

CITY OF KETCHIKAN, ALASKA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017

Prepared by:

FINANCE DEPARTMENT

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

Michelle L. Johansen Controller

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LETTER OF TRANSMITTAL



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August 24, 2018

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, 2017. 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 City Council was notified on June 7, 2018 that the audit would be delayed due not receiving from the State of Alaska the audited information required to comply Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pension".

Introduction To The Report

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 assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Teuscher Walpole, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2017 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 generally required as part of its annual audit to undergo a federal single audit and a state single audit. Single audits are designed to provide grantors with assurances regarding federal and state grants that have been awarded to the City. A federal single audit was not required for 2017 because the City did not meet the threshold requirements. 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. This audit was designed to meet the special needs of 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, when applicable, 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.

The narrative introduction, overview and analysis accompanying the basic financial statements entitled, "Management's Discussion and Analysis" (MD&A) provides an objective and easy-to-read analysis of the finances of the City. 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 in Financial Section of the CAFR.

Profile of the Government

The City of Ketchikan, incorporated in 1900, is a community of 8,125 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 population of the Borough is 13,754.

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/KPU General Manager, a City Clerk and a City Attorney.

The City Manager/KPU 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 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 operates three enterprise funds that provide port, wastewater, and electric, telephone and water utility services and owns the community's largest health care facility.

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 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 and department. The City Manager/KPU General Manager may make limited transfers of appropriations within a department. Transfers of appropriations that exceed the City Manager/KPU General Manager's authority, 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 non-major 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 the 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 1950's, 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 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 1990's 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 dependent on natural resources but it has transitioned from one that is based primarily 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 industry continues to play an important role in the local economy and the mining industry is attempting to make a comeback through efforts to develop two rare earth and precious metal mines near Ketchikan that are currently in the exploratory stages. Ketchikan's most dominant economic sector is tourism and its popularity as a major port of call for large cruise ships and their passengers continues to grow. The number of paying passengers arriving by large cruise ships has increased from 236,000 in 1990 to 994,000 in 2017. The most recent forecast for 2018 estimates that 32 large cruise ships will make 486 stops and bring a record breaking 1.05 million paying 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 recently completed phase four of a \$26 million four-phase project to upgrade Berths I and II. As will be discussed in the next page, the City is now planning for the construction of improvements costing in excess of \$65 million to upgrade its port facilities to accommodate post-panamax cruise ships that are expected to begin serving the Southeast Alaska cruise market in 2020.

The City is a major contributor to the 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, with an annual payroll of \$21.4 million is one of the community's top five employers.

The City is located within the boundaries of the Ketchikan Gateway Borough, which had a population of 13,754 in 2017. Approximately 59 percent of the community's population, or 8,125 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 also peaked in 1997 at 2,782 pupils and has since followed a similar downward trend, until bottoming out at 2,110 students in 2009. In 2017, the Ketchikan Gateway Borough School District reported an enrollment of 2,365 pupils, a decrease of 27 pupils from 2016.

The shift in the local economy from timber to tourism has resulted in a labor force that has become more seasonal. In 2017, the monthly employment varied between 6,479 and 7,967. The average employed labor force in 2017 was 7,104 with employment peaking at 7,967 in July. The average labor force in 2016 was 7,028. The average annual unemployment rate for 2017 was 6.3 percent, an increase from the 6.2 percent that was reported for 2016. Per capita income in the Ketchikan Gateway Borough for 2014, 2015 and 2016 was \$61,059, \$63,229 and \$63,222, respectively. No figures were available for 2017.

In 2017, assessed values increased by .54% to \$903.6 million from \$898.7 million. The projected change in assessed values for 2018 is about 2.5%. Gross retail sales increased from \$578.2 million in 2016 to \$603.5 million in 2017, or 4.4 percent and taxable retail sales increased by .5% to \$298.3 million. The City collected \$11.94 million in sales tax revenues in 2017, or \$448,000 more than 2016. Sales tax collections for 2018 are projected to exceed \$12 million.

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 – In response to decisions made by the cruise line companies to deploy post-panamax cruise ships to serve the Southeast Alaska market during the summer tourism season, the City is exploring options to expand its port facilities to handle the larger vessels. Currently, the City has four berths capable of berthing panamax cruise ships. The post-panamax cruise ships are expected to be placed in service in 2020. The City has tentatively decided to move forward with the expansion of Berths I and II and is considering an option to expand Berth IV, which is currently being leased by the City from a private entity. The Berths I and II expansion project is expected to cost in the neighborhood of \$65 million and may require bond financing. The Berth IV expansion project will require an amended lease agreement between the City and the owners of Berth IV. The owners of Berth IV will provide the long-term financing. The City expects the debt service and lease payments will be covered by passenger wharfage fees and its share of the State of Alaska Commercial Passenger Vessel Excise Tax.

Telecommunications Utility - The City has abandoned for now its plans to sell its telecommunications utility and redirected all its efforts towards continuing to address the needs of its customers for quality products and services. One area that is being carefully assessed is bandwidth capacity and redundancy. The utility recognizes that the demand for bandwidth is increasing as technology evolves. The isolation of the community of Ketchikan presents challenges that will require the development of a long-term strategic and financial plan in order to remain a competitive and responsive provider of quality telecommunication services.

State Fiscal Challenges – The State of Alaska is an oil producing state that relies heavily on taxes assessed against oil companies operating the oil fields located in the state to fund its operating and capital budgets. The overall decline in oil prices has had a significant impact on the State's finances and its ability to balance its annual budgets. The fiscal health of the State is important to the City and other local governments around the State. Some of the potential impacts are as follows:

- The City historically receives about \$460,000 annually in revenue sharing from the State. This is an equivalent to six-tenths of a property tax mill. This program has been substantially reduced and the City expects that its share for the upcoming fiscal year will amount to about \$188,000.
- State employees account for approximately 8.1% of the local labor force. If the State were compelled to significantly reduce its workforce, the loss of State jobs in the community could potentially impact all sectors of Ketchikan's economy, property values and tax revenues.
- Nearly all municipalities in the State of Alaska participate in the Alaska Public Employees Retirement System. Currently, each employer contributes to the PERS at the statutory rate of 22% of wages. The actuarially required contribution (ARC) is generally higher. For the State fiscal year beginning July 1, 2017, the ARC was determined to be 26.14%. The State currently pays the difference between the ARC and the employer contribution rate of 22% in the form of on-behalf payments to the PERS. The Alaska Legislature has discussed changes to the statutes that would require municipalities to pay a higher contribution rate. It appears for fiscal year beginning July 1, 2018 no changes will be forthcoming

- but future action by the Alaska Legislature may be warranted if the State's fiscal condition does not improve or if the investments of the retirement system incur significant losses.
- The State has explored a multitude of new revenue options to replace oil based revenues and balance its annual budget. Some of the options include a state sales tax, state income tax and tapping into the Alaska Permanent Fund. The Alaska Permanent Fund Dividend paid annually to the citizens of Alaska has already been reduced and beginning in fiscal year 2019, the State will begin drawing funds directly from the Alaska Permanent Fund to balance the State's annual budget. All of the options being explored by the Alaska Legislature have the potential to reduce municipal revenue sharing, disposable income and potentially affect retail sales and jobs in the community.

Depending on the duration of the depressed oil prices and how the State decides to address its fiscal challenges, the City may have to adjust its long-term planning to account for the loss of revenues and employment opportunities from the State.

Property Tax and Debt Policies – The City currently subscribes to a policy of 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. The policy has been successful since 1990. During this period, the City's mill rate has ranged between 6.1 and 8.7. The City has lowered its mill rate six times and raised it twice. The current mill rate is 6.7. The City lowered its mill rate to 6.6 in 2018.

The City Charter requires that the voters ratify all general obligation and revenue bonds issued by the City at either a special or regular municipal election. The primary resources for debt service on the City's general obligation bonds are property and sales taxes. 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 a progressive community that seeks to improve the quality of life for its citizens. During 2017, 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:

- Completed the \$67.6 million surgical suite and clinical facilities addition to the Ketchikan Medical Center. The addition was completed in December 2017.
- Completed renovations totaling \$1.3 million to Centennial Building. This facility was formerly used to
 house the City's museum and library. The library was relocated to a new facility in 2012 and the
 Centennial Building is now being used exclusively by the City's Museum Department. The renovations
 included new exhibition areas and restrooms.
- Conveyed real property and facilities used by the City's former mental health and substance abuse clinic to Akeela, a not-for-profit that specializes in operating mental health and substance abuse clinics in Alaska.
- Awarded multi-million contracts to begin the expansion of port facilities and surrounding uplands to accommodate post-panamax cruise ships and remove the rock pinnacle located in Tongass Narrows, which is a navigational hazard for post-panamax cruise ships.
- Completed the \$2.3 million Tongass Avenue and Front and Stedman Streets sewer force main rehabilitation project.

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, 2016. This was the thirty-eighth 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
Anita Beaudoin
Vickie Boyd
Ging Day
Robert Diaz
Cristina Doyle
Joe Graham

Patty Keeley
Camille Nelson
Korry Olsen
Tracey Sader
Terry Sivertsen
Chelsie Weihing

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 operations of the City in a responsible and progressive manner.

Respectfully submitted,

Robert E. Newell, Jr., CPA

Finance Director

Michelle L. Johansen

Controller



Government Finance Officers Association

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

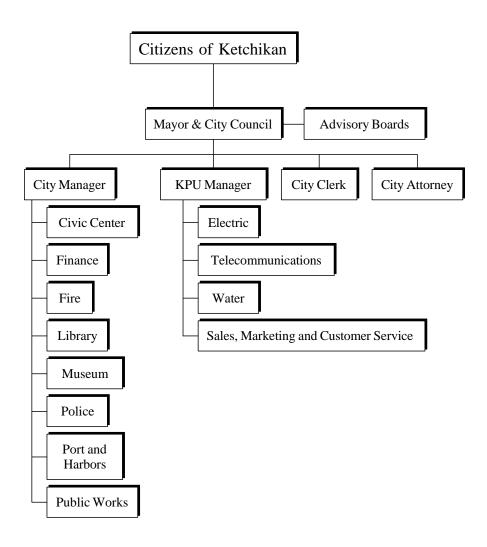
December 31, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF KETCHIKAN, ALASKA

ORGANIZATIONAL CHART DECEMBER 31, 2017



CITY OF KETCHIKAN, ALASKA

PRINCIPAL CITY OFFICIALS

December 31, 2017

MAYOR AND CITY COUNCIL

City Mayor Lew Williams III City Councilmember Mark Flora City Councilmember Janalee Gage City Councilmember Julie Isom City Councilmember Robert Sivertsen City Councilmember David Kiffer City Councilmember Judy Zenge City Councilmember Richard Coose

CITY STAFF

City Manager/KPU General Manager Karl R. Amylon City Clerk Katherine M. Suiter City Attorney Mitchell A. Seaver Finance Director Robert E. Newell, Jr. Police Chief Joseph R. White Fire Chief Abner L. Hoage Public Works Director/Engineering Mgr. Mark W. Hilson Library Director Patricia A. Tully Museum Director Anita A. Maxwell Civic Center Manager Alice M. Nelson Port and Harbors Director Steven R. Corporon Telecommunications Utility Manager Edward L. Cushing Water Utility Manager John C. Kleinegger Electric Utility Manager Andrew R. Donato Sales, Marketing & Customer Service Manager Kim N. Simpson



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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 the City of Ketchikan, Alaska, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Ketchikan, Alaska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 19–34 and 83–86 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information or provide any assurance.

Other Information

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, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2018, on our consideration of the City of Ketchikan, Alaska'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* in considering the City of Ketchikan, Alaska's internal control over financial reporting and compliance.

Teuscher Walpole, LLC

August 24, 2018



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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, 2017. 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 \$352.45 million (net position) for the calendar year reported.
- Total net position is comprised of the following:
 - 1) Net investment in capital assets of \$293.44 million, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - 2) Resources of \$20.10 million restricted by constraints imposed from outside the City such as debt covenants, granting agencies, laws, or regulations.
 - 3) Unrestricted resources of \$38.90 million available to maintain the City's continuing obligations to its citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$31.89 million this year. This compares to the prior year ending fund balance of \$35.31 million.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$4.68 million, or 20.8 percent of total General Fund expenditures. This was an increase of \$.55 million from the prior year. The General Fund also reported an operating surplus of \$.37 million. The prior year operating surplus was \$.66 million.
- The City's proprietary funds reported total ending net position of \$166.77 million this year. Compared to the prior year's net position of \$161.19 million, this is an increase of \$5.58 million.
- The City's mill rate remained at 6.7. The City has only increased its mill rate twice in the past 27 years. The increases were required to provide resource for the debt service on the general obligation bonds issued to finance the construction of a new library and fire station,

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 Position. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2017

position. Over time, increases or decreases in net position 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 the 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 position 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 position.

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 schedule 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 Position

The City's net position at December 31, 2017 and 2016 totaled \$352.45 million and \$342.54 million, respectively. The net position of the City, as a whole, increased by \$9.91 million. The following table summarizes the net position of the City's governmental and business-type activities:

(This page continued on the subsequent page)

Statement of Net Position

	Governmental Activities		Business-ty	pe Activities	Total		
	2017	2016	2017	2016	2017	2016	
Assets							
Current and other assets	\$ 40,594,738	\$ 47,423,733	\$ 48,990,981	\$ 45,875,407	\$ 89,585,719	\$ 93,299,140	
Capital assets	220,446,331	214,576,053	181,106,427	182,564,917	401,552,758	397,140,970	
Total assets	261,041,069	261,999,786	230,097,408	228,440,324	491,138,477	490,440,110	
Deferred outflows of resources	930,031	3,155,579	272,012	920,334	1,202,043	4,075,913	
Liabilities							
Current and other liabilities	5,391,709	8,822,833	7,160,886	8,618,234	12,552,595	17,441,067	
Long-term liabilities	69,687,105	74,778,576	55,576,185	58,973,187	125,263,290	133,751,763	
Total liablities	75,078,814	83,601,409	62,737,071	67,591,421	137,815,885	151,192,830	
Deferred inflows of resources	1,218,184	205,839	859,007	580,233	2,077,191	786,072	
Net Position							
Net investment in capital assets	166,238,050	162,340,844	127,204,039	125,126,654	293,442,089	287,467,498	
Restricted	10,010,245	10,730,407	10,094,057	8,939,769	20,104,302	19,670,176	
Unrestricted	9,425,807	8,276,866	29,475,246	27,122,581	38,901,053	35,399,447	
Total net position	\$ 185,674,102	\$ 181,348,117	\$ 166,773,342	\$ 161,189,004	\$ 352,447,444	\$ 342,537,121	

The largest component of the City's net position is its net investment in capital assets. The City's net investment in capital assets accounts for 83.3 percent of its net position. 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 investment in capital assets increased by \$5.98 million. The net investment in capital assets for the City's governmental activities increased by \$3.90 million and the net investment in capital assets for business-type activities increased by \$2.08 million.

Approximately 5.8 percent of the City's net position is restricted because of limitations placed on how these resources may be used. Included are resources restricted for debt service, bond proceeds for capital improvements, Commercial Passenger Vessel Excise Tax funds for services provided to passengers and program specific resources accounted for in special revenue funds. Programs provided by the City include solid waste collection and disposal, harbors, and cemetery services.

A portion of the City's net position is unrestricted and may be available to meet the City's ongoing financial obligations. This portion represents resources not restricted by external requirements nor invested in capital assets. The unrestricted portion of net position amounted to \$38.9 million, or 11.0 percent, of total net position. This is an increase of \$3.50 million from 2016. Unrestricted net position reported for the City's governmental activities increased by \$1.15 million and the unrestricted net position of the City's business-type activities increased by \$2.35 million.

Net position may serve over time as a useful indicator of a government's financial position. Since the City began reporting its net position in 2003, it has increased from \$207.16 million to \$352.45 million. Over the past 14 years, the City's financial position has improved by \$145.29 million, or 70.1 percent.

Changes in Net Position

The City's net position increased \$10.31 million in 2017. The net position for governmental activities increased \$4.33 million and business-type activities increased \$5.58 million. The following table provides a summary of the changes in the City's net position:

Programs				Chan	iges in	Net Position						
Revenues: Program: Series Serie		Governmental Activities			Business-type Activities			Total				
Program: Charges for services \$7,186,149 \$7,093,588 \$54,167,083 \$50,719,677 \$61,353,232 \$57,813,265 Operating grants and contributions \$2,789,967 \$2,704,413 \$178,725 \$155,750 \$2,968,692 \$2,860,163 Capital grants and contributions \$6,863,099 \$7,692,835 \$1,214,154 \$803,254 \$8,077,253 \$8,496,089 General:			2017	2016		= :				2017		2016
Operating grants and contributions 2,789,967 2,704,413 178,725 155,750 2,968,692 2,860,163 Capital grants and contributions 6,863,099 7,692,835 1,214,154 803,254 8,077,253 8,496,089 General: Taxes 18,244,030 17,513,627 - - 18,244,030 17,513,627 Other 801,220 691,774 741,467 652,739 1,542,687 1,344,513 Total revenues 35,884,465 35,696,237 56,301,429 52,331,420 92,185,894 88,027,657 Expenses: General government 2,336,678 2,893,754 - - 2,336,678 2,893,754 Public safety 9,199,458 10,143,345 - - 9,199,458 10,143,345 Culture 3,418,450 3,925,120 - - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341												
and contributions 2,789,967 2,704,413 178,725 155,750 2,968,692 2,860,163 Capital grants and contributions 6,863,099 7,692,835 1,214,154 803,254 8,077,253 8,496,089 General: Taxes 18,244,030 17,513,627 - - - 18,244,030 17,513,627 Other 801,220 691,774 741,467 652,739 1,542,687 1,344,513 Total revenues 35,884,465 35,696,237 56,301,429 \$2,331,420 92,185,894 88,027,657 Expenses: General government 2,336,678 2,893,754 - - 2,233,6678 2,893,754 Public safety 9,194,588 10,143,345 - - 2,336,678 2,893,754 Culture 3,418,450 3,925,120 - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 2,615,860 116,178 Public works 9,484,400 9,152,222 - <		\$	7,186,149	\$ 7,093,588	\$	54,167,083	\$	50,719,677	\$	61,353,232	\$	57,813,265
And contributions 6,863,099 7,692,835 1,214,154 803,254 8,077,253 8,496,089 General: Taxes 18,244,030 17,513,627 18,244,030 17,513,627 Other 801,220 691,774 741,467 652,739 1,542,687 1,344,513 Total revenues 35,884,465 35,696,237 56,301,429 52,331,420 92,185,894 88,027,657 Expenses: General government 2,336,678 2,893,754 2,336,678 2,893,754 Public safety 9,199,458 10,143,345 9,199,458 10,143,345 Culture 3,418,450 3,925,120 - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - 2,615,860 116,178 Public works 9,484,400 9,152,222 - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - 2,363,897 2,047,341 Interest 2,274,407 2,238,887 - 2,274,407 2,238,887 KPU 3,998,2596 40,079,287 Port - 2,274,407 2,238,887 - 2,274,407 2,238,887 KPU 3,998,2596 40,079,287 Port - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater 2,762,087 2,481,609 2,762,087 2,481,609 10,609,287 Port 7,837,738 8,858,593 7,83	and contributions		2,789,967	2,704,413		178,725		155,750		2,968,692		2,860,163
Other 801,220 691,774 741,467 652,739 1,542,687 1,344,513 Total revenues 35,884,465 35,696,237 56,301,429 52,331,420 92,185,894 88,027,657 Expenses: General government 2,336,678 2,893,754 - - 2,336,678 2,893,754 Public safety 9,199,458 10,143,345 - - 9,199,458 10,143,345 Culture 3,418,450 3,925,120 - - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 2,615,860 116,178 Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,236,887 2,047,341 Interest 2,274,407 2,238,887 - - 2,274,407 2,238,887 KPU - - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater	and contributions		6,863,099	7,692,835		1,214,154		803,254		8,077,253		8,496,089
Other 801,220 691,774 741,467 652,739 1,542,687 1,344,513 Total revenues 35,884,465 35,696,237 56,301,429 52,331,420 92,185,894 88,027,657 Expenses: General government 2,336,678 2,893,754 - - 2,336,678 2,893,754 Public safety 9,199,458 10,143,345 - - 9,199,458 10,143,345 Culture 3,418,450 3,925,120 - - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 2,615,860 116,178 Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,236,887 2,047,341 Interest 2,274,407 2,238,887 - - 2,274,407 2,238,887 KPU - - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater	Taxes		18.244.030	17.513.627		-		-		18.244.030		17.513.627
Expenses: General government General government Q.336,678 Q.893,754 Qublic safety Q.199,458 Q.10,143,345 Qublic safety Q.199,458 Q.199,458 Q.10,143,345 Q.10,161,78 Q.10,161,7	Other		801,220			741,467		652,739		1,542,687		
General government 2,336,678 2,893,754 - - 2,336,678 2,893,754 Public safety 9,199,458 10,143,345 - - 9,199,458 10,143,345 Culture 3,418,450 3,925,120 - - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 2,615,860 116,178 Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,363,897 2,047,341 Interest 2,274,407 2,238,887 - - 2,274,407 2,238,887 KPU - - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,	Total revenues	_	35,884,465	 35,696,237		56,301,429		52,331,420		92,185,894		88,027,657
General government 2,336,678 2,893,754 - - 2,336,678 2,893,754 Public safety 9,199,458 10,143,345 - - 9,199,458 10,143,345 Culture 3,418,450 3,925,120 - - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 2,615,860 116,178 Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,363,897 2,047,341 Interest 2,274,407 2,238,887 - - 2,274,407 2,238,887 KPU - - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,	Expenses:		-									
Public safety 9,199,458 10,143,345 - - 9,199,458 10,143,345 Culture 3,418,450 3,925,120 - - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 2,615,860 116,178 Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,363,897 2,047,341 Interest 2,274,407 2,238,887 - - - 2,274,407 2,238,887 KPU - - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net p	•		2,336,678	2,893,754		-		-		2,336,678		2,893,754
Culture 3,418,450 3,925,120 - - 3,418,450 3,925,120 Health and welfare 2,615,860 116,178 - - 2,615,860 116,178 Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,363,897 2,047,341 Interest 2,274,407 2,238,887 - - 2,274,407 2,238,887 KPU - - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net position before extraordinary item - - 359,246 - 359,246 Transfers in (out)				10,143,345		-		-		9,199,458		10,143,345
Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,363,897 2,047,341 Interest 2,274,407 2,238,887 - - 2,274,407 2,238,887 KPU - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net position before extraordinary item 4,191,315 5,179,390 5,719,008 911,931 9,910,323 6,091,321 and transfers Extraordinary item - - - 359,246 - 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) - - -			3,418,450			-		-		3,418,450		
Public works 9,484,400 9,152,222 - - 9,484,400 9,152,222 Harbor 2,363,897 2,047,341 - - 2,363,897 2,047,341 Interest 2,274,407 2,238,887 - - 2,274,407 2,238,887 KPU - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net position before extraordinary item 4,191,315 5,179,390 5,719,008 911,931 9,910,323 6,091,321 and transfers Extraordinary item - - - 359,246 - 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) - - -	Health and welfare		2,615,860	116,178		-		-		2,615,860		116,178
Harbor 2,363,897 2,047,341 2,363,897 2,047,341 Interest 2,274,407 2,238,887 2,274,407 2,238,887 KPU 39,982,596 40,079,287 39,982,596 40,079,287 Port 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater 2,762,087 2,481,609 2,762,087 2,481,609 Increase in net position before extraordinary item ad transfers Extraordinary item and transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) S59,246 Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	Public works			9,152,222		-		-		9,484,400		
KPU - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net position before extraordinary item and transfers 4,191,315 5,179,390 5,719,008 911,931 9,910,323 6,091,321 Extraordinary item - - - 359,246 - 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) - - Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	Harbor		2,363,897	2,047,341		-		-		2,363,897		
KPU - - 39,982,596 40,079,287 39,982,596 40,079,287 Port - - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net position before extraordinary item and transfers 4,191,315 5,179,390 5,719,008 911,931 9,910,323 6,091,321 Extraordinary item - - - 359,246 - 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) - - Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	Interest		2,274,407	2,238,887		-		-		2,274,407		2,238,887
Port - 7,837,738 8,858,593 7,837,738 8,858,593 Wastewater - 2,762,087 2,481,609 2,762,087 2,481,609 Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net position before extraordinary item ad transfers Extraordinary item 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	KPU		-	-		39,982,596		40,079,287		39,982,596		40,079,287
Total expenses 31,693,150 30,516,847 50,582,421 51,419,489 82,275,571 81,936,336 Increase in net position before extraordinary item 4,191,315 5,179,390 5,719,008 911,931 9,910,323 6,091,321 and transfers Extraordinary item 359,246 - 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	Port		-	-		7,837,738		8,858,593		7,837,738		8,858,593
Increase in net position before extraordinary item	Wastewater			 		2,762,087		2,481,609		2,762,087		2,481,609
before extraordinary item and transfers Extraordinary item 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) 1 Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	Total expenses	_	31,693,150	 30,516,847		50,582,421		51,419,489		82,275,571		81,936,336
and transfers Extraordinary item 359,246 - 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	Increase in net position											
Extraordinary item 359,246 - 359,246 Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	•		4,191,315	5,179,390		5,719,008		911,931		9,910,323		6,091,321
Transfers in (out) 134,670 1,165,742 (134,670) (1,165,742) - - Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554			-	-		-		359,246		-		359,246
Increase (decrease) in net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554			134,670	1,165,742		(134,670)		•		-		-
net position 4,325,985 6,345,132 5,584,338 105,435 9,910,323 6,450,567 Net position, beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	` ′			 ,,-		(- , ,		() , - ,				
beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	net position		4,325,985	6,345,132		5,584,338		105,435		9,910,323		6,450,567
beginning 181,348,117 175,002,985 161,189,004 161,083,569 342,537,121 336,086,554	Net position,											
			181,348,117	175,002,985		161,189,004		161,083,569		342,537,121		336,086,554
	Net position, ending	\$	185,674,102	\$ 181,348,117	\$	166,773,342	\$	161,189,004	\$	352,447,444	\$	342,537,121

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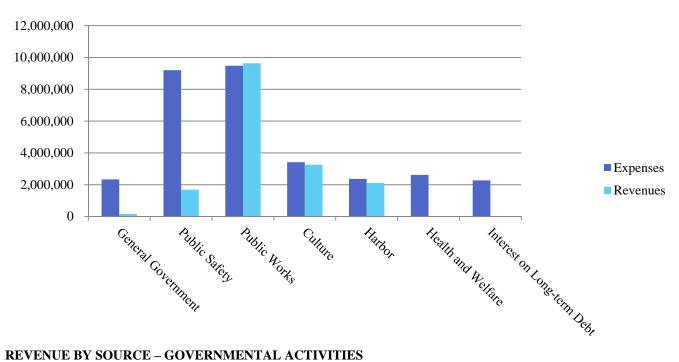
Governmental Activities. The City's net position from governmental activities increased \$4.3 million. This increase is \$2.02 million less than the increase that occurred in 2016. The key elements in the change in net position from the prior year are as follows:

- Capital grants and contributions decreased by \$.83 million. The reduction in Capital grants and contributions is primarily due to one-time capital contribution the City received from Ketchikan Medical Center in 2016 in the amount of \$.50 million. Other capital grants for the harbor and public works decreased in 2017 by \$.33 million.
- Taxes increased by .73 million due to a 5% increase in taxable retail sales and the implementation of the City's new 5% marijuana sales, which became effective on April 1, 2017. Retail sales were up in nearly every category but those categories that cater to the tourism industry showed the largest gains.
- General government expenses decreased by \$.56 million primarily because the City's proportionate share of the net pension liability of the Alaska Public Employees Retirement System decreased.
- Public safety expenses decreased by \$.94 million primarily because the City's proportionate share of the net pension liability of the Alaska Public Employees Retirement System decreased.
- Culture expenses decreased \$.51 million primarily due to the finalization of some major maintenance performed on the museum facilities and the City's proportionate share of the net pension liability of the Alaska Public Employees Retirement System decreased.
- Health and welfare expenses increased by \$2.5 million because of an immaterial accounting error in 2015, which
 caused capital expenses incurred for the Ketchikan Medical Center to be treated as maintenance costs. The error
 was corrected causing maintenance costs to decrease in 2016 and increase in 2017. The City also transferred assets
 related to a department that the City no longer operates to another entity. The book value of the assets transferred
 during 2017 was \$1.6 million.
- Harbor expenses increased by \$.32 million because of major maintenance performed at the harbor facilities.
- Public works expenses increased \$.33 million due to filling vacancies in operations and major street maintenance.
- Transfers decreased by \$1.03 million primarily due to a transfer from the CPV Special Revenue Fund to Port Enterprise Fund. In 2017, \$1.05 million was transferred to finance the design of Port's Berth I and II expansion project. This transfer was offset by a \$1.19 million transfer from the enterprise funds to the general fund for payments in lieu of taxes.

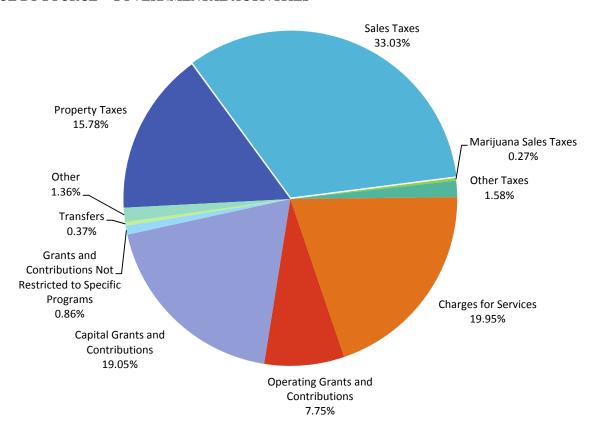
The following graphs compare program revenues with expenses and illustrate the revenues by source for governmental activities.

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EXPENSES AND PROGRAM REVENUES -GOVERNMENTAL ACTIVITIES



REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES



Business-type Activities. The City's net position from business-type activities increased by \$5.58 million. This increase is an improvement over last year's increase of \$105,435. The City's business-type activities include electric, telecommunications, water and wastewater utilities; and port operations. The key elements in the change in net position from the prior year are as follows:

Charges for services increased \$3.45 million. The table below summarizes charges of services by business-type activity.

	2017	2016
Electric	\$ 18,261,797	\$ 16,741,926
Telecommunications	19,750,713	18,400,623
Water	3,734,692	3,643,991
Port	9,391,272	8,961,241
Wastewater	3,028,609	2,971,896
	\$ 54,167,083	\$ 50,719,677

Electric utility revenues increased by \$1.52 million due to a 5% rate increase that became effective April 1, 2016, which impacted the last three quarters of 2016 and the first quarter of 2017, and a 4.3% increase in energy sales. The increase in demand was due to colder weather in 2017. Telecommunication utility revenues increased by \$1.35 million due to continued growth in nonregulated telecommunication services, particularly in the areas of video and wireless communications. The increase in the growth of nonregulated telecommunication services was partially offset by a decline in regulated access revenues arising from withdrawing from the NECA settlement pool and the implementation of the Alaska Plan. Water utility revenues increased by \$90,701, or 2.5%, due to an 8% rate increase that became effective April 1, 2016. Port revenues increased by \$430,031, or 4.8%, due to an increase in the number of passengers arriving by cruise ship. The City's \$7 passenger wharfage fee accounted for nearly all of the increase.

Capital grants and contributions increased by \$.4 million due to the receipt of grant funds from the State of Alaska to improve two cruise ship berths at the Port of Ketchikan. During 2017, the City spent \$1.1 million on its efforts to renovate Berths 1 and 2.

The overall expenses of the City's business-type activities for 2017 decreased from \$51.42 million to \$50.58 million, or \$.84 million. The table summarizes expenses by business-type activity.

	2017	2016
Electric	\$18,313,066	\$17,993,703
Telecommunications	17,652,356	18,102,186
Water	4,017,174	3,983,398
Port	7,837,738	8,858,593
Wastewater	2,762,087	2,481,609
	\$50,582,421	\$51,419,489

The total expenses of the electric utility increased in 2017 by \$.32 million. The primary reason for the increase was the placement of new plant into service, which increased depreciation by \$.28 million. In total, all other costs remained comparable to 2016 except for generation expenses. In 2017, the electric utility produced more of its generation, including diesel generation and relied less on the purchase of power from the Southeast Alaska Power Agency. Weather conditions and lake levels dictated the choice of generation resources used to meet the demand for electricity.

The total expenses of the telecommunication utility decreased in 2017 by \$.45 million. Pension costs associated with GASB Statement No. 68 decreased \$.25 million, operating permits and broadcast content fees decreased by \$.1 million due to declining regulated revenues and stability in consumer demand for broadcast content and the elimination of channels with

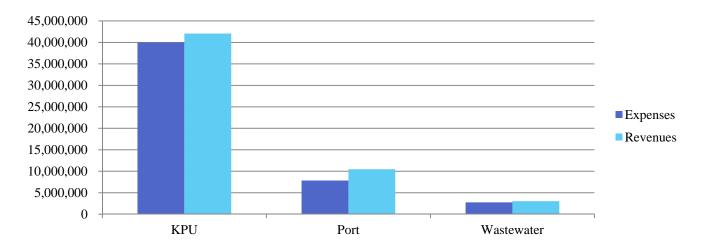
limited viewers. Generally, broadcast content fees rise between 3% and 7% annually with the exception the four major broadcast networks. Labor costs also decreased by \$.1 million due to temporary vacancies.

The total expenses of the port decreased in 2017 by \$1.02 million. Interest cost decreased by \$.56 million due to the refunding of the 2006 Port Revenue Bond. In 2016, the port incurred \$.23 million of debt refunding costs associated with the refunding of the 2006 Port Revenue Bond that did not reoccur in 2017. Finally, the port reported a \$.44 million loss on the disposal of port infrastructure that was replaced as part of the Berth I and II renovation project.

The total expenses of the wastewater utility increased by \$.28 million primarily because of higher maintenance cost incurred on wastewater infrastructure. The wastewater utility's infrastructure is antiquated and in need of major repairs or replacement. The City Council has been working for several years to develop a capital improvement program to correct known deficiencies within the system. In the interim, the system has been experiencing major breaks that occasionally require major outlays to repair.

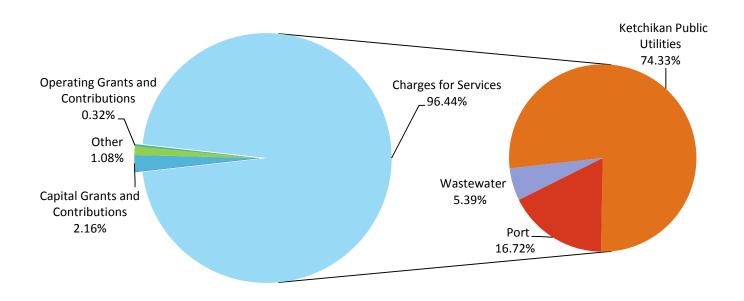
The following graphs compare program revenues with program expenses and illustrate the revenues by source for business-type activities.

