances require that funds in revenue bond reserve and redemption accounts be either deposited in demand deposits or invested in direct US Government obligations. The City policy requires that all certificates of deposits be collateralized to a level of 100 percent with federal, state or municipal obligations.

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources and therefore are not available for appropriation.

The above amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Consumable Inventories

Inventories included in the Ketchikan Public Utility Fund are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories is recorded as expenditures when consumed, using the FIFO method.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for appropriation.

1-E-6 Restricted Assets

Certain cash and investments in the Ketchikan Public Utilities and Port Enterprise Funds are restricted for the payment of revenue bond debt service and construction costs.

The Revenue Bond Redemption Fund and Revenue Bond Reserve Fund have been established in accordance with the provisions of the revenue bond indentures. These funds can only be used for the payment of principal and interest on revenue bonds outstanding and must be maintained in accordance with the provisions of the applicable revenue bond ordinances. As of December 31, 2011 the balance on hand in the KPU Revenue Bond Redemption Fund amounted to $980,160, which was $3,703 more than required. The KPU Revenue Bond Reserve Fund contained $1,959,852, which was $324,524 more than required by applicable bond ordinances. The Port Revenue Bond Redemption Fund amounted to $901,505, which was $230 more than required. The Port Revenue Bond Reserve Fund contained $2,602,488, which was $22,613 more than required by applicable bond ordinances.

The Repair and Replacement Fund has been established in the Port Fund pursuant to the covenants of the Port Revenue Bonds, Series 2006 and the provisions of the long-term lease agreement for Berth IV. As of December 31, 2011 the amount required to satisfy the bond covenants and lease agreement was $1,554,688 for the revenue bonds and $533,922 for the long-term lease for a total of $2,088,610.

1-E-7 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the government fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Generally, the City maintains a capitalization threshold of five thousand dollars. However, the Telecommunications Division of the KPU Enterprise Fund follows the Federal Communications Commission's (FCC) capitalization rules which requires a lower capitalization limit for certain assets. The City's infrastructure consists of roads, bridges, sidewalks, storm drains, docks, and parking facilities. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Asset Class	Estimated Lives: Governmental Activities	Estimated Lives: Business-type Activities
Land improvements	15-25 Years	---
Buildings and components	10-100 Years	20-60 Years
Machinery and equipment	3-25 Years	3-15 Years
Infrastructure	10-100 Years	30-85 Years
Dams, roads, bridges, docks, structures, water mains, and generators	30-40 Years	20-60 Years
Electric, telecommunications and water services, overhead and underground facilities, hydrants, fuel holders, poles and fixtures, meters and transformers	---	12-30 Years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-8 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City's past experience of making termination payments.

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

1-E-10 Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges and amortized over the life of the bonds using the straight-line method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-11 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City classifies its fund balance at the fund statement level based on one or more of the following categories:

Non-spendable – Fund balances that are classified as non-spendable includes amounts that cannot be spent because they are not in spendable form or not expected to be converted to cash.

Restricted – Fund balances that are classified as restricted includes amounts that have externally imposed restrictions on the use of the resources, such as creditors, grantors, laws or regulations of other governments.

Committed – Fund balances that are classified as committed includes amounts that can only be used for a specific purpose pursuant to constraints imposed, modified and rescinded by formal action of the City Council, the City's highest level of decision-making authority.

Assigned – Fund balances that are classified as assigned includes amounts that are constrained by the City's intent to use the funds for a specific purpose, such as the subsequent years budget, encumbrances and special revenue fund balances that are not already classified as non-spendable, restricted or committed. The City Council and City Manager have the authority to take action provided in the Ketchikan Municipal Code or the City's Charter that would cause the City to classify fund balances as assigned.

Unassigned – Fund balance that is classified as unassigned is the residual balance not already classified as non-spendable, restricted, committed or assigned in the general fund.

When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferral amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-12 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater, port, electricity, telecommunications and water. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. Any revenue and expense not meeting this definition is reported as non-operating revenue and expense.

1-E-13 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-14 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-15 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 – Changes in Accounting Principles, Fund Reclassifications and Fund Balance Reclassifications

2-A. Changes in Accounting Principles

For 2011, the City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The City has re-classified four of its special revenue funds to bring the City into compliance with the new fund definitions in GASB Statement No. 54. The Hospital Sales Tax, Public Works Sales Tax, Economic Development and Parking and Shoreline Funds are all considered to be general fund activity. The City has added a new section called combined general funds to present combining statements of the general fund and the individual budgetary fund statements. The general fund's individual budgetary statement is still presented as required supplementary information.

Also, as a result of implementation of GASB Statement No. 54, the classification of fund balances at the governmental fund statement level has changed. These classifications, as defined in Note 1-E-11, are meant to assist the user in clarifying the nature and extent of the use of the City's fund balance and provide consistency in fund balance reporting from year to year.

2-B. Fund Reclassifications

As of January 1, 2011 the following funds were reclassified:

2010 Fund Classification	**2011 Fund Classification**
Non-major Funds	**Major Fund**
Hospital Sales Tax Fund - Special Revenue Fund	General Fund
Economic Development & Parking Fund	Hospital Sales Tax Fund - General Fund
-Special Revenue Fund	Economic Development & Parking Fund - General Fund
Shoreline Services Fund - Special Revenue Fund	Shoreline Services Fund - General Fund
	Public Works Sales Tax Fund - General Fund
Major Funds	
General Fund	
Public Works Sales Tax Fund - Special Revenue Fund	

Note 2 - Changes in Accounting Principles, Fund Reclassifications and Fund Balance Reclassifications (Continued)

2-C. Fund Balance Reclassifications

Fund balances for the Governmental funds have been restated and reclassified as of December 31, 2010 as follow:

	General	Sales tax Public Works	Major Capital Improvements	Community Facilities Development	Other Governmental Funds	Total Governmental Funds
Fund Balances as Reported at December 31, 2010:						
Reserved for:						
Encumbrances	$ 520,146	$ 1,174,534	$ 2,632,786	$ 286,309	$ 2,058,310	$ 6,672,085
Bond construction funds	-	-	-	7,163,763	-	7,163,763
Advances	-	-	-	-	1,950,000	1,950,000
Land held for resale	391,593	-	-	-	-	391,593
Unreserved:						-
Undesignated, reported in:						-
General Fund	4,189,709	-	-	-	-	4,189,709
Special revenue funds	-	5,204,280	-	-	9,171,120	14,375,400
Capital projects funds	-	-	(2,445,572)	2,317,682	(1,210,112)	(1,338,002)
Total Fund Balance						
Before Restatement	5,101,448	6,378,814	187,214	9,767,754	11,969,318	33,404,548
Change from Reclassification						
Hospital Sales Tax Fund	3,200,091	-	-	-	(3,200,091)	-
Public Works Sales Tax Fund	6,378,814	(6,378,814)	-	-	-	-
Economic Development and Parking Fund	2,879,603	-	-	-	(2,879,603)	-
Shoreline Fund	155,459	-	-	-	(155,459)	-
Total Fund Balance, Restated	$ 17,715,415	$ -	$ 187,214	$ 9,767,754	$ 5,734,165	$ 33,404,548

	General	Major Capital Improvements	Community Facilities Development	Other Governmental Funds	Total Governmental Funds
Fund Balances as Restated at December 31, 2010:					
Non-spendable	$ 391,593	$ -	$ -	$ -	$ 391,593
Restricted:					
Law enforcement	-	-	-	106,870	106,870
Fire station construction	-	-	7,163,763	-	7,163,763
Committed:					
Special assessments	-	-	-	455,846	455,846
Assigned:					
Subsequent years budget	2,524,603	-	-	999,148	3,523,751
Economic development and parking	2,710,603	-	-	-	2,710,603
Public health	3,146,518	-	-	-	3,146,518
General government	121,083	-	-	-	121,083
Public safety	171,843	-	-	-	171,843
Culture and tourism	60,169	-	-	62,151	122,320
Public works	88,811	-	-	-	88,811
Collection and disposal of solid waste	-	-	-	2,941,550	2,941,550
Cemetery	-	-	-	113,902	113,902
Harbor	-	-	-	543,374	543,374
Streets, sidewalks and other public projects	5,201,714	-	-	-	5,201,714
Library construction	-	-	2,603,991	-	2,603,991
Harbor construction	-	-	-	511,324	511,324
Public works projects	-	187,214	-	-	187,214
Unassigned	3,298,478	-	-	-	3,298,478
Total Fund Balance	$ 17,715,415	$ 187,214	$ 9,767,754	$ 5,734,165	$ 33,404,548

Note 3 – Stewardship, Compliance and Accountability

3-A. Budgetary Information

The City adopts an annual operating budget for the general fund, each of its special revenue funds, capital projects funds, debt service funds, enterprise funds and internal service funds. The budget resolution reflects the total of each department's appropriation in each fund. The budgets for the enterprise and internal service funds are adopted for management purposes and are not reported in these financial statements.

The budgets are adopted on a basis consistent with GAAP except that outstanding encumbrances are reported as expenditures on the budgetary basis. For budgetary reporting purposes, advances are classified as revenues and transfers are classified as expenditures.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The City Council may transfer unencumbered appropriation balances from any item of appropriation to any other item of appropriation. Council authorization is required to transfer appropriations from one department to another and from appropriated reserves. The total of expenditures and outstanding encumbrances for any department cannot exceed the amount legally appropriated for that department with the adoption of the annual budget, unless otherwise amended by the City Council.

On December 16, 2010, the 2011 General Government Annual Budget and the 2011 Ketchikan Public Utilities Annual Budget were adopted by the City Council with the passage of Resolution 10-2361 and Resolution 10-2362, respectively. During the year, the 2011 General Government Annual Budget was amended to provide for supplemental appropriations as follows:

- Acceptance of a grant for the police department in the amount of $8,330.
- Acceptance of a grant for the public health department in the amount of $990,000.
- Acceptance of a grant for the streets department in the amount of $786,099.
- Acceptance of a grant for the library department in the amount of $3,300.
- Acceptance of a grant for the harbor department in the amount of $105,000.
- Acceptance of a grant for the port department in the amount of $220,000.
- Acceptance of a grant for the fire department in the amount of $79,838.
- Acceptance of a grant for the fire department in the amount of $53,460.

During the year, the 2011 Ketchikan Public Utilities Annual Budget was amended as follows:

- To increase electric utility revenues for the diesel surcharge in the amount of $231,500.
- Issuance of bonds for the water department in the amount of $225,000.

In addition, transfers of funds between budget accounts, within departments, which did not increase appropriations, were made for both General Government and Ketchikan Public Utilities. The effects of these transfers were not significant in relation to the budgets taken as a whole.

All unencumbered appropriations lapse at the end of each fiscal year, but encumbered appropriation balances carry forward automatically and may be expended after year-end. All unencumbered, unexpended annual appropriations lapse at year-end. 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 encumbrance balances appearing on budgetary statements.

Note 4 - Detailed Notes on All Funds

4-A. Deposits and Investments

Cash and investments for the City are comprised of governmental and business-type activities. The balances at December 31, 2011 were:

Cash on hand	$ 9,820
Deposits with financial institutions	44,493,621
Investments	14,159,819
Total	$ 58,663,260

Cash and investments for the City include both governmental and business-type activities as follow:

	Governmental Activities	Business-type Activities	Total
Unrestricted	$ 28,178,625	$ 17,609,119	$ 45,787,744
Restricted	4,342,901	8,532,615	12,875,516
Total	$ 32,521,526	$ 26,141,734	$ 58,663,260

The restricted cash and investments are comprised entirely of $2,940,012 and $3,503,993 for bond reserve accounts established for the City's municipal utility and port revenue bonds, respectively, $4,035,099 for municipal bond construction accounts, $307,802 for library construction and $2,088,610 for the Port repair and replacement accounts.

Deposits

Custodial credit risk-deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy is in accordance with guidelines established by the City Charter, the City Council and its bond ordinances. All deposits were covered by federal depository insurance up to $250,000, or fully covered if non-interest bearing accounts, and collateralized with eligible securities in amounts equal at least 100 percent of the book value of deposits. As of December 31, 2011, the book value of all the City deposits was $46,582,230. All collateral securities were held by third parties in the City's name, and consequently were not exposed to custodial credit risk.

Investments. All investment pool cash purchases and sales are part of the City's cash management activity and considered cash and cash equivalents. Interest earned from the pooled investments is allocated to each fund based on average earnings rate and monthly cash balance of each fund. The City has recorded investments at fair value. The City's investment policy is in accordance with guidelines established by the City Charter, the City Council and its bond ordinances.

The following investments are permitted under the City's investment policy:

- United States Treasury Debt Obligations
- United States Agency Debt Obligations
- Alaska Municipal Debt Obligations
- Repurchase Agreements Secured by U.S. Treasury and Agency Debt Obligations

Interest rate risk. As of December 31, 2011, the weighted average maturity of the City's investment portfolio was 1.39 years. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average of maturity of 24 months. With the exception of bond reserve accounts, all other funds must be invested in less than two-year maturities and must meet the City's cash flow requirements.

Credit risk. Most of the City's investments are direct obligations of the U. S. government and are not considered to have credit risk. As of December 31, 2011, the City had investments in money market funds totaling $7,349,771. The money market funds were invested primarily in U.S. Treasury and Agency obligations.

Note 4 - Detailed Notes on All Funds (Continued)

Concentration of credit risk. Of the City's total investments as of December 31, 2011, 39 percent were invested in direct obligations of the U. S. Government. All other investments not explicitly guaranteed by the U.S. Government were less than 61 percent of the City's total investments.

Custodial credit risk. This is the risk that, in the event of the failure of a counterparty, the City would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At December 31, 2011, the City had no investments that were held by either a counterparty or a counterparty's trust department or agent.

As of December 31, 2011, the City had the following investments and maturities:

Investment Type	Fair Value	Non Maturity Rated	Investment Maturity (in years) Less Than 1	1 - 5	6 - 10	Average Maturity (Years)
US Treasury Inflation Index Notes	$ 2,673,734	$ -	$ 2,673,734	$ -	$ -	0.16
US Treasury Notes	2,047,704	-	410,548	1,637,156	-	1.23
Cash in Mutual Funds	7,349,771	7,349,771	-	-	-	0
	$ 12,071,209	$ 7,349,771	$ 3,084,282	$ 1,637,156	$ -	

Portfolio weighted average maturity 1.39

4-B. Receivables

Receivables at December 31, 2011, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. Receivables for the year ended December 31, 2011, consisted of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	$ 5,440,113	$ 12,079,486	$ 17,519,599
Allowance for doubtful accounts	(107,300)	(150,000)	(257,300)
Net accounts receivable	$ 5,332,813	$ 11,929,486	$ 17,262,299

4-C. Property Taxes

Under Alaska Statutes, boroughs are required to bill and collect property taxes for cities located within its boundaries. The Ketchikan Gateway Borough performs these functions for the City. The City must set the rate of levy by June 15 of each year. Property taxes are levied on July 1 and are based on the assessed valuation of real and personal property as of January 1. Property 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. The lien date is October 1. Foreclosure proceedings are initiated by the Ketchikan Gateway Borough the following January on properties for which property taxes has not been paid by December 31. Upon the issuance of a judgment by the court, properties with delinquent taxes are transferred to the Borough and held for at least one year in order to permit the property owner with an option to redeem the property. At the end of the redemption period, all unredeemed property located within the City is deeded to the City by the court subject to the payment by the City of all unpaid borough taxes and the costs of foreclosure levied against the property.

Note 4 - Detailed Notes on All Funds (Continued)

4-D. Leases

4-D-1 Operating Leases

The City is a lessor in a number of operating leases as follows:

In 1988, the City entered into an agreement with the United States of America, Forest Service to lease City owned land for 50 years for a Southeast Alaska visitor's information center. The terms of the lease agreement require annual lease payments of $1 per year.

In 1981, the City entered into an agreement with Peace Health to lease the City owned hospital for 10 years. The terms of the lease require annual payments of $1 per year. In 1992 and again in 2003, the agreement was amended to provide for 10-year extensions.

In 2000, the City entered into an agreement with the State of Alaska to lease City owned land for the Ketchikan Youth Detention and Treatment Facility for a period of 55 years and at a total cost of $550.

In 2004, the State of Alaska transferred, at no cost, to the City of Ketchikan thirteen tidelands leases. The following is a schedule of investment in property held for lease and the minimum future rentals as of December 31, 2011:

	Schedule of Investment in Property Held For Lease
Tidelands	$ 941,500
Total	941,500
Less: Accumulated Depreciation	-
Net Investment	$ 941,500

Years Ending December 31	Amount
2012	$ 46,806
2013	46,806
2014	42,006
2015	42,006
2016	42,006
2017-2021	161,030
2022-2026	144,193
2027-2031	130,550
2032-2036	110,221
2037-2041	42,100
2042-2046	38,220
2047-2050	29,800
Total minimum future lease rentals	$ 875,744

Nine of the leases have a scheduled rate change after 25 years and then every 10 years thereafter, three of the leases have a scheduled rate change in the sixth year and every five years thereafter and one lease has no future rate changes at the date of transfer from the State. The expiration of the lease with the shortest remaining term expires in 2013 while the lease with the longest remaining term expires in 2050.

Note 4 - Detailed Notes on All Funds (Continued)

The City is a lessee in the following operating lease:

The City is under contract to lease a panamax class cruise ship berth and adjacent ground transportation areas, which will be used in its port operations, under a 30-year non-cancelable operating lease. The lease agreement includes two ten-year options to renew. The future minimum lease payments for this lease are as follows:

Year Ending December 31	Amount
2012	$ 1,800,000
2013	1,800,000
2014	1,800,000
2015	1,800,000
2016	1,800,000
2017-2021	9,000,000
2022-2026	9,000,000
2027-2031	9,000,000
2032-2036	9,000,000
2037	1,800,000
Total future minimum lease payments	$ 46,800,000

The future minimum lease payments do not include contingent lease payments that will be paid if the number of cruise ship passengers paying the City's passenger wharfage fee exceeds 820,000 passengers. Various formulas are used to determine the contingent lease payments and all are dependent on passenger volume. Contingent lease payments will be decreased if passenger volume decreases. In 2011, the City paid the minimum lease of $1,800,000 plus a contingent lease payment of $63,812 for a total of $1,863,812

4-E. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	$ 25,890,862	$ -	$ -	$ 25,890,862
Construction in progress	6,719,485	12,686,788	1,359,794	18,046,479
Other capital assets	100,750			100,750
Total nondepreciable capital assets	32,711,097	12,686,788	1,359,794	44,038,091
Depreciable capital assets:				
Land improvements	1,421,304	-	-	1,421,304
Buildings	54,206,818	-	-	54,206,818
Machinery and equipment	13,472,768	668,896	201,332	13,940,332
Infrastructure	51,247,518	3,292,296	34,230	54,505,584
Software	613,335	-	-	613,335
Total depreciable capital assets	120,961,743	3,961,192	235,562	124,687,373
Total capital assets	153,672,840	16,647,980	1,595,356	168,725,464
Accumulated depreciation:				
Land improvements	924,511	88,883	-	1,013,394
Buildings	14,797,293	921,466	-	15,718,759
Machinery and equipment	6,476,138	860,692	187,145	7,149,685
Infrastructure	17,129,467	1,768,081	10,528	18,887,020
Software	231,701	98,078	-	329,779
Total accumulated depreciation	39,559,110	3,737,200	197,673	43,098,637
Governmental activities capital assets, net	$ 114,113,730	$ 12,910,780	$ 1,397,683	$ 125,626,827

Note 4 - Detailed Notes on All Funds (Continued)

Governmental activities depreciation expense	
General government	$ 84,659
Public safety	418,335
Public works	1,576,570
Health and welfare	565,274
Harbor	972,854
Culture	119,508
Total governmental activities depreciation expense	$ 3,737,200

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Nondepreciable capital assets:				
Land	$ 4,450,356	$ -	$ -	$ 4,450,356
Other capital assets	938,689	99,330	-	1,038,019
Construction in progress	20,389,010	14,627,620	11,283,633	23,732,997
Total non-depreciable capital assets	25,778,055	14,726,950	11,283,633	29,221,372
Depreciable capital assets:				
Electric utility plant	86,444,059	974,262	366,692	87,051,629
Telecommunications utility plant	50,203,153	3,029,092	115,603	53,116,642
Water utility plant	34,501,521	3,794,292	480,716	37,815,097
Wastewater utility plant	14,852,758	4,524,877	141,506	19,236,129
Port facilities	55,344,097	64,514	325,525	55,083,086
Total depreciable capital assets	241,345,588	12,387,037	1,430,042	252,302,583
Total capital assets	267,123,643	27,113,987	12,713,675	281,523,955
Accumulated depreciation:				
Electric utility plant	56,491,448	2,514,082	349,332	58,656,198
Telecommunications utility plant	37,830,173	2,549,692	115,603	40,264,262
Water utility plant	13,262,492	828,674	434,701	13,656,465
Wastewater utility plant	6,116,076	326,599	141,506	6,301,169
Port facilities	13,476,890	1,401,754	40,459	14,838,185
Total accumulated depreciation	127,177,079	7,620,801	1,081,601	133,716,279
Business-type activities capital assets, net	$ 139,946,564	$ 19,493,186	$ 11,632,074	$ 147,807,676

Note 4 - Detailed Notes on All Funds (Continued)

4-F. Commitments

The City has the following commitments as of December 31, 2011:

	Operational	Capital	Total
Governmental Funds			
General	$ 277,480	$ 2,160,657	$ 2,438,137
Community Facilities Development	-	11,390,634	11,390,634
Non-major special revenue funds	49,420	225,245	274,665
Non-major capital projects funds	-	496,666	496,666
Total Governmental Funds	$ 326,900	$ 14,273,202	$ 14,600,102
Enterprise Funds			
KPU	$ 548,451	$ 5,570,610	$ 6,119,061
Port	863	2,750,253	2,751,116
Wastewater	18,136	2,197,617	2,215,753
Total Enterprise Funds	$ 567,450	$ 10,518,480	$ 11,085,930

4-G. Interfund Balances and Transfers

Interfund balances at December 31, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year except where noted.

Interfund advances as of December 31, 2011 consisted of the following:

	Advances to Port fund
Advances from	
General Fund	$1,283,762
	$1,283,762

The repayment of the advances to the General Fund by the Port Enterprise Fund has been delayed pending the completion of the Berth I and II Rehabilitation project. The Port Enterprise Fund is required to pay interest on the advances at prime plus one percent.

Interfund transfers for the year ended December 31, 2011, consisted of the following:

	Transfers to:		
Transfers from	General fund	Nonmajor governmental funds	Total
General fund	$ -	$ 1,156,835	$ 1,156,835
KPU Fund	728,000	-	728,000
Port Fund	295,000	-	295,000
Wastewater Fund	74,000	-	74,000
Nonmajor governmental funds	496,680	-	496,680
Total	$ 1,593,680	$ 1,156,835	$ 2,750,515

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs

Note 4 - Detailed Notes on All Funds (Continued)

accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and for payments in lieu of taxes.

4-H. Landfill Closure and Postclosure Care

State and federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for up to thirty years after closure. Operating and capital expenditures related to current activities of the landfill are recorded in the Solid Waste Services special revenue fund. During 2011, the City recognized $5,165 in current expenditures for landfill closure costs but no postclosure care costs. The total estimated liability for landfill closure and postclosure care costs are reported on the government-wide statement of net assets.

During 2011, the future closure and postclosure costs were reevaluated and adjusted to reflect current conditions. As of December 31, 2011, the estimated liability for landfill closure and postclosure care costs totaled $942,900, an increase of $4,380 from the estimated liability as of December 31, 2010.

The estimated liability is based on an engineer's estimate taking into account various factors including used capacity. As of December 31, 2011 used capacity was approximately 57.15%. It is estimated that an additional $757,100 will be recognized as closure and postclosure care expenses between the date of the balance sheet, and the year 2037, in 27 years, the date the landfill is expected to reach full capacity. The estimated total current cost of the landfill closure and postclosure care is $1,700,000 and is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2011. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, and/or changes in the landfill laws and regulations.

The City is required by state and federal laws and regulations to demonstrate financial responsibility for closure and postclosure care costs. The City was in compliance with the requirements for inert landfills at December 31, 2011.

4-I. Long-Term Debt

General Obligation Bonds **-** The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities.

