



CITY OF
Ketchikan
A L A S K A

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**CITY OF KETCHIKAN, ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended
December 31, 2019

Prepared by:

FINANCE DEPARTMENT

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Director of Finance

Michelle L. Johansen
Controller

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2019

TABLE OF CONTENTS

Introductory Section

| | |
|---------------------------------|----|
| Letter of Transmittal | 1 |
| Certificate of Achievement..... | 9 |
| Organizational Chart | 10 |
| Principal City Officials..... | 11 |

Financial Section

| | |
|---|-----------|
| Independent Auditors' Report | 13 |
|---|-----------|

| | |
|---|-----------|
| Management's Discussion and Analysis | 17 |
|---|-----------|

Basic Financial Statements

Government-wide Financial Statements:

| | |
|--------------------------------|----|
| Statement of Net Position..... | 34 |
| Statement of Activities | 36 |

Fund Financial Statements:

Governmental Funds:

| | |
|--|----|
| Balance Sheet..... | 40 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... | 41 |
| Statement of Revenues, Expenditures and Changes in Fund Balances..... | 42 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 43 |

Proprietary Funds:

| | |
|--|----|
| Statement of Net Position | 46 |
| Statement of Revenues, Expenses, and Changes in Net Position | 49 |
| Statement of Cash Flows..... | 50 |

| | |
|--|-----------|
| Notes to the Basic Financial Statements | 53 |
|--|-----------|

Required Supplementary Information

| | |
|--|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – (Budgetary Basis) - General Fund..... | 83 |
|--|----|

| | |
|---|----|
| Notes to the Required Supplementary Information | 86 |
| Schedule of the City's Proportionate Share of the Net Pension Liability | 88 |
| Schedule of City Pension Contributions..... | 89 |
| Schedule of the City's Proportionate Share of the Net OPEB Liability | 90 |
| Schedule of City OPEB Contributions | 91 |

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2019

Combining, Individual Fund Statements and Schedules:

Governmental Funds

Combining Statements Nonmajor Governmental Funds:

| | |
|--|----|
| Combining Balance Sheet – by Fund Type | 93 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances by Fund Type | 94 |

Nonmajor Special Revenue Funds:

| | |
|--|----|
| Combining Balance Sheet | 96 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 98 |

Transient Tax Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) | 100 |
|---|-----|

Marijuana Sales Tax Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) | 101 |
|---|-----|

Solid Waste Services Fund

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

Ketchikan Boat Harbor Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) | 103 |
|---|-----|

Bayview Cemetery Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) | 104 |
|---|-----|

Commercial Passenger Vessel Excise Tax Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) | 105 |
|---|-----|

Federal and State Grant Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) | 106 |
|---|-----|

Forfeitures and Property Seizures Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) | 107 |
|---|-----|

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2019

Nonmajor Debt Service Fund:

| | |
|--|-----|
| Statement of Revenues, Expenditures and Changes in Fund Balances | 110 |
| <i>General Obligation Bond Fund</i> | |
| Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 111 |

Nonmajor Capital Projects Funds:

| | |
|--|-----|
| Combining Balance Sheet | 114 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 115 |

Major Capital Improvements Fund

| | |
|--|-----|
| Project Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 116 |

Harbor Improvements Fund

| | |
|--|-----|
| Project Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 117 |

Community Facilities Development Fund

| | |
|--|-----|
| Project Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 118 |

Hospital Construction Fund

| | |
|--|-----|
| Project Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 119 |

Commercial Passenger Vessel Excise Tax Capital Projects Fund

| | |
|--|-----|
| Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 120 |

General Fund

| | |
|--|-----|
| Combining Balance Sheet | 122 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 124 |

Sales Tax Hospital & Other Public Works Fund

| | |
|--|-----|
| Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 127 |

Sales Tax Public Works Fund & Other Public Works Fund

| | |
|---|-----|
| Schedule of Revenues, Expenditures, and Changes in Fund | |
| Balance – Budget and Actual (Budgetary Basis) | 128 |

Economic Development and Parking Fund

| | |
|--|-----|
| Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 129 |

Shoreline Fund

| | |
|--|-----|
| Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 130 |

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2019

Community Grant Fund

| | |
|--|-----|
| Schedule of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget and Actual (Budgetary Basis) | 131 |

Proprietary Funds

Enterprise Funds

Major Enterprise Funds

Ketchikan Public Utilities Fund

| | |
|--|-----|
| Comparative Statement of Net Position..... | 134 |
| Comparative Statement of Revenues, Expenses and Changes in | |
| Net Position – by Service..... | 136 |
| Comparative Statement of Cash Flow | 138 |
| Comparative Schedule of Revenues | 140 |
| Comparative Schedule of Operation and Maintenance Expenses..... | 142 |
| Comparative Schedule of Administrative and General Expenses..... | 145 |

Port Fund

| | |
|--|-----|
| Comparative Statement of Net Position..... | 146 |
| Comparative Statement of Revenues, Expenses and Changes in | |
| Net Position..... | 149 |
| Comparative Statement of Cash Flow | 150 |

Wastewater Services Fund

| | |
|--|-----|
| Comparative Statement of Net Position..... | 152 |
| Comparative Statement of Revenues, Expenses and Changes in | |
| Net Position..... | 153 |
| Comparative Statement of Cash Flow | 154 |

Internal Service Funds

| | |
|---|-----|
| Combining Statement of Net Position..... | 158 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position..... | 159 |
| Combining Statement of Cash Flows | 160 |

Additional Information

| | |
|--|-----|
| Combined Schedule of Cash Balances – All Funds | 161 |
|--|-----|

Statistical Section
(Unaudited)

Government-wide Information

| | |
|--------------------------------|-----|
| Net Position by Component..... | 166 |
| Changes in Net Position | 168 |

Financial Trends

| | |
|--|-----|
| Fund Balances, Governmental Funds | 174 |
| Changes in Fund Balances, Governmental Funds | 176 |

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2019

| | |
|--|-----|
| Tax Revenues by Source, Governmental Funds..... | 178 |
| Revenue Capacity | |
| Direct and Overlapping Property Tax Rates..... | 181 |
| Assessed Value and Actual Value of Taxable Property | 182 |
| Principal Property Taxpayers | 184 |
| Property Tax Levies and Collections..... | 185 |
| Direct and Overlapping Sales Tax Rates..... | 187 |
| Major Governmental Activities Customer Base and Charges for Services Income..... | 188 |
| Major Business Type Activities Customer Base and Charges for Services Income..... | 190 |
| Gross Sales by Category..... | 192 |
| Debt Capacity | |
| Outstanding Debt by Type..... | 196 |
| Ratio of General Bonded Debt Outstanding..... | 197 |
| Pledged Revenue Coverage | 198 |
| Direct and Overlapping Governmental Activities Debt | 200 |
| Demographic and Economic Information | |
| Demographic and Economic Statistics | 202 |
| Principal Employment by NAICS Industry Category | 204 |
| Operating Information | |
| Property Value and Construction | 207 |
| Full-time Equivalent City Employees by Function/Program | 208 |
| Operating Indicators by Function/Program | 210 |
| Capital Assets Statistics by Function/Program..... | 212 |
| Insurance Coverages..... | 214 |
| Utility Statistical Information..... | 215 |
| Energy Demand, Peak Demand and Resources Gross Generation (kWh)..... | 216 |
| Historical Electric Customers, Energy Sales and Operating Results..... | 218 |
| Historical Telephone Access Lines and Operating Results | 220 |
| Historical Water Customers and Operating Results | 222 |
| Utility Rates and Charges | 225 |
| Port Fund Operating Results..... | 226 |

LETTER OF TRANSMITTAL



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October 6, 2020

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, 2019. 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, 2019, 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, 2019 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 may be 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 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 8,103 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 13,739.

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 1,171,000 in 2019. The industry was forecasting 46 cruise ships to make 562 stops and bring a record breaking 1.2 million paying passengers to the community in 2020. Due to the COVID-19 pandemic the tourism industry has come to a halt. The City is expecting the return of cruise ships in 2021 but the volume is unknown. 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 four-phase project to upgrade Berths I and II. The City is now considering options for the financing and construction of improvements costing up to \$100 million to upgrade its port facilities to accommodate the 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 \$23.54 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 13,739 in 2019. Approximately 59 percent of the community's population, or 8,103 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 2019, the Ketchikan Gateway Borough School District reported an enrollment of 2,311 pupils, a decrease of 35 pupils from 2018.

The shift in the local economy from timber to tourism has resulted in a labor force that has become more seasonal. In 2019, the monthly employment varied between 6,271 and 7,847. The average employed labor force in 2018 was 6,884 with employment peaking at 7,847 in July. The average labor force in 2018 was 6,971. The average annual unemployment rate for 2019 was 6.2 percent, an increase from the 6.0 percent that was reported for 2018. Per capita income in the Ketchikan Gateway Borough for 2016, 2017 and 2018 was \$64,227, \$65,179 and \$67,602, respectively. No figures were available for 2019.

In 2019, assessed values increased by 1.5% to \$937.74 million from \$923.97 million. The projected change in assessed values for 2020 is about 1.4%. Gross retail sales increased from \$598.5 million in 2018 to \$605.5 million in 2019, or 1.1 percent and taxable retail sales increased by 2.7 % to \$320.4 million. The City collected \$12.83 million in sales tax revenues in 2019, or \$370,000 more than 2018. Sales tax collections for 2020 were projected to exceed \$13 million before the COVID-19 pandemic started. This projection was predicated on a record setting tourism season for 2020, which was subsequently cancelled because of the pandemic. Based on preliminary estimates, the City is now expecting to collect between \$8 and \$9 million in sales tax receipts. The City plans to mitigate these losses by deferring or canceling capital projects financed from local funds, reducing operating costs where it reasonable and practical to do so without compromising the needs of the community and public safety, and evaluating the need to fill employee vacancies.

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 market as they come off the production line. Initially, the City had tentatively settled on projects to expand Berths I and II and modify to Berth III to handle the neopanamax ships but suspended these efforts due to cost considerations and the recent announcement by the Ward Cove Dock Group, a privately held company, of its plans to construct two neopanamax berths at the site of the former Ketchikan Pulp Company. After holding several public hearings and engaging the services of a consultant, the City decided to pursue the option of entering into a concessionaire agreement with a private party to operate the Port of Ketchikan and make the necessary investment to expand and modify the City's berthing facilities. The City has identified two potential operators and in the process of evaluating their proposals. A decision is expected in late 2020 or early 2021.

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 has not been immune to these changes. In response to the rapid growth in the demand for internet and video services and the need for additional bandwidth, the City has undertaken the development and construction of a 90 mile undersea fiber cable between Ketchikan, Alaska, USA and Prince Rupert, BC, Canada. In June 2020, the City issued an \$11.5 million revenue bond to finance the construction of this project, which is scheduled for completion by November 2020.

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 area wide 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 assessment in its budget deliberations in order to arrive at a spending plan that maintain the quality of life for the citizens of the City without placing 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 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 2019, 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:

- Initiated the removal of a rock pinnacle in Tongass Narrows that was interfering with the ability of cruise ships to safely navigate while in the Port of Ketchikan.
- The voters authorized the issuance of an \$11.5 million revenue bond to finance the construction of an undersea fiber cable project for the telecommunications utility.
- Completed the design of improvements to the Domestic Violence Shelter owned by a local non-profit organization, Women In Safe Homes.
- 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.
- Entered into a capital lease to replace an aging ladder truck and tanker truck assigned to the fire department.
- Completed the construction of a new Solid Waste equipment storage and maintenance building.
- Continued the installation of commercial water meters with a goal towards moving to a metered rate structure for business customers.
- Continued the design of water and sewer main replacements on Schoenbar Road while minimizing the impact on residents in the area to roadway and water access.

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, 2018. This was the fortieth 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 | Taylor Martinez |
| Anita Beaudoin | Meadow Muench |
| Vickie Boyd | Camille Nelson |
| Ging Day | Korry Olsen |
| Cristina Doyle | Tracey Sader |
| Joe Graham | Terry Sivertsen |
| Patty Keeley | Meghan Traudt |

We would also like to express our appreciation to City Manager Karl Amylon, department heads and personnel from other City departments who assisted us in the preparation of this financial report. Finally, we would like to thank the Mayor and members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert E. Newell, Jr., CPA
Finance Director



Michelle L. Johansen
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Ketchikan
Alaska**

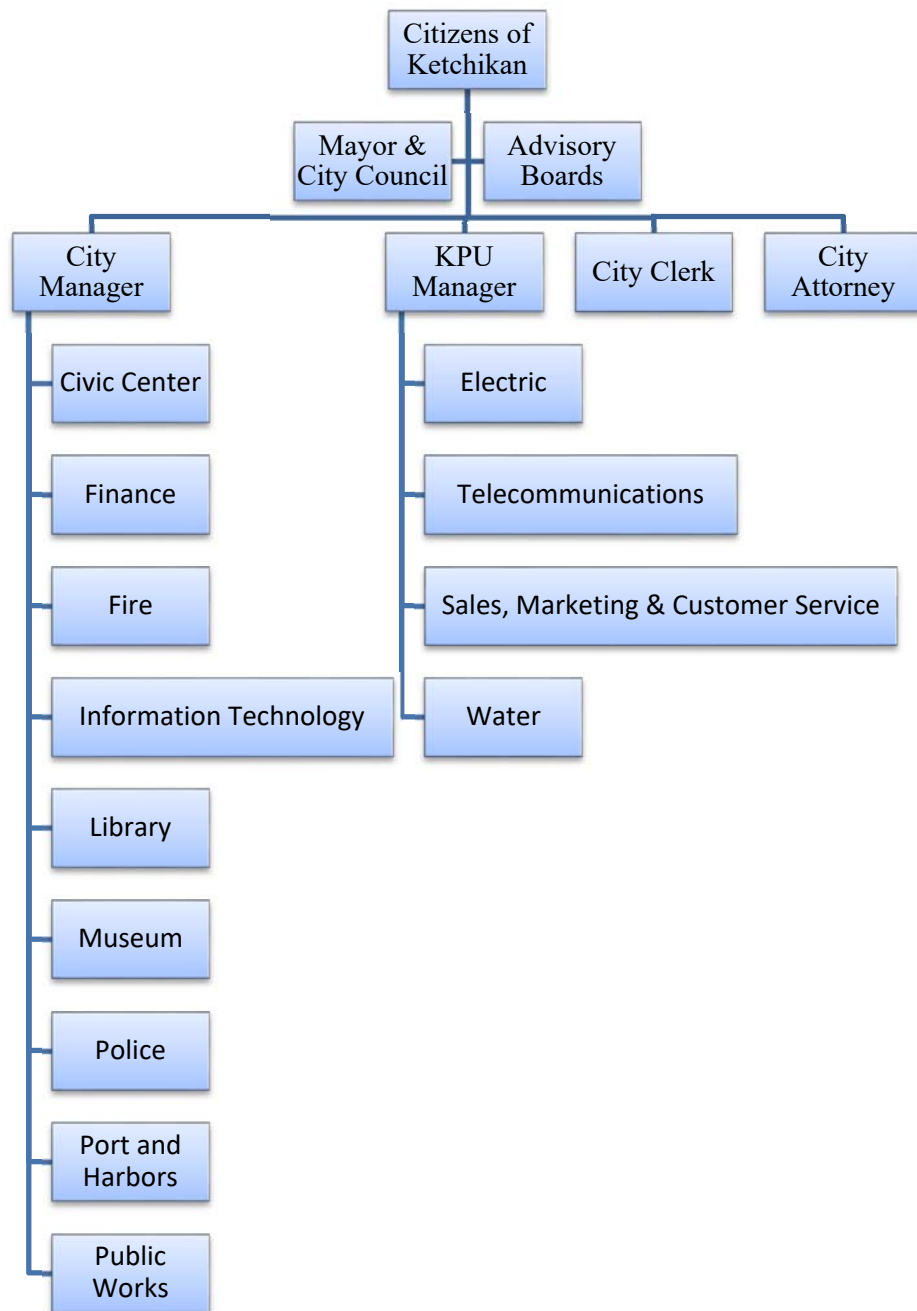
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrell

Executive Director/CEO

CITY OF KETCHIKAN, ALASKA
ORGANIZATIONAL CHART
DECEMBER 31, 2019



CITY OF KETCHIKAN, ALASKA

PRINCIPAL CITY OFFICIALS

December 31, 2019

MAYOR AND CITY COUNCIL

| | |
|---------------------------|-------------------------|
| <i>City Mayor</i> | <i>Robert Sivertsen</i> |
| <i>City Councilmember</i> | <i>Sam Bergeron</i> |
| <i>City Councilmember</i> | <i>Emily Chapel</i> |
| <i>City Councilmember</i> | <i>Richard Coose</i> |
| <i>City Councilmember</i> | <i>Mark Flora</i> |
| <i>City Councilmember</i> | <i>Janalee Gage</i> |
| <i>City Councilmember</i> | <i>David Kiffer</i> |
| <i>City Councilmember</i> | <i>Judy Zenge</i> |

CITY STAFF

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



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INDEPENDENT AUDITOR’S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ketchikan, Alaska, as of and for the year ended December 31, 2019, 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, 2019, 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 17–31 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 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 combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020, 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

October 6, 2020

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, 2019. 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 \$366.22 million (net position), an increase of \$10.41 million or 3.0% over 2018.
- Total net position is comprised of the following:
 - 1) Net investment in capital assets of \$295.07 million, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - 2) Resources of \$20.96 million restricted by constraints imposed from outside the City such as debt covenants, granting agencies, laws, or regulations.
 - 3) Unrestricted resources of \$50.20 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 \$33.88 million, an increase of \$1,642,872 or 5.1% from 2018.
- Unassigned fund balance for the General Fund totaled \$4.63 million or 22.5% of total General Fund expenditures. This was a decrease of \$1.3 million over 2018. The General Fund reported an operating deficit of \$148,871. The prior year operating surplus was \$689,871.
- The City's proprietary funds reported total ending net position of \$180.52 million, an increase of \$8 million or 4.7% over 2018.
- The City's property tax rate was fixed at 6.6 mill. The City has increased its mill rate only twice in the past 29 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 government-wide and fund financial statements.

Required Supplementary Information

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

Supplementary Information

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

Government-wide Financial Analysis

Statement of Net Position

The City's net position at December 31, 2019 and 2018 totaled \$366.22 million and \$355.81 million, respectively. The net position of the City, as a whole, increased by \$10.41 million. The following table summarizes the net position of the City's governmental and business-type activities:

(This page continued on the subsequent page)

City Ketchikan's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Assets | | | | | | |
| Current and other assets | \$ 43,404,812 | \$ 41,394,326 | \$ 57,228,540 | \$ 49,888,888 | \$ 100,633,352 | \$ 91,283,214 |
| Capital assets | 216,643,637 | 218,065,798 | 181,632,485 | 184,333,961 | 398,276,122 | 402,399,759 |
| Total assets | 260,048,449 | 259,460,124 | 238,861,025 | 234,222,849 | 498,909,474 | 493,682,973 |
| Deferred outflows of resource | 1,835,742 | 1,899,891 | 553,784 | 558,490 | 2,389,526 | 2,458,381 |
| Liabilities | | | | | | |
| Current and other liabilities | 6,343,904 | 5,891,590 | 6,017,671 | 6,718,201 | 12,361,575 | 12,609,791 |
| Long-term liabilities | 68,976,223 | 70,866,718 | 52,185,062 | 54,748,436 | 121,161,285 | 125,615,154 |
| Total liabilities | 75,320,127 | 76,758,308 | 58,202,733 | 61,466,637 | 133,522,860 | 138,224,945 |
| Deferred inflows of resources | 856,812 | 1,263,275 | 696,897 | 844,289 | 1,553,709 | 2,107,564 |
| Net Position | | | | | | |
| Net investment in capital assets | 163,787,525 | 164,522,169 | 131,278,702 | 131,911,948 | 295,066,227 | 296,434,117 |
| Restricted | 11,588,224 | 11,193,773 | 9,367,092 | 7,796,537 | 20,955,316 | 18,990,310 |
| Unrestricted | 10,331,503 | 7,622,490 | 39,869,385 | 32,761,928 | 50,200,888 | 40,384,418 |
| Total net position | \$ 185,707,252 | \$ 183,338,432 | \$ 180,515,179 | \$ 172,470,413 | \$ 366,222,431 | \$ 355,808,845 |

Total assets and deferred outflows of resources for governmental activities increased by \$524,176 and total liabilities and deferred inflows of resources decreased by \$1.84 million, resulting in an increase of \$2.36 million in net position for governmental activities. Total assets and deferred outflows of resources for business-type activities increased by \$4.63 million and total liabilities and deferred inflows of resources decreased by \$3.41 million, resulting in increase of \$8.04 million in net position for business-type activities. For the City as a whole, net position increased by \$10.41 million over 2018. 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 \$366.22 million. Over the past 16 years, the City's financial position has improved by \$159.06 million, or 76.8 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 88.2 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 decreased by \$1.37 million. The net investment in capital assets for the City's governmental activities decreased by \$734,644 and the net investment in capital assets for business-type activities decreased by \$633,246.

Approximately 5.7 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 \$50.20 million, or 13.7 percent, of total net position. This is an increase of \$9.82 million from 2018. Unrestricted net position reported for the City's governmental activities increased by \$2.71 million and the unrestricted net position of the City's business-type activities increased by \$7.11 million.

Changes in Net Position

The City's net position increased \$10.41 million in 2019. The net position for governmental activities increased \$2.37 million and business-type activities increased \$8.04 million. The following table provides a summary of the changes in the City's net position:

| | Changes in Net Position | | | | | |
|---|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program: | | | | | | |
| Charges for services | \$ 7,286,227 | \$ 7,217,597 | \$ 62,357,832 | \$ 58,100,504 | \$ 69,644,059 | \$ 65,318,101 |
| Operating grants and contributions | 3,093,708 | 2,720,910 | 230,803 | 192,642 | 3,324,511 | 2,913,552 |
| Capital grants and contributions | 538,673 | 434,540 | 1,629,315 | 1,982,367 | 2,167,988 | 2,416,907 |
| General: | | | | | | |
| Taxes | 19,416,593 | 18,920,437 | - | - | 19,416,593 | 18,920,437 |
| Other | 1,321,224 | 1,033,282 | 1,520,652 | 1,143,232 | 2,841,876 | 2,176,514 |
| Total revenues | 31,656,425 | 30,326,766 | 65,738,602 | 61,418,745 | 97,395,027 | 91,745,511 |
| | - | - | | | | |
| Expenses: | | | | | | |
| General government | 2,135,031 | 2,203,941 | - | - | 2,135,031 | 2,203,941 |
| Public safety | 8,371,009 | 8,983,817 | - | - | 8,371,009 | 8,983,817 |
| Culture and tourism | 3,706,011 | 3,370,637 | - | - | 3,706,011 | 3,370,637 |
| Health and welfare | 1,496,068 | 1,813,628 | - | - | 1,496,068 | 1,813,628 |
| Public works | 8,745,956 | 9,482,847 | - | - | 8,745,956 | 9,482,847 |
| Harbor | 2,428,064 | 2,489,448 | - | - | 2,428,064 | 2,489,448 |
| Interest | 2,169,420 | 2,241,218 | - | - | 2,169,420 | 2,241,218 |
| KPU | - | - | 47,872,881 | 44,059,536 | 47,872,881 | 44,059,536 |
| Port | - | - | 7,333,993 | 7,415,022 | 7,333,993 | 7,415,022 |
| Wastewater | - | - | 2,723,008 | 2,806,720 | 2,723,008 | 2,806,720 |
| Total expenses | 29,051,559 | 30,585,536 | 57,929,882 | 54,281,278 | 86,981,441 | 84,866,814 |
| Increase in net position before transfers | 2,604,866 | (258,770) | 7,808,720 | 7,137,467 | 10,413,586 | 6,878,697 |
| Transfers in (out) | (236,046) | 641,677 | 236,046 | (641,677) | - | - |
| Increase (decrease) in net position | 2,368,820 | 382,907 | 8,044,766 | 6,495,790 | 10,413,586 | 6,878,697 |
| Net position, beginning | 183,338,432 | 185,674,102 | 172,470,413 | 166,773,342 | 355,808,845 | 352,447,444 |
| Net OPEB Liability | - | (2,718,577) | - | (798,719) | - | (3,517,296) |
| Net position, beginning restated | 183,338,432 | 182,955,525 | 172,470,413 | 165,974,623 | 355,808,845 | 348,930,148 |
| Net position, December 31 | 185,707,252 | 183,338,432 | 180,515,179 | 172,470,413 | 366,222,431 | 355,808,845 |

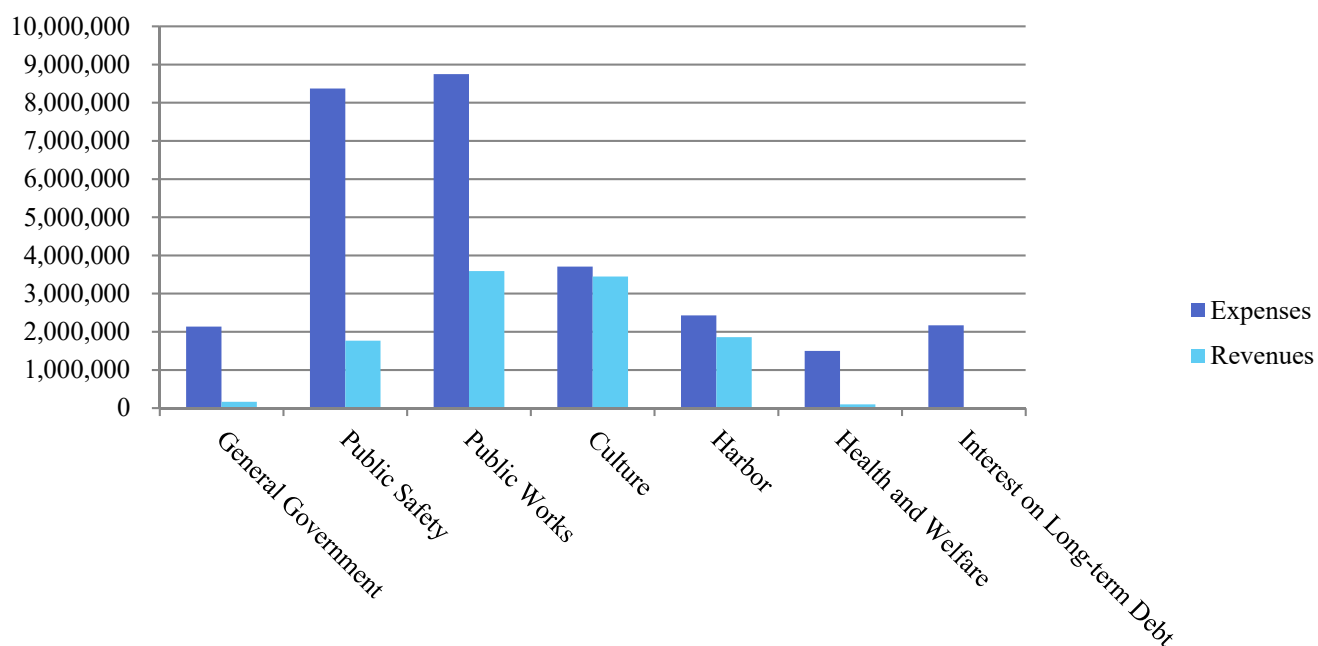
Governmental Activities. The City's net position from governmental activities increased \$2.37 million. In 2018, net position decreased by \$2.34 million. This represents a \$4.71 million shift. The key elements in the change in net position from the prior year are as follows:

- Vacancies in public safety and public works reduced spending over \$.7 million. These vacancies also lead to fewer contracts related to major maintenance, which resulted in a \$.5 million decrease in maintenance costs. The City also experienced very little snow conditions furthering the reduction in operating costs of the streets division. Culture and tourism costs increased \$.3 million due to some building maintenance costs and the health and welfare costs decreased \$.3 million due to the finalization of the new wing of the Ketchikan Medical Center in 2018.
- Taxes increased by \$.5 million due higher retail sales of \$.37 million and a slight increase in other taxes, property, transient and marijuana sales taxes, of \$.13 million. Retail sales increased from \$311.8 million in 2018 to \$320.4 million in 2019. A significant portion of this growth is most likely due to the expanding cruise ship industry and the record number of passengers they are bringing to the community.
- 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.

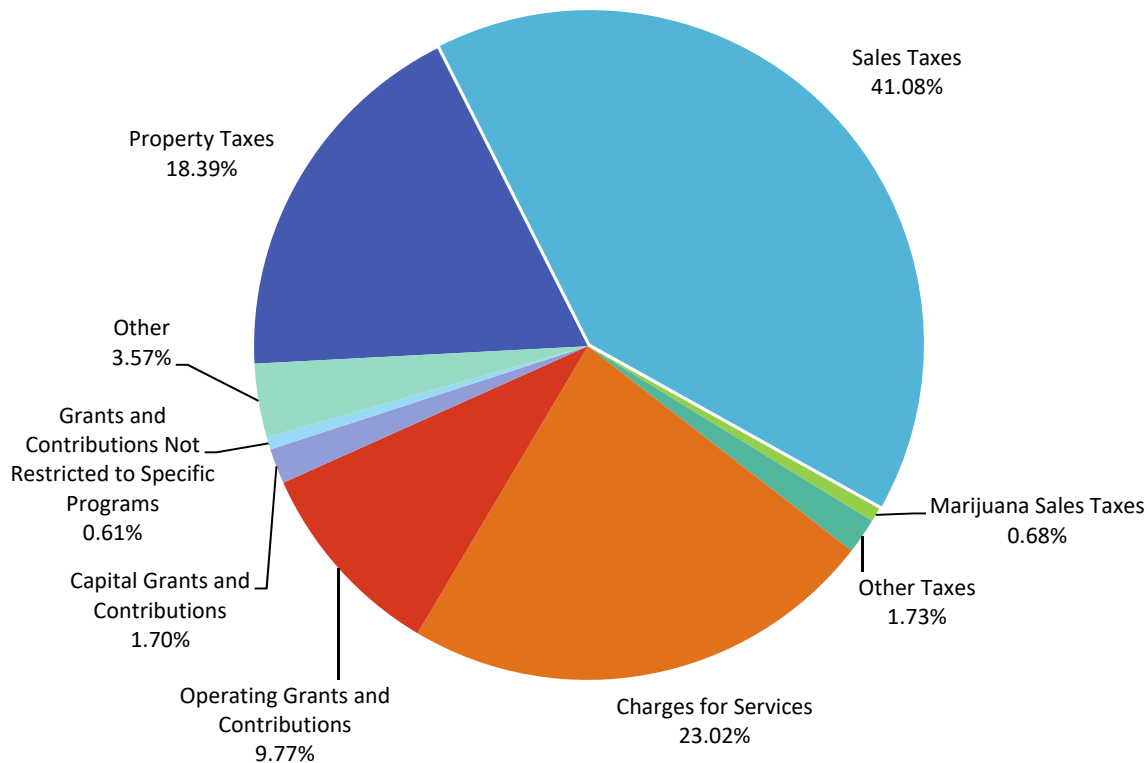
The following graphs compare program revenues with expenses and illustrate the revenues by source for governmental activities.

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EXPENSES AND PROGRAM REVENUES –GOVERNMENTAL ACTIVITIES



REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



Business-type Activities. The City's net position from business-type activities increased by \$8.04 million. This increase is an improvement over last year's increase of \$5.70 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 \$4.27 million. The table below summarizes charges of services by business-type activity.

| | 2019 | 2018 |
|--------------------|----------------------|----------------------|
| Electric | \$ 24,283,178 | \$ 19,974,411 |
| Telecommunications | 19,873,607 | 20,941,196 |
| Water | 4,111,810 | 4,026,625 |
| Port | 10,682,735 | 9,951,339 |
| Wastewater | 3,406,502 | 3,206,933 |
| | <u>\$ 62,357,832</u> | <u>\$ 58,100,504</u> |

Electric utility revenues increased by \$4.3 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 all of the decrease in revenues for the Telecommunications utility. A change in the wireless carrier's contract with the City to a flat fee contract was the major reason for the reduced revenues since consumer demand for internet and television services continues to be strong and the City's telecommunications utility has a very strong presence in the local market. Port revenues rose to \$10.68 million as a result of growth in the cruise ship industry. In 2019, 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 2019, water and wastewater rates were increased 5.5% and 6%, respectively. Seafood processor rates also increased 35%.

Capital grants and contributions decreased to \$1.6 million. The City continues to receive funds from the State of Alaska to improve berthing facilities at the Port of Ketchikan.

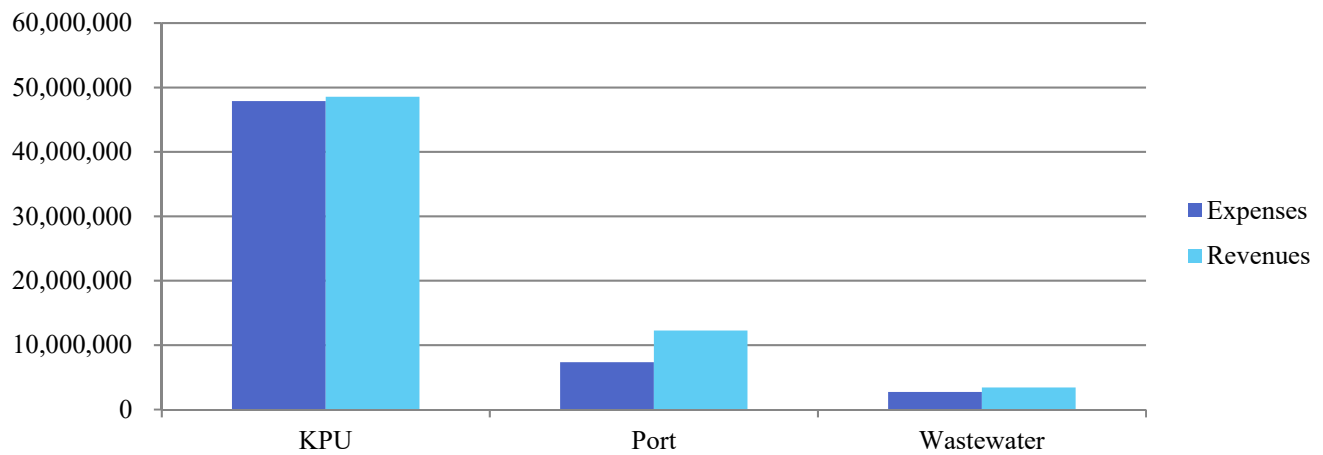
The overall expenses of the City's business-type activities for 2019 increased from \$54.28 million to \$57.94 million, or \$3.7 million. The table summarizes expenses by business-type activity.

| | 2019 | 2018 |
|--------------------|---------------------|---------------------|
| Electric | \$25,512,651 | \$21,524,931 |
| Telecommunications | 17,853,139 | 18,103,760 |
| Water | 4,507,091 | 4,430,845 |
| Port | 7,333,993 | 7,415,022 |
| Wastewater | 2,723,008 | 2,806,720 |
| | <u>\$57,929,882</u> | <u>\$54,281,278</u> |

The total expenses of the electric utility increased in 2019 by \$3.99 million. The biggest driver was a \$3.76 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 costs of the telecommunications division have increased due to rising prices and consumer demand for providing content and transportation for internet, television and wireless phone service. 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 \$81,000 due to lower insurance costs.

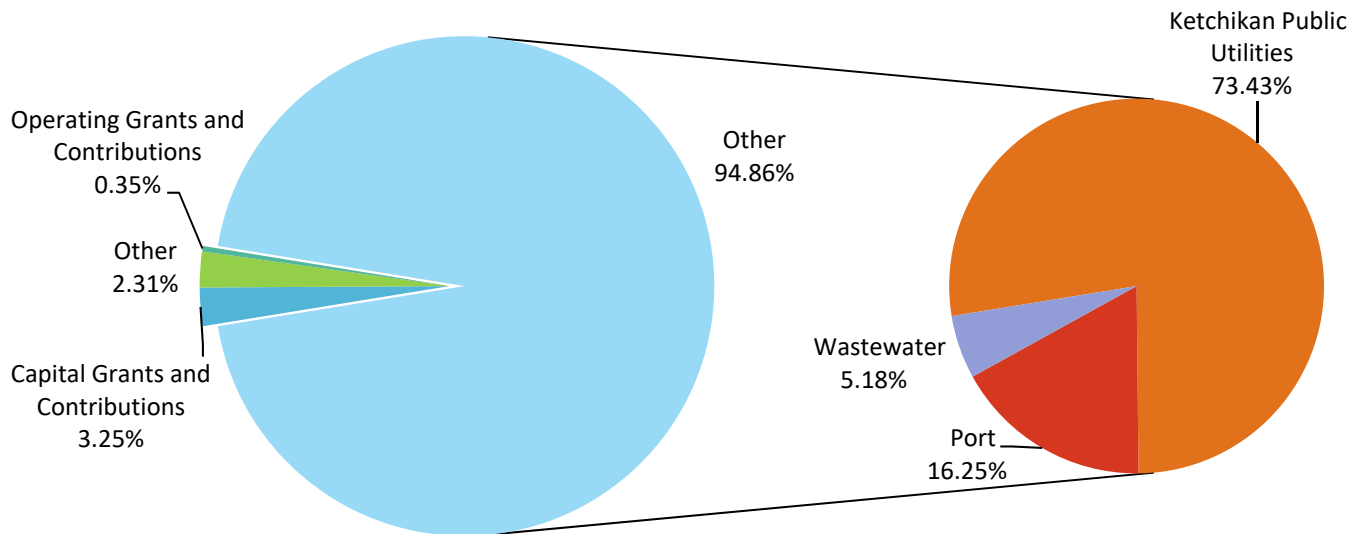
The following graphs compare program revenues with program expenses and illustrate the revenues by source for business-type activities.

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 \$33.88 million, an increase of \$1.6 million or 5.1%, from last year. Nonspendable fund balances total \$390,669 and consists entirely of land held for resale. Restricted fund balances total \$7.44 million. Assigned fund balances total \$21.41 million and includes the following:

- \$4.04 million for the subsequent year's budget deficit
- \$3.99 million for streets and sidewalks maintenance and other public works projects
- \$0.57 million for culture and tourism
- \$2.54 million for public buildings improvements
- \$4.56 million for public health
- \$1.43 million for solid waste
- \$0.49 million for abatement of dangerous buildings and parking development
- \$1.65 million for public safety
- \$1.83 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 2019 amounted to \$25.64 million, an increase of \$.49 million from 2018. Nearly 76 percent of the increase is attributable to increases in property taxes and sales tax collections. A 1.31% increase in assessed property values improved property tax revenues. Growth in the tourism industry lifted retail sales having a positive impact on sales tax collections. Total general fund expenditures for 2019 amounted to \$23.31 million, a decrease of \$357,683 from 2018. .

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 2019 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 2019 Budget for the general fund projected annual revenues of \$19.06 million and subsequently amended to \$19.14 million. All of the other amendments were for grant awards for public safety, public health and cultural activities. Actual revenues totaled \$17.93 million, which resulted in unfavorable budget variance of \$1.2 million, or 6.3%. The approximately \$700,000 of budget variance is due to a budgeted increase in the mill rate from 6.6 to 7.4 that did not come to fruition. When it came time to establish the increase in the mill rate the Council opted to leave the mill rate at 6.6. The remaining variance of approximately \$500,000 is due to a decrease in interdepartmental costs, which resulted in the decrease of interdepartmental charges.

The adopted 2019 Budget for general fund included appropriations for expenditures totaling \$22.29 million. During the year, the City Council approved amendments to expenditures totaling \$76,952 and authorized transfers totaling \$165,220 from reserves to appropriations for expenditures. The amendments and the transfers increased appropriations for expenditures to \$22.53 million. All of the amendments provided appropriations for spending the proceeds from grants awards and contributions for fire public safety, museum and building maintenance activities. The transfers provided additional funding for statewide sales tax program, community promotion, council travel, wages and employments, utility costs related to the increase in diesel surcharge, and professional services. Actual expenditures totaled \$20.55 million, which resulted in a favorable variance of \$2.47 million. Lower than expected personnel costs, most of which was attributable to vacancies, accounted for \$1.2 million, or 49 percent, of the \$2.47 million favorable budget variance. Fewer staff members available for project management also resulted in lower than expected maintenance costs.