EXPENSES AND PROGRAM REVENUES -BUSINESS-TYPE ACTIVITIES



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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's 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 \$31.89 million, a decrease of \$3.42 million or 9.7%, from last year. Nonspendable fund balances total \$403,230 and consists entirely of land held for resale. Restricted fund balances total \$5.25 million. Assigned fund balances total \$21.56 million and includes the following:

- \$3.97 million for the subsequent year's budget deficit
- \$3.02 million for streets and sidewalks maintenance and other public works projects
- \$0.96 million for culture and tourism
- \$2.83 million for public buildings improvements
- \$4.68 million for public health
- \$2.26 million for solid waste
- \$0.82 million for abatement of dangerous buildings and parking development
- \$1.08 million for public safety
- \$1.39 million for harbors

The general fund is the primary operating fund of the City through which all receipts of and payments for City operations are processed unless they are required to be accounted for in another fund. By definition, it is a major governmental fund under

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2017

generally accepted accounting principles. Total general fund revenues for 2017 amounted to \$24.52 million, an increase of \$.89 million from 2016. Nearly 70 percent of the increase is attributable to increases in sales tax collections and the City's newly implement marijuana sales tax. Growth in the tourism industry lifted retail sales and had a positive impact on sales tax collections. Total general fund expenditures for 2017 amounted to \$22.47 million, an increase of \$1.22 million from 2016. About \$.99 million of the increase was due to additional costs incurred in addressing the abatement of dangerous building, major maintenance work on the museum, civic center and police facilities, and increased routine maintenance on City streets. The rest of the increase was due to general rise in the cost of doing business.

The Hospital Construction Fund is a major fund established in 2014 to account for the proceeds from the City's \$41.3 million general obligation bond issued in May 2014 to finance the construction of a major addition to the Ketchikan Medical Center, a health care facility owned by the City and operated by PeaceHealth of Bellingham, Washington. The fund also accounts for the proceeds from a \$15 million construction grant for the new addition awarded by the State of Alaska. In 2017, the fund reported investment earnings and local contributions totaling \$.25 million and construction expenses of \$4.76 million. The fund ended the year with a restricted fund balance of \$1.78 million.

The Major Capital Improvement Fund is a major fund established to account for major capital improvements that were not required to be accounted for in a project specific fund. In 2017, the fund reported revenues of \$6.3 million and construction expenses of \$6.54 million. All of the revenues accounted for in this fund in 2017 were grant proceeds from the State of Alaska to finance improvements to the Water Street Trestle.

Proprietary Funds. The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Factors concerning the finances of 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 legally adopted 2017 budget for the general fund does not include all the City funds that must be accounted for as part of the General Fund as defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. For more information on the City's general fund, please see the combining statements for the general fund.

The adopted 2017 Budget for the general fund projected annual revenues of \$17.69 million and subsequently amended to \$17.78 million. All of the amendments were for grant awards and contributions for public safety and cultural activities. Actual revenues totaled \$17.60 million, which resulted in unfavorable budget variance of \$177,814, or 1 percent. A significant portion of the variance was due to a \$421,699 decrease in interdepartmental charges for services. Interdepartmental charges are based on actual costs incurred by the departments providing the services. In 2017, the costs incurred by these departments were less than projected. The rest of the difference is due to the inherent subjective nature of the assumptions used to develop revenue projections.

The adopted 2017 Budget for general fund included appropriations for expenditures totaling \$21.2 million. During the year, the City Council approved amendments to the budget totaling \$45,439 and authorized transfers totaling \$36,456 from reserves to appropriations for expenditures. The amendments and the transfers increased appropriations for expenditures to \$21.28 million. All of the amendments provided appropriations for spending the proceeds from grants awards and contributions for fire public safety, museum and library activities. The transfers were used to providing additional funding for community promotion, and maintenance. Actual expenditures totaled \$19.16 million, which resulted in a favorable variance of \$2.13 million. The City Council also amended the 2017 Budget for the general fund to increase appropriated reserves by \$40,640 and transferred \$13,293 from appropriated reserves to increase funding for the community grant program.

Lower personnel costs, most of which was attributable to vacancies accounted for \$1.41 million, or 66 percent, of the \$2.13 favorable budget variance. Lower spending for fuel, utilities and insurance occurred because of favorable weather and market conditions and accounted for \$.22 million, or 10 percent of the budget variance. The rest of positive variance was due to departments adhering to directives from the City Council to explore ways to reduce the overall cost of local government. In 2017, the general fund incurred a budgetary surplus of \$493,353. This is the fourth consecutive year that the general fund has realized a surplus and continues to demonstrate that the City has adequately reversed and addressed the reoccurring

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2017

City of Ketchikan, Alaska

deficits from prior years. The improvement was the result of a combination of the City Council's efforts to control spending and an increase in the City's sales tax rate from 3.5% to 4% in 2014.

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, 2017, amounts to \$401.56 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 \$4.41 million or 1.1 percent. The City's investment in governmental activities, net of accumulated depreciation increased \$5.87 million and business-type activities capital assets decreased by \$1.46 million. See Note 3-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.

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Capital Assets

		Governmen	tal A	ctivities	Business Activities				Total				
		2017		2016		2017		2016		2017		2016	
Non-depreciable assets:		_						_		_		_	
Land	\$	28,781,631	\$	28,904,498	\$	4,498,606	\$	4,498,606	\$	33,280,237	\$	33,403,104	
Easements		588,168		588,168		-		-		588,168		588,168	
Construction in progress		9,680,856		61,699,980		4,005,732		2,581,653		13,686,588		64,281,633	
Intangibles and other	_	100,750	_	100,750		221,766		221,766		322,516		322,516	
Total non-depreciable	\$	39,151,405	\$	91,293,396	\$	8,726,104	\$	7,302,025	\$	47,877,509	\$	98,595,421	
Depreciable assets:													
Utility plants	\$	-	\$	-	\$	275,598,736	\$	271,085,883	\$	275,598,736	\$	271,085,883	
Port facilities		-		-		67,861,503		67,387,096		67,861,503		67,387,096	
Land improvements		1,539,203		1,554,203		-		-		1,539,203		1,554,203	
Buildings		140,370,921		79,654,850		-		-		140,370,921		79,654,850	
Machinery and equipment		16,047,663		16,696,524		-		-		16,047,663		16,696,524	
Infrastructure		84,805,013		85,158,141		-		-		84,805,013		85,158,141	
Software	_	581,531		581,531				-		581,531		581,531	
Total depreciable assets		243,344,331		183,645,249		343,460,239		338,472,979		586,804,570		522,118,228	
Less accum. depreciation		(62,049,405)		(60,362,592)		(171,076,916)		(163,210,087)		(233,126,321)		(223,572,679)	
Net depreciable assets	\$	181,294,926	\$	123,282,657	\$	172,383,323	\$	175,262,892	\$	353,678,249	\$	298,545,549	
Percentage depreciated		25%		33%	_	50%	_	48%	_	40%		43%	
Book value - all assets	\$	220,446,331	\$	214,576,053	\$	181,109,427	\$	182,564,917	\$	401,555,758	\$	397,140,970	

Major capital assets under construction during 2017 and included in construction in progress are as follows:

- Raw water transmission line \$320,000
- Berth III improvements and barge overhaul \$1.8 million
- Water Street Trestle No. 2 replacement \$8.9 million

Major capital assets placed in service during 2017 are as follows:

- Electric utility pole replacement \$595,000
- Berths I and II potable water line \$333,000
- Front to Stedman Streets wastewater main replacement \$1.2 million
- Tongass Avenue wastewater force main replacement \$1.3 million
- Tongass Historical Museum building renovations \$1.3 million
- Ketchikan Medical Center surgical suite and clinical wing \$62 million

At December 31, 2017, the depreciable capital assets for governmental activities were 25 percent depreciated. At December 31, 2016 and 2015, capital assets were 33 and 33 percent depreciated, respectively. A trending decrease in the percentage is an indicator that capital assets are being well maintained. No change in the percentage of assets depreciated implies that

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2017

capital assets are being properly maintained. A trending increase in the percentage is an indicator that capital assets are not being maintained. The City's business-type activities capital assets were 50 percent depreciated at December 31, 2017 compared to 48 and 47 percent for 2016 and 2015, respectively. This trend would suggest that the City has not been maintaining its business-type capital assets and may incur the risk and cost of deferred maintenance.

Long-term Debt

At December 31, 2017, the City had \$106.44 million in outstanding bonded debt and other long-term debt, a decrease of \$4.56 million from 2016. Total general obligation bonded debt decreased from \$57.84 million to \$56.28 million, or 2.7 percent. Total revenue bonded debt decreased from \$49.68 million to \$46.60 million, or 6.2 percent. The following table provides a summary of outstanding long-term debt:

Outstanding Long-term Debt

		nmental vities		ss-type vities	Tot	als	
	2017	2016	2017	2016	2017	2016	
General obligation bonds	\$ 54,505,000	\$ 55,960,000	\$ 1,777,508	\$ 1,875,495	\$ 56,282,508	\$ 57,835,495	
Revenue bonds	-	-	46,597,882	49,682,402	46,597,882	49,682,402	
Landfill closure costs	967,140	963,840	-	-	967,140	963,840	
Compensated absences	1,461,463	1,425,618	1,127,956	1,087,714	2,589,419	2,513,332	
Total	\$ 56,933,603	\$ 58,349,458	\$ 49,503,346	\$ 52,645,611	\$ 106,436,949	\$ 110,995,069	

During 2017, the City did not issue any new long-term debt and none of its outstanding long-term debt matured. The City currently has the authority to issue up to \$10 million of long-term debt for water and wastewater utilities.

In October 2014, the voters of the City approved a ballot proposition ratifying the issuance of up to \$5 million in bonds for wastewater improvements. The City expects to issue a \$.84 million bond in 2018 to recoup costs for improvements to the infrastructure of its wastewater utility. The improvements were completed in 2017.

In October 2014, the voters of the City approved a ballot proposition ratifying the issuance of up to \$5 million in bonds for water improvements. The City expects to issue a \$1.33 million bond in 2018 to recoup costs for improvements to the infrastructure of its water utility. The improvements were completed in 2016.

All of the City's general obligation and municipal revenue bonds have been issued through the Alaska Municipal Bond Bank, the Alaska Department of Environmental Conservation or Bank 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, 2017, the City's total direct general obligation bond debt per capita was \$7,223.

See Note 3-I for additional information about the City's long-term debt. The landfill closure and postclosure care liability are discussed in Note 3-H.

Economic Factors and Next Year's Budgets and Rates

Tourism continues to be a growth industry for the community of Ketchikan and has had a positive impact on the local economy. The driving force behind the growth is the result of years of efforts by the community to make Ketchikan a popular port of call for the cruise ships and their passengers. Significant public and private investments have resulted in modern port facilities and development of attractions and amenities that are popular with the passengers off the cruise ships. In 2017, 994,000 cruise ship passengers visited Ketchikan. This topped the previous record of 938,000 passengers achieved in 2013. The outlook for 2018 is over 1million passengers. This growth has had positive impact on employment opportunities in the community. During the peak months of tourism season, the monthly labor force averages 8,440 employees. During the offseason, the labor force averages 6,682. Growth in tourism has also had impact on the City's tax revenues. In 2017, the City collected a record \$11.94 million in sales tax revenues. The City estimates that tourism accounts for at least 25% of its annual sales tax collections.

Recognizing that tourism plays a dominant role in the local economy, the City has begun the planning for the berthing of larger post-panamax cruise ships that will soon be plowing the waters of Southeast Alaska. This new class of cruise ship will require larger or modified berthing facilities, expanded ground transportation areas and other shore-side amenities capable of accommodating larger inflows of passengers. The City estimates that these demands will require about \$65 million in new investments from both the private and the public sectors over the next three years. The City may seek voter approval in 2019 to issue revenue bonds to finance an expansion project for Berths I and II and is currently working with the owners of Berth IV, which is leased by the City, to expand that berth in 2019 or 2020.

The State of Alaska continues to work through the fiscal challenges caused by significant decreases in oil revenues, which typically fund about 90% of the State's annual general fund budget. The Alaska Legislature recently adopted a financing plan that will use resources from the Alaska Permanent Fund to close the fiscal spending gap of the State's general fund. The success of this plan is important to the City as well as other municipalities located in the State of Alaska. Many local municipalities rely upon the State for funds to finance major infrastructure projects in their community and revenue sharing. State employees currently account for almost 10% of the Ketchikan Gateway Borough's labor force and their presence in our community supports the economy and the tax base. Actions taken by the State can potentially affect both the local economy and the finances of the City. The City has responded by carefully monitoring its own fiscal affairs and putting operating and capital spending caps in place.

Looking to 2018, the City expects the local economy to continue to show signs of growth. Taxable property values increased 2.25 percent in 2018. Sales tax collections have been projected to reach a record \$12 million. The forecast calls for continued growth in tourism in 2018 and beyond. By 2019, the number of cruise ship passengers could reach 1.2 million. The State of Alaska is planning to invest \$200 million in Ketchikan to repair or replace vital transportation infrastructure over the next three years. Recent private and public investments in cultural, recreational and health care facilities have helped to make Ketchikan a comfortable and attractive community to visit. The maritime industry continues to thrive. The local shipyard operated by Vigor Alaska has nearly completed one of the two 280 feet day boat state ferries it is under contract to construct. Construction of the second ferry, the Hubbard, is in progress.

In 2018, the City Council approved a series of rate increases intended to improve the overall finances of its public utilities and provide additional financial resources for much needed infrastructure improvements. Electric rates were increased by 5%, water rates by 5.5% and wastewater rates by 6%. The rate increases become effective April 2018. In response to unanticipated increases in assessed real and personal property values, the City Council lowered the property tax mill rate in 2018 from 6.7 to 6.6.

The City will continue to monitor the local economy and follow a conservative approach in managing its fiscal affairs. Although the community's economy is expanding, it remains fragile and seasonal and continues to rely on natural resources. For these reasons, the City Council practices a balanced approach to taxes, utility rates and spending. The City Council is prepared to make necessary modifications to current and future fiscal plans to ensure that City's financial position remains strong and the cost of services provided to the citizens of Ketchikan are affordable.

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. Questions concerning the information provided in this report or requests for additional information should be addressed to the City of Ketchikan, Office of the Finance Director, 334 Front Street, Ketchikan, Alaska 99901 or call (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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



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City of Ketchikan, Alaska Statement of Net Position December 31, 2017

	G	Governmental B		Business-type Activities		Total
Assets						
Current assets:						
Cash and temporary investments (Note 3A)	\$	29,399,642	\$	31,817,530	\$	61,217,172
Restricted cash, cash equivalents and investments		5,686,207		1,712,395		7,398,602
Receivables:						
Accounts		945,573		3,026,786		3,972,359
Taxes		2,290,349		-		2,290,349
Intergovernmental		554,106		205,047		759,153
Miscellaneous		108,002		-		108,002
Unbilled		63,742		1,103,840		1,167,582
Advances		469,002		(469,002)		-
Inventory		-		2,576,402		2,576,402
Prepaid items		674,885		1,081,712		1,756,597
Total current assets		40,191,508		41,054,710		81,246,218
Noncurrent assets:						
Land for resale		403,230		-		403,230
Restricted investments		-		7,935,397		7,935,397
Accrued interest on restricted assets		-		874		874
Capital Assets (Note 3E)						
Nondepreciable capital assets		39,151,405		8,726,104		47,877,509
Depreciable capital assets, net		181,294,926		172,380,323		353,675,249
Total noncurrent assets		220,849,561		189,042,698		409,892,259
Total Assets		261,041,069		230,097,408		491,138,477
Deferred Outflow of Resources		930,031		272,012		1,202,043
Total Assets and Deferred Outflow of Resources		261,971,100		230,369,420		492,340,520

City of Ketchikan, Alaska Statement of Net Position (Cont'd) December 31, 2017

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	1,337,742	4,009,557	5,347,299
Payroll payable	1,653,708	-	1,653,708
Accrued interest payable	332,215	254,874	587,089
Customers deposits payable	7,996	371,365	379,361
Unearned revenue	170,373	18,240	188,613
Claims payable	143,000	-	143,000
Compensated absences payable	146,146	112,796	258,942
General obligation bonds payable	1,600,529	99,457	1,699,986
Revenue bonds payable	-	2,294,597	2,294,597
Total current liabilities	5,391,709	7,160,886	12,552,595
Noncurrent liabilities			
Compensated absences payable (net of current portion)	1,315,317	1,015,160	2,330,477
Net pension liability	12,094,686	3,553,762	15,648,448
Landfill closure costs	967,140	-	967,140
General obligation bonds payable (net of current portion)	55,309,962	1,678,051	56,988,013
Revenue bonds payable (net of current portion)	-	49,329,212	49,329,212
Total noncurrent liabilities	69,687,105	55,576,185	125,263,290
Deferred Inflow of Resources	1,218,184	859,007	2,077,191
Total Liabilities and Deferred Inflows of Resources	76,296,998	63,596,078	139,893,076
Net Position			
Net investment in capital assets (Note 3K)	166,238,050	127,204,039	293,442,089
Restricted for:			
Capital and maintenance outlay	2,915,565	-	2,915,565
Repair and replacement funds	-	5,178,634	5,178,634
Commercial passenger excise tax funds	2,801,068	1,050,330	3,851,398
Debt service	-	3,865,093	3,865,093
Solid waste operations and maintenance	2,927,236	-	2,927,236
Harbor operations and maintenance	1,059,931	-	1,059,931
Cemetery operations and maintenance	123,516	-	123,516
Investigation and property seizure funds	182,929	-	182,929
Unrestricted	9,425,807	29,475,246	38,901,053
Total Net Position	\$ 185,674,102	\$ 166,773,342	\$ 352,447,444

City of Ketchikan, Alaska Statement of Activities For the Year Ended December 31, 2017

						Program Revenues								
Functions/Programs		Expenses		Charges for Services		Operating Grants and Contributions		pital Grants Contributions						
Governmental Activities:														
General government	\$	2,336,678	\$	40,913	\$	117,091	\$	-						
Public safety		9,199,458		1,308,988		377,781		-						
Culture and tourism		3,418,450		893,017		2,245,958		116,641						
Health and welfare		2,615,860		172		-		249,736						
Public works		9,484,400		3,423,575		24,103		6,184,895						
Harbor		2,363,897		1,519,484		25,034		311,827						
Interest		2,274,407												
Total Governmental Activities		31,693,150		7,186,149		2,789,967		6,863,099						
Business-Type Activities:														
Electric, telecommunications and water		39,982,596		41,747,202		163,829		156,147						
Port		7,837,738		9,391,272		11,412		1,058,007						
Wastewater		2,762,087		3,028,609		3,484		_						
Total Business-Type Activities		50,582,421		54,167,083		178,725		1,214,154						
Total	\$	82,275,571	\$	61,353,232	\$	2,968,692	\$	8,077,253						

General Revenues:

Property taxes

Sales taxes

Marijuana sales tax

Transient taxes

Intergovernmental - unrestricted

Investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

Net (Expense) Revenue and Changes in Net Position									
		ry Government	;						
Governmental		siness-Type							
Activities		Activities		Total					
\$ (2,178,674) \$	-	\$	(2,178,674)					
(7,512,689)	-		(7,512,689)					
(162,834	.)	-		(162,834)					
(2,365,952)	-		(2,365,952)					
148,173		-		148,173					
(507,552)	-		(507,552)					
(2,274,407				(2,274,407)					
(14,853,935)			(14,853,935)					
-		2,084,582		2,084,582					
-		2,622,953		2,622,953					
-		270,006		270,006					
-		4,977,541		4,977,541					
(14,853,935)	4,977,541		(9,876,394)					
5,683,028		-		5,683,028					
11,895,509	1	-		11,895,509					
97,152		-		97,152					
568,341		-		568,341					
310,581		-		310,581					
75,658		172,784		248,442					
414,981		568,683		983,664					
134,670	<u> </u>	(134,670)		-					
19,179,920	<u> </u>	606,797		19,786,717					
4,325,985		5,584,338		9,910,323					
181,348,117		161,189,004		342,537,121					
\$ 185,674,102	\$	166,773,342	\$	352,447,444					



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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

City of Ketchikan, Alaska Balance Sheet Governmental Funds December 31, 2017

	General		Hospital onstruction	Major Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	\$ 19,089,372	\$	35,002	\$ -	\$ 8,152,899	\$ 27,277,273
Restricted cash:						
Bond construction funds	-		2,213,717	-	488,493	2,702,210
Property seizure funds	-		-	-	182,929	182,929
Commercial passenger excise tax funds	-		-	5,701	2,795,367	2,801,068
Receivables:						
Accounts	347,573		249,736	-	348,264	945,573
Taxes	2,211,562		-	-	78,787	2,290,349
Intergovernmental	77,182		-	442,812	34,112	554,106
Interfund	368,305		-	-	-	368,305
Unbilled receivables	-		-	-	63,742	63,742
Land for resale	403,230		-			403,230
Total Assets	\$ 22,497,224	\$	2,498,455	\$ 448,513	\$ 12,144,593	\$ 37,588,785
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 315,871	\$	720,488	\$ 1,676	\$ 299,208	\$ 1,337,243
Payroll payable	1,653,708	Ψ.	-		-	1,653,708
Customer deposits payable	-		_	_	7,996	7,996
Interfund payable	_		_	366,515	1,790	368,305
Unearned revenue	15,123		-	-	155,250	170,373
Total Liabilities	1,984,702		720,488	368,191	464,244	3,537,625
Deferred Inflows of Resources	2,082,468	_	-		78,787	2,161,255
T						
Fund Balances	402 220					402 220
Nonspendable - Land held for resale Restricted for:	403,230		-	-	-	403,230
					192.020	192.020
Law enforcement	-		-	- 5.701	182,929	182,929
Commercial passenger excise tax	-		1 777 067	5,701	2,795,367	2,801,068
Bond construction funds	-		1,777,967	-	488,493	2,266,460
Assigned:	2 171 105				707.124	2.060.200
Subsequent years budget	3,171,185		-	-	797,124	3,968,309
Parking development and abatement of dangerous buildings	823,805		-	-	-	823,805
Hospital development and expansion	4,684,792		-	-	=	4,684,792
General government	214,708		-	-	-	214,708
Public safety	1,079,244		-	-		1,079,244
Culture and tourism	217,141		-	-	747,396	964,537
Public works	137,708		-	-	-	137,708
Collection and disposal of solid waste	-		-	-	2,264,310	2,264,310
Cemetery operations	-		-	-	98,383	98,383
Harbor operations	-		-	-	950,866	950,866
Streets, sidewalks and other public projects	3,017,162		-	-	-	3,017,162
Development of community facilities	-		-		2,832,983	2,832,983
Harbor construction	-		-	-	443,711	443,711
Public works projects	-		-	74,621	-	74,621
Unassigned	4,681,079		-			4,681,079
Total Fund Balances	18,430,054		1,777,967	80,322	11,601,562	31,889,905
Fotal Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22.407.224	¢	2 100 155	¢ 440 512	\$ 12 144 502	¢ 27 500 705
and rund datances	\$ 22,497,224	\$	2,498,455	\$ 448,513	\$ 12,144,593	\$ 37,588,785

City of Ketchikan, Alaska

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2017

Total Governmental Fund Balances		\$ 31,889,905
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense. Cost of capital assets Less accumulated depreciation	\$ 282,495,736 (62,049,405)	220,446,331
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Taxes Services		2,112,552 48,703
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 Interfund payables	\$ 368,305 (368,305)	-
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.		1,769,296
Accrued interest is not reported at the fund financial reporting level		(332,215)
Deferred inflows and outflows not reported at the fund financial reporting level Deferred Outflow Deferred Inflow	\$ 930,031 (1,218,184)	(288,153)
Liabilities that are not due in the current period and therefore are not reported in the funds:		
General obligation bonds Premiums for GO bonds Net pension liability	\$ (54,505,000) (2,405,491) (12,094,686)	
Landfill closure costs	(967,140)	(69,972,317)
Net Position Of Governmental Activities		\$ 185,674,102

City of Ketchikan, Alaska Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2017

Danis	General	Hospital Construction	Major Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues Taxes	\$ 17,711,712	\$ -	\$ -	\$ 552,867	\$ 18,264,579
Licenses and permits	110,522	ф - -	ъ - -	\$ 332,607 -	110,522
Intergovernmental	781,460	_	6,301,536	2,542,885	9,625,881
Charges for services	2,161,968	_	-	4,675,891	6,837,859
Fines and forfeitures	119,218	_	_	26,390	145,608
Investment earnings	22,611	2,164	-	22,435	47,210
Contributions	-	249,736	(300)	-	249,436
Interdepartmental charges	3,143,081	-	-	-	3,143,081
Miscellaneous	475,784			126,424	602,208
Total Revenues	24,526,356	251,900	6,301,236	7,946,892	39,026,384
Expenditures Current:					
General government	4,816,471	_	_	-	4,816,471
Public safety	8,823,172	-	-	51,411	8,874,583
Culture and tourism	3,581,338	_	_	-	3,581,338
Health and welfare	20,405	_	-	-	20,405
Public works	5,232,812	-	-	2,955,678	8,188,490
Harbor	-	-	-	1,096,367	1,096,367
Debt Service:					
Principal retirement	-	-	-	1,455,000	1,455,000
Interest and fiscal charges	-	-	-	2,442,793	2,442,793
Capital Outlay		4,756,439	6,542,852	839,291	12,138,582
Total Expenditures	22,474,198	4,756,439	6,542,852	8,840,540	42,614,029
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	2,052,158	(4,504,539)	(241,616)	(893,648)	(3,587,645)
Other Financing Sources (Uses)					
Sale of capital assets	22,800	-	-	10,000	32,800
Transfers in	1,564,104	-	91,436	3,561,480	5,217,020
Transfers out	(3,266,780)			(1,815,570)	(5,082,350)
Total Other Financing Sources (Uses)	(1,679,876)		91,436	1,755,910	167,470
Net Change in Fund Balances	372,282	(4,504,539)	(150,180)	862,262	(3,420,175)
Fund Balances Beginning of Year	18,057,772	6,282,506	230,502	10,739,300	35,310,080
Fund Balances End of Year	\$ 18,430,054	\$ 1,777,967	\$ 80,322	\$ 11,601,562	\$ 31,889,905

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, 2017

Net Changes In Fund Balances - Total Governmental Funds			\$	(3,420,175)			
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 Capital outlay	\$	(5,200,664) 12,989,494		7,788,830			
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				(1,918,552)			
Revenues of Internal Service Fund are included in the governmental statement of activities							
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Taxes				(20,549)			
Charges for Services Elimination of transfers between governmental funds: Transfers in Transfers out	\$	(5,082,350) 5,082,350		(39,537)			
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.				16,162			
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 Amortization of premiums and deferred charges	\$	1,455,000 152,224					
Net pension obligation Landfill closure costs		287,434 (3,300)		1,891,358			
Change In Net Position of Governmental Activities			\$	4,325,985			



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PROPRIETARY FUNDS

City of Ketchikan, Alaska Statement of Net Position Proprietary Funds December 31, 2017

	Business-type Activities - Enterprise Funds							Governmental		
	Ketchikan Public Utilities]	Ketchikan Port			Total		Activities - Internal Service Fund	
Assets										
Current Assets:										
Cash and temporary investments	\$	21,790,050	\$	9,614,774	\$	412,706	\$	31,817,530	\$	2,122,369
Restricted cash, cash equivalents and investments		451,343		1,236,841		24,211		1,712,395		-
Receivables:										
Accounts		2,839,870		-		186,916		3,026,786		-
Intergovernmental		-		205,047		-		205,047		-
Miscellaneous		-		-		-		-		108,002
Inventory		2,576,402		-		-		2,576,402		-
Prepaid items		11,423		1,070,289		-		1,081,712		674,885
Unbilled revenue		957,524		-		146,316		1,103,840		-
Total Current Assets		28,626,612		12,126,951		770,149		41,523,712		2,905,256
Noncurrent Assets:										
Restricted Assets:										
Investments		1,144,325		6,791,072		-		7,935,397		-
Accrued interest on restricted assets		-		874		-		874		-
Advances from other funds		-		2,700,000		-		2,700,000		469,002
Capital Assets:										
Nondepreciable capital assets		3,746,731		4,604,032		375,341		8,726,104		-
Depreciable capital assets, net		104,805,257		49,162,685		18,412,381		172,380,323		-
Total Noncurrent Assets		109,696,313		63,258,663		18,787,722		191,742,698		469,002
Total Assets		138,322,925		75,385,614		19,557,871		233,266,410		3,374,258
Deferred Outflow of Resources		223,086		38,316		10,610		272,012		
Total Assets and Deferred Outflow of Resources		138,546,011		75,423,930		19,568,481		233,538,422		3,374,258

City of Ketchikan, Alaska Statement of Net Position (Cont'd) Proprietary Funds December 31, 2017

			oe Activities - ise Funds		Governmental
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	Activities - Internal Service Fund
Liabilities					
Current Liabilities:					
Accounts payable	2,585,845	1,393,277	30,435	4,009,557	499
Accrued interest	138,471	111,268	5,135	254,874	-
Customer deposits	371,365	-	-	371,365	-
Advances to other funds	1,288,449	-	-	1,288,449	-
Compensated absences payable	106,940	2,691	3,165	112,796	146,146
Unearned revenue	18,240	-	-	18,240	-
General obligation bonds payable	-	-	99,457	99,457	-
Revenue bonds payable	1,147,841	1,132,584	14,172	2,294,597	-
Claims payable					143,000
Total Current Liabilities	5,657,151	2,639,820	152,364	8,449,335	289,645
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	962,456	24,222	28,482	1,015,160	1,315,317
Net pension liability	2,940,343	480,407	133,012	3,553,762	-
Advances from other funds	1,880,553	-	-	1,880,553	-
Revenue bonds payable (net of current portion)	20,462,128	28,627,050	240,034	49,329,212	-
General obligation bonds payable (net of current portion)			1,678,051	1,678,051	
Total Long-Term Liabilities	26,245,480	29,131,679	2,079,579	57,456,738	1,315,317
Deferred Inflow of Resources	296,153	549,457	13,397	859,007	
Total Liabilities and Deferred Inflow of Resources	32,198,784	32,320,956	2,245,340	66,765,080	1,604,962
Net Position					
Net investment in capital assets	86,942,019	23,506,012	16,756,008	127,204,039	_
Restricted for bond retirement	1,529,900	2,316,117	19,076	3,865,093	-
Restricted for repair and replacement	-	5,178,634	-	5,178,634	_
Restricted commercial passenger excise tax funds	_	1,050,330	_	1,050,330	-
Unrestricted	17,875,308	11,051,881	548,057	29,475,246	1,769,296
Total Net Position	\$ 106,347,227	\$ 43,102,974	\$ 17,323,141	\$ 166,773,342	\$ 1,769,296



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City of Ketchikan, Alaska Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended December 31, 2017

	_	Governmental				
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	Activities - Internal Service Fund	
Operating Revenues Charges for services Miscellaneous	\$ 41,837,202 556,255	\$ 9,391,272	\$ 3,028,609 12,428	\$ 54,257,083 568,683	\$ 2,473,199 4,070	
Total Operating Revenues	42,393,457	9,391,272	3,041,037	54,825,766	2,477,269	
Operating Expenses Operation and maintenance Administration and general Depreciation Compensated absences Insurance	24,953,648 6,045,133 8,337,347	5,124,365 - 1,612,861 - -	2,198,656 - 490,200 - -	32,276,669 6,045,133 10,440,408	1,140,353 1,285,304	
Claims Total Operating Foregoese	20.226.129		2 600 056	49.762.210	2 47,542	
Total Operating Expenses	39,336,128	6,737,226	2,688,856	48,762,210	2,473,199	
Operating Income	3,057,329	2,654,046	352,181	6,063,556	4,070	
Non-Operating Revenues (Expenses) Operating grants Interest and fiscal charges Gain or (loss) on disposal of capital assets Investment earnings	163,829 (736,468) - 32,475	11,412 (1,100,512) - 139,579	3,484 (31,454) (41,777) 730	178,725 (1,868,434) (41,777) 172,784	24,378	
Total Non-Operating Revenues (Expenses)	(540,164)	(949,521)	(69,017)	(1,558,702)	24,378	
Income Before Capital Contributions, Capital Grants and Transfers	2,517,165	1,704,525	283,164	4,504,854	28,448	
Capital Contributions and Grants Capital contributions and grants	156,147	1,058,007		1,214,154		
Total Capital Contributions and Grants	156,147	1,058,007		1,214,154		
Transfers Transfer from commercial passenger vessel tax fund Payments in lieu of taxes	(786,000)	1,050,330 (319,000)	(80,000)	1,050,330 (1,185,000)	<u>-</u>	
Total Transfers Out	(786,000)	731,330	(80,000)	(134,670)		
Total Capital Contributions, Capital Grants and Transfers	(629,853)	739,007	(80,000)	29,154		
Change in Net Position	1,887,312	3,493,862	203,164	5,584,338	28,448	
Net Position Beginning of Year	104,459,915	39,609,112	17,119,977	161,189,004	1,740,848	
Net Position End of Year	\$ 106,347,227	\$ 43,102,974	\$ 17,323,141	\$ 166,773,342	\$ 1,769,296	

City of Ketchikan, Alaska Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2017

_		Governmental				
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	Activities - Internal Service Fund	
Cash Flows from Operating Activities						
Cash received from customers and users \$	41,801,372	\$ 9,396,415	\$ 3,020,979	\$ 54,218,766	\$ 2,477,269	
Cash payments to employees for services	(13,528,503)	(1,012,724.00)	(804,617)	(15,345,844)		
Cash payments to suppliers for goods and services	(18,027,965)	(4,176,731.00)	(1,377,679)	(23,582,375)	_	
Cash payments for insurance and claims	-	-	-	-	(1,447,840	
Cash payments for compensated absences	-				(1,104,509)	
Net Cash Provided (Used) by Operating Activities	10,244,904	4,206,960	838,683	15,290,547	(75,080	
Cash Flows from Noncapital Financing Activities						
Operating grant from other governments	163,629	11,412	3,484	178,525	-	
Transfers out	-	1,050,330	-	1,050,330	-	
Payment in lieu of taxes to the general fund	(786,000)	(319,000)	(80,000)	(1,185,000)		
Net Cash Provided (Used) by Noncapital						
Financing Activities	(622,371)	742,742	(76,516)	43,855		
Cash Flows from Capital and						
Related Financing Activities						
Advances	(287,932)	-		(287,932)	130,998	
Capital grant received from other governments	156,347	853,865	-	1,010,212	-	
Loss on disposition of capital assets	-	-	41,777	41,777	-	
Principal paid on general obligation bonds	-	-	(97,987)	(97,987)	-	
Interest paid on general obligation bonds	(2.175.562)	(005,000)	(27,766)	(27,766)	-	
Principal paid on revenue bonds	(2,175,562)	(895,000)	(13,959)	(3,084,521)	-	
Interest paid on revenue bonds Payments for capital acquisitions and construction	(861,507) (4,527,521)	(1,333,350) (1,104,497)	(3,971) (2,409,334)	(2,198,828) (8,041,352)	-	
· · · · ·						
Net Cash Provided (Used) by Capital and Related						
Financing Activities	(7,696,175)	(2,478,982)	(2,511,240)	(12,686,397)	130,998	
Cash Flows from Investing Activities						
Investment earnings	32,411	138,705	730	171,846	24,378	
Proceeds from bond reserve fund investments	247,175	627,562	-	874,737	-	
Purchase of bond reserve fund investments	-	(528,864)		(528,864)		
Net Cash Provided by Investing Activities	279,586	237,403	730	517,719	24,378	
Net Increase (Decrease) in Cash						
and Cash Equivalents	2,205,944	2,708,123	(1,748,343)	3,165,724	80,296	
Cash and Cash Equivalents Beginning of Year (including \$640,271 for Ketchikan Public Utilities \$185,935 for Port and \$24,211 for Wastewater Services						
reported in restricted accounts)	20,035,449	8,143,492	2,185,260	30,364,201	2,042,073	
Cash and Cash Equivalents End of Year (including \$451,343 for Ketchikan Public Utilities, \$1,236,841 for Port and \$24,211 for Wastewater Services						
reported in restricted accounts) \$	22,241,393	\$ 10,851,615	\$ 436,917	\$ 33,529,925	\$ 2,122,369	

(continued)

City of Ketchikan, Alaska Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2017

(continued)

		Business-type Activities - Enterprise Funds							Governmental		
Reconciliation of Operating Income to Net Cash		Ketchikan Public Utilities		Ketchikan Port		Wastewater Service		Total		Activities - Internal Service Fund	
Provided by Operating Activities											
Operating Income	\$	3,057,329	\$	2,654,046	\$	352,181	\$	6,063,556	\$	4,070	
Adjustments:											
Depreciation		8,337,347		1,612,861		490,200		10,440,408		-	
Other		-		-		-		-		-	
(Increase) Decrease in Assets and Deferred Outfl	ows:										
Accounts receivable		(589,979)		5,143		(26,000)		(610,836)		(58,293)	
Unbilled revenue		91,004		-		5,942		96,946		-	
Prepaid expenses		10,920		(43,343)		-		(32,423)		(56,835)	
Inventory		258,701		-		-		258,701		-	
Customer deposits		(7,755)		-		-		(7,755)		-	
Deferred outflows		536,532		87,405		24,200		648,137		-	
Increase (Decrease) in Liabilities and Deferred I	nflows	s:									
Accounts payable		(786,067)		(5,771)		10,939		(780,899)		134	
Compensated absences payable		35,980		(4,372)		8,634		40,242		35,844	
Unearned revenue		(93,110)		-		-		(93,110)		-	
Pension liability		(859,792)		(140,476)		(38,894)		(1,039,162)		-	
Deferred inflows		253,794		41,467		11,481		306,742		-	
Net Cash Provided (Used) by Operating Activities	s <u>\$</u>	10,244,904	\$	4,206,960	\$	838,683	\$	15,290,547	\$	(75,080)	
Noncash investing, capital and financing activities											
Fair value of non-cash investments	,		\$	1,207		_					
	¢	(64)	Φ	1,207		-					
Revenue bond arbitrage	\$	(64)		-		-					



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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. A summary of the City of Ketchikan's significant accounting policies applied in the preparation of these financial statements follows.

