

A scenic sunset over a body of water with mountains in the background and a fishing boat in the foreground. The sky is a mix of orange, yellow, and purple, reflecting on the water. The boat is a fishing vessel with various equipment visible, including a mast, rigging, and a life preserver.

CITY OF *Ketchikan* A L A S K A

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2020**

RIO GRANDE AT SUNSET PHOTOGRAPH BY CARLOS ROJAS
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**CITY OF KETCHIKAN, ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Year Ended
December 31, 2020

Prepared by:

FINANCE DEPARTMENT

Michelle L. Johansen
Finance Director

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2020

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LETTER OF TRANSMITTAL



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September 29, 2021

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Ketchikan, Alaska for the year ended December 31, 2020. 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 ACFR 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, 2020, 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, 2020 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 federal single audit was performed in accordance with the provisions of the Single Audit Act Amendments of 1996 and the requirements of Title 2 of the US Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The state single audit was performed in accordance with the State of Alaska Single Audit Regulation 2 AAC 45.010 and the requirements of the *Audit Guide and Compliance Supplement for State Single Audits*. These audits were designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. Information related to these single audits including the Schedules of Expenditures of Federal Awards and State Financial Assistance, the auditor's reports on the internal control and compliance with applicable laws and regulations, and the schedules of findings and questioned costs are included in separately issued reports.

The narrative introduction, overview and analysis accompanying the basic financial statements entitled, "Management's Discussion and Analysis" (MD&A) provides an objective and easy-to-read analysis of the finances of the City. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with

it. The City's MD&A can be found immediately following the independent auditor's report in Financial Section of the ACFR.

Profile of the Government

The City of Ketchikan, incorporated in 1900, is a community of 8,040 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 13,677.

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 funds, 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. In 2019 Ketchikan saw a record number of passengers. 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 came to a halt in 2020. With the help of the federal delegation the cruise industry was able to resume sailing to Alaska in 2021 for a limited cruise ship season. The City is expecting approximately 8% of the 2019 cruise ship season in 2021 and a full the return of cruise ships in 2022 but the passenger 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 also completed phase four of a \$26 million four-phase project to upgrade Berths I and II. Going forward the City will consider 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 but first the City must concentrate on recovering from the effects of the COVID-19 pandemic and determining how the privately owned cruise ship berthing facilities located in Ward Cove, Alaska will impact the need for publicly owned facilities in the downtown core.

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 \$23.63 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 13,677 in 2020. Approximately 59 percent of the community's population, or 8,040 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 2020, the Ketchikan Gateway Borough School District reported an enrollment of 2,158 pupils, a decrease of 35 pupils from 2019.

The shift in the local economy from timber to tourism has resulted in a labor force that has become more seasonal. In 2020, the monthly employment varied between 5,137 and 6,214. The average employed labor force in 2019 was 6,884 with employment peaking at 7,847 in July. The average labor force in 2019 was 6,971. The average annual unemployment rate for 2020 was 9.95 percent, an increase from the 6.2 percent that was reported for 2019. Per capita income in the Ketchikan Gateway Borough for 2017, 2018 and 2019 was \$66,150, \$68,941 and \$70,985, respectively. No figures were available for 2020.

In 2020, assessed values increased by 1.1% to \$947.23 million from \$937.01 million in 2019. The projected change in assessed values for 2021 is about 1.7%. Gross retail sales decreased from \$611.8 million in 2019 to \$438.4 million in 2020, or 28.3 percent and taxable retail sales decreased by 33.1 % to \$214.5 million. The City collected \$8.58 million in sales tax revenues in 2020, or \$4.27 million less than 2019. 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. Cruise ships were allowed to return to Alaska in July of 2021 for a minimal cruise season. This is a good indicator that cruise ships will return to a regular cruise ship season in 2022. The number of passengers is expected to be lower than the record setting visitors realized in 2019 but significantly more than 2021, which is good news for an economy relying on sales tax revenues from cruise ship passengers. The City continues to mitigate the loss of

revenues by deferring or canceling capital projects financed from local funds, reducing operating costs where it is reasonable and practical to do so without compromising the needs of the community and public safety, and evaluating and filling employee vacancies on a case by case basis.

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 –Currently, the City has four berths capable of berthing panamax cruise ships. The larger 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. The Ward Cove Dock Group finished construction of the two berths and placed in service in 2021. As a result, the City is continuing to evaluate future development needs while recovering from the economic effects of COVID-19 pandemic

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 undertook 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 was completed in late 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 7.6% 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, in the form of grants and low interest loans, 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. The City continues to meet these requirements with the exception of its 2016 Port Revenue Refunding Bond. The cancelation of 2020 cruise ship season precluded the City from satisfying the debt service coverage for the port bond.

Major Initiatives

The City is a part of a progressive community that seeks to improve the quality of life for its citizens. During 2020, 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:

- Continue to navigate the effects of an unprecedented COVID-19 pandemic by developing and adapting to recommendations and mandates in order to provide services and keep the community safe.
- Distributed CARES Act Funds to those in need of rental and mortgage, small business, daycare, non-profit, moorage and utility assistance.
- Completed 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.
- Completed the construction of an undersea fiber cable project for the telecommunications utility, linking Prince Rupert British Columbia to Ketchikan.
- Issued a contract for the improvements to the Domestic Violence Shelter owned by the City and operated by a local non-profit organization, Women In Safe Homes.
- Acquired control of a building to be used for the purpose of sheltering some of the homeless population and minimizing the risk of spreading COVID-19.
- Took possession of the new aerial ladder truck and tanker truck assigned to the fire department.
- 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 annual comprehensive financial report for the fiscal year ended December 31, 2019. This was the forty-first 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 annual comprehensive 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 annual comprehensive 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 annual comprehensive 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,



Michelle L. Johansen
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ketchikan
Alaska**

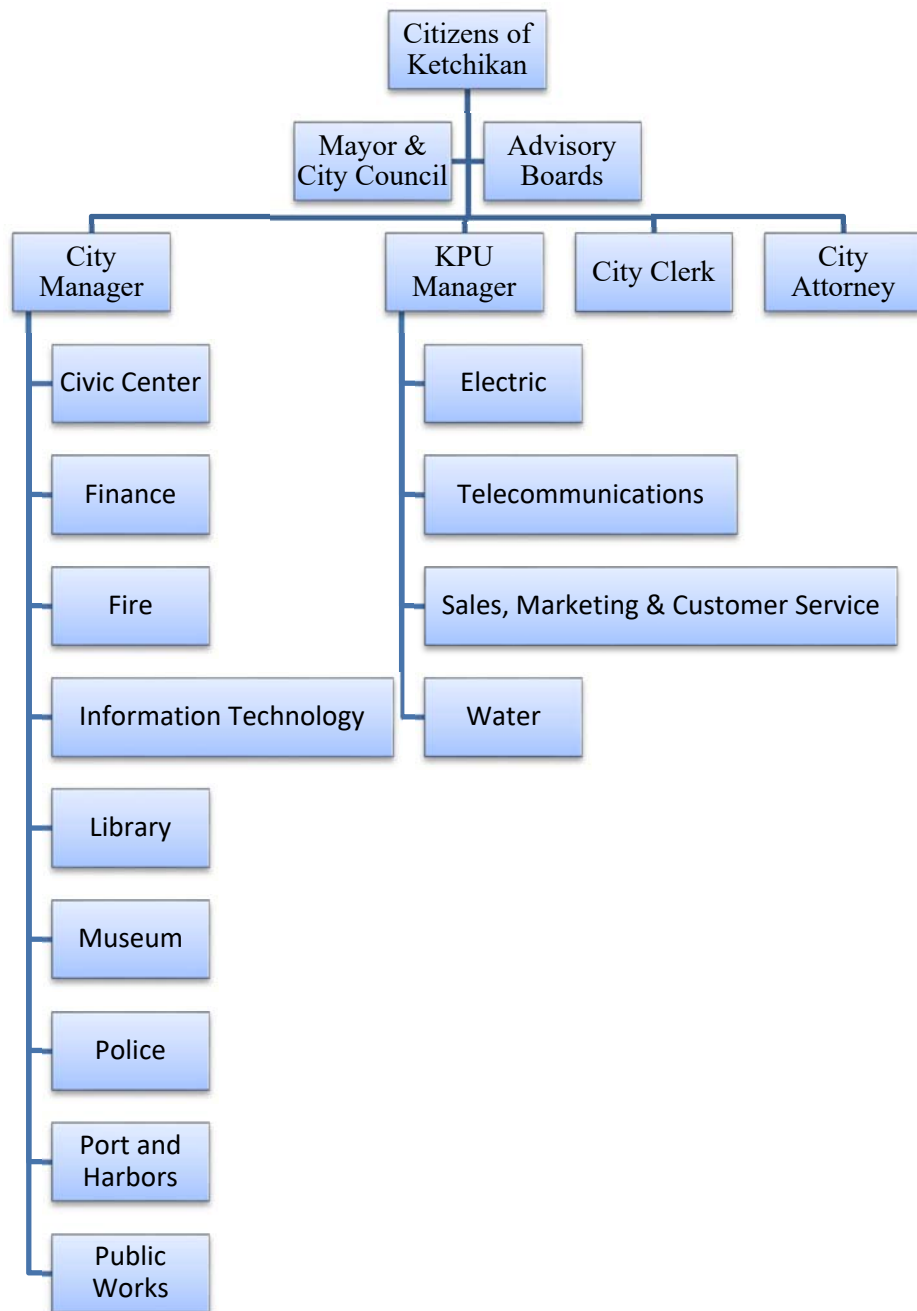
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF KETCHIKAN, ALASKA
ORGANIZATIONAL CHART
DECEMBER 31, 2020



CITY OF KETCHIKAN, ALASKA

PRINCIPAL CITY OFFICIALS

December 31, 2020

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/Abby Bradberry</i>
<i>City Councilmember</i>	<i>Richard Coose/Riley Gass</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>Michelle L. Johansen</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, 2020, 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, 2020, 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 17-32 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 September 29, 2021, 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

September 29, 2021

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, 2020. 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 \$362.08 million (net position), a decrease of \$4.14 million or 1.1% from 2019.
- Total net position is comprised of the following:
 - 1) Net investment in capital assets of \$295.44 million, includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - 2) Resources of \$24.29 million restricted by constraints imposed from outside the City such as debt covenants, granting agencies, laws, or regulations.
 - 3) Unrestricted resources of \$42.35 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 \$33.64 million, a decrease of \$236,954 or .7% from 2019.
- The City was awarded \$13.3 million from the federal government to help finance the City's efforts to address the public health emergency caused by the COVID-19 pandemic. Some of the funds were retained to reimburse the City for its costs, but the majority of the funds were distributed to the citizens of Ketchikan to help alleviate the economic hardships they endured as a result of the loss of employment and other hardships caused by the pandemic.
- Unassigned fund balance for the General Fund totaled \$3.32 million or 17.6% of total General Fund expenditures. This was a decrease of \$1.31 million from 2019. The General Fund reported an operating deficit of \$390,840. In 2019, an operating deficit of \$148,841 was reported.
- The City's proprietary funds reported total ending net position of \$176.07 million, a decrease of \$4.45 million or 2.46% from 2019.
- The City's property tax rate remained unchanged at 6.6 mill. The City has increased its mill rate only twice in the past 30 years. For all other years, the mill rate remained unchanged or was lowered.

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), a combined utility; 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, 2020 and 2019 totaled \$362.08 million and \$366.22 million, respectively. The net position of the City, as a whole, decreased by \$4.14 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	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 43,697,354	\$ 43,404,812	\$ 52,651,324	\$ 57,228,540	\$ 96,348,678	\$ 100,633,352
Capital assets	214,333,966	216,643,637	191,278,539	181,632,485	405,612,505	398,276,122
Total assets	258,031,320	260,048,449	243,929,863	238,861,025	501,961,183	498,909,474
Deferred outflows of resources	2,091,031	1,835,742	609,082	553,784	2,700,113	2,389,526
Liabilities						
Current and other liabilities	6,541,398	6,343,904	6,888,401	6,017,671	13,429,799	12,361,575
Long-term liabilities	66,618,118	68,976,223	60,887,927	52,185,062	127,506,045	121,161,285
Total liabilities	73,159,516	75,320,127	67,776,328	58,202,733	140,935,844	133,522,860
Deferred inflows of resources	951,015	856,812	696,609	696,897	1,647,624	1,553,709
Net Position						
Net investment in capital assets	162,968,635	163,787,525	132,468,924	131,278,702	295,437,559	295,066,227
Restricted	14,684,160	11,588,224	9,608,549	9,367,092	24,292,709	20,955,316
Unrestricted	8,359,025	10,331,503	33,988,535	39,869,385	42,347,560	50,200,888
Total net position	\$ 186,011,820	\$ 185,707,252	\$ 176,066,008	\$ 180,515,179	\$ 362,077,828	\$ 366,222,431

Total assets and deferred outflows of resources for governmental activities decreased by \$1.76 million and total liabilities and deferred inflows of resources decreased by \$2.07 million, resulting in an increase in net position of \$304,568 for governmental activities. Total assets and deferred outflows of resources for business-type activities increased by \$5.12 million and total liabilities and deferred inflows of resources increased by \$9.57 million, resulting in a decrease of \$4.45 million in net position for business-type activities. For the City as a whole, net position decreased by \$4.14 million from 2019. 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 \$362.08 million. Over the past 17 years, the City's financial position has improved by \$154.92 million, or 74.8%.

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 81.6% 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 needed to repay this outstanding debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. For the City as a whole, its net investment in capital assets increased by \$371,332. The net investment in capital assets for the City's governmental activities decreased by \$818,890 and the net investment in capital assets for business-type activities increased by \$1.19 million.

Approximately 6.7% 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 \$42.35 million, or 11.7%, of total net position. This is a decrease of \$7.85 million from 2019. Unrestricted net position reported for the City's governmental activities decreased by \$1.97 million and the unrestricted net position of the City's business-type activities decreased by \$5.88 million.

Changes in Net Position

The City's net position decreased \$4.14 million in 2020. The net position for governmental activities increased \$304,568 and business-type activities decreased \$4.45million. 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program:						
Charges for services	\$ 6,334,148	\$ 7,286,227	\$ 45,474,420	\$ 62,357,832	\$ 51,808,568	\$ 69,644,059
Operating grants and contributions	16,198,520	3,093,708	321,475	230,803	16,519,995	3,324,511
Capital grants and contributions	670,984	538,673	3,641,165	1,629,315	4,312,149	2,167,988
General:						
Taxes	15,150,854	19,416,593	-	-	15,150,854	19,416,593
Other	827,718	1,321,224	978,693	1,520,652	1,806,411	2,841,876
Total revenues	39,182,224	31,656,425	50,415,753	65,738,602	89,597,977	97,395,027
	-	-				
Expenses:						
General government	2,675,395	2,135,031	-	-	2,675,395	2,135,031
Public safety	6,726,434	8,371,009	-	-	6,726,434	8,371,009
Culture and tourism	4,450,058	3,706,011	-	-	4,450,058	3,706,011
Health and welfare	13,640,897	1,496,068	-	-	13,640,897	1,496,068
Public works	8,660,929	8,745,956	-	-	8,660,929	8,745,956
Harbor	2,596,906	2,428,064	-	-	2,596,906	2,428,064
Interest	1,950,480	2,169,420	-	-	1,950,480	2,169,420
KPU	-	-	42,592,923	47,872,881	42,592,923	47,872,881
Port	-	-	7,772,537	7,333,993	7,772,537	7,333,993
Wastewater	-	-	2,676,021	2,723,008	2,676,021	2,723,008
Total expenses	40,701,099	29,051,559	53,041,481	57,929,882	93,742,580	86,981,441
Increase in net position before transfers	(1,518,875)	2,604,866	(2,625,728)	7,808,720	(4,144,603)	10,413,586
Transfers in (out)	1,823,443	(236,046)	(1,823,443)	236,046	-	-
Increase (decrease) in net position	304,568	2,368,820	(4,449,171)	8,044,766	(4,144,603)	10,413,586
Net position, beginning	185,707,252	183,338,432	180,515,179	172,470,413	366,222,431	355,808,845
Net position, December 31	186,011,820	185,707,252	176,066,008	180,515,179	362,077,828	366,222,431

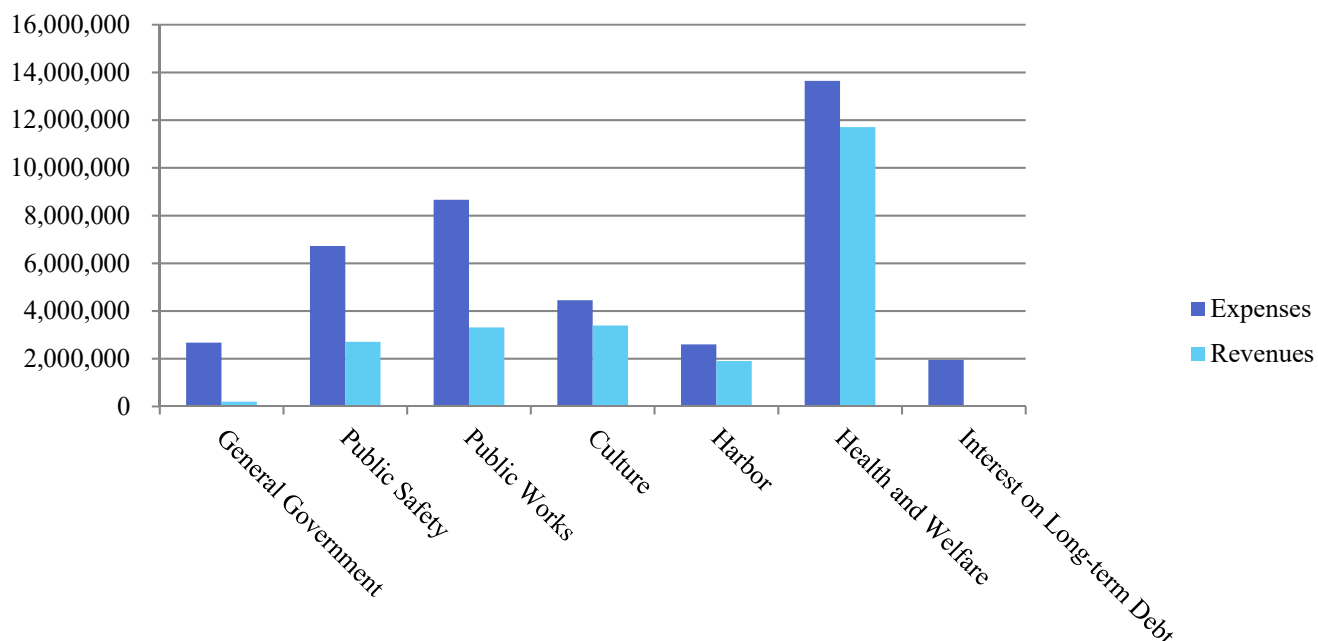
Governmental Activities. The City's net position from governmental activities increased \$304,568. In 2019, net position increased by \$2.37 million. The key elements in the change in net position from the prior year are as follows:

- Charges for services decreased by \$952,079. The cancellation of the 2020 cruise ship season due to the COVID-19 pandemic had a significant impact on museum tours, the use of the civic center for public gatherings, parking permits and ambulance services. Together the fees for these services accounted for about 70% of the loss of revenues from charges for services.
- Taxes decreased by \$4.27 million due to cancellation of the 2020 cruise ship season. The City realizes approximately 33% of its sales tax revenues from the tourism industry and those businesses that support the tourism industry. The loss of these sales accounted for nearly all of the decrease. A 20% increase in tax revenues from marijuana sales had a minor impact on reducing the loss of tax revenues and property taxes remained relatively stable.
- Operating grants increased by \$13.10 million. Approximately 92% of the increase was due to financial assistance from the federal government. These funds were used by the City in its efforts to address the COVID-19 pandemic. Most of the relief funds came from the CARES Act that was approved by the U.S. Congress in March 2020 and the Federal Emergency Management Agency.
- General government expenditures increased by \$540,364. The update of the compensation plan that was implemented in October 2019 and adjustments to the City's Public Employees Retirement System (PERS) net pension liability accounted for most of the increase.
- Public safety decreased by \$1.64 million due a transfer of \$3.14 million of public safety employee wages and benefits to the CARES Act Grant Special Revenue Fund. These wages and benefits were paid to public safety employees who played a critical key role as first responders during the COVID-19 public health emergency. The cost of these wages and benefits were reclassified as a public health function. The transfer was partially offset by the 2019 update to the compensation plan and adjustments to the City's PERS net pension liability that occurred in 2019 but were not repeated in 2020.
- Culture and tourism expenditures increased by \$744,047 primarily due to costs incurred to improve tourism amenities in the downtown core. Library, museum and civic center operations were significantly impacted by the COVID-19 pandemic, which resulted in lower operating costs of \$121,850 for these facilities. Smaller adjustments to the City's PERS net pension liability accounted for the remainder of the increase.
- Public health expenditures increased by \$12.14 million. Nearly all of the increase was for costs incurred by the City in its efforts to address the COVID-19 pandemic and the impacts that the virus had on the community. The majority of the expenses incurred were for public safety employee wages, the operations of the Emergency Operations Center, and community financial assistance programs. The community programs were designed to help local residents with their rents or mortgage payments, electric utilities, moorage bills, and daycare services for their children. The sources of funding for most of these programs were the CARES Act and the Federal Emergency Management Agency.

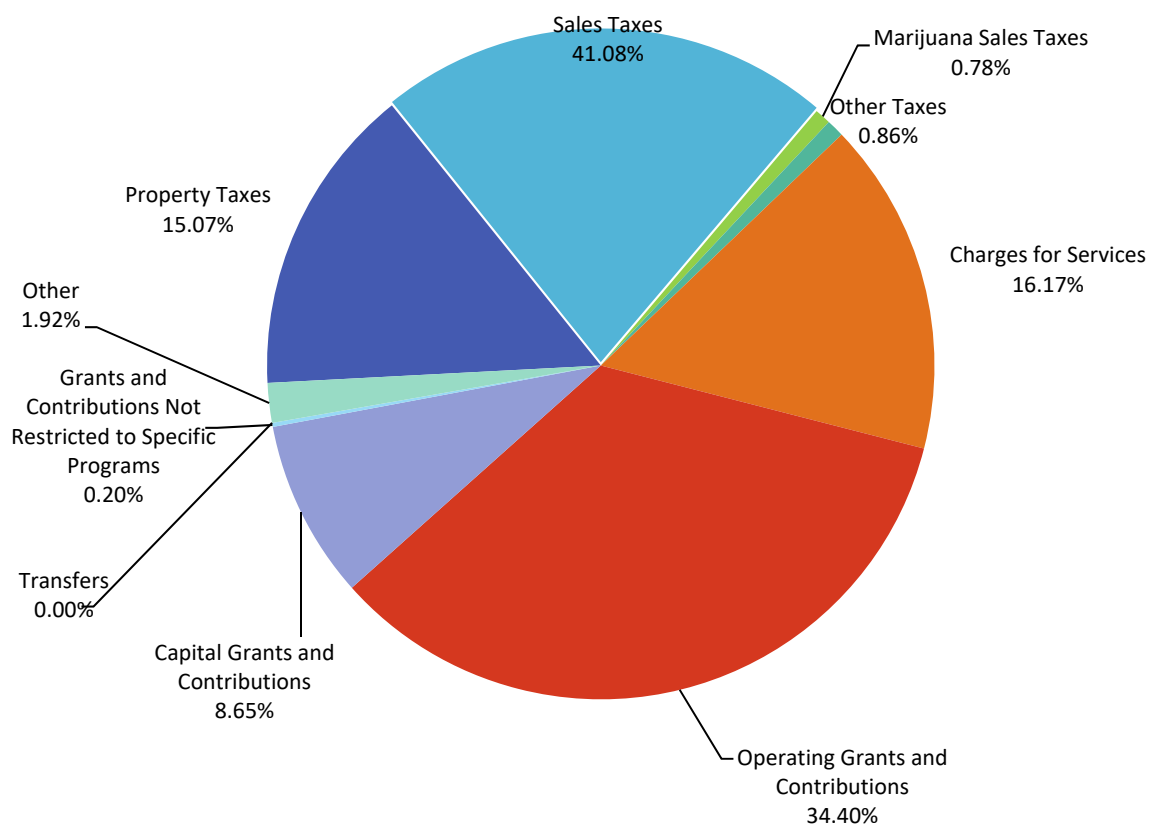
The following graphs compare program revenues with expenses and illustrate the revenues by source for governmental activities.

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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 decreased by \$4.45 million. This is a significant change from last year's increase of \$8.04 million. As will be discussed below, nearly all of the decrease is due to the discontinuance of the diesel surcharge and the COVID-19 pandemic. 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 decreased \$16.88 million. The table below summarizes charges of services by business-type activity.

	2020	2019
Electric	\$ 18,459,247	\$ 24,283,178
Telecommunications	19,413,257	19,873,607
Water	4,128,320	4,111,810
Port	60,215	10,682,735
Wastewater	3,413,381	3,406,502
	<u>\$ 45,474,420</u>	<u>\$ 62,357,832</u>

Electric utility revenues decreased by \$5.82 million because the utility was not required to assess a diesel surcharge against its customers during 2020. The drought conditions that existed in Southeast Alaska during 2019 dissipated in 2020 as normal weather pattern returned and lake levels became sufficient to resume the operations of the electric utility's hydroelectric generating facilities. As a result, the diesel generators were taken offline saving the electric utility millions of dollars in expensive diesel fuel. A 1.5% increase in demand and a 3.5% rate increase generated an additional \$923,000 in 2020.

Overall, telecommunications revenues decreased by \$460,350. A combination of factors were responsible for most of the decrease. Local network revenues decreased by about \$90,000 as customers drop their landline services or moved to another provider. Network access revenues decreased by \$571,000 due to a regulatory cap established in 2019 by the Alaska Telecommunications Association, a change in the methodology for seeking reimbursement of switched access services and no true-up from the NECA settlement pool in 2020. Non-regulated telecommunication revenues arising from internet, television and wireless services increased by \$370,000. Consumer demand for internet, television and wireless services continues to be strong and the City's telecommunications utility has a dominant presence in the local market.

Port revenues decreased by \$10.62 million because the COVID-19 pandemic resulted in the cancellation of all cruise ship sailings to Alaska in 2020. The U.S. Centers for Disease Control issued a no sail order for all cruise ship operators in the United States and the Canadian government prohibited cruise ships from berthing at Canadian ports. Since the U.S. Jones Act requires foreign built vessels to berth at a foreign port when traveling between two American ports, the inability of cruise ships to berth at Canadian ports was the final act that ended the 2020 tourism season in Southeast Alaska. Not a single cruise ship called on Ketchikan in 2020 and the economic benefits by not having 1.2 million visitors in community were felt not only by the Port of Ketchikan, but also the local governments, businesses and residents of the community.

Capital grants and contributions decreased to \$2.01 million. Most of the capital grants awarded to the City are used to fund long-term improvements for assets that are generally funded in accordance with their life cycles. Funding for these types of projects tend to fluctuate over time and are dependent on the finances of the State of Alaska, which is the primary source of funding for capital grants received by the City.

The overall expenses of the City's business-type activities for 2020 decreased from \$57.93 million to \$53.04 million, or \$4.89 million. The table summarizes expenses by business-type activity.

	2020	2019
Electric	\$18,541,278	\$25,512,651
Telecommunications	19,786,090	17,853,139
Water	4,265,555	4,507,091
Port	7,772,537	7,333,993
Wastewater	2,676,021	2,723,008
	<u>\$53,041,481</u>	<u>\$57,929,882</u>

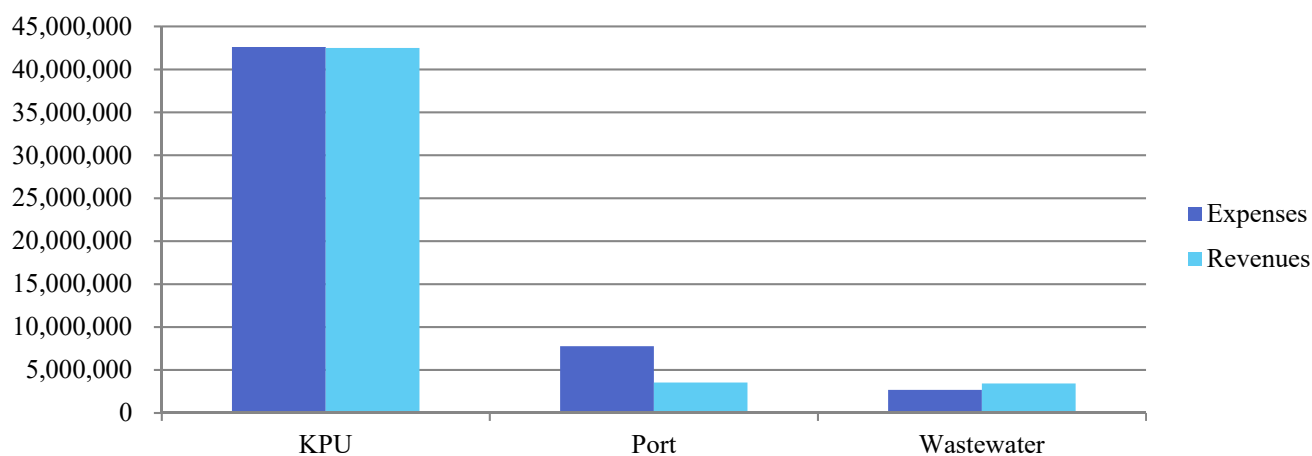
The total expenses of the electric utility decreased in 2020 by \$6.97 million. The end of drought in Southeast Alaska resulted in the electric utility replacing diesel generation with hydroelectric generation. This enabled the electric utility to lower its cost of total generation from \$17.02 million in 2019 to \$10.37 million in 2020.

The cost of operating the telecommunications utility increased by \$1.93 million. Most of the increase was due to the filling of vacant engineering positions that were vacant in 2019, the implementation of the upgrade to the City's compensation plan, pension adjustments that occurred in 2019 that were not repeated in 2020, and depreciation costs associated with the telecommunications utility's new subsea fiber cable.

Although the Port of Ketchikan was closed in 2020 due to the COVID-19 pandemic, its operating costs increased by \$438,544. The Port took advantage of the cancellation of the 2020 tourism season to perform some long overdue maintenance on its berthing facilities. One of the maintenance project involved the Berth III fender system. The cost to repair the fender system was \$1.14 million and was charged to operations. With the exception of expenses incurred for its debt and lease obligations and financial services, most of the other operating expenses of the Port for 2020 were much lower than 2019.