General obligation bonds are secured by the full faith and credit of the City. These bonds are payable from taxes levied on all property located within the City, sales taxes collected within the City, and from proprietary revenues, if the bonds were issued for proprietary activities. General obligation bonds currently outstanding are as follows:

> ***1994 Port Bonds*** – issued to finance port berth improvements, dated February 1, 1994, due in annual installments through November 15, 2013, bearing interest rates of 4.55 - 5.50%.
>
> ***1997 Hospital General Obligation Bonds*** – issued to finance improvements for the Ketchikan General Hospital, refunded March 22, 2005, due in annual installments through October 1, 2017, bearing interest rates of 2.75-5.00%.
>
> ***2010 Fire Station General Obligation Bonds*** – issued to finance construction of a new fire station for the Ketchikan Fire Department, issued December 9, 2010, due in annual installments through August 1, 2030, bearing interest rates of 1.422 – 6.256%.
>
> ***Wastewater General Obligation Bonds, ADEC Clean Water Fund 481011*** – issued to finance the replacement of a portion of the Tongass Avenue sewer main, bearing an interest rate of 1.5%. As of December 31, 2011, the City had incurred $900,458 of construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project in 2012.
>
> ***Wastewater General Obligation Bonds, ADEC Clean Water Fund 481071*** – issued to finance the replacement of a portion of the Tongass Avenue sewer main, bearing an interest rate of 1.5%. As of December 31, 2011, the City had incurred $3,095,076 of which 90% may be forgiven if the City satisfies all the requirements of the American Recovery Act of 2009. The amount to be borrowed and the loan amortization schedule will be finalized upon

Note 4 - Detailed Notes on All Funds (Continued)

completion of the project in 2012.

Wastewater General Obligation Bonds, ADEC Clean Water Fund 481072 – issued to finance the replacement of a portion of the Tongass Avenue sewer main, bearing an interest rate of 1.5%. The amount authorized is $481,311. As of December 31, 2011, the City had incurred $322,084 of construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project in 2012.

Wastewater General Obligation Bonds, ADEC Clean Water Fund 481101 – issued to finance the replacement of a portion of the Jackson/Monroe Avenue sewer main, bearing an interest rate of 1.5%. The amount authorized is $2,603,505. As of December 31, 2011, the City had incurred $242,605 of construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

Annual debt service requirements to amortize general obligation bonds outstanding, as of December 31, 2011 follow:

	Governmental Activities			Business-type Activities		
Year	Principal	Interest	Total	Principal	Interest	Total
2012	$ 930,000	$ 548,900	$ 1,478,900	270,000	29,700	$ 299,700
2013	965,000	513,312	1,478,312	270,000	14,850	284,850
2014	1,000,000	474,463	1,474,463			-
2015	1,045,000	432,581	1,477,581			
2016	1,085,000	387,006	1,472,006			
2017-2021	2,505,000	1,390,136	3,895,136			
2022-2026	1,945,000	911,025	2,856,025			
2027-2031	1,805,000	287,150	2,092,150			
Total	$ 11,280,000	$ 4,944,573	$ 16,224,573	$ 540,000	$ 44,550	$ 584,550

This amortization schedule does not include $4,560,223 for Wastewater Clean Water Loan Funds because the amortization schedules have not been finalized.

Revenue Bonds - The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay for debt service. All revenue bonds issued by the City have been recorded in the Ketchikan Public Utilities or Port Enterprise Funds and are described below:

KPU Revenue Bonds, 1997, Series T –Amended – issued to finance the expansion of diesel generation capacity, refunded October 20, 2005, due in annual installments through December 1, 2017, bearing interest rates of 3.00 – 5.75%.

KPU Revenue Bonds, 1998, Series U – originally issued to partially refund 1992 Series R, refunded March 11, 2010, due in annual installments through September 1, 2012, bearing an interest rate of 2.00%.

KPU Revenue Bonds, 2002, Series V – issued to partially refund 1994 Series S, dated December 1, 2002, due in annual installments through December 1, 2014 bearing interest rates of 3.00 – 5.00%.

KPU Revenue Bonds, 2008, Series W, Clean Renewable Energy Tax Credit – issued to finance a hydroelectric modernization project, dated July 10, 2008, due in annual installments through December 15, 2022 bearing an interest rate of .750%.

Port Revenue Bonds, 2006 Series – issued to finance the expansion of port expansion and reconfiguration project, dated July 26, 2006, due in annual installments through December 1, 2035, bearing interest rates of 4.25 – 5.50%.

Note 4 - Detailed Notes on All Funds (Continued)

KPU Revenue Bonds, ADEC Drinking Water Fund 481021– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the replacement of a portion of the Tongass Avenue water main. The amount authorized is $2.1 million. As of December 31, 2010, the City incurred $1,844,929 of construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project in 2012.

KPU Revenue Bonds, ADEC Drinking Water Fund 481051– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of a water treatment facility. The amount authorized is $6.5 million. As of December 31, 2011 the City incurred $3,413,188 in construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project in 2012.

KPU Revenue Bonds, ADEC Drinking Water Fund 481061– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the replacement of a portion of Tongass Avenue water main. The amount authorized is $1,215,001. As of December 31, 2011 the City incurred $1,215,001 in construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project in 2012.

KPU Revenue Bonds, ADEC Drinking Water Fund 481091 and ARRA of 2009 – issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of the Baranof reservoir replacement. The amount authorized is $1,223,924 of which 90% may be forgiven if the City satisfies all the requirements of the American Recovery and Reinvestment Act of 2009. As of December 31, 2011 the City incurred $1,072,996 in construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

KPU Revenue Bonds, ADEC Drinking Water Fund 481121– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of the Baranof reservoir replacement. The amount authorized is $1,600,000. As of December 31, 2011 the City incurred $560,190 in construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

KPU Revenue Bonds, ADEC Drinking Water Fund 481141– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of the Jackson/Monroe replacement. The amount authorized is $2,217,795. As of December 31, 2011 the City incurred $322,978 in construction costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

Annual debt service requirements to amortize revenue bonds outstanding, as of December 31, 2011 follow:

Year	Principal	Interest	Total
2012	3,345,000	2,179,280	$ 5,524,280
2013	2,560,000	2,068,493	4,628,493
2014	2,660,000	1,956,055	4,616,055
2015	2,135,000	1,826,818	3,961,818
2016	2,240,000	1,730,330	3,970,330
2017-2021	7,110,000	7,496,940	14,606,940
2022-2026	7,175,000	5,793,350	12,968,350
2027-2031	9,180,000	3,707,000	12,887,000
2032-2035	9,140,000	1,170,500	10,310,500
Total	$ 45,545,000	$ 27,928,766	$ 73,473,766

This amortization schedule does not include $8,429,282 for KPU Water Drinking Water Loan Funds because the amortization schedule has not been finalized.

Note 4 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2011:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	in One Year
Bonds payable:					
General obligation bonds	12,080,000		800,000	11,280,000	930,000
Plus deferred amounts:					
For issuance premiums	200,863		28,535	172,328	28,535
Total bonds payable	12,280,863	-	828,535	11,452,328	958,535
Landfill closure costs	938,520	4,380	-	942,900	-
Compensated absences	903,062	998,490	991,219	910,333	878,139
Total Governmental Activities	$ 14,122,445	$ 1,002,870	$ 1,819,754	$ 13,305,561	$ 1,836,674
Business-Type Activities					
Bonds payable:					
General obligation bonds	$ 4,942,967	$ 412,255	$ 255,000	$ 5,100,222	$ 270,000
Revenue bonds	56,063,232	1,131,050	3,220,000	53,974,282	3,345,000
Plus deferred amounts:					
For issuance premiums	932,317		77,963	854,354	77,963
Total bonds payable	61,938,516	1,543,305	3,552,963	59,928,858	3,692,963
Compensated absences	648,981	1,040,709	1,052,682	637,008	563,814
Total Business-Type Activities	$ 62,587,497	$ 2,584,014	$ 4,605,645	$ 60,565,866	$ 4,256,777

The general obligation bonds for governmental activities are being retired by the general obligation bond debt service fund.

The landfill closure costs are being paid from the solid waste services fund. Principal and interest payments related to the City's revenue bonds are financed from income derived from the operations of the Ketchikan Public Utilities and Port Enterprise funds. The general obligation bonds for business-type activities are being retired from resources derived from the operations of the Port enterprise fund. The compensated absences liability is being liquidated from the compensated absences fund.

Defeased Bonds Outstanding - In prior years, the City issued general obligation and municipal utility revenue refunding bonds to defease certain outstanding general obligation and municipal utility revenue bonds to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to insure payment of debt service on the refunded bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. As of December 31, 2011, $14,865,000 of the bonds outstanding was considered defeased.

4-J. Pensions

Substantially, all regular full-time and part-time (regular part-time is defined as an employee who regularly works at least 15 but less than 30 hours per week) employees of the City are members of the Alaska Public Employees' Retirement System (PERS) except for employees who are members of the International Brotherhood of Electrical Workers (IBEW). IBEW members participate in a union sponsored defined benefit plan.

Note 4 - Detailed Notes on All Funds (Continued)

Alaska Public Employees' Retirement System

Plan Description

The State of Alaska Public Employees Retirement System (PERS) is a cost sharing multiple employer plan established and administered by the State of Alaska. The retirement system provides pension, post-employment health care, death and disability benefits to eligible employees, and includes a defined benefit plan (Tiers I, II, and III) and a defined contribution plan (Tier IV). All new employees hired after June 30, 2006 who are participating for the first time in the PERS must enroll in the defined contribution plan. Benefits and contribution provisions are established by State law and may be amended only by the Alaska State Legislature.

The Division of Retirements and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to:

Department of Administration
Division of Retirements and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Or by calling (907) 465-4460

Funding

Defined Benefit Plan - Employee contribution rates are required by State statute. The funding policy for PERS provides for employer contributions at actuarially determined rates that are sufficient to accumulate sufficient assets to pay benefits when due.

	Pension and Postemployment	
	1/1/11 - 6/30/11	7/1/11 - 12/31/11
Contribution Rates		
Employee Rate:		
Police Officers and Firefighters	7.50%	7.50%
Other Employees	6.75%	6.75%
Actuarially Required Employer Rate:		
Police Officers and Firefighters	27.96%	30.76%
Other Employees	27.96%	30.76%
Adjusted Actual Employer Rate:		
Police Officers and Firefighters	22.00%	22.00%
Other Employees	22.00%	22.00%

The actuarially determined 2010 employer contribution rate for the City was 27.96 percent from January 1 to June 30, 2011 and 30.76 percent from July 1 to December 31, 2011. The City's actual employer contribution was 22 percent, established by Alaska State Legislature with the adoption of Senate Bill 125. The State of Alaska is currently contributing the difference between the actuarial required contributions and the amount employers are required to contribute under House Bill 300 and 108. The City accounts for the contributions from the State as on-behalf payments for fringe benefits. In 2011, the State contributed $937,973, $408,781 for pension and $529,192 for post-employment healthcare, to the PERS on behalf of the City. These amounts were reported as intergovernmental revenues and pension related expenditures/expenses.

Note 4 - Detailed Notes on All Funds (Continued)

The annual pension and other post-employment benefit costs for the year ended December 31, 2011 and the amounts actually contributed by the City and the State are listed below:

Annual Contribution	Pension	Postemployment	Total	Percentage of Required Contribution
2011	$ 789,496	$ 1,004,813	$ 1,794,309	100%
2010	$ 672,271	$ 983,569	$ 1,655,840	100%
2009	$ 567,678	$ 1,219,722	$ 1,787,400	100%

Defined Contribution Plan – Funding, as required by state statute are as follows:

	Pension and Postemployment	
	1/1/11 - 6/30/11	7/1/11 - 12/31/11
Pension Contribution Rates		
Employee Rate:		
Police Officers and Firefighters	8.00%	8.00%
Other Employees	8.00%	8.00%
Employer Rate:		
Police Officers and Firefighters	5.00%	5.00%
Other Employees	5.00%	5.00%
Health Contribution Rates		
Employer Health Rate*:		
Police Officers and Firefighters	0.55%	0.51%
Other Employees	0.55%	0.51%
Employer Occupational Disability & Death Rate*:		
Police Officers and Firefighters	1.18%	0.97%
Other Employees	0.31%	0.20%
Health Reimbursement Account:		
Police Officers and Firefighters	$143.40/month**	$148.17/month**
Other Employees	$143.40/month**	$148.17/month**

* Actuarial determined rates.

** Flat dollar amount per employee based on 3% of the employer's average annual employee compensation, calculated by PERS administrator. Rate letters to be distributed annually. (Per AS39.30.370.)

Total defined contribution wages were $2,508,135 in 2011, members contributed $202,112 and the City contributed $216,083 to fund the defined contribution retirement plan.

International Brotherhood of Electrical Workers

The International Brotherhood of Electrical Workers (IBEW) retirement plan is a union sponsored defined benefit plan. The plan is funded entirely by employer contributions based upon hourly rates, which are determined by a collective bargaining process. The City's obligation for retirement under the IBEW plan is limited to the amount paid to the Alaska Electrical Trust Fund. The City exercises no fiduciary responsibility over the IBEW plan. Accordingly, the City accounts for the IBEW retirement plan as if it were a defined contribution plan. Employees who are members of the IBEW are eligible to participate immediately upon employment and are fully vested after ten years of service.

Contributions for employees covered under the public works and clerical workers collective bargaining agreement range from $2.50 to $3.82 per hour worked; contributions for employees covered under the Ketchikan Public Utilities collective bargaining agreement range from $2.82 to $5.15 per hour. The City's total payroll for the year ended December 31, 2011 was $18,470,234 and payroll for covered employees totaled $9,952,860. The total amount contributed to the IBEW plan in 2011 was $1,424,846, which represents 14.31% of the City’s current covered payroll.

Note 4 - Detailed Notes on All Funds (Continued)

4-K. Investments in Capital Assets, Net of Related Debt

Investments in capital assets net of related debt on the government-wide statement of net assets as of December 31, 2011 are as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business-type Activities
Cost of capital assets	$ 168,725,464	$ 281,523,955
Less accumulated depreciation	(43,098,637)	(133,716,279)
Book value	125,626,827	147,807,676
Less capital related debt	(7,417,229)	(59,928,858)
Plus bond discount and refunding amounts	121,775	352,502
Investments in capital assets, net of related debt	$ 118,331,373	$ 88,231,320

Note 5 - Other Notes

5-A. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. The City utilizes a self-insurance fund to account for and finance its uninsured risks of loss and insurance deductibles. The Self-Insurance Fund provides coverage up to a maximum of $25,000 for each property claim, $75,000 for each general liability claim, and $100,000 for each employment practices claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage in two of the past three fiscal years. All funds of the City participate in the risk management program and make payments to the Self-Insurance Fund based on the amounts needed to pay insurance and related risk management services , claims paid, claims incurred, but not reported, and to maintain adequate reserves for losses not covered by insurance. As of December 31, 2011, the City had net assets of $1,668,790 in the Self-Insurance Fund. Claims payable represents estimates of claims incurred but not settled and claims incurred but not reported based upon past experience modified for current trends and information, which approximates the actuarial estimates of the amounts needed to pay the claims. At December 31, 2011 pending claims in the amount of $250,000 and unpaid incurred claims in the amount of $19,204 are included as a liability of the self-insurance fund. Amounts due within one year are $19,204.

Changes in the balances of claims liabilities for the years ended December 31, 2011, 2010 and 2009 are as follows:

Date	(1) Beginning of Fiscal Year Liability	(2) Current Year Claims and Changes in Estimates	(3) Claim Payments	(4) End of Fiscal Year Liability
2009	276,301	280,906	261,359	295,848
2010	295,848	41,436	25,816	311,468
2011	311,468	149,936	192,200	269,204

There were no significant reductions in insurance coverage from the prior year.

5-B. Contingent Liabilities

Grants - The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Note 5 - Other Notes (Continued)

Litigation - The City is a defendant in various lawsuits and a number of claims for damages and personal injury are pending against the City. Although the outcome of these lawsuits and claims is not presently determinable, in the opinion of City's management and legal counsel, the resolution of these contingencies should not have a material adverse effect on the financial condition of the City. See also Note 5-G.

5-C. Swan Lake Hydroelectric Facility and Related Party Transactions

The City's electric utility currently operates four hydroelectric and one diesel electric generating plant. The City owns three of the hydroelectric plants and the diesel plant. The fourth hydroelectric plant is the 22.5 mega-watt Swan Lake facility owned by the Southeast Alaska Power Agency (the "SEAPA"), a joint action agency organized under AS 42.45.300 by the City and the municipalities of Wrangell, Alaska and Petersburg, Alaska. The SEAPA is an Alaskan public corporation and an instrumentality of the member utilities, having a legal existence independent of and separate from the member utilities. The agency has no power to bind, obligate or impose any debt, liability, or obligation on any member utility. Each member utility appoints representatives to serve as voting members of the SEAPA's five-member governing board. The City appoints two representatives. Wrangell and Petersburg each appoint one representative. One representative serves at large on a rotating basis. The SEAPA is a jointly governed organization. Members of the jointly governed organization have neither ongoing financial interest nor financial responsibility for that organization.

The City operates and maintains the Swan Lake hydroelectric facility under the terms of a long-term operating agreement with the SEAPA. The City also purchases power from the SEAPA under the terms and conditions of a long-term power sales agreement. In 2011, the SEAPA paid the City $647,769 to operate the Swan Lake hydroelectric facility and $5,698 for maintenance performed on the facility. The City paid the SEAPA $5,093,489 for power purchased from the Swan Lake hydroelectric facility. During 2011, approximately 51% of the City's total electric generation, or 88,081,000 kWh, was produced by the Swan Lake hydroelectric facility. At December 31, 2011, the amount due to the SEAPA was $1,185,801.

5-D. Violation of the Stage 1 Disinfectants/Disinfection Byproducts Rule

In 2005, the Alaska Department of Environmental Conservation cited the municipal water system owned and operated by the City of Ketchikan d/b/a Ketchikan Public Utilities for exceeding acceptable levels of haloacetic acids. This occurrence was deemed to be a violation of the Stage I Disinfectant and Disinfection Byproducts Rule and the City was ordered to correct the violation or begin water filtration. The City engaged a consulting engineer to evaluate alternative methods for addressing unacceptable levels of haloacetic acids. The firm recommended that the City consider ultraviolet for primary disinfection and chloramines for residual disinfection. The estimated capital cost for this alternative is $7.5 million and its annual operating cost is estimated at $194,000. The City Council endorsed this alternative and construction of a new water treatment facility began in 2008. The facility is complete and waiting for final approval from the State to be placed in service.

5-E. Ketchikan Public Utilities-Sale of the Telecommunications Division

On April 6, 2010, the voters of the City authorized the sale of the Telecommunications Division of Ketchikan Public Utilities for no less than fair market value as determined by an appraiser, subject to City Council approval. The voters also approved the establishment of a rate stabilization fund to account for the net proceeds from the sale. The City has engaged a broker specializing in telecommunications transactions to locate a buyer.

5-F. Issuance of Debt

In February 2012, the City entered into a loan agreement with the Alaska Department of Environmental Conservation to borrow up to $2.6 million from its Clean Water Loan Program to finance wastewater utility improvements. This loan is a general obligation bond of the City, but will be paid from the revenues of the wastewater utility. The loan carries a 1.5 percent interest rate and matures in 20 years. Assuming the full amount is borrowed, the annual debt service is estimated at $151,643.

In March 2012, the City entered in three loan agreements with the Alaska Department of Environmental Conservation to borrow up to $3.82 million from its Drinking Water Loan Program and up to $1.18 million from its Clean Water Loan Program to finance water and wastewater utility improvements and the construction of a new water reservoir. These loans are revenue bonds of the utilities. All the loans carry a 1.5 percent interest rate and mature in 20 years. Assuming the full

Note 5 - Other Notes (Continued)

amount is borrowed, the annual debt service for the water and wastewater utilities is estimated at $222,370 and $68,942, respectively.

In April 2012, the Alaska Municipal Bond Bank authority approved the City's $5.2 million general obligation bond application. In May 2012, the City will issue a $5.2 million general obligation bond to the Alaska Municipal Bond Bank to finance the construction of a new facility for the City's public library. The bond will mature in 20 years and its annual debt service is estimated at $368,000.

5-G. Jackson and Monroe Streets Water and Sewer Utilities Replacement

In March 2012, the City terminated a $5.2 million contract for convenience with a contractor under contract with the City to replace the water and sewer utilities on Jackson and Monroe Streets. The contractor has filed a $565,000 delay claim against the City related to compaction work. The City is in the initial stages of investigating the claim, but it intends to vigorously defend any court action that may be pursued.

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes						
Real & personal property taxes	$ 4,885,790	$ 4,885,790	$ 4,920,064	$ -	$ 4,920,064	$ 34,274
Automobile & boat taxes	67,000	67,000	76,677	-	76,677	9,677
Penalty & interest	45,000	45,000	53,436	-	53,436	8,436
Senior citizen local contribution	(336,000)	(336,000)	(346,141)	-	(346,141)	(10,141)
Sales tax	2,640,000	2,640,000	2,847,192	-	2,847,192	207,192
Payments in lieu of taxes	10,000	10,000	10,064	-	10,064	64
	7,311,790	7,311,790	7,561,292	-	7,561,292	249,502
Payments in lieu of taxes						
Ketchikan public utilities fund	728,000	728,000	-	728,000	728,000	-
Port fund	295,000	295,000	-	295,000	295,000	-
Wastewater services fund	74,000	74,000	-	74,000	74,000	-
	1,097,000	1,097,000	-	1,097,000	1,097,000	-
Licenses and permits						
Entertainment	400	400	-	-	-	(400)
Itinerant merchant	-	-	50	-	50	50
Building permits	135,000	135,000	274,585	-	274,585	139,585
Other	1,500	1,500	1,640	-	1,640	140
	136,900	136,900	276,275	-	276,275	139,375
Intergovernmental						
Federal fire grants	97,000	230,298	356,811	-	356,811	126,513
Liquor licenses tax	35,000	35,000	27,925	-	27,925	(7,075)
Other state revenues	539,409	539,409	1,414,301	(680,830)	733,471	194,062
Federal revenues	-	3,300	21,538	-	21,538	18,238
	671,409	808,007	1,820,575	(680,830)	1,139,745	331,738
Charges for services						
Ambulance	400,000	400,000	521,621	-	521,621	121,621
Rentals	14,000	14,000	13,860	-	13,860	(140)
Parking fees	85,000	85,000	88,755	-	88,755	3,755
Cemetery	1,000	1,000	1,092	-	1,092	92
Library services	397,000	397,000	381,162	-	381,162	(15,838)
Museum services	199,400	199,400	189,753	-	189,753	(9,647)
E-911 emergency dispatch services	390,000	390,000	415,448	-	415,448	25,448
Civic center services	110,000	110,000	107,259	-	107,259	(2,741)
Other charges	253,000	253,000	240,744	-	240,744	(12,256)
	1,849,400	1,849,400	1,959,694	-	1,959,694	110,294
Fines and forfeitures						
Parking fines	125,000	125,000	92,213	-	92,213	(32,787)
Other fines	10,000	10,000	14,596	-	14,596	4,596
Court deposits	80,000	80,000	49,898	-	49,898	(30,102)
	215,000	215,000	156,707	-	156,707	(58,293)
Investment earnings	25,000	25,000	3,131	-	3,131	(21,869)
Other revenue						
Miscellaneous	64,600	64,600	54,059	-	54,059	(10,541)
Interdepartmental charges	3,212,609	3,212,609	3,175,838	-	3,175,838	(36,771)
Total Revenues	14,583,708	14,720,306	15,007,571	416,170	15,423,741	703,435

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Cont'd)
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Expenditures						
Current:						
General government						
Mayor and council	210,360	288,777	280,530	(8,372)	272,158	16,619
City Clerk	238,274	238,274	248,676	(14,069)	234,607	3,667
Law	441,917	441,917	406,133	(7,855)	398,278	43,639
City Manager	629,753	653,285	658,894	(28,027)	630,867	22,418
Finance	1,675,021	1,675,021	1,667,167	(87,292)	1,579,875	95,146
Information Technology	1,144,040	1,144,040	1,170,877	(50,701)	1,120,176	23,864
	4,339,365	4,441,314	4,432,277	(196,316)	4,235,961	205,353
Public safety						
Fire	3,022,210	3,155,508	3,212,945	(382,411)	2,830,534	324,974
Police	4,548,838	4,557,244	4,713,682	(255,325)	4,458,357	98,887
	7,571,048	7,712,752	7,926,627	(637,736)	7,288,891	423,861
Culture						
Library	1,265,302	1,290,272	1,294,562	(16,664)	1,277,898	12,374
Museum	838,242	838,242	803,825	(41,901)	761,924	76,318
Civic Center	365,382	365,382	360,001	(13,156)	346,845	18,537
	2,468,926	2,493,896	2,458,388	(71,721)	2,386,667	107,229
Health and welfare						
Public Health	19,800	19,800	14,150		14,150	5,650
Public works						
Engineering	1,377,190	1,384,480	1,332,261	(27,522)	1,304,739	79,741
Streets	1,546,586	1,546,586	1,492,230	(5,319)	1,486,911	59,675
Cemetery	83,410	83,410	69,887	62	69,949	13,461
Garage	504,258	504,258	475,183	(6,638)	468,545	35,713
Building Maintenance	391,680	391,680	326,137	110	326,247	65,433
	3,903,124	3,910,414	3,695,698	(39,307)	3,656,391	254,023
Non-departmental						
General expenditures	22,500	22,500	-	21,485	21,485	1,015
Total Expenditures	18,324,763	18,600,676	18,527,140	(923,595)	17,603,545	997,131
Deficiency of Revenues Under Expenditures	(3,741,055)	(3,880,370)	(3,519,569)	1,339,765	(2,179,804)	1,700,566

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Cont'd)
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Other Financing Sources (Uses)						
Transfers in						
Sales tax hospital and other public works fund	420,000	420,000	420,000	-	420,000	-
Sales tax public works fund	2,000,000	2,000,000	2,000,000	-	2,000,000	-
Transient occupancy tax fund	360,000	360,000	360,000	-	360,000	-
Shoreline area fund	6,374	6,374	6,374	-	6,374	-
US marshall property seizure fund	81,680	81,680	81,680	-	81,680	-
Bayview cemetery fund	5,000	5,000	5,000	-	5,000	-
Special assessment guarantee fund	50,000	50,000	50,000	-	50,000	-
Ketchikan public utilities fund	-	-	728,000	(728,000)	-	-
Port fund	-	-	295,000	(295,000)	-	-
Wastewater services fund	-	-	74,000	(74,000)	-	-
Transfers out						
GO bond debt service fund	(316,305)	(316,305)	(316,305)	-	(316,305)	-
Sale of capital assets	15,000	15,000	9,778	-	9,778	(5,222)
Total Other Financing Sources (Uses)	2,621,749	2,621,749	3,713,527	(1,097,000)	2,616,527	(5,222)
Net Change in Fund Balances	(1,119,306)	(1,258,621)	193,958	242,765	436,723	1,695,344
Fund Balances Beginning of Year	4,284,805	4,284,805	5,101,448	(520,146)	4,581,302	296,497
Fund Balances End of Year	$ 3,165,499	$ 3,026,184	$ 5,295,406	$ (277,381)	$ 5,018,025	$ 1,991,841

City of Ketchikan, Alaska
Notes to Required Supplementary Information
For the Year Ended December 31, 2011

Note 1 – Budgetary Basis

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that outstanding encumbrances are reported as expenditures and payments made by the State of Alaska to the Alaska Public Employees Retirement System on behalf of the City are not reported.