1-A. Reporting Entity

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.

As required by U.S. GAAP, these financial statements present the City (primary government) and its component units. 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. Government-Wide and Fund Financial Statements

The government-wide statements, which include the statement of net position and statement of activities report information on all the activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which are generally supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely generally on fees and charges to external parties.

The statement of net position reports all of the City's assets and liabilities, with the difference between the two presented as net position.

The statement of activities demonstrates the extent to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are clearly identifiable with a specific function. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods and services provided by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each reported as a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

1-C. Measurement Focus, Basis of Accounting and Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On the accrual basis, property taxes are recognized as

Note 1 - Summary of Significant Accounting Policies (Continued)

revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period or when matured. The City considers most revenue as available if collected within 60 days after year end. Property taxes, sales taxes, and transient occupancy taxes, interest income, grant revenue and charges for services are susceptible to accrual. Sales tax revenue is considered available if it is collected within 30 days. Fines, licenses, permits and other receipts become measurable and available when cash is received by the City and are recognized as revenue at the time. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements are met. Expenditures are recorded when the related liability is incurred except for debt service expenditures, which are recognized when the payment is due.

The City reports the following major funds:

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.

Hospital Construction Fund – The hospital construction fund accounts for all financial resources related to construction of improvements to the Ketchikan Medical Center.

The City reports the following proprietary 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.

Additionally, the City reports the following fund types:

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

The effect of interfund activity generally has been eliminated from the government-wide financial statements. Exceptions to this practice include payments and other charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions affected.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for services. Operating expenses for enterprise and internal services funds include administrative expenses, cost of services, and depreciation of capital assets. All revenues and expense not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, the City uses the restricted resources first, then unrestricted resources as needed.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D. Assets, Liabilities and Net Position and Fund Balances

1-D-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-D-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-D-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 position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-D-3 Consumable Inventories

Inventories for materials used to maintain plant in the Ketchikan Public Utilities Fund are valued at cost, which approximates market, using average cost method. The Ketchikan Public Utilities Fund also has diesel fuel inventory which is valued using the FIFO method. The cost of governmental fund-type inventories is recorded as expenditures when consumed, using the FIFO method.

1-D-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D-6 Restricted Assets

Certain cash and investments 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, 2017 the balance on hand in the KPU Revenue Bond Redemption Fund amounted to \$451,343, which was the required amount per applicable bond ordinances. The KPU Revenue Bond Reserve Fund contained \$1,144,325, which was the required amount per applicable bond ordinances. The Port Revenue Bond Redemption Fund amounted to \$186,511. The Port Revenue Bond Reserve Fund contained \$2,240,000, as required by applicable bond ordinances. The Wastewater Service Fund contained \$24,211 in the Bond Redemption Fund.

The Harbor Construction Fund and the Hospital Construction Fund have been established in accordance with the provisions of the bond indentures. These funds can only be used for the payment of costs incurred in the construction of the improvements to harbor facilities and the Ketchikan Medical Center addition, respectively. The total amount available as of December 31, 2017 was \$488,493 in the Harbor Construction Fund and \$2,213,717 in the Hospital Construction Fund.

The Repair and Replacement Fund has been established in the Port Fund pursuant to the covenants of the 2017 Port Revenue Refunding Bond and the provisions of the long-term lease agreement for Berth IV. As of December 31, 2017 the amount required to satisfy the bond covenants and lease agreement was \$3,284,736 for the revenue bonds and \$1,266,336 for the long-term lease for a total of \$4,551,072.

The City received Commercial Passenger Vessel Excise Tax Funds from the State of Alaska. These funds are restricted for purposes established by the State. The City currently has \$5,701 in the Major Capital Improvements Fund and \$701 in the Harbor Improvements Fund, \$1,050,330 in the Port Fund and \$2,794,666 in the Commercial Passenger Vessel Excise Tax Fund.

The City receives from Federal and State government sources an equitable share of the funds received from the seizure of forfeited assets. These proceeds must be used for law enforcement purposes. These funds total \$182,929.

1-D-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 position 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 position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value 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)

	Estimated Lives						
Asset Class	Governmental Activities	Business-type Activities					
Landima accoments	15 05 W						
Land improvements	15-25 Years						
Buildings and components	10-100 Years	20-60 Years					
M achinery 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, overhe	ad						
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-D-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-D-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-D-10 Bond Premiums and Discounts, Debt Issuance Costs and Refunding Gains and Losses

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statements of activities, bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line method.

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt and the refunded debt.

Bond issuance costs are recognized as outflow of resources in the reporting period in which they are incurred.

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 debt service expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D-11 Fund Equity

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

Fund Balance – 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 by City Council's formal action to establish and rescind committed funds is through passage of a motion, the highest level of decision-making authority in the City.

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 Position - Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferral amounts. Net position is 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 position amounts are reported as unrestricted.

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

1-D-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-D-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-D-13 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-D-14 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.

1-D-16 Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future periods that will not be recognized as an outflow of resources, or expense/expenditures, until then. Deferred inflows of resources represents an acquisition of net position that applies to future periods that will not be recognized as an inflow of resources, or revenues, until then.

Note 2 - Stewardship, Compliance and Accountability

2-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 15, 2016, the 2017 General Government Operating and Capital Budget and the 2017 Ketchikan Public Utilities Operating and Capital Budget were adopted by the City Council with the passage of Resolution 16-2645 and Resolution 16-2646, respectively. During the year, the 2017 General Government Operating and Capital Budget was amended to provide for supplemental appropriations as follows:

- Increase revenue and appropriations for the community grant fund in the amount of \$70,708.
- Acceptance of a grant for the fire department in the amount of \$391.
- Acceptance of a grant for the fire department in the amount of \$15,000.
- Acceptance of a grant for the fire department in the amount of \$15,500.

Note 2 – Stewardship, Compliance and Accountability (Continued)

- Acceptance of a grant for the fire department in the amount of \$22,960.
- Acceptance of a grant for the fire department in the amount of \$3,025.
- Acceptance of a private contribution for the public health department in the amount of \$182,571.
- Acceptance of a private contribution for the library department in the amount of \$500.
- Acceptance of a private contribution for the library department in the amount of \$2,000.
- Acceptance of a private contribution for the library department in the amount of \$1,200.
- Acceptance of a private contribution for the museum department in the amount of \$25,503.
- Acceptance of a grant for the streets department in the amount of \$30,502.
- Increase appropriations for the harbor department in the amount of \$132,700.
- Acceptance of a grant for the port department in the amount of \$1,216,907.

During the year, the 2017 Ketchikan Public Utilities Operating and Capital Budget was amended as follows:

Increase revenue and appropriations for the electric department in the amount of \$536,000.

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.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Cash and investments for the City are comprised of governmental and business-type activities. The balances at December 31, 2017 were:

Cash on hand	\$ 11,770
Deposits with financial institutions	76,539,401
Total	\$ 76,551,171

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

	Governmental Activities		siness-type Activities	Total			
Unrestricted Restricted	\$	29,399,642 5,686,207	\$ 31,817,530 9,647,792	\$	61,217,172 15,333,999		
Total	\$	35,085,849	\$ 41,465,322	\$	76,551,171		

The restricted cash and investments are comprised entirely of \$1,595,668, \$24,211 and \$2,426,511 for bond reserve accounts established for the City's municipal utility, wastewater services and port revenue bonds, respectively, \$2,702,210 for bond construction accounts, \$4,551,072 for the Port repair and replacement accounts, \$3,851,398 for commercial passenger excise tax fund accounts and \$182,929 for public safety confiscated funds.

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 and collateralized with eligible securities in amounts equal at least 100 percent of the bank value of deposits. As of December 31, 2017, the book value of all the City deposits was \$76,539,400, the bank value was \$75,532,517. The bank balance was not fully collateralized as of December 31, 2017. The funds under-collateralized were \$588,475. The City is fully collateralized in 2018.

3-B. Receivables

Receivables consist 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, 2017, consisted of the following:

	Governmental			type		
	Activities			Activities	 Total	
Accounts receivable Allowance for doubtful accounts	\$	4,103,272 (141,500)	\$	4,427,673 (92,000)	\$ 8,530,945 (233,500)	
Net accounts receivable	\$	3,961,772	\$	4,335,673	\$ 8,297,445	

3-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.

3-D. Leases

3-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 40 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, 2003 and 2013, the agreement was amended to provide for 10-year extensions.

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, 2017:

	Schedule of Investment in Property Held For Lease							
Tidelands	\$ 941,500							
Total	941,500							
Less: Accumulated Depreciation	<u> </u>							
Net Investment	\$ 941,500							

Years Ending December 31	<u> </u>	Amount
2018	\$	48,739
2019		48,738
2020		48,739
2021		48,738
2022		48,739
2023-2027		181,217
2028-2032		163,786
2033-2037		125,118
2038-2042		74,525
2043-2047		67,250
2048-2052		52,350
2053-2057		30,000
2058-2062		30,000
2063		6,000
	Total minimum future lease rentals \$	973,939

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 2023 while the lease with the longest remaining term expires in 2063.

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 3	<u>1</u>	Amount
2018	\$	1,800,000
2019		1,800,000
2020		1,800,000
2021		1,800,000
2022		1,800,000
2023-2027		9,000,000
2028-2032		9,000,000
2033-2037		9,000,000
	Total future minimum lease payments \$	36,000,000

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 2017, the City paid the minimum lease of \$1,800,000 plus a contingent lease payment of \$768,692 for a total of \$2,568,692.

3-E. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning					Ending
	Balance	Increases		Decreases		Balance
Governmental activities:	 					
Nondepreciable capital assets						
Land	\$ 28,904,498	\$ 173,331	\$	296,198	\$	28,781,631
Easements	588,168	-		-		588,168
Construction in progress	61,699,980	6,075,637		58,094,761		9,680,856
Other capital assets	 100,750	-		-		100,750
Total nondepreciable capital assets	 91,293,396	6,248,968		58,390,959		39,151,405
Depreciable capital assets:						
Land improvements	1,554,203	-		15,000		1,539,203
Buildings	79,654,850	63,577,643		2,861,573		140,370,920
Machinery and equipment	16,696,524	949,246		1,598,106		16,047,664
Infrastructure	85,158,141	174,763		527,891		84,805,013
Software	 581,531	 		-		581,531
Total depreciable capital assets	 183,645,249	64,701,652		5,002,570		243,344,331
Total capital assets	 274,938,645	 70,950,620		63,393,529		282,495,736
Accumulated depreciation:						
Land improvements	1,350,242	8,312		-		1,358,554
Buildings	21,723,367	1,811,214		1,552,535		21,982,046
Machinery and equipment	10,172,016	938,528		1,433,426		9,677,118
Infrastructure	26,879,323	2,415,626		527,890		28,767,059
Software	 237,644	26,984				264,628
Total accumulated depreciation	 60,362,592	5,200,664		3,513,851		62,049,405
Governmental activities capital assets, net	\$ 214,576,053	\$ 65,749,956	\$	59,879,678	\$	220,446,331

General government	\$ 89,606
Public safety	677,796
Public works	1,920,070
Health and welfare	987,846
Harbor	1,191,425
Culture	 333,921

	Beginning Balance			Increases Decr		Decreases		Ending Balance
Business-type activities:								
Nondepreciable capital assets:								
Land	\$	4,498,606	\$	-	\$	-	\$	4,498,606
Other capital assets		221,766		-		-		221,766
Construction in progress		2,581,653		2,905,512		1,481,433		4,005,732
Total non-depreciable capital assets		7,302,025		2,905,512		1,481,433		8,726,104
Depreciable capital assets:								
Electric utility plant		123,873,020		1,928,203		918,714		124,882,509
Telecommunications utility plant		66,226,853		2,623,467		1,507,017		67,343,303
Water utility plant		56,315,678		67,739		-		56,383,417
Wastewater utility plant		24,670,332		2,462,524		146,349		26,986,507
Port facilities	_	67,387,096	_	475,907		1,500		67,861,503
Total depreciable capital assets		338,472,979		7,557,840		2,573,580		343,457,239
Total capital assets		345,775,004		10,463,352	_	4,055,013		352,183,343
Accumulated depreciation:								
Electric utility plant		69,097,508		3,316,736		918,714		71,495,530
Telecommunications utility plant		50,569,985		3,588,445		1,507,017		52,651,413
Water utility plant		18,224,863		1,432,166		-		19,657,029
Wastewater utility plant		8,230,274		490,200		146,348		8,574,126
Port facilities		17,087,457		1,612,861		1,500		18,698,818
Total accumulated depreciation		163,210,087	_	10,440,408		2,573,579		171,076,916
Business-type activities capital assets, net	\$	182,564,917	\$	22,944	\$	1,481,434	\$	181,106,427

3-F. Commitments

The City has the following commitments as of December 31, 2017:

	Operational			Capital	Total	
Governmental Funds					 	
General	\$	295,694	\$	1,335,061	\$ 1,630,755	
Hospital construction fund		-		371,071	371,071	
Major capital improvements fund		-		116,550	116,550	
Non-major special revenue funds		7,058		406,285	413,343	
Non-major capital projects funds		-		79,019	79,019	
Total Governmental Funds	\$	302,752	\$	2,307,986	\$ 2,610,738	
Enterprise Funds						
KPU	\$	839,005	\$	2,707,888	\$ 3,546,893	
Port		5,558		5,459,766	5,465,324	
Wastewater		19,135		171,388	190,523	
Total Enterprise Funds	\$	863,698	\$	8,339,042	\$ 9,202,740	

3-G. Interfund Balances and Transfers

Interfund balances at December 31, 2017, consisted of the \$368,305 from governmental funds and represents 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 transfers for the year ended December 31, 2017, consisted of the following:

			Trai	nsfers to:			
			Maj	or Capital		Nonmajor	
	General	Port	imp	rovements	go	overnmental	
Transfers from	fund	 fund	fund		funds		 Total
General fund	\$ -	\$ -	\$	-	\$	3,266,780	\$ 3,266,780
KPU fund	786,000	-		-		-	786,000
Port fund	319,000	-		-		-	319,000
Wastewater fund	80,000	-		-		-	80,000
Nonmajor governmental							
funds	379,104	 1,050,330		91,436		294,700	 1,815,570
Total	\$ 1,564,104	\$ 1,050,330	\$	91,436	\$	3,561,480	\$ 6,267,350

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

3-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 2017, the City did not have any current expenditures for landfill closure costs nor any post-closure care costs. The total estimated liability for landfill closure and postclosure care costs are reported on the government-wide statement of net position.

During 2017, the future closure and postclosure costs were reevaluated and adjusted to reflect current conditions. As of December 31, 2017, the estimated liability for landfill closure and postclosure care costs totaled \$967,140, an increase of \$3,300 from the estimated liability as of December 31, 2016.

The estimated liability is based on an engineer's estimate taking into account various factors including used capacity. As of December 31, 2017 used capacity was approximately 61.19%. It is estimated that an additional \$736,160 will be recognized as closure and postclosure care expenses between the date of the balance sheet, and the year 2037, in 21 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, 2017. 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, 2017.

3-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:

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%.

2012 Library Facilities General Obligation Bonds – issued to finance construction of a new library for the Ketchikan area, issued May 1, 2012, due in annual installments through September 1, 2031, bearing interest rates of 2.00 – 5.00%.

2014 Harbor General Obligation Bonds – issued to finance harbor improvements for Bar Harbor South, issued June 19, 2014, due in annual installments through June 1, 2034, bearing interest rates of 3.00 – 5.00%.

2014 Hospital General Obligation Bonds – issued to finance construction of an addition to the Ketchikan Medical Center, issued June 19, 2014, due in annual installments through June 1, 2044, bearing interest rates of 4.00 – 5.00%.

2016 Harbor General Obligation Bonds – issued to finance harbor improvements for Hole in the Wall and Bar Harbor Ramp 3, issued November 3, 2016, due in annual installments through December 1, 2035, bearing interest rates of 4.00 – 5.00%.

Wastewater General Obligation Bonds, ADEC Clean Water Fund 481011 – issued to finance the replacement of a portion of the Tongass Avenue sewer main, due in semiannual installments through May 1, 2032 bearing an interest rate of 1.5%.

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%, due in semiannual installments through November 1, 2033.

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%, due in semiannual installments through November 1, 2033.

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% due in semiannual installments through November 1, 2035.

Annual debt service requirements to amortize general obligation bonds outstanding, as of December 31, 2017 follow:

		Governmental Activ	rities	Business-type Activities					
Year	Principal	Interest	Total	Principal	Interest	Total			
2018	\$ 1,490,000	\$ 2,365,068	\$ 3,855,068	\$ 99,457	\$ 26,291	\$ 125,748			
2019	1,560,00	2,291,724	3,851,724	100,957	24,794	125,751			
2020	1,630,00	2,214,438	3,844,438	102,477	23,274	125,751			
2021	1,700,000	2,133,057	3,833,057	104,020	21,731	125,751			
2022	1,780,000	2,049,582	3,829,582	105,586	20,164	125,750			
2023-2027	10,215,000	8,798,202	19,013,202	552,262	76,492	628,754			
2028-2032	11,210,000	6,199,592	17,409,592	568,884	33,646	602,530			
2033-2037	9,465,000	4,042,650	13,507,650	143,865	3,255	147,120			
2038-2042	10,590,000	2,065,600	12,655,600	-	-	-			
2043-2044	4,865,000	196,500	5,061,500						
Total	\$ 54,505,000	\$ 32,356,413	\$ 86,861,413	\$ 1,777,508	\$ 229,647	\$ 2,007,155			

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 revenues of the respective funds are pledged to satisfy annual principal and interest requirements until the bonds mature. All revenue bonds issued by the City have been recorded in the Ketchikan Public Utilities, Port or Wastewater Enterprise Funds and are described below:

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%.

KPU Revenue Bonds, *2013*, *Series X*- issued to finance a hydroelectric project, dated June 19, 2013, due in annual installments through June 1, 2033 bearing an interest rates of 2.00 - 5.00%.

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, due in semiannual installments through May 1, 2032.

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, due in semiannual installments through November 1, 2033.

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, due in semiannual installments through November 1, 2033.

KPU Revenue Bonds, ADEC Drinking Water Fund 481091— 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, due in semiannual installments through November 1, 2033.

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, due in semiannual installments through November 1, 2033.

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 water main replacement, due in semiannual installments through November 1, 2035.

Port Revenue Refunding Bonds, **2016** – issued to finance the port expansion and reconfiguration project, refunded November 3, 2016, due in annual installments through December 1, 2035, bearing interest rates of 2.00 - 5.00%.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481111 – 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 Alaska Avenue sewer main, due in semiannual installments through November 1, 2033.

The operating revenues of the KPU, Port and Wastewater Funds were \$42 million, \$9 million and \$3 million respectively. The debt service for KPU, Port and Wastewater Funds were \$3 million or 7.1% of revenues, \$2 million or 22.2% of revenues and \$140 thousand or 4.7% of revenues, respectively.

Annual debt service requirements to amortize revenue bonds outstanding, as of December 31, 2017 follow:

Year	 Principal	 Interest	 Total
	_	_	_
2018	\$ 2,001,443	\$ 1,968,326	\$ 3,969,769
2019	2,073,463	1,898,228	3,971,691
2020	2,145,592	1,822,199	3,967,791
2021	2,222,828	1,740,313	3,963,141
2022	2,310,173	1,654,918	3,965,091
2023-2027	12,614,966	6,802,090	19,417,056
2028-2032	15,557,343	3,808,553	19,365,896
2033-2035	7,672,074	 652,075	 8,324,149
Total	\$ 46,597,882	\$ 20,346,702	\$ 66,944,584

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2017:

Governmental Activities	 Beginning Balance		Additions	F	Reductions	Ending Balance	Oue Within One Year
Bonds payable:							
General obligation bonds	\$ 55,960,000	\$	-	\$	1,455,000	\$ 54,505,000	\$ 1,490,000
Plus deferred amounts:							
For issuance premiums	2,546,411				140,920	2,405,491	110,529
Total bonds payable	58,506,411		-		1,595,920	56,910,491	1,600,529
Landfill closure costs	963,840		3,300			967,140	-
Compensated absences	 1,425,618		1,175,174		1,139,329	 1,461,463	 146,146
Total Governmental Activities	\$ 60,895,869	\$	1,178,474	\$	2,735,249	\$ 59,339,094	\$ 1,746,675
Business-Type Activities							
Bonds payable:							
General obligation bonds	\$ 1,875,495	\$	-	\$	97,987	\$ 1,777,508	\$ 99,457
Revenue bonds	49,682,402		-		3,084,520	46,597,882	2,001,443
Plus deferred amounts:							
For issuance premiums	5,351,513		-		325,586	5,025,927	293,154
Total bonds payable	56,909,410		-		3,508,093	53,401,317	2,394,054
Compensated absences	1,087,714		1,367,405		1,327,163	1,127,956	112,796
	 	-				 	
Total Business-Type Activities	\$ 57,997,124	\$	1,367,405	\$	4,835,256	\$ 54,529,273	\$ 2,506,850

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 Wastewater 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, 2017, \$29,870,000 of the bonds outstanding was considered defeased.

3-J. Retirement Plans

Substantially all regular 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 Local No. 1547 (IBEW). IBEW members participate in a union sponsored defined benefit plan.

A. State of Alaska Public Employees' Retirement System

Plan Description

All regular employees of the City not covered by a collective bargaining agreement that includes a pension benefit and work at least 14 hours are provided with a pension through the State of Alaska Public Employees Retirement System (PERS). The PERS was originally established as an agent multiple-employer plan but was converted to cost-sharing multiple employer plan, effective July 1, 2008. The PERS includes defined benefit plans (Tiers I, II, and III) and a defined contribution plan (Tier IV). The PERS defined benefit plan was closed to all new employees hired on or after July 1, 2006 and replaced with a defined contribution plan. PERS provides retirement, disability, death and other post-retirement benefits. Benefits and employer contributions are established by Alaska Statutes and may only be amended by the State Legislature.

PERS is administered by the State of Alaska. Each fiscal year, PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirements and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or online at http://doa.alaska.gov/drb/pers/employee/resources/cafr.html.

Defined Benefit Plan

Plan Benefits

Retirement Benefits - The determination of retirement benefits is based on an employee's initial entry date into the PERS. Employees entering into the PERS before July 1, 1986 are classified as Tier I and are eligible for normal benefits at age 55 or early retirement benefits at age 50 after five years of service. Employees with an initial entry date of on or after July 1, 1986 are classified as Tiers II and III and, after five years of service, are eligible for normal benefits at age 60 or early retirement benefits at age 55. The benefit is calculated by multiplying the average monthly compensation times credited PERS service times the percentage multiplier. The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for years of service over ten years. The percentage multipliers for all others are 2% for the first ten years, 2.25% for the second ten years and 2.5% for all years of service earned on or after July 1, 1986. Service earned before July 1, 1986 is calculated at 2%.

Death Benefits – Monthly death benefits may be paid to a spouse or dependent children upon the death of a non-retired employee calculated based on whether it is an occupational or non-occupational death. For a retired employee, the beneficiary will receive a lump sum refund of the employee's account balance or, if the member selected a survivor option, lifetime monthly benefits for the eligible spouse.

Disability Benefits – Monthly disability benefits are paid to permanently disabled employees until they recover, die or become eligible for normal retirement. Employees are appointed to normal retirement on the first month of the month after they become eligible. Benefits are determined as follows:

- Occupational disability benefits are equal to 40% of an employee's gross monthly compensation at the date of their disability. Employees are not required to satisfy age or service requirements.
- Non-occupational disability benefits are calculated based on the employee's average monthly compensation and PERS
 service on the date of termination due to the disability. Employees must have five years of PERS service in order to be
 eligible to receive benefits.

Benefit Changes After Retirement – Postretirement pension adjustments (PRPA) are granted annually to eligible benefit recipients when the consumer price index (CPI) for urban wage earners and clerical works for Anchorage increases during the preceding calendar year. Ad hoc PRPAs up to a maximum of 4% may be granted to eligible recipients who first entered PERS prior to July 1, 1986 if the CPI increases and the funding ratio is at least 105%.

Alaska Cost of Living Allowance – Eligible recipients who reside in Alaska receive an Alaska cost of living allowance equal to 10% of their base benefits or \$50, whichever is more.

Contributions

Mandatory contributions are required by regular employees eligible to participate in the PERS. Police and firefighters are required to contribute 7.5% of their annual covered salary and all other employees are required to contribute 6.75%.

There are several other contribution rates associated with funding the PERS. They are as follows:

Employer Contribution Rate - Alaska Statute 39.35.255 established a mandatory employer contribution rate of 22% of covered payroll. This rate is assessed on the covered payroll attributable to employees participating in the defined benefit and the defined contribution plans. Contributions derived from the employees participating in the defined contribution plan that are not required to fund the benefits of the deferred contribution plan are referred to as the Defined Benefit Unfunded Liability or DBUL contribution. The Alaska Legislature can change the mandatory employer contribution rate by amending Alaska Statute 39.35.255.

Alaska Retirement Management Board Adopted Rate – This rate is actuarially determined and used to calculate the annual funding requirements for the PERS and is the rate formally adopted by the Alaska Retirement Management Board (ARMB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost methods or any other assumptions used to determine the rate. Effective July 1, 2015, the Alaska Legislature began requiring the ARMB to adopted employer contribution rates for past service cost liabilities using a level percent of pay method over a closed 25-year term, which ends in 2039. This will result in lower ARMB adopted rates in future years but increase the amount required to meet the funding requirements of the PERS by extending period required to fund the pension liability by nine years. Prior to July 1, 2015, the ARMB used an actuarially determined rate based on the level dollar method.

State Contribution Rate - This is the rate paid by the State as an on-behalf payment under Alaska Statutes 39.25.280. This statute requires the State to contribute, subject to available funding, an on-behalf amount equal to the difference between the ARMB Adopted Rate and Employer Contribution Rated mandated by Alaska Statutes 39.35.255.

Contributions rates for the year ended December 31, 2017 were based on the June 30, 2017 roll forward PERS valuation report and the June 30, 2016 PERS actuarial valuation report and were as follows:

	Employer Rate		ARMI	3 Rate	State Contribution Rate	
	Jan 1 - July 1 -		Jan 1 -	July 1 -	Jan 1 -	July 1 -
	June 30	Dec 31	June 30	Dec 31	June 30	Dec 31
Pension	14.96%	17.12%	26.14%	20.13%	4.14%	3.01%
Postemployment healthcare	7.04%	4.88%	0.00%	4.88%	0.00%	0.00%
Total Contribution Rate	22.00%	22.00%	26.14%	25.01%	4.14%	3.01%

The amounts contributed by the City and the State in the form of on-behalf payments for Tiers I, II, and III for the year ended December 31 were as follows:

Pension		2017	2016	2015	2014
Employer contributions (including DBUL)	\$ 1	1,271,851	\$ 1,066,834	\$ 960,680	\$ 882,730
Nonemployer contributions		373,586	398,317	2,382,842	2,330,923
Total Contributions	\$ 1	1,645,437	\$ 1,465,151	\$ 3,343,522	\$ 3,213,653
Postemployment Healthcare		2017	2016	2015	2014
Employer contributions (including DBUL)	\$	477,194	\$ 597,283	\$ 677,349	\$ 793,836
Employer contributions (including DBUL) Nonemployer contributions	\$	477,194 -	\$ 597,283 88,708	\$ 677,349 72,849	\$ 793,836 301,477
	\$	477,194 - 477,194	\$,	\$,-	\$,

The amounts contributed by the City for postemployment healthcare were equal to the required employer contributions for the last three years. Included in both the pension and the postemployment health amounts are the DBUL amounts that were levied against the PERS Defined Contribution Plan (Tier IV).

Terminated employees may receive refunds of their mandatory and voluntary contributions, indebtedness payments and interest earned on the contributions and indebtedness payments. Terminated employee contribution accounts may be attached to satisfy claims under Alaska Statutes 09.38.065, federal income tax levies, and valid qualified domestic relation orders.

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

At December 31, 2017, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 15,648,449
State's proportionate share of the net pension liability	
attributable to employer	5,831,483
	\$ 21,479,932

This disclosure is based on the provisions of Alaska Statute 39.35.280, which may be amended at the discretion of the Alaska State Legislature. An amendment to the Statute could result in the City recognizing some, or all, of the State's proportionate share of the net pension liability associated with the City.

The net pension liability was measured as of June 30, 2017 and the total pension liability used for the calculation was determined by an actuarial valuation as of June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2017, the City's proportion was .3027%, which was a decrease of .059% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$1,241,191 and revenue of \$373,586 for support provided by the State. At December 31, 2017, the City reported deferred outflows of resources and deferred inflow of resources related to pension from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Changes in proportion and differences between employer share of contributions Difference Between Expected and Actual Experience	\$	127,927 -	\$	1,294,778 281,343
Net differences between projected and actual earnings on pension plan investments		419,746		-
Contributions subsequent to the measurement date		654,370		-
Totals	\$	1,202,043	\$	1,576,121

The deferred outflows of resources related to pensions of \$654,370 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ending December	er 31:	
2018	\$	(1,418,912)
2019		437,083
2020		196,213

2021

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of December 31, 2017:

Inflation	3.12%
Salary increases	Graded by service from 9.66% to 4.92% for peace officers and firefighters
	Graded by age and service from 8.55% to 4.34% for all others
Investment rate of return	8.00%, net of pension plan investment expenses. This is based on an
	average inflation rate of 3.12% and a real rate of return of 4.88%

(242,831)

Pre-termination mortality rates were based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for Peace Officer/Firefighters, 50% of the time for others. Post-termination mortality rates were based on 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in the actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the PERS's current and expected asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

Long-Term Expected Real Rate of Return

8.83%
7.79%
1.29%
4.76%
4.94%
4.76%
12.02%
0.63%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employee, employer and State contributions will continue to be made at the current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the current discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	Current			
	1%	Discount	1%	
	Decrease	Rate	Increase	
	(7.00%)	(8.00%)	(9.00%)	
City's proportionate share of the net pension liability	\$ 20,555,682	\$ 15,648,449	\$ 11,504,480	

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Alaska Public Employees Retirement System financial report.

Defined Contribution Plan -

All regular employees who are first time members of the PERS participate in the PERS Defined Contribution Hybrid Plan for Tier IV. This plan provides pension, occupational disability, death, and healthcare benefits.

Plan Benefits

Pension Benefits – The pension plan is a defined contribution plan. Employees immediately vest 100 percent in their own contributions. An employee vests 25 percent in the employer's contributions with two years of service, 50 percent with three years of service, 75 percent with four years of service and 100% with five years of service. Contributions consist solely of employee and employer contributions, with no special funding or other nonemployer contributions. Alaska Statutes require that forfeitures be used to reduce employer contributions. The benefits paid to employees are based on the amounts contributed to the plan by employers and employees and investment earnings.

Occupational Death and Disability Benefits – The Occupational Death and Disability Plan is a defined benefit plan. Employees who become totally and permanently disabled from occupational causes may be eligible to receive a monthly disability benefit. Beneficiaries receive benefits when an employee dies from occupational causes before retirement.

Healthcare Benefits – The Retiree Major Medical Plan is a defined benefit plan. Employees must have a minimum of ten years of service in order to be eligible for the Major Medical Plan. The Health Reimbursement Arrangement is a defined contribution plan established to reimburse eligible medical from individual savings accounts.

Funding Policy and Contribution Rates

The employee contribution rate for the PERS Defined Contribution Plan is set by Alaska Statutes at 8 percent of eligible compensation. Contributions are accounted for in an individual pension account established for each employee and are immediately vested.

The employer contribution rate for the PERS Defined Contribution Plan set by Alaska Statutes at the same rate as the PERS Defined Benefit Plan. The current employer contribution rate is 22 percent and is comprised of five elements: (1) pension; (2) retiree major medical; (3) occupational death and disability; (4) health reimbursement account; and a (5) residual contribution applied as a payment to the PERS Defined Benefit Plan's unfunded liability (DUBL). The City's liability is limited to its employer contributions. Certain rates are set annually on July 1. The table below summarizes the rates in effect during the City's fiscal year.

Note 3 - Detailed Notes on All Funds (Continued)

	1/1/17 - 6/30/17	7/1/17 - 12/31/17
Employee:	-	
Pension		
Police Officers and Firefighters	8.00%	8.00%
Other Employees	8.00%	8.00%
Employer:		
Pension		
Police Officers and Firefighters	5.00%	5.00%
Other Employees	5.00%	5.00%
Retiree Major Medical		
Police Officers and Firefighters	1.18%	1.03%
Other Employees	1.18%	1.03%
Occupational Disability & Death:		
Police Officers and Firefighters	49.00%	0.43%
Other Employees	17.00%	0.16%
Health Reimbursement Account:		
Police Officers and Firefighters	\$170.78/month*	\$173.68/month*
Other Employees	\$170.78/month*	\$173.68/month*

^{*} Fixed dollar amount per employee based on 3% of the average annual compensation of all employees of all employers in the PERS as required under AS 39.30.370.