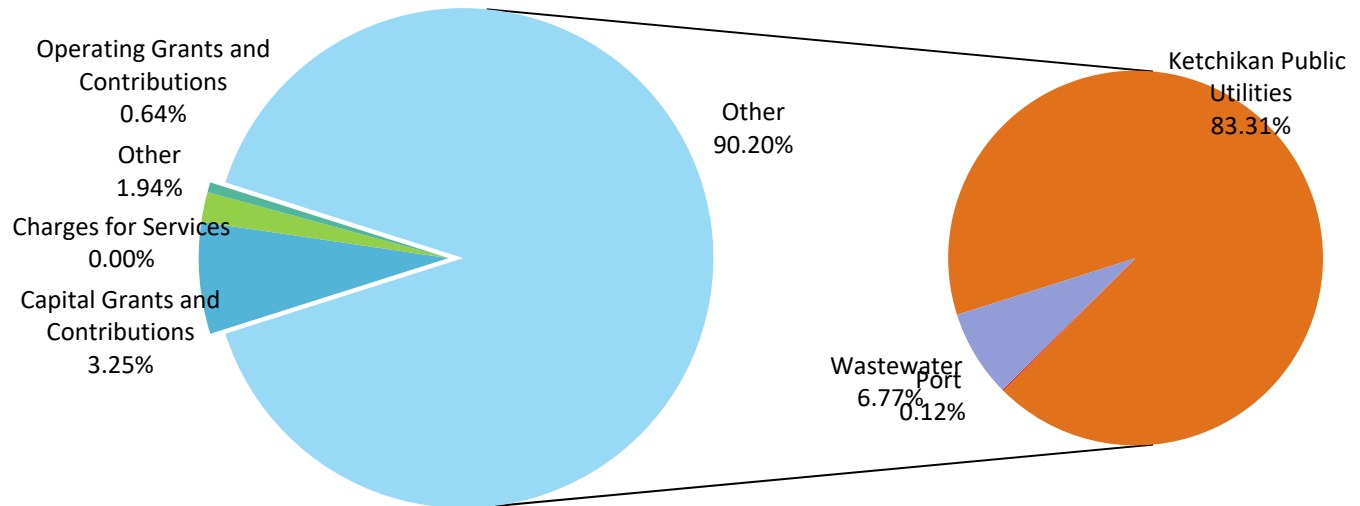
The following graphs compare program revenues with program expenses and illustrate the revenues by source for business-type activities.

EXPENSES AND PROGRAM REVENUES –BUSINESS-TYPE ACTIVITIES



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REVENUE BY SOURCE –BUSINESS-TYPE ACTIVITIES



Financial Analysis of the City's Funds

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

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

The City's governmental funds reported combined ending fund balances of \$33.64 million, a decrease of \$236,954 or .7%, from last year. Nonspendable fund balances total \$394,513 and consists entirely of land held for resale. Restricted fund balances total \$9.75 million. Assigned fund balances total \$20.18 million and includes the following:

- \$5.16 million for the subsequent year's budget deficit
- \$2.76 million for streets and sidewalks maintenance and other public works projects
- \$0.50 million for culture and tourism
- \$3.40 million for public buildings improvements
- \$2.85 million for public health
- \$1.48 million for solid waste
- \$0.31 million for abatement of dangerous buildings and parking development
- \$1.56 million for public safety
- \$1.67 million for harbors
- \$0.49 million for general government

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 2020 amounted to \$21.51 million, a decrease of \$4.13 million from 2019. Nearly all of the decrease was caused by the COVID-19 pandemic, which resulted in the cancellation of all cruise ships sailing to Ketchikan. Sales tax revenues decreased by \$4.27 million or 33% from 2019. Charges for services fell by \$530,023, or 25.2%. Total general fund expenditures for 2020 amounted to \$21.64 million, a decrease of \$1.66 million from 2019. The primary reason for the decrease in expenditures was the transfer of \$3.14 million of public safety employee wages and benefits from the General Fund to the CARES Act Grant Fund. This decrease was partially offset by the rising costs of wages and benefits as a result of implementing the compensation plan update in October 2019.

The CARES Act Fund is a special revenue fund and is classified as a major fund of the City. This fund was established in 2020 to account for the federal financial assistance received by the City under the CARES Act legislation that was passed by the U.S. Congress. The funds were used to finance the community's effort to address the public health emergency caused by the COVID-19 pandemic and to provide financial assistance to the residents of Ketchikan that were most impacted by the cancellation of the 2020 cruise ship season and the community lockdowns that prevented many resident from maintaining or obtaining gainful employment. In July 2020, the City Council amended the 2020 General Government Annual Operating and Capital Budget to create the CARES Act Fund and approved an initial appropriation of \$5.92 million. In September 2020, they appropriated additional funds of \$6.36 million, bringing the total amount appropriated for CARES Act programs to \$12.28 million. During the year, the City expended \$11.7 million of its CARES Act federal financial assistance. As of December 31, 2020, the City recorded a receivable in the amount of \$2.5 million to recover the full amount expended through 2020.

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 2020 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 2020 Budget for the general fund projected annual revenues of \$19.80 million and subsequently amended to \$20.58 million. All of the amendments were for grant awards for public safety, public health and cultural activities. Actual revenues totaled \$16.42 million, which resulted in unfavorable budget variance of \$4.16 million, or 20.2%. Approximately \$3.56 million, or 85.6%, of budget variance for revenues was the result of the:

- (1) Decision not to raise the property tax mill rate from 6.6 to 7.1.
- (2) Loss of sales tax revenues.
- (3) Loss of revenues from museum, ambulance, civic center, parking fees and other miscellaneous fees.
- (4) Decrease in parking fines and other fines because they were suspended during lockdowns and other periods when social distancing protocols were in place.

All of the revenue shortfalls originated because of the COVID-19 pandemic and the cancellation of the 2020 cruise ship season. Lock downs that occurred before the start of the cruise ship season and inventory shortages also impacted local sales and the sales tax revenues derived from these sales.

The adopted 2020 Budget for general fund included appropriations for expenditures totaling \$24.37 million. During the year, the City Council approved amendments to expenditures totaling \$93,710 and authorized transfers totaling \$26,625 from reserves to appropriations for expenditures. The amendments and the transfers increased appropriations for expenditures to \$24.49 million. All of the amendments provided appropriations for spending the proceeds from grants awards and contributions for public safety, museum public health activities. The transfers provided funding for safety and training programs, WebEx services and public health emergency services. Actual expenditures totaled \$18.20 million, which resulted in a favorable variance of \$6.29 million. The cost of personnel services accounts for \$5.09 million, or 81%, of the variance. Public safety employee wages and benefits totaling \$3.14 million and \$72,873 for COVID administrative leave were transferred the CARES

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2020

City of Ketchikan, Alaska

Act Special Revenue Fund and paid for from funds received by the federal government under the CARES Act. Vacancies also contributed \$1.88 million towards the reduced cost of personnel services. Historically, the City has faced challenges recruiting for vacant positions. The COVID-19 pandemic made the City's recruitment efforts even more challenging due travel restrictions. In addition, a moratorium on filling vacant positions was enacted in order to preserve the General Fund's reserves in the event of a protracted pandemic. A significant portion of the remaining variance can also be contributed to the pandemic. Travel restrictions in out of Alaska resulted in lower training costs for many departments of the City. Social distancing requirements and lockdowns reduced the cost of operating the City's public facilities. Shortages in the supply chain hampered the City's ability to procure materials necessary for maintenance projects.

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, 2020, amounts to \$405.61 million. This investment in capital assets includes land, buildings, improvements, utility plants, port facilities, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets, net of accumulated depreciation, was \$7.34 million or 1.8%. The City's investment in governmental activities, net of accumulated depreciation decreased \$2.31 million and business-type activities capital assets increased by \$9.65 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	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	\$ 29,131,180	\$ 28,781,631	\$ 4,534,706	\$ 4,498,606	\$ 33,665,886	\$ 33,280,237
Easements	588,168	588,168	-	-	588,168	588,168
Construction in progress	4,547,360	12,668,459	12,806,719	14,062,062	17,354,079	26,730,521
Intangibles and other	120,750	100,750	6,416,412	221,766	6,537,162	322,516
Total non-depreciable	<u>\$ 34,387,458</u>	<u>\$ 42,139,008</u>	<u>\$ 23,757,837</u>	<u>\$ 18,782,434</u>	<u>\$ 58,145,295</u>	<u>\$ 60,921,442</u>
Depreciable assets:						
Utility plants	\$ -	\$ -	\$ 293,067,594	\$ 281,186,329	\$ 293,067,594	\$ 281,186,329
Port facilities	-	-	67,886,957	67,891,581	67,886,957	67,891,581
Land improvements	1,539,203	1,539,203	-	-	1,539,203	1,539,203
Buildings	142,057,021	141,997,440	-	-	142,057,021	141,997,440
Machinery and equipment	17,827,047	16,823,028	-	-	17,827,047	16,823,028
Infrastructure	95,388,671	85,909,365	-	-	95,388,671	85,909,365
Software	581,531	581,531	-	-	581,531	581,531
Total depreciable assets	<u>257,393,473</u>	<u>246,850,567</u>	<u>360,954,551</u>	<u>349,077,910</u>	<u>618,348,024</u>	<u>595,928,477</u>
Less accum. depreciation	<u>(77,446,965)</u>	<u>(72,345,938)</u>	<u>(193,433,849)</u>	<u>(186,227,859)</u>	<u>(270,880,814)</u>	<u>(258,573,797)</u>
Net depreciable assets	<u>\$ 179,946,508</u>	<u>\$ 174,504,629</u>	<u>\$ 167,520,702</u>	<u>\$ 162,850,051</u>	<u>\$ 347,467,210</u>	<u>\$ 337,354,680</u>
Percentage depreciated	<u>30%</u>	<u>29%</u>	<u>54%</u>	<u>53%</u>	<u>44%</u>	<u>43%</u>
Book value - all assets	<u>\$ 214,333,966</u>	<u>\$ 216,643,637</u>	<u>\$ 191,278,539</u>	<u>\$ 181,632,485</u>	<u>\$ 405,612,505</u>	<u>\$ 398,276,122</u>

Major capital assets under construction during 2020 and included in construction in progress are as follows:

- Bar Harbor North Ramp 3, Float 10 and 11 Electrical Upgrade - \$327,000
- Bailey Diesel Generator No. 3 Rehabilitation - \$474,000
- Schoenbar Road Water Improvements - \$414,000
- Commercial Metering Project - \$596,000

Major capital assets placed in service during 2020 are as follows:

- Public Safety Dispatch Console Upgrade - \$478,000
- Water Street Trestle #2 Reconstruction - \$8.98 million
- Tongass Narrows Rock Pinnacle Removal - \$6.19 million
- Warsilla Diesel Generator Cylinder Heads Rebuild - \$280,000
- Mobile Substation Rebuild - \$348,000
- Undersea Fiber Optic Cable - \$10.8 million
- Bailey Diesel Generator No. 3 Rehabilitation - \$474,000

At December 31, 2020, the depreciable capital assets for governmental activities were 30% depreciated. At December 31, 2019 and 2018, capital assets were 29% and 27% depreciated, respectively. The City's business-type activities capital assets were 54% depreciated at December 31, 2020 compared to 53% and 51% for 2019 and 2018, 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, 2020, the City had \$106.45 million in outstanding bonded debt and other long-term debt, an increase of \$5.85 million from 2019. Total general obligation bonded debt decreased from \$53.03 million to \$50.79 million, or 4.2%. Total revenue bonded debt increased from \$43.89 million to \$51.62 million, or 17.6%. The following table provides a summary of outstanding long-term debt:

	Outstanding Long-term Debt					
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 49,265,000	\$ 51,455,000	\$ 1,526,047	\$ 1,577,094	\$ 50,791,047	\$ 53,032,094
Revenue bonds	-	-	51,617,107	43,891,935	51,617,107	43,891,935
Landfill closure costs	977,700	973,440	-	-	977,700	973,440
Compensated absences	1,766,355	1,621,982	1,297,419	1,083,311	3,063,774	2,705,293
Total	<u>\$ 52,009,055</u>	<u>\$ 54,050,422</u>	<u>\$ 54,440,573</u>	<u>\$ 46,552,340</u>	<u>\$ 106,449,628</u>	<u>\$ 100,602,762</u>

In June 2020, the City refunded its 2010 Fire Station General Obligation Bond by issuing its 2020 Fire Station General Obligation Refunding Bond. The refunding bond was issued through the Alaska Municipal Bond Bank Authority with a par value of \$3.84 million at a true interest cost of 1.38%. The net present savings amounted to \$444,530 or 9.98% of the refunded bond. The City's policy for refunding candidates is generally net present value savings of at least 3%.

In June 2020, the City issued through the Alaska Municipal Bond Bank Authority its KPU Revenue Bond 2020, Series Y in the amount of \$9.52 million at a true interest cost of 2.44%. The bond will required average annual debt service of \$741,166 and will mature in 20 years. The bond was issued to finance an undersea fiber optic cable between Ketchikan, Alaska and Prince Rupert, BC, Canada. The 90-mile cable will expand the capacity and reliability of KPU's broadband network and improve the services offered by KPU's telecommunications utility to the community of Ketchikan..

In September 2018, 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, 2020, the City had incurred construction costs of \$730 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 2018, 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, 2020, the City had incurred construction costs of \$414,223 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 2019, the City issued a \$1.25 million revenue bond through the Alaska Department of Environmental Conservation Clean Water Loan Program for the Commercial Wastewater Metering Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2020, the City had incurred construction costs of \$297,400 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 2019, the City issued a \$1.25 million 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, 2020, the City had incurred construction costs of \$298,289 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 Authority or the Alaska Department of Environmental Conservation. The rating agencies have not separately rated these bonds. The City's general obligation bonded indebtedness is not subject to a locally imposed legal debt ceiling. The City's revenue bonds are 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 nearly all general obligation and revenue bond covenants, however, due to the COVID-19 pandemic and the cancellation of the 2020 cruise ship season, the City did not satisfy the debt service coverage for its 2016 Port Revenue Refunding Bond. Fortunately, the City was able to draw down on the unrestricted reserves of the Port Enterprise Fund to make the \$2.24 million debt service payment that was required for 2020. The Port bond were issued through the Alaska Municipal Bond Bank Authority and they were notified of the City's inability to satisfy this covenant.

The City also has incurred capital lease obligations through Bank of America to finance the purchase of fire apparatus. These obligations are entered into subject an annual appropriation.

As of December 31, 2020, the City's total direct general obligation bond debt per capita was \$6,668.

See Note 3-I for additional information about the City's long-term debt and capital leases. 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 the development of attractions and amenities that are popular with cruise ship passengers and other visitors to the community. In 2021, a new two-berth neopanamax cruise ship terminal began operations at the site of the former Ketchikan Pulp Company. The new terminal has increased the berthing capacity for the community of Ketchikan from four to six berths and changed the dynamics of the visitor experience due to its location away from the downtown core and outside the city limits.

In 2019, the community enjoyed the economic benefits of a record breaking 1.17 million visitors arriving by cruise ship. Approximately 46 cruise ships made 570 stops and brought jobs and increased revenues for local businesses and governments. The City alone realized a record \$12.83 million in sales tax revenues. All of this changed in 2020 because of the COVID-19 pandemic. The entire 2020 season was cancelled, businesses were closed or their hours of operations were curtailed, sales tax revenues for the City declined by about 33% to about \$8.5 million and employment opportunities vanished almost overnight. Tourism and the seafood industry are the driving forces in the local labor market and provide for employment opportunities in other sectors of the local economy. Normally, during the peak months for tourism and fishing, monthly employment averages about 7,100 employees and the monthly unemployment rate averages about 6.1%. During the pandemic, the monthly employment during the peak months averaged 6,200 employees and the monthly unemployment rate averaged about 9.95%. The prospects for a limited cruise ship season in 2021 look promising especially now that the U.S. Congress has approved a waiver of the Jones Act for cruise ships traveling to Alaska. Currently, 84 stops are planned for Ketchikan. If the planned sailings are successful and the course of the pandemic does not change for the worst, the community is cautiously optimistic that in 2022 the cruise lines will add more ships to the Alaska market. It is, however, expected to take several years before tourism in Ketchikan will be able to achieve or exceed the level of cruise ship activity that took place in 2019.

The City continues to recognize that tourism is the most important industry in Ketchikan's economy and the need to continue to improve the visitor experience in order to remain competitive. Prior to the COVID-19 pandemic, the City had been exploring alternatives for managing the operations of the Port of Ketchikan and improving its berthing facilities and visitor amenities. In 2020, the City Council determined that at this moment in time it would not be in the City's best interest to bring in an outside port operator. Instead, the City Council decided to put the emphasis on considering ways to strengthen the existing management structure to make it more efficient and responsive the needs of the community and the tourism industry. With regards to the efforts to improve the existing berthing facilities, the City decided not to take any further action for the time being. In addition to the impacts of the pandemic on cruise ship traffic and the limited availability of resources to finance the construction of improved berthing facilities, the City determined that the new berthing facilities located at Ward Cove could influence the timing and type of facilities and improvements that would be needed for Port of Ketchikan and the downtown core. A consensus was reached that more time would be needed to properly assess how the Ward Cove facility will affect the City's operations.

In 2021, the City Council approved a series of rate increases intended to improve the finances of its public utilities and provide additional financial resources. An electric rate increase of 1.5% will become effective on June 1, 2021. This increase was approved in order to cover the increased cost of purchased power from the Southeast Alaska Power Agency. A water increase of 5% will become effective on April 1, 2021. The increase was approved in accordance with a plan adopted several years ago to reduce a \$1.08 million operating deficit that was being incurred by the water utility. Without the increase in rates, the deficit was expected to continue to grow due the rising cost of complying with federal and state water quality standards.

During budget deliberations in December 2020, the City Council adopted the 2021 General Government Operating and Capital Budget predicated on raising the property tax mill rate from 6.6 to 6.7. When it came time to establish the mill levy in June 2021, 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 first step towards funding an update to the City's compensation plan. Staff had initially recommended increasing the mill rate to 7.1 in 2020.

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 is becoming more seasonal and continues to rely on natural resources. For these reasons, the City Council practices a balanced approach to taxes, utility rates, spending and the management of the City's reserves. The City Council is prepared to make necessary modifications to current and future fiscal plans to ensure that City's financial position remains strong and the cost of services provided to the citizens of Ketchikan are affordable.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the City's finances and to demonstrate the City's accountability for the financial resources it receives. Questions concerning the information provided in this report or requests for additional information should be addressed to the City of Ketchikan, Office of the Finance Director, 334 Front Street, Ketchikan, Alaska 99901 or call (907) 228-5621. This financial report and prior year financial reports are also available on our web site at www.city.ketchikan.ak.us/departments/finance/index.html.

GOVERNMENT-WIDE
FINANCIAL STATEMENTS



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City of Ketchikan, Alaska
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and temporary investments (Note 3A)	\$ 25,445,635	\$ 34,494,100	\$ 59,939,735
Restricted cash, cash equivalents and investments	10,109,947	1,485,897	11,595,844
Receivables:			
Accounts	723,303	3,215,431	3,938,734
Taxes	2,604,032	-	2,604,032
Intergovernmental	3,037,001	139,683	3,176,684
Miscellaneous	4,405	-	4,405
Unbilled	71,655	1,183,745	1,255,400
Advances	469,002	(469,002)	-
Inventory	-	2,814,262	2,814,262
Prepaid items	837,861	765,283	1,603,144
Total current assets	43,302,841	43,629,399	86,932,240
Noncurrent assets:			
Land for resale	394,513	-	394,513
Restricted investments	-	9,021,774	9,021,774
Accrued interest on restricted assets	-	151	151
Capital Assets (Note 3E)			
Nondepreciable capital assets	34,387,458	23,757,837	58,145,295
Depreciable capital assets, net	179,946,508	167,520,702	347,467,210
Total noncurrent assets	214,728,479	200,300,464	415,028,943
Total Assets	258,031,320	243,929,863	501,961,183
Deferred Outflow of Resources	2,091,031	609,082	2,700,113
Total Assets and Deferred Outflow of Resources	260,122,351	244,538,945	504,661,296

City of Ketchikan, Alaska
Statement of Net Position (Cont'd)
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	1,664,928	2,976,258	4,641,186
Payroll payable	1,879,917	-	1,879,917
Accrued interest payable	207,116	291,162	498,278
Customers deposits payable	6,114	355,790	361,904
Unearned revenue	358,013	66,709	424,722
Claims payable	212,856	-	212,856
Compensated absences payable	176,635	129,742	306,377
Capital lease payable	225,220	-	225,220
General obligation bonds payable	1,810,599	103,246	1,913,845
Revenue bonds payable	-	2,965,494	2,965,494
Total current liabilities	6,541,398	6,888,401	13,429,799
Noncurrent liabilities			
Compensated absences payable (net of current portion)	1,589,720	1,167,677	2,757,397
Capital lease payable (net of current portion)	1,196,213	-	1,196,213
Net pension liability	13,717,941	4,030,722	17,748,663
Net other post employment benefits liability	(1,136,231)	(333,856)	(1,470,087)
Landfill closure costs	977,700	-	977,700
General obligation bonds payable (net of current portion)	50,272,775	1,422,801	51,695,576
Revenue bonds payable (net of current portion)	-	54,600,583	54,600,583
Total noncurrent liabilities	66,618,118	60,887,927	127,506,045
Deferred Inflow of Resources	951,015	696,609	1,647,624
Total Liabilities and Deferred Inflows of Resources	74,110,531	68,472,937	142,583,468
Net Position			
Net investment in capital assets (Note 3K)	162,968,635	132,468,924	295,437,559
Restricted for:			
Capital and maintenance outlay	4,141,813	-	4,141,813
Repair and replacement funds	-	4,896,274	4,896,274
Commercial passenger excise tax funds	7,908,514	-	7,908,514
Performance guaranty	-	25,368	25,368
Debt service	-	4,686,907	4,686,907
Solid waste operations and maintenance	1,587,880	-	1,587,880
Harbor operations and maintenance	774,043	-	774,043
Cemetery operations and maintenance	97,608	-	97,608
Investigation and property seizure funds	174,302	-	174,302
Unrestricted	8,359,025	33,988,535	42,347,560
Total Net Position	\$ 186,011,820	\$ 176,066,008	\$ 362,077,828

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 2,675,395	\$ 39,519	\$ 155,568	\$ -
Public safety	6,726,434	993,966	1,484,196	225,242
Culture and tourism	4,450,058	599,104	2,788,151	-
Health and welfare	13,640,897	-	11,698,003	4,519
Public works	8,660,929	3,262,631	48,045	-
Harbor	2,596,906	1,438,928	24,557	441,223
Interest	1,950,480	-	-	-
Total Governmental Activities	40,701,099	6,334,148	16,198,520	670,984
Business-Type Activities:				
Electric, telecommunications and water	42,592,923	42,000,824	290,605	197,645
Port	7,772,537	60,215	23,768	3,443,520
Wastewater	2,676,021	3,413,381	7,102	-
Total Business-Type Activities	53,041,481	45,474,420	321,475	3,641,165
Total	\$ 93,742,580	\$ 51,808,568	\$ 16,519,995	\$ 4,312,149

General Revenues:

Property taxes
Sales taxes
Marijuana sales tax
Transient taxes
Intergovernmental - unrestricted
Investment earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,480,308)	\$ -	\$ (2,480,308)
(4,023,030)	-	(4,023,030)
(1,062,803)	-	(1,062,803)
(1,938,375)	-	(1,938,375)
(5,350,253)	-	(5,350,253)
(692,198)	-	(692,198)
(1,950,480)	-	(1,950,480)
(17,497,447)	-	(17,497,447)
-	(103,849)	(103,849)
-	(4,245,034)	(4,245,034)
-	744,462	744,462
-	(3,604,421)	(3,604,421)
(17,497,447)	(3,604,421)	(21,101,868)
5,904,460	-	5,904,460
8,604,064	-	8,604,064
306,828	-	306,828
335,502	-	335,502
76,500	-	76,500
279,996	402,711	682,707
471,222	575,982	1,047,204
1,823,443	(1,823,443)	-
17,802,015	(844,750)	16,957,265
304,568	(4,449,171)	(4,144,603)
185,707,252	180,515,179	366,222,431
<u>\$ 186,011,820</u>	<u>\$ 176,066,008</u>	<u>\$ 362,077,828</u>



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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

City of Ketchikan, Alaska
Balance Sheet
Governmental Funds
December 31, 2020

	General	CARES Act Grant	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 14,674,254	\$ -	\$ 8,276,937	\$ 22,951,191
Restricted cash:				
Bond construction funds	-	-	2,018,514	2,018,514
Property seizure funds	-	-	174,302	174,302
Commercial passenger excise tax funds	-	-	7,917,131	7,917,131
Receivables:				
Accounts	236,235	-	487,068	723,303
Taxes	2,484,183	-	119,849	2,604,032
Intergovernmental	2,791	2,498,533	535,677	3,037,001
Interfund	2,716,576	-	-	2,716,576
Unbilled receivables	-	-	71,655	71,655
Land for resale	394,513	-	-	394,513
Total Assets	\$ 20,508,552	\$ 2,498,533	\$ 19,601,133	\$ 42,608,218
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 300,401	\$ 114,591	\$ 1,245,333	\$ 1,660,325
Payroll payable	1,879,917	-	-	1,879,917
Customer deposits payable	-	-	6,114	6,114
Interfund payable	-	2,383,942	332,634	2,716,576
Unearned revenue	11,248	-	346,765	358,013
Total Liabilities	2,191,566	2,498,533	1,930,846	6,620,945
Deferred Inflows of Resources	2,226,253	-	119,849	2,346,102
Fund Balances				
Nonspendable - Land held for resale	394,513	-	-	394,513
Restricted for:				
Law enforcement	-	-	174,302	174,302
Commercial passenger excise tax	-	-	7,908,514	7,908,514
Bond construction funds	-	-	1,666,565	1,666,565
Assigned:				
Subsequent years budget	4,768,142	-	389,290	5,157,432
Parking development and abatement of dangerous buildings	306,360	-	-	306,360
Hospital development and expansion	2,846,623	-	-	2,846,623
General government	231,216	-	260,463	491,679
Public safety	1,564,429	-	-	1,564,429
Culture and tourism	95,592	-	407,246	502,838
Public works	118,995	-	-	118,995
Collection and disposal of solid waste	-	-	1,475,651	1,475,651
Cemetery operations	-	-	97,608	97,608
Harbor operations	-	-	677,037	677,037
Streets, sidewalks and other public projects	2,443,574	-	-	2,443,574
Development of community facilities	-	-	3,400,826	3,400,826
Harbor construction	-	-	990,079	990,079
Public works projects	-	-	102,857	102,857
Unassigned	3,321,289	-	-	3,321,289
Total Fund Balances	16,090,733	-	17,550,438	33,641,171
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 20,508,552	\$ 2,498,533	\$ 19,601,133	\$ 42,608,218

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, 2020

Total Governmental Fund Balances		\$ 33,641,171
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	\$ 291,780,931	
Less accumulated depreciation	<u>(77,446,965)</u>	214,333,966
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Taxes		2,245,831
Services		100,271
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	\$ 2,716,576	
Interfund payables	<u>(2,716,576)</u>	-
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.		1,821,898
Accrued interest is not reported at the fund financial reporting level		(207,116)
Deferred inflows and outflows not reported at the fund financial reporting level		
Deferred Outflow	\$ 2,091,031	
Deferred Inflow	<u>(951,015)</u>	1,140,016
Liabilities that are not due in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (49,265,000)	
Premiums for GO bonds	(2,818,374)	
Capital lease payable	(1,421,433)	
Net pension liability	(13,717,941)	
Net other post-employment benefits	1,136,231	
Landfill closure costs	<u>(977,700)</u>	<u>(67,064,217)</u>
Net Position Of Governmental Activities		<u>\$ 186,011,820</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, 2020

	General	CARES Act Grant	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 14,397,531	\$ -	\$ -	\$ 596,667	\$ 14,994,198
Licenses and permits	189,949	-	-	-	189,949
Intergovernmental	1,488,432	11,698,003	-	3,755,050	16,941,485
Charges for services	1,574,270	-	-	4,504,526	6,078,796
Fines and forfeitures	40,133	-	-	8,394	48,527
Investment earnings	152,270	-	-	127,301	279,571
Contributions	-	-	-	4,519	4,519
Interdepartmental charges	3,436,009	-	-	-	3,436,009
Miscellaneous	233,013	-	54,183	78,114	365,310
Total Revenues	21,511,607	11,698,003	54,183	9,074,571	42,338,364
Expenditures					
Current:					
General government	5,381,661	-	-	146,000	5,527,661
Public safety	7,082,276	-	-	225,242	7,307,518
Culture and tourism	3,075,100	-	-	-	3,075,100
Health and welfare	271,497	11,698,003	-	337,362	12,306,862
Public works	5,765,733	-	-	3,134,513	8,900,246
Harbor	67,000	-	-	1,141,551	1,208,551
Debt Service:					
Principal retirement	-	-	6,078,397	170,000	6,248,397
Interest and fiscal charges	-	-	2,143,230	177,175	2,320,405
Debt issuance cost	-	-	33,300	-	33,300
Capital Outlay	-	-	-	2,448,998	2,448,998
Total Expenditures	21,643,267	11,698,003	8,254,927	7,780,841	49,377,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,660)	-	(8,200,744)	1,293,730	(7,038,674)
Other Financing Sources (Uses)					
Sale of capital assets	17,375	-	-	343,000	360,375
Proceeds from refunding bonds	-	-	3,835,000	-	3,835,000
Premiums from sale of bonds	-	-	782,902	-	782,902
Transfers in	1,636,050	-	3,582,842	2,304,589	7,523,481
Transfers out	(4,266,341)	-	-	(1,433,697)	(5,700,038)
Total Other Financing Sources (Uses)	(2,612,916)	-	8,200,744	1,213,892	6,801,720
Net Change in Fund Balances	(2,744,576)	-	-	2,507,622	(236,954)
Fund Balances Beginning of Year	18,835,309	-	-	15,042,816	33,878,125
Fund Balances End of Year	\$ 16,090,733	\$ -	\$ -	\$ 17,550,438	\$ 33,641,171

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, 2020

Net Changes In Fund Balances - Total Governmental Funds	\$ (236,954)
--	--------------

**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	\$ (5,714,006)	
Capital outlay	3,658,799	(2,055,207)

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	(254,463)
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Elimination of other financing sources to record bond refunding	(162,902)
---	-----------

Revenues of Internal Service Fund are included in the governmental statement of activities	425
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes		156,656
Charges for Services		16,876

Elimination of transfers between governmental funds:

Transfers in	\$ (5,700,038)	
Transfers out	5,700,038	-

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.	227,961
--	---------

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	\$ 1,570,000	
Amortization of premiums and deferred charges	141,964	
Capital leases	223,397	
Net pension obligation	(131,785)	
Net other post-employment benefits obligation	812,860	
Landfill closure costs	(4,260)	2,612,176

Change In Net Position of Governmental Activities	\$ 304,568
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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, 2020

	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	\$ 26,691,073	\$ 4,463,620	\$ 3,339,407	\$ 34,494,100	\$ 2,494,444
Restricted cash, cash equivalents and investments	1,272,195	186,264	27,438	1,485,897	-
Receivables:					
Accounts	2,973,547	-	241,884	3,215,431	-
Intergovernmental	65,890	10,286	63,507	139,683	-
Miscellaneous	-	-	-	-	4,405
Inventory	2,814,262	-	-	2,814,262	-
Prepaid items	15,283	750,000	-	765,283	837,861
Unbilled revenue	1,018,932	-	164,813	1,183,745	-
Total Current Assets	34,851,182	5,410,170	3,837,049	44,098,401	3,336,710
Noncurrent Assets:					
Restricted Assets:					
Investments	1,885,500	7,136,274	-	9,021,774	-
Accrued interest on restricted assets	-	151	-	151	-
Advances from other funds	-	695,538	-	695,538	469,002
Capital Assets:					
Nondepreciable capital assets	5,699,689	17,242,962	815,186	23,757,837	-
Depreciable capital assets, net	105,313,355	44,798,552	17,408,795	167,520,702	-
Total Noncurrent Assets	112,898,544	69,873,477	18,223,981	200,996,002	469,002
Total Assets	147,749,726	75,283,647	22,061,030	245,094,403	3,805,712
Deferred Outflow of Resources	513,888	74,063	21,131	609,082	-
Total Assets and Deferred Outflow of Resources	148,263,614	75,357,710	22,082,161	245,703,485	3,805,712