City of Ketchikan, Alaska
Combining Balance Sheet
Nonmajor Governmental Funds - by Fund Type
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	$ 5,882,597	$ 369,480	$ 6,252,077
Receivables:			
Taxes	60,991	-	60,991
Intergovernmental	537,470	684,734	1,222,204
Unbilled revenue	53,437	-	53,437
Total Assets	$ 6,534,495	$ 1,054,214	$ 7,588,709
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 209,077	$ 123,140	$ 332,217
Interfund payable	536,684	470,372	1,007,056
Deferred revenue	60,991	-	60,991
Unearned revenue	117,410	-	117,410
Total Liabilities	924,162	593,512	1,517,674
Fund Balances			
Restricted:			
Law enforcement	25,267	-	25,267
Committed:			
Harbor drive down ramp	701,158	-	701,158
Special assesments	406,343	-	406,343
Assigned:			
Subsequent years budget	1,017,057	-	1,017,057
Culture and tourism	76,292	-	76,292
Collection and disposal of solid waste	2,993,411	-	2,993,411
Cemetery	117,314	-	117,314
Harbor	273,491	-	273,491
Library construction	-	2,092	2,092
Harbor development	-	385,783	385,783
Public works projects	-	72,827	72,827
Total Fund Balances	5,610,333	460,702	6,071,035
Total Liabilities and Fund Balances	$ 6,534,495	$ 1,054,214	$ 7,588,709

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - by Fund Type
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	$ 378,096	$ -	$ -	$ 378,096
Intergovernmental	1,021,767	-	4,292,404	5,314,171
Charges for services	4,123,191	-	-	4,123,191
Fines and forfeitures	2,867	-	-	2,867
Investment earnings	5,748	-	10	5,758
Miscellaneous	28	97,194	-	97,222
Total Revenues	5,531,697	97,194	4,292,414	9,921,305
Expenditures				
Current:				
Public safety	6,998	-	-	6,998
Culture	-	-	99,782	99,782
Health and welfare	530,472	-	-	530,472
Public works	2,888,046	-	2,515,523	5,403,569
Port and harbor	1,222,009	-	1,914,945	3,136,954
Debt Service:				
Principal retirement	-	800,000	-	800,000
Interest and fiscal charges	-	454,029	-	454,029
Total Expenditures	4,647,525	1,254,029	4,530,250	10,431,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	884,172	(1,156,835)	(237,836)	(510,499)
Other Financing Sources (Uses)				
Transfers in	-	1,156,835	-	1,156,835
Transfers out	(496,680)		-	(496,680)
Total Other Financing Sources (Uses)	(496,680)	1,156,835	-	660,155
Net Change in Fund Balances	387,492	-	(237,836)	149,656
Fund Balances Beginning of Year	5,222,841	-	698,538	5,921,379
Fund Balances End of Year	$ 5,610,333	$ -	$ 460,702	$ 6,071,035

NONMAJOR SPECIAL REVENUE FUNDS

Transient Tax Fund – This fund is used to account for the proceeds of the seven (7) percent transient occupancy tax levied on hotel rent under Section 3.28 of the Ketchikan Municipal Code. These funds must be used primarily for the purpose of promoting the City but may be used for other purposes as determined by the City Council.

Solid Waste Services Fund – This fund is used to account for the revenues received from the collection and disposal of solid waste and the related expenditure of the funds.

Ketchikan Boat Harbor Fund – This fund is used to account for the revenues received from the operation of the boat harbor facilities. These revenues must be used to pay the cost of maintenance, operation and supervision of the City's boat harbor facilities as specified in Section 14.04.020 of the Ketchikan Municipal Code.

Bayview Cemetery Fund – This fund is used to account for revenues received that are dedicated to support the operation of the Bayview Cemetery and the related expenditure in these funds.

Federal and State Grant Fund – This fund is used to account for the receipt of grant revenues and to account for the related expenditures. This fund was formerly called the Pass-Through Grant Fund.

US Marshall Property Seizure Fund – This fund is used to account for revenues received from the seizure of assets during drug enforcement operations that are dedicated to law enforcement activities.

Special Assessment Guarantee Fund – This fund is used to account for funds set aside to guarantee payment of special assessment levies arising from special assessment district improvements financed with interfund advances.

City of Ketchikan, Alaska
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Transient Tax	Solid Waste Services	Ketchikan Boat Harbor
Assets			
Cash and temporary investments	$ 80,242	$ 3,867,005	$ 1,372,426
Receivables:			
Taxes	60,991	-	-
Intergovernmental	-	-	-
Unbilled revenue	-	53,437	-
Total Assets	$ 141,233	$ 3,920,442	$ 1,372,426
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 186,166	$ 22,125
Interfund payable	-	-	-
Deferred revenue	60,991	-	-
Unearned revenue	-	-	117,410
Total Liabilities	60,991	186,166	139,535
Fund Balances			
Restricted:			
Law enforcement	-	-	-
Committed:			
Harbor drive down ramp	-	-	701,158
Special assesments	-	-	-
Assigned:			
Subsequent years budget	3,950	740,865	258,242
Culture and tourism	76,292	-	-
Collection and disposal of solid waste	-	2,993,411	-
Cemetery	-	-	-
Harbor	-	-	273,491
Total Fund Balances	80,242	3,734,276	1,232,891
Total Liabilities and Fund Balances	$ 141,233	$ 3,920,442	$ 1,372,426

Bayview Cemetery	Federal and State Grant	US Marshall Property Seizure	Special Assessment Guarantee	Total Nonmajor Special Revenue Funds
$ 131,314	$ -	$ 25,267	$ 406,343	$ 5,882,597
-	-	-	-	60,991
-	537,470	-	-	537,470
-	-	-	-	53,437
$ 131,314	$ 537,470	$ 25,267	$ 406,343	$ 6,534,495
	$ 786	$ -	$ -	$ 209,077
-	536,684	-	-	536,684
-	-	-	-	60,991
-	-	-	-	117,410
-	537,470	-	-	924,162
-	-	25,267	-	25,267
-	-	-	-	701,158
-	-	-	406,343	406,343
14,000	-	-	-	1,017,057
-	-	-	-	76,292
-	-	-	-	2,993,411
117,314	-	-	-	117,314
-	-	-	-	273,491
				-
131,314	-	25,267	406,343	5,610,333
$ 131,314	$ 537,470	$ 25,267	$ 406,343	$ 6,534,495

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Transient Tax	Solid Waste Services	Ketchikan Boat Harbor
Revenues			
Taxes	$ 378,096	$ -	$ -
Intergovernmental	-	7,348	476,949
Charges for services	-	2,940,490	1,159,273
Fines and forfeitures	-	-	2,867
Investment earnings	(5)	3,854	1,241
Miscellaneous	-	-	28
Total Revenues	378,091	2,951,692	1,640,358
Expenditures			
Current:			
Public safety	-	-	-
Health and welfare	-	-	-
Public works	-	2,886,946	-
Port and harbors	-	-	1,222,009
Total Expenditures	-	2,886,946	1,222,009
Excess of Revenues Over Expenditures	378,091	64,746	418,349
Other Financing Uses			
Transfers out	(360,000)	-	-
Net Change in Fund Balances	18,091	64,746	418,349
Fund Balances Beginning Of Year	62,151	3,669,530	814,542
Fund Balances End Of Year	$ 80,242	$ 3,734,276	$ 1,232,891

Bayview Cemetery	Federal and State Grant	US Marshall Property Seizure	Special Assessment Guarantee	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ 378,096
-	537,470	-	-	1,021,767
23,428	-	-	-	4,123,191
-	-	-	-	2,867
84	-	77	497	5,748
-	-	-	-	28
23,512	537,470	77	497	5,531,697
-	6,998	-	-	6,998
-	530,472	-	-	530,472
1,100	-	-	-	2,888,046
-	-	-	-	1,222,009
1,100	537,470	-	-	4,647,525
22,412	-	77	497	884,172
(5,000)	-	(81,680)	(50,000)	(496,680)
17,412	-	(81,603)	(49,503)	387,492
113,902	-	106,870	455,846	5,222,841
$ 131,314	$ -	$ 25,267	$ 406,343	$ 5,610,333

City of Ketchikan, Alaska
Transient Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	$ 370,000	$ 370,000	$ 378,096	$ -	$ 378,096	$ 8,096
Investment earnings	200	200	(5)	-	(5)	(205)
Total Revenues	370,200	370,200	378,091	-	378,091	7,891
Other Financing Uses						
General fund	(360,000)	(360,000)	(360,000)	-	(360,000)	-
Total Other Financing Uses	(360,000)	(360,000)	(360,000)	-	(360,000)	-
Net Change in Fund Balances	10,200	10,200	18,091	-	18,091	7,891
Fund Balances Beginning of Year	47,294	47,294	62,151	-	62,151	14,857
Fund Balances End of Year	$ 57,494	$ 57,494	$ 80,242	$ -	$ 80,242	$ 22,748

City of Ketchikan, Alaska
Solid Waste Services Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	$ -	$ -	$ 7,348	$ (7,348)	$ -	$ -
Charges for services	2,802,000	2,802,000	2,940,490	-	2,940,490	138,490
Investment earnings	15,000	15,000	3,854	-	3,854	(11,146)
Total Revenues	2,817,000	2,817,000	2,951,692	(7,348)	2,944,344	127,344
Expenditures						
Current:						
Public works	3,544,980	3,544,980	2,886,946	32,638	2,919,584	625,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	(727,980)	(727,980)	64,746	(39,986)	24,760	752,740
Fund Balances Beginning of Year	3,299,082	3,299,082	3,669,530	(172,776)	3,496,754	197,672
Fund Balances End of Year	$ 2,571,102	$ 2,571,102	$ 3,734,276	$ (212,762)	$ 3,521,514	$ 950,412

City of Ketchikan, Alaska
Ketchikan Boat Harbor Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	$ 232,000	$ 232,000	$ 476,949	$ (28,719)	$ 448,230	$ 216,230
Charges for services	1,160,500	1,160,500	1,159,273	-	1,159,273	(1,227)
Fines and forfeitures	5,500	5,500	2,867	-	2,867	(2,633)
Investment earnings	3,600	3,600	1,241	-	1,241	(2,359)
Miscellaneous	-	-	28	-	28	28
Total Revenues	1,401,600	1,401,600	1,640,358	(28,719)	1,611,639	210,039
Expenditures						
Current:						
Port and harbor	1,672,768	1,707,768	1,222,009	(5,296)	1,216,713	491,055
Excess (Deficiency) of Revenues Over (Under) Expenditures	(271,168)	(306,168)	418,349	(23,423)	394,926	701,094
Fund Balances Beginning of Year	830,242	830,242	814,542	(3,391)	811,151	(19,091)
Fund Balances End of Year	$ 559,074	$ 524,074	$ 1,232,891	$ (26,814)	$ 1,206,077	$ 682,003

City of Ketchikan, Alaska
Bayview Cemetery Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Charges for services	$ 25,500	$ 25,500	$ 23,428	$ -	$ 23,428	$ (2,072)
Investment earnings	300	300	84	-	84	(216)
Total Revenues	25,800	25,800	23,512	-	23,512	(2,288)
Expenditures						
Current:						
Public works	-	-	1,100	(1,300)	(200)	200
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,800	25,800	22,412	1,300	23,712	(2,088)
Other Financing Uses						
Transfers out						
General fund	(5,000)	(5,000)	(5,000)	-	(5,000)	-
Net Change in Fund Balances	20,800	20,800	17,412	1,300	18,712	(2,088)
Fund Balances Beginning of Year	106,572	106,572	113,902	(3,100)	110,802	4,230
Fund Balances End of Year	$ 127,372	$ 127,372	$ 131,314	$ (1,800)	$ 129,514	$ 2,142

City of Ketchikan, Alaska
Federal and State Grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	$ -	$ 998,330	$ 537,470	$ -	$ 537,470	$ (460,860)
Expenditures						
Current:						
Public safety	-	8,330	6,998	-	6,998	1,332
Health and welfare	-	990,000	530,472	33,289	563,761	426,239
Public works			-	-	-	-
Total Expenditures	-	998,330	537,470	33,289	570,759	427,571
Excess of Revenues Over Expenditures	-	-	-	(33,289)	(33,289)	(33,289)
Fund Balances Beginning of Year	-	-	-	-	-	-
Fund Balances End of Year	$ -	$ -	$ -	$ (33,289)	$ (33,289)	$ (33,289)

City of Ketchikan, Alaska
US Marshall Property Seizure Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Fines & Forfeitures	$ -	$ -	$ -	$ -	$ -	$ -
Investment earnings	400	400	77		77	(323)
Total Revenues	400	400	77	-	77	(323)
Other Financing Uses						
Transfers out						
General fund	(81,680)	(81,680)	(81,680)	-	(81,680)	-
Net Change in Fund Balances	(81,280)	(81,280)	(81,603)	-	(81,603)	(323)
Fund Balances Beginning of Year	107,095	107,095	106,870	-	106,870	(225)
Fund Balances End of Year	$ 25,815	$ 25,815	$ 25,267	$ -	$ 25,267	$ (548)

City of Ketchikan, Alaska
Special Assessment Guarantee Fund
Schedule of Revenues and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	$ 2,000	$ 2,000	$ 497	$ -	$ 497	$ (1,503)
Other Financing Uses						
Transfers out						
General fund	(50,000)	(50,000)	(50,000)	-	(50,000)	-
Net Change in Fund Balances	(48,000)	(48,000)	(49,503)	-	(49,503)	(1,503)
Fund Balances Beginning of Year	291,355	291,355	455,846	-	455,846	164,491
Fund Balances End of Year	$ 243,355	$ 243,355	$ 406,343	$ -	$ 406,343	$ 162,988

NONMAJOR DEBT SERVICE FUNDS

General Obligation Bond Debt Service Fund – This fund is used to accumulate funds for the payment of principal and interest on general obligation bonds not accounted for in enterprise funds.

City of Ketchikan, Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Fund
For the Year Ended December 31, 2011

	General Obligation Bond Debt Service
Revenues	
Miscellaneous income	$ 97,194
Expenditures	
Debt Service:	
Principal retirement	$ 800,000
Interest and fiscal charges	454,029
Total Expenditures	1,254,029
Deficiency of Revenues Under Expenditures	(1,156,835)
Other Financing Sources	
Transfers in	
General fund	316,305
Sales tax hospital & other public works fund	840,530
Total Other Financing Sources	1,156,835
Net Change in Fund Balances	-
Fund Balances Beginning of Year	-
Fund Balances End of Year	$ -

City of Ketchikan, Alaska
Government Obligation Bond Debt Service Fund
Schedule of Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Miscellaneous income	$ -	$ -	$ 97,194	$ 97,194
Expenditures				
Debt Service:				
Principal retirement	$ 800,000	$ 800,000	$ 800,000	$ -
Interest and fiscal charges	454,029	454,029	454,029	-
Total Expenditures	1,254,029	1,254,029	1,254,029	-
Other Financing Sources				
Transfers in				
General fund	413,499	413,499	316,305	(97,194)
Sales tax hospital & other public works fund	840,530	840,530	840,530	-
Total Other Financing Sources	1,254,029	1,254,029	1,156,835	(97,194)
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	-	-	-	-
Fund Balances End of Year	$ -	$ -	$ -	$ -



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NONMAJOR CAPITAL IMPROVEMENT FUND

Harbor Improvements Fund – This fund is used to account for the improvement, acquisition and construction of harbor facilities.

Major Capital Improvements Fund – This fund is used to account for the improvement, acquisition and construction of major capital assets as determined by the City Council.

MAJOR CAPITAL IMPROVEMENT FUND [1]

Community Facilities Development Fund – This fund is used to account for the acquisition and construction of major public facilities.

[1] *This major fund schedule is provided for budgetary comparison purposes only.*

City of Ketchikan, Alaska
Balance Sheet
Nonmajor Capital Projects Fund
December 31, 2011

	Major Capital Improvements	Harbor Improvements	Total Nonmajor Capital Projects Funds
Assets			
Cash and investments	$ -	$ 369,480	$ 369,480
Receivables:			
Intergovernmental	664,355	20,379	684,734
Total Assets	$ 664,355	$ 389,859	$ 1,054,214
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 119,064	$ 4,076	$ 123,140
Interfund payable	470,372		470,372
Total Liabilities	589,436	4,076	593,512
Fund Balances			
Assigned:			
Culture and tourism projects	2,092	-	2,092
Harbor projects	-	385,783	385,783
Public works projects	72,827	-	72,827
Total Fund Balances	74,919	385,783	460,702
Total Liabilities and Fund Balances	$ 664,355	$ 389,859	$ 1,054,214

City of Ketchikan, Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2011

	Major Capital Improvements	Harbor Improvements	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	$ 2,503,010	$ 1,789,394	$ 4,292,404
Investment earnings	-	10	10
Total Revenues	2,503,010	1,789,404	4,292,414
Expenditures			
Current:			
Culture	99,782	-	99,782
Public works	2,515,523	-	2,515,523
Port and harbors	-	1,914,945	1,914,945
Total Expenditures	2,615,305	1,914,945	4,530,250
Deficiency of Revenues Under Expenditures	(112,295)	(125,541)	(237,836)
Fund Balances At Beginning of Year	187,214	511,324	698,538
Fund Balances At End of Year	$ 74,919	$ 385,783	$ 460,702

City of Ketchikan, Alaska
Major Capital Improvements Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	$ 2,450,000	$ 3,236,099	$ 2,503,010	$ 73,586	$ 2,576,596	$ (659,503)
Investment earnings	200	200	-	-	-	(200)
Total Revenues	2,450,200	3,236,299	2,503,010	73,586	2,576,596	(659,703)
Expenditures						
Culture			99,782	(106,993)	(7,211)	7,211
Public works	2,450,000	3,236,099	2,515,523	(2,016,678)	498,845	2,737,254
Total Expenditures	2,450,000	3,236,099	2,615,305	(2,123,671)	491,634	2,744,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	200	200	(112,295)	2,197,257	2,084,962	2,084,762
Fund Balances Beginning of Year	38,382	38,382	187,214	(2,632,786)	(2,445,572)	(2,483,954)
Fund Balances End of Year	$ 38,582	$ 38,582	$ 74,919	$ (435,529)	$ (360,610)	$ (399,192)

City of Ketchikan, Alaska
Harbor Improvements Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	$ 650,000	$ 755,000	$ 1,789,394	$ -	$ 1,789,394	$ 1,034,394
Investment earnings	1,500	1,500	10	-	10	(1,490)
Total Revenues	651,500	756,500	1,789,404	-	1,789,404	1,032,904
Expenditures						
Port and harbors	650,000	755,000	1,914,945	(1,660,298)	254,647	500,353
Total Expenditures	650,000	755,000	1,914,945	(1,660,298)	254,647	500,353
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500	1,500	(125,541)	1,660,298	1,534,757	1,533,257
Fund Balances Beginning of Year	437,436	437,436	511,324	(1,721,436)	(1,210,112)	(1,647,548)
Fund Balances End of Year	$ 438,936	$ 438,936	$ 385,783	$ (61,138)	$ 324,645	$ (114,291)

City of Ketchikan, Alaska
Community Facilities Development Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	$ 10,105,547	$ 10,105,547	$ 5,683,478	$ -	$ 5,683,478	$ (4,422,069)
Investment earnings	14,000	14,000	13,637	-	13,637	(363)
Conributions	3,457,000	3,457,000	1,598	-	1,598	(3,455,402)
Miscellaneous	-	-	40,080	-	40,080	40,080
Total Revenues	13,576,547	13,576,547	5,738,793	-	5,738,793	(7,837,754)
Expenditures						
Public Safety	12,200,000	12,200,000	7,538,925	2,872,025	10,410,950	1,789,050
Culture	14,242,975	14,242,975	1,506,693	8,232,299	9,738,992	4,503,983
Total Expenditures	26,442,975	26,442,975	9,045,618	11,104,324	20,149,942	6,293,033
Excess (Deficiency) of Revenues Over (under) Expenditures	(12,866,428)	(12,866,428)	(3,306,825)	(11,104,324)	(14,411,149)	(1,544,721)
Other Financing Sources						
Proceeds from the sale of bonds	12,400,000	12,400,000	-	-	-	(12,400,000)
Total Other Financing Sources	12,400,000	12,400,000	-	-	-	(12,400,000)
Net Change in Fund Balances	(466,428)	(466,428)	(3,306,825)	(11,104,324)	(14,411,149)	(13,944,721)
Fund Balances Beginning of Year	3,255,976	3,255,976	9,767,754	(286,309)	9,481,445	6,225,469
Fund Balances End of Year	$ 2,789,548	$ 2,789,548	$ 6,460,929	$ (11,390,633)	$ (4,929,704)	$ (7,719,252)

GENERAL FUND

Due to the implementation of GASB Statement No. 54 the City has re-classified four of its special revenue funds to bring the City into compliance with the new standard. The Hospital Sales Tax, Public Works Sales Tax, Economic Development and Parking and Shoreline Funds are all considered to be general fund activity. The City has added this section to present the combining statements of the general fund and the individual budgetary fund statements. The general fund's individual budgetary statement is still presented as required supplementary information.

General Fund – This fund is used to account for all resources and activities of the City except those required to be accounted for in another fund.

Hospital Sales Tax and Other Public Works Fund – This fund is used to account for the proceeds of the sales tax levy that is restricted to the payment of costs of construction and maintenance of capital improvements under Section 3.04.130(b) of the Ketchikan Municipal Code.

Public Works Sales Tax and Other Public Works Fund – This fund is used to account for the proceeds of the sales tax levy that is restricted to the payment of costs of construction and maintenance of capital improvements under Section 3.04.130(a) of the Ketchikan Municipal Code.

Economic Development and Parking Fund – This fund is used to account for the proceeds from the sale of the Spruce Mill property. These proceeds must be used for economic development and the development of parking facilities as determined by the City Council.

Shoreline Fund – This fund is used to account for the assets and liabilities of the former Shoreline Service Area that were transferred to the City at the time the service area was annexed.