The contributions rates for the year ended December 31, 2017 were based on the June 30, 2017 roll forward PERS valuation report and the June 30, 2016 PERS actuarial valuation report.

The amounts contributed by the City for the PERS Defined Contribution Hybrid Plan for Tier IV for the year ended December 31 were as follows.

	2017	2016	 2015	_	2014
Covered employee payroll	\$ 4,531,943	\$ 3,908,223	\$ 3,690,264		\$ 3,396,993
Pension contributions	226,846	195,411	184,661		169,854
Other postemployment contributions	190,520	181,142	 185,145		145,655
Total Contributions	\$ 417,366	\$ 376,553	\$ 369,806	_	315,509

B. 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 17% up to \$4.07 per hour worked; contributions for employees covered under the Ketchikan Public Utilities collective bargaining agreement range from \$3.09 to \$5.93 per hour for craft employees and \$2.82 to \$5.15 for non-craft employees. The City's total payroll for the year ended December 31, 2017 was \$21,197,725 and payroll for covered employees totaled \$10,884,724. The total amount contributed to the IBEW plan in 2017 was \$1,591,457, which represents 14.6% of the City's current covered payroll.

3-K. Net Investment in Capital Assets

Net Investment in capital assets on the government-wide statement of net position as of December 31, 2017 are as follows:

		Sovernmental Activities	Business-type Activities		
Cost of capital assets	\$	282,495,736	\$	352,183,343	
Less accumulated depreciation		(62,049,405)		(171,076,916)	
Book value	•	220,446,331		181,106,427	
Less capital related debt		(54,208,281)		(53,401,318)	
Plus (Less) bond discount and refunding amounts		_		(501,070)	
Net investment in capital assets	\$	166,238,050	\$	127,204,039	

3-L. Deferred Inflows and Outflows of Resources

Deferred outflows of resources consist of deferred charges from the City's pension plan activity and debt refundings resulting from the difference in the carrying value of the refunded debt and its reacquisition price.

Deferred inflows of resources consist of revenues earned but unavailable for use, from pension plan activity and debt refundings resulting in the difference in the carrying value of the refunded debt and its reacquisition price.

The City's deferred inflows and outflows of resources at December 31, 2017 are as follows:

		Fun	d Leve	1		Governmen	ment Wide Level		
	G	overnmental	P	roprietary	Go	overnmental	Bu	siness-type	
		Funds		Funds		Activities	Activities		
Deferred Outflows									
Outflow due to pension accounting				272,012		930,031		272,012	
Total Deferred Outflows	\$		\$	272,012	\$	930,031	\$	272,012	
Deferred Inflows									
Revenue from taxes	\$	2,112,552	\$	-	\$	-	\$	-	
Revenue from services		48,703		-		-		-	
Inflow from refunding		-		501,070		-		501,070	
Inflow from pension accounting		-		357,937		1,218,184		357,937	
Total Deferred Inflows	\$	2,161,255	\$	859,007	\$	1,218,184	\$	859,007	

Additional information regarding the deferred outflows and deferred inflows of resources related to pension plan activity are included in note 3-J.

Note 4- Other Notes

4-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-

Note 4 - Other Notes (Continued)

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, 2017, the City had a net position of \$1,769,296 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, 2017 pending claims in the amount of \$143,000 and unpaid incurred claims in the amount of \$499 are included as a liability of the self-insurance fund. Amounts due within one year are \$499.

Changes in the balances of claims liabilities for the years ended December 31, 2017, 2016 and 2015 are as follows:

	(1)	(2)	(3)	(4)
	Beginning of	Current Year		End of
	Fiscal Year	Claims and Changes	Claim	Fiscal Year
Date	Liability	in Estimates	Payments	Liability
2015	258,399	31,182	130,410	159,171
2016	159,171	45,481	61,287	143,365
2017	143,365	47,541	47,407	143,499

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

4-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. The City believes such disallowances, if any, will be immaterial.

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.

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

The City's electric utility currently operates five hydroelectric and two diesel electric generating plants. The City owns four of the hydroelectric plants and the diesel plants. The fifth 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 2017, the SEAPA paid the City \$818,920 to operate the Swan Lake hydroelectric facility. The City paid the SEAPA \$5,279,985 for power purchased from the Swan Lake hydroelectric facility. During 2017, approximately 54% of the City's total electric generation, or 98,312,948 kWh, was produced by the Swan Lake hydroelectric facility. At December 31, 2017, the amount due to the SEAPA was \$1,291,700.

Note 4 - Other Notes (Continued)

4-D. Tax Abatements

In 2005, the City entered into a 30-year agreement with Alaska Industrial Development and Export Authority and the operator of the Alaska ship and dry-dock, currently Vigor Alaska LLC, to provide tax relief per AS 29.45.050. The tax relief is intended to support the growth of Ketchikan's maritime industry and provide economic diversity and strength. The property tax abatement in 2017 is \$386,701.

The City has also agreed to provide partial property tax relief to housing agencies for the purpose of encouraging the development of low income housing. The property taxes paid is equal to 10% of rents received less utilities. The total 2017 tax abatement for this program is \$60,925. The current participants of this program are Ketchikan Indian Community and Tlingit Haida Regional Housing Authority.



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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, 2017

	Original	Final	A-4 1	Reclassifications and	(Budgetary Basis)	Variance Positive
Revenues	Budget	Budget	Actual	Encumbrances	Actual	(Negative)
Taxes						
	\$ 6,021,489	\$ 6,021,489	\$ 6,029,469	\$ -	\$ 6,029,469	\$ 7,980
Real & personal property taxes Automobile & boat taxes	45,000	45,000	50,850	J -	50,850	5,850
Penalty & interest	65,000	65,000	34,888	-	34,888	(30,112)
Senior citizen local contribution	(458,116)	(458,116)	(469,462)	-	(469,462)	(11,346)
Sales tax	4,293,750	4,293,750	4,470,603	-	4,470,603	176,853
Marijuana sales tax	4,293,730	4,293,730	97,152	-	97,152	97,152
Payments in lieu of taxes	25,000	25,000	28,929		28,929	3,929
1 ayments in neu of taxes	9,992,123	9,992,123	10,242,429		10,242,429	250,306
Payments in lieu of taxes	>,>>2,120	<u> </u>	10,2 12, 129		10,212,12	200,000
Ketchikan public utilities fund	786,000	786,000	_	786,000	786,000	_
Port fund	319,000	319,000	_	319,000	319,000	_
Wastewater services fund	80,000	80,000	_	80,000	80,000	_
	1,185,000	1,185,000		1,185,000	1,185,000	
Licenses and permits						
Entertainment	500	500	-	-	-	(500)
Building permits	105,000	105,000	108,937	-	108,937	3,937
Other	1,600	1,600	1,585	-	1,585	(15)
	107,100	107,100	110,522		110,522	3,422
Intergovernmental						
State fire grants		15,891	15,444	-	15,444	(447)
Federal fire grants		40,985	149,403	-	149,403	108,418
Liquor licenses tax			30,950	-	30,950	30,950
Other state revenues	427,896	427,896	580,100	(274,561)	305,539	(122,357)
Federal revenues			5,563		5,563	5,563
	427,896	484,772	781,460	(274,561)	506,899	22,127
Charges for services						
Ambulance	575,000	575,000	687,928	-	687,928	112,928
Rentals	14,000	14,000	18,018	-	18,018	4,018
Parking fees	80,000	80,000	88,710	-	88,710	8,710
Cemetery	800	800	1,100	-	1,100	300
Library services	648,260	648,260	544,023	-	544,023	(104,237)
Museum services	223,900	223,900	240,551	-	240,551	16,651
E-911 emergency dispatch services	415,000	415,000	409,849	-	409,849	(5,151)
Civic center services	98,200	98,200	108,443	-	108,443	10,243
Other charges	104,600	104,600	63,346		63,346	(41,254)
	2,159,760	2,159,760	2,161,968		2,161,968	2,208
Fines and forfeitures						
Parking fines	90,000	90,000	97,908	-	97,908	7,908
Other fines	30,000	30,000	8,447	-	8,447	(21,553)
Court deposits	32,000 152,000	32,000 152,000	12,863 119,218		12,863 119,218	(19,137) (32,782)
Investment earnings	8,000	8,000	7,894		7,894	(106)
		0,000			,,0,,1	(130)
Other revenue						
Miscellaneous	96,820	126,023	124,733		124,733	(1,290)
Interdepartmental charges	3,564,780	3,564,780	3,143,081		3,143,081	(421,699)
Total Revenues	17,693,479	17,779,558	16,691,305	910,439	17,601,744	(177,814)

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, 2017

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Expenditures						(118 117
Current:						
General government						
Mayor and council	194,821	200,821	172,050	-	172,050	28,771
City Clerk	319,407	319,407	301,847	(4,337)	297,510	21,897
Law	365,437	365,437	310,210	(2,042)	308,168	57,269
City Manager	736,422	735,922	704,819	(15,313)	689,506	46,416
Finance	2,128,193	2,128,193	1,967,909	(26,841)	1,941,068	187,125
Information Technology	1,020,691	1,020,691	903,114	(11,885)	891,229	129,462
2,7	4,764,971	4,770,471	4,359,949	(60,418)	4,299,531	470,940
Public safety						Í
Fire	3,623,965	3,650,657	3,485,029	(22,453)	3,462,576	188,081
Police	5,187,076	5,187,576	4,754,961	(104,045)	4,650,916	536,660
	8,811,041	8,838,233	8,239,990	(126,498)	8,113,492	724,741
Culture						
Library	1,404,685	1,408,385	1,292,170	(16,045)	1,276,125	132,260
Museum	1,031,596	1,057,099	950,535	(3,888)	946,647	110,452
Civic Center	457,022	457,022	453,639	(5,603)	448,036	8,986
	2,893,303	2,922,506	2,696,344	(25,536)	2,670,808	251,698
Health and welfare						•
Public Health	14,325	14,325	9,075		9,075	5,250
Public works						
Engineering	1,815,628	1,815,628	1,527,739	(21,379)	1,506,360	309,268
Streets	1,799,520	1,799,520	1,539,175	26,174	1,565,349	234,171
Cemetery	85,720	85,720	74,022	4,246	78,268	7,452
Garage	547,732	547,732	504,378	(4,751)	499,627	48,105
Building Maintenance	468,476	488,476	417,085	(2,083)	415,002	73,474
	4,717,076	4,737,076	4,062,399	2,207	4,064,606	672,470
Total Expenditures	21,200,716	21,282,611	19,367,757	(210,245)	19,157,512	2,125,099
Deficiency of Revenues						
Under Expenditures	(3,507,237)	(3,503,053)	(2,676,452)	1,120,684	(1,555,768)	1,947,285

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, 2017

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Other Financing Sources (Uses)						
Transfers in	120,000	420.000	420.000		120,000	
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	- (10.550)
Transient occupancy tax fund	358,172	358,172	339,593	-	339,593	(18,579)
Shoreline area fund	6,374	6,374	6,374	-	6,374	-
Bayview cemetery fund	5,000	5,000	5,000	-	5,000	- (7.004)
Commercial passenger vessel tax	42,415	42,415	34,511	- (504,000)	34,511	(7,904)
Ketchikan public utilities fund	-	-	786,000	(786,000)	-	-
Port fund	-	-	319,000	(319,000)	-	-
Wastewater services fund	-	-	80,000	(80,000)	-	-
Transfers out						
GO bond debt service fund	(696,943)	(696,943)	(696,680)	-	(696,680)	263
Community grant fund	(69,184)	(82,477)	(82,477)	-	(82,477)	-
Sale of capital assets	10,000	10,000	22,800		22,800	12,800
Total Other Financing Sources (Uses)	2,075,834	2,062,541	3,234,121	(1,185,000)	2,049,121	(13,420)
Net Change in Fund Balances	(1,431,403)	(1,440,512)	557,669	(64,316)	493,353	1,933,865
Prior Year Encumbrances Returned				36,136	36,136	36,136
Fund Balances Beginning of Year	5,134,186	5,134,186	6,355,196	(272,514)	6,082,682	948,496
Fund Balances End of Year	\$ 3,702,783	\$ 3,693,674	\$ 6,912,865	\$ (300,694)	\$ 6,612,171	\$ 2,918,497

City of Ketchikan, Alaska Notes to Required Supplementary Information For the Year Ended December 31, 2017

Note 1 - Budgetary Basis

Building Maintenance

Total GAAP to Budget Adjustments

Total Public Works

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that payments in lieu of taxes from the City's enterprise funds are treated as tax revenue, 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 excluded and certain funds required by GASB Statement No. 54 to be included as part of the general fund have been excluded. The legally adopted budget for the general fund of the City does not include these items or funds. The schedules below reconciles the amounts for each when it is not visible on the statement.

GAAP to Budget Adjustments - Encumbrance and On-Behalf Payments

		Encum	brances	3			
	P	rior Year	Cur	rent Year	O	n Behalf	
	4	Activity	A	activity	P	ayments	Total
General Government							
Mayor and Council	\$	(33,250)	\$	33,250	\$	-	\$ -
City Clerk		(7,750)		8,877		(5,464)	(4,337)
Law		-		-		(2,042)	(2,042)
City Manager		-		-		(15,313)	(15,313)
Finance		(70,500)		73,486		(29,827)	(26,841)
Information Technology		-		-		(11,885)	(11,885)
Total General Government		(111,500)		115,613		(64,531)	(60,418)
Public Safety							
Fire		(132)		46,480		(68,801)	(22,453)
Police		(5,802)		875		(99,118)	(104,045)
Total Public Safety		(5,934)		47,355		(167,919)	(126,498)
Culture							
Library		(26,462)		18,601		(8,184)	(16,045)
Museum		(6,235)		9,570		(7,223)	(3,888)
Civic Center		-		_		(5,603)	(5,603)
Total Culture		(32,697)		28,171		(21,010)	(25,536)
Public Works							
Engineering		(6,135)		_		(15,244)	(21,379)
Streets		- '		29,029		(2,855)	26,174
Cemetery		(36,316)		40,562		-	4,246
Garage		(1,749)		-		(3,002)	(4,751)

(10,100)

(54,300)

(204,431)

8,017

(21,101)

(274,561)

77,608

268,747

(2,083)

2,207

(210,245)

City of Ketchikan, Alaska Notes to Required Supplementary Information For the Year Ended December 31, 2017

Note 1 – Budgetary Basis (Continued)

	Budget to GAAP Adjustments - Inclusion of GASB Statement 54 Funds							Funds
		Revenues	E	Expenditures	Other		No	et Change
General Fund	\$	16,691,305	\$	(19,367,757)	\$	3,234,121	\$	557,669
GASB Statement 54 Funds Required to be								
Reported as Part of the General Fund		2 00 4 200		(11.220)		(2.044.500)		(61.520)
Hospital Sales Tax Fund Public Works Sales Tax Fund		2,994,300		(11,330)		(3,044,500)		(61,530)
Economic Development & Parking Fund		4,503,080 118,164		(2,380,046) (263,950)		(2,082,477)		40,557 (145,786)
Shoreline Fund		118,104		(203,930)		(6,374)		(6,221)
Community Grant Fund		219,354		(451,115)		219,354		(0,221) $(12,407)$
Total of Excluded Funds for		217,554		(431,113)		217,334		(12,407)
Budgetary Purposes		7,835,051		(3,106,441)		(4,913,997)		(185,387)
Total GAAP Perspective General Fund	\$	24,526,356	\$	(22,474,198)	\$	(1,679,876)	\$	372,282
	1	Net Change		Beginning und Balance	F	Ending and Balance		
General Fund	\$	557,669	\$	6,355,196	\$	6,912,865		
GASB Statement 54 Funds Required to be								
Reported as Part of the General Fund								
Hospital Sales Tax Fund		(61,530)		4,785,898		4,724,368		
Public Works Sales Tax Fund		40,557		5,659,419		5,699,976		
Economic Development & Parking Fund		(145,786)		1,127,441		981,655		
Shoreline Fund		(6,221)		117,403		111,182		
Community Grant Fund		(12,407)		12,415		8		
Total of Excluded Funds for		(105.00=)		11.502.55		44.545.460		
Budgetary Purposes		(185,387)		11,702,576		11,517,189		
Total GAAP Perspective General Fund	\$	372,282	\$	18,057,772	\$	18,430,054		

City of Ketchikan, Alaska

Schedule of the City's Proportionate Share of the Net Pension Liability Public Employees Retirement System Last Ten Fiscal Years Ending December 31*

	2017		 2016	 2015
City's proportion of the net pension liability		0.3027%	0.3618%	0.3022%
City's proportionate share of the net pension liability State's proportional share of the net pension liability	\$	15,648,449	\$ 20,224,243	\$ 14,655,785
associated with the City		5,831,483	2,550,121	3,925,957
Total Net Pension Liability	\$	21,479,932	\$ 22,774,364	\$ 18,581,742
City's covered employee payroll	\$	5,451,027	\$ 5,469,103	\$ 5,504,557
City's portionate share of the net pension liability as a percentage of covered payroll		287.073%	369.791%	266.248%

63.37%

59.55%

63.96%

Plan fiduciary net postion as a percentage of total pension liability

^{*}Note: This schedule is intended to show information for a 10-year period as it becomes available.

The data provided in the schedule is based as of the measurement date of the PERS net pension liability, which is as of June 30 of the City's calendar year.

City of Ketchikan, Alaska

Schedule of City Contributions Public Employees Retirement System

Last Ten Fiscal Years Ending December 31 *

	2017			2016	2015	
Contractually required contribution	\$	1,271,851	\$	1,066,834	\$	960,680
Contributions in relation to the contractually required contributions Contribution deficiency (excess)		(1,271,851)		(1,066,834)		(960,680)
City's covered employee payroll	\$	5,316,031	\$	5,366,360	\$	5,430,257
Contributions as a percentage of covered- employee payroll		23.92%		19.88%		17.69%

^{*}Note: This schedule is intended to show information for a 10-year period as it becomes available.



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GOVERNMENTAL FUNDS

City of Ketchikan, Alaska Combining Balance Sheet Nonmajor Governmental Funds - by Fund Type December 31, 2017

		Nonmajor Special Revenue Funds	1	Nonmajor Capital Project Fund		Total Nonmajor Governmental Funds		
Assets Cash and temporary investments	\$	4,843,758	\$	3,309,141	\$	8,152,899		
Restricted cash:	φ	4,043,736	φ	3,309,141	Φ	6,132,699		
Bond construction funds		_		488,493		488,493		
Property seizure funds		182,929		-		182,929		
Commercial passenger excise tax funds		2,794,666		701		2,795,367		
Receivables:		,,				,,.		
Accounts		348,264		_		348,264		
Taxes		78,787		_		78,787		
Intergovernmental		34,112		_		34,112		
Unbilled revenue		63,742				63,742		
Total Assets	\$	8,346,258	\$	3,798,335	\$	12,144,593		
Liabilities, Deferred Inflows of Resources and F	und Ba	llances						
Liabilities								
Accounts payable	\$	266,761	\$	32,447	\$	299,208		
Customer deposits payable		7,996		-		7,996		
Interfund payable		1,790		-		1,790		
Unearned revenue		155,250				155,250		
Total Liabilities		431,797		32,447		464,244		
Deferred Inflows of Resources		78,787				78,787		
Fund Balances Restricted:								
Law enforcement		182,929		-		182,929		
Commercial passenger excise tax		2,794,666		701		2,795,367		
Bond construction funds Assigned:		-		488,493		488,493		
Subsequent years budget		797,124		-		797,124		
Culture and tourism		747,396		-		747,396		
Collection and disposal of solid waste		2,264,310		-		2,264,310		
Cemetery operations		98,383		-		98,383		
Harbor operations		950,866		-		950,866		
Development of community facilities		-		2,832,983		2,832,983		
Harbor construction				443,711		443,711		
Total Fund Balances		7,835,674		3,765,888		11,601,562		
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	8,346,258	\$	3,798,335	\$	12,144,593		

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds	
Revenues					
Taxes	\$ 552,867		\$ -	\$ 552,867	
Intergovernmental	2,231,058		311,827	2,542,885	
Charges for services	4,675,891		-	4,675,891	
Fines and forfeitures	26,390		-	26,390	
Investment earnings	11,652		10,783	22,435	
Miscellaneous	1,586	124,763	75	126,424	
Total Revenues	7,499,444	124,763	322,685	7,946,892	
Expenditures					
Current:					
Public safety	51,411		-	51,411	
Public works	2,955,678		-	2,955,678	
Port and harbor	1,096,367	-	-	1,096,367	
Debt Service:					
Principal retirement	145,000		-	1,455,000	
Interest and fiscal charges	199,250	2,243,543	-	2,442,793	
Capital Outlay	573,450	<u> </u>	265,841	839,291	
Total Expenditures	5,021,156	3,553,543	265,841	8,840,540	
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	2,478,288	(3,428,780)	56,844	(893,648)	
Other Financing Sources (Uses)					
Sale of capital assets	10,000	-	-	10,000	
Transfers in	-	3,428,780	132,700	3,561,480	
Transfers out	(1,653,570	<u> </u>	(162,000)	(1,815,570)	
Total Other Financing Sources (Uses)	(1,643,570	3,428,780	(29,300)	1,755,910	
Net Change in Fund Balances	834,718	-	27,544	862,262	
Fund Balances Beginning of Year	7,000,956	<u> </u>	3,738,344	10,739,300	
Fund Balances End of Year	\$ 7,835,674	\$	\$ 3,765,888	\$ 11,601,562	

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.

Commercial Passenger Vessel Tax Fund – This fund is used to account for revenues received from the State of Alaska and are dedicated for the following use per AS 43.52.200 (1) improve port and harbor infrastructure, (2) provide services to commercial passenger vessels and the passengers on board those vessels, or (3) improve the safety and efficiency of the interstate and foreign commerce activities in which the vessels and the passengers on board those vessels are engaged.

Federal and State Grant Fund – This fund is used to account for the receipt of grant revenues and the related expenditures.

Forfeitures and Property Seizures 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.

City of Ketchikan, Alaska Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2017

	Transient Tax		Solid Waste Services		Ketchikan Boat Harbor			
Assets								
Cash and temporary investments	\$	747,396	\$	2,723,696	\$	1,249,150		
Restricted cash Receivables:		-		-		-		
Accounts		_		344,035		4,229		
Taxes		78,787		-		-,22)		
Intergovernmental		-		-		-		
Unbilled revenue		-		63,742		-		
Total Assets	\$	826,183	\$	3,131,473	\$	1,253,379		
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$	-	\$	204,237	\$	30,202		
Customer deposits payable		-		, -		7,996		
Interfund payable		-		-		-		
Unearned revenue						155,250		
Total Liabilities				204,237		193,448		
Deferred Inflows of Resources		78,787	_			<u> </u>		
Fund Balances								
Restricted:								
Law enforcement		-		-		-		
Commercial passenger excise tax		-		-		-		
Assigned:				662.026		100.065		
Subsequent years budget Culture and tourism		- 747,396		662,926		109,065		
Collection and disposal of solid waste		747,390		2,264,310		-		
Cemetery operations		_		2,204,310		-		
Harbor operations						950,866		
Total Fund Balances		747,396		2,927,236		1,059,931		
Total Liabilities, Deferred Inflows of Resources								
and Fund Balances	\$	826,183	\$	3,131,473	\$	1,253,379		

Bayview lemetery	Pass	mercial senger sel Tax	leral and State Grant	And	rfeitures I Property Seizures		Total Nonmajor cial Revenue Funds
\$ 123,516	\$ 2,7	- 794,666	\$ - -	\$	- 182,929	\$	4,843,758 2,977,595
- - -		- - -	 34,112 -		- - -		348,264 78,787 34,112 63,742
\$ 123,516	\$ 2,	794,666	\$ 34,112	\$	182,929	\$	8,346,258
\$ - - -	\$	- - -	\$ 32,322 - 1,790	\$	- - -	\$	266,761 7,996 1,790 155,250
-		-	34,112			_	431,797 78,787
-		<u> </u>	<u> </u>		182,929		182,929
25,133 - - 98,383	2,	794,666 - - - -	- - - -		- - - -		2,794,666 797,124 747,396 2,264,310 98,383 950,866
123,516	2,7	794,666	<u>-</u>		182,929		7,835,674
\$ 123,516	\$ 2,7	794,666	\$ 34,112	\$	182,929	\$	8,346,258

City of Ketchikan, Alaska Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended December 31, 2017

	T 1	ransient Tax	Solid Waste Services	 Ketchikan Boat Harbor
Revenues				
Taxes	\$	552,867	\$ -	\$ -
Intergovernmental		-	3,002	25,034
Charges for services		-	3,145,652	1,513,634
Fines and forfeitures		-	-	5,850
Investment earnings		762	3,792	2,013
Miscellaneous		-	 1,577	 9
Total Revenues		553,629	3,154,023	1,546,540
Expenditures				
Current:				
Public safety		-	-	-
Public works		-	2,942,725	-
Port and harbors		-	-	1,096,367
Debt Service:				
Principal retirement		-	-	145,000
Interest and fiscal charges		-	-	199,250
Capital Outlay		<u>-</u>	 494,757	 78,693
Total Expenditures			 3,437,482	 1,519,310
Excess (Deficiency) of Revenues				
Over (Under) Expenditures		553,629	 (283,459)	 27,230
Other Financing Sources (Uses)				
Sale of capital assets		_	10,000	-
Transfers out		(339,593)	 	 (132,700)
Total Other Financing Sources (Uses)		(339,593)	10,000	(132,700)
Net Change in Fund Balances		214,036	(273,459)	(105,470)
Fund Balances Beginning Of Year		533,360	 3,200,695	 1,165,401
Fund Balances End Of Year	\$	747,396	\$ 2,927,236	\$ 1,059,931

	Sayview emetery	Commercial Passenger Vessel tax	leral and State Grant	And	orfeitures d Property seizures		Total Nonmajor cial Revenue Funds
\$	_	\$ -	\$ _	\$	_	\$	552,867
·	-	2,163,570	39,452		-	·	2,231,058
	16,605	, , , , , , , , , , , , , , , , , , ,	-		_		4,675,891
	-	-	-		20,540		26,390
	144	4,690	-		251		11,652
			 		-		1,586
	16,749	2,168,260	 39,452		20,791		7,499,444
	-	-	39,452		11,959		51,411
	12,953	-	-		-		2,955,678
	-	-	-		-		1,096,367
	-	-			-		145,000
	-	-			-		199,250
			 				573,450
	12,953	-	39,452		11,959		5,021,156
			 		_		
	3,796	2,168,260	-		8,832		2,478,288
	_	-	-		_		10,000
	(5,000)	(1,176,277)	-		-		(1,653,570)
	(5,000)	(1,176,277)					(1,643,570)
	(1,204)	991,983	 -		8,832		834,718
	124,720	1,802,683	-		174,097		7,000,956
			 			_	
\$	123,516	\$ 2,794,666	\$ -	\$	182,929	\$	7,835,674

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, 2017

	Original Budget		Final Budget		AAP Basis) Actual	Reclassifications and Encumbrances		(Budgetary Basis) Actual]	Variance Positive Negative)
Revenues					_						
Taxes	\$ 370,000	\$	370,000	\$	552,867	\$	-	\$	552,867	\$	182,867
Investment earnings	 		-		762				762		762
Total Revenues	 370,000		370,000		553,629				553,629		183,629
Other Financing Uses Transfers out											
General fund	 (358,172)		(358,172)		(339,593)		-		(339,593)		18,579
Total Other Financing Uses	 (358,172)		(358,172)		(339,593)				(339,593)		18,579
Net Change in Fund Balances	11,828		11,828		214,036		-		214,036		202,208
Fund Balances Beginning of Year	 388,490		388,490		533,360				533,360		144,870
Fund Balances End of Year	\$ 400,318	\$	400,318	\$	747,396	\$		\$	747,396	\$	347,078

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, 2017

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)	
Revenues							
Intergovernmental	\$ -	\$ -	\$ 3,002	\$ (3,002)	\$ -	\$ -	
Charges for services	3,427,000	3,427,000	3,145,652	-	3,145,652	(281,348)	
Investment earnings	4,000	4,000	3,792	=	3,792	(208)	
Miscellaneous	3,000	3,000	1,577	-	1,577	(1,423)	
Interdepartmental - equipment rental	42,150	42,150	-			(42,150)	
Total Revenues	3,476,150	3,476,150	3,154,023	(3,002)	3,151,021	(325,129)	
Expenditures Current:							
Public works	3,123,675	3,173,553	2,942,725	(3,002)	2,939,723	233,830	
Capital Outlay	599,500	676,801	494,757	101,710	596,467	80,334	
Total Expenditures	3,723,175	3,850,354	3,437,482	98,708	3,536,190	314,164	
Deficiency of Revenues Under Expenditures	(247,025)	(374,204)	(283,459)	(101,710)	(385,169)	(10,965)	
Other Financing Sources Sale of capital assets			10,000		10,000	10,000	
Net Change in Fund Balances	(247,025)	(374,204)	(273,459)	(101,710)	(375,169)	(965)	
Prior Year Encumbrances Returned				447	447	447	
Fund Balances Beginning of Year	3,144,139	3,144,139	3,200,695	(192,355)	3,008,340	(135,799)	
Fund Balances End of Year	\$ 2,897,114	\$ 2,769,935	\$ 2,927,236	\$ (293,618)	\$ 2,633,618	\$ (136,317)	

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, 2017

		Original Budget		Final Budget	(GAAP Basis) Actual		Reclassifications and Encumbrances		(Budgetary Basis) Actual		Variance Positive (Negative)	
Revenues	Φ.	16,000	Φ	16,000	Ф	25.024	Φ.	(10.441)	Ф	14.500	ф	(1.407)
Intergovernmental	\$	16,000	\$	16,000	\$	25,034	\$	(10,441)	\$	14,593	\$	(1,407)
Charges for services Fines and forfeitures		1,512,000 4,000		1,512,000 4,000		1,513,634		-		1,513,634 5,850		1,634
Investment earnings		1,200		1,200		5,850 2,013		-		2,013		1,850 813
Miscellaneous		-		1,200		2,013		<u> </u>		2,013		9
Total Revenues		1,533,200		1,533,200	_	1,546,540		(10,441)		1,536,099		2,899
Expenditures Current:												
Port and harbor		1,149,204		1,149,204		1,096,367		(11,745)		1,084,622		64,582
Debt Service:				, ,				` ′ ′				,
Principal retirement		145,000		145,000		145,000		-		145,000		-
Interest and fiscal charges		199,250		199,250		199,250		-		199,250		-
Capital Outlay		17,000		78,726		78,693				78,693		33
Total Expenditures		1,510,454		1,572,180		1,519,310		(11,745)		1,507,565		64,615
Excess (Deficiency) of Revenues Over (Under) Expenditures		22,746		(38,980)		27,230		1,304		28,534		67,514
•		22,740		(36,960)	_	21,230		1,304		20,334		07,314
Other Financing Sources Transfer out harbor improvements fund				(132,700)		(132,700)			_	(132,700)		-
Total Other Financing Sources				(132,700)		(132,700)				(132,700)		-
Net Change in Fund Balances		22,746		(171,680)		(105,470)		1,304		(104,166)		67,514
Prior Year Encumbrances Returned								1,041		1,041		1,041
Fund Balances Beginning of Year		1,053,749		1,053,749		1,165,401		(9,403)		1,155,998		102,249
Fund Balances End of Year	\$	1,076,495	\$	882,069	\$	1,059,931	\$	(7,058)	\$	1,052,873	\$	170,804

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, 2017

	Original Budget		Final Budget		AAP Basis) Actual	Reclassifications and Encumbrances		(Budgetary Basis) Actual		Variance Positive (Negative)	
Revenues	 							-			
Charges for services	\$ 14,500	\$	14,500	\$	16,605	\$	-	\$	16,605	\$	2,105
Investment earnings	 200		200		144		-		144_		(56)
Total Revenues	 14,700		14,700		16,749		-		16,749		2,049
Expenditures Current:											
Public works	 51,000		51,000		12,953		2,131		15,084		35,916
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,300)		(36,300)		3,796		(2,131)		1,665		37,965
Other Financing Uses Transfers out General fund	 (5,000)		(5,000)		(5,000)				(5,000)		-
Total Other Financing Sources	 (5,000)		(5,000)		(5,000)		<u> </u>		(5,000)		-
Prior Year Encumbrances Returned	 						6		6		6
Net Change in Fund Balances	(41,300)		(41,300)		(1,204)		(2,125)		(3,329)		37,971
Fund Balances Beginning of Year	 129,434		129,434		124,720		(24,350)		100,370		(29,064)
Fund Balances End of Year	\$ 88,134	\$	88,134	\$	123,516	\$	(26,475)	\$	97,041	\$	8,907

City of Ketchikan, Alaska Commercial Passenger Vessel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues			- · ·			
Intergovernmental	\$ 2,141,000	\$ 2,141,000	\$ 2,163,570	\$ -	\$ 2,163,570	\$ 22,570
Investment earnings			4,690		4,690	4,690
Total Revenues	2,141,000	2,141,000	2,168,260		2,168,260	27,260
Expenditures						
Current:	40.000	10.000				40.000
Tourism	40,000	40,000				40,000
Excess of Revenues						
Over Expenditures	2,101,000	2,101,000	2,168,260	-	2,168,260	67,260
Other Financing Uses						
Transfers out General fund	(42,415)	(42,415)	(34,511)		(34,511)	7,904
Major capital improvements fund	(177,000)	(177,000)	. , ,	_	(91,436)	85,564
Port fund	-	(1,050,330)	` ' '		(1,050,330)	-
Total Other Financing Uses	(219,415)	(1,269,745)	(1,176,277)		(1,176,277)	93,468
Net Change in Fund Balances	1,881,585	831,255	991,983	-	991,983	160,728
Fund Balances Beginning of Year	1,772,318	1,772,318	1,802,683		1,802,683	30,365
Fund Balances End of Year	\$ 3,653,903	\$ 2,603,573	\$ 2,794,666	\$ -	\$ 2,794,666	\$ 191,093

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, 2017

	Original Budget		Final Budget		(GAAP Basis) Actual		assifications and ambrances	(Budgetary Basis) Actual		Variance Positive (Negative)	
Revenues Intergovernmental	\$ 231,848	\$	231,848	\$	39,452	\$		\$	39,452	\$	(192,396)
Expenditures Current: Public safety	 231,848		231,848		39,452		86,192		125,644		106,204
Total Expenditures	 231,848		231,848		39,452		86,192		125,644		106,204
Deficiency of Revenues Under Expenditures	-		-		-		(86,192)		(86,192)		(86,192)
Fund Balances Beginning of Year	 		-								
Fund Balances End of Year	\$ -	\$	-	\$	-	\$	(86,192)	\$	(86,192)	\$	(86,192)

City of Ketchikan, Alaska Forfeitures And Property Seizures Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

	Original Budget			`		(GAAP Basis) Actual		assifications and ambrances	(Budgetary Basis) Actual		P	ariance Positive egative)
Revenues												
Fines & Forfeitures Investment earnings	\$	15,000 230	\$	15,000 230	\$	20,540 251	\$	-	\$	20,540 251	\$	5,540 21
Total Revenues		15,230		15,230		20,791		-		20,791		5,561
Expenditures												
Current: Public safety		<u>-</u>		11,959		11,959				11,959		
Net Change in Fund Balances		15,230		3,271		8,832		-		8,832		5,561
Fund Balances Beginning of Year		182,552		182,552		174,097				174,097		(8,455)
Fund Balances End of Year	\$	197,782	\$	185,823	\$	182,929	\$	-	\$	182,929	\$	(2,894)

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, 2017

	General Obligation Bond Debt Service
Revenues	
Miscellaneous income	\$ 124,763
Expenditures	
Debt Service:	
Principal retirement	1,310,000
Interest and fiscal charges	2,243,543
Total Expenditures	3,553,543
Deficiency of Revenues	
Under Expenditures	(3,428,780)
Other Financing Sources	
Transfers in	
General fund	696,680
Sales tax hospital & other public works fund	2,570,100
Community facilities development fund	162,000
Total Other Financing Sources	3,428,780
Net Change in Fund Balances	-
Fund Balances Beginning of Year	
Fund Balances End of Year	\$ -

City of Ketchikan, Alaska General Obligation Bond Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2017

	Original Budget		Final Budget		Actual	Variance Positive (Negative)		
Revenues								
Miscellaneous income	\$ 124,500	\$	124,500	\$	124,763	\$	263	
Expenditures								
Debt Service:								
Principal retirement	1,310,000		1,310,000		1,310,000		-	
Interest and fiscal charges	2,243,543		2,243,543		2,243,543			
Total Expenditures	 3,553,543		3,553,543		3,553,543			
Other Financing Sources								
Transfers in								
General fund	696,943		696,943		696,680		(263)	
Sales tax hospital & other public works fund	2,570,100		2,570,100		2,570,100		-	
Community facilities development fund	 162,000		162,000		162,000			
Total Other Financing Sources	 3,429,043		3,429,043		3,428,780		(263)	
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.

