COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ended December 31, 2018

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CITY OF KETCHIKAN, ALASKA comprehensive annual financial report

For the Year Ended December 31, 2018

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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July 31, 2019

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, 2018. 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.

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, 2018, 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, 2018 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal and state financial assistance, the City is required 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. The federal single audit was performed in accordance with the provisions of the Single Audit Act Amendments of 1996 and the requirements of Title 2 of the US Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The state single audit was performed in accordance with the State of Alaska Single Audit Regulation 2 AAC 45.010 and the requirements of the Audit Guide and Compliance Supplement for State Single Audits. These audits were designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. Information related to these single audits including the Schedules of Expenditures of Federal Awards and State Financial Assistance, the auditor's reports on the internal control and compliance with applicable laws and regulations, and the schedules of findings and questioned costs are included in separately issued reports.

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 8,157 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 13,843.

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. 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 1,045,000 in 2018. The most recent forecast for 2019 is projecting that 46 cruise ships will make 576 stops and bring a record breaking 1.2 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 construct Berth III. add a waterfront promenade and develop ground transportation areas and other shore side amenities. Private companies have invested millions of dollars to develop a retail complex at the former Spruce Mill site and Berth IV and its adjacent ground transportation area. The City recently completed phase four of a \$26 million fourphase 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 that could cost up to \$150 million to upgrade its port facilities to accommodate neopanamax cruise ships that are beginning to serve the Southeast Alaska cruise market.

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 \$21.6 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 13,843 in 2018. Approximately 59 percent of the community's population, or 8,157 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 2018, the Ketchikan Gateway Borough School District reported an enrollment of 2,346 pupils, a decrease of 32 pupils from 2017.

The shift in the local economy from timber to tourism has resulted in a labor force that has become more seasonal. In 2018, the monthly employment varied between 6,554 and 7,980. The average employed labor force in 2018 was 7,044 with employment peaking at 7,980 in July. The average labor force in 2017 was 7,104. The average annual unemployment rate for 2018 was 6.2 percent, a decrease from the 6.3 percent that was reported for 2017. Per capita income in the Ketchikan Gateway Borough for 2015, 2016 and 2017 was \$64,943, \$63,894 and \$65,034, respectively. No figures were available for 2018.

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 neopanamax 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 neopanamax cruise ships are now being placed in service and more neopanamax class cruise ships will be added to the Southeast Alaska as they come off the production line. The City had tentatively settled on projects to expand Berths I and II and modify to Berth III to handle the neopanamax ships but put a hold on these projects due to cost considerations and the recent announcement by the Ward Cove Group, a privately held company, of its plans to construct two neopanamax berths at the site of the former Ketchikan Pulp Company. The City is currently stepping back and reevaluating its options in light of this development but still believes that improvements will be needed to accommodate the large influx of passengers that the neopanamax cruise ships will bring to Ketchikan. Of particular concerns to the City Council and the citizens of the City are the development and construction of ground transportation areas and uplands improvements that will be required to enhance the visitor experience and improve public safety in a confined area that will be experiencing up to 14,000 visitors per day.

Telecommunications Utility - In 2017, the City abandoned plans to sell its telecommunications utility and so it remains one of the few municipally owned telecommunications utilities in the United States. The telecommunications industry is fast paced industry that is constantly being subjective to rapid changes in technology that significantly affects how telecommunication services are delivered to consumers. The City owned telecommunications utility is not immune to these changes. In response to the rapid growth in video communications, the City is exploring options to acquire and finance a subsea fiber cable between Ketchikan, Alaska, USA and Prince Rupert, BC, Canada. This effort is being undertaken in order to address the growing need for bandwidth by the residents living in and near Ketchikan. The survey and design for the proposed subsea fiber cable has already been completed. A financing plan is currently under development and the City plans to bid the project in the fall of 2019 and begin construction in 2020. The additional bandwidth is critical for meeting consumer demand and economic health of the utility and the community.

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. As discussed in more detail in the MD&A, the finances of the State can have an immediate and direct impact on the finances of the City and areawide borough government. State employment accounts for 7.9% of the local workforce, revenue sharing and, historically, has been a predominant player in the development and construction of infrastructure through its capital matching grant programs. The City's utilities and public facilities have benefited from these programs. Over the past ten years, the City has received millions of dollars to improve, replace or acquire water and sewer mains, hydroelectric plant, harbor and port facilities, a fire station, a library, and a hospital wing. The City Council is cognizant of the fact that it must carefully assess the finances

of the State as it develops and approves the City's annual budgets and continues to make this an important step in its budget deliberations in order to arrive at a spending plan that continues to maintain the quality of life for the citizens of the City without upon them an undue tax burden.

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 6.6. The City did not adjust its mill rate in 2019.

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 2018, 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:

- Hired Lacey Simpson to fill the position of Assistant City Manager/Assistant KPU General Manager. Ms. Simpson previously worked for the City as its Museum Director and returned to Ketchikan to accept this position.
- Completed the design or engineering work required to prepare construction bids for the proposed subsea fiber cable and the removal of the rock pinnacle in Tongass Narrows that is interfering with the ability of cruise ships to safely navigate while in the Port of Ketchikan.
- Hired Kim Stanker to fill the position of City Clerk on acting basis due to the retirement of former City Clerk Katy Suiter. Ms. Stanker was appointed as the City's new City Clerk in January 2019.
- Effectively managed the shortage of hydroelectric energy available to meet customer demand that was caused by drought like conditions that have been affecting Southeast Alaska since the fall of 2018. Conservation efforts and the acquisition of supplemental portable diesel generators were very effective meeting the demand for power during winter of 2018 2019 and avoid the need for rolling blackouts.
- Opened the new permanent exhibition at the Tongass Historical Museum. This \$301,000 project will allow the City to share more of its history with the millions of cruise ship passengers expected to visit the City in the coming years.
- Completed the \$1.44 million Beaver Falls electric generator rewind project Tongass Avenue and Front and Stedman Streets sewer force main rehabilitation project. Beaver Falls was placed in service in 1947 and is the City's oldest generating plant.

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, 2017. This was the thirty-ninth 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 Meghan Traudt

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

Include X

Michelle L. Johansen Controller



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

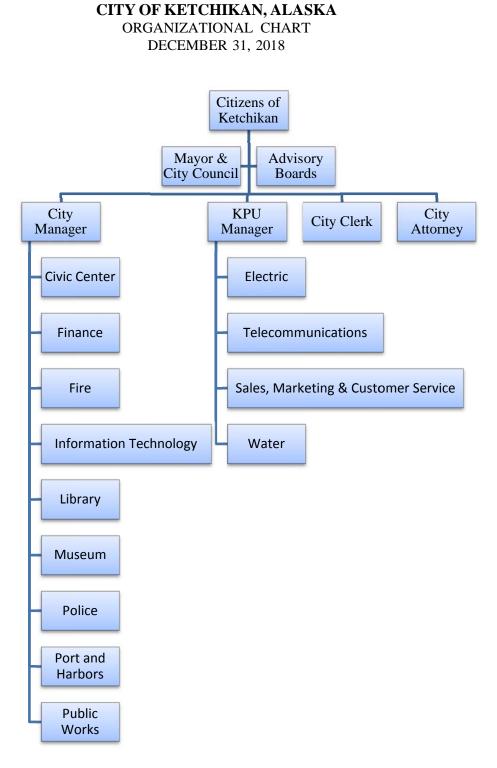
City of Ketchikan Alaska

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2017

Christophen P. Morrill

Executive Director/CEO



CITY OF KETCHIKAN, ALASKA

PRINCIPAL CITY OFFICIALS

December 31, 2018

MAYOR AND CITY COUNCIL

City Mayor
City Councilmember

Robert Sivertsen Sam Bergeron Richard Coose Mark Flora Janalee Gage Julie Isom David Kiffer Judy Zenge

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.
Information Technology Director	Curtis Thomas
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 Ketchikan, Alaska, as of and for the year ended December 31, 2018, 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, 2018, 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 19-33 and 85-87 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

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placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 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 and the schedule of expenditures of federal awards 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 July 31, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ketchikan, Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ketchikan, Alaska's internal control over financial reporting and compliance.

Teuscher Walpole, LLC

July 31, 2019

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, 2018. Users should consider the information presented here in conjunction with additional information furnished in the letter of transmittal and the information included in the notes to the financial statements.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred outflows of resources by \$355.81 million (net position), an increase of \$3.36 million or 1.0% over 2017.
- Total net position is comprised of the following:
 - 1) Net investment in capital assets of \$296.44 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 \$18.99 million restricted by constraints imposed from outside the City such as debt covenants, granting agencies, laws, or regulations.
 - 3) Unrestricted resources of \$40.38 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 \$32.24 million, an increase of \$345,348 or 1.1% from 2017.
- Unassigned fund balance for the General Fund totaled \$5.98 million or 30.4% of total General Fund expenditures. This was an increase of \$1.3 million over 2017. The General Fund reported an operating surplus of \$689,871. The prior year operating surplus was \$557,669.
- The City's proprietary funds reported total ending net position of \$172.47 million, an increase of \$5.7 million or 3.4% over 2017.
- The City's property tax rate was lowered to 6.6 mill from 6.7 mill. The City has increased its mill rate only twice in the past 28 years. For all other years, the mill rate was either lowered or remained unchanged.

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, which comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. Other supplementary information providing additional detail to support the basic financial statements is also included in the City's comprehensive annual financial report.

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, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve

as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City should 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 calendar year. All activities on this statement are reported on the accrual basis of accounting, which requires that revenues be reported when earned and expenses be reported when incurred regardless of when cash is received or disbursed. 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. All of the funds of the City can be divided into two categories: governmental funds and proprietary 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 governmentwide 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, 2018 and 2017 totaled \$355.81 million and \$352.45 million, respectively. The net position of the City, as a whole, increased by \$3.36 million. The following table summarizes the net position of the City's governmental and business-type activities:

(*This page continued on the subsequent page*)

	Governmental Activities		Business-ty	pe Activities	Total		
	2018	2017	2018	2017	2018	2017	
Assets							
Current and other assets	\$ 41,394,326	\$ 40,594,738	\$ 49,888,888	\$ 48,990,981	\$ 91,283,214	\$ 89,585,719	
Capital assets	218,065,798	220,446,331	184,333,961	181,106,427	402,399,759	401,552,758	
Total assets	259,460,124	261,041,069	234,222,849	230,097,408	493,682,973	491,138,477	
Deferred outflows of resources	1,899,891	930,031	558,490	272,012	2,458,381	1,202,043	
Liabilities							
Current and other liabilities	5,891,590	5,391,709	6,718,201	7,160,886	12,609,791	12,552,595	
Long-term liabilities	70,866,718	69,687,105	54,748,436	55,576,185	125,615,154	125,263,290	
Total liablities	76,758,308	75,078,814	61,466,637	62,737,071	138,224,945	137,815,885	
Deferred inflows of resources	1,263,275	1,218,184	844,289	859,007	2,107,564	2,077,191	
Net Position							
Net investment in capital assets	164,522,169	166,238,050	131,911,948	127,204,039	296,434,117	293,442,089	
Restricted	11,193,773	10,010,245	7,796,537	10,094,057	18,990,310	20,104,302	
Unrestricted	7,622,490	9,425,807	32,761,928	29,475,246	40,384,418	38,901,053	
Total net position	\$ 183,338,432	\$ 185,674,102	\$ 172,470,413	\$ 166,773,342	\$ 355,808,845	\$ 352,447,444	

City Ketchikan's Net Position

Total assets and deferred outflows of resources for governmental activities decreased by \$611,085 and total liabilities and deferred inflows of resources increased by \$1.72 million, resulting in a decrease of \$2.33 million in net position for governmental activities. Total assets and deferred outflows of resources for business-type activities increased by \$4.41 million and total liabilities and deferred inflows of resources decreased by \$1.29 million, resulting in increase of \$5.70 million in net position for business-type activities. For the City as a whole, net position increased by \$3.36 million over 2017. As noted, 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 \$355.81 million. Over the past 15 years, the City's financial position has improved by \$148.65 million, or 71.8 percent

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 89.7 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 less any related debt that is still outstanding. These assets are not available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources need to repay this outstanding debt must be provide from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the City as a whole, its net investment in capital assets increased by \$2.99 million. The net investment in capital assets for the City's governmental activities decreased by \$1.72 million and the net investment in capital assets for business-type activities increased by \$4.71 million.

Approximately 5.3 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 \$40.38 million, or 11.4 percent, of total net position. This is an increase of \$1.49 million from 2017. Unrestricted net position reported for the City's governmental activities decreased by \$1.80 million and the unrestricted net position of the City's business-type activities increased by \$3.29 million.

Changes in Net Position

The City's net position increased \$3.36 million in 2018. The net position for governmental activities decreased \$2.34 million and business-type activities increased \$5.70 million. The following table provides a summary of the changes in the City's net position:

Changes in Net Position

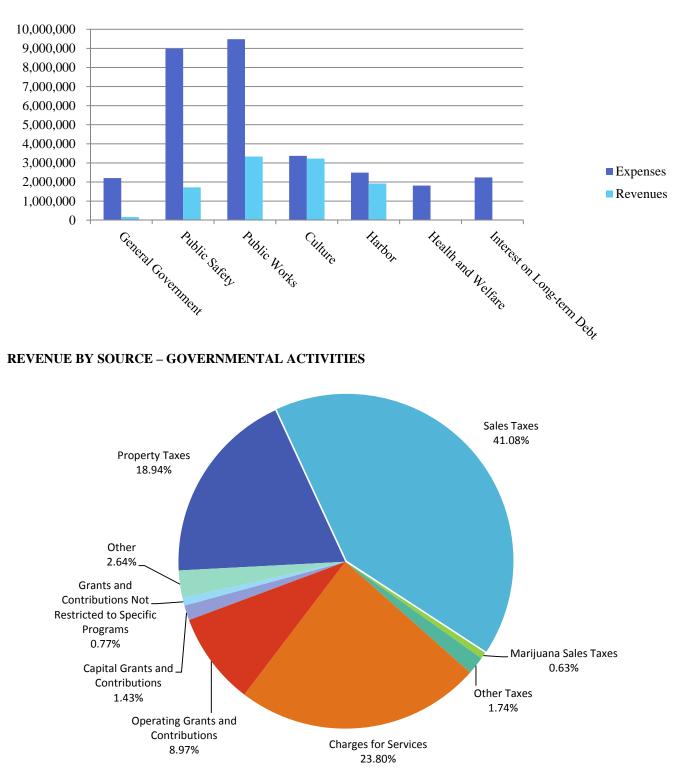
			Clia	iiges ii	i Net Fosition						
	Governmental Activities			Business-ty	siness-type Activities			Total			
	 2018		2017		2018		2017		2018		2017
Revenues: Program:											
Charges for services Operating grants	\$ 7,217,597	\$	7,186,149	\$	58,100,504	\$	54,167,083	\$	65,318,101	\$	61,353,232
and contributions Capital grants	2,720,910		2,789,967		192,642		178,725		2,913,552		2,968,692
and contributions General:	434,540		6,863,099		1,982,367		1,214,154		2,416,907		8,077,253
Taxes	18,920,437		18,244,030		-		-		18,920,437		18,244,030
Other	 1,033,282		801,220		1,143,232		741,467		2,176,514		1,542,687
Total revenues	 30,326,766		35,884,465		61,418,745		56,301,429		91,745,511		92,185,894
Expenses:	-		-								
General government	2,203,941		2,336,678		-		-		2,203,941		2,336,678
Public safety	8,983,817		9,199,458		-		-		8,983,817		9,199,458
Culture	3,370,637		3,418,450		-		-		3,370,637		3,418,450
Health and welfare	1,813,628		2,615,860		-		-		1,813,628		2,615,860
Public works	9,482,847		9,484,400		-		-		9,482,847		9,484,400
Harbor	2,489,448		2,363,897		-		-		2,489,448		2,363,897
Interest	2,241,218		2,274,407		-		-		2,241,218		2,274,407
KPU	-		-		44,059,536		39,982,596		44,059,536		39,982,596
Port	-		-		7,415,022		7,837,738		7,415,022		7,837,738
Wastewater	 				2,806,720		2,762,087		2,806,720		2,762,087
Total expenses	 30,585,536		31,693,150		54,281,278		50,582,421		84,866,814		82,275,571
Increase in net position											
before extraordinary item and transfers	(258,770)		4,191,315		7,137,467		5,719,008		6,878,697		9,910,323
Extraordinary item											
Transfers in (out)	641,677		134,670		(641,677)		(134,670)		-		_
Increase (decrease) in	 041,077		134,070		(041,077)		(134,070)		-		
net position	382,907		4,325,985		6,495,790		5,584,338		6,878,697		9,910,323
Net position, beginning	185,674,102		181,348,117		166,773,342		161,189,004		352,447,444		342,537,121
Net OPEB Liability	(2,718,577)		-		(798,719)		-		(3,517,296)		-
Net position, beginning					/						
restated	182,955,525		181,348,117		165,974,623		161,189,004		348,930,148		342,537,121
Net position, December 31	 183,338,432		185,674,102	_	172,470,413	_	166,773,342		355,808,845	_	352,447,444
•		-				_		_		-	

Governmental Activities. The City's net position from governmental activities decreased \$2.34 million. In 2017, net position increased by \$4.33 million. This represents a \$6.67 million shift. The key elements in the change in net position from the prior year are as follows:

- Capital grants and contributions decreased by \$6.43 million. The reduction in capital grants and contributions is due to the winding down of the Ketchikan Medical Center Expansion project and the State of Alaska's current financial challenges, which have limited the number and amounts awards of grants by the State for local capital improvements.
- Taxes increased by \$.7 million due higher retail sales and a full year of proceeds from the City's new 5% marijuana sales tax that became effective on April 1, 2017. Retail sales increase from \$298.5 million in 2017 to \$311.8 million in 2018. This increased sales tax revenues by \$532,000. A significant portion of this growth is most likely due to the expanding cruise ship industry and the record number of passenger that they are bringing to the community. Proceed from the marijuana sales tax increased from \$97,000 in 2017 to \$191,000 in 2018.
- Health and welfare expenses decreased by \$.8 million due to repairs to the roof of long-term care unit located at the Ketchikan Medical Center totaling \$455,000 and \$348,000 of additional depreciation costs arising from the Ketchikan Medical Center Expansion project. These cost increases were offset by a \$1.6 million disposition of property located at the Ketchikan Medical Center in 2017 that was not repeated in 2018.
- Beginning net position was restated due to the implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This restatement reduced beginning net position by \$2.72 million.

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

(This page continued on the subsequent page)



EXPENSES AND PROGRAM REVENUES -GOVERNMENTAL ACTIVITIES

Business-type Activities. The City's net position from business-type activities increased by \$5.70 million. This increase is minor improvement over last year's increase of \$5.58 million. 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 \$3.93 million. The table below summarizes charges of services by business-type activity.

	2018	2017
Electric	\$ 19,974,411	\$ 18,261,797
Telecommunications	20,941,196	19,750,713
Water	4,026,625	3,734,692
Port	9,951,339	9,391,272
Wastewater	3,206,933	3,028,609
	\$ 58,100,504	\$ 54,167,083

Electric utility revenues increased by \$1.71 million due to an assessment of a diesel surcharge against the customers of the electric utility to provide funding to pay for an extended diesel run. The extended diesel run was necessary because of drought conditions in Southeast Alaska that required the curtailment of the operations of electric utility's hydroelectric generating facilities. Non-regulated revenues arising from internet, television and wireless services accounted for nearly 70% of the increase in revenues for the Telecommunications utility. Consumer demand for these services continues to be strong and the City's telecommunications utility has a very strong presence in the local market. Port revenues rose to \$9.95 million as a result of growth in the cruise ship industry. In 2018, a record number of passengers visited the community of Ketchikan. Water and wastewater revenues increased as a result of rate increases approved by the City Council to finance infrastructure improvements. In 2018, water and wastewater rates were increased 6% and 5.5%, respectively.

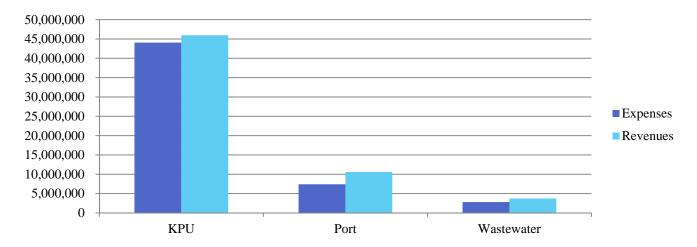
Capital grants and contributions increased by \$.8 million due to the receipt of grant funds from the State of Alaska to improve berthing facilities at the Port of Ketchikan and replace water and wastewater mains for the City's water and wastewater utilities.

The overall expenses of the City's business-type activities for 2018 increased from \$50.58 million to \$54.28 million, or \$3.7 million. The table summarizes expenses by business-type activity.

	2018	2017
Electric	\$21,524,931	\$18,313,066
Telecommunications	18,103,760	17,652,356
Water	4,430,845	4,017,174
Port	7,415,022	7,837,738
Wastewater	2,806,720	2,762,087
	\$54,281,278	\$50,582,421

The total expenses of the electric utility increased in 2018 by \$3.21 million. The biggest driver was a \$2.93 million increase in the cost of diesel generation, which was required in order to address drought conditions that were limiting the electric utility's ability to maximize the output of its hydroelectric facilities. The cost of providing non-nonregulated telecommunications services accounted for nearly all of the increase in the expenses of the telecommunications utility. The cost of providing content and transportation for internet, television and wireless phone service has increased due to rising prices and consumer demand. Repairs incurred for aging water utility infrastructures account most of the increase in the expenses for the water utility. The expenses of the Port decreased by \$422,716 due to lower maintenance costs. The City recently completed a four-phased project to rehabilitate Berths I and II. Berths III and IV are relatively new facilities. All four berths are now in excellent condition and the cost of maintaining them has decreased.

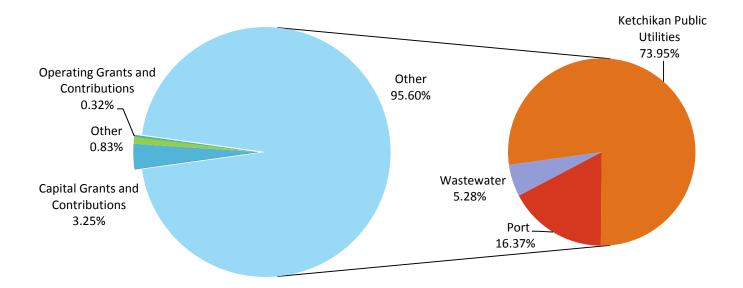
The following graphs compare program revenues with program expenses and illustrate the revenues by source for business-type activities.



EXPENSES AND PROGRAM REVENUES –BUSINESS-TYPE ACTIVITIES

(This page continued on the subsequent page)

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 \$32.24 million, an increase of \$345,348 or 1.1%, from last year. Nonspendable fund balances total \$404,181 and consists entirely of land held for resale. Restricted fund balances total \$6.56 million. Assigned fund balances total \$19.30 million and includes the following:

- \$2.73 million for the subsequent year's budget deficit
- \$3.90 million for streets and sidewalks maintenance and other public works projects
- \$0.93 million for culture and tourism
- \$2.58 million for public buildings improvements
- \$4.44 million for public health
- \$1.60 million for solid waste
- \$0.67 million for abatement of dangerous buildings and parking development
- \$0.41 million for public safety
- \$1.60 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

generally accepted accounting principles. Total general fund revenues for 2018 amounted to \$25.15 million, an increase of \$.62 million from 2017. Nearly 88 percent of the increase is attributable to increases in property taxes and sales tax collections. A 2.2% increase in assessed property values improved property tax revenues. Growth in the tourism industry lifted retail sales and had a positive impact on sales tax collections. Total general fund expenditures for 2018 amounted to \$23.67 million, an increase of \$1.20 million from 2017. About \$.46 million of the increase was due to major maintenance work on the long-term care unit at the Ketchikan Medical Center. The cost of maintaining the City's aging streets and roads increased by \$1.16 million.

None of the City's other governmental funds qualified as major funds.

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 2018 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 2018 Budget for the general fund projected annual revenues of \$17.91 million and subsequently amended to \$17.81 million. One of the amendments reduced revenues by \$130,000 due to a decision by the City Council to account for the proceeds from the 5% marijuana sales tax in the Marijuana Sales Tax Fund instead of the General Fund. All of the other amendments were for grant awards for public safety and cultural activities. Actual revenues totaled \$17.93 million, which resulted in favorable budget variance of \$112,973, or .6%. The difference is due to the inherent subjective nature of the assumptions used to develop revenue projections.

The adopted 2018 Budget for general fund included appropriations for expenditures totaling \$21.52 million. During the year, the City Council approved amendments to expenditures totaling \$28,943 and authorized transfers totaling \$184,408 from reserves to appropriations for expenditures. Reserves were also reduced by \$117,129 to make up the shortfall that occurred when the City Council changed the policy for accounting for the proceeds from the marijuana sales tax. The amendments and the transfers increased appropriations for expenditures to \$21.74 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, wages and employments, and professional services. Actual expenditures totaled \$19.37million, which resulted in a favorable variance of \$2.36 million. Lower personnel costs, most of which was attributable to vacancies, accounted for \$1.7 million, or 72 percent, of the \$2.36 million favorable budget variance.

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, 2018, amounts to \$402.40 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 \$844,001 million or .2 percent. The City's investment in governmental activities, net of accumulated depreciation decreased \$2.38 million and business-type activities capital assets increased by \$3.22 million. See Note 4-E for additional information about changes in capital assets during the calendar year and the amount outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmen	ital A	ctivities	Business Ac	tivit	ies	Total	1		
	2018		2017	 2018		2017	 2018		2017	
Non-depreciable assets:										
Land	\$ 28,781,631	\$	28,781,631	\$ 4,498,606	\$	4,498,606	\$ 33,280,237	\$	33,280,237	
Easements	588,168		588,168	-		-	588,168		588,168	
Construction in progress	11,050,493		9,680,856	9,907,189		4,005,732	20,957,682		13,686,588	
Intangibles and other	 100,750		100,750	 221,766		221,766	 322,516		322,516	
Total non-depreciable	\$ 40,521,042	\$	39,151,405	\$ 14,627,561	\$	8,726,104	\$ 55,148,603	\$	47,877,509	
Depreciable assets:										
Utility plants	\$ -	\$	-	\$ 280,228,303	\$	275,598,736	\$ 280,228,303	\$	275,598,736	
Port facilities	-		-	67,891,581		67,861,503	67,891,581		67,861,503	
Land improvements	1,539,203		1,539,203	-		-	1,539,203		1,539,203	
Buildings	140,590,518		140,370,921	-		-	140,590,518		140,370,921	
Machinery and equipment	16,874,663		16,047,663	-		-	16,874,663		16,047,663	
Infrastructure	85,219,698		84,805,013	-		-	85,219,698		84,805,013	
Software	 581,531		581,531	 -	_	-	 581,531		581,531	
Total depreciable assets	244,805,613		243,344,331	348,119,884		343,460,239	592,925,497		586,804,570	
Less accum. depreciation	 (67,260,857)		(62,049,405)	 (178,413,484)		(171,076,916)	 (245,674,341)		(233,126,321)	
Net depreciable assets	\$ 177,544,756	\$	181,294,926	\$ 169,706,400	\$	172,383,323	\$ 347,251,156	\$	353,678,249	
Percentage depreciated	 27%		25%	 51%		50%	 41%		40%	
Book value - all assets	\$ 218,065,798	\$	220,446,331	\$ 184,333,961	\$	181,109,427	\$ 402,399,759	\$	401,555,758	

Capital Assets

Major capital assets under construction during 2018 and included in construction in progress are as follows:

- Solid Waste Recycling and Handling Facility extension \$1.25 million
- Water Street Trestle No. 2 replacement \$8.9 million
- Berth III improvements and barge overhaul \$5.7 million
- Berths I and II expansion \$2.1 million
- Removal of the Berth I and II rock pinnacle \$570,000
- Subsea fiber cable \$730,000

Major capital assets placed in service during 2018 are as follows:

- Beaver Falls Electric Generator Rewind \$1.44 million
- Raw water transmission main replacement \$1.0 million
- Sea Level Drive sewer and storm drain replacement \$330,000
- Tongass Historical Museum permanent exhibit area- \$301,000
- Vactor sewer cleaner \$413,000

At December 31, 2018, the depreciable capital assets for governmental activities were 27 percent depreciated. At December 31, 2017 and 2016, capital assets were 25 and 33 percent depreciated, respectively. The City's business-type activities capital assets were 51 percent depreciated at December 31, 2018 compared to 50 and 48 percent for 2017 and 2016, respectively. A trending increase in the percentage would suggest that the City has not been maintaining its capital assets and may incur the risk and cost of deferred maintenance. A trending decrease in the percentage is an indicator that capital assets have been well maintained. No change in the percentage of assets depreciated implies that capital assets have been adequately maintained.

Long-term Debt

At December 31, 2018, the City had \$103.76 million in outstanding bonded debt and other long-term debt, a decrease of \$2.67 million from 2017. Total general obligation bonded debt decreased from \$56.28 million to \$54.69 million, or 2.8 percent. Total revenue bonded debt decreased from \$46.60 million to \$45.54 million, or 2.3 percent. The following table provides a summary of outstanding long-term debt:

Outstanding Long-term Debt

		nmental vities		ess-type vities	Totals				
	2018	2017	2018	2017	2018	2017			
General obligation bonds	\$ 53,015,000	\$ 54,505,000	\$ 1,678,051	\$ 1,777,508	\$ 54,693,051	\$ 56,282,508			
Revenue bonds	-	-	45,538,087	46,597,882	45,538,087	46,597,882			
Landfill closure costs	970,260	967,140	-	-	970,260	967,140			
Compensated absences	1,522,754	1,461,463	1,038,798	1,127,956	2,561,552	2,589,419			
Total	\$ 55,508,014	\$ 56,933,603	\$ 48,254,936	\$ 49,503,346	\$ 103,762,950	\$ 106,436,949			

During 2018, the City issue two new money revenue bonds 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 utility improvements. The City issued a \$329,746 bond in 2018 to recoup costs for the replacement of aging wastewater mains located in the downtown core. The 20-year bond was issued through the Alaska Department of Environmental Conservation Clean Water Loan Program at an effective interest rate of 1.5%.

In October 2014, the voters of the City approved a ballot proposition ratifying the issuance of up to \$5 million in bonds for water utility improvements. The City expects to issue a \$632,620 bond in 2018 to recoup costs for the replacement of aging water mains located in the downtown core. The 20-year bond was issued through the Alaska Department of Environmental Conservation Drinking Water Loan Program at an effective interest rate of 1.5%.

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, 2018, the City's total direct general obligation bond debt per capita was \$6,986.

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

Economic Factors and Next 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 2018, 1,045,100 cruise ship passengers visited Ketchikan. This topped the previous record of 997,000 passengers achieved in 2017. The outlook for 2019 is continuing growth with over 1.2 million passengers expected to visit the community. 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 2018, the City collected a record \$12.5 million in sales tax revenues. The previous record of \$11.94 million was set in 2017. The City estimates that tourism accounts for at least 25% of its annual sales tax collections.