City of Ketchikan, Alaska
Statement of Net Position (Cont'd)
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Liabilities					
Current Liabilities:					
Accounts payable	2,923,976	9,060	43,222	2,976,258	4,603
Accrued interest	187,222	98,770	5,170	291,162	-
Customer deposits	355,790	-	-	355,790	-
Advances to other funds	379,627	-	-	379,627	-
Compensated absences payable	124,119	1,347	4,276	129,742	176,635
Unearned revenue	66,709	-	-	66,709	-
General obligation bonds payable	-	-	103,246	103,246	-
Revenue bonds payable	1,658,517	1,277,584	29,393	2,965,494	-
Claims payable	-	-	-	-	212,856
Total Current Liabilities	5,695,960	1,386,761	185,307	7,268,028	394,094
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	1,117,072	12,123	38,482	1,167,677	1,589,720
Net pension liability	3,334,973	544,885	150,864	4,030,722	-
Net other post-employment benefits liability	(276,229)	(45,132)	(12,495)	(333,856)	-
Advances from other funds	784,913	-	-	784,913	-
Revenue bonds payable (net of current portion)	28,871,084	24,939,297	790,202	54,600,583	-
General obligation bonds payable (net of current portion)	-	-	1,422,801	1,422,801	-
Total Long-Term Liabilities	33,831,813	25,451,173	2,389,854	61,672,840	1,589,720
Deferred Inflow of Resources	231,202	454,945	10,462	696,609	
Total Liabilities and Deferred Inflow of Resources	39,758,975	27,292,879	2,585,623	69,637,477	1,983,814
Net Position					
Net investment in capital assets	81,183,123	35,407,462	15,878,339	132,468,924	-
Restricted for bond retirement	2,336,993	2,327,646	22,268	4,686,907	-
Restricted for repair and replacement	-	4,896,274	-	4,896,274	-
Restricted performance guaranty	25,368	-	-	25,368	-
Unrestricted	24,959,155	5,433,449	3,595,931	33,988,535	1,821,898
Total Net Position	\$ 108,504,639	\$ 48,064,831	\$ 19,496,538	\$ 176,066,008	\$ 1,821,898

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, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Operating Revenues					
Charges for services	\$ 42,098,824	\$ 60,215	\$ 3,413,381	\$ 45,572,420	\$ 3,011,302
Miscellaneous	554,915	21,929	(862)	575,982	-
Total Operating Revenues	42,653,739	82,144	3,412,519	46,148,402	3,011,302
Operating Expenses					
Operation and maintenance	27,322,810	5,438,567	2,097,661	34,859,038	-
Administration and general	6,785,552	-	-	6,785,552	-
Depreciation	7,787,634	1,356,259	572,964	9,716,857	-
Compensated absences	-	-	-	-	1,321,578
Insurance	-	-	-	-	1,532,028
Claims	-	-	-	-	181,742
Total Operating Expenses	41,895,996	6,794,826	2,670,625	51,361,447	3,035,348
Operating Income	757,743	(6,712,682)	741,894	(5,213,045)	(24,046)
Non Operating Revenues (Expenses)					
Operating grants	290,605	23,768	7,102	321,475	-
Interest and fiscal charges	(707,299)	(976,648)	(15,696)	(1,699,643)	-
Debt issuance costs	(87,628)	-	-	(87,628)	-
Gain or (loss) on disposal of capital assets	-	(1,063)	10,300	9,237	-
Investment earnings	188,894	196,210	17,607	402,711	24,471
Total Non Operating Revenues (Expenses)	(315,428)	(757,733)	19,313	(1,053,848)	24,471
Income Before Capital Contributions, Grants and Transfers	442,315	(7,470,415)	761,207	(6,266,893)	425
Capital Contributions, Grants and Transfers					
Capital contributions and grants	197,645	3,443,520	-	3,641,165	-
Transfers					
Payments in lieu of taxes to the general fund	(786,000)	(319,000)	(80,000)	(1,185,000)	-
Transfer to commercial passenger vessel tax fund	-	(638,443)	-	(638,443)	-
Total Capital Contributions and Grants and Transfers	(588,355)	2,486,077	(80,000)	1,817,722	-
Change in Net Position	(146,040)	(4,984,338)	681,207	(4,449,171)	425
Net Position Beginning of Year	108,650,679	53,049,169	18,815,331	180,515,179	1,821,473
Net Position End of Year	\$ 108,504,639	\$ 48,064,831	\$ 19,496,538	\$ 176,066,008	\$ 1,821,898

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	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	\$ 44,201,595	\$ 83,736	\$ 3,391,191	\$ 47,676,522	\$ 3,024,136
Cash payments to employees for services	(14,998,338)	(632,286)	(837,699)	(16,468,323)	-
Cash payments to suppliers for goods and services	(17,926,644)	(4,510,188)	(1,289,841)	(23,726,673)	-
Cash payments for insurance and claims	-	-	-	-	(1,776,628)
Cash payments for compensated absences	-	-	-	-	(1,177,205)
Net Cash Provided by Operating Activities	11,276,613	(5,058,738)	1,263,651	7,481,526	70,303
Cash Flows from Noncapital Financing Activities					
Operating grant from other governments	290,605	23,768	7,102	321,475	-
Transfers out	-	(638,443)	-	(638,443)	-
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	(495,395)	(933,675)	(72,898)	(1,501,968)	-
Cash Flows from Capital and Related Financing Activities					
Advances	(365,026)	365,026	-	-	-
Capital grant received from other governments	197,645	4,998,921	-	5,196,566	-
Capital debt proceeds	11,764,322	-	144,620	11,908,942	-
Loss on disposition of capital assets	-	-	10,300	10,300	-
Principal paid on general obligation bonds	-	-	(51,047)	(51,047)	-
Interest paid on general obligation bonds	-	-	(11,828)	(11,828)	-
Principal paid on revenue bonds	(1,133,955)	(1,025,000)	(14,533)	(2,173,488)	-
Interest paid on revenue bonds	(805,432)	(1,211,000)	(4,004)	(2,020,436)	-
Payments for capital acquisitions and construction	(15,544,678)	(4,357,222)	(200,542)	(20,102,442)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,887,124)	(1,229,275)	(127,034)	(7,243,433)	-
Cash Flows from Investing Activities					
Investment earnings	275,047	242,238	24,979	542,264	24,471
Purchase of bond reserve fund investments	(742,650)	(571,873)	-	(1,314,523)	-
Net Cash Provided (Used) by Investing Activities	(467,603)	(329,635)	24,979	(772,259)	24,471
Net Increase (Decrease) in Cash and Cash Equivalents	4,426,491	(7,551,323)	1,088,698	(2,036,134)	94,774
Cash and Cash Equivalents Beginning of Year (including \$474,647 for Ketchikan Public Utilities \$1,279,139 for Port and \$27,827 for Wastewater Services reported in restricted accounts)	23,536,777	12,201,207	2,278,147	38,016,131	2,399,670
Cash and Cash Equivalents End of Year (including \$1,272,185 for Ketchikan Public Utilities, \$186,264 for Port and \$27,438 for Wastewater Services reported in restricted accounts)	\$ 27,963,268	\$ 4,649,884	\$ 3,366,845	\$ 35,979,997	\$ 2,494,444

(continued)

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

(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	\$ 757,743	\$ (6,712,682)	\$ 741,894	\$ (5,213,045)	\$ (24,046)
Adjustments:					
Depreciation	7,787,634	1,356,259	572,964	9,716,857	-
Other	149,185	-	-	149,185	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts receivable	278,021	1,592	(20,710)	258,903	10,014
Accrued interest	-	-	-	-	2,819
Unbilled revenue	1,213,806	-	(618)	1,213,188	-
Prepaid expenses	12,619	411,500	-	424,119	(115,834)
Inventory	(75,441)	-	-	(75,441)	-
Customer deposits	(7,245)	-	-	(7,245)	-
Deferred outflows	(54,861)	642	(1,079)	(55,298)	-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts payable	1,061,692	(66,833)	(34,042)	960,817	52,977
Compensated absences payable	230,351	(27,498)	11,255	214,108	144,373
Unearned revenue	56,029	-	-	56,029	-
Pension liability	202,721	33,122	9,170	245,013	-
Other postemployment benefits liability	(358,543)	(58,581)	(16,219)	(433,343)	-
Deferred inflows	22,902	3,741	1,036	27,679	-
Net Cash Provided by Operating Activities	<u>\$ 11,276,613</u>	<u>\$ (5,058,738)</u>	<u>\$ 1,263,651</u>	<u>\$ 7,481,526</u>	<u>\$ 70,303</u>
Noncash investing, capital and financing activities					
Fair value of non-cash investments	-	\$ (1,450)	-	-	-
Revenue bond arbitrage	\$ (60)	-	-	-	-

See accompanying notes to the basic financial statements



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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Summary of Significant Accounting Policies

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

1-A. Reporting Entity

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

As required by U.S. GAAP, these financial statements present the City (primary government) and its component units. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

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

1-B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major funds:

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

CARES Act Grant Fund – The CARES Act grant fund accounts for all financial resources related to a federal grant awarded for the purpose of assisting communities in dealing with the effects of the coronavirus pandemic.

Debt Service Fund – The debt service fund accounts for all financial resources related to issuing, refunding and paying debt service costs.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

when consumed rather than when purchased. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for appropriation.

1-D-6 Restricted Assets

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

The Revenue Bond Redemption Fund and Revenue Bond Reserve Fund have been established in accordance with the provisions of the revenue bond indentures. These funds can only be used for the payment of principal and interest on revenue bonds outstanding and must be maintained in accordance with the provisions of the applicable revenue bond ordinances. As of December 31, 2020 the balance on hand in the KPU Revenue Bond Redemption Fund amounted to \$547,148 which was the required amount per applicable bond ordinances. The KPU Revenue Bond Reserve Fund contained \$1,885,500, which was the required amount per applicable bond ordinances. KPU also held \$699,679 in bond construction funds and \$25,368 for a performance guaranty per State requirements at December 31, 2020. The Port Revenue Bond Redemption Fund amounted to \$186,264. The Port Revenue Bond Reserve Fund contained \$2,240,000, as required by applicable bond ordinances. The Wastewater Service Fund contained \$27,438 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, 2020 was \$332,304 in the Harbor Construction Fund and \$1,682,237 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, 2020 the amount required to satisfy the bond covenants and lease agreement was \$3,178,046 and \$1,718,228 respectively, for a total of \$4,896,274.

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 \$40,777 in the Commercial Passenger Vessel Excise Tax Capital Projects Fund and \$7,876,354 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 \$174,302.

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 19, 2019, the 2020 General Government Operating and Capital Budget and the 2020 Ketchikan Public Utilities Operating and Capital Budget were adopted by the City Council with the passage of Resolution 19-2756 and Resolution 19-2757, respectively. During the year, the 2020 General Government Operating and Capital Budget was amended to provide for supplemental appropriations as follows:

- Acceptance of a private grant for the mayor and council in the amount of \$2,000.
- Acceptance of a grant for the fire department in the amount of \$32,169.
- Acceptance of a grant for the fire department in the amount of \$15,000.

Note 2 – Stewardship, Compliance and Accountability (Continued)

- Acceptance of a grant for the fire department in the amount of \$341,750.
- Acceptance of a grant for the fire department in the amount of \$80,759.
- Acceptance of a private grant for the police department in the amount of \$3,000.
- Acceptance of a grant for the police department in the amount of \$341,749.
- Acceptance of a grant for the museum department in the amount of \$2,000.
- Acceptance of a grant for the museum department in the amount of \$24,825.
- Acceptance of a private grant for the museum department in the amount of \$11,716.
- Acceptance of a private grant for the building maintenance department in the amount of \$3,000.
- Acceptance of a private grant for the public health department in the amount of \$182,853.
- Acceptance of a grant for the emergency public health department in the amount of \$12,281,651.
- Acceptance of a grant for the harbor department in the amount of \$424,786.

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, 2020 were:

Cash on hand	\$ 11,370
Deposits with financial institutions	80,545,983
Total	<u>\$ 80,557,353</u>

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

	Governmental Activities	Business-type Activities	Total
Unrestricted	\$ 25,445,635	\$ 34,494,100	\$ 59,939,735
Restricted	10,109,947	10,507,671	20,617,618
Total	<u>\$ 35,555,582</u>	<u>\$ 45,001,771</u>	<u>\$ 80,557,353</u>

The restricted cash and investments are comprised entirely of \$2,432,649, \$27,438 and \$2,426,264 for bond reserve accounts established for the City's municipal utility, wastewater services and port revenue bonds, respectively, \$2,718,192 for bond construction accounts, \$4,896,274 for the Port repair and replacement accounts, \$7,917,131 for commercial passenger excise tax fund accounts, \$25,368 for a performance guaranty per State requirements, and \$174,302 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

Note 3 - Detailed Notes on All Funds (Continued)

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, 2020, the book value of all the City deposits was \$80,545,983 and the bank value was \$81,118,964. The bank balance was under collateralized by \$2.8 million or .05% of total bank deposits as of December 31, 2020.

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, 2020, the weighted average maturity of the City's investment portfolio was .12 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, 2020, the City had an investment totaling \$7,428,920.

Concentration of credit risk. The City's total investment as of December 31, 2020 was invested in fully collateralized Certificates 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, 2020, 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	\$ 7,428,920	\$ -	\$ 7,428,920	\$ -	\$ -	0.12
	<u>\$ 7,428,920</u>	<u>\$ -</u>	<u>\$ 7,428,920</u>	<u>\$ -</u>	<u>\$ -</u>	

Portfolio weighted average maturity

0.12

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, 2020, consisted of the following:

Note 3 - Detailed Notes on All Funds (Continued)

	Governmental Activities	Business- type Activities	Total
Accounts receivable	\$ 6,673,296	\$ 4,650,459	\$ 11,323,755
Allowance for doubtful accounts	(232,900)	(111,600)	(344,500)
Net accounts receivable	<u>\$ 6,440,396</u>	<u>\$ 4,538,859</u>	<u>\$ 10,979,255</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, 2020:

	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>
2021	\$ 58,539
2022	48,738
2023	48,739
2024	33,482
2025	33,483
2026-2030	163,786
2031-2035	160,822
2036-2040	74,525
2041-2045	70,160
2046-2050	67,250
2051-2055	30,000
2056-2060	30,000
2061-2063	18,000
Total minimum future lease rentals	<u>\$ 837,524</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>
2021	\$ 1,800,000
2022	1,800,000
2023	1,800,000
2024	1,800,000
2025	1,800,000
2026-2030	9,000,000
2031-2035	9,000,000
2036-2037	3,600,000
Total future minimum lease payments	<u>\$ 30,600,000</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 2020, the City paid the minimum lease of \$1,800,000.

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	\$ 28,781,631	\$ 349,549	\$ -	\$ 29,131,180
Easements	588,168	-	-	588,168
Construction in progress	12,668,459	1,219,047	9,340,146	4,547,360
Other capital assets	100,750	20,000	-	120,750
Total nondepreciable capital assets	42,139,008	1,588,596	9,340,146	34,387,458
Depreciable capital assets:				
Land improvements	1,539,203	-	-	1,539,203
Buildings	141,997,440	197,353	137,772	142,057,021
Machinery and equipment	16,823,028	1,382,759	378,740	17,827,047
Infrastructure	85,909,365	9,830,236	350,930	95,388,671
Software	581,531	-	-	581,531
Total depreciable capital assets	246,850,567	11,410,348	867,442	257,393,473
Total capital assets	288,989,575	12,998,944	10,207,588	291,780,931
Accumulated depreciation:				
Land improvements	1,375,178	8,312	-	1,383,490
Buildings	26,290,405	2,178,854	110,943	28,358,316
Machinery and equipment	10,983,459	903,767	314,332	11,572,894
Infrastructure	33,381,564	2,597,721	187,704	35,791,581
Software	315,332	25,352	-	340,684
Total accumulated depreciation	72,345,938	5,714,006	612,979	77,446,965
Governmental activities capital assets, net	\$ 216,643,637	\$ 7,284,938	\$ 9,594,609	\$ 214,333,966

Governmental activities depreciation expense

General government	\$ 97,548
Public safety	663,367
Public works	2,086,370
Health and welfare	1,334,036
Harbor	1,191,681
Culture	341,004
Total governmental activities depreciation expense	<u>\$ 5,714,006</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	\$ 36,100	\$ -	\$ 4,534,706
Other capital assets	221,766	6,194,646	-	6,416,412
Construction in progress	14,062,062	2,218,552	3,473,895	12,806,719
Total non-depreciable capital assets	18,782,434	8,449,298	3,473,895	23,757,837
Depreciable capital assets:				
Electric utility plant	127,127,204	1,075,840	623,920	127,579,124
Telecommunications utility plant	69,245,738	13,073,752	1,746,144	80,573,346
Water utility plant	57,330,620	71,184	33,301	57,368,503
Wastewater utility plant	27,482,767	142,873	79,019	27,546,621
Port facilities	67,891,581	27,121	31,745	67,886,957
Total depreciable capital assets	349,077,910	14,390,770	2,514,129	360,954,551
Total capital assets	367,860,344	22,840,068	5,988,024	384,712,388
Accumulated depreciation:				
Electric utility plant	76,422,764	2,917,661	623,920	78,716,505
Telecommunications utility plant	55,959,841	3,473,258	1,746,144	57,686,955
Water utility plant	22,440,745	1,396,714	33,301	23,804,158
Wastewater utility plant	9,643,881	572,964	79,019	10,137,826
Port facilities	21,760,628	1,356,259	28,482	23,088,405
Total accumulated depreciation	186,227,859	9,716,856	2,510,866	193,433,849
Business-type activities capital assets, net	\$ 181,632,485	\$ 13,123,212	\$ 3,477,158	\$ 191,278,539

3-F. Commitments

The City has the following commitments as of December 31, 2020:

	Operational	Capital	Total
Governmental Funds			
General	\$ 523,524	\$ 1,062,122	\$ 1,585,646
CARES act grant	31,103	-	31,103
Non-major special revenue funds	191,937	1,762,005	1,953,942
Non-major capital projects funds	-	1,212,284	1,212,284
Total Governmental Funds	\$ 746,564	\$ 4,036,411	\$ 4,782,975
Enterprise Funds			
KPU	\$ 955,841	\$ 2,628,907	\$ 3,584,748
Port	4,734	5,201	9,935
Wastewater	83,920	401,790	485,710
Total Enterprise Funds	\$ 1,044,495	\$ 3,035,898	\$ 4,080,393

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Interfund Balances and Transfers

Interfund balances at December 31, 2020, consisted of \$2,717,056 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, 2020, consisted of the following:

Transfers out	Transfers in			Total
	General fund	Debt Service fund	Nonmajor governmental funds	
General fund	\$ -	\$ 3,582,842	\$ 683,499	\$ 4,266,341
KPU fund	786,000	-	-	786,000
Port fund	319,000	-	638,443	957,443
Wastewater fund	80,000	-	-	80,000
Nonmajor governmental funds	451,050	-	982,647	1,433,697
Total	<u>\$ 1,636,050</u>	<u>\$ 3,582,842</u>	<u>\$ 2,304,589</u>	<u>\$ 7,523,481</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 2020, 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 2020, the future closure and postclosure costs were reevaluated and adjusted to reflect current conditions. As of December 31, 2020, the estimated liability for landfill closure and postclosure care costs totaled \$977,700, an increase of \$4,260 from the estimated liability as of December 31, 2019.

The estimated liability is based on an engineer's estimate taking into account various factors including used capacity. As of December 31, 2020 used capacity was approximately 62.95%. It is estimated that an additional \$722,300 will be recognized as closure and postclosure care expenses between the date of the balance sheet, and the year 2037, in 17 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, 2020. 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, 2020.

Note 3 - Detailed Notes on All Funds (Continued)

3-I. Long-Term Debt

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

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

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%.

2020 Fire Station General Obligation Refunding Bonds – issued to finance construction of a new fire station for the Ketchikan Fire Department, refunded June 24, 2020, due in annual installments through December 1, 2030, bearing an interest rates of 5.000%.

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, 2020 follow:

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	1,625,000	2,070,519	3,695,519	103,246	22,505	125,751
2022	1,710,000	1,990,294	3,700,294	104,800	20,951	125,751
2023	1,795,000	1,903,294	3,698,294	106,378	19,373	125,751
2024	1,890,000	1,812,168	3,702,168	107,979	17,771	125,750
2025	1,985,000	1,716,169	3,701,169	109,606	16,145	125,751
2026-2030	11,385,000	7,127,725	18,512,725	573,284	55,469	628,753
2031-2035	9,740,000	4,825,450	14,565,450	402,434	14,383	416,817
2036-2040	9,780,000	2,880,000	12,660,000	18,319	137	18,456
2041-2045	9,355,000	767,100	10,122,100	-	-	-
Total	\$ 49,265,000	\$ 25,092,719	\$ 74,357,719	\$ 1,526,046	\$ 166,734	\$ 1,692,780

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, 2020, Series Y– issued to finance an undersea fiber cable project, dated June 24, 2020, due in annual installments through December 1, 2039 bearing an interest rates of 4.00 – 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.

Note 3 - Detailed Notes on All Funds (Continued)

KPU Revenue Bonds, ADEC Drinking Water Fund 481141– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of the Jackson/Monroe water main replacement, due in semiannual installments through November 1, 2035.

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

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, 2020 KPU incurred \$414,223 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, 2020 KPU incurred \$298,289 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, 2020 KPU incurred \$1,901 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, 2020 KPU incurred \$298,289 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 are pledged to pay debt service of the respective fund. The operating revenues for KPU, Port and Wastewater Funds were \$42.6 million, \$82,144 and \$3.4 million respectively. The debt service payments for KPU and Wastewater Funds were \$1.68 million or 3.94% of revenues and \$82,264 or 2.4 % of revenues, respectively. The Port did not generate enough revenue in 2020 to cover the debt service payments of \$2.23 million due to the pandemic and the cancelation of the cruise ship season. Reserves of the Port Fund were sufficient to pay debt service in 2020.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize revenue bonds outstanding, as of December 31, 2020 follow:

Year	Principal	Interest	Total
2021	\$ 2,577,053	\$ 2,188,013	\$ 4,765,066
2022	2,679,988	2,086,277	4,766,265
2023	2,703,043	1,979,923	4,682,966
2024	2,821,221	1,866,146	4,687,367
2025	2,944,520	1,743,472	4,687,992
2026-2030	16,766,528	6,662,430	23,428,958
2031-2035	17,622,056	2,716,512	20,338,568
2036-2040	2,902,719	281,859	3,184,578
Total	<u>\$ 51,017,128</u>	<u>\$ 19,524,632</u>	<u>\$ 70,541,760</u>

This amortization schedule does not include \$712,512 for two Drinking Water Loan Fund projects and \$300,190 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.

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

Year	Principal	Interest	Total
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	243,978	8,687	252,665
2026	248,906	3,759	252,665
Total	<u>\$ 1,421,433</u>	<u>\$ 94,557</u>	<u>\$ 1,515,990</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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 51,455,000	\$ 3,545,000	\$ 5,735,000	\$ 49,265,000	\$ 1,625,000
Plus deferred amounts:					
For issuance premiums	2,184,434	782,902	148,963	2,818,373	185,599
Total bonds payable	53,639,434	4,327,902	5,883,963	52,083,373	1,810,599
Capital lease	1,644,830	-	223,397	1,421,433	225,220
Landfill closure costs	973,440	4,260	-	977,700	-
Compensated absences	1,621,982	1,465,951	1,321,578	1,766,355	176,635
Total Governmental Activities	<u>\$ 57,879,686</u>	<u>\$ 5,798,113</u>	<u>\$ 7,428,938</u>	<u>\$ 56,248,861</u>	<u>\$ 2,212,454</u>
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 1,577,094	\$ -	\$ 51,047	\$ 1,526,047	\$ 103,246
Revenue bonds	43,891,935	9,650,758	1,925,586	51,617,107	2,577,053
Plus deferred amounts:					
For issuance premiums	4,439,618	1,850,150	340,798	5,948,970	388,441
Total bonds payable	49,908,647	11,500,908	2,317,431	59,092,124	3,068,740
Compensated absences	1,083,311	1,217,187	1,003,079	1,297,419	129,742
Total Business-Type Activities	<u>\$ 50,991,958</u>	<u>\$ 12,718,095</u>	<u>\$ 3,320,510</u>	<u>\$ 60,389,543</u>	<u>\$ 3,198,482</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, 2020, \$30,725,000 of the bonds outstanding was considered defeased.

Bond Refunding - In July 2020, the City issued \$3,835,000 of 2020 Series One general obligation bonds to refund series 2010B-4 bonds. The carrying amount of the old bonds exceeded the carrying amount of the new bonds by \$127,062. This amount will be amortized over the remaining life of the refunded debt. The refunding reduced the City's aggregate debt service payments to maturity by \$447,593, which resulted in the net present value savings of \$444,530.

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

Note 3 - Detailed Notes on All Funds (Continued)

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 2020 pension expense for all plans was \$5,152,670.

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, 2020 were based on the June 30, 2020 and the June 30, 2019 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	15.72%	22.00%	22.34%	30.85%	6.62%	8.85%
Postemployment healthcare	6.28%	0.00%	6.28%	0.00%	0.00%	0.00%
Total Contribution Rate	22.00%	22.00%	28.62%	30.85%	6.62%	8.85%

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	2020	2019	2018	2017	2016
Employer contributions (including DBUL)	\$ 1,622,538	\$ 1,175,314	\$ 1,236,552	\$ 1,271,851	\$ 1,066,834
Nonemployer contributions	912,988	646,303	428,166	373,586	398,317
Total Contributions	\$ 2,535,526	\$ 1,821,617	\$ 1,664,718	\$ 1,645,437	\$ 1,465,151
Postemployment Healthcare	2020	2019	2018	2017	2016
Employer contributions (including DBUL)	\$ 266,702	\$ 446,090	\$ 397,004	\$ 477,194	\$ 597,283
Nonemployer contributions	-	-	-	-	88,708
Total Contributions	\$ 266,702	\$ 446,090	\$ 397,004	\$ 477,194	\$ 685,991

The amounts contributed by the City for postemployment healthcare were equal to the required employer contributions. 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>1/1/20 - 6/30/20</u>	<u>7/1/20 - 12/31/20</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	1.32%	1.27%
Other Employees	1.32%	1.27%
Occupational Disability & Death:		
Police Officers and Firefighters	0.72%	0.70%
Other Employees	0.26%	0.31%
Health Reimbursement Account:		
Police Officers and Firefighters	\$176.80/month*	\$179.92/month*
Other Employees	\$176.80/month*	\$179.92/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, 2020 were based on the June 30, 2020 and the June 30, 2019 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Covered employee payroll	<u>\$ 6,520,582</u>	<u>\$ 5,497,020</u>	<u>\$ 4,735,319</u>	<u>\$ 4,531,943</u>	<u>\$ 3,908,223</u>
Pension contributions	325,989	274,866	236,549	226,846	195,411
Other postemployment benefit contributions	277,429	233,084	197,462	190,520	181,142
Total Contributions	<u>\$ 603,418</u>	<u>\$ 507,950</u>	<u>\$ 434,011</u>	<u>\$ 417,366</u>	<u>\$ 376,553</u>

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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, 2020, the City reported a liability for its proportionate share of the net pension liability and the other postemployment benefits liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net liabilities, the related State support, and the total portion of the net pension liability and other postemployment benefits liability that was associated with the City were as follows:

	Net Pension Liability	Net OPEB Liability
City's proportionate share		
Occupational death and disability	\$ -	\$ (141,144)
Defined contribution retiree medical	-	31,961
Defined benefit retiree medical	-	(1,360,904)
Pension	17,748,663	-
Total City's proportionate share	<u>\$ 17,748,663</u>	<u>\$ (1,470,087)</u>
State's proportionate share attributable to employer	<u>7,342,727</u>	<u>(564,585)</u>
Total Pension and Other Postemployment Benefits Liabilities	<u>\$ 25,091,390</u>	<u>\$ (2,034,672)</u>
	Net Pension Liability	Net OPEB Liability
City's proportionate share reported in		
Governmental activities	\$ 13,717,941	\$ (1,136,231)
Business-type activities	4,030,722	(333,856)
Total City's proportionate share	<u>\$ 17,748,663</u>	<u>\$ (1,470,087)</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, 2020 and the total pension and other postemployment benefits liability used for the calculation was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the City's proportion of the pension liability was .30076%, which was a decrease of .00375% from its proportion measured as of June 30, 2019. At June 30, 2020 the City's portion of the other postemployment benefits was .51777% for occupational death and disability, .45060% defined contribution retiree medical plan and .3005% for defined benefit retiree healthcare trust, which was an increase of .0088%, .1592% and .013% respectively, from June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$153,071, other postemployment benefit expense credit of \$1,050,094 and revenue of \$912,988 for support provided by the State. At December 31, 2020, 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	\$ -	\$ 17,212
Difference Between Expected and Actual Experience	56,303	-
Net differences between projected and actual earnings on pension plan investments	722,372	-
Contributions subsequent to the measurement date	955,084	-
Totals	<u>\$ 1,733,759</u>	<u>\$ 17,212</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	\$ -	\$ 44,885	\$ -	\$ 2,067	\$ 82,626	\$ 948,630
Changes in proportion and differences between employer share of contributions	1,276	8,054	84,359	14,782	1,737	-
Difference Between Expected and Actual Experience	-	166	-	47,357	6,868	109,176
Net differences between projected and actual earnings on pension plan investments	4,842	14,311	546,031	-	-	-
Contributions subsequent to the measurement date	-	141,467	-	-	-	-
Totals	<u>\$ 6,118</u>	<u>\$ 208,883</u>	<u>\$ 630,390</u>	<u>\$ 64,206</u>	<u>\$ 91,231</u>	<u>\$ 1,057,806</u>
Total Deferred Outflow of OPEB			<u>\$ 845,391</u>	Total Deferred Inflow of OPEB		<u>\$ 1,213,243</u>

*ODD = Occupational Death and Disability

The deferred outflows of resources related to pensions of \$955,084 and to other postemployment benefits in the amount of \$141,467 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, 2021. 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
2021	\$ 51,858	\$ (9,241)	\$ (2,700)	\$ (977,837)
2022	254,037	(8,094)	155	194,356
2023	268,509	(8,070)	105	208,686
2024	187,059	(8,454)	(987)	147,379
2025	-	(9,675)	(4,434)	-
Thereafter	-	(14,555)	(15,954)	-

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial Assumptions

The total pension liability and other postemployment benefits liability as of June 30, 2020 were determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

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	6.24%
Global ex-U.S. equity	6.67%
Aggregate bonds	-0.16%
Opportunistic	3.01%
Real assets	3.82%
Private equity	10.00%
Cash equivalents	-1.09%

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	\$ 23,077,014	\$ 1,748,663	\$ 13,279,662
City's proportionate share of the other postemployment benefits liability -			
Occupational death and disability	\$ (132,632)	\$ (141,144)	\$ (147,947)
Defined contribution retiree medical	198,000	31,961	(93,724)
Defined benefit retiree medical	1,420,075	(1,360,904)	(3,664,377)
Total City's proportionate share of OPEB	\$ 1,485,443	\$ (1,470,087)	\$ (3,906,048)

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	(112,144)	31,961	227,974
Defined benefit retiree medical	(3,934,455)	(1,360,904)	1,755,518

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, 2020 was \$22,675,636 and payroll for covered employees totaled \$11,055,412. The total amount contributed to the IBEW plan in 2020 was \$1,600,064, which represents 14.47% 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, 2020 are as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 291,780,931	\$ 384,712,388
Less accumulated depreciation	(77,446,965)	(193,433,849)
Book value	214,333,966	191,278,539
Less capital related debt	(51,155,610)	(58,392,445)
Plus (less) bond discount and refunding amounts	120,962	(417,170)
Net investment in capital assets	<u>\$ 163,299,318</u>	<u>\$ 132,468,924</u>

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, 2020 are as follows:

	Fund Level		Government Wide Level	
	Governmental Funds	Proprietary Funds	Governmental Activities	Business-type Activities
Deferred Outflows				
Outflow due to refunding	\$ -	\$ -	\$ 120,962	\$ -
Outflow due to pension accounting	-	414,079	1,319,680	414,079
Outflow due to OPEB accounting	-	195,003	650,389	195,003
Total Deferred Outflows	<u>\$ -</u>	<u>\$ 609,082</u>	<u>\$ 2,091,031</u>	<u>\$ 609,082</u>
Deferred Inflows				
Revenue from taxes	\$ 2,245,831	\$ -	\$ -	\$ -
Revenue from services	100,271	-	-	-
Inflow from refunding	-	417,170	-	417,170
Inflow from pension accounting	-	3,910	13,302	3,910
Inflow from OPEB accounting	-	275,529	937,713	275,529
Total Deferred Inflows	<u>\$ 2,346,102</u>	<u>\$ 696,609</u>	<u>\$ 951,015</u>	<u>\$ 696,609</u>

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

Note 4- Other Notes

4-A. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. The City utilizes a self-insurance fund to account for and finance its uninsured risks of loss and insurance deductibles. The Self-Insurance Fund provides coverage up to a maximum of \$25,000 for each property claim, \$75,000 for each general liability claim, and \$100,000 for each employment practices claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage in two of the past three fiscal years. All funds of the City participate in the risk management program and make payments to the Self-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, 2020, the City had a net position of \$1,821,898 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 \$212,856 which are included as a liability and no incurred but unpaid claims exist at December 31, 2020.