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

MAJOR CAPITAL IMPROVEMENT FUNDS 1

Hospital Construction Fund – This fund is used to account for the construction of improvements to the Ketchikan Medical Center.

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.

¹These major fund schedules are provided for budgetary comparison purposes only.

City of Ketchikan, Alaska Combining Balance Sheet Nonmajor Capital Project Fund December 31, 2017

		Harbor rovements]	ommunity Facilities evelopment		Total Nonmajor ital Projects Funds
Assets	ф	440.711	Φ	2.065.420	Φ	2 200 1 41
Cash and investments Restricted cash:	\$	443,711	\$	2,865,430	\$	3,309,141
Bond construction funds		488,493				488,493
Commercial passenger excise tax funds		701		_		701
Commercial passenger excise tax rands		701				701
Total Assets	\$	932,905	\$	2,865,430	\$	3,798,335
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$		\$	32,447	\$	32,447
Total Liabilities				32,447		32,447
Fund Balances						
Restricted						
Commercial passenger excise tax funds		701		-		701
Bond construction funds		488,493		-		488,493
Assigned:						
Development of community facilities		-		2,832,983		2,832,983
Harbor projects		443,711				443,711
Total Fund Balances		932,905		2,832,983		3,765,888
Total Liabilities and Fund Balances	\$	932,905	\$	2,865,430	\$	3,798,335

City of Ketchikan, Alaska Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Project Fund For the Year Ended December 31, 2017

		Harbor rovements	F	mmunity acilities velopment	Total Nonmajor Capital Projec Funds		
Revenues	\$	211 927	\$		\$	211 027	
Intergovernmental Investment earnings	Þ	311,827 697	Э	10,086	Э	311,827 10,783	
Miscellaneous		-		75		75	
Total Revenues		312,524		10,161		322,685	
Expenditures							
Capital Outlay:							
Culture and tourism		-		66,820		66,820	
Port and harbors		199,021				199,021	
Total Expenditures		199,021		66,820		265,841	
Excess (Deficiency) of Revenues							
Over (Under) Expenditures		113,503		(56,659)		56,844	
Other Financing Sources (Uses) Transfers out							
Debt service fund		_		(162,000)		(162,000)	
Transfers in				(102,000)		(102,000)	
Harbor fund		132,700				132,700	
Total Other Financing Sources (Uses)		132,700		(162,000)		(29,300)	
Net Change in Fund Balances		246,203		(218,659)		27,544	
Fund Balances At Beginning of Year		686,702		3,051,642		3,738,344	
Fund Balances At End of Year	\$	932,905	\$	2,832,983	\$	3,765,888	

City of Ketchikan, Alaska Harbor Improvements Fund Project Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

	Original Budget	Final Budget	(GA	AP Basis) Actual	assifications and umbrances	(I	Budgetary Basis) Actual	Variance Positive Negative)
Revenues	 							
Intergovernmental Investment earnings	\$ 827,255	\$ 827,255	\$	311,827 697	\$ -	\$	311,827 697	\$ (515,428) 697
Total Revenues	 827,255	 827,255		312,524	 -		312,524	 (514,731)
Expenditures								
Port and harbors	 1,337,705	 1,582,905		199,021	 (232)		198,789	 1,384,116
Total Expenditures	 1,337,705	 1,582,905		199,021	 (232)	_	198,789	1,384,116
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	 (510,450)	 (755,650)		113,503	 232		113,735	 869,385
Other Financing Sources and (Uses) Transfer in								
Harbor	-	132,700		132,700	-		132,700	-
Advances from other funds	(241,547)	(241,547)		-	(241,547)		(241,547)	-
Proceeds from sale of bonds	 487,610	 487,610		-	 -		-	 (487,610)
Total Other Financing Sources (Uses)	 246,063	 378,763		132,700	 (241,547)	_	(108,847)	 (487,610)
Net Change in Fund Balances	(264,387)	(376,887)		246,203	(241,315)		4,888	381,775
Fund Balances Beginning of Year	 660,083	 660,083		686,702	 201,827		888,529	 228,446
Fund Balances End of Year	\$ 395,696	\$ 283,196	\$	932,905	\$ (39,488)	\$	893,417	\$ 610,221

City of Ketchikan, Alaska Community Facilities Development Fund Project Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

	Original Budget		Final Budget	(G	AAP Basis) Actual	lassifications and cumbrances	(1	Budgetary Basis) Actual	I	ariance Positive (egative)
Revenues										
Investment earnings	\$ 10,077	\$	10,077	\$	10,086	\$ -	\$	10,086	\$	9
Miscellaneous	 			_	75	 -		75		75
Total Revenues	 10,077		10,077		10,161	 		10,161		84
Expenditures										
Culture	 237,000		237,000	_	66,820	 39,530	_	106,350		130,650
Total Expenditures	 237,000		237,000		66,820	 39,530		106,350		130,650
Deficiency of Revenues Under Expenditures	 (226,923)		(226,923)		(56,659)	 (39,530)		(96,189)		130,734
Other Financing Sources and (Uses) Transfers out										
Debt service fund	(162,000)		(162,000)		(162,000)	_		(162,000)		-
Advances to other funds	 156,934		156,934		-	 156,934		156,934		
Total Other Financing Sources and (Uses)	 (5,066)	_	(5,066)	_	(162,000)	 156,934		(5,066)		
Net Change in Fund Balances	(231,989)		(231,989)		(218,659)	117,404		(101,255)		130,734
Fund Balances Beginning of Year	 2,894,027		2,894,027		3,051,642	 (156,934)		2,894,708		681
Fund Balances End of Year	\$ 2,662,038	\$	2,662,038	\$	2,832,983	\$ (39,530)	\$	2,793,453	\$	131,415

City of Ketchikan, Alaska Hospital Construction Fund Project Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

		riginal udget	Final Budget	(GA	AAP Basis) Actual	 assifications and umbrances	,	(Budgetary Basis) Actual		Variance Positive Negative)
Revenues Contributions Investment earnings	\$	-	\$ 182,571	\$	249,736 2,164	-	\$	249,736 2,164	\$	67,165 2,164
Total Revenues			182,571		251,900	 		251,900		69,329
Expenditures Health and welfare	2	2,694,860	 2,877,431		4,756,439	(3,206,094)		1,550,345		1,327,086
Net Change in Fund Balances	(2	2,694,860)	(2,694,860)		(4,504,539)	3,206,094	((1,298,445)		1,396,415
Prior Year Encumbrances Returned						 7,149		7,149		7,149
Fund Balances Beginning of Year	2	2,694,860	 2,694,860		6,282,506	 (3,584,314)		2,698,192		3,332
Fund Balances End of Year	\$	-	\$ -	\$	1,777,967	\$ (371,071)	\$	1,406,896	\$	1,406,896

City of Ketchikan, Alaska Major Capital Improvements Fund Project Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

	riginal Budget	Final Budget	(G.	AAP Basis) Actual	classifications and cumbrances	(I	Budgetary Basis) Actual	Variance Positive Negative)
Revenues Intergovernmental Contributions	\$ 50,000	\$ 80,502	\$	6,301,536 (300)	\$ - -	\$	6,301,536 (300)	\$ 6,221,034 (300)
Total Revenues	 50,000	 80,502		6,301,236	 		6,301,236	6,220,734
Expenditures Culture and tourism Public works	 177,000 50,000	 177,000 80,502		357,957 6,184,895	(245,528) (6,106,793)		112,429 78,102	64,571 2,400
Total Expenditures	 227,000	 257,502		6,542,852	(6,352,321)		190,531	66,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,000)	(177,000)		(241,616)	6,352,321		6,110,705	6,287,705
Other Financing Sources Transfer in	 177,000	 177,000		91,436	 		91,436	(85,564)
Total Other Financing Sources	 177,000	 177,000		91,436	 		91,436	(85,564)
Net Change in Fund Balances	-	-		(150,180)	6,352,321		6,202,141	6,202,141
Prior Year Encumbrances Returned		 -			 80,517		80,517	 80,517
Fund Balances Beginning of Year	84,457	 84,457		230,502	 (6,549,388)		(6,318,886)	 (6,403,343)
Fund Balances End of Year	\$ 84,457	\$ 84,457	\$	80,322	\$ (116,550)	\$	(36,228)	\$ (120,685)



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GENERAL FUND

Due to the implementation of GASB Statement No. 54 the City has re-classified five 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, Shoreline and Community Grant 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.

Community Grant Fund – This fund is used to account for grants given to community based non-profit humanitarian agencies as determined by the City Council.

City of Ketchikan, Alaska Combining Balance Sheet General Fund December 31, 2017

A	General		Hospital Sales Tax		blic Works Sales Tax
Assets Cash and temporary investments	\$ 7,464,543	\$	4,724,368	\$	5,710,796
Receivables:	\$ 7,404,545	Ф	4,724,306	Ф	3,710,790
Accounts	347,573		_		_
Taxes	987,544		489,607		734,411
Intergovernmental	77,182		-		-
Interfund	368,305		_		-
Land for resale	388,433				14,797
Total Assets	\$ 9,633,580	\$	5,213,975	\$	6,460,004
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 193,434	\$	-	\$	25,617
Payroll payable	1,653,708		-		-
Unearned revenue	15,123				
Total Liabilities	1,862,265				25,617
Deferred Inflows of Resources	858,450		489,607		734,411
Fund Balances					
Nonspendable	388,433		-		14,797
Assigned:					
Subsequent years budget	1,510,712		39,576		1,457,273
Parking development and abatement of dangerous buildings	-		-		-
Hospital development and expansion	-		4,684,792		-
General government	118,613		-		96,087
Public safety	47,355		-		926,481
Culture and tourism	28,965		-		188,176
Public works	137,708		-		2.017.162
Streets, sidewalks and other public projects	- 4 601 070		-		3,017,162
Unassigned	4,681,079				
Total Fund Balances	6,912,865		4,724,368		5,699,976
Total Liabilities, Deferred Inflows of Resources					
and Fund Balances	\$ 9,633,580	\$	5,213,975	\$	6,460,004

De	Economic evelopment & Parking		horeline Services	(nmunity Grant Fund	Totals
\$	1,028,680	\$	111,182	\$	49,803	\$ 19,089,372
	-		-		-	347,573 2,211,562
	-		-		-	77,182
	_		_		_	368,305
	-		_		-	403,230
	_					103,230
\$	1,028,680	\$	111,182	\$	49,803	\$ 22,497,224
\$	47,025	\$	_	\$	49,795	\$ 315,871
Ψ	-	4	_	Ψ	-	1,653,708
	-		_		_	15,123
						,
	47,025				49,795	1,984,702
						2,082,468
	-		-		-	403,230
	157,850		5,774		-	3,171,185
	823,805		-		-	823,805
	-		-		-	4,684,792
	-		-		8	214,708
	-		105,408		-	1,079,244
	-		-		-	217,141
	-		-		-	137,708
	-		-		-	3,017,162
						4,681,079
	981,655		111,182		8	18,430,054
\$	1,028,680	\$	111,182	\$	49,803	\$ 22,497,224

City of Ketchikan, Alaska

General Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 2017

Revenues	Totals
Real & personal property taxes	
Penalty & interest 34,888 7,311 10,967	
Penalty & interest	
Senior citizen local contribution	50,850
Sales tax	53,166
Marijuan sales tax 97,152	(469,462)
Payments in lieu of taxes 28,929	11,921,608
10,242,429 2,987,713 4,481,570 - - -	97,152
Dicenses and permits 108,937	28,929
Building permits 108,937 -	17,711,712
Other 1,585 -	
Thergovernmental State fire grants 15,444 - - - - - - - - -	108,937
Intergovernmental State fire grants 15,444 -	1,585
State fire grants	110,522
Federal fire grants	
Liquor licenses tax	15,444
Other state revenues 580,100 - </td <td>149,403</td>	149,403
Tederal revenues	30,950
T81,460	580,100
Charges for services Ambulance 687,928 -	5,563
Ambulance 687,928 - - - - - Rentals 18,018 - - - - - Parking fees 88,710 - - - - - Cemetery 1,100 - - - - - Library services 544,023 - - - - - - Museum services 240,551 -	781,460
Rentals 18,018 - - - - - Parking fees 88,710 - - - - - Cemetery 1,100 - - - - - Library services 544,023 - - - - - Museum services 240,551 - - - - - E-911 emergency dispatch services 409,849 - - - - - Civic center services 108,443 - - - - - Other charges 63,346 - - - - - Other charges 63,346 - - - - - Parking fines 97,908 - - - - - Other fines 8,447 - - - - - Court deposits 12,863 - - - - - Investment earnings 7,894 6,415 6,920 1,229 153 -	
Parking fees 88,710 -	687,928
Cemetery 1,100 - <t< td=""><td>18,018</td></t<>	18,018
Library services 544,023	88,710
Museum services 240,551 -	1,100
E-911 emergency dispatch services 409,849	544,023
Civic center services 108,443 -<	240,551
Other charges 63,346 -	409,849
2,161,968 - - - - - - - - -	108,443
Fines and forfeitures Parking fines 97,908 Other fines 8,447 Court deposits 12,863 Investment earnings 7,894 6,415 6,920 1,229 153 - Other revenue	63,346
Parking fines 97,908 -	2,161,968
Other fines 8,447 -	0,700
Court deposits 12,863 -	97,908
119,218 - </td <td>8,447</td>	8,447
Investment earnings 7,894 6,415 6,920 1,229 153 - Other revenue	12,863
Other revenue	119,218
	22,611
	475,784
Interdepartmental charges 3,143,081	3,143,081
Total Revenues 16,691,305 2,994,300 4,503,080 118,164 153 219,354	24,526,356

City of Ketchikan, Alaska

General Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Cont'd) For the Year Ended December 31, 2017

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Expenditures							
Current:							
General government							
Mayor and council	172,050	-	-	-	-	451,115	623,165
City Clerk	301,847	-	-	-	-	-	301,847
Law	310,210	-	-	-	-	-	310,210
City Manager	704,819	-	-	-	-	-	704,819
Finance	1,967,909	-	5,407	-	-	-	1,973,316
Information Technology	903,114	-	-	-	-	-	903,114
	4,359,949	-	5,407	-	-	451,115	4,816,471
Public safety							
Fire	3,485,029	-	154,819	-	-	-	3,639,848
Police	4,754,961	-	428,363	-	-	-	5,183,324
	8,239,990	-	583,182		-		8,823,172
Culture							
Library	1,292,170	-	-	-	-	-	1,292,170
Museum	950,535	-	547,947	-	-	-	1,498,482
Civic Center	453,639	-	174,597	-	-	-	628,236
Tourism and development	-	-	-	162,450	-	-	162,450
•	2,696,344	-	722,544	162,450	-	-	3,581,338
Health and welfare							
Public Health	9,075	11,330					20,405
Public works							
Engineering	1,527,739	-	100,831	101,500	-	-	1,730,070
Streets	1,539,175	-	869,113	-	-	-	2,408,288
Cemetery	74,022	-	-	-	-	-	74,022
Garage	504,378	_	46,347	_	_	_	550,725
Building Maintenance	417,085	_	52,622	_	_	_	469,707
	4,062,399	-	1,068,913	101,500	-		5,232,812
Total Expenditures	19,367,757	11,330	2,380,046	263,950	-	451,115	22,474,198
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,676,452)	2,982,970	2,123,034	(145,786)	153	(231,761)	2,052,158

City of Ketchikan, Alaska

General Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Cont'd) For the Year Ended December 31, 2017

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	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	339,593	-	-	-	-	-	339,593
Shoreline area fund	6,374	-	-	-	(6,374)	-	-
Bayview cemetery fund	5,000	-	-	-	-	-	5,000
Commercial passenger vessel tax fund	34,511		-	-	-		34,511
Ketchikan public utilities fund	786,000	-	-	-	-	-	786,000
Port fund	319,000	-	-	-	-	-	319,000
Wastewater services fund	80,000	-	-	-	-	-	80,000
Transfers out							
General obligation bond debt service fund	(696,680)	(2,570,100)	-	-	-	-	(3,266,780)
Community grant fund	(82,477)	(54,400)	(82,477)		<u> </u>	219,354	
Total Other Financing Sources (Uses)	3,234,121	(3,044,500)	(2,082,477)		(6,374)	219,354	(1,679,876)
Net Change in Fund Balances	557,669	(61,530)	40,557	(145,786)	(6,221)	(12,407)	372,282
Fund Balances Beginning of Year	6,355,196	4,785,898	5,659,419	1,127,441	117,403	12,415	18,057,772
Fund Balances End of Year	6,912,865	4,724,368	5,699,976	981,655	111,182	8	18,430,054

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, 2017

	 Original Budget	Final Budget	(G	AAP Basis) Actual	assifications and umbrances	(Budgetary Basis) Actual	Variance Positive Negative)
Revenues								
Taxes	\$ 2,862,500	\$ 2,862,500	\$	2,980,402	\$ -	\$	2,980,402	\$ 117,902
Penalties and interest	12,500	12,500		7,311	-		7,311	(5,189)
Investment earnings	7,000	7,000		6,415	-		6,415	(585)
Miscellaneous	 -	 		172	 		172	 172
Total Revenues	 2,882,000	 2,882,000	-	2,994,300	 		2,994,300	 112,300
Expenditures								
Current:								
Health and welfare	 668,740	 696,040		11,330	 424,646		435,976	 260,064
Total Expenditures	 668,740	 696,040		11,330	 424,646		435,976	 260,064
Excess of Revenues								
Over Expenditures	 2,213,260	 2,185,960		2,982,970	 (424,646)		2,558,324	 372,364
Other Financing Uses								
Transfers out								
General fund	(420,000)	(420,000)		(420,000)	-		(420,000)	-
Community grant fund	(45,632)	(54,400)		(54,400)	-		(54,400)	-
General obligation debt service fund	 (2,570,100)	 (2,570,100)		(2,570,100)	 -		(2,570,100)	 -
Total Other Financing Uses	 (3,035,732)	 (3,044,500)		(3,044,500)	 		(3,044,500)	 -
Net Change in Fund Balances	(822,472)	(858,540)		(61,530)	(424,646)		(486,176)	372,364
Prior Year Encumbrances Returned	 -	 			2,928		2,928	 2,928
Fund Balances Beginning of Year	 4,757,659	 4,757,659		4,785,898	 (24,531)		4,761,367	 3,708
Fund Balances End of Year	\$ 3,935,187	\$ 3,899,119	\$	4,724,368	\$ (446,249)	\$	4,278,119	\$ 379,000

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, 2017

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)	
Revenues							
Taxes	\$ 4,293,750	\$ 4,293,750	\$ 4,470,603	\$ -	\$ 4,470,603	\$ 176,853	
Penalties and interest	18,000	18,000	10,967	-	10,967	(7,033)	
Investment earnings	6,000	6,000	6,920	-	6,920	920	
Miscellaneous		-	14,590		14,590	14,590	
Total Revenues	4,317,750	4,317,750	4,503,080		4,503,080	185,330	
Expenditures							
Capital:							
General government							
Finance	20,000	20,000	5,407	(777)	4,630	15,370	
Public safety							
Fire	876,726	876,726	154,819	(63,293)	91,526	785,200	
Police	481,800	481,800	428,363	32,275	460,638	21,162	
Culture							
Museum	-	13,300	547,947	(530,961)	16,986	(3,686)	
Civic center	297,900	297,900	174,597	(26,288)	148,309	149,591	
Public works							
Engineering	147,000	225,500	100,831	2,249	103,080	122,420	
Streets	2,135,000	2,135,000	869,113	495,591	1,364,704	770,296	
Cemetery	27,000	27,000	-	-	-	27,000	
Garage	71,000	71,000	46,347	-	46,347	24,653	
Building maintenance	100,000	100,000	52,622	31,453	84,075	15,925	
Total Expenditures	4,156,426	4,248,226	2,380,046	(59,751)	2,320,295	1,927,931	
Excess of Revenues Over Expenditures	161,324	69,524	2,123,034	59,751	2,182,785	2,113,261	
Over Experientures	101,524	09,324	2,123,034	39,731	2,102,703	2,113,201	
Other Financing Uses Transfer out							
General fund	(2,000,000)	(2,000,000)	(2,000,000)		(2,000,000)		
Community grant fund	(69,184)	(82,477)	(82,477)	-	(82,477)	-	
Community grant fund	(09,164)	(62,477)	(62,477)		(62,477)		
Total Other Financing Uses	(2,069,184)	(2,082,477)	(2,082,477)		(2,082,477)	-	
Net Change in Fund Balances	(1,907,860)	(2,012,953)	40,557	59,751	100,308	2,113,261	
Prior Year Encumbrances Returned				79,027	79,027	79,027	
Fund Balances Beginning of Year	4,670,158	4,670,158	5,659,419	(1,022,589)	4,636,830	(33,328)	
Fund Balances End of Year	\$ 2,762,298	\$ 2,657,205	\$ 5,699,976	\$ (883,811)	\$ 4,816,165	\$ 2,158,960	

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, 2017

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)	
Revenues							
Miscellaneous Investment earnings	\$ - -	\$ -	\$ 116,935 1,229	\$ - -	\$ 116,935 1,229	\$ 116,935 1,229	
Total Revenues			118,164		118,164	118,164	
Expenditures							
Current: Economic tourism and development Public works	162,450	162,450	162,450	-	162,450	-	
Engineering		101,500	101,500		101,500		
Total Expenditures	162,450	263,950	263,950		263,950		
Deficiency of Revenues Under Expenditures	(162,450)	(263,950)	(145,786)	-	(145,786)	118,164	
Other Financing Sources Advances from harbor improvements fund	241,547	241,547		241,547	241,547		
Total Other Financing Sources	241,547	241,547	· -	241,547	241,547		
Net Change in Fund Balances	79,097	(22,403)	(145,786)	241,547	95,761	118,164	
Fund Balances Beginning of Year	885,710	885,710	1,127,441	(241,547)	885,894	184	
Fund Balances End of Year	\$ 964,807	\$ 863,307	\$ 981,655	\$ -	\$ 981,655	\$ 118,348	

City of Ketchikan, Alaska Shoreline Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

		Original Budget		Final Budget		(GAAP Basis) Actual		Reclassifications and Encumbrances		(Budgetary Basis) Actual		Variance Positive (Negative)	
Revenues													
Investment earnings	\$	400	\$	400	\$	153	\$	-	\$	153	\$	(247)	
Other Financing Uses General fund	_	(6,374)		(6,374)		(6,374)				(6,374)			
Net Change in Fund Balances		(5,974)		(5,974)		(6,221)		-		(6,221)		(247)	
Fund Balances Beginning of Year		117,411		117,411		117,403				117,403		(8)	
Fund Balances End of Year	\$	111,437	\$	111,437	\$	111,182	\$	-	\$	111,182	\$	(255)	

City of Ketchikan, Alaska Community Grant Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2017

		Original Budget		Final Budget		(GAAP Basis) Actual		Reclassifications and Encumbrances		(Budgetary Basis) Actual		Variance Positive (Negative)	
Revenues													
Contributions	\$	184,000	\$	219,354	\$	219,354	\$		\$	219,354	\$	-	
Total Revenues		184,000		219,354		219,354				219,354		-	
Expenditures													
Current: Mayor and council		380,407		451,115		451,115		-		451,115		_	
•	·			, , , , , , , , , , , , , , , , , , , ,		, , , , , , , , , , , , , , , , , , , ,				, , , , , , , , , , , , , , , , , , , ,			
Deficiency of Revenues Under Expenditures		(196,407)		(231,761)		(231,761)		-		(231,761)		-	
Other Financing Sources													
Transfers in													
General fund		69,184		82,477		82,477		-		82,477		-	
Hospital sales tax fund		45,632		54,400		54,400		-		54,400		-	
Public works sales tax fund		69,184		82,477		82,477		-		82,477		-	
Total Other Financing Sources		184,000		219,354		219,354		-		219,354		-	
Net Change in Fund Balances		(12,407)		(12,407)		(12,407)		-		(12,407)		-	
Fund Balances Beginning of Year		12,407		12,407		12,415		-		12,415		8	
Fund Balances End of Year	\$	-	\$	-	\$	8	\$	-	\$	8	\$	8	



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PROPRIETARY FUNDS

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 Position December 31, 2017 and 2016

		2017	 2016
Assets			
Current assets			
Cash and temporary investments		\$ 21,790,050	\$ 19,395,178
Restricted cash, cash equivalents and investments:			
Bond redemption		451,343	640,271
Accounts receivable	\$ 2,921,870		
Less uncollectible accounts	 (82,000)	2,839,870	2,249,891
Prepaid expenses		11,423	22,343
Inventory of materials		2,576,402	2,835,103
Unbilled revenue		957,524	 1,048,528
Total current assets		 28,626,612	26,191,314
Noncurrent assets			
Restricted assets		1,144,325	1,391,500
Utility plant in service:			
Land		2,722,866	2,722,866
Other non-depreciable assets		52,405	52,405
Construction work in progress		971,460	642,493
Plant in service		248,609,229	246,415,551
Less accumulated depreciation		(143,803,972)	(137,892,356)
Total capital assets (net of accumulated depreciation)		108,551,988	111,940,959
Total noncurrent assets		109,696,313	113,332,459
Total assets		138,322,925	 139,523,773
Deferred outflow of resources		 223,086	 759,803
Total Assets and Deferred Outflow of Resources		\$ 138,546,011	\$ 140,283,576

City of Ketchikan, Alaska Ketchikan Public Utilities Fund Comparative Statements of Net Position December 31, 2017 and 2016

	2017	2016
Liabilities		
Current liabilities		
Accounts payable	\$ 2,585,845	\$ 2,951,121
Accrued interest payable	138,471	140,693
Compensated absences payable	106,940	103,342
Customer deposits	371,365	379,120
Unearned revenue	18,240	111,350
Unamortized premiums	90,570	123,002
Revenue bonds payable	1,057,271	2,175,562
Advances to other funds	1,288,449	287,932
Total current liabilities	5,657,151	6,272,122
Noncurrent liabilities		
Unamortized bond premium	1,305,723	1,396,293
Compensated absences payable	962,456	930,074
Net pension liability	2,940,343	3,800,135
Revenue bonds payable	19,156,405	20,213,676
Advances to other funds	1,880,553	3,169,002
Total noncurrent liabilities	26,245,480	29,509,180
Deferred inflow of resources	296,153	42,359
Total Liabilities and Deferred Inflows of Resources	32,198,784	35,823,661
Net position		
Net investment in capital assets	86,942,019	88,032,611
Restricted for bond retirement	1,529,900	1,958,826
Unrestricted	17,875,308	14,468,478
Total net position	106,347,227	104,459,915
Total liabilities and net position	\$ 138,546,011	\$ 140,283,576

City of Ketchikan, Alaska Ketchikan Public Utilities Fund

Comparative Statements of Revenues, Expenses and Changes in Net Position - by Service

For the Years Ended December 31, 2017 and 2016

	To	tal	Elec	etric
	2017	2016	2017	2016
Operating Revenues				
Services	\$41,837,202	\$38,876,540	\$18,285,197	\$16,765,326
Other	556,255	444,379	506,415	370,497
Total Operating Revenues	42,393,457	39,320,919	18,791,612	17,135,823
Operating Expenses				
Operation and maintenance	24,953,648	25,483,547	12,759,950	12,783,034
Administration and general	6,045,133	5,793,720	1,788,906	1,626,940
Depreciation	8,337,347	8,042,878	3,316,736	3,032,559
Total Operating Expenses	39,336,128	39,320,145	17,865,592	17,442,533
Operating Income (Loss)	3,057,329	774	926,020	(306,710)
Non-Operating Revenues (Expenses)				
Operating grants	163,829	135,314	23,735	26,690
Interest earnings	32,475	7,713	18,038	5,092
Revenue bond interest expense	(717,683)	(802,681)	(455,083)	(531,729)
Other interest expense	(18,785)	(18,808)	(15,791)	(15,188)
Debt refunding costs		(27,653)		(27,653)
Total Non-Operating Revenue (Expenses)	(540,164)	(706,115)	(429,101)	(542,788)
Net Income (Loss) Before Contributions,				
Grants and Transfers	2,517,165	(705,341)	496,919	(849,498)
Capital contributions	156,147	148,612	118,180	115,150
Transfers out - payment in lieu of taxes	(786,000)	(786,000)	(381,993)	(381,993)
Total Contributions, Grants and Transfers	(629,853)	(637,388)	(263,813)	(266,843)
Change in Net Position	1,887,312	(1,342,729)	\$233,106	(\$1,116,341)
Net Position Beginning of Year	104,459,915	105,802,644		
Net Position End of Year	\$106,347,227	\$104,459,915		

Telecomm	unications	Wat	er
2017	2016	2017	2016
\$19,813,713	\$18,463,623	\$3,738,292	\$3,647,591
-	-	49,840	73,882
19,813,713	18,463,623	3,788,132	3,721,473
10,195,360	10,642,306	1,998,338	2,058,207
3,790,280	3,740,714	465,947	426,066
3,588,445	3,629,194	1,432,166	1,381,125
17,574,085	18,012,214	3,896,451	3,865,398
2,239,628	451,409	(108,319)	(143,925)
41,052	55,113	99,042	53,511
12,016	2,184	2,421	437
(138,277)	(149,352)	(124,323)	(121,600)
(2,994)	(3,620)	-	-
	 .	<u> </u>	
(88,203)	(95,675)	(22,860)	(67,652)
0.151.405	255 524	(121 170)	(211.555)
2,151,425	355,734	(131,179)	(211,577)
33,432	33,462	4,535	-
(206,358)	(206,358)	(197,649)	(197,649)
(172,926)	(172,896)	(193,114)	(197,649)
\$1,978,499	\$182,838	(\$324,293)	(\$409,226)

City of Ketchikan, Alaska Ketchikan Public Utilities Fund Comparative Statements of Cash Flows For the Years Ended December 31, 2017 and 2016

		2016
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 41,801,372	\$ 40,206,205
Cash payments to employees for services	(13,528,503)	(13,280,806)
Cash payments to suppliers for goods and services	(18,027,965)	(16,883,907)
Net Cash Provided by Operating Activities	10,244,904	10,041,492
Cash Flows from Noncapital Financing Activity		
Operating grant from other governments	163,629	135,314
Payment in lieu of taxes to the general fund	(786,000)	(786,000)
Net Cash Used by Noncapital		
Financing Activities	(622,371)	(650,686)
Cash Flows from Capital and		
Related Financing Activities		
Advances from other funds	(287,932)	(276,857)
Capital grant received from other governments	156,347	148,612
Capital debt proceeds	-	1,368,439
Principal paid on revenue bonds	(2,175,562)	(2,145,519)
Interest paid on revenue bonds	(861,507)	(930,442)
Payments for capital acquisitions and construction	(4,527,521)	(6,253,558)
Net Cash Used by Capital and Related		
Financing Activities	(7,696,175)	(8,089,325)
Cash Flows from Investing Activities		
Investment earnings	32,411	8,528
Proceeds from bond reserve fund investments	247,175	194,500
Net Cash Flows Provided by Investing Activities	279,586	203,028
Net Increase in Cash		
and Cash Equivalents	2,205,944	1,504,509
Cash and Cash Equivalents Beginning of Year	20,035,449	18,530,940
Cash and Cash Equivalents End of Year	\$ 22,241,393	\$ 20,035,449
Deconciliation of Cach and Cach Equivalents		
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	21,790.050	19,395,178
Revenue bond redemption funds - restricted	451,343	640,271
Revenue John reachiphon rands - restricted	451,343	040,271
	\$ 22,241,393	\$ 20,035,449

(continued)

City of Ketchikan, Alaska Ketchikan Public Utilities Fund

Comparative Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

(continued)

	 2017	 2016
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 3,057,329	\$ 774
Adjustments:		
Depreciation	8,337,347	8,042,878
Other	-	83,363
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	(589,979)	891,780
Unbilled revenue	91,004	(90,362)
Prepaid expenses	10,920	(7,446)
Inventory	258,701	120,444
Customer deposits	(7,755)	8,180
Deferred outflows	536,532	(498,747)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	(786,067)	253,704
Accrued expenses		
Compensated absences payable	35,980	113,138
Unearned revenue	(93,110)	83,868
Net pension liability	(859,792)	1,046,313
Deferred inflow of resources for pension	 253,794	 (6,395)
Net Cash Provided by Operating Activities	\$ 10,244,904	\$ 10,041,492
Noncash investing, capital and financing activities Revenue bond arbitrage	\$ (64)	\$ (1,982)
Refunding	. ,	39,542

Ketchikan Public Utilities Fund Comparative Schedules of Revenues For the Years Ended December 31, 2017 and 2016