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, 2019, amounts to \$398.28 million. This investment in capital assets includes land, buildings, improvements, utility plants, port facilities, machinery and equipment, and infrastructure. The total decrease in the City's investment in capital assets, net of accumulated depreciation, was \$4.1 million or 1.0 percent. The City's investment in governmental activities, net of accumulated depreciation decreased \$1.4 million and business-type activities capital assets decreased by \$2.7 million. See Note 3-E for additional information about changes in capital assets during the calendar year and the amount outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

| | Governmental Activities | | Business Activities | | Total | |
|--------------------------|--------------------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 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 | 12,668,459 | 11,050,493 | 14,062,062 | 9,907,189 | 26,730,521 | 20,957,682 |
| Intangibles and other | 100,750 | 100,750 | 221,766 | 221,766 | 322,516 | 322,516 |
| Total non-depreciable | <u>\$ 42,139,008</u> | <u>\$ 40,521,042</u> | <u>\$ 18,782,434</u> | <u>\$ 14,627,561</u> | <u>\$ 60,921,442</u> | <u>\$ 55,148,603</u> |
| Depreciable assets: | | | | | | |
| Utility plants | \$ - | \$ - | \$ 281,186,329 | \$ 280,228,303 | \$ 281,186,329 | \$ 280,228,303 |
| Port facilities | - | - | 67,891,581 | 67,891,581 | 67,891,581 | 67,891,581 |
| Land improvements | 1,539,203 | 1,539,203 | - | - | 1,539,203 | 1,539,203 |
| Buildings | 141,997,440 | 140,590,518 | - | - | 141,997,440 | 140,590,518 |
| Machinery and equipment | 16,823,028 | 16,874,663 | - | - | 16,823,028 | 16,874,663 |
| Infrastructure | 85,909,365 | 85,219,698 | - | - | 85,909,365 | 85,219,698 |
| Software | 581,531 | 581,531 | - | - | 581,531 | 581,531 |
| Total depreciable assets | 246,850,567 | 244,805,613 | 349,077,910 | 348,119,884 | 595,928,477 | 592,925,497 |
| Less accum. depreciation | <u>(72,345,938)</u> | <u>(67,260,857)</u> | <u>(186,227,859)</u> | <u>(178,413,484)</u> | <u>(258,573,797)</u> | <u>(245,674,341)</u> |
| Net depreciable assets | <u>\$ 174,504,629</u> | <u>\$ 177,544,756</u> | <u>\$ 162,850,051</u> | <u>\$ 169,706,400</u> | <u>\$ 337,354,680</u> | <u>\$ 347,251,156</u> |
| Percentage depreciated | <u>29%</u> | <u>27%</u> | <u>53%</u> | <u>51%</u> | <u>43%</u> | <u>41%</u> |
| Book value - all assets | <u>\$ 216,643,637</u> | <u>\$ 218,065,798</u> | <u>\$ 181,632,485</u> | <u>\$ 184,333,961</u> | <u>\$ 398,276,122</u> | <u>\$ 402,399,759</u> |

Major capital assets under construction during 2019 and included in construction in progress are as follows:

- Fire apparatus replacement - \$1.64 million
- Water Street Trestle No. 2 replacement - \$9 million
- Ketchikan International Airport – Submarine Cable Upgrades - \$340,000
- Berth III improvements and barge overhaul - \$5.99 million
- Berths I and II expansion - \$2.36 million
- Removal of the Berth I and II rock pinnacle - \$2.3 million
- Subsea fiber cable - \$920,000
- Water metering project - \$500,000

Major capital assets placed in service during 2019 are as follows:

- Solid Waste Recycling and Handling Facility extension - \$1.41 million
- Grant Street Trestle - \$310,000
- Wartsilla generator repairs - \$275,000
- Vehicle replacements - \$616,000

At December 31, 2019, the depreciable capital assets for governmental activities were 29 percent depreciated. At December 31, 2018 and 2017, capital assets were 27 and 25 percent depreciated, respectively. The City's business-type activities capital

assets were 53 percent depreciated at December 31, 2019 compared to 51 and 50 percent for 2018 and 2017, 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, 2019, the City had \$100.60 million in outstanding bonded debt and other long-term debt, a decrease of \$3.16 million from 2018. Total general obligation bonded debt decreased from \$54.69 million to \$53.03 million, or 3.0 percent. Total revenue bonded debt decreased from \$45.54 million to \$43.89 million, or 3.6 percent. The following table provides a summary of outstanding long-term debt:

| Outstanding Long-term Debt | | | | | | |
|-----------------------------------|------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds | \$ 51,455,000 | \$ 53,015,000 | \$ 1,577,094 | \$ 1,678,051 | \$ 53,032,094 | \$ 54,693,051 |
| Revenue bonds | - | - | 43,891,935 | 45,538,087 | 43,891,935 | 45,538,087 |
| Landfill closure costs | 973,440 | 970,260 | - | - | 973,440 | 970,260 |
| Compensated absences | 1,621,982 | 1,522,754 | 1,083,311 | 1,038,798 | 2,705,293 | 2,561,552 |
| Total | <u>\$ 54,050,422</u> | <u>\$ 55,508,014</u> | <u>\$ 46,552,340</u> | <u>\$ 48,254,936</u> | <u>\$ 100,602,762</u> | <u>\$ 103,762,950</u> |

In September 2017, the City issued a \$1,795,197 revenue bond through the Alaska Department of Environmental Conservation Clean Water Loan Program for the Schoenbar Road Sewer Main Replacement Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2019, the City had incurred construction costs of \$1,170 that were eligible for reimbursement under this loan program. The final loan amount will be determined at the time the project is completed.

Also in September 2017, the City issued a \$1,591,967 revenue bond through the Alaska Department of Environmental Conservation Drinking Water Loan Program for the Schoenbar Road Water Main Replacement Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2019, the City had incurred construction costs of \$54,135 that were eligible for reimbursement under this loan program. The final loan amount will be determined at the time the project is completed.

In May 2018, the City issued a \$1,250,000 revenue bond through the Alaska Department of Environmental Conservation Clean Water Loan Program for the Commercial Metering Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2019, the City had incurred construction costs of \$206,957 that were eligible for reimbursement under this loan program. The final loan amount will be determined at the time the project is completed.

In May 2018, the City issued a \$1,250,000 revenue bond through the Alaska Department of Environmental Conservation Drinking Water Loan Program for the Commercial Water Metering Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2019, the City had incurred construction costs of \$206,957 that were eligible for reimbursement under this loan program. The final amount will be determined at the time the project is completed.

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, 2019, the City's total direct general obligation bond debt per capita was \$6,814.

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

Economic Factors and Next Year's Budgets and Rates

Tourism continues to be a growth industry for the community of Ketchikan and has had a positive impact on the local economy. The driving force behind the growth is the result of years of efforts by the community to make Ketchikan a popular port of call for the cruise ships and their passengers. Significant public and private investments have resulted in modern port facilities and development of attractions and amenities that are popular with the passengers off the cruise ships. In 2019, 1,071,100 cruise ship passengers visited Ketchikan. This topped the previous record of 1,045,100 passengers achieved in 2018. Prior to the COVID-19 pandemic, the outlook for 2020 assumed continued growth with over 1.2 million passengers expected to visit the community. The growth in tourism has had positive impact on employment opportunities in the community. During the peak months of tourism season, the monthly labor force averages 8,422 employees. During the offseason, the labor force averages 6,677. Growth in tourism has also had impact on the City's tax revenues. In 2019, the City collected a record \$12.83 million in sales tax revenues. The previous record of \$12.5 million was set in 2018. The City estimates that tourism directly and indirectly accounts for about 30% of its annual sales tax collections.

Recognizing that tourism is now the most important industry in the local economy, the City is continuing its efforts to develop berthing facilities for the 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 shore-side amenities capable of accommodating larger inflows of passengers. The City estimates that these improvements could require up to \$100 million in new investments from both the private and the public sectors over the next several years. In recent years, the dynamics of the industry have been changing due to the increasing demand for cruises. In addition to the ships increasing in size, new designations have been added and more cruises lines have expressed an interest in entering the Alaska market. In response to these changes taking place, City is currently reviewing proposals from proponents interested in entering into a concession agreement to operate the Port of Ketchikan. The intended goals of this agreement is to place the operations of the Port of Ketchikan into the hands of an experienced operator willing to promote Ketchikan as a designation and make a financial commitment to modify the City's berthing and uplands infrastructure to accommodate the larger cruise ship vessels and its passengers. The City hopes to select an operator before the end of 2020 and finalize a concession agreement in 2021.

As noted above, the City had projected for 2020 a continuation of the record setting growth that was taking place in the tourism industry. Unfortunately, the COVID-19 pandemic, and the actions taken by the cruise ship companies and the US and Canadian governments resulted in the cancellation of the 2020 tourism season. The City is now focusing on efforts to position itself financially in the event that the pandemic continues into 2021 and assisting the community by distributing CARES Act funds, keeping taxes as low as possible and limiting rate increase for utility services to the extent possible without compromising the infrastructure used to deliver the services. The City is cautiously optimistic that a vaccine and anti-viral treatments will be available in late 2020 or early 2021 and that a modest tourism season could take place in 2021. The number of cruise ship passengers visiting Ketchikan will be dependent on the public health mandates in place during the cruise ship season, the passengers' concerns over their own health and their personal finances, and actions taken by the US and Canadian governments to limit the ability of the cruise lines to operate. The City has also taken measures to reduce major maintenance and capital budgets funded from local revenues and addressing employee vacancies on a case-by-case basis. The City also expects that there will be a drawdown of City reserves but not to the degree that it will affect the City's ability to use reserves to fund a portion of the City's 2021 budget if it becomes necessary.

In 2019, the City Council approved a series of rate increases intended to improve the finances of its public utilities and provide additional financial resources for much needed infrastructure improvements. An electric rate increase of 3.5% was included in the action taken by the City Council in 2019 but later delayed until January of 2020. An unusual drought that began in the summer of 2018 and continued well into 2019 severely impacted lakes levels for the majority of the hydroelectric facilities operating in Southeast Alaska. Ketchikan was no exception and the City's electric utility was required to operate its diesel

generators in order to meet the demand for electricity. A diesel surcharge was implemented to finance the cost of \$10.6 million of diesel fuel required to operate the generators. The diesel surcharge ended in June 2020.

During budget deliberations in December 2019, the City Council adopted the 2020 General Government Operating and Capital Budget predicated on raising the property tax mill rate from 6.6 to 7.1. When it came time to establish the mill levy in June 2020, the City Council decided to leave the mill rate at 6.6 due to concerns regarding the impact that the COVID-19 pandemic was having on the City's tourism based economy. The increase in the mill levy had been proposed as a means for funding an update to the City's compensation plan.

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, 2019

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|--------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and temporary investments (Note 3A) | \$ 30,316,184 | \$ 36,235,058 | \$ 66,551,242 |
| Restricted cash, cash equivalents and investments | 7,857,197 | 1,781,073 | 9,638,270 |
| Receivables: | | | |
| Accounts | 886,758 | 3,472,742 | 4,359,500 |
| Taxes | 2,360,551 | - | 2,360,551 |
| Intergovernmental | 199,001 | 2,036,497 | 2,235,498 |
| Miscellaneous | 14,419 | - | 14,419 |
| Interest | 124,735 | 127,168 | 251,903 |
| Unbilled | 64,270 | 2,396,934 | 2,461,204 |
| Advances | 469,002 | (469,002) | - |
| Inventory | - | 2,738,821 | 2,738,821 |
| Prepaid items | 722,026 | 1,189,402 | 1,911,428 |
| Total current assets | 43,014,143 | 49,508,693 | 92,522,836 |
| Noncurrent assets: | | | |
| Land for resale | 390,669 | - | 390,669 |
| Restricted investments | - | 7,707,250 | 7,707,250 |
| Accrued interest on restricted assets | - | 12,597 | 12,597 |
| Capital Assets (Note 3E) | | | |
| Nondepreciable capital assets | 42,139,008 | 18,782,434 | 60,921,442 |
| Depreciable capital assets, net | 174,504,629 | 162,850,051 | 337,354,680 |
| Total noncurrent assets | 217,034,306 | 189,352,332 | 406,386,638 |
| Total Assets | 260,048,449 | 238,861,025 | 498,909,474 |
| Deferred Outflow of Resources | 1,835,742 | 553,784 | 2,389,526 |
| Total Assets and Deferred Outflow of Resources | 261,884,191 | 239,414,809 | 501,299,000 |

City of Ketchikan, Alaska
Statement of Net Position (Cont'd)
December 31, 2019

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 1,574,182 | 2,696,844 | 4,271,026 |
| Payroll payable | 1,832,786 | - | 1,832,786 |
| Accrued interest payable | 307,118 | 255,020 | 562,138 |
| Customers deposits payable | 2,731 | 363,035 | 365,766 |
| Unearned revenue | 357,963 | 10,680 | 368,643 |
| Claims payable | 143,000 | - | 143,000 |
| Compensated absences payable | 162,198 | 108,331 | 270,529 |
| Capital lease payable | 223,397 | - | 223,397 |
| General obligation bonds payable | 1,740,529 | 102,477 | 1,843,006 |
| Revenue bonds payable | - | 2,481,284 | 2,481,284 |
| Total current liabilities | 6,343,904 | 6,017,671 | 12,361,575 |
| Noncurrent liabilities | | | |
| Compensated absences payable (net of current portion) | 1,459,784 | 974,980 | 2,434,764 |
| Capital lease payable (net of current portion) | 1,421,433 | - | 1,421,433 |
| Net pension liability | 12,884,075 | 3,785,709 | 16,669,784 |
| Net other post employment benefits liability | 338,586 | 99,487 | 438,073 |
| Landfill closure costs | 973,440 | - | 973,440 |
| General obligation bonds payable (net of current portion) | 51,898,905 | 1,474,617 | 53,373,522 |
| Revenue bonds payable (net of current portion) | - | 45,850,269 | 45,850,269 |
| Total noncurrent liabilities | 68,976,223 | 52,185,062 | 121,161,285 |
| Deferred Inflow of Resources | 856,812 | 696,897 | 1,553,709 |
| Total Liabilities and Deferred Inflows of Resources | 76,176,939 | 58,899,630 | 135,076,569 |
| Net Position | | | |
| Net investment in capital assets (Note 3K) | 163,787,525 | 131,278,702 | 295,066,227 |
| Restricted for: | | | |
| Capital and maintenance outlay | 3,170,844 | - | 3,170,844 |
| Repair and replacement funds | - | 4,324,400 | 4,324,400 |
| Commercial passenger excise tax funds | 5,272,080 | 1,092,751 | 6,364,831 |
| Debt service | - | 3,949,941 | 3,949,941 |
| Solid waste operations and maintenance | 1,895,359 | - | 1,895,359 |
| Harbor operations and maintenance | 968,930 | - | 968,930 |
| Cemetery operations and maintenance | 111,417 | - | 111,417 |
| Investigation and property seizure funds | 169,594 | - | 169,594 |
| Unrestricted | 10,331,503 | 39,869,385 | 50,200,888 |
| Total Net Position | \$ 185,707,252 | \$ 180,515,179 | \$ 366,222,431 |

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Activities
For the Year Ended December 31, 2019

| Functions/Programs | Expenses | Program Revenues | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General government | \$ 2,135,031 | \$ 49,678 | \$ 115,891 | \$ - |
| Public safety | 8,371,009 | 1,281,736 | 408,015 | 75,758 |
| Culture and tourism | 3,706,011 | 942,506 | 2,504,839 | - |
| Health and welfare | 1,496,068 | - | - | 95,565 |
| Public works | 8,745,956 | 3,439,252 | 36,085 | 112,004 |
| Harbor | 2,428,064 | 1,573,055 | 28,878 | 255,346 |
| Interest | 2,169,420 | - | - | - |
| Total Governmental Activities | 29,051,559 | 7,286,227 | 3,093,708 | 538,673 |
| Business-Type Activities: | | | | |
| Electric, telecommunications and water | 47,872,881 | 48,268,595 | 204,710 | 72,835 |
| Port | 7,333,993 | 10,682,735 | 20,780 | 1,556,480 |
| Wastewater | 2,723,008 | 3,406,502 | 5,313 | - |
| Total Business-Type Activities | 57,929,882 | 62,357,832 | 230,803 | 1,629,315 |
| Total | \$ 86,981,441 | \$ 69,644,059 | \$ 3,324,511 | \$ 2,167,988 |

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

See accompanying notes to the basic financial statements

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------------------|-----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (1,969,462) | \$ - | \$ (1,969,462) |
| (6,605,500) | - | (6,605,500) |
| (258,666) | - | (258,666) |
| (1,400,503) | - | (1,400,503) |
| (5,158,615) | - | (5,158,615) |
| (570,785) | - | (570,785) |
| (2,169,420) | - | (2,169,420) |
| (18,132,951) | - | (18,132,951) |
| - | 673,259 | 673,259 |
| - | 4,926,002 | 4,926,002 |
| - | 688,807 | 688,807 |
| - | 6,288,068 | 6,288,068 |
| (18,132,951) | 6,288,068 | (11,844,883) |
| 5,822,500 | - | 5,822,500 |
| 12,831,546 | - | 12,831,546 |
| 215,857 | - | 215,857 |
| 546,690 | - | 546,690 |
| 191,914 | - | 191,914 |
| 543,980 | 783,189 | 1,327,169 |
| 585,330 | 737,463 | 1,322,793 |
| (236,046) | 236,046 | - |
| 20,501,771 | 1,756,698 | 22,258,469 |
| 2,368,820 | 8,044,766 | 10,413,586 |
| 183,338,432 | 172,470,413 | 355,808,845 |
| <u>\$ 185,707,252</u> | <u>\$ 180,515,179</u> | <u>\$ 366,222,431</u> |



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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

City of Ketchikan, Alaska
Balance Sheet
Governmental Funds
December 31, 2019

| | General | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---|---|
| Assets | | | |
| Cash and temporary investments | \$ 20,045,595 | \$ 7,870,919 | \$ 27,916,514 |
| Restricted cash: | | | |
| Bond construction funds | - | 2,428,152 | 2,428,152 |
| Property seizure funds | - | 168,898 | 168,898 |
| Commercial passenger excise tax funds | - | 5,255,722 | 5,255,722 |
| Transient tax funds | - | 4,425 | 4,425 |
| Receivables: | | | |
| Accounts | 248,021 | 638,737 | 886,758 |
| Taxes | 2,286,365 | 74,186 | 2,360,551 |
| Intergovernmental | 11,316 | 187,685 | 199,001 |
| Interest | 73,667 | 48,248 | 121,915 |
| Interfund | 75,757 | - | 75,757 |
| Unbilled receivables | - | 64,270 | 64,270 |
| Land for resale | 390,669 | - | 390,669 |
| Total Assets | \$ 23,131,390 | \$ 16,741,242 | \$ 39,872,632 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 354,033 | \$ 1,198,667 | \$ 1,552,700 |
| Payroll payable | 1,832,786 | - | 1,832,786 |
| Customer deposits payable | - | 2,731 | 2,731 |
| Interfund payable | - | 75,757 | 75,757 |
| Unearned revenue | 10,878 | 347,085 | 357,963 |
| Total Liabilities | 2,197,697 | 1,624,240 | 3,821,937 |
| Deferred Inflows of Resources | 2,098,384 | 74,186 | 2,172,570 |
| Fund Balances | | | |
| Nonspendable - Land held for resale | 390,669 | - | 390,669 |
| Restricted for: | | | |
| Law enforcement | - | 169,594 | 169,594 |
| Commercial passenger excise tax | - | 5,272,080 | 5,272,080 |
| Transient tax funds | - | 4,425 | 4,425 |
| Bond construction funds | - | 1,994,259 | 1,994,259 |
| Assigned: | | | |
| Subsequent years budget | 3,021,328 | 1,019,267 | 4,040,595 |
| Parking development and abatement of dangerous buildings | 491,104 | - | 491,104 |
| Hospital development and expansion | 4,557,199 | - | 4,557,199 |
| General government | 251,716 | 57,354 | 309,070 |
| Public safety | 1,646,836 | - | 1,646,836 |
| Culture and tourism | 34,451 | 538,915 | 573,366 |
| Public works | 92,443 | - | 92,443 |
| Collection and disposal of solid waste | - | 1,434,357 | 1,434,357 |
| Cemetery operations | - | 111,417 | 111,417 |
| Harbor operations | - | 840,836 | 840,836 |
| Streets, sidewalks and other public projects | 3,715,492 | - | 3,715,492 |
| Development of community facilities | - | 2,543,493 | 2,543,493 |
| Harbor construction | - | 984,171 | 984,171 |
| Public works projects | - | 72,648 | 72,648 |
| Unassigned | 4,634,071 | - | 4,634,071 |
| Total Fund Balances | 18,835,309 | 15,042,816 | 33,878,125 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 23,131,390 | \$ 16,741,242 | \$ 39,872,632 |

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2019

| | | |
|---|---------------------|------------------------------|
| Total Governmental Fund Balances | | \$ 33,878,125 |
| 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 | \$ 288,989,575 | |
| Less accumulated depreciation | <u>(72,345,938)</u> | 216,643,637 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | |
| Taxes | | 2,089,175 |
| Services | | 83,395 |
| 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. | | |
| | | 1,821,473 |
| Accrued interest is not reported at the fund financial reporting level | | |
| | | (307,118) |
| Deferred inflows and outflows not reported at the fund financial reporting level | | |
| Deferred Outflow | \$ 1,835,742 | |
| Deferred Inflow | <u>(856,812)</u> | 978,930 |
| Liabilities that are not due in the current period and therefore are not reported in the funds: | | |
| General obligation bonds | \$ (51,455,000) | |
| Premiums for GO bonds | (2,184,434) | |
| Capital lease payable | (1,644,830) | |
| Net pension liability | (12,884,075) | |
| Net other post-employment benefits | (338,586) | |
| Landfill closure costs | <u>(973,440)</u> | (69,480,365) |
| Net Position Of Governmental Activities | | <u>\$ 185,707,252</u> |

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

| | General | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---|---|
| Revenues | | | |
| Taxes | \$ 18,620,937 | \$ 749,932 | \$ 19,370,869 |
| Licenses and permits | 178,309 | - | 178,309 |
| Intergovernmental | 779,923 | 3,044,372 | 3,824,295 |
| Charges for services | 2,104,293 | 4,829,258 | 6,933,551 |
| Fines and forfeitures | 108,223 | 31,889 | 140,112 |
| Investment earnings | 293,370 | 222,971 | 516,341 |
| Interdepartmental charges | 3,149,501 | - | 3,149,501 |
| Miscellaneous | 406,191 | 119,310 | 525,501 |
| Total Revenues | 25,640,747 | 8,997,732 | 34,638,479 |
| Expenditures | | | |
| Current: | | | |
| General government | 5,029,408 | 114,000 | 5,143,408 |
| Public safety | 9,127,891 | 247,850 | 9,375,741 |
| Culture and tourism | 3,187,410 | - | 3,187,410 |
| Health and welfare | 258,001 | - | 258,001 |
| Public works | 5,702,793 | 3,040,704 | 8,743,497 |
| Harbor | - | 1,200,009 | 1,200,009 |
| Debt Service: | | | |
| Principal retirement | - | 1,560,000 | 1,560,000 |
| Interest and fiscal charges | - | 2,291,724 | 2,291,724 |
| Capital Outlay | - | 2,704,432 | 2,704,432 |
| Total Expenditures | 23,305,503 | 11,158,719 | 34,464,222 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,335,244 | (2,160,987) | 174,257 |
| Other Financing Sources (Uses) | | | |
| Sale of capital assets | 59,831 | - | 59,831 |
| Capital lease | - | 1,644,830 | 1,644,830 |
| Transfers in | 1,579,451 | 3,771,653 | 5,351,104 |
| Transfers out | (3,392,579) | (2,194,571) | (5,587,150) |
| Total Other Financing Sources (Uses) | (1,753,297) | 3,221,912 | 1,468,615 |
| Net Change in Fund Balances | 581,947 | 1,060,925 | 1,642,872 |
| Fund Balances Beginning of Year | 18,253,362 | 13,981,891 | 32,235,253 |
| Fund Balances End of Year | \$ 18,835,309 | \$ 15,042,816 | \$ 33,878,125 |

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

| | | |
|---|------------------|----------------------------|
| Net Changes In Fund Balances - Total Governmental Funds | | \$ 1,642,872 |
| 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 | \$ (5,530,048) | |
| Capital outlay | <u>4,124,638</u> | (1,405,410) |
| 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 | | (16,751) |
| Elimination of other financing sources to record capital lease payable | | (1,644,830) |
| Revenues of Internal Service Fund are included in the governmental statement of activities | | 27,639 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Taxes | | 45,722 |
| Charges for Services | | 34,255 |
| Elimination of transfers between governmental funds: | | |
| Transfers in | \$ (5,587,150) | |
| Transfers out | <u>5,587,150</u> | - |
| 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. | | 11,776 |
| 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 | \$ 1,560,000 | |
| Amortization of premiums and deferred charges | 110,528 | |
| Net pension obligation | (713,365) | |
| Net other post-employment benefits obligation | 2,719,564 | |
| Landfill closure costs | <u>(3,180)</u> | <u>3,673,547</u> |
| Change In Net Position of Governmental Activities | | <u>\$ 2,368,820</u> |

See accompanying notes to the basic financial statements



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PROPRIETARY FUNDS

City of Ketchikan, Alaska
Statement of Net Position
Proprietary Funds
December 31, 2019

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|--|-------------------|-----------------------|--------------------|--|
| | Ketchikan Public Utilities | Ketchikan Port | Wastewater Service | Total | |
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and temporary investments | \$ 23,062,130 | \$ 10,922,068 | \$ 2,250,860 | \$ 36,235,058 | \$ 2,399,670 |
| Restricted cash, cash equivalents and investments | 474,647 | 1,279,139 | 27,287 | 1,781,073 | - |
| Receivables: | | | | | |
| Accounts | 3,251,568 | - | 221,174 | 3,472,742 | - |
| Interest | 83,605 | 36,191 | 7,372 | 127,168 | 2,820 |
| Intergovernmental | 261,092 | 1,567,278 | 208,127 | 2,036,497 | - |
| Miscellaneous | - | - | - | - | 14,419 |
| Inventory | 2,738,821 | - | - | 2,738,821 | - |
| Prepaid items | 27,902 | 1,161,500 | - | 1,189,402 | 722,026 |
| Unbilled revenue | 2,232,738 | - | 164,196 | 2,396,934 | - |
| Total Current Assets | 32,132,503 | 14,966,176 | 2,879,016 | 49,977,695 | 3,138,935 |
| Noncurrent Assets: | | | | | |
| Restricted Assets: | | | | | |
| Investments | 1,142,850 | 6,564,400 | - | 7,707,250 | - |
| Accrued interest on restricted assets | 2,608 | 9,989 | - | 12,597 | - |
| Advances from other funds | - | 1,060,564 | - | 1,060,564 | 469,002 |
| Capital Assets: | | | | | |
| Nondepreciable capital assets | 5,029,326 | 13,045,374 | 707,734 | 18,782,434 | - |
| Depreciable capital assets, net | 98,880,212 | 46,130,953 | 17,838,886 | 162,850,051 | - |
| Total Noncurrent Assets | 105,054,996 | 66,811,280 | 18,546,620 | 190,412,896 | 469,002 |
| Total Assets | 137,187,499 | 81,777,456 | 21,425,636 | 240,390,591 | 3,607,937 |
| Deferred Outflow of Resources | 459,027 | 74,705 | 20,052 | 553,784 | - |
| Total Assets and Deferred Outflow of Resources | 137,646,526 | 81,852,161 | 21,445,688 | 240,944,375 | 3,607,937 |

City of Ketchikan, Alaska
Statement of Net Position (Cont'd)
Proprietary Funds
December 31, 2019

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|--|----------------------|-----------------------|-----------------------|--|
| | Ketchikan Public Utilities | Ketchikan Port | Wastewater Service | Total | |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 2,366,697 | 210,604 | 119,543 | 2,696,844 | 21,482 |
| Accrued interest | 147,142 | 102,571 | 5,307 | 255,020 | - |
| Customer deposits | 363,035 | - | - | 363,035 | - |
| Advances to other funds | 365,026 | - | - | 365,026 | - |
| Compensated absences payable | 101,084 | 4,097 | 3,150 | 108,331 | 162,198 |
| Unearned revenue | 10,680 | - | - | 10,680 | - |
| General obligation bonds payable | - | - | 102,477 | 102,477 | - |
| Revenue bonds payable | 1,224,525 | 1,227,584 | 29,175 | 2,481,284 | - |
| Claims payable | - | - | - | - | 143,000 |
| Total Current Liabilities | 4,578,189 | 1,544,856 | 259,652 | 6,382,697 | 326,680 |
| Long-Term Liabilities: | | | | | |
| Compensated absences payable (net of current portion) | 909,756 | 36,871 | 28,353 | 974,980 | 1,459,784 |
| Net pension liability | 3,132,252 | 511,763 | 141,694 | 3,785,709 | - |
| Net other post-employment benefits liability | 82,314 | 13,449 | 3,724 | 99,487 | - |
| Advances from other funds | 1,164,540 | - | - | 1,164,540 | - |
| Revenue bonds payable (net of current portion) | 18,920,496 | 26,216,882 | 712,891 | 45,850,269 | - |
| General obligation bonds payable (net of current portion) | - | - | 1,474,617 | 1,474,617 | - |
| Total Long-Term Liabilities | 24,209,358 | 26,778,965 | 2,361,279 | 53,349,602 | 1,459,784 |
| Deferred Inflow of Resources | 208,300 | 479,171 | 9,426 | 696,897 | |
| Total Liabilities and Deferred Inflow of Resources | 28,995,847 | 28,802,992 | 2,630,357 | 60,429,196 | 1,786,464 |
| Net Position | | | | | |
| Net investment in capital assets | 83,764,517 | 31,286,725 | 16,227,460 | 131,278,702 | - |
| Restricted for bond retirement | 1,557,965 | 2,369,996 | 21,980 | 3,949,941 | - |
| Restricted for repair and replacement | - | 4,324,400 | - | 4,324,400 | - |
| Restricted commercial passenger excise tax funds | - | 1,092,751 | - | 1,092,751 | - |
| Unrestricted | 23,328,197 | 13,975,297 | 2,565,891 | 39,869,385 | 1,821,473 |
| Total Net Position | \$ 108,650,679 | \$ 53,049,169 | \$ 18,815,331 | \$ 180,515,179 | \$ 1,821,473 |

See accompanying notes to the basic financial statements



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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, 2019

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|--|----------------------|-----------------------|-----------------------|--|
| | Ketchikan Public Utilities | Ketchikan Port | Wastewater Service | Total | |
| Operating Revenues | | | | | |
| Charges for services | \$ 48,366,595 | \$ 10,682,735 | \$ 3,406,502 | \$ 62,455,832 | \$ 2,851,003 |
| Miscellaneous | 722,176 | (698) | 15,985 | 737,463 | - |
| Total Operating Revenues | 49,088,771 | 10,682,037 | 3,422,487 | 63,193,295 | 2,851,003 |
| Operating Expenses | | | | | |
| Operation and maintenance | 33,306,486 | 4,859,929 | 2,153,097 | 40,319,512 | - |
| Administration and general | 6,166,975 | - | - | 6,166,975 | - |
| Depreciation | 7,857,489 | 1,449,352 | 539,621 | 9,846,462 | - |
| Compensated absences | - | - | - | - | 1,414,698 |
| Insurance | - | - | - | - | 1,432,181 |
| Claims | - | - | - | - | 4,124 |
| Total Operating Expenses | 47,330,950 | 6,309,281 | 2,692,718 | 56,332,949 | 2,851,003 |
| Operating Income | 1,757,821 | 4,372,756 | 729,769 | 6,860,346 | - |
| Non Operating Revenues (Expenses) | | | | | |
| Operating grants | 204,710 | 20,780 | 5,313 | 230,803 | - |
| Interest and fiscal charges | (639,931) | (1,024,712) | (30,290) | (1,694,933) | - |
| Investment earnings | 371,113 | 379,485 | 32,591 | 783,189 | 27,639 |
| Total Non Operating Revenues (Expenses) | (64,108) | (624,447) | 7,614 | (680,941) | 27,639 |
| Income Before Capital Contributions and Grants and Transfers | 1,693,713 | 3,748,309 | 737,383 | 6,179,405 | 27,639 |
| Capital Contributions and Grants | | | | | |
| Capital contributions and grants | 72,835 | 1,556,480 | - | 1,629,315 | - |
| Transfers | | | | | |
| Transfer from commercial passenger vessel tax fund | - | 1,421,046 | - | 1,421,046 | - |
| Payments in lieu of taxes to the general fund | (786,000) | (319,000) | (80,000) | (1,185,000) | - |
| Total Capital Contributions and Grants and Transfers | (713,165) | 2,658,526 | (80,000) | 1,865,361 | - |
| Change in Net Position | 980,548 | 6,406,835 | 657,383 | 8,044,766 | 27,639 |
| Net Position Beginning of Year | 107,670,131 | 46,642,334 | 18,157,948 | 172,470,413 | 1,793,834 |
| Net Position End of Year | \$ 108,650,679 | \$ 53,049,169 | \$ 18,815,331 | \$ 180,515,179 | \$ 1,821,473 |

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|--|----------------------|-----------------------|----------------------|--|
| | Ketchikan Public Utilities | Ketchikan Port | Wastewater Service | Total | |
| Cash Flows from Operating Activities | | | | | |
| Cash received from customers and users | \$ 48,537,755 | \$ 10,718,939 | \$ 3,402,015 | \$ 62,658,709 | \$ 2,851,003 |
| Cash payments to employees for services | (14,170,459) | (1,152,283) | (815,102) | (16,137,844) | - |
| Cash payments to suppliers for goods and services | (26,527,253) | (3,786,713) | (1,749,069) | (32,063,035) | - |
| Cash payments for insurance and claims | - | - | - | - | (1,431,749) |
| Cash payments for compensated absences | - | - | - | - | (1,315,471) |
| Net Cash Provided by Operating Activities | 7,840,043 | 5,779,943 | 837,844 | 14,457,830 | 103,783 |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Operating grant from other governments | 204,710 | 20,780 | 5,313 | 230,803 | - |
| Transfers out | - | 1,421,046 | - | 1,421,046 | - |
| 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 | (581,290) | 1,122,826 | (74,687) | 466,849 | - |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Advances | (350,987) | 350,987 | - | - | - |
| Capital grant received from other governments | 72,835 | 1,079 | - | 73,914 | - |
| Principal paid on general obligation bonds | - | - | (100,957) | (100,957) | - |
| Interest paid on general obligation bonds | - | - | (24,793) | (24,793) | - |
| Principal paid on revenue bonds | (1,106,629) | (980,000) | (28,742) | (2,115,371) | - |
| Interest paid on revenue bonds | (725,972) | (1,260,000) | (5,038) | (1,991,010) | - |
| Payments for capital acquisitions and construction | (4,474,666) | (2,367,922) | (302,220) | (7,144,808) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (6,585,419) | (4,255,856) | (461,750) | (11,303,025) | - |
| Cash Flows from Investing Activities | | | | | |
| Investment earnings | 382,486 | 385,047 | 27,167 | 794,700 | 27,639 |
| Purchase of bond reserve fund investments | - | (599,724) | - | (599,724) | - |
| Net Cash Provided (Used) by Investing Activities | 382,486 | (214,677) | 27,167 | 194,976 | 27,639 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,055,820 | 2,432,236 | 328,574 | 3,816,630 | 131,422 |
| Cash and Cash Equivalents Beginning 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 |
| Cash and Cash Equivalents End of Year (including \$474,647 for Ketchikan Public Utilities, \$1,279,139 for Port and \$27,287 for Wastewater Services reported in restricted accounts) | \$ 23,536,777 | \$ 12,201,207 | \$ 2,278,147 | \$ 38,016,131 | \$ 2,399,670 |

(continued)

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

(continued)

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|--|--|---------------------|-----------------------|----------------------|--|
| | Ketchikan Public Utilities | Ketchikan Port | Wastewater Service | Total | |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | | | |
| Operating Income | \$ 1,757,821 | \$ 4,372,756 | \$ 729,769 | \$ 6,860,346 | \$ - |
| Adjustments: | | | | | |
| Depreciation | 7,857,489 | 1,449,352 | 539,621 | 9,846,462 | - |
| Other | 158,556 | - | - | 158,556 | - |
| (Increase) Decrease in Assets and Deferred Outflows: | | | | | |
| Accounts receivable | (762,404) | 36,902 | (9,790) | (735,292) | 22,609 |
| Accrued interest | - | - | - | - | 128 |
| Unbilled revenue | 226,084 | - | (10,682) | 215,402 | - |
| Prepaid expenses | 9,360 | (52,691) | - | (43,331) | (36,535) |
| Inventory | (346,996) | - | - | (346,996) | - |
| Customer deposits | (9,048) | - | - | (9,048) | - |
| Deferred outflows | (36) | 1,220 | 3,522 | 4,706 | - |
| Increase (Decrease) in Liabilities and Deferred Inflows: | | | | | |
| Accounts payable | (568,749) | 44,514 | (390,236) | (914,471) | 18,354 |
| Compensated absences payable | 35,983 | 10,123 | (1,594) | 44,512 | 99,227 |
| Unearned revenue | (14,696) | - | - | (14,696) | - |
| Pension liability | 128,205 | 20,948 | 5,800 | 154,953 | - |
| Other postemployment benefits liability | (532,712) | (87,037) | (24,098) | (643,847) | - |
| Deferred inflows | (98,814) | (16,144) | (4,468) | (119,426) | - |
| Net Cash Provided by Operating Activities | <u>\$ 7,840,043</u> | <u>\$ 5,779,943</u> | <u>\$ 837,844</u> | <u>\$ 15,101,677</u> | <u>\$ 103,783</u> |
| Noncash investing, capital and financing activities | | | | | |
| Fair value of non-cash investments | - | \$ 5,756 | - | - | - |
| Revenue bond arbitrage | \$ (28) | - | - | - | - |

See accompanying notes to the basic financial statements



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NOTES TO THE BASIC FINANCIAL STATEMENTS

Index

| | |
|--|--------------|
| Summary of Significant Accounting Policies | 1 |
| Reporting Entity | 1-A |
| Government-Wide and Fund Financial Statements | 1-B |
| Measurement Focus, Basis of Accounting and Statement Presentation | 1-C |
| Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Fund Balances | 1-D |
| Cash, Cash Equivalents and Investments..... | 1-D-1 |
| Receivables..... | 1-D-2 |
| Interfund Balances..... | 1-D-3 |
| Consumable Inventories..... | 1-D-4 |
| Prepaid Items..... | 1-D-5 |
| Restricted Assets | 1-D-6 |
| Capital Assets..... | 1-D-7 |
| Compensated Absences..... | 1-D-8 |
| Accrued Liabilities and Long-term Obligations..... | 1-D-9 |
| Bond Premiums and Discounts and Refunding Gains and Losses | 1-D-10 |
| Fund Equity..... | 1-D-11 |
| Operating Revenues and Expenses..... | 1-D-12 |
| Contributions of Capital..... | 1-D-13 |
| Interfund Activity..... | 1-D-14 |
| Estimates | 1-D-15 |
| Deferred Outflows/Inflows of Resources..... | 1-D-16 |
| Stewardship, Compliance and Accountability | 2 |
| Budgetary Information | 2-A |
| Detailed Notes on All Funds..... | 3 |
| Deposits and Investments..... | 3-A |
| Receivables | 3-B |
| Property Taxes | 3-C |
| Operating Leases | 3-D |
| Capital Assets..... | 3-E |
| Commitments | 3-F |
| Transfers..... | 3-G |
| Landfill Closure and Post-closure Care..... | 3-H |
| Long-Term Debt..... | 3-I |
| Pension and Other Postemployment Benefit Plans | 3-J |
| Net Investment in Capital Assets..... | 3-K |
| Deferred Outflows and Inflows of Resources..... | 3-L |
| Other Notes | 4 |
| Risk Management..... | 4-A |
| Contingent Liabilities..... | 4-B |
| Swan Lake Hydroelectric Facility and Related Party Transactions | 4-C |
| Tax Abatements | 4-D |
| Subsequent Events..... | 4-E |

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D-6 Restricted Assets

Certain cash and investments are restricted for the payment of revenue bond debt service and construction costs.

The Revenue Bond Redemption Fund and Revenue Bond Reserve Fund have been established in accordance with the provisions of the revenue bond indentures. These funds can only be used for the payment of principal and interest on revenue bonds outstanding and must be maintained in accordance with the provisions of the applicable revenue bond ordinances. As of December 31, 2019 the balance on hand in the KPU Revenue Bond Redemption Fund amounted to \$474,647 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 \$186,388. The Port Revenue Bond Reserve Fund contained \$2,240,000, as required by applicable bond ordinances. The Wastewater Service Fund contained \$27,287 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, 2019 was \$490,104 in the Harbor Construction Fund and \$1,934,102 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, 2019 the amount required to satisfy the bond covenants and lease agreement was \$2,751,907 and \$1,572,493 respectively, for a total of \$4,324,400.

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 \$7,894 in the Commercial Passenger Vessel Excise Tax Capital Projects Fund, \$1,092,751 in the Port Fund and \$5,247,828 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 \$168,898.

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)

| Asset Class | Estimated Lives | |
|---|-------------------------|--------------------------|
| | Governmental Activities | Business-Type Activities |
| Land improvements | 15-25 Years | --- |
| Buildings and components | 10-100 Years | 20-60 Years |
| Machinery and equipment | 3-25 Years | 3-15 Years |
| Infrastructure | 10-100 Years | 30-85 Years |
| Dams, roads, bridges, docks, structures, water mains, 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 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

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

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

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

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

On December 21, 2018, the 2019 General Government Operating and Capital Budget and the 2019 Ketchikan Public Utilities Operating and Capital Budget were adopted by the City Council with the passage of Resolution 18-2716 and Resolution 18-2717, respectively. During the year, the 2019 General Government Operating and Capital Budget was amended to provide for supplemental appropriations as follows:

- Acceptance of a grant for the fire department in the amount of \$15,000.
- Acceptance of a grant for the fire department in the amount of \$21,829.
- Acceptance of a grant for the museum department in the amount of \$35,000.
- Acceptance of a grant for the museum department in the amount of \$2,233.
- Acceptance of a grant for the public health department in the amount of \$95,880
- Increase appropriations for the tourism department in the amount of \$250,000.