Recognizing that tourism is now the most important industry in the local economy, the City has begun the process of planning for the berthing of neopanamax 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 shoreside amenities capable of accommodating larger inflows of passengers. The City estimates that these demands will require up to \$150 million in new investments from both the private and the public sectors over the next several years. The City may seek voter approval in 2019 to issue revenue bonds to finance expansion projects for Berths I, II and III, and upland improvements for the downtown core. A private company, the Ward Cove Dock Group, announced in June 2019 its plans to develop and construct two neopanamax cruise ship berths at the former site of the Ketchikan Pulp Company. The Ward Cove Dock Group has yet to provide the any definitive details about their plans but the City anticipates that this development will have an impact on the City's plans to expand its own berthing facilities.

After spending \$14 billion of reserves over the past several years to subsidize state government, the State of Alaska has finally taken measures to address its budgetary shortfalls. The adopted budget for the State's fiscal year ending June 30, 2020 included significant cuts that lowered the annual deficit from \$1.4 billion to \$730 million. Reductions were made to the budgets for the University of Alaska, the Alaska Marine Highway System, Medicaid, education programs, the school bond debt program and many other social and humanitarian programs. Despite these cuts, the Permanent Fund Dividend Program is still intact and its fate will be determined during a special legislative session scheduled for July. Cutting \$670 million from the State's annual budget will have a big impact on 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 and community assistance programs. 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. The loss of funding for the Alaska Marine Highway System will have an impact on the City because a significant number of their employees call Ketchikan home. There is no doubt that actions taken by the State to address its fiscal challenges 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 2019, the City expects the local economy to continue to expand in response to the rapid growth in the tourism industry. The number of cruise ship passengers visiting Ketchikan is projected to increase by 150,000 passenger over 2018. Over the past five years, taxable property values have increased from \$742 million to a record \$863 million. Taxable property values are expected to increase in 2019 due to very favorable real estate market. Sales tax collections have been projected to reach another record of about \$12.8 million. The forecast calls for continued growth in tourism in 2019 and beyond. By 2019, the number of cruise ship passengers is projected to 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 and live.

In 2019, 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 3%, water rates by 5.5% and wastewater rates by 6%. With the exception of the electric rate increase, all the other rate increases became effective April 2019. During budget deliberations in December 2018, the City Council adopted the 2019 General Government Operating and Capital Budget predicated on raising the property tax mill rate from 6.6 to 7.4. When it came time establish the mill levy by resolution in June 2019, the City Council opted to leave the mill rate at 6.6. The increase in the mill levy was proposed as a means for funding an update to the City's compensation plan. Since the implementation of the updated compensation plan was delayed, the City Council did not believe that an increase in the mill rate was warranted for 2019.

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.



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GOVERNMENT-WIDE FINANCIAL STATEMENTS



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City of Ketchikan, Alaska Statement of Net Position December 31, 2018

	G	overnmental Activities	B	usiness-type Activities	Total
Assets					
Current assets:					
Cash and temporary investments (Note 4A)	\$	30,138,333	\$	33,387,237	\$ 63,525,570
Restricted cash, cash equivalents and investments		6,265,265		812,264	7,077,529
Receivables:					
Accounts		932,634		2,700,548	3,633,182
Taxes		2,208,591		-	2,208,591
Intergovernmental		52,565		48,780	101,345
Miscellaneous		37,028		-	37,028
Interest		137,485		146,672	284,157
Unbilled		63,751		2,612,335	2,676,086
Advances		469,002		(469,002)	-
Inventory		-		2,391,825	2,391,825
Prepaid items		685,491		1,146,071	1,831,562
Total current assets		40,990,145		42,776,730	83,766,875
Noncurrent assets:					
Land for resale		404,181		-	404,181
Restricted investments		-		7,107,527	7,107,527
Accrued interest on restricted assets		-		4,631	4,631
Capital Assets (Note 4E)					
Nondepreciable capital assets		40,521,042		14,627,561	55,148,603
Depreciable capital assets, net		177,544,756		169,706,400	347,251,156
Total noncurrent assets		218,469,979		191,446,119	409,916,098
Total Assets		259,460,124		234,222,849	 493,682,973
Deferred Outflow of Resources		1,899,891		558,490	 2,458,381
Total Assets and Deferred Outflow of Resources		261,360,015		234,781,339	 496,141,354

City of Ketchikan, Alaska Statement of Net Position (Cont'd) December 31, 2018

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	1,466,470	3,452,611	4,919,081
Payroll payable	1,768,643	-	1,768,643
Accrued interest payable	318,894	254,769	573,663
Customers deposits payable	4,333	372,083	376,416
Unearned revenue	367,446	25,376	392,822
Claims payable	143,000	,	143,000
Compensated absences payable	152,275	103,880	256,155
General obligation bonds payable	1,670,529	100,957	1,771,486
Revenue bonds payable	-	2,408,525	2,408,525
Total current liabilities	5,891,590	6,718,201	12,609,791
Noncurrent liabilities	0,001,000	0,710,201	12,000,701
Compensated absences payable (net of current portion)	1,370,479	934,918	2,305,397
Net pension liability	12,356,724	3,630,756	15,987,480
Net other post employment benefits liability	2,529,822	743,334	3,273,156
Landfill closure costs	970,260	-	970,260
General obligation bonds payable (net of current portion)	53,639,433	1,577,094	55,216,527
Revenue bonds payable (net of current portion)	-	47,862,334	47,862,334
Total noncurrent liabilities	70,866,718	54,748,436	125,615,154
Deferred Inflow of Resources	1,263,275	844,289	2,107,564
Total Liabilities and Deferred Inflows of Resources	78,021,583	62,310,926	140,332,509
Net Position			
Net investment in capital assets (Note 4K) Restricted for:	164,522,169	131,911,948	296,434,117
Capital and maintenance outlay	3,650,681		3,650,681
Repair and replacement funds	5,050,081	3,724,677	3,724,677
Commercial passenger excise tax funds	4,327,281	135,459	4,462,740
Debt service	4,327,201	3,936,401	3,936,401
Solid waste operations and maintenance	- 1,886,489	5,950,401	1,886,489
Harbor operations and maintenance	1,014,074	-	1,014,074
Cemetery operations and maintenance	130,319	-	130,319
Investigation and property seizure funds	130,319 184,929	-	130,319 184,929
Unrestricted	7,622,490	-	
Omesuicieu	7,022,490	32,761,928	40,384,418
Total Net Position	\$ 183,338,432	\$ 172,470,413	\$ 355,808,845

City of Ketchikan, Alaska Statement of Activities For the Year Ended December 31, 2018

Functions/Programs		Expenses	(Charges for Services	-	ating Grants Contributions	-	oital Grants Contributions
Governmental Activities:								
General government	\$	2,203,941	\$	43,177	\$	122,681	\$	-
Public safety		8,983,817		1,366,492		250,427		104,815
Culture and tourism		3,370,637		932,096		2,296,525		-
Health and welfare		1,813,628		1,224		-		-
Public works		9,482,847		3,297,682		25,923		10,627
Harbor		2,489,448		1,576,926		25,354		319,098
Interest		2,241,218		-		-		-
Total Governmental Activities		30,585,536		7,217,597		2,720,910		434,540
Business-Type Activities:								
Electric, telecommunications and water		44,059,536		44,942,232		174,368		859,110
Port		7,415,022		9,951,339		13,360		608,172
Wastewater		2,806,720		3,206,933		4,914		515,085
Total Business-Type Activities		54,281,278		58,100,504		192,642		1,982,367
Total	\$	84,866,814	\$	65,318,101	\$	2,913,552	\$	2,416,907

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, Restated

Net Position End of Year

_		Prima	ary Government		
Govern	mental		isiness-Type		
Activ	ities		Activities		Total
ф ()	020.002	¢		¢	(2.020.002)
	,038,083)	\$	-	\$	(2,038,083)
	,262,083)		-		(7,262,083)
	(142,016)		-		(142,016)
	,812,404)		-		(1,812,404)
	,148,615)		-		(6,148,615)
	(568,070)		-		(568,070)
(2,	,241,218)		-		(2,241,218)
(20,	,212,489)		-		(20,212,489)
	-		1,916,174		1,916,174
	-		3,157,849		3,157,849
	-		920,212		920,212
	-		5,994,235		5,994,235
(20,	,212,489)		5,994,235		(14,218,254)
5,	,743,008		-		5,743,008
12,	,459,791		-		12,459,791
	190,549		-		190,549
	527,089		-		527,089
	232,948		-		232,948
	353,430		495,164		848,594
	446,904		648,068		1,094,972
	641,677		(641,677)		-
20,	,595,396		501,555		21,096,951
	382,907		6,495,790		6,878,697
182,	,955,525		165,974,623		348,930,148
\$ 183,	,338,432	\$	172,470,413	\$	355,808,845



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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

City of Ketchikan, Alaska Balance Sheet Governmental Funds December 31, 2018

		General	Go	Other overnmental Funds	G	Total overnmental Funds
Assets	¢	10 519 409	\$	9 251 679	¢	27 970 096
Cash and temporary investments Restricted cash:	\$	19,518,408	Э	8,351,678	\$	27,870,086
Bond construction funds				1,766,333		1,766,333
Property seizure funds		-		1,700,555		1,700,555
Commercial passenger excise tax funds				4,314,819		4,314,819
Receivables:				4,514,017		4,514,017
Accounts		282,593		650,041		932,634
Taxes		2,147,020		61,571		2,208,591
Intergovernmental		17,995		34,570		52,565
Interest		84,901		49,637		134,538
Unbilled receivables		-		63,751		63,751
Land for resale		404,181		-		404,181
		<u> </u>				
Total Assets	\$	22,455,098	\$	15,476,513	\$	37,931,611
Liabilities						
Accounts payable	\$	374,780	\$	1,088,563	\$	1,463,343
Payroll payable		1,768,643		-		1,768,643
Customer deposits payable		-		4,333		4,333
Unearned revenue		27,291		340,155		367,446
Total Liabilities		2,170,714		1,433,051		3,603,765
Deferred Inflows of Resources		2,031,022		61,571	_	2,092,593
Fund Balances						
Nonspendable - Land held for resale		404,181		-		404,181
Restricted for:						
Law enforcement		-		184,929		184,929
Commercial passenger excise tax		-		4,327,281		4,327,281
Bond construction funds		-		2,047,683		2,047,683
Assigned:						
Subsequent years budget		1,802,480		925,628		2,728,108
Parking development and abatement of dangerous buildings		669,335		-		669,335
Hospital development and expansion		4,444,211		-		4,444,211
General government		337,139		95,049		432,188
Public safety		412,836		-		412,836
Culture and tourism		486,436		447,685		934,121
Public works		88,264		-		88,264
Collection and disposal of solid waste		-		1,597,495		1,597,495
Cemetery operations		-		110,636		110,636
Harbor operations		-		876,174		876,174
Streets, sidewalks and other public projects		3,632,400		-		3,632,400
Development of community facilities		-		2,580,599		2,580,599
Harbor construction		-		722,565		722,565
Public works projects Unassigned		- 5,976,080		66,167		66,167 5,976,080
Total Fund Balances		18,253,362		13,981,891		32,235,253
Total Liabilities, Deferred Inflows of Resources						
and Fund Balances	\$	22,455,098	\$	15,476,513	\$	37,931,611

City of Ketchikan, Alaska Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2018

Total Governmental Fund Balances		\$ 32,235,253
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	\$ 285,326,655 (67,260,857)	218,065,798
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: Taxes Services		2,043,453 49,140
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.		1,793,834
Accrued interest is not reported at the fund financial reporting level		(318,894)
Deferred inflows and outflows not reported at the fund financial reporting level Deferred Outflow Deferred Inflow	\$ 1,899,891 (1,263,275)	636,616
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 Net other post-employment benefits Landfill closure costs	\$ (53,015,000) (2,294,962) (12,356,724) (2,529,822) (970,260)	(71,166,768)
Net Position Of Governmental Activities		\$ 183,338,432

City of Ketchikan, Alaska Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2018

		General	Other Governmental eneral Funds			Total Governmental Funds			
Revenues	\$	19 254 692	¢	721 951	\$	19 090 526			
Taxes	Ф	18,254,682 96,487	\$	734,854	Э	18,989,536 96,487			
Licenses and permits Intergovernmental		90,487 668,560		2,715,895		3,384,455			
Charges for services		2,247,253		4,763,296		5,584,455 7,010,549			
Fines and forfeitures		106,984		1,916		108,900			
Investment earnings		206,590		122,302		328,892			
Interdepartmental charges		3,241,608		122,302		3,241,608			
Miscellaneous		324,860		125,410		450,270			
Miscenaieous		324,800		125,410		430,270			
Total Revenues		25,147,024		8,463,673		33,610,697			
Expenditures									
Current:		1 954 126		05 500		1 0 10 626			
General government		4,854,136		95,500		4,949,636			
Public safety Culture and tourism		8,963,928		104,815		9,068,743			
Health and welfare		3,140,900 466,373		-		3,140,900 466,373			
Public works		6,237,849		2 029 207					
Harbor		0,237,849		3,028,207 1,111,579		9,266,056			
Debt Service:		-		1,111,379		1,111,579			
Principal retirement				1,490,000		1,490,000			
Interest and fiscal charges		-		2,365,068		2,365,068			
Capital Outlay				2,050,471		2,050,471			
Capital Outlay				2,030,471		2,030,471			
Total Expenditures		23,663,186		10,245,640		33,908,826			
Excess (Deficiency) of Revenues									
Over (Under) Expenditures		1,483,838		(1,781,967)		(298,129)			
Other Financing Sources (Uses)									
Sale of capital assets		1,800		-		1,800			
Transfers in		1,563,159		3,779,132		5,342,291			
Transfers out		(3,225,489)		(1,475,125)		(4,700,614)			
Total Other Financing Sources (Uses)		(1,660,530)		2,304,007		643,477			
Net Change in Fund Balances		(176,692)		522,040		345,348			
Fund Balances Beginning of Year		18,430,054		13,459,851		31,889,905			
Fund Balances End of Year	\$	18,253,362	\$	13,981,891	\$	32,235,253			

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, 2018

Net Changes In Fund Balances - Total Governmental Funds		\$ 345,348
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	\$ (5,493,596) 3,206,326	(2,287,270)
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		(93,263)
Revenues of Internal Service Fund are included in the governmental statement of activities		24,538
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes Charges for Services		(69,099) 437
Elimination of transfers between governmental funds: Transfers in Transfers out	\$ (4,700,614) 4,700,614	-
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.		13,321
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 Net pension obligation Net other post-employment benefits obligation Landfill closure costs	\$ 1,490,000 110,529 816,426 35,060 (3,120)	2,448,895
Change In Net Position of Governmental Activities		\$ 382,907



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PROPRIETARY FUNDS

City of Ketchikan, Alaska Statement of Net Position Proprietary Funds December 31, 2018

			Business-typ Enterpri				Governmental Activities - Internal Service Fund	
	 Ketchikan Public Utilities	:	Ketchikan Port	V	Vastewater Service	 Total		
Assets								
Current Assets:								
Cash and temporary investments	\$ 22,017,576	\$	9,446,710	\$	1,922,951	\$ 33,387,237	\$	2,268,247
Restricted cash, cash equivalents and investments	463,381		322,261		26,622	812,264		-
Receivables:								
Accounts	2,489,164		-		211,384	2,700,548		-
Interest	97,166		47,558		1,948	146,672		2,947
Intergovernmental	-		48,780		-	48,780		-
Miscellaneous	-		-		-	-		37,028
Inventory	2,391,825		-		-	2,391,825		-
Prepaid items	37,262		1,108,809		-	1,146,071		685,491
Unbilled revenue	 2,458,822		-		153,513	 2,612,335		-
Total Current Assets	 29,955,196		10,974,118		2,316,418	 43,245,732		2,993,713
Noncurrent Assets:								
Restricted Assets:								
Investments	1,142,850		5,964,677		-	7,107,527		-
Accrued interest on restricted assets	448		4,183		-	4,631		-
Advances from other funds	-		1,411,551		-	1,411,551		469,002
Capital Assets:								
Nondepreciable capital assets	3,465,314		10,754,165		408,082	14,627,561		-
Depreciable capital assets, net	 103,805,936		47,580,306		18,320,158	 169,706,400		-
Total Noncurrent Assets	 108,414,548		65,714,882		18,728,240	 192,857,670		469,002
Total Assets	 138,369,744		76,689,000		21,044,658	 236,103,402		3,462,715
Deferred Outflow of Resources	 458,991		75,925		23,574	 558,490		_
Total Assets and Deferred Outflow of Resources	138,828,735		76,764,925		21,068,232	236,661,892		3,462,715

City of Ketchikan, Alaska Statement of Net Position (Cont'd) Proprietary Funds December 31, 2018

		Business-typ Enterpri			Governmental
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	Activities - Internal Service Fund
Liabilities					
Current Liabilities:					
Accounts payable	2,755,807	242,807	453,997	3,452,611	3,127
Accrued interest	142,613	107,308	4,848	254,769	-
Customer deposits	372,083	-	-	372,083	-
Advances to other funds	350,987	-	-	350,987	-
Compensated absences payable	97,486	3,084	3,310	103,880	152,275
Unearned revenue	25,376	-	-	25,376	-
General obligation bonds payable	-	-	100,957	100,957	-
Revenue bonds payable	1,197,199	1,182,584	28,742	2,408,525	-
Claims payable					143,000
Total Current Liabilities	4,941,551	1,535,783	591,854	7,069,188	298,402
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	877,371	27,760	29,787	934,918	1,370,479
Net pension liability	3,004,047	490,815	135,894	3,630,756	-
Net other post-employment benefits liability	615,026	100,486	27,822	743,334	-
Advances from other funds	1,529,566	-	-	1,529,566	-
Revenue bonds payable (net of current portion)	19,883,929	27,444,466	533,939	47,862,334	-
General obligation bonds payable (net of current portion)			1,577,094	1,577,094	
Total Long-Term Liabilities	25,909,939	28,063,527	2,304,536	56,278,002	1,370,479
Deferred Inflow of Resources	307,114	523,281	13,894	844,289	
Total Liabilities and Deferred Inflow of Resources	31,158,604	30,122,591	2,910,284	64,191,479	1,668,881
Net Position					
Net investment in capital assets	86,190,122	29,234,318	16,487,508	131,911,948	-
Restricted for bond retirement	1,543,392	2,371,235	21,774	3,936,401	-
Restricted for repair and replacement	-	3,724,677	-	3,724,677	-
Restricted commercial passenger excise tax funds	-	135,459	-	135,459	-
Unrestricted	19,936,617	11,176,645	1,648,666	32,761,928	1,793,834
Total Net Position	\$ 107,670,131	\$ 46,642,334	\$ 18,157,948	\$ 172,470,413	\$ 1,793,834



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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, 2018

		Governmental					
	Ketchikan Public Utilities	Ketchikan Port	ise Funds Wastewater Service	Total	Activities - Internal Service Fund		
Operating Revenues	\$ 45.032.232	\$ 9.951.339	\$ 3.206.933	\$ 58,190,504	¢ 0.577.579		
Charges for services Miscellaneous	\$ 45,032,232 610,721	\$ 9,951,339 18,963	\$ 3,206,933 18,384	\$ 58,190,504 648,068	\$ 2,577,578		
Miscenaneous	010,721	18,905	18,384	048,008			
Total Operating Revenues	45,642,953	9,970,302	3,225,317	58,838,572	2,577,578		
Operating Expenses							
Operation and maintenance	29,296,523	4,730,576	2,235,222	36,262,321	-		
Administration and general	6,168,640	-	-	6,168,640	-		
Depreciation	7,973,572	1,612,457	541,734	10,127,763	-		
Compensated absences	-	-	-	-	1,196,259		
Insurance	-	-	-	-	1,325,763		
Claims					56,769		
Total Operating Expenses	43,438,735	6,343,033	2,776,956	52,558,724	2,578,791		
Operating Income	2,204,218	3,627,269	448,361	6,279,848	(1,213)		
Non Operating Revenues (Expenses)							
Operating grants	174,368	13,360	4,914	192,642	-		
Interest and fiscal charges	(710,801)	(1,071,989)	(29,764)	(1,812,554)	-		
Gain or (loss) on disposal of capital assets	-	-	-	-	-		
Investment earnings	243,822	246,066	5,276	495,164	25,751		
Total Non Operating Revenues (Expenses)	(292,611)	(812,563)	(19,574)	(1,124,748)	25,751		
Income Before Capital Contributions and Grants and Transfers	1,911,607	2,814,706	428,787	5,155,100	24,538		
Capital contributions and grants Transfers	859,110	608,172	515,085	1,982,367	-		
Transfer from commercial passenger vessel tax fund Payments in lieu of taxes to the general fund	(786,000)	543,323 (319,000)	(80,000)	543,323 (1,185,000)	-		
Total Capital Contributions and Grants and Transfers	73,110	832,495	435,085	1,340,690			
Change in Net Position	1,984,717	3,647,201	863,872	6,495,790	24,538		
Net Position Beginning of Year	105,685,414	42,995,133	17,294,076	165,974,623	1,769,296		
Net Position End of Year	\$ 107,670,131	\$ 46,642,334	\$ 18,157,948	\$ 172,470,413	\$ 1,793,834		

City of Ketchikan, Alaska Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2018

_	Business-type Activities - Enterprise Funds						Governmental		
_	Ketchikan Public Utilities]	Ketchikan Port	V	Vastewater Service		Total		ctivities - Internal rvice Fund
Cash Flows from Operating Activities									
Cash received from customers and users \$	44,499,497	\$	9,966,377	\$	3,193,650	\$	57,659,524	\$	2,645,605
Cash payments to employees for services	(14,345,206)	Ψ	(1,035,632)	Ψ	(900,605)	Ψ	(16,281,443)	Ψ	- 2,015,005
Cash payments to suppliers for goods and services	(20,867,558)		(3,784,570)		(1,336,039)		(25,988,167)		-
Cash payments for insurance and claims	(20,007,000)		-		-		(20,500,107)		(1,390,510
Cash payments for compensated absences									(1,134,967
Net Cash Provided by Operating Activities	9,286,733		5,146,175		957,006		15,389,914		120,128
Cash Flows from Noncapital Financing Activities									
Operating grant from other governments	174,368		13,360		4,914		192,642		-
Transfers out	-		543,323		-		543,323		-
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	(611,632)		237,683		(75,086)		(449,035)		-
Cash Flows from Capital and Related Financing Activities									
Advances	(1.288.449)		1,288,449		-		_		-
Capital grant received from other governments	859,110		812,313		515,085		2,186,508		-
Capital debt proceeds	1,737,292		-		329,746		2,067,038		-
Principal paid on general obligation bonds	-		_		(99,459)		(99,459)		_
Interest paid on general obligation bonds	-		_		(26,291)		(26,291)		-
Principal paid on revenue bonds	(2,175,562)		(930,000)		(21,269)		(3,126,831)		-
Interest paid on revenue bonds	(797,229)		(1,306,499)		(3,760)		(2,107,488)		-
Payments for capital acquisitions and construction	(6,918,293)		(7,979,921)		(66,645)		(14,964,859)		-
Net Cash Provided (Used) by Capital and Related									
Financing Activities	(8,583,131)		(8,115,658)		627,407		(16,071,382)		-
Cash Flows from Investing Activities									
Investment earnings	146,119		195,199		3,329		344,647		25,751
Proceeds from bond reserve fund investments	1,475		1,983,761		-		1,985,236		-
Purchase of bond reserve fund investments	-		(529,804)		-		(529,804)		-
Net Cash Provided by Investing Activities	147,594		1,649,156		3,329		1,800,079		25,751
Net Increase (Decrease) in Cash									
and Cash Equivalents	239,564		(1,082,644)		1,512,656		669,576		145,879
Cash and Cash Equivalents Beginning 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
Cash and Cash Equivalents End of Year (including \$463,381 for Ketchikan Public Utilities, \$322,261 for Port and \$26,622 for Wastewater Services reported in restricted accounts) \$	22,480.957	\$	9,768,971	\$	1,949,573	\$	34,199,501	\$	2,268,248
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(continued)

City of Ketchikan, Alaska Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2018

(continued)

	Business-type Activities - Enterprise Funds								Governmental		
-		Ketchikan Public Utilities		Ketchikan Port		Wastewater Service		Total		Activities - Internal Service Fund	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities											
Operating Income	\$	2,204,218	\$	3,627,267	\$	448,361	\$	6,279,846	\$	(1,213)	
Adjustments:											
Depreciation		7,973,572		1,612,457		541,734		10,127,763		-	
Other		87,251		-		-		87,251		-	
(Increase) Decrease in Assets and Deferred Outflo	ws:										
Accounts receivable		350,706		(3,924)		(24,468)		322,314		70,974	
Accrued interest		-		-		-		-		(2,947)	
Unbilled revenue		(1,501,298)		-		(7,197)		(1,508,495)		-	
Prepaid expenses		(25,839)		(38,521)		-		(64,360)		(10,606)	
Inventory		184,577		-		-		184,577		-	
Customer deposits		718		-		-		718		-	
Deferred outflows		(183,884)		(28,820)		(9,737)		(222,441)		-	
Increase (Decrease) in Liabilities and Deferred In	flow	s:									
Accounts payable		308,258		(22,271)		7,955		293,942		2,628	
Compensated absences payable		(94,539)		3,932		1,449		(89,158)		61,292	
Unearned revenue		7,136		-		-		7,136		-	
Pension liability		63,704		10,408		2,882		76,994		-	
Other postemployment benefits liability		375,162		23,046		6,381					
Deferred inflows		(463,009)		(37,399)		(10,354)		(510,762)		-	
Net Cash Provided by Operating Activities	\$	9,286,733	\$	5,146,175	\$	957,006	\$	14,985,325	\$	120,128	
Noncash investing, capital and financing activities			¢	(2.450)							
Fair value of non-cash investments	<i>.</i>	-	\$	(3,479)		-					
Revenue bond arbitrage	\$	(89)		-		-					



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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-4 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-5 Prepaid Items

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for appropriation.

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, 2018 the balance on hand in the KPU Revenue Bond Redemption Fund amounted to \$463,381 which was the required amount per applicable bond ordinances. The KPU Revenue Bond Reserve Fund contained \$1,142,850, which was the required amount per applicable bond ordinances. The Port Revenue Bond Redemption Fund amounted to \$186,802. The Port Revenue Bond Reserve Fund contained \$2,240,000, as required by applicable bond ordinances. The Wastewater Service Fund contained \$26,622 in the Bond Redemption Fund.

The Harbor Construction Fund and the Hospital Construction Fund have been established to account for harbor and hospital capital improvements. Proceeds from the sale of bonds and grant awards are accounted for in these funds and are restricted by the provisions of bond indentures or the terms of grant agreements that limit the use for the payment of costs incurred in the construction of harbor and hospital capital improvements. The total amount restricted as of December 31, 2018 was \$488,664 in the Harbor Construction Fund and \$1,277,669 in the Hospital Construction Fund.

The Repair and Replacement Fund has been established in the Port Fund pursuant to the covenants of the 2016 Port Revenue Refunding Bond and the provisions of the long-term lease agreement for Berth IV. As of December 31, 2018 the amount required to satisfy the bond covenants and lease agreement was \$2,320,898 and \$1,403,779 restpectively, for a total of \$3,724,677.

The City received Commercial Passenger Vessel Excise Tax Funds from the State of Alaska. These funds are restricted for purposes established by federal and state regulations. The City currently has \$43,082 in the Commercial Passenger Vessel Excise Tax Capital Projects Fund, \$135,459 in the Port Fund and \$4,271,737 in the Commercial Passenger Vessel Excise Tax Special Revenue 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 \$184,311.

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

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

1-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 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-14 Interfund Activity

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

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

1-D-15 Estimates

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

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 – Change in Accounting Principles and Estimates

2-A. Implementation of GASB Statement No. 75

In 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits. This statement establishes new accounting and financial reporting requirements for other postemployment benefits plans and standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. As a result of this implementation the following restatements to net position are presented below.

Proprietary Fund Restatement of Net Position

	Ketchikan Public Utilities Fund		 Port Fund	astewater	Total	
Net position as of 1/1/2018	\$	106,347,227	\$,,	\$ 17,323,141	\$166,773,342	
Deferred outflow of resources Net other postemployment benefits		52,021 (473,970) (220,864)	8,789 (77,440) (20,100)	3,227 (21,441)	64,037 (572,851)	
Deferred intflow of resources Net position restated as of 1/1/2018	\$	(239,864) 105,685,414	\$ (39,190) 42,995,133	\$ (10,851) 17,294,076	(289,905) \$165,974,623	

Note 2 – Change in Accounting Principles and Estimates (Continued)

Government Wide Restatement of Net Position

	Governmental I Activities		siness-Type Activities	 Total
Net position as of 1/1/2018	\$	185,674,102	\$ 166,773,342	\$ 352,447,444
Deferred outflow of resources		217,682	64,037	281,719
Net other postemployment benefits		(1,949,610)	(572,851)	(2,522,461)
Deferred inflow of resources		(986,649)	(289,905)	(1,276,554)
Net position restated as of 1/1/2018	\$	182,955,525	\$ 165,974,623	\$ 348,930,148

Additional information regarding the effect of GASB 75 is included in note 4-J

Note 3 – Stewardship, Compliance and Accountability

3-A. Budgetary Information

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

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

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

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

On December 21, 2017, the 2018 General Government Operating and Capital Budget and the 2018 Ketchikan Public Utilities Operating and Capital Budget were adopted by the City Council with the passage of Resolution 17-2679 and Resolution 17-2680, respectively. During the year, the 2018 General Government Operating and Capital Budget was amended to provide for supplemental appropriations as follows:

- Decrease revenue and appropriations for the community grant fund in the amount of \$68,648.
- Acceptance of a grant for the fire department in the amount of \$1,464.
- Acceptance of a grant for the fire department in the amount of \$5,000.
- Acceptance of a grant for the fire department in the amount of \$3,200.
- Acceptance of a grant for the fire department in the amount of \$263.
- Acceptance of a grant for the library in the amount of \$1,800.
- Acceptance of a grant for the museum department in the amount of \$4,700.
- Acceptance of a grant for the museum department in the amount of \$2,815.
- Acceptance of a grant for the museum department in the amount of \$9,701
- Increase appropriations for the museum department in the amount of \$103,340.

During the year, the 2018 Ketchikan Public Utilities Operating and Capital Budget was amended as follows:

• Increase revenue and appropriations for the electric department in the amount of \$2,570,044 to cover the cost of extended diesel generation.

Note 3 – Stewardship, Compliance and Accountability (Continued)

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 4 - Detailed Notes on All Funds

4-A. Deposits and Investments

Cash and investments for the City are comprised of governmental and business-type activities. The balances at December 31, 2018 were:

Cash on hand	\$ 11,770
Deposits with financial institutions	 77,698,856
Total	\$ 77,710,626

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

	Governmental Activities		E	Business-type Activities	Total		
Unrestricted Restricted	\$	30,127,181 6,276,417	\$	33,387,237 7.919,791	\$	63,514,418 14,196,208	
Total	\$	36,403,598	\$	41,307,028	\$	77,710,626	

The restricted cash and investments are comprised entirely of \$1,606,231, \$26,622 and \$2,426,802 for bond reserve accounts established for the City's municipal utility, wastewater services and port revenue bonds, respectively, \$1,766,333 for bond construction accounts, \$3,724,677 for the Port repair and replacement accounts, \$4,450,278 for commercial passenger excise tax fund accounts and \$184,113 for funds received from the seizure of forfeited assets that must be used for law enforcement purposes.