	201	7	2016	
	Amount	Total	Amount	Total
Electric Department				
Revenue from Services:				
Residential	\$7,626,289		\$7,127,462	
Boats	343,140		318,082	
Commercial	7,214,570		6,846,651	
Industrial	1,959,446		1,795,059	
Demand	517,862		495,104	
Area Lighting	54,133		53,056	
Street Lighting	130,875		129,912	
Diesel Surcharge	438,882	\$18,285,197	-	\$16,765,326
Other Revenue:				
Service Charges	110,200		113,836	
Late Payment Char	rges 87,077		76,881	
Rentals - Interdepa	artmental 142,397		142,397	
Other	166,741	506,415	37,383	370,49
Total Electric		18,791,612		17,135,823
Telecommunications Department				
Local Network Services:	:			
Basic Local Servic	ee 969,774		988,060	
Local Private Line	920,212		917,059	
Other Local Excha		2,010,146	177,811	2,082,930
Network Access Service	s:			
Interstate End User			874,220	
Switched Access	4,540,690		4,985,811	
Special Access	1,676,771		1,667,345	
State Access	1,411,689	8,525,849	1,399,924	8,927,30
Other Revenues:				
Directory Revenue	270,306		275,724	
Other	97,307	367,613	99,052	374,77
Nonregulated Revenues	8,910,105	8,910,105	7,078,617	7,078,61
Total Telecommuni		\$ 19,813,713		\$ 18,463,623

Ketchikan Public Utilities Fund

$Comparative \ Schedules \ of \ Revenues \ (Cont'd)$

For the Years Ended December 31, 2017 and 2016

		2017		2016	
		Amount	Total	Amount	Total
Water Department					
	Revenue from Services:				
	Residential	\$1,655,801		\$1,632,301	
	Apartments	357,127		351,241	
	Commercial	1,302,261		1,275,949	
	Industrial	265,378		233,375	
	Port	157,725	\$3,738,292	154,725	\$3,647,591
	Other Revenue:				
	Service Charges	646		739	
	Late Payment Charges	21,069		19,709	
	Other	28,125	49,840	53,434	73,882
	Total Water		3,788,132	_	3,721,473
Total Revenue			\$42,393,457		\$39,320,919

Ketchikan Public Utilities Fund

Comparative Schedules of Operation and Maintenance Expenses For the Years Ended December 31, 2017 and 2016

	2017	•	2016	
	Amount	Total	Amount	Total
Electric Department				
Hydroelectric Generation				
Operation				
Supervision & Engineering	\$1,054,824		\$1,075,710	
Hydraulic Expenses	39,964		54,708	
Electric Expenses	8,960	1,103,748	10,195	1,140,613
Maintenance				
Structures	42,171		82,522	
Reservoirs & Dams	240,313		257,748	
Electric Plant	131,568		158,830	
Other	142,461	556,513	167,626	666,726
Total Hydroelectric Generation		1,660,261		1,807,339
Diesel Generation				
Operation				
Fuel	964,558		189,117	
Generation	57,091		11,754	
Other	548,205	1,569,854	490,161	691,032
Maintenance				
Supervision and Engineering	114,940		118,808	
Structures	26,633		35,131	
Electric Plant	155,072		144,582	
Other	435,269	731,914	209,046	507,567
Total Diesel Generation		2,301,768		1,198,599
Purchased Power		5,279,985		6,247,593
Automation Control System		362,293		342,325
Total Generation	<u>-</u>	9,604,307	_	9,595,856
Transmission				
Operation				
Overhead and Underground Lines	\$22,584	22,584	\$2,899	2,899
Total Transmission	· .	\$22,584		\$2,899

Ketchikan Public Utilities Fund

Comparative Schedules of Operation and Maintenance Expenses (Cont'd) For the Years Ended December 31, 2017 and 2016

	20:	17	2010	6
	Amount	Total	Amount	Total
Distribution				
Operation				
Supervision & Engineering	\$904,388		\$943,678	
Station Equipment	3,986		8,278	
Overhead & Underground Lines	3,483		1,031	
Street Lighting	94,557		148,765	
Meter Expenses	598,506		563,700	
Customer Installations	0		465	
Other	20,339	\$1,625,259	24,738	\$1,690,655
Maintenance				
Station Equipment	54,777		42,445	
Overhead & Underground Lines	1,336,740		1,310,557	
Line Transformers	6,479		17,085	
Other	109,804	1,507,800	123,537	1,493,624
Total Distribution		3,133,059		3,184,279
Total Electric		12,759,950		12,783,034
Telecommunications Department				
Plant Specific Operations:				
Network Support	149,080		212,056	
General Support	131,669		120,152	
Central Office Switching	585,827		661,662	
Central Office Transmission	1,212,402		1,274,803	
Cable and Wire Facilities Expense	752,145	2,831,123	709,946	2,978,619
Plant Nonspecific Operations				
Network Operations Expense	2,154,539	2,154,539	2,557,999	2,557,999
Customer Operations				
Customer Operations-Services	112,231	112,231	121,319	121,319
Nonregulated Operations Expenses	\$5,097,467	5,097,467	\$4,984,369	4,984,369
Total Telecommunications		\$10,195,360		\$10,642,306

Ketchikan Public Utilities Fund

Comparative Schedule of Operation and Maintenance Expenses (Cont'd) For the Years Ended December 31, 2017 and 2016

	2017		2016	
	Amount	Total	Amount	Total
Water Department				
Source of Supply				
Operation and Maintenance	\$319,986	\$319,986	\$393,959	\$393,959
Chlorination				
Labor and Supplies	135,911		134,041	
Maintenance	132,845	268,756	131,465	265,506
Distribution				
Supervision & Operation of Mains	37		-	
Maps & Records	434,176		427,634	
Customer Service	687	434,900	1,341	428,975
Maintenance				
Mains & Equipment	345,341		417,652	
Hydrants	14,748		7,173	
Valves & Structures	23,765		18,249	
Pump Stations	98,388		102,723	
PH Adjustment Facility	464,307		402,860	
Reservoirs	\$28,147	974,696	\$21,110	969,767
Total Water		1,998,338		2,058,207
Total Operation and Maintenance	_	\$24,953,648	<u>-</u>	\$25,483,547

Ketchikan Public Utilities Fund

Comparative Schedules of Administrative and General Expenses For the Years Ended December 31, 2017 and 2016

	2017	2016
Customer Service	\$2,029,524	\$2,012,355
General Accounting	918,265	811,377
Administrative Expenses	2,259,204	2,094,112
Engineering Services	108,713	104,100
Information Technology	498,278	574,805
Insurance & Claims	231,148	196,971
Total	\$6,045,132	\$5,793,720

City of Ketchikan, Alaska Port Fund

Comparative Statements of Net Position December 31, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and temporary investments	\$ 9,614,774	\$ 7,957,557
Restricted cash, cash equivalents and investments:		
Bond redemption	186,511	185,935
Commercial passenger excise tax	1,050,330	-
Accounts receivable	205,047	490,885
Prepaid expense	1,070,289	1,026,946
Total Current assets	12,126,951	9,661,323
Noncurrent assets		
Restricted investments:		
Repair and replacement investments	4,551,072	4,649,770
Bond reserve investments	2,240,000	2,240,000
Accrued interest on bond reserve investments	874_	
Total restricted assets	6,791,946	6,889,770
Internal Receivable	2,700,000	2,700,000
Capital assets		
Land	1,775,740	1,775,740
Other non-depreciable assets	169,361	169,361
Construction work in progress	2,658,931	374,566
Port facilities	67,861,503	67,387,096
Accumulated depreciation	(18,698,818)	(17,087,457)
Total capital assets (net of accumulated depreciation)	53,766,717	52,619,306
Total noncurrent assets	63,258,663	62,209,076
Deferred outlows of resources	38,316	125,721
Total Assets and Deferred Outflows of Resources	\$ 75,423,930	\$ 71,996,120

City of Ketchikan, Alaska Port Fund

Comparative Statements of Net Position December 31, 2017 and 2016

	2017	2016
Liabilities		
Current liabilities		
Accounts payable	\$ 1,393,277	\$ 228,107
Accrued interest payable	111,268	113,555
Compensated absences payable	2,691	3,129
Unamortized premiums	202,584	202,584
Revenue bonds payable	930,000	895,000
Total current liabilities	2,639,820	1,442,375
Noncurrent liabilities		
Compensated absences payable	24,222	28,157
Net pension liability	480,407	620,884
Unamortized bond premium	3,427,050	3,629,634
Revenue bonds payable	25,200,000	26,130,000
Total noncurrent liabilities	29,131,679	30,408,675
Deferred inflows of resources	549,457	535,958
Total Liabilities and Deferred Inflows of Resources	32,320,956	32,387,008
Net position		
Net investment in capital assets	23,506,012	21,233,051
Restricted repair and replacement funds	5,178,634	4,649,770
Restricted commercial passenger excise tax funds	1,050,330	-
Restricted for bond retirement	2,316,117	2,312,380
Unrestricted	11,051,881	11,413,911
Total net position	43,102,974	39,609,112
Total Liabilities and Net Postion	\$ 75,423,930	\$ 71,996,120



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City of Ketchikan, Alaska Port Fund

Comparative Statements of Revenues, Expenses and Changes in Net Position For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for services		
Docking	\$1,876,880	\$1,771,371
Passenger wharfage fee	6,892,093	6,482,367
Rental income	398,993	402,468
Water	210,300	206,300
Other	13,006	98,735
Total Operating Revenues	9,391,272	8,961,241
Operating Expenses		
Operation and maintenance		
Personnel services	1,008,157	1,134,984
Supplies and services	931,366	489,328
Financial service	155,871	183,243
Insurance	155,719	241,266
Utilities	213,661	219,186
Property Taxes	165,419	165,385
Lease payments	2,494,172	2,483,596
Depreciation	1,612,861	1,605,242
Total Operating Expenses	6,737,226	6,522,230
Operating Income	2,654,046	2,439,011
Non-Operating Revenues (Expenses)		
Operating grants	11,412	16,004
Interest earnings	139,579	186,539
Interest expense	(1,100,512)	(1,665,360)
Debt refunding costs	-	(234,304)
Loss on disposal of capital assets		(436,699)
Total Non-Operating Revenue (Expenses)	(949,521)	(2,133,820)
Net Income Before Capital Grants, Extraordinary Item and Transfers	1,704,525	305,191
Capital Grants	1,058,007	654,642
Net Income Before Extraordinary Item and Transfers	2,762,532	959,833
Extraordinary Item- Gain on Impairment of an Asset		359,246
Net Income Before Transfers	2,762,532	1,319,079
Transfers In and (Out)		
Transfer from general fund	-	19,258
Transfer from commercial passenger vessel tax fund	1,050,330	-
Payment in lieu of taxes to general fund	(319,000)	(319,000)
Total Transfers In and (Out)	731,330	(299,742)
Change in Net Position	3,493,862	1,019,337
Net Position Beginning of Year	39,609,112	38,589,775
Net Position End of Year	\$43,102,974	\$39,609,112

Port Fund

Comparative Statements of Cash Flows For the Years Ended December 31, 2017 and 2016

		2016
Cash Flows from Operating Activities		
Cash Flows from Operating Activities Cash received from customers and users	\$ 9,396,415	\$ 9,181,875
Cash payments to employees for services	(1,012,724)	(1,034,629)
Cash payments to suppliers for goods and services	(4,176,731)	(3,726,053)
cush payments to supplies for goods and services	(1,170,781)	(5,720,055)
Net Cash Provided by Operating Activities	4,206,960	4,421,193
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	11,412	16,004
Transfer in	1,050,330	19,258
Payment in lieu of taxes to the general fund	(319,000)	(319,000)
Net Cash Provided (Used) by Noncapital		
Financing Activities	742,742	(283,738)
Cash Flows from Capital and		
Related Financing Activities	052.065	00< 400
Capital grant received from other governments	853,865	836,408
Principal paid on revenue bonds	(895,000)	(1,540,000)
Interest paid on revenue bonds	(1,333,350)	(1,780,067)
Payments for capital acquisitions and construction	(1,104,497)	(810,356)
Net Cash Used by Capital and Related		
Financing Activities	(2,478,982)	(3,294,015)
Cash Flows from Investing Activities		
Investment earnings	138,705	191,529
Sale of investments	627,562	320,597
Purchase of investments	(528,864)	(457,608)
Net Cash Provided by Investing Activities	237,403	54,518
Net Increase in Cash		
and Cash Equivalents	2,708,123	897,958
Cash and Cash Equivalents Beginning of Year	8,143,492	7,245,534
Cash and Cash Equivalents End of Year	\$ 10,851,615	\$ 8,143,492
Reconciliation of Cash and Cash Equivalents		
to the Balance Sheet:		
Cash and temporary investments - current assets	9,614,774	7,957,557
Commercial passenger excise tax funds - restricted	1,050,330	-
Revenue bond redemption funds - restricted	186,511	185,935
	4. 40.05: ::-	
	\$ 10,851,615	\$ 8,143,492

(continued)

City of Ketchikan, Alaska Port Fund

Comparative Statements of Cash Flows For the Years Ended December 31, 2017 and 2016

(continued)

	 2017	 2016
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 2,654,046	\$ 2,439,011
Adjustments:		
Depreciation	1,612,861	1,605,242
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	5,143	220,635
Prepaid expenses	(43,343)	86,144
Deferred outflow	87,405	(83,332)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	(5,771)	(14,189)
Compensated absences payable	(4,372)	(2,225)
Net pension liability	(140,476)	170,952
Deferred inflow	 41,467	 (1,045)
Net Cash Provided by Operating Activities	\$ 4,206,960	\$ 4,421,193
Noncash investing, capital and financing activities Fair value of non-cash investments Refunding	\$ 1,207	\$ (45,543) 533,698

City of Ketchikan, Alaska Wastewater Services Fund Comparative Statements of Net Position December 31, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and temporary investments	\$ 412,706	\$ 2,161,049
Restricted cash, cash equivalents and investments:		
Bond redemption	24,211	24,211
Accounts receivable		
Accounts	186,916	160,916
Unbilled revenue	146,316	152,258
Total current assets	770,149	2,498,434
Noncurrent assets		
Capital assets		
Construction work in progress	375,341	1,564,594
Wastewater facilities	26,986,507	24,670,332
Accumulated depreciation	(8,574,126)	(8,230,274)
Total capital assets (net of accumulated depreciation)	18,787,722	18,004,652
Total noncurrent assets	18,787,722	18,004,652
Deferred outflow of resources	10.610	24.910
Deterred outflow of resources	10,610	34,810
Total Assets and Deferred Outflows of Resources	\$ 19,568,481	\$ 20,537,896
Liabilities		
Current liabilities		
Accounts payable	\$ 30,435	\$ 1,072,006
Accrued interest	5,135	5,418
Compensated absences payable	3,165	2,301
General obligation bonds payable	99,457	97,983
Revenue bonds payable	14,172	13,961
Total current liabilities	152,364	1,191,669
Noncurrent liabilities		
Compensated absences payable	28,482	20,712
Net pension liability	133,012	171,906
General obligation bonds payable	1,678,051	1,777,512
Revenue bonds payable	240,034	254,204
Total noncurrent liabilities	2,079,579	2,224,334
Deferred inflow of resources	13,397	1,916
Total Liabilities and Deferred Inflow of Resources	2,245,340	3,417,919
	<u> </u>	
Net position		
Net investment in capital assets	16,756,008	15,860,992
Restricted for bond retirement	19,076	18,793
Unrestricted	548,057	1,240,192
Total net position	17,323,141	17,119,977
Total Liabilities and Net Position	\$ 19,568,481	\$ 20,537,896

City of Ketchikan, Alaska Wastewater Services Fund Comparative Statements of Revenues, Expenses and Changes in Net Position For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for services	\$ 3,028,609	\$ 2,971,896
Other	12,428	13,608
Total Operating Revenues	3,041,037	2,985,504
Operating Expenses		
Operation and maintenance		
Personnel services	810,038	864,871
Supplies and services	699,025	495,912
Engineering services	274,983	241,050
Financial service	179,544	187,844
Insurance	25,719	23,813
Utilities	209,347	186,919
Depreciation	490,200	448,211
Total Operating Expenses	2,688,856	2,448,620
Operating Income	352,181	536,884
Non-Operating Revenues (Expenses)		
Operating grants	3,484	4,432
Interest earnings	730	500
Interest expense	(31,454)	(32,989)
Loss on disposal of capital asset	(41,777)	
Total Non-Operating Revenues (Expenses)	(69,017)	(28,057)
Net Income Before Transfers	283,164	508,827
Transfers		
Transfers out - payment in lieu of taxes	(80,000)	(80,000)
Total Transfers	(80,000)	(80,000)
Change in Net Postion	203,164	428,827
Net Position Beginning of Year	17,119,977	16,691,150
Net Position End of Year	\$17,323,141	\$17,119,977

Wastewater Services Fund

Comparative Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 3,020,979	\$ 2,971,107
Cash payments to employees for services	(804,617)	(852,081)
Cash payments to suppliers for goods and services	(1,377,679)	(1,175,781)
Net Cash Provided by Operating Activities	838,683	943,245
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	3,484	4,432
Payment in lieu of taxes to the general fund	(80,000)	(80,000)
Net Cash Used by Noncapital		
Financing Activities	(76,516)	(75,568)
Cash Flows from Capital and		
Related Financing Activities		
Principal paid on general obligation bonds and	(07,007)	(06.500)
equipment contracts	(97,987)	(96,529)
Interest paid on general obligation bonds and equipment contracts	(27,766)	(59,501)
Principal paid on revenue bonds	(13,959)	(13,752)
Interest paid on revenue bonds	(3,971)	(4,177)
Loss of the disposition of capital assets	41,777	-
Payments for capital acquisitions and construction	(2,409,334)	(177,860)
Net Cash Used by Capital and Related		
Financing Activities	(2,511,240)	(351,819)
Cash Flows from Investing Activities		
Investment earnings	730	500
Net Cash Provided by Investing Activities	730	500
Net Increase in Cash		
and Cash Equivalents	(1,748,343)	516,358
Cash and Cash Equivalents Beginning of Year	2,185,260	1,668,902
Cash and Cash Equivalents End of Year	\$ 436,917	\$ 2,185,260
Reconciliation of Cash and Cash Equivalents		
to the Balance Sheet: Cash and temporary investments - current assets	412,706	2 161 040
Revenue bond redemption funds - restricted	24,211	2,161,049 24,211
Actoriac bond reachipuon rands restricted		
	\$ 436,917	\$ 2,185,260

(continued)

Wastewater Services Fund

Comparative Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

(continued)

	2017		 2016
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$	352,181	\$ 536,884
Adjustments:			
Depreciation		490,200	448,211
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts receivable		(26,000)	4,249
Unbilled revenue		5,942	(18,646)
Deferred outflow		24,200	(22,603)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts payable		10,939	(40,243)
Compensated absences payable		8,634	(11,649)
Net pension liability		(38,894)	47,331
Deferred inflow		11,481	(289)
Net Cash Provided by Operating Activities	\$	838,683	\$ 943,245



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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.

Combining Statement of Net Position Internal Service Funds December 31, 2017

	Self	f-Insurance	Compensated Absences		Total Internal Service Funds		
Assets							
Current Assets:							
Cash and cash equivalents	\$	660,906	\$ 1,461,463	\$	2,122,369		
Miscellaneous receivable		108,002	-		108,002		
Prepaid insurance		674,885	 		674,885		
Total Current Assets		1,443,793	1,461,463		2,905,256		
Noncurrent Assets:							
Internal Receivable		469,002			469,002		
Total Noncurrent Assets		469,002			469,002		
Total Assets		409,002			409,002		
Total Pissess	\$	1,912,795	\$ 1,461,463	\$	3,374,258		
Liabilities							
Current Liabilities:							
Accounts payable		499	-		499		
Compensated absences payable		-	146,146		146,146		
Claims payable		143,000	 -		143,000		
Total Current Liabilities		143,499	 146,146		289,645		
Noncurrent Liabilities:							
Compensated absences payable (net of current portion)			1,315,317		1,315,317		
Total Liabilities		143,499	 1,461,463		1,604,962		
		2.0,100	1,101,100		1,001,702		
Net Position							
Unrestricted	\$	1,769,296	\$ -	\$	1,769,296		

Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended December 31, 2017

	Self	-Insurance	Compensated Absences		Total Internal Service Funds		
Operating Revenues		_		_			
Charges for services	\$	1,332,846	\$	1,140,353	\$	2,473,199	
Miscellaneous income		4,070				4,070	
Total Revenues		1,336,916		1,140,353		2,477,269	
Operating Expenses							
Compensated absences		_		1,140,353		1,140,353	
Insurance		1,285,304		-		1,285,304	
Claims		47,542		-		47,542	
Total Operating Expenses		1,332,846		1,140,353		2,473,199	
Operating Income		4,070				4,070	
Non-Operating Revenues							
Investment earnings		24,378		_		24,378	
an sound our mage		2.,676	-			2 .,6 / 6	
Change in Net Position		28,448		-		28,448	
		. =				. =	
Net Position Beginning of Year		1,740,848				1,740,848	
Net Position End of Year	\$	1,769,296	\$	_	\$	1,769,296	
THE TOTAL AND THE TENT	Ψ	1,707,270	Ψ		Ψ	1,702,220	

Combining Statement of Cash Flows Internal Service Funds

For the Year Ended December 31, 2017

	Sel	lf-Insurance	Compensated Absences		Total Internal Service Funds	
Cash Flows from Operating Activities Cash received from customers and users Cash payments for insurance and claims Cash payments for compensated absences	\$	1,336,916 (1,447,840)	\$	1,140,353 (1,104,509)	\$ 2,477,269 (1,447,840) (1,104,509)	
Net Cash Provided (Used) by Operating Activities		(110,924)		35,844	(75,080)	
Cash Flows from Capital and Related Financing A Advances	ctivi	130,998			 130,998	
Net Cash Provided by Capital and Related Financing Activities		130,998		-	130,998	
Cash Flows from Investing Activities						
Interest on investments		24,378			 24,378	
Net Cash Provided by Investing Activities		24,378			 24,378	
Net Increase in Cash and Cash Equivalents		44,452		35,844	80,296	
Cash and Cash Equivalents Beginning of Year		616,454		1,425,619	2,042,073	
Cash and Cash Equivalents End of Year	\$	660,906	\$	1,461,463	\$ 2,122,369	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income	\$	4,070	\$	-	\$ 4,070	
(Increase) in Assets: Accounts receivable Prepaid expenses		(58,293) (56,835)		- -	(58,293) (56,835)	
Increase (Decrease) in Liabilities: Accounts payable Compensated absences payable		134		35,844	134 35,844	
Net Cash Provided (Used) by Operating Activities	\$	(110,924)	\$	35,844	\$ (75,080)	

CITY OF KETCHIKAN, ALASKA

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COMBINED SCHEDULE OF CASH BALANCES - ALL FUNDS

Year Ended December 31, 2017

Cash and Investment Balances		
Cash in Revenue Bond Redemption Accounts	\$662,065	
Cash in Petty Cash Funds	11,770	
Cash in Other Accounts	75,877,336	
Total Cash	\$ 76,551,171	
		
General Fund		
Unrestricted Funds	\$7,464,543	\$7,464,543
Special Revenue Funds		
Sales Tax Hospital Fund	4,724,368	
Sales Tax Public Works Fund	5,710,796	
Economic Development Parking Fund	1,028,680	
Transient Tax Fund	747,396	
Solid Waste Services Fund	2,723,696	
Ketchikan Boat Harbor Fund	1,249,150	
Bayview Cemetery Fund	123,516	
CPV Fund	2,794,666	
US Marshall Property Seizure Fund	182,929	
Community Grant Fund	49,803	
Shoreline Fund	111,182	19,446,182
Capital Project Funds		
Major Capital Improvement Fund		
Commercial Passenger Excise Tax Funds	5,701	
Community Facilities Development Fund	,	
Unrestricted Funds	2,865,430	
Harbor Improvements Fund		
Unrestricted Funds	443,711	
Bond Construction Funds	488,493	
Commercial Passenger Excise Tax Funds	701	
Hospital Construction Fund		
Unrestricted Funds	35,002	
Bond Construction Funds	\$2,213,717	6,052,755

CITY OF KETCHIKAN, ALASKA

(Page 2 of 2)

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

Year Ended December 31, 2017

Enterprise Funds		
Wastewater Service Fund		
Unrestricted Funds	\$412,706	
Revenue Bond Redemption Funds	24,211	
Ketchikan Port Fund:		
Unrestricted Funds	9,614,774	
Revenue Bond Redemption Funds	186,511	
Repair & Replacement Funds	4,551,072	
Revenue Bond Reserve Funds	2,240,000	
Commercial Passenger Excise Tax Funds	1,050,330	
Ketchikan Public Utilities Fund:		
Unrestricted Funds	21,790,050	
Revenue Bond Redemption Funds	451,343	
Revenue Bond Reserve Funds	1,144,325	\$41,465,322
Internal Service Funds		
Self-Insurance Fund	660,906	
Compensated Leave Fund	\$1,461,463	2,122,369
Total Cash and Investments		\$76,551,171

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	<u>Page</u>
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.	161
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.	169
Revenue Capacity These schedules present information to help the reader assess the city's most significant local revenue source, property taxes.	175
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.	191
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.	197
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.	201

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 Position by Component	. Table	1
Changes in Net Position	. Table	2

Net Position by Component Last Ten Fiscal Years

	Restated 2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 102,795,408	\$ 105,240,716	\$ 109,138,701	\$ 118,331,373
Restricted	7,867,366	9,302,674	7,975,618	8,010,280
Unrestricted	24,486,577	22,137,657	21,265,521	22,791,652
Total governmental activities net position	\$ 135,149,351	\$ 136,681,047	\$ 138,379,840	\$ 149,133,305
Business-type activities				
Net investment in capital assets	\$ 68,944,529	\$ 75,194,012	\$ 78,533,777	\$ 88,231,320
Restricted	9,173,772	8,695,571	8,196,207	8,431,062
Unrestricted	28,054,404	23,958,481	26,306,929	27,164,343
Total business-type activities net position	\$ 106,172,705	\$ 107,848,064	\$ 113,036,913	\$ 123,826,725
Primary Government				
Net investment in capital assets	\$ 171,739,937	\$ 180,434,728	\$ 187,672,478	\$ 206,562,693
Restricted	17,041,138	17,998,245	16,171,825	16,441,342
Unrestricted	52,540,981	46,096,138	47,572,450	49,955,995
Total primary government net position	\$ 241,322,056	\$ 244,529,111	\$ 251,416,753	\$ 272,960,030

Table 1

Restated 2012	2013	2014	2014 2015		2017	
\$ 124,187,486	\$ 123,952,440	\$ 143,909,094	\$ 154,659,112	\$ 162,340,844	\$ 166,238,050	
7,668,494	8,148,212	8,922,032	12,933,820	10,730,407	10,010,245	
20,015,992	19,781,991	19,246,474	7,410,053	8,276,866	9,425,807	
\$ 151,871,972	\$ 151,882,643	\$ 172,077,600	\$ 175,002,985	\$ 181,348,117	\$ 185,674,102	
\$ 101,715,542	\$ 118,874,119	\$ 124,479,056	\$ 124,231,729	\$ 125,126,654	\$ 127,204,039	
8,624,752	9,098,473	11,494,674	10,116,562	8,939,769	10,094,057	
27,346,998	30,740,061	28,552,851	26,735,278	27,122,581	29,475,246	
\$ 137,687,292	\$ 158,712,653	\$ 164,526,581	\$ 161,083,569	\$ 161,189,004	\$ 166,773,342	
\$ 225,903,028	\$ 242,826,559	\$ 268,388,150	\$ 278,890,841	\$ 287,467,498	293,442,089	
16,293,246	17,246,685	20,416,706	23,050,382	19,670,176	20,104,302	
47,362,990	50,522,052	47,799,325	34,145,331	35,399,447	38,901,053	
\$ 289,559,264	\$ 310,595,296	\$ 336,604,181	\$ 336,086,554	\$ 342,537,121	\$ 352,447,444	

City of Ketchikan, Alaska Changes in Net Position Last Ten Fiscal Years

Restated 2008 Expenses Governmental activities:	2009	2010	2011	Restated
-			2011	2012
-				
GOVERNMENTAL ACTIVITIES.				
General government \$ 2,385,231 \$	2,103,140	\$ 2,365,376	\$ 1,928,342	\$ 2,290,233
Public safety 8,004,100	7,803,886	7,751,934	8,368,059	8,964,646
Culture 3,336,986	2,896,827	2,822,040	2,862,064	3,097,918
Health and welfare 4,011,821	2,947,696	1,875,578	1,272,680	2,541,686
Public works 8,888,160	10,003,285	7,788,434	8,015,271	9,423,324
Harbor 1,639,600	2,066,607	2,057,164	2,169,152	2,154,270
Interest <u>296,709</u>	278,749	256,909	478,822	757,879
Total governmental activities expenses 28,562,607	28,100,190	24,917,435	25,094,390	29,229,956
Business-type activities				
Ketchikan Public Utilities				
Electric \$ 17,331,151 \$	3 17,451,474	\$ 16,036,369	\$ 16,141,172	\$ 16,790,404
Telecommunications 11,901,997	13,447,338	12,321,547	13,172,392	14,500,244
Water 2,902,139	2,846,215	2,833,765	3,221,650	3,595,668
Ketchikan Port 7,176,395	9,026,767	8,929,902	7,452,615	7,194,938
Wastewater Service 2,297,544	2,583,454	2,228,373	2,401,671	2,735,348
Total business-type activities expenses 41,609,226	45,355,248	42,349,956	42,389,500	44,816,602
Total primary government expenses \$ 70,171,833 \$	73,455,438	\$ 67,267,391	\$ 67,483,890	\$ 74,046,558
Program Revenues				
Governmental activities:				
Charges for services:				
Ambulance \$ 434,934 \$	385,373	\$ 516,049	\$ 521,621	\$ 470,682
Library services 436,601	421,585	351,494	381,162	471,662
Mental Health & Substance Abuse 381,844	596,067	140,862	-	-
Solid Waste 2,881,079	2,776,619	2,816,287	2,940,490	2,948,507
Harbor 1,103,677	1,156,343	1,116,361	1,159,273	1,250,292
Other activities 1,634,340	1,610,935	1,252,815	1,573,835	1,431,758
Operating grants and contributions 2,169,658	1,220,785	963,699	1,173,178	1,153,337
Capital grants and contributions 375,443	4,125,310	2,840,226	10,529,822	6,878,384
Total governmental activities program revenues 9,417,576	12,293,017	9,997,793	18,279,381	14,604,622
Business-type activities				
Charges for services				
Electric \$ 17,699,413 \$	6 16,619,118	\$ 15,370,110	\$ 16,223,890	\$ 16,746,615
Telecommunications 12,958,489	13,727,676	14,390,486	14,444,541	14,530,914
Water 2,024,614	2,247,801	2,532,659	2,896,152	2,932,254
Port 8,839,267	8,922,228	8,000,492	7,986,404	8,592,255
Wastewater 2,038,287	2,029,614	2,009,767	2,117,793	2,215,314
Operating grants and contributions 257,948	149,270	111,337	221,076	2,225,280
Capital grants and contributions 4,304,943	2,991,174	5,361,548	9,908,854	12,327,627
Total business-type activities program revenues 48,122,961	46,686,881	47,776,399	53,798,710	59,570,259
Total primary government program revenues \$ 57,540,537 \$	58,979,898	\$ 57,774,192	\$ 72,078,091	\$ 74,174,881

	2013	013 2014			2015		2016		2017
-									
\$	2,472,898	\$ 2	,683,962	\$	3,212,276	\$	2,893,754	\$	2,336,678
	8,807,683	9	,723,428		10,784,857		10,143,345		9,199,458
	3,445,959	3	,300,295		3,351,076		3,925,120		3,418,450
	747,893	1	,099,588		1,165,884		116,178		2,615,860
	10,840,175	10	,373,365		9,341,130		9,152,222		9,484,400
	1,851,082	2	,192,468		2,297,660		2,047,341		2,363,897
	655,947	1	,519,245		2,303,764		2,238,887		2,274,407
	20 021 627	20	202 251		22 456 647		20 516 947		21 602 150
	28,821,637		,892,351		32,456,647		30,516,847	_	31,693,150
\$	19,705,332	\$ 17	,352,078	\$	17,074,535	\$	17,993,703	\$	18,313,066
Ψ	14,405,757		,649,634	Ψ	17,577,826	Ψ	18,102,186	Ψ	17,652,356
	4,029,711		,905,078		4,128,011		3,983,398		4,017,174
	9,133,140		,012,311		7,911,281		8,858,593		7,837,738
	2,642,018		,477,247		2,683,116		2,481,609		2,762,087
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		, ,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		, , , , , , , , , , , , , , , , , , , ,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	49,915,958	50	,396,348		49,374,769		51,419,489		50,582,421
\$	78,737,595	\$ 81	,288,699	\$	81,831,416	\$	81,936,336	\$	82,275,571
<u> </u>	70,737,373	Ψ 01	,200,077	Ψ	01,031,410	Ψ	01,730,330	Ψ	02,273,371
\$	515,158	\$	606,369	\$	571,134	\$	589,985	\$	687,928
Ф	666,621	Ф	641,607	Ф	580,749	Ф	588,293	Ф	544,023
	000,021		041,007		360,749		366,293		344,023
	2,851,958	2	,907,531		2,809,864		3,142,540		3,145,652
	1,191,053		,247,810		1,329,984		1,475,000		1,513,634
	1,204,043		,236,754		1,454,647		1,297,770		1,294,912
	1,562,913		,444,297		4,124,392		2,704,413		2,789,967
	2,736,373								6,863,099
	2,730,373	10	,050,935		11,913,259		7,692,835		0,803,099
	10,728,119	27	,135,303		22,784,029		17,490,836		16,839,215
\$	18,898,966	\$ 16	,300,445	\$	16,063,847	\$	16,741,926	\$	18,261,797
	15,185,977	16	,097,808		17,439,673		18,400,623		19,750,713
	3,078,704	3	,171,300		3,449,639		3,643,991		3,734,692
	9,145,920	8	,578,059		9,032,271		8,961,241		9,391,272
	2,451,800	2	,575,541		2,757,661		2,971,896		3,028,609
	2,280,470	2	,973,832		630,204		155,750		178,725
	20,670,211	12	,261,064		1,397,000		803,254		1,214,154
	71,712,048	61	,958,049		50,770,295		51,678,681		55,559,962
\$	82,440,167	\$ 89	,093,352	\$	73,554,324	\$	69,169,517	\$	72,399,177

City of Ketchikan, Alaska Changes in Net Position (continued) Last Ten Fiscal Years

		Restated 2008		2009		2010		2011	_	Restated 2012
Net (Expense)/Revenue										
Governmental activities	\$	(19,145,031)	\$	(15,807,173)	\$	(14,919,642)	\$	(6,815,009)	\$	(14,625,334)
Business-type activities		6,513,735	_	1,331,633		5,426,443	_	11,409,210		14,753,657
Total primary government net (expense) revenue	\$	(12,631,296)	\$	(14,475,540)	\$	(9,493,199)	\$	4,594,201	\$	128,323
Governmental Revenues and Other Changes in	Net I	Position								
Governmental activities:										
Taxes										
Property taxes	\$	4,482,595	\$	4,634,797	\$	4,681,027	\$	4,808,930	\$	4,802,508
Sales taxes		10,441,027		9,568,759		9,477,890		9,883,856		10,140,108
Marijuana sales taxes		-		-		201.000		-		250.242
Transient taxes		449,708		355,729		391,089		377,583		358,343
Intergovernmental - unrestricted		794,368		729,325		810,802		1,137,762		744,301
Investment earnings		1,175,583		469,839		157,012		101,754		9,488
Miscellaneous		1,316,542		615,419		77,615		161,589		290,761
Special Item		507,229		-		-		-		-
Transfers		1,550,395		965,000	_	1,023,000		1,097,000		1,105,178
Total governmental activities	\$	20,717,447	\$	17,338,868	\$	16,618,435	\$	17,568,474	\$	17,450,687
Business-type activities:										
Investment earnings	\$	1,214,525	\$	671,967	\$	182,542	\$	132,196	\$	116,989
Miscellaneous		408,670		636,759		602,864		345,406		522,859
Special Item		102,099		-		-		-		-
Extraordinary Item		-		-		-		-		-
Transfers		(1,550,395)		(965,000)		(1,023,000)		(1,097,000)		(1,105,178)
Total business-type activities		174,899		343,726		(237,594)		(619,398)		(465,330)
Total primary government	\$	20,892,346	\$	17,682,594	\$	16,380,841	\$	16,949,076	\$	16,985,357
Change in Net Position	ф	1 572 416	ф	1 521 605	Ф	1 (00 702	ф	10.752.465	Ф	2 925 252
Governmental activities	\$	1,572,416 6,688,634	\$	1,531,695 1,675,359	\$	1,698,793 5,188,849	\$	10,753,465	\$	2,825,353
Business-type activities		0,088,034		1,0/3,339		3,188,849		10,789,812		14,288,327
Total primary government	\$	8,261,050	\$	3,207,054	\$	6,887,642	\$	21,543,277	\$	17,113,680

	2013		2014		2015		2016		2017
	2013		2014		2013	_	2010		2017
¢	(10.002.510)	¢	(2.757.049)	ø	(0.672.619)	ф	(12.026.011)	ď	(14.952.025)
Э	(18,093,518) 21,796,090	\$	(3,757,048) 11,561,701	\$	(9,672,618) 1,395,526	Ф	(13,026,011) 259,192	ф	(14,853,935) 4,977,541
_	21,790,090	_	11,501,701	_	1,393,320		239,192		4,977,341
\$	3,702,572	\$	7,804,653	\$	(8,277,092)	\$	(12,766,819)	\$	(9,876,394)
\$	5,496,857	\$	5,513,202	\$	5,578,404	\$	5,713,316	\$	5,683,028
	10,207,189		10,995,570		11,425,197		11,334,355		11,895,509
	-		-		-		-		97,152
	395,867		388,723		515,956		465,956		568,341
	522,456		539,771		498,885		354,195		310,581
	(2,470)		89,179		94,750		55,273		75,658
	210.001		221 756		220 025		202 206		414 001
	219,091		221,756		338,825		282,306		414,981
	1,265,199		6,203,804		2,804,258		1,165,742		134,670
_	-,,		-,,						
\$	18,104,189	\$	23,952,005	\$	21,256,275	\$	19,371,143	\$	19,179,920
					_		_		
Φ	7.011	Ф	120.167	Ф	02.066	Ф	104.752	Ф	172 704
\$	5,911	\$	129,167	\$	93,966	\$	194,752	\$	172,784
	488,559		326,864		415,801		457,987		568,683
	-		-		-		359,246		-
	(1,265,199)		(6,203,804)		(2,804,258)		(1,165,742)		(134,670)
	(1,203,155)		(0,203,001)		(2,001,200)		(1,103,712)		(131,070)
	(770,729)		(5,747,773)		(2,294,491)		(153,757)		606,797
\$	17 222 460	¢	19 204 222	\$	10 061 704	¢	10 217 296	¢	19,786,717
<u> </u>	17,333,460	\$	18,204,232		18,961,784	\$	19,217,386	\$	19,780,717
\$	10,671	\$	20,194,957	\$	11,583,657	\$	6,345,132	\$	4,325,985
_	21,025,361		5,813,928		(898,965)		105,435	\$	5,584,338
¢	21.026.022	¢	26,000,005	ø	10 694 602	Φ	6 450 567	ď	0.010.222
\$	21,036,032	\$	26,008,885	\$	10,684,692	\$	6,450,567	\$	9,910,323



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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

	 2008	 2009	 Restated 2010	2011
General Fund				
Reserved	\$ 633,594	\$ 602,723		
Unreserved	4,436,748	4,046,686		
Nonspendable			\$ 391,593	\$ 382,742
Restricted			-	-
Assigned			14,025,344	15,834,417
Unassigned	 	 	 3,298,478	 3,271,596
Total general fund	\$ 5,070,342	\$ 4,649,409	\$ 17,715,415	\$ 19,488,755
All Other Governmental Funds				
Reserved	\$ 6,516,387	\$ 6,320,258		
Unreserved, reported in:				
Designated				
Special revenue funds	14,173,319	13,577,367		
Capital project funds	2,996,186	4,154,046		
Debt service funds				
Nonspendable				
Restricted			\$ 7,270,633	\$ 4,368,168
Committed			455,846	1,107,501
Assigned			7,962,654	7,056,295
Unassigned	 	 	 	 -
Total all other governmental funds	\$ 23,685,892	\$ 24,051,671	\$ 15,689,133	\$ 12,531,964

This schedule presents the reported fund balances with the implementation of GASB Statement 54 for calender year 2011, and 2010, as restated. Prior years 2007 through 2009 have not been restated.