Note 2 – Stewardship, Compliance and Accountability (Continued)

During the year, the 2019 Ketchikan Public Utilities Operating and Capital Budget was amended as follows:

- Increase revenue and appropriations for the electric department in the amount of \$6,740,000 to cover the cost of extended diesel generation.

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

All unencumbered appropriations lapse at the end of each fiscal year, but encumbered appropriation balances carry forward automatically and may be expended after year-end. All unencumbered, unexpended annual appropriations lapse at year-end. Payments made against prior year purchase orders result in current year expenditures being increased and current year encumbrance balances being reduced so that these payments do not reduce current year appropriations.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Cash and investments for the City are comprised of governmental and business-type activities. The balances at December 31, 2019 were:

| | |
|--------------------------------------|----------------------|
| Cash on hand | \$ 11,770 |
| Deposits with financial institutions | 83,884,992 |
| Total | <u>\$ 83,896,762</u> |

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

| | Governmental Activities | Business-type Activities | Total |
|--------------|----------------------------|-----------------------------|----------------------|
| Unrestricted | \$ 30,316,184 | \$ 36,235,058 | \$ 66,551,242 |
| Restricted | 7,857,197 | 9,488,323 | 17,345,520 |
| Total | <u>\$ 38,173,381</u> | <u>\$ 45,723,381</u> | <u>\$ 83,896,762</u> |

The restricted cash and investments are comprised entirely of \$1,617,497, \$27,287 and \$2,426,388 for bond reserve accounts established for the City's municipal utility, wastewater services and port revenue bonds, respectively, \$2,428,152 for bond construction accounts, \$4,324,400 for the Port repair and replacement accounts, \$6,348,473 for commercial passenger excise tax fund accounts, \$4,425 in transient tax funds and \$168,898 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, 2019, the book value of all the City deposits was \$83,884,992 and the bank value was \$85,767,991. The bank balance was under collateralized by \$795,234 or .94% of total bank deposits as of December 31, 2019.

Note 3 - Detailed Notes on All Funds (Continued)

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, 2019, the weighted average maturity of the City's investment portfolio was .57 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, 2019, the City had an investment totaling \$62,218,870.

Concentration of credit risk. The City's total investment as of December 31, 2019 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, 2019, the City's investment was held by either a counterparty or a counterparty's trust department or agent.

| Investment Type | Fair Value | Non Maturity Rated | Investment Maturity (in years) | | | Average Maturity (Years) |
|------------------------|---------------|-----------------------|--------------------------------|-------|--------|--------------------------------|
| | | | Less Than 1 | 1 - 5 | 6 - 10 | |
| Certificate of Deposit | \$ 62,218,870 | \$ - | \$ 62,218,870 | \$ - | \$ - | 0.57 |
| | \$ 62,218,870 | \$ - | \$ 62,218,870 | \$ - | \$ - | |

Portfolio weighted average maturity

0.57

3-B. Receivables

Receivables consist of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. Receivables for the year ended December 31, 2019, consisted of the following:

Note 3 - Detailed Notes on All Funds (Continued)

| | Governmental Activities | Business- type Activities | Total |
|---------------------------------|----------------------------|---------------------------------|----------------------|
| Accounts receivable | \$ 3,808,834 | \$ 8,126,941 | \$ 11,935,775 |
| Allowance for doubtful accounts | (159,100) | (93,600) | (252,700) |
| Net accounts receivable | <u>\$ 3,649,734</u> | <u>\$ 8,033,341</u> | <u>\$ 11,683,075</u> |

3-C. Property Taxes

Under Alaska Statutes, boroughs are required to bill and collect property taxes for cities located within its boundaries. The Ketchikan Gateway Borough performs these functions for the City. The City must set the rate of levy by June 15 of each year. Property taxes are levied on July 1 and are based on the assessed valuation of real and personal property as of January 1. Property taxes are due and payable immediately upon levy and become delinquent if not paid on or before September 30 of the year in which they are levied. The lien date is October 1. Foreclosure proceedings are initiated by the Ketchikan Gateway Borough the following January on properties for which property taxes has not been paid by December 31. Upon the issuance of a judgment by the court, properties with delinquent taxes are transferred to the Borough and held for at least one year in order to permit the property owner with an option to redeem the property. At the end of the redemption period, all unredeemed property located within the City is deeded to the City by the court subject to the payment by the City of all unpaid borough taxes and the costs of foreclosure levied against the property.

3-D. Leases

3-D-1 Operating Leases

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

In 1988, the City entered into an agreement with the United States of America, Forest Service to lease City owned land for 40 years for a Southeast Alaska visitor's information center. The terms of the lease agreement require annual lease payments of \$1 per year.

In 1981, the City entered into an agreement with Peace Health to lease the City owned hospital for 10 years. The terms of the lease require annual payments of \$1 per year. In 1992, 2003 and 2013, the agreement was amended to provide for 10-year extensions.

In 2004, the State of Alaska transferred, at no cost, to the City of Ketchikan thirteen tidelands leases. The following is a schedule of investment in property held for lease and the minimum future rentals as of December 31, 2019:

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

Note 3 - Detailed Notes on All Funds (Continued)

| <u>Years Ending December 31</u> | <u>Amount</u> |
|------------------------------------|-------------------|
| 2020 | \$ 48,739 |
| 2021 | 48,738 |
| 2022 | 48,739 |
| 2023 | 48,738 |
| 2024 | 33,483 |
| 2025-2029 | 164,511 |
| 2030-2034 | 163,299 |
| 2035-2039 | 89,900 |
| 2040-2044 | 71,615 |
| 2045-2049 | 67,250 |
| 2050-2054 | 37,450 |
| 2055-2059 | 30,000 |
| 2060-2063 | 24,000 |
| Total minimum future lease rentals | <u>\$ 876,462</u> |

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:

| <u>Year Ending December 31</u> | <u>Amount</u> |
|-------------------------------------|----------------------|
| 2020 | \$ 1,800,000 |
| 2021 | 1,800,000 |
| 2022 | 1,800,000 |
| 2023 | 1,800,000 |
| 2024 | 1,800,000 |
| 2025-2029 | 9,000,000 |
| 2030-2034 | 9,000,000 |
| 2035-2037 | 5,400,000 |
| Total future minimum lease payments | <u>\$ 32,400,000</u> |

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 2019, the City paid the minimum lease of \$1,800,000 plus a contingent lease payment of \$987,600 for a total of \$2,787,600.

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-----------|--------------|-------------------|
| Governmental activities: | | | | |
| Nondepreciable capital assets | | | | |
| Land | \$ 28,781,631 | \$ - | \$ - | \$ 28,781,631 |
| Easements | 588,168 | - | - | 588,168 |
| Construction in progress | 11,050,493 | 3,023,085 | 1,405,119 | 12,668,459 |
| Other capital assets | 100,750 | - | - | 100,750 |
| Total nondepreciable capital assets | 40,521,042 | 3,023,085 | 1,405,119 | 42,139,008 |
| Depreciable capital assets: | | | | |
| Land improvements | 1,539,203 | - | - | 1,539,203 |
| Buildings | 140,590,518 | 1,406,922 | - | 141,997,440 |
| Machinery and equipment | 16,874,663 | 373,677 | 425,312 | 16,823,028 |
| Infrastructure | 85,219,698 | 726,073 | 36,406 | 85,909,365 |
| Software | 581,531 | - | - | 581,531 |
| Total depreciable capital assets | 244,805,613 | 2,506,672 | 461,718 | 246,850,567 |
| Total capital assets | 285,326,655 | 5,529,757 | 1,866,837 | 288,989,575 |
| Accumulated depreciation: | | | | |
| Land improvements | 1,366,866 | 8,312 | - | 1,375,178 |
| Buildings | 24,124,280 | 2,166,125 | - | 26,290,405 |
| Machinery and equipment | 10,505,664 | 887,296 | 409,501 | 10,983,459 |
| Infrastructure | 30,974,067 | 2,442,963 | 35,466 | 33,381,564 |
| Software | 289,980 | 25,352 | - | 315,332 |
| Total accumulated depreciation | 67,260,857 | 5,530,048 | 444,967 | 72,345,938 |
| Governmental activities capital assets, net | \$ 218,065,798 | \$ (291) | \$ 1,421,870 | \$ 216,643,637 |

Governmental activities depreciation expense

| | |
|--|---------------------|
| General government | \$ 105,179 |
| Public safety | 645,652 |
| Public works | 1,906,152 |
| Health and welfare | 1,333,632 |
| Harbor | 1,191,551 |
| Culture | 347,882 |
| Total governmental activities depreciation expense | <u>\$ 5,530,048</u> |

Note 3 - Detailed Notes on All Funds (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------|------------|-------------------|
| Business-type activities: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | \$ 4,498,606 | \$ - | \$ - | \$ 4,498,606 |
| Other capital assets | 221,766 | - | - | 221,766 |
| Construction in progress | 9,907,189 | 4,319,681 | 164,808 | 14,062,062 |
| Total non-depreciable capital assets | 14,627,561 | 4,319,681 | 164,808 | 18,782,434 |
| Depreciable capital assets: | | | | |
| Electric utility plant | 126,715,471 | 1,339,139 | 927,406 | 127,127,204 |
| Telecommunications utility plant | 68,776,771 | 2,255,603 | 1,786,636 | 69,245,738 |
| Water utility plant | 57,311,643 | 132,935 | 113,958 | 57,330,620 |
| Wastewater utility plant | 27,424,418 | 58,349 | - | 27,482,767 |
| Port facilities | 67,891,581 | - | - | 67,891,581 |
| Total depreciable capital assets | 348,119,884 | 3,786,026 | 2,828,000 | 349,077,910 |
| Total capital assets | 362,747,445 | 8,105,707 | 2,992,808 | 367,860,344 |
| Accumulated depreciation: | | | | |
| Electric utility plant | 73,884,221 | 3,465,949 | 927,406 | 76,422,764 |
| Telecommunications utility plant | 54,066,266 | 3,051,051 | 1,157,476 | 55,959,841 |
| Water utility plant | 21,047,462 | 1,442,124 | 48,841 | 22,440,745 |
| Wastewater utility plant | 9,104,260 | 539,621 | - | 9,643,881 |
| Port facilities | 20,311,275 | 1,449,353 | - | 21,760,628 |
| Total accumulated depreciation | 178,413,484 | 9,948,098 | 2,133,723 | 186,227,859 |
| Business-type activities capital assets, net | \$ 184,333,961 | \$ (1,842,391) | \$ 859,085 | \$ 181,632,485 |

3-F. Commitments

The City has the following commitments as of December 31, 2019:

| | Operational | Capital | Total |
|----------------------------------|-------------|--------------|--------------|
| Governmental Funds | | | |
| General | \$ 311,718 | \$ 1,337,892 | \$ 1,649,610 |
| Non-major special revenue funds | 6,631 | 251,817 | 258,448 |
| Non-major capital projects funds | - | 319,984 | 319,984 |
| Total Governmental Funds | \$ 318,349 | \$ 1,909,693 | \$ 2,228,042 |
| Enterprise Funds | | | |
| KPU | \$ 918,430 | \$ 2,573,620 | \$ 3,492,050 |
| Port | 10,922 | 5,715,797 | 5,726,719 |
| Wastewater | 18,659 | 170,638 | 189,297 |
| Total Enterprise Funds | \$ 948,011 | \$ 8,460,055 | \$ 9,408,066 |

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Interfund Balances and Transfers

Interfund balances at December 31, 2019, consisted of \$75,757 from governmental funds and represents reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year except where noted.

Interfund transfers for the year ended December 31, 2019, consisted of the following:

| Transfers out | Transfers in | | | | Total |
|-----------------------------|---------------------|---------------------|---------------------------------|-----------------------------|---------------------|
| | General fund | Port fund | Major Capital improvements fund | Nonmajor governmental funds | |
| General fund | \$ - | \$ - | \$ - | \$ 3,392,579 | \$ 3,392,579 |
| KPU fund | 786,000 | - | - | - | 786,000 |
| Port fund | 319,000 | - | - | - | 319,000 |
| Wastewater fund | 80,000 | - | - | - | 80,000 |
| Nonmajor governmental funds | 394,451 | 1,421,046 | - | 379,074 | 2,194,571 |
| Total | <u>\$ 1,579,451</u> | <u>\$ 1,421,046</u> | <u>\$ -</u> | <u>\$ 3,771,653</u> | <u>\$ 6,772,150</u> |

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.

3-H. Landfill Closure and Postclosure Care

State and federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for up to thirty years after closure. Operating and capital expenditures related to current activities of the landfill are recorded in the Solid Waste Services special revenue fund. During 2019, 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 2019, the future closure and postclosure costs were reevaluated and adjusted to reflect current conditions. As of December 31, 2019, the estimated liability for landfill closure and postclosure care costs totaled \$973,440, an increase of \$3,180 from the estimated liability as of December 31, 2018.

The estimated liability is based on an engineer's estimate taking into account various factors including used capacity. As of December 31, 2019 used capacity was approximately 62.24%. It is estimated that an additional \$726,560 will be recognized as closure and postclosure care expenses between the date of the balance sheet, and the year 2037, in 18 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, 2019. 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, 2019.

Note 3 - Detailed Notes on All Funds (Continued)

3-1. 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.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize general obligation bonds outstanding, as of December 31, 2019 follow:

| Year | Governmental Activities | | | Business-type Activities | | |
|-----------|-------------------------|---------------|---------------|--------------------------|------------|--------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 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 | 1,950,000 | 1,862,963 | 3,812,963 | 108,790 | 16,961 | 125,751 |
| 2025-2029 | 11,150,000 | 7,770,006 | 18,920,006 | 569,017 | 59,737 | 628,754 |
| 2030-2034 | 10,380,000 | 5,256,791 | 15,636,791 | 443,532 | 17,709 | 461,241 |
| 2035-2039 | 9,535,000 | 3,270,500 | 12,805,500 | 36,496 | 411 | 36,907 |
| 2040-2044 | 11,470,000 | 1,183,600 | 12,653,600 | - | - | - |
| 2044 | - | - | - | - | - | - |
| Total | \$ 51,455,000 | \$ 27,699,621 | \$ 79,154,621 | \$ 1,577,094 | \$ 178,562 | \$ 1,755,656 |

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.

Note 3 - Detailed Notes on All Funds (Continued)

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.

KPU Revenue Bonds, ADEC Drinking Water Fund 481081– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5563% to finance the construction of the Schoenbar water main replacement. The amount authorized is \$1,591,967. As of December 31, 2019 KPU incurred \$54,135 in design costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

KPU Revenue Bonds, ADEC Drinking Water Fund 481191– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5625% to finance the construction of the implementation of a water-metering program for business customers. The amount authorized is \$1,250,000. As of December 31, 2019 KPU incurred \$206,957 in construction costs eligible for funding from this program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

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.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481151– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5563% to finance the construction of the Schoenbar water main replacement. The amount authorized is \$1,795,197. As of December 31, 2019 KPU incurred \$1,170 in design costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481201– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5563% to finance the construction of the implementation of a water-metering program for business customers. The amount authorized is \$1,250,000. As of December 31, 2019 KPU incurred \$206,957 in construction costs eligible for funding from this program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

The operating revenues of the KPU, Port and Wastewater Funds were \$49 million, \$10.6 million and \$3.4 million respectively. The debt service payments for KPU, Port and Wastewater Funds were \$1.832 million or 3.53% of revenues, \$2.24 million or 22.4% of revenues and \$159,000 or 4.7 % of revenues, respectively.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize revenue bonds outstanding, as of December 31, 2019 follow:

| Year | Principal | Interest | Total |
|-----------|----------------------|----------------------|----------------------|
| 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 | 2,460,354 | 1,480,462 | 3,940,816 |
| 2025-2029 | 13,959,742 | 5,733,091 | 19,692,833 |
| 2030-2034 | 15,478,875 | 2,455,566 | 17,934,441 |
| 2035-2038 | 2,353,491 | 112,423 | 2,465,914 |
| Total | <u>\$ 43,422,716</u> | <u>\$ 16,614,103</u> | <u>\$ 60,036,819</u> |

This amortization schedule does not include \$261,092 for two Drinking Water Loan Fund projects and \$208,127 for two Clean Water Loan Fund projects because the projects related to the loans are in progress. A debt service schedule will be determined upon completion of the projects.

Capital Lease –The City entered into a lease purchase agreement to replace aging firefighting equipment. An aerial fire apparatus for \$1,352,276 and a tanker truck for \$288,608 were purchased on December 31, 2019, bearing an interest rate of 2.010% due in semi-annual installments through December 1, 2026. Once the equipment is placed in service, it will be depreciated over the life of the asset.

The annual debt service related to capital leases is as follows:

| Year | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2020 | \$ 223,397 | \$ 29,268 | \$ 252,665 |
| 2021 | 225,220 | 27,445 | 252,665 |
| 2022 | 229,770 | 22,895 | 252,665 |
| 2023 | 234,412 | 18,253 | 252,665 |
| 2024 | 239,147 | 13,518 | 252,665 |
| 2025-2026 | 492,884 | 12,446 | 505,330 |
| Total | <u>\$ 1,644,830</u> | <u>\$ 123,825</u> | <u>\$ 1,768,655</u> |

(This page continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2019:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 53,015,000 | \$ - | \$ 1,560,000 | \$ 51,455,000 | \$ 1,630,000 |
| Plus deferred amounts: | | | | | |
| For issuance premiums | 2,294,962 | - | 110,528 | 2,184,434 | 110,529 |
| Total bonds payable | 55,309,962 | - | 1,670,528 | 53,639,434 | 1,740,529 |
| Capital lease | - | 1,644,830 | - | 1,644,830 | 223,397 |
| Landfill closure costs | 970,260 | 3,180 | - | 973,440 | - |
| Compensated absences | 1,522,754 | 1,414,698 | 1,315,470 | 1,621,982 | 162,198 |
| Total Governmental Activities | <u>\$ 57,802,976</u> | <u>\$ 3,062,708</u> | <u>\$ 2,985,998</u> | <u>\$ 57,879,686</u> | <u>\$ 2,126,124</u> |
| Business-Type Activities | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 1,678,051 | \$ - | \$ 100,957 | \$ 1,577,094 | \$ 102,477 |
| Revenue bonds | 45,538,087 | 469,219 | 2,115,371 | 43,891,935 | 2,188,130 |
| Plus deferred amounts: | | | | | |
| For issuance premiums | 4,732,772 | - | 293,154 | 4,439,618 | 293,154 |
| Total bonds payable | 51,948,910 | 469,219 | 2,509,482 | 49,908,647 | 2,583,761 |
| Compensated absences | 1,038,798 | 1,331,413 | 1,286,900 | 1,083,311 | 108,331 |
| Total Business-Type Activities | <u>\$ 52,987,708</u> | <u>\$ 1,800,632</u> | <u>\$ 3,796,382</u> | <u>\$ 50,991,958</u> | <u>\$ 2,692,092</u> |

The general obligation bonds and capital lease obligations 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, 2019, \$27,760,000 of the bonds outstanding was considered defeased.

3-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. The total 2019 pension expense for all plans was \$4,736,307.

Note 3 - Detailed Notes on All Funds (Continued)

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/dr/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.

Note 3 - Detailed Notes on All Funds (Continued)

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 Rate mandated by Alaska Statutes 39.35.255.

Contributions rates for the year ended December 31, 2019 were based on the June 30, 2019 and the June 30, 2018 roll forward PERS actuarial valuation report and were as follows:

| | Employer Rate | | ARMB Rate | | State Contribution Rate | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|--------------------|
| | Jan 1 - June 30 | July 1 - Dec 31 | Jan 1 - June 30 | July 1 - Dec 31 | Jan 1 - June 30 | July 1 - Dec 31 |
| Pension | 16.17% | 15.72% | 21.75% | 22.34% | 5.58% | 6.62% |
| Postemployment healthcare | 5.83% | 6.28% | 5.83% | 6.28% | 0.00% | 0.00% |
| Total Contribution Rate | 22.00% | 22.00% | 27.58% | 28.62% | 5.58% | 6.62% |

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 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|
| Employer contributions (including DBUL) | \$ 1,175,314 | \$ 1,236,552 | \$ 1,271,851 | \$ 1,066,834 | \$ 960,680 |
| Nonemployer contributions | 646,303 | 428,166 | 373,586 | 398,317 | 2,382,842 |
| Total Contributions | \$ 1,823,636 | \$ 1,664,718 | \$ 1,645,437 | \$ 1,465,151 | \$ 3,343,522 |
| Postemployment Healthcare | 2019 | 2018 | 2017 | 2016 | 2015 |
| Employer contributions (including DBUL) | \$ 446,090 | \$ 397,004 | \$ 477,194 | \$ 597,283 | \$ 677,349 |
| Nonemployer contributions | - | - | - | 88,708 | 72,849 |
| Total Contributions | \$ 446,090 | \$ 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).

Note 3 - Detailed Notes on All Funds (Continued)

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 non-employer contributions. Alaska Statutes require that forfeitures be used to reduce employer contributions. The benefits paid to employees are based on the amounts contributed to the plan by employers and employees and investment earnings.

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

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

Funding Policy and Contribution Rates

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

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

(This page continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

| | <u>1/1/19 - 6/30/19</u> | <u>7/1/19 - 12/31/19</u> |
|----------------------------------|-------------------------|--------------------------|
| <i>Employee:</i> | | |
| Pension | | |
| Police Officers and Firefighters | 8.00% | 8.00% |
| Other Employees | 8.00% | 8.00% |
| <i>Employer:</i> | | |
| Pension | | |
| Police Officers and Firefighters | 5.00% | 5.00% |
| Other Employees | 5.00% | 5.00% |
| Retiree Major Medical | | |
| Police Officers and Firefighters | 0.94% | 1.32% |
| Other Employees | 0.94% | 1.32% |
| Occupational Disability & Death: | | |
| Police Officers and Firefighters | 0.76% | 0.72% |
| Other Employees | 0.26% | 0.26% |
| Health Reimbursement Account: | | |
| Police Officers and Firefighters | \$175.24/month* | \$176.80/month* |
| Other Employees | \$175.24/month* | \$176.80/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, 2019 were based on the June 30, 2019 and the June 30, 2018 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.

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Covered employee payroll | <u>\$ 5,497,020</u> | <u>\$ 4,735,319</u> | <u>\$ 4,531,943</u> | <u>\$ 3,908,223</u> | <u>\$ 3,690,264</u> |
| Pension contributions | 274,866 | 236,549 | 226,846 | 195,411 | 184,661 |
| Other postemployment benefit contributions | 233,084 | 197,462 | 190,520 | 181,142 | 185,145 |
| Total Contributions | <u>\$ 507,950</u> | <u>\$ 434,011</u> | <u>\$ 417,366</u> | <u>\$ 376,553</u> | <u>\$ 369,806</u> |

(This page continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

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

At December 31, 2019, 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:

| | | |
|---|------------------------------|---------------------------|
| City's proportionate share | | |
| Occupational death and disability | \$ - | \$ (108,296) |
| Defined contribution retiree medical | - | 94,484 |
| Defined benefit retiree medical | - | 451,885 |
| Pension | 16,669,784 | - |
| Total City's proportionate share | <u>\$ 16,669,784</u> | <u>\$ 438,073</u> |
| State's proportionate share attributable to employer | 6,618,080 | 179,619 |
| Total Pension and Other Postemployment Benefits Liabilities | <u>\$ 23,287,864</u> | <u>\$ 617,692</u> |
| | <u>Net Pension Liability</u> | <u>Net OPEB Liability</u> |
| City's proportionate share reported in | | |
| Governmental activities | \$ 12,884,075 | \$ 338,586 |
| Business-type activities | 3,785,709 | 99,487 |
| Total City's proportionate share | <u>\$ 16,669,784</u> | <u>\$ 438,073</u> |

The net pension and other postemployment benefits liability is liquidated by all funds that employ PERS employees. These funds include the general fund, solid waste services fund, harbor fund, wastewater services fund, port fund and Ketchikan public utilities fund.

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, 2019 and the total pension and other postemployment benefits liability used for the calculation was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the City's proportion of the pension liability was .30451%, which was an increase of .017% from its proportion measured as of June 30, 2018. At June 30, 2019 the City's portion of the other postemployment benefits liability was .44667% for occupational death and disability and defined contribution retiree medical plan and .30455% for defined benefit retiree healthcare trust, which was an increase of .087% and a decrease of .053% respectively, from June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$914,253, other postemployment benefit expense credit of \$3,524,065 and revenue of \$646,303 for support provided by the State. At December 31, 2019, the City reported deferred outflows of resources and deferred inflow of resources related to pension and other postemployment benefits from the following sources:

Note 3 - Detailed Notes on All Funds (Continued)

| | Pension | |
|--|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes in Assumptions | \$ 510,355 | \$ 284,071 |
| Difference Between Expected and Actual Experience | - | 246,778 |
| Net differences between projected and actual earnings on pension plan investments | 239,009 | - |
| Contributions subsequent to the measurement date | 572,224 | - |
| Totals | <u>\$ 1,321,588</u> | <u>\$ 530,849</u> |

| | Other Postemployment Benefits | | | | | |
|--|-----------------------------------|-------------------|---------------------|----------------------------------|------------------|-------------------|
| | Deferred Outflows of Resources | | | Deferred Inflows of Resources | | |
| | ODD* | DC- Medical | DB-Medical | ODD* | DC-Medical | DB-Medical |
| Changes in Assumptions | \$ - | \$ 45,732 | \$ 599,642 | \$ 2,071 | \$ - | \$ - |
| Changes in proportion and differences between employer share of contributions | 1,527 | 1,230 | 65,181 | 5,516 | 2,039 | 24,041 |
| Difference Between Expected and Actual Experience | - | - | - | 33,765 | 6,999 | 303,657 |
| Net differences between projected and actual earnings on pension plan investments | - | - | - | 716 | 1,043 | 197,876 |
| Contributions subsequent to the measurement date | - | 125,976 | 228,649 | - | - | - |
| Totals | <u>\$ 1,527</u> | <u>\$ 172,938</u> | <u>\$ 893,472</u> | <u>\$ 42,068</u> | <u>\$ 10,081</u> | <u>\$ 525,574</u> |
| Total Deferred Outflow of OPEB | | | <u>\$ 1,067,937</u> | Total Deferred Inflow of OPEB | | <u>\$ 577,723</u> |

*ODD = Occupational Death and Disability

The deferred outflows of resources related to pensions of \$572,224 and to other postemployment benefits in the amount of \$354,625 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:

| Year Ending December 31: | Other Post-employment Benefits | | | |
|--------------------------|--------------------------------|------------|------------|------------|
| | Pension | ODD | DC-Medical | DB-Medical |
| 2020 | \$ 528,765 | \$ (5,730) | \$ 3,906 | \$ 142,182 |
| 2021 | (176,462) | (5,730) | 3,906 | (153,808) |
| 2022 | 67,813 | (4,740) | 6,405 | 47,607 |
| 2023 | 82,464 | (4,716) | 6,361 | 62,129 |
| 2024 | - | (5,051) | 5,405 | - |
| Thereafter | - | (10,582) | 11,657 | - |

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial Assumptions

The total pension liability and other postemployment benefits liability as of June 30, 2019 were determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

| | |
|---------------------------|---|
| Inflation | 2.50% |
| Salary increases | Graded by service from 7.75% to 2.75% for peace officers and firefighters Graded by age and service from 6.75% to 2.75% for all others |
| Investment rate of return | 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88% |
| Trend rates | Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 8.5% grading down to 4.5% Retiree Drug Subsidy/Employer Group Waiver Plans: 8.5% grading down to 4.5% |

Pre-termination mortality rates were based on the 2010-2013 actual mortality experience, 91% of male and 96% of female post-termination rates. Deaths are assumed to be occupational 75% of the time for Peace Officer/Firefighters, 40% of the time for others. Post-termination mortality rates were based on 96% of all rates of the RP-2014 table, MP-2017 generational improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, 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 | 8.16% |
| Global ex-U.S. equity | 7.51% |
| Intermediate treasuries | 1.58% |
| Opportunistic | 3.96% |
| Real assets | 4.76% |
| Private equity | 11.39% |
| Cash equivalents | 0.83% |

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. 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.

Note 3 - Detailed Notes on All Funds (Continued)

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 7.38%, 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 (8.38%) or one percentage point higher (6.38%) than the current rate:

| | 1% Decrease (6.38%) | Current Discount Rate (7.38%) | 1% Increase (8.38%) |
|--|---------------------------|--|---------------------------|
| City's proportionate share of the net pension liability | \$ 2,200,918 | \$ 16,669,784 | \$ 12,204,906 |
| City's proportionate share of the other postemployment benefits liability - | | | |
| Occupational death and disability | \$ (102,726) | \$ (108,296) | \$ (112,798) |
| Defined contribution retiree medical | 237,312 | 94,484 | (13,044) |
| Defined benefit retiree medical | 3,634,848 | 451,885 | (2,166,450) |
| Total City's proportionate share of OPEB | \$ 3,769,434 | \$ 438,073 | \$ (2,292,292) |

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.

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|--------------------------------------|----------------|--|----------------|
| Defined contribution retiree medical | (29,059) | 94,484 | 263,603 |
| Defined benefit retiree medical | (2,472,683) | 451,885 | 4,020,960 |

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 \$6.29 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, 2019 was \$22,657,576 and payroll for covered employees totaled \$11,211,012. The total amount contributed to the IBEW plan in 2019 was \$1,634,695, which represents 14.58% of the City's current covered payroll.

Note 3 - Detailed Notes on All Funds (Continued)

3-K. Net Investment in Capital Assets

Net Investment in capital assets on the government-wide statement of net position as of December 31, 2019 are as follows:

| | Governmental Activities | Business-type Activities |
|---|----------------------------|-----------------------------|
| Cost of capital assets | \$ 288,989,575 | \$ 367,860,344 |
| Less accumulated depreciation | (72,345,938) | (186,227,858) |
| Book value | 216,643,637 | 181,632,486 |
| Less capital related debt | (52,856,112) | (49,908,647) |
| Plus (less) bond discount and refunding amounts | - | (445,137) |
| Net investment in capital assets | \$ 163,787,525 | \$ 131,278,702 |

3-L. Deferred Inflows and Outflows of Resources

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

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

The City's deferred inflows and outflows of resources at December 31, 2019 are as follows:

| | Fund Level | | Government Wide Level | |
|-----------------------------------|-----------------------|----------------------|----------------------------|-----------------------------|
| | Governmental Funds | Proprietary Funds | Governmental Activities | Business-type Activities |
| Deferred Outflows | | | | |
| Outflow due to pension accounting | \$ - | \$ 306,999 | \$ 1,014,589 | \$ 306,999 |
| Outflow due to OPEB accounting | - | 246,785 | 821,153 | 246,785 |
| Total Deferred Outflows | \$ - | \$ 553,784 | \$ 1,835,742 | \$ 553,784 |
| Deferred Inflows | | | | |
| Revenue from taxes | \$ 2,089,175 | \$ - | \$ - | \$ - |
| Revenue from services | 83,395 | - | - | - |
| Inflow from refunding | - | 445,137 | - | 445,137 |
| Inflow from pension accounting | - | 120,557 | 410,292 | 120,557 |
| Inflow from OPEB accounting | - | 131,203 | 446,520 | 131,203 |
| Total Deferred Inflows | \$ 2,172,570 | \$ 696,897 | \$ 856,812 | \$ 696,897 |

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

Note 4- Other Notes

4-A. Risk Management

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

Note 4 - 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, 2019, the City had a net position of \$1,821,742 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. The self-insurance fund has pending claims in the amount of \$143,000 which are included as a liability and no incurred but unpaid claims exist at December 31, 2019.

Changes in the balances of claims liabilities for the years ended December 31, 2019, 2018 and 2017 are as follows:

| Date | (1) Beginning of Fiscal Year Liability | (2) Current Year Claims and Changes in Estimates | (3) Claim Payments | (4) End of Fiscal Year Liability |
|------|---|---|--------------------------|---|
| 2017 | 143,365 | 47,541 | 47,407 | 143,499 |
| 2018 | 143,499 | 56,769 | 54,141 | 146,127 |
| 2019 | 146,217 | 4,124 | 7,251 | 143,000 |

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

4-B. Contingent Liabilities

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

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

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

The City's electric utility operates five hydroelectric and two diesel electric generating plants. The City owns four of the hydroelectric plants and the diesel plants. Prior to July 1, 2019 KPU operated the fifth hydroelectric plant, which is a 22.5 mega-watt Swan Lake facility owned by the Southeast Alaska Power Agency (the "SEAPA"), per 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.

Prior to July 1, 2019 the City operated and maintained the Swan Lake hydroelectric facility under the terms of a long-term operating agreement with the SEAPA. Effective July 1, 2019 SEAPA became the sole party responsible for the operations and maintenance of the Swan Lake hydroelectric facility. The City also purchases power from SEAPA under the terms and conditions of a long-term power sales agreement, which remains in effect until 2034. In 2019, the SEAPA paid the City \$434,187 to operate the Swan Lake hydroelectric facility through June 30, 2019. The City paid the SEAPA \$3,742,973 for power purchased from the Swan Lake hydroelectric facility. During 2019, approximately 32% of the City's total electric generation, or 55,043,725 kWh, was produced by the Swan Lake hydroelectric facility. At December 31, 2019, the amount due to the SEAPA was \$1,098,881.

Note 4 - Other Notes (Continued)

4-D. Tax Abatements

In 2005, the City entered into a 30-year agreement with Alaska Industrial Development and Export Authority and the operator of the Alaska ship and dry-dock, currently Vigor Alaska LLC, to provide tax relief per AS 29.45.050. The tax relief is intended to support the growth of Ketchikan's maritime industry and provide economic diversity and strength. The property tax abatement in 2019 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 2019 tax abatement for this program is \$62,251. The current participants of this program are Ketchikan Indian Community and Tlingit Haida Regional Housing Authority.

4-E. Subsequent Events

The Council approved the issuance of \$11.5 million in KPU Telecommunications Bonds from the Alaska Municipal Bond Bank for the purpose of financing an undersea fiber cable between Ketchikan and Prince Rupert, BC, Canada. The bonds were sold on June 24, 2020. The par value is \$9,520,000. The bond was sold for a premium of \$1,850,150. The average coupon rate is 4.34% and the true interest cost is 2.44%. The average annual debt service is \$741,166 and final maturity is December 1, 2039.

Also on June 24, 2020, the City successfully refunded its 2010 Fire Station General Obligation Bond for \$3.84 million through the Alaska Municipal Bond Bank. The original bond was issued in the amount of \$7.2 million and carried an average interest rate of 5.52%. The refunding resulted in the net present value savings of \$444,530 and a revised average interest rate of 1.57%. The net present value savings amounted to 9.98% of the refunded bond. The refunding bond will mature on December 1, 2030.



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Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|-----------------------------------|----------------------------|-------------------------|-------------------|---|---|---|
| Revenues | | | | | | |
| Taxes | | | | | | |
| Real & personal property taxes | \$ 6,867,913 | \$ 6,867,913 | \$ 6,162,506 | \$ - | \$ 6,162,506 | \$ (705,407) |
| Automobile & boat taxes | 48,000 | 48,000 | 43,364 | - | 43,364 | (4,636) |
| Penalty & interest | 53,000 | 53,000 | 43,697 | - | 43,697 | (9,303) |
| Senior citizen local contribution | (481,600) | (481,600) | (493,174) | - | (493,174) | (11,574) |
| Sales tax | 4,764,000 | 4,764,000 | 4,805,541 | - | 4,805,541 | 41,541 |
| Payments in lieu of taxes | 20,000 | 20,000 | 24,726 | - | 24,726 | 4,726 |
| | <u>11,271,313</u> | <u>11,271,313</u> | <u>10,586,660</u> | <u>-</u> | <u>10,586,660</u> | <u>(684,653)</u> |
| 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 | - |
| | <u>1,185,000</u> | <u>1,185,000</u> | <u>-</u> | <u>1,185,000</u> | <u>1,185,000</u> | <u>-</u> |
| Licenses and permits | | | | | | |
| Building permits | 115,000 | 115,000 | 176,594 | - | 176,594 | 61,594 |
| Other | 1,900 | 1,900 | 1,715 | - | 1,715 | (185) |
| | <u>116,900</u> | <u>116,900</u> | <u>178,309</u> | <u>-</u> | <u>178,309</u> | <u>61,409</u> |
| Intergovernmental | | | | | | |
| State fire grants | 13,000 | 13,000 | 11,687 | - | 11,687 | (1,313) |
| Federal fire grants | 61,012 | 61,012 | 49,261 | - | 49,261 | (11,751) |
| Liquor licenses tax | 31,000 | 31,000 | 30,300 | - | 30,300 | (700) |
| Other state revenues | 227,931 | 227,931 | 686,175 | (468,287) | 217,888 | (10,043) |
| Federal revenues | 2,500 | 39,329 | 2,500 | - | 2,500 | (36,829) |
| | <u>335,443</u> | <u>372,272</u> | <u>779,923</u> | <u>(468,287)</u> | <u>311,636</u> | <u>(60,636)</u> |
| Charges for services | | | | | | |
| Ambulance | 625,000 | 625,000 | 606,756 | - | 606,756 | (18,244) |
| Rentals | 18,000 | 18,000 | 18,849 | - | 18,849 | 849 |
| Parking fees | 88,000 | 88,000 | 92,415 | - | 92,415 | 4,415 |
| Cemetery | 900 | 900 | 1,325 | - | 1,325 | 425 |
| Library services | 573,742 | 573,742 | 520,406 | - | 520,406 | (53,336) |
| Museum services | 262,500 | 262,500 | 311,754 | - | 311,754 | 49,254 |
| E-911 emergency dispatch services | 410,000 | 410,000 | 399,912 | - | 399,912 | (10,088) |
| Civic center services | 109,800 | 109,800 | 104,296 | - | 104,296 | (5,504) |
| Other charges | 82,500 | 82,500 | 48,580 | - | 48,580 | (33,920) |
| | <u>2,170,442</u> | <u>2,170,442</u> | <u>2,104,293</u> | <u>-</u> | <u>2,104,293</u> | <u>(66,149)</u> |
| Fines and forfeitures | | | | | | |
| Parking fines | 92,000 | 92,000 | 79,109 | - | 79,109 | (12,891) |
| Other fines | 22,000 | 22,000 | 11,664 | - | 11,664 | (10,336) |
| Court deposits | 21,000 | 21,000 | 17,450 | - | 17,450 | (3,550) |
| | <u>135,000</u> | <u>135,000</u> | <u>108,223</u> | <u>-</u> | <u>108,223</u> | <u>(26,777)</u> |
| Investment earnings | 130,000 | 130,000 | 110,975 | - | 110,975 | (19,025) |
| Other revenue | | | | | | |
| Miscellaneous | 80,000 | 120,123 | 200,348 | - | 200,348 | 80,225 |
| Interdepartmental charges | 3,634,990 | 3,634,990 | 3,149,501 | - | 3,149,501 | (485,489) |
| Total Revenues | <u>19,059,088</u> | <u>19,136,040</u> | <u>17,218,232</u> | <u>716,713</u> | <u>17,934,945</u> | <u>(1,201,095)</u> |

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, 2019

| | Original Budget | Final Budget | Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|----------------------------|-------------------------|--------------------|---|---|---|
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Mayor and council | 186,680 | 229,870 | 207,426 | (1,958) | 205,468 | 24,402 |
| City Clerk | 360,429 | 366,099 | 303,955 | (9,163) | 294,792 | 71,307 |
| Law | 374,305 | 375,815 | 327,141 | (3,738) | 323,403 | 52,412 |
| City Manager | 771,408 | 795,768 | 750,057 | (49,627) | 700,430 | 95,338 |
| Finance | 2,180,382 | 2,180,382 | 2,075,801 | (47,233) | 2,028,568 | 151,814 |
| Information Technology | 1,162,626 | 1,163,946 | 1,064,788 | (23,780) | 1,041,008 | 122,938 |
| | <u>5,035,830</u> | <u>5,111,880</u> | <u>4,729,168</u> | <u>(135,499)</u> | <u>4,593,669</u> | <u>518,211</u> |
| Public safety | | | | | | |
| Fire | 3,689,794 | 3,711,234 | 3,557,084 | (82,022) | 3,475,062 | 236,172 |
| Police | 5,434,722 | 5,468,961 | 5,144,856 | (167,436) | 4,977,420 | 491,541 |
| | <u>9,124,516</u> | <u>9,180,195</u> | <u>8,701,940</u> | <u>(249,458)</u> | <u>8,452,482</u> | <u>727,713</u> |
| Culture | | | | | | |
| Library | 1,367,503 | 1,383,383 | 1,274,565 | 10,028 | 1,284,593 | 98,790 |
| Museum | 1,103,361 | 1,143,424 | 1,092,747 | (20,861) | 1,071,886 | 71,538 |
| Civic Center | 499,251 | 513,471 | 518,016 | (10,311) | 507,705 | 5,766 |
| | <u>2,970,115</u> | <u>3,040,278</u> | <u>2,885,328</u> | <u>(21,144)</u> | <u>2,864,184</u> | <u>176,094</u> |
| Health and welfare | | | | | | |
| Public Health | 14,325 | 14,325 | 11,114 | - | 11,114 | 3,211 |
| Public works | | | | | | |
| Engineering | 2,035,778 | 2,054,488 | 1,493,122 | (25,224) | 1,467,898 | 586,590 |
| Streets | 1,835,240 | 1,837,360 | 1,570,485 | (2,582) | 1,567,903 | 269,457 |
| Cemetery | 89,020 | 89,020 | 79,614 | (2,075) | 77,539 | 11,481 |
| Garage | 594,056 | 596,806 | 572,836 | (5,168) | 567,668 | 29,138 |
| Building Maintenance | 586,604 | 603,304 | 503,894 | 4,359 | 508,253 | 95,051 |
| | <u>5,140,698</u> | <u>5,180,978</u> | <u>4,219,951</u> | <u>(30,690)</u> | <u>4,189,261</u> | <u>991,717</u> |
| Total Expenditures | <u>22,285,484</u> | <u>22,527,656</u> | <u>20,547,501</u> | <u>(436,791)</u> | <u>20,110,710</u> | <u>2,416,946</u> |
| Deficiency of Revenues Under Expenditures | <u>(3,226,396)</u> | <u>(3,391,616)</u> | <u>(3,329,269)</u> | <u>1,153,504</u> | <u>(2,175,765)</u> | <u>1,215,851</u> |

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, 2019

| | 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 | 2,032,010 | 2,032,010 | 2,025,043 | - | 2,025,043 | (6,967) |
| Transient occupancy tax fund | 672,051 | 672,051 | 389,451 | - | 389,451 | (282,600) |
| Shoreline area fund | 6,374 | 6,374 | 6,374 | - | 6,374 | - |
| Economic development Fund | | | | | | |
| US marshall property seizure fund | 45,000 | 45,000 | - | - | - | (45,000) |
| Bayview cemetery fund | 5,000 | 5,000 | 5,000 | - | 5,000 | - |
| Commercial passenger vessel tax | - | - | - | - | - | - |
| 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 | (854,474) | (854,474) | (854,051) | - | (854,051) | 423 |
| Community grant fund | (56,250) | (56,250) | (56,250) | - | (56,250) | - |
| Sale of capital assets | 15,000 | 15,000 | 59,831 | - | 59,831 | 44,831 |
| Total Other Financing Sources (Uses) | 2,284,711 | 2,284,711 | 3,180,398 | (1,185,000) | 1,995,398 | (289,313) |
| Net Change in Fund Balances | (941,685) | (1,106,905) | (148,871) | (31,496) | (180,367) | 926,538 |
| Prior Year Encumbrances Returned | - | - | - | 20,028 | 20,028 | 20,028 |
| Fund Balances Beginning of Year | 5,806,505 | 5,806,505 | 7,602,736 | (296,106) | 7,306,630 | 1,500,125 |
| Fund Balances End of Year | \$ 4,864,820 | \$ 4,699,600 | \$ 7,453,865 | \$ (307,574) | \$ 7,146,291 | \$ 2,446,691 |

City of Ketchikan, Alaska
Notes to Required Supplementary Information
For the Year Ended December 31, 2019

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.