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, 2018, the book value of all the City deposits was \$77,698,856 and the bank value was \$77,985,869. The bank balance was fully collateralized as of December 31, 2018.

Investments

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

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

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

Interest rate risk. As of December 31, 2018, the weighted average maturity of the City's investment portfolio was .18 years. To minimize interest rate risk, the City's investment policy limits the portfolio to a maximum weighted average of maturity of 46 months. With the exception of bond reserve accounts, all other funds must be invested in less than two-year maturities and must meet the City's cash flow requirements.

Credit risk. The City's investments are a Certificate of Deposit secured by U.S. Treasury and Agency Debt Obligations and are not considered to have credit risk. At December 31, 2018, the City had an investment totaling \$44,337,990.

Concentration of credit risk. The City's total investment as of December 31, 2018 was invested in a fully collateralized Certificate of Deposit.

Custodial credit risk. This is the risk that, in the event of the failure of a counterparty, the City would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At December 31, 2018, the City's investment was held by either a counterparty or a counterparty's trust department or agent.

			Investr					
Investment Type	Fair Value	laturity ted	Less Than 1	1 -	5	6 -	10	Average Maturity (Years)
Certificate of Deposit	\$ 44,337,990	\$ -	\$44,337,990	\$	-	\$	-	0.18
L.	\$ 44,337,990	\$ 	\$44,337,990	\$	-	\$	-	
Portfolio weighted average m	aturity						0.18	

4-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, 2018, consisted of the following:

	Governmental type			type	
	Activities			Activities	 Total
Accounts receivable Allowance for doubtful accounts	\$	3,575,854 (143,800)	\$	5,600,335 (92,000)	\$ 9,176,189 (235,800)
Net accounts receivable	\$	3,432,054	\$	5,508,335	\$ 8,940,389

4-C. Property Taxes

Under Alaska Statutes, boroughs are required to bill and collect property taxes for cities located within its boundaries. The Ketchikan Gateway Borough performs these functions for the City. The City must set the rate of levy by June 15 of each year. Property taxes are levied on July 1 and are based on the assessed valuation of real and personal property as of January 1. Property taxes are due and payable immediately upon levy and become delinquent if not paid on or before September 30 of the year in which they are levied. The lien date is October 1. Foreclosure proceedings are initiated by the Ketchikan Gateway Borough the following January on properties for which property taxes has not been paid by December 31. Upon the issuance of

a judgment by the court, properties with delinquent taxes are transferred to the Borough and held for at least one year in order to permit the property owner with an option to redeem the property. At the end of the redemption period, all unredeemed property located within the City is deeded to the City by the court subject to the payment by the City of all unpaid borough taxes and the costs of foreclosure levied against the property.

4-D. Leases

4-D-1 Operating Leases

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

In 1988, the City entered into an agreement with the United States of America, Forest Service to lease City owned land for 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, 2018:

	Schedule of Investment in Property Held For Lease						
Tidelands	\$ 941,500 041,500						
Total Less: Accumulated Depreciation Net Investment	<u>941,500</u> - - 						

(This page continued on the subsequent page)

Note 4 - Detailed Notes on All Funds	s (Continued)
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Years Ending December 31		Amount	
2019		\$	48,739
2020			48,738
2021			48,739
2022			48,738
2023			48,739
2024-2028			165,236
2029-2033			163,786
2034-2038			107,266
2039-2043			73,070
2044-2048			67,250
2049-2053			44,900
2054-2058			30,000
2059-2063			30,000
	Total minimum future lease rentals	\$	925,201

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 31	Amount
2019	\$ 1,800,000
2020	1,800,000
2021	1,800,000
2022	1,800,000
2023	1,800,000
2024-2028	9,000,000
2029-2033	9,000,000
2034-2037	7,200,000
Total future minimum lease payments	\$ 34,200,000

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 2018, the City paid the minimum lease of \$1,800,000 plus a contingent lease payment of \$855,600 for a total of \$2,655,600.

4-E. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance Increases		Increases	I	Decreases	 Ending Balance	
Governmental activities:							
Nondepreciable capital assets							
Land	\$	28,781,631	\$	-	\$	-	\$ 28,781,631
Easements		588,168		-		-	588,168
Construction in progress		9,680,856		1,516,593		146,956	11,050,493
Other capital assets		100,750		-		-	 100,750
Total nondepreciable capital assets		39,151,405		1,516,593		146,956	 40,521,042
Depreciable capital assets:							
Land improvements		1,539,203		-		-	1,539,203
Buildings		140,370,920		219,598		-	140,590,518
Machinery and equipment		16,047,664		904,524		77,525	16,874,663
Infrastructure		84,805,013		712,567		297,882	85,219,698
Software		581,531		-		-	581,531
Total depreciable capital assets		243,344,331		1,836,689		375,407	 244,805,613
Total capital assets		282,495,736		3,353,282		522,363	 285,326,655
Accumulated depreciation:							
Land improvements		1,358,554		8,312		-	1,366,866
Buildings		21,982,046		2,142,234		-	24,124,280
Machinery and equipment		9,677,118		908,191		79,645	10,505,664
Infrastructure		28,767,059		2,409,506		202,498	30,974,067
Software		264,628		25,352		-	 289,980
Total accumulated depreciation		62,049,405		5,493,595		282,143	 67,260,857
Governmental activities capital assets, net	\$	220,446,331	\$	(2,140,313)	\$	240,220	\$ 218,065,798

General government	\$ 93,135
Public safety	656,278
Public works	1,900,724
Health and welfare	1,336,078
Harbor	1,183,444
Culture	 323,936
Total governmental activities depreciation expense	\$ 5,493,595

City of Ketchikan, Alaska Notes to the Basic Financial Statements

Note 4 - Detailed Notes on All Funds (Continued)

	Beginning Balance			Increases Decreas		Decreases	Ending Balance	
Business-type activities:			_			<u> </u>		
Nondepreciable capital assets:								
Land	\$	4,498,606	\$	-	\$	-	\$	4,498,606
Other capital assets		221,766		-		-		221,766
Construction in progress		4,005,732		6,385,226		483,769		9,907,189
Total non-depreciable capital assets		8,726,104		6,385,226		483,769		14,627,561
Depreciable capital assets:								
Electric utility plant		124,882,509		2,517,373		684,411		126,715,471
Telecommunications utility plant		67,343,303		3,421,337		1,987,869		68,776,771
Water utility plant		56,383,417		1,035,542		107,316		57,311,643
Wastewater utility plant		26,986,507		449,511		11,600		27,424,418
Port facilities		67,861,503		30,078				67,891,581
Total depreciable capital assets		343,457,239		7,453,841		2,791,196		348,119,884
Total capital assets		352,183,343		13,839,067		3,274,965		362,747,445
Accumulated depreciation:								
Electric utility plant		71,495,530		3,073,102		684,411		73,884,221
Telecommunications utility plant		52,651,413		3,402,722		1,987,869		54,066,266
Water utility plant		19,657,029		1,497,749		107,316		21,047,462
Wastewater utility plant		8,574,126		541,734		11,600		9,104,260
Port facilities		18,698,818		1,612,457		-		20,311,275
Total accumulated depreciation		171,076,916		10,127,764		2,791,196		178,413,484
Business-type activities capital assets, net	\$	181,106,427	\$	3,711,303	\$	483,769	\$	184,333,961

4-F. Commitments

The City has the following commitments as of December 31, 2018:

	0	perational	Capital	Total		
Governmental Funds			 			
General	\$	295,048	\$ 848,423	\$	1,143,471	
Hospital construction fund		-	-		-	
Major capital improvements fund		-	-		-	
Non-major special revenue funds		14,077	268,196		282,273	
Non-major capital projects funds		-	458,656		458,656	
Total Governmental Funds	\$	309,125	\$ 1,575,275	\$	1,884,400	
Enterprise Funds						
KPU	\$	946,324	\$ 1,760,911	\$	2,707,235	
Port		61,319	423,534		484,853	
Wastewater		2,497	188,392		190,889	
Total Enterprise Funds	\$	1,010,140	\$ 2,372,837	\$	3,382,977	

4-G. Transfers

Transfers out		Transfer Major C General Port improver fund fund fund					5		Total	
General fund	\$	_	\$	-	\$	-	\$	3,225,489	\$	3,225,489
KPU fund	-	786,000	Ŧ	-	Ŧ	-	+	-	Ŧ	786,000
Port fund		319,000		-		-		-		319,000
Wastewater fund		80,000		-		-		-		80,000
Nonmajor governmental										
funds		378,159		543,323		-		553,642		1,475,124
Total	\$	1,563,159	\$	543,323	\$	-	\$	3,779,131	\$	5,885,613

Interfund transfers for the year ended December 31, 2018, consisted of the following:

During the year, transfers are used to 1) move funds from the City's enterprise funds for payments in lieu of taxes to the general fund, 2) move revenues from the funds with collection authority to the debt service fund as debt service principal and interest payments become due, 3) move commercial passenger vessel excise tax received from the State of Alaska from the fund with collection authority to the capital project and enterprise funds to provide resources for tourism related capital improvements and 4) move local resources from one fund to another to subsidize operations and provide funding for general government capital improvements.

4-H. Landfill Closure and Postclosure Care

State and federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for up to thirty years after closure. Operating and capital expenditures related to current activities of the landfill are recorded in the Solid Waste Services special revenue fund. During 2018, 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 2018, the future closure and postclosure costs were reevaluated and adjusted to reflect current conditions. As of December 31, 2018, the estimated liability for landfill closure and postclosure care costs totaled \$970,260, an increase of \$3,120 from the estimated liability as of December 31, 2017.

The estimated liability is based on an engineer's estimate taking into account various factors including used capacity. As of December 31, 2018 used capacity was approximately 61.71%. It is estimated that an additional \$729,740 will be recognized as closure and postclosure care expenses between the date of the balance sheet, and the year 2037, in 19 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, 2018. 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, 2018.

4-I. Long-Term Debt

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

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

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, 2018 follow:

	Governmental Activities			Business-type Activities				
Year	Principal	Interest	Total	Principal	Interest	Total		
2019	\$ 1,560,000	\$ 2,291,724	\$ 3,851,724	\$ 100,957	\$ 24,794	\$ 125,751		
2020	1,630,000	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	1,860,000	1,958,684	3,818,684	107,176	18,575	125,751		
2024-2028	10,680,000	8,287,575	18,967,575	560,577	68,177	628,754		
2029-2033	10,800,000	5,716,535	16,516,535	524,807	25,277	550,084		
2034-2038	9,505,000	3,656,750	13,161,750	72,451	1,364	73,815		
2039-2043	11,020,000	1,633,400	12,653,400	-	-	-		
2044	2,480,000	49,600	2,529,600	-	-			
Total	\$ 53,015,000	\$ 29,991,345	\$ 83,006,345	\$ 1,678,051	\$ 203,356	\$ 1,881,407		

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.

KPU Revenue Bonds, ADEC Drinking Water Fund 481041– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of the Mill Street water main replacement, due in semiannual installments through May 1, 2038.

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.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481031 – issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the rehabilitation of the Front & Stedman Streets sewer force main, due in semiannual installments through May 1, 2038.

The operating revenues of the KPU, Port and Wastewater Funds were \$45.6 million, \$10 million and \$3.2 million respectively. The debt service payments for KPU, Port and Wastewater Funds were \$1.73 million or 3.8% of revenues, \$2.23 million or 22.3% of revenues and \$159,000 or 4.9% of revenues, respectively.

Annual debt service requirements to amortize revenue bonds outstanding, as of December 31, 2018 follow:

Year	Principal		Principal Interest		 Total	
2019	\$	2,115,371	\$	1,903,077	\$ 4,018,448	
2020		2,188,130		1,835,536	4,023,666	
2021		2,266,006		1,753,010	4,019,016	
2022		2,354,001		1,666,965	4,020,966	
2023		2,362,117		1,577,050	3,939,167	
2024-2028		13,391,656		6,307,301	19,698,957	
2029-2033		16,386,787		3,149,620	19,536,407	
2034-2038		4,474,019		324,620	 4,798,639	
Total	\$	45,538,087	\$	18,517,179	\$ 64,055,266	

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2018:

Governmental Activities		Beginning Balance	Additions		Additions		Reductions		Ending Balance		Due Within One Year	
Bonds payable: General obligation bonds	\$	54,505,000	\$	_	\$	1,490,000	\$	53,015,000	\$	1,560,000		
Plus deferred amounts:	Ψ	54,505,000	Ψ		Ψ	1,190,000	Ψ	55,015,000	Ψ	1,500,000		
For issuance premiums		2,405,491		-		110,529		2,294,962		110,529		
Total bonds payable		56,910,491		-		1,600,529		55,309,962		1,670,529		
Landfill closure costs		967,140		3,120				970,260		-		
Compensated absences		1,461,463		1,196,259		1,134,968		1,522,754		152,275		
	¢	50 220 004		1 100 050	<i>•</i>	0 505 105	٠	FR 000 05 (1 022 004		
Total Governmental Activities	\$	59,339,094	\$	1,199,379	\$	2,735,497	\$	57,802,976	\$	1,822,804		
Business-Type Activities												
Bonds payable:												
General obligation bonds	\$	1,777,508	\$	-	\$	99,457	\$	1,678,051	\$	100,957		
Revenue bonds		46,597,882		962,366		2,022,161		45,538,087		2,115,371		
Plus deferred amounts:												
For issuance premiums		5,025,927				293,155		4,732,772		293,154		
Total bonds payable		53,401,317		962,366		2,414,773		51,948,910		2,509,482		
Compensated absences		1,127,956		1,271,835		1,360,993		1,038,798		103,880		
Total Business-Type Activities	\$	54,529,273	\$	2,234,201	\$	3,775,766	\$	52,987,708	\$	2,613,362		

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, Port Enterprise, and Wastewater 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, 2018, \$28,845,000 of the bonds outstanding was considered defeased.

4-J. Pension and Other Postemployment Benefit 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 a 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 remaining years of service earned on or after July 1, 1986. Service earned before that date is calculated at 2%. This plan is closed to new members hired after July 1, 2006.

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 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, 2018 were based on the June 30, 2018 and the June 30, 2017 roll forward PERS actuarial valuation report and were as follows:

	Employ	er Rate	ARME	B Rate	State Contribution Rate		
	Jan 1 - July 1 -		Jan 1 -	July 1 -	Jan 1 -	July 1 -	
	June 30 Dec 31		June 30	June 30 Dec 31		Dec 31	
Pension	17.12%	16.17%	20.13%	21.75%	3.01%	5.58%	
Postemployment healthcare	4.88%	5.83%	4.88%	5.83%	0.00%	0.00%	
Total Contribution Rate	22.00%	22.00%	25.01%	27.58%	3.01%	5.58%	

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	2018	2017	2016	2015
Employer contributions (including DBUL)	\$ 1,236,552	\$ 1,271,851	\$ 1,066,834	\$ 960,680
Nonemployer contributions	428,166	373,586	398,317	2,382,842
Total Contributions	\$ 1,664,718	\$ 1,645,437	\$ 1,465,151	\$ 3,343,522
Postemployment Healthcare	2018	2017	2016	2015
Employer contributions (including DBUL)	\$ 397,004	\$ 477,194	\$ 597,283	\$ 677,349
Nonemployer contributions	-		88,708	72,849
Total Contributions	\$ 397,004	\$ 477,194	\$ 685,991	\$ 750,198

The amounts contributed by the City for postemployment healthcare were equal to the required employer contributions for the last two 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.

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 employees 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.

City of Ketchikan, Alaska Notes to the Basic Financial Statements

Note 4 - Detailed Notes on All Funds (Continued)

	1/1/18 - 6/30/18	7/1/18 - 12/31/18
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	1.03%	0.94%
Other Employees	1.03%	0.94%
Occupational Disability & Death:		
Police Officers and Firefighters	0.43%	0.76%
Other Employees	0.16%	0.26%
Health Reimbursement Account:		
Police Officers and Firefighters	\$173.68/month*	\$175.24/month*
Other Employees	\$173.68/month*	\$175.24/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, 2018 were based on the June 30, 2018 and the June 30, 2017 roll forward 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.

	2018	2017	2016	2015
Covered employee payroll	\$ 4,735,319	\$ 4,531,943	\$ 3,908,223	\$ 3,690,264
Pension contributions	236,549	226,846	195,411	184,661
Other postemployment benefit contributions	197,462	190,520	181,142	185,145
Total Contributions	\$ 434,011	\$ 417,366	\$ 376,553	\$ 369,806

(This page continued on the subsequent page)

Liabilities, Expenses/Expenditures, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and Other Postemployment Benefits

At December 31, 2018, the City reported a liability for its proportionate share of the net pension liability and the other postemployment benefits 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 liabilities, the related State support, and the total portion of the net pension liability and other postemployment benefits liability that was associated with the City were as follows:

	Net Pension Liability		Net OPEB Liability	
City's proportionate share				
Occupational death and disability	\$	-	\$	(79,782)
Defined contribution retiree medical		-		52,272
Defined benefit retiree medical		-		3,300,666
Pension	1	5,987,480		-
Total City's proportionate share		5,987,480	\$	3,273,156
State's proportionate share attributable to employer		4,629,389		958,042
Total Pension and Other Postemployment Benefits Liabilities	\$ 2	0,616,869	\$	4,231,198
	Net Pension Liability			Vet OPEB Liability
City's proportionate share reported in				
Governmental activities	\$ 1	2,356,724	\$	2,529,822
Business-type activities		3,630,756		743,334
Total City's proportionate share	\$ 15,987,480		\$	3,273,156

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 and other postemployment benefits liability associated with the City.

The net pension liability and other postemployment benefits liability was measured as of June 30, 2018 and the total pension and other postemployment benefits liability used for the calculation was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net liabilities were based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating employers and the State, as actuarially determined. At June 30, 2018, the City's proportion of the pension liability was .3217%, which was an increase of .019% from its proportion measured as of June 30, 2017. At June 30, 2018 the City's portion of the other postemployment benefits liability was .41078% for occupational death and disability and defined contribution retiree medical plan and .32161% for defined benefit retiree healthcare trust, which was an increase of .02% and .019% respectively, from June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$1,057,735, other postemployment benefit expense credit of \$45,372 and revenue of \$428,166 for support provided by the State. At December 31, 2018, the City reported deferred outflows of resources and deferred inflow of resources related to pension and other postemployment benefits from the following sources:

City of Ketchikan, Alaska Notes to the Basic Financial Statements

Note 4 - Detailed Notes on All Funds (Continued)

	Pension					
		red Outflows Resources	Deferred Inflows of Resources			
Changes in proportion and differences between employer share of contributions Difference Between Expected and Actual Experience		482,211	\$	- 401,254		
Net differences between projected and actual earnings on pension plan investments		353,090		-		
Contributions subsequent to the measurement date		588,642		-		
Totals	\$	1,423,943	\$	401,254		

		Other Postemployment Benefits										
		D	eferred	l Outflow	/S			Deferred Inflows				
			of Re	sources					of F	Resources		
	C	DD*	DC-I	Medical	DB	-Medical		ODD*	DC	-Medical	DB-	Medical
Changes in Assumptions	\$	-	\$	24,216	\$	500,746	\$	-	\$	-	\$	-
Changes in proportion and												
differences between employer												
share of contributions		1,777		1,403		195,544		1,487		853		142,937
Difference Between Expected												
and Actual Experience		-		-		-		22,074		2,795		353,191
Net differences between												
projected and actual earnings on												
pension plan investments		-		-		-		2,806		7,624	(599,440
Contributions subsequent to the												
measurement date		-		98,522		212,231		-		-		-
Totals	\$	1,777	\$ 1	24,141	\$	908,521	\$	26,367	\$	11,272	\$ 1,1	195,568
	Total De	ferred Out	tflow o	f OPEB	\$1,	034,439	Total	Deferred In	nflow	of OPEB	\$ 1,2	233,207

*ODD = Occupational Death and Disability

The deferred outflows of resources related to pensions of \$588,642 and to other postemployment benefits in the amount of \$310,753 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the subsequent year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions and other postemployment benefits will be recognized as an expense as follows:

			Other Post-employment Benefits						
Year Ending December 31:	Pension		n OI		DC-Medical		DB-Medical		
2019	\$	530,039	\$	(3,614)	\$	138	\$	(163,945)	
2020		193,068		(3,614)		138		(91,964)	
2021		(273,580)		(3,614)		138		(228,035)	
2022		(15,481)		(2,704)		2,741		(15,335)	
2023		-		(2,685)		2,695		-	
Thereafter		-		(8,361)		8,496		-	

Actuarial Assumptions

The total pension liability and other postemployment benefits liability as of June 30, 2018 were 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 June 30, 2018:

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%
Trend rates	Pre-65 medical: 8.0% grading down to 4.0%
	Post-65 medical: 5.5% grading down to 4.0%
	Prescription drugs: 9.0% grading down to 4.0%
	Retiree Drug Subsidy/Employer Group Waiver Plans: 6.5% grading down to 4.0%

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, 2017 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

Asset Class	
Domestic equity	8.83%
Global ex-U.S. equity	7.79%
Intermediate treasuries	1.29%
Opportunistic	4.76%
Real assets	4.94%
Absolute return	4.76%
Private equity	12.02%
cash equivalents	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 and Other Postemployment Benefits Liability to Changes in the Discount Rate and Healthcare Cost Rate

The following presents the City's proportionate share of the net pension liability and other postemployment benefits liabilities calculated using the current discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability and other postemployment benefits liabilities 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	\$ 21,171,459	\$ 15,987,480	\$ 11,602,462
City's proportionate share of the other			
postemployment benefits liability -			
Occupational death and disability	\$ (74,918)	\$ (79,782)	\$ (83,783)
Defined contribution retiree medical	361,699	52,272	(66,524)
Defined benefit retiree medical	6,682,194	3,300,666	466,254
Total City's proportionate share of OPEB	\$ 6,968,975	\$ 3,273,156	\$ 315,947

The following presents the City's proportionate share of the other postemployment benefits liabilities calculated using the current healthcare cost trend and a 1% increase and decrease in the healthcare costs.

		Current	
	1%	Healthcare Cost	1%
	Decrease	Trend Rate	Increase
Defined contribution retiree medical	(44,442)	52,272	181,704
Defined benefit retiree medical	64,072	3,300,666	7,199,459

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.

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, 2018 was \$21,513,922 and payroll for covered employees totaled \$11,013,789. The total amount contributed to the IBEW plan in 2018 was \$1,626,376, which represents 14.77% of the City's current covered payroll.

4-K. Net Investment in Capital Assets

Net Investment in capital assets on the government-wide statement of net position as of December 31, 2018 are as follows:

	Governmental Activities			Business-type Activities
Cost of capital assets	\$	285,326,655	\$	362,747,445
Less accumulated depreciation		(67,260,857)		(178,413,484)
Book value		218,065,798		184,333,961
Less capital related debt		(53,543,629)		(51,948,910)
Plus (less) bond discount and refunding amounts		-		(473,103)
Net investment in capital assets	\$	164,522,169	\$	131,911,948

4-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, 2018 are as follows:

	Fund Level				Government Wide Level			
	Governmental Proprietary Funds Funds			overnmental Activities		isiness-type Activities		
Deferred Outflows								
Outflow due to pension accounting		-		323,502		1,100,440		323,502
Outflow due to OPEB accounting		-		234,988		799,451		234,988
Total Deferred Outflows	\$	-	\$	558,490	\$	1,899,891	\$	558,490
Deferred Inflows								
Revenue from taxes	\$	2,043,453	\$	-	\$	-	\$	-
Revenue from services		49,140		-		-		-
Inflow from refunding		-		473,103		-		473,103
Inflow from pension accounting		-		91,125		310,129		91,125
Inflow from OPEB accounting		-		280,061		953,146		280,061
Total Deferred Inflows	\$	2,092,593	\$	844,289	\$	1,263,275	\$	844,289

Additional information regarding the deferred outflows and deferred inflows of resources related to pension plan activity are included in note 4-J.

Note 5- Other Notes

5-A. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. The City utilizes a self-insurance fund to account for and finance its uninsured risks of loss and insurance deductibles. The Self-Insurance Fund provides coverage up to a maximum of \$25,000 for each property claim, \$75,000 for each general liability claim, and \$100,000 for each employment practices claim. The City purchases commercial insurance for

City of Ketchikan, Alaska Notes to the Basic Financial Statements Note 5 - Other Notes (Continued)

claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage in two of the past three fiscal years. All funds of the City participate in the risk management program and make payments to the Self-Insurance Fund based on the amounts needed to pay insurance and related risk management services, claims paid, claims incurred, but not reported, and to maintain adequate reserves for losses not covered by insurance. As of December 31, 2018, the City had a net position of \$1,793,834 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, 2018 pending claims in the amount of \$143,000 and unpaid incurred claims in the amount of \$3,127 are included as a liability of the self-insurance fund. Amounts due within one year are \$3,127.

Changes in the balances of claims liabilities for the years ended December 31, 2018, 2017 and 2016 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
2016	159,171	45,481	61,287	143,365
2017	143,365	47,541	47,407	143,499
2018	143,499	56,769	54,141	146,127

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

5-B. Contingent Liabilities

Grants - The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. 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.

5-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 2018, the SEAPA paid the City \$843,661 to operate the Swan Lake hydroelectric facility. The City paid the SEAPA \$5,718,650 for power purchased from the Swan Lake hydroelectric facility. During 2018, approximately 51% of the City's total electric generation, or 90,348,900 kWh, was produced by the Swan Lake hydroelectric facility. At December 31, 2018, the amount due to the SEAPA was \$930,714.

5-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 2018 is \$380,930.

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 2018 tax abatement for this program is \$62,027. The current participants of this program are Ketchikan Indian Community and Tlingit Haida Regional Housing Authority.

5-E. Subsequent Events

Due to extreme drought conditions in Southeast Alaska, the electric utility owned and operated by KPU continues to supplement its hydroelectric generation with diesel generation in order to meet the customer demand for electricity. Since January 1, 2019 to the date of this report, KPU has incurred additional costs of approximately \$4 million to provide supplemental diesel generation. This cost will be recovered through a diesel surcharge included in the monthly billing of every customer of the electric utility over a six month period beginning with the first month after the costs were incurred. The long-term forecast continues to suggest that additional diesel generation may be required until the fall of 2019.

On July 1, 2019, the City and Southeast Alaska Power Agency (SEAPA) terminated the long-term operations and maintenance agreement for the Swan Lake Hydroelectric Facilities. Effective July 1, 2019, SEAPA became the sole party responsible for the operations and maintenance of Swan Lake Hydroelectric Facility. The City will continue to purchase electric power from SEAPA under the terms and conditions of an existing long-term power sales agreement, which remains in effect until 2034.

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, 2018

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues	0	0				(
Taxes						
Real & personal property taxes	\$ 6,114,773	\$ 6,114,773	\$ 6,130,995	\$ -	\$ 6,130,995	\$ 16,222
Automobile & boat taxes	45,000	45,000	44,015	-	44,015	(985)
Penalty & interest	55,000	55,000	50,594	-	50,594	(4,406)
Senior citizen local contribution	(474,156)	(474,156)	(475,389)	-	(475,389)	(1,233)
Sales tax	4,447,500	4,447,500	4,674,085	-	4,674,085	226,585
Marijuana sales tax	130,000	-	-	-	-	-
Payments in lieu of taxes	20,000	20,000	24,286	-	24,286	4,286
	10,338,117	10,208,117	10,448,586	-	10,448,586	240,469
Payments in lieu of taxes						·
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	······					
Building permits	130.000	130.000	94,852	-	94,852	(35,148)
Other	1,900	1,900	1,635	-	1,635	(265)
	131,900	131,900	96,487		96,487	(35,413)
Intergovernmental						(00,100)
State fire grants	15,500	18,700	17,333	-	17,333	(1,367)
Federal fire grants	45,334	52,061	41,030	-	41,030	(11,031)
Liquor licenses tax	30,000	30,000	46,900	-	46,900	16,900
Other state revenues	197,500	203,700	562,047	(315,736)	246,311	42,611
Federal revenues	,		1,250	-	1,250	1,250
	288,334	304,461	668,560	(315,736)	352,824	48,363
Charges for services)-	
Ambulance	608,000	608,000	730,650	-	730,650	122,650
Rentals	18,000	18,000	18,480	-	18,480	480
Parking fees	90,000	90,000	102,690	-	102,690	12,690
Cemetery	800	800	1,275	-	1,275	475
Library services	543,081	543,081	545,964	-	545,964	2,883
Museum services	248,200	248,200	281,765	-	281,765	33,565
E-911 emergency dispatch services	410,000	410,000	406,326	-	406,326	(3,674)
Civic center services	109,800	109,800	104,367	-	104,367	(5,433)
Other charges	54,650	54,650	55,736	-	55,736	1,086
	2,082,531	2,082,531	2,247,253		2,247,253	164,722
Fines and forfeitures						
Parking fines	90,000	90,000	83,922	-	83,922	(6,078)
Other fines	25,000	25,000	9,623	-	9,623	(15,377)
Court deposits	24,000	24,000	13,439	_	13,439	(10,561)
court deposito	139,000	139,000	106,984		106,984	(32,016)
	10,000	100,000	100,701		100,901	(02,010)
Investment earnings	35,000	35,000	80,507		80,507	45,507
Other revenue						
Miscellaneous	77,000	80.816	167,337		167 337	77 501
wiscellaneous	//,000	89,816	107,557		167,337	77,521
Interdepartmental charges	3,637,788	3,637,788	3,241,608		3,241,608	(396,180)
Total Revenues	17,914,670	17,813,613	17,057,322	869,264	17,926,586	112,973

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, 2018

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Expenditures						
Current:						
General government						
Mayor and council	182,340	221,940	186,280	7,698	193,978	27,962
City Clerk	324,098	337,378	363,833	(15,494)	348,339	(10,961)
Law	368,349	368,349	327,178	(2,471)	324,707	43,642
City Manager	748,099	831,582	743,674	26,947	770,621	60,961
Finance	2,175,894	2,175,894	1,987,744	(30,817)	1,956,927	218,967
Information Technology	1,037,709	1,037,709	950,327	(13,405)	936,922	100,787
	4,836,489	4,972,852	4,559,036	(27,542)	4,531,494	441,358
Public safety						
Fire	3,658,334	3,668,261	3,434,858	(104,953)	3,329,905	338,356
Police	5,338,194	5,371,194	4,863,828	(109,925)	4,753,903	617,291
	8,996,528	9,039,455	8,298,686	(214,878)	8,083,808	955,647
Culture	· ·					
Library	1,335,877	1,337,677	1,262,527	(7,236)	1,255,291	82,386
Museum	1,025,029	1,054,185	1,019,563	(11,148)	1,008,415	45,770
Civic Center	483,682	483,682	477,525	(6,744)	470,781	12,901
	2,844,588	2,875,544	2,759,615	(25,128)	2,734,487	141,057
Health and welfare			· · ·	, <u>, , , , , , , , , , , , , , , , </u>		
Public Health	14,325	14,325	11,214	-	11,214	3,111
Public works						
Engineering	1,859,278	1,858,278	1,505,602	(8,903)	1,496,699	361,579
Streets	1,809,090	1,809,090	1,510,667	1,977	1,512,644	296,446
Cemetery	85,270	85,270	80,241	3,422	83,663	1,607
Garage	549,893	550,893	440,146	(2,526)	437,620	113,273
Building Maintenance	529,479	532,584	475,962	6,651	482,613	49,971
Bunding Maintenance	4,833,010	4,836,115	4,012,618	621	4,013,239	822,876
	4,055,010	4,050,115	4,012,010	021	4,015,257	022,070
Total Expenditures	21,524,940	21,738,291	19,641,169	(266,927)	19,374,242	2,364,049
Deficiency of Revenues						
Under Expenditures	(3,610,270)	(3,924,678)	(2,583,847)	1,136,191	(1,447,656)	2,477,022

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, 2018

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Other Financing Sources (Uses)						
Transfers in						
Sales tax hospital and other public works fund	420,000	420,000	420,000	-	420,000	-
Sales tax public works fund	2,031,990	2,031,990	2,031,990	-	2,031,990	-
Transient occupancy tax fund	373,882	373,882	373,159	-	373,159	(723)
Shoreline area fund	6,374	6,374	6,374	-	6,374	-
Bayview cemetery fund	5,000	5,000	5,000	-	5,000	-
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	(692,001)	(692,001)	(691,789)	-	(691,789)	212
Community grant fund	(70,687)	(57,816)	(57,816)	-	(57,816)	-
Sale of capital assets	25,000	25,000	1,800		1,800	(23,200)
Total Other Financing Sources (Uses)	2,099,558	2,112,429	3,273,718	(1,185,000)	2,088,718	(23,711)
Net Change in Fund Balances	(1,510,712)	(1,812,249)	689,871	(48,809)	641,062	2,453,311
Prior Year Encumbrances Returned				53,397	53,397	53,397
Fund Balances Beginning of Year	5,125,677	5,125,677	6,912,865	(300,694)	6,612,171	1,486,494
Fund Balances End of Year	\$ 3,614,965	\$ 3,313,428	\$ 7,602,736	\$ (296,106)	\$ 7,306,630	\$ 3,993,202

City of Ketchikan, Alaska Notes to Required Supplementary Information For the Year Ended December 31, 2018

Note 1 – Budgetary Basis

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.