Table 3

2012	 2013	 2014	 2015	 2016	 2017
\$ 376,517 - 14,323,611 2,606,320	\$ 391,977 - 13,347,874 3,350,096	\$ 418,618 - 12,696,062 3,723,002	\$ 364,591 137,151 12,706,723 4,187,530	\$ 384,704 137,151 13,406,493 4,129,424	\$ 403,230 - 13,345,745 4,681,079
\$ 17,306,448	\$ 17,089,947	\$ 16,837,682	\$ 17,395,995	\$ 18,057,772	\$ 18,430,054
\$ 2,992,632	\$ 10,857	\$ 46,297,419	\$ 20,843,307	\$ 8,904,447	\$ 5,250,457
 7,742,208	 9,766,365	 8,407,154	 8,109,967 (101,672)	 8,347,861	 8,209,394
\$ 10,734,840	\$ 9,777,222	\$ 54,704,573	\$ 28,851,602	\$ 17,252,308	\$ 13,459,851

City of Ketchikan, Alaska Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

		2008		2009	 2010		2011
Revenues							
Taxes	\$	15,325,083	\$	14,525,068	\$ 14,343,068	\$	15,128,079
Licenses and permits	Ť	104,742	_	90,922	 119,522	_	276,275
Intergovernmental		3,704,389		5,553,375	4,515,036		12,834,694
Charges for services		6,494,421		6,520,335	6,050,968		6,082,885
Fines and forfeitures		284,085		237,599	136,681		159,574
Investments earnings		1,159,148		1,495,589	101,960		208,321
Contributions		1,135,110		913,284	86,054		1,598
Interdepartmental charges		3,001,060		3,029,714	3,048,226		3,175,838
Miscellaneous		1,561,193		592,694	223,768		196,281
Misceraneous	_	1,301,173		372,074	 223,700		170,201
Total revenues		31,634,121		32,958,580	 28,625,283		38,063,545
Expenditures							
General government	\$	4,700,644	\$	4,636,560	\$ 4,635,116	\$	4,694,767
Public safety		8,513,209		7,943,723	9,253,467		15,794,570
Culture		3,458,592		2,705,436	3,704,718		4,256,978
Health and welfare		3,863,755		3,325,151	1,504,139		1,553,869
Public works		9,506,008		11,453,823	9,943,954		9,862,985
Harbor		3,917,652		3,073,447	2,265,892		3,136,954
Capital outlay		-		-	-		-
Debt service							
Interest and fiscal charges		301,170		283,669	264,280		454,029
Principal retirement		573,038		589,339	 575,000		800,000
Total expenditures		34,834,068		34,011,148	 32,146,566		40,554,152
Excess of revenues over (under) expenditures		(3,199,947)		(1,052,568)	(3,521,283)		(2,490,607)
Other Financing Sources (Uses)							
Sale of capital assets	\$	13,308	\$	32,414	-	\$	9,778
Proceeds of refunded bonds				_	_		_
Proceeds from sale of bonds		_		_	\$ 7,200,000		_
Premiums from sale of bonds		_		_	 1,751		_
Bond issuance costs		_		_			_
Transfers in		5,855,913		5,682,231	5,277,851		2,750,515
Transfers out		(4,305,518)		(4,717,231)	(4,254,851)		(1,653,515)
Transiers out		(4,303,316)		(4,717,231)	 (4,234,631)		(1,033,313)
Total other financing sources (uses)		1,563,703		997,414	 8,224,751		1,106,778
Net change in fund balances	\$	(1,636,244)	\$	(55,154)	\$ 4,703,468	\$	(1,383,829)
Debt service as a percentage of noncapital expendit	ures	3.00%		3.18%	3.35%		4.96%

Table 4

	2012		2013		2014		2015	2016		2017
\$	15,311,798	\$	16,085,582	\$	16,704,419	\$	17,496,802	17,543,636		18,264,579
	114,480		91,516		97,998		117,705	193,514		110,522
	8,694,716		4,550,899		20,400,912		14,971,874	6,887,976		9,625,881
	6,208,863		6,191,082		6,290,591		6,196,528	6,733,218		6,837,859
	167,553		182,562		266,098		190,911	141,578		145,608
	9,488		(2,356)		65,179		70,682	31,167		47,210
	74,656		105,505		453,522		1,509,991	509,247		249,436
	3,395,081		3,149,075		3,150,268		3,180,765	3,141,701		3,143,081
	291,613		407,870		464,539		518,971	292,479		602,208
	34,268,248		30,761,735		47,893,526		44,254,229	35,474,516		39,026,384
\$	5,029,536	\$	4,914,708	\$	5,159,975	\$	5,070,762	4,641,273		4,816,471
·	11,613,580	·	8,460,223		9,977,972		9,205,059	8,425,641		8,874,583
	11,487,388		3,067,307		3,401,183		3,095,457	3,171,091		3,939,295
	2,334,980		457,254		11,745,136		794,591	48,188		20,405
	10,456,004		11,040,657		15,462,846		8,185,155	7,951,366		14,373,385
	2,148,053		3,423,048		7,075,954		1,129,429	1,129,112		1,096,367
	-		=		-		41,213,121	20,494,691		5,595,730
	598,624		1,140,000		1,444,671		2,482,562	2,424,300		2,442,793
	930,000		697,856		1,180,000		3,625,000	1,355,000		1,455,000
	44,598,165		33,201,053		55,447,737		74,801,136	49,640,662		42,614,029
	(10.320.017)		(2.420.219)		(7.554.211)		(20.546.007)	(14 166 146)		(2 597 645)
	(10,329,917)		(2,439,318)		(7,554,211)		(30,546,907)	(14,166,146)		(3,587,645)
\$	10,795		_	\$	17,772	\$	66,691	45,000		32,800
	-		-		-		2,280,000	-		-
	4,820,003		-		44,040,000		-	1,765,000		-
	414,510		-		2,134,131		101,300	252,887		-
	-		-		(166,410)		-	-		-
	3,975,430	\$	3,334,665	\$	9,009,820	\$	10,266,639	5,170,750		5,217,020
	(2,870,252)		(2,069,466)		(2,806,016)		(7,462,381)	(4,005,008)		(5,082,350)
	6,350,486		1,265,199		52,229,297		5,252,249	3,228,629		167,470
φ.	(2.076.121)	•	(1.171.110)	•	44 655 006	•	(25 204 555)	ф. (10.00 7.71 5)	•	(0.400.455)
\$	(3,979,431)	\$	(1,174,119)	\$	44,675,086	\$	(25,294,658)	\$ (10,937,517)	\$	(3,420,175)
	5.20%		6.32%		8.56%		18.55%	15.20%		13.15%

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	Retail Sales Taxes	Marijuana Sales Taxes	Transient Taxes	Payment In Lieu of Taxes	Total
2008	4,710,269	61,766	82,978	(305,235)	10,330,443	_	444,862	_	15,325,083
2009	4,845,524	63,588	71,381	(321,800)	9,491,524	-	366,856	7,995	14,525,068
2010	4,881,901	63,593	120,099	(336,120)	9,217,763	_	385,286	10,546	14,343,068
2011	4,920,064	76,677	124,146	(346,141)	9,965,173	_	378,096	10,064	15,128,079
2012	5,005,267	77,964	79,216	(354,923)	10,131,203	_	362,739	10,332	15,311,798
2013	5,750,117	48,589	88,207	(400,242)	10,201,586	_	386,230	11,095	16,085,582
2014	5,801,986	48,747	83,689	(427,956)	10,796,715	_	389,342	11,896	16,704,419
2015	5,851,759	47,887	85,659	(436,336)	11,427,918	-	486,838	12,164	17,475,889
2016	6,002,812	47,749	38,704	(458,116)	11,349,608	-	497,374	35,789	17,513,920
2017	6,029,469	50,850	34,888	(469,462)	11,921,608	97,152	552,867	28,929	18,246,301
Change									
2017-2008	28.01%	-17.67%	-57.96%	53.80%	15.40%	100.00%	24.28%	100.00%	19.06%

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
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Charges for Services Income	Table 12
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City of Ketchikan, Alaska

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year	City of Ketchikan	Ketchikan Gateway Borough	Total Rate
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
2012	6.2	5.0	11.2
2013	6.7	5.0	11.7
2014	6.7	5.0	11.7
2015	6.7	5.0	11.7
2016	6.7	5.0	11.7
2017	6.7	5.0	11.7

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

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
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
2012	370,947,500	31,244,700	297,047,800	-	61,355,800	3,743,400
2013	261,110,500	40,812,100	325,506,900	-	166,449,600	3,281,100
2014	396,406,500	37,402,300	313,022,400	-	62,960,400	3,690,000
2015	384,722,200	36,480,100	229,589,100	99,821,000	62,824,230	3,684,100
2016	401,478,700	37,821,900	232,867,800	99,399,200	63,789,600	3,769,300
2017	408,840,300	34,741,500	234,020,900	99,511,600	65,485,600	3,765,200

⁽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.

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

⁽²⁾ The Senior Citizen/Disabled Veteran Tax Emempt program provides up to \$150,000 of tax relief for qualified individuals.

Table 7

Personal Property	Total Assessed Value	Tax-Exempt Property (2)	Total Taxable Assessed Value	Tax Rate
		1		
50,809,700	768,741,400	50,094,600	718,646,800	6.1
50,913,200	798,108,100	52,754,100	745,354,000	6.1
41,375,000	800,947,400	55,101,700	745,845,700	6.1
47,370,800	801,175,000	55,829,300	745,345,700	6.2
44,177,700	808,516,900	58,818,800	749,698,100	6.2
60,238,000	857,398,200	59,737,600	797,660,600	6.7
56,345,700	869,827,300	63,874,100	805,953,200	6.7
56,376,718	873,497,448	65,124,800	808,372,648	6.7
59,603,200	898,729,700	68,375,500	830,354,200	6.7
57,251,300	903,616,400	70,068,900	833,547,500	6.7

City of Ketchikan, Alaska Principal Property Taxpayers Current Year and Nine Years Ago

			2017			2008	
<u>Taxpaver</u>		Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed Value	Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed Value
Trident Seafoods Corporation	\$	14,754,000	1	1.63%			
Ketchikan Dock Company, LLC		13,336,200	2	1.48%			
Cape Fox Corporation		11,772,900	3	1.30%	\$ 8,036,600	4	1.05%
Harbor Enterprises/Petro Marine Services		11,213,000	4	1.24%	7,502,900	6	0.98%
Tongass Trading Company		10,807,100	5	1.20%	9,325,100	1	1.219
Boyer Towing Inc.		9,118,100	6	1.01%			
Dock Street Building Corporation		8,962,400	7	0.99%			
Alaska General Seafood Processors		8,426,300	8	0.93%	5,520,300	10	0.729
Landing LLC		8,338,700	9	0.92%	8,086,600	3	1.05%
E C Phillips & Son Inc.		8,325,400	10	0.92%	6,504,100	8	0.859
Trident-Norquest					8,265,200	2	1.089
Carr-Gottstein Foods Company					7,857,900	5	1.029
Wal-Mart					6,731,800	7	0.889
Ketchikan Plaza, Inc.	_		-		5,852,600	9	0.769
Total	\$	105,054,100		11.62%	\$ 73,683,100		9.609

Source: Ketchikan Gateway Borough Department of Assessment

City of Ketchikan, Alaska Property Tax Levies and Collections Last Ten Fiscal Years

	Taxes Levied for Municipal Purposes	Collected w Fiscal Year o		Collections in	Total Collections to Date		
Fiscal Year	for the Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy	
2008	4,383,745	4,338,730	98.97%	36,496	4,375,226	99.81%	
2009	4,546,659	4,472,274	98.36%	65,392	4,537,666	99.80%	
2010	4,549,659	4,353,276	95.68%	167,052	4,520,328	99.36%	
2011	4,621,143	4,565,367	98.79%	55,701	4,621,068	100.00%	
2012	4,648,128	4,590,563	98.76%	57,565	4,648,128	100.00%	
2013	5,344,326	5,276,616	98.73%	47,893	5,324,509	99.63%	
2014	5,399,886	5,295,537	98.07%	90,984	5,386,521	99.75%	
2015	5,416,097	5,372,688	99.20%	21,725	5,394,413	99.60%	
2016	5,563,373	5,518,798	99.20%	30,408	5,549,206	99.75%	
2017	5,584,768	5,521,603	98.87%	_	5,521,603	98.87%	

Source: Ketchikan Gateway Borough, Assessment Department



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City of Ketchikan, Alaska

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

	<u> </u>	Retail Sales Tax			
	City of	Ketchikan Gateway	Retail Sales Tax	Marijuana	Total Sales Tax
Fiscal Year	Ketchikan 1	Borough	Total	Sales Tax ²	Rate
2008	3.5%	2.5%	6.0%	0.0%	6.0%
2009	3.5%	2.5%	6.0%	0.0%	6.0%
2010	3.5%	2.5%	6.0%	0.0%	6.0%
2011	3.5%	2.5%	6.0%	0.0%	6.0%
2012	3.5%	2.5%	6.0%	0.0%	6.0%
2013	3.5%	2.5%	6.0%	0.0%	6.0%
2014	4.0%	2.5%	6.5%	0.0%	6.5%
2015	4.0%	2.5%	6.5%	0.0%	6.5%
2016	4.0%	2.5%	6.5%	5.0%	11.5%
2017	4.0%	2.5%	6.5%	5.0%	11.5%

 $^{^{1}\,\,}$ The City of Ketchikan 4.0% sales tax rate became effective April 1, 2014.

Source: Ketchikan Gateway Borough & City of Ketchikan

 $^{^2}$ The City of Ketchikan 5.0% marijuana sales tax rate became effective July 16, 2016, first collections realized in July 2017.

(Un-Audited)

City of Ketchikan, Alaska Major Governmental Activities Customer Base and Charges for Services Income Last Ten Fiscal Years

		2008		2009		2010		2011
Collected Charges for Services Revenue Solid Waste	\$	2,881,079	\$	2,776,619	\$	2,816,287	\$	2,940,490
Harbor	Ψ	1,103,677	Ψ	1,156,343	Ψ	1,116,361	Ψ	1,159,273
Number of Customers/Services Provided								
Solid Waste Collection Residential		2,479		2,454		2,402		2,524
Business		230		231		233		2,324
Solid Waste Disposal Harbor		5,405		5,446		5,419		5,485
Reserved Moorage Stalls Rented		759		786		763		765

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

Table 11

2012	 2013	 2014	 2015	 2016	2017
\$ 2,948,507	\$ 2,851,958	\$ 2,907,531	\$ 2,809,864	\$ 3,142,540	\$ 3,145,652
1,250,292	1,191,053	1,247,810	1,329,984	1,475,000	1,513,634
2,558	2,559	2,599	2,628	2,673	2,694
251	245	248	249	252	248
5,537	5,571	5,528	5,500	5,548	5,575
767	753	735	821	857	832

City of Ketchikan, Alaska Major Business Type Activities Customers and Charges for Services Income Last Ten Fiscal Years

	 2008	 2009	 2010	 2011
Collected Charges for Services Revenue				
Electric				
Residential	\$ 6,691,810	\$ 6,743,435	\$ 6,557,170	\$ 6,929,817
Boats	289,017	275,352	268,981	293,654
Commercial	6,327,156	6,167,549	6,186,808	6,404,792
Industrial	1,615,798	1,622,961	1,758,452	1,767,912
Demand	426,839	429,295	427,292	443,170
Area Lighting	50,145	49,019	48,833	48,890
Street Lighting	123,012	123,499	124,526	124,978
Diesel Surcharge	2,205,971	1,228,808	18,848	231,477
Other	472,660	564,893	562,291	442,410
Telecommunications				
Local Network Services	2,644,869	2,442,452	2,274,624	2,194,530
Inter/Intrastate Network Access Services	7,449,484	8,163,920	8,644,023	8,591,786
Non-Regulated	2,361,103	2,560,799	2,967,362	3,261,045
Other	552,921	616,505	560,477	453,180
Water				
Residential	888,236	966,755	1,110,982	1,277,902
Apartments	174,022	188,158	214,427	250,519
Commercial	667,522	756,319	864,542	1,003,574
Industrial	79,714	68,793	64,890	85,894
Cannery	70,376	129,648	150,887	156,455
Fire Hydrant	9,210	19,170	30,378	34,922
Port	148,781	141,328	128,792	124,230
Other	27,337	51,879	10,569	51,804
Wastewater				
Residential Sewer Service	1,236,392	1,230,812	1,224,650	1,269,208
Business Sewer Service	801,895	798,802	785,117	848,585
Port				
Passenger Wharfage 1	6,484,425	6,471,647	5,725,215	5,786,811
Docking	1,891,913	1,929,406	1,721,945	1,702,405
Customer Base				
Electric				
Residential	5,731	5,731	5,756	5,757
Commercial	1,105	1,127	1,153	1,165
Industrial	14	14	13	12
Other	496	493	496	509
Telecommunications				
Residential Access Lines	4,265	3,804	3,554	3,397
Commercial Access Lines	3,857	3,663	3,442	3,225
Water				
Residential	2,769	2,748	2,738	2,743
Apartments	18	18	17	17
Commercial	422	435	436	442
Industrial	7	6	5	5
Cannery	3	4	4	5
Fire Hydrant	4	6	7	7
Marine Vessels	31	29	26	41
Wastewater				
Residential ²	2,772	2,752	2,742	2,748
Business 3	429	441	441	447
Port				
Cruiseships	37	36	26	28
Stops	502	496	429	426
Passengers ⁴	930,958	926,051	820,914	830,547
	,50,,50	,20,001	020,717	050,547

¹ In 2004, the City Council adopted an ordinance to assess passenger wharfage fees for passengers arriving by passenger ship. The fee assessed to the passenger ships for passengers is dependent on whether the ship docks or lighters its passengers to City's owned berthing facilities.

Source: City of Ketchikan financial records & Ketchikan Visitors Bureau

 $^{^2}$ 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 The number of passengers only include those that generate revenue.

Table 12

 2012	 2013	-	2014	 2015		2016	 2017
\$ 7,240,637	\$ 6,929,393	\$	6,796,723	\$ 6,752,943	\$	7,127,462	\$ 7,626,289
318,564	299,465		298,227	279,072	·	318,082	343,140
6,673,188	6,701,322		6,690,774	6,584,210		6,846,651	7,214,570
1,862,015	1,915,505		1,750,002	1,784,436		1,795,059	1,959,446
481,321	510,887		514,972	507,363		495,104	517,862
48,974	48,995		49,172	50,076		53,056	54,133
126,239	126,178		127,692	129,143		129,912	130,875
16,477	2,388,021		96,283	4		-	-
464,797	426,644		293,569	350,271		370,497	438,882
2,131,351	2,100,995		2,005,521	2,030,655		2,082,930	2,010,146
8,399,849	8,660,056		9,259,709	9,413,321		8,927,300	8,525,849
3,565,887	4,036,708		4,396,232	5,596,871		7,078,617	8,910,105
489,827	444,218		499,346	461,826		374,776	367,613
1,300,147	1,343,648		1,377,255	1,521,500		1,632,301	1,655,801
258,792	269,394		294,082	327,663		351,241	357,127
998,294	1,042,848		1,102,474	1,208,718		1,275,949	1,302,261
87,840	91,425		79,182	83,648		89,868	91,194
143,560	144,614		149,219	152,636		143,507	174,184
27,199 146,820	22,864 189,975		23,539 172,688	25,887 159,075		27,951 154,725	28,080 157,725
20,970	24,160		10,256	23,051		45,931	21,761
1 240 227	1 400 002		1 (22 701	1 551 202		1017110	1.045.020
1,349,227	1,490,983		1,623,781	1,771,393		1,917,142	1,946,829
866,087	960,818		951,760	986,268		1,054,754	1,081,780
6,183,922	6,556,500		6,110,005	6,504,788		6,482,367	6,892,093
1,741,242	1,877,195		1,770,044	1,782,260		1,771,371	1,876,880
5,808	5,819		5,817	5,854		5,879	5,921
1,173	1,171		1,201	1,221		1,228	1,242
13	13		13	15		16	17
524	511		518	543		555	556
3,235	3,138		3,313	3,352		3,345	3,242
3,078	2,909		2,550	2,371		2,266	2,109
2,727	2,724		2,650	2,647		2,649	2,659
20	21		25	27		28	28
451	444		436	443		454	458
4	4		3	3		3	3
4	5 8		6	5		5	5
8 29	38		8 34	8 30		8 56	8 59
0.50	0.500		2.55	2.000		2.712	2.52.
2,731 455	2,729 448		2,656 439	2,698 436		2,712 446	2,724 451
455	448		439	430		440	451
34	31		37	38		38	43
467	456		468	496		489	507
885,799	938,124		877,589	934,772		935,928	993,718

(Un-Audited)

City of Ketchikan, Alaska

Gross Sales by Category Last Ten Fiscal Years

	2008	2009	2010
Construction	\$ 75,078,082	\$ 46,323,608	\$ 54,739,115
Financial institutions	334,081	3,731,380	3,843,647
Hospitality/Lodging establishments	15,715,514	13,919,621	14,299,381
Manufacturing	33,618,523	46,073,219	38,802,496
Real estate	32,151,148	32,737,400	35,310,367
Retail trade	39,292,118	39,662,497	41,749,627
Food stores	64,756,544	64,343,841	66,068,438
Eating and drinking establishments	19,385,206	19,210,420	19,637,754
Auto dealers and supplies	30,341,112	23,803,042	18,240,527
Specialty retail	21,033,341	18,934,395	18,935,799
Curio and jewelry retail stores	108,453,547	96,271,467	93,479,664
Entertainment services	3,926,876	4,042,859	3,560,715
General services	11,424,040	11,496,906	10,856,053
Professional services	7,089,598	10,558,751	8,730,642
Transportation, communications and utilities	98,077,432	75,443,450	82,748,939
Wholesale Trade	2,453,977	5,188,170	4,868,635
Total	\$ 563,131,139	\$ 511,741,026	\$ 515,871,799
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

2011	2012	2013	2014	2015	2016	2017
\$ 98,195,271	\$ 115,072,276	\$ 80,587,439	\$ 80,398,758	\$ 86,265,568	\$ 75,438,975	\$ 78,503,305
3,312,505	4,304,936	3,823,214	3,264,143	3,109,125	3,048,745	2,084,425
13,383,768	14,454,796	14,592,618	15,306,647	16,075,556	16,673,864	17,085,860
23,008,725	37,626,506	35,271,769	32,324,967	47,143,944	49,999,866	47,038,544
35,190,247	36,281,113	36,392,471	36,844,557	38,774,148	37,275,795	39,483,846
43,218,110	73,642,212	45,105,904	46,746,656	45,455,069	44,338,305	45,525,636
70,282,395	72,864,479	73,199,378	75,202,176	84,796,955	83,873,495	86,263,081
20,382,296	21,871,782	21,289,797	21,297,129	22,887,732	23,255,671	23,598,804
20,656,612	21,777,925	21,362,910	22,480,389	21,452,076	20,695,191	22,546,654
17,639,809	17,774,127	17,488,075	19,142,925	20,147,212	21,537,776	23,256,563
92,993,071	93,242,461	99,396,961	93,011,479	102,021,946	101,605,182	110,220,619
3,537,686	3,664,583	3,762,714	3,999,764	4,205,791	4,616,071	5,067,646
11,144,670	10,824,072	10,476,491	11,069,309	11,641,100	12,373,455	13,814,425
11,276,048	9,921,550	8,573,984	9,521,613	12,712,487	9,805,747	9,967,771
90,509,083	90,900,693	93,975,896	85,741,851	74,018,291	65,794,083	71,384,029
4,772,431	5,251,729	5,342,198	5,216,327	6,441,568	7,870,666	7,618,828
\$ 559,502,727	\$ 629,475,240	\$ 570,641,819	\$ 561,568,690	\$ 597,148,568	\$ 578,202,887	\$ 603,460,036
3.50%	3.50%	3.50%	4.00%	4.00%	4.00%	4.00%



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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.

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

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

Governmental Activities

Fiscal Year	General Obligation Bonds	Capital Lease	 Total overnmental Activities
2008	\$ 6,266,010	\$ 34,339	\$ 6,300,349
2009	5,682,565	-	5,682,565
2010	12,280,863	-	12,280,863
2011	11,452,328	-	11,452,328
2012	15,726,032	-	15,726,032
2013	14,535,682	-	14,535,682
2014	59,441,445	-	59,441,445
2015	57,984,080	-	57,984,080
2016	58,506,411	-	58,506,411
2017	56,910,491		56,910,491

Business-Type Activities

	Wastewater General Obligation Bonds	Wastewater Revenue Bonds	Port General Obligation Bonds	Port Revenue Bonds	KPU Junior Lien Bonds	KPU Revenue Bonds	Total Business- Type Activities	Total Primary Government	Percentage of Personal Income	Total Debt to Population (Table 18)
2008	\$ 847,507	-	1,265,000	37,988,766	\$ 2,877,106	17,960,579	60,938,958	67,239,307	16.77%	8,956
2009	900,458	-	1,035,000	37,280,205	4,587,223	15,543,926	59,346,812	65,029,377	16.07%	8,667
2010	4,147,967	-	795,000	36,541,644	7,298,232	13,155,673	61,938,516	74,219,379	17.14%	9,220
2011	4,560,222	-	540,000	35,773,083	8,429,282	10,626,271	59,928,858	71,381,186	15.77%	8,767
2012	4,736,445	\$ 363,210	270,000	34,969,522	8,673,259	8,022,070	57,034,506	72,760,538	15.21%	8,776
2013	2,763,776	308,811		34,130,961	8,804,413	20,938,869	66,946,830	81,482,512	17.20%	9,802
2014	2,711,970	295,463		33,257,400	10,154,554	17,595,000	64,014,387	123,455,832	24.49%	14,849
2015	1,972,026	281,916		31,775,000	9,798,191	16,428,839	60,255,972	118,240,052	22.82%	14,285
2016	1,875,495	268,163		30,857,218	8,474,239	15,434,295	56,909,410	115,415,821	22.34%	14,091
2017	1.777.510	254.204		29.759.634	8.028.676	13.581.293	53.401.317	110.311.808	21.47%	13.577

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

Source: City of Ketchikan financial records

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

Fiscal Year	Population (Table 18)	Taxable Assessed Value (Table 7)	General Obligation Bonds	Ratio of GO Debt to Assessed Value of Property	GO	Net) Debt Capita
2008	7,508	\$ 718,646,800	\$ 8,378,517	1.17%	\$	1,116
2009	7,503	745,354,000	7,618,023	1.02%		1,015
2010	8,050	745,845,700	17,223,830	2.31%		2,140
2011	8,142	745,345,700	16,552,550	2.22%		2,033
2012	8,291	749,698,100	20,732,477	2.77%		2,501
2013	8,313	797,660,600	17,299,458	2.17%		2,081
2014	8,314	805,953,200	62,153,415	7.71%		7,476
2015	8,277	808,372,648	59,956,106	7.42%		7,244
2016	8,191	830,354,200	60,381,906	7.27%		7,372
2017	8,125	833,547,500	58,688,001	7.04%		7,223

Note: This schedule includes all general obligation bonds of the City of Ketchikan including both governmental activities and business-type activities.

Source: City of Ketchikan financial records

(Un-Audited)

City of Ketchikan, Alaska Pledged-Revenue Coverage Last Ten Fiscal Years

	Utility Revenue Bonds						
Fiscal	Gross	Expenses Excluding Depreciation	Net Available	Debt Se	ervice		
Year	Revenues 1	Taxes & Debt	Revenue	Principal	Interest	Coverage	
2008	34,298,849	25,611,063	8,687,786	2,125,000	768,170	3.00	
2009	33,750,681	26,912,879	6,837,802	2,285,000	694,976	2.29	
2010	33,171,040	24,676,756	8,494,284	2,380,000	606,176	2.84	
2011	34,436,817	26,109,799	8,327,018	2,480,000	447,061	2.84	
2012	35,106,045	27,420,125	7,685,920	2,570,000	376,730	2.61	
2013	37,991,740	31,130,999	6,860,741	1,750,000	300,818	3.35	
2014	36,458,482	29,080,289	7,378,193	1,810,000	784,780	2.84	
2015	37,987,135	29,920,251	8,066,884	1,735,000	709,980	3.30	
2016	39,463,946	31,296,075	8,167,871	1,730,000	638,775	3.45	
2017	42,589,761	31,017,566	11,572,195	1,730,000	583,950	5.00	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

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

Other represents lease payment and payment to repair and replacement fund.

Table 16

		Po	rt Revenue Bon	ds			
	Expenses					Cover	rage
	Excluding	Net					Debt
Gross	Depreciation	Available	Debt S	ervice		Debt	Service/
Revenue	and Lease	Revenue	Principal	Interest	Other ²	Service	Lease
9,205,938	2,249,651	6,956,287	655,000	1,924,537	2,948,056	2.70	1.27
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	2,124,200	5,942,905	740,000	1,835,850	2,386,863	2.31	1.20
10,620,142	1,949,449	8,670,693	775,000	1,802,550	2,628,181	3.36	1.67
11,147,463	2,167,752	8,979,711	810,000	1,767,675	2,922,942	3.48	1.63
11,186,885	2,203,014	8,983,871	845,000	1,731,225	2,892,155	3.49	1.64
9,189,712	2,198,706	6,991,006	885,000	1,691,088	2,889,138	2.71	1.28
9,163,784	2,268,007	6,895,777	930,000	2,341,617	3,005,514	2.11	1.10
9,542,263	2,464,774	7,077,489	895,000	1,333,350	3,058,565	3.18	1.34

City of Ketchikan, Alaska Direct and Overlapping Governmental Activities Debt As of December 31, 2017

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Ketchikan Gateway Borough-Overlapping Debt City of Ketchikan-Direct Debt	37,355,000 56,910,491	61.55% 100.00%	22,992,939 56,910,491
Total Direct and Overlapping Debt			\$ 79,903,430

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.

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.

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 FY2017 Comprehensive Annual Financial Report for the year ended June 30, 2017.