Changes in the balances of claims liabilities for the years ended December 31, 2020, 2019 and 2018 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
2018	143,499	56,769	54,141	146,127
2019	146,127	4,124	7,251	143,000
2020	143,000	181,742	111,886	212,856

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

The City purchases power from SEAPA under the terms and conditions of a long-term power sales agreement, which remains in effect until 2034. In 2020, the City paid SEAPA \$5,528,392 for power purchased from the Swan Lake hydroelectric facility. During 2020, approximately 47% of the City's total electric generation, or 81,299,877 kWh, was produced by the Swan Lake hydroelectric facility. During 2020 the City also paid SEAPA \$633,508 in additional fees. The amount due to SEAPA was \$1,705,845 at December 31, 2020.

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 2020 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 2020 tax abatement for this program is \$65,316. The current participants of this program are Ketchikan Indian Community and Tlingit Haida Regional Housing Authority.

4-E. Subsequent Events

The City successfully refunded its 2013 KPU Electric- Whitman Bond on June 16, 2021 for \$9.24 million through the Alaska Municipal Bond Bank for the purpose of refinancing to obtain a better interest rate. The original bond was issued in the amount of \$13.28 million and carried an average interest rate of 4.22%. The refunding resulted in a net present value savings of \$1,035,645 or 12.41% and revised average interest rate of 1.78%. The refunding bond will mature on December 1, 2032.

Also on June 16, 2021, the City successfully refunded its 2012 Library Building General Obligation Bond for \$3.145 million through the Alaska Municipal Bond Bank. The original bond was issued in the amount of \$4.825 million and carried an average interest rate of 4.08%. The refunding resulted in the net present value savings of \$202,988 and a revised average interest rate of 1.55%. The net present value savings amounted to 6.25% 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, 2020

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes						
Real & personal property taxes	\$ 6,762,006	\$ 6,762,006	\$ 6,148,462	\$ -	\$ 6,148,462	\$ (613,544)
Automobile & boat taxes	47,500	47,500	44,416	-	44,416	(3,084)
Penalty & interest	50,000	50,000	81,905	-	81,905	31,905
Senior citizen local contribution	(547,513)	(547,513)	(500,178)	-	(500,178)	47,335
Sales tax	5,193,043	5,193,043	3,216,758	-	3,216,758	(1,976,285)
Payments in lieu of taxes	20,000	20,000	25,786	-	25,786	5,786
	<u>11,525,036</u>	<u>11,525,036</u>	<u>9,017,149</u>	<u>-</u>	<u>9,017,149</u>	<u>(2,507,887)</u>
Payments in lieu of taxes						
Ketchikan public utilities fund	845,600	845,600	-	786,000	786,000	(59,600)
Port fund	343,200	343,200	-	319,000	319,000	(24,200)
Wastewater services fund	86,100	86,100	-	80,000	80,000	(6,100)
	<u>1,274,900</u>	<u>1,274,900</u>	<u>-</u>	<u>1,185,000</u>	<u>1,185,000</u>	<u>(89,900)</u>
Licenses and permits						
Building permits	130,000	130,000	189,219	-	189,219	59,219
Other	1,700	1,700	730	-	730	(970)
	<u>131,700</u>	<u>131,700</u>	<u>189,949</u>	<u>-</u>	<u>189,949</u>	<u>58,249</u>
Intergovernmental						
State fire grants	19,250	19,250	-	-	-	(19,250)
Federal fire grants	15,000	15,000	33,684	-	33,684	18,684
Liquor licenses tax	45,000	45,000	2,189	-	2,189	(42,811)
Other state revenues	191,700	191,700	743,979	(656,421)	87,558	(104,142)
Federal revenues	-	757,493	708,580	-	708,580	(48,913)
	<u>270,950</u>	<u>1,028,443</u>	<u>1,488,432</u>	<u>(656,421)</u>	<u>832,011</u>	<u>(196,432)</u>
Charges for services						
Ambulance	730,000	730,000	496,359	-	496,359	(233,641)
Rentals	19,000	19,000	22,511	-	22,511	3,511
Parking fees	100,000	100,000	28,105	-	28,105	(71,895)
Cemetery	900	900	1,225	-	1,225	325
Library services	598,525	598,525	569,477	-	569,477	(29,048)
Museum services	294,500	294,500	10,665	-	10,665	(283,835)
E-911 emergency dispatch services	406,000	406,000	391,059	-	391,059	(14,941)
Civic center services	106,000	106,000	18,962	-	18,962	(87,038)
Other charges	205,650	205,650	35,907	-	35,907	(169,743)
	<u>2,460,575</u>	<u>2,460,575</u>	<u>1,574,270</u>	<u>-</u>	<u>1,574,270</u>	<u>(886,305)</u>
Fines and forfeitures						
Parking fines	90,000	90,000	23,855	-	23,855	(66,145)
Other fines	9,000	9,000	4,209	-	4,209	(4,791)
Court deposits	21,000	21,000	12,069	-	12,069	(8,931)
	<u>120,000</u>	<u>120,000</u>	<u>40,133</u>	<u>-</u>	<u>40,133</u>	<u>(79,867)</u>
Investment earnings	84,000	84,000	65,394	-	65,394	(18,606)
Other revenue						
Miscellaneous	77,000	96,716	77,398	-	77,398	(19,318)
Interdepartmental charges	3,857,332	3,857,332	3,436,009	-	3,436,009	(421,323)
Total Revenues	<u>19,801,493</u>	<u>20,578,702</u>	<u>15,888,734</u>	<u>528,579</u>	<u>16,417,313</u>	<u>(4,161,389)</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, 2020

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Expenditures						
Current:						
General government						
Mayor and council	211,108	246,048	197,913	(1,087)	196,826	49,222
City Clerk	339,466	339,466	296,553	(10,919)	285,634	53,832
Law	382,002	382,002	336,090	(5,117)	330,973	51,029
City Manager	884,841	892,841	847,994	(43,866)	804,128	88,713
Finance	2,285,239	2,285,239	2,237,883	(63,748)	2,174,135	111,104
Information Technology	1,216,349	1,216,349	1,154,674	(31,327)	1,123,347	93,002
	<u>5,319,005</u>	<u>5,361,945</u>	<u>5,071,107</u>	<u>(156,064)</u>	<u>4,915,043</u>	<u>446,902</u>
Public safety						
Fire	4,188,719	4,218,683	2,640,369	(163,159)	2,477,210	1,741,473
Police	6,187,742	6,190,742	3,891,444	(245,508)	3,645,936	2,544,806
	<u>10,376,461</u>	<u>10,409,425</u>	<u>6,531,813</u>	<u>(408,667)</u>	<u>6,123,146</u>	<u>4,286,279</u>
Culture						
Library	1,450,086	1,450,086	1,367,267	(21,615)	1,345,652	104,434
Museum	1,114,249	1,152,790	983,754	(15,365)	968,389	184,401
Civic Center	551,982	551,982	479,660	(13,621)	466,039	85,943
	<u>3,116,317</u>	<u>3,154,858</u>	<u>2,830,681</u>	<u>(50,601)</u>	<u>2,780,080</u>	<u>374,778</u>
Health and welfare						
Public Health	14,325	14,325	9,121	-	9,121	5,204
Public works						
Engineering	2,235,441	2,235,441	1,572,095	(15,851)	1,556,244	679,197
Streets	1,909,482	1,909,482	1,578,653	(7,063)	1,571,590	337,892
Cemetery	91,630	91,630	83,589	(120)	83,469	8,161
Garage	677,091	677,091	643,755	5,126	648,881	28,210
Building Maintenance	627,142	633,032	501,952	9,932	511,884	121,148
	<u>5,540,786</u>	<u>5,546,676</u>	<u>4,380,044</u>	<u>(7,976)</u>	<u>4,372,068</u>	<u>1,174,608</u>
Total Expenditures	<u>24,366,894</u>	<u>24,487,229</u>	<u>18,822,766</u>	<u>(623,308)</u>	<u>18,199,458</u>	<u>6,287,771</u>
Deficiency of Revenues Under Expenditures	<u>(4,565,401)</u>	<u>(3,908,527)</u>	<u>(2,934,032)</u>	<u>1,151,887</u>	<u>(1,782,145)</u>	<u>2,126,382</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, 2020

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Other Financing Sources (Uses)						
Transfers in						
Sales tax hospital and other public works fund	420,000	420,000	420,000	-	420,000	-
Sales tax public works fund	2,031,950	2,031,950	2,005,355	-	2,005,355	(26,595)
Transient occupancy tax fund	446,002	446,002	446,002	-	446,002	-
Marijuana sales tax fund	262,584	262,584	-	-	-	(262,584)
Shoreline area fund	6,374	6,374	6,374	-	6,374	-
Bayview cemetery fund	5,000	5,000	5,000	-	5,000	-
Commercial passenger vessel tax	154,126	154,126	-	-	-	(154,126)
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	(859,564)	(859,564)	(800,477)	-	(800,477)	59,087
Community grant fund	(57,938)	(57,938)	(57,938)	-	(57,938)	-
Community facilities development fund	-	(683,499)	(683,499)	-	(683,499)	-
Port fund	-	-	-	-	-	-
Sale of capital assets	20,000	20,000	17,375	-	17,375	(2,625)
Total Other Financing Sources (Uses)	2,428,534	1,745,035	2,543,192	(1,185,000)	1,358,192	(386,843)
Net Change in Fund Balances	(2,136,867)	(2,163,492)	(390,840)	(33,113)	(423,953)	1,739,539
Prior Year Encumbrances Returned	-	-	-	21,063	21,063	21,063
Fund Balances Beginning of Year	6,086,884	6,086,884	7,453,865	(307,574)	7,146,291	1,059,407
Fund Balances End of Year	\$ 3,950,017	\$ 3,923,392	\$ 7,063,025	\$ (319,624)	\$ 6,743,401	\$ 2,820,009

City of Ketchikan, Alaska
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

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	Total
	Prior Year Activity	Current Year Activity	Payments	
General Government				
Mayor and Council	\$ (38,338)	\$ 38,000	\$ (749)	\$ (1,087)
City Clerk	-	-	(10,919)	(10,919)
Law	-	-	(5,117)	(5,117)
City Manager	(14,172)	7,723	(37,417)	(43,866)
Finance	(70,500)	75,750	(68,998)	(63,748)
Information Technology	-	1,041	(32,368)	(31,327)
Total General Government	(123,010)	122,514	(155,568)	(156,064)
Public Safety				
Fire	(46,369)	48,966	(165,756)	(163,159)
Police	(1,875)	-	(243,633)	(245,508)
Total Public Safety	(48,244)	48,966	(409,389)	(408,667)
Culture				
Library	(27,751)	23,394	(17,258)	(21,615)
Museum	-	3,642	(19,007)	(15,365)
Civic Center	-	850	(14,471)	(13,621)
Total Culture	(27,751)	27,886	(50,736)	(50,601)
Public Works				
Engineering	-	15,525	(31,376)	(15,851)
Streets	(34,706)	30,481	(2,838)	(7,063)
Cemetery	(32,545)	32,425	-	(120)
Garage	-	11,640	(6,514)	5,126
Building Maintenance	(16,510)	26,442	-	9,932
Total Public Works	(83,761)	116,513	(40,728)	(7,976)
Total GAAP to Budget Adjustments	\$ (282,766)	\$ 315,879	\$ (656,421)	\$ (623,308)

City of Ketchikan, Alaska
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Note 1 – Budgetary Basis (Continued)

Budget to GAAP Adjustments - Inclusion of GASB Statement 54 Funds				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Other</u>	<u>Net Change</u>
General Fund	\$ 15,888,734	\$ (18,822,286)	\$ 2,543,192	\$ (390,360)
GASB Statement 54 Funds Required to be Reported as Part of the General Fund				
Hospital Sales Tax Fund	2,187,734	(262,376)	(2,988,324)	(1,062,966)
Public Works Sales Tax Fund	3,274,620	(2,052,215)	(2,315,910)	(1,093,505)
Economic Development & Parking Fund	5,249	(196,950)	-	(191,701)
Shoreline Fund	770	-	(6,374)	(5,604)
Community Grant Fund	154,500	(308,960)	154,500	40
Total of Excluded Funds for Budgetary Purposes	<u>5,622,873</u>	<u>(2,820,501)</u>	<u>(5,156,108)</u>	<u>(2,353,736)</u>
Total GAAP Perspective General Fund	<u>\$ 21,511,607</u>	<u>\$ (21,642,787)</u>	<u>\$ (2,612,916)</u>	<u>\$ (2,744,096)</u>
	<u>Net Change</u>	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>	
General Fund	\$ (390,360)	\$ 7,453,865	\$ 7,063,505	
GASB Statement 54 Funds Required to be Reported as Part of the General Fund				
Hospital Sales Tax Fund	(1,062,966)	4,557,199	3,494,233	
Public Works Sales Tax Fund	(1,093,505)	6,056,140	4,962,635	
Economic Development & Parking Fund	(191,701)	649,554	457,853	
Shoreline Fund	(5,604)	101,410	95,806	
Community Grant Fund	40	17,141	17,181	
Total of Excluded Funds for Budgetary Purposes	<u>(2,353,736)</u>	<u>11,381,444</u>	<u>9,027,708</u>	
Total GAAP Perspective General Fund	<u>\$ (2,744,096)</u>	<u>\$ 18,835,309</u>	<u>\$ 16,091,213</u>	

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*

	2020	2019	2018	2017
City's proportion of the net pension liability	0.3008%	0.3045%	0.3217%	0.3027%
City's proportionate share of the net pension liability	\$ 17,748,663	\$ 16,669,784	\$ 15,987,481	\$ 15,648,449
State's proportional share of the net pension liability associated with the City	7,342,727	6,618,080	4,629,389	5,831,483
Total Net Pension Liability	<u>\$ 25,091,390</u>	<u>\$ 23,287,864</u>	<u>\$ 20,616,870</u>	<u>\$ 21,479,932</u>
City's covered payroll	\$ 4,668,770	\$ 4,495,243	\$ 4,889,220	\$ 5,451,027
City's portionate share of the net pension liability as a percentage of covered payroll	380.157%	370.832%	326.995%	287.073%
Plan fiduciary net postion as a percentage of total pension liability	61.61%	63.42%	65.19%	63.37%

*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.

<u>2016</u>		<u>2015</u>	
	0.3618%		0.3022%
\$	20,224,243	\$	14,655,785
	2,550,121		3,925,957
\$	<u>22,774,364</u>	\$	<u>18,581,742</u>
\$	5,469,103	\$	5,504,557
	369.791%		266.248%
	59.55%		63.96%

City of Ketchikan, Alaska
Schedule of City Contributions to Pension
Public Employees Retirement System
Last Ten Fiscal Years Ending December 31 *

	2020	2019	2018	2017
Contractually required contribution	\$ 1,622,538	\$ 1,175,314	\$ 1,236,552	\$ 1,271,851
Contributions in relation to the contractually required contributions	(1,622,538)	(1,175,314)	(1,236,552)	(1,271,851)
Contribution deficiency (excess)		-	-	-
City's covered payroll	\$ 4,799,799	\$ 4,487,019	\$ 4,663,974	\$ 5,316,031
Contributions as a percentage of covered payroll	33.80%	26.19%	26.51%	23.92%

*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.

2016		2015	
\$	1,066,834	\$	960,680
(1,066,834)		(960,680)	
-		-	
\$	5,366,360	\$	5,430,257
	19.88%		17.69%

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*

	2020		2019		2018	
	Amount	Proportionate Share	Amount	Proportionate Share	Amount	Proportionate Share
City's proportionate share of the net other postemployment benefits liability						
Occupational death and disability	\$ (141,144)	0.51777%	\$ (108,296)	0.44667%	\$ (79,782)	0.41078%
Defined contribution medical	31,961	0.45060%	94,484	0.39439%	52,272	0.41078%
Defined benefit medical	<u>(1,360,904)</u>	0.30050%	<u>451,885</u>	0.30455%	<u>3,300,666</u>	0.32161%
Total City's proportionate share of other postemployment benefits liability	(1,470,087)		438,073		3,273,156	
State's proportionate share of the net other postemployment benefits liability	<u>(564,585)</u>		<u>179,619</u>		<u>958,042</u>	
Total net other postemployment benefits liability	<u>\$ (2,034,672)</u>		<u>\$ 617,692</u>		<u>\$ 4,231,198</u>	
City's covered payroll	\$ 4,668,770		\$ 4,495,243		\$ 4,889,220	
City's portionate share of the net other postemployment benefits liability as a percentage of covered payroll	-31.488%		9.745%		66.946%	
Plan fiduciary net postion as a percentage of total other postemployment benefits liability	106.15%		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	2020	Contributions as a Percentage of Covered Payroll	2019	Contributions as a Percentage of Covered Payroll	2018
Contractually required contributions						
Occupational death and disability	0.396%	\$ 25,807	0.371%	\$ 20,395	0.292%	\$ 13,845
Defined contribution medical	1.294%	84,394	1.141%	62,706	0.986%	46,672
Defined benefit medical	5.557%	266,701	9.942%	446,090	8.512%	397,004
		<u>376,902</u>		<u>529,191</u>		<u>457,521</u>
Contributions in relation to the contractually required contributions		<u>(376,902)</u>		<u>(529,191)</u>		<u>(457,521)</u>
Contribution deficiency (excess)		<u>-</u>		<u>-</u>		<u>-</u>
City's covered payroll						
PERS Defined Benefit - Tier I, II, III		4,799,799		4,487,019		4,663,974
PERS Defined Contribution - Tier IV		6,520,582		5,497,020		4,735,319
Total City's covered payroll		<u>\$ 11,320,381</u>		<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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 3,424,640	\$ 4,852,297	\$ 8,276,937
Restricted cash:			
Bond construction funds	-	2,018,514	2,018,514
Property seizure funds	174,302	-	174,302
Commercial passenger excise tax funds	7,876,354	40,777	7,917,131
Receivables:			
Accounts	487,068	-	487,068
Taxes	119,849	-	119,849
Intergovernmental	332,843	202,834	535,677
Unbilled revenue	71,655	-	71,655
Total Assets	\$ 12,486,711	\$ 7,114,422	\$ 19,601,133
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 323,398	\$ 921,935	\$ 1,245,333
Customer deposits payable	6,114	-	6,114
Interfund payable	332,634	-	332,634
Unearned revenue	346,765	-	346,765
Total Liabilities	1,008,911	921,935	1,930,846
Deferred Inflows of Resources	119,849	-	119,849
Fund Balances			
Restricted:			
Law enforcement	174,302	-	174,302
Commercial passenger excise tax	7,876,354	32,160	7,908,514
Bond construction funds	-	1,666,565	1,666,565
Assigned:			
Subsequent years budget	389,290	-	389,290
General government	260,463	-	260,463
Culture and tourism	407,246	-	407,246
Collection and disposal of solid waste	1,475,651	-	1,475,651
Cemetery operations	97,608	-	97,608
Harbor operations	677,037	-	677,037
Development of community facilities	-	3,400,826	3,400,826
Harbor construction	-	990,079	990,079
Public works projects	-	102,857	102,857
Total Fund Balances	11,357,951	6,192,487	17,550,438
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,486,711	\$ 7,114,422	\$ 19,601,133

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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 596,667	\$ -	\$ 596,667
Intergovernmental	3,313,827	441,223	3,755,050
Charges for services	4,504,526	-	4,504,526
Fines and forfeitures	8,394	-	8,394
Investment earnings	74,286	53,015	127,301
Contributions	4,519	-	4,519
Miscellaneous	3,129	74,985	78,114
Total Revenues	8,505,348	569,223	9,074,571
Expenditures			
Current:			
General government	146,000	-	146,000
Public safety	225,242	-	225,242
Health and welfare	337,362	-	337,362
Public works	3,134,513	-	3,134,513
Port and harbor	1,141,551	-	1,141,551
Debt Service:			
Principal retirement	170,000	-	170,000
Interest and fiscal charges	177,175	-	177,175
Capital Outlay	456,069	1,992,929	2,448,998
Total Expenditures	5,787,912	1,992,929	7,780,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,717,436	(1,423,706)	1,293,730
Other Financing Sources (Uses)			
Sale of capital assets	-	343,000	343,000
Transfers in	638,443	1,666,146	2,304,589
Transfers out	(1,433,649)	(48)	(1,433,697)
Total Other Financing Sources (Uses)	(795,206)	2,009,098	1,213,892
Net Change in Fund Balances	1,922,230	585,392	2,507,622
Fund Balances Beginning of Year	9,435,721	5,607,095	15,042,816
Fund Balances End of Year	\$ 11,357,951	\$ 6,192,487	\$ 17,550,438

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.

Emergency Relief Fund – This fund is used to account for emergency relief grant funds and 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.

MAJOR SPECIAL REVENUE FUNDS ¹

CARES Act Grant Fund – This fund is used to account for the coronavirus aid, relief, and economic security act funds and related expenditures.

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



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City of Ketchikan, Alaska
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020

	Transient Tax	Marijuana Sales Tax	Solid Waste Services	Ketchikan Boat Harbor	Bayview Cemetery
Assets					
Cash and temporary investments	\$ 532,401	\$ 336,923	\$ 1,356,064	\$ 1,101,519	\$ 97,733
Restricted cash	-	-	-	-	-
Receivables:					
Accounts	-	-	438,753	43,796	-
Taxes	73,064	46,785	-	-	-
Intergovernmental	-	-	-	-	-
Unbilled revenue	-	-	71,655	-	-
Total Assets	<u>\$ 605,465</u>	<u>\$ 383,708</u>	<u>\$ 1,866,472</u>	<u>\$ 1,145,315</u>	<u>\$ 97,733</u>
Liabilities					
Accounts payable	\$ -	\$ 21,560	\$ 278,592	\$ 18,393	\$ 125
Customer deposits payable	-	-	-	6,114	-
Interfund payable	-	-	-	-	-
Unearned revenue	-	-	-	346,765	-
Total Liabilities	<u>-</u>	<u>21,560</u>	<u>278,592</u>	<u>371,272</u>	<u>125</u>
Deferred Inflows of Resources	<u>73,064</u>	<u>46,785</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted:					
Law enforcement	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-
Assigned:					
Subsequent years budget	125,155	54,900	112,229	97,006	-
General government	-	260,463	-	-	-
Culture and tourism	407,246	-	-	-	-
Collection and disposal of solid waste	-	-	1,475,651	-	-
Cemetery operations	-	-	-	-	97,608
Harbor operations	-	-	-	677,037	-
Total Fund Balances	<u>532,401</u>	<u>315,363</u>	<u>1,587,880</u>	<u>774,043</u>	<u>97,608</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 605,465</u>	<u>\$ 383,708</u>	<u>\$ 1,866,472</u>	<u>\$ 1,145,315</u>	<u>\$ 97,733</u>

Commercial Passenger Vessel Excise Tax	Federal and State Grant	Emergency Relief	Forfeitures And Property Seizures	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,424,640
7,876,354	-	-	174,302	8,050,656
-	4,519	-	-	487,068
-	-	-	-	119,849
-	-	332,843	-	332,843
-	-	-	-	71,655
<u>\$ 7,876,354</u>	<u>\$ 4,519</u>	<u>\$ 332,843</u>	<u>\$ 174,302</u>	<u>\$ 12,486,711</u>
\$ -	\$ -	\$ 4,728	\$ -	\$ 323,398
-	-	-	-	6,114
-	4,519	328,115	-	332,634
-	-	-	-	346,765
-	4,519	332,843	-	1,008,911
-	-	-	-	119,849
-	-	-	-	-
-	-	-	174,302	174,302
7,876,354	-	-	-	7,876,354
-	-	-	-	389,290
-	-	-	-	260,463
-	-	-	-	407,246
-	-	-	-	1,475,651
-	-	-	-	97,608
-	-	-	-	677,037
7,876,354	-	-	174,302	11,357,951
<u>\$ 7,876,354</u>	<u>\$ 4,519</u>	<u>\$ 332,843</u>	<u>\$ 174,302</u>	<u>\$ 12,486,711</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, 2020

	Transient Tax	Marijuana Sales Tax	Solid Waste Services	Ketchikan Boat Harbor	Bayview Cemetery
Revenues					
Taxes	\$ 336,624	\$ 260,043	\$ -	\$ -	\$ -
Intergovernmental	-	-	7,317	24,557	-
Charges for services	-	-	3,057,513	1,433,953	13,060
Fines and forfeitures	-	-	-	4,975	-
Investment earnings	6,349	1,962	12,825	9,985	819
Miscellaneous	-	-	517	2,612	-
Contributions	-	-	-	-	-
Total Revenues	342,973	262,005	3,078,172	1,476,082	13,879
Expenditures					
Current:					
General government	-	146,000	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	3,111,825	-	22,688
Port and harbors	-	-	-	1,141,551	-
Debt Service:					
Principal retirement	-	-	-	170,000	-
Interest and fiscal charges	-	-	-	177,175	-
Capital Outlay	-	-	273,826	182,243	-
Total Expenditures	-	146,000	3,385,651	1,670,969	22,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	342,973	116,005	(307,479)	(194,887)	(8,809)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(637,654)	-	-	-	(5,000)
Total Other Financing Sources (Uses)	(637,654)	-	-	-	(5,000)
Net Change in Fund Balances	(294,681)	116,005	(307,479)	(194,887)	(13,809)
Fund Balances Beginning Of Year	827,082	199,358	1,895,359	968,930	111,417
Fund Balances End Of Year	\$ 532,401	\$ 315,363	\$ 1,587,880	\$ 774,043	\$ 97,608

Commercial Passenger Vessel Excise Tax	Federal and State Grant	Emergency Relief	Forfeitures And Property Seizures	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 596,667
2,723,868	225,242	332,843	-	3,313,827
-	-	-	-	4,504,526
-	-	-	3,419	8,394
41,057	-	-	1,289	74,286
-	-	-	-	3,129
-	4,519	-	-	4,519
2,764,925	229,761	332,843	4,708	8,505,348
-	-	-	-	146,000
-	225,242	-	-	225,242
-	4,519	332,843	-	337,362
-	-	-	-	3,134,513
-	-	-	-	1,141,551
-	-	-	-	170,000
-	-	-	-	177,175
-	-	-	-	456,069
-	229,761	332,843	-	5,787,912
2,764,925	-	-	4,708	2,717,436
638,443	-	-	-	638,443
(790,995)	-	-	-	(1,433,649)
(152,552)	-	-	-	(795,206)
2,612,373	-	-	4,708	1,922,230
5,263,981	-	-	169,594	9,435,721
\$ 7,876,354	\$ -	\$ -	\$ 174,302	\$ 11,357,951

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 532,000	\$ 532,000	\$ 336,624	\$ -	\$ 336,624	\$ (195,376)
Investment earnings	12,000	12,000	6,349	-	6,349	(5,651)
Total Revenues	<u>544,000</u>	<u>544,000</u>	<u>342,973</u>	<u>-</u>	<u>342,973</u>	<u>(201,027)</u>
Other Financing Uses						
Transfers out						
General fund	(446,002)	(446,002)	(446,002)	-	(446,002)	-
Major capital improvements fund	(386,165)	(386,165)	(191,652)	-	(191,652)	194,513
Total Other Financing Uses	<u>(832,167)</u>	<u>(832,167)</u>	<u>(637,654)</u>	<u>-</u>	<u>(637,654)</u>	<u>194,513</u>
Net Change in Fund Balances	<u>(288,167)</u>	<u>(288,167)</u>	<u>(294,681)</u>	<u>-</u>	<u>(294,681)</u>	<u>(6,514)</u>
Fund Balances Beginning of Year	<u>781,776</u>	<u>781,776</u>	<u>827,082</u>	<u>-</u>	<u>827,082</u>	<u>45,306</u>
Fund Balances End of Year	<u>\$ 493,609</u>	<u>\$ 493,609</u>	<u>\$ 532,401</u>	<u>\$ -</u>	<u>\$ 532,401</u>	<u>\$ 38,792</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 254,000	\$ 254,000	\$ 260,043	\$ -	\$ 260,043	\$ 6,043
Investment earnings	2,000	2,000	1,962	-	1,962	(38)
Total Revenues	256,000	256,000	262,005	-	262,005	6,005
Expenditures						
Current:						
General government	117,420	146,000	146,000	-	146,000	-
Excess of Revenues Over Expenditures	138,580	110,000	116,005	-	116,005	6,005
Other Financing Uses						
Transfers out						
General fund	(262,584)	(262,584)	-	-	-	262,584
Total Other Financing Uses	(262,584)	(262,584)	-	-	-	262,584
Net Change in Fund Balances	(124,004)	(152,584)	116,005	-	116,005	268,589
Fund Balances Beginning of Year	213,049	213,049	199,358	-	199,358	(13,691)
Fund Balances End of Year	\$ 89,045	\$ 60,465	\$ 315,363	\$ -	\$ 315,363	\$ 254,898