City of Ketchikan, Alaska
Combining Balance Sheet
General Fund
December 31, 2011

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Totals
Assets						
Cash and temporary investments	$ 3,956,342	$ 4,020,441	$ 7,566,665	$ 1,619,381	$ 149,244	$ 17,312,073
Receivables:						
Accounts	364,542	-	-	-	-	364,542
Taxes	675,184	511,183	766,774	-	-	1,953,141
Intergovernmental	102,754	-	25,340	-	-	128,094
Accrued interest	-	-	-	13,752	-	13,752
Interfund	1,007,056	-	-	-	-	1,007,056
Advances	-	-	-	1,283,762	-	1,283,762
Land for resale	382,742	-	-	-	-	382,742
Total Assets	$ 6,488,620	$ 4,531,624	$ 8,358,779	$ 2,916,895	$ 149,244	$ 22,445,162
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 399,354	$ 206,482	$ 236,004	$ 42,750	$ -	$ 884,590
Deferred revenue	734,201	511,183	766,774	-	-	2,012,158
Unearned revenue	59,659	-	-	-	-	59,659
Total Liabilities	1,193,214	717,665	1,002,778	42,750	-	2,956,407
Fund Balances						
Nonspendable	382,742	-	-	-	-	382,742
Assigned:						
Subsequent years budget	1,363,688	-	3,054,220	-	21,124	4,439,032
Economic development and parking	-	-	-	2,874,145	-	2,874,145
Health and welfare	-	3,813,959	-	-	-	3,813,959
General government	110,031	-	-	-	-	110,031
Public safety	25,862	-	-	-	128,120	153,982
Culture and tourism	50,648	-	-	-	-	50,648
Public works	90,839	-	-	-	-	90,839
Streets, sidewalks and other public projects	-	-	4,301,781	-	-	4,301,781
Unassigned	3,271,596	-	-	-	-	3,271,596
Total Fund Balances	5,295,406	3,813,959	7,356,001	2,874,145	149,244	19,488,755
Total Liabilities and Fund Balances	$ 6,488,620	$ 4,531,624	$ 8,358,779	$ 2,916,895	$ 149,244	$ 22,445,162

See accompanying notes to the basic financial statements

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Totals
Revenues						
Taxes						
Real & personal property taxes	$ 4,920,064	$ -	$ -	$ -	$ -	$ 4,920,064
Automobile & boat taxes	76,677	-	-	-	-	76,677
Penalty & interest	53,436	28,284	42,426	-	-	124,146
Senior citizen local contribution	(346,141)	-	-	-	-	(346,141)
Sales tax	2,847,192	2,847,192	4,270,789	-	-	9,965,173
Payments in lieu of taxes	10,064	-	-	-	-	10,064
	7,561,292	2,875,476	4,313,215	-	-	14,749,983
Licenses and permits						
Itinerant merchant	50	-	-	-	-	50
Building permits	274,585	-	-	-	-	274,585
Other	1,640	-	-	-	-	1,640
	276,275	-	-	-	-	276,275
Intergovernmental						
Federal fire grants	356,811	-	-	-	-	356,811
Liquor licenses tax	27,925	-	-	-	-	27,925
Other state revenues	1,414,301	-	-	-	-	1,414,301
Federal revenues	21,538	-	16,470	-	-	38,008
	1,820,575	-	16,470	-	-	1,837,045
Charges for services						
Ambulance	521,621	-	-	-	-	521,621
Rentals	13,860	-	-	-	-	13,860
Parking fees	88,755	-	-	-	-	88,755
Cemetery	1,092	-	-	-	-	1,092
Library services	381,162	-	-	-	-	381,162
Museum services	189,753	-	-	-	-	189,753
E-911 emergency dispatch services	415,448	-	-	-	-	415,448
Civic center services	107,259	-	-	-	-	107,259
Other charges	240,744	-	-	-	-	240,744
	1,959,694	-	-	-	-	1,959,694
Fines and forfeitures						
Parking fines	92,213	-	-	-	-	92,213
Other fines	14,596	-	-	-	-	14,596
Court deposits	49,898	-	-	-	-	49,898
	156,707	-	-	-	-	156,707
Investment earnings	3,131	3,249	7,000	175,387	159	188,926
Other revenue						
Miscellaneous	54,059	4,920	-	-	-	58,979
Interdepartmental charges	3,175,838	-	-	-	-	3,175,838
Total Revenues	15,007,571	2,883,645	4,336,685	175,387	159	22,403,447

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Cont'd)
For the Year Ended December 31, 2011

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Totals
Expenditures						
Current:						
General government						
Mayor and council	280,530	-	-	-	-	280,530
City Clerk	248,676	-	-	-	-	248,676
Law	406,133	-	-	-	-	406,133
City Manager	658,894	-	-	-	-	658,894
Finance	1,667,167	-	262,490	-	-	1,929,657
Information Technology	1,170,877	-	-	-	-	1,170,877
	4,432,277	-	262,490	-	-	4,694,767
Public safety						
Fire	3,212,945	-	143,781	-	-	3,356,726
Police	4,713,682	-	178,239	-	-	4,891,921
	7,926,627	-	322,020	-	-	8,248,647
Culture						
Library	1,294,562	-	-	-	-	1,294,562
Museum	803,825	-	628	-	-	804,453
Civic Center	360,001	-	10,642	-	-	370,643
Tourism and development	-	-	-	180,845	-	180,845
	2,458,388	-	11,270	180,845	-	2,650,503
Health and welfare						
Public Health	14,150	1,009,247	-	-	-	1,023,397
Public works						
Engineering	1,332,261	-	14,034	-	-	1,346,295
Streets	1,492,230	-	711,533	-	-	2,203,763
Cemetery	69,887	-	650	-	-	70,537
Garage	475,183	-	888	-	-	476,071
Building Maintenance	326,137	-	36,613	-	-	362,750
	3,695,698	-	763,718	-	-	4,459,416
Total Expenditures	18,527,140	1,009,247	1,359,498	180,845	-	21,076,730
Deficiency of Revenues Under Expenditures	(3,519,569)	1,874,398	2,977,187	(5,458)	159	1,326,717

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Cont'd)
For the Year Ended December 31, 2011

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Totals
Other Financing Sources (Uses)						
Transfers in						
Sales tax hospital and other public works fund	420,000	(420,000)	-	-	-	-
Sales tax public works fund	2,000,000	-	(2,000,000)	-	-	-
Transient occupancy tax fund	360,000	-	-	-	-	360,000
Shoreline area fund	6,374	-	-	-	(6,374)	-
US marshall property seizure fund	81,680	-	-	-	-	81,680
Bayview cemetery fund	5,000	-	-	-	-	5,000
Special assessment guarantee fund	50,000	-	-	-	-	50,000
Ketchikan public utilities fund	728,000	-	-	-	-	728,000
Port fund	295,000	-	-	-	-	295,000
Wastewater services fund	74,000	-	-	-	-	74,000
Transfers out						
General obligation bond debt service fund	(316,305)	(840,530)	-	-	-	(1,156,835)
Sale of capital assets	9,778	-	-	-	-	9,778
Total Other Financing Sources (Uses)	3,713,527	(1,260,530)	(2,000,000)	-	(6,374)	446,623
Net Change in Fund Balances	193,958	613,868	977,187	(5,458)	(6,215)	1,773,340
Fund Balances Beginning of Year	5,101,448	3,200,091	6,378,814	2,879,603	155,459	17,715,415
Fund Balances End of Year	$ 5,295,406	$ 3,813,959	$ 7,356,001	$ 2,874,145	$ 149,244	$ 19,488,755

City of Ketchikan, Alaska
Sales Tax Hospital and Other Public Works Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	$ 2,640,000	$ 2,640,000	$ 2,847,192	$ -	$ 2,847,192	$ 207,192
Penalties and interest	13,500	13,500	28,284	-	28,284	14,784
Investment earnings	12,000	12,000	3,249	-	3,249	(8,751)
Miscellaneous	-	-	4,920	-	4,920	4,920
Total Revenues	2,665,500	2,665,500	2,883,645	-	2,883,645	218,145
Expenditures						
Current:						
Health and welfare	1,458,543	1,589,659	1,009,247	566,831	1,576,078	13,581
Excess of Revenues Over Expenditures	1,206,957	1,075,841	1,874,398	(566,831)	1,307,567	231,726
Other Financing Uses						
Transfers out						
General fund	(420,000)	(420,000)	(420,000)	-	(420,000)	-
General obligation debt service fund	(840,530)	(840,530)	(840,530)	-	(840,530)	-
Total Other Financing Uses	(1,260,530)	(1,260,530)	(1,260,530)	-	(1,260,530)	-
Net Change in Fund Balances	(53,573)	(184,689)	613,868	(566,831)	47,037	231,726
Fund Balances Beginning of Year	2,875,664	2,875,664	3,200,091	(157,607)	3,042,484	166,820
Fund Balances End of Year	$ 2,822,091	$ 2,690,975	$ 3,813,959	$ (724,438)	$ 3,089,521	$ 398,546

City of Ketchikan, Alaska
Sales Tax Public Works Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	$ 3,960,000	$ 3,960,000	$ 4,270,789	$ -	$ 4,270,789	$ 310,789
Penalties and interest	25,000	25,000	42,426	-	42,426	17,426
Intergovernmental	-	-	16,470	-	16,470	16,470
Investment earnings	15,000	15,000	7,000	-	7,000	(8,000)
Total Revenues	4,000,000	4,000,000	4,336,685	-	4,336,685	336,685
Expenditures						
Current:						
General government						
Finance	401,000	401,000	262,490	118,902	381,392	19,608
Public safety						
Fire	443,000	443,000	143,781	(143,742)	39	442,961
Police	200,000	218,500	178,239	(16,172)	162,067	56,433
Culture						
Library	-	-	-	(25,000)	(25,000)	25,000
Museum	10,000	10,000	628	(3,801)	(3,173)	13,173
Civic Center	42,000	42,000	10,642	14,233	24,875	17,125
Public works						
Engineering		20,000	14,034	5,284	19,318	682
Streets	1,923,000	1,943,000	711,533	248,438	959,971	983,029
Cemetery	39,000	39,000	650	(17,960)	(17,310)	56,310
Garage	-	-	888	(1,041)	(153)	153
Building Maintenance	119,100	169,000	36,613	82,543	119,156	49,844
Total Expenditures	3,177,100	3,285,500	1,359,498	261,684	1,621,182	1,664,318
Excess of Revenues Over Expenditures	822,900	714,500	2,977,187	(261,684)	2,715,503	2,001,003
Other Financing Uses						
General fund	(2,000,000)	(2,000,000)	(2,000,000)	-	(2,000,000)	-
Net Change in Fund Balances	(1,177,100)	(1,285,500)	977,187	(261,684)	715,503	2,001,003
Fund Balances Beginning of Year	3,722,100	3,722,100	6,378,814	(1,174,534)	5,204,280	1,482,180
Fund Balances End of Year	$ 2,545,000	$ 2,436,600	$ 7,356,001	$ (1,436,218)	$ 5,919,783	$ 3,483,183

City of Ketchikan, Alaska
Economic Development & Parking Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Advances	$ -	$ -	$ -	$ 666,238	$ 666,238	$ 666,238
Investment earnings	2,000	2,000	175,387	-	175,387	173,387
Total Revenues	2,000	2,000	175,387	666,238	841,625	839,625
Expenditures						
Current:						
Economic tourism and development	171,000	180,950	180,845	100	180,945	5
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,000)	(178,950)	(5,458)	666,138	660,680	839,630
Fund Balances Beginning of Year	930,941	930,941	2,879,603	(1,950,000)	929,603	(1,338)
Fund Balances End of Year	$ 761,941	$ 751,991	$ 2,874,145	$ (1,283,862)	$ 1,590,283	$ 838,292

City of Ketchikan, Alaska
Shoreline Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	$ 750	$ 750	$ 159	$ -	$ 159	$ (591)
Other Financing Sources (Uses)						
General fund	(6,374)	(6,374)	(6,374)	-	(6,374)	-
Net Change in Fund Balances	(5,624)	(5,624)	(6,215)	-	(6,215)	(591)
Fund Balances Beginning of Year	155,648	155,648	155,459	-	155,459	(189)
Fund Balances End of Year	$ 150,024	$ 150,024	$ 149,244	$ -	$ 149,244	$ (780)



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MAJOR ENTERPRISE FUNDS

Ketchikan Public Utilities Fund – This fund is used to account for the operations, maintenance, and capital improvements of Ketchikan Public Utilities, a combined utility that provides electric, telecommunications and water services.

Port Fund – This fund is used to account for the operations, maintenance, and capital improvements of the city-owned port facilities.

Wastewater Fund – This fund is used to account for the operations, maintenance, and capital improvements of the municipal wastewater collection and treatment utility system.

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Net Assets
December 31, 2011 and 2010

		2011	2010
Assets			
Current assets			
Cash and temporary investments		$ 13,845,368	$ 12,566,005
Restricted cash, cash equivalents and investments:			
Cash and temporary invest. - bond construction funds		-	115,498
Revenue bond redemption fund cash		980,160	956,693
Accounts receivable	$ 2,465,428		
Less uncollectible accounts	(150,000)	2,315,428	2,621,143
Due from other governments		5,134,497	5,624,277
Prepaid expenses		23,986	-
Inventory of materials		3,116,612	2,302,581
Unbilled revenue		910,979	874,129
Total Current Assets		26,327,030	25,060,326
Noncurrent assets			
Restricted investments:			
Revenue bond reserve fund investments		1,959,852	1,956,334
Accrued interest receivable - bond reserve fund		23,554	22,067
Total noncurrent restricted assets		1,983,406	1,978,401
Deferred charges:		490,288	696,236
Utility plant in service:			
Land		2,674,616	2,674,616
Other non-depreciable assets		937,269	938,689
Construction work in progress		17,131,918	14,788,563
Plant in service		177,983,369	171,148,733
Less accumulated depreciation		(112,576,926)	(107,584,113)
Total capital assets (net of accumulated depreciation)		86,150,246	81,966,488
Total noncurrent assets		88,623,940	84,641,125
Total Assets		$ 114,950,970	$ 109,701,451

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Net Assets
December 31, 2011 and 2010

	2011	2010
Liabilities		
Current liabilities		
Accounts payable	$ 3,638,344	$ 2,717,053
Accrued interest payable	89,549	99,309
Compensated absences payable	511,489	530,117
Customer deposits	309,110	260,758
Unearned revenue	54,445	73,379
Unamortized premiums	49,402	47,256
Revenue bonds payable	2,570,000	2,480,000
Total current liabilities	7,222,339	6,207,872
Noncurrent liabilities		
Unamortized bond premium	171,271	220,673
Compensated absences payable	72,871	81,926
Revenue bonds payable	16,264,880	17,705,976
Total noncurrent liabilities	16,509,022	18,008,575
Total liabilities	23,731,361	24,216,447
Net assets		
Invested in capital assets, net of related debt	67,447,195	62,038,312
Restricted bonds construction funds	-	115,498
Restricted for bond retirement	2,963,566	2,935,094
Unrestricted	20,808,848	20,396,100
Total net assets	91,219,609	85,485,004
Total liabilities and net assets	$ 114,950,970	$ 109,701,451

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Revenues, Expenses and
Changes in Fund Net Assets - by Service
For the Years Ended December 31, 2011 and 2010

	Total		Electric	
	2011	**2010**	**2011**	**2010**
Operating Revenues				
Services	$33,644,583	$32,373,255	$16,244,690	$15,390,910
Other	528,358	601,899	442,410	562,291
Total Operating Revenues	34,172,941	32,975,154	16,687,100	15,953,201
Operating Expenses				
Operation and maintenance	19,997,855	19,060,639	11,158,630	10,631,504
Administration and general	6,097,427	5,603,405	2,032,081	1,976,837
Depreciation	5,892,449	5,932,099	2,514,083	2,948,946
Total Operating Expenses	31,987,731	30,596,143	15,704,794	15,557,287
Operating Income (Loss)	2,185,210	2,379,011	982,306	395,914
Non-Operating Revenues (Expenses)				
Operating grants	183,667	93,055	65,172	30,784
Interest earnings	80,209	102,831	69,382	81,149
Revenue bond interest expense	(577,681)	(629,556)	(423,958)	(467,970)
Other interest expense	(14,517)	(12,712)	(10,698)	(10,083)
Amortization of debt discount	(35,285)	(33,270)	(22,522)	(21,829)
Total Non-Operating Revenue (Expenses)	(363,607)	(479,652)	(322,624)	(387,949)
Net Income (Loss) Before Contributions, Grants and Transfers	1,821,603	1,899,359	659,682	7,965
Capital contributions	494,770	115,499	463,079	49,421
Capital grants	4,146,232	3,702,552	1,972,971	718,544
Transfers out - payment in lieu of taxes	(728,000)	(728,000)	(353,954)	(351,478)
Total Contributions, Grants and Transfers	3,913,002	3,090,051	2,082,096	416,487
Change in Net Assets	5,734,605	4,989,410	$2,741,778	$424,452
Net Assets Beginning of Year	85,485,004	80,495,594		
Net Assets End of Year	$91,219,609	$85,485,004		

Telecommunications		Water	
2011	**2010**	**2011**	**2010**
$14,500,541	$14,446,486	$2,899,352	$2,535,859
-	-	85,948	39,608
14,500,541	14,446,486	2,985,300	2,575,467
7,077,698	6,910,034	1,761,527	1,519,101
3,594,593	3,281,326	470,753	345,242
2,549,692	2,180,606	828,674	802,547
13,221,983	12,371,966	3,060,954	2,666,890
1,278,558	2,074,520	(75,654)	(91,423)
101,224	54,518	17,271	7,753
7,505	22,894	3,322	(1,212)
(2,451)	(2,813)	(151,272)	(158,773)
(3,819)	(2,629)	-	-
(139)	(139)	(12,624)	(11,302)
102,320	71,831	(143,303)	(163,534)
1,380,878	2,146,351	(218,957)	(254,957)
31,691	66,078	-	-
-	-	2,173,261	2,984,008
(191,027)	(194,376)	(183,019)	(182,146)
(159,336)	(128,298)	1,990,242	2,801,862
$1,221,542	$2,018,053	$1,771,285	$2,546,905

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Cash received from customers and users	$ 34,422,872	$ 33,095,256
Cash payments to employees for services	(9,631,607)	(9,224,141)
Cash payments to suppliers for goods and services	(16,830,973)	(15,179,141)
Net Cash Provided by Operating Activities	7,960,292	8,691,974
Cash Flows from Noncapital Financing Activity		
Operating grant from other governments	183,667	93,055
Payment in lieu of taxes to the general fund	(728,000)	(728,000)
Net Cash Used by Noncapital Financing Activities	(544,333)	(634,945)
Cash Flows from Capital and Related Financing Activities		
Capital grant received from other governments	4,199,918	1,410,273
Capital debt proceeds	2,151,914	1,404,336
Principal paid on revenue bonds	(2,570,000)	(2,480,000)
Interest paid on revenue bonds	(480,697)	(559,133)
Payments for capital acquisitions and construction	(9,600,001)	(10,351,351)
Net Cash Used by Capital and Related Financing Activities	(6,298,866)	(10,575,875)
Cash Flows from Investing Activities		
Investment earnings	79,479	123,213
Proceeds from bond reserve fund investments	-	1,243,369
Purchase of bond reserve fund investments	(9,240)	-
Net Cash Flows Provided by Investing Activities	70,239	1,366,582
Net Increase (Decrease) in Cash and Cash Equivalents	1,187,332	(1,152,264)
Cash and Cash Equivalents Beginning of Year	13,638,196	14,790,460
Cash and Cash Equivalents End of Year	$ 14,825,528	$ 13,638,196
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	13,845,368	12,566,005
Bond construction fund cash - restricted	-	115,498
Revenue bond redemption fund - restricted	980,160	956,693
	$ 14,825,528	$ 13,638,196

(continued)

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

(continued)

	2011	2010
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$ 2,185,210	$ 2,379,011
Adjustments:		
Depreciation	5,892,449	5,932,099
Other	83,170	60,891
(Increase) Decrease in Assets:		
Accounts receivable	305,715	83,179
Unbilled revenue	(36,850)	14,212
Prepaid expenses	(23,986)	-
Inventory	(814,031)	176,267
Customer deposits	48,352	(55,049)
Increase (Decrease) in Liabilities:		
Accounts payable	366,880	50,900
Compensated absences payable	(27,683)	27,753
Unearned revenue	(18,934)	22,711
Net Cash Provided by Operating Activities	$ 7,960,292	$ 8,691,974
Noncash investing, capital and financing activities		
Fair value of non-cash investments	$ (5,722)	$ 30,949
Revenue bond arbitrage	(4,965)	31,771

City of Ketchikan, Alaska

Ketchikan Public Utilities Fund

Comparative Schedules of Revenues

For the Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	Total	Amount	Total
Electric Department				
Revenue from Services:				
Residential	$6,929,817		$6,557,170	
Boats	293,654		268,981	
Commercial	6,404,792		6,186,808	
Industrial	1,767,912		1,758,452	
Demand	443,170		427,292	
Area Lighting	48,890		48,833	
Street Lighting	124,978		124,526	
Diesel Surcharge	231,477	$16,244,690	18,848	$15,390,910
Other Revenue:				
Service Charges	119,815		135,048	
Late Payment Charges	102,611		94,409	
Rentals - Interdepartmental	140,136		140,136	
Other	79,848	442,410	192,698	562,291
Total Electric		16,687,100		15,953,201
Telecommunications Department				
Local Network Services:				
Basic Local Service	1,108,641		1,180,832	
Local Private Line	788,998		795,685	
Other Local Exchange	296,891	2,194,530	298,107	2,274,624
Network Access Services:				
Interstate End User	1,010,480		1,030,869	
Switched Access	5,702,015		5,753,586	
Special Access	672,524		527,650	
State Access	1,206,767	8,591,786	1,331,918	8,644,023
Other Revenues:				
Directory Revenue	323,634		409,777	
Other	129,546		150,700	
Carrier Billing and Collection	-	453,180	-	560,477
Nonregulated Revenues	3,261,045	3,261,045	2,967,362	2,967,362
Total Telecommunications		14,500,541		14,446,486

City of Ketchikan, Alaska

Ketchikan Public Utilities Fund

Comparative Schedules of Revenues (Cont'd)

For the Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	Total	Amount	Total
Water Department				
Revenue from Services:				
Residential	$1,277,902		$1,110,982	
Apartments	250,519		214,427	
Commercial	1,003,574		864,542	
Industrial	243,127		217,116	
Port	124,230	$2,899,352	128,792	$2,535,859
Other Revenue:				
Service Charges	31		186	
Late Payment Charges	16,395		14,034	
Other	69,522	85,948	25,388	39,608
Total Water		2,985,300		2,575,467
Total Revenue		$34,172,941		$32,975,154

City of Ketchikan, Alaska

Ketchikan Public Utilities Fund

Comparative Schedules of Operation and Maintenance Expenses

For the Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	Total	Amount	Total
Electric Department				
Hydroelectric Generation				
Operation				
Supervision & Engineering	$915,065		$647,202	
Hydraulic Expenses	57,232		72,487	
Electric Expenses	117,634	1,089,931	105,146	824,835
Maintenance				
Supervision & Engineering	-		9,939	
Structures	71,622		64,068	
Reservoirs & Dams	111,858		165,269	
Electric Plant	104,925		102,074	
Other	64,207	352,612	59,173	400,523
Total Hydroelectric Generation		1,442,543		1,225,358
Diesel Generation				
Operation				
Fuel	798,940		234,374	
Generation	50,150		9,448	
Other	523,715	1,372,805	444,871	688,693
Maintenance				
Supervision and Engineering	115,214		113,524	
Structures	39,734		43,387	
Electric Plant	158,485		75,059	
Other	169,882	483,315	173,334	405,304
Total Diesel Generation		1,856,120		1,093,997
Purchased Power		5,093,489		5,663,664
Automation Control System		263,993		284,143
Total Generation		8,656,145		8,267,162
Transmission				
Operation				
Overhead and Underground Lines	$35,052	35,052	$309	309
Total Transmission		$35,052		$309

City of Ketchikan, Alaska

Ketchikan Public Utilities Fund

Comparative Schedules of Operation and Maintenance Expenses (Cont'd)

For the Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	Total	Amount	Total
Distribution				
Operation				
Supervision & Engineering	$707,507		$724,589	
Station Equipment	162,351		152,627	
Overhead & Underground Lines	76,000		54,405	
Street Lighting	104,016		70,051	
Meter Expenses	476,142		485,957	
Customer Installations	1,843		151	
Other	116,681	$1,644,540	65,083	$1,552,863
Maintenance				
Station Equipment	158,403		72,969	
Overhead & Underground Lines	544,314		624,026	
Line Transformers	43,362		48,493	
Other	76,814	822,893	65,682	811,170
Total Distribution		2,467,433		2,364,033
Total Electric		11,158,630		10,631,504
Telecommunications Department				
Plant Specific Operations:				
Network Support	79,767		76,232	
General Support	105,549		83,237	
Central Office Switching	692,338		579,386	
Central Office Transmission	508,583		452,550	
Cable and Wire Facilities Expense	939,365	2,325,602	1,033,315	2,224,720
Plant Nonspecific Operations				
Network Operations Expense	1,882,235	1,882,235	1,875,203	1,875,203
Customer Operations				
Customer Operations-Services	99,863		92,305	
Customer Operations-Call Completion	-	99,863	(97)	92,208
Nonregulated Operations Expenses	$2,769,998	2,769,998	$2,717,903	2,717,903
Total Telecommunications		$7,077,698		$6,910,034

City of Ketchikan, Alaska

Ketchikan Public Utilities Fund

Comparative Schedule of Operation and Maintenance Expenses (Cont'd)

