

# *Ketchikan Gateway Borough*

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*Alaska*

*Comprehensive Annual Financial Report*

*For the Fiscal Year Ended June 30, 2013*

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KETCHIKAN GATEWAY BOROUGH  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2013

Prepared by:

Department of Finance

Michael J. Houts, Director  
Maureen Crosby-CPA, Controller  
1900 First Avenue, Suite 118  
Ketchikan, Alaska 99901



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**Ketchikan Gateway Borough, Alaska**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2013**

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# **INTRODUCTORY SECTION**



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# KETCHIKAN GATEWAY BOROUGH

1900 FIRST AVENUE, SUITE 118 • KETCHIKAN, ALASKA 99901

Michael J. Houts, Finance Director

• 907/228-6649 • fax 907/247-6698

OFFICE OF THE BOROUGH FINANCE DEPARTMENT

December 24, 2013

Honorable Mayor, Members of the Borough Assembly,  
and the Citizens of the Borough of Ketchikan

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Ketchikan Gateway Borough, Alaska for the year ended June 30, 2013. The CAFR is designed for the public to understand the operational accountability with the government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.

## PROFILE OF THE KETCHIKAN GATEWAY BOROUGH

Located on Revillagigedo Island in southern Southeast Alaska, and within the boundaries of the Tongass National Forest, Ketchikan is 650 miles north of Seattle, Washington, and 200 miles south of Juneau, Alaska's capital. Its boundaries extend around Revillagigedo Island, Gravina Island, Pennock Island and other smaller islands with the defined boundaries. The State Boundary recently approved the Ketchikan Gateway Borough's application to annex approximately 4,510 square miles. The annexation was acted on in the 2009 session of the Alaska State Legislature. Access is limited to air and marine transportation. The Borough is situated at the southern end of the 16.7-million-acre Tongass National Forest (the Tongass). The Tongass is the largest national forest in the United States. Harvesting and promoting the natural resources of the Tongass provide employment opportunities, directly or indirectly for the Borough. The City of Ketchikan and the City of Saxman are incorporated cities within the Borough.

The Borough has operated under the Assembly-Manager form of government since 1963. Ketchikan Gateway Borough is organized as a second class Borough. The Mayor and seven Assembly Members are elected by the Community at large for staggered three-year terms. Local elections are held annually in October. The Assembly is responsible for enacting ordinances, adopting the annual budget, establishing policy, and appointing the Borough Manager, Borough Clerk and Borough Attorney.

The School District is reported as a discretely presented component. Pension plans, including the State of Alaska Public Employees' Retirement System, and the International Brotherhood of Electrical Workers plan have not met the established criteria for inclusion with the reporting entity and, accordingly, are excluded from this report.

The Borough operates enterprise (funds) services for the Ketchikan International Airport, including the ferry and operates an enterprise fund for areawide services for wastewater. The Borough is responsible for property tax assessments, tax collection and senior citizen exemptions, and funding and construction services for schools. Nonareawide services are provided for water, and fire protection to service areas. The Transit System is operated within the General Fund.

The annual budget serves as the foundation for the Borough's financial plan and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Ketchikan Gateway Borough Assembly. Departments are required to submit requests for appropriation to the Borough Manager. The Borough Manager uses these requests as a basis for developing a proposed annual budget that is submitted to the Borough Assembly by the first regular Assembly meeting in May. Upon adoption of the budget, the manager may authorize the transfer of funds within a fund. The transfer of money between funds require an action of the for Assembly ratification. 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 funds of the Borough, this comparison is presented as part of the basic financial statements. For nonmajor governmental funds with appropriated budgets, this comparison is presented in the governmental fund subsection of this report.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment with which the Borough operates.

### **Local Economy**

The Alaska Marine Highway System (AMHS) purchased approximately 9.47 acres of uplands and 20.56 acres of tidelands, along with the improvements located on the property. The property was purchased from the Borough at a price of \$2,638,000. On May 15, 2012, Governor Parnell approved the 2012 appropriation of \$7,500,000 in State General Funds as a municipal grant to the Borough for the “Alaska Marine Highway System & NOAA Moorage Facility.” The AMHS & NOAA Moorage Facility project is intended to construct a new berth at Ward Cove as a functional replacement of the existing AMHS South Berth facilities adjacent to the AIDEA-owned Ketchikan Shipyard. Preliminary design and engineering is nearing completion. The Borough and AMHS entered into a memorandum of agreement pass the Governors appropriation on to the AMHS as funds are required in order to expedite the project. The owner of the rest of the industrial property in Ward Cove is working with AMHS to accommodate the needs of the AMHS for additional tideland property.

The Governor of Alaska recently announced the shipyard in Ketchikan will build two Alaska Marine Highway ferries in the near future. The Alaska Ship and Drydock was purchased by Vigor Industrial, LLC bringing more stability to shipbuilding and repair industry in Ketchikan. The shipyard is the beneficiary of State funding for a \$33,000,000 infrastructure addition to service the North American fleet. The major structure enables the shipyard to construct vessels inside out of the weather. The construction of the facility was completed mid-2012. The ship yard added an annex to the new facility enhancing the operation. The shipyard has completed two ship building projects since the new facility started operations.

Ketchikan Gateway Borough officials and representatives of Heatherdale Resources Limited have led to development of a proposed Memorandum of Understanding to identify the rights, roles, and responsibilities of each party as they relate to the potential establishment of a mill site and tailings disposal facility at the former Pacific Log and Lumber Company mill site for processing ore from the prospective Niblack Mine. The processing facility construction is schedule for 2015 and would employ approximately 80 highly skilled full time jobs after construction completion for 10-15 years.

The tourism industry, which is important to Ketchikan, has experienced a slight decrease over the previous year due to the decreased visitor activity. The passenger count for the 2012 cruise season for Ketchikan was 778,899 and for the 2013 season 791,108 cruise ship visitors. The FY 2014 budget anticipates 800,000 passengers.