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 7,317	\$ (7,317)	\$ -	\$ -
Charges for services	3,251,000	3,251,000	3,057,513	-	3,057,513	(193,487)
Investment earnings	35,000	35,000	12,825	-	12,825	(22,175)
Miscellaneous	1,000	1,000	517	-	517	(483)
Total Revenues	<u>3,287,000</u>	<u>3,287,000</u>	<u>3,078,172</u>	<u>(7,317)</u>	<u>3,070,855</u>	<u>(216,145)</u>
Expenditures						
Current:						
Public works	3,383,002	3,446,002	3,111,825	55,410	3,167,235	278,767
Capital Outlay	<u>365,000</u>	<u>352,000</u>	<u>273,826</u>	<u>-</u>	<u>273,826</u>	<u>78,174</u>
Total Expenditures	<u>3,748,002</u>	<u>3,798,002</u>	<u>3,385,651</u>	<u>55,410</u>	<u>3,441,061</u>	<u>356,941</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(461,002)	(511,002)	(307,479)	(62,727)	(370,206)	140,796
Prior Year Encumbrances Returned	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,370</u>	<u>5,370</u>	<u>5,370</u>
Fund Balances Beginning of Year	<u>1,645,589</u>	<u>1,645,589</u>	<u>1,895,359</u>	<u>(6,631)</u>	<u>1,888,728</u>	<u>243,139</u>
Fund Balances End of Year	<u>\$ 1,184,587</u>	<u>\$ 1,134,587</u>	<u>\$ 1,587,880</u>	<u>\$ (63,988)</u>	<u>\$ 1,523,892</u>	<u>\$ 389,305</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 10,000	\$ 10,000	\$ 24,557	\$ (22,463)	\$ 2,094	\$ (7,906)
Charges for services	1,579,000	1,579,000	1,433,953	-	1,433,953	(145,047)
Fines and forfeitures	3,500	3,500	4,975	-	4,975	1,475
Investment earnings	21,100	21,100	9,985	-	9,985	(11,115)
Miscellaneous	-	-	2,612	-	2,612	2,612
Total Revenues	1,613,600	1,613,600	1,476,082	(22,463)	1,453,619	(159,981)
Expenditures						
Current:						
Port and harbor	1,364,519	1,364,519	1,141,551	(16,722)	1,124,829	239,690
Debt Service:						
Principal retirement	170,000	170,000	170,000	-	170,000	-
Interest and fiscal charges	177,175	177,175	177,175	-	177,175	-
Capital Outlay	30,000	180,000	182,243	(4,974)	177,269	2,731
Total Expenditures	1,741,694	1,891,694	1,670,969	(21,696)	1,649,273	242,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,094)	(278,094)	(194,887)	(767)	(195,654)	82,440
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	(267,539)	(417,539)	(194,887)	(767)	(195,654)	221,885
Fund Balances Beginning of Year	861,021	861,021	968,930	(4,974)	963,956	102,935
Fund Balances End of Year	\$ 593,482	\$ 443,482	\$ 774,043	\$ (5,741)	\$ 768,302	\$ 324,820

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Charges for services	\$ 13,700	\$ 13,700	\$ 13,060	\$ -	\$ 13,060	\$ (640)
Investment earnings	1,650	1,650	819	-	819	(831)
Total Revenues	<u>15,350</u>	<u>15,350</u>	<u>13,879</u>	<u>-</u>	<u>13,879</u>	<u>(1,471)</u>
Expenditures						
Current:						
Public works	4,583	26,183	22,688	(18,687)	4,001	22,182
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,767	(10,833)	(8,809)	18,687	9,878	20,711
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	5,767	(15,833)	(13,809)	18,687	4,878	20,711
Prior Year Encumbrances Returned	-	-	-	-	-	-
Fund Balances Beginning of Year	90,391	90,391	111,417	(21,600)	89,817	(574)
Fund Balances End of Year	<u>\$ 96,158</u>	<u>\$ 74,558</u>	<u>\$ 97,608</u>	<u>\$ (2,913)</u>	<u>\$ 94,695</u>	<u>\$ 20,137</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 2,600,000	\$ 2,600,000	\$ 2,723,868	\$ -	\$ 2,723,868	\$ 123,868
Investment earnings	41,000	41,000	41,057		41,057	57
Total Revenues	<u>2,641,000</u>	<u>2,641,000</u>	<u>2,764,925</u>	<u>-</u>	<u>2,764,925</u>	<u>123,925</u>
Expenditures						
Current:						
Tourism	<u>117,040</u>	<u>117,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,040</u>
Excess of Revenues Over Expenditures	<u>2,523,960</u>	<u>2,523,960</u>	<u>2,764,925</u>	<u>-</u>	<u>2,764,925</u>	<u>240,965</u>
Other Financing Uses						
Transfer in						
Port fund	-	-	638,443	-	638,443	638,443
Transfers out						
General fund	(154,126)	(154,126)	-	-	-	154,126
CPV capital projects fund	(1,357,482)	(1,382,482)	(790,995)	-	(790,995)	591,487
Port fund	<u>(616,160)</u>	<u>(616,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>616,160</u>
Total Other Financing Uses	<u>(2,127,768)</u>	<u>(2,152,768)</u>	<u>(152,552)</u>	<u>-</u>	<u>(152,552)</u>	<u>2,000,216</u>
Net Change in Fund Balances	<u>396,192</u>	<u>371,192</u>	<u>2,612,373</u>	<u>-</u>	<u>2,612,373</u>	<u>2,241,181</u>
Fund Balances Beginning of Year	<u>5,192,799</u>	<u>5,192,799</u>	<u>5,263,981</u>	<u>-</u>	<u>5,263,981</u>	<u>71,182</u>
Fund Balances End of Year	<u>\$ 5,588,991</u>	<u>\$ 5,563,991</u>	<u>\$ 7,876,354</u>	<u>\$ -</u>	<u>\$ 7,876,354</u>	<u>\$ 2,312,363</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 850,000	\$ 930,759	\$ 225,242	\$ -	\$ 225,242	\$ (705,517)
Contributions	650,000	832,853	4,519	-	4,519	(828,334)
Total Revenues	1,500,000	1,763,612	229,761	-	229,761	(1,533,851)
Expenditures						
Current:						
Public safety	-	80,759	225,242	(144,483)	80,759	-
Health and welfare	1,500,000	1,682,853	4,519	1,678,334	1,682,853	-
Total Expenditures	1,500,000	1,763,612	229,761	1,533,851	1,763,612	-
Net Change in Fund Balance	-	-	-	(1,533,851)	(1,533,851)	(1,533,851)
Prior Year Funds Returned	-	-	-	-	-	-
Fund Balances Beginning of Year	-	-	-	(225,242)	(225,242)	(225,242)
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,759,093)</u>	<u>\$ (1,759,093)</u>	<u>\$ (1,759,093)</u>

City of Ketchikan, Alaska
Emergency Relief Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 332,843	\$ -	\$ 332,843	\$ 332,843
Total Revenues	-	-	332,843	-	332,843	332,843
Expenditures						
Current:						
Health and welfare	-	-	332,843	122,208	455,051	(455,051)
Net Change in Fund Balances	-	-	-	(122,208)	(122,208)	(122,208)
Fund Balances Beginning of Year	-	-	-	-	-	-
Fund Balances End of Year	\$ -	\$ -	\$ -	\$ (122,208)	\$ (122,208)	\$ (122,208)

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Fines & Forfeitures	\$ -	\$ -	\$ 3,419	\$ -	\$ 3,419	\$ 3,419
Investment earnings	2,800	2,800	1,289		1,289	(1,511)
Total Revenues	2,800	2,800	4,708	-	4,708	1,908
Expenditures						
Current:						
Public safety	-	15,000	-	-	-	15,000
Net Change in Fund Balances	2,800	(12,200)	4,708	-	4,708	16,908
Prior Year Funds Returned	-	-	-	-	-	-
Fund Balances Beginning of Year	134,927	134,927	169,594	-	169,594	34,667
Fund Balances End of Year	\$ 137,727	\$ 122,727	\$ 174,302	\$ -	\$ 174,302	\$ 51,575

City of Ketchikan, Alaska
CARES Act Grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ 12,281,651	\$ 11,698,003	\$ -	\$ 11,698,003	\$ (583,648)
Total Revenues	-	12,281,651	11,698,003	-	11,698,003	(583,648)
Expenditures						
Current:						
Health and welfare	-	12,481,651	11,698,003	31,103	11,729,106	752,545
Net Change in Fund Balances	-	(200,000)	-	(31,103)	(31,103)	168,897
Fund Balances Beginning of Year	-	-	-	-	-	-
Fund Balances End of Year	\$ -	\$ (200,000)	\$ -	\$ (31,103)	\$ (31,103)	\$ 168,897



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MAJOR DEBT SERVICE FUNDS¹

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.

¹*This major fund schedule is provided for consistency and budgetary purposes only.*

City of Ketchikan, Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Major Debt Service Fund
For the Year Ended December 31, 2020

	General Obligation Bond Debt Service
Revenues	
Miscellaneous income	\$ 54,183
Expenditures	
Debt Service:	
Principal retirement	6,078,397
Interest and fiscal charges	2,143,230
Bond issuance costs	33,300
Total Expenditures	8,254,927
Deficiency of Revenues Under Expenditures	(8,200,744)
Other Financing Sources	
Issuance of refunding bonds	3,835,000
Premiums from issuance of refunding bonds	782,902
Transfers in	
General fund	800,477
Sales tax hospital & other public works fund	2,529,700
Community facilities development fund	-
Public works sales tax fund	252,665
Total Other Financing Sources	8,200,744
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, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Miscellaneous income	\$ 108,000	\$ 108,000	\$ 54,183	\$ (53,817)
Expenditures				
Debt Service:				
Principal retirement	1,672,044	1,672,044	6,078,397	(4,406,353)
Interest and fiscal charges	2,093,155	2,093,155	2,143,230	(50,075)
Bond issuance costs		-	33,300	(33,300)
Total Expenditures	3,765,199	3,765,199	8,254,927	(4,489,728)
Other Financing Sources				
Issuance of refunding bonds	-	-	3,835,000	3,835,000
Premiums from issuance of refunding bonds	-	-	782,902	782,902
Transfers in				
General fund	859,564	859,564	800,477	(59,087)
Sales tax hospital & other public works fund	2,529,700	2,529,700	2,529,700	-
Sales tax public works fund	267,935	267,935	252,665	(15,270)
Total Other Financing Sources	3,657,199	3,657,199	8,200,744	4,543,545
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, 2020

	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	\$ 113,234	\$ 935,518	\$ 3,472,862	\$ 330,683	\$ -	\$ 4,852,297
Restricted cash:						
Bond construction funds	3,973	332,304	-	1,682,237	-	2,018,514
Commercial passenger excise tax funds	-	-	-	-	40,777	40,777
Receivables:						
Intergovernmental	-	202,834	-	-	-	202,834
Total Assets	\$ 117,207	\$ 1,470,656	\$ 3,472,862	\$ 2,012,920	\$ 40,777	\$ 7,114,422
Liabilities and Fund Balances						
Liabilities						
Accounts payable	14,350	148,273	72,036	678,659	8,617	921,935
Total Liabilities	\$ 14,350	\$ 148,273	\$ 72,036	\$ 678,659	\$ 8,617	\$ 921,935
Fund Balances						
Restricted						
Commercial passenger excise tax funds	-	-	-	-	32,160	32,160
Bond construction funds	-	332,304	-	1,334,261	-	1,666,565
Assigned:						
Development of community facilities	-	-	3,400,826	-	-	3,400,826
Harbor projects	-	990,079	-	-	-	990,079
Public works projects	102,857	-	-	-	-	102,857
Total Fund Balances	102,857	1,322,383	3,400,826	1,334,261	32,160	6,192,487
Total Liabilities and Fund Balances	\$ 117,207	\$ 1,470,656	\$ 3,472,862	\$ 2,012,920	\$ 40,777	\$ 7,114,422

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2020

	Major Capital Improvements	Harbor Improvements	Community Facilities Development	Hospital Construction	Commercial Passenger Excise Tax Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues						
Intergovernmental	\$ -	\$ 441,223	\$ -	\$ -	\$ -	\$ 441,223
Investment earnings	1,176	13,815	19,419	18,605	-	53,015
Miscellaneous	-	-	74,985	-	-	74,985
Total Revenues	<u>1,176</u>	<u>455,038</u>	<u>94,404</u>	<u>18,605</u>	<u>-</u>	<u>569,223</u>
Expenditures						
Capital Outlay:						
Culture and tourism	167,044	-	66,217	-	765,182	998,443
Health and welfare	-	-	197,353	188,499	-	385,852
Public works	-	-	-	-	1,704	1,704
Port and harbors	-	606,930	-	-	-	606,930
Total Expenditures	<u>167,044</u>	<u>606,930</u>	<u>263,570</u>	<u>188,499</u>	<u>766,886</u>	<u>1,992,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,868)	(151,892)	(169,166)	(169,894)	(766,886)	(1,423,706)
Other Financing Sources (Uses)						
Transfers out						
Public works sales tax fund	-	-	-	-	(48)	(48)
Transfers in						
General fund	-	-	683,499	-	-	683,499
Transient tax fund	191,652	-	-	-	-	191,652
Commercial passenger vessel tax fund	-	-	-	-	790,995	790,995
Sale of capital assets	-	-	343,000	-	-	343,000
Total Other Financing Sources (Uses)	<u>191,652</u>	<u>-</u>	<u>1,026,499</u>	<u>-</u>	<u>790,947</u>	<u>2,009,098</u>
Net Change in Fund Balances	25,784	(151,892)	857,333	(169,894)	24,061	585,392
Fund Balances At Beginning of Year	<u>77,073</u>	<u>1,474,275</u>	<u>2,543,493</u>	<u>1,504,155</u>	<u>8,099</u>	<u>5,607,095</u>
Fund Balances At End of Year	<u>\$ 102,857</u>	<u>\$ 1,322,383</u>	<u>\$ 3,400,826</u>	<u>\$ 1,334,261</u>	<u>\$ 32,160</u>	<u>\$ 6,192,487</u>

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 1,100	\$ 1,100	\$ 1,176	\$ -	\$ 1,176	\$ 76
Total Revenues	1,100	1,100	1,176	-	1,176	76
Expenditures						
Culture and tourism	386,165	386,165	167,044	27,155	194,199	191,966
Total Expenditures	386,165	386,165	167,044	27,155	194,199	191,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	(385,065)	(385,065)	(165,868)	(27,155)	(193,023)	192,042
Other Financing Sources						
Transfers in - transient tax fund	386,165	386,165	191,652	-	191,652	(194,513)
Total Other Financing Sources	386,165	386,165	191,652	-	191,652	(194,513)
Net Change in Fund Balances	1,100	1,100	25,784	(27,155)	(1,371)	(2,471)
Prior Year Encumbrances Returned	-	-	-	2,627	2,627	2,627
Fund Balances Beginning of Year	67,367	67,367	77,073	(4,425)	72,648	5,281
Fund Balances End of Year	\$ 68,467	\$ 68,467	\$ 102,857	\$ (28,953)	\$ 73,904	\$ 5,437

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 885,055	\$ 1,309,841	\$ 441,223	\$ -	\$ 441,223	\$ (868,618)
Investment earnings	14,800	14,800	13,815	-	13,815	(985)
Total Revenues	<u>899,855</u>	<u>1,324,641</u>	<u>455,038</u>	<u>-</u>	<u>455,038</u>	<u>(869,603)</u>
Expenditures						
Port and harbors	<u>1,659,110</u>	<u>1,992,648</u>	<u>606,930</u>	<u>812,052</u>	<u>1,418,982</u>	<u>573,666</u>
Total Expenditures	<u>1,659,110</u>	<u>1,992,648</u>	<u>606,930</u>	<u>812,052</u>	<u>1,418,982</u>	<u>573,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(759,255)</u>	<u>(668,007)</u>	<u>(151,892)</u>	<u>(812,052)</u>	<u>(963,944)</u>	<u>(295,937)</u>
Other Financing Sources and (Uses)						
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>487,610</u>	<u>487,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(487,610)</u>
Net Change in Fund Balances	<u>(271,645)</u>	<u>(180,397)</u>	<u>(151,892)</u>	<u>(812,052)</u>	<u>(963,944)</u>	<u>(783,547)</u>
Fund Balances Beginning of Year	<u>665,669</u>	<u>665,669</u>	<u>1,474,275</u>	<u>(26,507)</u>	<u>1,447,768</u>	<u>782,099</u>
Fund Balances End of Year	<u>\$ 394,024</u>	<u>\$ 485,272</u>	<u>\$ 1,322,383</u>	<u>\$ (838,559)</u>	<u>\$ 483,824</u>	<u>\$ (1,448)</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 40,000	\$ 40,000	\$ 19,419	\$ -	\$ 19,419	\$ (20,581)
Miscellaneous	-	-	74,985	-	74,985	74,985
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>94,404</u>	<u>-</u>	<u>94,404</u>	<u>54,404</u>
Expenditures						
Health and welfare	-	954,499	197,353	75,000	272,353	682,146
Culture and tourism	834,853	834,853	66,217	(3,751)	62,466	772,387
Total Expenditures	<u>834,853</u>	<u>1,789,352</u>	<u>263,570</u>	<u>71,249</u>	<u>334,819</u>	<u>1,454,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(794,853)</u>	<u>(1,749,352)</u>	<u>(169,166)</u>	<u>(71,249)</u>	<u>(240,415)</u>	<u>1,508,937</u>
Other Financing Sources and (Uses)						
Transfers in						
General fund	-	683,499	683,499	-	683,499	-
Sale of assets	-	-	343,000	-	343,000	343,000
Total Other Financing Sources and (Uses)	<u>-</u>	<u>683,499</u>	<u>1,026,499</u>	<u>-</u>	<u>1,026,499</u>	<u>343,000</u>
Net Change in Fund Balances	<u>(794,853)</u>	<u>(1,065,853)</u>	<u>857,333</u>	<u>(71,249)</u>	<u>786,084</u>	<u>1,851,937</u>
Fund Balances Beginning of Year	<u>2,527,625</u>	<u>2,527,625</u>	<u>2,543,493</u>	<u>(9,068)</u>	<u>2,534,425</u>	<u>6,800</u>
Fund Balances End of Year	<u>\$ 1,732,772</u>	<u>\$ 1,461,772</u>	<u>\$ 3,400,826</u>	<u>\$ (80,317)</u>	<u>\$ 3,320,509</u>	<u>\$ 1,858,737</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 35,000	\$ 35,000	\$ 18,605	\$ -	\$ 18,605	\$ (16,395)
Total Revenues	35,000	35,000	18,605	-	18,605	(16,395)
Expenditures						
Health and welfare	1,190,000	1,190,000	188,499	(38,517)	149,982	1,040,018
Net Change in Fund Balances	(1,155,000)	(1,155,000)	(169,894)	38,517	(131,377)	1,023,623
Prior Year Encumbrances Returned	-	-	-	1,073	1,073	1,073
Fund Balances Beginning of Year	1,182,864	1,182,864	1,504,155	(274,414)	1,229,741	46,877
Fund Balances End of Year	\$ 27,864	\$ 27,864	\$ 1,334,261	\$ (234,824)	\$ 1,099,437	\$ 1,071,573

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Expenditures						
Culture and tourism	1,357,462	1,382,462	765,182	25,931	791,113	591,349
Public works	-	-	1,704	(1,704)	-	-
Total Expenditures	<u>1,357,462</u>	<u>1,382,462</u>	<u>766,886</u>	<u>24,227</u>	<u>791,113</u>	<u>591,349</u>
Other Financing Sources						
Transfers in						
Commercial passenger vessel tax fund	1,357,482	1,382,482	790,995	-	790,995	(591,487)
Transfers out						
Public works sales tax fund	-	-	(48)	-	(48)	(48)
Total Other Financing Sources	<u>1,357,482</u>	<u>1,382,482</u>	<u>790,947</u>	<u>-</u>	<u>790,947</u>	<u>(591,535)</u>
Net Change in Fund Balances	20	20	24,061	(24,227)	(166)	(186)
Prior Year Encumbrances Returned	-	-	-	166	166	166
Fund Balances Beginning of Year	<u>436</u>	<u>436</u>	<u>8,099</u>	<u>(5,570)</u>	<u>2,529</u>	<u>2,093</u>
Fund Balances End of Year	<u>\$ 456</u>	<u>\$ 456</u>	<u>\$ 32,160</u>	<u>\$ (29,631)</u>	<u>\$ 2,529</u>	<u>\$ 2,073</u>

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, 2020

	<u>General</u>	<u>Hospital Sales Tax</u>	<u>Public Works Sales Tax</u>
Assets			
Cash and temporary investments	\$ 5,503,361	\$ 3,505,143	\$ 5,069,178
Receivables:			
Accounts	236,235	-	-
Taxes	1,236,180	499,201	748,802
Intergovernmental	2,791	-	-
Interfund	2,716,576	-	-
Land for resale	379,197	-	15,316
Total Assets	<u>\$10,074,340</u>	<u>\$ 4,004,344</u>	<u>\$ 5,833,296</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 141,900	\$ 10,910	\$ 121,859
Payroll payable	1,879,917	-	-
Unearned revenue	11,248	-	-
Total Liabilities	<u>2,033,065</u>	<u>10,910</u>	<u>121,859</u>
Deferred Inflows of Resources	<u>978,250</u>	<u>499,201</u>	<u>748,802</u>
Fund Balances			
Nonspendable	379,197	-	15,316
Assigned:			
Subsequent years budget	3,044,652	647,610	918,113
Parking development and abatement of dangerous buildings	-	-	-
Hospital development and expansion	-	2,846,623	-
General government	122,514	-	91,521
Public safety	48,948	-	1,425,949
Culture and tourism	27,430	-	68,162
Public works	118,995	-	-
Streets, sidewalks and other public projects	-	-	2,443,574
Unassigned	3,321,289	-	-
Total Fund Balances	<u>7,063,025</u>	<u>3,494,233</u>	<u>4,962,635</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$10,074,340</u>	<u>\$ 4,004,344</u>	<u>\$ 5,833,296</u>

Economic Development & Parking	Shoreline Services	Community Grant Fund	Totals
\$ 457,853	\$ 95,806	\$ 42,913	\$ 14,674,254
-	-	-	236,235
-	-	-	2,484,183
-	-	-	2,791
-	-	-	2,716,576
-	-	-	394,513
<u>\$ 457,853</u>	<u>\$ 95,806</u>	<u>\$ 42,913</u>	<u>\$ 20,508,552</u>
\$ -	\$ -	\$ 25,732	\$ 300,401
-	-	-	1,879,917
-	-	-	11,248
-	-	25,732	2,191,566
-	-	-	2,226,253
-	-	-	394,513
151,493	6,274	-	4,768,142
306,360	-	-	306,360
-	-	-	2,846,623
-	-	17,181	231,216
-	89,532	-	1,564,429
-	-	-	95,592
-	-	-	118,995
-	-	-	2,443,574
-	-	-	3,321,289
<u>457,853</u>	<u>95,806</u>	<u>17,181</u>	<u>16,090,733</u>
<u>\$ 457,853</u>	<u>\$ 95,806</u>	<u>\$ 42,913</u>	<u>\$ 20,508,552</u>

City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Revenues							
Taxes							
Real & personal property taxes	\$ 6,148,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,148,462
Automobile & boat taxes	44,416	-	-	-	-	-	44,416
Penalty & interest	81,905	7,647	11,471	-	-	-	101,023
Senior citizen local contribution	(500,178)	-	-	-	-	-	(500,178)
Sales tax	3,216,758	2,144,506	3,216,758	-	-	-	8,578,022
Payments in lieu of taxes	25,786	-	-	-	-	-	25,786
	<u>9,017,149</u>	<u>2,152,153</u>	<u>3,228,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,397,531</u>
Licenses and permits							
Building permits	189,219	-	-	-	-	-	189,219
Other	730	-	-	-	-	-	730
	<u>189,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,949</u>
Intergovernmental							
Federal fire grants	33,684	-	-	-	-	-	33,684
Liquor licenses tax	2,189	-	-	-	-	-	2,189
Other state revenues	743,979	-	-	-	-	-	743,979
Federal revenues	708,580	-	-	-	-	-	708,580
	<u>1,488,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,488,432</u>
Charges for services							
Ambulance	496,359	-	-	-	-	-	496,359
Rentals	22,511	-	-	-	-	-	22,511
Parking fees	28,105	-	-	-	-	-	28,105
Cemetery	1,225	-	-	-	-	-	1,225
Library services	569,477	-	-	-	-	-	569,477
Museum services	10,665	-	-	-	-	-	10,665
E-911 emergency dispatch services	391,059	-	-	-	-	-	391,059
Civic center services	18,962	-	-	-	-	-	18,962
Other charges	35,907	-	-	-	-	-	35,907
	<u>1,574,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,574,270</u>
Fines and forfeitures							
Parking fines	23,855	-	-	-	-	-	23,855
Other fines	4,209	-	-	-	-	-	4,209
Court deposits	12,069	-	-	-	-	-	12,069
	<u>40,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,133</u>
Investment earnings	65,394	34,466	46,391	5,249	770	-	152,270
Other revenue							
Miscellaneous	77,398	1,115	-	-	-	154,500	233,013
Interdepartmental charges	3,436,009	-	-	-	-	-	3,436,009
Total Revenues	<u>15,888,734</u>	<u>2,187,734</u>	<u>3,274,620</u>	<u>5,249</u>	<u>770</u>	<u>154,500</u>	<u>21,511,607</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, 2020

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Expenditures							
Current:							
General government							
Mayor and council	197,913	-	-	-	-	308,960	506,873
City clerk	296,553	-	-	-	-	-	296,553
Law	336,090	-	-	-	-	-	336,090
City manager	847,994	-	-	-	-	-	847,994
Finance	2,237,883	-	1,594	-	-	-	2,239,477
Information technology	1,154,674	-	-	-	-	-	1,154,674
	<u>5,071,107</u>	<u>-</u>	<u>1,594</u>	<u>-</u>	<u>-</u>	<u>308,960</u>	<u>5,381,661</u>
Public safety							
Fire	2,640,369	-	173,897	-	-	-	2,814,266
Police	3,891,444	-	376,566	-	-	-	4,268,010
	<u>6,531,813</u>	<u>-</u>	<u>550,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,082,276</u>
Culture							
Library	1,367,267	-	-	-	-	-	1,367,267
Museum	983,754	-	41,109	-	-	-	1,024,863
Civic center	479,660	-	6,360	-	-	-	486,020
Tourism and development	-	-	-	196,950	-	-	196,950
	<u>2,830,681</u>	<u>-</u>	<u>47,469</u>	<u>196,950</u>	<u>-</u>	<u>-</u>	<u>3,075,100</u>
Health and welfare							
Public health	9,121	262,376	-	-	-	-	271,497
Public works							
Engineering	1,572,095	-	40,491	-	-	-	1,612,586
Streets	1,578,653	-	1,202,947	-	-	-	2,781,600
Cemetery	83,589	-	4,721	-	-	-	88,310
Garage	643,755	-	127,630	-	-	-	771,385
Building maintenance	501,952	-	9,900	-	-	-	511,852
	<u>4,380,044</u>	<u>-</u>	<u>1,385,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,765,733</u>
Harbor	-	-	67,000	-	-	-	67,000
Total Expenditures	<u>18,822,766</u>	<u>262,376</u>	<u>2,052,215</u>	<u>196,950</u>	<u>-</u>	<u>308,960</u>	<u>21,643,267</u>
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	<u>(2,934,032)</u>	<u>1,925,358</u>	<u>1,222,405</u>	<u>(191,701)</u>	<u>770</u>	<u>(154,460)</u>	<u>(131,660)</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, 2020

	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	2,005,355	-	(2,005,355)	-	-	-	-
Transient occupancy tax fund	446,002	-	-	-	-	-	446,002
Shoreline area fund	6,374	-	-	-	(6,374)	-	-
Bayview cemetery fund	5,000	-	-	-	-	-	5,000
Commercial passenger vessel tax capital project	-	-	48	-	-	-	48
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	(800,477)	(2,529,700)	(252,665)	-	-	-	(3,582,842)
Community grant fund	(57,938)	(38,624)	(57,938)	-	-	154,500	-
Community facilities development fund	(683,499)	-	-	-	-	-	(683,499)
Sale of capital assets	17,375	-	-	-	-	-	17,375
Total Other Financing Sources (Uses)	2,543,192	(2,988,324)	(2,315,910)	-	(6,374)	154,500	(2,612,916)
Net Change in Fund Balances	(390,840)	(1,062,966)	(1,093,505)	(191,701)	(5,604)	40	(2,744,576)
Fund Balances Beginning of Year	7,453,865	4,557,199	6,056,140	649,554	101,410	17,141	18,835,309
Fund Balances End of Year	7,063,025	3,494,233	4,962,635	457,853	95,806	17,181	16,090,733

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 3,462,029	\$ 3,462,029	\$ 2,144,506	\$ -	\$ 2,144,506	\$ (1,317,523)
Penalties and interest	8,500	8,500	7,647	-	7,647	(853)
Investment earnings	65,000	65,000	34,466	-	34,466	(30,534)
Miscellaneous	-	-	1,115	-	1,115	1,115
Total Revenues	<u>3,535,529</u>	<u>3,535,529</u>	<u>2,187,734</u>	<u>-</u>	<u>2,187,734</u>	<u>(1,347,795)</u>
Expenditures						
Current:						
Health and welfare	<u>338,140</u>	<u>550,140</u>	<u>262,376</u>	<u>199,757</u>	<u>462,133</u>	<u>88,007</u>
Total Expenditures	<u>338,140</u>	<u>550,140</u>	<u>262,376</u>	<u>199,757</u>	<u>462,133</u>	<u>88,007</u>
Excess of Revenues Over Expenditures	<u>3,197,389</u>	<u>2,985,389</u>	<u>1,925,358</u>	<u>(199,757)</u>	<u>1,725,601</u>	<u>(1,259,788)</u>
Other Financing Uses						
Transfers out						
General fund	(420,000)	(420,000)	(420,000)	-	(420,000)	-
Community grant fund	(38,624)	(38,624)	(38,624)	-	(38,624)	-
General obligation debt service fund	<u>(2,529,700)</u>	<u>(2,529,700)</u>	<u>(2,529,700)</u>	<u>-</u>	<u>(2,529,700)</u>	<u>-</u>
Total Other Financing Uses	<u>(2,988,324)</u>	<u>(2,988,324)</u>	<u>(2,988,324)</u>	<u>-</u>	<u>(2,988,324)</u>	<u>-</u>
Net Change in Fund Balances	209,065	(2,935)	(1,062,966)	(199,757)	(1,262,723)	(1,259,788)
Fund Balances Beginning of Year	<u>4,432,484</u>	<u>4,432,484</u>	<u>4,557,199</u>	<u>(15,278)</u>	<u>4,541,921</u>	<u>109,437</u>
Fund Balances End of Year	<u>\$ 4,641,549</u>	<u>\$ 4,429,549</u>	<u>\$ 3,494,233</u>	<u>\$ (215,035)</u>	<u>\$ 3,279,198</u>	<u>\$ (1,150,351)</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 5,193,043	\$ 5,193,043	\$ 3,216,758	\$ -	\$ 3,216,758	\$ (1,976,285)
Penalties and interest	12,000	12,000	11,471	-	11,471	(529)
Intergovernmental	-	-	-	-	-	-
Investment earnings	82,000	82,000	46,391	-	46,391	(35,609)
Total Revenues	5,287,043	5,287,043	3,274,620	-	3,274,620	(2,012,423)
Expenditures						
Capital:						
General government						
Finance	20,000	20,000	1,594	(1,594)	-	20,000
Public safety						
Fire	420,500	420,500	173,897	(7,962)	165,935	254,565
Police	646,533	646,533	376,566	18,348	394,914	251,619
Culture						
Museum	85,962	85,962	41,109	15,500	56,609	29,353
Civic center	-	8,500	6,360	2,140	8,500	-
Public works						
Engineering	267,000	267,000	40,491	(6,404)	34,087	232,913
Streets	1,808,845	1,825,499	1,202,947	(108,889)	1,094,058	731,441
Cemetery	219,417	219,417	4,721	2,912	7,633	211,784
Garage	132,200	132,200	127,630	-	127,630	4,570
Building maintenance	50,000	50,000	9,900	-	9,900	40,100
Harbor	-	67,000	67,000	-	67,000	-
Total Expenditures	3,650,457	3,742,611	2,052,215	(85,949)	1,966,266	1,776,345
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,636,586	1,544,432	1,222,405	85,949	1,308,354	(236,078)
Other Financing Uses						
Transfers in						
Commercial passenger vessel tax capital projects	-	-	48	-	48	48
Transfer out						
General fund	(2,031,950)	(2,031,950)	(2,005,355)	-	(2,005,355)	26,595
Community grant fund	(57,938)	(57,938)	(57,938)	-	(57,938)	-
Debt service fund	(267,935)	(267,935)	(252,665)	-	(252,665)	15,270
Total Other Financing Uses	(2,357,823)	(2,357,823)	(2,315,910)	-	(2,315,910)	41,913
Net Change in Fund Balances	(721,237)	(813,391)	(1,093,505)	85,949	(1,007,556)	(194,165)
Prior Year Encumbrances Returned	-	-	-	155,321	155,321	155,321
Fund Balances Beginning of Year	4,520,235	4,520,235	6,056,140	(1,292,258)	4,763,882	243,647
Fund Balances End of Year	\$ 3,798,998	\$ 3,706,844	\$ 4,962,635	\$ (1,050,988)	\$ 3,911,647	\$ 204,803