GAAP to Budget Adjustments - Encumbrance and On-Behalf Payments

| | Encumbrances | | On Behalf | |
|---|---------------------|-------------------|---------------------|---------------------|
| | Prior Year | Current Year | Payments | Total |
| | Activity | Activity | | |
| General Government | | | | |
| Mayor and Council | \$ (41,078) | \$ 39,664 | \$ (544) | \$ (1,958) |
| City Clerk | (43) | - | (9,120) | (9,163) |
| Law | - | - | (3,738) | (3,738) |
| City Manager | (40,500) | 16,100 | (25,227) | (49,627) |
| Finance | (68,500) | 74,750 | (53,483) | (47,233) |
| Information Technology | - | - | (23,780) | (23,780) |
| Total General Government | (150,121) | 130,514 | (115,892) | (135,499) |
| Public Safety | | | | |
| Fire | (13,433) | 48,291 | (116,880) | (82,022) |
| Police | - | 1,874 | (169,310) | (167,436) |
| Total Public Safety | (13,433) | 50,165 | (286,190) | (249,458) |
| Culture | | | | |
| Library | (13,633) | 34,451 | (10,790) | 10,028 |
| Museum | (6,582) | - | (14,279) | (20,861) |
| Civic Center | - | - | (10,311) | (10,311) |
| Total Culture | (20,215) | 34,451 | (35,380) | (21,144) |
| Public Works | | | | |
| Engineering | (4,540) | - | (20,684) | (25,224) |
| Streets | (33,215) | 35,606 | (4,973) | (2,582) |
| Cemetery | (33,425) | 31,350 | - | (2,075) |
| Garage | - | - | (5,168) | (5,168) |
| Building Maintenance | (12,151) | 16,510 | - | 4,359 |
| Total Public Works | (83,331) | 83,466 | (30,825) | (30,690) |
| Total GAAP to Budget Adjustments | \$ (267,100) | \$ 298,596 | \$ (468,287) | \$ (436,791) |

City of Ketchikan, Alaska
Notes to Required Supplementary Information
For the Year Ended December 31, 2019

Note 1 – Budgetary Basis (Continued)

| Budget to GAAP Adjustments - Inclusion of GASB Statement 54 Funds | | | | |
|---|---------------|------------------------|---------------------|--------------|
| | Revenues | Expenditures | Other | Net Change |
| General Fund | \$ 17,218,232 | \$ (20,547,501) | \$ 3,180,398 | \$ (148,871) |
| GASB Statement 54 Funds Required to be Reported as Part of the General Fund | | | | |
| Hospital Sales Tax Fund | 3,342,235 | (246,887) | (2,990,200) | 105,148 |
| Public Works Sales Tax Fund | 4,915,699 | (2,024,075) | (2,087,121) | 804,503 |
| Economic Development & Parking Fund | 12,819 | (187,050) | - | (174,231) |
| Shoreline Fund | 1,762 | - | (6,374) | (4,612) |
| Community Grant Fund | 150,000 | (299,990) | 150,000 | 10 |
| Total of Excluded Funds for Budgetary Purposes | 8,422,515 | (2,758,002) | (4,933,695) | 730,818 |
| Total GAAP Perspective General Fund | \$ 25,640,747 | \$ (23,305,503) | \$ (1,753,297) | \$ 581,947 |
| | | | | |
| | Net Change | Beginning Fund Balance | Ending Fund Balance | |
| General Fund | \$ (148,871) | \$ 7,602,736 | \$ 7,453,865 | |
| GASB Statement 54 Funds Required to be Reported as Part of the General Fund | | | | |
| Hospital Sales Tax Fund | 105,148 | 4,452,051 | 4,557,199 | |
| Public Works Sales Tax Fund | 804,503 | 5,251,637 | 6,056,140 | |
| Economic Development & Parking Fund | (174,231) | 823,785 | 649,554 | |
| Shoreline Fund | (4,612) | 106,022 | 101,410 | |
| Community Grant Fund | 10 | 17,131 | 17,141 | |
| Total of Excluded Funds for Budgetary Purposes | 730,818 | 10,650,626 | 11,381,444 | |
| Total GAAP Perspective General Fund | \$ 581,947 | \$ 18,253,362 | \$ 18,835,309 | |

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*

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| City's proportion of the net pension liability | 0.3045% | 0.3217% | 0.3027% | 0.3618% | 0.3022% |
| City's proportionate share of the net pension liability | \$ 16,669,784 | \$ 15,987,481 | \$ 15,648,449 | \$ 20,224,243 | \$ 14,655,785 |
| State's proportional share of the net pension liability associated with the City | 6,618,080 | 4,629,389 | 5,831,483 | 2,550,121 | 3,925,957 |
| Total Net Pension Liability | <u>\$ 23,287,864</u> | <u>\$ 20,616,870</u> | <u>\$ 21,479,932</u> | <u>\$ 22,774,364</u> | <u>\$ 18,581,742</u> |
| City's covered payroll | \$ 4,495,243 | \$ 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 | 370.832% | 326.995% | 287.073% | 369.791% | 266.248% |
| Plan fiduciary net postion as a percentage of total pension liability | 63.42% | 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 *

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 1,175,314 | \$ 1,236,552 | \$ 1,271,851 | \$ 1,066,834 | \$ 960,680 |
| Contributions in relation to the contractually required contributions | (1,175,314) | (1,236,552) | (1,271,851) | (1,066,834) | (960,680) |
| Contribution deficiency (excess) | - | - | - | - | - |
| City's covered payroll | \$ 4,487,019 | \$ 4,663,974 | \$ 5,316,031 | \$ 5,366,360 | \$ 5,430,257 |
| Contributions as a percentage of covered payroll | 26.19% | 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*

| | 2019 | | 2018 | |
|---|-------------------|---------------------|---------------------|---------------------|
| | Amount | Proportionate Share | Amount | Proportionate Share |
| City's proportionate share of the net other postemployment benefits liability | | | | |
| Occupational death and disability | \$ (108,296) | 0.44667% | \$ (79,782) | 0.41078% |
| Defined contribution medical | 94,484 | 0.39439% | 52,272 | 0.41078% |
| Defined benefit medical | 451,885 | 0.30455% | 3,300,666 | 0.32161% |
| Total City's proportionate share of other postemployment benefits liability | 438,073 | | 3,273,156 | |
| State's proportionate share of the net other postemployment benefits liability | 179,619 | | 958,042 | |
| Total net other postemployment benefits liability | <u>\$ 617,692</u> | | <u>\$ 4,231,198</u> | |
| City's covered payroll | \$ 4,495,243 | | \$ 4,889,220 | |
| City's portionate share of the net other postemployment benefits liability as a percentage of covered payroll | 9.745% | | 66.946% | |
| Plan fiduciary net postion as a percentage of total other postemployment benefits liability | 83.17% | | 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 *

| | Contributions as a Percentage of Covered Payroll | 2019 | Contributions as a Percentage of Covered Payroll | 2018 |
|--|--|---------------------|--|---------------------|
| Contractually required contributions | | | | |
| Occupational death and disability | 0.371% | \$ 20,395 | 0.292% | \$ 13,845 |
| Defined contribution medical | 1.141% | 62,706 | 0.986% | 46,672 |
| Defined benefit medical | 9.942% | 446,090 | 8.512% | 397,004 |
| | | <u>529,191</u> | | <u>457,521</u> |
| Contributions in relation to the contractually required contributions | | <u>(529,191)</u> | | <u>(457,521)</u> |
| Contribution deficiency (excess) | | <u>-</u> | | <u>-</u> |
| City's covered payroll | | | | |
| PERS Defined Benefit - Tier I, II, III | | 4,487,019 | | 4,663,974 |
| PERS Defined Contribution - Tier IV | | <u>5,497,020</u> | | <u>4,735,319</u> |
| Total City's covered payroll | | <u>\$ 9,984,039</u> | | <u>\$ 9,399,293</u> |

*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, 2019

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| Assets | | | |
| Cash and temporary investments | \$ 4,197,418 | \$ 3,673,501 | \$ 7,870,919 |
| Restricted cash: | | | |
| Bond construction funds | - | 2,428,152 | 2,428,152 |
| Property seizure funds | 168,898 | - | 168,898 |
| Commercial passenger excise tax funds | 5,247,828 | 7,894 | 5,255,722 |
| Transient tax funds | - | 4,425 | 4,425 |
| Receivables: | | | |
| Accounts | 389,001 | 249,736 | 638,737 |
| Taxes | 74,186 | - | 74,186 |
| Intergovernmental | 75,757 | 111,928 | 187,685 |
| Interest | 33,024 | 15,224 | 48,248 |
| Unbilled revenue | 64,270 | - | 64,270 |
| Total Assets | \$ 10,250,382 | \$ 6,490,860 | \$ 16,741,242 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 314,902 | \$ 883,765 | \$ 1,198,667 |
| Customer deposits payable | 2,731 | - | 2,731 |
| Interfund payable | 75,757 | - | 75,757 |
| Unearned revenue | 347,085 | - | 347,085 |
| Total Liabilities | 740,475 | 883,765 | 1,624,240 |
| Deferred Inflows of Resources | 74,186 | - | 74,186 |
| Fund Balances | | | |
| Restricted: | | | |
| Law enforcement | 169,594 | - | 169,594 |
| Commercial passenger excise tax | 5,263,981 | 8,099 | 5,272,080 |
| Transient tax funds | - | 4,425 | 4,425 |
| Bond construction funds | - | 1,994,259 | 1,994,259 |
| Assigned: | | | |
| Subsequent years budget | 1,019,267 | - | 1,019,267 |
| General government | 57,354 | - | 57,354 |
| Culture and tourism | 538,915 | - | 538,915 |
| Collection and disposal of solid waste | 1,434,357 | - | 1,434,357 |
| Cemetery operations | 111,417 | - | 111,417 |
| Harbor operations | 840,836 | - | 840,836 |
| Development of community facilities | - | 2,543,493 | 2,543,493 |
| Harbor construction | - | 984,171 | 984,171 |
| Public works projects | - | 72,648 | 72,648 |
| Total Fund Balances | 9,435,721 | 5,607,095 | 15,042,816 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 10,250,382 | \$ 6,490,860 | \$ 16,741,242 |

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, 2019

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--|--|--|
| Revenues | | | | |
| Taxes | \$ 749,932 | \$ - | \$ - | \$ 749,932 |
| Intergovernmental | 2,677,022 | - | 367,350 | 3,044,372 |
| Charges for services | 4,829,258 | - | - | 4,829,258 |
| Fines and forfeitures | 31,889 | - | - | 31,889 |
| Investment earnings | 151,666 | - | 71,305 | 222,971 |
| Miscellaneous | 4,887 | 114,423 | - | 119,310 |
| Total Revenues | 8,444,654 | 114,423 | 438,655 | 8,997,732 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 114,000 | - | - | 114,000 |
| Public safety | 247,850 | - | - | 247,850 |
| Public works | 3,040,704 | - | - | 3,040,704 |
| Port and harbor | 1,200,009 | - | - | 1,200,009 |
| Debt Service: | | | | |
| Principal retirement | 165,000 | 1,395,000 | - | 1,560,000 |
| Interest and fiscal charges | 185,550 | 2,106,174 | - | 2,291,724 |
| Capital Outlay | 383,044 | - | 2,321,388 | 2,704,432 |
| Total Expenditures | 5,336,157 | 3,501,174 | 2,321,388 | 11,158,719 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,108,497 | (3,386,751) | (1,882,733) | (2,160,987) |
| Other Financing Sources (Uses) | | | | |
| Capital lease | - | - | 1,644,830 | 1,644,830 |
| Transfers in | - | 3,386,751 | 384,902 | 3,771,653 |
| Transfers out | (2,194,571) | - | - | (2,194,571) |
| Total Other Financing Sources (Uses) | (2,194,571) | 3,386,751 | 2,029,732 | 3,221,912 |
| Net Change in Fund Balances | 913,926 | - | 146,999 | 1,060,925 |
| Fund Balances Beginning of Year | 8,521,795 | - | 5,460,096 | 13,981,891 |
| Fund Balances End of Year | \$ 9,435,721 | \$ - | \$ 5,607,095 | \$ 15,042,816 |

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, 2019

| | Transient Tax | Marijuana Sales Tax | Solid Waste Services | Ketchikan Boat Harbor |
|---|--------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| Assets | | | | |
| Cash and temporary investments | \$ 823,591 | \$ 257,999 | \$ 1,687,820 | \$ 1,317,083 |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Accounts | - | - | 366,410 | 22,591 |
| Taxes | 74,186 | - | - | - |
| Intergovernmental | - | - | - | - |
| Accrued interest | 3,491 | 359 | 6,649 | 5,184 |
| Unbilled revenue | - | - | 64,270 | - |
| Total Assets | <u><u>\$ 901,268</u></u> | <u><u>\$ 258,358</u></u> | <u><u>\$ 2,125,149</u></u> | <u><u>\$ 1,344,858</u></u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 59,000 | \$ 229,790 | \$ 26,112 |
| Customer deposits payable | - | - | - | 2,731 |
| Interfund payable | - | - | - | - |
| Unearned revenue | - | - | - | 347,085 |
| Total Liabilities | <u>-</u> | <u>59,000</u> | <u>229,790</u> | <u>375,928</u> |
| Deferred Inflows of Resources | <u>74,186</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Restricted: | | | | |
| Law enforcement | - | - | - | - |
| Commercial passenger excise tax | - | - | - | - |
| Assigned: | | | | |
| Subsequent years budget | 288,167 | 142,004 | 461,002 | 128,094 |
| General government | - | 57,354 | - | - |
| Culture and tourism | 538,915 | - | - | - |
| Collection and disposal of solid waste | - | - | 1,434,357 | - |
| Cemetery operations | - | - | - | - |
| Harbor operations | - | - | - | 840,836 |
| Total Fund Balances | <u>827,082</u> | <u>199,358</u> | <u>1,895,359</u> | <u>968,930</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u><u>\$ 901,268</u></u> | <u><u>\$ 258,358</u></u> | <u><u>\$ 2,125,149</u></u> | <u><u>\$ 1,344,858</u></u> |

| Bayview Cemetery | Commercial Passenger Vessel Excise Tax | Federal and State Grant | Forfeitures And Property Seizures | Total Nonmajor Special Revenue Funds |
|-----------------------------|---|--|--|---|
| \$ 110,925 | \$ - | \$ - | \$ - | \$ 4,197,418 |
| - | 5,247,828 | - | 168,898 | 5,416,726 |
| - | - | - | - | 389,001 |
| - | - | - | - | 74,186 |
| - | - | 75,757 | - | 75,757 |
| 492 | 16,153 | - | 696 | 33,024 |
| - | - | - | - | 64,270 |
| <u>\$ 111,417</u> | <u>\$ 5,263,981</u> | <u>\$ 75,757</u> | <u>\$ 169,594</u> | <u>\$ 10,250,382</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 314,902 |
| - | - | - | - | 2,731 |
| - | - | 75,757 | - | 75,757 |
| - | - | - | - | 347,085 |
| - | - | 75,757 | - | 740,475 |
| - | - | - | - | 74,186 |
| - | - | - | 169,594 | 169,594 |
| - | 5,263,981 | - | - | 5,263,981 |
| - | - | - | - | 1,019,267 |
| - | - | - | - | 57,354 |
| - | - | - | - | 538,915 |
| - | - | - | - | 1,434,357 |
| 111,417 | - | - | - | 111,417 |
| - | - | - | - | 840,836 |
| <u>111,417</u> | <u>5,263,981</u> | <u>-</u> | <u>169,594</u> | <u>9,435,721</u> |
| <u>\$ 111,417</u> | <u>\$ 5,263,981</u> | <u>\$ 75,757</u> | <u>\$ 169,594</u> | <u>\$ 10,250,382</u> |

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

| | Transient Tax | Marijuana Sales Tax | Solid Waste Services | Ketchikan Boat Harbor |
|--|--------------------------|--------------------------------|-------------------------------------|--------------------------------------|
| Revenues | | | | |
| Taxes | \$ 534,075 | \$ 215,857 | \$ - | \$ - |
| Intergovernmental | - | - | 5,261 | 28,878 |
| Charges for services | - | - | 3,249,983 | 1,568,935 |
| Fines and forfeitures | - | - | - | 4,120 |
| Investment earnings | 12,655 | 2,452 | 26,975 | 22,869 |
| Miscellaneous | - | - | 1,292 | 3,595 |
| Total Revenues | <u>546,730</u> | <u>218,309</u> | <u>3,283,511</u> | <u>1,628,397</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | 114,000 | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | 3,014,579 | - |
| Port and harbors | - | - | - | 1,200,009 |
| Debt Service: | | | | |
| Principal retirement | - | - | - | 165,000 |
| Interest and fiscal charges | - | - | - | 185,550 |
| Capital Outlay | <u>-</u> | <u>-</u> | <u>260,062</u> | <u>122,982</u> |
| Total Expenditures | <u>-</u> | <u>114,000</u> | <u>3,274,641</u> | <u>1,673,541</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>546,730</u> | <u>104,309</u> | <u>8,870</u> | <u>(45,144)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(646,384)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(646,384)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (99,654) | 104,309 | 8,870 | (45,144) |
| Fund Balances Beginning Of Year | <u>926,736</u> | <u>95,049</u> | <u>1,886,489</u> | <u>1,014,074</u> |
| Fund Balances End Of Year | <u><u>\$ 827,082</u></u> | <u><u>\$ 199,358</u></u> | <u><u>\$ 1,895,359</u></u> | <u><u>\$ 968,930</u></u> |

| Bayview Cemetery | Commercial Passenger Vessel Excise Tax | Federal and State Grant | Forfeitures And Property Seizures | Total Nonmajor Special Revenue Funds |
|-----------------------------|---|--|--|---|
| \$ - | \$ - | \$ - | \$ - | \$ 749,932 |
| - | 2,440,983 | 201,900 | - | 2,677,022 |
| 10,340 | - | - | - | 4,829,258 |
| - | - | - | 27,769 | 31,889 |
| 1,883 | 81,986 | - | 2,846 | 151,666 |
| - | - | - | - | 4,887 |
| <u>12,223</u> | <u>2,522,969</u> | <u>201,900</u> | <u>30,615</u> | <u>8,444,654</u> |
| - | - | - | - | 114,000 |
| - | - | 201,900 | 45,950 | 247,850 |
| 26,125 | - | - | - | 3,040,704 |
| - | - | - | - | 1,200,009 |
| - | - | - | - | 165,000 |
| - | - | - | - | 185,550 |
| - | - | - | - | 383,044 |
| <u>26,125</u> | <u>-</u> | <u>201,900</u> | <u>45,950</u> | <u>5,336,157</u> |
| <u>(13,902)</u> | <u>2,522,969</u> | <u>-</u> | <u>(15,335)</u> | <u>3,108,497</u> |
| <u>(5,000)</u> | <u>(1,543,187)</u> | <u>-</u> | <u>-</u> | <u>(2,194,571)</u> |
| <u>(5,000)</u> | <u>(1,543,187)</u> | <u>-</u> | <u>-</u> | <u>(2,194,571)</u> |
| (18,902) | 979,782 | - | (15,335) | 913,926 |
| <u>130,319</u> | <u>4,284,199</u> | <u>-</u> | <u>184,929</u> | <u>8,521,795</u> |
| <u>\$ 111,417</u> | <u>\$ 5,263,981</u> | <u>\$ -</u> | <u>\$ 169,594</u> | <u>\$ 9,435,721</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbranc | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Taxes | \$ 500,000 | \$ 500,000 | \$ 534,075 | \$ - | \$ 534,075 | \$ 34,075 |
| Investment earnings | 13,000 | 13,000 | 12,655 | - | 12,655 | (345) |
| Total Revenues | <u>513,000</u> | <u>513,000</u> | <u>546,730</u> | <u>-</u> | <u>546,730</u> | <u>33,730</u> |
| Other Financing Uses | | | | | | |
| Transfers out | | | | | | |
| General fund | (672,051) | (672,051) | (389,451) | - | (389,451) | 282,600 |
| Major capital improvements fund | (320,000) | (320,000) | (256,933) | - | (256,933) | 63,067 |
| Total Other Financing Uses | <u>(992,051)</u> | <u>(992,051)</u> | <u>(646,384)</u> | <u>-</u> | <u>(646,384)</u> | <u>345,667</u> |
| Net Change in Fund Balances | <u>(479,051)</u> | <u>(479,051)</u> | <u>(99,654)</u> | <u>-</u> | <u>(99,654)</u> | <u>379,397</u> |
| Fund Balances Beginning of Year | <u>618,905</u> | <u>618,905</u> | <u>926,736</u> | <u>-</u> | <u>926,736</u> | <u>307,831</u> |
| Fund Balances End of Year | <u>\$ 139,854</u> | <u>\$ 139,854</u> | <u>\$ 827,082</u> | <u>\$ -</u> | <u>\$ 827,082</u> | <u>\$ 687,228</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|---|--------------------|-------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Taxes | \$ 170,000 | \$ 170,000 | \$ 215,857 | \$ - | \$ 215,857 | \$ 45,857 |
| Investment earnings | 1,000 | 1,000 | 2,452 | - | 2,452 | 1,452 |
| Total Revenues | 171,000 | 171,000 | 218,309 | - | 218,309 | 47,309 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 98,000 | 114,000 | 114,000 | - | 114,000 | - |
| Excess of Revenues Over Expenditures | 73,000 | 57,000 | 104,309 | - | 104,309 | 47,309 |
| Net Change in Fund Balances | 73,000 | 57,000 | 104,309 | - | 104,309 | 47,309 |
| Fund Balances Beginning of Year | 55,000 | 55,000 | 95,049 | - | 95,049 | 40,049 |
| Fund Balances End of Year | <u>\$ 128,000</u> | <u>\$ 112,000</u> | <u>\$ 199,358</u> | <u>\$ -</u> | <u>\$ 199,358</u> | <u>\$ 87,358</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbranc | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 5,261 | \$ (5,261) | \$ - | \$ - |
| Charges for services | 3,206,000 | 3,206,000 | 3,249,983 | - | 3,249,983 | 43,983 |
| Investment earnings | 47,000 | 47,000 | 26,975 | - | 26,975 | (20,025) |
| Miscellaneous | 5,000 | 5,000 | 1,292 | - | 1,292 | (3,708) |
| Total Revenues | <u>3,258,000</u> | <u>3,258,000</u> | <u>3,283,511</u> | <u>(5,261)</u> | <u>3,278,250</u> | <u>20,250</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public works | 3,241,508 | 3,275,628 | 3,014,579 | (5,771) | 3,008,808 | 266,820 |
| Capital Outlay | <u>305,486</u> | <u>281,886</u> | <u>260,062</u> | <u>(71,406)</u> | <u>188,656</u> | <u>93,230</u> |
| Total Expenditures | <u>3,546,994</u> | <u>3,557,514</u> | <u>3,274,641</u> | <u>(77,177)</u> | <u>3,197,464</u> | <u>360,050</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (288,994) | (299,514) | 8,870 | 71,916 | 80,786 | 380,300 |
| Prior Year Encumbrances Returned | <u>-</u> | <u>-</u> | <u>-</u> | <u>83,627</u> | <u>83,627</u> | <u>83,627</u> |
| Fund Balances Beginning of Year | <u>1,658,146</u> | <u>1,658,146</u> | <u>1,886,489</u> | <u>(162,174)</u> | <u>1,724,315</u> | <u>66,169</u> |
| Fund Balances End of Year | <u>\$ 1,369,152</u> | <u>\$ 1,358,632</u> | <u>\$ 1,895,359</u> | <u>\$ (6,631)</u> | <u>\$ 1,888,728</u> | <u>\$ 530,096</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Intergovernmental | \$ 15,000 | \$ 15,000 | \$ 28,878 | \$ (18,224) | \$ 10,654 | \$ (4,346) |
| Charges for services | 1,611,900 | 1,611,900 | 1,568,935 | - | 1,568,935 | (42,965) |
| Fines and forfeitures | 3,500 | 3,500 | 4,120 | - | 4,120 | 620 |
| Investment earnings | 21,000 | 21,000 | 22,869 | - | 22,869 | 1,869 |
| Miscellaneous | - | - | 3,595 | - | 3,595 | 3,595 |
| Total Revenues | 1,651,400 | 1,651,400 | 1,628,397 | (18,224) | 1,610,173 | (41,227) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Port and harbor | 1,220,115 | 1,260,234 | 1,200,009 | (71,414) | 1,128,595 | 131,639 |
| Debt Service: | | | | | | |
| Principal retirement | 165,000 | 165,000 | 165,000 | - | 165,000 | - |
| Interest and fiscal charges | 185,500 | 185,500 | 185,550 | - | 185,550 | (50) |
| Capital Outlay | 79,240 | 141,666 | 122,982 | 4,974 | 127,956 | 13,710 |
| Total Expenditures | 1,649,855 | 1,752,400 | 1,673,541 | (66,440) | 1,607,101 | 145,299 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,545 | (101,000) | (45,144) | 48,216 | 3,072 | 104,072 |
| Other Financing Uses | | | | | | |
| Transfer out harbor improvements fund | (139,445) | (139,445) | - | - | - | 139,445 |
| Total Other Financing Uses | (139,445) | (139,445) | - | - | - | 139,445 |
| Net Change in Fund Balances | (137,900) | (240,445) | (45,144) | 48,216 | 3,072 | 243,517 |
| Fund Balances Beginning of Year | 1,080,138 | 1,080,318 | 1,014,074 | (53,190) | 960,884 | (119,434) |
| Fund Balances End of Year | \$ 942,238 | \$ 839,873 | \$ 968,930 | \$ (4,974) | \$ 963,956 | \$ 124,083 |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|----------------------------|-------------------------|--------------------------------|---|---|---|
| Revenues | | | | | | |
| Charges for services | \$ 13,700 | \$ 13,700 | \$ 10,340 | \$ - | \$ 10,340 | \$ (3,360) |
| Investment earnings | 1,525 | 1,525 | 1,883 | - | 1,883 | 358 |
| Total Revenues | <u>15,225</u> | <u>15,225</u> | <u>12,223</u> | <u>-</u> | <u>12,223</u> | <u>(3,002)</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public works | 28,583 | 28,583 | 26,125 | (1,750) | 24,375 | 4,208 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(13,358)</u> | <u>(13,358)</u> | <u>(13,902)</u> | <u>1,750</u> | <u>(12,152)</u> | <u>1,206</u> |
| Other Financing Uses | | | | | | |
| Transfers out | | | | | | |
| General fund | (5,000) | (5,000) | (5,000) | - | (5,000) | - |
| Total Other Financing Sources | <u>(5,000)</u> | <u>(5,000)</u> | <u>(5,000)</u> | <u>-</u> | <u>(5,000)</u> | <u>-</u> |
| Net Change in Fund Balances | <u>(18,358)</u> | <u>(18,358)</u> | <u>(18,902)</u> | <u>1,750</u> | <u>(17,152)</u> | <u>1,206</u> |
| Prior Year Encumbrances Returned | <u>-</u> | <u>-</u> | <u>-</u> | <u>218</u> | <u>218</u> | <u>218</u> |
| Fund Balances Beginning of Year | <u>101,716</u> | <u>101,716</u> | <u>130,319</u> | <u>(23,568)</u> | <u>106,751</u> | <u>5,035</u> |
| Fund Balances End of Year | <u>\$ 83,358</u> | <u>\$ 83,358</u> | <u>\$ 111,417</u> | <u>\$ (21,600)</u> | <u>\$ 89,817</u> | <u>\$ 6,459</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Intergovernmental | \$ 2,350,000 | \$ 2,350,000 | \$ 2,440,983 | \$ - | \$ 2,440,983 | \$ 90,983 |
| Investment earnings | 35,000 | 35,000 | 81,986 | | 81,986 | 46,986 |
| Total Revenues | <u>2,385,000</u> | <u>2,385,000</u> | <u>2,522,969</u> | <u>-</u> | <u>2,522,969</u> | <u>137,969</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Tourism | - | 20,000 | - | - | - | 20,000 |
| Excess of Revenues Over Expenditures | <u>2,385,000</u> | <u>2,365,000</u> | <u>2,522,969</u> | <u>-</u> | <u>2,522,969</u> | <u>157,969</u> |
| Other Financing Uses | | | | | | |
| Transfers out | | | | | | |
| CPV capital projects fund | (150,000) | (400,000) | (122,141) | - | (122,141) | 277,859 |
| Port fund | (3,287,629) | (3,287,629) | (1,421,046) | - | (1,421,046) | 1,866,583 |
| Total Other Financing Uses | <u>(3,437,629)</u> | <u>(3,687,629)</u> | <u>(1,543,187)</u> | <u>-</u> | <u>(1,543,187)</u> | <u>2,144,442</u> |
| Net Change in Fund Balances | <u>(1,052,629)</u> | <u>(1,322,629)</u> | <u>979,782</u> | <u>-</u> | <u>979,782</u> | <u>2,302,411</u> |
| Fund Balances Beginning of Year | <u>3,321,314</u> | <u>3,321,314</u> | <u>4,284,199</u> | <u>-</u> | <u>4,284,199</u> | <u>962,885</u> |
| Fund Balances End of Year | <u>\$ 2,268,685</u> | <u>\$ 1,998,685</u> | <u>\$ 5,263,981</u> | <u>\$ -</u> | <u>\$ 5,263,981</u> | <u>\$ 3,265,296</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Intergovernmental | \$ 336,524 | \$ 432,404 | \$ 201,900 | \$ - | \$ 201,900 | \$ (230,504) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public safety | 336,524 | 432,404 | 201,900 | 225,242 | 427,142 | 5,262 |
| Total Expenditures | 336,524 | 432,404 | 201,900 | 225,242 | 427,142 | 5,262 |
| Net Change in Fund Balance | - | - | - | (225,242) | (225,242) | (225,242) |
| Prior Year Funds Returned | - | - | - | - | - | - |
| Fund Balances Beginning of Year | - | - | - | - | - | - |
| Fund Balances End of Year | \$ - | \$ - | \$ - | \$ (225,242) | \$ (225,242) | \$ (225,242) |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrance | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|------------------------|---|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Fines & Forfeitures | \$ - | \$ - | \$ 27,769 | \$ - | \$ 27,769 | \$ 27,769 |
| Investment earnings | 3,200 | 3,200 | 2,846 | | 2,846 | (354) |
| Total Revenues | 3,200 | 3,200 | 30,615 | - | 30,615 | 27,415 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public safety | - | 9,860 | 45,950 | (41,090) | 4,860 | 5,000 |
| Excess (deficiency) of Revenues Over (Under) Expenditures | 3,200 | (6,660) | (15,335) | 41,090 | 25,755 | 32,415 |
| Other Financing Uses | | | | | | |
| Transfers out | | | | | | |
| General fund | (45,000) | (45,000) | - | - | - | 45,000 |
| Net Change in Fund Balances | (41,800) | (51,660) | (15,335) | 41,090 | 25,755 | 77,415 |
| Prior Year Funds Returned | - | - | - | 2,252 | 2,252 | 2,252 |
| Fund Balances Beginning of Year | 141,387 | 141,387 | 184,929 | (43,342) | 141,587 | 200 |
| Fund Balances End of Year | \$ 99,587 | \$ 89,727 | \$ 169,594 | \$ - | \$ 169,594 | \$ 79,867 |



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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, 2019

| | General Obligation Bond Debt Service |
|--|---|
| Revenues | |
| Miscellaneous income | \$ 114,423 |
| Expenditures | |
| Debt Service: | |
| Principal retirement | 1,395,000 |
| Interest and fiscal charges | 2,106,174 |
| Total Expenditures | 3,501,174 |
| Deficiency of Revenues Under Expenditures | (3,386,751) |
| Other Financing Sources | |
| Transfers in | |
| General fund | 854,051 |
| Sales tax hospital & other public works fund | 2,532,700 |
| Community facilities development fund | - |
| Total Other Financing Sources | 3,386,751 |
| 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, 2019

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|----------------------------|-------------------------|------------------|---|
| Revenues | | | | |
| Miscellaneous income | \$ 114,000 | \$ 114,000 | \$ 114,423 | \$ 423 |
| Expenditures | | | | |
| Debt Service: | | | | |
| Principal retirement | 1,607,044 | 1,607,044 | 1,395,000 | 212,044 |
| Interest and fiscal charges | 2,162,065 | 2,162,065 | 2,106,174 | 55,891 |
| Total Expenditures | 3,769,109 | 3,769,109 | 3,501,174 | 267,935 |
| Other Financing Sources | | | | |
| Transfers in | | | | |
| General fund | 854,474 | 854,474 | 854,051 | (423) |
| Sales tax hospital & other public works fund | 2,532,700 | 2,532,700 | 2,532,700 | - |
| Sales tax public works fund | 267,935 | 267,935 | - | (267,935) |
| Community facilities development fund | - | - | - | - |
| Total Other Financing Sources | 3,655,109 | 3,655,109 | 3,386,751 | (268,358) |
| Net Change in Fund Balances | - | - | - | - |
| Fund Balances Beginning of Year | - | - | - | - |
| Fund Balances End of Year | \$ - | \$ - | \$ - | \$ - |



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NONMAJOR CAPITAL PROJECTS FUNDS

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 Projects Funds
December 31, 2019

| | Major Capital Improvements | Harbor Improvements | Community Facilities Development | Hospital Construction | Commercial Passenger Excise Tax Capital Improvements | Total Nonmajor Capital Projects Funds |
|--|----------------------------------|------------------------|--|--------------------------|---|--|
| Assets | | | | | | |
| Cash and investments | \$ 151,906 | \$ 986,739 | \$ 2,534,856 | \$ - | \$ - | \$ 3,673,501 |
| Restricted cash: | | | | | | |
| Bond construction funds | 3,946 | 490,104 | - | 1,934,102 | - | 2,428,152 |
| Commercial passenger excise tax funds | - | - | - | - | 7,894 | 7,894 |
| Transient tax funds | 4,425 | - | - | - | - | 4,425 |
| Accrued interest | - | 2,725 | 9,736 | 2,558 | 205 | 15,224 |
| Receivables: | | | | | | |
| Accounts | - | - | - | 249,736 | - | 249,736 |
| Intergovernmental | 111,928 | - | - | - | - | 111,928 |
| Total Assets | \$ 272,205 | \$ 1,479,568 | \$ 2,544,592 | \$ 2,186,396 | \$ 8,099 | \$ 6,490,860 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | 195,132 | 5,293 | 1,099 | 682,241 | - | 883,765 |
| Total Liabilities | \$ 195,132 | \$ 5,293 | \$ 1,099 | \$ 682,241 | \$ - | \$ 883,765 |
| Fund Balances | | | | | | |
| Restricted | | | | | | |
| Commercial passenger excise tax funds | - | - | - | - | 8,099 | 8,099 |
| Transient tax funds | 4,425 | - | - | - | - | 4,425 |
| Bond construction funds | - | 490,104 | - | 1,504,155 | - | 1,994,259 |
| Assigned: | | | | | | |
| Development of community facilities | - | - | 2,543,493 | - | - | 2,543,493 |
| Harbor projects | - | 984,171 | - | - | - | 984,171 |
| Public works projects | 72,648 | - | - | - | - | 72,648 |
| Total Fund Balances | 77,073 | 1,474,275 | 2,543,493 | 1,504,155 | 8,099 | 5,607,095 |
| Total Liabilities and Fund Balances | \$ 272,205 | \$ 1,479,568 | \$ 2,544,592 | \$ 2,186,396 | \$ 8,099 | \$ 6,490,860 |