### **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 Ketchikan Gateway Borough for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This is the seventh consecutive year that the Borough has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both

generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievements Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

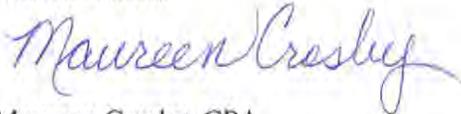
The preparation of the comprehensive annual financial report requires input from the professional staff of the Finance Department. Without their efforts, it would not have been possible to produce this report. We would like to thank the following staff members for their efforts and contributions:

Tracey Benner  
Brenda Bjork  
Aubree Kline  
Claire Lervick  
Marva Lee Otos  
Pam Srna  
Charlanne Thomas

Respectively submitted,



Michael J. Houts  
Finance Director



Maureen Crosby, CPA  
Controller



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Government Finance Officers Association

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

Presented to

**Ketchikan Gateway Borough  
Alaska**

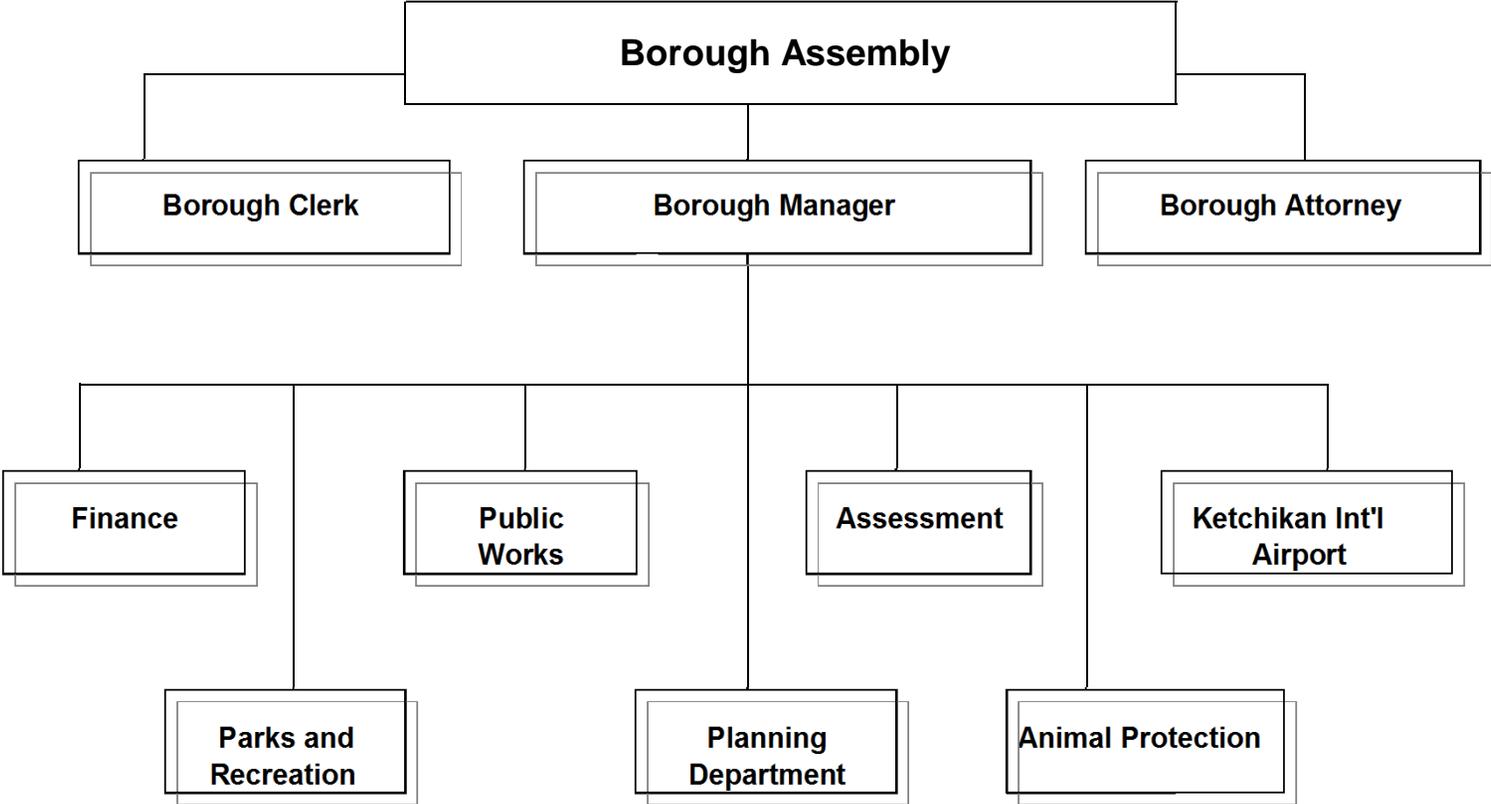
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# KETCHIKAN GATEWAY BOROUGH

Fiscal Year 2012/2013



# KETCHIKAN GATEWAY BOROUGH

## PRINCIPAL BOROUGH OFFICIALS

June 30, 2013

### MAYOR AND ASSEMBLY

*Mayor*

*Vice-Mayor*

*Assembly Member*

*Assembly Member*

*Assembly Member*

*Assembly Member*

*Assembly Member*

*Assembly Member*

Dave Kiffer

Agnes Moran

Alan Bailey

Bill Rotecki

Glen Thompson

Jim Van Horn

Mike Painter

Todd Phillips

The legislative power of the Ketchikan Gateway Borough is vested in an assembly of seven members. This assembly meets in regular session every first and third Monday of the month in the Assembly Chambers located in the White Cliff Building at 1900 First Avenue, Ketchikan, Alaska.

### BOROUGH STAFF

*Borough Manager*

*Assistant Borough Manager*

*Borough Attorney*

*Borough Clerk*

*Director of Animal Protection*

*Director of Assessment*

*Director of Finance*

*Director of Planning*

*Airport Manager*

*Director of Public Works*

*Parks and Recreation Supervisor*

Dan Bockhorst

Cynna Gubatayao

Scott A. Brandt-Erichsen

Kacie Paxton

Eddie Blackwood

Ron Brown

Michael Houts

Tom Williams

Mike Carney

Ed Schofield

Wendy Miller



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# **FINANCIAL SECTION**



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Anchorage, AK 99503

## Independent Auditor's Report

Honorable Mayor and Borough Assembly  
Ketchikan Gateway Borough, Alaska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough, Alaska (the Borough) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Borough'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough, Alaska as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the Land Trust, School Bond Capital Improvements, Economic Development Assistance Program, and the Airport PFC Special Revenue Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 2-A to the financial statements, in 2013, Ketchikan Gateway Borough adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 13 through 26 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.

### ***Supplementary Information***

Our audit for the year ended June 30, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ketchikan Gateway Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended June 30, 2013 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2013.

*Supplementary Information, continued*

Ketchikan Gateway Borough's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated December 27, 2012, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The report of the other auditors dated December 27, 2012, stated that the combining and individual fund financial statements and schedules for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

The accompanying introductory and statistical sections, as listed in the table of contents, has 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 December 24, 2013, on our consideration of Ketchikan Gateway Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ketchikan Gateway Borough's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
December 24, 2013



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**KETCHIKAN GATEWAY BOROUGH**  
Management's Discussion and Analysis  
Year Ended June 30, 2013

Within this section of Ketchikan-Gateway Borough, Alaska (the Borough) annual financial report, the Borough's management is pleased to provide this narrative discussion and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2013. The Borough's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights**

- The Borough's net position exceeded its liabilities by \$173,768,013 for the fiscal year reported.
- Total net assets are comprised of the following:
  - (1) Net investment in capital assets of \$148,306,663 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$13,928,936 is restricted by constraints imposed from outside the Borough such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$11,532,414 indicates that the Borough has available assets to maintain the Borough's continuing obligations to citizens and creditors.
- The Borough's governmental funds reported total ending fund balances of \$33,803,594 this year. This compares to the prior year ending fund balance of \$29,720,182 showing an increase of \$4,083,412 during the current year. This increase is mainly due to the issuance of G.O. bonds for school facility upgrades. The unassigned fund balance at June 30, 2013 was \$5,088,634.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$6,276,521 or 33% of total General Fund expenditures.