	Payments										
		Encum	brance	· ·							
	Р	rior Year		rrent Year	C	Dn Behalf					
		Activity		Activity	I	Payments		Total			
General Government											
Mayor and Council	\$	(33,250)	\$	41,078	\$	(130)	\$	7,698			
City Clerk		(8,877)		346		(6,963)		(15,494)			
Law		-		-		(2,471)		(2,471)			
City Manager		-		44,317		(17,370)		26,947			
Finance		(68,900)		72,750		(34,667)		(30,817)			
Information Technology		-		775		(14,180)		(13,405)			
Total General Government		(111,027)		159,266		(75,781)		(27,542)			
Public Safety											
Fire		(40,261)		14,522		(79,214)		(104,953)			
Police		(875)		3,800		(112,850)		(109,925)			
Total Public Safety		(41,136)		18,322		(192,064)		(214,878)			
Culture											
Library		(14,388)		16,080		(8,928)		(7,236)			
Museum		(7,920)		6,582		(9,810)		(11,148)			
Civic Center		-		-		(6,744)		(6,744)			
Total Culture		(22,308)		22,662		(25,482)		(25,128)			
Public Works											
Engineering				7,591		(16,494)		(8,903)			
Streets		(28,311)		33,677		(3,389)		1,977			
Cemetery		(31,498)		34,920		(3,389)		3,422			
Garage		(31,770)		J 1 ,720		(2,526)		(2,526)			
Building Maintenance		(8,017)		14,668		(2,520)		6,651			
Total Public Works		(67,826)		90,856		(22,409)		621			
Total GAAP to Budget Adjustments	\$	(242,297)	\$	291,106	\$	(315,736)	\$	(266,927)			
Total GAAT to Dudget Aujustinents	ψ	(242,297)	ψ	291,100	ψ	(313,730)	ψ	(200,927)			

GAAP to Budget Adjustments - Encumbrance and On-Behalf

City of Ketchikan, Alaska Notes to Required Supplementary Information For the Year Ended December 31, 2018

Note 1 – Budgetary Basis (Continued)

	Budget to GAAP Adjustments - Inclusion of GASB Statement 54 Funds							
	Revenues		Expenditures		Other		Ne	et Change
General Fund	\$	17,057,322	\$	(19,641,169)	\$	3,273,718	\$	689,871
GASB Statement 54 Funds Required to be Reported as Part of the General Fund								
Hospital Sales Tax Fund		3,175,086		(455,159)		(2,992,244)		(272,317)
Public Works Sales Tax Fund		4,745,918		(3,104,451)		(2,089,806)		(448,339)
Economic Development & Parking Fund		11,185		(169,055)		-		(157,870)
Shoreline Fund		1,214		-		(6,374)		(5,160)
Community Grant Fund		156,299		(293,352)		154,176		17,123
Total of Excluded Funds for								
Budgetary Purposes		8,089,702		(4,022,017)		(4,934,248)		(866,563)
Total GAAP Perspective General Fund	\$	25,147,024	\$	(23,663,186)	\$	(1,660,530)	\$	(176,692)

	Net Change		Beginning Ind Balance	Fı	Ending and Balance
General Fund	\$	689,871	\$ 6,912,865	\$	7,602,736
GASB Statement 54 Funds Required to be Reported as Part of the General Fund					
Hospital Sales Tax Fund		(272,317)	4,724,368		4,452,051
Public Works Sales Tax Fund		(448,339)	5,699,976		5,251,637
Economic Development & Parking Fund		(157,870)	981,655		823,785
Shoreline Fund		(5,160)	111,182		106,022
Community Grant Fund		17,123	8		17,131
Total of Excluded Funds for					
Budgetary Purposes		(866,563)	 11,517,189		10,650,626
Total GAAP Perspective General Fund	\$	(176,692)	\$ 18,430,054	\$	18,253,362

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*

	 2018	 2017	 2016	 2015
City's proportion of the net pension liability	0.3217%	0.3027%	0.3618%	0.3022%
City's proportionate share of the net pension liability State's proportional share of the net pension liability	\$ 15,987,481	\$ 15,648,449	\$ 20,224,243	\$ 14,655,785
associated with the City	4,629,389	5,831,483	2,550,121	3,925,957
Total Net Pension Liability	\$ 20,616,870	\$ 21,479,932	\$ 22,774,364	\$ 18,581,742
City's covered payroll	\$ 4,889,220	\$ 5,451,027	\$ 5,469,103	\$ 5,504,557
City's portionate share of the net pension liability as a percentage of covered payroll	326.995%	287.073%	369.791%	266.248%
Plan fiduciary net postion as a percentage of total pension liability	65.19%	63.37%	59.55%	63.96%

*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 to Pension Public Employees Retirement System Last Ten Fiscal Years Ending December 31 *

	 2018 2017		2017	 2016	2015	
Contractually required contribution	\$ 1,236,552	\$	1,271,851	\$ 1,066,834	\$	960,680
Contributions in relation to the contractually required contributions Contribution deficiency (excess)	 (1,236,552)		(1,271,851)	 (1,066,834)		(960,680)
City's covered payroll	\$ 4,663,974	\$	5,316,031	\$ 5,366,360	\$	5,430,257
Contributions as a percentage of covered payroll	26.51%		23.92%	19.88%		17.69%

*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 City's calendar year.

City of Ketchikan, Alaska

Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability

Public Employees Retirement System

Last Ten Fiscal Years Ending December 31*

		2018	
		Amount	Proportionate Share
City's proportionate share of the net other postemployment benefits liability			
Occupational death and disability	\$	(79,782)	0.41078%
Defined contribution medical		52,272	0.41078%
Defined benefit medical		3,300,666	0.32161%
Total City's proportionate share of other postemployment benefits liability State's proportionate share of the net other postemployment benefits liability		3,273,156	
5	.	958,042	
Total net other postemployment benefits liability City's covered payroll	\$	4,231,198	
City's portionate share of the net pension liability as a percentage of covered payroll		66.946%	
Plan fiduciary net postion as a percentage of total pension liability		88.12%	

*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 other postemployment benefits liability, which is as of June 30 of the City's calendar year.

City of Ketchikan, Alaska

Schedule of City Contributions to Other Postemployment Benefits Plans Public Employees Retirement System

Last Ten Fiscal Years Ending December 31 *

Occupational death and disability Defined contribution medical Defined benefit medical Contributions in relation to the contractually required contributions	Contributions as a Percentage of Covered Payroll	2018			
Contractually required contributions					
Occupational death and disability	0.292%	\$	13,845		
Defined contribution medical	0.986%		46,672		
Defined benefit medical	8.512%		397,004		
			457,521		
Contributions in relation to the contractually					
required contributions			(457,521)		
Contribution deficiency (excess)			-		
City's covered payroll					
PERS Defined Benefit - Tier I, II, III			4,663,974		
PERS Defined Contribution - Tier IV			4,735,319		
Total City's covered payroll		\$	9,399,293		

*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 City's calendar year.



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GOVERNMENTAL FUNDS

City of Ketchikan, Alaska Combining Balance Sheet Nonmajor Governmental Funds - by Fund Type December 31, 2018

A		Nonmajor Special Revenue Funds	1	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds			
Assets Cash and temporary investments	\$	4,277,847	\$	4,073,831	\$	8,351,678		
Restricted cash:	Ψ	4,277,047	Ψ	4,075,051	Ψ	0,551,070		
Bond construction funds		-		1,766,333		1,766,333		
Property seizure funds		184,113		-		184,113		
Commercial passenger excise tax funds		4,271,737		43,082		4,314,819		
Receivables:								
Accounts		400,305		249,736		650,041		
Taxes		61,571		-		61,571		
Intergovernmental		-		34,570		34,570		
Interest		34,877		14,760		49,637		
Unbilled revenue		63,751		-		63,751		
Total Assets	\$	9,294,201	\$	6,182,312	\$	15,476,513		
Liabilities, Deferred Inflows of Resources and Fu	nd Ba	lances						
Liabilities								
Accounts payable	\$	366,347	\$	722,216	\$	1,088,563		
Customer deposits payable	φ	4,333	φ	-	Ψ	4,333		
Interfund payable		-		-		-		
Unearned revenue		340,155		-		340,155		
Advances to other funds		-		-		-		
Total Liabilities		710,835		722,216		1,433,051		
Deferred Inflows of Resources		61,571				61,571		
Deterred milows of Resources		01,571				01,571		
Fund Balances								
Nonspendable		-		-		-		
Restricted:								
Law enforcement		184,929		-		184,929		
Commercial passenger excise tax		4,284,199		43,082		4,327,281		
Bond construction funds		-		2,047,683		2,047,683		
Committed:								
Harbor drive down ramp		-		-		-		
Special assesments		-		-		-		
Assigned:								
Subsequent years budget		925,628		-		925,628		
General government		95,049		-		95,049		
Public safety		-		-		-		
Culture and tourism		447,685		-		447,685		
Collection and disposal of solid waste		1,597,495		-		1,597,495		
Cemetery operations		110,636		-		110,636		
Harbor operations		876,174		-		876,174		
Development of community facilities		-		2,580,599		2,580,599		
Harbor construction		-		722,565		722,565		
Public works projects		-		66,167		66,167		
Total Fund Balances		8,521,795		5,460,096		13,981,891		
Total Liabilities, Deferred Inflows of Resources	-		Æ		~			
and Fund Balances	\$	9,294,201	\$	6,182,312	\$	15,476,513		

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, 2018

		lonmajor Special Revenue Funds	1	Nonmajor Debt Service Funds		Nonmajor Capital Project Fund		Total Nonmajor Governmental Funds	
Revenues	¢	724 954	¢		¢		\$	724 954	
Taxes Intergovernmental	\$	734,854 2,386,170	\$	-	\$	- 329,725	\$	734,854 2,715,895	
Charges for services		2,380,170 4,763,296		-		529,725		4,763,296	
Fines and forfeitures		4,703,290		-		-		4,703,290	
Investment earnings		85,334		-		36,968		122,302	
Miscellaneous		5,335		119,911		164		125,410	
Total Revenues		7,976,905		119,911		366,857		8,463,673	
Expenditures									
Current:									
General government		95,500		-		-		95,500	
Public safety		104,815		-		-		104,815	
Public works		3,028,207		-		-		3,028,207	
Port and harbor		1,111,579		-		-		1,111,579	
Debt Service:		155,000		1 225 000				1,490,000	
Principal retirement Interest and fiscal charges		193,425		1,335,000 2,171,643		-		2,365,068	
Capital Outlay		1,291,182		2,171,045		- 759,289		2,050,008	
Capital Outlay		1,291,102		-		139,209		2,030,471	
Total Expenditures		5,979,708		3,506,643		759,289		10,245,640	
Excess (Deficiency) of Revenues Over (Under) Expenditures		1,997,197		(3,386,732)		(392,432)		(1,781,967)	
• · · · (• · · · · · · · · · · · · · · ·		_,,,,,_,		(0,000,000)		(*) _, ** _/		(1,101,101)	
Other Financing Sources (Uses)									
Transfers in		1,403		3,386,732		390,997		3,779,132	
Transfers out		(1,312,479)				(162,646)		(1,475,125)	
Total Other Financing Sources (Uses)		(1,311,076)		3,386,732		228,351		2,304,007	
Net Change in Fund Balances		686,121		-		(164,081)		522,040	
Fund Balances Beginning of Year		7,835,674				5,624,177		13,459,851	
Fund Balances End of Year	\$	8,521,795	\$		\$	5,460,096	\$	13,981,891	

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.

Marijuana Sales Tax Fund – This fund is used to account for the proceeds of the five percent marijuana sales tax under Section 3.04.030 of the Ketchikan Municipal Code. These funds must be used primarily for the purpose of assisting and addressing the needs of the homeless population or other humanitarian 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 Excise 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, 2018

	Solid Transient Marijuana Waste Tax Sales Tax Services			Ketchikan Boat Harbor				
Assets Cash and temporary investments	\$	923,403	\$	95,049	\$	1,758,296	\$	1,370,981
Restricted cash	Ψ	-	Ψ	-	Ψ	-	Ψ	-
Receivables:								
Accounts		-		-		373,334		26,971
Taxes Accrued interest		61,571		-		-		-
Unbilled revenue		3,333		_		12,145 63,751		5,570
						05,751		
Total Assets	\$	988,307	\$	95,049	\$	2,207,526	\$	1,403,522
Liabilities								
Accounts payable	\$	-	\$	-	\$	321,037	\$	44,960
Customer deposits payable		-		-		-		4,333
Unearned revenue		-		-		-		340,155
Total Liabilities		-		-		321,037		389,448
Deferred Inflows of Resources		61,571		-		-		
Fund Balances								
Restricted:								
Law enforcement		-		-		-		-
Commercial passenger excise tax Assigned:		-		-		-		-
Subsequent years budget		479.051		-		288,994		137,900
General government		-		95,049		-		-
Culture and tourism		447,685		-		-		-
Collection and disposal of solid waste		-		-		1,597,495		-
Cemetery operations		-		-		-		-
Harbor operations		-		-		-		876,174
Total Fund Balances		926,736		95,049		1,886,489		1,014,074
Total Liabilities, Deferred Inflows of Resources								
and Fund Balances	\$	988,307	\$	95,049	\$	2,207,526	\$	1,403,522

ayview emetery	Commercial Passenger Vessel Excise Tax	5	eral and State Frant	And Property Seizures		Total Nonmajor cial Revenue Funds
\$ 130,118 -	\$ - 4,271,737	\$	-	\$	- 184,113	\$ 4,277,847 4,455,850
 - 551 -	12,462		- - -		- 816 -	 400,305 61,571 34,877 63,751
\$ 130,669	\$ 4,284,199	\$	-	\$	184,929	\$ 9,294,201
\$ 350 - - 350 -	\$ - - - -	\$	-	\$	- - - -	\$ 366,347 4,333 340,155 710,835 61,571
- - 19,683	- 4,284,199 -		-		184,929 - -	184,929 4,284,199 925,628
- - 110,636			- - -			95,049 447,685 1,597,495 110,636 876,174
 130,319	4,284,199		-	·	184,929	 8,521,795
\$ 130,669	\$ 4,284,199	\$	_	\$	184,929	\$ 9,294,201

City of Ketchikan, Alaska Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended December 31, 2018

	Transient Marijuana Tax Sales Tax				Solid Waste Services	Ketchikan Boat Harbor			
Revenues	¢	544 205	¢	100 5 40	¢	_	¢		
Taxes	\$	544,305	\$	190,549	\$	- 3,514	\$	- 25,354	
Intergovernmental Charges for services		-		-		3,170,322		25,554 1,575,010	
Fines and forfeitures		-		-		5,170,522		1,575,010 1,916	
Investment earnings		- 8,194		-		- 29,544		13,735	
Miscellaneous		-		-		1,172		4,163	
Wiscenarious						1,172		4,105	
Total Revenues		552,499		190,549		3,204,552		1,620,178	
Expenditures									
Current:									
General government		-		95,500		-		-	
Public safety		-		-		-		-	
Public works		-		-		3,020,703		-	
Port and harbors		-		-		-		1,111,579	
Debt Service:								155.000	
Principal retirement		-		-		-		155,000	
Interest and fiscal charges		-		-		-		193,425	
Capital Outlay		-		-		1,224,596		66,586	
Total Expenditures				95,500		4,245,299		1,526,590	
Excess (Deficiency) of Revenues Over (Under) Expenditures		552,499		95,049		(1,040,747)		93,588	
Other Financing Sources (Uses)									
Transfers in									
Transfers out		(373,159)		-		-		(139,445)	
Transfers out		(373,137)						(13), 443)	
Total Other Financing Sources (Uses)		(373,159)		-				(139,445)	
Net Change in Fund Balances		179,340		95,049		(1,040,747)		(45,857)	
Fund Balances Beginning Of Year		747,396				2,927,236		1,059,931	
Fund Balances End Of Year	\$	926,736	\$	95,049	\$	1,886,489	\$	1,014,074	

ayview emetery	Commercial Passenger Vessel Excise Tax	Federal and State Grant	Forfeitures And Property Seizures	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$-	\$ 734,854
-	2,252,487	104,815	-	2,386,170
17,964	-	-	-	4,763,296
-	-	-	-	1,916
1,343	30,518	-	2,000	85,334
 -				5,335
19,307	2,283,005	104,815	2,000	7,976,905
 <u>.</u>				
-	-	-	-	95,500
-	-	104,815	-	104,815
7,504	-	-	-	3,028,207
-	-	-	-	1,111,579
-	-	_	-	155,000
-	-	-	-	193,425
 -				1,291,182
 7,504		104,815		5,979,708
 11,803	2,283,005		2,000	1,997,197
- (5,000)	1,403 (794,875)	-	-	1,403 (1,312,479)
 (5,000)	(793,472)			(1,311,076)
6,803	1,489,533	-	2,000	686,121
 123,516	2,794,666		182,929	7,835,674
\$ 130,319	\$ 4,284,199	\$ -	\$ 184,929	\$ 8,521,795

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbranc	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues Taxes	\$ 425.000	\$ 425.000	\$ 544,305	\$ -	\$ 544,305	\$ 119,305
Investment earnings	1,750		8,194		8,194	6,444
Total Revenues	426,750	426,750	552,499		552,499	125,749
Other Financing Uses Transfers out General fund	(373,882) (373,882)	(373,159)	. <u>-</u>	(373,159)	723
Total Other Financing Uses	(373,882) (373,882)	(373,159)		(373,159)	723
Net Change in Fund Balances	52,868	52,868	179,340	-	179,340	126,472
Fund Balances Beginning of Year	618,905	618,905	747,396		747,396	128,491
Fund Balances End of Year	\$ 671,773	\$ 671,773	\$ 926,736	\$ -	\$ 926,736	\$ 254,963

City of Ketchikan, Alaska Marijuana Sales Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	iginal Idget		Final Budget		AP Basis) Actual		ssifications and ımbrances		(Budgetary Basis) Actual		ariance ositive egative)
Revenues Taxes	\$ _	\$	130,000	\$	190,549	\$	_	\$	190,549	\$	60,549
	 	Ψ	·	Ψ		<u> </u>		Ψ		Ψ	
Total Revenues	 -		130,000		190,549				190,549		60,549
Expenditures Current:											
General government	 		95,500		95,500		-		95,500		-
Excess of Revenues Over Expenditures	-		34,500		95,049		-		95,049		60,549
Net Change in Fund Balances	-		34,500		95,049		-		95,049		60,549
Fund Balances Beginning of Year	 -		-				-		-		-
Fund Balances End of Year	\$ 	\$	34,500	\$	95,049	\$	-	\$	95,049	\$	60,549

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbranc	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 3,514	\$ (3,514)	\$ -	\$ -
Charges for services	3,382,000	3,382,000	3,170,322	-	3,170,322	(211,678)
Investment earnings	16,000	16,000	29,544	-	29,544	13,544
Miscellaneous	3,000	3,000	1,172		1,172	(1,828)
Total Revenues	3,401,000	3,401,000	3,204,552	(3,514)	3,201,038	(199,962)
Expenditures						
Current:						
Public works	3,106,620	3,241,020	3,020,703	5,374	3,026,077	214,943
Capital Outlay	957,306	1,178,306	1,224,596	(127,268)	1,097,328	80,978
Total Expenditures	4,063,926	4,419,326	4,245,299	(121,894)	4,123,405	295,921
Deficiency of Revenues Under Expenditures	(662,926)	(1,018,326)	(1,040,747)	118,380	(922,367)	95,959
Prior Year Encumbrances Returned				13,064	13,064	13,064
Fund Balances Beginning of Year	3,026,220	3,026,220	2,927,236	(293,618)	2,633,618	(392,602)
Fund Balances End of Year	\$ 2,363,294	\$ 2,007,894	\$ 1,886,489	\$ (162,174)	\$ 1,724,315	\$ (283,579)

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues	\$ 16.000	\$ 16.000	\$ 25,354	\$ (11,588)	\$ 13.766	\$ (2,234)
Intergovernmental Charges for services	\$ 16,000 1,656,000	\$ 16,000 1,656,000	\$ 25,554 1,575,010	\$ (11,388)	\$ 13,766 1,575,010	\$ (2,234) (80,990)
Fines and forfeitures	4.000	4,000	1,575,010	-	1,373,010	(2,084)
Investment earnings	5,000	5,000	13,735	-	13,735	8,735
Miscellaneous	-	5,000	4,163	-	4,163	4,163
Wiscenarcous			4,105		4,105	4,105
Total Revenues	1,681,000	1,681,000	1,620,178	(11,588)	1,608,590	(72,410)
Expenditures						
Current:						
Port and harbor	1,189,161	1,189,161	1,111,579	(13,456)	1,098,123	91,038
Debt Service:						
Principal retirement	155,000	155,000	155,000	-	155,000	-
Interest and fiscal charges	193,425	193,425	193,425	-	193,425	-
Capital Outlay	113,034	143,034	66,586	48,000	114,586	28,448
Total Expenditures	1,650,620	1,680,620	1,526,590	34,544	1,561,134	119,486
Excess of Revenues						
Over Expenditures	30,380	380	93,588	(46,132)	47,456	47,076
Other Financing Uses						
Transfer out harbor improvements fund	(139,445)	(139,445)	(139,445)		(139,445)	
Total Other Financing Uses	(139,445)	(139,445)	(139,445)		(139,445)	
Net Change in Fund Balances	(109,065)	(139,065)	(45,857)	(46,132)	(91,989)	47,076
Fund Balances Beginning of Year	1,058,048	1,058,048	1,059,931	(7,058)	1,052,873	(5,175)
Fund Balances End of Year	\$ 948,983	\$ 918,983	\$ 1,014,074	\$ (53,190)	\$ 960,884	\$ 41,901

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	and Basis)		
Revenues							
Charges for services	\$ 14,500	\$ 14,500	\$ 17,964	\$ -	\$ 17,964	\$ 3,464	
Investment earnings	450	450	1,343		1,343	893	
Total Revenues	14,950	14,950	19,307		19,307	4,357	
Expenditures							
Current: Public works	33,583	33,583	7,504	(2,534)	4,970	28,613	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,633)	(18,633)	11,803	2,534	14,337	32,970	
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)		(5,000)		
Net Change in Fund Balances	(23,633)	(23,633)	6,803	2,534	9,337	32,970	
Prior Year Encumbrances Returned				373	373	373	
Fund Balances Beginning of Year	95,069	95,069	123,516	(26,475)	97,041	1,972	
Fund Balances End of Year	\$ 71,436	\$ 71,436	\$ 130,319	\$ (23,568)	\$ 106,751	\$ 35,315	

City of Ketchikan, Alaska Commercial Passenger Vessel Excise Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	and Basis)		
Revenues							
Intergovernmental	\$ 2,350,000	. , ,		\$ -	\$ 2,252,487	\$ (97,513)	
Investment earnings	3,750	3,750	30,518		30,518	26,768	
Total Revenues	2,353,750	2,353,750	2,283,005		2,283,005	(70,745)	
Expenditures							
Current:							
Tourism							
Excess of Revenues							
Over Expenditures	2,353,750	2,353,750	2,283,005		2,283,005	(70,745)	
Other Financing Uses							
Transfer in							
Major capital improvements fund	-	-	702	-	702	702	
Harbor improvements fund	-	-	701	-	701	701	
Transfers out	(150.000	(052.24)	(251.552)		(251,552)	1,788	
CPV capital projects fund Port fund	(150,000	, , ,	, , ,	-	(251,552)	,	
Port lund	(3,967,768) (3,967,768	(543,323)		(543,323)	3,424,445	
Total Other Financing Uses	(4,117,768) (4,221,108	(793,472)		(793,472)	3,427,636	
Net Change in Fund Balances	(1,764,018)	(1,867,358) 1,489,533	-	1,489,533	3,356,891	
Fund Balances Beginning of Year	2,762,013	2,762,013	2,794,666	-	2,794,666	32,653	
Fund Balances End of Year	\$ 997,995	\$ 894,655	\$ 4,284,199	\$ -	\$ 4,284,199	\$ 3,389,544	

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, 2018

		Original Budget		Final Budget	(G 4	AAP Basis) Actual		ssifications and imbrances		(Budgetary Basis) Actual		ariance ositive egative)
Revenues	٩	106 204	¢	106 204	¢	104.015	¢		¢	104.015	¢	(1.200)
Intergovernmental	\$	106,204	\$	106,204	\$	104,815	\$		\$	104,815	\$	(1,389)
Expenditures Current:												
Public safety		106,204		106,204		104,815		(80,053)		24,762		81,442
Total Expenditures		106,204		106,204		104,815		(80,053)		24,762		81,442
Net Change in Fund Balance		-		-		-		80,053		80,053		80,053
Prior Year Funds Returned		-		-		-		6,139		6,139		6,139
Fund Balances Beginning of Year				-				(86,192)		(86,192)		(86,192)
Fund Balances End of Year	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

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, 2018

	Original Budget		1	Final Budget	(GA	AP Basis) Actual	Reclassifications and Encumbrance		(Budgetary Basis) Actual		I	ariance Positive legative)
Revenues					<u>_</u>		^				÷	
Fines & Forfeitures Investment earnings	\$	- 800	\$	- 800	\$	2,000	\$	-	\$	2,000	\$	1,200
Total Revenues		800		800		2,000		-		2,000		1,200
Expenditures Current: Public safety		_		43,342		_		43,342		43,342		_
				10,012				10,012		10,012		
Net Change in Fund Balances		800		(42,542)		2,000		(43,342)		(41,342)		1,200
Fund Balances Beginning of Year		194,867		194,867		182,929		-		182,929		(11,938)
Fund Balances End of Year	\$	195,667	\$	152,325	\$	184,929	\$	(43,342)	\$	141,587	\$	(10,738)



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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, 2018

	Oblig	General gation Bond bt Service
Revenues Miscellaneous income	\$	119,911
Wiscenatieous fileone	φ	117,711
Expenditures		
Debt Service:		
Principal retirement		1,335,000
Interest and fiscal charges		2,171,643
Total Expenditures		3,506,643
Deficiency of Revenues Under Expenditures		(3,386,732)
Other Financing Sources		
Transfers in		
General fund		691,789
Sales tax hospital & other public works fund		2,533,700
Community facilities development fund		161,243
Total Other Financing Sources		3,386,732
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, 2018

	Original Budget		Final Budget		Actual		Variance Positive (Negative)	
Revenues								
Miscellaneous income	\$	119,700	\$	119,700	\$	119,911	\$	211
Expenditures								
Debt Service:								
Principal retirement		1,663,317		1,663,317		1,335,000		328,317
Interest and fiscal charges		2,231,515		2,231,515		2,171,643		59,872
Total Expenditures		3,894,832		3,894,832		3,506,643		388,189
Other Financing Sources								
Transfers in								
General fund		692,001		692,001		691,789		(212)
Sales tax hospital & other public works fund		2,533,700		2,533,700		2,533,700		-
Sales tax public works fund		388,188		388,188		-		(388,188)
Community facilities development fund		161,243		161,243		161,243		-
Total Other Financing Sources		3,775,132		3,775,132		3,386,732		(388,400)
Net Change in Fund Balances		-		-		-		-
Fund Balances Beginning of Year		_		-		-		-
Fund Balances End of Year	\$	_	\$	_	\$		\$	



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NONMAJOR CAPITAL IMPROVEMENT FUND

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.

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.

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

Commercial Passenger Vessel Excise Tax Capital Improvements Fund – This fund is used to account for capital projects funded by the Commercial Passenger Vessel Excise Tax Fund. These funds 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.