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

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

	Popul	ation		Per		
		Ketchikan		Capita		
		Gateway	Personal	Personal	School (3)	Registered
Year	City	Borough	Income (1)	Income (2)	Enrollment	Voters
2008	7,508	12,993	693,918,000	52,100	2,115	6,061
2009	7,503	12,984	700,170,000	52,668	2,110	5,955
2010	8,050	13,477	724,879,000	53,540	2,116	6,029
2011	8,142	13,686	760,769,000	55,779	2,167	5,832
2012	8,291	13,750	793,156,000	57,848	2,201	5,773
2013	8,313	13,938	794,208,000	58,086	2,266	5,601
2014	8,314	13,856	840,054,000	61,059	2,360	5,673
2015	8,277	13,825	865,540,000	63,229	2,239	5,731
2016	8,191	13,778	869,051,000	63,222	2,287	5,851
2017	8,125	13,746	869,051,000	64,838	2,262	5,882

Note: Except as specifically noted the demographic and economic statistical information reflected in this schedule represents data for the Ketchikan Gateway Borough (KGB) as the data for the specific areas within the KGB such as the City of Ketchikan are not available.

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.

¹ The amount of personal income reflects the amount reflects 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 2017 so an estimate based on the previous years amount has been provided.

² The amount of per capita personal income reflects 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. The amount reflected for 2017 is an estimate as data is not currently available.

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 2017 information can be accessed at http://www.eed.state.ak.us/stats/DistrictEnrollment/2018DistrictEnrollment.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 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.

Civ	Motor		
		Unemployment	Vehicles
Employed	Unemployed	Rate	Registered (5)
7,805	492	5.9%	16,640
7,738	593	7.1%	16,670
6,501	622	8.7%	16,485
6,560	620	8.6%	16,530
6,594	583	8.1%	16,504
6,606	562	7.8%	16,517
6,553	559	7.9%	16,520
6,493	481	6.9%	16,578
6,577	463	6.6%	16,666
6,656	448	6.3%	16,549

City of Ketchikan, Alaska Principal Employment by NAICS Industry Category This Year and Nine Years Ago

	2017 1			2008			
Employment Sectors	Average Employment	<u>Rank</u>	% of Total Employment	<u>Average</u> <u>Employment</u>	<u>Rank</u>	% of Total Employment	
Private and public:							
Private sector	5,479		73.90%	5,237		71.61%	
Public sector	1,935		26.10%	2,076		28.39%	
Total private and public	7,414		100.00%	7,313		100.00%	
Detail of private sector:							
Natural Resource and Mining	133	12	1.79%	171	12	2.34%	
Construction	345	8	4.65%	272	9	3.72%	
Manufacturing	540	6	7.28%	513	6	7.01%	
Trade, Transportation & Utilities	1,698	1	22.90%	1,816	1	24.83%	
Information	86	13	1.16%	97	13	1.33%	
Financial Activities	373	7	5.03%	376	7	5.14%	
Professional & Business Services	289	9	3.90%	217	10	2.97%	
Educational & Health Services	928	4	12.52%	725	4	9.91%	
Leisure & Hospitality	930	3	12.54%	859	3	11.75%	
Other Services	157	11	2.12%	191	11	2.61%	
Total Detail of private sector	5,479		73.90%	5,237		71.61%	
Detail of public sector:							
Federal Government	233	10	3.14%	285	8	3.90%	
State Government	602	5	8.12%	689	5	9.42%	
Local Government	1,100	2	14.84%	1,102	2	15.07%	
Total Detail of public sector	1,935		26.10%	2,076		28.39%	

Employment by NAICS Industry Category is reflected for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is not currently available.

Source: State of Alaska, Department of Labor

¹ The average 2017 employment figures reflect results for calendar year 2016 by the State of Alasaka, Department of Labor as the results for 2017 are not yet available.

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
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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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CITY OF KETCHIKAN, ALASKA

Property Value and Construction Last Ten Fiscal Years

	Constr	ruction	
	Number of		Real & Personal
Year	Permits (1)	Value (1)	Property Value (2)
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
2012	139	22,381,845	808,516,900
2013	148	12,109,557	857,398,200
2014	146	52,184,617	869,827,300
2015	148	13,895,087	873,497,448
2016	171	16,138,800	898,729,700
2017	124	12,761,869	903,616,400

Sources:

- (1) City of Ketchikan Building Inspection Division
- (2) Ketchikan Gateway Borough Department of Assessment

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

	2008	2009	2010	2011
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	4.50	4.50	4.50	4.50
Finance	16.00	16.00	16.00	16.00
Information Technology	9.00	8.10	7.00	7.00
Public Safety				
Fire	19.50	20.00	20.00	19.00
Police	35.80	35.30	36.30	36.30
Culture				
Library	13.33	13.33	11.83	11.83
Museum	8.45	8.45	7.45	7.20
Civic Center	3.00	3.00	3.00	3.00
Health and Welfare				
Gateway Center for Human Services 1	36.40	19.00		
Public Works				
Engineering	13.00	11.00	11.00	11.50
Streets	14.00	14.00	13.00	13.00
Solid Waste	11.00	11.00	11.00	11.00
Garage & Warehouse	4.00	4.00	4.00	4.00
Wastewater	8.00	8.00	8.00	8.00
Building Maintenance	2.00	2.00	2.00	2.00
Port and Harbors				
Small Boat Harbors	5.20	4.80	4.80	5.40
Port Development	3.80	4.20	4.20	4.60
Ketchikan Public Utilities				
Administration	1.50	1.50	1.50	1.50
Engineering ²	7.50	7.50	4.50	4.50
Sales, Marketing & Customer Service ³	12.50	16.50	16.00	16.00
Electric	42.00	42.00	42.00	43.00
Telephone	47.00	41.00	41.00	40.00
Water	7.50	7.50	8.50	8.50
Total	336.98	314.68	289.58	289.83

Source: City of Ketchikan Budget Records

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

² Effective January 1, 2012, the former KPU Engineering Division was dissolved and staff members were reassigned to other divisions. The number of employees in the KPU Engineering Division for calendar years 2004 through 2011 reflect the former staffing plan.

³ 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 year 2008 reflect the former staffing plan.

Table 21

2012	2013	2014	2015	2016	2017
2012	2013	2014	2015	2016	2017
8.00	8.00	8.00	8.00	8.00	8.00
1.00	1.00	1.00	1.25	1.00	1.00
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	15.00	16.00	16.00	16.00
7.00	7.00	7.00	7.00	6.42	6.0
19.00	19.00	19.00	19.00	19.00	19.0
36.30	36.30	35.30	35.30	35.30	35.30
12.31	12.31	12.41	12.79	12.79	12.7
7.20	7.20	7.20	7.20	7.70	8.2
3.00	3.00	3.00	3.00	3.00	3.0
13.00	12.00	12.00	12.00	12.00	12.0
13.00	13.00	13.00	13.00	13.00	13.0
11.00	11.00	11.00	11.00	11.00	11.0
4.00	4.00	4.00	4.00	4.00	4.0
8.00	8.00	8.00	8.00	8.00	8.0
2.00	2.00	2.00	2.00	2.00	2.0
5.40	5.40	5.40	5.20	5.20	5.2
4.60	4.60	4.60	4.80	4.80	4.8
2.50	2.50	2.50	2.50	2.50	2.5
16.00	16.83	17.00	17.00	17.00	19.0
43.40	43.40	43.40	43.40	43.40	43.4
43.00	43.92	43.00	42.00	42.00	41.0
10.60	10.60	10.60	10.60	10.60	10.6

CITY OF KETCHIKAN, ALASKA Operating Indicators by Function/Program Last Ten Years

	2008	2009	2010	2011
Function/Program				
City Manager				
Personnel Job Postings	130	81	85	137
Information Technology	150	01	0.0	10,
Workstations	287	291	318	318
Portables	42	45	52	52
Printers	103	107	91	91
Public Safety	103	107	71	71
Fire				
EMS/Rescue Responses	1,242	1,256	1,158	1,196
Fire Responses	60	52	46	434
Volunteer Fire Persons	35	39	27	27
Police	33	39	21	21
DUI Offenses	162	142	130	122
Domestic Violence	197	221	365	181
Larceny Offenses	367	395	400	415
Culture	307	393	400	413
Library				
Volumes in collection	68.054	68.879	69.968	74.228
Annual Circulation	160,698	151,826	190,186	177,454
		243		243
Offered Programs	282		262	
Program Attendance	6,877	1,658	6,733	6,230
Museum	21.116	25 520	20.010	21.451
Tongass Historical Museum Attendance	21,116	25,529	20,818	21,451 4
Tongass Historical Museum Exhibit Openings	4	4		•
Totem Heritage Center Attendance	45,228	45,721	43,088	33,603
THC Native Arts Studies Course Offerings	10	11	12	10
Civic Center	105	2.42	100	151
Days Occupied	186	242	180	174
Events	148	156	154	132
Public Works				
Engineering				
Issued Building Permits	180	198	156	157
Solid Waste				
Muncipal Solid Waste - tons per day	25.57	25.50	24.57	24.53
Trash - tons per day	12.15	12.41	12.90	14.14
Incineration - tons per day	0.03	0.03	0.04	0.02
Recycle - tons per day	6.02	6.25	6.25	7.13
Port and Harbors				
Reserved Moorage Stalls Rented	758	745	693	726
Transient Moorage Feet Sold	560,453	535,939	529,565	524,316
Cruise Ship Stops	502	496	429	426
Cruise Ship Passengers	941,910	937,419	828,929	830,547
Ketchikan Public Utilities				
Customer Service				
Utility Service Orders	5,538	5,828	5,798	5,417
Telecommunications Service Orders	14,174	14,079	14,382	14,335
	,- / 1	- 1,0//	1.,502	1.,555

Sources: Various City Departments

Table 22

2012	2013	2014	2015	2016	2017
130	130	129	129	117	12
327	339	351	347	338	22
48	52	66	70	72	-
87	83	89	100	100	10
1 404	1 207	1 420	1 420	1.551	2.00
1,404	1,287	1,429	1,439	1,551	2,08
198	232	225	244	250	4
25	21	17	17	25	2
62	40	55	68	81	4
72	79	75	55	63	4
316	272	263	265	266	30
84,049	77,181	95,427	99,311	70,323	99,40
158,364	178,856	181,105	187,916	169,185	178,60
245	324	572	561	341	5′
6,076	8,397	13,151	13,790	12,801	12,6
20,534	25,656	25,593	24,552	23,914	23,7
4	4	3	2	1	
25,905	30,949	31,266	33,218	36,799	36,7
11	11	12	10	10	
203	179	143	149	159	1:
147	139	90	84	105	9
139	148	146	148	171	1:
23.02	23.22	23.54	24.10	24.57	24.3
14.96	12.94	14.64	12.51	12.90	10.0
0.02	0.02	0.03	0.02	0.04	0.0
5.49	18.40	16.53	6.08	6.75	10.3
715	753	735	821	857	8:
501,467	343,312	314,517	271,454	312,543	252,4
462	453	468	496	489	50
885,799	938,124	846,636	934,772	935,928	993,7
4,720	4,937	4,120	3,132	2,892	2,70
10,238	7,603	8,133	8,032	9,072	7,2:
10,236	7,003	0,133	0,032	9,014	1,2

CITY OF KETCHIKAN, ALASKA Capital Asset Statistics by Function/Program Last Ten Years

	2008	2009	2010	2011
Function/Program				
Public Safety				
Fire				
Stations	3	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	5	5	5
Streets				
Miles of Streets	25.07	25.07	27.89	27.89
Miles of Stairways	1	1	1	1
Municipal Parking Lots	37	37	37	37
Cemetery				
Acreage Size	9	9	9	9
Port and Harbors				
Harbors				
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	4	4	4	4

Sources: Various City Departments

Table 23

2012	2013	2014	2015	2016	2017
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	5	5	5	5	5
27.89	27.89	27.89	29.37	37.09	37.09
1	1	1	29.37	2	2
37	37	37	38	38	38
37	31	31	36	50	30
9	9	9	9	9	9
2	2	2	2	2	2
2 3	2 3	2 3	2 3	2 3	2 3
1	1	1	1	1	1
4	4	4	4	4	4

CITY OF KETCHIKAN, ALASKA

INSURANCE COVERAGES as of December 31, 2017

Condensed Description of Coverage	Coverage per Occurrence and Deductible	Condensed Description of Coverage	Coverage per Occurrence and Deductible Amounts
Condensed Description of Coverage	Amounts	Condensed Description of Coverage	Amounts
Property Insurance (includes Boiler & Mac	hinery)	Police Professional Liability	
Coverage Amounts	Per Schedule	Coverage Limits	\$15,500,000
Deductible	\$25,000/\$10,000	Deductible	75,000
Commercial Comprehensive General Liabi	lity	Public Officials/Employment Practices Liability	
Coverage Limits	15,500,000	Coverage Limits	15,500,000
Deductible	75,000	Deductible	75,000
Employee Benefits Liability		Fidelity/Crime Insurance	
Coverage Limits	15,500,000	Notary Errors and Omissions	
Deductible	75,000	Coverage Limits	25,000
		Public Employees Blanket Bond	
Commercial Comprehensive Auto Liability	,	Coverage Limits	2,500,000
Coverage Limits	15,500,000	Deductible	10,000
Deductible	75,000	Public Officials Bond	
		City Manager - Coverage Limits	10,000
Marine Insurance		Finance Director - Coverage Limits	100,000
Hull Coverage Limits	Per Schedule	Deductible	none
Hull War Risk			
Coverage Limits	Per Schedule	Marina and Wharfingers	
Primary Protection & Indemnity		Wharfingers/Terminal Operator's/	
Coverage Limits	1,000,000	Marina Operators/Charterers Liability	
Deductible	10,000	Coverage Limits	1,000,000
Primary War Risk		Deductible	10,000
Coverage Limits	1,000,000	Sudden and Accidental Pollution Liability	
Deductible	none	Coverage Limits	1,000,000
Excess Protection & Indemnity and		Deductible	10,000
Excess P&I War Risk		Excess Wharfingers/Terminal Operators/	
Coverage Limits	29,000,000	Marina Operators/Charterers/Sudden	
Deductible	none	and Accidental Pollution Liability	
		Coverage Limits	29,000,000
Ambulance Malpractice		Deductible	none
Coverage Limits	15,500,000	XS Marine Liability - Port	29,000,000
Deductible	75,000	Washada Camanantian Insuran	
Decident Former and Ominions		Worker's Compensation Insurance	T1 T ::4-
Broadcast Errors and Omissions	2 000 000	Coverage Limits	Legal Limits
Coverage Limits Deductible	2,000,000	Pollution Liability	
Deductible	5,000	ž	1 000 000
Cyber Liability		Coverage Limits Deductible	1,000,000
Cyber Liability Coverage Limits	2,000,000	Deductions	50,000
Deductible			
Deductible	5,000		

CITY OF KETCHIKAN, ALASKA

Utility Statiscal Operating Information Last Ten Fiscal Years

					Per K.W.	H. Sold	Average
	Nun	nber of Custom	ers				Residential
					Operating		K.W.H. Used
Year	Electric	Water	Telephone *	K.W.H. Sold	Revenue	Cost	December
2008	7,346	3,223	8,122	159,340,267	0.1142	0.1049	1,187
2009	7,365	3,217	7,558	158,146,666	0.1088	0.1068	1,196
2010	7,418	3,207	7,103	156,985,441	0.1016	0.0991	1,087
2011	7,443	3,219	7,057	164,713,929	0.1013	0.0953	1,218
2012	7,518	3,214	6,434	172,190,266	0.1001	0.0955	1,222
2013	7,514	3,206	6,083	170,281,664	0.1136	0.1119	1,220
2014	7,606	3,128	5,863	167,939,155	0.0989	0.0992	1,212
2015	7,694	3,133	5,723	163,896,254	0.1003	0.1005	1,178
2016	7,741	3,147	5,611	165,107,129	0.1038	0.1056	1,127
2017	7,799	3,161	5,351	175,447,582	0.1071	0.1018	1,193

^{*} Average number of revenue access lines.

Energy Demand, Peak Demand and Resources Gross Generation (kWh) Last Ten Fiscal Years

	20	800		2009		2010		2011		2012
Energy Demand										
Total Sales	159 3	340,267	15	8,146,666	150	6,985,441	16	4,713,929	17	2,190,266
System losses		541,933		3,668,534		3,514,059		4,009,987		3,701,858
Total	169,9	982,200	17	1,815,200	170	0,499,500	17	8,723,916	18	5,892,124
Peak Demand		30,200		30,300		28,800		30,300		27,150
Energy Resources										
KPU Hydroelectric	83,9	12,500	7	8,895,500	70	5,062,100	8	2,594,936	8	5,816,264
Southeast Alaska Power Agency ¹	68,2	294,400	7	9,027,200	92	2,908,800	9	1,584,000	9	7,804,800
Diesel Generation	17,7	775,300	1	3,892,500	1,528,600		4,544,980		2,271,060	
m . 1	1.00.0			1 015 200	1.5	. 400 500	1.5	0.722.016	10	5 002 124
Total	169,9	982,200	17	1,815,200	170	0,499,500	17	8,723,916	18	5,892,124
Energy Costs (kWH) ²										
Hydroelectric Generation	\$	0.0170	\$	0.0176	\$	0.0222	\$	0.0231	\$	0.0228
Diesel Generation		0.2908		0.3027		1.0902		0.4867		0.8622
Purchased Power ³		0.0656		0.0659		0.0610		0.0556		0.0611
Total Cost of Production (kWH)		0.0652		0.0629		0.0529		0.0515		0.0532

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 that 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

	2013		2014		2015		2016		2017
17	0.201.664	16	7 020 155	16	2 907 254		C5 107 120	,	175 447 590
	0,281,664		7,939,155		3,896,254	,	65,107,129	1	175,447,582
	8,474,536		8,504,552	1	1,298,142		11,068,552		5,958,030
17	8,756,200	17	6,443,707	17	5,194,396	1	76,175,681]	181,405,612
	25,000		20.500		25 700		25 400		22 200
	25,900		30,500		25,700		25,400		32,300
7	4,703,000	8	6,755,268	9	1,893,718		84,863,454		80,080,904
9	1,856,000	8	7,923,000	8	2,277,072		90,444,864		98,312,948
1	2,197,200		1,765,439		1,023,606		867,363		5,357,715
	, ,				,,		,		- , ,-
17	8,756,200	17	6,443,707	17	5,194,396		76,175,681	,	183,751,567
17	8,730,200	17	0,443,707	17	3,194,390		170,173,081	_	165,751,507
\$	0.0262	\$	0.0275	\$	0.0302	\$	0.0345	\$	0.0347
	0.3857		0.8715		1.3645		1.6067		0.4692
	0.0630		0.0645		0.0654		0.0691		0.0537
	0.0696		0.0544		0.0545		0.0600		0.0575

Historical Electric Customers, Energy Sales and Operating Results Last Ten Fiscal Years

	2008	2009	2010	2011	2012
Customers (Average)		-			
Residential	5,731	5,731	5,756	5,757	5,808
Commercial	1,105	1,127	1,153	1,165	1,173
Industrial	14	14	13	12	13
Other	496	493	496	509	524
Total	7,346	7,365	7,418	7,443	7,518
Energy Sales (KWH)					
Residential	65,977,138	66,565,425	64,938,484	68,484,718	71,794,062
Commercial	68,148,711	66,601,484	66,351,381	69,021,595	71,815,802
Industrial	21,275,072	21,215,194	21,981,458	23,242,166	24,452,654
Other	3,939,346	3,764,563	3,714,118	3,965,450	4,127,748
Total	159,340,267	158,146,666	156,985,441	164,713,929	172,190,266
Operating Results					
Operating Revenues	\$15.500.540	A15 520 010	017.200.010	41.5 244.500	A16868416
Revenues from Energy Sales	\$17,729,748	\$16,639,918	\$15,390,910	\$16,244,690	\$16,767,415
Other Operating Revenues	472,660	564,893	562,291	442,410	464,797
Total Operating Revenues	18,202,408	17,204,811	15,953,201	16,687,100	17,232,212
Operating Expenses					
Hydroelectric Generation	1,008,647	949,398	1,225,358	1,442,543	1,494,523
Diesel Generation	4,504,445	3,536,432	1,093,997	1,856,120	1,500,999
Purchased Power	4,477,324	5,205,128	5,663,664	5,093,489	5,976,876
Transmission and Distribution	1,704,557	2,121,534	2,648,485	2,766,478	3,043,918
Administration and General	2,281,082	2,262,656	1,976,837	2,032,081	1,549,445
Total Operating Expenses	13,976,055	14,075,148	12,608,341	13,190,711	13,565,761
Payment In Lieu of Taxes	335,400	323,730	351,478	353,954	343,266
Total Expenses	14,311,455	14,398,878	12,959,819	13,544,665	13,909,027
Net Revenue	\$3,890,953	\$2,805,933	\$2,993,382	\$3,142,435	\$3,323,185

Table 27

2013	2014	2015	2016	2017
5 910	5.017	5.054	5.970	5.021
5,819	5,817	5,854	5,879	5,921 1,242
1,171 13	1,201 13	1,221 15	1,228 16	1,242
511	575	604	618	619
311	373	004	010	017
7,514	7,606	7,694	7,741	7,799
68,668,600	67,665,456	66,410,470	67,731,286	72,362,242
72,269,920	72,777,304	70,736,227	71,007,166	74,558,231
25,306,208	23,408,642	22,935,650	22,306,193	24,065,722
4,036,936	4,087,753	3,813,907	4,062,484	4,461,387
170,281,664	167,939,155	163,896,254	165,107,129	175,447,582
\$18,919,766	\$16,323,845	\$16,087,247	\$16,765,326	\$18,285,197
426,644	293,569	350,271	370,497	506,415
19,346,410	16,617,414	16,437,518	17,135,823	18,791,612
1 400 541	1 500 011	1 (50 150	1 007 220	1,600,261
1,489,541 4,317,797	1,599,911	1,659,158	1,807,339	1,660,261
5,784,566	1,302,115 5,674,201	1,189,814 5,381,319	1,198,599 6,247,593	2,301,768 5,279,985
3,312,784	3,627,608	3,432,156	3,529,503	3,517,936
1,644,964		1,644,771	1,626,940	1,788,906
1,044,904	1,693,482	1,044,771	1,020,940	1,788,900
16,549,652	13,897,317	13,307,218	14,409,974	14,548,856
10,5 15,052	13,057,517	15,507,210	1,,,,,,,,	11,010,000
381,993	381,993	381,993	381,993	381,993
16,931,645	14,279,310	13,689,211	14,791,967	14,930,849
\$2,414,765	\$2,338,104	\$2,748,307	\$2,343,856	3,860,763
Ψ2, τ1τ, 703	Ψ2,330,104	Ψ2,770,307	Ψ2,575,650	3,000,703

Historical Telephone Access Lines and Operating Results Last Ten Fiscal Years

	2008	2009	2010	2011
Access Lines				
Residential	4,265	4,099	3,836	3,653
Commercial	3,857	3,459	3,267	3,404
Total	8,122	7,558	7,103	7,057
Operating Results				
Operating Revenues				
Local	\$2,644,869	\$2,442,452	\$2,274,624	\$2,194,530
Long Distance	7,449,484	8,163,920	8,644,023	8,591,786
Other	2,914,024	3,177,304	3,527,839	3,714,225
Total Operating Revenues	13,008,377	13,783,676	14,446,486	14,500,541
Operating Expenses				
Operation and Maintenance	6,828,519	7,627,836	6,910,034	7,077,698
Administration and General	2,928,878	3,342,355	3,281,326	3,594,593
Total Operating Expenses	9,757,397	10,970,191	10,191,360	10,672,291
Payment In Lieu of Taxes	149,770	175,837	194,376	191,027
Total Expenses	9,907,167	11,146,028	10,385,736	10,863,318
Net Revenue	\$3,101,210	\$2,637,648	\$4,060,750	\$3,637,223

Table 28

2012	2013	2014	2015	2016	2017
3,497	3,326	3,313	3,352	3,345	3,242
2,937	2,757	2,550	2,371	2,266	2,109
6,434	6,083	5,863	5,723	5,611	5,351
\$2,131,351	\$2,100,995	\$2,005,521	\$2,030,655	\$2,082,930	\$2,010,146
8,399,849	8,660,056	9,259,709	9,413,321	8,927,300	8,525,849
4,055,714	4,480,926	4,895,578	6,058,697	7,453,393	9,277,718
14,586,914	15,241,977	16,160,808	17,502,673	18,463,623	19,813,713
0.070.650	0.556.050	0.042.064	10 101 424	10 (42 20)	10 107 260
8,070,658	8,556,970	9,043,964	10,101,434	10,642,306	10,195,360
3,483,492	3,369,942	3,630,057	3,806,866	3,740,714	3,790,280
11,554,150	11,926,912	12,674,021	13,908,300	14,383,020	13,985,640
11,554,150	11,920,912	12,074,021	13,908,300	14,363,020	13,983,040
192,065	206,358	206,358	206,358	206,358	206,358
11,746,215	12,133,270	12,880,379	14,114,658	14,589,378	14,191,998
\$2,840,699	\$3,108,707	\$3,280,429	\$3,388,015	3,874,245	5,621,715

Historical Water Customers and Operating Results Last Ten Fiscal Years

	2008	2009	2010	2011	2012
Customers (Average)					
Residential	2,769	2,748	2,738	2,743	2,727
Apartments	18	18	17	17	20
Commercial	422	435	436	442	451
Industrial	7	6	5	5	4
Cannery	3	4	4	5	4
Fire Hydrant	4	6	7	7	8
Marine Vessels	31	29	26	28	29
Total	3,254	3,246	3,233	3,247	3,243
Operating Results					
Operating Revenues					
Revenues from Water Sales	\$2,028,651	\$2,251,001	\$2,535,859	\$2,899,352	\$2,935,454
Other Operating Revenues	36,547	71,049	39,608	85,948	48,168
Total Operating Revenues	2,065,198	2,322,050	2,575,467	2,985,300	2,983,622
Operating Expenses					
Source of Supply	261,141	265,409	330,625	232,238	259,083
Chlorination/Disinfection	231,838	247,069	228,238	217,441	233,871
Distribution	255,369	268,791	241,667	238,281	413,547
Maintenance	640,274	639,739	718,571	1,073,567	999,167
Administration and General	447,091	429,465	345,242	470,753	378,671
Total Operating Expenses	1,835,713	1,850,473	1,864,343	2,232,280	2,284,339
Payment In Lieu of Taxes	164,830	175,433	182,146	183,019	192,669
Total Expenses	2,000,543	2,025,906	2,046,489	2,415,299	2,477,008
Net Revenue	\$64,655	\$296,144	\$528,978	\$570,001	\$506,614

Table 29

2013	2014	2015	2016	2017
2,724	2,650	2,647	2,649	2,659
21	25	27	28	28
444	436	443	454	458
4	3	3	3	3
5	6	5	5	5
8	8	8	8	8
38	34	30	56	59
3,244	3,162	3,163	3,203	3,220
\$3,081,904	\$3,174,900	\$3,453,239	\$3,647,591	\$3,738,292
47,024	33,795	48,939	73,882	49,840
3,128,928	3,208,695	3,502,178	3,721,473	3,788,132
450,456	393,529	423,407	393,959	319,986
301,718	311,254	255,398	265,506	268,756
362,562	397,994	409,876	428,975	434,900
1,110,737	957,414	1,174,271	969,767	974,696
411,626	431,446	423,847	426,066	465,947
2,637,099	2,491,637	2,686,799	2,484,273	2,464,285
197,649	197,649	197,649	197,649	197,649
2,834,748	2,689,286	2,884,448	2,681,922	2,661,934
\$294,180	\$519,409	\$617,730	1,039,551	1,126,198



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CITY OF KETCHIKAN, ALASKA

Utility Rates and Charges For the Year Ending December 31, 2017

Electric Residential	\$6.70	plus \$0.1006 per kWh				
Harbor service	12.35	plus \$0.1000 per kWh				
Commercial	38.10	plus \$0.0942 per kWh plus a demand charg	e of \$3.06 per kW in excess of 25 kW			
		this flat fee in effect April through Septem	*			
Industrial	56.00	plus \$0.0873 per kWh plus a demand charge of \$3.06 per kW in excess of 25 kW				
Telecommunications						
Residential	16.45	line charge plus \$10.40 for FCC subscriber	_			
	34.95	Broadband DSL Basic (Download Speed 31				
	49.95 39.99	Broadband DSL Regular (Download Speed IPTV Basic (Does not include \$9.95 for High	1 1			
Business	18.95	per single or multi-business line plus \$9.20				
Dusiness	34.95	Broadband DSL Basic (Download Speed 3)	_			
	49.95	Broadband DSL Regular (Download Speed				
	49.99	IPTV Basic (Does not include \$9.95 for High				
Customer Premise Visit	35.00	On site visit to customer's premises				
Water						
Residential Homes & Trailers	52.05	mon vuit				
1-4 apartments	52.05 52.05	per unit per unit				
5-24 apartments	47.43	per unit				
25+ apartments	40.69	per unit				
20 · aparanona	.0.0	per unit				
Business	54.26	plus size of line charges as follows				
1 inch	36.16					
1-1/4 inch	108.50					
1-1/2 inch	207.98					
2 inch	377.87					
2-1/2 inch	585.50					
3 inch	886.09					
4 inch	1,505.47					
Industrial	Line Charges	Canneries				
5/8 and 3/4 inch	72.33	Per Season				
1 inch	108.50	5/8 and 1 inch	\$1,087.07			
1-1/4 inch	180.85	1 1/4 inch	1,952.03			
1-1/2 inch	282.53	1-1/2 inch	2,606.59			
2 inch	431.75	2 inch	7,796.37			
2-1/2 inch	655.79					
3 inch	991.17					
4 inch	1,620.70					
6 inch	2,701.22					
8 inch	2,995.07					
Over 8 inch	by special contra	act				
	V 1					

City of Ketchikan, Alaska Port Fund Operating Results Last Ten Fiscal Years

	2008	2009	2010	2011	2012
Assets					
Cash	\$ 4,939,650	\$ 4,827,125	\$ 4,364,226	\$ 2,373,808	\$ 2,285,517
Port Facilities (net)	46,312,527	44,947,620	43,642,947	42,121,390	47,867,526
Construction Work in Progress	832,620	963,018	1,116,782	5,531,746	5,066,048
Restricted Assets	4,215,908	4,819,708	5,307,521	5,623,924	6,082,097
Prepaid Expense	1,002,572	1,019,538	752,856	782,959	1,055,740
Other Assets	1,100,476	710,905	528,456	2,786,483	3,080,061
Total assets	58,403,753	57,287,914	55,712,788	59,220,310	65,436,989
Liabilities and Net Position					
General Obligation Bonds Payable	1,265,000	1,035,000	795,000	540,000	270,000
Revenue Bonds Payable	37,220,000	36,540,000	35,830,000	35,090,000	34,315,000
Other Liabilities	4,191,404	3,147,957	3,134,814	2,847,180	1,072,313
Total liabilities	42,676,404	40,722,957	39,759,814	38,477,180	35,657,313
Net Position	\$ 15,727,349	\$ 16,564,957	\$ 15,952,974	\$ 20,743,130	\$ 29,779,676
Operating Revenues	\$ 8,839,267	\$ 8,922,228	\$ 8,000,492	\$ 7,986,404	\$ 8,592,255
Operating Expenses					
Operation and Maintenance	\$ 3,653,251	\$ 5,522,050	\$ 5,486,471	\$ 4,110,674	\$ 4,031,100
Depreciation	1,390,850	1,460,265	1,446,527	1,401,754	1,359,513
Payment in Lieu of Taxes/Taxes	282,770	290,000	295,000	295,000	295,000
Total operating expenses	5,326,871	7,272,315	7,227,998	5,807,428	5,685,613
Operating Income	3,512,396	1,649,913	772,494	2,178,976	2,906,642
Non-Operating Revenue (Expense)	(1,933,922)	(1,738,365)	(1,917,727)	(1,889,022)	(1,794,603)
Income Before Contributions, Extraordinary					
Item & Transfers	1,578,474	(88,452)	(1,145,233)	289,954	1,112,039
Contributions	740,672	366,424	14,306	29,536	2,018,165
Capital Grants		559,636	518,944	4,654,981	6,214,416
Extraordinary Item					
Special Item	14,789				
Transfers	(617,625)				(8,178)
Loss on sale of capital assets				(184,315)	
Change in Net Position	\$ 1,716,310	\$ 837,608	\$ (611,983)	\$ 4,790,156	\$ 9,336,442
Revenue Bond Debt Coverage:					
1.25 x Annual Debt Service	2.70	2.45	2.00	2.31	3.36
1.0 x Annual Debt Service/Reserves Account/Repair and Replacement					
Fund/SPH Lease Payments	1.26	1.13	0.99	1.20	1.67
# of Ships	37	36	26	28	34
# of Calls/Stops	502	496	429	426	467
# of Water Passengers	930,958	926,051	820,914	830,547	885,799

Table 31

_	Restated ¹								
	2013		2014		2015		2016		2017
\$	2,900,167	\$	5 504 277	\$	6 420 701	\$	7 057 557	\$	0.614.774
Ф		Ф	5,504,277	Ф	6,420,791	Ф	7,957,557	Ф	9,614,774
	53,659,903		54,481,904		52,934,352		52,244,740		51,107,786
	5,449,151		200,947		439,032		374,566		2,658,931
	6,595,730		8,724,101		7,582,492		7,075,705		8,028,787
	1,124,342		1,021,346		1,113,090		1,026,946		1,070,289
	5,546,430		2,903,333		3,150,839		3,316,606		2,943,363
_	75,275,723		72,835,908		71,640,596		71,996,120	_	75,423,930
	_		_		_		_		_
	33,505,000		32,660,000		31,775,000		27,025,000		26,130,000
	1,699,380		860,042		1,275,821		5,362,008		6,190,956
	1,077,500		000,042		1,273,021		3,302,000		0,170,750
	35,204,380		33,520,042		33,050,821		32,387,008		32,320,956
\$	40,071,343	\$	39,315,866	\$	38,589,775	\$	39,609,112	\$	43,102,974
\$	9,145,920	\$	8,578,059	\$	9,032,271	\$	8,961,241	\$	9,391,272
Ψ.	>,110,520	Ψ.	0,570,055	Ψ.	>,002,271	Ψ.	0,701,211	Ψ.	,,0,1,2,72
\$	4,582,100	\$	4,726,515	\$	4,636,079	\$	4,916,988	\$	5,124,365
	1,636,863		1,587,253		1,589,941		1,605,242		1,612,861
	319,000		319,000		319,000		319,000		319,000
	6,537,963		6,632,768		6,545,020		6,841,230		7,056,226
	2,607,957		1,945,291		2,487,251		2,120,011	_	2,335,046
	_,,,,,,,,		-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						_,,,,,,,,
	(1,740,642)		(1,581,717)		(1,571,163)		(1,713,125)		(960,933)
	867,315		363,574		916,088		406,886		1,374,113
	1,993,212		2,491,297		70,425		16,004		11,412
	8,676,543		4,407,753		277,647		654,642		1,058,007
	0,070,010		.,,,,,,,		277,017		359,246		-
							337,210		_
	(80,199)		(5,018,804)		(1,619,258)		19,258		1,050,330
	(1,165,204)		(2,999,297)		(27,082)		(436,699)		-
\$	10,291,667	\$	(755,477)	\$	(382,180)	\$	1,019,337	\$	3,493,862
	3.48		3.49		2.71		2.11		3.18
	1.63		1.64		1.28		1.10		1.34
	31		37		38		38		43
	456		468		496		489		507
	938,124		877,589		934,772		935,928		993,718



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