For the Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	Total	Amount	Total
Water Department				
Source of Supply				
Operation and Maintenance	$232,238	$232,238	$330,625	$330,625
Chlorination				
Labor and Supplies	97,634		117,553	
Maintenance	119,807	217,441	110,685	228,238
Distribution				
Supervision & Operation of Mains	3,715		9,667	
Maps & Records	227,855		202,259	
Customer Service	6,711	238,281	29,741	241,667
Maintenance				
Mains & Equipment	593,743		521,379	
Hydrants	28,238		21,591	
Valves & Structures	13,217		27,419	
Pump Stations	42,966		36,566	
PH Adjustment Facility	349,371		79,377	
Reservoirs	$46,032	1,073,567	$32,239	718,571
Total Water		1,761,527		1,519,101
Total Operation and Maintenance		$19,997,855		$19,060,639

City of Ketchikan, Alaska

Ketchikan Public Utilities Fund

Comparative Schedules of Administrative and General Expenses

For the Years Ended December 31, 2011 and 2010

	2011	2010
Customer Service	$1,652,943	$1,544,051
General Accounting	726,822	716,337
Administrative Expenses	2,416,002	2,041,859
Engineering Services	384,992	410,598
Information Technology	630,347	560,267
Insurance & Claims	286,321	330,293
Total	$6,097,427	$5,603,405

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Assets
December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and temporary investments	$ 2,373,808	$ 4,364,226
Restricted cash, cash equivalents and investments:		
Debt service	901,505	919,242
Accounts receivable	2,382,100	101,810
Prepaid Expense	782,959	752,856
Total Current Assets	6,440,372	6,138,134
Noncurrent assets		
Restricted investments:		
Repair and replacement investments	2,088,610	1,566,728
Bond reserve investments	2,602,488	2,796,157
Accrued interest on bond reserve investments	31,321	25,394
Total restricted assets	4,722,419	4,388,279
Deferred charges	404,383	426,646
Capital assets		
Land	1,775,740	1,775,740
Other non-depreciable assets	100,750	-
Construction work in progress	5,531,746	1,116,782
Port facilities	55,083,085	55,344,097
Accumulated depreciation	(14,838,185)	(13,476,890)
Total capital assets (net of accumulated depreciation)	47,653,136	44,759,729
Total noncurrent assets	52,779,938	49,574,654
Total Assets	$ 59,220,310	$ 55,712,788

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Assets
December 31, 2011 and 2010

	2011	2010
Liabilities		
Current liabilities		
Accounts payable	$ 685,648	$ 188,093
Accrued interest payable	156,428	161,906
Accrued vacation and sick leave	24,184	19,816
Unamortized premiums	28,561	28,561
General obligation bonds payable	270,000	255,000
Revenue bonds payable	775,000	740,000
Total current liabilities	1,939,821	1,393,376
Noncurrent liabilities		
Accrued interest payable	13,752	101,811
Accrued vacation and sick leave	323	1,544
Unamortized bond premium	654,522	683,083
Advances from other funds	1,283,762	1,950,000
General obligation bonds payable	270,000	540,000
Revenue bonds payable	34,315,000	35,090,000
Total noncurrent liabilities	36,537,359	38,366,438
Total liabilities	38,477,180	39,759,814
Net assets		
Invested in capital assets, net of related debt	11,340,053	7,423,085
Restricted repair and replacement funds	2,088,610	1,566,728
Restricted for bond retirement	3,378,886	3,578,887
Unrestricted	3,935,581	3,384,274
Total net assets	20,743,130	15,952,974
Total Liabilities and Net Assets	$ 59,220,310	$ 55,712,788

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Charges for services		
Docking	$1,702,405	$1,721,945
Passenger wharfage fee	5,786,811	5,725,215
Rental income	189,055	197,953
Water	165,640	171,986
Other	142,493	183,393
Total Operating Revenues	7,986,404	8,000,492
Operating Expenses		
Operation and maintenance		
Personnel services	854,808	831,628
Supplies and services	621,397	1,425,065
Financial service	185,453	194,000
Insurance	237,881	197,145
Utilities	224,661	277,859
Property Taxes	152,762	167,219
Lease payments	1,833,709	2,393,555
Depreciation	1,401,754	1,446,527
Total Operating Expenses	5,512,425	6,932,998
Operating Income	2,473,979	1,067,494
Non-Operating Revenues (Expenses)		
Operating grants	29,536	14,306
Interest earnings	51,165	79,177
Interest expense	(1,917,927)	(1,974,641)
Amortization of debt discount	(22,263)	(22,263)
Loss on sale of capital assets	(184,315)	-
Total Non-Operating Expenses	(2,043,804)	(1,903,421)
Net Income Before Grants and Transfers	430,175	(835,927)
Capital grants	4,654,981	518,944
Transfers out - Payment in lieu of taxes to general fund	(295,000)	(295,000)
Total Grants and Transfers	4,359,981	223,944
Change in Net Assets	4,790,156	(611,983)
Net Assets Beginning of Year	15,952,974	16,564,957
Net Assets End of Year	$20,743,130	$15,952,974



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City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Cash received from customers and users	$ 7,986,404	$ 8,000,492
Cash payments to employees for services	(851,661)	(831,628)
Cash payments to suppliers for goods and services	(3,257,237)	(4,277,953)
Net Cash Provided by Operating Activities	3,877,506	2,890,911
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	29,536	14,306
Payment in lieu of taxes to the general fund	(295,000)	(295,000)
Net Cash Used by Noncapital Financing Activities	(265,464)	(280,694)
Cash Flows from Capital and Related Financing Activities		
Capital grant received from other governments	2,374,691	679,131
Principal paid on general obligation bonds, advances and equipment contracts	(921,238)	(240,000)
Principal paid on revenue bonds	(740,000)	(710,000)
Interest paid on general obligation bonds	(214,148)	(56,926)
Interest paid on revenue bonds	(1,825,877)	(1,867,800)
Payments for capital acquisitions and construction	(4,010,995)	(466,514)
Net Cash Used by Capital and Related Financing Activities	(5,337,567)	(2,662,109)
Cash Flows from Investing Activities		
Investment earnings	45,237	88,402
Sale of investments	194,015	-
Purchase of investments	(521,882)	(515,558)
Net Cash Used by Investing Activities	(282,630)	(427,156)
Net Decrease in Cash and Cash Equivalents	(2,008,155)	(479,048)
Cash and Cash Equivalents Beginning of Year	5,283,468	5,762,516
Cash and Cash Equivalents End of Year	$ 3,275,313	$ 5,283,468
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	2,373,808	4,364,226
Revenue bond redemption fund - restricted	901,505	919,242
	$ 3,275,313	$ 5,283,468

(continued)

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

(continued)

	2011	2010
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$ 2,473,979	$ 1,067,494
Adjustments:		
Depreciation	1,401,754	1,446,527
(Increase) Decrease in Assets:		
Prepaid expenses	(30,103)	266,682
Increase in Liabilities:		
Accounts payable	28,729	109,602
Compensated absences payable	3,147	606
Net Cash Provided by Operating Activities	$ 3,877,506	$ 2,890,911
Noncash investing, capital and financing activities		
Fair value of non-cash investments	$ (22,665)	$ (10,999)

City of Ketchikan, Alaska
Wastewater Services Fund
Comparative Statements of Net Assets
December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and temporary investments	$ 1,389,943	$ -
Accounts receivable		
Intergovernmental	1,083,952	4,272,062
Unbilled revenue	102,530	97,089
Total current assets	2,576,425	4,369,151
Noncurrent assets		
Deferred charges	4,416	1,853
Capital assets		
Construction work in progress	1,069,333	4,483,665
Wastewater facilities	19,236,129	14,852,758
Accumulated depreciation	(6,301,168)	(6,116,076)
Total capital assets (net of accumulated depreciation)	14,004,294	13,220,347
Total noncurrent assets	14,008,710	13,222,200
Total Assets	$ 16,585,135	$ 17,591,351
Liabilities		
Current liabilities		
Accounts payable	$ 132,786	$ 85,165
Interfund payable	-	1,743,706
Accrued vacation and sick leave	28,141	15,578
Total current liabilities	160,927	1,844,449
Noncurrent liabilities		
Bonds Payable	4,560,222	4,147,967
Total liabilities	4,721,149	5,992,416
Net assets		
Invested in capital assets, net of related debt	9,444,072	9,072,380
Unrestricted	2,419,914	2,526,555
Total net assets	11,863,986	11,598,935
Total Liabilities and Net Assets	$ 16,585,135	$ 17,591,351

City of Ketchikan, Alaska
Wastewater Services Fund
Comparative Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Charges for services	$ 2,117,793	$ 2,009,767
Other	1,363	965
Total Operating Revenues	2,119,156	2,010,732
Operating Expenses		
Operation and maintenance		
Personnel services	719,783	721,117
Supplies and services	710,382	603,729
Engineering services	246,524	252,000
Financial service	175,947	174,000
Insurance	33,160	43,045
Utilities	189,276	146,987
Depreciation	326,599	287,495
Total Operating Expenses	2,401,671	2,228,373
Operating Loss	(282,515)	(217,641)
Non-Operating Revenues		
Operating grants	7,873	3,976
Interest earnings	822	534
Total Non-Operating Revenues	8,695	4,510
Net Loss Before Grants and Transfers	(273,820)	(213,131)
Grants and Transfers		
Capital grants	612,871	1,024,553
Transfers out - payment in lieu of taxes	(74,000)	-
Total Grants and Transfers	538,871	1,024,553
Change in Net Assets	265,051	811,422
Net Assets Beginning of Year	11,598,935	10,787,513
Net Assets End of Year	$11,863,986	$11,598,935

City of Ketchikan, Alaska
Wastewater Services Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Cash received from customers and users	$ 2,113,715	$ 2,011,013
Cash payments to employees for services	(707,220)	(721,127)
Cash payments to suppliers for goods and services	(1,343,175)	(1,223,286)
Net Cash Provided by Operating Activities	63,320	66,600
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	7,873	3,976
Cash overdraft assumed to be financed	-	1,743,706
Payment in lieu of taxes to the general fund	(74,000)	
Cash overdraft payments	(1,743,706)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,809,833)	1,747,682
Cash Flows from Capital and Related Financing Activities		
Capital grant received from other governments	980,811	-
Capital debt proceeds	3,229,862	39,002
Payments for capital acquisitions and construction	(1,075,039)	(4,289,090)
Net Cash Provided (Used) by Capital and Related Financing Activities	3,135,634	(4,250,088)
Cash Flows from Investing Activities		
Investment earnings	822	534
Net Cash Provided by Investing Activities	822	534
Net Increase (Decrease) in Cash and Cash Equivalents	1,389,943	(2,435,272)
Cash and Cash Equivalents Beginning of Year	-	2,435,272
Cash and Cash Equivalents End of Year	$ 1,389,943	$ -

(continued)

City of Ketchikan, Alaska
Wastewater Services Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

(continued)

	2011	2010
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Loss	$ (282,515)	$ (217,641)
Adjustments:		
Depreciation	326,599	287,495
(Increase) Decrease in Assets:		
Unbilled revenue	(5,441)	281
Increase (Decrease) in Liabilities:		
Accounts payable	12,114	(3,525)
Compensated absences payable	12,563	(10)
Net Cash Provided (Used) by Operating Activities	$ 63,320	$ 66,600



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INTERNAL SERVICE FUNDS

Self-Insurance Fund - This fund accounts for claims not covered by the City’s insurance policies.

Compensated Absences Fund – The fund accounts for the accumulation of resources used to pay for compensated absences of employees accounted for in governmental funds.

City of Ketchikan, Alaska
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

	Self-Insurance	Compensated Absences	Total Internal Service Funds
Assets			
Current Assets:			
Cash and cash equivalents	$ 1,354,164	$ 910,333	$ 2,264,497
Prepaid insurance	583,830	-	583,830
Total Assets	$ 1,937,994	$ 910,333	$ 2,848,327
Liabilities			
Current Liabilities:			
Accounts payable	19,204	-	19,204
Compensated absences payable	-	878,139	878,139
Claims payable	250,000	-	250,000
Total Current Liabilities	269,204	878,139	1,147,343
Long-Term Liabilities:			
Compensated absences payable (net of current portion)	-	32,194	32,194
Total Liabilities	269,204	910,333	1,179,537
Net Assets			
Unrestricted	$ 1,668,790	$ -	$ 1,668,790

City of Ketchikan, Alaska
Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	Self-Insurance	Compensated Absences	Total Internal Service Funds
Operating Revenues			
Charges for services	$ 1,303,584	$ 998,490	$ 2,302,074
Miscellaneous income	2,020	-	2,020
	1,305,604	998,490	2,304,094
Operating Expenses			
Compensated absences	-	998,490	998,490
Insurance	1,114,910	-	1,114,910
Claims	192,200	-	192,200
Total Operating Expenses	1,307,110	998,490	2,305,600
Operating Loss	(1,506)	-	(1,506)
Non-Operating Revenues			
Investment earnings	1,506	-	1,506
Change in Net Assets	-	-	-
Net Assets Beginning of Year	1,668,790	-	1,668,790
Net Assets End of Year	$ 1,668,790	$ -	$ 1,668,790

City of Ketchikan, Alaska
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

	Self-Insurance	Compensated Absences	Total Internal Service Funds
Cash Flows from Operating Activities			
Cash received from customers and users	$ 1,305,604	$ 998,490	$ 2,304,094
Cash payments for insurance and claims	(1,335,852)	-	(1,335,852)
Cash payments for compensated absences	-	(991,219)	(991,219)
Net Cash Provided (Used) by Operating Activities	(30,248)	7,271	(22,977)
Cash Flows from Investing Activities			
Interest on investments	1,506	-	1,506
Net Increase (Decrease) in Cash and Cash Equivalents	(28,742)	7,271	(21,471)
Cash and Cash Equivalents Beginning of Year	1,382,906	903,062	2,285,968
Cash and Cash Equivalents End of Year	$ 1,354,164	$ 910,333	$ 2,264,497
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating Loss	$ (1,506)	$ -	$ (1,506)
Increase in Assets:			
Prepaid expenses	13,520	-	13,520
Increase (Decrease) in Liabilities:			
Accounts payable	(42,262)	-	(42,262)
Compensated absences payable	-	7,271	7,271
Claims payable	-	-	-
Net Cash Provided (Used) by Operating Activities	$ (30,248)	$ 7,271	$ (22,977)

CITY OF KETCHIKAN, ALASKA

COMBINED SCHEDULE OF CASH AND INVESTMENTS BALANCES - ALL FUNDS

Year Ended December 31, 2011

Cash and Investment Balances		
Cash in Revenue Bond Redemption Accounts	$1,881,665	
Cash in Petty Cash Funds	9,820	
Cash in Other Accounts	42,611,956	
Total Cash	44,503,441	
Investments		
Investments with Financial Institutions	14,159,819	
Total Investments	$14,159,819	
Total Cash and Investments		$58,663,260
General Fund		$3,956,342
Special Revenue Funds		
Sales Tax Hospital Fund	$4,020,441	
Sales Tax Public Works Fund	7,566,665	
Economic Development Parking Fund	1,619,381	
Transient Tax Fund	80,242	
Solid Waste Services Fund	3,867,005	
Ketchikan Boat Harbor Fund	1,372,426	
Bayview Cemetery Fund	131,314	
Federal and State Grant Fund	-	
US Marshall Property Seizure Fund	25,267	
Special Assessment Guarantee Fund	406,343	
Shoreline Fund	149,244	19,238,328
Capital Project Funds		
Major Capital Improvement Fund	-	
Community Facilities Development Fund	6,692,879	
Harbor Improvements Fund	$369,480	$7,062,359

CITY OF KETCHIKAN, ALASKA

COMBINED SCHEDULE OF CASH AND INVESTMENTS BALANCES - ALL FUNDS (Cont'd)

Year Ended December 31, 2011

Enterprise Funds		
Wastewater Service Fund		
Unrestricted Funds	$1,389,943	
Ketchikan Port Fund:		
Unrestricted Funds	2,373,808	
Revenue Bond Redemption Funds	901,505	
Repair & Replacement Funds	2,088,610	
Revenue Bond Reserve Funds	2,602,488	
Ketchikan Public Utilities Fund:		
Unrestricted Funds	13,845,368	
Revenue Bond Redemption Funds	980,160	
Revenue Bond Reserve Funds	1,959,852	$26,141,734
Internal Service Funds		
Self-Insurance Fund	1,354,164	
Compensated Leave Fund	$910,333	2,264,497
Total Cash and Investments		$58,663,260

CITY OF KETCHIKAN, ALASKA

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
Year Ended December 31, 2011

		Interest Rate	*Maturity Date*	*Amount*
KETCHIKAN PUBLIC UTILITIES - KPU INVESTMENT FUND				
Wells Fargo Advisors				
KPU Cash	US Treasury Inflation Index Note	3.000%	7/15/2012	247,715
	Cash and Money Funds			22,149
				269,864
BAR HARBOR SOUTH FUND INVESTMENTS				
Wells Fargo Advisors				
	Cash and Money Funds			408,064
KETCHIKAN PUBLIC UTILITIES - REVENUE BOND RESERVE FUND INVESTMENTS				
Wells Fargo Advisors				
SERIES T	US Treasury Inflation Index Note	3.375%	1/15/2012	491,077
	US Treasury Note	4.125%	8/31/2012	410,548
	US Treasury Note	4.875%	8/15/2016	474,532
	Cash and Money Funds			557
				1,376,714
SERIES U, V and W	US Treasury Inflation Index Note	3.000%	7/15/2012	141,516
	US Treasury Note	2.125%	11/30/2014	252,094
	US Treasury Note	2.250%	1/31/2015	105,656
	Cash and Money Funds			83,872
				583,138
KETCHIKAN PORT - REVENUE BOND RESERVE FUND INVESTMENTS				
Wells Fargo Advisors				
	US Treasury Inflation Index Note	3.375%	1/15/2012	892,867
	US Treasury Inflation Index Note	3.000%	7/15/2012	900,559
	US Treasury Note	1.375%	1/15/2013	804,874
	Cash and Money Funds			4,188
				2,602,488
FIRE STATION CONSTRUCTION FUND				
Wells Fargo Advisors				
	Cash and Money Funds			6,830,941
PORT OF KETCHIKAN REPAIR & REPLACEMENT FUND				
Certificate of Deposit				
	First Bank	0.150%	10/31/2012	1,554,688
KETCHIKAN PORT - BERTH IV REPLACEMENT ACCOUNT				
Certificate of Deposit				
	First Bank	0.250%	11/30/2012	533,922
	TOTAL ALL FUNDS			14,159,819



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STATISTICAL SECTION

This section of the City of Ketchikan's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Government-wide Information

These schedules contain information that help the reader understand how the City's government-wide financial performance and well-being have changed over time. 149

Financial Trends

These schedules contain trend information that help the reader understand how the City's financial performance and well-being have changed over time. 157

Revenue Capacity

These schedules present information to help the reader assess the city's most significant local revenue source, property taxes. 163

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 179

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. 185

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs. 189

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; tables presenting government-wide information include information in that year. The City implemented GASB Statement 44 in 2006; schedules presenting government-wide information include information beginning in that year.



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GOVERNMENT-WIDE INFORMATION

These schedules contain information to help the reader understand how the City's government-wide financial performance and well-being have changed over time.

Net Asset by Component ..... Table 1
Changes in Net Assets ..... Table 2

(Un-Audited)

City of Ketchikan, Alaska

Net Asset by Component

Last Nine Fiscal Years

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 62,798,957	$ 75,935,038	$ 78,949,802	$ 82,946,674
Restricted	12,240,493	8,607,990	8,208,471	8,500,972
Unrestricted	18,305,072	19,398,137	19,680,452	21,842,202
Total governmental activities net assets	$ 93,344,522	$ 103,941,165	$ 106,838,725	$ 113,289,848
Business-type activities				
Invested in capital assets, net of related debt	$ 91,114,100	$ 64,294,258	$ 64,103,610	$ 65,014,842
Restricted	2,997,278	2,946,928	3,045,731	8,528,058
Unrestricted	19,706,095	22,345,814	23,415,765	23,371,639
Total business-type activities net assets	$ 113,817,473	$ 89,587,000	$ 90,565,106	$ 96,914,539
Primary Government				
Invested in capital assets, net of related debt	$ 153,913,057	$ 140,229,296	$ 143,053,412	$ 147,961,516
Restricted	15,237,771	11,554,918	11,254,202	17,029,030
Unrestricted	38,011,167	41,743,951	43,096,217	45,213,841
Total primary government net assets	$ 207,161,995	$ 193,528,165	$ 197,403,831	$ 210,204,387

Table 1

2007	Restated 2008	2009	2010	2011
$ 100,387,358	$ 102,795,408	$ 105,240,716	$ 109,138,701	$ 118,331,373
8,635,185	7,867,366	9,302,674	7,975,618	8,010,280
24,554,392	24,486,577	22,137,657	21,265,521	22,791,652
$ 133,576,935	$ 135,149,351	$ 136,681,047	$ 138,379,840	$ 149,133,305
$ 65,421,421	$ 68,944,529	$ 75,194,012	$ 78,533,777	$ 88,231,320
7,819,498	9,173,772	8,695,571	8,196,207	8,431,062
26,243,152	28,054,404	23,958,481	26,306,929	27,164,343
$ 99,484,071	$ 106,172,705	$ 107,848,064	$ 113,036,913	$ 123,826,725
$ 165,808,779	$ 171,739,937	$ 180,434,728	$ 187,672,478	$ 206,562,693
16,454,683	17,041,138	17,998,245	16,171,825	16,441,342
50,797,544	52,540,981	46,096,138	47,572,450	49,955,995
$ 233,061,006	$ 241,322,056	$ 244,529,111	$ 251,416,753	$ 272,960,030

(Un-Audited)

City of Ketchikan, Alaska

Changes in Net Assets

Last Nine Fiscal Years

	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	$ 2,087,654	$ 1,978,792	$ 2,511,022	$ 1,959,927	$ 2,042,750
Public safety	5,769,570	5,995,211	6,717,659	6,835,651	7,288,610
Culture	2,708,198	2,263,549	2,396,342	2,566,929	2,551,355
Health and welfare	3,571,529	3,496,922	5,048,556	3,485,604	3,975,894
Public works	4,969,949	5,318,235	4,866,229	5,617,473	6,033,515
Harbor	1,308,310	964,677	1,301,859	1,418,733	1,642,466
Interest	484,226	428,702	355,271	344,778	321,854
Total governmental activities expenses	20,899,436	20,446,088	23,196,938	22,229,095	23,856,444
Business-type activities					
Ketchikan Public Utilities					
Electric	$ 14,155,717	$ 14,143,404	$ 12,828,046	$ 14,057,328	$ 15,044,569
Telecommunications	9,516,699	10,654,717	10,880,155	11,835,693	12,512,416
Water	2,599,234	2,639,732	2,786,789	2,834,098	2,886,251
Ketchikan Port	1,609,211	1,687,219	2,837,681	4,097,435	4,723,553
Wastewater Service	1,451,845	1,503,572	1,702,546	1,680,328	2,013,615
Total business-type activities expenses	29,332,706	30,628,644	31,035,217	34,504,882	37,180,404
Total primary government expenses	$ 50,232,142	$ 51,074,732	$ 54,232,155	$ 56,733,977	$ 61,036,848
Program Revenues					
Governmental activities:					
Charges for services:					
Ambulance	$ 270,774	$ 404,331	$ 405,636	$ 369,017	$ 389,500
Library services	415,434	423,126	418,034	420,246	435,876
Mental Health & Substance Abuse	801,354	742,503	831,529	618,937	472,351
Solid Waste	2,606,100	2,603,511	2,719,019	2,833,419	2,821,632
Harbor	816,720	818,228	894,569	940,106	973,142
Other activities	1,019,196	1,172,438	1,242,098	1,413,971	1,296,568
Operating grants and contributions	2,340,875	1,426,884	1,814,834	1,776,296	1,846,610
Capital grants and contributions	89,726	8,269,434	233,637	2,324,529	170,663
Total governmental activities program revenues	8,360,179	15,860,455	8,559,356	10,696,521	8,406,342
Business-type activities					
Charges for services					
Electric	$ 12,892,785	$ 13,011,150	$ 13,232,075	$ 14,468,144	$ 14,779,712
Telecommunications	12,675,818	12,168,008	12,335,107	14,032,603	13,431,826
Water	1,507,395	1,538,193	1,582,841	1,718,781	1,924,163
Port	1,560,141	5,000,010	7,096,948	6,427,207	7,895,063
Wastewater	1,856,079	1,861,283	1,894,718	1,942,529	2,038,361
Operating grants and contributions	122,721	30,100	57,037	107,582	126,032
Capital grants and contributions	16,818,457	1,152,821	218,491	2,137,467	3,563,444
Total business-type activities program revenues	47,433,396	34,761,565	36,417,217	40,834,313	43,758,601
Total primary government program revenues	$ 55,793,575	$ 50,622,020	$ 44,976,573	$ 51,530,834	$ 52,164,943