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 14,000	\$ 14,000	\$ 5,249	\$ -	\$ 5,249	\$ (8,751)
Total Revenues	14,000	14,000	5,249	-	5,249	(8,751)
Expenditures						
Current:						
Economic tourism and development	172,450	172,450	196,950	(34,500)	162,450	10,000
Total Expenditures	172,450	172,450	196,950	(34,500)	162,450	10,000
Net Change in Fund Balances	(158,450)	(158,450)	(191,701)	34,500	(157,201)	1,249
Fund Balances Beginning of Year	615,440	615,440	649,554	(34,500)	615,054	(386)
Fund Balances End of Year	\$ 456,990	\$ 456,990	\$ 457,853	\$ -	\$ 457,853	\$ 863

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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 1,600	\$ 1,600	\$ 770	\$ -	\$ 770	\$ (830)
Other Financing Uses						
General fund	(6,374)	(6,374)	(6,374)	-	(6,374)	-
Net Change in Fund Balances	(4,774)	(4,774)	(5,604)	-	(5,604)	(830)
Fund Balances Beginning of Year	101,548	101,548	101,410	-	101,410	(138)
Fund Balances End of Year	<u>\$ 96,774</u>	<u>\$ 96,774</u>	<u>\$ 95,806</u>	<u>\$ -</u>	<u>\$ 95,806</u>	<u>\$ (968)</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, 2020

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Contributions	\$ 154,500	\$ 154,500	\$ 154,500	\$ -	\$ 154,500	\$ -
Total Revenues	154,500	154,500	154,500	-	154,500	-
Expenditures						
Current:						
Mayor and council	309,000	309,000	308,960	-	308,960	40
Deficiency of Revenues Under Expenditures	(154,500)	(154,500)	(154,460)	-	(154,460)	40
Other Financing Sources						
Transfers in						
General fund	57,938	57,938	57,938	-	57,938	-
Hospital sales tax fund	38,624	38,624	38,624	-	38,624	-
Public works sales tax fund	57,938	57,938	57,938	-	57,938	-
Total Other Financing Sources	154,500	154,500	154,500	-	154,500	-
Net Change in Fund Balances	-	-	40	-	40	40
Fund Balances Beginning of Year	17,131	17,131	17,141	-	17,141	10
Fund Balances End of Year	\$ 17,131	\$ 17,131	\$ 17,181	\$ -	\$ 17,181	\$ 50



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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, 2020 and 2019

		2020	2019
Assets			
Current assets			
Cash and temporary investments		\$ 26,691,073	\$ 23,062,130
Accrued interest - general cash and investments		-	83,605
Restricted cash, cash equivalents and investments:			
Cash and temporary invest. - bond construction funds		699,679	-
Bond redemption		547,148	474,647
Other restricted cash		25,368	-
Accounts receivable	\$ 3,073,547		
Less uncollectible accounts	<u>(100,000)</u>	2,973,547	3,251,568
Due from other governments		65,890	261,092
Prepaid expenses		15,283	27,902
Inventory of materials		2,814,262	2,738,821
Unbilled revenue		1,018,932	2,232,738
Total current assets		<u>34,851,182</u>	<u>32,132,503</u>
Noncurrent assets			
Restricted investments:			
Revenue bond reserve fund investments		1,885,500	1,142,850
Accrued interest receivable - bond reserve fund		-	2,608
Total Restricted assets		<u>1,885,500</u>	<u>1,145,458</u>
Utility plant in service:			
Land		2,758,966	2,722,866
Other non-depreciable assets		52,405	52,405
Construction work in progress		2,888,318	2,254,055
Plant in service		265,520,972	253,703,562
Less accumulated depreciation		<u>(160,207,617)</u>	<u>(154,823,350)</u>
Total capital assets (net of accumulated depreciation)		<u>111,013,044</u>	<u>103,909,538</u>
Total noncurrent assets		<u>112,898,544</u>	<u>105,054,996</u>
Total assets		<u>147,749,726</u>	<u>137,187,499</u>
Deferred outflow of resources			
		<u>513,888</u>	<u>459,027</u>
Total Assets and Deferred Outflow of Resources		<u>\$ 148,263,614</u>	<u>\$ 137,646,526</u>

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Liabilities		
Current liabilities		
Accounts payable	\$ 2,923,976	\$ 2,366,697
Accrued interest payable	187,222	147,142
Compensated absences payable	124,119	101,084
Customer deposits	355,790	363,035
Unearned revenue	66,709	10,680
Unamortized premiums	185,857	90,570
Revenue bonds payable	1,472,660	1,133,955
Advances to other funds	379,627	365,026
Total current liabilities	5,695,960	4,578,189
Noncurrent liabilities		
Unamortized bond premium	2,741,232	1,124,582
Compensated absences payable	1,117,072	909,756
Net pension liability	3,334,973	3,132,252
Net other postemployment benefits liability	(276,229)	82,314
Revenue bonds payable	26,129,852	17,795,914
Advances to other funds	784,913	1,164,540
Total noncurrent liabilities	33,831,813	24,209,358
Deferred inflow of resources	231,202	208,300
Total Liabilities and Deferred Inflows of Resources	39,758,975	28,995,847
Net position		
Net investment in capital assets	81,183,123	83,764,517
Restricted performance guaranty	25,368	-
Restricted for bond retirement	2,336,993	1,557,965
Unrestricted	24,959,155	23,328,197
Total net position	108,504,639	108,650,679
Total liabilities and net position	\$ 148,263,614	\$ 137,646,526

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, 2020 and 2019

	Total		Electric	
	2020	2019	2020	2019
Operating Revenues				
Services	\$42,098,824	\$48,366,595	\$18,484,722	\$24,308,653
Other	554,915	722,176	520,239	662,163
Total Operating Revenues	42,653,739	49,088,771	19,004,961	24,970,816
Operating Expenses				
Operation and maintenance	27,322,810	33,306,486	13,143,929	19,743,814
Administration and general	6,785,552	6,166,975	2,079,059	1,881,789
Depreciation	7,787,634	7,857,489	2,917,661	3,465,950
Total Operating Expenses	41,895,996	47,330,950	18,140,649	25,091,553
Operating Income (Loss)	757,743	1,757,821	864,312	(120,737)
Non-Operating Revenues (Expenses)				
Operating grants	290,605	204,710	57,422	40,896
Interest earnings	188,894	371,113	96,264	177,189
Revenue bond interest expense	(689,570)	(621,544)	(410,388)	(430,805)
Other interest expense	(17,729)	(18,387)	(15,716)	(15,768)
Debt issuance costs	(87,628)	-	-	-
Total Non-Operating Revenue (Expenses)	(315,428)	(64,108)	(272,418)	(228,488)
Net Income (Loss) Before Contributions and Transfers	442,315	1,693,713	591,894	(349,225)
Capital contributions	197,645	72,835	168,864	72,342
Net Income (Loss) before Transfers	639,960	1,766,548	760,758	(276,883)
Transfers Out				
Transfers out - payment in lieu of taxes	(786,000)	(786,000)	(381,993)	(381,993)
Change in Net Position	(146,040)	980,548	\$378,765	(\$658,876)
Net Position Beginning of Year	108,650,679	107,670,131		
Net Position End of Year	\$108,504,639	\$108,650,679		

Telecommunications		Water	
2020	2019	2020	2019
\$19,481,858	\$19,942,208	\$4,132,244	\$4,115,734
-	-	34,676	60,013
19,481,858	19,942,208	4,166,920	4,175,747
11,870,540	11,067,350	2,308,341	2,495,322
4,199,371	3,827,134	507,122	458,052
3,473,258	2,949,415	1,396,715	1,442,124
19,543,169	17,843,899	4,212,178	4,395,498
(61,311)	2,098,309	(45,258)	(219,751)
138,519	69,659	94,664	94,155
77,628	162,350	15,002	31,574
(221,881)	(75,222)	(57,301)	(115,517)
(2,013)	(2,619)	-	-
(87,628)	-	-	-
(95,375)	154,168	52,365	10,212
(156,686)	2,252,477	7,107	(209,539)
28,781	493	-	-
(127,905)	2,252,970	7,107	(209,539)
(206,358)	(206,358)	(197,649)	(197,649)
(\$334,263)	\$2,046,612	(\$190,542)	(\$407,188)

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 44,201,595	\$ 48,537,755
Cash payments to employees for services	(14,998,338)	(14,170,459)
Cash payments to suppliers for goods and services	<u>(17,926,644)</u>	<u>(26,527,253)</u>
Net Cash Provided by Operating Activities	<u>11,276,613</u>	<u>7,840,043</u>
Cash Flows from Noncapital Financing Activity		
Operating grant from other governments	290,605	204,710
Payment in lieu of taxes to the general fund	<u>(786,000)</u>	<u>(786,000)</u>
Net Cash Used by Noncapital Financing Activities	<u>(495,395)</u>	<u>(581,290)</u>
Cash Flows from Capital and Related Financing Activities		
Advances from other funds	(365,026)	(350,987)
Capital grant received from other governments	197,645	72,835
Capital debt proceeds	11,764,322	-
Principal paid on revenue bonds	(1,133,955)	(1,106,629)
Interest paid on revenue bonds	(805,432)	(725,972)
Payments for capital acquisitions and construction	<u>(15,544,678)</u>	<u>(4,474,666)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(5,887,124)</u>	<u>(6,585,419)</u>
Cash Flows from Investing Activities		
Investment earnings	275,047	382,486
Purchase of bond reserve fund investments	<u>(742,650)</u>	<u>-</u>
Net Cash Flows Provided by Investing Activities	<u>(467,603)</u>	<u>382,486</u>
Net Increase in Cash and Cash Equivalents	4,426,491	1,055,820
Cash and Cash Equivalents Beginning of Year	<u>23,536,777</u>	<u>22,480,957</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 27,963,268</u></u>	<u><u>\$ 23,536,777</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	26,691,073	23,062,130
Bond construction fund cash - restricted	699,679	-
Revenue bond redemption funds - restricted	547,148	474,647
Restricted cash - performance guaranty	<u>25,368</u>	<u>-</u>
	<u><u>\$ 27,963,268</u></u>	<u><u>\$ 23,536,777</u></u>

(continued)

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

(continued)

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 757,743	\$ 1,757,821
Adjustments:		
Depreciation	7,787,634	7,857,489
Other	149,185	158,556
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	278,021	(762,404)
Unbilled revenue	1,213,806	226,084
Prepaid expenses	12,619	9,360
Inventory	(75,441)	(346,996)
Customer deposits	(7,245)	(9,048)
Deferred outflows	(54,861)	(36)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	1,061,692	(568,749)
Compensated absences payable	230,351	35,983
Unearned revenue	56,029	(14,696)
Net pension liability	202,721	128,205
Other postemployment benefits liability	(358,543)	(532,712)
Deferred inflow of resources for pension	22,902	(98,814)
Net Cash Provided by Operating Activities	<u>\$ 11,276,613</u>	<u>\$ 7,840,043</u>
Noncash investing, capital and financing activities		
Revenue bond arbitrage	\$ (60)	\$ (28)

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Revenues
For the Years Ended December 31, 2020 and 2019

	2020		2019	
	Amount	Total	Amount	Total
Electric Department				
Revenue from Services:				
Residential	\$8,233,105		\$7,472,223	
Boats	335,972		323,513	
Commercial	7,390,872		7,172,769	
Industrial	1,815,107		1,861,397	
Demand	520,603		540,011	
Area Lighting	61,287		59,037	
Street Lighting	131,770		131,968	
Diesel Surcharge	(3,994)	\$18,484,722	6,747,735	\$24,308,653
Other Revenue:				
Service Charges	89,949		111,977	
Late Payment Charges	27,000		113,989	
Rentals - Interdepartmental	153,575		138,062	
Other	249,715	520,239	298,135	662,163
Total Electric		19,004,961		24,970,816
Telecommunications Department				
Local Network Services:				
Basic Local Service	813,927		899,358	
Local Private Line	990,855		983,261	
Other Local Exchange	100,638	1,905,420	112,871	1,995,490
Network Access Services:				
Interstate End User	598,336		653,202	
Switched Access	4,759,328		5,147,506	
Special Access	1,989,709		1,727,259	
State Access	938,527	8,285,900	1,329,664	8,857,631
Other Revenues:				
Directory Revenue	116,835		210,340	
Other	93,776	210,611	168,711	379,051
Nonregulated Revenues	9,079,927	9,079,927	8,710,036	8,710,036
Total Telecommunications		\$ 19,481,858		\$ 19,942,208

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Revenues (Cont'd)
For the Years Ended December 31, 2020 and 2019

		2020		2019	
		Amount	Total	Amount	Total
Water Department					
	Revenue from Services:				
	Residential	\$1,863,940		\$1,838,947	
	Apartments	395,635		394,046	
	Commercial	1,427,747		1,448,482	
	Industrial	444,922		432,369	
	Port	-	\$4,132,244	1,890	\$4,115,734
	Other Revenue:				
	Service Charges	460		760	
	Late Payment Charges	4,688		23,190	
	Other	29,528	34,676	36,063	60,013
	Total Water		4,166,920		4,175,747
Total Revenue			\$42,653,739		\$49,088,771

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Operation and Maintenance Expenses
For the Years Ended December 31, 2020 and 2019

	2020		2019	
	Amount	Total	Amount	Total
Electric Department				
Hydroelectric Generation				
Operation				
Supervision & Engineering	\$ 1,325,193		\$ 1,252,211	
Hydraulic Expenses	92,685		30,673	
Electric Expenses	19,297	\$ 1,437,175	6,645	\$ 1,289,529
Maintenance				
Supervision & Engineering	90		-	
Structures	94,248		25,236	
Reservoirs & Dams	246,310		110,870	
Electric Plant	392,140		336,183	
Other	115,914	848,702	64,181	536,470
Total Hydroelectric Generation		2,285,877		1,825,999
Diesel Generation				
Operation				
Fuel	251,113		7,272,144	
Generation	18,358		1,970,841	
Other	655,908	925,379	928,111	10,171,096
Maintenance				
Supervision and Engineering	172,860		133,153	
Structures	48,796		26,110	
Electric Plant	170,650		356,208	
Other	293,979	686,285	369,410	884,881
Total Diesel Generation		1,611,664		11,055,977
Purchased Power		6,161,899		3,742,973
Automation Control System		315,230		396,065
Total Generation		10,374,670		17,021,014
Transmission				
Operation				
Overhead and Underground Lines	\$ 540	540	\$ 9,205	\$ 9,205
Total Transmission		\$ 540		\$ 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, 2020 and 2019

	2020		2019	
	Amount	Total	Amount	Total
Distribution				
Operation				
Supervision & Engineering	\$ 810,690		\$ 701,172	
Station Equipment	5,092		2,992	
Overhead & Underground Lines	1,842		393	
Street Lighting	74,550		79,841	
Meter Expenses	777,757		728,875	
Customer Installations	55,372.00		0	
Other	18,893	\$ 1,744,196	24,232	\$ 1,537,505
Maintenance				
Station Equipment	24,835		65,067	
Overhead & Underground Lines	886,669		1,034,974	
Line Transformers	5,170		433	
Other	107,849	1,024,523	75,616	1,176,090
Total Distribution		2,768,719		2,713,595
Total Electric		13,143,929		19,743,814
Telecommunications Department				
Plant Specific Operations:				
Network Support	114,408		113,522	
General Support	176,577		145,422	
Central Office Switching	735,796		779,324	
Central Office Transmission	1,029,440		1,144,287	
Cable and Wire Facilities Expense	1,222,704	3,278,925	1,252,383	3,434,938
Plant Nonspecific Operations				
Network Operations Expense	2,524,393	2,524,393	1,847,156	1,847,156
Customer Operations				
Customer Operations-Services	121,020	121,020	117,197	117,197
Nonregulated Operations Expenses	\$ 5,946,202	5,946,202	\$ 5,668,059	5,668,059
Total Telecommunications		\$ 11,870,540		\$ 11,067,350

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedule of Operation and Maintenance Expenses (Cont'd)
For the Years Ended December 31, 2020 and 2019

	2020		2019	
	Amount	Total	Amount	Total
Water Department				
Source of Supply				
Operation and Maintenance	\$ 439,519	\$ 439,519	\$ 426,636	\$ 426,636
Chlorination				
Labor and Supplies	139,557		163,578	
Maintenance	196,483	336,040	134,596	298,174
Distribution				
Supervision & Operation of Mains	-		10	
Maps & Records	498,039		535,948	
Customer Service	4,262	502,301	18,456	554,414
Maintenance				
Mains & Equipment	527,043		639,810	
Hydrants	16,762		11,246	
Valves & Structures	16,394		14,191	
Pump Stations	84,640		100,019	
PH Adjustment Facility	355,672		421,304	
Reservoirs	\$29,970	1,030,481	\$29,528	1,216,098
Total Water		2,308,341		2,495,322
Total Operation and Maintenance		\$ 27,322,810		\$ 33,306,486

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Administrative and General Expenses
For the Years Ended December 31, 2020 and 2019

	2020	2019
Customer Service	\$2,445,242	\$2,158,157
General Accounting	1,019,376	958,174
Administrative Expenses	2,246,846	2,133,677
Engineering Services	95,487	81,539
Information Technology	561,090	519,966
Insurance & Claims	417,511	315,462
Total	\$6,785,552	\$6,166,975

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 4,463,620	\$ 10,922,068
Cash and temporary investments accrued interest	-	36,191
Restricted cash, cash equivalents and investments:		
Bond redemption	186,264	186,388
Commercial passenger vessel excise tax	-	1,092,751
Accounts receivable	10,286	1,567,278
Prepaid expense	750,000	1,161,500
Total Current assets	<u>5,410,170</u>	<u>14,966,176</u>
Noncurrent assets		
Restricted investments:		
Repair and replacement investments	4,896,274	4,324,400
Bond reserve investments	2,240,000	2,240,000
Accrued interest on bond reserve investments	151	9,989
Total restricted assets	<u>7,136,425</u>	<u>6,574,389</u>
Internal Receivable	<u>695,538</u>	<u>1,060,564</u>
Capital assets		
Land	7,970,386	1,775,740
Other non-depreciable assets	169,361	169,361
Construction work in progress	9,103,215	11,100,273
Port facilities	67,886,957	67,891,581
Accumulated depreciation	<u>(23,088,405)</u>	<u>(21,760,628)</u>
Total capital assets (net of accumulated depreciation)	<u>62,041,514</u>	<u>59,176,327</u>
Total noncurrent assets	<u>69,873,477</u>	<u>66,811,280</u>
Deferred outflows of resources	<u>74,063</u>	<u>74,705</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 75,357,710</u></u>	<u><u>\$ 81,852,161</u></u>

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 9,060	\$ 210,604
Accrued interest payable	98,770	102,571
Compensated absences payable	1,347	4,097
Unamortized premiums	202,584	202,584
Revenue bonds payable	1,075,000	1,025,000
Total current liabilities	<u>1,386,761</u>	<u>1,544,856</u>
Noncurrent liabilities		
Compensated absences payable	12,123	36,871
Net pension liability	544,885	511,763
Net other postemployment benefits liability	(45,132)	13,449
Unamortized bond premium	2,819,297	3,021,882
Revenue bonds payable	22,120,000	23,195,000
Total noncurrent liabilities	<u>25,451,173</u>	<u>26,778,965</u>
Deferred inflows of resources	<u>454,945</u>	<u>479,171</u>
Total Liabilities and Deferred Inflows of Resources	<u>27,292,879</u>	<u>28,802,992</u>
Net position		
Net investment in capital assets	35,407,462	31,286,725
Restricted repair and replacement funds	4,896,274	4,324,400
Restricted commercial passenger excise tax funds	-	1,092,751
Restricted for bond retirement	2,327,646	2,369,996
Unrestricted	5,433,449	13,975,297
Total net position, restated	<u>48,064,831</u>	<u>53,049,169</u>
Total Liabilities and Net Postion	<u>\$ 75,357,710</u>	<u>\$ 81,852,161</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, 2020 and 2019

	2020	2019
Operating Revenues		
Charges for services		
Docking	\$60,095	\$2,093,970
Passenger wharfage fee	-	8,097,798
Rental income	-	488,447
Water	120	2,520
Other	21,929	(698)
Total Operating Revenues	<u>82,144</u>	<u>10,682,037</u>
Operating Expenses		
Operation and maintenance		
Personnel services	583,712	1,081,393
Supplies and services	1,454,971	477,958
Financial service	245,632	131,803
Insurance	193,194	173,360
Utilities	70,550	138,505
Property Taxes	164,375	164,396
Lease payments	2,726,133	2,692,514
Depreciation	1,356,259	1,449,352
Total Operating Expenses	<u>6,794,826</u>	<u>6,309,281</u>
Operating Income	<u>(6,712,682)</u>	<u>4,372,756</u>
Non-Operating Revenues (Expenses)		
Operating grants	23,768	20,780
Interest earnings	196,210	379,485
Interest expense	(976,648)	(1,024,712)
Loss on disposal of capital assets	(1,063)	-
Total Non-Operating Revenue (Expenses)	<u>(757,733)</u>	<u>(624,447)</u>
Income Before Capital Grants and Transfers	<u>(7,470,415)</u>	<u>3,748,309</u>
Capital Grants	3,443,520	1,556,480
Transfers		
Transfer from commercial passenger vessel tax fund	-	1,421,046
Payment in lieu of taxes to general fund	(319,000)	(319,000)
Transfer to commercial passenger vessel tax fund	(638,443)	-
Total Capital Grants and Transfers	<u>2,486,077</u>	<u>2,658,526</u>
Change in Net Position	<u>(4,984,338)</u>	<u>6,406,835</u>
Net Position Beginning of Year	<u>53,049,169</u>	<u>46,642,334</u>
Net Position End of Year	<u><u>\$48,064,831</u></u>	<u><u>\$53,049,169</u></u>

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 83,736	\$ 10,718,939
Cash payments to employees for services	(632,286)	(1,152,283)
Cash payments to suppliers for goods and services	(4,510,188)	(3,786,713)
Net Cash Provided by Operating Activities	<u>(5,058,738)</u>	<u>5,779,943</u>
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	23,768	20,780
Transfer in	-	1,421,046
Transfers out	(638,443)	-
Payment in lieu of taxes to the general fund	(319,000)	(319,000)
Net Cash Provided by Noncapital Financing Activities	<u>(933,675)</u>	<u>1,122,826</u>
Cash Flows from Capital and Related Financing Activities		
Advances to other funds	365,026	350,987
Capital grant received from other governments	4,998,921	1,079
Principal paid on revenue bonds	(1,025,000)	(980,000)
Interest paid on revenue bonds	(1,211,000)	(1,260,000)
Payments for capital acquisitions and construction	(4,357,222)	(2,367,922)
Net Cash Used by Capital and Related Financing Activities	<u>(1,229,275)</u>	<u>(4,255,856)</u>
Cash Flows from Investing Activities		
Investment earnings	242,238	385,047
Purchase of investments	(571,873)	(599,724)
Net Cash Provided (Used) by Investing Activities	<u>(329,635)</u>	<u>(214,677)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,551,323)	2,432,236
Cash and Cash Equivalents Beginning of Year	<u>12,201,207</u>	<u>9,768,971</u>
Cash and Cash Equivalents End of Year	<u>\$ 4,649,884</u>	<u>\$ 12,201,207</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	4,463,620	10,922,068
Commercial passenger excise tax funds - restricted	-	1,092,751
Revenue bond redemption funds - restricted	186,264	186,388
	<u>\$ 4,649,884</u>	<u>\$ 12,201,207</u>

(continued)

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

(continued)

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ (6,712,682)	\$ 4,372,756
Adjustments:		
Depreciation	1,356,259	1,449,352
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	1,592	36,902
Prepaid expenses	411,500	(52,691)
Deferred outflow	642	1,220
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	(66,833)	44,514
Compensated absences payable	(27,498)	10,123
Net pension liability	33,122	20,948
Net other postemployment benefits liability	(58,581)	(87,037)
Deferred inflow	3,741	(16,144)
Net Cash Provided by Operating Activities	<u>\$ (5,058,738)</u>	<u>\$ 5,779,943</u>
 Noncash investing, capital and financing activities		
Fair value of non-cash investments	\$ (1,450)	\$ 5,756

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and temporary investments	\$ 3,339,407	\$ 2,250,860
Cash and temporary investments accrued interest	-	7,372
Restricted cash, cash equivalents and investments:		
Bond redemption	27,438	27,287
Accounts receivable		
Accounts	241,884	221,174
Intergovernmental	63,507	208,127
Unbilled revenue	164,813	164,196
Total current assets	<u>3,837,049</u>	<u>2,879,016</u>
Noncurrent assets		
Capital assets		
Construction work in progress	815,186	707,734
Wastewater facilities	27,546,621	27,482,767
Accumulated depreciation	(10,137,826)	(9,643,881)
Total capital assets (net of accumulated depreciation)	<u>18,223,981</u>	<u>18,546,620</u>
Total noncurrent assets	<u>18,223,981</u>	<u>18,546,620</u>
Deferred outflow of resources	<u>21,131</u>	<u>20,052</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 22,082,161</u></u>	<u><u>\$ 21,445,688</u></u>
Liabilities		
Current liabilities		
Accounts payable	\$ 43,222	\$ 119,543
Accrued interest	5,170	5,307
Compensated absences payable	4,276	3,150
General obligation bonds payable	103,246	102,477
Revenue bonds payable	29,393	29,175
Total current liabilities	<u>185,307</u>	<u>259,652</u>
Noncurrent liabilities		
Compensated absences payable	38,482	28,353
Net pension liability	150,864	141,694
Net other postemployment benefits liability	(12,495)	3,724
General obligation bonds payable	1,422,801	1,474,617
Revenue bonds payable	790,202	712,891
Total noncurrent liabilities	<u>2,389,854</u>	<u>2,361,279</u>
Deferred inflow of resources	<u>10,462</u>	<u>9,426</u>
Total Liabilities and Deferred Inflow of Resources	<u>2,585,623</u>	<u>2,630,357</u>
Net position		
Net investment in capital assets	15,878,339	16,227,460
Restricted for bond retirement	22,268	21,980
Unrestricted	3,595,931	2,565,891
Total net position, restated	<u>19,496,538</u>	<u>18,815,331</u>
Total Liabilities and Net Position	<u><u>\$ 22,082,161</u></u>	<u><u>\$ 21,445,688</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Charges for services	\$ 3,413,381	\$ 3,406,502
Other	(862)	15,985
Total Operating Revenues	<u>3,412,519</u>	<u>3,422,487</u>
Operating Expenses		
Operation and maintenance		
Personnel services	841,862	818,363
Supplies and services	571,685	617,380
Engineering services	248,547	224,944
Financial service	174,757	208,433
Insurance	41,754	33,062
Utilities	219,056	250,915
Depreciation	572,964	539,621
Total Operating Expenses	<u>2,670,625</u>	<u>2,692,718</u>
Operating Income	<u>741,894</u>	<u>729,769</u>
Non-Operating Revenues (Expenses)		
Operating grants	7,102	5,313
Interest earnings	17,607	32,591
Interest expense	(15,696)	(30,290)
Gain on disposal of capital asset	10,300	-
Total Non-Operating Revenues (Expenses)	<u>19,313</u>	<u>7,614</u>
Net Income Before Grants and Transfers	761,207	737,383
Transfers out - payment in lieu of taxes	<u>(80,000)</u>	<u>(80,000)</u>
Change in Net Postion	681,207	657,383
Net Position Beginning of Year	<u>18,815,331</u>	<u>18,157,948</u>
Net Position End of Year	<u><u>\$19,496,538</u></u>	<u><u>\$18,815,331</u></u>

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 3,391,191	\$ 3,402,015
Cash payments to employees for services	(837,699)	(815,102)
Cash payments to suppliers for goods and services	<u>(1,289,841)</u>	<u>(1,749,069)</u>
Net Cash Provided by Operating Activities	<u>1,263,651</u>	<u>837,844</u>
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	7,102	5,313
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>(72,898)</u>	<u>(74,687)</u>
Cash Flows from Capital and Related Financing Activities		
Capital debt proceeds	144,620	-
Principal paid on general obligation bonds and equipment contracts	(51,047)	(100,957)
Interest paid on general obligation bonds and equipment contracts	(11,828)	(24,793)
Principal paid on revenue bonds	(14,533)	(28,742)
Interest paid on revenue bonds	(4,004)	(5,038)
Gain on the disposition of capital assets	10,300	-
Payments for capital acquisitions and construction	<u>(200,542)</u>	<u>(302,220)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(127,034)</u>	<u>(461,750)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>24,979</u>	<u>27,167</u>
Net Cash Provided by Investing Activities	<u>24,979</u>	<u>27,167</u>
Net Increase in Cash and Cash Equivalents	1,088,698	328,574
Cash and Cash Equivalents Beginning of Year	<u>2,278,147</u>	<u>1,949,573</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 3,366,845</u></u>	<u><u>\$ 2,278,147</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	3,339,407	2,250,860
Revenue bond redemption funds - restricted	<u>27,438</u>	<u>27,287</u>
	<u><u>\$ 3,366,845</u></u>	<u><u>\$ 2,278,147</u></u>

(continued)

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

(continued)

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 741,894	\$ 729,769
Adjustments:		
Depreciation	572,964	539,621
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	(20,710)	(9,790)
Unbilled revenue	(618)	(10,682)
Deferred outflow	(1,079)	3,522
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	(34,042)	(390,236)
Compensated absences payable	11,255	(1,594)
Net pension liability	9,170	5,800
Net other postemployment benefits liability	(16,219)	(24,098)
Deferred inflow	<u>1,036</u>	<u>(4,468)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,263,651</u>	<u>\$ 837,844</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, 2020

	<u>Self-Insurance</u>	<u>Compensated Absences</u>	<u>Total Internal Service Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 728,089	\$ 1,766,355	\$ 2,494,444
Miscellaneous receivable	4,405	-	4,405
Prepaid insurance	837,861	-	837,861
Total Current Assets	<u>1,570,355</u>	<u>1,766,355</u>	<u>3,336,710</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>\$ 2,039,357</u></u>	<u><u>\$ 1,766,355</u></u>	<u><u>\$ 3,805,712</u></u>
Liabilities			
Current Liabilities:			
Accounts payable	4,603	-	4,603
Compensated absences payable	-	176,635	176,635
Claims payable	212,856	-	212,856
Total Current Liabilities	<u>217,459</u>	<u>176,635</u>	<u>394,094</u>
Noncurrent Liabilities:			
Compensated absences payable (net of current portion)	-	1,589,720	1,589,720
Total Liabilities	<u>217,459</u>	<u>1,766,355</u>	<u>1,983,814</u>
Net Position			
Unrestricted	<u><u>\$ 1,821,898</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,821,898</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, 2020