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2019

| | Major Capital Improvements | Harbor Improvements | Community Facilities Development | Hospital Construction | Commercial Passenger Excise Tax Capital Improvements | Total Nonmajor Capital Projects Funds |
|--|----------------------------------|------------------------|--|--------------------------|---|--|
| Revenues | | | | | | |
| Intergovernmental | \$ 112,004 | \$ 255,346 | \$ - | \$ - | \$ - | \$ 367,350 |
| Investment earnings | 2,474 | 14,818 | 43,330 | 8,154 | 2,529 | 71,305 |
| Total Revenues | 114,478 | 270,164 | 43,330 | 8,154 | 2,529 | 438,655 |
| Expenditures | | | | | | |
| Capital Outlay: | | | | | | |
| Public safety | 1,640,883 | - | - | - | - | 1,640,883 |
| Culture and tourism | 252,508 | - | 80,436 | - | 155,624 | 488,568 |
| Health and welfare | - | - | - | 63,018 | - | 63,018 |
| Public works | 111,944 | - | - | - | 9,857 | 121,801 |
| Port and harbors | - | 7,118 | - | - | - | 7,118 |
| Total Expenditures | 2,005,335 | 7,118 | 80,436 | 63,018 | 165,481 | 2,321,388 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,890,857) | 263,046 | (37,106) | (54,864) | (162,952) | (1,882,733) |
| Other Financing Sources (Uses) | | | | | | |
| Capital Contributions | | | | | | |
| Proceeds from lease financing | 1,644,830 | - | - | - | - | 1,644,830 |
| Transfers in | | | | | | |
| Transient tax fund | 256,933 | - | - | - | - | 256,933 |
| Major capital improvements fund | - | - | - | - | 5,828 | 5,828 |
| Commercial passenger vessel tax fund | - | - | - | - | 122,141 | 122,141 |
| Total Other Financing Sources (Uses) | 1,901,763 | - | - | - | 127,969 | 2,029,732 |
| Net Change in Fund Balances | 10,906 | 263,046 | (37,106) | (54,864) | (34,983) | 146,999 |
| Fund Balances At Beginning of Year | 66,167 | 1,211,229 | 2,580,599 | 1,559,019 | 43,082 | 5,460,096 |
| Fund Balances At End of Year | \$ 77,073 | \$ 1,474,275 | \$ 2,543,493 | \$ 1,504,155 | \$ 8,099 | \$ 5,607,095 |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 112,004 | \$ - | \$ 112,004 | \$ 112,004 |
| Investment earnings | 1,200 | 1,200 | 2,474 | - | 2,474 | 1,274 |
| Total Revenues | 1,200 | 1,200 | 114,478 | - | 114,478 | 113,278 |
| Expenditures | | | | | | |
| Public safety | 1,628,100 | 1,628,100 | 1,640,883 | - | 1,640,883 | (12,783) |
| Culture and tourism | 320,000 | 320,000 | 252,508 | 4,425 | 256,933 | 63,067 |
| Public works | - | - | 111,944 | (105,162) | 6,782 | (6,782) |
| Total Expenditures | 1,948,100 | 1,948,100 | 2,005,335 | (100,737) | 1,904,598 | 43,502 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,946,900) | (1,946,900) | (1,890,857) | 100,737 | (1,790,120) | 156,780 |
| Other Financing Sources | | | | | | |
| Transfers in - transient tax fund | 320,000 | 320,000 | 256,933 | - | 256,933 | (63,067) |
| Proceeds from lease financing | 1,628,100 | 1,628,100 | 1,644,830 | - | 1,644,830 | 16,730 |
| Total Other Financing Sources | 1,948,100 | 1,948,100 | 1,901,763 | - | 1,901,763 | (46,337) |
| Net Change in Fund Balances | 1,200 | 1,200 | 10,906 | 100,737 | 111,643 | 110,443 |
| Prior Year Encumbrances Returned | - | - | - | - | - | - |
| Fund Balances Beginning of Year | 75,521 | 75,521 | 66,167 | (105,162) | (38,995) | (114,516) |
| Fund Balances End of Year | \$ 76,721 | \$ 76,721 | \$ 77,073 | \$ (4,425) | \$ 72,648 | \$ (4,073) |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive Negative |
|--|--------------------|-------------------|------------------------|--|--------------------------------|----------------------------------|
| Revenues | | | | | | |
| Intergovernmental | \$ 938,055 | \$ 938,055 | \$ 255,346 | \$ - | \$ 255,346 | \$ (682,709) |
| Investment earnings | 17,000 | 17,000 | 14,818 | - | 14,818 | (2,182) |
| Total Revenues | <u>955,055</u> | <u>955,055</u> | <u>270,164</u> | <u>-</u> | <u>270,164</u> | <u>(684,891)</u> |
| Expenditures | | | | | | |
| Port and harbors | <u>1,254,110</u> | <u>1,254,110</u> | <u>7,118</u> | <u>(2,618)</u> | <u>4,500</u> | <u>1,249,610</u> |
| Total Expenditures | <u>1,254,110</u> | <u>1,254,110</u> | <u>7,118</u> | <u>(2,618)</u> | <u>4,500</u> | <u>1,249,610</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(299,055)</u> | <u>(299,055)</u> | <u>263,046</u> | <u>2,618</u> | <u>265,664</u> | <u>564,719</u> |
| Other Financing Sources and (Uses) | | | | | | |
| Transfer in | | | | | | |
| Ketchikan boat harbor fund | 139,445 | 139,445 | - | - | - | (139,445) |
| Proceeds from sale of bonds | <u>487,610</u> | <u>487,610</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(487,610)</u> |
| Total Other Financing Sources (Uses) | <u>627,055</u> | <u>627,055</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(627,055)</u> |
| Net Change in Fund Balances | <u>328,000</u> | <u>328,000</u> | <u>263,046</u> | <u>2,618</u> | <u>265,664</u> | <u>(62,336)</u> |
| Prior Year Encumbrances Returned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances Beginning of Year | <u>540,939</u> | <u>540,939</u> | <u>1,211,229</u> | <u>(29,125)</u> | <u>1,182,104</u> | <u>641,165</u> |
| Fund Balances End of Year | <u>\$ 868,939</u> | <u>\$ 868,939</u> | <u>\$ 1,474,275</u> | <u>\$ (26,507)</u> | <u>\$ 1,447,768</u> | <u>\$ 578,829</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Investment earnings | \$ 50,000 | \$ 50,000 | \$ 43,330 | \$ - | \$ 43,330 | \$ (6,670) |
| Miscellaneous | - | - | - | - | - | - |
| Total Revenues | <u>50,000</u> | <u>50,000</u> | <u>43,330</u> | <u>-</u> | <u>43,330</u> | <u>(6,670)</u> |
| Expenditures | | | | | | |
| Culture and tourism | <u>509,000</u> | <u>609,000</u> | <u>80,436</u> | <u>8,694</u> | <u>89,130</u> | <u>519,870</u> |
| Total Expenditures | <u>509,000</u> | <u>609,000</u> | <u>80,436</u> | <u>8,694</u> | <u>89,130</u> | <u>519,870</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(459,000)</u> | <u>(559,000)</u> | <u>(37,106)</u> | <u>(8,694)</u> | <u>(45,800)</u> | <u>513,200</u> |
| Prior Year Encumbrances Returned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances Beginning of Year | <u>2,560,410</u> | <u>2,560,410</u> | <u>2,580,599</u> | <u>(374)</u> | <u>2,580,225</u> | <u>19,815</u> |
| Fund Balances End of Year | <u>\$ 2,101,410</u> | <u>\$ 2,001,410</u> | <u>\$ 2,543,493</u> | <u>\$ (9,068)</u> | <u>\$ 2,534,425</u> | <u>\$ 533,015</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|---|--------------------|-----------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Investment earnings | \$ 20,000 | \$ 20,000 | \$ 8,154 | \$ - | \$ 8,154 | \$ (11,846) |
| Total Revenues | 20,000 | 20,000 | 8,154 | - | 8,154 | (11,846) |
| Expenditures | | | | | | |
| Health and welfare | 1,288,707 | 1,288,707 | 63,018 | (6,936) | 56,082 | 1,232,625 |
| Net Change in Fund Balances | (1,268,707) | (1,268,707) | (54,864) | 6,936 | (47,928) | 1,220,779 |
| Prior Year Encumbrances Returned | - | - | - | - | - | - |
| Fund Balances Beginning of Year | 1,268,707 | 1,268,707 | 1,559,019 | (281,350) | 1,277,669 | 8,962 |
| Fund Balances End of Year | \$ - | \$ - | \$ 1,504,155 | \$ (274,414) | \$ 1,229,741 | \$ 1,229,741 |

City of Ketchikan, Alaska
Commercial Passenger Vessel Excise Tax Capital Projects Fund
Project Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Investment earnings | \$ - | \$ - | \$ 2,529 | \$ - | \$ 2,529 | \$ 2,529 |
| Total Revenues | - | - | 2,529 | - | 2,529 | 2,529 |
| Expenditures | | | | | | |
| Culture and tourism | - | 250,000 | 155,624 | (28,712) | 126,912 | 123,088 |
| Public works | 300,000 | 300,000 | 9,857 | 1,800 | 11,657 | 288,343 |
| Total Expenditures | 300,000 | 550,000 | 165,481 | (26,912) | 138,569 | 411,431 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (300,000) | (550,000) | (162,952) | 26,912 | (136,040) | 413,960 |
| Other Financing Sources | | | | | | |
| Transfers in | | | | | | |
| Major capital improvements fund | 150,000 | 150,000 | 5,828 | - | 5,828 | (144,172) |
| Commercial passenger vessel tax fund | 150,000 | 400,000 | 122,141 | - | 122,141 | (277,859) |
| Total Other Financing Sources | 300,000 | 550,000 | 127,969 | - | 127,969 | (422,031) |
| Net Change in Fund Balances | - | - | (34,983) | 26,912 | (8,071) | (8,071) |
| Prior Year Encumbrances Returned | - | - | - | 10,164 | 10,164 | 10,164 |
| Fund Balances Beginning of Year | - | - | 43,082 | (42,646) | 436 | 436 |
| Fund Balances End of Year | \$ - | \$ - | \$ 8,099 | \$ (5,570) | \$ 2,529 | \$ 2,529 |

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 Services 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, 2019

| | <u>General</u> | <u>Hospital Sales Tax</u> | <u>Public Works Sales Tax</u> |
|---|---------------------|-------------------------------|-----------------------------------|
| Assets | | | |
| Cash and temporary investments | \$ 8,601,377 | \$ 4,540,444 | \$ 6,061,586 |
| Receivables: | | | |
| Accounts | 248,021 | - | - |
| Taxes | 1,054,638 | 492,691 | 739,036 |
| Intergovernmental | 11,316 | - | - |
| Accrued interest | 33,426 | 16,755 | 19,968 |
| Interfund | 75,757 | - | - |
| Land for resale | 375,353 | - | 15,316 |
| Total Assets | <u>\$10,399,888</u> | <u>\$ 5,049,890</u> | <u>\$ 6,835,906</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 235,702 | \$ - | \$ 40,730 |
| Payroll payable | 1,832,786 | - | - |
| Unearned revenue | 10,878 | - | - |
| Total Liabilities | <u>2,079,366</u> | <u>-</u> | <u>40,730</u> |
| Deferred Inflows of Resources | <u>866,657</u> | <u>492,691</u> | <u>739,036</u> |
| Fund Balances | | | |
| Nonspendable | 375,353 | - | 15,316 |
| Assigned: | | | |
| Subsequent years budget | 2,136,867 | - | 721,237 |
| Parking development and abatement of dangerous buildings | - | - | - |
| Hospital development and expansion | - | 4,557,199 | - |
| General government | 130,514 | - | 104,061 |
| Public safety | 50,166 | - | 1,500,034 |
| Culture and tourism | 34,451 | - | - |
| Public works | 92,443 | - | - |
| Streets, sidewalks and other public projects | - | - | 3,715,492 |
| Unassigned | 4,634,071 | - | - |
| Total Fund Balances | <u>7,453,865</u> | <u>4,557,199</u> | <u>6,056,140</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$10,399,888</u> | <u>\$ 5,049,890</u> | <u>\$ 6,835,906</u> |

| Economic Development & Parking | Shoreline Services | Community Grant Fund | Totals |
|---|-------------------------------|-------------------------------------|----------------------|
| \$ 696,753 | \$ 101,011 | \$ 44,424 | \$ 20,045,595 |
| - | - | - | 248,021 |
| - | - | - | 2,286,365 |
| - | - | - | 11,316 |
| 3,119 | 399 | - | 73,667 |
| - | - | - | 75,757 |
| - | - | - | 390,669 |
| <u>\$ 699,872</u> | <u>\$ 101,410</u> | <u>\$ 44,424</u> | <u>\$ 23,131,390</u> |
| | | | |
| \$ 50,318 | \$ - | \$ 27,283 | \$ 354,033 |
| - | - | - | 1,832,786 |
| - | - | - | 10,878 |
| <u>50,318</u> | <u>-</u> | <u>27,283</u> | <u>2,197,697</u> |
| | | | |
| - | - | - | 2,098,384 |
| | | | |
| - | - | - | 390,669 |
| 158,450 | 4,774 | - | 3,021,328 |
| 491,104 | - | - | 491,104 |
| - | - | - | 4,557,199 |
| - | - | 17,141 | 251,716 |
| - | 96,636 | - | 1,646,836 |
| - | - | - | 34,451 |
| - | - | - | 92,443 |
| - | - | - | 3,715,492 |
| - | - | - | 4,634,071 |
| <u>649,554</u> | <u>101,410</u> | <u>17,141</u> | <u>18,835,309</u> |
| | | | |
| <u>\$ 699,872</u> | <u>\$ 101,410</u> | <u>\$ 44,424</u> | <u>\$ 23,131,390</u> |

City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2019

| | General | Hospital Sales Tax | Public Works Sales Tax | Economic Development & Parking | Shoreline Services | Community Grant | Totals |
|-----------------------------------|-------------------|-----------------------|---------------------------|--------------------------------------|-----------------------|--------------------|-------------------|
| Revenues | | | | | | | |
| Taxes | | | | | | | |
| Real & personal property taxes | \$ 6,162,506 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,162,506 |
| Automobile & boat taxes | 43,364 | - | - | - | - | - | 43,364 |
| Penalty & interest | 43,697 | 10,017 | 15,026 | - | - | - | 68,740 |
| Senior citizen local contribution | (493,174) | - | - | - | - | - | (493,174) |
| Sales tax | 4,805,541 | 3,203,694 | 4,805,540 | - | - | - | 12,814,775 |
| Payments in lieu of taxes | 24,726 | - | - | - | - | - | 24,726 |
| | <u>10,586,660</u> | <u>3,213,711</u> | <u>4,820,566</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,620,937</u> |
| Licenses and permits | | | | | | | |
| Building permits | 176,594 | - | - | - | - | - | 176,594 |
| Other | 1,715 | - | - | - | - | - | 1,715 |
| | <u>178,309</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>178,309</u> |
| Intergovernmental | | | | | | | |
| State fire grants | 11,687 | - | - | - | - | - | 11,687 |
| Federal fire grants | 49,261 | - | - | - | - | - | 49,261 |
| Raw fish tax | - | - | - | - | - | - | - |
| Liquor licenses tax | 30,300 | - | - | - | - | - | 30,300 |
| Other state revenues | 686,175 | - | - | - | - | - | 686,175 |
| Federal revenues | 2,500 | - | - | - | - | - | 2,500 |
| | <u>779,923</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>779,923</u> |
| Charges for services | | | | | | | |
| Ambulance | 606,756 | - | - | - | - | - | 606,756 |
| Rentals | 18,849 | - | - | - | - | - | 18,849 |
| Parking fees | 92,415 | - | - | - | - | - | 92,415 |
| Cemetery | 1,325 | - | - | - | - | - | 1,325 |
| Library services | 520,406 | - | - | - | - | - | 520,406 |
| Museum services | 311,754 | - | - | - | - | - | 311,754 |
| E-911 emergency dispatch services | 399,912 | - | - | - | - | - | 399,912 |
| Civic center services | 104,296 | - | - | - | - | - | 104,296 |
| Other charges | 48,580 | - | - | - | - | - | 48,580 |
| | <u>2,104,293</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,104,293</u> |
| Fines and forfeitures | | | | | | | |
| Parking fines | 79,109 | - | - | - | - | - | 79,109 |
| Other fines | 11,664 | - | - | - | - | - | 11,664 |
| Court deposits | 17,450 | - | - | - | - | - | 17,450 |
| | <u>108,223</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>108,223</u> |
| Investment earnings | 110,975 | 72,681 | 95,133 | 12,819 | 1,762 | - | 293,370 |
| Other revenue | | | | | | | |
| Miscellaneous | 200,348 | 55,843 | - | - | - | 150,000 | 406,191 |
| Interdepartmental charges | 3,149,501 | - | - | - | - | - | 3,149,501 |
| Total Revenues | <u>17,218,232</u> | <u>3,342,235</u> | <u>4,915,699</u> | <u>12,819</u> | <u>1,762</u> | <u>150,000</u> | <u>25,640,747</u> |

City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Cont'd)
For the Year Ended December 31, 2019

| | General | Hospital Sales Tax | Public Works Sales Tax | Economic Development & Parking | Shoreline Services | Community Grant | Totals |
|--|--------------------|-----------------------|---------------------------|--------------------------------------|-----------------------|--------------------|-------------------|
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | | | | | | | |
| Mayor and council | 207,426 | - | - | - | - | 299,990 | 507,416 |
| City clerk | 303,955 | - | - | - | - | - | 303,955 |
| Law | 327,141 | - | - | - | - | - | 327,141 |
| City manager | 750,057 | - | - | - | - | - | 750,057 |
| Finance | 2,075,801 | - | 250 | - | - | - | 2,076,051 |
| Information technology | 1,064,788 | - | - | - | - | - | 1,064,788 |
| | <u>4,729,168</u> | <u>-</u> | <u>250</u> | <u>-</u> | <u>-</u> | <u>299,990</u> | <u>5,029,408</u> |
| Public safety | | | | | | | |
| Fire | 3,557,084 | - | 270,478 | - | - | - | 3,827,562 |
| Police | 5,144,856 | - | 155,473 | - | - | - | 5,300,329 |
| | <u>8,701,940</u> | <u>-</u> | <u>425,951</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,127,891</u> |
| Culture | | | | | | | |
| Library | 1,274,565 | - | - | - | - | - | 1,274,565 |
| Museum | 1,092,747 | - | 62,366 | - | - | - | 1,155,113 |
| Civic center | 518,016 | - | 52,666 | - | - | - | 570,682 |
| Tourism and development | - | - | - | 187,050 | - | - | 187,050 |
| | <u>2,885,328</u> | <u>-</u> | <u>115,032</u> | <u>187,050</u> | <u>-</u> | <u>-</u> | <u>3,187,410</u> |
| Health and welfare | | | | | | | |
| Public health | 11,114 | 246,887 | - | - | - | - | 258,001 |
| Public works | | | | | | | |
| Engineering | 1,493,122 | - | 183,320 | - | - | - | 1,676,442 |
| Streets | 1,570,485 | - | 1,150,775 | - | - | - | 2,721,260 |
| Cemetery | 79,614 | - | 88,125 | - | - | - | 167,739 |
| Garage | 572,836 | - | 60,173 | - | - | - | 633,009 |
| Building maintenance | 503,894 | - | 449 | - | - | - | 504,343 |
| | <u>4,219,951</u> | <u>-</u> | <u>1,482,842</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,702,793</u> |
| Total Expenditures | <u>20,547,501</u> | <u>246,887</u> | <u>2,024,075</u> | <u>187,050</u> | <u>-</u> | <u>299,990</u> | <u>23,305,503</u> |
| Excess (Deficiency) of Revenues | | | | | | | |
| Over (Under) Expenditures | <u>(3,329,269)</u> | <u>3,095,348</u> | <u>2,891,624</u> | <u>(174,231)</u> | <u>1,762</u> | <u>(149,990)</u> | <u>2,335,244</u> |

City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Cont'd)
For the Year Ended December 31, 2019

| | 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 | 2,025,043 | - | (2,025,043) | - | - | - | - |
| Transient occupancy tax fund | 389,451 | - | - | - | - | - | 389,451 |
| 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 | (854,051) | (2,532,700) | - | - | - | - | (3,386,751) |
| Community grant fund | (56,250) | (37,500) | (56,250) | - | - | 150,000 | - |
| Commercial passenger vessel tax capital projc | - | - | (5,828) | - | - | - | (5,828) |
| Sale of capital assets | 59,831 | - | - | - | - | - | 59,831 |
| Total Other Financing Sources (Uses) | 3,180,398 | (2,990,200) | (2,087,121) | - | (6,374) | 150,000 | (1,753,297) |
| Net Change in Fund Balances | (148,871) | 105,148 | 804,503 | (174,231) | (4,612) | 10 | 581,947 |
| Fund Balances Beginning of Year | 7,602,736 | 4,452,051 | 5,251,637 | 823,785 | 106,022 | 17,131 | 18,253,362 |
| Fund Balances End of Year | 7,453,865 | 4,557,199 | 6,056,140 | 649,554 | 101,410 | 17,141 | 18,835,309 |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Taxes | \$ 3,176,000 | \$ 3,176,000 | \$ 3,203,694 | \$ - | \$ 3,203,694 | \$ 27,694 |
| Penalties and interest | 10,500 | 10,500 | 10,017 | - | 10,017 | (483) |
| Investment earnings | 84,000 | 84,000 | 72,681 | - | 72,681 | (11,319) |
| Contributions | - | - | 55,440 | - | 55,440 | 55,440 |
| Miscellaneous | - | - | 403 | - | 403 | 403 |
| Total Revenues | <u>3,270,500</u> | <u>3,270,500</u> | <u>3,342,235</u> | <u>-</u> | <u>3,342,235</u> | <u>71,735</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Health and welfare | <u>288,140</u> | <u>288,140</u> | <u>246,887</u> | <u>3,000</u> | <u>249,887</u> | <u>38,253</u> |
| Total Expenditures | <u>288,140</u> | <u>288,140</u> | <u>246,887</u> | <u>3,000</u> | <u>249,887</u> | <u>38,253</u> |
| Excess of Revenues Over Expenditures | <u>2,982,360</u> | <u>2,982,360</u> | <u>3,095,348</u> | <u>(3,000)</u> | <u>3,092,348</u> | <u>109,988</u> |
| Other Financing Uses | | | | | | |
| Transfers out | | | | | | |
| General fund | (420,000) | (420,000) | (420,000) | - | (420,000) | - |
| Community grant fund | (37,500) | (37,500) | (37,500) | - | (37,500) | - |
| General obligation debt service fund | (2,532,700) | (2,532,700) | (2,532,700) | - | (2,532,700) | - |
| Total Other Financing Uses | <u>(2,990,200)</u> | <u>(2,990,200)</u> | <u>(2,990,200)</u> | <u>-</u> | <u>(2,990,200)</u> | <u>-</u> |
| Net Change in Fund Balances | <u>(7,840)</u> | <u>(7,840)</u> | <u>105,148</u> | <u>(3,000)</u> | <u>102,148</u> | <u>109,988</u> |
| Prior Year Encumbrances Returned | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,574</u> | <u>3,574</u> | <u>3,574</u> |
| Fund Balances Beginning of Year | <u>4,410,903</u> | <u>4,410,903</u> | <u>4,452,051</u> | <u>(15,852)</u> | <u>4,436,199</u> | <u>25,296</u> |
| Fund Balances End of Year | <u>\$ 4,403,063</u> | <u>\$ 4,403,063</u> | <u>\$ 4,557,199</u> | <u>\$ (15,278)</u> | <u>\$ 4,541,921</u> | <u>\$ 138,858</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|----------------------------|-------------------------|--------------------------------|---|---|---|
| Revenues | | | | | | |
| Taxes | \$ 4,764,000 | \$ 4,764,000 | \$ 4,805,540 | \$ - | \$ 4,805,540 | \$ 41,540 |
| Penalties and interest | 15,500 | 15,500 | 15,026 | - | 15,026 | (474) |
| Intergovernmental | 80,000 | 80,000 | - | - | - | (80,000) |
| Investment earnings | 99,000 | 99,000 | 95,133 | - | 95,133 | (3,867) |
| Total Revenues | 4,958,500 | 4,958,500 | 4,915,699 | - | 4,915,699 | (42,801) |
| Expenditures | | | | | | |
| Capital: | | | | | | |
| General government | | | | | | |
| Finance | 20,000 | 20,000 | 250 | (250) | - | 20,000 |
| Public safety | | | | | | |
| Fire | 496,650 | 473,650 | 270,478 | 172,393 | 442,871 | 30,779 |
| Police | 201,525 | 381,525 | 155,473 | 138,913 | 294,386 | 87,139 |
| Culture | | | | | | |
| Museum | 35,000 | 35,000 | 62,366 | (30,000) | 32,366 | 2,634 |
| Civic center | - | - | 52,666 | (52,666) | - | - |
| Public works | | | | | | |
| Engineering | 436,000 | 436,000 | 183,320 | 43,751 | 227,071 | 208,929 |
| Streets | 1,725,744 | 1,781,423 | 1,150,775 | 213,717 | 1,364,492 | 416,931 |
| Cemetery | 131,417 | 131,417 | 88,125 | (1,750) | 86,375 | 45,042 |
| Garage | 50,000 | 60,200 | 60,173 | - | 60,173 | 27 |
| Building maintenance | 50,000 | 50,000 | 449 | (449) | - | 50,000 |
| Total Expenditures | 3,146,336 | 3,369,215 | 2,024,075 | 483,659 | 2,507,734 | 861,481 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,812,164 | 1,589,285 | 2,891,624 | (483,659) | 2,407,965 | 818,680 |
| Other Financing Uses | | | | | | |
| Transfer out | | | | | | |
| General fund | (2,032,010) | (2,032,010) | (2,025,043) | - | (2,025,043) | 6,967 |
| Community grant fund | (56,250) | (56,250) | (56,250) | - | (56,250) | - |
| Commercial passenger vessel tax capital projects | (150,000) | (150,000) | (5,828) | - | (5,828) | 144,172 |
| Debt service fund | (267,935) | (267,935) | - | - | - | 267,935 |
| Total Other Financing Uses | (2,506,195) | (2,506,195) | (2,087,121) | - | (2,087,121) | 419,074 |
| Net Change in Fund Balances | (694,031) | (916,910) | 804,503 | (483,659) | 320,844 | 1,237,754 |
| Prior Year Encumbrances Returned | - | - | - | 14,520 | 14,520 | 14,520 |
| Fund Balances Beginning of Year | 4,116,856 | 4,116,856 | 5,251,637 | (823,119) | 4,428,518 | 311,662 |
| Fund Balances End of Year | \$ 3,422,825 | \$ 3,199,946 | \$ 6,056,140 | \$ (1,292,258) | \$ 4,763,882 | \$ 1,563,936 |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|---|--------------------|-----------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Investment earnings | \$ 18,000 | \$ 18,000 | \$ 12,819 | \$ - | \$ 12,819 | \$ (5,181) |
| Total Revenues | 18,000 | 18,000 | 12,819 | - | 12,819 | (5,181) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Economic tourism and development | 172,450 | 215,950 | 187,050 | 28,895 | 215,945 | 5 |
| Total Expenditures | 172,450 | 215,950 | 187,050 | 28,895 | 215,945 | 5 |
| Net Change in Fund Balances | (154,450) | (197,950) | (174,231) | (28,895) | (203,126) | (5,176) |
| Prior Year Encumbrances Returned | - | - | - | 2,790 | 2,790 | 2,790 |
| Fund Balances Beginning of Year | 819,305 | 819,305 | 823,785 | (8,395) | 815,390 | (3,915) |
| Fund Balances End of Year | \$ 664,855 | \$ 621,355 | \$ 649,554 | \$ (34,500) | \$ 615,054 | \$ (6,301) |

City of Ketchikan, Alaska
Shoreline Services Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Investment earnings | \$ 1,900 | \$ 1,900 | \$ 1,762 | \$ - | \$ 1,762 | \$ (138) |
| Other Financing Uses | | | | | | |
| General fund | (6,374) | (6,374) | (6,374) | - | (6,374) | - |
| Net Change in Fund Balances | (4,474) | (4,474) | (4,612) | - | (4,612) | (138) |
| Fund Balances Beginning of Year | 105,908 | 105,908 | 106,022 | - | 106,022 | 114 |
| Fund Balances End of Year | <u>\$ 101,434</u> | <u>\$ 101,434</u> | <u>\$ 101,410</u> | <u>\$ -</u> | <u>\$ 101,410</u> | <u>\$ (24)</u> |

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, 2019

| | Original Budget | Final Budget | (GAAP Basis) Actual | Reclassifications and Encumbrances | (Budgetary Basis) Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|------------------------|--|--------------------------------|------------------------------------|
| Revenues | | | | | | |
| Contributions | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ - | \$ 150,000 | \$ - |
| Total Revenues | 150,000 | 150,000 | 150,000 | - | 150,000 | - |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Mayor and council | 300,000 | 300,000 | 299,990 | - | 299,990 | 10 |
| Deficiency of Revenues Under Expenditures | (150,000) | (150,000) | (149,990) | - | (149,990) | 10 |
| Other Financing Sources | | | | | | |
| Transfers in | | | | | | |
| General fund | 56,250 | 56,250 | 56,250 | - | 56,250 | - |
| Hospital sales tax fund | 37,500 | 37,500 | 37,500 | - | 37,500 | - |
| Public works sales tax fund | 56,250 | 56,250 | 56,250 | - | 56,250 | - |
| Total Other Financing Sources | 150,000 | 150,000 | 150,000 | - | 150,000 | - |
| Net Change in Fund Balances | - | - | 10 | - | 10 | 10 |
| Fund Balances Beginning of Year | 8 | 8 | 17,131 | - | 17,131 | 17,123 |
| Fund Balances End of Year | \$ 8 | \$ 8 | \$ 17,141 | \$ - | \$ 17,141 | \$ 17,133 |



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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 Service 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, 2019 and 2018

| | | 2019 | 2018 |
|--|-----------------|-----------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and temporary investments | | \$ 23,062,130 | \$ 22,017,576 |
| Accrued interest - general cash and investments | | 83,605 | 97,166 |
| Restricted cash, cash equivalents and investments: | | | |
| Bond redemption | | 474,647 | 463,381 |
| Accounts receivable | \$ 3,333,568 | | |
| Less uncollectible accounts | <u>(82,000)</u> | 3,251,568 | 2,489,164 |
| Due from other governments | | 261,092 | - |
| Prepaid expenses | | 27,902 | 37,262 |
| Inventory of materials | | 2,738,821 | 2,391,825 |
| Unbilled revenue | | 2,232,738 | 2,458,822 |
| Total current assets | | <u>32,132,503</u> | <u>29,955,196</u> |
| Noncurrent assets | | | |
| Restricted investments: | | | |
| Revenue bond reserve fund investments | | 1,142,850 | 1,142,850 |
| Accrued interest receivable - bond reserve fund | | 2,608 | 448 |
| Total Restricted assets | | <u>1,145,458</u> | <u>1,143,298</u> |
| Utility plant in service: | | | |
| Land | | 2,722,866 | 2,722,866 |
| Other non-depreciable assets | | 52,405 | 52,405 |
| Construction work in progress | | 2,254,055 | 690,043 |
| Plant in service | | 253,703,562 | 252,803,885 |
| Less accumulated depreciation | | <u>(154,823,350)</u> | <u>(148,997,949)</u> |
| Total capital assets (net of accumulated depreciation) | | <u>103,909,538</u> | <u>107,271,250</u> |
| Total noncurrent assets | | <u>105,054,996</u> | <u>108,414,548</u> |
| Total assets | | <u>137,187,499</u> | <u>138,369,744</u> |
| Deferred outflow of resources | | <u>459,027</u> | <u>458,991</u> |
| Total Assets and Deferred Outflow of Resources | | <u>\$ 137,646,526</u> | <u>\$ 138,828,735</u> |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Net Position
December 31, 2019 and 2018

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 2,366,697 | \$ 2,755,807 |
| Accrued interest payable | 147,142 | 142,613 |
| Compensated absences payable | 101,084 | 97,486 |
| Customer deposits | 363,035 | 372,083 |
| Unearned revenue | 10,680 | 25,376 |
| Unamortized premiums | 90,570 | 90,570 |
| Revenue bonds payable | 1,133,955 | 1,106,629 |
| Advances to other funds | 365,026 | 350,987 |
| Total current liabilities | 4,578,189 | 4,941,551 |
| Noncurrent liabilities | | |
| Unamortized bond premium | 1,124,582 | 1,215,152 |
| Compensated absences payable | 909,756 | 877,371 |
| Net pension liability | 3,132,252 | 3,004,047 |
| Net other postemployment benefits liability | 82,314 | 615,026 |
| Revenue bonds payable | 17,795,914 | 18,668,777 |
| Advances to other funds | 1,164,540 | 1,529,566 |
| Total noncurrent liabilities | 24,209,358 | 25,909,939 |
| Deferred inflow of resources | 208,300 | 307,114 |
| Total Liabilities and Deferred Inflows of Resources | 28,995,847 | 31,158,604 |
| Net position | | |
| Net investment in capital assets | 83,764,517 | 86,190,122 |
| Restricted for bond retirement | 1,557,965 | 1,543,392 |
| Unrestricted | 23,328,197 | 19,936,617 |
| Total net position | 108,650,679 | 107,670,131 |
| Total liabilities and net position | \$ 137,646,526 | \$ 138,828,735 |

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, 2019 and 2018

| | Total | | Electric | |
|---|----------------------|----------------------|--------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Operating Revenues | | | | |
| Services | \$48,366,595 | \$45,032,232 | \$24,308,653 | \$19,997,811 |
| Other | 722,176 | 610,721 | 662,163 | 556,296 |
| Total Operating Revenues | 49,088,771 | 45,642,953 | 24,970,816 | 20,554,107 |
| Operating Expenses | | | | |
| Operation and maintenance | 33,306,486 | 29,296,523 | 19,743,814 | 16,179,507 |
| Administration and general | 6,166,975 | 6,168,640 | 1,881,789 | 1,832,274 |
| Depreciation | 7,857,489 | 7,973,572 | 3,465,950 | 3,073,102 |
| Total Operating Expenses | 47,330,950 | 43,438,735 | 25,091,553 | 21,084,883 |
| Operating Income (Loss) | 1,757,821 | 2,204,218 | (120,737) | (530,776) |
| Non-Operating Revenues (Expenses) | | | | |
| Operating grants | 204,710 | 174,368 | 40,896 | 27,073 |
| Interest earnings | 371,113 | 243,822 | 177,189 | 110,995 |
| Revenue bond interest expense | (621,544) | (691,774) | (430,805) | (447,417) |
| Other interest expense | (18,387) | (19,027) | (15,768) | (16,031) |
| Total Non-Operating Revenue (Expenses) | (64,108) | (292,611) | (228,488) | (325,380) |
| Net Income (Loss) Before Contributions, Grants and Transfers | 1,693,713 | 1,911,607 | (349,225) | (856,156) |
| Capital contributions | 72,835 | 153,209 | 72,342 | 152,871 |
| Capital grants | - | 705,901 | - | - |
| Total Contributions and Capital Grants | 72,835 | 859,110 | 72,342 | 152,871 |
| Net Income (Loss) before Transfers | 1,766,548 | 2,770,717 | (276,883) | (703,285) |
| Transfers Out | | | | |
| Transfers out - payment in lieu of taxes | (786,000) | (786,000) | (381,993) | (381,993) |
| Change in Net Position | 980,548 | 1,984,717 | (\$658,876) | (\$1,085,278) |
| Net Position Beginning of Year | 107,670,131 | 105,685,414 | | |
| Net Position End of Year | \$108,650,679 | \$107,670,131 | | |

| Telecommunications | | Water | |
|--------------------|--------------|-------------|-------------|
| 2019 | 2018 | 2019 | 2018 |
| \$19,942,208 | \$21,004,196 | \$4,115,734 | \$4,030,225 |
| - | - | 60,013 | 54,425 |
| 19,942,208 | 21,004,196 | 4,175,747 | 4,084,650 |
| 11,067,350 | 10,769,201 | 2,495,322 | 2,347,815 |
| 3,827,134 | 3,865,082 | 458,052 | 471,284 |
| 2,949,415 | 3,402,721 | 1,442,124 | 1,497,749 |
| 17,843,899 | 18,037,004 | 4,395,498 | 4,316,848 |
| 2,098,309 | 2,967,192 | (219,751) | (232,198) |
| 69,659 | 43,547 | 94,155 | 103,748 |
| 162,350 | 111,520 | 31,574 | 21,307 |
| (75,222) | (126,760) | (115,517) | (117,597) |
| (2,619) | (2,996) | - | - |
| 154,168 | 25,311 | 10,212 | 7,458 |
| 2,252,477 | 2,992,503 | (209,539) | (224,740) |
| 493 | 338 | - | - |
| - | - | - | 705,901 |
| 493 | 338 | - | 705,901 |
| 2,252,970 | 2,992,841 | (209,539) | 481,161 |
| (206,358) | (206,358) | (197,649) | (197,649) |
| \$2,046,612 | \$2,786,483 | (\$407,188) | \$283,512 |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|--|-----------------------------|-----------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers and users | \$ 48,537,755 | \$ 44,499,497 |
| Cash payments to employees for services | (14,170,459) | (14,345,206) |
| Cash payments to suppliers for goods and services | (26,527,253) | (20,867,558) |
| Net Cash Provided by Operating Activities | <u>7,840,043</u> | <u>9,286,733</u> |
| Cash Flows from Noncapital Financing Activity | | |
| Operating grant from other governments | 204,710 | 174,368 |
| Payment in lieu of taxes to the general fund | (786,000) | (786,000) |
| Net Cash Used by Noncapital Financing Activities | <u>(581,290)</u> | <u>(611,632)</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Advances from other funds | (350,987) | (1,288,449) |
| Capital grant received from other governments | 72,835 | 859,110 |
| Capital debt proceeds | - | 1,737,292 |
| Principal paid on revenue bonds | (1,106,629) | (2,175,562) |
| Interest paid on revenue bonds | (725,972) | (797,229) |
| Payments for capital acquisitions and construction | (4,474,666) | (6,918,293) |
| Net Cash Used by Capital and Related Financing Activities | <u>(6,585,419)</u> | <u>(8,583,131)</u> |
| Cash Flows from Investing Activities | | |
| Investment earnings | 382,486 | 146,119 |
| Proceeds from bond reserve fund investments | - | 1,475 |
| Net Cash Flows Provided by Investing Activities | <u>382,486</u> | <u>147,594</u> |
| Net Increase in Cash and Cash Equivalents | 1,055,820 | 239,564 |
| Cash and Cash Equivalents Beginning of Year | <u>22,480,957</u> | <u>22,241,393</u> |
| Cash and Cash Equivalents End of Year | <u><u>\$ 23,536,777</u></u> | <u><u>\$ 22,480,957</u></u> |
| Reconciliation of Cash and Cash Equivalents to the Balance Sheet: | | |
| Cash and temporary investments - current assets | 23,062,130 | 22,017,576 |
| Revenue bond redemption funds - restricted | 474,647 | 463,381 |
| | <u><u>\$ 23,536,777</u></u> | <u><u>\$ 22,480,957</u></u> |

(continued)