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

**Overview of the Financial Statements**

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

***Government-wide Financial Statements***

The Borough's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Borough'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 Borough's assets and liabilities, 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 Borough as a whole is improving or deteriorating. Evaluation of the overall health of the Borough would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Borough 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 Borough's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Borough's distinct activities or functions on revenues provided by the Borough's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Borough 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 administration, library services, public services, automation and education. Business-type activities include the airport and the wastewater systems.

The government-wide financial statements are presented on pages 28 & 29 of this report.

### ***Fund Financial Statements***

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

The Borough has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Borough's governmental funds. These statements report short-term fiscal 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. The budgetary comparison statements for the General Fund, the Land Trust Fund, the School Bond/Capital Improvements Fund, Airport PFC Fund, and the Economic Development Assistance Program Fund are presented as basic financial statements. There are no budgetary comparison statements for the State & Federal Grants Fund or for the Capital Projects Fund. State and Federal grants are not budgeted for, since funds are not normally appropriated by the agency until after the completion of the local budget process. Grants from other agencies are approved and accepted by the Assembly by resolution. Major Capital Projects are also not budgeted through the normal budget process because they are budgeted and approved by the Assembly when contracts are awarded.

The basic governmental fund financial statements are presented on pages 30 - 41 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Borough charges customers a fee. The Borough has three proprietary funds. Two are classified as enterprise funds and one is an internal service fund. 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 Borough organization for the airport operations and sewer utilities.

The basic enterprise fund financial statements are presented on pages 42 - 45 of this report.

### ***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. The notes to the financial statements begin on page 49 of this report.

### ***Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Borough's budget presentations, other than those funds referenced above. These statements and schedules demonstrate compliance with the Borough's adopted and final revised budget. As discussed, the Borough reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 84.

### **Financial Analysis of the Borough as a Whole**

The Borough's net position at fiscal year-end is \$173,768,013. The following table provides a summary of the Borough's net position. Note, information provided for 2012 has been restated to conform to newly adopted GASB statements numbers 63 and 65.

*(This page continued on the subsequent page).*

**Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>Restated 2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>Restated 2012</u>
<b>Assets:</b>						
Current assets	\$ 39,634,198	\$ 35,983,423	1,453,257	1,491,314	41,087,455	37,474,737
Capital assets	<u>166,827,864</u>	<u>167,958,301</u>	<u>28,458,282</u>	<u>28,792,847</u>	<u>195,286,146</u>	<u>196,751,148</u>
Total Assets	206,462,062	203,941,724	29,911,539	30,284,161	236,373,601	234,225,885
<b>Deferred Outflows</b>						
Loss on refunding	<u>641,253</u>	<u>728,923</u>	<u>-</u>	<u>-</u>	<u>641,253</u>	<u>728,923</u>
Total Assets and Deferred Outflows	<u>\$ 207,103,315</u>	<u>204,670,647</u>	<u>29,911,539</u>	<u>30,284,161</u>	<u>237,014,854</u>	<u>234,954,808</u>
<b>Liabilities:</b>						
Current Liabilities	\$ 10,728,586	11,258,993	362,663	486,017	11,091,249	11,745,010
Long-Term Liabilities	<u>50,651,927</u>	<u>48,688,139</u>	<u>51,389</u>	<u>5,393,836</u>	<u>50,703,316</u>	<u>54,081,975</u>
Total Liabilities	61,380,513	59,947,132	414,052	5,879,853	61,794,565	65,826,985
<b>Net Position:</b>						
Net investment in capital assets	119,848,381	121,020,663	28,458,282	26,857,847	148,306,663	147,878,510
Restricted	13,928,936	9,800,504	-	385,000	13,928,936	10,185,504
Unrestricted (deficit)	<u>11,945,485</u>	<u>13,902,348</u>	<u>(413,071)</u>	<u>(2,838,539)</u>	<u>11,532,414</u>	<u>11,063,809</u>
Total Net Position	<u>\$ 145,722,802</u>	<u>144,723,515</u>	<u>28,045,211</u>	<u>24,404,308</u>	<u>173,768,013</u>	<u>169,127,823</u>

Approximately 37.2% or \$12,003,615, of Ketchikan Gateway Borough's cash and investments are subject to external restrictions on how they must be used. \$407,481 is restricted for debt in the Land Trust Fund, , and \$7,494,518 is restricted for capital projects, and \$4,101,616 is restricted for commercial passenger vessel related projects.

The largest component of the Borough's governmental total assets is invested in capital assets. Capital assets account for 80.8% of total assets and deferred outflows and net investment in capital assets accounts for 82.24% of total net position. The Borough's capital assets include land, Borough buildings and improvements, School District buildings and improvements, vehicles, transit buses, and infrastructure. The Borough uses these capital assets to provide services to its citizens. However, with business type activities, the Borough has spent approximately 95.1% of its total assets on capital. Capital assets in the business-type activities provide airport and utility services, but they also generate revenues for these funds. 85.34% of the Borough's total net position is included in capital assets. The Borough's total net position increased by \$4,640,190 during fiscal year 2013. Net investment in capital assets for governmental activities decreased by \$1,813,535 and net investment in capital assets for business type activities increased by \$1,600,435.

The current ratio for governmental activities is 3.7 to 1 and .8 to 1 for business type activities. This compares to 3.20 to 1 for governmental activities and .34 to 1 for business type activities for fiscal year 2012. The change in the current ratio for governmental activities is due mainly to the completion of the Aquatic Center.