Table 2

Restated 2008	2009	2010	2011
$ 2,385,231	$ 2,103,140	$ 2,365,376	$ 1,928,342
8,004,100	7,803,886	7,751,934	8,368,059
3,336,986	2,896,827	2,822,040	2,862,064
4,011,821	2,947,696	1,875,578	1,272,680
8,888,160	10,003,285	7,788,434	8,015,271
1,639,600	2,066,607	2,057,164	2,169,152
296,709	278,749	256,909	478,822
28,562,607	28,100,190	24,917,435	25,094,390
$ 17,331,151	$ 17,451,474	$ 16,036,369	$ 16,141,172
11,901,997	13,447,338	12,321,547	13,172,392
2,902,139	2,846,215	2,833,765	3,221,650
7,176,395	9,026,767	8,929,902	7,452,615
2,297,544	2,583,454	2,228,373	2,401,671
41,609,226	45,355,248	42,349,956	42,389,500
$ 70,171,833	$ 73,455,438	$ 67,267,391	$ 67,483,890
$ 434,934	$ 385,373	$ 516,049	$ 521,621
436,601	421,585	351,494	381,162
381,844	596,067	140,862	
2,881,079	2,776,619	2,816,287	2,940,490
1,103,677	1,156,343	1,116,361	1,159,273
1,634,340	1,610,935	1,252,815	1,573,835
2,169,658	1,220,785	963,699	1,173,178
375,443	4,125,310	2,840,226	10,529,822
9,417,576	12,293,017	9,997,793	18,279,381
$ 17,699,413	$ 16,619,118	$ 15,370,110	$ 16,223,890
12,958,489	13,727,676	14,390,486	14,444,541
2,024,614	2,247,801	2,532,659	2,896,152
8,839,267	8,922,228	8,000,492	7,986,404
2,038,287	2,029,614	2,009,767	2,117,793
257,948	149,270	111,337	221,076
4,304,943	2,991,174	5,361,548	9,908,854
48,122,961	46,686,881	47,776,399	53,798,710
$ 57,540,537	$ 58,979,898	$ 57,774,192	$ 72,078,091

(Un-Audited)

City of Ketchikan, Alaska

Changes in Net Assets (continued)

Last Nine Fiscal Years

	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental activities	$ (12,539,257)	$ (4,585,633)	$ (14,637,582)	$ (11,532,574)	$ (15,450,102)
Business-type activities	18,100,690	4,132,921	5,382,000	6,329,431	6,578,197
Total primary government net (expense) revenue	5,561,433	(452,712)	(9,255,582)	(5,203,143)	(8,871,905)
Governmental Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	$ 3,594,115	$ 3,618,089	$ 3,660,138	$ 3,895,032	$ 4,073,391
Sales taxes	7,916,500	8,550,572	9,045,296	9,203,890	9,663,743
Transient taxes	301,833	353,376	383,036	346,341	526,915
Intergovernmental - unrestricted	355,612	184,725	215,211	484,967	701,006
Investment earnings	246,262	491,952	837,639	1,234,797	1,425,411
Contributions of capital assets not restricted	-	1,113,560	-	-	-
Miscellaneous	124,470	117,902	196,137	212,911	1,209,209
Special Item	-	-	-	-	-
Transfers	752,100	752,100	3,197,685	2,605,759	6,324,169
Total governmental activities	$ 13,290,892	$ 15,182,276	$ 17,535,142	$ 17,983,697	$ 23,923,844
Business-type activities:					
Investment earnings	$ 311,026	$ 294,750	$ 744,364	$ 1,816,783	$ 1,873,235
Miscellaneous	671,053	404,552	482,311	808,978	442,269
Special Item	-	(28,310,596)	-	-	-
Extraordinary Item	-	-	(2,432,884)	-	-
Transfers	(752,100)	(752,100)	(3,197,685)	(2,605,759)	(6,324,169)
Total business-type activities	229,979	(28,363,394)	(4,403,894)	20,002	(4,008,665)
Total primary government	$ 13,520,871	$ (13,181,118)	$ 13,131,248	$ 18,003,699	$ 19,915,179
Change in Net Assets					
Governmental activities	$ 751,635	$ 10,596,643	$ 2,897,560	$ 6,451,123	$ 8,473,742
Business-type activities	18,330,669	(24,230,473)	978,106	6,349,433	2,569,532
Total primary government	$ 19,082,304	$ (13,633,830)	$ 3,875,666	$ 12,800,556	$ 11,043,274

Table 2 - (Continued)

Restated 2008	2009	2010	2011
$ (19,145,031)	$ (15,807,173)	$ (14,919,642)	$ (6,815,009)
6,513,735	1,331,633	5,426,443	11,409,210
(12,631,296)	(14,475,540)	(9,493,199)	4,594,201
$ 4,482,595	$ 4,634,797	$ 4,681,027	$ 4,808,930
10,441,027	9,568,759	9,477,890	9,883,856
449,708	355,729	391,089	377,583
794,368	729,325	810,802	1,137,762
1,175,583	469,839	157,012	101,754
-			
1,316,542	615,419	77,615	161,589
507,229			
1,550,395	965,000	1,023,000	1,097,000
$ 20,717,447	$ 17,338,868	$ 16,618,435	$ 17,568,474
$ 1,214,525	$ 671,967	$ 182,542	$ 132,196
408,670	636,759	602,864	345,406
102,099			
-			
(1,550,395)	(965,000)	(1,023,000)	(1,097,000)
174,899	343,726	(237,594)	(619,398)
$ 20,892,346	$ 17,682,594	$ 16,380,841	$ 16,949,076
$ 1,572,416	$ 1,531,695	$ 1,698,793	$ 10,753,465
6,688,634	1,675,359	5,188,849	10,789,812
$ 8,261,050	$ 3,207,054	$ 6,887,642	$ 21,543,277



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FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Fund Balances, Governmental Funds ..... Table 3
Changes in Fund Balances, Governmental Funds ..... Table 4
Tax Revenues by Source, Governmental Funds ..... Table 5

(Un-Audited)

City of Ketchikan, Alaska

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2002	2003	2004	2005
General Fund				
Reserved	$ 870,641	$ 996,009	$ 1,020,868	$ 631,383
Unreserved	5,121,407	4,661,291	4,584,905	4,896,236
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total general fund	$ 5,992,048	$ 5,657,300	$ 5,605,773	$ 5,527,619
All Other Governmental Funds				
Reserved	$ 2,072,446	$ 6,896,481	$ 7,086,697	$ 5,922,076
Unreserved, reported in:				
Designated	925,000	447,925	-	-
Special revenue funds	14,232,560	10,623,568	11,836,793	12,613,716
Capital project funds	5,221,851	4,913,332	1,441,768	1,793,046
Debt service funds	39,154	-	-	-
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total all other governmental funds	$ 22,491,011	$ 22,881,306	$ 20,365,258	$ 20,328,838

This schedule presents the reported fund balances with the implementation of GASB Statement 54 for calender year 2011, and 2010, as restated. Prior years 2002 through 2009 have not been restated.

Table 3

2006	2007	2008	2009	Restated 2010	2011
$ 721,656	$ 804,983	$ 633,594	$ 602,723		
4,868,556	4,523,852	4,436,748	4,046,686		
				$ 391,593	$ 382,742
					-
				$ 14,025,344	15,834,417
				3,298,478	3,271,596
$ 5,590,212	$ 5,328,835	$ 5,070,342	$ 4,649,409	$ 17,715,415	$ 19,488,755
$ 6,399,364	$ 3,919,777	$ 6,516,387	$ 6,320,258		
-	-	-	-		
13,782,467	15,715,623	14,173,319	13,577,367		
2,269,925	5,428,243	2,996,186	4,154,046		
-	-	-	-		
				$ 7,270,633	$ 4,368,168
				455,846	1,107,501
				7,962,654	7,056,295
					-
$ 22,451,756	$ 25,063,643	$ 23,685,892	$ 24,051,671	$ 15,689,133	$ 12,531,964

(Un-Audited)

City of Ketchikan, Alaska

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2002	2003	2004	2005
Revenues				
Taxes	$ 11,275,149	$ 11,916,936	$ 12,452,287	$ 13,166,875
Licenses and permits	40,521	59,586	106,820	122,894
Intergovernmental	7,225,001	3,198,432	2,636,198	2,650,245
Charges for services	7,530,187	5,668,823	5,878,921	6,184,437
Fines and forfeitures	198,772	201,169	178,396	174,372
Investments earnings	770,221	230,034	261,456	523,444
Contributions				
Interdepartmental charges	2,048,342	2,159,171	2,268,147	2,313,773
Miscellaneous	111,344	124,470	117,902	207,460
Total revenues	29,199,537	23,558,621	23,900,127	25,343,500
Expenditures				
General government	$ 3,279,341	$ 3,660,347	$ 3,693,662	$ 3,850,434
Public safety	5,457,023	5,775,177	6,364,126	6,592,719
Culture	2,086,805	2,751,846	2,205,221	2,426,921
Health and welfare	4,192,535	3,594,265	7,016,756	4,931,566
Public works	8,317,263	5,427,426	5,838,869	8,080,031
Harbor	958,942	1,611,338	1,316,216	1,961,213
Non-Departmental	346,548	-	-	-
Capital outlay	277,571	-	-	-
Debt service				
Bond issuance costs	-	-	-	95,572
Interest and fiscal charges	556,539	486,303	430,333	314,428
Principal retirement	1,134,876	973,942	473,734	624,156
Total expenditures	26,607,443	24,280,644	27,338,917	28,877,040
Excess of revenues over (under) expenditures	2,592,094	(722,023)	(3,438,790)	(3,533,540)
Other Financing Sources (Uses)				
Sale of capital assets	$ 1,104,885	$ 111,689	$ 19,115	$ 6,200
Proceeds of refunded bonds	-	-	-	7,105,051
Proceeds from sale of bonds	-	-	-	-
Premiums from sale of bonds	-	-	-	-
Proceeds from transfer of net assets from other governments	-	-	-	-
Payments to refunded bond agent	-	-	-	(6,920,463)
Capital lease	-	-	-	30,493
Transfers in	6,995,663	9,149,324	5,015,903	7,506,561
Transfers out	(6,243,563)	(8,327,224)	(4,193,803)	(4,308,876)
Total other financing sources (uses)	1,856,985	933,789	841,215	3,418,966
Net change in fund balances	$ 4,449,079	$ 211,766	$ (2,597,575)	$ (114,574)
Debt service as a percentage of noncapital expenditures		6.36%	4.14%	4.29%

Table 4

2006	2007	2008	2009	2010	2011
$ 13,354,456	$ 14,199,771	$ 15,325,083	$ 14,525,068	$ 14,343,068	$ 15,128,079
109,732	122,275	104,742	90,922	119,522	276,275
4,563,268	3,109,206	3,704,389	5,553,375	4,515,036	12,834,694
6,246,819	6,083,444	6,494,421	6,520,335	6,050,968	6,082,885
144,904	169,049	284,085	237,599	136,681	159,574
990,881	1,134,288	1,159,148	1,495,589	101,960	208,321
			913,284	86,054	1,598
2,711,378	2,663,164	3,001,060	3,029,714	3,048,226	3,175,838
223,378	1,211,136	1,561,193	592,694	223,768	196,281
28,344,816	28,692,333	31,634,121	32,958,580	28,625,283	38,063,545
$ 4,292,014	$ 4,158,340	$ 4,700,644	$ 4,636,560	$ 4,635,116	$ 4,694,767
6,842,820	7,221,346	8,513,209	7,943,723	9,253,467	15,794,570
2,316,367	2,342,355	3,458,592	2,705,436	3,704,718	4,256,978
3,371,208	4,260,761	3,863,755	3,325,151	1,504,139	1,553,869
8,246,265	7,076,021	9,506,008	11,453,823	9,943,954	9,862,985
2,997,601	6,833,930	3,917,652	3,073,447	2,265,892	3,136,954
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
347,152	324,357	301,170	283,669	264,280	454,029
505,130	563,193	573,038	589,339	575,000	800,000
28,918,557	32,780,303	34,834,068	34,011,148	32,146,566	40,554,152
(573,741)	(4,087,970)	(3,199,947)	(1,052,568)	(3,521,283)	(2,490,607)
$ 49,129	$ 114,311	$ 13,308	$ 32,414	$ -	$ 9,778
-	-	-	-	-	-
-	-	-	-	7,200,000	-
-	-	-	-	1,751	-
-	-	-	-	-	-
-	-	-	-	-	-
104,364	-	-	-	-	-
6,871,876	10,133,487	5,855,913	5,682,231	5,277,851	2,750,515
(4,266,117)	(3,809,318)	(4,305,518)	(4,717,231)	(4,254,851)	(1,653,515)
2,759,252	6,438,480	1,563,703	997,414	8,224,751	1,106,778
$ 2,185,511	$ 2,350,510	$ (1,636,244)	$ (55,154)	$ 4,703,468	$ (1,383,829)
3.62%	3.63%	3.00%	3.18%	3.35%	4.96%

(Un-Audited) **Table 5**

City of Ketchikan, Alaska

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

Fiscal Year	Real & Personal Property Taxes	Automobile and Boat Taxes	Penalty & Interest	Senior Citizen Local Contribution	Sales Taxes	Transient Taxes	Payment In Lieu of Taxes	Total
2002	3,796,473	108,879	47,372	(262,821)	7,311,908	273,338	752,100	12,027,249
2003	3,815,152	90,808	64,435	(271,792)	7,916,500	301,833	752,100	12,669,036
2004	3,678,559	99,881	43,180	(273,281)	8,550,572	353,376	752,100	13,204,387
2005	3,823,753	94,688	73,928	(287,132)	9,066,564	395,074	752,100	13,918,975
2006	4,071,771	71,796	85,124	(292,668)	9,084,670	333,763	752,100	14,106,556
2007	4,213,607	88,723	87,502	(290,436)	9,581,723	518,652	752,100	14,951,871
2008	4,710,269	61,766	82,978	(305,235)	10,330,443	444,862	932,770	16,257,853
2009	4,845,524	63,588	71,381	(321,800)	9,491,524	366,856	972,995	15,490,068
2010	4,881,901	63,593	120,099	(336,120)	9,217,763	385,286	1,033,546	15,366,068
2011	4,920,064	76,677	124,146	(346,141)	9,965,173	378,096	1,107,064	16,225,079
Change								
2011-2002	**29.60%**	**-29.58%**	**162.07%**	**31.70%**	**36.29%**	**38.33%**	**47.20%**	**34.90%**

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue sources, property taxes, sales taxes and charges for services.

Direct and Overlapping Property Tax Rates ..... Table 6
Assessed Value and Actual Value of Taxable Property ..... Table 7
Principal Property Taxpayers ..... Table 8
Property Tax Levies and Collections ..... Table 9
Direct and Overlapping Sales Tax Rates ..... Table 10
Major Governmental Activities Customer Base and Charges for Services Income ..... Table 11
Major Business Type Activities Customer Base and Charges for Services Income ..... Table 12
Gross Sales by Category ..... Table 13



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(Un-Audited) **Table 6**

City of Ketchikan, Alaska

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City of Ketchikan	Ketchikan Gateway Borough	Total Rate
2002	6.4	6.8	13.2
2003	6.4	7.0	13.4
2004	6.4	7.5	13.9
2005	6.4	7.5	13.9
2006	6.4	7.2	13.6
2007	6.1	6.8	12.9
2008	6.1	6.8	12.9
2009	6.1	6.0	12.1
2010	6.1	5.8	11.9
2011	6.2	5.8	12.0

Tax Rate Limit: The laws of the State of Alaska limit property taxes to 3 percent of the value of property, but this limitation is not applicable to taxes levied or pledged to pay or secure the payment of the principal and interest on any bonds of any incorporated town or municipality, which taxes may be levied without limitation as to rate and amount.

Source: Ketchikan Gateway Borough

(Un-Audited)

City of Ketchikan, Alaska

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year		Residential Property	Vacant Property [1]	Commercial Property	Industrial Property	Apartment & Condominium Property	Other Property
2002		$ 250,807,100	$ 26,503,600	$ 136,451,300	$ 86,106,800	$ 47,911,700	$ 5,095,400
2003		251,155,600	26,496,000	149,123,400	70,512,100	46,900,500	4,337,400
2004	[2]	251,996,800	22,388,100	173,620,400	44,495,400	45,442,700	4,137,500
2005		255,802,900	25,996,500	173,435,700	45,192,900	44,894,400	4,397,100
2006		276,260,200	27,147,700	187,371,100	44,225,000	47,212,900	8,684,600
2007		310,491,700	30,939,400	202,440,800	46,898,700	54,040,200	3,608,700
2008		347,617,900	32,621,300	219,509,300	53,346,100	61,058,900	3,778,200
2009		356,923,300	32,800,300	229,937,400	60,541,600	56,939,700	10,052,600
2010		365,177,600	32,136,200	231,054,200	63,405,300	58,391,900	9,407,200
2011		273,882,800	11,108,100	200,555,000	113,607,400	152,983,800	1,667,100

[1] The vacant property classification includes property parcels that do not have improvements on the land. These vacant parcels may be located in residential, commercial and industrial zones.

[2] The Ketchikan Gateway Borough Assessment Department began the implementation of a computer software program that tracks each of the properties by property class. The system enabled the Borough to keep more concise information of the properties located in the City of Ketchikan, which resulted in correcting the class of industrial and commericial properties beginning in 2004.

[3] The Senior Citizen/Disabled Veteran Tax Emempt program provides up to $150,000 of tax relief for qualified individuals.

Note: The property in the city is reassessed at least every four years in accordance with the Ketchikan Gateway Borough's assessment procedures to reappraise certain geographical areas located within the Borough. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per $1,000 of assessed value.

Source: Ketchikan Gateway Borough, Assessment Department

Table 7

Personal Property	Total Assessed Value	Tax-Exempt Property [3]	Total Taxable Assessed Value	Total Tax Rate
$ 43,428,400	$ 596,304,300	$ 41,065,800	$ 555,238,500	13.20
41,012,900	589,537,900	42,467,500	547,070,400	13.40
41,280,300	583,361,200	42,700,100	540,661,100	13.90
45,248,700	594,968,200	45,078,700	549,889,500	13.90
42,419,800	633,321,300	45,729,300	587,592,000	13.60
48,912,700	697,332,200	47,670,500	649,661,700	12.90
50,809,700	768,741,400	50,094,600	718,646,800	12.90
50,913,200	798,108,100	52,754,100	745,354,000	12.10
41,375,000	800,947,400	55,101,700	745,845,700	11.90
47,370,800	801,175,000	55,829,300	745,345,700	12.00

(Un-Audited) **Table 8**

City of Ketchikan, Alaska

Principal Property Taxpayers

Current Year and Nine Years Ago

	2011			2002		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Ketchikan Dock Company, LLC	$ 12,730,200	1	1.59%			
Tongass Trading Company	10,936,800	2	1.37%	$ 7,162,500	2	1.20%
Trident Seafoods Corporation	8,704,600	3	1.09%			
Landing LLC	8,086,600	4	1.01%			
Carr-Gottstein Foods Company	7,857,900	5	0.98%	5,184,800	7	0.87%
Cape Fox Corporation	7,566,400	6	0.94%	5,936,500	3	1.00%
Harbor Enterprises/Petro Marine Services	7,502,900	7	0.94%	4,263,900	10	0.72%
Wal-Mart	6,731,800	8	0.84%			
Dock Street Building Corporation	6,672,100	9	0.83%			
E C Phillips & Son Inc.	6,422,100	10	0.80%	5,599,600	4	0.94%
Alaska General Seafood Processors				7,179,400	1	1.20%
Ketchikan Plaza, Inc.				5,387,600	5	0.90%
TF Acquisition, Inc.				5,210,900	6	0.87%
Tesoro Alaska				5,101,900	8	0.86%
Swan Bay Holding, Inc.				4,821,600	9	0.81%
Total	$ 83,211,400		10.39%	$ 55,848,700		9.37%

Source: Ketchikan Gateway Borough Department of Assessment

(Un-Audited) **Table 9**

City of Ketchikan, Alaska

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for Municipal Purposes for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	$3,553,526	$3,471,739	97.70%	$57,390	$3,529,129	99.31%
2003	3,501,251	3,466,133	99.00%	34,793	3,500,926	99.99%
2004	3,460,231	3,407,265	98.47%	28,777	3,436,042	99.30%
2005	3,519,293	3,464,863	98.45%	45,341	3,510,204	99.74%
2006	3,760,589	3,736,346	99.36%	24,058	3,760,404	100.00%
2007	3,962,936	3,881,477	97.94%	63,823	3,945,300	99.55%
2008	4,383,745	4,338,730	98.97%	30,875	4,369,605	99.68%
2009	4,546,659	4,472,274	98.36%	57,796	4,530,070	99.64%
2010	4,549,659	4,353,276	95.68%	154,144	4,507,420	99.07%
2011	4,621,143	4,565,367	98.79%		4,565,367	98.79%

Source: Ketchikan Gateway Borough, Assessment Department

(Un-Audited) **Table 10**

City of Ketchikan, Alaska
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City of Ketchikan	Ketchikan Gateway Borough [1]	Total Rate
2002	3.5%	2.0%	5.5%
2003	3.5%	2.0%	5.5%
2004	3.5%	2.5%	6.0%
2005	3.5%	2.5%	6.0%
2006	3.5%	2.5%	6.0%
2007	3.5%	2.5%	6.0%
2008	3.5%	2.5%	6.0%
2009	3.5%	2.5%	6.0%
2010	3.5%	2.5%	6.0%
2011	3.5%	2.5%	6.0%

[1] The Ketchikan Gateway Borough 2.5% sales tax rate became effective July 1, 2004.

Source: Ketchikan Gateway Borough & City of Ketchikan



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(Un-Audited)

City of Ketchikan, Alaska

Major Governmental Activities Customer Base and Charges for Services Income

Last Nine Fiscal Years

	2003	2004	2005
Collected Charges for Services Revenue			
Solid Waste	$ 2,606,100	$ 2,603,511	$ 2,719,019
Harbor	816,720	818,228	893,870
Number of Customers/Services Provided			
Solid Waste Collection			
Residential	2,382	2,389	2,454
Business	204	217	225
Solid Waste Disposal	5,290	5,305	5,339
Harbor			
Reserved Moorage Stalls Rented	784	784	780

Sources: City of Ketchikan Solid Waste and Small Boat Harbors financial and department records

Table 11

2006	2007	2008	2009	2010	2011
$ 2,833,419	$ 2,821,632	$ 2,881,079	$ 2,776,619	$ 2,816,287	$ 2,940,490
940,106	973,142	1,103,677	1,156,343	1,116,361	1,159,273
2,495	2,516	2,479	2,454	2,402	2,524
222	231	230	231	233	238
5,342	5,403	5,405	5,446	5,419	5,485
780	765	759	786	763	765

(Un-Audited)

City of Ketchikan, Alaska

Major Business Type Activities Customers and Charges for Services Income

Last Ten Fiscal Years

	2002	2003	2004	2005
Collected Charges for Services Revenue				
Electric				
Residential	$ 5,276,810	$ 5,326,643	$ 5,371,160	$ 5,414,050
Boats	229,068	235,612	243,452	254,450
Commercial	5,493,844	5,457,759	5,505,771	5,663,099
Industrial	1,277,064	1,448,408	1,405,537	1,413,345
Demand	320,572	316,174	333,528	334,829
Area Lighting	42,430	42,705	44,342	45,922
Street Lighting	120,573	120,672	120,360	121,980
Diesel Surcharge				
Other	348,976	433,588	398,318	460,057
Telecommunications				
Local Network Services	3,833,015	3,498,508	3,411,569	3,257,503
Inter/Intrastate Network Access Services	6,086,380	7,292,077	6,825,910	6,955,054
Non-Regulated	1,036,819	1,420,466	1,398,933	1,607,548
Other	628,797	613,349	566,596	557,002
Water				
Residential	659,606	659,363	680,524	695,242
Apartments	133,881	133,538	136,799	136,054
Commercial	482,522	494,890	505,906	521,253
Industrial	64,368	64,266	66,788	69,007
Cannery	55,083	46,202	42,686	42,751
Fire Hydrant	9,502	7,659	7,857	7,872
Port	102,926	117,626	107,490	120,934
Other	38,004	14,905	6,705	13,805
Wastewater				
Residential Sewer Service	1,086,963	1,104,008	1,111,765	1,130,795
Business Sewer Service	715,204	741,760	739,036	753,062
Port				
Passenger Wharfage [1]			3,160,192	5,150,634
Docking	1,335,937	1,428,851	1,514,968	1,582,718
Customer Base				
Electric				
Residential	5,625	5,622	5,603	5,616
Commercial	1,051	1,054	1,056	1,068
Industrial	13	14	15	14
Other	482	488	487	504
Telecommunications				
Residential Access Lines	6,327	6,035	5,774	5,589
Commercial Access Lines	4,933	4,618	4,357	4,253
Water				
Residential	2,442	2,436	2,452	2,493
Apartments	15	15	15	15
Commercial	375	386	396	406
Industrial	6	6	6	7
Cannery	4	4	3	3
Fire Hydrant	5	4	4	4
Marine Vessels	36	39	28	33
Wastewater				
Residential [2]	2,457	2,450	2,467	2,507
Business [3]	390	401	411	420
Port				
Cruiseships	34	37	37	37
Stops	503	538	535	562
Passengers [4]	700,993	770,663	848,969	921,429

[1] Beginning in 2004, the City began assessing passenger wharfage. The amount assessed to the passenger ships for passengers is dependent on whether the ship docks or lighters its passengers to City's owned berthing facilities.