City of Ketchikan, Alaska Combining Balance Sheet Nonmajor Capital Project Fund December 31, 2018

	(Major Capital rovements		Harbor provements		ommunity Facilities evelopment	C	Hospital	Passe Ta	mmercial nger Excise x Capital rovements		Total Ionmajor ital Projects Funds
Assets	¢	21.650	¢	500 502	¢	0.574.700	¢	725 710	<i>•</i>		¢	1.072.021
Cash and investments Restricted cash:	\$	31,658	\$	720,583	\$	2,574,729	\$	735,710	\$	11,151	\$	4,073,831
Bond construction funds				488,664				1,277,669				1,766,333
		-		488,004		-		1,277,009		43,082		43,082
Commercial passenger excise tax funds Accrued interest		-		-		-		-		43,082		,
Receivables:		-		1,982		12,778		-		-		14,760
Accounts								249,736				249,736
Intergovernmental		- 34,570		-		-		249,750		-		249,730 34,570
Intergovernmental		54,570				-				-		54,570
Total Assets	\$	66,228	\$	1,211,229	\$	2,587,507	\$	2,263,115	\$	54,233	\$	6,182,312
Liabilities and Fund Balances												
Liabilities												
Accounts payable		61		-		6,908		704,096		11,151		722,216
Total Liabilities	\$	61	\$	-	\$	6,908	\$	704,096	\$	11,151	\$	722,216
Fund Balances												
Restricted												
Commercial passenger excise tax funds		-		-		-		-		43,082		43,082
Bond construction funds		-		488,664		-		1,559,019		-		2,047,683
Assigned:												
Development of community facilities		-		-		2,580,599		-		-		2,580,599
Harbor projects		-		722,565		-		-		-		722,565
Public works projects		66,167		-		-		-		-		66,167
Total Fund Balances		66,167		1,211,229		2,580,599		1,559,019		43,082		5,460,096
Total Liabilities and Fund Balances	\$	66,228	\$	1,211,229	\$	2,587,507	\$	2,263,115	\$	54,233	\$	6,182,312

City of Ketchikan, Alaska Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Project Fund For the Year Ended December 31, 2018

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	Majo Capita Improven	al		rbor vements	F	ommunity Facilities velopment		Hospital nstruction	Passer Tax	nmercial ager Excise Capital ovements		Total Nonmajor ital Projects Funds
Revenues					<u>_</u>		<u>_</u>		÷		<i>•</i>	
Intergovernmental	\$ 10	0,627	\$ 3	319,098	\$	-	\$	-	\$	-	\$	329,725
Investment earnings Miscellaneous		40		5,067		31,210 164		651		-		36,968 164
Miscenaneous		-		-		104		-		-		104
Total Revenues	1(0,667	3	324,165		31,374		651		-		366,857
Expenditures												
Capital Outlay:												
Public safety	5	8,433		-		-		-		-		8,433
Culture and tourism Health and welfare		-		-		122,515		-		213,470		335,985
Public works	1/	-).687		-		-		219,599		-		219,599
Port and harbors	10	.,	1	- 184,585		-		-		-		10,687
Port and narbors		-		184,585		-		-		-		184,585
Total Expenditures	19	9,120	1	184,585		122,515		219,599		213,470		759,289
Excess (Deficiency) of Revenues												
Over (Under) Expenditures	(8	8,453)	1	139,580		(91,141)		(218,948)		(213,470)		(392,432)
Other Financing Sources (Uses)												
Transfers out		(702)		(701)								(1.402)
Commercial passenger vessel tax special revenue fund Commercial passenger vessel tax capital projects fund		(702) 5,000)		(701)		-		-		- 5,000		(1,403)
Debt service fund	(.	5,000)		-		(161,243)		-		3,000		(161,243)
Transfers in		-		-		(101,243)		-		-		(101,243)
Harbor fund		-	1	139,445		_				-		139,445
Commercial passenger vessel tax fund		-		-		-		-		251,552		251,552
Total Other Financing Sources (Uses)	(.	5,702)	1	138,744		(161,243)		-		256,552		228,351
Net Change in Fund Balances	(14	4,155)	2	278,324		(252,384)		(218,948)		43,082		(164,081)
Fund Balances At Beginning of Year	80	0,322	ç	932,905		2,832,983		1,777,967				5,624,177
Fund Balances At End of Year	\$ 60	5,167	\$ 1,2	211,229	\$	2,580,599	\$	1,559,019	\$	43,082	\$	5,460,096

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)	
Revenues Intergovernmental	*		¢ 10.627	*	¢ 10.427	¢ 10.625	
Investment earnings	\$ - -	\$ - -	\$ 10,627 40	\$ - -	\$ 10,627 40	\$ 10,627 40	
Total Revenues			10,667		10,667	10,667	
Expenditures							
Public safety	2,531,000	2,531,000	8,433	-	8,433	2,522,567	
Public works			10,687	(10,687)		-	
Total Expenditures	2,531,000	2,531,000	19,120	(10,687)	8,433	2,522,567	
Deficiency of Revenues Under Expenditures	(2,531,000)	(2,531,000)	(8,453)	10,687	2,234	2,533,234	
Other Financing Sources Transfers out							
Commercial passenger vessel tax special revenue fund	-	-	(702)	-	(702)	(702)	
Commercial passenger vessel tax capital projects fund	-	-	(5,000)	-	(5,000)	(5,000)	
Proceeds from lease financing	2,531,000	2,531,000				(2,531,000)	
Total Other Financing Sources	2,531,000	2,531,000	(5,702)		(5,702)	(2,536,702)	
Net Change in Fund Balances	-	-	(14,155)	10,687	(3,468)	(3,468)	
Prior Year Encumbrances Returned				701	701	701	
Fund Balances Beginning of Year	74,621	74,621	80,322	(116,550)	(36,228)	(110,849)	
Fund Balances End of Year	\$ 74,621	\$ 74,621	\$ 66,167	\$ (105,162)	\$ (38,995)	\$ (113,616)	

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 935,055	\$ 935,055	\$ 319,098	\$ -	\$ 319,098	\$ (615,957)
Investment earnings			5,067		5,067	5,067
Total Revenues	935,055	935,055	324,165		324,165	(610,890)
Expenditures						
Port and harbors	1,254,110	1,438,695	184,585	-	184,585	1,254,110
Total Expenditures	1,254,110	1,438,695	184,585	-	184,585	1,254,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(319,055)	(503,640)	139,580		139,580	643,220
Other Financing Sources and (Uses) Transfer in						
Ketchikan boat harbor fund	139,445	139,445	139,445	-	139,445	-
Transfers out			(701)		(701)	(701)
Commercial passenger vessel tax special revenue fund Proceeds from sale of bonds	487,610	487,610	(701)	-	(701)	(701) (487,610)
Troceeds from sale of bolids	407,010	407,010				(487,010)
Total Other Financing Sources (Uses)	627,055	627,055	138,744	-	138,744	(488,311)
Net Change in Fund Balances	308,000	123,415	278,324	-	278,324	154,909
Prior Year Encumbrances Returned				10,363	10,363	10,363
Fund Balances Beginning of Year	337,532	337,532	932,905	(39,488)	893,417	555,885
Fund Balances End of Year	\$ 645,532	\$ 460,947	\$ 1,211,229	\$ (29,125)	\$ 1,182,104	\$ 721,157

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues	¢ 11.000	¢ 11.000	¢ 21.210	.		¢
Investment earnings Miscellaneous	\$ 11,000	\$ 11,000	\$ 31,210 164	\$ - -	\$ 31,210 164	\$ 20,210 164
Total Revenues	11,000	11,000	31,374		31,374	20,374
Expenditures						
Culture and tourism	1,383,082	1,383,082	122,515	(29,303)	93,212	1,289,870
Total Expenditures	1,383,082	1,383,082	122,515	(29,303)	93,212	1,289,870
Excess of Revenues Over Expenditures	(1,372,082)	(1,372,082)	(91,141)	29,303	(61,838)	1,310,244
Other Financing Sources and (Uses)						
Transfers out Debt service fund	(161,243)	(161,243)	(161,243)		(161,243)	
Total Other Financing Sources and (Uses)	(161,243)	. (161,243)	(161,243)		(161,243)	
Net Change in Fund Balances	(1,533,325)	(1,533,325)	(252,384)	29,303	(223,081)	1,310,244
Prior Year Encumbrances Returned				9,853	9,853	9,853
Fund Balances Beginning of Year	2,800,801	2,800,801	2,832,983	(39,530)	2,793,453	(7,348)
Fund Balances End of Year	\$ 1,267,476	\$ 1,267,476	\$ 2,580,599	\$ (374)	\$ 2,580,225	\$ 1,312,749

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, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues Investment earnings	<u> </u>	<u> </u>	\$ 651	\$ -	\$ 651	\$ 651
C C	_Ψ	Ψ		Ψ		
Total Revenues			651		651	651
Expenditures Health and welfare	1,454,488	1,454,488	219,599	(72,066)	147,533	1,306,955
Net Change in Fund Balances	(1,454,488)	(1,454,488)	(218,948)	72,066	(146,882)	1,307,606
Prior Year Encumbrances Returned			. <u> </u>	17,655	17,655	17,655
Fund Balances Beginning of Year	1,454,488	1,454,488	1,777,967	(371,071)	1,406,896	(47,592)
Fund Balances End of Year	\$ -	\$ -	\$ 1,559,019	\$ (281,350)	\$ 1,277,669	\$ 1,277,669

City of Ketchikan, Alaska Commercial Passenger Vessel Capital Projects Fund Project Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Expenditures						
Culture and tourism	150,000	253,340	213,470	42,646	256,116	(2,776)
Total Expenditures	150,000	253,340	213,470	42,646	256,116	(2,776)
Other Financing Sources						
Transfers in						
Major capital improvements fund	-	-	5,000	-	5,000	5,000
Commercial passenger vessel tax fund	150,000	253,340	251,552	-	251,552	(1,788)
Total Other Financing Sources	150,000	253,340	256,552	-	256,552	3,212
Net Change in Fund Balances	-	-	43,082	(42,646)	436	436
Fund Balances Beginning of Year	<u> </u>	-				
Fund Balances End of Year	\$-	\$ -	\$ 43,082	\$ (42,646)	\$ 436	\$ 436

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, 2018

Assets	General		Hospital Sales Tax	Public Works Sales Tax	
Cash and temporary investments	\$ 8,839,572	\$	4,430,984	\$	5,280,333
Receivables:	\$ 0,057,572	ψ	4,430,704	Ψ	5,200,555
Accounts	282,593		-		-
Taxes	925,772		488,499		732,749
Intergovernmental	17,995		_		_
Accrued interest	33,286		21,067		25,465
Land for resale	388,865				15,316
Total Assets	\$10,488,083	\$	4,940,550	\$	6,053,863
Liabilities					
Accounts payable	\$ 279,639	\$	-	\$	69,477
Payroll payable	1,768,643		-		-
Unearned revenue	27,291		-		-
Total Liabilities	2,075,573				69,477
Deferred Inflows of Resources	809,774		488,499		732,749
Fund Balances					
Nonspendable	388,865		-		15,316
Assigned:					
Subsequent years budget	941,685		7,840		694,031
Parking development and abatement of dangerous buildings	-		-		-
Hospital development and expansion	-		4,444,211		-
General government	159,268		-		160,740
Public safety	18,322		-		292,966
Culture and tourism	30,252		-		456,184
Public works	88,264		-		-
Streets, sidewalks and other public projects Unassigned	- 5,976,080		-		3,632,400
Total Fund Balances	7,602,736		4,452,051		5,251,637
Total Liabilities, Deferred Inflows of Resources					
and Fund Balances	\$10,488,083	\$	4,940,550	\$	6,053,863

Economic Development & Parking		Shoreline Services		nmunity Grant Fund	Totals
\$	824,803	\$ 105,526	\$	37,190	\$ 19,518,408
	-	-		-	282,593
	-	-		-	2,147,020
	-	-		-	17,995
	4,587	496		-	84,901
	-	 -			404,181
\$	829,390	\$ 106,022	\$	37,190	\$ 22,455,098
\$	5,605	\$ -	\$	20,059	\$ 374,780
	-	-		-	1,768,643
	-	 -		-	27,291
	5,605	 -		20,059	2,170,714
		 -		-	2,031,022
	-	-		-	404,181
	154,450	4,474		-	1,802,480
	669,335	-		-	669,335
	-	-		-	4,444,211
	-	-		17,131	337,139
	-	101,548		-	412,836
	-	-		-	486,436
	-	-		-	88,264
	-	-		-	3,632,400
	-	 -		-	5,976,080
	823,785	 106,022		17,131	18,253,362
\$	829,390	\$ 106,022	\$	37,190	\$ 22,455,098

City of Ketchikan, Alaska General Fund Combining Schedule of Revenues, Expenditures and Changes in Fund Balances For the Year Ended December 31, 2018

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Revenues							
Taxes							
Real & personal property taxes	\$ 6,130,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,130,995
Automobile & boat taxes	44,015	-	-	-	-	-	44,015
Penalty & interest	50,594	6,382	9,573	-	-	-	66,549
Senior citizen local contribution	(475,389)	-	-	-	-	-	(475,389)
Sales tax	4,674,085	3,116,056	4,674,085	-	-	-	12,464,226
Marijuan sales tax	-	-	-	-	-	-	-
Payments in lieu of taxes	24,286	-	-	-	-		24,286
	10,448,586	3,122,438	4,683,658	-	-	-	18,254,682
Licenses and permits							
Building permits	94,852	-	-	-	-	-	94,852
Other	1,635	-					1,635
	96,487	-	-	-	-	-	96,487
Intergovernmental							
State fire grants	17,333	-	-	-	-		17,333
Federal fire grants	41,030	-	-	-	-	-	41,030
Liquor licenses tax	46,900	-	-	-	-	-	46,900
Other state revenues	562,047	-	-	-	-	-	562,047
Federal revenues	1,250	-	-	-	-	-	1,250
	668,560	-	-	-	-	-	668,560
Charges for services							
Ambulance	730,650	-	-	-	-	-	730,650
Rentals	18,480	-	-	-	-	-	18,480
Parking fees	102,690	-	-	-	-	-	102,690
Cemetery	1,275	-	-	-	-	-	1,275
Library services	545,964	-	-	-	-	-	545,964
Museum services	281,765	-	-	-	-	-	281,765
E-911 emergency dispatch services	406,326	-	-	-	-	-	406,326
Civic center services	104,367	-	-	-	-	-	104,367
Other charges	55,736	-	-	-	-	-	55,736
o nor enages	2,247,253	-	-				2,247,253
Fines and forfeitures							2,211,200
Parking fines	83,922	_	-	-	_	-	83,922
Other fines	9,623	_	-	-	_	-	9,623
Court deposits	13,439			_			13,439
court acposta	106,984	-	-	-			106,984
	100,001						100,701
Investment earnings	80,507	51,424	62,260	11,185	1,214		206,590
Other management							
Other revenue Miscellaneous	167 227	1 00 4				156 200	224.950
Miscellaneous	167,337	1,224	-		-	156,299	324,860
Interdepartmental charges	3,241,608	-	-		-		3,241,608
Total Revenues	17,057,322	3,175,086	4,745,918	11,185	1,214	156,299	25,147,024

City of Ketchikan, Alaska General Fund Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Cont'd) For the Year Ended December 31, 2018

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Expenditures							
Current:							
General government							
Mayor and council	186,280	-	-	-	-	293,352	479,632
City clerk	363,833	-	-	-	-	-	363,833
Law	327,178	-	-	-	-	-	327,178
City manager	743,674	-	-	-	-	-	743,674
Finance	1,987,744	-	1,748	-	-	-	1,989,492
Information technology	950,327	-	-	-	-	-	950,327
	4,559,036	-	1,748		-	293,352	4,854,136
Public safety							
Fire	3,434,858	-	529,971	-	-	-	3,964,829
Police	4,863,828	-	135,271	-	-	-	4,999,099
	8,298,686	-	665,242		-	-	8,963,928
Culture							
Library	1,262,527	-	-	-	-	-	1,262,527
Museum	1,019,563	-	19,564	-	-	-	1,039,127
Civic center	477,525	-	192,666	-	-	-	670,191
Tourism and development	-	-	-	169,055	-	-	169,055
1	2,759,615	-	212,230	169,055	-		3,140,900
Health and welfare							
Public health	11,214	455,159	-	-	-	-	466,373
Public works							
Engineering	1,505,602	-	92,011	-	-	-	1,597,613
Streets	1,510,667	-	2,059,094	-	-	-	3,569,761
Cemetery	80,241	_	18,039	_	-	-	98,280
Garage	440,146	_		_	-	_	440,146
Building maintenance	475,962		56,087				532,049
Danang mantenance	4,012,618		2,225,231				6,237,849
	4,012,010						0,237,049
Total Expenditures	19,641,169	455,159	3,104,451	169,055		293,352	23,663,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,583,847)	2,719,927	1.641.467	(157,870)	1,214	(137,053)	1,483,838
Over (Onuer) Experimitures	(2,363,647)	2,119,921	1,041,407	(157,670)	1,214	(157,055)	1,403,038

City of Ketchikan, Alaska General Fund Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Cont'd) For the Year Ended December 31, 2018

-	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	2,031,990	-	(2,031,990)	-	-	-	-
Transient occupancy tax fund	373,159	-	-	-	-	-	373,159
Shoreline area fund	6,374	-	-	-	(6,374)	-	-
Bayview cemetery fund	5,000	-	-	-	-	-	5,000
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	(691,789)	(2,533,700)	-	-	-	-	(3,225,489)
Community grant fund	(57,816)	(38,544)	(57,816)	-	-	154,176	-
Sale of capital assets	1,800	-	-		-		1,800
Total Other Financing Sources (Uses)	3,273,718	(2,992,244)	(2,089,806)		(6,374)	154,176	(1,660,530)
Net Change in Fund Balances	689,871	(272,317)	(448,339)	(157,870)	(5,160)	17,123	(176,692)
Fund Balances Beginning of Year	6,912,865	4,724,368	5,699,976	981,655	111,182	8	18,430,054
Fund Balances End of Year	7,602,736	4,452,051	5,251,637	823,785	106,022	17,131	18,253,362

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, 2018

	Original Budget			AAP Basis) Actual	Reclassifications and Encumbrances		(Budgetary Basis) Actual	Variance Positive (Negative)		
Revenues											
Taxes	\$ 2,965,000	\$	2,965,000	\$	3,116,056	\$	-	\$	3,116,056	\$	151,056
Penalties and interest	11,000		11,000		6,382		-		6,382		(4,618)
Investment earnings	24,000		24,000		51,424		-		51,424		27,424
Miscellaneous	 		-		1,224				1,224		1,224
Total Revenues	 3,000,000		3,000,000		3,175,086				3,175,086		175,086
Expenditures											
Current:											
Health and welfare	 38,750		48,750		455,159		(430,318)		24,841		23,909
Total Expenditures	 38,750		48,750		455,159		(430,318)		24,841		23,909
Excess of Revenues											
Over Expenditures	 2,961,250		2,951,250		2,719,927		430,318		3,150,245		198,995
Other Financing Uses Transfers out											
General fund	(420,000)		(420,000)		(420,000)		-		(420,000)		-
Community grant fund	(47,126)		(38,544)		(38,544)		-		(38,544)		-
General obligation debt service fund	 (2,533,700)		(2,533,700)		(2,533,700)		-		(2,533,700)		-
Total Other Financing Uses	 (3,000,826)		(2,992,244)		(2,992,244)				(2,992,244)		
Net Change in Fund Balances	(39,576)		(40,994)		(272,317)		430,318		158,001		198,995
Prior Year Encumbrances Returned	 -		-				79		79		79
Fund Balances Beginning of Year	 4,198,827		4,198,827		4,724,368		(446,249)		4,278,119		79,292
Fund Balances End of Year	\$ 4,159,251	\$	4,157,833	\$	4,452,051	\$	(15,852)	\$	4,436,199	\$	278,366

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, 2018

	Original Budget	Final Budget	Final (GAAP Basis) and Basis)		(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues	* • • • = = = = = = =	* • • • = = = = = = =	* • •= • • • •		*=	* ****
Taxes	\$ 4,447,500	\$ 4,447,500	\$ 4,674,085	\$ -	\$ 4,674,085	\$ 226,585
Penalties and interest	16,000	16,000	9,573	-	9,573	(6,427)
Investment earnings	27,000	27,000	62,260		62,260	35,260
Total Revenues	4,490,500	4,490,500	4,745,918		4,745,918	255,418
Expenditures						
Capital:						
General government						
Finance	20,000	20,000	1,748	(1,748)	-	20,000
Public safety						
Fire	790,681	790,681	529,971	(79,535)	450,436	340,245
Police	226,570	226,570	135,271	25,214	160,485	66,085
Culture	- ,		, -	- /		,
Museum	60,000	60,000	19,564	30.000	49,564	10,436
Civic center	254,700	254,700	192,666	52,666	245,332	9,368
Public works	- ,	- ,	. ,	- ,	- /	. ,
Engineering	167,000	197,000	92.011	1,242	93,253	103,747
Streets	1,826,540	2,674,937	2,059,094	14,877	2,073,971	600,966
Cemetery	111,417	126,417	18,039	1,969	20,008	106,409
Garage	-	-	-	-	-	-
Building maintenance	-	12,360	56,087	(44,886)	11,201	1,159
C C			·		· · · · · · · · · · · · · · · · · · ·	·
Total Expenditures	3,456,908	4,362,665	3,104,451	(201)	3,104,250	1,258,415
Excess of Revenues	1 022 502	107.025	1 (41 467	201	1 (11 (()	1 512 022
Over Expenditures	1,033,592	127,835	1,641,467	201	1,641,668	1,513,833
Other Financing Uses						
Transfer out	(a. 0.a	(0.001.007)	(0.001.000)		(a.c.a	
General fund	(2,031,990)	(2,031,990)	(2,031,990)	-	(2,031,990)	-
Community grant fund	(70,687)	(57,816)	(57,816)	-	(57,816)	-
Debt service fund	(388,188)	(388,188)				388,188
Total Other Financing Uses	(2,490,865)	(2,477,994)	(2,089,806)		(2,089,806)	388,188
Net Change in Fund Balances	(1,457,273)	(2,350,159)	(448,339)	201	(448,138)	1,125,645
Prior Year Encumbrances Returned				60,491	60,491	60,491
Fund Balances Beginning of Year	4,479,679	4,479,679	5,699,976	(883,811)	4,816,165	336,486
Fund Balances End of Year	\$ 3,022,406	\$ 2,129,520	\$ 5,251,637	\$ (823,119)	\$ 4,428,518	\$ 1,522,622

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, 2018

		Original Budget		Final Budget		(GAAP Basis) Actual		Reclassifications and Encumbrances		(Budgetary Basis) Actual		ariance ositive egative)
Revenues												
Miscellaneous	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Investment earnings		4,600		4,600		11,185		-		11,185		6,585
Total Revenues		4,600		4,600		11,185		-		11,185		6,585
Expenditures												
Current:												
Economic tourism and development		162,450		177,450		169,055		8,395		177,450		-
*						<u> </u>						
Total Expenditures		162,450		177,450		169,055		8,395		177,450		-
Net Change in Fund Balances		(157,850)		(172,850)		(157,870)		(8,395)		(166,265)		6,585
Fund Balances Beginning of Year		965,081		965,081		981,655		-		981,655		16,574
	¢	007 001	¢	702 221	¢	000 705	¢	(0.205)	¢	015 200	¢	22.150
Fund Balances End of Year	\$	807,231	\$	792,231	\$	823,785	\$	(8,395)	\$	815,390	\$	23,159

City of Ketchikan, Alaska Shoreline Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	Original Budget		Final Budget		(GAAP Basis) Actual		Reclassifications and Encumbrances		(Budgetary Basis) Actual		riance sitive gative)
Revenues											
Investment earnings	\$ 600	\$	600	\$	1,214	\$	-	\$	1,214	\$	614
Other Financing Uses General fund	 (6,374)		(6,374)		(6,374)		-		(6,374)		-
Net Change in Fund Balances	(5,774)		(5,774)		(5,160)		-		(5,160)		614
Fund Balances Beginning of Year	 111,429		111,429		111,182		-		111,182		(247)
Fund Balances End of Year	\$ 105,655	\$	105,655	\$	106,022	\$	-	\$	106,022	\$	367

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, 2018

)riginal Budget	 Final Budget	(GA	AAP Basis) Actual	 ssifications and mbrances	udgetary Basis) Actual	P	ariance ositive egative)
Revenues								
Contributions	\$ 188,500	\$ 154,176	\$	154,176	\$ -	\$ 154,176	\$	-
Miscellaneous	 -	 -		2,123	 -	 2,123		2,123
Total Revenues	 188,500	 154,176		156,299	 -	 156,299		2,123
Expenditures								
Current:								
Mayor and council	 377,000	 308,352		293,352	 	 293,352		15,000
Deficiency of Revenues								
Under Expenditures	(188,500)	(154,176)		(137,053)	-	(137,053)		17,123
Other Financing Sources								
Transfers in								
General fund	70,687	57,816		57,816	-	57,816		-
Hospital sales tax fund	47,126	38,544		38,544	-	38,544		-
Public works sales tax fund	 70,687	 57,816		57,816	 -	 57,816		-
Total Other Financing Sources	 188,500	 154,176		154,176	 -	 154,176		
Net Change in Fund Balances	-	-		17,123	-	17,123		17,123
Fund Balances Beginning of Year	 	 -		8	 	 8		8
Fund Balances End of Year	\$ -	\$ -	\$	17,131	\$ -	\$ 17,131	\$	17,131



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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 Services 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, 2018 and 2017

		2018	2017
Assets			
Current assets			
Cash and temporary investments		\$ 22,017,576	\$ 21,790,050
Accrued interest - general cash and investments		97,166	-
Restricted cash, cash equivalents and investments:			
Bond redemption		463,381	451,343
Accounts receivable	\$ 2,571,164		
Less uncollectible accounts	 (82,000)	2,489,164	2,839,870
Prepaid expenses		37,262	11,423
Inventory of materials		2,391,825	2,576,402
Unbilled revenue		 2,458,822	 957,524
Total current assets		 29,955,196	 28,626,612
Noncurrent assets			
Restricted investments:			
Revenue bond reserve fund investments		1,142,850	1,391,500
Accrued interest receivable - bond reserve fund		448	-
Total Restricted assets		 1,143,298	 1,144,325
Utility plant in service:			
Land		2,722,866	2,722,866
Other non-depreciable assets		52,405	52,405
Construction work in progress		690,043	971,460
Plant in service		252,803,885	248,609,229
Less accumulated depreciation		(148,997,949)	(143,803,972)
Total capital assets (net of accumulated depreciation)		 107,271,250	 108,551,988
Total noncurrent assets		 108,414,548	 109,696,313
Total assets		 138,369,744	 138,322,925
Deferred outflow of resources		 458,991	 223,086
Total Assets and Deferred Outflow of Resources		\$ 138,828,735	\$ 138,546,011

City of Ketchikan, Alaska Ketchikan Public Utilities Fund Comparative Statements of Net Position December 31, 2018 and 2017

	 2018	 2017
Liabilities		
Current liabilities		
Accounts payable	\$ 2,755,807	\$ 2,585,845
Accrued interest payable	142,613	138,471
Compensated absences payable	97,486	106,940
Customer deposits	372,083	371,365
Unearned revenue	25,376	18,240
Unamortized premiums	90,570	90,570
Revenue bonds payable	1,106,629	1,057,271
Advances to other funds	 350,987	 1,288,449
Total current liabilities	 4,941,551	 5,657,151
Noncurrent liabilities		
Unamortized bond premium	1,215,152	1,305,723
Compensated absences payable	877,371	962,456
Net pension liability	3,004,047	2,940,343
Net other postemployment benefits liability	615,026	-
Revenue bonds payable	18,668,777	19,156,405
Advances to other funds	1,529,566	1,880,553
Total noncurrent liabilities	 25,909,939	 26,245,480
Deferred inflow of resources	 307,114	 296,153
Total Liabilities and Deferred Inflows of Resources	 31,158,604	 32,198,784
Net position		
Net investment in capital assets	86,190,122	86,942,019
Restricted for bond retirement	1,543,392	1,529,900
Unrestricted	 19,936,617	 17,875,308
Total net position	 107,670,131	106,347,227
Total liabilities and net position	\$ 138,828,735	\$ 138,546,011

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, 2018 and 2017

	То	tal	Elec	tric
	2018	2017	2018	2017
Operating Revenues				
Services	\$45,032,232	\$41,837,202	\$19,997,811	\$18,285,197
Other	610,721	556,255	556,296	506,415
Total Operating Revenues	45,642,953	42,393,457	20,554,107	18,791,612
Operating Expenses				
Operation and maintenance	29,296,523	24,953,648	16,179,507	12,759,950
Administration and general	6,168,640	6,045,133	1,832,274	1,788,906
Depreciation	7,973,572	8,337,347	3,073,102	3,316,736
Total Operating Expenses	43,438,735	39,336,128	21,084,883	17,865,592
Operating Income (Loss)	2,204,218	3,057,329	(530,776)	926,020
Non-Operating Revenues (Expenses)				
Operating grants	174,368	163,829	27,073	23,735
Interest earnings	243,822	32,475	110,995	18,038
Revenue bond interest expense	(691,774)	(717,683)	(447,417)	(455,083)
Other interest expense	(19,027)	(18,785)	(16,031)	(15,791)
Total Non-Operating Revenue (Expenses)	(292,611)	(540,164)	(325,380)	(429,101)
Net Income (Loss) Before Contributions,				
Grants and Transfers	1,911,607	2,517,165	(856,156)	496,919
Capital contributions	153,209	156,147	152,871	118,180
Capital grants	705,901	-	- ,	-
Transfers out - payment in lieu of taxes	(786,000)	(786,000)	(381,993)	(381,993)
Total Contributions, Grants and Transfers	73,110	(629,853)	(229,122)	(263,813)
Change in Net Position	1,984,717	1,887,312	(\$1,085,278)	\$233,106
Net Position Beginning of Year, Restated (Note 2)	105,685,414	104,459,915		
Net Position End of Year	\$107,670,131	\$106,347,227		

Telecommu	nications	Wa	ter
2018	2017	2018	2017
\$21,004,196	\$19,813,713	\$4,030,225	\$3,738,292
-	-	54,425	49,840
21,004,196	19,813,713	4,084,650	3,788,132
10,769,201	10,195,360	2,347,815	1,998,338
3,865,082	3,790,280	471,284	465,947
3,402,721	3,588,445	1,497,749	1,432,166
18,037,004	17,574,085	4,316,848	3,896,451
2,967,192	2,239,628	(232,198)	(108,319)
43,547	41,052	103,748	99,042
111,520	12,016	21,307	2,421
(126,760)	(138,277)	(117,597)	(124,323)
(2,996)	(2,994)		
25,311	(88,203)	7,458	(22,860)
2,992,503	2,151,425	(224,740)	(131,179)
338	33,432	-	4,535
-	-	705,901	-
(206,358)	(206,358)	(197,649)	(197,649)
(206,020)	(172,926)	508,252	(193,114)
\$2,786,483	\$1,978,499	\$283,512	(\$324,293)
φ2,700,405	φ1,270,122	Ψ205,512	(\$52-1,275)

City of Ketchikan, Alaska Ketchikan Public Utilities Fund Comparative Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 44,499,497	\$ 41,801,372
Cash payments to employees for services	(14,345,206)	(13,528,503)
Cash payments to suppliers for goods and services	(20,867,558)	(18,027,965)
Net Cash Provided by Operating Activities	9,286,733	10,244,904
Cash Flows from Noncapital Financing Activity		
Operating grant from other governments	174,368	163,629
Payment in lieu of taxes to the general fund	(786,000)	(786,000)
Net Cash Used by Noncapital		
Financing Activities	(611,632)	(622,371)
Cash Flows from Capital and		
Related Financing Activities		
Advances from other funds	(1,288,449)	(287,932)
Capital grant received from other governments	859,110	156,347
Capital debt proceeds	1,737,292	-
Principal paid on revenue bonds	(2,175,562)	(2,175,562)
Interest paid on revenue bonds	(797,229)	(861,507)
Payments for capital acquisitions and construction	(6,918,293)	(4,527,521)
Net Cash Used by Capital and Related		
Financing Activities	(8,583,131)	(7,696,175)
Cash Flows from Investing Activities		
Investment earnings	146,119	32,411
Proceeds from bond reserve fund investments	1,475	247,175
Net Cash Flows Provided by Investing Activities	147,594	279,586
Net Increase in Cash		
and Cash Equivalents	239,564	2,205,944
Cash and Cash Equivalents Beginning of Year	22,241,393	20,035,449
Cash and Cash Equivalents End of Year	\$ 22,480,957	\$ 22,241,393
Reconciliation of Cash and Cash Equivalents		
to the Balance Sheet:		
Cash and temporary investments - current assets	22,017,576	21,790,050
Revenue bond redemption funds - restricted	463,381	451,343
	\$ 22,480,957	\$ 22,241,393