***Changes in Net Position***

The Borough's total net position increased by \$4,204,389 in 2013. The net position for governmental activities increased by \$563,486 and the net position for business-type activities increased by \$3,640,903. The following table provides a summary of the changes in the Borough's net position:

*(This page continued on the subsequent page).*

**Summary of Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>Restated 2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>Restated 2012</u>
Revenues:						
Program:						
Charges for services	\$ 6,956,266	\$ 5,957,684	4,434,184	4,734,127	11,390,450	10,691,811
Operating grants	3,738,574	2,431,499	2,710,000	42,959	6,448,574	2,474,458
Capital grants	3,529,066	5,154,055	1,310,860	10,016,959	4,839,926	15,171,014
General:						
Taxes	17,608,528	18,117,386	-	-	17,608,528	18,117,386
Other	3,973,154	3,590,585	241,530	207,259	4,214,684	3,797,844
Total revenues	<u>35,805,588</u>	<u>35,251,209</u>	<u>8,696,574</u>	<u>15,001,304</u>	<u>44,502,162</u>	<u>50,252,513</u>
Program Expenses:						
General government	4,623,576	4,239,516	-	-	4,623,576	4,239,516
Fire and EMS	1,252,822	1,305,555	-	-	1,252,822	1,305,555
Water treatment & distribution	249,401	226,424	-	-	249,401	226,424
Library services	410,326	380,266	-	-	410,326	380,266
Parks and recreation	2,601,546	2,374,277	-	-	2,601,546	2,374,277
Public works	1,209,701	1,043,521	-	-	1,209,701	1,043,521
Public services	3,875,327	5,086,592	-	-	3,875,327	5,086,592
Transit	2,071,438	1,960,671	-	-	2,071,438	1,960,671
Education	14,465,416	14,355,946	-	-	14,465,416	14,355,946
Interest	2,394,406	2,504,748	-	-	2,394,406	2,504,748
Airport	-	-	5,810,984	5,262,004	5,810,984	5,262,004
Wastewater	-	-	897,029	1,176,513	897,029	1,176,513
Total expenses	<u>33,153,959</u>	<u>33,477,516</u>	<u>6,708,013</u>	<u>6,438,517</u>	<u>39,861,972</u>	<u>39,916,033</u>
Excess (deficiency)	2,651,629	1,773,693	1,988,561	8,562,787	4,640,190	10,336,480
Special Items:						
Contributed capital	-	-	-	700,000	-	700,000
Write off delinquent note	-	(789,553)	-	-	-	(789,553)
Transfers	<u>(1,652,342)</u>	<u>(439,935)</u>	<u>1,652,342</u>	<u>439,935</u>	<u>-</u>	<u>-</u>
Change in net position	999,287	544,205	3,640,903	9,702,722	4,640,190	10,246,927
Net Position Beginning of Year Restated	<u>144,723,515</u>	<u>144,179,310</u>	<u>24,404,308</u>	<u>14,701,586</u>	<u>169,127,823</u>	<u>158,880,896</u>
Net Position End of Year	<u>\$ 145,722,802</u>	<u>144,723,515</u>	<u>28,045,211</u>	<u>24,404,308</u>	<u>173,768,013</u>	<u>169,127,823</u>

**GOVERNMENTAL REVENUES**

The Borough is heavily reliant on property and sales taxes to support governmental operations and capital. Property taxes of \$7.9 million or approximately 36.6% of the total general revenues. Sales taxes provided 40.0% of the Borough's total governmental tax revenues. The Borough recognized \$59,449 in investment income for fiscal year 2013. The total income was from market changes in investment accounts, and interest

charged on internal loans to other funds. Also, note that program revenues cover 42.9% of governmental operating expenses; this is an increase of 2.40% over the prior year. As a result, the general economy and the Borough businesses have a major impact on the Borough's revenue streams. In addition, the cruise industry has a major impact on the Borough's economy as we explain later in this document

### GOVERNMENTAL FUNCTIONAL EXPENSES

Public services account for 11.69% of our total costs. This is 3.53% less than the cost for public services for fiscal year 2012. Library services account for 1.25% of our total cost. 43.63% of our resources are used to fund the school district, which is a .84% increase from fiscal year 2012. General government costs were 13.95% of total cost. The total cost of services for all governmental functions decreased by \$323,557 or 1.0% from fiscal year 2012. The total net cost of governmental functions for fiscal year 2013 decreased by \$948,592 or 4.8%. There was a reduction in the net cost of providing fire and EMS and public services and interest and there were increases in the net cost of providing all other services. The reduction of grant receipts also contributed to the net cost increase of providing services to the citizens of Ketchikan Gateway Borough. This means that the government's taxpayers and the Borough's other general governmental revenues fund 57.22% of governmental activities as compared to 59.48% for fiscal year 2012. The Borough received \$554,379 or 1.6% more in revenue and expended \$323,557 or 1% less in fiscal year 2013 than in 2012.

This table presents the cost of each of the Borough's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Borough's taxpayers by each of these functions.

	Total Cost of Services		Net Cost (Benefit) of Services
	Amount	%	Amount
General government	\$ 4,623,576	13.95%	4,353,302
Fire and EMS	1,252,822	3.78%	107,992
Water treatment & distribution	249,401	0.75%	52,144
Library services	410,326	1.25%	410,326
Parks and recreation	2,601,546	7.85%	1,815,216
Public works	1,209,701	3.65%	1,163,431
Public services	3,875,327	11.69%	2,424,890
Transit	2,071,438	6.25%	448,250
Education	14,465,416	43.63%	6,361,007
Interest	2,394,406	7.22%	1,793,495
<b>Total</b>	<b>\$ 33,153,959</b>	<b>100%</b>	<b>18,930,053</b>

After reducing gross expenses by program revenues, the program costs exceeded program revenues for public services by \$2,424,890 or 12.81 % of the net cost. Education accounts for 33.6% of the net cost as compared to 34.82% for 2012.

## **BUSINESS-TYPE ACTIVITIES**

### **Revenues vs. Costs**

The primary enterprise fund of Ketchikan Gateway Borough is the Airport Enterprise Fund. This fund is used to account for the operations of the Ketchikan International Airport. The Airport Fund is responsible for the operation and maintenance of the airport facilities and ferry system. Ketchikan Gateway Borough owns and operates the terminal buildings and the airport ferries and leases the Ketchikan International Airport from the State of Alaska. (The lease with the State of Alaska is discussed at Note 3-G).

The operating revenues for the Airport Enterprise Fund decreased by \$94,981 or 2.39% less than 2012, and operating expenses increased by \$533,797 or 10.28%.

The overall operating expenses increased by 10.43%. Personal services increased by \$65,249 or 2.2% over 2012, and supplies and services increased by \$114,518 or 8.1%. Insurance costs decreased by \$6,405 or 2.9% and the calculated depreciation increased by \$360,435 or 62.65%. The increase in calculated depreciation is due to the addition of new assets at the end of fiscal year 2012 that were subject to depreciation for the first time in fiscal year 2013.

The Wastewater Enterprise Fund (WEF) is used to account for the operations of Ketchikan Gateway Borough's wastewater utility. The operating position of the WEF decreased during fiscal year 2013. Net position decreased by \$341,508 or 13.25% from fiscal year 2012. The operating revenues decreased by \$204,962 or 27.0%. That decrease is attributable to the sale of a sludge plant facility to a private party and the loss of sludge processing revenues from external customers. The operating expenses decreased by \$132,576 or 13.21%. Net Operating Expenses for the WEF decreased by the same amount from the prior year, after the "recovery of expenditures from other funds" was accounted for. Supplies and services decreased by \$36,600 or 8.7%.