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

(continued)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating Income | \$ 1,757,821 | \$ 2,204,218 |
| Adjustments: | | |
| Depreciation | 7,857,489 | 7,973,572 |
| Other | 158,556 | 87,251 |
| (Increase) Decrease in Assets and Deferred Outflows of Resources: | | |
| Accounts receivable | (762,404) | 350,706 |
| Unbilled revenue | 226,084 | (1,501,298) |
| Prepaid expenses | 9,360 | (25,839) |
| Inventory | (346,996) | 184,577 |
| Customer deposits | (9,048) | 718 |
| Deferred outflows | (36) | (183,884) |
| Increase (Decrease) in Liabilities and Deferred Inflows of Resources: | | |
| Accounts payable | (568,749) | 308,258 |
| Accrued expenses | | |
| Compensated absences payable | 35,983 | (94,539) |
| Unearned revenue | (14,696) | 7,136 |
| Net pension liability | 128,205 | 63,704 |
| Other postemployment benefits liability | (532,712) | 375,162 |
| Deferred inflow of resources for pension | (98,814) | (463,009) |
| Net Cash Provided by Operating Activities | <u>\$ 7,840,043</u> | <u>\$ 9,286,733</u> |
| Noncash investing, capital and financing activities | | |
| Revenue bond arbitrage | \$ (28) | \$ (89) |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Revenues
For the Years Ended December 31, 2019 and 2018

| | 2019 | | 2018 | |
|--------------------------------------|-------------|----------------------|-------------|----------------------|
| | Amount | Total | Amount | Total |
| Electric Department | | | | |
| Revenue from Services: | | | | |
| Residential | \$7,472,223 | | \$7,650,908 | |
| Boats | 323,513 | | 332,985 | |
| Commercial | 7,172,769 | | 7,188,265 | |
| Industrial | 1,861,397 | | 1,901,001 | |
| Demand | 540,011 | | 527,719 | |
| Area Lighting | 59,037 | | 59,148 | |
| Street Lighting | 131,968 | | 131,478 | |
| Diesel Surcharge | 6,747,735 | \$24,308,653 | 2,206,307 | \$19,997,811 |
| Other Revenue: | | | | |
| Service Charges | 111,977 | | 111,821 | |
| Late Payment Charges | 113,989 | | 91,747 | |
| Rentals - Interdepartmental | 138,062 | | 138,062 | |
| Other | 298,135 | 662,163 | 214,666 | 556,296 |
| Total Electric | | 24,970,816 | | 20,554,107 |
| Telecommunications Department | | | | |
| Local Network Services: | | | | |
| Basic Local Service | 899,358 | | 952,526 | |
| Local Private Line | 983,261 | | 933,641 | |
| Other Local Exchange | 112,871 | 1,995,490 | 114,654 | 2,000,821 |
| Network Access Services: | | | | |
| Interstate End User | 653,202 | | 785,180 | |
| Switched Access | 5,147,506 | | 4,995,108 | |
| Special Access | 1,727,259 | | 1,675,217 | |
| State Access | 1,329,664 | 8,857,631 | 1,416,342 | 8,871,847 |
| Other Revenues: | | | | |
| Directory Revenue | 210,340 | | 245,053 | |
| Other | 168,711 | 379,051 | 150,830 | 395,883 |
| Nonregulated Revenues | 8,710,036 | 8,710,036 | 9,735,645 | 9,735,645 |
| Total Telecommunications | | \$ 19,942,208 | | \$ 21,004,196 |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Revenues (Cont'd)
For the Years Ended December 31, 2019 and 2018

| | | 2019 | | 2018 | |
|-------------------------|------------------------|-------------|----------------------------|-------------|----------------------------|
| | | Amount | Total | Amount | Total |
| Water Department | | | | | |
| | Revenue from Services: | | | | |
| | Residential | \$1,838,947 | | \$1,736,472 | |
| | Apartments | 394,046 | | 373,428 | |
| | Commercial | 1,448,482 | | 1,382,874 | |
| | Industrial | 432,369 | | 345,256 | |
| | Port | 1,890 | \$4,115,734 | 192,195 | \$4,030,225 |
| | Other Revenue: | | | | |
| | Service Charges | 760 | | 714 | |
| | Late Payment Charges | 23,190 | | 22,865 | |
| | Other | 36,063 | 60,013 | 30,846 | 54,425 |
| | Total Water | | <u>4,175,747</u> | | <u>4,084,650</u> |
| Total Revenue | | | <u><u>\$49,088,771</u></u> | | <u><u>\$45,642,953</u></u> |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Operation and Maintenance Expenses
For the Years Ended December 31, 2019 and 2018

| | 2019 | | 2018 | |
|---------------------------------------|--------------|-------------------|--------------|-------------------|
| | Amount | Total | Amount | Total |
| Electric Department | | | | |
| Hydroelectric Generation | | | | |
| Operation | | | | |
| Supervision & Engineering | \$ 1,252,211 | | \$ 1,191,572 | |
| Hydraulic Expenses | 30,673 | | 68,187 | |
| Electric Expenses | 6,645 | \$ 1,289,529 | 31,925 | \$ 1,291,684 |
| Maintenance | | | | |
| Structures | 25,236 | | 55,856 | |
| Reservoirs & Dams | 110,870 | | 207,081 | |
| Electric Plant | 336,183 | | 92,190 | |
| Other | 64,181 | 536,470 | 131,257 | 486,384 |
| Total Hydroelectric Generation | | 1,825,999 | | 1,778,068 |
| Diesel Generation | | | | |
| Operation | | | | |
| Fuel | 7,272,144 | | 3,512,663 | |
| Generation | 1,970,841 | | 306,421 | |
| Other | 928,111 | 10,171,096 | 679,441 | 4,498,525 |
| Maintenance | | | | |
| Supervision and Engineering | 133,153 | | 108,523 | |
| Structures | 26,110 | | 23,865 | |
| Electric Plant | 356,208 | | 203,408 | |
| Other | 369,410 | 884,881 | 402,269 | 738,065 |
| Total Diesel Generation | | 11,055,977 | | 5,236,590 |
| Purchased Power | | 3,742,973 | | 5,718,650 |
| Automation Control System | | 396,065 | | 244,556 |
| Total Generation | | 17,021,014 | | 12,977,864 |
| Transmission | | | | |
| Operation | | | | |
| Overhead and Underground Lines | \$ 9,205 | 9,205 | \$ - | - |
| Total Transmission | | \$ 9,205 | | \$ - |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Operation and Maintenance Expenses (Cont'd)
For the Years Ended December 31, 2019 and 2018

| | 2019 | | 2018 | |
|--------------------------------------|--------------|----------------------|--------------|----------------------|
| | Amount | Total | Amount | Total |
| Distribution | | | | |
| Operation | | | | |
| Supervision & Engineering | \$ 701,172 | | \$ 916,120 | |
| Station Equipment | 2,992 | | 5,706 | |
| Overhead & Underground Lines | 393 | | 964 | |
| Street Lighting | 79,841 | | 140,260 | |
| Meter Expenses | 728,875 | | 656,587 | |
| Customer Installations | - | | 92 | |
| Other | 24,232 | \$ 1,537,505 | 33,428 | \$ 1,753,157 |
| Maintenance | | | | |
| Station Equipment | 65,067 | | 47,375 | |
| Overhead & Underground Lines | 1,034,974 | | 1,266,838 | |
| Line Transformers | 433 | | 2,891 | |
| Other | 75,616 | 1,176,090 | 131,382 | 1,448,486 |
| Total Distribution | | 2,713,595 | | 3,201,643 |
| Total Electric | | 19,743,814 | | 16,179,507 |
| Telecommunications Department | | | | |
| Plant Specific Operations: | | | | |
| Network Support | 113,522 | | 177,843 | |
| General Support | 145,422 | | 118,116 | |
| Central Office Switching | 779,324 | | 661,558 | |
| Central Office Transmission | 1,144,287 | | 1,239,079 | |
| Cable and Wire Facilities Expense | 1,252,383 | 3,434,938 | 1,073,491 | 3,270,087 |
| Plant Nonspecific Operations | | | | |
| Network Operations Expense | 1,847,156 | 1,847,156 | 1,776,057 | 1,776,057 |
| Customer Operations | | | | |
| Customer Operations-Services | 117,197 | 117,197 | 118,523 | 118,523 |
| Nonregulated Operations Expenses | \$ 5,668,059 | 5,668,059 | \$ 5,604,534 | 5,604,534 |
| Total Telecommunications | | \$ 11,067,350 | | \$ 10,769,201 |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedule of Operation and Maintenance Expenses (Cont'd)
For the Years Ended December 31, 2019 and 2018

| | 2019 | | 2018 | |
|--|------------|---------------|------------|---------------|
| | Amount | Total | Amount | Total |
| Water Department | | | | |
| Source of Supply | | | | |
| Operation and Maintenance | \$ 426,636 | \$ 426,636 | \$ 373,336 | \$ 373,336 |
| Chlorination | | | | |
| Labor and Supplies | 163,578 | | 157,094 | |
| Maintenance | 134,596 | 298,174 | 119,984 | 277,078 |
| Distribution | | | | |
| Supervision & Operation of Mains | 10 | | - | |
| Maps & Records | 535,948 | | 637,848 | |
| Customer Service | 18,456 | 554,414 | 607 | 638,455 |
| Maintenance | | | | |
| Mains & Equipment | 639,810 | | 485,598 | |
| Hydrants | 11,246 | | 23,382 | |
| Valves & Structures | 14,191 | | 33,139 | |
| Pump Stations | 100,019 | | 110,549 | |
| PH Adjustment Facility | 421,304 | | 394,068 | |
| Reservoirs | \$29,528 | 1,216,098 | \$12,210 | 1,058,946 |
| Total Water | | 2,495,322 | | 2,347,815 |
| Total Operation and Maintenance | | \$ 33,306,486 | | \$ 29,296,523 |

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Administrative and General Expenses
For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|-------------------------|--------------------|--------------------|
| Customer Service | \$2,158,157 | \$2,101,074 |
| General Accounting | 958,174 | 925,369 |
| Administrative Expenses | 2,133,677 | 2,226,238 |
| Engineering Services | 81,539 | 108,994 |
| Information Technology | 519,966 | 523,508 |
| Insurance & Claims | 315,462 | 283,457 |
| Total | \$6,166,975 | \$6,168,640 |

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Position
December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and temporary investments | \$ 10,922,068 | \$ 9,446,710 |
| Cash and temporary investments accrued interest | 36,191 | 47,558 |
| Restricted cash, cash equivalents and investments: | | |
| Bond redemption | 186,388 | 186,802 |
| Commercial passenger vessel excise tax | 1,092,751 | 135,459 |
| Accounts receivable | 1,567,278 | 48,780 |
| Prepaid expense | 1,161,500 | 1,108,809 |
| Total Current assets | <u>14,966,176</u> | <u>10,974,118</u> |
| Noncurrent assets | | |
| Restricted investments: | | |
| Repair and replacement investments | 4,324,400 | 3,724,677 |
| Bond reserve investments | 2,240,000 | 2,240,000 |
| Accrued interest on bond reserve investments | 9,989 | 4,183 |
| Total restricted assets | <u>6,574,389</u> | <u>5,968,860</u> |
| Internal Receivable | <u>1,060,564</u> | <u>1,411,551</u> |
| Capital assets | | |
| Land | 1,775,740 | 1,775,740 |
| Other non-depreciable assets | 169,361 | 169,361 |
| Construction work in progress | 11,100,273 | 8,809,064 |
| Port facilities | 67,891,581 | 67,891,581 |
| Accumulated depreciation | <u>(21,760,628)</u> | <u>(20,311,275)</u> |
| Total capital assets (net of accumulated depreciation) | <u>59,176,327</u> | <u>58,334,471</u> |
| Total noncurrent assets | <u>66,811,280</u> | <u>65,714,882</u> |
| Deferred outflows of resources | <u>74,705</u> | <u>75,925</u> |
| Total Assets and Deferred Outflows of Resources | <u><u>\$ 81,852,161</u></u> | <u><u>\$ 76,764,925</u></u> |

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Position
December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 210,604 | \$ 242,807 |
| Accrued interest payable | 102,571 | 107,308 |
| Compensated absences payable | 4,097 | 3,084 |
| Unamortized premiums | 202,584 | 202,584 |
| Revenue bonds payable | 1,025,000 | 980,000 |
| Total current liabilities | <u>1,544,856</u> | <u>1,535,783</u> |
| Noncurrent liabilities | | |
| Compensated absences payable | 36,871 | 27,760 |
| Net pension liability | 511,763 | 490,815 |
| Net other postemployment benefits liability | 13,449 | 100,486 |
| Unamortized bond premium | 3,021,882 | 3,224,466 |
| Revenue bonds payable | 23,195,000 | 24,220,000 |
| Total noncurrent liabilities | <u>26,778,965</u> | <u>28,063,527</u> |
| Deferred inflows of resources | <u>479,171</u> | <u>523,281</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>28,802,992</u> | <u>30,122,591</u> |
| Net position | | |
| Net investment in capital assets | 31,286,725 | 29,234,318 |
| Restricted repair and replacement funds | 4,324,400 | 3,724,677 |
| Restricted commercial passenger excise tax funds | 1,092,751 | 135,459 |
| Restricted for bond retirement | 2,369,996 | 2,371,235 |
| Unrestricted | 13,975,297 | 11,176,645 |
| Total net position, restated | <u>53,049,169</u> | <u>46,642,334</u> |
| Total Liabilities and Net Position | <u><u>\$ 81,852,161</u></u> | <u><u>\$ 76,764,925</u></u> |



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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, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| Operating Revenues | | |
| Charges for services | | |
| Docking | \$2,093,970 | \$1,913,469 |
| Passenger wharfage fee | 8,097,798 | 7,300,575 |
| Rental income | 488,447 | 481,035 |
| Water | 2,520 | 256,260 |
| Other | (698) | 18,963 |
| Total Operating Revenues | <u>10,682,037</u> | <u>9,970,302</u> |
| Operating Expenses | | |
| Operation and maintenance | | |
| Personnel services | 1,081,393 | 1,020,159 |
| Supplies and services | 477,958 | 393,145 |
| Financial service | 131,803 | 128,058 |
| Insurance | 173,360 | 167,619 |
| Utilities | 138,505 | 254,187 |
| Property Taxes | 164,396 | 164,415 |
| Lease payments | 2,692,514 | 2,602,993 |
| Depreciation | 1,449,352 | 1,612,457 |
| Total Operating Expenses | <u>6,309,281</u> | <u>6,343,033</u> |
| Operating Income | <u>4,372,756</u> | <u>3,627,269</u> |
| Non-Operating Revenues (Expenses) | | |
| Operating grants | 20,780 | 13,360 |
| Interest earnings | 379,485 | 246,066 |
| Interest expense | (1,024,712) | (1,071,989) |
| Total Non-Operating Revenue (Expenses) | <u>(624,447)</u> | <u>(812,563)</u> |
| Income Before Capital Grants and Transfers | 3,748,309 | 2,814,706 |
| Capital Grants | 1,556,480 | 608,172 |
| Transfers | | |
| Transfer from commercial passenger vessel tax fund | 1,421,046 | 543,323 |
| Payment in lieu of taxes to general fund | (319,000) | (319,000) |
| Total Capital Grants and Transfers | <u>2,658,526</u> | <u>832,495</u> |
| Change in Net Position | 6,406,835 | 3,647,201 |
| Net Position Beginning of Year | <u>46,642,334</u> | <u>42,995,133</u> |
| Net Position End of Year | <u><u>\$53,049,169</u></u> | <u><u>\$46,642,334</u></u> |

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|--|----------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers and users | \$ 10,718,939 | \$ 9,966,377 |
| Cash payments to employees for services | (1,152,283) | (1,035,632) |
| Cash payments to suppliers for goods and services | (3,786,713) | (3,784,570) |
| Net Cash Provided by Operating Activities | 5,779,943 | 5,146,175 |
| Cash Flows from Noncapital Financing Activities | | |
| Operating grant from other governments | 20,780 | 13,360 |
| Transfer in | 1,421,046 | 543,323 |
| Payment in lieu of taxes to the general fund | (319,000) | (319,000) |
| Net Cash Provided by Noncapital Financing Activities | 1,122,826 | 237,683 |
| Cash Flows from Capital and Related Financing Activities | | |
| Advances to other funds | 350,987 | 1,288,449 |
| Capital grant received from other governments | 1,079 | 812,313 |
| Principal paid on revenue bonds | (980,000) | (930,000) |
| Interest paid on revenue bonds | (1,260,000) | (1,306,499) |
| Payments for capital acquisitions and construction | (2,367,922) | (7,979,921) |
| Net Cash Used by Capital and Related Financing Activities | (4,255,856) | (8,115,658) |
| Cash Flows from Investing Activities | | |
| Investment earnings | 385,047 | 195,199 |
| Sale of investments | - | 1,983,761 |
| Purchase of investments | (599,724) | (529,804) |
| Net Cash Provided (Used) by Investing Activities | (214,677) | 1,649,156 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,432,236 | (1,082,644) |
| Cash and Cash Equivalents Beginning of Year | 9,768,971 | 10,851,615 |
| Cash and Cash Equivalents End of Year | <u>\$ 12,201,207</u> | <u>\$ 9,768,971</u> |
| Reconciliation of Cash and Cash Equivalents to the Balance Sheet: | | |
| Cash and temporary investments - current assets | 10,922,068 | 9,446,710 |
| Commercial passenger excise tax funds - restricted | 1,092,751 | 135,459 |
| Revenue bond redemption funds - restricted | 186,388 | 186,802 |
| | <u>\$ 12,201,207</u> | <u>\$ 9,768,971</u> |

(continued)

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

(continued)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating Income | \$ 4,372,756 | \$ 3,627,267 |
| Adjustments: | | |
| Depreciation | 1,449,352 | 1,612,457 |
| (Increase) Decrease in Assets and Deferred Outflows of Resources: | | |
| Accounts receivable | 36,902 | (3,924) |
| Prepaid expenses | (52,691) | (38,521) |
| Deferred outflow | 1,220 | (28,820) |
| Increase (Decrease) in Liabilities and Deferred Inflows of Resources: | | |
| Accounts payable | 44,514 | (22,271) |
| Compensated absences payable | 10,123 | 3,932 |
| Net pension liability | 20,948 | 10,408 |
| Net other postemployment benefits liability | (87,037) | 23,046 |
| Deferred inflow | (16,144) | (37,399) |
| Net Cash Provided by Operating Activities | <u>\$ 5,779,943</u> | <u>\$ 5,146,175</u> |
| Noncash investing, capital and financing activities | | |
| Fair value of non-cash investments | \$ 5,756 | \$ (3,479) |

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Net Position
December 31, 2019 and 2018

| | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and temporary investments | \$ 2,250,860 | \$ 1,922,951 |
| Cash and temporary investments accrued interest | 7,372 | 1,948 |
| Restricted cash, cash equivalents and investments: | | |
| Bond redemption | 27,287 | 26,622 |
| Accounts receivable | | |
| Accounts | 221,174 | 211,384 |
| Intergovernmental | 208,127 | - |
| Unbilled revenue | 164,196 | 153,513 |
| Total current assets | <u>2,879,016</u> | <u>2,316,418</u> |
| Noncurrent assets | | |
| Capital assets | | |
| Construction work in progress | 707,734 | 408,082 |
| Wastewater facilities | 27,482,767 | 27,424,418 |
| Accumulated depreciation | (9,643,881) | (9,104,260) |
| Total capital assets (net of accumulated depreciation) | <u>18,546,620</u> | <u>18,728,240</u> |
| Total noncurrent assets | <u>18,546,620</u> | <u>18,728,240</u> |
| Deferred outflow of resources | <u>20,052</u> | <u>23,574</u> |
| Total Assets and Deferred Outflows of Resources | <u><u>\$ 21,445,688</u></u> | <u><u>\$ 21,068,232</u></u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 119,543 | \$ 453,997 |
| Accrued interest | 5,307 | 4,848 |
| Compensated absences payable | 3,150 | 3,310 |
| General obligation bonds payable | 102,477 | 100,957 |
| Revenue bonds payable | 29,175 | 28,742 |
| Total current liabilities | <u>259,652</u> | <u>591,854</u> |
| Noncurrent liabilities | | |
| Compensated absences payable | 28,353 | 29,787 |
| Net pension liability | 141,694 | 135,894 |
| Net other postemployment benefits liability | 3,724 | 27,822 |
| General obligation bonds payable | 1,474,617 | 1,577,094 |
| Revenue bonds payable | 712,891 | 533,939 |
| Total noncurrent liabilities | <u>2,361,279</u> | <u>2,304,536</u> |
| Deferred inflow of resources | <u>9,426</u> | <u>13,894</u> |
| Total Liabilities and Deferred Inflow of Resources | <u>2,630,357</u> | <u>2,910,284</u> |
| Net position | | |
| Net investment in capital assets | 16,227,460 | 16,487,508 |
| Restricted for bond retirement | 21,980 | 21,774 |
| Unrestricted | <u>2,565,891</u> | <u>1,648,666</u> |
| Total net position, restated | <u>18,815,331</u> | <u>18,157,948</u> |
| Total Liabilities and Net Position | <u><u>\$ 21,445,688</u></u> | <u><u>\$ 21,068,232</u></u> |

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|--|----------------------------|----------------------------|
| Operating Revenues | | |
| Charges for services | \$ 3,406,502 | \$ 3,206,933 |
| Other | 15,985 | 18,384 |
| Total Operating Revenues | <u>3,422,487</u> | <u>3,225,317</u> |
| Operating Expenses | | |
| Operation and maintenance | | |
| Personnel services | 818,363 | 891,227 |
| Supplies and services | 617,380 | 652,167 |
| Engineering services | 224,944 | 284,060 |
| Financial service | 208,433 | 165,845 |
| Insurance | 33,062 | 30,419 |
| Utilities | 250,915 | 211,504 |
| Depreciation | 539,621 | 541,734 |
| Total Operating Expenses | <u>2,692,718</u> | <u>2,776,956</u> |
| Operating Income | <u>729,769</u> | <u>448,361</u> |
| Non-Operating Revenues (Expenses) | | |
| Operating grants | 5,313 | 4,914 |
| Interest earnings | 32,591 | 5,276 |
| Interest expense | (30,290) | (29,764) |
| Loss on disposal of capital asset | - | - |
| Total Non-Operating Revenues (Expenses) | <u>7,614</u> | <u>(19,574)</u> |
| Net Income Before Grants and Transfers | 737,383 | 428,787 |
| Capital grants | - | 515,085 |
| Transfers out - payment in lieu of taxes | (80,000) | (80,000) |
| Total Grants and Transfers | <u>(80,000)</u> | <u>435,085</u> |
| Change in Net Position | 657,383 | 863,872 |
| Net Position Beginning of Year | <u>18,157,948</u> | <u>17,294,076</u> |
| Net Position End of Year | <u><u>\$18,815,331</u></u> | <u><u>\$18,157,948</u></u> |

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers and users | \$ 3,402,015 | \$ 3,193,650 |
| Cash payments to employees for services | (815,102) | (900,605) |
| Cash payments to suppliers for goods and services | <u>(1,749,069)</u> | <u>(1,336,039)</u> |
| Net Cash Provided by Operating Activities | <u>837,844</u> | <u>957,006</u> |
| Cash Flows from Noncapital Financing Activities | | |
| Operating grant from other governments | 5,313 | 4,914 |
| Payment in lieu of taxes to the general fund | <u>(80,000)</u> | <u>(80,000)</u> |
| Net Cash Used by Noncapital Financing Activities | <u>(74,687)</u> | <u>(75,086)</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Capital grant received from other governments | - | 515,085 |
| Capital debt proceeds | - | 329,746 |
| Principal paid on general obligation bonds and equipment contracts | (100,957) | (99,459) |
| Interest paid on general obligation bonds and equipment contracts | (24,793) | (26,291) |
| Principal paid on revenue bonds | (28,742) | (21,269) |
| Interest paid on revenue bonds | (5,038) | (3,760) |
| Payments for capital acquisitions and construction | <u>(302,220)</u> | <u>(66,645)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(461,750)</u> | <u>627,407</u> |
| Cash Flows from Investing Activities | | |
| Investment earnings | <u>27,167</u> | <u>3,329</u> |
| Net Cash Provided by Investing Activities | <u>27,167</u> | <u>3,329</u> |
| Net Increase in Cash and Cash Equivalents | 328,574 | 1,512,656 |
| Cash and Cash Equivalents Beginning of Year | <u>1,949,573</u> | <u>436,917</u> |
| Cash and Cash Equivalents End of Year | <u><u>\$ 2,278,147</u></u> | <u><u>\$ 1,949,573</u></u> |
| Reconciliation of Cash and Cash Equivalents to the Balance Sheet: | | |
| Cash and temporary investments - current assets | 2,250,860 | 1,922,951 |
| Revenue bond redemption funds - restricted | <u>27,287</u> | <u>26,622</u> |
| | <u><u>\$ 2,278,147</u></u> | <u><u>\$ 1,949,573</u></u> |

\$ - (continued)

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

(continued)

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating Income | \$ 729,769 | \$ 448,361 |
| Adjustments: | | |
| Depreciation | 539,621 | 541,734 |
| (Increase) Decrease in Assets and Deferred Outflows of Resources: | | |
| Accounts receivable | (9,790) | (24,468) |
| Unbilled revenue | (10,682) | (7,197) |
| Deferred outflow | 3,522 | (9,737) |
| Increase (Decrease) in Liabilities and Deferred Inflows of Resources: | | |
| Accounts payable | (390,236) | 7,955 |
| Compensated absences payable | (1,594) | 1,449 |
| Net pension liability | 5,800 | 2,882 |
| Net other postemployment benefits liability | (24,098) | 6,381 |
| Deferred inflow | (4,468) | (10,354) |
| Net Cash Provided by Operating Activities | <u>\$ 837,844</u> | <u>\$ 957,006</u> |



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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, 2019

| | <u>Self-Insurance</u> | <u>Compensated Absences</u> | <u>Total Internal Service Funds</u> |
|---|----------------------------|---------------------------------|---|
| Assets | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 777,688 | \$ 1,621,982 | \$ 2,399,670 |
| Miscellaneous receivable | 14,419 | - | 14,419 |
| Interest receivable | 2,820 | - | 2,820 |
| Prepaid insurance | 722,026 | - | 722,026 |
| Total Current Assets | <u>1,516,953</u> | <u>1,621,982</u> | <u>3,138,935</u> |
| Noncurrent Assets: | | | |
| Internal Receivable | 469,002 | - | 469,002 |
| Total Noncurrent Assets | <u>469,002</u> | <u>-</u> | <u>469,002</u> |
| Total Assets | <u><u>\$ 1,985,955</u></u> | <u><u>\$ 1,621,982</u></u> | <u><u>\$ 3,607,937</u></u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts payable | 21,482 | - | 21,482 |
| Compensated absences payable | - | 162,198 | 162,198 |
| Claims payable | 143,000 | - | 143,000 |
| Total Current Liabilities | <u>164,482</u> | <u>162,198</u> | <u>326,680</u> |
| Noncurrent Liabilities: | | | |
| Compensated absences payable (net of current portion) | - | 1,459,784 | 1,459,784 |
| Total Liabilities | <u>164,482</u> | <u>1,621,982</u> | <u>1,786,464</u> |
| Net Position | | | |
| Unrestricted | <u><u>\$ 1,821,473</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,821,473</u></u> |

City of Ketchikan, Alaska
Combining Statement of Revenues,
Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2019

| | <u>Self-Insurance</u> | <u>Compensated Absences</u> | <u>Total Internal Service Funds</u> |
|---------------------------------------|----------------------------|---------------------------------|---|
| Operating Revenues | | | |
| Charges for services | \$ 1,436,305 | \$ 1,414,698 | \$ 2,851,003 |
| Total Revenues | <u>1,436,305</u> | <u>1,414,698</u> | <u>2,851,003</u> |
| Operating Expenses | | | |
| Compensated absences | - | 1,414,698 | 1,414,698 |
| Insurance | 1,432,181 | - | 1,432,181 |
| Claims | 4,124 | - | 4,124 |
| Total Operating Expenses | <u>1,436,305</u> | <u>1,414,698</u> | <u>2,851,003</u> |
| Operating Income | <u>-</u> | <u>-</u> | <u>-</u> |
| Non-Operating Revenues | | | |
| Investment earnings | 27,639 | - | 27,639 |
| Change in Net Position | 27,639 | - | 27,639 |
| Net Position Beginning of Year | <u>1,793,834</u> | <u>-</u> | <u>1,793,834</u> |
| Net Position End of Year | <u><u>\$ 1,821,473</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,821,473</u></u> |

City of Ketchikan, Alaska
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

| | <u>Self-Insurance</u> | <u>Compensated Absences</u> | <u>Total Internal Service Funds</u> |
|---|--------------------------|-----------------------------|-------------------------------------|
| Cash Flows from Operating Activities | | | |
| Cash received from customers and users | \$ 1,436,305 | \$ 1,414,698 | \$ 2,851,003 |
| Cash payments for insurance and claims | (1,431,749) | - | (1,431,749) |
| Cash payments for compensated absences | - | (1,315,471) | (1,315,471) |
| Net Cash Provided (Used) by Operating Activities | <u>4,556</u> | <u>99,227</u> | <u>103,783</u> |
| Cash Flows from Investing Activities | | | |
| Interest on investments | <u>27,639</u> | <u>-</u> | <u>27,639</u> |
| Net Cash Provided by Investing Activities | <u>27,639</u> | <u>-</u> | <u>27,639</u> |
| Net Increase in Cash and Cash Equivalents | 32,195 | 99,227 | 131,422 |
| Cash and Cash Equivalents Beginning of Year | <u>745,493</u> | <u>1,522,755</u> | <u>2,268,248</u> |
| Cash and Cash Equivalents End of Year | <u><u>\$ 777,688</u></u> | <u><u>\$ 1,621,982</u></u> | <u><u>\$ 2,399,670</u></u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | | |
| Operating Income | \$ - | \$ - | \$ - |
| (Increase) Decrease in Assets: | | | |
| Accounts receivable | 22,609 | - | 22,609 |
| Accrued interest | 128 | - | 128 |
| Prepaid expenses | (36,535) | - | (36,535) |
| Increase in Liabilities: | | | |
| Accounts payable | 18,354 | - | 18,354 |
| Compensated absences payable | <u>-</u> | <u>99,227</u> | <u>99,227</u> |
| Net Cash Provided by Operating Activities | <u><u>\$ 4,556</u></u> | <u><u>\$ 99,227</u></u> | <u><u>\$ 103,783</u></u> |

CITY OF KETCHIKAN, ALASKA

(Page 1 of 2)

COMBINED SCHEDULE OF CASH AND INVESTMENTS BALANCES - ALL FUNDS

Year Ended December 31, 2019

Cash and Investment Balances

| | |
|--|-------------------|
| Cash in Revenue Bond Redemption Accounts | \$688,322 |
| Cash in Petty Cash Funds | 11,770 |
| Cash in Other Accounts | <u>20,977,800</u> |

| | |
|-------------------|-----------------------------|
| Total Cash | <u>\$ 21,677,892</u> |
|-------------------|-----------------------------|

Investments

| | |
|---|---------------------|
| Investments with Financial Institutions | <u>\$62,218,870</u> |
|---|---------------------|

| | |
|--------------------------|----------------------------|
| Total Investments | <u>\$62,218,870</u> |
|--------------------------|----------------------------|

| | | |
|-----------------------------------|--|----------------------------|
| Total Cash and Investments | | <u>\$83,896,762</u> |
|-----------------------------------|--|----------------------------|

General Fund

| | | |
|--------------------|-------------|-------------|
| Unrestricted Funds | \$8,601,377 | \$8,601,377 |
|--------------------|-------------|-------------|

Special Revenue Funds

| | | |
|--|----------------|------------|
| Sales Tax Hospital Fund | 4,540,444 | |
| Sales Tax Public Works Fund | 6,061,586 | |
| Economic Development Parking Fund | 696,753 | |
| Transient Tax Fund | 823,591 | |
| Marijuana Tax Fund | 257,999 | |
| Solid Waste Services Fund | 1,687,820 | |
| Ketchikan Boat Harbor Fund | 1,317,083 | |
| Bayview Cemetery Fund | 110,925 | |
| Commercial Passenger Vessel Tax Fund | 5,247,828 | |
| Forfeitures and Property Seizures Fund | 168,898 | |
| Community Grant Fund | 44,424 | |
| Shoreline Fund | <u>101,011</u> | 21,058,362 |

Capital Project Funds

| | | |
|---------------------------------------|----------------|-----------|
| Major Capital Improvement Fund | | |
| Unrestricted Funds | 151,906 | |
| Firefighting Equipment Lease Funds | 3,946 | |
| Commercial Passenger Vessel Tax Funds | 4,425 | |
| Community Facilities Development Fund | | |
| Unrestricted Funds | 2,534,856 | |
| Harbor Improvements Fund | | |
| Unrestricted Funds | 986,739 | |
| Bond Construction Funds | 490,104 | |
| Hospital Construction Fund | | |
| Bond Construction Funds | 1,934,102 | |
| Commercial Passenger Vessel Tax Funds | | |
| Restricted Funds | <u>\$7,894</u> | 6,113,972 |

CITY OF KETCHIKAN, ALASKA

(Page 2 of 2)

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

Year Ended December 31, 2019

Enterprise Funds

| | | |
|---------------------------------------|------------------|--------------|
| Wastewater Service Fund | | |
| Unrestricted Funds | \$2,250,860 | |
| Revenue Bond Redemption Funds | 27,287 | |
| Ketchikan Port Fund: | | |
| Unrestricted Funds | 10,922,068 | |
| Revenue Bond Redemption Funds | 186,388 | |
| Repair & Replacement Funds | 4,324,400 | |
| Revenue Bond Reserve Funds | 2,240,000 | |
| Commercial Passenger Vessel Tax Funds | 1,092,751 | |
| Ketchikan Public Utilities Fund: | | |
| Unrestricted Funds | 23,062,130 | |
| Revenue Bond Redemption Funds | 474,647 | |
| Revenue Bond Reserve Funds | <u>1,142,850</u> | \$45,723,381 |

Internal Service Funds

| | | |
|------------------------|--------------------|------------------|
| Self-Insurance Fund | 777,688 | |
| Compensated Leave Fund | <u>\$1,621,982</u> | <u>2,399,670</u> |

Total Cash and Investments

\$83,896,762

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.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Government-wide Information These schedules contain information that help the reader understand how the City’s government-wide financial performance and well-being have changed over time. | 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 government-wide financial performance and well-being have changed over time.

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

(Un-Audited)

City of Ketchikan, Alaska
Net Position by Component
Last Ten Fiscal Years

| | 2010 | 2011 | Restated 2012 | 2013 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 109,138,701 | \$ 118,331,373 | \$ 124,187,486 | \$ 123,952,440 |
| Restricted | 7,975,618 | 8,010,280 | 7,668,494 | 8,148,212 |
| Unrestricted | 21,265,521 | 22,791,652 | 20,015,992 | 19,781,991 |
| Total governmental activities net position | <u>\$ 138,379,840</u> | <u>\$ 149,133,305</u> | <u>\$ 151,871,972</u> | <u>\$ 151,882,643</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 78,533,777 | \$ 88,231,320 | \$ 101,715,542 | \$ 118,874,119 |
| Restricted | 8,196,207 | 8,431,062 | 8,624,752 | 9,098,473 |
| Unrestricted | 26,306,929 | 27,164,343 | 27,346,998 | 30,740,061 |
| Total business-type activities net position | <u>\$ 113,036,913</u> | <u>\$ 123,826,725</u> | <u>\$ 137,687,292</u> | <u>\$ 158,712,653</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 187,672,478 | \$ 206,562,693 | \$ 225,903,028 | \$ 242,826,559 |
| Restricted | 16,171,825 | 16,441,342 | 16,293,246 | 17,246,685 |
| Unrestricted | 47,572,450 | 49,955,995 | 47,362,990 | 50,522,052 |
| Total primary government net position | <u>\$ 251,416,753</u> | <u>\$ 272,960,030</u> | <u>\$ 289,559,264</u> | <u>\$ 310,595,296</u> |

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calendar year 2012, as restated. Prior years 2010 through 2011 have not been restated.

Table 1

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 143,909,094 | \$ 154,659,112 | \$ 162,340,844 | \$ 166,238,050 | \$ 164,522,169 | \$ 163,787,525 |
| 8,922,032 | 12,933,820 | 10,730,407 | 10,010,245 | 11,193,773 | 11,588,224 |
| 19,246,474 | 7,410,053 | 8,276,866 | 9,425,807 | 7,622,490 | 10,331,503 |
| <u>\$ 172,077,600</u> | <u>\$ 175,002,985</u> | <u>\$ 181,348,117</u> | <u>\$ 185,674,102</u> | <u>\$ 183,338,432</u> | <u>\$ 185,707,252</u> |
| \$ 124,479,056 | \$ 124,231,729 | \$ 125,126,654 | \$ 127,204,039 | \$ 131,911,948 | \$ 131,278,702 |
| 11,494,674 | 10,116,562 | 8,939,769 | 10,094,057 | 7,796,537 | 9,367,092 |
| 28,552,851 | 26,735,278 | 27,122,581 | 29,475,246 | 32,761,928 | 39,869,385 |
| <u>\$ 164,526,581</u> | <u>\$ 161,083,569</u> | <u>\$ 161,189,004</u> | <u>\$ 166,773,342</u> | <u>\$ 172,470,413</u> | <u>\$ 180,515,179</u> |
| \$ 268,388,150 | \$ 278,890,841 | \$ 287,467,498 | \$ 293,442,089 | \$ 296,434,117 | 295,066,227 |
| 20,416,706 | 23,050,382 | 19,670,176 | 20,104,302 | 18,990,310 | 20,955,316 |
| 47,799,325 | 34,145,331 | 35,399,447 | 38,901,053 | 40,384,418 | 50,200,888 |
| <u>\$ 336,604,181</u> | <u>\$ 336,086,554</u> | <u>\$ 342,537,121</u> | <u>\$ 352,447,444</u> | <u>\$ 355,808,845</u> | <u>\$ 366,222,431</u> |

(Un-Audited)

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

| | 2010 | 2011 | Restated 2012 | 2013 | 2014 |
|---|---------------|---------------|------------------|---------------|---------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 2,365,376 | \$ 1,928,342 | \$ 2,290,233 | \$ 2,472,898 | \$ 2,683,962 |
| Public safety | 7,751,934 | 8,368,059 | 8,964,646 | 8,807,683 | 9,723,428 |
| Culture and tourism | 2,822,040 | 2,862,064 | 3,097,918 | 3,445,959 | 3,300,295 |
| Health and welfare | 1,875,578 | 1,272,680 | 2,541,686 | 747,893 | 1,099,588 |
| Public works | 7,788,434 | 8,015,271 | 9,423,324 | 10,840,175 | 10,373,365 |
| Harbor | 2,057,164 | 2,169,152 | 2,154,270 | 1,851,082 | 2,192,468 |
| Interest | 256,909 | 478,822 | 757,879 | 655,947 | 1,519,245 |
| Total governmental activities expenses | 24,917,435 | 25,094,390 | 29,229,956 | 28,821,637 | 30,892,351 |
| Business-type activities | | | | | |
| Ketchikan Public Utilities | | | | | |
| Electric | \$ 16,036,369 | \$ 16,141,172 | \$ 16,790,404 | \$ 19,705,332 | \$ 17,352,078 |
| Telecommunications | 12,321,547 | 13,172,392 | 14,500,244 | 14,405,757 | 15,649,634 |
| Water | 2,833,765 | 3,221,650 | 3,595,668 | 4,029,711 | 3,905,078 |
| Ketchikan Port | 8,929,902 | 7,452,615 | 7,194,938 | 9,133,140 | 11,012,311 |
| Wastewater Service | 2,228,373 | 2,401,671 | 2,735,348 | 2,642,018 | 2,477,247 |
| Total business-type activities expenses | 42,349,956 | 42,389,500 | 44,816,602 | 49,915,958 | 50,396,348 |
| Total primary government expenses | \$ 67,267,391 | \$ 67,483,890 | \$ 74,046,558 | \$ 78,737,595 | \$ 81,288,699 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Ambulance | \$ 516,049 | \$ 521,621 | \$ 470,682 | \$ 515,158 | \$ 606,369 |
| Library services | 351,494 | 381,162 | 471,662 | 666,621 | 641,607 |
| Mental Health & Substance Abuse | 140,862 | - | - | - | - |
| Solid Waste | 2,816,287 | 2,940,490 | 2,948,507 | 2,851,958 | 2,907,531 |
| Harbor | 1,116,361 | 1,159,273 | 1,250,292 | 1,191,053 | 1,247,810 |
| Other activities | 1,252,815 | 1,573,835 | 1,431,758 | 1,204,043 | 1,236,754 |
| Operating grants and contributions | 963,699 | 1,173,178 | 1,153,337 | 1,562,913 | 2,444,297 |
| Capital grants and contributions | 2,840,226 | 10,529,822 | 6,878,384 | 2,736,373 | 18,050,935 |
| Total governmental activities program revenues | 9,997,793 | 18,279,381 | 14,604,622 | 10,728,119 | 27,135,303 |
| Business-type activities | | | | | |
| Charges for services | | | | | |
| Electric | \$ 15,370,110 | \$ 16,223,890 | \$ 16,746,615 | \$ 18,898,966 | \$ 16,300,445 |
| Telecommunications | 14,390,486 | 14,444,541 | 14,530,914 | 15,185,977 | 16,097,808 |
| Water | 2,532,659 | 2,896,152 | 2,932,254 | 3,078,704 | 3,171,300 |
| Port | 8,000,492 | 7,986,404 | 8,592,255 | 9,145,920 | 8,578,059 |
| Wastewater | 2,009,767 | 2,117,793 | 2,215,314 | 2,451,800 | 2,575,541 |
| Operating grants and contributions | 111,337 | 221,076 | 2,225,280 | 2,280,470 | 2,973,832 |
| Capital grants and contributions | 5,361,548 | 9,908,854 | 12,327,627 | 20,670,211 | 12,261,064 |
| Total business-type activities program revenues | 47,776,399 | 53,798,710 | 59,570,259 | 71,712,048 | 61,958,049 |
| Total primary government program revenues | \$ 57,774,192 | \$ 72,078,091 | \$ 74,174,881 | \$ 82,440,167 | \$ 89,093,352 |

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calendar year 2012, as restated. Prior years 2010 through 2011 have not been restated.