(continued)

City of Ketchikan, Alaska Ketchikan Public Utilities Fund Comparative Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

(continued)

	 2018	 2017
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 2,204,218	\$ 3,057,329
Adjustments:		
Depreciation	7,973,572	8,337,347
Other	87,251	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	350,706	(589,979)
Unbilled revenue	(1,501,298)	91,004
Prepaid expenses	(25,839)	10,920
Inventory	184,577	258,701
Customer deposits	718	(7,755)
Deferred outflows	(183,884)	536,532
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	308,258	(786,067)
Accrued expenses		
Compensated absences payable	(94,539)	35,980
Unearned revenue	7,136	(93,110)
Net pension liability	63,704	(859,792)
Other postemployment benefits liability	375,162	-
Deferred inflow of resources for pension	 (463,009)	 253,794
Net Cash Provided by Operating Activities	\$ 9,286,733	\$ 10,244,904
Noncash investing, capital and financing activities Revenue bond arbitrage	\$ (89)	\$ (64)

Ketchikan Public Utilities Fund

Comparative Schedules of Revenues

		2018		2017	
		Amount	Total	Amount	Total
Electric Department					
	Revenue from Services:				
	Residential	\$7,650,908		\$7,626,289	
	Boats	332,985		343,140	
	Commercial	7,188,265		7,214,570	
	Industrial	1,901,001		1,959,446	
	Demand	527,719		517,862	
	Area Lighting	59,148		54,133	
	Street Lighting	131,478		130,875	
	Diesel Surcharge	2,206,307	\$19,997,811	438,882	\$18,285,197
	Other Revenue:				
	Service Charges	111,821		110,200	
	Late Payment Charges	91,747		87,077	
	Rentals - Interdepartmental	138,062		142,397	
	Other	214,666	556,296	166,741	506,415
	Total Electric		20,554,107		18,791,612
Telecommunications I	Department				
	Local Network Services:				
	Basic Local Service	952,526		969,774	
	Local Private Line	933,641		920,212	
	Other Local Exchange	114,654	2,000,821	120,160	2,010,146
	Network Access Services:				
	Interstate End User	785,180		896,699	
	Switched Access	4,995,108		4,540,690	
	Special Access	1,675,217		1,676,771	
	State Access	1,416,342	8,871,847	1,411,689	8,525,849
	Other Revenues:				
	Directory Revenue	245,053		270,306	
	Other	150,830	395,883	97,307	367,613
	Nonregulated Revenues	9,735,645	9,735,645	8,910,105	8,910,105
	Total Telecommunications		\$ 21,004,196		\$ 19,813,713

Ketchikan Public Utilities Fund Comparative Schedules of Revenues (Cont'd)

		2018		2017	
		Amount	Total	Amount	Total
Water Department					
	Revenue from Services:				
	Residential	\$1,736,472		\$1,655,801	
	Apartments	373,428		357,127	
	Commercial	1,382,874		1,302,261	
	Industrial	345,256		265,378	
	Port	192,195	\$4,030,225	157,725	\$3,738,292
	Other Revenue:				
	Service Charges	714		646	
	Late Payment Charges	22,865		21,069	
	Other	30,846	54,425	28,125	49,840
	Total Water		4,084,650		3,788,132
Total Revenue			\$45,642,953		\$42,393,457

Ketchikan Public Utilities Fund

Comparative Schedules of Operation and Maintenance Expenses

	2018	;	2017	
	Amount	Total	Amount	Total
Electric Department				
Hydroelectric Generation				
Operation				
Supervision & Engineering	\$1,191,572		\$1,054,824	
Hydraulic Expenses	68,187		39,964	
Electric Expenses	31,925	1,291,684	8,960	1,103,748
Maintenance				
Structures	55,856		42,171	
Reservoirs & Dams	207,081		240,313	
Electric Plant	92,190		131,568	
Other	131,257	486,384	142,461	556,513
Total Hydroelectric Generation		1,778,068		1,660,261
Diesel Generation				
Operation				
Fuel	3,512,663		964,558	
Generation	306,421		57,091	
Other	679,441	4,498,525	548,205	1,569,854
Maintenance				
Supervision and Engineering	108,523		114,940	
Structures	23,865		26,633	
Electric Plant	203,408		155,072	
Other	402,269	738,065	435,269	731,914
Total Diesel Generation		5,236,590		2,301,768
Purchased Power		5,718,650		5,279,985
Automation Control System		244,556		362,293
Total Generation	-	12,977,864	-	9,604,307
Transmission				
Operation				
Overhead and Underground Lines	\$0	0	\$22,584	22,584
Total Transmission		\$0		\$22,584

Ketchikan Public Utilities Fund

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

	2018	3	2017		
	Amount	Total	Amount	Total	
Distribution					
Operation					
Supervision & Engineering	\$916,120		\$904,388		
Station Equipment	5,706		3,986		
Overhead & Underground Lines	964		3,483		
Street Lighting	140,260		94,557		
Meter Expenses	656,587		598,506		
Customer Installations	92		0		
Other	33,428	\$1,753,157	20,339	\$1,625,259	
Maintenance					
Station Equipment	47,375		54,777		
Overhead & Underground Lines	1,266,838		1,336,740		
Line Transformers	2,891		6,479		
Other	131,382	1,448,486	109,804	1,507,800	
Total Distribution		3,201,643		3,133,059	
Total Electric	-	16,179,507	-	12,759,950	
Felecommunications Department					
Plant Specific Operations:					
Network Support	177,843		149,080		
General Support	118,116		131,669		
Central Office Switching	661,558		585,827		
Central Office Transmission	1,239,079		1,212,402		
Cable and Wire Facilities Expense	1,073,491	3,270,087	752,145	2,831,123	
Plant Nonspecific Operations					
Network Operations Expense	1,776,057	1,776,057	2,154,539	2,154,539	
Customer Operations					
Customer Operations-Services	118,523	118,523	112,231	112,23	
Nonregulated Operations Expenses	\$5,604,534	5,604,534	\$5,097,467	5,097,46	
Total Telecommunications		\$10,769,201		\$10,195,360	

Ketchikan Public Utilities Fund

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

	2018		2017	
	Amount	Total	Amount	Total
Water Department				
Source of Supply				
Operation and Maintenance	\$373,336	\$373,336	\$319,986	\$319,986
Chlorination				
Labor and Supplies	157,094		135,911	
Maintenance	119,984	277,078	132,845	268,756
Distribution				
Supervision & Operation of Mains	-		37	
Maps & Records	637,848		434,176	
Customer Service	607	638,455	687	434,900
Maintenance				
Mains & Equipment	485,598		345,341	
Hydrants	23,382		14,748	
Valves & Structures	33,139		23,765	
Pump Stations	110,549		98,388	
PH Adjustment Facility	394,068		464,307	
Reservoirs	\$12,210	1,058,946	\$28,147	974,696
Total Water		2,347,815		1,998,338
Total Operation and Maintenance		\$29,296,523		\$24,953,648

Ketchikan Public Utilities Fund Comparative Schedules of Administrative and General Expenses For the Years Ended December 31, 2018 and 2017

	2018	2017
Customer Service	\$2,101,074	\$2,029,524
General Accounting	925,369	918,265
Administrative Expenses	2,226,238	2,259,204
Engineering Services	108,994	108,713
Information Technology	523,508	498,278
Insurance & Claims	283,457	231,148
Total	\$6,168,640	\$6,045,132

City of Ketchikan, Alaska Port Fund Comparative Statements of Net Position December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and temporary investments	\$ 9,446,710	\$ 9,614,774
Cash and temporary investments accrued interest	47,558	-
Restricted cash, cash equivalents and investments:		
Bond redemption	186,802	186,511
Commercial passenger vessel excise tax	135,459	1,050,330
Accounts receivable	48,780	205,047
Prepaid expense	1,108,809	1,070,289
Total Current assets	10,974,118	12,126,951
Noncurrent assets		
Restricted investments:		
Repair and replacement investments	3,724,677	4,551,072
Bond reserve investments	2,240,000	2,240,000
Accrued interest on bond reserve investments	4,183	874
Total restricted assets	5,968,860	6,791,946
Internal Receivable	1,411,551	2,700,000
Capital assets		
Land	1,775,740	1,775,740
Other non-depreciable assets	169,361	169,361
Construction work in progress	8,809,064	2,658,931
Port facilities	67,891,581	67,861,503
Accumulated depreciation	(20,311,275)	(18,698,818)
Total capital assets (net of accumulated depreciation)	58,334,471	53,766,717
Total noncurrent assets	65,714,882	63,258,663
Deferred ouflows of resources	75,925	38,316
Total Assets and Deferred Outflows of Resources	\$ 76,764,925	\$ 75,423,930

City of Ketchikan, Alaska Port Fund Comparative Statements of Net Position December 31, 2018 and 2017

	2018	2017
Liabilities		
Current liabilities		
Accounts payable	\$ 242,807	\$ 1,393,277
Accrued interest payable	107,308	111,268
Compensated absences payable	3,084	2,691
Unamortized premiums	202,584	202,584
Revenue bonds payable	980,000	930,000
Total current liabilities	1,535,783	2,639,820
Noncurrent liabilities		
Compensated absences payable	27,760	24,222
Net pension liability	490,815	480,407
Net other postemployment benefits liability	100,486	
Unamortized bond premium	3,224,466	3,427,050
Revenue bonds payable	24,220,000	25,200,000
Total noncurrent liabilities	28,063,527	29,131,679
Deferred inflows of resources	523,281	549,457
Total Liabilities and Deferred Inflows of Resources	30,122,591	32,320,956
Net position		
Net investment in capital assets	29,234,318	23,506,012
Restricted repair and replacement funds	3,724,677	5,178,634
Restricted commercial passenger excise tax funds	135,459	1,050,330
Restricted for bond retirement	2,371,235	2,316,117
Unrestricted	11,176,645	11,051,881
Total net position, restated	46,642,334	43,102,974
Total Liabilities and Net Postion	\$ 76,764,925	\$ 75,423,930



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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, 2018 and 2017

	2018	2017
Operating Revenues		
Charges for services	¢1.010.470	¢1.054.000
Docking	\$1,913,469	\$1,876,880
Passenger wharfage fee Rental income	7,300,575	6,892,093
Water	481,035 256,260	398,993 210,300
Other	18,963	13,006
Total Operating Revenues	9,970,302	9,391,272
Operating Expenses		
Operation and maintenance		
Personnel services	1,020,159	1,008,157
Supplies and services	393,145	931,366
Financial service	128,058	155,871
Insurance	167,619	155,719
Utilities	254,187	213,661
Property Taxes	164,415	165,419
Lease payments	2,602,993	2,494,172
Depreciation	1,612,457	1,612,861
Total Operating Expenses	6,343,033	6,737,226
Operating Income	3,627,269	2,654,046
Non-Operating Revenues (Expenses)		
Operating grants	13,360	11,412
Interest earnings	246,066	139,579
Interest expense	(1,071,989)	(1,100,512)
Total Non-Operating Revenue (Expenses)	(812,563)	(949,521)
Income Before Capital Grants and Transfers	2,814,706	1,704,525
Capital Grants	608,172	1,058,007
Transfers	542 222	1 050 220
Transfer from commercial passenger vessel tax fund	543,323	1,050,330
Payment in lieu of taxes to general fund	(319,000)	(319,000)
Total Capital Grants and Transfers	832,495	1,789,337
Change in Net Position	3,647,201	3,493,862
Net Position Beginning of Year, Restated	42,995,133	39,609,112
Net Position End of Year	\$46,642,334	\$43,102,974

City of Ketchikan, Alaska Port Fund Comparative Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 9,966,377	\$ 9,396,415
Cash payments to employees for services	(1,035,632)	(1,012,724)
Cash payments to suppliers for goods and services	(3,784,570)	(4,176,731)
Net Cash Provided by Operating Activities	5,146,175	4,206,960
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	13,360	11,412
Transfer in	543,323	1,050,330
Payment in lieu of taxes to the general fund	(319,000)	(319,000)
Net Cash Provided by Noncapital		
Financing Activities	237,683	742,742
Cash Flows from Capital and		
Related Financing Activities		
Advances to other funds	1,288,449	-
Capital grant received from other governments	812,313	853,865
Principal paid on revenue bonds	(930,000)	(895,000)
Interest paid on revenue bonds	(1,306,499)	(1,333,350)
Payments for capital acquisitions and construction	(7,979,921)	(1,104,497)
Net Cash Used by Capital and Related		
Financing Activities	(8,115,658)	(2,478,982)
Cash Flows from Investing Activities		
Investment earnings	195,199	138,705
Sale of investments	1,983,761	627,562
Purchase of investments	(529,804)	(528,864)
Net Cash Provided by Investing Activities	1,649,156	237,403
Net Increase (Decrease) in Cash		
and Cash Equivalents	(1,082,644)	2,708,123
Cash and Cash Equivalents Beginning of Year	10,851,615	8,143,492
Cash and Cash Equivalents End of Year	\$ 9,768,971	\$ 10,851,615
Reconciliation of Cash and Cash Equivalents		
to the Balance Sheet:		
Cash and temporary investments - current assets	9,446,710	9,614,774
Commercial passenger excise tax funds - restricted	135,459	1,050,330
Revenue bond redemption funds - restricted	186,802	186,511
	\$ 9,768,971	\$ 10,851,615

(continued)

City of Ketchikan, Alaska Port Fund Comparative Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

(continued)

		2018		2017
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$	3,627,267	\$	2,654,046
Adjustments:				
Depreciation		1,612,457		1,612,861
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts receivable		(3,924)		5,143
Prepaid expenses		(38,521)		(43,343)
Deferred outflow		(28,820)		87,405
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts payable		(22,271)		(5,771)
Compensated absences payable		3,932		(4,372)
Net pension liability		10,408		(140,476)
Net other postemployment benefits liability		23,046		-
Deferred inflow		(37,399)		41,467
Net Cash Provided by Operating Activities	\$	5,146,175	\$	4,206,960
Noncash investing, capital and financing activities	•	(2.450)	¢	1.007
Fair value of non-cash investments	\$	(3,479)	\$	1,207

City of Ketchikan, Alaska Wastewater Services Fund Comparative Statements of Net Position December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and temporary investments	\$ 1,922,951	\$ 412,706
Cash and temporary investments accrued interest	1,948	-
Restricted cash, cash equivalents and investments:		24.211
Bond redemption	26,622	24,211
Accounts receivable	011 204	106.016
Accounts	211,384	186,916
Unbilled revenue	153,513	146,316
Total current assets	2,316,418	770,149
Noncurrent assets		
Capital assets		
Construction work in progress	408,082	375,341
Wastewater facilities	27,424,418	26,986,507
Accumulated depreciation	(9,104,260)	(8,574,126)
Total capital assets (net of accumulated depreciation)	18,728,240	18,787,722
Total noncurrent assets	18,728,240	18,787,722
Deferred outflow of resources	23,574	10,610
Total Assets and Deferred Outflows of Resources	\$ 21,068,232	\$ 19,568,481
Current liabilities Accounts payable Accrued interest Compensated absences payable	\$ 453,997 4,848 3,310	\$ 30,435 5,135 3,165
General obligation bonds payable	100,957	99,457
Revenue bonds payable	28,742	14,172
Total current liabilities	591,854	152,364
Noncurrent liabilities		
Compensated absences payable	29,787	28,482
Net pension liability	135,894	133,012
Net other postemployment benefits liability	27,822	-
General obligation bonds payable	1,577,094	1,678,051
Revenue bonds payable	533,939	240,034
Total noncurrent liabilities	2,304,536	2,079,579
Deferred inflow of resources	13,894	13,397
Total Liabilities and Deferred Inflow of Resources	2,910,284	2,245,340
Net position		
Net investment in capital assets	16,487,508	16,756,008
Restricted for bond retirement	21,774	19,076
Unrestricted	1,648,666	548,057
Total net position, restated	18,157,948	17,323,141
Total Liabilities and Net Position	\$ 21,068,232	\$ 19,568,481

City of Ketchikan, Alaska Wastewater Services Fund Comparative Statements of Revenues, Expenses and Changes in Net Position For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues	ф. <u>а ар</u> с раз	¢ 0.000 c00
Charges for services	\$ 3,206,933	\$ 3,028,609
Other	18,384	12,428
Total Operating Revenues	3,225,317	3,041,037
Operating Expenses		
Operation and maintenance		
Personnel services	891,227	810,038
Supplies and services	652,167	699,025
Engineering services	284,060	274,983
Financial service	165,845	179,544
Insurance	30,419	25,719
Utilities	211,504	209,347
Depreciation	541,734	490,200
Total Operating Expenses	2,776,956	2,688,856
Operating Income	448,361	352,181
Non-Operating Revenues (Expenses)		
Operating grants	4.914	3,484
Interest earnings	5,276	730
Interest expense	(29,764)	(31,454)
Loss on disposal of capital asset		(41,777)
Total Non-Operating Revenues (Expenses)	(19,574)	(69,017)
Net Income Before Grants and Transfers	428,787	283,164
Capital grants	515,085	-
Transfers out - payment in lieu of taxes	(80,000)	(80,000)
Total Grants and Transfers	435,085	(80,000)
Change in Net Postion	863,872	203,164
Net Position Beginning of Year, Restated	17,294,076	17,119,977
Net Position End of Year	\$18,157,948	\$17,323,141

City of Ketchikan, Alaska Wastewater Services Fund Comparative Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

	2018	2017		
Cash Flows from Operating Activities				
Cash received from customers and users	\$ 3,193,650	\$ 3,020,979		
Cash payments to employees for services	(900,605)	(804,617)		
Cash payments to suppliers for goods and services	(1,336,039)	(1,377,679)		
Net Cash Provided by Operating Activities	957,006	838,683		
Cash Flows from Noncapital Financing Activities				
Operating grant from other governments	4,914	3,484		
Payment in lieu of taxes to the general fund	(80,000)	(80,000)		
Net Cash Used by Noncapital				
Financing Activities	(75,086)	(76,516)		
Cash Flows from Capital and				
Related Financing Activities	E1E 00E			
Capital grant received from other governments Capital debt proceeds	515,085	-		
Principal paid on general obligation bonds and	329,746	-		
equipment contracts	(99,459)	(97,987)		
Interest paid on general obligation bonds	(99,439)	(97,907)		
and equipment contracts	(26,291)	(27,766)		
Principal paid on revenue bonds	(21,269)	(13,959)		
Interest paid on revenue bonds	(3,760)	(3,971)		
Loss of the disposition of capital assets	-	41,777		
Payments for capital acquisitions and construction	(66,645)	(2,409,334)		
Net Cash Provided (Used) by Capital and Related				
Financing Activities	627,407	(2,511,240)		
Cash Flows from Investing Activities				
Investment earnings	3,329	730		
Net Cash Provided by Investing Activities	3,329	730		
Net Increase in Cash				
and Cash Equivalents	1,512,656	(1,748,343)		
Cash and Cash Equivalents Beginning of Year	436,917	2,185,260		
Cash and Cash Equivalents End of Year	\$ 1,949,573	\$ 436,917		
Reconciliation of Cash and Cash Equivalents				
to the Balance Sheet:				
Cash and temporary investments - current assets	1,922,951	412,706		
Revenue bond redemption funds - restricted	26,622	24,211		
	\$ 1,949,573	\$ 436,917		
	^			
	\$ -	(continued)		

City of Ketchikan, Alaska Wastewater Services Fund Comparative Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

(continued)

	2018		 2017	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$	448,361	\$ 352,181	
Adjustments:				
Depreciation		541,734	490,200	
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts receivable		(24,468)	(26,000)	
Unbilled revenue		(7,197)	5,942	
Deferred outflow		(9,737)	24,200	
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts payable		7,955	10,939	
Compensated absences payable		1,449	8,634	
Net pension liability		2,882	(38,894)	
Net other postemployment benefits liability		6,381	-	
Deferred inflow		(10,354)	 11,481	
Net Cash Provided by Operating Activities	\$	957,006	\$ 838,683	



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INTERNAL SERVICE FUNDS

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

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

City of Ketchikan, Alaska Combining Statement of Net Position Internal Service Funds December 31, 2018

	Self-Insurance	Compensated Absences	Total Internal Service Funds
Assets			
Current Assets:			
Cash and cash equivalents	\$ 745,493	\$ 1,522,754	\$ 2,268,247
Miscellaneous receivable	37,028	-	37,028
Interest receivable	2,947	-	2,947
Prepaid insurance	685,491		685,491
Total Current Assets	1,470,959	1,522,754	2,993,713
Noncurrent Assets:			
Internal Receivable	469,002	_	469,002
	107,002		109,002
Total Noncurrent Assets	469,002		469,002
Total Assets	ф <u>10200</u> с1	ф <u>1 500 754</u>	ф <u>0.460 515</u>
	\$ 1,939,961	\$ 1,522,754	\$ 3,462,715
Liabilities			
Current Liabilities:			
Accounts payable	3,127	-	3,127
Compensated absences payable	-	152,275	152,275
Claims payable	143,000		143,000
Total Current Liabilities	146,127	152,275	298,402
Noncurrent Liabilities:			
Compensated absences payable (net of current portion)	-	1,370,479	1,370,479
compensated absences payable (net of eartent portion)		1,570,179	1,570,177
Total Liabilities	146,127	1,522,754	1,668,881
Net Position			
Unrestricted	\$ 1,793,834	\$ -	\$ 1,793,834

City of Ketchikan, Alaska Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended December 31, 2018

	Self-Insurance		mpensated Absences	Total Internal Service Funds		
Operating Revenues						
Charges for services	\$	1,381,319	\$ 1,196,259	\$	2,577,578	
Total Revenues		1,381,319	 1,196,259		2,577,578	
Operating Expenses						
Compensated absences		-	1,196,259		1,196,259	
Insurance		1,325,763	-		1,325,763	
Claims		56,769	 -		56,769	
Total Operating Expenses		1,382,532	 1,196,259		2,578,791	
Operating Income		(1,213)	 -		(1,213)	
Non-Operating Revenues						
Investment earnings		25,751	 -		25,751	
Change in Net Position		24,538	-		24,538	
Net Position Beginning of Year		1,769,296	 -		1,769,296	
Net Position End of Year	\$	1,793,834	\$ -	\$	1,793,834	

City of Ketchikan, Alaska Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2018

	Sel	f-Insurance	ompensated Absences	 Total Internal Service Funds
Cash Flows from Operating Activities				
Cash received from customers and users	\$	1,449,346	\$ 1,196,259	\$ 2,645,605
Cash payments for insurance and claims		(1,390,510)		(1,390,510)
Cash payments for compensated absences			 (1,134,967)	 (1,134,967)
Net Cash Provided (Used) by Operating Activities		58,836	 61,292	 120,128
Cash Flows from Investing Activities				
Interest on investments		25,751	 -	 25,751
Net Cash Provided by Investing Activities		25,751	 -	 25,751
Net Increase in Cash				
and Cash Equivalents		84,587	61,292	145,879
Cash and Cash Equivalents Beginning of Year		660,906	 1,461,463	 2,122,369
Cash and Cash Equivalents End of Year	\$	745,493	\$ 1,522,755	\$ 2,268,248
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$	(1,213)	\$ -	\$ (1,213)
(Increase) in Assets:				
Accounts receivable		70,974	-	70,974
Accrued interest		(2,947)	-	(2,947)
Prepaid expenses		(10,606)	-	(10,606)
Increase (Decrease) in Liabilities:				
Accounts payable		2,628	_	2,628
Compensated absences payable		-	 61,292	 61,292
Net Cash Provided by Operating Activities	\$	58,836	\$ 61,292	\$ 120,128

CITY OF KETCHIKAN, ALASKA

(Page 1 of 2)

COMBINED SCHEDULE OF CASH BALANCES - ALL FUNDS

Year Ended December 31, 2018

Cash and Investment Balances		
Cash in Revenue Bond Redemption Accounts	\$676,805	
Cash in Petty Cash Funds	11,770	
Cash in Other Accounts	77,022,051	
Total Cash	\$ 77,710,626	
General Fund		
Unrestricted Funds	\$8,839,572	\$8,839,572
Special Revenue Funds		
Sales Tax Hospital Fund	4,430,984	
Sales Tax Public Works Fund	5,280,333	
Economic Development Parking Fund	824,803	
Transient Tax Fund	923,403	
Marijuana Sales Tax Fund	95,049	
Solid Waste Services Fund	1,758,296	
Ketchikan Boat Harbor Fund	1,370,981	
Bayview Cemetery Fund	130,118	
CPV Fund	4,271,737	
US Marshall Property Seizure Fund	184,113	
Community Grant Fund	37,190	
Shoreline Fund	105,526	19,412,533
Capital Project Funds		
Major Capital Improvement Fund		
Unrestricted Funds	31,658	
Community Facilities Development Fund		
Unrestricted Funds	2,574,729	
Harbor Improvements Fund		
Unrestricted Funds	720,583	
Bond Construction Funds	488,664	
Hospital Construction Fund		
Unrestricted Funds	735,710	
Bond Construction Funds	\$1,277,669	
Commercial Passenger Vessel Tax Capital Projects Fund		
Restricted Funds	\$54,233	5,883,246

CITY OF KETCHIKAN, ALASKA

(Page 2 of 2)

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

Year Ended December 31, 2018

Enterprise Funds		
Wastewater Service Fund		
Unrestricted Funds	\$1,922,951	
Revenue Bond Redemption Funds	26,622	
Ketchikan Port Fund:		
Unrestricted Funds	9,446,710	
Revenue Bond Redemption Funds	186,802	
Repair & Replacement Funds	3,724,677	
Revenue Bond Reserve Funds	2,240,000	
Commercial Passenger Excise Tax Funds	135,459	
Ketchikan Public Utilities Fund:		
Unrestricted Funds	22,017,576	
Revenue Bond Redemption Funds	463,381	
Revenue Bond Reserve Funds	1,142,850	\$41,307,028
Internal Service Funds		
Self-Insurance Fund	745,493	
Compensated Leave Fund	\$1,522,754	2,268,247
Total Cash and Investments		\$77,710,626

STATISTICAL SECTION

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

Contents	Page
Government-wide Information These schedules contain information that help the reader understand how the City's government-wide financial performance and well-being have changed over time.	165
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.	173
Revenue Capacity These schedules present information to help the reader assess the city's most significant local revenue source, property taxes.	179
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.	195
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.	201
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.	205

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 governmentwide 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

	2009	2010	2011	Restated 2012
Governmental activities				
Net investment in capital assets	\$ 105,240,716	\$ 109,138,701	\$ 118,331,373	\$ 124,187,486
Restricted	9,302,674	7,975,618	8,010,280	7,668,494
Unrestricted	22,137,657	21,265,521	22,791,652	20,015,992
Total governmental activities net position	\$ 136,681,047	\$ 138,379,840	\$ 149,133,305	\$ 151,871,972
Business-type activities				
Net investment in capital assets	\$ 75,194,012	\$ 78,533,777	\$ 88,231,320	\$ 101,715,542
Restricted	8,695,571	8,196,207	8,431,062	8,624,752
Unrestricted	23,958,481	26,306,929	27,164,343	27,346,998
Total business-type activities net position	\$ 107,848,064	\$ 113,036,913	\$ 123,826,725	\$ 137,687,292
Primary Government				
Net investment in capital assets	\$ 180,434,728	\$ 187,672,478	\$ 206,562,693	\$ 225,903,028
Restricted	17,998,245	16,171,825	16,441,342	16,293,246
Unrestricted	46,096,138	47,572,450	49,955,995	47,362,990
Total primary government net position	\$ 244,529,111	\$ 251,416,753	\$ 272,960,030	\$ 289,559,264

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calender year 2012, as restated. Prior years 2009 through 2011 have not been restated.

2013	2014	2015	2016	2017	2018
\$ 123,952,440	\$ 143,909,094	\$ 154,659,112	\$ 162,340,844	\$ 166,238,050	\$ 164,522,169
8,148,212	8,922,032	12,933,820	10,730,407	10,010,245	11,193,773
19,781,991	19,246,474	7,410,053	8,276,866	9,425,807	7,622,490
* 151 002 612	* 152 055 (00)	¢ 155.000.005	. 101 0 10 115	. 105 (54 102	. 102 220 122
\$ 151,882,643	\$ 172,077,600	\$ 175,002,985	\$ 181,348,117	\$ 185,674,102	\$ 183,338,432
\$ 118,874,119	\$ 124,479,056	\$ 124,231,729	\$ 125,126,654	\$ 127,204,039	\$ 131,911,948
9,098,473	11,494,674	10,116,562	8,939,769	10,094,057	7,796,537
30,740,061	28,552,851	26,735,278	27,122,581	29,475,246	32,761,928
\$ 158,712,653	\$ 164,526,581	\$ 161,083,569	\$ 161,189,004	\$ 166,773,342	\$ 172,470,413
\$ 242,826,559	\$ 268,388,150	\$ 278,890,841	\$ 287,467,498	\$ 293,442,089	296,434,117
17,246,685	20,416,706	23,050,382	19,670,176	20,104,302	18,990,310
50,522,052	47,799,325	34,145,331	35,399,447	38,901,053	40,384,418
\$ 310,595,296	\$ 336,604,181	\$ 336,086,554	\$ 342,537,121	\$ 352,447,444	\$ 355,808,845

Changes in Net Position

Last Ten Fiscal Years

	 2009	 2010	 2011		Restated 2012	 2013
Expenses						
Governmental activities:						
General government	\$ 2,103,140	\$ 2,365,376	\$ 1,928,342	\$	2,290,233	\$ 2,472,898
Public safety	7,803,886	7,751,934	8,368,059		8,964,646	8,807,683
Culture and tourism	2,896,827	2,822,040	2,862,064		3,097,918	3,445,959
Health and welfare	2,947,696	1,875,578	1,272,680		2,541,686	747,893
Public works	10,003,285	7,788,434	8,015,271		9,423,324	10,840,175
Harbor	2,066,607	2,057,164	2,169,152		2,154,270	1,851,082
Interest	 278,749	 256,909	 478,822	·	757,879	 655,947
Total governmental activities expenses	 28,100,190	 24,917,435	 25,094,390		29,229,956	 28,821,637
Business-type activities						
Ketchikan Public Utilities						
Electric	\$ 17,451,474	\$ 16,036,369	\$ 16,141,172	\$	16,790,404	\$ 19,705,332
Telecommunications	13,447,338	12,321,547	13,172,392		14,500,244	14,405,757
Water	2,846,215	2,833,765	3,221,650		3,595,668	4,029,711
Ketchikan Port	9,026,767	8,929,902	7,452,615		7,194,938	9,133,140
Wastewater Service	 2,583,454	 2,228,373	 2,401,671		2,735,348	 2,642,018
Total business-type activities expenses	 45,355,248	 42,349,956	 42,389,500		44,816,602	 49,915,958
Total primary government expenses	\$ 73,455,438	\$ 67,267,391	\$ 67,483,890	\$	74,046,558	\$ 78,737,595
Program Revenues Governmental activities:						
Charges for services:						
Ambulance	\$ 385,373	\$ 516,049	\$ 521,621	\$	470,682	\$ 515,158
Library services	421,585	351,494	381,162		471,662	666,621
Mental Health & Substance Abuse	596,067	140,862	-		-	-
Solid Waste	2,776,619	2,816,287	2,940,490		2,948,507	2,851,958
Harbor	1,156,343	1,116,361	1,159,273		1,250,292	1,191,053
Other activities	1,610,935	1,252,815	1,573,835		1,431,758	1,204,043
Operating grants and contributions	1,220,785	963,699	1,173,178		1,153,337	1,562,913
Capital grants and contributions	 4,125,310	 2,840,226	 10,529,822		6,878,384	 2,736,373
Total governmental activities program revenues	 12,293,017	 9,997,793	 18,279,381		14,604,622	 10,728,119
Business-type activities						
Charges for services						
Electric	\$ 16,619,118	\$ 15,370,110	\$ 16,223,890	\$	16,746,615	\$ 18,898,966
Telecommunications	13,727,676	14,390,486	14,444,541		14,530,914	15,185,977
Water	2,247,801	2,532,659	2,896,152		2,932,254	3,078,704
Port	8,922,228	8,000,492	7,986,404		8,592,255	9,145,920
Wastewater	2,029,614	2,009,767	2,117,793		2,215,314	2,451,800
Operating grants and contributions	149,270	111,337	221,076		2,225,280	2,280,470
Capital grants and contributions	 2,991,174	 5,361,548	 9,908,854		12,327,627	 20,670,211
Total business-type activities program revenues	 46,686,881	 47,776,399	 53,798,710		59,570,259	 71,712,048
Total primary government program revenues	\$ 58,979,898	\$ 57,774,192	\$ 72,078,091	\$	74,174,881	\$ 82,440,167

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calender year 2012, as restated. Prior years 2009 through 2011 have not been restated.