### **Financial Analysis of the Borough's Funds**

#### ***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$33,803,594. Of this year-end total, \$5,088,634 is unassigned. Fund balances for interfund loans, and prepaid items in the amount of \$2,557,461 are classified as nonspendable. Legally restricted fund balances in the amount of \$13,928,936 including \$6,904,886 for capital projects, \$3,920,109 for commercial passenger vessel impact, \$17,728 for dock improvements, \$74,690 for library operations, \$177,887 for public safety and water, \$2,504,906 for recreation, and \$328,730 for road maintenance. Fund balances are committed in total for \$6,310,341; consisting of \$1,940,951 for land management, and \$4,369,390 for education. Fund balances totaling \$5,918,222 assigned for economic development.

The total ending fund balances of governmental funds shows an increase of \$4,083,412 or 13.7% more than the prior year. This increase is primarily the result of \$4,875,000 of G.O bond proceeds received in FY 2013.

## ***Major Governmental Funds***

***General Fund*** - The General Fund is the Borough's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$584,287, an 8.5% decrease. The FY 2013 budget under spent projected expenditures and transfers out by \$561,875. The amended budget overspent revenues by \$1,878,489. This budget variance was due to the property tax mill levy being reduced resulting in a reduction in property tax revenues and the receipt of National Forest Receipts being budgeted in the School Bond Capital Improvements (CIP) fund. All general government departments with the exception of the Manager, Clerk, and Finance departments under spent their projected budgets. A favorable variance in revenue collections of \$732,327 and a favorable variance in expenditures of \$561,875 decreased the projected negative net change in fund balance by \$1,294,202 to a negative net change in fund balance of \$584,287. Sales tax collections were \$385,205 more than budgeted, however, property tax revenues were \$157,202 less than budgeted. Sales tax collections increased by \$222,983 or 4.5% from fiscal year 2012.

Intergovernmental revenues were \$377,387 more than budgeted and were \$862,690 less than fiscal year 2012. The reduction from fiscal year 2012 is due to National Forest Receipts being allocated to the School Bond CIP fund. Revenues received from Parks and Recreation were \$182,284 more than budgeted. This favorable variance is due to the implementation of a buddy pass program.

State revenue sharing of \$897,081 was received in fiscal year 2013. The State Legislature provided \$797,259 in PERS relief to Ketchikan Gateway Borough and \$537,940 of the total relief was recognized in the General Fund.

Total General Fund expenditures decreased by \$287,996 or 1.52% over fiscal year 2012. The decrease in General Fund expenditures is mainly due to decreased spending in Mayor and Assembly's budget, and Planning department and a decrease in the appropriation to Education in comparison to fiscal year 2012.

***Land Trust Fund*** – During fiscal year 2013, charges for services, land sales, investment earnings, and miscellaneous revenue brought total revenues to \$467,613. The Land Trust Fund expended \$273,378 for public services and \$440,733 for tenant leasehold improvements. The Land Trust Fund also transferred \$302,488 to the Debt Service Fund for principal and interest payments on the certificate of participation for the White Cliff School Building, which houses the Borough's administrative offices, and transferred \$190,000 back to the general fund for the total budgeted office space rent for governmental offices that are in the White Cliff building. The net change in fund balance was a \$738,986 decrease or 20.0%.

***Economic Development Assistance Program Fund (EDAPF)*** – During fiscal year 2013, the only revenues credited were \$387 in investment earnings. The EDAPF expended \$384,501 for public services and transferred \$240,000 to the General Fund and \$53,000 to the Airport Enterprise Fund. The net change in the fund balance was a decrease of \$677,114 or 8.3%.

***State & Federal Grants Fund*** – During the current fiscal year, the Borough received \$455,068 in State and Federal grants. The Borough expended \$410,081 on public services and \$44,987 towards governmental capital projects.

***Airport PFC Fund*** – During fiscal year 2013, \$1,417,979 was transferred to the Airport Enterprise Fund for the final payoff of its revenue bonds, resulting in a negative cash in central treasury. It is anticipated that this negative position will be eliminated within two and one-half years with future PFC receipts.

***Capital Projects Fund*** – Construction was completed on the aquatic center and construction was begun on several school facility projects. Total construction costs were \$1,199,199; \$73,896 for public services and \$37,962 for bond issuance costs. Bonds were sold to finance planned school facility improvement projects and proceeds from the issuance of debt were \$4,875,000.

**School Bond/Capital Improvements Fund** - This fund is used to account for the receipt of revenues received from the State of Alaska for the School Debt Reimbursement Program and the ½ -cent sales tax that was approved to fund school projects. These funds are used to pay for school bond debt, school building insurance, and school capital projects that would qualify for bonding. This fund recognized \$1,731,407 in sales tax revenue, \$3,353,421 in debt reimbursement revenues, and \$212 in investment earnings. This fund transferred out \$3,114,704 for G.O. bond principal and interest payments into Debt Service Funds, \$163,053 to the Recreation CIP Fund and \$84,372 to the General Fund for insurance on school buildings. This fund also expended \$3,545 for public service projects and \$89,058 for a school building capital project. The ending fund balance increased by \$2,594,308 or 146%.

**The 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 Ketchikan Gateway Borough’s proprietary funds have already been addressed in the discussion of the Borough’s business-type activities.

### **Budgetary Highlights**

**The General Fund** – Total taxes collected were \$204,309 more than budgeted with sales tax showing the largest increase. Taxes reported include: real property, automobile and boat, sales, and penalties and interest. The Borough recognized \$377,387 more than budgeted for intergovernmental revenues due to increases in State fisheries tax, PERS relief, and transit operating grants. In total revenues and transfers, revenue exceeded budget by 3.6%.

The expenditure side of the original budget for the General Fund was increased \$201,877 during 2013. Budget amendments were made for the following departments or cost centers: Automation, Animal Protection, Transit, and Capital.

In total, the Borough under expended the total General Fund budget by \$561,875. Expenditures declined due to aggressive cost control of operating expenses.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Borough's net investment in capital assets, for governmental and business-type activities as of June 30, 2013, was \$166,827,864 and \$28,458,282 respectively. The total change in net book value of capital assets was a decrease of .67% for governmental and a .18% increase for business-type activities. The overall change was a .55% decrease for the Borough as a whole. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