Table 2

| 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|---------------|---------------|---------------|---------------|
| \$ 3,212,276 | \$ 2,893,754 | \$ 2,336,678 | \$ 2,203,941 | \$ 2,135,031 |
| 10,784,857 | 10,143,345 | 9,199,458 | 8,983,817 | 8,371,009 |
| 3,351,076 | 3,925,120 | 3,418,450 | 3,370,637 | 3,706,011 |
| 1,165,884 | 116,178 | 2,615,860 | 1,813,628 | 1,496,068 |
| 9,341,130 | 9,152,222 | 9,484,400 | 9,482,847 | 8,745,956 |
| 2,297,660 | 2,047,341 | 2,363,897 | 2,489,448 | 2,428,064 |
| 2,303,764 | 2,238,887 | 2,274,407 | 2,241,218 | 2,169,420 |
| 32,456,647 | 30,516,847 | 31,693,150 | 30,585,536 | 29,051,559 |
| \$ 17,074,535 | \$ 17,993,703 | \$ 18,313,066 | \$ 21,524,931 | \$ 25,512,651 |
| 17,577,826 | 18,102,186 | 17,652,356 | 18,103,760 | 17,853,139 |
| 4,128,011 | 3,983,398 | 4,017,174 | 4,430,845 | 4,507,091 |
| 7,911,281 | 8,858,593 | 7,837,738 | 7,415,022 | 7,333,993 |
| 2,683,116 | 2,481,609 | 2,762,087 | 2,806,720 | 2,723,008 |
| 49,374,769 | 51,419,489 | 50,582,421 | 54,281,278 | 57,929,882 |
| \$ 81,831,416 | \$ 81,936,336 | \$ 82,275,571 | \$ 84,866,814 | \$ 86,981,441 |
| \$ 571,134 | \$ 589,985 | \$ 687,928 | \$ 730,650 | \$ 606,756 |
| 580,749 | 588,293 | 544,023 | 545,964 | 520,406 |
| - | - | - | - | - |
| 2,809,864 | 3,142,540 | 3,145,652 | 3,170,322 | 3,249,983 |
| 1,329,984 | 1,475,000 | 1,513,634 | 1,575,010 | 1,568,935 |
| 1,454,647 | 1,297,770 | 1,294,912 | 1,195,651 | 1,340,147 |
| 4,124,392 | 2,704,413 | 2,789,967 | 2,720,910 | 3,093,708 |
| 11,913,259 | 7,692,835 | 6,863,099 | 434,540 | 538,673 |
| 22,784,029 | 17,490,836 | 16,839,215 | 10,373,047 | 10,918,608 |
| \$ 16,063,847 | \$ 16,741,926 | \$ 18,261,797 | \$ 19,974,411 | \$ 24,283,178 |
| 17,439,673 | 18,400,623 | 19,750,713 | 20,941,196 | 19,873,607 |
| 3,449,639 | 3,643,991 | 3,734,692 | 4,026,625 | 4,111,810 |
| 9,032,271 | 8,961,241 | 9,391,272 | 9,951,339 | 10,682,735 |
| 2,757,661 | 2,971,896 | 3,028,609 | 3,206,933 | 3,406,502 |
| 630,204 | 155,750 | 178,725 | 192,642 | 230,803 |
| 1,397,000 | 803,254 | 1,214,154 | 1,982,367 | 1,629,315 |
| 50,770,295 | 51,678,681 | 55,559,962 | 60,275,513 | 64,217,950 |
| \$ 73,554,324 | \$ 69,169,517 | \$ 72,399,177 | \$ 70,648,560 | \$ 75,136,558 |

(Un-Audited)

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

| | 2010 | 2011 | Restated 2012 | 2013 | 2014 |
|--|-----------------|----------------|------------------|-----------------|----------------|
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (14,919,642) | \$ (6,815,009) | \$ (14,625,334) | \$ (18,093,518) | \$ (3,757,048) |
| Business-type activities | 5,426,443 | 11,409,210 | 14,753,657 | 21,796,090 | 11,561,701 |
| Total primary government net (expense) revenue | \$ (9,493,199) | \$ 4,594,201 | \$ 128,323 | \$ 3,702,572 | \$ 7,804,653 |
| Governmental Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 4,681,027 | \$ 4,808,930 | \$ 4,802,508 | \$ 5,496,857 | \$ 5,513,202 |
| Sales taxes | 9,477,890 | 9,883,856 | 10,140,108 | 10,207,189 | 10,995,570 |
| Marijuana sales taxes | - | - | - | - | - |
| Transient taxes | 391,089 | 377,583 | 358,343 | 395,867 | 388,723 |
| Intergovernmental - unrestricted | 810,802 | 1,137,762 | 744,301 | 522,456 | 539,771 |
| Investment earnings | 157,012 | 101,754 | 9,488 | (2,470) | 89,179 |
| Miscellaneous | 77,615 | 161,589 | 290,761 | 219,091 | 221,756 |
| Special Item | - | - | - | - | - |
| Transfers | 1,023,000 | 1,097,000 | 1,105,178 | 1,265,199 | 6,203,804 |
| Total governmental activities | \$ 16,618,435 | \$ 17,568,474 | \$ 17,450,687 | \$ 18,104,189 | \$ 23,952,005 |
| Business-type activities: | | | | | |
| Investment earnings | \$ 182,542 | \$ 132,196 | \$ 116,989 | \$ 5,911 | \$ 129,167 |
| Miscellaneous | 602,864 | 345,406 | 522,859 | 488,559 | 326,864 |
| Special Item | - | - | - | - | - |
| Extraordinary Item | - | - | - | - | - |
| Transfers | (1,023,000) | (1,097,000) | (1,105,178) | (1,265,199) | (6,203,804) |
| Total business-type activities | (237,594) | (619,398) | (465,330) | (770,729) | (5,747,773) |
| Total primary government | \$ 16,380,841 | \$ 16,949,076 | \$ 16,985,357 | \$ 17,333,460 | \$ 18,204,232 |
| Change in Net Position | | | | | |
| Governmental activities | \$ 1,698,793 | \$ 10,753,465 | \$ 2,825,353 | \$ 10,671 | \$ 20,194,957 |
| Business-type activities | 5,188,849 | 10,789,812 | 14,288,327 | 21,025,361 | 5,813,928 |
| Total primary government | \$ 6,887,642 | \$ 21,543,277 | \$ 17,113,680 | \$ 21,036,032 | \$ 26,008,885 |

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calendar year 2012, as restated. Prior years 2010 through 2011 have not been restated.

Table 2 - (Continued)

| 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------|-----------------|-----------------|-----------------|-----------------|
| \$ (9,672,618) | \$ (13,026,011) | \$ (14,853,935) | \$ (20,212,489) | \$ (18,132,951) |
| 1,395,526 | 259,192 | 4,977,541 | 5,994,235 | 6,288,068 |
| \$ (8,277,092) | \$ (12,766,819) | \$ (9,876,394) | \$ (14,218,254) | \$ (11,844,883) |
| \$ 5,578,404 | \$ 5,713,316 | \$ 5,683,028 | \$ 5,743,008 | \$ 5,822,500 |
| 11,425,197 | 11,334,355 | 11,895,509 | 12,459,791 | 12,831,546 |
| - | - | 97,152 | 190,549 | 215,857 |
| 515,956 | 465,956 | 568,341 | 527,089 | 546,690 |
| 498,885 | 354,195 | 310,581 | 232,948 | 191,914 |
| 94,750 | 55,273 | 75,658 | 353,430 | 543,980 |
| 338,825 | 282,306 | 414,981 | 446,904 | 585,330 |
| - | - | - | - | - |
| 2,804,258 | 1,165,742 | 134,670 | 641,677 | (236,046) |
| \$ 21,256,275 | \$ 19,371,143 | \$ 19,179,920 | \$ 20,595,396 | \$ 20,501,771 |
| \$ 93,966 | \$ 194,752 | \$ 172,784 | \$ 495,164 | \$ 783,189 |
| 415,801 | 457,987 | 568,683 | 648,068 | 737,463 |
| - | - | - | - | - |
| - | 359,246 | - | - | - |
| (2,804,258) | (1,165,742) | (134,670) | (641,677) | 236,046 |
| (2,294,491) | (153,757) | 606,797 | 501,555 | 1,756,698 |
| \$ 18,961,784 | \$ 19,217,386 | \$ 19,786,717 | \$ 21,096,951 | \$ 22,258,469 |
| \$ 11,583,657 | \$ 6,345,132 | \$ 4,325,985 | \$ 382,907 | \$ 2,368,820 |
| (898,965) | 105,435 | 5,584,338 | 6,495,790 | 8,044,766 |
| \$ 10,684,692 | \$ 6,450,567 | \$ 9,910,323 | \$ 6,878,697 | \$ 10,413,586 |



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FINANCIAL TRENDS

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

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

(Un-Audited)

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

| | Restated 2010 | Restated 2011 | 2012 | 2013 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Reserved | | | | |
| Unreserved | | | | |
| Nonspendable | \$ 391,593 | \$ 382,742 | \$ 376,517 | \$ 391,977 |
| Restricted | - | - | - | - |
| Assigned | 14,025,344 | 15,834,417 | 14,323,611 | 13,347,874 |
| Unassigned | 3,298,478 | 3,271,596 | 2,606,320 | 3,350,096 |
| Total general fund | <u>\$ 17,715,415</u> | <u>\$ 19,488,755</u> | <u>\$ 17,306,448</u> | <u>\$ 17,089,947</u> |
| All Other Governmental Funds | | | | |
| Reserved | | | | |
| Unreserved, reported in: | | | | |
| Designated | | | | |
| Special revenue funds | | | | |
| Capital project funds | | | | |
| Debt service funds | | | | |
| Nonspendable | | | | |
| Restricted | \$ 7,270,633 | \$ 4,368,168 | \$ 2,992,632 | \$ 10,857 |
| Committed | 455,846 | 1,107,501 | - | - |
| Assigned | 7,962,654 | 7,056,295 | 7,742,208 | 9,766,365 |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u>\$ 15,689,133</u> | <u>\$ 12,531,964</u> | <u>\$ 10,734,840</u> | <u>\$ 9,777,222</u> |

This schedule presents the reported fund balances with the implementation of GASB Statement 54 for calendar year 2010 and 2011, as restated.

Table 3

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 418,618 | \$ 364,591 | \$ 384,704 | \$ 403,230 | \$ 404,181 | \$ 390,669 |
| - | 137,151 | 137,151 | - | - | - |
| 12,696,062 | 12,706,723 | 13,406,493 | 13,345,745 | 11,873,101 | 13,810,569 |
| 3,723,002 | 4,187,530 | 4,129,424 | 4,681,079 | 5,976,080 | 4,634,071 |
| <u>\$ 16,837,682</u> | <u>\$ 17,395,995</u> | <u>\$ 18,057,772</u> | <u>\$ 18,430,054</u> | <u>\$ 18,253,362</u> | <u>\$ 18,835,309</u> |
| | | | | | |
| \$ 46,297,419 | \$ 20,843,307 | \$ 8,904,447 | \$ 5,250,457 | \$ 6,559,722 | \$ 7,440,358 |
| - | - | - | - | - | - |
| 8,407,154 | 8,109,967 | 8,347,861 | 8,209,394 | 7,422,169 | 7,602,458 |
| - | (101,672) | - | - | - | - |
| <u>\$ 54,704,573</u> | <u>\$ 28,851,602</u> | <u>\$ 17,252,308</u> | <u>\$ 13,459,851</u> | <u>\$ 13,981,891</u> | <u>\$ 15,042,816</u> |

(Un-Audited)

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

| | 2010 | 2011 | 2012 | 2013 |
|---|---------------|----------------|----------------|----------------|
| Revenues | | | | |
| Taxes | \$ 14,343,068 | \$ 15,128,079 | \$ 15,311,798 | \$ 16,085,582 |
| Licenses and permits | 119,522 | 276,275 | 114,480 | 91,516 |
| Intergovernmental | 4,515,036 | 12,834,694 | 8,694,716 | 4,550,899 |
| Charges for services | 6,050,968 | 6,082,885 | 6,208,863 | 6,191,082 |
| Fines and forfeitures | 136,681 | 159,574 | 167,553 | 182,562 |
| Investments earnings | 101,960 | 208,321 | 9,488 | (2,356) |
| Contributions | 86,054 | 1,598 | 74,656 | 105,505 |
| Interdepartmental charges | 3,048,226 | 3,175,838 | 3,395,081 | 3,149,075 |
| Miscellaneous | 223,768 | 196,281 | 291,613 | 407,870 |
| Total revenues | 28,625,283 | 38,063,545 | 34,268,248 | 30,761,735 |
| Expenditures | | | | |
| General government | \$ 4,635,116 | \$ 4,694,767 | \$ 5,029,536 | \$ 4,914,708 |
| Public safety | 9,253,467 | 15,794,570 | 11,613,580 | 8,460,223 |
| Culture and tourism | 3,704,718 | 4,256,978 | 11,487,388 | 3,067,307 |
| Health and welfare | 1,504,139 | 1,553,869 | 2,334,980 | 457,254 |
| Public works | 9,943,954 | 9,862,985 | 10,456,004 | 11,040,657 |
| Harbor | 2,265,892 | 3,136,954 | 2,148,053 | 3,423,048 |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Interest and fiscal charges | 264,280 | 454,029 | 598,624 | 1,140,000 |
| Principal retirement | 575,000 | 800,000 | 930,000 | 697,856 |
| Total expenditures | 32,146,566 | 40,554,152 | 44,598,165 | 33,201,053 |
| Excess of revenues over (under) expenditures | (3,521,283) | (2,490,607) | (10,329,917) | (2,439,318) |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | - | \$ 9,778 | \$ 10,795 | - |
| Proceeds of refunded bonds | - | - | - | - |
| 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 | - | - | - | - |
| Capital lease | - | - | - | - |
| Transfers in | 5,277,851 | 2,750,515 | 3,975,430 | \$ 3,334,665 |
| Transfers out | (4,254,851) | (1,653,515) | (2,870,252) | (2,069,466) |
| Total other financing sources (uses) | 8,224,751 | 1,106,778 | 6,350,486 | 1,265,199 |
| Net change in fund balances | \$ 4,703,468 | \$ (1,383,829) | \$ (3,979,431) | \$ (1,174,119) |
| Debt service as a percentage of noncapital expenditures | 3.35% | 4.96% | 5.20% | 6.32% |

Table 4

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|-----------------|-----------------|----------------|-------------|--------------|
| \$ 16,704,419 | \$ 17,496,802 | 17,543,636 | 18,264,579 | 18,989,536 | 19,370,869 |
| 97,998 | 117,705 | 193,514 | 110,522 | 96,487 | 178,309 |
| 20,400,912 | 14,971,874 | 6,887,976 | 9,625,881 | 3,384,455 | 3,824,295 |
| 6,290,591 | 6,196,528 | 6,733,218 | 6,837,859 | 7,010,549 | 6,933,551 |
| 266,098 | 190,911 | 141,578 | 145,608 | 108,900 | 140,112 |
| 65,179 | 70,682 | 31,167 | 47,210 | 328,892 | 516,341 |
| 453,522 | 1,509,991 | 509,247 | 249,436 | - | - |
| 3,150,268 | 3,180,765 | 3,141,701 | 3,143,081 | 3,241,608 | 3,149,501 |
| 464,539 | 518,971 | 292,479 | 602,208 | 450,270 | 525,501 |
| 47,893,526 | 44,254,229 | 35,474,516 | 39,026,384 | 33,610,697 | 34,638,479 |
| \$ 5,159,975 | \$ 5,070,762 | 4,641,273 | 4,816,471 | 4,949,636 | 5,143,408 |
| 9,977,972 | 9,205,059 | 8,425,641 | 8,874,583 | 9,068,743 | 9,375,741 |
| 3,401,183 | 3,095,457 | 3,171,091 | 3,939,295 | 3,140,900 | 3,187,410 |
| 11,745,136 | 794,591 | 48,188 | 20,405 | 466,373 | 258,001 |
| 15,462,846 | 8,185,155 | 7,951,366 | 14,373,385 | 9,266,056 | 8,743,497 |
| 7,075,954 | 1,129,429 | 1,129,112 | 1,096,367 | 1,111,579 | 1,200,009 |
| - | 41,213,121 | 20,494,691 | 5,595,730 | 2,050,471 | 2,704,432 |
| 1,444,671 | 2,482,562 | 2,424,300 | 2,442,793 | 2,365,068 | 2,291,724 |
| 1,180,000 | 3,625,000 | 1,355,000 | 1,455,000 | 1,490,000 | 1,560,000 |
| 55,447,737 | 74,801,136 | 49,640,662 | 42,614,029 | 33,908,826 | 34,464,222 |
| (7,554,211) | (30,546,907) | (14,166,146) | (3,587,645) | (298,129) | 174,257 |
| \$ 17,772 | \$ 66,691 | \$ 45,000 | \$ 32,800 | \$ 1,800 | \$ 59,831 |
| - | 2,280,000 | - | - | - | - |
| - | 2,280,000 | - | - | - | - |
| 44,040,000 | - | 1,765,000 | - | - | - |
| 2,134,131 | 101,300 | 252,887 | - | - | - |
| (166,410) | - | - | - | - | - |
| - | - | - | - | - | 1,644,830 |
| \$ 9,009,820 | \$ 10,266,639 | 5,170,750 | 5,217,020 | 5,342,291 | 5,351,104 |
| (2,806,016) | (7,462,381) | (4,005,008) | (5,082,350) | (4,700,614) | (5,587,150) |
| 52,229,297 | 7,532,249 | 3,228,629 | 167,470 | 643,477 | 1,468,615 |
| \$ 44,675,086 | \$ (23,014,658) | \$ (10,937,517) | \$ (3,420,175) | \$ 345,348 | \$ 1,642,872 |
| 8.56% | 18.55% | 15.20% | 13.16% | 12.56% | 12.70% |

(Un-Audited)

Table 5

City of Ketchikan, Alaska
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years

| Fiscal Year | Real & Personal Property Taxes | Automobile and Boat Taxes | Penalty & Interest | Senior Citizen Local Contribution | Retail Sales Taxes | Marijuana Sales Taxes | Transient Taxes | Payment In Lieu of Taxes | Total |
|--------------------|---|--|-----------------------------------|--|-----------------------------------|--------------------------------------|----------------------------|---|--------------|
| 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 |
| 2019 | 6,162,506 | 43,364 | 68,740 | (493,174) | 12,814,775 | 215,857 | 534,075 | 24,726 | 19,370,869 |
| Change | | | | | | | | | |
| 2019-2010 | 26.23% | -31.81% | -42.76% | 46.73% | 39.02% | 100.00% | 38.62% | 134.46% | 35.05% |

REVENUE CAPACITY

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

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



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(Un-Audited)

Table 6

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

| Fiscal Year | City of Ketchikan | Ketchikan Gateway Borough | Total Rate |
|--------------------|------------------------------|--|-----------------------|
| 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 |
| 2019 | 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

(Un-Audited)

City of Ketchikan, Alaska
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Residential Property | Vacant Property ⁽¹⁾ | Commercial Property | Industrial Property | Apartment & Condominium Property | Other Property |
|--------------------|---------------------------------|---|--------------------------------|--------------------------------|---|---------------------------|
| 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 |
| 2019 | 433,809,800 | 34,024,500 | 237,874,200 | 102,466,300 | 65,231,600 | 3,240,200 |

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

⁽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

Table 7

| Personal Property | Total Assessed Value | Tax-Exempt Property ⁽²⁾ | Total Taxable Assessed Value | Tax Rate |
|------------------------------|-------------------------------------|---|---|---------------------|
| 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 |
| 61,092,000 | 937,738,600 | 74,723,300 | 863,015,300 | 6.6 |

(Un-Audited)

Table 8

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

| | 2019 | | | 2010 | | |
|--|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| <u>Taxpayer</u> | | | | | | |
| Trident Seafoods Corporation | \$ 14,754,000 | 1 | 1.57% | | | |
| Ketchikan Dock Company, LLC | 13,336,200 | 2 | 1.42% | \$ 12,730,700 | 1 | 1.59% |
| Cape Fox Corporation | 11,770,200 | 3 | 1.26% | 9,281,500 | 3 | 1.16% |
| Harbor Enterprises/Petro Marine Services | 11,213,000 | 4 | 1.20% | 7,502,900 | 7 | 0.94% |
| Tongass Trading Company | 10,809,500 | 5 | 1.15% | 10,946,900 | 2 | 1.37% |
| Boyer Towing Inc. | 9,117,500 | 6 | 0.97% | | | |
| Dock Street Building Corporation | 8,962,400 | 7 | 0.96% | | | |
| Alaska General Seafood Processors | 8,431,000 | 8 | 0.90% | | | |
| Landing LLC | 8,338,700 | 9 | 0.89% | 8,086,600 | 5 | 1.01% |
| E C Phillips & Son Inc. | 8,330,500 | 10 | 0.89% | 6,493,000 | 9 | 0.81% |
| Trident-Norquest | | | | 8,704,600 | 4 | 1.09% |
| Carr-Gottstein Foods Company | | | | 7,857,900 | 6 | 0.98% |
| Wal-Mart | | | | 6,731,800 | 8 | 0.84% |
| 1308 Properties, LLC | | | | 6,257,700 | 10 | 0.78% |
| Total | \$ 105,063,000 | | 11.21% | \$ 84,593,600 | | 10.57% |

Source: Ketchikan Gateway Borough Department of Assessment

(Un-Audited)

Table 9

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

| Fiscal Year | Taxes Levied for Municipal Purposes for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|---|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2010 | 4,549,659 | 4,353,276 | 95.68% | 167,052 | 4,520,328 | 99.36% |
| 2011 | 4,621,143 | 4,565,367 | 98.79% | 55,701 | 4,621,068 | 100.00% |
| 2012 | 4,648,128 | 4,590,563 | 98.76% | 57,565 | 4,648,128 | 100.00% |
| 2013 | 5,344,326 | 5,276,616 | 98.73% | 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% | 30,409 | 5,549,207 | 99.75% |
| 2017 | 5,584,768 | 5,521,603 | 98.87% | 58,370 | 5,579,973 | 99.91% |
| 2018 | 5,622,812 | 5,594,117 | 99.49% | 26,396 | 5,620,513 | 99.96% |
| 2019 | 5,695,901 | 5,639,871 | 99.02% | - | 5,639,871 | 99.02% |

Source: Ketchikan Gateway Borough, Assessment Department



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(Un-Audited)

Table 10

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

| Fiscal Year | Retail Sales Tax | | | Marijuana Sales Tax ² | Total Sales Tax Rate |
|-------------|-----------------------------------|---------------------------------|------------------------------|-------------------------------------|----------------------------|
| | City of Ketchikan ¹ | Ketchikan Gateway Borough | Retail Sales Tax Total | | |
| 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% |
| 2019 | 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

(Un-Audited)

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

| | 2010 | 2011 | 2012 | 2013 |
|--|--------------|--------------|--------------|--------------|
| <u>Collected Charges for Services Revenue</u> | | | | |
| Solid Waste | \$ 2,816,287 | \$ 2,940,490 | \$ 2,948,507 | \$ 2,851,958 |
| Harbor | 1,116,361 | 1,159,273 | 1,250,292 | 1,191,053 |
| <u>Number of Customers/Services Provided</u> | | | | |
| Solid Waste Collection | | | | |
| Residential | 2,402 | 2,524 | 2,558 | 2,559 |
| Business | 233 | 238 | 251 | 245 |
| Solid Waste Disposal | 5,419 | 5,485 | 5,537 | 5,571 |
| Harbor | | | | |
| Reserved Moorage Stalls Rented | 763 | 765 | 767 | 753 |

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

Table 11

| | 2014 | | 2015 | | 2016 | | 2017 | | 2018 | | 2019 |
|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|
| \$ | 2,907,531 | \$ | 2,809,864 | \$ | 3,142,540 | \$ | 3,145,652 | \$ | 3,170,322 | \$ | 3,249,983 |
| | 1,247,810 | | 1,329,984 | | 1,475,000 | | 1,513,634 | | 1,575,010 | | 1,568,935 |
| | | | | | | | | | | | |
| | 2,599 | | 2,628 | | 2,673 | | 2,694 | | 2,710 | | 2,594 |
| | 248 | | 249 | | 252 | | 248 | | 246 | | 246 |
| | 5,528 | | 5,500 | | 5,548 | | 5,575 | | 5,604 | | 5,967 |
| | | | | | | | | | | | |
| | 735 | | 821 | | 857 | | 832 | | 806 | | 813 |

(Un-Audited)

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

| | 2010 | 2011 | 2012 | 2013 |
|--|--------------|--------------|--------------|--------------|
| <u>Collected Charges for Services Revenue</u> | | | | |
| Electric | | | | |
| Residential | \$ 6,557,170 | \$ 6,929,817 | \$ 7,240,637 | \$ 6,929,393 |
| Boats | 268,981 | 293,654 | 318,564 | 299,465 |
| Commercial | 6,186,808 | 6,404,792 | 6,673,188 | 6,701,322 |
| Industrial | 1,758,452 | 1,767,912 | 1,862,015 | 1,915,505 |
| Demand | 427,292 | 443,170 | 481,321 | 510,887 |
| Area Lighting | 48,833 | 48,890 | 48,974 | 48,995 |
| Street Lighting | 124,526 | 124,978 | 126,239 | 126,178 |
| Diesel Surcharge | 18,848 | 231,477 | 16,477 | 2,388,021 |
| Other | 562,291 | 442,410 | 464,797 | 426,644 |
| Telecommunications | | | | |
| Local Network Services | 2,274,624 | 2,194,530 | 2,131,351 | 2,100,995 |
| Inter/Intrastate Network Access Services | 8,644,023 | 8,591,786 | 8,399,849 | 8,660,056 |
| Non-Regulated | 2,967,362 | 3,261,045 | 3,565,887 | 4,036,708 |
| Other | 560,477 | 453,180 | 489,827 | 444,218 |
| Water | | | | |
| Residential | 1,110,982 | 1,277,902 | 1,300,147 | 1,343,648 |
| Apartments | 214,427 | 250,519 | 258,792 | 269,394 |
| Commercial | 864,542 | 1,003,574 | 998,294 | 1,042,848 |
| Industrial | 64,890 | 85,894 | 87,840 | 91,425 |
| Seafood Processors | 150,887 | 156,455 | 143,560 | 144,614 |
| Fire Hydrant | 30,378 | 34,922 | 27,199 | 22,864 |
| Port | 128,792 | 124,230 | 146,820 | 189,975 |
| Other | 10,569 | 51,804 | 20,970 | 24,160 |
| Wastewater | | | | |
| Residential Sewer Service | 1,224,650 | 1,269,208 | 1,349,227 | 1,490,983 |
| Business Sewer Service | 785,117 | 848,585 | 866,087 | 960,818 |
| Port | | | | |
| Passenger Wharfage | 5,725,215 | 5,786,811 | 6,183,922 | 6,556,500 |
| Docking | 1,721,945 | 1,702,405 | 1,741,242 | 1,877,195 |
| <u>Customer Base</u> | | | | |
| Electric | | | | |
| Residential | 5,756 | 5,757 | 5,808 | 5,819 |
| Commercial | 1,153 | 1,165 | 1,173 | 1,171 |
| Industrial | 13 | 12 | 13 | 13 |
| Other | 496 | 509 | 524 | 511 |
| Telecommunications | | | | |
| Residential Access Lines | 3,554 | 3,397 | 3,235 | 3,138 |
| Commercial Access Lines | 3,442 | 3,225 | 3,078 | 2,909 |
| Water | | | | |
| Residential | 2,738 | 2,743 | 2,727 | 2,724 |
| Apartments | 17 | 17 | 20 | 21 |
| Commercial | 436 | 442 | 451 | 444 |
| Industrial | 5 | 5 | 4 | 4 |
| Cannery | 4 | 5 | 4 | 5 |
| Fire Hydrant | 7 | 7 | 8 | 8 |
| Marine Vessels | 26 | 41 | 29 | 38 |
| Wastewater | | | | |
| Residential ¹ | 2,742 | 2,748 | 2,731 | 2,729 |
| Business | 441 | 447 | 455 | 448 |
| Port | | | | |
| Cruiseships | 26 | 28 | 34 | 31 |
| Stops | 429 | 426 | 467 | 456 |
| Passengers ² | 820,914 | 830,547 | 885,799 | 938,124 |

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

Table 12

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----|-----------|--------------|--------------|--------------|--------------|--------------|
| \$ | 6,796,723 | \$ 6,752,943 | \$ 7,127,462 | \$ 7,626,289 | \$ 7,650,908 | \$ 7,472,223 |
| | 298,227 | 279,072 | 318,082 | 343,140 | 332,985 | 323,513 |
| | 6,690,774 | 6,584,210 | 6,846,651 | 7,214,570 | 7,188,265 | 7,172,769 |
| | 1,750,002 | 1,784,436 | 1,795,059 | 1,959,446 | 1,901,001 | 1,861,397 |
| | 514,972 | 507,363 | 495,104 | 517,862 | 527,719 | 540,011 |
| | 49,172 | 50,076 | 53,056 | 54,133 | 59,148 | 59,037 |
| | 127,692 | 129,143 | 129,912 | 130,875 | 131,478 | 131,968 |
| | 96,283 | 4 | - | 438,882 | 2,206,307 | 6,747,735 |
| | 293,569 | 350,271 | 370,497 | 506,415 | 556,296 | 662,163 |
| | | | | | | |
| | 2,005,521 | 2,030,655 | 2,082,930 | 2,010,146 | 2,000,821 | 1,995,490 |
| | 9,259,709 | 9,413,321 | 8,927,300 | 8,525,849 | 8,871,847 | 8,857,631 |
| | 4,396,232 | 5,596,871 | 7,078,617 | 8,910,105 | 9,735,645 | 8,710,036 |
| | 499,346 | 461,826 | 374,776 | 367,613 | 395,883 | 379,051 |
| | | | | | | |
| | 1,377,255 | 1,521,500 | 1,632,301 | 1,655,801 | 1,736,472 | 1,838,947 |
| | 294,082 | 327,663 | 351,241 | 357,127 | 373,428 | 394,046 |
| | 1,102,474 | 1,208,718 | 1,275,949 | 1,302,261 | 1,382,874 | 1,448,482 |
| | 79,182 | 83,648 | 89,868 | 91,194 | 94,196 | 100,406 |
| | 149,219 | 152,636 | 143,507 | 174,184 | 251,061 | 331,963 |
| | 23,539 | 25,887 | 27,951 | 28,080 | 29,470 | 31,092 |
| | 172,688 | 159,075 | 154,725 | 157,725 | 192,195 | 1,890 |
| | 10,256 | 23,051 | 45,931 | 21,761 | 24,953 | 28,921 |
| | | | | | | |
| | 1,623,781 | 1,771,393 | 1,917,142 | 1,946,829 | 2,050,792 | 2,180,405 |
| | 951,760 | 986,268 | 1,054,754 | 1,081,780 | 1,156,141 | 1,226,097 |
| | | | | | | |
| | 6,110,005 | 6,504,788 | 6,482,367 | 6,892,093 | 7,300,575 | 8,097,798 |
| | 1,770,044 | 1,782,260 | 1,771,371 | 1,876,880 | 1,913,469 | 2,093,970 |
| | | | | | | |
| | | | | | | |
| | 5,817 | 5,854 | 5,879 | 5,921 | 5,946 | 5,964 |
| | 1,201 | 1,221 | 1,228 | 1,242 | 1,263 | 1,275 |
| | 13 | 15 | 16 | 17 | 16 | 16 |
| | 518 | 543 | 555 | 556 | 612 | 612 |
| | | | | | | |
| | 3,313 | 3,352 | 3,345 | 3,242 | 3,247 | 3,070 |
| | 2,550 | 2,371 | 2,266 | 2,109 | 2,027 | 1,973 |
| | | | | | | |
| | 2,650 | 2,647 | 2,649 | 2,659 | 2,667 | 2,674 |
| | 25 | 27 | 28 | 28 | 28 | 28 |
| | 436 | 443 | 454 | 458 | 470 | 475 |
| | 3 | 3 | 3 | 3 | 3 | 3 |
| | 6 | 5 | 5 | 5 | 5 | 5 |
| | 8 | 8 | 8 | 8 | 8 | 8 |
| | 34 | 30 | 56 | 59 | 57 | 1 |
| | | | | | | |
| | 2,656 | 2,698 | 2,712 | 2,724 | 2,730 | 2,737 |
| | 439 | 436 | 446 | 451 | 461 | 464 |
| | | | | | | |
| | 37 | 38 | 38 | 43 | 40 | 46 |
| | 468 | 496 | 489 | 507 | 504 | 562 |
| | 877,589 | 934,772 | 935,928 | 996,920 | 1,045,079 | 1,171,620 |

(Un-Audited)

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

| | 2010 | 2011 | 2012 |
|---|-----------------------|-----------------------|-----------------------|
| Construction | \$ 54,092,394 | \$ 97,325,966 | \$ 114,214,541 |
| Financial institutions | 3,843,647 | 3,312,505 | 4,304,936 |
| Hospitality/Lodging establishments | 14,299,381 | 13,383,768 | 14,454,796 |
| Manufacturing | 38,802,496 | 23,008,725 | 37,626,506 |
| Real estate | 35,317,700 | 35,197,980 | 36,282,557 |
| Remote retail | - | - | - |
| Retail trade | 42,066,935 | 43,782,376 | 46,221,994 |
| Food stores | 66,068,438 | 70,282,395 | 72,864,479 |
| Eating and drinking establishments | 19,637,754 | 20,382,296 | 21,871,782 |
| Auto dealers and supplies | 18,240,527 | 20,656,612 | 21,777,925 |
| Specialty retail | 18,933,549 | 17,621,096 | 17,734,427 |
| Curio and jewelry retail stores | 93,783,668 | 93,318,157 | 93,612,328 |
| Entertainment services | 3,560,715 | 3,537,686 | 3,664,583 |
| General services | 10,848,935 | 11,135,606 | 10,825,042 |
| Professional services | 8,736,642 | 11,277,048 | 9,921,550 |
| Transportation-Fuel/Freight Service | 46,343,745 | 53,298,731 | 53,064,068 |
| Transportation-Tour/Adventures | 15,147,472 | 15,738,440 | 16,441,945 |
| Transportation-All Other and communications | 13,796,179 | 13,640,915 | 13,363,351 |
| Telecommunications | 7,503,146 | 7,830,997 | 8,050,936 |
| Wholesale Trade | 4,868,635 | 4,772,431 | 5,251,730 |
| Total | <u>\$ 515,891,958</u> | <u>\$ 559,503,730</u> | <u>\$ 601,549,476</u> |
| City direct sales tax rate | 3.50% | 3.50% | 3.50% |

Source: Ketchikan Gateway Borough

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

Table 13

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 79,624,263 | \$ 79,661,822 | \$ 85,757,073 | \$ 74,812,252 | \$ 79,319,530 | \$ 59,314,802 | \$ 57,977,269 |
| 3,823,214 | 3,264,143 | 3,128,295 | 3,072,413 | 2,161,852 | 2,512,912 | 2,638,009 |
| 14,592,618 | 15,306,647 | 15,632,441 | 16,195,255 | 16,804,068 | 17,765,735 | 17,906,173 |
| 35,271,769 | 32,324,967 | 47,143,944 | 49,999,866 | 47,197,111 | 32,456,890 | 25,935,866 |
| 36,392,471 | 36,844,557 | 38,807,635 | 37,405,083 | 39,576,138 | 40,370,478 | 39,457,323 |
| - | - | 19,758 | 25,863 | 31,657 | 192,325 | 4,931,936 |
| 45,801,511 | 47,026,386 | 45,786,237 | 44,870,277 | 45,997,261 | 46,875,907 | 46,577,275 |
| 73,199,378 | 75,202,176 | 85,044,654 | 84,017,588 | 86,400,679 | 89,501,857 | 93,440,838 |
| 21,289,797 | 21,297,129 | 22,887,732 | 23,255,671 | 23,662,945 | 25,054,377 | 25,619,810 |
| 21,362,910 | 22,480,389 | 21,452,076 | 20,702,655 | 22,546,654 | 22,255,511 | 20,836,223 |
| 17,480,809 | 19,140,014 | 19,899,374 | 21,389,104 | 23,228,846 | 26,171,614 | 27,579,756 |
| 99,671,948 | 93,482,783 | 102,467,892 | 102,019,064 | 110,906,941 | 122,898,034 | 116,540,872 |
| 3,762,714 | 3,999,764 | 4,205,791 | 4,616,071 | 5,100,780 | 5,472,944 | 7,155,264 |
| 10,477,118 | 11,069,657 | 11,652,408 | 12,394,815 | 13,736,070 | 13,782,820 | 14,891,690 |
| 8,573,984 | 9,521,613 | 12,712,487 | 9,805,747 | 9,993,747 | 9,015,449 | 10,996,560 |
| 49,846,052 | 43,318,744 | 32,565,936 | 28,190,910 | 30,708,708 | 34,801,099 | 44,786,326 |
| 17,055,248 | 16,219,978 | 17,014,970 | 17,120,300 | 19,424,923 | 20,306,508 | 20,986,562 |
| 18,715,254 | 17,516,306 | 15,925,822 | 12,656,770 | 13,678,849 | 13,953,451 | 12,672,545 |
| 8,401,342 | 8,686,823 | 8,801,839 | 8,133,656 | 8,034,941 | 8,830,166 | 8,155,959 |
| 5,342,198 | 5,216,327 | 6,441,569 | 7,870,666 | 7,618,828 | 6,982,279 | 6,456,051 |
| <u>\$ 570,684,598</u> | <u>\$ 561,580,225</u> | <u>\$ 597,347,933</u> | <u>\$ 578,554,026</u> | <u>\$ 606,130,528</u> | <u>\$ 598,515,158</u> | <u>\$ 605,542,307</u> |
| 3.50% | 4.00% | 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 Table 15
Pledged Revenue Coverage Table 16
Direct and Overlapping Governmental Activities Debt Table 17

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

| Governmental Activities | | | | | | | | | | |
|--------------------------------|---------------------------------|----------------------|--------------------------------------|--|--|--|--|--|--|--|
| Fiscal Year | General Obligation Bonds | Capital Lease | Total Governmental 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 | | | | | | | |
| 2019 | 53,639,433 | - | 53,639,433 | | | | | | | |

| Business-Type Activities | | | | | | | | | | |
|---------------------------------|--|---------------------------------|--------------------------------------|---------------------------|--------------------------------------|--------------------------|---------------------------------------|---------------------------------|--------------------------------------|--|
| | Wastewater General Obligation Bonds | Wastewater Revenue Bonds | Port General Obligation Bonds | Port Revenue Bonds | KPU Junior 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 | 16.77% | 9,220 |
| 2011 | 4,560,222 | - | 540,000 | 35,773,083 | 8,429,282 | 10,626,271 | 59,928,858 | 71,381,186 | 15.34% | 8,719 |
| 2012 | 4,736,445 | \$ 363,210 | 270,000 | 34,969,522 | 8,673,259 | 8,022,070 | 57,034,506 | 72,760,538 | 14.94% | 8,800 |
| 2013 | 2,763,776 | 308,811 | - | 34,130,961 | 8,804,413 | 20,938,869 | 66,946,830 | 81,482,512 | 16.47% | 9,822 |
| 2014 | 2,711,970 | 295,463 | - | 33,257,400 | 10,154,554 | 17,595,000 | 64,014,387 | 123,455,832 | 23.70% | 14,783 |
| 2015 | 1,972,026 | 281,916 | - | 31,775,000 | 9,798,191 | 16,428,839 | 60,255,972 | 118,240,052 | 22.06% | 14,246 |
| 2016 | 1,875,495 | 268,163 | - | 30,857,218 | 8,474,239 | 15,434,295 | 56,909,410 | 115,415,821 | 22.01% | 14,094 |
| 2017 | 1,777,510 | 254,204 | - | 29,759,634 | 8,028,676 | 13,581,293 | 53,401,317 | 110,311,808 | 20.64% | 13,545 |
| 2018 | 1,678,051 | 562,681 | - | 28,627,050 | 8,195,406 | 12,885,722 | 51,948,910 | 107,258,872 | 19.34% | 13,191 |
| 2019 | 1,577,094 | 533,939 | - | 27,889,603 | 7,708,777 | 12,175,152 | 49,884,565 | 103,523,998 | 18.66% | 12,776 |

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

Source: City of Ketchikan financial records

(Un-Audited)

Table 15

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

| Fiscal Year | Population (Table 18) | Taxable Assessed Value (Table 7) | General Obligation Bonds | Ratio of GO Debt to Assessed Value of Property | Net GO Debt Per 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 | 8,187 | 745,345,700 | 16,552,550 | 2.22% | 2,022 |
| 2012 | 8,268 | 749,698,100 | 20,732,477 | 2.77% | 2,508 |
| 2013 | 8,296 | 797,660,600 | 17,299,458 | 2.17% | 2,085 |
| 2014 | 8,351 | 805,953,200 | 62,153,415 | 7.71% | 7,443 |
| 2015 | 8,300 | 808,372,648 | 59,956,106 | 7.42% | 7,224 |
| 2016 | 8,189 | 830,354,200 | 60,381,906 | 7.27% | 7,374 |
| 2017 | 8,144 | 833,547,500 | 58,688,001 | 7.04% | 7,206 |
| 2018 | 8,131 | 851,941,200 | 56,988,013 | 6.69% | 7,009 |
| 2019 | 8,103 | 863,015,300 | 55,216,527 | 6.40% | 6,814 |

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

Source: City of Ketchikan financial records

(Un-Audited)

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

| Utility Revenue Bonds | | | | | | |
|-----------------------|--------------------------------|---------------------------------------|------------------|--------------|----------|----------|
| Fiscal Year | Gross Revenues ¹ | Expenses Excluding Depreciation | Net Available | Debt Service | | Coverage |
| | | Taxes & Debt | Revenue | Principal | Interest | |
| 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 |
| 2019 | 49,664,594 | 39,491,848 | 10,172,746 | 620,000 | 522,750 | 8.90 |

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.

Table 16

| Port Revenue Bonds | | | | | | | |
|--------------------|--|-----------------------------|--------------|-----------|--------------------|-----------------|---------------------------|
| Gross Revenue | Expenses Excluding Depreciation and Lease | Net Available Revenue | Debt Service | | Other ² | Coverage | |
| | | | Principal | Interest | | Debt Service | Debt 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 |
| 11,082,302 | 2,003,019 | 9,079,283 | 980,000 | 1,260,000 | 3,329,484 | 4.05 | 1.63 |

City of Ketchikan, Alaska
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

| Name of Governmental Unit | Debt Outstanding | Estimated Percentage Applicable ¹ | Estimated Share of Overlapping Debt |
|--|-------------------------|---|--|
| Ketchikan Gateway Borough-Overlapping Debt | 29,700,000 | 60.39% | 17,935,707 |
| City of Ketchikan-Direct Debt | 53,639,433 | 100.00% | 53,639,433 |
| Total Direct and Overlapping Debt | | | <u>\$ 71,575,140</u> |

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 FY2019 Comprehensive Annual Financial Report for the year ended June 30, 2019.