 2014	 2015		2016	 2017	 2018
\$ 2,683,962	\$ 3,212,276	\$	2,893,754	\$ 2,336,678	\$ 2,203,941
9,723,428	10,784,857		10,143,345	9,199,458	8,983,817
3,300,295	3,351,076		3,925,120	3,418,450	3,370,637
1,099,588	1,165,884		116,178	2,615,860	1,813,628
10,373,365	9,341,130		9,152,222	9,484,400	9,482,847
2,192,468	2,297,660		2,047,341	2,363,897	2,489,448
 1,519,245	 2,303,764		2,238,887	 2,274,407	 2,241,218
 30,892,351	 32,456,647		30,516,847	31,693,150	 30,585,536
\$ 17,352,078	\$ 17,074,535	\$	17,993,703	\$ 18,313,066	\$ 21,524,931
15,649,634	17,577,826		18,102,186	17,652,356	18,103,760
3,905,078	4,128,011		3,983,398	4,017,174	4,430,845
11,012,311	7,911,281		8,858,593	7,837,738	7,415,022
 2,477,247	 2,683,116		2,481,609	 2,762,087	 2,806,720
50,396,348	49,374,769		51,419,489	50,582,421	54,281,278
		ф.			
\$ 81,288,699	\$ 81,831,416	\$	81,936,336	\$ 82,275,571	\$ 84,866,814
\$ 606,369	\$ 571,134	\$	589,985	\$ 687,928	\$ 730,650
641,607	580,749		588,293	544,023	545,964
- 2,907,531	- 2,809,864		- 3,142,540	- 3,145,652	3,170,322
1,247,810	1,329,984		1,475,000	1,513,634	1,575,010
1,247,810	1,454,647		1,297,770	1,294,912	1,195,651
2,444,297	4,124,392		2,704,413	2,789,967	2,720,910
 18,050,935	 11,913,259		7,692,835	 6,863,099	 434,540
 27,135,303	 22,784,029		17,490,836	 16,839,215	 10,373,047
\$ 16,300,445	\$ 16,063,847	\$	16,741,926	\$ 18,261,797	\$ 19,974,411
16,097,808	17,439,673		18,400,623	19,750,713	20,941,196
3,171,300	3,449,639		3,643,991	3,734,692	4,026,625
8,578,059	9,032,271		8,961,241	9,391,272	9,951,339
2,575,541	2,757,661		2,971,896	3,028,609	3,206,933
2,973,832	630,204		155,750	178,725	192,642
 12,261,064	 1,397,000		803,254	 1,214,154	 1,982,367
 61,958,049	 50,770,295		51,678,681	 55,559,962	 60,275,513
\$ 89,093,352	\$ 73,554,324	\$	69,169,517	\$ 72,399,177	\$ 70,648,560

Changes in Net Position (continued)

Last Ten Fiscal Years

		2009		2010		2011		Restated 2012		2013
Net (Expense)/Revenue										
Governmental activities	\$	(15,807,173)	\$	(14,919,642)	\$	(6,815,009)	\$	(14,625,334)	\$	(18,093,518)
Business-type activities		1,331,633		5,426,443		11,409,210		14,753,657		21,796,090
Total primary government net (expense) revenue	\$	(14,475,540)	\$	(9,493,199)	\$	4,594,201	\$	128,323	\$	3,702,572
Governmental Revenues and Other Changes in 1	Net P	osition								
Governmental activities: Taxes										
Property taxes	\$	4,634,797	\$	4,681,027	\$	4,808,930	\$	4,802,508	\$	5,496,857
Sales taxes		9,568,759		9,477,890		9,883,856		10,140,108		10,207,189
Marijuana sales taxes		-		-		-		-		-
Transient taxes		355,729		391,089		377,583		358,343		395,867
Intergovernmental - unrestricted		729,325		810,802		1,137,762		744,301		522,456
Investment earnings		469,839		157,012		101,754		9,488		(2,470)
Miscellaneous		615,419		77,615		161,589		290,761		219,091
Special Item		-		-		-		-		-
Transfers		965,000		1,023,000		1,097,000		1,105,178		1,265,199
Total governmental activities	\$	17,338,868	\$	16,618,435	\$	17,568,474	\$	17,450,687	\$	18,104,189
Business-type activities:										
Investment earnings	\$	671,967	\$	182,542	\$	132,196	\$	116,989	\$	5,911
Miscellaneous		636,759		602,864		345,406		522,859		488,559
Special Item		-		-		-		-		-
Extraordinary Item		-		-		-		-		-
Transfers		(965,000)		(1,023,000)		(1,097,000)		(1,105,178)		(1,265,199)
Total business-type activities		343,726		(237,594)		(619,398)		(465,330)		(770,729)
Total primary government	\$	17,682,594	\$	16,380,841	\$	16,949,076	\$	16,985,357	\$	17,333,460
Change in Net Position										
Governmental activities	\$	1,531,695	\$	1,698,793	\$	10,753,465	\$	2,825,353	\$	10,671
Business-type activities	φ	1,675,359	φ	5,188,849	ψ	10,735,405	φ	14,288,327	φ	21,025,361
Total primary government	\$	3,207,054	\$	6,887,642	\$	21,543,277	\$	17,113,680	\$	21,036,032

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calender year 2012, as restated. Years prior to 2010 have not been restated.

 2014	 2015	 2016	 2017		2018
\$ (3,757,048) 11,561,701	\$ (9,672,618) 1,395,526	\$ (13,026,011) 259,192	\$ (14,853,935) 4,977,541	\$	(20,212,489) 5,994,235
\$ 7,804,653	\$ (8,277,092)	\$ (12,766,819)	\$ (9,876,394)	\$	(14,218,254)
\$ 5,513,202	\$ 5,578,404	\$ 5,713,316	\$ 5,683,028	\$	5,743,008
10,995,570 - 388,723 539,771	11,425,197 - 515,956 498,885	11,334,355 - 465,956 354,195	11,895,509 97,152 568,341 310,581		12,459,791 190,549 527,089 232,948
89,179 221,756	94,750 338,825	55,273 282,306	75,658 414,981 -		353,430 446,904 -
 6,203,804	 2,804,258	 1,165,742	 134,670		641,677
\$ 23,952,005	\$ 21,256,275	\$ 19,371,143	\$ 19,179,920	\$	20,595,396
\$ 129,167 326,864	\$ 93,966 415,801	\$ 194,752 457,987	\$ 172,784 568,683	\$	495,164 648,068
 (6,203,804)	 (2,804,258)	 359,246 (1,165,742)	 (134,670)		- - (641,677)
 (5,747,773)	 (2,294,491)	 (153,757)	 606,797		501,555
\$ 18,204,232	\$ 18,961,784	\$ 19,217,386	\$ 19,786,717	\$	21,096,951
\$ 20,194,957 5,813,928	\$ 11,583,657 (898,965)	\$ 6,345,132 105,435	\$ 4,325,985 5,584,338	\$ \$	382,907 6,495,790
\$ 26,008,885	\$ 10,684,692	\$ 6,450,567	\$ 9,910,323	\$	6,878,697



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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

City of Ketchikan, Alaska

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	 2009	 Restated 2010	 Restated 2011	2012		
General Fund						
Reserved	\$ 602,723					
Unreserved	4,046,686					
Nonspendable		\$ 391,593	\$ 382,742	\$	376,517	
Restricted		-	-		-	
Assigned		14,025,344	15,834,417		14,323,611	
Unassigned	 	 3,298,478	 3,271,596		2,606,320	
Total general fund	\$ 4,649,409	\$ 17,715,415	\$ 19,488,755	\$	17,306,448	
All Other Governmental Funds						
Reserved	\$ 6,320,258					
Unreserved, reported in:						
Designated						
Special revenue funds	13,577,367					
Capital project funds	4,154,046					
Debt service funds						
Nonspendable						
Restricted		\$ 7,270,633	\$ 4,368,168	\$	2,992,632	
Committed		455,846	1,107,501		-	
Assigned		7,962,654	7,056,295		7,742,208	
Unassigned	 	 -	 -		-	
Total all other governmental funds	\$ 24,051,671	\$ 15,689,133	\$ 12,531,964	\$	10,734,840	

This schedule presents the reported fund balances with the implementation of GASB Statement 54 for calender year 2010 and 2011, as restated. Years prior to 2010 have not been restated.

 2013	 2014	 2015	 2016	 2017	 2018
\$ 391,977 - 13,347,874 3,350,096 17,089,947	\$ 418,618 12,696,062 3,723,002 16,837,682	\$ 364,591 137,151 12,706,723 4,187,530 17,395,995	\$ 384,704 137,151 13,406,493 4,129,424 18,057,772	\$ 403,230 - 13,345,745 4,681,079 18,430,054	\$ 404,181 11,873,101 5,976,080 18,253,362
\$ 10,857 - 9,766,365	\$ 46,297,419 - 8,407,154	\$ 20,843,307 8,109,967	\$ 8,904,447 - 8,347,861	\$ 5,250,457 - 8,209,394	\$ 6,559,722 7,422,169
\$ 9,777,222	\$ 54,704,573	\$ (101,672) 28,851,602	\$ 17,252,308	\$ - 13,459,851	\$ - 13,981,891

City of Ketchikan, Alaska *Changes in Fund Balances, Governmental Funds*

Last Ten Fiscal Years

		2009	 2010	 2011	 2012
Revenues					
Taxes	\$	14,525,068	\$ 14,343,068	\$ 15,128,079	\$ 15,311,798
Licenses and permits		90,922	119,522	276,275	114,480
Intergovernmental		5,553,375	4,515,036	12,834,694	8,694,716
Charges for services		6,520,335	6,050,968	6,082,885	6,208,863
Fines and forfeitures		237,599	136,681	159,574	167,553
Investments earnings		1,495,589	101,960	208,321	9,488
Contributions		913,284	86,054	1,598	74,656
Interdepartmental charges		3,029,714	3,048,226	3,175,838	3,395,081
Miscellaneous		592,694	 223,768	 196,281	 291,613
Total revenues		32,958,580	 28,625,283	 38,063,545	 34,268,248
Expenditures					
General government	\$	4,636,560	\$ 4,635,116	\$ 4,694,767	\$ 5,029,536
Public safety		7,943,723	9,253,467	15,794,570	11,613,580
Culture and tourism		2,705,436	3,704,718	4,256,978	11,487,388
Health and welfare		3,325,151	1,504,139	1,553,869	2,334,980
Public works		11,453,823	9,943,954	9,862,985	10,456,004
Harbor		3,073,447	2,265,892	3,136,954	2,148,053
Capital outlay		-	-	-	-
Debt service					
Interest and fiscal charges		283,669	264,280	454,029	598,624
Principal retirement		589,339	 575,000	 800,000	 930,000
Total expenditures		34,011,148	 32,146,566	 40,554,152	 44,598,165
Excess of revenues over (under) expenditures		(1,052,568)	(3,521,283)	(2,490,607)	(10,329,917)
Other Financing Sources (Uses)					
Sale of capital assets	\$	32,414	-	\$ 9,778	\$ 10,795
Proceeds of refunded bonds		-	-	-	-
Proceeds from sale of bonds		-	\$ 7,200,000	-	4,820,003
Premiums from sale of bonds		-	1,751	-	414,510
Bond issuance costs		-	-	-	-
Transfers in		5,682,231	5,277,851	2,750,515	3,975,430
Transfers out		(4,717,231)	 (4,254,851)	 (1,653,515)	 (2,870,252)
Total other financing sources (uses)		997,414	 8,224,751	 1,106,778	 6,350,486
Net change in fund balances	\$	(55,154)	\$ 4,703,468	\$ (1,383,829)	\$ (3,979,431)
Debt service as a percentage of noncapital expenditu	ures	3.18%	3.35%	4.96%	5.20%

 2013	 2014	 2015	 2016	 2017	 2018
\$ 16,085,582	\$ 16,704,419	\$ 17,496,802	17,543,636	18,264,579	18,989,536
91,516	97,998	117,705	193,514	110,522	96,487
4,550,899	20,400,912	14,971,874	6,887,976	9,625,881	3,384,455
6,191,082	6,290,591	6,196,528	6,733,218	6,837,859	7,010,549
182,562	266,098	190,911	141,578	145,608	108,900
(2,356)	65,179	70,682	31,167	47,210	328,892
105,505	453,522	1,509,991	509,247	249,436	-
3,149,075	3,150,268	3,180,765	3,141,701	3,143,081	3,241,608
 407,870	 464,539	 518,971	 292,479	 602,208	 450,270
30,761,735	47,893,526	44,254,229	35,474,516	39,026,384	33,610,697
 	 	 	 	 	 `
\$ 4,914,708	\$ 5,159,975	\$ 5,070,762	4,641,273	4,816,471	4,949,636
8,460,223	9,977,972	9,205,059	8,425,641	8,874,583	9,068,743
3,067,307	3,401,183	3,095,457	3,171,091	3,939,295	3,140,900
457,254	11,745,136	794,591	48,188	20,405	466,373
11,040,657	15,462,846	8,185,155	7,951,366	14,373,385	9,266,056
3,423,048	7,075,954	1,129,429	1,129,112	1,096,367	1,111,579
-	-	41,213,121	20,494,691	5,595,730	2,050,471
1,140,000	1,444,671	2,482,562	2,424,300	2,442,793	2,365,068
 697,856	 1,180,000	 3,625,000	 1,355,000	 1,455,000	 1,490,000
 33,201,053	 55,447,737	 74,801,136	 49,640,662	 42,614,029	 33,908,826
(2,439,318)	(7,554,211)	(30,546,907)	(14,166,146)	(3,587,645)	(298,129)
-	\$ 17,772	\$ 66,691	\$ 45,000	\$ 32,800	\$ 1,800
-	-	2,280,000	-	-	
-	44,040,000	-	1,765,000	-	
-	2,134,131	101,300	252,887	-	
-	(166,410)	-	-	-	
\$ 3,334,665	\$ 9,009,820	\$ 10,266,639	5,170,750	5,217,020	5,342,291
 (2,069,466)	 (2,806,016)	 (7,462,381)	 (4,005,008)	 (5,082,350)	 (4,700,614)
 1,265,199	 52,229,297	 5,252,249	 3,228,629	 167,470	 643,477
\$ (1,174,119)	\$ 44,675,086	\$ (25,294,658)	\$ (10,937,517)	\$ (3,420,175)	\$ 345,348
 6.32%	 8.56%	 18.55%	 15.20%	 13.16%	12.56%

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
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	68,420	(458,116)	11,349,608	-	497,374	35,789	17,543,636
2017	6,029,469	50,850	53,166	(469,462)	11,921,608	97,152	552,867	28,929	18,264,579
2018	6,130,995	44,015	66,549	(475,389)	12,464,226	190,549	544,305	24,286	18,989,536
Change									
2018-2009	26.53%	-30.78%	-6.77%	47.73%	31.32%	100.00%	48.37%	203.76%	30.74%

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
Gross Sales by Category	Table 13



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City of Ketchikan, Alaska

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	City of	Ketchikan Gateway	Total
Fiscal Year	Ketchikan	Borough	Rate
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
2018	6.6	5.0	11.6

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
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
2018	424,941,600	34,119,100	237,728,800	102,289,000	64,158,800	3,190,600

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

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

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

Source: Ketchikan Gateway Borough, Assessment Department

Personal	Total Assessed	Tax-Exempt	Total Taxable Assessed	Tax
Property	Value	Property ⁽²⁾	Value	Rate
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
57,541,900	923,969,800	72,028,600	851,941,200	6.6

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

		2018			2009	
<u>Taxpaver</u>	 Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of Total City Taxable Assessed Value	Taxable Assessed <u>Value</u>	Rank	Percentage of Total City Taxable Assessed Value
Trident Seafoods Corporation	\$ 14,754,000	1	1.60%			
Ketchikan Dock Company, LLC	13,336,200	2	1.44%	\$ 12,427,200	1	1.56%
Cape Fox Corporation	11,772,900	3	1.27%	8,034,600	5	1.01%
Harbor Enterprises/Petro Marine Services	11,213,000	4	1.21%	7,502,900	7	0.94%
Tongass Trading Company	10,807,100	5	1.17%	10,665,600	2	1.34%
Boyer Towing Inc.	9,118,100	6	0.99%			
Dock Street Building Corporation	8,962,400	7	0.97%			
Alaska General Seafood Processors	8,426,300	8	0.91%			
Landing LLC	8,338,700	9	0.90%	8,086,600	4	1.01%
E C Phillips & Son Inc.	8,325,400	10	0.90%	6,504,100	9	0.81%
Trident-Norquest				8,265,200	3	1.04%
Carr-Gottstein Foods Company				7,857,900	6	0.98%
Wal-Mart				6,731,800	8	0.84%
1308 Properties, LLC				6,036,000	10	0.76%
Total	\$ 105,054,100		11.36%	\$ 82,111,900		10.29%

Source: Ketchikan Gateway Borough Department of Assessment

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		
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%	191,552	4,544,828	99.89%		
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%	52,593	5,329,209	99.72%		
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%	53,670	5,575,273	99.83%		
2018	5,622,812	5,594,117	99.49%	-	5,594,117	99.49%		

Source: Ketchikan Gateway Borough, Assessment Department



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

		Retail Sales Tax			
	City of	Ketchikan Gateway	Retail Sales Tax	Marijuana	Total Sales Tax
Fiscal Year	Ketchikan ¹	Borough	Total	Sales Tax ²	Rate
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%
2018	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.

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

Source: Ketchikan Gateway Borough & City of Ketchikan

City of Ketchikan, Alaska

Major Governmental Activities Customer Base and Charges for Services Income

Last Ten Fiscal Years

	 2009	 2010	 2011	 2012
Collected Charges for Services Revenue				
Solid Waste	\$ 2,776,619	\$ 2,816,287	\$ 2,940,490	\$ 2,948,507
Harbor	1,156,343	1,116,361	1,159,273	1,250,292
Number of Customers/Services Provided				
Solid Waste Collection				
Residential	2,454	2,402	2,524	2,558
Business	231	233	238	251
Solid Waste Disposal	5,446	5,419	5,485	5,537
Harbor				
Reserved Moorage Stalls Rented	786	763	765	767

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

Table II	Table	11
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 2013	 2014	 2015		2016		2017		2018
\$ 2,851,958 1,191,053	\$ 2,907,531 1,247,810	\$ 2,809,864 1,329,984	\$	3,142,540 1,475,000	\$	3,145,652 1,513,634	\$	3,140,322 1,575,010
2,559 245	2,599 248	2,628 249		2,673 252		2,694 248		2,710 246
5,571 753	5,528 735	5,500 821		5,548 857		5,575 832		5,604 806

City of Ketchikan, Alaska

Major Business Type Activities Customers and Charges for Services Income

Last Ten Fiscal Years

		2009		2010		2011		2012
Collected Charges for Services Revenue								
Electric								
Residential	\$	6,743,435	\$	6,557,170	\$	6,929,817	\$	7.240.637
Boats	Ŷ	275,352	Ψ	268,981	Ψ	293,654	Ψ	318,564
Commercial		6,167,549		6,186,808		6,404,792		6,673,188
Industrial		1,622,961		1,758,452		1,767,912		1,862,015
Demand		429,295		427,292		443,170		481,321
Area Lighting		49,019		48,833		48,890		48,974
Street Lighting		123,499		124,526		124,978		126,239
Diesel Surcharge		1,228,808		18,848		231,477		16,477
Other		564,893		562,291		442,410		464,797
Telecommunications		504,895		502,291		442,410		404,797
Local Network Services		2,442,452		2,274,624		2,194,530		2,131,351
Inter/Intrastate Network Access Services		8,163,920		8,644,023		2,194,530 8,591,786		8,399,849
Non-Regulated								
Other		2,560,799		2,967,362		3,261,045		3,565,887
Water		616,505		560,477		453,180		489,827
Residential		966,755		1,110,982		1,277,902		1,300,147
Apartments		900,755 188,158		214,427		250,519		258,792
Commercial		756,319		864,542		1,003,574		998,294
Industrial				,		, ,		,
		68,793		64,890		85,894		87,840
Seafood Processors		129,648		150,887		156,455		143,560
Fire Hydrant		19,170		30,378		34,922		27,199
Port		141,328		128,792		124,230		146,820
Other		51,879		10,569		51,804		20,970
Wastewater								
Residential Sewer Service		1,230,812		1,224,650		1,269,208		1,349,227
Business Sewer Service		798,802		785,117		848,585		866,087
Port								
Passenger Wharfage		6,471,647		5,725,215		5,786,811		6,183,922
Docking		1,929,406		1,721,945		1,702,405		1,741,242
Customer Base								
Electric								
Residential		5,731		5,756		5,757		5,808
Commercial		1,127		1,153		1,165		1,173
Industrial		14		13		12		13
Other		493		496		509		524
Telecommunications								
Residential Access Lines		3,804		3,554		3,397		3,235
Commercial Access Lines		3,663		3,442		3,225		3,078
Water								
Residential		2,748		2,738		2,743		2,727
Apartments		18		17		17		20
Commercial		435		436		442		451
Industrial		6		5		5		4
Cannery		4		4		5		4
Fire Hydrant		6		7		7		8
Marine Vessels		29		26		41		29
Wastewater								
Residential ¹		2,752		2,742		2,748		2,731
Business		441		441		447		455
Port								
Cruiseships		36		26		28		34
Stops		496		429		426		467
Passengers ²		926,051		820,914		830,547		885,799
1 0000112010		920,031		020,914		030,347		003,199

¹ The number of residential customers reflected on this schedule includes the number of apartment buildings serviced for wastewater services.

 2 $\,$ The number of passengers only include those that generate revenue.

Source: City of Ketchikan financial records & Ketchikan Visitors Bureau

	2013		2014		2015		2016		2017	·	2018
\$	6,929,393	\$	6,796,723	\$	6,752,943	\$	7,127,462	\$	7,626,289	\$	7,650,289
-	299,465	+	298,227	+	279,072	-	318,082	-	343,140	Ŧ	332,985
	6,701,322		6,690,774		6,584,210		6,846,651		7,214,570		7,188,265
	1,915,505		1,750,002		1,784,436		1,795,059		1,959,446		1,901,001
	510,887		514,972		507,363		495,104		517,862		527,719
	48,995		49,172		50,076		53,056		54,133		59,148
	126,178		127,692		129,143		129,912		130,875		131,478
	2,388,021		96,283		4		-		-		
	426,644		293,569		350,271		370,497		438,882		2,206,307
	2,100,995		2,005,521		2,030,655		2,082,930		2,010,146		2,000,821
	8,660,056		9,259,709		9,413,321		8,927,300		8,525,849		8,871,847
	4,036,708		4,396,232		5,596,871		7,078,617		8,910,105		9,735,645
	444,218		499,346		461,826		374,776		367,613		395,883
	1,343,648		1,377,255		1,521,500		1,632,301		1,655,801		1,736,472
	269,394		294,082		327,663		351,241		357,127		373,423
	1,042,848		1,102,474		1,208,718		1,275,949		1,302,261		1,382,874
	91,425		79,182		83,648		89,868		91,194		94,19
	144,614		149,219		152,636		143,507		174,184		251,06
	22,864		23,539		25,887		27,951		28,080		29,470
	189,975 24,160		172,688 10,256		159,075 23,051		154,725 45,931		157,725 21,761		192,19 24,95
	1,490,983		1,623,781		1,771,393		1,917,142		1,946,829		2,050,792
	960,818		951,760		986,268		1,054,754		1,081,780		1,156,14
	6,556,500		6,110,005		6,504,788		6,482,367		6,892,093		7,300,57
	1,877,195		1,770,044		1,782,260		1,771,371		1,876,880		1,913,469
	5,819		5,817		5,854		5,879		5,921		5,946
	1,171		1,201		1,221		1,228		1,242		1,263
	1,171		1,201		1,221		1,228		1,242		1,20.
	511		518		543		555		556		61
	3,138		3,313		3,352		3,345		3,242		3,24
	2,909		2,550		2,371		2,266		2,109		2,02
	2,724		2,650		2,647		2,649		2,659		2,66
	21		25		27		28		28		28
	444		436		443		454		458		470
	4		3		3		3		3		:
	5 8		6		5 8		5		5		:
	8 38		8 34		8 30		8 56		8 59		5
	2 720		2 656		2 600		0.710		0.704		0.72
	2,729 448		2,656 439		2,698 436		2,712 446		2,724 451		2,730 461
	31		37		38		38		43		40
	456		468		496		489		507		504

Gross Sales by Category

Last Ten Fiscal Years

		2009		2010		2011
Construction	\$	34,082,079	\$	54,092,394	\$	97,325,966
Financial institutions	Ŧ	2,795,977	Ŧ	3,843,647	-	3,312,505
Hospitality/Lodging establishments		11,723,237		14,299,381		13,383,768
Manufacturing		32,274,706		38,802,496		23,008,725
Real estate		25,594,731		35,317,700		35,197,980
Retail trade		33,691,075		42,066,935		43,782,376
Food stores		51,294,659		66,068,438		70,282,395
Eating and drinking establishments		15,824,789		19,637,754		20,382,296
Auto dealers and supplies		17,631,338		18,240,527		20,656,612
Specialty retail		14,983,172		18,933,549		17,621,096
Curio and jewelry retail stores		87,894,821		93,783,668		93,318,157
Entertainment services		3,513,658		3,560,715		3,537,686
General services		9,013,095		10,848,935		11,135,606
Professional services		7,088,428		8,736,642		11,277,048
Transportation-Fuel/Freight Service		30,734,276		46,343,745		53,298,731
Transportation-Tour/Adventures		16,337,184		15,147,472		15,738,440
Transportation-All Other and communications		13,362,476		13,796,179		13,640,915
Telecommunications		6,184,864		7,503,146		7,830,997
Wholesale Trade		4,321,693		4,868,635		4,772,431
Total	\$ 4	418,346,258	\$	515,891,958	\$	559,503,730
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.

2012	2013	2014	2015	2016	2017	2018
5 114,214,541	\$ 79,624,263	\$ 79,661,822	\$ 86,472,967	\$ 74,619,703	\$ 79,094,087	\$ 58,001,752
4,304,936	3,823,214	3,264,143	3,109,125	3,048,745	2,084,425	2,402,192
14,454,796	14,592,618	15,306,647	16,075,556	16,673,864	17,085,860	17,986,300
37,626,506	35,271,769	32,324,967	47,143,944	49,999,866	47,197,111	32,384,373
36,282,557	36,392,471	36,844,557	38,774,148	37,275,795	39,551,185	40,288,838
46,221,994	45,801,511	47,026,386	45,805,994	44,896,140	46,086,518	47,136,477
72,864,479	73,199,378	75,202,176	84,796,955	83,873,495	86,265,530	89,438,044
21,871,782	21,289,797	21,297,129	22,887,732	23,255,671	23,662,945	25,067,865
21,777,925	21,362,910	22,480,389	21,452,076	20,702,655	22,546,654	22,226,267
17,734,427	17,480,809	19,140,014	20,147,073	21,533,197	23,363,890	26,220,349
93,612,328	99,671,948	93,482,783	102,467,892	102,019,064	110,906,941	122,879,908
3,664,583	3,762,714	3,999,764	4,205,791	4,616,071	5,100,780	5,374,396
10,825,042	10,477,118	11,069,657	11,651,244	12,393,116	13,878,500	14,108,609
9,921,550	8,573,984	9,521,613	12,712,487	9,805,747	9,993,747	9,015,449
53,064,068	49,846,052	43,318,744	32,565,936	28,190,910	30,708,708	34,801,099
16,441,945	17,055,248	16,219,978	16,795,074	16,888,254	19,196,411	20,072,877
13,363,351	18,715,254	17,516,306	15,869,823	12,600,770	13,626,849	13,867,745
8,050,936	8,401,342	8,686,823	8,801,839	8,133,656	8,034,941	8,829,806
5,251,730	5,342,198	5,216,327	6,441,569	7,870,666	7,618,828	6,982,279
601,549,476	\$ 570,684,598	\$ 561,580,225	\$ 598,177,225	\$ 578,397,385	\$ 606,003,910	\$ 597,084,625
3.50%	3.50%	4.00%	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	
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	G	Total Sovernmental Activities
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
2018	55,309,962		-	55,309,962

	Business-Type Activities														
		astewater General Obligation Bonds		astewater Revenue Bonds	(Port General Obligation Bonds	 Port Revenue Bonds	J	KPU lunior Lien Revenue Bonds	 KPU Revenue Bonds	 Total Business- Type Activities	(Total Primary Government	Percentage of Personal Income	Total Debt to Population (Table 18)
2009	\$	900,458		-	\$	1,035,000	\$ 37,280,205	\$	4,587,223	\$ 15,543,926	\$ 59,346,812	\$	65,029,377	16.08%	8,667
2010		4,147,967		-		795,000	36,541,644		7,298,232	13,155,673	61,938,516		74,219,379	16.86%	9,220
2011		4,560,222		-		540,000	35,773,083		8,429,282	10,626,271	59,928,858		71,381,186	15.53%	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	14.92%	8,776
2013		2,763,776		308,811		-	34,130,961		8,804,413	20,938,869	66,946,830		81,482,512	16.74%	9,802
2014		2,711,970		295,463		-	33,257,400		10,154,554	17,595,000	64,014,387		123,455,832	23.85%	14,849
2015		1,972,026		281,916		-	31,775,000		9,798,191	16,428,839	60,255,972		118,240,052	22.23%	14,285
2016		1,875,495		268,163		-	30,857,218		8,474,239	15,434,295	56,909,410		115,415,821	22.14%	14,091
2017		1,777,510		254,204		-	29,759,634		8,028,676	13,581,293	53,401,317		110,311,808	20.71%	13,577
2018		1,678,051		562,681		-	28,627,050		8,195,406	12,885,722	51,948,910		107,258,872	20.20%	13,149

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

Source: City of Ketchikan financial records

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	-	Net O Debt • Capita
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
2018	8,157	851,941,200	56,988,013	6.69%		6,986

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

City of Ketchikan, Alaska

Pledged-Revenue Coverage

Last Ten Fiscal Years

		I	Utility Revenue	Bonds		
Fiscal	Gross	Expenses Excluding Depreciation	Net Available	Debt Se	ervice	
Year	Revenues ¹	Taxes & Debt	Revenue	Principal	Interest	Coverage
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
2018	46,061,143	35,484,190	10,576,953	605,000	539,325	9.24

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.