*(This page continued on the subsequent page).*

**Capital Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Non-depreciable assets:						
Land	\$ 36,550,875	\$ 35,804,465	-	-	36,550,875	35,804,465
Construction in progress	<u>1,279,894</u>	<u>27,435,658</u>	<u>907,889</u>	<u>1,995,958</u>	<u>2,187,783</u>	<u>29,431,616</u>
Total non-depreciable	<u>37,830,769</u>	<u>63,240,123</u>	<u>907,889</u>	<u>1,995,958</u>	<u>38,738,658</u>	<u>65,236,081</u>
Depreciable assets:						
Buildings and improvements	148,931,580	125,360,976	14,304,173	12,339,573	163,235,753	137,700,549
Vehicles, ferry and equipment	6,758,398	6,907,312	14,386,643	13,948,559	21,145,041	20,855,871
Wastewater assets	-	-	14,209,780	14,209,780	14,209,780	14,209,780
Infrastructure	<u>13,383,713</u>	<u>10,142,553</u>	<u>-</u>	<u>-</u>	<u>13,383,713</u>	<u>10,142,553</u>
Total depreciable assets	169,073,691	142,410,841	42,900,596	40,497,912	211,974,287	182,908,753
Less accumulated depreciation	<u>40,076,596</u>	<u>37,692,663</u>	<u>15,350,203</u>	<u>14,086,023</u>	<u>55,426,799</u>	<u>51,778,686</u>
Book value - depreciable assets	<u>128,997,095</u>	<u>104,718,178</u>	<u>27,550,393</u>	<u>26,411,889</u>	<u>156,547,488</u>	<u>131,130,067</u>
Percentage depreciated	<u>24%</u>	<u>26%</u>	<u>36%</u>	<u>35%</u>	<u>26%</u>	<u>28%</u>
Book value - all assets	<u>166,827,864</u>	<u>167,958,301</u>	<u>28,458,282</u>	<u>28,407,847</u>	<u>195,286,146</u>	<u>196,366,148</u>

At June 30, 2013, the depreciable capital assets for governmental activities were 24% depreciated. This is comparable to fiscal year 2012. This comparison indicates that the Borough is replacing its assets at the same rate as they are depreciating which is a positive indicator.

The balance remaining in construction-in-progress for business-type activities is for Ketchikan International Airport projects.

With the Borough's business type activities, 36% of the asset values were depreciated at June 30, 2013 compared to 28% at June 30, 2012. The depreciation for FY 12 was comparable to the prior year.

The Borough owns the school district's land and buildings, which is approximately 60.9% of the total cost of the Borough's governmental capital assets.

*Major capital asset changes during 2013 included the following:*

General Governmental Assets:

- Construction was completed on a new aquatic center and capitalized at a total cost of \$22,722,030 and was funded through General Obligation bond proceeds.
- Construction was completed on a phase of the South Tongass Water System and was capitalized at a total cost of \$4,904,056 and was funded through USDA, EPA, State DEC, and Designated State Legislative grants.

- Leasehold improvements were completed and capitalized at a total cost of \$551,282 and were funded through the Land Trust fund.
- Additional construction costs were capitalized on the GRC roof at a cost of \$247,291 and funded through the Recreation Capital Projects fund. This project was completed in conjunction with the completion of the new aquatic center.
- A vehicle was purchased for the Transit system at a cost of \$21,276 and was funded through a federal ARRA grant.
- Installation was completed of a multi-sport scoreboard for the Esther Shea Sports field at Fawn Mountain School in the amount of \$72,917 and was funded through the Assembly's budget.
- Construction was begun on a portable restroom to be installed in the downtown area at a cost of \$91,598 and was funded through the Commercial Passenger Vessel (CPV) fund.
- A new server was purchased for the Automation department at a cost of \$10,416 and was funded through the General Fund.
- A vehicle was purchased for the Code Enforcement officer at a cost of \$24,391 and was funded through the General Fund.
- Improvements continued on the Esther Shea Sports Field at a cost of \$373,285 and were funded with G.O. bond proceeds.
- Implementation of a new assessment database was begun at a cost of \$32,145 and was funded through the General Fund.
- Construction was begun on several school facility upgrades at a cost of \$420,575 and were funded through G.O. bond proceeds and the School Bond CIP fund.
- Construction was begun on upgrades to the Grant Street Park at a cost of \$9,624 and were funded through a State Designated Legislative grant.
- Implementation was begun on a new generator for the South Tongass Volunteer Fire Department at a cost of \$8,500 and was funded through a State Designated Legislative grant.
- Contributed capital in the form of land and building improvements was capitalized at a total value of \$832,344. The assets were obtained from the Southern Southeast Training Center.
- Contributed capital in the form of a bus was capitalized at a value of \$7,100 and a cost for transportation in the amount of \$663. The asset was obtained from the Center of Community in Sitka, Alaska.

#### Enterprise Funds:

- Construction continued on Airport terminal renovations in the amount of \$200,830 and was funded through State Designated Legislative grants.

- Construction was completed on restrooms for the Airport Parking Lot on the Ketchikan and capitalized at a total cost of \$229,284 and was funded through a State Designated Legislative grant.
- Airport water and sewer improvements were completed and capitalized at a total cost of \$1,268,743 and were funded through State Designated Legislative and State DEC grants, and other State revenue sources.
- An airport police vehicle was purchased at a cost of \$33,547 and was funded through the Airport Enterprise fund.
- Contributed capital in the form of land and building improvements was capitalized at a value of \$900,900. The assets were obtained from Pacific Log and Lumber.

### ***Long-term Debt***

The Borough reports five types of long-term debt: general obligation bonds, certificates of participation, revenue bonds, capital leases, and compensated absences.

During the year, the Borough retired \$2,755,000 of its existing G.O. bonds, \$135,000 of certificates of participation, issued \$4,875,000 in G.O. bonds. The Borough also retired \$1,550,000 of its outstanding revenue bonds.

See Note 3-H for additional information about the Borough's long-term debt.

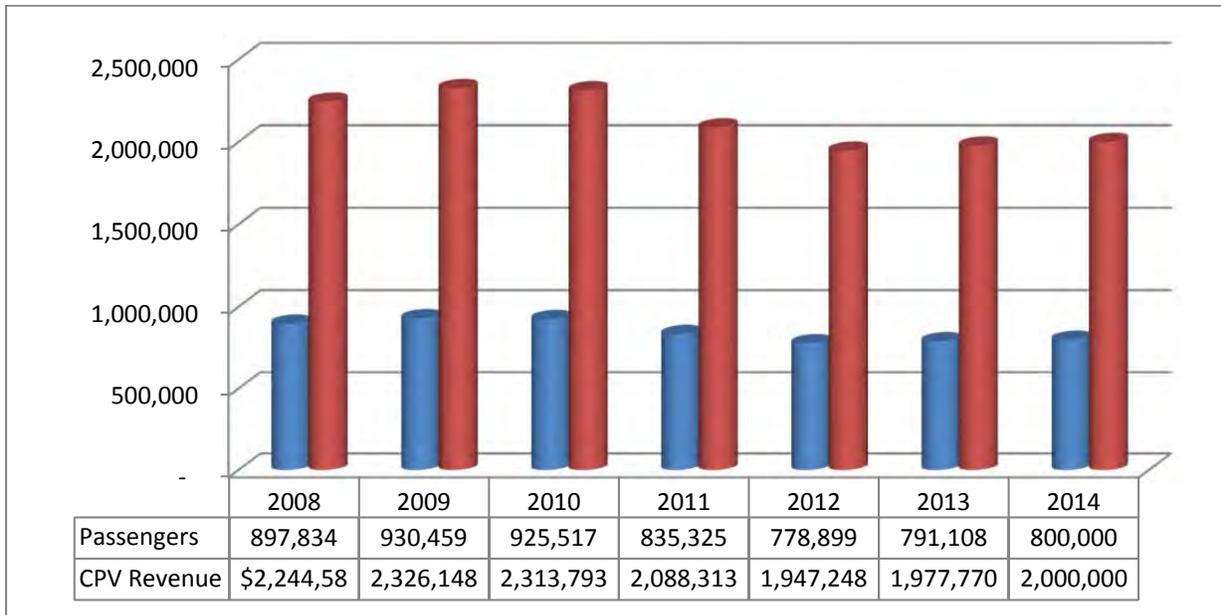
#### **Outstanding Long Term Debt**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
General obligation bonds	46,975,000	44,855,000	-	-	46,975,000	44,855,000
Certificates of participation	4,435,000	4,570,000	-	-	4,435,000	4,570,000
Revenue bonds	-	-	-	1,550,000	-	1,550,000
Capital lease	48,741	95,184	-	-	48,741	95,184
Compensated absences	671,250	631,964	-	239,003	671,250	870,967
Unamortized premium	2,296,852	1,870,267	-	-	2,296,852	1,870,267
Unamortized loss on refunding	(641,253)	(728,923)	-	-	(641,253)	(728,923)
<b>Total</b>	<b>53,785,590</b>	<b>51,293,492</b>	<b>-</b>	<b>1,789,003</b>	<b>53,785,590</b>	<b>53,082,495</b>