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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

(Un-Audited)

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

| Year | Population | | Personal Income ⁽¹⁾ | Per | School ⁽³⁾ Enrollment | Registered Voters |
|------|------------|----------|-----------------------------------|-----------------------|-------------------------------------|----------------------|
| | Ketchikan | | | Capita | | |
| | Gateway | Personal | | Personal | | |
| | City | Borough | | Income ⁽²⁾ | | |
| 2010 | 8,050 | 13,477 | 740,725,000 | 54,602 | 2,247 | 6,029 |
| 2011 | 8,187 | 13,724 | 779,911,000 | 57,074 | 2,263 | 5,832 |
| 2012 | 8,268 | 13,894 | 818,675,000 | 59,657 | 2,299 | 5,773 |
| 2013 | 8,296 | 13,836 | 825,230,000 | 60,166 | 2,376 | 5,601 |
| 2014 | 8,351 | 13,889 | 866,308,000 | 62,771 | 2,474 | 5,673 |
| 2015 | 8,300 | 13,822 | 892,543,000 | 65,121 | 2,365 | 5,731 |
| 2016 | 8,189 | 13,754 | 880,839,000 | 64,227 | 2,392 | 5,851 |
| 2017 | 8,144 | 13,785 | 904,811,000 | 65,179 | 2,378 | 5,882 |
| 2018 | 8,131 | 13,798 | 940,891,000 | 67,602 | 2,346 | 6,442 |
| 2019 | 8,103 | 13,739 | 940,891,000 | 67,602 | 2,311 | 6,530 |

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 Analysis 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 2019 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 Analysis 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 2019 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 2019 information can be accessed at <https://education.alaska.gov/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. The amount reflected to 2019 is an estimate based on 2018 figures because 2019 data is currently unavailable.

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

Table 18

| Civilian Labor Force ⁽⁴⁾ | | | Motor |
|--|-------------------|---------------------|----------------------------------|
| | | Unemployment | Vehicles |
| Employed | Unemployed | Rate | Registered ⁽⁵⁾ |
| 6,501 | 665 | 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 |
| 6,548 | 559 | 7.9% | 16,520 |
| 6,484 | 480 | 6.9% | 16,578 |
| 6,558 | 457 | 6.5% | 16,666 |
| 6,634 | 432 | 6.1% | 16,549 |
| 6,556 | 415 | 6.0% | 16,278 |
| 6,456 | 428 | 6.2% | 16,278 |

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

| Employment Sectors | 2019 ¹ | | | 2010 | | |
|-----------------------------------|--------------------------------------|--------------------|---|--------------------------------------|--------------------|---|
| | <u>Average Employment</u> | <u>Rank</u> | <u>% of Total Employment</u> | <u>Average Employment</u> | <u>Rank</u> | <u>% of Total Employment</u> |
| Private and public: | | | | | | |
| Private sector | 5,496 | | 73.91% | 5,120 | | 71.21% |
| Public sector | 1,940 | | 26.09% | 2,070 | | 28.79% |
| Total private and public | <u>7,436</u> | | <u>100.00%</u> | <u>7,190</u> | | <u>100.00%</u> |
| Detail of private sector: | | | | | | |
| Natural Resource and Mining | 93 | 12 | 1.25% | 180 | 12 | 2.50% |
| Construction | 302 | 9 | 4.06% | 246 | 9 | 3.42% |
| Manufacturing | 466 | 6 | 6.27% | 534 | 6 | 7.43% |
| Trade, Transportation & Utilities | 1,720 | 1 | 23.13% | 1,715 | 1 | 23.85% |
| Information | 90 | 13 | 1.21% | 87 | 13 | 1.21% |
| Financial Activities | 349 | 7 | 4.69% | 375 | 7 | 5.22% |
| Professional & Business Services | 332 | 8 | 4.46% | 224 | 10 | 3.12% |
| Educational & Health Services | 1,053 | 3 | 14.16% | 787 | 4 | 10.95% |
| Leisure & Hospitality | 935 | 4 | 12.57% | 788 | 3 | 10.96% |
| Other Services | 156 | 11 | 2.10% | 184 | 11 | 2.56% |
| Total Detail of private sector | <u>5,496</u> | | <u>73.91%</u> | <u>5,120</u> | | <u>71.21%</u> |
| Detail of public sector: | | | | | | |
| Federal Government | 226 | 10 | 3.04% | 273 | 8 | 3.80% |
| State Government | 586 | 5 | 7.88% | 711 | 5 | 9.89% |
| Local Government | 1,128 | 2 | 15.17% | 1,086 | 2 | 15.10% |
| Total Detail of public sector | <u>1,940</u> | | <u>26.09%</u> | <u>2,070</u> | | <u>28.79%</u> |

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 2019 employment figures reflect results for calendar year 2018 by the State of Alaska, Department of Labor as the results for 2019 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.

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



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CITY OF KETCHIKAN, ALASKA
Property Value and Construction
Last Ten Fiscal Years

| Year | Construction | | Real & Personal Property Value (2) |
|------|--------------------------|-------------|---------------------------------------|
| | Number of Permits (1) | Value (1) | |
| 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 |
| 2019 | 177 | 16,962,976 | 937,738,600 |

Sources:

(1) - City of Ketchikan Building Inspection Division

(2) - Ketchikan Gateway Borough Department of Assessment

(Un-Audited)

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

| | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------|--------|--------|
| <u>Function/Program</u> | | | | |
| General government | | | | |
| Mayor and Council | 8.00 | 8.00 | 8.00 | 8.00 |
| Law | 2.00 | 2.00 | 1.00 | 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 | 7.00 | 7.00 | 7.00 | 7.00 |
| Public Safety | | | | |
| Fire | 20.00 | 19.00 | 19.00 | 19.00 |
| Police | 36.30 | 36.30 | 36.30 | 36.30 |
| Culture | | | | |
| Library | 11.83 | 11.83 | 12.31 | 12.31 |
| Museum | 7.45 | 7.20 | 7.20 | 7.20 |
| Civic Center | 3.00 | 3.00 | 3.00 | 3.00 |
| Health and Welfare | | | | |
| Gateway Center for Human Services ¹ | - | - | - | - |
| Public Works | | | | |
| Engineering | 11.00 | 11.50 | 13.00 | 12.00 |
| Streets | 13.00 | 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 | 5.40 | 5.40 | 5.40 |
| Port Development | 4.20 | 4.60 | 4.60 | 4.60 |
| Ketchikan Public Utilities | | | | |
| Administration | 1.50 | 1.50 | 2.50 | 2.50 |
| Engineering ² | 4.50 | 4.50 | - | - |
| Sales, Marketing & Customer Service | 16.00 | 16.00 | 16.00 | 16.83 |
| Electric | 42.00 | 43.00 | 43.40 | 43.40 |
| Telephone | 41.00 | 40.00 | 43.00 | 43.92 |
| Water | 8.50 | 8.50 | 10.60 | 10.60 |
| Total | 314.68 | 289.58 | 289.83 | 292.81 |

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.

Table 21

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------|--------|--------|--------|--------|--------|
| 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| 1.00 | 1.25 | 1.00 | 1.00 | 1.00 | 1.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 15.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 |
| 7.00 | 7.00 | 6.42 | 6.00 | 6.00 | 6.00 |
| 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 |
| 35.30 | 35.30 | 35.30 | 35.30 | 35.30 | 35.30 |
| 12.41 | 12.79 | 12.79 | 12.74 | 11.82 | 11.82 |
| 7.20 | 7.20 | 7.70 | 8.20 | 8.20 | 8.20 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| - | - | - | - | - | - |
| 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 13.00 |
| 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.75 | 3.00 |
| 5.40 | 5.20 | 5.20 | 5.20 | 5.20 | 5.20 |
| 4.60 | 4.80 | 4.80 | 4.80 | 4.80 | 4.80 |
| 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| - | - | - | - | - | - |
| 17.00 | 17.00 | 17.00 | 19.00 | 19.00 | 19.00 |
| 43.40 | 43.40 | 43.40 | 43.40 | 43.40 | 43.40 |
| 43.00 | 42.00 | 42.00 | 41.00 | 41.00 | 41.00 |
| 10.60 | 10.60 | 10.60 | 10.60 | 10.93 | 11.60 |
| 293.56 | 290.91 | 291.54 | 291.21 | 292.40 | 294.32 |

(Un-Audited)

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

| | 2010 | 2011 | 2012 | 2013 |
|--|---------|---------|---------|---------|
| Function/Program | | | | |
| General Government | | | | |
| City Manager | | | | |
| Personnel Job Postings | 85 | 137 | 130 | 130 |
| Information Technology | | | | |
| Workstations | 318 | 318 | 327 | 339 |
| Portables | 52 | 52 | 48 | 52 |
| Printers | 91 | 91 | 87 | 83 |
| Public Safety | | | | |
| Fire | | | | |
| EMS/Rescue Responses | 1,158 | 1,196 | 1,404 | 1,287 |
| Fire Responses | 46 | 434 | 198 | 232 |
| Volunteer Fire Persons | 27 | 27 | 25 | 21 |
| Police | | | | |
| DUI Offenses | 130 | 122 | 62 | 40 |
| Domestic Violence | 365 | 181 | 72 | 79 |
| Larceny Offenses | 400 | 415 | 316 | 272 |
| Culture | | | | |
| Library | | | | |
| Volumes in collection | 69,968 | 74,228 | 84,049 | 77,181 |
| Annual Circulation | 190,186 | 177,454 | 158,364 | 178,856 |
| Offered Programs | 262 | 243 | 245 | 324 |
| Program Attendance | 6,733 | 6,230 | 6,076 | 8,397 |
| Museum | | | | |
| Tongass Historical Museum Attendance | 20,818 | 21,451 | 20,534 | 25,656 |
| Tongass Historical Museum Exhibit Openings | 4 | 4 | 4 | 4 |
| Totem Heritage Center Attendance | 43,088 | 33,603 | 25,905 | 30,949 |
| THC Native Arts Studies Course Offerings | 12 | 10 | 11 | 11 |
| Civic Center | | | | |
| Days Occupied | 180 | 174 | 203 | 179 |
| Events | 154 | 132 | 147 | 139 |
| Public Works | | | | |
| Engineering | | | | |
| Issued Building Permits | 156 | 157 | 139 | 148 |
| Solid Waste | | | | |
| Municipal Solid Waste - tons per day | 24.57 | 24.53 | 23.02 | 23.22 |
| Trash - tons per day | 12.90 | 14.14 | 14.96 | 12.94 |
| Incineration - tons per day | 0.04 | 0.02 | 0.02 | 0.02 |
| Recycle - tons per day | 6.25 | 7.13 | 5.49 | 18.40 |
| Port and Harbors | | | | |
| Reserved Moorage Stalls Rented | 693 | 726 | 715 | 753 |
| Transient Moorage Feet Sold | 529,565 | 524,316 | 501,467 | 343,312 |
| Cruise Ship Stops | 429 | 426 | 462 | 453 |
| Cruise Ship Passengers | 828,929 | 830,547 | 885,799 | 938,124 |
| Ketchikan Public Utilities | | | | |
| Customer Service | | | | |
| Utility Service Orders | 5,798 | 5,417 | 4,720 | 4,937 |
| Telecommunications Service Orders | 14,382 | 14,335 | 10,238 | 7,603 |

Sources: Various City Departments

Table 22

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------|---------|---------|---------|-----------|-----------|
| 129 | 129 | 117 | 120 | 124 | 111 |
| 351 | 347 | 338 | 225 | 230 | 205 |
| 66 | 70 | 72 | 77 | 80 | 56 |
| 89 | 100 | 100 | 108 | 108 | 114 |
| 1,429 | 1,439 | 1,551 | 2,082 | 2,134 | 2,033 |
| 225 | 244 | 250 | 58 | 42 | 43 |
| 17 | 17 | 25 | 26 | 25 | 11 |
| 55 | 68 | 81 | 40 | 62 | 67 |
| 75 | 55 | 63 | 59 | 79 | 90 |
| 263 | 265 | 266 | 307 | 345 | 74 |
| 95,427 | 99,311 | 70,323 | 99,401 | 101,331 | 104,128 |
| 181,105 | 187,916 | 169,185 | 178,600 | 180,240 | 173,829 |
| 572 | 561 | 341 | 575 | 587 | 585 |
| 13,151 | 13,790 | 12,801 | 12,618 | 12,218 | 11,821 |
| 25,593 | 24,552 | 23,914 | 23,754 | 24,700 | 28,322 |
| 3 | 2 | 1 | 1 | 1 | 1 |
| 31,266 | 33,218 | 36,799 | 36,716 | 36,589 | 40,372 |
| 12 | 10 | 10 | 11 | 9 | 9 |
| 143 | 149 | 159 | 152 | 140 | 138 |
| 90 | 84 | 105 | 91 | 92 | 83 |
| 146 | 148 | 171 | 124 | 130 | 177 |
| 23.54 | 24.10 | 24.57 | 24.86 | 27.28 | 27.11 |
| 14.64 | 12.51 | 12.90 | 10.61 | 10.15 | 10.31 |
| 0.03 | 0.02 | 0.04 | 0.04 | 0.03 | 0.03 |
| 16.53 | 6.08 | 6.75 | 10.37 | 13.74 | 10.52 |
| 735 | 821 | 857 | 832 | 806 | 813 |
| 314,517 | 271,454 | 312,543 | 252,411 | 421,288 | 451,669 |
| 468 | 496 | 489 | 507 | 504 | 562 |
| 846,636 | 934,772 | 935,928 | 996,920 | 1,045,079 | 1,171,620 |
| 4,120 | 3,151 | 2,903 | 2,798 | 3,211 | 3,027 |
| 8,133 | 8,032 | 9,072 | 7,252 | 7,096 | 6,239 |

(Un-Audited)

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

| | 2010 | 2011 | 2012 | 2013 |
|---------------------------------|-------|-------|-------|-------|
| <u>Function/Program</u> | | | | |
| 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 | 27.89 | 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

Table 23

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------|-------|-------|-------|-------|-------|
| 3 | 3 | 3 | 3 | 3 | 3 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 27.89 | 29.37 | 37.09 | 37.09 | 37.09 | 37.15 |
| 1 | 2 | 2 | 2 | 2 | 2 |
| 37 | 38 | 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, 2019

| Condensed Description of Coverage | Coverage per Occurrence and Deductible Amounts | Condensed Description of Coverage | Coverage per Occurrence and Deductible Amounts |
|---|---|---|---|
| Property Insurance (includes Boiler & Machinery, Flood & Earthquake) | | Police Professional Liability | |
| Coverage Amounts | Per Schedule | Coverage Limits | \$15,500,000 |
| Deductible | \$25,000/\$10,000 | Deductible | 75,000 |
| Commercial Comprehensive General 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 |
| Commercial Auto Liability | | Public Employees Blanket Bond | |
| Coverage Limits | 15,500,000 | Coverage Limits | 2,500,000 |
| Deductible | 75,000 | Deductible | 10,000 |
| Marine Insurance | | Public Officials Bond | |
| Hull Coverage Limits | Per Schedule | City Manager - Coverage Limits | 10,000 |
| Hull War Risk | | Finance Director - Coverage Limits | 100,000 |
| Coverage Limits | Per Schedule | Deductible | none |
| Primary Protection & Indemnity | | Marina and Wharfingers | |
| Coverage Limits | 1,000,000 | Wharfingers/Terminal Operator's/ | |
| Deductible | 10,000 | Marina Operators/Charterers Liability | |
| Primary War Risk | | Coverage Limits | 1,000,000 |
| Coverage Limits | 1,000,000 | Deductible | 10,000 |
| Deductible | none | Sudden and Accidental Pollution Liability | |
| Excess Protection & Indemnity and | | Coverage Limits | 1,000,000 |
| Excess P&I War Risk | | Deductible | 25,000 |
| Coverage Limits | 29,000,000 | Excess Wharfingers/Terminal Operators/ | |
| Deductible | none | Marina Operators/Charterers/Sudden | |
| Ambulance Malpractice | | and Accidental Pollution Liability | |
| Coverage Limits | 15,500,000 | Coverage Limits | 29,000,000 |
| Deductible | 75,000 | Deductible | none |
| Broadcast Errors and Omissions | | XS Marine Liability - Port | 29,000,000 |
| Coverage Limits | 2,000,000 | Worker's Compensation Insurance | |
| Deductible | 5,000 | Coverage Limits | Legal Limits |
| Cyber Liability | | Pollution Liability | |
| Coverage Limits | 2,000,000 | Coverage Limits | 1,000,000 |
| Deductible | 5,000 | Deductible | 50,000 |

CITY OF KETCHIKAN, ALASKA
Utility Statistical Operating Information
Last Ten Fiscal Years

| Year | Number of Customers | | | K.W.H. Sold | Per K.W.H. Sold | | Average Residential K.W.H. Used December |
|------|---------------------|-------|-------------|-------------|----------------------|--------|---|
| | Electric | Water | Telephone * | | Operating Revenue | Cost | |
| 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 |
| 2019 | 7,867 | 3,193 | 5,043 | 164,000,416 | 0.1146 | 0.1089 | 1,012 |

* Average number of revenue access lines.

(Un-Audited)

CITY OF KETCHIKAN, ALASKA

Energy Demand, Peak Demand and Resources

Gross Generation (kWh)

Last Ten Fiscal Years

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|
| Energy Demand | | | | | |
| Total Sales | 156,985,441 | 164,713,929 | 172,190,266 | 170,281,664 | 167,939,155 |
| System losses | 13,514,059 | 14,009,987 | 13,701,858 | 8,474,536 | 8,504,552 |
| Total | 170,499,500 | 178,723,916 | 185,892,124 | 178,756,200 | 176,443,707 |
| Peak Demand | 28,800 | 30,300 | 27,150 | 25,900 | 30,500 |
| Energy Resources | | | | | |
| KPU Hydroelectric | 76,062,100 | 82,594,936 | 85,816,264 | 74,703,000 | 86,755,268 |
| Southeast Alaska Power Agency ¹ | 92,908,800 | 91,584,000 | 97,804,800 | 91,856,000 | 87,923,000 |
| Diesel Generation | 1,528,600 | 4,544,980 | 2,271,060 | 12,197,200 | 1,765,439 |
| Total | 170,499,500 | 178,723,916 | 185,892,124 | 178,756,200 | 176,443,707 |
| Energy Costs (kWh) ² | | | | | |
| Hydroelectric Generation | \$ 0.0222 | \$ 0.0231 | \$ 0.0228 | \$ 0.0262 | \$ 0.0275 |
| Diesel Generation | 1.0902 | 0.4867 | 0.8622 | 0.3857 | 0.8715 |
| Purchased Power ³ | 0.0610 | 0.0556 | 0.0611 | 0.0630 | 0.0645 |
| Total Cost of Production (kWh) | 0.0529 | 0.0515 | 0.0532 | 0.0696 | 0.0544 |

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

² Cost per kWh include operations and maintenance and depreciation.

³ Purchased power cost per kWh represents includes rebates, but not line losses.

Table 26

| 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 163,896,254 | 165,107,129 | 175,447,582 | 167,833,595 | 164,000,416 |
| 11,298,142 | 11,068,552 | 5,958,030 | 8,924,224 | 9,227,089 |
| <u>175,194,396</u> | <u>176,175,681</u> | <u>181,405,612</u> | <u>176,757,819</u> | <u>173,227,505</u> |
| 25,700 | 25,400 | 32,300 | 31,300 | 33,000 |
| 91,893,718 | 84,863,454 | 80,080,904 | 65,643,343 | 73,803,919 |
| 82,277,072 | 90,444,864 | 98,312,948 | 90,348,900 | 55,043,725 |
| <u>1,023,606</u> | <u>867,363</u> | <u>5,357,715</u> | <u>20,765,576</u> | <u>44,379,861</u> |
| <u>175,194,396</u> | <u>176,175,681</u> | <u>183,751,567</u> | <u>176,757,819</u> | <u>173,227,505</u> |
| \$ 0.0302 | \$ 0.0345 | \$ 0.0347 | \$ 0.0444 | \$ 0.0535 |
| 1.3645 | 1.6067 | 0.4692 | 0.2626 | 0.2387 |
| 0.0654 | 0.0691 | 0.0537 | 0.0633 | 0.0680 |
| 0.0545 | 0.0600 | 0.0575 | 0.0797 | 0.1056 |

(Un-Audited)

CITY OF KETCHIKAN, ALASKA
Historical Electric Customers, Energy Sales and Operating Results
Last Ten Fiscal Years

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Customers (Average) | | | | | |
| Residential | 5,756 | 5,757 | 5,808 | 5,819 | 5,817 |
| Commercial | 1,153 | 1,165 | 1,173 | 1,171 | 1,201 |
| Industrial | 13 | 12 | 13 | 13 | 13 |
| Other | 496 | 509 | 524 | 511 | 575 |
| Total | 7,418 | 7,443 | 7,518 | 7,514 | 7,606 |
| Energy Sales (KWH) | | | | | |
| Residential | 64,938,484 | 68,484,718 | 71,794,062 | 68,668,600 | 67,665,456 |
| Commercial | 66,351,381 | 69,021,595 | 71,815,802 | 72,269,920 | 72,777,304 |
| Industrial | 21,981,458 | 23,242,166 | 24,452,654 | 25,306,208 | 23,408,642 |
| Other | 3,714,118 | 3,965,450 | 4,127,748 | 4,036,936 | 4,087,753 |
| Total | 156,985,441 | 164,713,929 | 172,190,266 | 170,281,664 | 167,939,155 |
| Operating Results | | | | | |
| Operating Revenues | | | | | |
| Revenues from Energy Sales | \$15,390,910 | \$16,244,690 | \$16,767,415 | \$18,919,766 | \$16,323,845 |
| Other Operating Revenues | 562,291 | 442,410 | 464,797 | 426,644 | 293,569 |
| Total Operating Revenues | 15,953,201 | 16,687,100 | 17,232,212 | 19,346,410 | 16,617,414 |
| Operating Expenses | | | | | |
| Hydroelectric Generation | 1,225,358 | 1,442,543 | 1,494,523 | 1,489,541 | 1,599,911 |
| Diesel Generation | 1,093,997 | 1,856,120 | 1,500,999 | 4,317,797 | 1,302,115 |
| Purchased Power | 5,663,664 | 5,093,489 | 5,976,876 | 5,784,566 | 5,674,201 |
| Transmission and Distribution | 2,648,485 | 2,766,478 | 3,043,918 | 3,312,784 | 3,627,608 |
| Administration and General | 1,976,837 | 2,032,081 | 1,549,445 | 1,644,964 | 1,693,482 |
| Total Operating Expenses | 12,608,341 | 13,190,711 | 13,565,761 | 16,549,652 | 13,897,317 |
| Payment In Lieu of Taxes | 351,478 | 353,954 | 343,266 | 381,993 | 381,993 |
| Total Expenses | 12,959,819 | 13,544,665 | 13,909,027 | 16,931,645 | 14,279,310 |
| Net Revenue | \$2,993,382 | \$3,142,435 | \$3,323,185 | \$2,414,765 | \$2,338,104 |

Table 27

| 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------|--------------|--------------|--------------|--------------|
| 5,854 | 5,879 | 5,921 | 5,946 | 5,964 |
| 1,221 | 1,228 | 1,242 | 1,263 | 1,275 |
| 15 | 16 | 17 | 16 | 16 |
| 604 | 618 | 619 | 613 | 612 |
| 7,694 | 7,741 | 7,799 | 7,838 | 7,867 |
| 66,410,470 | 67,731,286 | 72,362,242 | 69,468,706 | 66,721,122 |
| 70,736,227 | 71,007,166 | 74,558,231 | 71,871,577 | 71,711,843 |
| 22,935,650 | 22,306,193 | 24,065,722 | 22,388,719 | 21,823,945 |
| 3,813,907 | 4,062,484 | 4,461,387 | 4,104,593 | 3,743,506 |
| 163,896,254 | 165,107,129 | 175,447,582 | 167,833,595 | 164,000,416 |
| \$16,087,247 | \$16,765,326 | \$18,285,197 | \$19,997,811 | \$24,308,653 |
| 350,271 | 370,497 | 506,415 | 556,296 | 662,163 |
| 16,437,518 | 17,135,823 | 18,791,612 | 20,554,107 | 24,970,816 |
| 1,659,158 | 1,807,339 | 1,660,261 | 1,778,068 | 2,795,335 |
| 1,189,814 | 1,198,599 | 2,301,768 | 5,236,590 | 10,086,641 |
| 5,381,319 | 6,247,593 | 5,279,985 | 5,718,650 | 3,742,973 |
| 3,432,156 | 3,529,503 | 3,517,936 | 3,446,199 | 3,118,865 |
| 1,644,771 | 1,626,940 | 1,788,906 | 1,832,274 | 1,881,789 |
| 13,307,218 | 14,409,974 | 14,548,856 | 18,011,781 | 21,625,603 |
| 381,993 | 381,993 | 381,993 | 381,993 | 381,993 |
| 13,689,211 | 14,791,967 | 14,930,849 | 18,393,774 | 22,007,596 |
| \$2,748,307 | \$2,343,856 | \$3,860,763 | \$2,160,333 | 2,963,220 |

(Un-Audited)

CITY OF KETCHIKAN, ALASKA
Historical Telephone Access Lines and Operating Results
Last Ten Fiscal Years

| | 2010 | 2011 | 2012 | 2013 |
|----------------------------|-------------|-------------|-------------|-------------|
| Access Lines | | | | |
| Residential | 3,836 | 3,653 | 3,497 | 3,326 |
| Commercial | 3,267 | 3,404 | 2,937 | 2,757 |
| Total | 7,103 | 7,057 | 6,434 | 6,083 |
| Operating Results | | | | |
| Operating Revenues | | | | |
| Local | \$2,274,624 | \$2,194,530 | \$2,131,351 | \$2,100,995 |
| Long Distance | 8,644,023 | 8,591,786 | 8,399,849 | 8,660,056 |
| Other | 3,527,839 | 3,714,225 | 4,055,714 | 4,480,926 |
| Total Operating Revenues | 14,446,486 | 14,500,541 | 14,586,914 | 15,241,977 |
| Operating Expenses | | | | |
| Operation and Maintenance | 6,910,034 | 7,077,698 | 8,070,658 | 8,556,970 |
| Administration and General | 3,281,326 | 3,594,593 | 3,483,492 | 3,369,942 |
| Total Operating Expenses | 10,191,360 | 10,672,291 | 11,554,150 | 11,926,912 |
| Payment In Lieu of Taxes | 194,376 | 191,027 | 192,065 | 206,358 |
| Total Expenses | 10,385,736 | 10,863,318 | 11,746,215 | 12,133,270 |
| Net Revenue | \$4,060,750 | \$3,637,223 | \$2,840,699 | \$3,108,707 |

Table 28

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 3,313 | 3,352 | 3,345 | 3,242 | 3,247 | 3,070 |
| 2,550 | 2,371 | 2,266 | 2,109 | 2,027 | 1,973 |
| 5,863 | 5,723 | 5,611 | 5,351 | 5,274 | 5,043 |
| \$2,005,521 | \$2,030,655 | \$2,082,930 | \$2,010,146 | \$2,000,821 | \$1,995,490 |
| 9,259,709 | 9,413,321 | 8,927,300 | 8,525,849 | 8,871,847 | 8,857,631 |
| 4,895,578 | 6,058,697 | 7,453,393 | 9,277,718 | 10,131,528 | 9,089,087 |
| 16,160,808 | 17,502,673 | 18,463,623 | 19,813,713 | 21,004,196 | 19,942,208 |
| 9,043,964 | 10,101,434 | 10,642,306 | 10,195,360 | 10,769,201 | 11,067,350 |
| 3,630,057 | 3,806,866 | 3,740,714 | 3,790,280 | 3,865,082 | 3,827,134 |
| 12,674,021 | 13,908,300 | 14,383,020 | 13,985,640 | 14,634,283 | 14,894,484 |
| 206,358 | 206,358 | 206,358 | 206,358 | 206,358 | 206,358 |
| 12,880,379 | 14,114,658 | 14,589,378 | 14,191,998 | 14,840,641 | 15,100,842 |
| \$3,280,429 | \$3,388,015 | \$3,874,245 | \$5,621,715 | 6,163,555 | 4,841,366 |

(Un-Audited)

CITY OF KETCHIKAN, ALASKA
Historical Water Customers and Operating Results
Last Ten Fiscal Years

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Customers (Average) | | | | | |
| Residential | 2,738 | 2,743 | 2,727 | 2,724 | 2,650 |
| Apartments | 17 | 17 | 20 | 21 | 25 |
| Commercial | 436 | 442 | 451 | 444 | 436 |
| Industrial | 5 | 5 | 4 | 4 | 3 |
| Cannery | 4 | 5 | 4 | 5 | 6 |
| Fire Hydrant | 7 | 7 | 8 | 8 | 8 |
| Marine Vessels | 26 | 28 | 29 | 38 | 34 |
| Total | 3,233 | 3,247 | 3,243 | 3,244 | 3,162 |
| Operating Results | | | | | |
| Operating Revenues | | | | | |
| Revenues from Water Sales | \$2,535,859 | \$2,899,352 | \$2,935,454 | \$3,081,904 | \$3,174,900 |
| Other Operating Revenues | 39,608 | 85,948 | 48,168 | 47,024 | 33,795 |
| Total Operating Revenues | 2,575,467 | 2,985,300 | 2,983,622 | 3,128,928 | 3,208,695 |
| Operating Expenses | | | | | |
| Source of Supply | 330,625 | 232,238 | 259,083 | 450,456 | 393,529 |
| Chlorination/Disinfection | 228,238 | 217,441 | 233,871 | 301,718 | 311,254 |
| Distribution | 241,667 | 238,281 | 413,547 | 362,562 | 397,994 |
| Maintenance | 718,571 | 1,073,567 | 999,167 | 1,110,737 | 957,414 |
| Administration and General | 345,242 | 470,753 | 378,671 | 411,626 | 431,446 |
| Total Operating Expenses | 1,864,343 | 2,232,280 | 2,284,339 | 2,637,099 | 2,491,637 |
| Payment In Lieu of Taxes | 182,146 | 183,019 | 192,669 | 197,649 | 197,649 |
| Total Expenses | 2,046,489 | 2,415,299 | 2,477,008 | 2,834,748 | 2,689,286 |
| Net Revenue | \$528,978 | \$570,001 | \$506,614 | \$294,180 | \$519,409 |

Table 29

| 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------|-------------|-------------|-------------|-------------|
| 2,647 | 2,649 | 2,659 | 2,667 | 2,674 |
| 27 | 28 | 28 | 28 | 28 |
| 443 | 454 | 458 | 470 | 475 |
| 3 | 3 | 3 | 3 | 3 |
| 5 | 5 | 5 | 5 | 5 |
| 8 | 8 | 8 | 8 | 8 |
| 30 | 56 | 59 | 57 | 1 |
| 3,163 | 3,203 | 3,220 | 3,238 | 3,194 |
| \$3,453,239 | \$3,647,591 | \$3,738,292 | \$4,030,225 | \$4,115,734 |
| 48,939 | 73,882 | 49,840 | 54,425 | 60,013 |
| 3,502,178 | 3,721,473 | 3,788,132 | 4,084,650 | 4,175,747 |
| 423,407 | 393,959 | 319,986 | 373,336 | 426,636 |
| 255,398 | 265,506 | 268,756 | 277,078 | 298,174 |
| 409,876 | 428,975 | 434,900 | 638,455 | 554,414 |
| 1,174,271 | 969,767 | 974,696 | 1,058,946 | 1,216,098 |
| 423,847 | 426,066 | 465,947 | 471,284 | 458,052 |
| 2,686,799 | 2,484,273 | 2,464,285 | 2,819,099 | 2,953,374 |
| 197,649 | 197,649 | 197,649 | 197,649 | 197,649 |
| 2,884,448 | 2,681,922 | 2,661,934 | 3,016,748 | 3,151,023 |
| \$617,730 | \$1,039,551 | \$1,126,198 | 1,067,902 | 1,024,724 |



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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 | 12.95 | plus \$0.1056 per kWh | |
| Commercial | 40.00 | plus \$0.0989 per kWh plus a demand charge of \$3.21 per kW in excess of 25 kW this flat fee in effect April through September | |
| Industrial | 58.80 | plus \$0.0917 per kWh plus a demand charge of \$3.21 per kW in excess of 25 kW | |
| Telecommunications | | | |
| Residential | 16.45 | line charge plus \$10.40 for FCC subscriber line charge | |
| | 34.95 | Broadband DSL Basic (Download Speed 3M and Upload Speed 3M, 25GB data) | |
| | 49.95 | Broadband DSL Regular (Download Speed 5M and Upload Speed 5M, 50GB data) | |
| | 39.99 | IPTV Basic (Does not include \$9.95 for High Definition Service) | |
| Business | 18.95 | per single or multi-business line plus \$9.20 for FCC subscriber line charge | |
| | 34.95 | Broadband DSL Basic (Download Speed 3M and Upload Speed 3M, 25GB data) | |
| | 49.95 | Broadband DSL Regular (Download Speed 5M and Upload Speed 5M, 50GB data) | |
| | 39.99 | IPTV Basic (Does not include \$9.95 for High Definition Service) | |
| Customer Premise Visit | 35.00 | On site visit to customer's premises | |
| Water | | | |
| Residential | | | |
| Homes & Trailers | 57.93 | per unit | |
| 1-4 apartments | 57.93 | per unit | |
| 5-24 apartments | 52.79 | per unit | |
| 25+ apartments | 45.29 | per unit | |
| Business | 60.39 | plus size of line charges as follows | |
| 1 inch | 40.25 | | |
| 1-1/4 inch | 120.77 | | |
| 1-1/2 inch | 231.49 | | |
| 2 inch | 420.58 | | |
| 2-1/2 inch | 651.67 | | |
| 3 inch | 986.24 | | |
| 4 inch | 1,675.62 | | |
| Industrial | <u>Line Charges</u> | Canneries | |
| 5/8 and 3/4 inch | 80.51 | Per Season | |
| 1 inch | 120.77 | 5/8 and 1 inch | \$1,981.18 |
| 1-1/4 inch | 201.29 | 1 1/4 inch | 3,557.57 |
| 1-1/2 inch | 314.46 | 1-1/2 inch | 4,750.52 |
| 2 inch | 480.55 | 2 inch | 14,208.89 |
| 2-1/2 inch | 729.91 | | |
| 3 inch | 1,103.19 | | |
| 4 inch | 1,803.88 | | |
| 6 inch | 3,006.53 | | |
| 8 inch | 3,333.59 | | |
| Over 8 inch | by special contract | | |

(Un-Audited)

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

| | 2010 | 2011 | 2012 | Restated ¹ 2013 | 2014 |
|--|----------------------|----------------------|----------------------|-------------------------------|----------------------|
| Assets | | | | | |
| Cash | \$ 4,364,226 | \$ 2,373,808 | \$ 2,285,517 | \$ 2,900,167 | \$ 5,504,277 |
| Port Facilities (net) | 43,642,947 | 42,121,390 | 47,867,526 | 53,659,903 | 54,481,904 |
| Construction Work in Progress | 1,116,782 | 5,531,746 | 5,066,048 | 5,449,151 | 200,947 |
| Restricted Assets | 5,307,521 | 5,623,924 | 6,082,097 | 6,595,730 | 8,724,101 |
| Prepaid Expense | 752,856 | 782,959 | 1,055,740 | 1,124,342 | 1,021,346 |
| Other Assets | 528,456 | 2,786,483 | 3,080,061 | 5,546,430 | 2,903,333 |
| Total assets | 55,712,788 | 59,220,310 | 65,436,989 | 75,275,723 | 72,835,908 |
| Liabilities and Net Position | | | | | |
| General Obligation Bonds Payable | 795,000 | 540,000 | 270,000 | - | - |
| Revenue Bonds Payable | 35,830,000 | 35,090,000 | 34,315,000 | 33,505,000 | 32,660,000 |
| Other Liabilities | 3,134,814 | 2,847,180 | 1,072,313 | 1,699,380 | 860,042 |
| Total liabilities | 39,759,814 | 38,477,180 | 35,657,313 | 35,204,380 | 33,520,042 |
| Net Position | <u>\$ 15,952,974</u> | <u>\$ 20,743,130</u> | <u>\$ 29,779,676</u> | <u>\$ 40,071,343</u> | <u>\$ 39,315,866</u> |
| Operating Revenues | <u>\$ 8,000,492</u> | <u>\$ 7,986,404</u> | <u>\$ 8,592,255</u> | <u>\$ 9,145,920</u> | <u>\$ 8,578,059</u> |
| Operating Expenses | | | | | |
| Operation and Maintenance | \$ 5,486,471 | \$ 4,110,674 | \$ 4,031,100 | \$ 4,582,100 | \$ 4,726,515 |
| Depreciation | 1,446,527 | 1,401,754 | 1,359,513 | 1,636,863 | 1,587,253 |
| Payment in Lieu of Taxes/Taxes | 295,000 | 295,000 | 295,000 | 319,000 | 319,000 |
| Total operating expenses | <u>7,227,998</u> | <u>5,807,428</u> | <u>5,685,613</u> | <u>6,537,963</u> | <u>6,632,768</u> |
| Operating Income | <u>772,494</u> | <u>2,178,976</u> | <u>2,906,642</u> | <u>2,607,957</u> | <u>1,945,291</u> |
| Non-Operating Revenue (Expense) | <u>(1,917,727)</u> | <u>(1,889,022)</u> | <u>(1,794,603)</u> | <u>(1,740,642)</u> | <u>(1,581,717)</u> |
| Income Before Contributions, Extraordinary Item & Transfers | <u>(1,145,233)</u> | <u>289,954</u> | <u>1,112,039</u> | <u>867,315</u> | <u>363,574</u> |
| Contributions | 14,306 | 29,536 | 2,018,165 | 1,993,212 | 2,491,297 |
| Capital Grants | 518,944 | 4,654,981 | 6,214,416 | 8,676,543 | 4,407,753 |
| Extraordinary Item | | | | | |
| Special Item | | | | | |
| Transfers | | | (8,178) | (80,199) | (5,018,804) |
| Loss on sale of capital assets | | (184,315) | | (1,165,204) | (2,999,297) |
| Change in Net Position | <u>\$ (611,983)</u> | <u>\$ 4,790,156</u> | <u>\$ 9,336,442</u> | <u>\$ 10,291,667</u> | <u>\$ (755,477)</u> |
| Revenue Bond Debt Coverage: | | | | | |
| 1.25 x Annual Debt Service | 2.00 | 2.31 | 3.36 | 3.48 | 3.49 |
| 1.0 x Annual Debt Service/Reserves | | | | | |
| Account/Repair and Replacement | | | | | |
| Fund/SPH Lease Payments | 0.99 | 1.20 | 1.67 | 1.63 | 1.64 |
| # of Ships | 26 | 28 | 34 | 31 | 37 |
| # of Calls/Stops | 429 | 426 | 467 | 456 | 468 |
| # of Water Passengers | 820,914 | 830,547 | 885,799 | 938,124 | 877,589 |

Table 31

| 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|---------------|---------------|---------------|---------------|
| \$ 6,420,791 | \$ 7,957,557 | \$ 9,614,774 | \$ 9,494,268 | \$ 10,958,259 |
| 52,934,352 | 52,244,740 | 51,107,786 | 49,525,407 | 48,076,054 |
| 439,032 | 374,566 | 2,658,931 | 8,809,064 | 11,100,273 |
| 7,582,492 | 7,075,705 | 8,028,787 | 6,291,121 | 7,853,528 |
| 1,113,090 | 1,026,946 | 1,070,289 | 1,108,809 | 1,161,500 |
| 3,150,839 | 3,316,606 | 2,943,363 | 1,536,256 | 2,702,547 |
| 71,640,596 | 71,996,120 | 75,423,930 | 76,764,925 | 81,852,161 |
| - | - | - | - | - |
| 31,775,000 | 27,025,000 | 26,130,000 | 25,200,000 | 24,220,000 |
| 1,275,821 | 5,362,008 | 6,190,956 | 4,922,591 | 4,582,992 |
| 33,050,821 | 32,387,008 | 32,320,956 | 30,122,591 | 28,802,992 |
| \$ 38,589,775 | \$ 39,609,112 | \$ 43,102,974 | \$ 46,642,334 | \$ 53,049,169 |
| \$ 9,032,271 | \$ 8,961,241 | \$ 9,391,272 | \$ 9,970,302 | \$ 10,682,037 |
| \$ 4,636,079 | \$ 4,916,988 | \$ 5,124,365 | \$ 4,730,576 | \$ 4,859,929 |
| 1,589,941 | 1,605,242 | 1,612,861 | 1,612,457 | 1,449,352 |
| 319,000 | 319,000 | 319,000 | 319,000 | 319,000 |
| 6,545,020 | 6,841,230 | 7,056,226 | 6,662,033 | 6,628,281 |
| 2,487,251 | 2,120,011 | 2,335,046 | 3,308,269 | 4,053,756 |
| (1,571,163) | (1,713,125) | (960,933) | (825,923) | (645,227) |
| 916,088 | 406,886 | 1,374,113 | 2,482,346 | 3,408,529 |
| 70,425 | 16,004 | 11,412 | 13,360 | 20,780 |
| 277,647 | 654,642 | 1,058,007 | 608,172 | 1,556,480 |
| | 359,246 | - | - | |
| | | - | - | |
| (1,619,258) | 19,258 | 1,050,330 | 543,323 | 1,421,046 |
| (27,082) | (436,699) | - | - | - |
| \$ (382,180) | \$ 1,019,337 | \$ 3,493,862 | \$ 3,647,201 | \$ 6,406,835 |
| 2.71 | 2.11 | 3.18 | 3.70 | 4.05 |
| 1.28 | 1.10 | 1.34 | 1.53 | 1.63 |
| 38 | 38 | 43 | 40 | 46 |
| 496 | 489 | 507 | 504 | 562 |
| 934,772 | 935,928 | 996,920 | 1,045,079 | 1,171,620 |



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