	<u>Self-Insurance</u>	<u>Compensated Absences</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services	\$ 1,689,724	\$ 1,321,578	\$ 3,011,302
Total Revenues	<u>1,689,724</u>	<u>1,321,578</u>	<u>3,011,302</u>
Operating Expenses			
Compensated absences	-	1,321,578	1,321,578
Insurance	1,532,028	-	1,532,028
Claims	181,742	-	181,742
Total Operating Expenses	<u>1,713,770</u>	<u>1,321,578</u>	<u>3,035,348</u>
Operating Income	<u>(24,046)</u>	<u>-</u>	<u>(24,046)</u>
Non-Operating Revenues			
Investment earnings	24,471	-	24,471
Change in Net Position	425	-	425
Net Position Beginning of Year	<u>1,821,473</u>	<u>-</u>	<u>1,821,473</u>
Net Position End of Year	<u><u>\$ 1,821,898</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,821,898</u></u>

City of Ketchikan, Alaska
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2020

	<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	\$ 1,702,558	\$ 1,321,578	\$ 3,024,136
Cash payments for insurance and claims	(1,776,628)	-	(1,776,628)
Cash payments for compensated absences	-	(1,177,205)	(1,177,205)
Net Cash Provided (Used) by Operating Activities	<u>(74,070)</u>	<u>144,373</u>	<u>70,303</u>
Cash Flows from Investing Activities			
Interest on investments	<u>24,471</u>	<u>-</u>	<u>24,471</u>
Net Cash Provided by Investing Activities	<u>24,471</u>	<u>-</u>	<u>24,471</u>
Net Increase in Cash and Cash Equivalents	(49,599)	144,373	94,774
Cash and Cash Equivalents Beginning of Year	<u>777,688</u>	<u>1,621,982</u>	<u>2,399,670</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 728,089</u></u>	<u><u>\$ 1,766,355</u></u>	<u><u>\$ 2,494,444</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ (24,046)	\$ -	\$ (24,046)
(Increase) Decrease in Assets:			
Accounts receivable	10,014	-	10,014
Accrued interest	2,819	-	2,819
Prepaid expenses	(115,834)	-	(115,834)
Increase in Liabilities:			
Accounts payable	52,977	-	52,977
Compensated absences payable	<u>-</u>	<u>144,373</u>	<u>144,373</u>
Net Cash Provided by Operating Activities	<u><u>\$ (74,070)</u></u>	<u><u>\$ 144,373</u></u>	<u><u>\$ 70,303</u></u>

CITY OF KETCHIKAN, ALASKA

(Page 1 of 2)

COMBINED SCHEDULE OF CASH AND INVESTMENTS BALANCES - ALL FUNDS

Year Ended December 31, 2020

Cash and Investment Balances

Cash in Revenue Bond Redemption Accounts	\$760,850
Cash in Petty Cash Funds	11,370
Cash in Other Accounts	<u>21,531,562</u>

Total Cash	<u>\$ 22,303,782</u>
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Investments

Investments with Financial Institutions	<u>\$58,253,571</u>
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Total Investments	<u>\$58,253,571</u>
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Total Cash and Investments	<u>\$80,557,353</u>
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General Fund

Unrestricted Funds	\$5,503,361	\$5,503,361
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Special Revenue Funds

Sales Tax Hospital Fund	3,505,143	
Sales Tax Public Works Fund	5,069,178	
Economic Development Parking Fund	457,853	
Transient Tax Fund	532,401	
Marijuana Tax Fund	336,923	
Solid Waste Services Fund	1,356,064	
Ketchikan Boat Harbor Fund	1,101,519	
Bayview Cemetery Fund	97,733	
Commercial Passenger Vessel Tax Fund	7,876,354	
Forfeiture and Property Seizures Fund	174,302	
Community Grant Fund	42,913	
Shoreline Fund	<u>95,806</u>	20,646,189

Capital Project Funds

Major Capital Improvement Fund		
Unrestricted Funds	113,234	
Firefighting Equipment Lease Funds	3,973	
Community Facilities Development Fund		
Unrestricted Funds	3,472,862	
Harbor Improvements Fund		
Unrestricted Funds	935,518	
Bond Construction Funds	332,304	
Hospital Construction Fund		
Unrestricted Funds	330,683	
Bond Construction Funds	1,682,237	
Commercial Passenger Vessel Tax Funds		
Restricted Funds	<u>\$40,777</u>	6,911,588

CITY OF KETCHIKAN, ALASKA

(Page 2 of 2)

COMBINED SCHEDULE OF CASH AND INVESTMENTS BALANCES - ALL FUNDS (Cont'd)*Year Ended December 31, 2020***Enterprise Funds**

Wastewater Service Fund		
Unrestricted Funds	\$3,339,407	
Revenue Bond Redemption Funds	27,438	
Ketchikan Port Fund:		
Unrestricted Funds	4,463,620	
Revenue Bond Redemption Funds	186,264	
Repair & Replacement Funds	4,896,274	
Revenue Bond Reserve Funds	2,240,000	
Ketchikan Public Utilities Fund:		
Unrestricted Funds	26,691,073	
Revenue Bond Redemption Funds	547,148	
Bond Construction Funds	699,679	
Other Restricted Funds	25,368	
Revenue Bond Reserve Funds	<u>1,885,500</u>	\$45,001,771

Internal Service Funds

Self-Insurance Fund	728,089	
Compensated Leave Fund	<u>\$1,766,355</u>	<u>2,494,444</u>

Total Cash and Investments\$80,557,353

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.	173
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.	181
Revenue Capacity These schedules present information to help the reader assess the city's most significant local revenue source, property taxes.	187
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.	203
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.	209
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.	213

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

	<u>2011</u>	<u>Restated 2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 118,331,373	\$ 124,187,486	\$ 123,952,440	\$ 143,909,094
Restricted	8,010,280	7,668,494	8,148,212	8,922,032
Unrestricted	<u>22,791,652</u>	<u>20,015,992</u>	<u>19,781,991</u>	<u>19,246,474</u>
Total governmental activities net position	<u>\$ 149,133,305</u>	<u>\$ 151,871,972</u>	<u>\$ 151,882,643</u>	<u>\$ 172,077,600</u>
Business-type activities				
Net investment in capital assets	\$ 88,231,320	\$ 101,715,542	\$ 118,874,119	\$ 124,479,056
Restricted	8,431,062	8,624,752	9,098,473	11,494,674
Unrestricted	<u>27,164,343</u>	<u>27,346,998</u>	<u>30,740,061</u>	<u>28,552,851</u>
Total business-type activities net position	<u>\$ 123,826,725</u>	<u>\$ 137,687,292</u>	<u>\$ 158,712,653</u>	<u>\$ 164,526,581</u>
Primary Government				
Net investment in capital assets	\$ 206,562,693	\$ 225,903,028	\$ 242,826,559	\$ 268,388,150
Restricted	16,441,342	16,293,246	17,246,685	20,416,706
Unrestricted	<u>49,955,995</u>	<u>47,362,990</u>	<u>50,522,052</u>	<u>47,799,325</u>
Total primary government net position	<u>\$ 272,960,030</u>	<u>\$ 289,559,264</u>	<u>\$ 310,595,296</u>	<u>\$ 336,604,181</u>

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

Table 1

2015	2016	2017	2018	2019	2020
\$ 154,659,112	\$ 162,340,844	\$ 166,238,050	\$ 164,522,169	\$ 163,787,525	\$ 163,299,318
12,933,820	10,730,407	10,010,245	11,193,773	11,588,224	14,353,477
7,410,053	8,276,866	9,425,807	7,622,490	10,331,503	8,359,025
<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>	<u>\$ 186,011,820</u>
\$ 124,231,729	\$ 125,126,654	\$ 127,204,039	\$ 131,911,948	\$ 131,278,702	\$ 132,468,924
10,116,562	8,939,769	10,094,057	7,796,537	9,367,092	9,608,549
26,735,278	27,122,581	29,475,246	32,761,928	39,869,385	33,988,535
<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>	<u>\$ 176,066,008</u>
\$ 278,890,841	\$ 287,467,498	\$ 293,442,089	\$ 296,434,117	\$ 295,066,227	295,768,242
23,050,382	19,670,176	20,104,302	18,990,310	20,955,316	23,962,026
34,145,331	35,399,447	38,901,053	40,384,418	50,200,888	42,347,560
<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>	<u>\$ 362,077,828</u>

(Un-Audited)

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

	2011	Restated 2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	\$ 1,928,342	\$ 2,290,233	\$ 2,472,898	\$ 2,683,962	\$ 3,212,276
Public safety	8,368,059	8,964,646	8,807,683	9,723,428	10,784,857
Culture and tourism	2,862,064	3,097,918	3,445,959	3,300,295	3,351,076
Health and welfare	1,272,680	2,541,686	747,893	1,099,588	1,165,884
Public works	8,015,271	9,423,324	10,840,175	10,373,365	9,341,130
Harbor	2,169,152	2,154,270	1,851,082	2,192,468	2,297,660
Interest	478,822	757,879	655,947	1,519,245	2,303,764
Total governmental activities expenses	25,094,390	29,229,956	28,821,637	30,892,351	32,456,647
Business-type activities					
Ketchikan Public Utilities					
Electric	\$ 16,141,172	\$ 16,790,404	\$ 19,705,332	\$ 17,352,078	\$ 17,074,535
Telecommunications	13,172,392	14,500,244	14,405,757	15,649,634	17,577,826
Water	3,221,650	3,595,668	4,029,711	3,905,078	4,128,011
Ketchikan Port	7,452,615	7,194,938	9,133,140	11,012,311	7,911,281
Wastewater Service	2,401,671	2,735,348	2,642,018	2,477,247	2,683,116
Total business-type activities expenses	42,389,500	44,816,602	49,915,958	50,396,348	49,374,769
Total primary government expenses	<u>\$ 67,483,890</u>	<u>\$ 74,046,558</u>	<u>\$ 78,737,595</u>	<u>\$ 81,288,699</u>	<u>\$ 81,831,416</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Ambulance	\$ 521,621	\$ 470,682	\$ 515,158	\$ 606,369	\$ 571,134
Library services	381,162	471,662	666,621	641,607	580,749
Solid Waste	2,940,490	2,948,507	2,851,958	2,907,531	2,809,864
Harbor	1,159,273	1,250,292	1,191,053	1,247,810	1,329,984
Other activities	1,573,835	1,431,758	1,204,043	1,236,754	1,454,647
Operating grants and contributions	1,173,178	1,153,337	1,562,913	2,444,297	4,124,392
Capital grants and contributions	10,529,822	6,878,384	2,736,373	18,050,935	11,913,259
Total governmental activities program revenues	18,279,381	14,604,622	10,728,119	27,135,303	22,784,029
Business-type activities					
Charges for services					
Electric	\$ 16,223,890	\$ 16,746,615	\$ 18,898,966	\$ 16,300,445	\$ 16,063,847
Telecommunications	14,444,541	14,530,914	15,185,977	16,097,808	17,439,673
Water	2,896,152	2,932,254	3,078,704	3,171,300	3,449,639
Port	7,986,404	8,592,255	9,145,920	8,578,059	9,032,271
Wastewater	2,117,793	2,215,314	2,451,800	2,575,541	2,757,661
Operating grants and contributions	221,076	2,225,280	2,280,470	2,973,832	630,204
Capital grants and contributions	9,908,854	12,327,627	20,670,211	12,261,064	1,397,000
Total business-type activities program revenues	53,798,710	59,570,259	71,712,048	61,958,049	50,770,295
Total primary government program revenues	<u>\$ 72,078,091</u>	<u>\$ 74,174,881</u>	<u>\$ 82,440,167</u>	<u>\$ 89,093,352</u>	<u>\$ 73,554,324</u>

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

Table 2

2016	2017	2018	2019	2020
\$ 2,893,754	\$ 2,336,678	\$ 2,203,941	\$ 2,135,031	\$ 2,675,395
10,143,345	9,199,458	8,983,817	8,371,009	6,726,434
3,925,120	3,418,450	3,370,637	3,706,011	4,450,058
116,178	2,615,860	1,813,628	1,496,068	13,640,897
9,152,222	9,484,400	9,482,847	8,745,956	8,660,929
2,047,341	2,363,897	2,489,448	2,428,064	2,596,906
2,238,887	2,274,407	2,241,218	2,169,420	1,950,480
30,516,847	31,693,150	30,585,536	29,051,559	40,701,099
\$ 17,993,703	\$ 18,313,066	\$ 21,524,931	\$ 25,512,651	\$ 18,541,278
18,102,186	17,652,356	18,103,760	17,853,139	19,786,090
3,983,398	4,017,174	4,430,845	4,507,091	4,265,555
8,858,593	7,837,738	7,415,022	7,333,993	7,772,537
2,481,609	2,762,087	2,806,720	2,723,008	2,676,021
51,419,489	50,582,421	54,281,278	57,929,882	53,041,481
\$ 81,936,336	\$ 82,275,571	\$ 84,866,814	\$ 86,981,441	\$ 93,742,580
\$ 589,985	\$ 687,928	\$ 730,650	\$ 606,756	\$ 496,359
588,293	544,023	545,964	520,406	569,477
3,142,540	3,145,652	3,170,322	3,249,983	3,057,513
1,475,000	1,513,634	1,575,010	1,568,935	1,433,953
1,297,770	1,294,912	1,195,651	1,340,147	776,846
2,704,413	2,789,967	2,720,910	3,093,708	13,479,171
7,692,835	6,863,099	434,540	538,673	3,390,333
17,490,836	16,839,215	10,373,047	10,918,608	23,203,652
\$ 16,741,926	\$ 18,261,797	\$ 19,974,411	\$ 24,283,178	\$ 18,459,247
18,400,623	19,750,713	20,941,196	19,873,607	19,413,257
3,643,991	3,734,692	4,026,625	4,111,810	4,128,320
8,961,241	9,391,272	9,951,339	10,682,735	60,215
2,971,896	3,028,609	3,206,933	3,406,502	3,413,381
155,750	178,725	192,642	230,803	321,475
803,254	1,214,154	1,982,367	1,629,315	3,641,165
51,678,681	55,559,962	60,275,513	64,217,950	49,437,060
\$ 69,169,517	\$ 72,399,177	\$ 70,648,560	\$ 75,136,558	\$ 72,640,712

(Un-Audited)

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

	2011	Restated 2012	2013	2014	2015
Net (Expense)/Revenue					
Governmental activities	\$ (6,815,009)	\$ (14,625,334)	\$ (18,093,518)	\$ (3,757,048)	\$ (9,672,618)
Business-type activities	11,409,210	14,753,657	21,796,090	11,561,701	1,395,526
Total primary government net (expense) revenue	\$ 4,594,201	\$ 128,323	\$ 3,702,572	\$ 7,804,653	\$ (8,277,092)
Governmental Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 4,808,930	\$ 4,802,508	\$ 5,496,857	\$ 5,513,202	\$ 5,578,404
Sales taxes	9,883,856	10,140,108	10,207,189	10,995,570	11,425,197
Marijuana sales taxes	-	-	-	-	-
Transient taxes	377,583	358,343	395,867	388,723	515,956
Intergovernmental - unrestricted	1,137,762	744,301	522,456	539,771	498,885
Investment earnings	101,754	9,488	(2,470)	89,179	94,750
Miscellaneous	161,589	290,761	219,091	221,756	338,825
Special Item	-	-	-	-	-
Transfers	1,097,000	1,105,178	1,265,199	6,203,804	2,804,258
Total governmental activities	\$ 17,568,474	\$ 17,450,687	\$ 18,104,189	\$ 23,952,005	\$ 21,256,275
Business-type activities:					
Investment earnings	\$ 132,196	\$ 116,989	\$ 5,911	\$ 129,167	\$ 93,966
Miscellaneous	345,406	522,859	488,559	326,864	415,801
Special Item	-	-	-	-	-
Extraordinary Item	-	-	-	-	-
Transfers	(1,097,000)	(1,105,178)	(1,265,199)	(6,203,804)	(2,804,258)
Total business-type activities	(619,398)	(465,330)	(770,729)	(5,747,773)	(2,294,491)
Total primary government	\$ 16,949,076	\$ 16,985,357	\$ 17,333,460	\$ 18,204,232	\$ 18,961,784
Change in Net Position					
Governmental activities	\$ 10,753,465	\$ 2,825,353	\$ 10,671	\$ 20,194,957	\$ 11,583,657
Business-type activities	10,789,812	14,288,327	21,025,361	5,813,928	(898,965)
Total primary government	\$ 21,543,277	\$ 17,113,680	\$ 21,036,032	\$ 26,008,885	\$ 10,684,692

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

Table 2 - (Continued)

2016	2017	2018	2019	2020
\$ (13,026,011)	\$ (14,853,935)	\$ (20,212,489)	\$ (18,132,951)	\$ (17,497,447)
259,192	4,977,541	5,994,235	6,288,068	-3,604,421
\$ (12,766,819)	\$ (9,876,394)	\$ (14,218,254)	\$ (11,844,883)	\$ (21,101,868)
\$ 5,713,316	\$ 5,683,028	\$ 5,743,008	\$ 5,822,500	\$ 5,904,460
11,334,355	11,895,509	12,459,791	12,831,546	8,604,064
-	97,152	190,549	215,857	306,828
465,956	568,341	527,089	546,690	335,502
354,195	310,581	232,948	191,914	76,500
55,273	75,658	353,430	543,980	279,996
282,306	414,981	446,904	585,330	471,222
-	-	-	-	-
1,165,742	134,670	641,677	(236,046)	1,823,443
\$ 19,371,143	\$ 19,179,920	\$ 20,595,396	\$ 20,501,771	\$ 17,802,015
\$ 194,752	\$ 172,784	\$ 495,164	\$ 783,189	\$ 402,711
457,987	568,683	648,068	737,463	575,982
-	-	-	-	-
359,246	-	-	-	-
(1,165,742)	(134,670)	(641,677)	236,046	(1,823,443)
(153,757)	606,797	501,555	1,756,698	(844,750)
\$ 19,217,386	\$ 19,786,717	\$ 21,096,951	\$ 22,258,469	\$ 16,957,265
\$ 6,345,132	\$ 4,325,985	\$ 382,907	\$ 2,368,820	\$ 304,568
105,435	5,584,338	6,495,790	8,044,766	\$ (4,449,171)
\$ 6,450,567	\$ 9,910,323	\$ 6,878,697	\$ 10,413,586	\$ (4,144,603)



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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 2011	2012	2013	2014
General Fund				
Nonspendable	\$ 382,742	\$ 376,517	\$ 391,977	\$ 418,618
Restricted	-	-	-	-
Assigned	15,834,417	14,323,611	13,347,874	12,696,062
Unassigned	3,271,596	2,606,320	3,350,096	3,723,002
Total general fund	<u>\$ 19,488,755</u>	<u>\$ 17,306,448</u>	<u>\$ 17,089,947</u>	<u>\$ 16,837,682</u>
All Other Governmental Funds				
Restricted	\$ 4,368,168	\$ 2,992,632	\$ 10,857	\$ 46,297,419
Committed	1,107,501	-	-	-
Assigned	7,056,295	7,742,208	9,766,365	8,407,154
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 12,531,964</u>	<u>\$ 10,734,840</u>	<u>\$ 9,777,222</u>	<u>\$ 54,704,573</u>

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

Table 3

2015	2016	2017	2018	2019	2020
\$ 364,591	\$ 384,704	\$ 403,230	\$ 404,181	\$ 390,669	\$ 394,513
137,151	137,151	-	-		
12,706,723	13,406,493	13,345,745	11,873,101	13,810,569	12,374,931
4,187,530	4,129,424	4,681,079	5,976,080	4,634,071	3,321,289
<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>	<u>\$ 16,090,733</u>
\$ 20,843,307	\$ 8,904,447	\$ 5,250,457	\$ 6,559,722	\$ 7,440,358	\$ 9,749,381
-	-	-	-	-	-
8,109,967	8,347,861	8,209,394	7,422,169	7,602,458	7,801,057
(101,672)	-	-	-	-	-
<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>	<u>\$ 17,550,438</u>

(Un-Audited)

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

	2011	2012	2013	2014
Revenues				
Taxes	\$ 15,128,079	\$ 15,311,798	\$ 16,085,582	\$ 16,704,419
Licenses and permits	276,275	114,480	91,516	97,998
Intergovernmental	12,834,694	8,694,716	4,550,899	20,400,912
Charges for services	6,082,885	6,208,863	6,191,082	6,290,591
Fines and forfeitures	159,574	167,553	182,562	266,098
Investments earnings	208,321	9,488	(2,356)	65,179
Contributions	1,598	74,656	105,505	453,522
Interdepartmental charges	3,175,838	3,395,081	3,149,075	3,150,268
Miscellaneous	196,281	291,613	407,870	464,539
Total revenues	38,063,545	34,268,248	30,761,735	47,893,526
Expenditures				
General government	\$ 4,694,767	\$ 5,029,536	\$ 4,914,708	\$ 5,159,975
Public safety	15,794,570	11,613,580	8,460,223	9,977,972
Culture and tourism	4,256,978	11,487,388	3,067,307	3,401,183
Health and welfare	1,553,869	2,334,980	457,254	11,745,136
Public works	9,862,985	10,456,004	11,040,657	15,462,846
Harbor	3,136,954	2,148,053	3,423,048	7,075,954
Capital outlay	-	-	-	-
Debt service				
Interest and fiscal charges	454,029	598,624	1,140,000	1,444,671
Principal retirement	800,000	930,000	697,856	1,180,000
Total expenditures	40,554,152	44,598,165	33,201,053	55,447,737
Excess of revenues over (under) expenditures	(2,490,607)	(10,329,917)	(2,439,318)	(7,554,211)
Other Financing Sources (Uses)				
Sale of capital assets	\$ 9,778	\$ 10,795	-	\$ 17,772
Proceeds of refunded bonds	-	-	-	-
Proceeds of refunded bonds	-	-	-	-
Proceeds from sale of bonds	-	4,820,003	-	44,040,000
Premiums from sale of bonds	-	414,510	-	2,134,131
Bond issuance costs	-	-	-	(166,410)
Capital lease	-	-	-	-
Transfers in	2,750,515	3,975,430	\$ 3,334,665	\$ 9,009,820
Transfers out	(1,653,515)	(2,870,252)	(2,069,466)	(2,806,016)
Total other financing sources (uses)	1,106,778	6,350,486	1,265,199	52,229,297
Net change in fund balances	\$ (1,383,829)	\$ (3,979,431)	\$ (1,174,119)	\$ 44,675,086
Debt service as a percentage of noncapital expenditures	3.35%	4.96%	5.20%	6.32%

Table 4

2015	2016	2017	2018	2019	2020
\$ 17,496,802	17,543,636	18,264,579	18,989,536	19,370,869	14,994,198
117,705	193,514	110,522	96,487	178,309	189,949
14,971,874	6,887,976	9,625,881	3,384,455	3,824,295	16,946,004
6,196,528	6,733,218	6,837,859	7,010,549	6,933,551	6,078,796
190,911	141,578	145,608	108,900	140,112	48,527
70,682	31,167	47,210	328,892	516,341	279,571
1,509,991	509,247	249,436	-	-	-
3,180,765	3,141,701	3,143,081	3,241,608	3,149,501	3,436,009
518,971	292,479	602,208	450,270	525,501	365,310
44,254,229	35,474,516	39,026,384	33,610,697	34,638,479	42,338,364
\$ 5,070,762	4,641,273	4,816,471	4,949,636	5,143,408	5,527,661
9,205,059	8,425,641	8,874,583	9,068,743	9,375,741	7,307,518
3,095,457	3,171,091	3,939,295	3,140,900	3,187,410	3,075,100
794,591	48,188	20,405	466,373	258,001	12,306,862
8,185,155	7,951,366	14,373,385	9,266,056	8,743,497	8,900,246
1,129,429	1,129,112	1,096,367	1,111,579	1,200,009	1,208,551
41,213,121	20,494,691	5,595,730	2,050,471	2,704,432	2,448,998
2,482,562	2,424,300	2,442,793	2,365,068	2,291,724	2,353,705
3,625,000	1,355,000	1,455,000	1,490,000	1,560,000	6,248,397
74,801,136	49,640,662	42,614,029	33,908,826	34,464,222	49,377,038
(30,546,907)	(14,166,146)	(3,587,645)	(298,129)	174,257	(7,038,674)
\$ 66,691	\$ 45,000	\$ 32,800	\$ 1,800	\$ 59,831	\$ 360,375
2,280,000	-	-	-	-	3,835,000
2,280,000	-	-	-	-	-
-	1,765,000	-	-	-	-
101,300	252,887	-	-	-	782,902
-	-	-	-	-	-
-	-	-	-	1,644,830	-
\$ 10,266,639	5,170,750	5,217,020	5,342,291	5,351,104	7,523,481
(7,462,381)	(4,005,008)	(5,082,350)	(4,700,614)	(5,587,150)	(5,700,038)
7,532,249	3,228,629	167,470	643,477	1,468,615	6,801,720
\$ (23,014,658)	\$ (10,937,517)	\$ (3,420,175)	\$ 345,348	\$ 1,642,872	\$ (236,954)
8.56%	18.55%	15.20%	13.16%	12.56%	18.82%

(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
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
2020	6,148,462	44,416	81,905	(500,178)	8,578,022	260,043	336,624	25,786	14,975,080
Change									
2020-2011	24.97%	-42.07%	-34.03%	44.50%	-13.92%	100.00%	-10.97%	156.22%	-1.01%

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
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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
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
2020	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
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	433,078,300	34,024,500	237,874,200	102,466,300	65,231,600	3,240,200
2020	442,928,000	34,537,200	236,746,900	103,001,000	66,053,900	3,235,100

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

⁽²⁾ The 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
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	937,007,100	74,723,300	862,283,800	6.6
60,724,600	947,226,700	75,368,400	871,858,300	6.6

(Un-Audited)

Table 8

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

	2020			2011		
	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	1.56%			
Ketchikan Dock Company, LLC	13,336,200	2	1.41%	\$ 12,730,200	1	1.59%
Cape Fox Heritage Foundation Inc	11,363,800	3	1.20%	7,566,400	6	0.94%
Harbor Enterprises/Petro Marine Services	11,213,000	4	1.18%	7,502,900	7	0.94%
Tongass Trading Company	10,813,500	5	1.14%	10,936,800	2	1.37%
Boyer Towing Inc.	9,120,700	6	0.96%			
Dock Street Building Corporation	8,962,400	7	0.95%	6,672,100	9	0.83%
Alaska General Seafood Processors	8,441,700	8	0.89%			
Landing LLC	8,338,700	9	0.88%	8,086,600	4	1.01%
E C Phillips & Son Inc.	8,333,700	10	0.88%	6,422,100	10	0.80%
Trident-Norquest				8,704,600	3	1.09%
Carr-Gottstein Foods Company				7,857,900	5	0.98%
Wal-Mart				6,731,800	8	0.84%
1308 Properties, LLC						
Total	\$ 104,677,700		11.05%	\$ 83,211,400		10.39%

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
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	5,691,073	5,639,871	99.10%	29,174	5,669,045	99.61%
2020	5,754,265	5,605,449	97.41%	-	5,605,449	97.41%

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		
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%
2020	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

	2011	2012	2013	2014
<u>Collected Charges for Services Revenue</u>				
Solid Waste	\$ 2,940,490	\$ 2,948,507	\$ 2,851,958	\$ 2,907,531
Harbor	1,159,273	1,250,292	1,191,053	1,247,810
<u>Number of Customers/Services Provided</u>				
Solid Waste Collection				
Residential	2,524	2,558	2,559	2,599
Business	238	251	245	248
Solid Waste Disposal	5,485	5,537	5,571	5,528
Harbor				
Reserved Moorage Stalls Rented	765	767	753	735

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

Table 11

	2015		2016		2017		2018		2019		2020
\$	2,809,864	\$	3,142,540	\$	3,145,652	\$	3,170,322	\$	3,249,983	\$	3,057,513
	1,329,984		1,475,000		1,513,634		1,575,010		1,568,935		1,433,953
	2,628		2,673		2,694		2,710		2,594		2,592
	249		252		248		246		246		228
	5,500		5,548		5,575		5,604		5,967		5,972
	821		857		832		806		813		886

(Un-Audited)

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

	2011	2012	2013	2014
<u>Collected Charges for Services Revenue</u>				
Electric				
Residential	\$ 6,929,817	\$ 7,240,637	\$ 6,929,393	\$ 6,796,723
Boats	293,654	318,564	299,465	298,227
Commercial	6,404,792	6,673,188	6,701,322	6,690,774
Industrial	1,767,912	1,862,015	1,915,505	1,750,002
Demand	443,170	481,321	510,887	514,972
Area Lighting	48,890	48,974	48,995	49,172
Street Lighting	124,978	126,239	126,178	127,692
Diesel Surcharge	231,477	16,477	2,388,021	96,283
Other	442,410	464,797	426,644	293,569
Telecommunications				
Local Network Services	2,194,530	2,131,351	2,100,995	2,005,521
Inter/Intrastate Network Access Services	8,591,786	8,399,849	8,660,056	9,259,709
Non-Regulated	3,261,045	3,565,887	4,036,708	4,396,232
Other	453,180	489,827	444,218	499,346
Water				
Residential	1,277,902	1,300,147	1,343,648	1,377,255
Apartments	250,519	258,792	269,394	294,082
Commercial	1,003,574	998,294	1,042,848	1,102,474
Industrial	85,894	87,840	91,425	79,182
Seafood Processors	156,455	143,560	144,614	149,219
Fire Hydrant	34,922	27,199	22,864	23,539
Port	124,230	146,820	189,975	172,688
Other	51,804	20,970	24,160	10,256
Wastewater				
Residential Sewer Service	1,269,208	1,349,227	1,490,983	1,623,781
Business Sewer Service	848,585	866,087	960,818	951,760
Port				
Passenger Wharfage	5,786,811	6,183,922	6,556,500	6,110,005
Docking	1,702,405	1,741,242	1,877,195	1,770,044
<u>Customer Base</u>				
Electric				
Residential	5,757	5,808	5,819	5,817
Commercial	1,165	1,173	1,171	1,201
Industrial	12	13	13	13
Other	509	524	511	518
Telecommunications				
Residential Access Lines	3,397	3,235	3,138	3,313
Commercial Access Lines	3,225	3,078	2,909	2,550
Water				
Residential	2,743	2,727	2,724	2,650
Apartments	17	20	21	25
Commercial	442	451	444	436
Industrial	5	4	4	3
Cannery	5	4	5	6
Fire Hydrant	7	8	8	8
Marine Vessels	41	29	38	34
Wastewater				
Residential ¹	2,748	2,731	2,729	2,656
Business	447	455	448	439
Port				
Cruiseships	28	34	31	37
Stops	426	467	456	468
Passengers ²	830,547	885,799	938,124	877,589