**Economic Conditions Affecting the Borough**

The Alaska Ship and Drydock was purchased by Vigor Industrial, LLC bringing more stability to shipbuilding and repair industry in Ketchikan. The shipyard is the beneficiary of State funding for a \$33,000,000 infrastructure addition, dedicated in March 2013, to service the North American fleet. In 2013, a change order was awarded to the contract adding a machine shop to the original structure. The first vessel was fabricated with the christening October 2013. The major structure enables the shipyard to construct vessels inside out of the weather. The construction of the facility was completed late 2013. The shipyard is a major economic driver in the community.

The tourism industry, which is important to Ketchikan, has experienced a slight decrease over the previous year due to the decreased visitor activity. The passenger count for the 2012 cruise season for Ketchikan was 778,899 and for the 2013 season 791,108 cruise ship visitors. The FY 2014 budget anticipates 800,000 passengers. Commercial Passenger Vessel taxes remitted to the Borough in January each year for the prior 12 months by the State of Alaska based on \$2.50 per passenger.



**Contacting the Borough’s Financial Management**

This financial report is designed to provide a general overview of the Borough’s finances, comply with finance-related laws and regulations, and demonstrate the Borough’s commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Borough’s Finance Director at 1900 First Avenue, Suite 118, Ketchikan, Alaska, 99901.

**Contacting the Ketchikan Gateway Borough School District** (the School District) – The School District provides elementary and secondary educational services to Borough students. The School District's Board of Education is an elected body. However, the Borough has responsibility for all significant fiscal matters. The Borough must approve the School District’s annual budget and it appropriates resources for School District operations. The Borough issues all debt for School District construction and the Borough owns all of the land and buildings that the School District uses. Separately issued financial statements for the School District are available at their administrative office: Pouch Z, Ketchikan, Alaska 99901.



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**Ketchikan Gateway Borough, Alaska**  
**Statement of Net Position**  
**June 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and investments	\$ 19,225,010	1,050,340	20,275,350	2,135,669
Restricted cash and investments	12,003,615	-	12,003,615	-
Prepaid items	-	146	146	-
Receivables	6,953,297	402,771	7,356,068	834,680
Receivable from Ketchikan Gateway Borough	-	-	-	600,317
Internal balances	1,452,276	(1,452,276)	-	-
Inventory	-	-	-	43,713
<b>Total Current Assets</b>	<u>39,634,198</u>	<u>981</u>	<u>39,635,179</u>	<u>3,614,379</u>
<b>Noncurrent Assets</b>				
Capital assets:				
Nondepreciable capital assets	37,830,768	907,889	38,738,657	354,857
Depreciable capital assets, net	128,997,096	27,550,393	156,547,489	458,284
<b>Total Noncurrent Assets</b>	<u>166,827,864</u>	<u>28,458,282</u>	<u>195,286,146</u>	<u>813,141</u>
<b>Total Assets</b>	<u>206,462,062</u>	<u>28,459,263</u>	<u>234,921,325</u>	<u>4,427,520</u>
<b>Deferred Outflows</b>				
Loss on refunding	641,253	-	641,253	-
<b>Total Assets and Deferred Outflows</b>	<u>207,103,315</u>	<u>28,459,263</u>	<u>235,562,578</u>	<u>4,427,520</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	644,330	170,238	814,568	651,093
Accrued salaries and benefits	6,440	-	6,440	478,296
Intergovernmental payable	2,919,558	-	2,919,558	-
Accrued interest payable	619,641	-	619,641	-
Due to component unit	2,169,950	-	2,169,950	-
Deposits	98,685	-	98,685	-
Claims payable	355,760	-	355,760	-
Unearned revenue	139,306	-	139,306	448,068
Compensated absences payable	416,175	192,425	608,600	398,899
Termination benefits	-	-	-	4,800
Capital leases payable	48,741	-	48,741	-
General obligation bonds payable	3,170,000	-	3,170,000	-
Certificates of participation payable	140,000	-	140,000	-
<b>Total Current Liabilities</b>	<u>10,728,586</u>	<u>362,663</u>	<u>11,091,249</u>	<u>1,981,156</u>
<b>Long-Term Liabilities</b>				
Compensated absences	255,075	51,389	306,464	-
General obligations payable, including unamortized premium	46,049,306	-	46,049,306	-
Certificates of participation payable, including unamortized premium	4,347,546	-	4,347,546	-
<b>Total Long-Term Liabilities</b>	<u>50,651,927</u>	<u>51,389</u>	<u>50,703,316</u>	<u>-</u>
<b>Total Liabilities</b>	<u>61,380,513</u>	<u>414,052</u>	<u>61,794,565</u>	<u>1,981,156</u>
<b>Net Position</b>				
Net investment in capital assets	119,848,381	28,458,282	148,306,663	813,141
Restricted:				
Capital projects	6,904,886	-	6,904,886	-
Commercial passenger vessel impact	3,920,109	-	3,920,109	-
Dock improvements	17,728	-	17,728	-
Library operations	74,690	-	74,690	-
Public safety and water	177,887	-	177,887	-
Recreation	2,504,906	-	2,504,906	-
Road maintenance	328,730	-	328,730	-
Unrestricted (deficit)	11,945,485	(413,071)	11,532,414	1,633,223
<b>Total Net Position</b>	<u>\$ 145,722,802</u>	<u>28,045,211</u>	<u>173,768,013</u>	<u>2,446,364</u>