¹ Revenues do not include financial assistance recognized as revenues pursuant to GASB Statement 33.
 ² Other represents lease payment and payment to repair and replacement fund.

		Ро	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
9,248,432	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
10,229,728	1,963,168	8,266,560	930,000	1,306,500	3,162,565	3.70	1.53

City of Ketchikan, Alaska Direct and Overlapping Governmental Activities Debt As of December 31, 2018

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	33,600,000 55,309,962	60.89% 100.00%	20,460,063 55,309,962
Total Direct and Overlapping Debt			\$ 75,770,025

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

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

² The figures reported for the Ketchikan Gateway Borough reflect the amounts shown in their FY2018 Comprehensive Annual Financial Report for the year ended June 30, 2018.

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Demographic and Economic Statistics	Table 18
Principal Employers	Table 19

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
2009	7,503	12,984	699,676,000	52,631	2,257	5,955
2010	8,050	13,477	737,031,000	54,418	2,247	6,029
2011	8,142	13,686	772,646,000	56,629	2,263	5,832
2012	8,291	13,750	808,825,000	59,038	2,299	5,773
2013	8,313	13,938	816,177,000	59,653	2,376	5,601
2014	8,314	13,856	862,629,000	62,600	2,474	5,673
2015	8,277	13,825	888,424,000	64,943	2,365	5,731
2016	8,191	13,778	877,069,000	63,894	2,392	5,851
2017	8,125	13,746	901,111,000	65,034	2,378	5,882
2018	8,157	13,843	901,111,000	66,321	2,346	6,442

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.

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 2018 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 2018 is an estimate as data is not currently available.

³ The School Enrollment figures reflects Pre-kindergarten through grade 12 enrollment from the State of Alaska website for the Ketchikan Gateway Borough as of October 1. The data for 2018 information can be accessed at https://education.alaska.gove/data-center. 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.

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.

Civ	Civilian Labor Force ⁽⁴⁾				
		Unemployment	Vehicles		
Employed	Unemployed	Rate	Registered ⁽⁵⁾		
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		
6,638	389	6.2%	16,278		

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

	2018 ¹			2009			
Employment Sectors	<u>Average</u> Employment	<u>Rank</u>	<u>% of Total</u> Employment	<u>Average</u> Employment	<u>Rank</u>	<u>% of Total</u> Employment	
Private and public:							
Private sector	5,544		74.20%	5,152		71.30%	
Public sector	1,928		25.80%	2,074		28.70%	
Total private and public	7,472		100.00%	7,226		100.00%	
Detail of private sector:							
Natural Resource and Mining	132	12	1.77%	155	12	2.15%	
Construction	322	8	4.31%	262	9	3.63%	
Manufacturing	504	6	6.75%	556	6	7.69%	
Trade, Transportation & Utilities	1,720	1	23.02%	1,736	1	24.02%	
Information	87	13	1.16%	96	13	1.33%	
Financial Activities	376	7	5.03%	375	7	5.19%	
Professional & Business Services	293	9	3.92%	220	10	3.04%	
Educational & Health Services	1,036	3	13.87%	729	4	10.09%	
Leisure & Hospitality	919	4	12.30%	829	3	11.47%	
Other Services	155	11	2.07%	194	11	2.68%	
Total Detail of private sector	5,544		74.20%	5,152		71.30%	
Detail of public sector:							
Federal Government	221	10	2.96%	283	8	3.92%	
State Government	589	5	7.88%	689	5	9.54%	
Local Government	1,118	2	14.96%	1,102	2	15.25%	
Total Detail of public sector	1,928		25.80%	2,074		28.70%	

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

¹ The average 2018 employment figures reflect results for calendar year 2017 by the State of Alasaka, Department of Labor as the results for 2018 are not yet available.

Source: State of Alaska, Department of Labor

OPERATING INFORMATION

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

Table 20
Table 21
Table 22
Table 23
Table 24
Table 25
Table 26
Table 27
Table 28
Table 29
Table 30
Table 31



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Property Value and Construction

Last Ten Fiscal Years

	Constr	ruction	
	Number of		Real & Personal
Year	Permits (1)	Value (1)	Property Value (2)
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
2018	130	8,440,376	923,969,800

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

	2009	2010	2011	2012
Function/Program				
<u>Function/Flogram</u>				
General government				
Mayor and Council	8.00	8.00	8.00	8.00
Law	2.00	2.00	2.00	1.00
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	8.10	7.00	7.00	7.00
Public Safety				
Fire	20.00	20.00	19.00	19.00
Police	35.30	36.30	36.30	36.30
Culture				
Library	13.33	11.83	11.83	12.31
Museum	8.45	7.45	7.20	7.20
Civic Center	3.00	3.00	3.00	3.00
Health and Welfare				
Gateway Center for Human Services ¹	19.00			
Public Works				
Engineering	11.00	11.00	11.50	13.00
Streets	14.00	13.00	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	4.80	4.80	5.40	5.40
Port Development	4.20	4.20	4.60	4.60
Ketchikan Public Utilities				
Administration	1.50	1.50	1.50	2.50
Engineering ²	7.50	4.50	4.50	
Sales, Marketing & Customer Service	16.50	16.00	16.00	16.00
Electric	42.00	42.00	43.00	43.40
Telephone	41.00	41.00	40.00	43.00
Water	7.50	8.50	8.50	10.60
	1.50	0.00	0.20	10.00
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 2009 through 2011 reflect the former staffing plan.

2013	2014	2015	2016	2017	2018
8.00	8.00	8.00	8.00	8.00	8.0
1.00	1.00	1.25	1.00	1.00	1.0
2.00	2.00	2.00	2.00	2.00	2.0
4.50	4.50	4.50	4.50	4.50	4.5
16.00	15.00	16.00	16.00	16.00	16.0
7.00	7.00	7.00	6.42	6.00	6.0
19.00	19.00	19.00	19.00	19.00	19.0
36.30	35.30	35.30	35.30	35.30	35.3
12.31	12.41	12.79	12.79	12.74	11.8
7.20	7.20	7.20	7.70	8.20	8.2
3.00	3.00	3.00	3.00	3.00	3.0
12.00	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	2.7
5.40	5.40	5.20	5.20	5.20	5.2
4.60	4.60	4.80	4.80	4.80	4.8
2.50	2.50	2.50	2.50	2.50	2.5
16.83	17.00	17.00	17.00	19.00	19.0
43.40	43.40	43.40	43.40	43.40	43.4
43.92	43.00	42.00	42.00	41.00	41.0
10.60	10.60	10.60	10.60	10.60	10.9

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

	2009	2010	2011	2012
Function/Program				
General Government				
City Manager				
Personnel Job Postings	81	85	137	130
Information Technology				
Workstations	291	318	318	327
Portables	45	52	52	48
Printers	107	91	91	87
Public Safety				
Fire				
EMS/Rescue Responses	1,256	1,158	1,196	1,404
Fire Responses	52	46	434	198
Volunteer Fire Persons	39	27	27	25
Police				
DUI Offenses	142	130	122	62
Domestic Violence	221	365	181	72
Larceny Offenses	395	400	415	316
Culture				
Library				
Volumes in collection	68.879	69,968	74.228	84.049
Annual Circulation	151,826	190,186	177,454	158,364
Offered Programs	243	262	243	245
Program Attendance	1,658	6,733	6,230	6,076
Museum	1,000	0,700	0,200	0,070
Tongass Historical Museum Attendance	25,529	20,818	21,451	20,534
Tongass Historical Museum Exhibit Openings	4	4	4	4
Totem Heritage Center Attendance	45,721	43,088	33,603	25,905
THC Native Arts Studies Course Offerings	11	12	10	20,500
Civic Center			10	
Days Occupied	242	180	174	203
Events	156	154	132	147
Public Works	150	151	152	11,
Engineering				
Issued Building Permits	198	156	157	139
Solid Waste	170	150	157	157
Muncipal Solid Waste - tons per day	25.50	24.57	24.53	23.02
Trash - tons per day	12.41	12.90	14.14	14.96
Incineration - tons per day	0.03	0.04	0.02	0.02
Recycle - tons per day	6.25	6.25	7.13	5.49
Port and Harbors	0.25	0.25	7.15	5.47
Reserved Moorage Stalls Rented	745	693	726	715
Transient Moorage Feet Sold	535,939	529,565	524,316	501,467
Cruise Ship Stops	555,959 496	529,565 429	524,316 426	301,467 462
Cruise Ship Passengers	937,419	429 828,929	426 830,547	462 885,799
Ketchikan Public Utilities	957,419	020,929	030,347	885,199
Customer Service				
	F 000	5 700	5 417	4 720
Utility Service Orders	5,828	5,798	5,417	4,720
Telecommunications Service Orders	14,079	14,382	14,335	10,238

Sources: Various City Departments

2018	2017	2016	2015	2014	2013
1	120	117	129	129	130
2	225	338	347	351	339
	77	72	70	66	52
1	108	100	100	89	83
2,1	2,082	1,551	1,439	1,429	1,287
· · ·	58	250	244	225	232
	26	25	17	17	21
	40	81	68	55	40
	59	63	55	75	79
3	307	266	265	263	272
101,3	99,401	70,323	99,311	95,427	77,181
180,2	178,600	169,185	187,916	181,105	178,856
5	575	341	561	572	324
12,2	12,618	12,801	13,790	13,151	8,397
24,7	23,754 1	23,914 1	24,552 2	25,593 3	25,656 4
36,5	36,716	36,799	33,218	31,266	30,949
50,5	11	10	10	12	11
1	152	159	149	143	179
	91	105	84	90	139
1	124	171	148	146	148
27.	24.86	24.57	24.10	23.54	23.22
10.	10.61	12.90	12.51	14.64	12.94
0.	0.04	0.04	0.02	0.03	0.02
13.	10.37	6.75	6.08	16.53	18.40
421.2	832	857 212 542	821 271 454	735	753
421,2 5	252,411 507	312,543 489	271,454 496	314,517 468	343,312 453
1,045,0	996,920	935,928	934,772	846,636	938,124
3,2	2,798	2,903	3,151	4,120	4,937
7,0	7,252	9,072	8,032	8,133	7,603

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

	2009	2010	2011	2012
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	27.89	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

2013	2014	2015	2016	2017	2018
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
C C	C C	C C	C C	C C	C C
27.89	27.89	29.37	37.09	37.09	37.09
1	1	2	2	2	2
37	37	38	38	38	38
9	9	9	9	9	9
2	2	2	2	2	2
3	3	3	3	3	3
1	1	1	1	1	1
4	4	4	4	4	4

CITY OF KETCHIKAN, ALASKA INSURANCE COVERAGES

as of December 31, 2018

Condensed Description of Cover	Coverage per Occurrence and Deductible rage Amounts	Condensed Description of Coverage	Coverage per Occurrence and Deductible Amounts
Property Insurance (includes Boiler	& Machinery)	Police Professional Liability	
Coverage Amounts	Per Schedule	Coverage Limits	\$15,500,000
Deductible	\$25,000/\$10,000/\$5,000	Deductible	75,000
Commercial Comprehensive Genera	al Liability	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 L	iability	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	d	Deductible	25,000
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		
		Worker's Compensation Insurance	
Broadcast Errors and Omissions		Coverage Limits	Legal Limits
Coverage Limits	2,000,000		
Deductible	5,000	Pollution Liability	
		Coverage Limits	1,000,000
Cyber Liability		Deductible	50,000
Coverage Limits	2,000,000		
Deductible	5,000		

Utility Statiscal Operating Information Last Ten Fiscal Years

					Per K.W.	Average	
	Nun	nber of Custome	ers				Residential
					Operating		K.W.H. Used
Year	Electric	Water	Telephone *	K.W.H. Sold	Revenue	Cost	December
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
2018	7,838	3,182	5,274	167,833,595	0.1120	0.1064	1,056

 $\ast\,$ Average number of revenue access lines.

Energy Demand, Peak Demand and Resources

Gross Generation (kWh)

Last Ten Fiscal Years

		2009		2010		2011		2012		2013
Energy Demand										
Total Sales	15	8,146,666	15	6,985,441	16	4,713,929	17	2,190,266	17	0,281,664
System losses	1	3,668,534	1	3,514,059	1	4,009,987	1	3,701,858		8,474,536
Total	17	1,815,200	17	0,499,500	17	8,723,916	18	5,892,124	17	8,756,200
Peak Demand		30,300		28,800		30,300		27,150		25,900
Energy Resources										
KPU Hydroelectric	7	8,895,500	7	6,062,100	8	2,594,936	8	5,816,264	7	4,703,000
Southeast Alaska Power Agency ¹	7	9,027,200	9	2,908,800	9	91,584,000		7,804,800	91,856,000	
Diesel Generation	1	3,892,500		1,528,600		4,544,980		2,271,060	12,197,200	
Total	17	1,815,200	17	0,499,500	17	8,723,916	18	5,892,124	17	8,756,200
Energy Costs (kWH) ²										
Hydroelectric Generation	\$	0.0176	\$	0.0222	\$	0.0231	\$	0.0228	\$	0.0262
Diesel Generation		0.3027		1.0902		0.4867		0.8622		0.3857
Purchased Power ³		0.0659		0.0610		0.0556		0.0611		0.0630
Total Cost of Production (kWH)		0.0629		0.0529		0.0515		0.0532		0.0696

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.

	2014		2015		2016		2017	 2018
	7,939,155 8,504,552		3,896,254 1,298,142		5,107,129 1,068,552	1	75,447,582 5,958,030	 167,833,595 8,924,224
17	6,443,707	17.	5,194,396	17	6,175,681	1	81,405,612	 176,757,819
	30,500		25,700		25,400		32,300	31,300
8	6,755,268 7,923,000 1,765,439	8	1,893,718 2,277,072 1,023,606		4,863,454 0,444,864 867,363		80,080,904 98,312,948 5,357,715	65,643,343 90,348,900 20,765,576
	6,443,707		5,194,396	17	6,175,681	1	83,751,567	 176,757,819
\$	0.0275 0.8715 0.0645 0.0544	\$	0.0302 1.3645 0.0654 0.0545	\$	0.0345 1.6067 0.0691 0.0600	\$	0.0347 0.4692 0.0537 0.0575	\$ 0.0444 0.2626 0.0633 0.0797

Historical Electric Customers, Energy Sales and Operating Results

Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Customers (Average)					
Residential	5,731	5,756	5,757	5,808	5,819
Commercial	1,127	1,153	1,165	1,173	1,171
Industrial	14	13	12	13	13
Other	493	496	509	524	511
Total	7,365	7,418	7,443	7,518	7,514
Energy Sales (KWH)					
Residential	66,565,425	64,938,484	68,484,718	71,794,062	68,668,600
Commercial	66,601,484	66,351,381	69,021,595	71,815,802	72,269,920
Industrial	21,215,194	21,981,458	23,242,166	24,452,654	25,306,208
Other	3,764,563	3,714,118	3,965,450	4,127,748	4,036,936
Total	158,146,666	156,985,441	164,713,929	172,190,266	170,281,664
Operating Results Operating Revenues					
Revenues from Energy Sales	\$16,639,918	\$15,390,910	\$16,244,690	\$16,767,415	\$18,919,766
Other Operating Revenues	564,893	562,291	442,410	464,797	426,644
Total Operating Revenues	17,204,811	15,953,201	16,687,100	17,232,212	19,346,410
Operating Expenses					
Hydroelectric Generation	949,398	1,225,358	1,442,543	1,494,523	1,489,541
Diesel Generation	3,536,432	1,093,997	1,856,120	1,500,999	4,317,797
Purchased Power	5,205,128	5,663,664	5,093,489	5,976,876	5,784,566
Transmission and Distribution	2,121,534	2,648,485	2,766,478	3,043,918	3,312,784
Administration and General	2,262,656	1,976,837	2,032,081	1,549,445	1,644,964
Total Operating Expenses	14,075,148	12,608,341	13,190,711	13,565,761	16,549,652
Payment In Lieu of Taxes	323,730	351,478	353,954	343,266	381,993
Total Expenses	14,398,878	12,959,819	13,544,665	13,909,027	16,931,645
Net Revenue	\$2,805,933	\$2,993,382	\$3,142,435	\$3,323,185	\$2,414,765

2014	2015	2016	2017	2018
5,817	5,854	5,879	5,921	5,946
1,201	1,221	1,228	1,242	1,263
13	15	16	17	16
575	604	618	619	613
7,606	7,694	7,741	7,799	7,838
	66 410 470	(7.721.00)	70 262 242	C0 4 C0 70 C
67,665,456	66,410,470	67,731,286	72,362,242	69,468,706
72,777,304	70,736,227	71,007,166	74,558,231	71,871,577
23,408,642	22,935,650	22,306,193	24,065,722	22,388,719
4,087,753	3,813,907	4,062,484	4,461,387	4,104,593
167,939,155	163,896,254	165,107,129	175,447,582	167,833,595
\$16,323,845	\$16,087,247	\$16,765,326	\$18,285,197	\$19,997,811
293,569	350,271	370,497	506,415	556,296
16,617,414	16,437,518	17,135,823	18,791,612	20,554,107
1,599,911	1,659,158	1,807,339	1,660,261	1,778,068
1,302,115	1,189,814	1,198,599	2,301,768	5,236,590
5,674,201	5,381,319	6,247,593	5,279,985	5,718,650
3,627,608	3,432,156	3,529,503	3,517,936	3,446,199
1,693,482	1,644,771	1,626,940	1,788,906	1,832,274
13,897,317	13,307,218	14,409,974	14,548,856	18,011,781
381,993	381,993	381,993	381,993	381,993
14,279,310	13,689,211	14,791,967	14,930,849	18,393,774
\$2,338,104	\$2,748,307	\$2,343,856	\$3,860,763	2,160,333
φ2,550,104	φ2,170,301	φ2,5+5,650	φ3,000,703	2,100,333

Historical Telephone Access Lines and Operating Results

Last Ten Fiscal Years

	2009	2010	2011	2012
Access Lines				
Residential	4,099	3,836	3,653	3,497
Commercial	3,459	3,267	3,404	2,937
Total	7,558	7,103	7,057	6,434
Operating Results Operating Revenues				
Local	\$2,442,452	\$2,274,624	\$2,194,530	\$2,131,351
Long Distance	8,163,920	8,644,023	8,591,786	8,399,849
Other	3,177,304	3,527,839	3,714,225	4,055,714
Total Operating Revenues	13,783,676	14,446,486	14,500,541	14,586,914
Operating Expenses				
Operation and Maintenance	7,627,836	6,910,034	7,077,698	8,070,658
Administration and General	3,342,355	3,281,326	3,594,593	3,483,492
Total Operating Expenses	10,970,191	10,191,360	10,672,291	11,554,150
Payment In Lieu of Taxes	175,837	194,376	191,027	192,065
Total Expenses	11,146,028	10,385,736	10,863,318	11,746,215
Net Revenue	\$2,637,648	\$4,060,750	\$3,637,223	\$2,840,699

2013	2014	2015	2016	2017	2018
3,326	3,313	3,352	3,345	3,242	3,247
2,757	2,550	2,371	2,266	2,109	2,027
6,083	5,863	5,723	5,611	5,351	5,274
\$2,100,995	\$2,005,521	\$2,030,655	\$2,082,930	\$2,010,146	\$2,000,821
8,660,056	9,259,709	9,413,321	8,927,300	8,525,849	8,871,847
4,480,926	4,895,578	6,058,697	7,453,393	9,277,718	10,131,528
15,241,977	16,160,808	17,502,673	18,463,623	19,813,713	21,004,196
8,556,970	9,043,964	10,101,434	10,642,306	10,195,360	10,769,201
3,369,942	3,630,057	3,806,866	3,740,714	3,790,280	3,865,082
11,926,912	12,674,021	13,908,300	14,383,020	13,985,640	14,634,283
206,358	206,358	206,358	206,358	206,358	206,358
12,133,270	12,880,379	14,114,658	14,589,378	14,191,998	14,840,641
\$3,108,707	\$3,280,429	\$3,388,015	\$3,874,245	5,621,715	6,163,555

Historical Water Customers and Operating Results

Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Customers (Average)					
Residential	2,748	2,738	2,743	2,727	2,724
Apartments	18	17	17	20	21
Commercial	435	436	442	451	444
Industrial	6	5	5	4	4
Cannery	4	4	5	4	5
Fire Hydrant	6	7	7	8	8
Marine Vessels	29	26	28	29	38
Total	3,246	3,233	3,247	3,243	3,244
Operating Results					
Operating Revenues					
Revenues from Water Sales	\$2,251,001	\$2,535,859	\$2,899,352	\$2,935,454	\$3,081,904
Other Operating Revenues	71,049	39,608	85,948	48,168	47,024
Total Operating Revenues	2,322,050	2,575,467	2,985,300	2,983,622	3,128,928
Operating Expenses					
Source of Supply	265,409	330,625	232,238	259,083	450,456
Chlorination/Disinfection	247,069	228,238	217,441	233,871	301,718
Distribution	268,791	241,667	238,281	413,547	362,562
Maintenance	639,739	718,571	1,073,567	999,167	1,110,737
Administration and General	429,465	345,242	470,753	378,671	411,626
Total Operating Expenses	1,850,473	1,864,343	2,232,280	2,284,339	2,637,099
Payment In Lieu of Taxes	175,433	182,146	183,019	192,669	197,649
Total Expenses	2,025,906	2,046,489	2,415,299	2,477,008	2,834,748
Net Revenue	\$296,144	\$528,978	\$570,001	\$506,614	\$294,180

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2014	2015	2016	2017	2018
2,650	2,647	2,649	2,659	2,667
25	27	28	28	28
436	443	454	458	470
3	3	3	3	3
6	5	5	5	5
8	8	8	8	8
34	30	56	59	57
3,162	3,163	3,203	3,220	3,238
\$3,174,900	\$3,453,239	\$3,647,591	\$3,738,292	\$4,030,225
33,795	48,939	73,882	49,840	54,425
3,208,695	3,502,178	3,721,473	3,788,132	4,084,650
393,529	423,407	393,959	319,986	373,336
311,254	255,398	265,506	268,756	277,078
397,994	409,876	428,975	434,900	638,455
957,414	1,174,271	969,767	974,696	1,058,946
431,446	423,847	426,066	465,947	471,284
2,491,637	2,686,799	2,484,273	2,464,285	2,819,099
197,649	197,649	197,649	197,649	197,649
2,689,286	2,884,448	2,681,922	2,661,934	3,016,748
\$519,409	\$617,730	\$1,039,551	1,126,198	1,067,902



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CITY OF KETCHIKAN, ALASKA

Utility Rates and Charges

For the Year Ending December 31, 2018

Electric Residential	\$7.05	plus \$0.1056 per kWh	
Harbor service	\$7.03 12.95	plus \$0.1056 per kWh	
Commercial	40.00	plus \$0.0989 per kWh plus a demand charg	e of \$3.21 per kW in excess of 25 kW
Commercial	10100	this flat fee in effect April through Septem	-
Industrial	58.80	plus \$0.0917 per kWh plus a demand charg	
			i i
Telecommunications			
Residential	16.45	line charge plus \$10.40 for FCC subscriber	line charge
	34.95	Broadband DSL Basic (Download Speed 3)	M and Upload Speed 3M)
	49.95	Broadband DSL Regular (Download Speed	· · ·
	39.99	IPTV Basic (Does not include \$9.95 for Hig	
Business	18.95	per single or multi-business line plus \$9.20	0
	34.95	Broadband DSL Basic (Download Speed 3)	
	49.95 39.99	Broadband DSL Regular (Download Speed	
Customer Premise Visit	35.00	IPTV Basic (Does not include \$9.95 for Hig On site visit to customer's premises	gn Demitton Service)
Customer i remise visit	55.00	On site visit to customer's premises	
Water			
Residential			
Homes & Trailers	54.91	per unit	
1-4 apartments	54.91	per unit	
5-24 apartments	50.04	per unit	
25+ apartments	42.93	per unit	
D '	57.04	1	
Business 1 inch	57.24 38.15	plus size of line charges as follows	
1-1/4 inch	114.47		
1 - 1/2 inch	219.42		
2 inch	398.65		
2-1/2 inch	617.70		
3 inch	934.82		
4 inch	1,588.27		
Industrial	Line Channes	Canneries	
	Line Charges	Per Season	
5/8 and 3/4 inch	76.31		
1 inch	114.47	5/8 and 1 inch	\$1,467.54
1-1/4 inch	190.80	1 1/4 inch	2,635.24
1-1/2 inch	298.07	1-1/2 inch	3,518.90
2 inch	455.50	2 inch	10,525.10
2-1/2 inch	691.86		
3 inch	1,045.68		
4 inch	1,709.84		
6 inch	2,849.79		
8 inch	3,159.80		
Over 8 inch	by special contra	ict	

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

		2009		2010		2011		2012		Restated ¹ 2013
Assets										
Cash	\$	4,827,125	\$	4,364,226	\$	2,373,808	\$	2,285,517	\$	2,900,167
Port Facilities (net)	Ψ	44,947,620	Ψ	43,642,947	Ψ	42,121,390	Ψ	47,867,526	Ψ	53,659,903
Construction Work in Progress		963,018		1,116,782		5,531,746		5,066,048		5,449,151
Restricted Assets		4,819,708		5,307,521		5,623,924		6,082,097		6,595,730
Prepaid Expense		1,019,538		752,856		782,959		1,055,740		1,124,342
Other Assets		710,905		528,456		2,786,483		3,080,061		5,546,430
'otal assets		57,287,914		55,712,788		59,220,310		65,436,989		75,275,723
Liabilities and Net Position General Obligation Bonds Payable		1,035,000		795,000		540,000		270,000		
						,				22 505 000
Revenue Bonds Payable		36,540,000		35,830,000		35,090,000		34,315,000		33,505,000
Other Liabilities		3,147,957		3,134,814		2,847,180		1,072,313		1,699,380
Total liabilities		40,722,957		39,759,814		38,477,180		35,657,313		35,204,380
Net Position	\$	16,564,957	\$	15,952,974	\$	20,743,130	\$	29,779,676	\$	40,071,343
Operating Revenues	\$	8,922,228	\$	8,000,492	\$	7,986,404	\$	8,592,255	\$	9,145,920
Operating Expenses										
Operation and Maintenance	\$	5,522,050	\$	5,486,471	\$	4,110,674	\$	4,031,100	\$	4,582,100
Depreciation	Ŧ	1,460,265	+	1,446,527	Ŧ	1,401,754	Ŧ	1,359,513	+	1,636,863
Payment in Lieu of Taxes/Taxes		290,000		295,000		295,000		295,000		319,000
Fotal operating expenses		7,272,315		7,227,998		5,807,428		5,685,613		6,537,963
Operating Income		1,649,913		772,494		2,178,976		2,906,642		2,607,957
Non-Operating Revenue (Expense)		(1,738,365)	_	(1,917,727)		(1,889,022)		(1,794,603)		(1,740,642
Income Before Contributions, Extraordinary		(00.150)		(1 4 4 7 9 9 9)						
tem & Transfers		(88,452)		(1,145,233)		289,954		1,112,039		867,315
Contributions		366,424		14,306		29,536		2,018,165		1,993,212
Capital Grants		559,636		518,944		4,654,981		6,214,416		8,676,543
Extraordinary Item										
Special Item										
Transfers								(8,178)		(80,199
Loss on sale of capital assets						(184,315)				(1,165,204
Change in Net Position	\$	837,608	\$	(611,983)	\$	4,790,156	\$	9,336,442	\$	10,291,667
Revenue Bond Debt Coverage:										
1.25 x Annual Debt Service		2.45		2.00		2.31		3.36		3.4
1.0 x Annual Debt Service/Reserves										
Account/Repair and Replacement										
Fund/SPH Lease Payments		1.13		0.99		1.20		1.67		1.63
# of Ships		36		26		28		34		31
# of Calls/Stops		496		429		426		467		456
# of Water Passengers		926,051		820,914		830,547		885,799		938,124

	2014		2015		2016		2017		2018
\$	5,504,277	\$	6,420,791	\$	7,957,557	\$	9,614,774	\$	9,494,268
Ψ	54,481,904	Ψ	52,934,352	Ψ	52,244,740	Ψ	51,107,786	Ψ	49,525,407
	200,947		439,032		374,566		2,658,931		8,809,064
	8,724,101		7,582,492		7,075,705		8,028,787		6,291,121
	1,021,346		1,113,090		1,026,946		1,070,289		1,108,809
	2,903,333		3,150,839		3,316,606		2,943,363		1,536,256
	72,835,908	·	71,640,596	. <u> </u>	71,996,120		75,423,930		76,764,925
									, ,
	- 32,660,000		- 31,775,000		- 27,025,000		- 26,130,000		- 25,200,000
	860,042		1,275,821		5,362,008		20,130,000 6,190,956		4,922,591
	000,042						0,170,750		4,922,391
	33,520,042		33,050,821		32,387,008		32,320,956		30,122,591
\$	39,315,866	\$	38,589,775	\$	39,609,112	\$	43,102,974	\$	46,642,334
\$	8,578,059	\$	9,032,271	\$	8,961,241	\$	9,391,272	\$	9,970,302
\$	4,726,515	\$	4,636,079	\$	4,916,988	\$	5,124,365	\$	4,730,576
	1,587,253		1,589,941		1,605,242		1,612,861		1,612,457
	319,000		319,000		319,000		319,000		319,000
	6,632,768		6,545,020		6,841,230		7,056,226		6,662,033
	1,945,291		2,487,251		2,120,011		2,335,046		3,308,269
	(1,581,717)		(1,571,163)		(1,713,125)		(960,933)		(825,923)
	2/2 574		01 < 000		10 4 00 4		1 074 110		2 402 246
	363,574		916,088		406,886		1,374,113		2,482,346
	2,491,297 4,407,753		70,425		16,004 654 642		11,412		13,360
	4,407,755		277,647		654,642 359,246		1,058,007		608,172
	(5,018,804)		(1,619,258)		19,258		- 1,050,330		- 543,323
	(2,999,297)		(1,01),258) (27,082)		(436,699)		-		-
\$	(755,477)	\$	(382,180)	\$	1,019,337	\$	3,493,862	\$	3,647,201
	3.49		2.71		2.11		3.18		3.70
	1.64		1.28		1.10		1.34		1.53
	37		38		38		43		40
	37 468		38 496		38 489		43 507		40 504



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