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

	2015	2016	2017	2018	2019	2020
\$	6,752,943	\$ 7,127,462	\$ 7,626,289	\$ 7,650,908	\$ 7,472,223	\$ 8,233,105
	279,072	318,082	343,140	332,985	323,513	335,972
	6,584,210	6,846,651	7,214,570	7,188,265	7,172,769	7,390,872
	1,784,436	1,795,059	1,959,446	1,901,001	1,861,397	1,815,107
	507,363	495,104	517,862	527,719	540,011	520,603
	50,076	53,056	54,133	59,148	59,037	61,287
	129,143	129,912	130,875	131,478	131,968	131,770
	4	-	438,882	2,206,307	6,747,735	(3,994)
	350,271	370,497	506,415	556,296	662,163	520,239
	2,030,655	2,082,930	2,010,146	2,000,821	1,995,490	1,905,420
	9,413,321	8,927,300	8,525,849	8,871,847	8,857,631	8,285,900
	5,596,871	7,078,617	8,910,105	9,735,645	8,710,036	9,079,927
	461,826	374,776	367,613	395,883	379,051	210,611
	1,521,500	1,632,301	1,655,801	1,736,472	1,838,947	1,863,940
	327,663	351,241	357,127	373,428	394,046	395,635
	1,208,718	1,275,949	1,302,261	1,382,874	1,448,482	1,427,747
	83,648	89,868	91,194	94,196	100,406	101,502
	152,636	143,507	174,184	251,061	331,963	343,420
	25,887	27,951	28,080	29,470	31,092	31,401
	159,075	154,725	157,725	192,195	1,890	-
	23,051	45,931	21,761	24,953	28,921	3,275
	1,771,393	1,917,142	1,946,829	2,050,792	2,180,405	2,208,342
	986,268	1,054,754	1,081,780	1,156,141	1,226,097	1,205,039
	6,504,788	6,482,367	6,892,093	7,300,575	8,097,798	-
	1,782,260	1,771,371	1,876,880	1,913,469	2,093,970	60,095
	5,854	5,879	5,921	5,946	5,964	5,963
	1,221	1,228	1,242	1,263	1,275	1,273
	15	16	17	16	16	15
	543	555	556	612	612	605
	3,352	3,345	3,242	3,247	3,070	2,725
	2,371	2,266	2,109	2,027	1,973	1,820
	2,647	2,649	2,659	2,667	2,674	2,679
	27	28	28	28	28	28
	443	454	458	470	475	469
	3	3	3	3	3	3
	5	5	5	5	5	5
	8	8	8	8	8	8
	30	56	59	57	1	-
	2,698	2,712	2,724	2,730	2,737	2,763
	436	446	451	461	464	461
	38	38	43	40	46	-
	496	489	507	504	562	-
	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

	2011	2012	2013
Construction	\$ 97,325,966	\$ 114,214,541	\$ 79,624,263
Financial institutions	3,312,505	4,304,936	3,823,214
Hospitality/Lodging establishments	13,383,768	14,454,796	14,592,618
Manufacturing	23,008,725	37,626,506	35,271,769
Real estate	35,197,980	36,282,557	36,392,471
Remote retail	-	-	-
Retail trade	43,782,376	46,221,994	45,801,511
Food stores	70,282,395	72,864,479	73,199,378
Eating and drinking establishments	20,382,296	21,871,782	21,289,797
Auto dealers and supplies	20,656,612	21,777,925	21,362,910
Specialty retail	17,621,096	17,734,427	17,480,809
Curio and jewelry retail stores	93,318,157	93,612,328	99,671,948
Entertainment services	3,537,686	3,664,583	3,762,714
General services	11,135,606	10,825,042	10,477,118
Professional services	11,277,048	9,921,550	8,573,984
Transportation-Fuel/Freight Service	53,298,731	53,064,068	49,846,052
Transportation-Tour/Adventures	15,738,440	16,441,945	17,055,248
Transportation-All Other and communications	13,640,915	13,363,351	18,715,254
Telecommunications	7,830,997	8,050,936	8,401,342
Wholesale Trade	4,772,431	5,251,730	5,342,198
Total	<u>\$ 559,503,730</u>	<u>\$ 601,549,476</u>	<u>\$ 570,684,598</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

2014	2015	2016	2017	2018	2019	2020
\$ 79,661,822	\$ 85,757,073	\$ 74,812,252	\$ 79,319,530	\$ 59,314,802	\$ 57,990,377	\$ 51,270,937
3,264,143	3,128,295	3,072,413	2,161,852	2,512,912	2,642,359	3,227,952
15,306,647	15,632,441	16,195,255	16,804,068	17,764,470	17,912,276	10,557,288
32,324,967	47,143,944	49,999,866	47,197,111	32,456,890	25,935,866	29,376,775
36,844,557	38,807,635	37,405,083	39,576,138	40,398,119	39,620,423	35,156,108
-	19,758	25,863	31,657	192,325	4,931,936	3,947,799
47,026,386	45,786,237	44,870,277	45,997,261	46,875,907	46,593,479	41,035,876
75,202,176	85,044,654	84,017,588	86,400,679	89,501,857	93,460,746	82,631,234
21,297,129	22,887,732	23,255,671	23,662,945	25,054,377	25,613,670	15,760,151
22,480,389	21,452,076	20,702,655	22,546,654	22,255,511	20,884,149	21,255,556
19,140,014	19,899,374	21,389,104	23,228,846	26,178,535	27,609,851	24,026,679
93,482,783	102,467,892	102,019,064	110,906,941	122,898,034	116,565,228	48,589,348
3,999,764	4,205,791	4,616,071	5,100,780	5,472,944	7,206,033	1,012,705
11,069,657	11,652,408	12,394,815	13,736,070	13,782,820	15,311,587	12,608,037
9,521,613	12,712,487	9,805,747	9,993,747	9,015,449	11,129,277	7,421,971
43,318,744	32,565,936	28,190,910	30,708,708	34,801,099	44,786,326	28,129,061
16,219,978	17,014,970	17,120,300	19,424,923	20,306,508	21,001,186	181,462
17,516,306	15,925,822	12,656,770	13,678,849	14,002,420	18,004,502	9,149,762
8,686,823	8,801,839	8,133,656	8,034,941	8,830,166	8,155,959	7,279,145
5,216,327	6,441,569	7,870,666	7,618,828	6,982,279	6,456,051	5,806,344
<u>\$ 561,580,225</u>	<u>\$ 597,347,933</u>	<u>\$ 578,554,026</u>	<u>\$ 606,130,528</u>	<u>\$ 598,597,424</u>	<u>\$ 611,811,281</u>	<u>\$ 438,424,190</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
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	53,639,434	1,644,830	55,284,264
2020	52,083,374	1,421,433	53,504,807

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)
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	22.03%	14,246
2016	1,875,495	268,163	-	30,857,218	8,474,239	15,434,295	56,909,410	115,415,821	21.85%	14,094
2017	1,777,510	254,204	-	29,759,634	8,028,676	13,581,293	53,401,317	110,311,808	20.40%	13,545
2018	1,678,051	562,681	-	28,627,050	8,195,406	12,885,722	51,948,910	107,258,872	19.05%	13,191
2019	1,577,094	533,939	-	27,889,603	7,708,777	12,175,152	49,884,565	105,168,829	18.68%	12,934
2020	1,526,047	819,596	-	26,216,882	7,762,510	22,767,089	59,092,124	112,596,931	19.41%	14,005

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
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	8,131	862,283,800	55,216,528	6.40%	6,791
2020	8,040	871,858,300	53,609,421	6.15%	6,668

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	
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
2020	43,133,238	34,126,091	9,007,147	640,000	675,270	6.85

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
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
302,122	2,548,059	(2,245,937)	1,025,000	1,211,000	2,341,884	(1.00)	(0.49)

City of Ketchikan, Alaska
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Ketchikan Gateway Borough-Overlapping Debt	26,250,000	58.51%	15,359,215
City of Ketchikan-Direct Debt	53,504,807	100.00%	53,504,807
Total Direct and Overlapping Debt			<u>\$ 68,864,022</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 FY2020 Comprehensive Annual Financial Report for the year ended June 30, 2020.

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
	City	Ketchikan		Capita		
		Gateway Borough		Personal Income ⁽²⁾		
2011	8,187	13,724	779,911,000	57,036	2,263	5,832
2012	8,268	13,894	818,675,000	59,631	2,299	5,773
2013	8,296	13,836	825,230,000	60,139	2,376	5,601
2014	8,351	13,889	866,308,000	62,767	2,474	5,673
2015	8,300	13,822	893,785,000	65,230	2,365	5,731
2016	8,189	13,754	886,983,000	64,710	2,392	5,851
2017	8,144	13,785	915,117,000	66,150	2,378	5,882
2018	8,131	13,798	955,248,000	68,941	2,346	6,442
2019	8,103	13,739	986,762,000	70,985	2,311	6,530
2020	8,040	13,677	986,762,000	70,985	2,158	6,721

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 2020 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 2020 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 2020 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 2020 is an estimate based on 2019 figures because 2020 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⁾
6,560	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%	16,197
5,835	648	10.0%	15,643

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

Employment Sectors	2020 ¹			2011		
	<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	5,481		74.03%	5,165		71.51%
Public sector	1,923		25.97%	2,058		28.49%
Total private and public	<u>7,404</u>		<u>100.00%</u>	<u>7,223</u>		<u>100.00%</u>
Detail of private sector:						
Natural Resource and Mining	120	12	1.62%	110	12	1.52%
Construction	280	8	3.78%	288	8	3.99%
Manufacturing	412	6	5.56%	570	6	7.89%
Trade, Transportation & Utilities	1,815	1	24.51%	1,693	1	23.44%
Information	87	13	1.18%	83	13	1.15%
Financial Activities	357	7	4.82%	384	7	5.32%
Professional & Business Services	264	9	3.57%	216	10	2.99%
Educational & Health Services	1,024	3	13.83%	853	3	11.81%
Leisure & Hospitality	968	4	13.07%	776	4	10.74%
Other Services	154	11	2.08%	192	11	2.66%
Total Detail of private sector	<u>5,481</u>		<u>74.03%</u>	<u>5,165</u>		<u>71.51%</u>
Detail of public sector:						
Federal Government	217	10	2.93%	266	9	3.68%
State Government	560	5	7.56%	708	5	9.80%
Local Government	1,146	2	15.48%	1,084	2	15.01%
Total Detail of public sector	<u>1,923</u>		<u>25.97%</u>	<u>2,058</u>		<u>28.49%</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 2020 employment figures reflect results for calendar year 2019 by the State of Alaska, Department of Labor as the results for 2020 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
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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)	
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	937,007,100
2020	127	10,967,545	947,226,700

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

	2011	2012	2013	2014
<u>Function/Program</u>				
General government				
Mayor and Council	8.00	8.00	8.00	8.00
Law	2.00	1.00	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	15.00
Information Technology	7.00	7.00	7.00	7.00
Public Safety				
Fire	19.00	19.00	19.00	19.00
Police	36.30	36.30	36.30	35.30
Culture				
Library	11.83	12.31	12.31	12.41
Museum	7.20	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	11.50	13.00	12.00	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	5.40	5.40	5.40	5.40
Port Development	4.60	4.60	4.60	4.60
Ketchikan Public Utilities				
Administration	1.50	2.50	2.50	2.50
Engineering ¹	4.50	-	-	-
Sales, Marketing & Customer Service	16.00	16.00	16.83	17.00
Electric	43.00	43.40	43.40	43.40
Telephone	40.00	43.00	43.92	43.00
Water	8.50	10.60	10.60	10.60
Total	314.68	289.58	289.83	292.81

Source: City of Ketchikan Budget Records

¹ 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 year 2011 reflects the former staffing plan.

Table 21

2015	2016	2017	2018	2019	2020
8.00	8.00	8.00	8.00	8.00	8.00
1.25	1.00	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
16.00	16.00	16.00	16.00	16.00	16.00
7.00	6.42	6.00	6.00	6.00	6.00
19.00	19.00	19.00	19.00	19.00	22.00
35.30	35.30	35.30	35.30	35.30	38.55
12.79	12.79	12.74	11.82	11.82	11.82
7.20	7.70	8.20	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	13.00	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	2.75	3.00	3.00
5.20	5.20	5.20	5.20	5.20	5.20
4.80	4.80	4.80	4.80	4.80	4.80
2.50	2.50	2.50	2.50	2.50	1.50
-	-	-	-	-	-
17.00	17.00	19.00	19.00	19.00	19.00
43.40	43.40	43.40	43.40	43.40	41.40
42.00	42.00	41.00	41.00	41.00	41.00
10.60	10.60	10.60	10.93	11.60	11.60
293.56	290.91	291.54	291.21	294.32	297.57

(Un-Audited)

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

	2011	2012	2013	2014
Function/Program				
General Government				
City Manager				
Personnel Job Postings	137	130	130	129
Information Technology				
Workstations	318	327	339	351
Portables	52	48	52	66
Printers	91	87	83	89
Public Safety				
Fire				
EMS/Rescue Responses	1,196	1,404	1,287	1,429
Fire Responses	434	198	232	225
Volunteer Fire Persons	27	25	21	17
Police				
DUI Offenses	122	62	40	55
Domestic Violence	181	72	79	75
Larceny Offenses	415	316	272	263
Culture				
Library				
Volumes in collection	74,228	84,049	77,181	95,427
Annual Circulation	177,454	158,364	178,856	181,105
Offered Programs	243	245	324	572
Program Attendance	6,230	6,076	8,397	13,151
Museum				
Tongass Historical Museum Attendance	21,451	20,534	25,656	25,593
Tongass Historical Museum Exhibit Openings	4	4	4	3
Totem Heritage Center Attendance	33,603	25,905	30,949	31,266
THC Native Arts Studies Course Offerings	10	11	11	12
Virtual Users	-	-	-	-
Civic Center				
Days Occupied	174	203	179	143
Events	132	147	139	90
Public Works				
Engineering				
Issued Building Permits	157	139	148	146
Solid Waste				
Municipal Solid Waste - tons per day	24.53	23.02	23.22	23.54
Trash - tons per day	14.14	14.96	12.94	14.64
Incineration - tons per day	0.02	0.02	0.02	0.03
Recycle - tons per day	7.13	5.49	18.40	16.53
Port and Harbors				
Reserved Moorage Stalls Rented	726	715	753	735
Transient Moorage Feet Sold	524,316	501,467	343,312	314,517
Cruise Ship Stops	426	462	453	468
Cruise Ship Passengers	830,547	885,799	938,124	846,636
Ketchikan Public Utilities				
Customer Service				
Utility Service Orders	5,417	4,720	4,937	4,120
Telecommunications Service Orders	14,335	10,238	7,603	8,133

Sources: Various City Departments

Table 22

2015	2016	2017	2018	2019	2020
129	117	120	124	111	83
347	338	225	230	205	221
70	72	77	80	56	74
100	100	108	108	114	126
1,439	1,551	2,082	2,134	2,033	1,397
244	250	58	42	43	21
17	25	26	25	11	10
68	81	40	62	67	41
55	63	59	79	90	94
265	266	307	345	74	31
99,311	70,323	99,401	101,331	104,128	104,101
187,916	169,185	178,600	180,240	173,829	111,248
561	341	575	587	585	472
13,790	12,801	12,618	12,218	11,821	20,601
24,552	23,914	23,754	24,700	28,322	2,427
2	1	1	1	1	1
33,218	36,799	36,716	36,589	40,372	2,080
10	10	11	9	9	6
-	-	-	-	-	20,543
149	159	152	140	138	73
84	105	91	92	83	60
148	171	124	130	177	127
24.10	24.57	24.86	27.28	27.11	22.67
12.51	12.90	10.61	10.15	10.31	13.75
0.02	0.04	0.04	0.03	0.03	0.03
6.08	6.75	10.37	13.74	10.52	12.94
821	857	832	806	813	886
271,454	312,543	252,411	421,288	451,669	418,002
496	489	507	504	562	-
934,772	935,928	996,920	1,045,079	1,171,620	-
3,151	2,903	2,798	3,211	3,027	2,361
8,032	9,072	7,252	7,096	6,244	5,601

(Un-Audited)

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

	2011	2012	2013	2014
<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

2015	2016	2017	2018	2019	2020
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
29.37	37.09	37.09	37.09	37.15	37.15
2	2	2	2	2	2
38	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, 2020

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	
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
2020	7,856	3,192	4,545	166,832,038	0.1126	0.1071	1,267

* 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

	2011	2012	2013	2014	2015
Energy Demand					
Total Sales	164,713,929	172,190,266	170,281,664	167,939,155	163,896,254
System losses	14,009,987	13,701,858	8,474,536	8,504,552	11,298,142
Total	178,723,916	185,892,124	178,756,200	176,443,707	175,194,396
Peak Demand	30,300	27,150	25,900	30,500	25,700
Energy Resources					
KPU Hydroelectric	82,594,936	85,816,264	74,703,000	86,755,268	91,893,718
Southeast Alaska Power Agency ¹	91,584,000	97,804,800	91,856,000	87,923,000	82,277,072
Diesel Generation	4,544,980	2,271,060	12,197,200	1,765,439	1,023,606
Total	178,723,916	185,892,124	178,756,200	176,443,707	175,194,396
Energy Costs (kWh) ²					
Hydroelectric Generation	\$ 0.0231	\$ 0.0228	\$ 0.0262	\$ 0.0275	\$ 0.0302
Diesel Generation	0.4867	0.8622	0.3857	0.8715	1.3645
Purchased Power ³	0.0556	0.0611	0.0630	0.0645	0.0654
Total Cost of Production (kWh)	0.0515	0.0532	0.0696	0.0544	0.0545

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

2016	2017	2018	2019	2020
165,107,129	175,447,582	167,833,595	164,000,416	166,832,038
11,068,552	5,958,030	8,924,224	9,227,089	9,017,560
176,175,681	181,405,612	176,757,819	173,227,505	175,849,598
25,400	32,300	31,300	33,000	35,700
84,863,454	80,080,904	65,643,343	73,803,919	93,097,364
90,444,864	98,312,948	90,348,900	55,043,725	81,299,877
867,363	5,357,715	20,765,576	44,379,861	1,452,357
176,175,681	183,751,567	176,757,819	173,227,505	175,849,598
\$ 0.0345	\$ 0.0347	\$ 0.0444	\$ 0.0404	\$ 0.0362
1.6067	0.4692	0.2626	0.2387	1.0199
0.0691	0.0537	0.0633	0.0680	0.0758
0.0600	0.0575	0.0797	0.1000	0.0626

(Un-Audited)

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

	2011	2012	2013	2014	2015
Customers (Average)					
Residential	5,757	5,808	5,819	5,817	5,854
Commercial	1,165	1,173	1,171	1,201	1,221
Industrial	12	13	13	13	15
Other	509	524	511	575	604
Total	7,443	7,518	7,514	7,606	7,694
Energy Sales (KWH)					
Residential	68,484,718	71,794,062	68,668,600	67,665,456	66,410,470
Commercial	69,021,595	71,815,802	72,269,920	72,777,304	70,736,227
Industrial	23,242,166	24,452,654	25,306,208	23,408,642	22,935,650
Other	3,965,450	4,127,748	4,036,936	4,087,753	3,813,907
Total	164,713,929	172,190,266	170,281,664	167,939,155	163,896,254
Operating Results					
Operating Revenues					
Revenues from Energy Sales	\$16,244,690	\$16,767,415	\$18,919,766	\$16,323,845	\$16,087,247
Other Operating Revenues	442,410	464,797	426,644	293,569	350,271
Total Operating Revenues	16,687,100	17,232,212	19,346,410	16,617,414	16,437,518
Operating Expenses					
Hydroelectric Generation	1,442,543	1,494,523	1,489,541	1,599,911	1,659,158
Diesel Generation	1,856,120	1,500,999	4,317,797	1,302,115	1,189,814
Purchased Power	5,093,489	5,976,876	5,784,566	5,674,201	5,381,319
Transmission and Distribution	2,766,478	3,043,918	3,312,784	3,627,608	3,432,156
Administration and General	2,032,081	1,549,445	1,644,964	1,693,482	1,644,771
Total Operating Expenses	13,190,711	13,565,761	16,549,652	13,897,317	13,307,218
Payment In Lieu of Taxes	353,954	343,266	381,993	381,993	381,993
Total Expenses	13,544,665	13,909,027	16,931,645	14,279,310	13,689,211
Net Revenue	\$3,142,435	\$3,323,185	\$2,414,765	\$2,338,104	\$2,748,307

Table 27

2016	2017	2018	2019	2020
5,879	5,921	5,946	5,964	5,963
1,228	1,242	1,263	1,275	1,276
16	17	16	16	15
618	619	613	612	612
7,741	7,799	7,838	7,867	7,866
67,731,286	72,362,242	69,468,706	66,721,122	71,662,953
71,007,166	74,558,231	71,871,577	71,711,843	70,526,226
22,306,193	24,065,722	22,388,719	21,823,945	21,096,348
4,062,484	4,461,387	4,104,593	3,743,506	3,546,511
165,107,129	175,447,582	167,833,595	164,000,416	166,832,038
\$16,765,326	\$18,285,197	\$19,997,811	\$24,308,653	\$18,484,722
370,497	506,415	556,296	662,163	520,239
17,135,823	18,791,612	20,554,107	24,970,816	19,004,961
1,807,339	1,660,261	1,778,068	1,825,999	2,285,877
1,198,599	2,301,768	5,236,590	11,055,977	1,611,664
6,247,593	5,279,985	5,718,650	3,742,973	6,161,899
3,529,503	3,517,936	3,446,199	3,118,865	3,084,489
1,626,940	1,788,906	1,832,274	1,881,789	2,079,059
14,409,974	14,548,856	18,011,781	21,625,603	15,222,988
381,993	381,993	381,993	381,993	381,993
14,791,967	14,930,849	18,393,774	22,007,596	15,604,981
\$2,343,856	\$3,860,763	\$2,160,333	\$2,963,220	3,399,980

(Un-Audited)

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

	2011	2012	2013	2014
Access Lines				
Residential	3,653	3,497	3,326	3,313
Commercial	3,404	2,937	2,757	2,550
Total	7,057	6,434	6,083	5,863
Operating Results				
Operating Revenues				
Local	\$2,194,530	\$2,131,351	\$2,100,995	\$2,005,521
Long Distance	8,591,786	8,399,849	8,660,056	9,259,709
Other	3,714,225	4,055,714	4,480,926	4,895,578
Total Operating Revenues	14,500,541	14,586,914	15,241,977	16,160,808
Operating Expenses				
Operation and Maintenance	7,077,698	8,070,658	8,556,970	9,043,964
Administration and General	3,594,593	3,483,492	3,369,942	3,630,057
Total Operating Expenses	10,672,291	11,554,150	11,926,912	12,674,021
Payment In Lieu of Taxes	191,027	192,065	206,358	206,358
Total Expenses	10,863,318	11,746,215	12,133,270	12,880,379
Net Revenue	\$3,637,223	\$2,840,699	\$3,108,707	\$3,280,429

Table 28

2015	2016	2017	2018	2019	2020
3,352	3,345	3,242	3,247	3,070	2,725
2,371	2,266	2,109	2,027	1,973	1,820
5,723	5,611	5,351	5,274	5,043	4,545
\$2,030,655	\$2,082,930	\$2,010,146	\$2,000,821	\$1,995,490	\$1,905,420
9,413,321	8,927,300	8,525,849	8,871,847	8,857,631	8,285,900
6,058,697	7,453,393	9,277,718	10,131,528	9,089,087	9,290,538
17,502,673	18,463,623	19,813,713	21,004,196	19,942,208	19,481,858
10,101,434	10,642,306	10,195,360	10,769,201	11,067,350	11,870,540
3,806,866	3,740,714	3,790,280	3,865,082	3,827,134	4,199,371
13,908,300	14,383,020	13,985,640	14,634,283	14,894,484	16,069,911
206,358	206,358	206,358	206,358	206,358	206,358
14,114,658	14,589,378	14,191,998	14,840,641	15,100,842	16,276,269
\$3,388,015	\$3,874,245	\$5,621,715	\$6,163,555	4,841,366	3,205,589

(Un-Audited)

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

	2011	2012	2013	2014	2015
Customers (Average)					
Residential	2,743	2,727	2,724	2,650	2,647
Apartments	17	20	21	25	27
Commercial	442	451	444	436	443
Industrial	5	4	4	3	3
Cannery	5	4	5	6	5
Fire Hydrant	7	8	8	8	8
Marine Vessels	28	29	38	34	30
Total	3,247	3,243	3,244	3,162	3,163
Operating Results					
Operating Revenues					
Revenues from Water Sales	\$2,899,352	\$2,935,454	\$3,081,904	\$3,174,900	\$3,453,239
Other Operating Revenues	85,948	48,168	47,024	33,795	48,939
Total Operating Revenues	2,985,300	2,983,622	3,128,928	3,208,695	3,502,178
Operating Expenses					
Source of Supply	232,238	259,083	450,456	393,529	423,407
Chlorination/Disinfection	217,441	233,871	301,718	311,254	255,398
Distribution	238,281	413,547	362,562	397,994	409,876
Maintenance	1,073,567	999,167	1,110,737	957,414	1,174,271
Administration and General	470,753	378,671	411,626	431,446	423,847
Total Operating Expenses	2,232,280	2,284,339	2,637,099	2,491,637	2,686,799
Payment In Lieu of Taxes	183,019	192,669	197,649	197,649	197,649
Total Expenses	2,415,299	2,477,008	2,834,748	2,689,286	2,884,448
Net Revenue	\$570,001	\$506,614	\$294,180	\$519,409	\$617,730

Table 29

2016	2017	2018	2019	2020
2,649	2,659	2,667	2,674	2,679
28	28	28	28	28
454	458	470	475	469
3	3	3	3	3
5	5	5	5	5
8	8	8	8	8
56	59	57	1	0
3,203	3,220	3,238	3,194	3,192
\$3,647,591	\$3,738,292	\$4,030,225	\$4,115,734	\$4,132,244
73,882	49,840	54,425	60,013	34,676
3,721,473	3,788,132	4,084,650	4,175,747	4,166,920
393,959	319,986	373,336	426,636	439,519
265,506	268,756	277,078	298,174	336,040
428,975	434,900	638,455	554,414	502,301
969,767	974,696	1,058,946	1,216,098	1,030,481
426,066	465,947	471,284	458,052	507,122
2,484,273	2,464,285	2,819,099	2,953,374	2,815,463
197,649	197,649	197,649	197,649	197,649
2,681,922	2,661,934	3,016,748	3,151,023	3,013,112
\$1,039,551	\$1,126,198	\$1,067,902	1,024,724	1,153,808



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CITY OF KETCHIKAN, ALASKA

Utility Rates and Charges

For the Year Ending December 31, 2020

Electric			
Residential	\$7.30	plus \$0.1093 per kWh	
Harbor service	13.40	plus \$0.1093 per kWh	
Commercial	41.40	plus \$0.1024 per kWh plus a demand charge of \$3.32 per kW in excess of 25 kW	
		this flat fee in effect April through September	
Industrial	60.85	plus \$0.0949 per kWh plus a demand charge of \$3.32 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

	2011	2012	Restated ¹ 2013	2014	2015
Assets					
Cash	\$ 2,373,808	\$ 2,285,517	\$ 2,900,167	\$ 5,504,277	\$ 6,420,791
Port Facilities (net)	42,121,390	47,867,526	53,659,903	54,481,904	52,934,352
Construction Work in Progress	5,531,746	5,066,048	5,449,151	200,947	439,032
Restricted Assets	5,623,924	6,082,097	6,595,730	8,724,101	7,582,492
Prepaid Expense	782,959	1,055,740	1,124,342	1,021,346	1,113,090
Other Assets	2,786,483	3,080,061	5,546,430	2,903,333	3,150,839
Total assets	59,220,310	65,436,989	75,275,723	72,835,908	71,640,596
Liabilities and Net Position					
General Obligation Bonds Payable	540,000	270,000	-	-	-
Revenue Bonds Payable	35,090,000	34,315,000	33,505,000	32,660,000	31,775,000
Other Liabilities	2,847,180	1,072,313	1,699,380	860,042	1,275,821
Total liabilities	38,477,180	35,657,313	35,204,380	33,520,042	33,050,821
Net Position	<u>\$ 20,743,130</u>	<u>\$ 29,779,676</u>	<u>\$ 40,071,343</u>	<u>\$ 39,315,866</u>	<u>\$ 38,589,775</u>
Operating Revenues	<u>\$ 7,986,404</u>	<u>\$ 8,592,255</u>	<u>\$ 9,145,920</u>	<u>\$ 8,578,059</u>	<u>\$ 9,032,271</u>
Operating Expenses					
Operation and Maintenance	\$ 4,110,674	\$ 4,031,100	\$ 4,582,100	\$ 4,726,515	\$ 4,636,079
Depreciation	1,401,754	1,359,513	1,636,863	1,587,253	1,589,941
Payment in Lieu of Taxes/Taxes	295,000	295,000	319,000	319,000	319,000
Total operating expenses	<u>5,807,428</u>	<u>5,685,613</u>	<u>6,537,963</u>	<u>6,632,768</u>	<u>6,545,020</u>
Operating Income	<u>2,178,976</u>	<u>2,906,642</u>	<u>2,607,957</u>	<u>1,945,291</u>	<u>2,487,251</u>
Non-Operating Revenue (Expense)	<u>(1,889,022)</u>	<u>(1,794,603)</u>	<u>(1,740,642)</u>	<u>(1,581,717)</u>	<u>(1,571,163)</u>
Income Before Contributions, Extraordinary Item & Transfers	289,954	1,112,039	867,315	363,574	916,088
Contributions	29,536	2,018,165	1,993,212	2,491,297	70,425
Capital Grants	4,654,981	6,214,416	8,676,543	4,407,753	277,647
Extraordinary Item	-	-	-	-	-
Special Item	-	-	-	-	-
Transfers	-	(8,178)	(80,199)	(5,018,804)	(1,619,258)
Loss on sale of capital assets	(184,315)	-	(1,165,204)	(2,999,297)	(27,082)
Change in Net Position	<u>\$ 4,790,156</u>	<u>\$ 9,336,442</u>	<u>\$ 10,291,667</u>	<u>\$ (755,477)</u>	<u>\$ (382,180)</u>
Revenue Bond Debt Coverage:					
1.25 x Annual Debt Service	2.31	3.36	3.48	3.49	2.71
1.0 x Annual Debt Service/Reserves					
Account/Repair and Replacement					
Fund/SPH Lease Payments	1.20	1.67	1.63	1.64	1.28
# of Ships	28	34	31	37	38
# of Calls/Stops	426	467	456	468	496
# of Water Passengers	830,547	885,799	938,124	877,589	934,772

Table 31

2016	2017	2018	2019	2020
\$ 7,957,557	\$ 9,614,774	\$ 9,494,268	\$ 10,958,259	\$ 4,463,620
52,244,740	51,107,786	49,525,407	48,076,054	52,938,299
374,566	2,658,931	8,809,064	11,100,273	9,103,215
7,075,705	8,028,787	6,291,121	7,853,528	8,018,227
1,026,946	1,070,289	1,108,809	1,161,500	750,000
3,316,606	2,943,363	1,536,256	2,702,547	84,349
71,996,120	75,423,930	76,764,925	81,852,161	75,357,710
-	-	-	-	-
27,025,000	26,130,000	25,200,000	24,220,000	23,195,000
5,362,008	6,190,956	4,922,591	4,582,992	4,097,879
32,387,008	32,320,956	30,122,591	28,802,992	27,292,879
\$ 39,609,112	\$ 43,102,974	\$ 46,642,334	\$ 53,049,169	\$ 48,064,831
\$ 8,961,241	\$ 9,391,272	\$ 9,970,302	\$ 10,682,037	\$ 82,144
\$ 4,916,988	\$ 5,124,365	\$ 4,730,576	\$ 4,859,929	\$ 5,438,567
1,605,242	1,612,861	1,612,457	1,449,352	1,356,259
319,000	319,000	319,000	319,000	319,000
6,841,230	7,056,226	6,662,033	6,628,281	7,113,826
2,120,011	2,335,046	3,308,269	4,053,756	(7,031,682)
(1,713,125)	(960,933)	(825,923)	(645,227)	(781,501)
406,886	1,374,113	2,482,346	3,408,529	(7,813,183)
16,004	11,412	13,360	20,780	23,768
654,642	1,058,007	608,172	1,556,480	3,443,520
359,246	-	-	-	-
-	-	-	-	-
19,258	1,050,330	543,323	1,421,046	(638,443)
(436,699)	-	-	-	-
\$ 1,019,337	\$ 3,493,862	\$ 3,647,201	\$ 6,406,835	\$ (4,984,338)
2.11	3.18	3.70	4.05	-1.00
1.10	1.34	1.53	1.63	(0.49)
38	43	40	46	-
489	507	504	562	-
935,928	996,920	1,045,079	1,171,620	-



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