[2] The number of residential customers reflected on this schedule includes the number of apartment buildings serviced for wastewater services.

[3] Beginning in 2000, the industrial customers were lumped with all other commercial customers into the business category.

[4] Beginning in 2006, the number of passengers only include those that generate revenue. The counts reflected in prior years represent both revenue and non-revenue generating passengers.

Source: City of Ketchikan financial records & Ketchikan Visitors Bureau

Table 12

2006	2007	2008	2009	2010	2011
$ 5,952,863	$ 6,184,106	$ 6,691,810	$ 6,743,435	$ 6,557,170	$ 6,929,817
280,735	290,847	289,017	275,352	268,981	293,654
6,126,399	6,126,579	6,327,156	6,167,549	6,186,808	6,404,792
1,554,201	1,614,368	1,615,798	1,622,961	1,758,452	1,767,912
403,234	411,557	426,839	429,295	427,292	443,170
43,618	45,733	50,145	49,019	48,833	48,890
122,694	122,122	123,012	123,499	124,526	124,978
		2,205,971	1,228,808	18,848	231,477
771,160	567,665	472,660	564,893	562,291	442,410
3,237,357	2,854,206	2,644,869	2,442,452	2,274,624	2,194,530
8,403,318	7,745,095	7,449,484	8,163,920	8,644,023	8,591,786
1,856,903	2,271,838	2,361,103	2,560,799	2,967,362	3,261,045
577,025	602,687	552,921	616,505	560,477	453,180
775,277	872,455	888,236	966,755	1,110,982	1,277,902
153,435	166,001	174,022	188,158	214,427	250,519
579,415	644,746	667,522	756,319	864,542	1,003,574
72,726	77,977	79,714	68,793	64,890	85,894
45,790	48,862	70,376	129,648	150,887	156,455
8,511	9,029	9,210	19,170	30,378	34,922
94,538	116,522	148,781	141,328	128,792	124,230
26,411	14,156	27,337	51,879	10,569	51,804
1,157,245	1,239,257	1,236,392	1,230,812	1,224,650	1,269,208
774,006	799,104	801,895	798,802	785,117	848,585
4,667,968	5,917,231	6,484,425	6,471,647	5,725,215	5,786,811
1,451,395	1,561,813	1,891,913	1,929,406	1,721,945	1,699,605
5,652	5,677	5,731	5,731	5,756	5,757
1,077	1,091	1,105	1,127	1,153	1,165
14	14	14	14	13	12
508	523	496	493	496	509
5,434	5,036	4,265	3,804	3,554	3,397
4,120	4,003	3,857	3,663	3,442	3,225
2,586	2,776	2,769	2,748	2,738	2,743
15	16	18	18	17	17
420	424	422	435	436	442
6	7	7	6	5	5
3	3	3	4	4	5
4	4	4	6	7	7
25	25	31	29	26	41
2,589	2,779	2,772	2,752	2,742	2,748
426	431	429	441	441	447
36	36	37	36	26	28
503	499	502	496	429	426
837,498	894,216	930,958	926,051	820,914	830,547

(Un-Audited)

City of Ketchikan, Alaska
Gross Sales by Category
Last Ten Fiscal Years

	2002	2003	2004
Construction	$ 23,702,998	$ 31,931,604	$ 46,808,624
Financial institutions	2,466,124	2,466,712	2,513,620
Hospitality/Lodging establishments	9,961,824	11,675,360	12,372,609
Manufacturing	13,933,182	15,558,765	23,956,009
Real estate	26,890,869	28,456,002	28,695,384
Retail trade	70,663,960	73,555,929	77,855,877
Food stores	39,052,774	42,362,266	44,346,585
Eating and drinking establishments	17,115,118	16,332,169	16,730,479
Auto dealers and supplies	21,920,497	20,964,457	29,326,243
Specialty retail	21,815,748	20,892,908	21,683,876
Curio and jewelry retail stores	35,617,583	42,974,459	52,732,078
Entertainment services	3,990,399	4,194,436	4,759,561
General services	11,843,040	12,930,268	13,996,980
Professional services	6,003,232	6,354,739	6,268,699
Transportation, communications and utilities	43,603,345	49,582,866	52,806,018
Total	$ 348,580,693	$ 380,232,940	$ 434,852,642
City direct sales tax rate	3.50%	3.50%	3.50%

Source: Ketchikan Gateway Borough

Note: The amounts reflected on this schedule are updated annually with current reported gross sales information provided by the Ketchikan Gateway Borough.

Table 13

2005	2006	2007	2008	2009	2010	2011
$ 54,209,252	$ 46,658,908	$ 71,771,340	$ 73,492,414	$ 44,400,962	$ 50,110,740	$ 95,697,130
2,866,491	2,811,058	2,802,760	3,173,594	3,525,772	3,519,701	2,942,625
13,327,117	14,745,153	16,496,908	16,968,173	15,118,979	15,401,309	14,614,550
22,035,684	29,493,656	27,604,518	35,183,518	47,045,192	40,265,296	24,912,924
26,967,529	30,287,572	31,777,496	33,294,654	33,656,070	39,764,629	37,637,453
79,712,707	79,906,363	90,117,845	95,625,693	93,590,981	90,883,047	90,691,226
49,947,282	52,271,208	55,036,444	58,269,720	56,907,933	59,534,128	62,760,485
17,577,519	18,070,196	18,383,424	18,434,099	18,073,566	18,639,171	19,400,071
25,949,965	28,051,879	30,444,643	29,902,145	23,294,439	17,822,721	20,253,452
22,917,692	23,081,277	22,903,451	23,197,757	24,154,782	23,170,444	23,765,383
57,783,418	49,279,069	55,847,979	53,424,668	45,576,782	44,331,693	44,792,014
4,549,563	5,321,145	5,752,785	4,568,306	4,478,089	4,146,245	4,275,661
14,980,337	15,851,383	16,105,930	18,886,506	19,370,208	18,785,652	19,072,951
6,155,813	7,706,093	6,158,124	5,415,952	8,807,335	6,922,099	9,355,554
64,972,042	71,282,613	79,168,058	96,250,783	73,575,371	82,031,003	88,101,745
$ 463,952,411	$ 474,817,573	$ 530,371,705	$ 566,087,982	$ 511,576,461	$ 515,327,878	$ 558,273,224
3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%



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DEBT CAPACITY

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type ..... Table 14
Ratios of General Obligation Bonded Debt Outstanding ..... Table 15
Pledged Revenue Coverage ..... Table 16
Direct and Overlapping Governmental Activities Debt ..... Table 17

(Un-Audited) **Table 14**

City of Ketchikan, Alaska
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities							
Fiscal Year	General Obligation Bonds	Capital Lease	Wastewater General Obligation Bonds [3]	Port General Obligation Bonds	Port Revenue Bonds	KPU Junior Lien Bonds [4]	KPU Revenue Bonds	Total Primary Government	Percentage of Personal Income [1]	Per Capita [2]
2002	$ 9,645,000	$ 82,806	-	$ 2,415,000	-	-	$ 27,710,000	$ 39,852,806	8.15%	5,080
2003	8,530,000	39,764	-	2,245,000	-	-	26,060,000	36,874,764	7.48%	4,608
2004	8,095,000	-	-	2,065,000	-	-	23,960,000	34,120,000	6.72%	4,436
2005	7,560,000	21,337	-	1,880,000	-	-	22,475,000	31,936,337	5.81%	4,156
2006	7,065,000	115,571	-	1,685,000	$ 38,500,000	-	20,580,000	67,945,571	11.76%	8,868
2007	6,550,000	67,377	$ 803,278	1,480,000	37,875,000	$ 1,609,266	18,605,000	66,989,921	11.02%	8,664
2008	6,010,000	34,339	847,507	1,265,000	37,220,000	2,877,106	17,600,000	65,853,952	9.68%	8,771
2009	5,455,000	-	900,458	1,035,000	36,540,000	4,587,223	15,315,000	63,832,681	9.47%	8,508
2010	12,080,000	-	4,147,967	795,000	35,830,000	7,298,232	12,935,000	73,086,199	10.54%	9,741
2011	11,280,000	-	4,560,223	540,000	35,090,000	8,429,282	10,455,000	70,354,505		8,641

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[1] See Table 18 for personal income information. The data is unavailable for 2011.

[2] See Table 18 for population data for the City of Ketchikan.

[3] ADEC Clean Water Loan Program - $8,926,742 authorized.

[4] ADEC Drinking Water Loan Program - $11,038,925 authorized.

(Un-Audited) **Table 15**

City of Ketchikan, Alaska
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	General Obligation Debt Paid with Sources Other than Property Tax Revenues	Net Total	Percentage of Actual Taxable Value of Property [1]		Per Capita [2]	
				Based on Total General Obligation Debt	Based on Net General Obligation Debt	Based on Total General Obligation Debt	Based on Net General Obligation Debt
2002	$ 12,060,000	$ 9,135,000	$ 2,925,000	2.17%	0.53%	$ 1,537	$ 373
2003	10,775,000	10,775,000	-	1.97%	-	1,347	-
2004	10,160,000	10,160,000	-	1.88%	-	1,321	-
2005	9,440,000	9,440,000	-	1.72%	-	1,228	-
2006	8,750,000	8,750,000	-	1.49%	-	1,142	-
2007	8,833,278	8,833,278	-	1.36%	-	1,142	-
2008	8,122,507	8,122,507	-	1.13%	-	1,082	-
2009	7,390,458	7,390,458	-	0.99%	-	985	-
2010	17,022,967	9,822,967	7,200,000	2.28%	-	2,115	894
2011	16,380,223	9,375,223	7,005,000	2.20%	-	2,012	860

1 See Table 7 for property value data.

2 City of Ketchikan population counts can be found on Table 18.

(Un-Audited)

City of Ketchikan, Alaska

Pledged-Revenue Coverage

Last Ten Fiscal Years

	Utility Revenue Bonds					
Fiscal Year	Gross Revenues [1]	Expenses Excluding Depreciation Taxes & Debt	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2002	$ 26,766,658	$ 19,528,451	$ 7,238,207	$ 2,375,000	$ 1,535,310	1.85
2003	28,016,280	19,057,215	8,959,065	1,650,000	1,316,088	3.02
2004	27,401,477	20,013,639	7,387,838	2,100,000	1,234,693	2.22
2005	28,180,811	19,081,220	9,099,591	1,810,000	925,199	3.33
2006	32,021,949	20,823,737	11,198,212	1,895,000	961,107	3.92
2007	32,007,842	22,854,358	9,153,484	1,975,000	875,733	3.21
2008	34,271,562	25,546,774	8,724,788	2,205,000	772,045	2.93
2009	33,750,681	26,895,812	6,854,869	2,285,000	694,976	2.30
2010	33,171,040	24,664,044	8,506,996	2,415,000	512,270	2.91
2011	34,436,817	26,095,282	8,341,535	2,480,000	464,561	2.83

Operating expenses do not include interest, depreciation, or amortization expenses.

[1] Revenues do not include financial assistance recognized as revenues pursuant to GASB Statement 33.

[2] Other represents lease payment and payment to repair and replacement fund.

Table 16

Port Revenue Bonds							
						Coverage	
Gross Revenue	Expenses Excluding Depreciation and Lease	Net Available Revenue	Debt Service		Other [2]	Debt Service	Debt Service/ Lease
			Principal	Interest			
$ -	$ -	$ -	$ -	$ -	$ -	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,290,332	2,299,099	4,991,233	-	677,465	-	7.37	-
8,595,881	1,658,254	6,937,627	625,000	1,951,100	-	2.69	-
9,220,727	2,380,586	6,840,141	655,000	1,924,537	2,948,056	2.65	1.24
9,248,432	2,933,667	6,314,765	680,000	1,896,700	2,993,192	2.45	1.13
8,093,975	2,925,697	5,168,278	710,000	1,867,800	2,668,757	2.00	0.99
8,067,105	2,308,515	5,758,590	740,000	1,835,850	2,384,863	2.24	1.16

(Un-Audited) **Table 17**

City of Ketchikan, Alaska
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

Total Direct Debt			
Outstanding General Obligation Bonds - City of Ketchikan			$ 16,380,223
Less Self Supporting Debt:			
1994 Port Bonds			
Paid from Ketchikan Port Fund Revenues		(540,000)	
1997 Hospital Construction Bonds (Refunded 2005)			
Paid from Sales Tax Hospital Fund Revenues		(4,275,000)	
ADEC Clean Water Loan Program			
Paid from Wastewater and Harbor Fund Revenues		(4,560,223)	$ (9,375,223)
Total Direct Debt-Net Governmental Activities Direct Debt			$ 7,005,000
Overlapping Debt of Ketchikan Gateway Borough			
Assessed Valuation - City of Ketchikan	801,175,000		
Assessed Valuation - Ketchikan Gateway Borough	1,402,445,600		
Ratio of Assessed Valuation	57.13%		
Ketchikan Gateway Borough Direct Debt[2]			
Outstanding General Obligation Bonds		46,232,000	
Less Self Supporting Debt-Sales Tax Revenues		(46,232,000)	
Total Ketchikan Gateway Borough Direct Debt		-	
City of Ketchikan Share		57.13%	
Total Overlapping Debt			0
Total Direct and Overlapping Debt			$ 7,005,000

	Ratio
Direct Debt to Property Valuation:	0.87%
Direct & Overlapping Debt Repaid with Property Taxes to Property Valuation	0.50%
Total Direct and Overlapping Debt to Property Valuation	4.46%

	Per Capita
Net Governmental Activities Direct Debt	$ 860
Overlapping and Direct Debt	$ 512
Estimated Actual Valuation	$ 98,400

Note: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ketchikan. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying each debt of each overlapping government.

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of the Ketchikan Gateway Borough's assessed value and dividing it by each unit's total assessed value.

[2] The figures reported for the Ketchikan Gateway Borough reflect the amounts shown in their FY2011 Comprehensive Annual Financial Report for the year ended June 30, 2011.

Sources: Assessed value data used to estimate applicable percentages provided by the Ketchikan Gateway Borough Assessment Department. Debt outstanding data provided by the Ketchikan Gateway Borough & City of Ketchikan Finance Departments.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics ..... Table 18
Principal Employers..... Table 19

(Un-Audited)

City of Ketchikan, Alaska
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population		Personal Income [1]	Per Capita Personal Income [2]	School [3] Enrollment
	City	Ketchikan Gateway Borough			
2002	7,845	13,675	488,866,000	36,047	2,334
2003	8,002	13,525	492,649,000	37,097	2,311
2004	7,691	13,073	507,433,000	38,614	2,249
2005	7,685	13,115	550,074,000	41,758	2,274
2006	7,662	13,176	577,998,000	43,410	2,229
2007	7,732	13,166	607,842,000	46,182	2,167
2008	7,508	12,993	680,241,000	52,030	2,115
2009	7,503	12,984	674,307,000	51,850	2,110
2010	8,050	13,477	693,684,000	51,266	2,116
2011	8,142	13,686	-	-	2,167

for the Ketchikan Gateway Borough (KGB) as the data for the specific areas within the KGB such as the City of Ketchikan are

[1] The amount of personal income reflects the amount reflected on State of Alaska website, which provides the interface for U.S. Department of Commerce, Bureau of Economic Anaylsis data for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is not currently available. The information reflected in this schedule represents the most current data available and may differ from the amounts that have been reported in prior years. Information has not been released that shows this type of information for 2011.

[2] The amount of per capita personal income reflects the amount reflected on State of Alaska website, which provides the interface for U.S. Department of Commerce, Bureau of Economic Anaylsis data for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is not currently available. The information reflected in this schedule represents the most current data available and may differ from the amounts that have been reported in prior years.

[3] The School Enrollment figures reflects kindergarten through grade 12 enrollment from the State of Alaska website for the Ketchikan Gateway Borough as of October 1. The link for 2010 information can be accessed at http://www.eed.state.ak.us/stats/DistrictEnrollment/2010DistrictEnrollment.pdf. Information reflected in this schedule reflects the amounts stated for each of the respective years and may differ from the amounts that have been reported in prior years.

[4] The Civilian Labor Force figures are the amounts reflected on State of Alaska website, which provides the interface for U.S. Department of Commerce, Bureau of Economic Anaylsis data for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is not currently available. The information reflected in this schedule represents the most current data available and may differ from the amounts that have been reported in prior years.

[5] Registered motor vehicle information reflected in this schedule is representative of amounts reported by the State of Alaska, Department of Administration, Division of Motor Vehicles for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is unavailable at this time.

Sources: Personal income and unemployment rate information provided by the State of Alaska's website interface to the U.S. Department of Commerce, Bureau of Economic Analysis. The reported population counts reflect the levels stated by the State of Alaska, Department of Commerce, Division of Community and Regional Affairs. Motor vehicle information is provided by the State of Alaska, Department of Administration, Division of Motor Vehicles.

Table 18

Civilian Labor Force [4]			Motor Vehicles Registered [5]
Employed	Unemployed	Unemployment Rate	
7,172	640	8.2%	15,703
7,273	629	8.0%	15,777
7,357	591	7.4%	16,358
7,423	535	6.7%	16,359
7,614	490	6.1%	16,437
7,810	449	5.5%	16,522
7,853	476	5.7%	16,640
7,710	595	7.2%	16,670
7,589	627	7.6%	16,485
7,713	592	7.2%	16,530

(Un-Audited) **Table 19**

City of Ketchikan, Alaska
Principal Employers
Prior Year and Nine Years Ago

	2010 [1]	2002
Employer	**Rank**	**Rank**
State of Alaska	1	
Ketchikan Gateway Borough School District	2	2
City of Ketchikan	3	1
Ketchikan General Hospital	4	3
Federal Government	5	
Ketchikan Gateway Borough	6	6
Ketchikan Indian Corporation	7	9
Wal-Mart Associates Inc.	8	5
Community Connections Inc.	9	10
Alaska Ship & Drydock, Inc.	10	
State of Alaska, Dept. of Transportation		4
Wards Cove Packing Co., Inc.		8
Forest Service, Department of Agriculture		7

[1] Information that shows the rank and range for the number of employees for the year ended December 31, 2011 is not available. The data displayed is for 2010.

Due to federal confidentiality laws employer identifying information such a employment ranges or numbers are not reflected. The State of Alaska is able to provide the top ten employers with their associated ranking.

Source: State of Alaska, Department of Labor

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Property Value and Construction ..... Table 20
Full-time Equivalent Employees by Function/Program ..... Table 21
Operating Indicators by Function/Program ..... Table 22
Capital Assets Statistics by Function/Program ..... Table 23
Insurance Coverages ..... Table 24
Utility Statistical Information ..... Table 25
Energy Demand, Peak Demand and Resources
Gross Generation (kWh) ..... Table 26
Historical Electric Customers, Energy Sales and Operating Results ..... Table 27
Historical Telephone Access Lines and Operating Results ..... Table 28
Historical Water Customers and Operating Results ..... Table 29
Utility Rates and Charges ..... Table 30
Port Fund Operating Results ..... Table 31



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(Un-Audited) **Table 20**

CITY OF KETCHIKAN, ALASKA

Property Value and Construction

Last Ten Fiscal Years

Year	Construction		Real & Personal Property Value (2)
	Number of Permits (1)	Value (1)	
2002	119	$ 4,838,174	$ 596,304,300
2003	139	20,066,660	589,537,900
2004	170	10,796,329	583,361,200
2005	190	19,441,857	594,968,200
2006	199	20,933,707	633,321,300
2007	190	12,120,861	697,332,200
2008	180	24,505,040	768,741,400
2009	198	13,981,121	798,108,100
2010	156	11,084,859	800,947,400
2011	157	106,064,282	801,175,000

Sources:

(1) - City of Ketchikan Building Inspection Division

(2) - Ketchikan Gateway Borough Department of Assessment

(Un-Audited)

CITY OF KETCHIKAN, ALASKA
Full-time Equivalent City Employees by Function/Program
Last Ten Years

	2002	2003	2004	2005
Function/Program				
General government				
Mayor and Council	8.00	8.00	8.00	8.00
Law	2.00	2.00	2.00	2.00
Clerk	2.00	2.00	2.00	2.00
City Manager	4.75	4.50	4.50	4.50
Finance	14.50	15.50	16.13	16.00
Information Technology	7.00	7.00	7.00	7.00
Public Safety				
Fire	19.00	19.00	18.50	18.50
Police	36.72	36.30	34.80	33.80
Culture				
Library	14.03	13.82	13.86	13.86
Museum	9.20	9.20	9.20	9.20
Civic Center	3.00	3.00	3.00	3.00
Health and Welfare				
Gateway Center for Human Services [2]	44.85	43.05	38.29	35.34
Public Works				
Engineering	10.00	8.50	8.50	8.00
Streets	13.00	13.00	13.00	12.00
Solid Waste	9.00	9.00	9.00	9.00
Garage & Warehouse	4.00	4.00	4.00	4.00
Wastewater	7.00	7.00	7.00	7.00
Building Maintenance	1.00	1.00	1.00	1.00
Port and Harbors				
Small Boat Harbors	4.80	4.80	4.80	5.20
Port Development	3.20	3.20	3.80	3.80
Ketchikan Public Utilities				
Administration	7.00	1.50	1.50	1.50
Engineering		7.00	8.00	7.50
Sales, Marketing & Customer Service [1]	11.50	12.00	12.63	12.50
Electric	42.00	42.00	42.00	40.50
Telephone	37.00	39.00	40.00	42.25
Water	6.50	6.50	6.50	6.50
Total	321.05	321.87	319.01	313.95

Source: City of Ketchikan Budget Records

[1] Effective May 7, 2009 the former Customer Service Division was renamed Sales, Marketing and Customer Service Division and four Telecommunications staff members were reassigned to the newly established division. The number of employees reflected in Telecommunications and Sales, Marketing & Customer Service Divisions for calendar years 2000 through 2008 reflect the former staffing plan.

[2] Effective May 1, 2010 the City ceased management of the operations associated with the Gateway Center for Human Services Division.

Table 21

2006	2007	2008	2009	2010	2011
8.00	8.00	8.00	8.00	8.00	8.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
4.50	4.50	4.50	4.50	4.50	4.50
16.00	16.00	16.00	16.00	16.00	16.00
8.00	8.00	9.00	8.10	7.00	7.00
18.50	18.50	19.50	20.00	20.00	19.00
35.30	35.30	35.80	35.30	36.30	36.30
13.86	13.88	13.33	13.33	11.83	11.83
8.45	8.45	8.45	8.45	7.45	7.20
3.00	3.00	3.00	3.00	3.00	3.00
39.24	39.24	36.40	19.00		
9.00	13.00	13.00	11.00	11.00	11.50
12.00	12.00	14.00	14.00	13.00	13.00
10.00	10.00	11.00	11.00	11.00	11.00
4.00	4.00	4.00	4.00	4.00	4.00
7.00	8.00	8.00	8.00	8.00	8.00
2.00	2.00	2.00	2.00	2.00	2.00
5.20	5.20	5.20	4.80	4.80	5.40
3.80	3.80	3.80	4.20	4.20	4.60
1.50	1.50	1.50	1.50	1.50	1.50
7.50	7.50	7.50	7.50	4.50	4.50
12.50	12.50	12.50	16.50	16.00	16.00
42.00	42.00	42.00	42.00	42.00	43.00
44.50	45.00	47.00	41.00	41.00	40.00
7.50	7.50	7.50	7.50	8.50	8.50
327.35	332.87	336.98	314.68	289.58	289.83

(Un-Audited)

CITY OF KETCHIKAN, ALASKA

Operating Indicators by Function/Program

Last Ten Years

	2002	2003	2004	2005
Function/Program				
City Manager				
Personnel Job Postings [1]	-	95	90	117
Information Technology				
Workstations	205	225	250	255
Portables	25	27	29	31
Printers	55	60	90	75
Public Safety				
Fire				
EMS/Rescue Responses	1,108	1,115	1,126	1,112
Fire Responses	65	55	61	70
Volunteer Fire Persons	24	44	42	42
Police				
DUI Offenses	246	233	237	233
Domestic Violence	204	167	152	132
Larceny Offenses	471	362	399	426
Culture				
Library				
Volumes in collection	61,672	64,346	67,189	71,542
Annual Circulation	159,625	159,327	170,521	174,484
Offered Programs	234	265	422	248
Program Attendance	4,203	4,378	6,701	8,826
Museum				
Tongass Historical Museum Attendance	19,467	16,683	18,069	23,122
Tongass Historical Museum Exhibit Openings	4	3	3	4
Totem Heritage Center Attendance	57,863	52,651	53,670	40,345
THC Native Arts Studies Course Offerings	24	15	19	18
Civic Center				
Days Occupied	228	211	196	196
Events	181	170	164	135
Public Works				
Engineering				
Issued Building Permits	119	139	170	190
Solid Waste				
Muncipal Solid Waste - tons per day	26.18	26.15	26.82	27.49
Trash - tons per day	11.47	10.02	10.62	11.74
Incineration - tons per day	0.11	0.12	0.21	0.11
Recycle - tons per day	11.08	9.78	9.72	7.55
Port and Harbors				
Reserved Moorage Stalls Rented	809	784	784	780
Transient Moorage Feet Sold	385,307	303,341	303,494	311,390
Cruise Ship Stops	503	538	508	562
Cruise Ship Passengers	700,993	770,663	848,969	921,429
Ketchikan Public Utilities				
Customer Service				
Utility Service Orders [2]	6,319	5,778	5,553	5,739

Sources: Various City Departments

[1] The number of job postings for years preceeding 2003 is not readily available.

[2] The operating information showing the number of utility service orders for the years preceeding 2002 are not readily available.

Table 22

2006	2007	2008	2009	2010	2011
139	111	130	81	85	137
275	281	287	291	318	318
34	39	42	45	52	52
90	96	103	107	91	91
1,090	1,175	1,242	1,256	1,158	1,196
48	51	60	52	46	434
35	33	35	39	27	27
243	198	162	142	130	122
143	154	197	221	365	181
444	408	367	395	400	415
65,614	66,057	68,054	68,879	69,968	74,228
161,815	169,743	160,698	151,826	190,186	177,454
238	254	282	243	262	243
5,577	5,233	6,877	1,658	6,733	6,230
22,264	21,549	21,116	25,529	20,818	21,451
4	3	4	4	4	4
38,054	36,659	45,228	45,721	43,088	33,603
18	11	10	11	12	10
219	199	186	242	180	174
139	158	148	156	154	132
199	190	180	198	156	157
27.07	26.35	25.57	25.50	24.57	24.53
12.07	11.73	12.15	12.41	12.90	14.14
0.14	0.09	0.03	0.03	0.04	0.02
7.02	8.82	6.02	6.25	6.25	7.13
780	770	758	745	693	726
317,299	291,728	560,453	535,939	529,565	524,316
503	499	502	496	429	426
838,880	899,638	941,910	937,419	828,929	830,547
5,657	5,394	5,538	5,828	5,798	5,417

(Un-Audited)

CITY OF KETCHIKAN, ALASKA

Capital Asset Statistics by Function/Program

Last Ten Years

	2002	2003	2004	2005
Function/Program				
Public Safety				
Fire				
Stations	2	3	3	3
Police				
Stations	1	1	1	1
Culture				
Number of Libraries	1	1	1	1
Number of Museums	2	2	2	2
Number of Civic Centers	1	1	1	1
Public Works				
Engineering				
Municipal Area in Square Miles	5.0	5.0	5.0	5.0
Streets				
Miles of Streets [1]	24.01	24.01	24.01	24.71
Miles of Stairways	1.64	1.64	1.64	1.48
Municipal Parking Lots	36	36	36	36
Cemetery				
Acreage Size	8.7	8.7	8.7	8.7
Port and Harbors				
Harbors [2]				
Harbor with Boat Launch Ramp	2	2	2	2
Harbor without Boat Launch Ramp	3	3	3	3
Boat Launch Ramp Facility	1	1	1	1
Port Berths	3	3	3	3

[1] The actual street mileage reported in 2006 did not change from 2005. The slight variance in reported mileage is due

[2] The information reflected in this schedule represents the most current data available and provides a more defined

Sources: Various City Departments

Table 23

2006	2007	2008	2009	2010	2011
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
5.0	5.0	5.0	5.0	5.0	5.0
24.64	24.84	25.07	25.07	27.89	27.89
1.48	1.48	1.48	1.48	1.48	1.48
36	37	37	37	37	37
8.7	8.7	8.7	8.7	8.7	8.7
2	2	2	2	2	2
3	3	3	3	3	3
1	1	1	1	1	1
3	3	4	4	4	4

(Un-Audited) **Table 24**

CITY OF KETCHIKAN, ALASKA

INSURANCE COVERAGES

as of December 31, 2011

Condensed Description of Coverage	Coverage per Occurrence and Deductible Amounts
Property Insurance (includes Boiler & Machinery)	
Coverage Amounts	Per Schedule
Deductible	$25,000
Commercial Comprehensive General Liability	
Coverage Limits	15,250,000
Deductible	75,000
Employee Benefits Liability	
Coverage Limits	15,250,000
Deductible	75,000
Commercial Comprehensive Auto Liability	
Coverage Limits	15,250,000
Deductible	75,000
Marine Insurance	
Hull Coverage Limits	Per Schedule
Hull War Risk	
Coverage Limits	Per Schedule
Primary Protection & Indemnity	
Coverage Limits	1,000,000
Deductible	1,000
Primary War Risk	
Coverage Limits	1,000,000
Deductible	none
Excess Protection & Indemnity and	
Excess P&I War Risk	
Coverage Limits	9,000,000
Deductible	none
Ambulance Malpractice	
Coverage Limits	15,250,000
Deductible	75,000
Broadcast Errors and Omissions	
Coverage Limits	2,000,000
Deductible	25,000
Police Professional Liability	
Coverage Limits	$15,250,000
Deductible	75,000
Public Officials/Employment Practices Liability	
Coverage Limits	15,250,000
Deductible	75,000
Fidelity/Crime Insurance	
Notary Errors and Omissions	
Coverage Limits	25,000
Public Employees Blanket Bond	
Coverage Limits	2,500,000
Deductible	50,000
Public Officials Bond	
City Manager - Coverage Limits	10,000
Finance Director - Coverage Limits	100,000
Deductible	none
Marina and Wharfingers	
Wharfingers/Terminal Operator's/	
Marina Operators/Charterers Liability	
Coverage Limits	3,000,000
Deductible	10,000
Sudden and Accidental Pollution Liability	
Coverage Limits	3,000,000
Deductible	25,000
Excess Wharfingers/Terminal Operators/	
Marina Operators/Charterers/Sudden	
and Accidental Pollution Liability	
Coverage Limits	17,000,000
Deductible	none
XS Marine Liability - Port	27,000,000
Worker's Compensation Insurance	
Coverage Limits	Legal Limits
Pollution Liability	
Coverage Limits	1,000,000
Deductible	25,000

(Un-Audited) **Table 25**

CITY OF KETCHIKAN, ALASKA

Utility Statiscal Operating Information

Last Ten Fiscal Years

Year	Number of Customers: Electric	Number of Customers: Water	Number of Customers: Telephone *	K.W.H. Sold	Per K.W.H. Sold: Operating Revenue	Per K.W.H. Sold: Cost	Average Residential K.W.H. Used December
2002	7,171	2,847	11,259	144,268,597	$ 0.0909	$ 0.1071	840
2003	7,178	2,851	10,653	145,121,208	0.0922	0.1002	900
2004	7,161	2,876	10,131	145,395,889	0.0923	0.0997	1,045
2005	7,202	2,928	9,840	145,244,130	0.0944	0.0906	1,019
2006	7,251	3,034	9,554	152,159,932	0.1003	0.0946	1,095
2007	7,305	3,230	9,039	154,802,805	0.0992	0.0995	1,111
2008	7,346	3,223	8,122	159,340,267	0.1142	0.1049	1,187
2009	7,365	3,217	7,467	158,146,666	0.1088	0.1068	1,196
2010	7,418	3,207	6,996	156,985,441	0.1016	0.0991	1,087
2011	7,617	3,216	6,622	164,713,929	0.1013	0.0954	1,218

* Average number of revenue access lines.

(Un-Audited)

CITY OF KETCHIKAN, ALASKA

Energy Demand, Peak Demand and Resources

Gross Generation (kWh)

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
Energy Demand					
Total Sales	144,268,597	145,121,208	145,395,889	145,244,130	152,159,932
System losses	12,334,503	13,704,492	10,430,711	13,225,370	13,044,418
Total	156,603,100	158,825,700	155,826,600	158,469,500	165,204,350
Peak Demand	24,200	25,900	26,700	27,000	28,900
Energy Resources					
KPU Hydroelectric	65,083,900	76,970,300	71,574,900	79,615,400	79,778,150
Southeast Alaska Power Agency [1]	76,089,600	80,774,400	83,385,600	77,529,600	83,596,800
Diesel Generation	15,429,600	1,081,000	866,100	1,324,500	1,829,400
Total	156,603,100	158,825,700	155,826,600	158,469,500	165,204,350
Energy Costs (kWH) [2]					
Hydroelectric Generation	$ 0.0201	$ 0.0180	$ 0.0197	$ 0.0171	$ 0.0172
Diesel Generation	0.1704	1.5421	1.8420	1.1554	0.8133
Purchased Power [3]	0.0656	0.0651	0.0613	0.0580	0.0583
Total Cost of Production (kWH)	0.0570	0.0523	0.0521	0.0466	0.0468

[1] Prior to December 2008, the Southeast Alaska Power Agency was known as the Four Dam Pool Power Agency, Inc. The Four Dam Pool was divested and the two hydroelectric projects service Southeast Alaska were transferred to the Southeast Alaska Power Agency.

[2] Cost per kWH include operations and maintenance and depreciation.

[3] Purchased power cost per kWH represents includes rebates, but not line losses.

Table 26

2007	2008	2009	2010	2011
154,802,805	159,340,267	158,146,666	156,985,441	164,713,929
10,001,995	10,641,933	13,668,534	13,514,059	14,009,987
164,804,800	169,982,200	171,815,200	170,499,500	178,723,916
29,000	30,200	30,300	28,800	30,300
79,994,900	83,912,500	78,895,500	76,062,100	82,594,936
82,195,200	68,294,400	79,027,200	92,908,800	91,584,000
2,614,700	17,775,300	13,892,500	1,528,600	4,544,980
164,804,800	169,982,200	171,815,200	170,499,500	178,723,916
$ 0.0185	$ 0.0170	$ 0.0176	$ 0.0222	$ 0.0231
0.7305	0.2908	0.3027	1.0902	0.4867
0.0655	0.0656	0.0659	0.0610	0.0556
0.0533	0.0652	0.0629	0.0529	0.0515

(Un-Audited)

CITY OF KETCHIKAN, ALASKA

Historical Electric Customers, Energy Sales and Operating Results

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
Customers (Average)					
Residential	5,625	5,622	5,603	5,616	5,652
Commercial	1,051	1,054	1,056	1,068	1,077
Industrial	13	14	15	14	14
Other	482	488	487	504	508
Total	7,171	7,178	7,161	7,202	7,251
Energy Sales (KWH)					
Residential	56,913,013	56,723,524	57,332,811	56,815,618	59,870,257
Commercial	65,622,191	64,396,184	64,427,242	65,184,075	67,222,118
Industrial	18,740,908	21,001,372	20,586,598	19,919,012	21,181,708
Other	2,992,485	3,000,128	3,049,238	3,325,425	3,885,849
Total	144,268,597	145,121,208	145,395,889	145,244,130	152,159,932
Operating Results					
Operating Revenues					
Revenues from Energy Sales	$12,760,361	$12,947,973	$13,024,150	$13,247,675	$14,483,744
Other Operating Revenues	348,976	433,588	398,318	460,057	771,160
Total Operating Revenues	13,109,337	13,381,561	13,422,468	13,707,732	15,254,904
Operating Expenses					
Hydroelectric Generation	903,959	977,868	1,003,255	945,391	951,476
Diesel Generation	1,919,632	959,193	886,755	820,779	778,303
Purchased Power	4,987,732	5,257,148	5,112,536	4,496,621	4,873,547
Transmission and Distribution	1,603,453	1,632,321	1,354,839	1,327,882	1,690,735
Administration and General	1,487,413	1,689,739	2,029,691	1,830,956	2,007,768
Total Operating Expenses	10,902,189	10,516,269	10,387,076	9,421,629	10,301,829
Payment In Lieu of Taxes	338,000	338,000	340,275	333,905	328,965
Total Expenses	11,240,189	10,854,269	10,727,351	9,755,534	10,630,794
Net Revenue	$1,869,148	$2,527,292	$2,695,117	$3,952,198	$4,624,110

Table 27

2007	2008	2009	2010	2011
5,677	5,731	5,731	5,756	5,757
1,091	1,105	1,127	1,153	1,165
14	14	14	13	12
523	496	493	496	509
7,305	7,346	7,365	7,418	7,443
62,275,248	65,977,138	66,565,425	64,938,484	68,484,718
67,669,664	68,148,711	66,601,484	66,351,381	69,021,595
20,865,150	21,275,072	21,215,194	21,981,458	23,242,166
3,992,743	3,939,346	3,764,563	3,714,118	3,965,450
154,802,805	159,340,267	158,146,666	156,985,441	164,713,929
$14,795,312	$17,729,748	$16,639,918	$15,390,910	$16,244,690
567,665	472,660	564,893	562,291	442,410
15,362,977	18,202,408	17,204,811	15,953,201	16,687,100
1,064,215	1,008,647	949,398	1,225,358	1,442,543
1,230,036	4,504,445	3,536,432	1,093,997	1,856,120
5,383,696	4,477,324	5,205,128	5,663,664	5,093,489
1,885,281	1,704,557	2,121,534	2,648,485	2,766,478
1,969,007	2,281,082	2,262,656	1,976,837	2,033,913
11,532,235	13,976,055	14,075,148	12,608,341	13,192,543
335,830	335,400	323,730	351,478	353,954
11,868,065	14,311,455	14,398,878	12,959,819	13,546,497
$3,494,912	$3,890,953	$2,805,933	$2,993,382	$3,140,603

(Un-Audited)

CITY OF KETCHIKAN, ALASKA

Historical Telephone Access Lines and Operating Results

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
Access Lines					
Residential	6,327	6,035	5,774	5,588	5,434
Commercial	4,932	4,618	4,357	4,252	4,120
Total	11,259	10,653	10,131	9,840	9,554
Operating Results					
Operating Revenues					
Local	$3,833,015	$3,498,508	$3,411,569	$3,257,503	$3,237,357
Long Distance	6,086,380	7,292,077	6,825,910	6,955,054	8,403,318
Other	1,665,616	2,033,815	1,965,529	2,164,550	2,433,928
Total Operating Revenues	11,585,011	12,824,400	12,203,008	12,377,107	14,074,603
Operating Expenses					
Operation and Maintenance	4,392,036	4,609,735	5,274,881	4,957,257	5,456,256
Administration and General	2,726,458	2,497,489	2,787,422	2,959,790	3,270,553
Total Operating Expenses	7,118,494	7,107,224	8,062,303	7,917,047	8,726,809
Payment In Lieu of Taxes	143,000	143,000	145,795	151,840	159,575
Total Expenses	7,261,494	7,250,224	8,208,098	8,068,887	8,886,384
Net Revenue	$4,323,517	$5,574,176	$3,994,910	$4,308,220	$5,188,219

Table 28

2007	2008	2009	2010	2011
5,036	4,265	3,804	3,441	3,347
4,003	3,857	3,663	3,553	3,225
9,039	8,122	7,467	6,994	6,572
$2,854,206	$2,644,869	$2,442,452	$2,274,624	$2,194,530
7,745,095	7,449,484	8,163,920	8,644,023	8,591,786
2,874,525	2,914,024	3,177,304	3,527,839	3,714,225
13,473,826	13,008,377	13,783,676	14,446,486	14,500,541
6,818,792	6,828,519	7,627,836	6,910,034	7,077,698
2,747,917	2,928,878	3,342,355	3,281,326	3,596,270
9,566,709	9,757,397	10,970,191	10,191,360	10,673,968
148,643	149,770	175,837	194,376	191,027
9,715,352	9,907,167	11,146,028	10,385,736	10,864,995
$3,758,474	$3,101,210	$2,637,648	$4,060,750	$3,635,546

(Un-Audited)

CITY OF KETCHIKAN, ALASKA

Historical Water Customers and Operating Results

Last Ten Fiscal Years

	2002	2003	2004	2005	2006
Customers (Average)					
Residential	2,442	2,436	2,452	2,493	2,586
Apartments	15	15	15	15	15
Commercial	375	386	396	406	420
Industrial	6	6	6	7	6
Cannery	4	4	3	3	3
Fire Hydrant	5	4	4	4	4
Marine Vessels	36	39	28	33	25
Total	2,883	2,890	2,904	2,961	3,059
Operating Results					
Operating Revenues					
Revenues from Water Sales	$1,498,386	$1,515,885	$1,540,193	$1,585,241	$1,721,181
Other Operating Revenues	47,506	22,564	14,562	21,677	34,922
Total Operating Revenues	1,545,892	1,538,449	1,554,755	1,606,918	1,756,103
Operating Expenses					
Source of Supply	159,844	216,697	240,098	264,837	309,422
Chlorination/Disinfection	119,807	168,716	184,506	195,091	183,419
Distribution	174,710	217,469	259,499	270,334	270,097
Maintenance	538,431	565,222	557,802	696,121	675,119
Administration and General	180,120	265,618	322,355	316,161	357,042
Total Operating Expenses	1,172,912	1,433,722	1,564,260	1,742,544	1,795,099
Payment In Lieu of Taxes	169,000	169,000	163,930	164,255	161,460
Total Expenses	1,341,912	1,602,722	1,728,190	1,906,799	1,956,559
Net Revenue	$203,980	($64,273)	($173,435)	($299,881)	($200,456)

Table 29

2007	2008	2009	2010	2011
2,776	2,769	2,748	2,738	2,743
16	18	18	17	17
424	422	435	436	442
7	7	6	5	5
3	3	4	4	5
4	4	6	7	7
25	31	29	26	28
3,255	3,254	3,246	3,233	3,247
$1,926,563	$2,028,651	$2,251,001	$2,535,859	$2,899,352
23,185	36,547	71,049	39,608	85,948
1,949,748	2,065,198	2,322,050	2,575,467	2,985,300
252,829	261,141	265,409	330,625	232,238
203,440	231,838	247,069	228,238	217,441
246,039	255,369	268,791	241,667	238,281
693,646	640,274	639,739	718,571	1,073,567
359,460	447,091	429,465	345,242	471,143
1,755,414	1,835,713	1,850,473	1,864,343	2,232,670
165,527	164,830	175,433	182,146	183,019
1,920,941	2,000,543	2,025,906	2,046,489	2,415,689
$28,807	$64,655	$296,144	$528,978	$569,611



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(Un-Audited) **Table 30**

CITY OF KETCHIKAN, ALASKA

Utility Rates and Charges

For the Year Ending December 31, 2011

Electric		
Residential	$6.40	plus $0.0958 per kWh
Harbor service	11.75	plus $0.0958 per kWh
Commercial	36.30	plus $0.0897 per kWh plus a demand charge of $2.91 per kW in excess of 25 kW this flat fee in effect April through September
Industrial	53.35	plus $0.0831 per kWh plus a demand charge of $2.91 per kW in excess of 25 kW
Telecommunications		
Residential	9.40	line charge plus $6.50 for FCC subscriber line charge
	24.95	DSL Lite (Download Speed 128K and Upload Speed 64K)
	49.95	DSL Regular (Download Speed 1M and Upload Speed 512K)
Business	17.95	per single or multi-business line plus $9.20 for FCC subscriber line charge
	34.95	DSL Lite (Download Speed 128K and Upload Speed 64K)
	59.95	DSL Regular (Download Speed 1M and Upload Speed 512K)
Customer Premise Visit	35.00	
Water		
Residential		
Homes & Trailers	40.87	per unit
1-4 apartments	40.87	per unit
5-24 apartments	37.24	per unit
25+ apartments	31.95	per unit
Business	42.60	plus size of line charges as follows
1 inch	28.39	
1-1/4 inch	85.18	
1-1/2 inch	163.28	
2 inch	296.67	
2-1/2 inch	459.69	
3 inch	695.67	
4 inch	1,181.96	

Industrial	Line Charges
5/8 and 3/4 inch	56.78
1 inch	85.18
1-1/4 inch	141.98
1-1/2 inch	221.82
2 inch	338.97
2-1/2 inch	514.87
3 inch	778.17
4 inch	1,272.43
6 inch	2,120.75
8 inch	2,351.46
Over 8 inch	by special contract

Canneries	
Per Season	
5/8 and 1 inch	$608.78
1 1/4 inch	1,093.18
1-1/2 inch	1,459.75
2 inch	4,366.14

(Un-Audited)

City of Ketchikan, Alaska

Port Fund Operating Results

As of December 31, 2010

	2002	2003	2004	2005	2006
Assets					
Cash	$ 2,163,498	$ 2,895,450	$ 5,121,067	$ 7,066,674	$ 4,529,687
Port Facilities (net)	9,737,592	10,282,618	10,072,444	9,762,409	10,405,568
Construction Work in Progress	358,350	2,276,353	2,686,197	1,632,135	26,082,665
Restricted Assets					19,872,348
Prepaid Expense					
Other Assets	95,360	129,455	99,752	47,113	515,697
Total assets	12,354,800	15,583,876	17,979,460	18,508,331	61,405,965
Liabilities and Net Assets					
General Obligation Bonds Payable	2,415,000	2,245,000	2,065,000	1,880,000	1,685,000
Revenue Bonds Payable	-				38,500,000
Other Liabilities	114,355	3,261,000	2,541,005	3,759,032	7,105,081
Total liabilities	2,529,355	5,506,000	4,606,005	5,639,032	47,290,081
Net Assets	$ 9,825,445	$ 10,077,876	$ 13,373,455	$ 12,869,299	$ 14,115,884
Operating Revenues	$ 1,661,674	$ 1,774,457	$ 5,000,010	$ 7,096,948	$ 6,427,207
Operating Expenses					
Operation and Maintenance	$ 595,557	$ 828,052	$ 792,954	$ 1,945,688	$ 2,299,099
Depreciation	616,196	610,454	632,143	618,708	657,485
Payment in Lieu of Taxes/Taxes	102,100	102,100	102,100	102,100	102,100
Total operating expenses	1,313,853	1,540,606	1,527,197	2,666,496	3,058,684
Operating Income	347,821	233,851	3,472,813	4,430,452	3,368,523
Non-Operating Revenue (Expense)	(100,244)	(22,824)	(183,706)	(68,390)	(310,285)
Income Before Contributions, Extraordinary Item & Transfers	247,577	211,027	3,289,107	4,362,062	3,058,238
Contributions	25,000	41,004	6,872	12,251	42,006
Capital Grants					
Extraordinary Item				(2,432,884)	
Special Item					
Transfers				(2,445,585)	(1,853,659)
Loss on sale of capital assets					
Change in Net Assets	$ 272,577	$ 252,031	$ 3,295,979	$ (504,156)	$ 1,246,585
Revenue Bond Debt Coverage:					
1.25 x Annual Debt Service	N/A	N/A	N/A	N/A	7.37
1.0 x Annual Debt Service/Reserves Account/Repair and Replacement Fund/SPH Lease Payments	N/A	N/A	N/A	N/A	N/A
# of Ships	34	37	37	37	36
# of Calls/Stops	503	538	535	562	503
# of Water Passengers	700,993	770,663	848,969	921,429	838,880

Table 31

2007	2008	2009	2010	2011
$ 8,471,112	$ 4,939,650	$ 4,827,125	$ 4,364,226	$ 2,373,808
41,226,714	46,312,527	44,947,620	43,642,947	42,121,390
3,493,927	832,620	963,018	1,116,782	5,531,746
4,743,690	4,215,908	4,819,708	5,307,521	5,623,924
	1,002,572	1,019,538	752,856	782,959
560,772	1,100,476	710,905	528,456	2,786,483
58,496,215	58,403,753	57,287,914	55,712,788	59,220,310
1,480,000	1,265,000	1,035,000	795,000	540,000
37,875,000	37,220,000	36,540,000	35,830,000	35,090,000
5,130,176	4,191,404	3,147,957	3,134,814	2,847,180
44,485,176	42,676,404	40,722,957	39,759,814	38,477,180
$ 14,011,039	$ 15,727,349	$ 16,564,957	$ 15,952,974	$ 20,743,130
$ 7,895,063	$ 8,839,267	$ 8,922,228	$ 8,000,492	$ 7,986,404
$ 1,506,749	$ 3,653,251	$ 5,522,050	$ 5,486,471	$ 4,110,674
985,775	1,390,850	1,460,265	1,446,527	1,401,754
102,100	282,770	290,000	295,000	295,000
2,594,624	5,326,871	7,272,315	7,227,998	5,807,428
5,300,439	3,512,396	1,649,913	772,494	2,178,976
(1,697,827)	(1,933,922)	(1,738,365)	(1,917,727)	(1,889,022)
3,602,612	1,578,474	(88,452)	(1,145,233)	289,954
1,864,611	740,672	366,424	14,306	29,536
		559,636	518,944	4,654,981
	14,789			
(5,572,069)	(617,625)			
				(184,315)
$ (104,846)	$ 1,716,310	$ 837,608	$ (611,983)	$ 4,790,156
2.69	2.65	2.45	2.00	2.24
N/A	1.24	1.13	0.99	1.16
36	37	36	26	28
499	502	496	429	426
899,638	941,910	937,419	828,929	830,547



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