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska  
Statement of Activities  
For the Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 4,623,576	-	270,274	-	(4,353,302)	-	(4,353,302)	-
Fire and EMS	1,252,822	254,234	49,752	840,844	(107,992)	-	(107,992)	-
Water treatment & distribution	249,401	193,081	-	4,176	(52,144)	-	(52,144)	-
Library services	410,326	-	-	-	(410,326)	-	(410,326)	-
Parks and recreation	2,601,546	732,284	44,422	9,624	(1,815,216)	-	(1,815,216)	-
Public works	1,209,701	-	46,270	-	(1,163,431)	-	(1,163,431)	-
Public services	3,875,327	1,239,091	202,860	8,486	(2,424,890)	-	(2,424,890)	-
Transit	2,071,438	242,111	1,351,290	29,787	(448,250)	-	(448,250)	-
Education	14,465,416	4,295,465	1,172,795	2,636,149	(6,361,007)	-	(6,361,007)	-
Interest	2,394,406	-	600,911	-	(1,793,495)	-	(1,793,495)	-
<b>Total Governmental Activities</b>	<u>33,153,959</u>	<u>6,956,266</u>	<u>3,738,574</u>	<u>3,529,066</u>	<u>(18,930,053)</u>	<u>-</u>	<u>(18,930,053)</u>	<u>-</u>
<b>Business-Type Activities</b>								
Airport	5,810,984	3,878,788	2,710,000	1,310,860	-	2,088,664	2,088,664	-
Wastewater	897,029	555,396	-	-	-	(341,633)	(341,633)	-
<b>Total Business-Type Activities</b>	<u>6,708,013</u>	<u>4,434,184</u>	<u>2,710,000</u>	<u>1,310,860</u>	<u>-</u>	<u>1,747,031</u>	<u>1,747,031</u>	<u>-</u>
<b>Total - Primary Government</b>	<u>39,861,972</u>	<u>11,390,450</u>	<u>6,448,574</u>	<u>4,839,926</u>	<u>(18,930,053)</u>	<u>1,747,031</u>	<u>(17,183,022)</u>	<u>-</u>
<b>Component Unit</b>								
Ketchikan Gateway Borough								
School District	\$ <u>39,810,746</u>	<u>195,831</u>	<u>4,571,920</u>	<u>211,302</u>				\$ <u>(34,831,693)</u>
<b>General Revenues</b>								
Property taxes					\$ 7,890,521	-	7,890,521	
Sales taxes					8,682,819	-	8,682,819	
Payment in lieu of taxes					1,035,188	-	1,035,188	
Grants and entitlements not restricted to specific programs					3,559,577	241,405	3,800,982	27,310,079
E-Rate					-	-	-	53,847
Primary government appropriation					-	-	-	8,239,518
Investment earnings					59,449	125	59,574	62
Miscellaneous					354,128	-	354,128	92,408
<b>Total General Revenues</b>					<u>21,581,682</u>	<u>241,530</u>	<u>21,823,212</u>	<u>35,695,914</u>
<b>Transfers</b>					<u>(1,652,342)</u>	<u>1,652,342</u>	<u>-</u>	<u>-</u>
<b>Total General Revenues and Transfers</b>					<u>19,929,340</u>	<u>1,893,872</u>	<u>21,823,212</u>	<u>35,695,914</u>
<b>Change in Net Position</b>					<u>999,287</u>	<u>3,640,903</u>	<u>4,640,190</u>	<u>864,221</u>
<b>Net Position Beginning of Year Restated</b>					<u>144,723,515</u>	<u>24,404,308</u>	<u>169,127,823</u>	<u>1,582,143</u>
<b>Net Position End of Year</b>					\$ <u>145,722,802</u>	<u>28,045,211</u>	<u>173,768,013</u>	<u>2,446,364</u>

**Ketchikan Gateway Borough, Alaska**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2013**

	<u>General</u>	<u>Land Trust</u>	<u>School Bond Capital Improvements</u>	<u>Economic Development Assistance Program</u>
<b>Assets</b>				
Cash and investments	\$ 5,029,119	1,374,265	3,969,591	5,973,317
Restricted cash and investments	-	407,481	-	-
Receivables:				
Accounts	99,178	4,240	-	1,443
Intergovernmental	1,018,180	-	14,856	-
Property taxes	159,470	-	-	-
Sales taxes	4,326,154	-	475,045	-
Interfund	723,670	-	-	-
Advances	-	1,189,386	-	1,537,501
<b>Total Assets</b>	<b>\$ 11,355,771</b>	<b>2,975,372</b>	<b>4,459,492</b>	<b>7,512,261</b>
<b>Liabilities</b>				
Accounts payable	\$ 287,663	10,280	1,044	47,878
Accrued salaries and benefits	6,440	-	-	-
Intergovernmental payable	2,919,558	-	-	-
Interfund payable	-	-	-	-
Interfund advances payable	-	-	-	-
Due to component unit	1,569,633	-	89,058	-
Deposits	83,844	4,181	-	8,660
Unearned revenues	52,642	-	-	-
<b>Total Liabilities</b>	<b>4,919,780</b>	<b>14,461</b>	<b>90,102</b>	<b>56,538</b>
<b>Deferred Inflows</b>				
Property tax revenues	159,470	-	-	-
<b>Total Liabilities and Deferred Inflows</b>	<b>5,079,250</b>	<b>14,461</b>	<b>90,102</b>	<b>56,538</b>
<b>Fund Balances</b>				
Nonspendable:				
Notes and advances	-	1,019,960	-	1,537,501
Restricted:				
Capital projects	-	-	-	-
Commercial passenger vessel impact	-	-	-	-
Dock improvements	-	-	-	-
Library operations	-	-	-	-
Public safety and water	-	-	-	-
Recreation	-	-	-	-
Road maintenance	-	-	-	-
Committed:				
Borough-owned land management	-	1,940,951	-	-
Education	-	-	4,369,390	-
Assigned:				
Economic development	-	-	-	5,918,222
Unassigned (deficit)	6,276,521	-	-	-
<b>Total Fund Balances</b>	<b>6,276,521</b>	<b>2,960,911</b>	<b>4,369,390</b>	<b>7,455,723</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 11,355,771</b>	<b>2,975,372</b>	<b>4,459,492</b>	<b>7,512,261</b>

**Ketchikan Gateway Borough, Alaska**  
**Governmental Funds**  
**Balance Sheet, continued**

	<b>State &amp; Federal Grants</b>	<b>Airport PFC</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and investments	\$ -	-	84,507	2,794,211	19,225,010
Restricted cash and investments	-	-	7,494,518	4,101,616	12,003,615
Receivables:					
Accounts	-	30,983	-	63,539	199,383
Intergovernmental	269,697	-	-	5,772	1,308,505
Property taxes	-	-	-	9,695	169,165
Sales taxes	-	-	-	475,045	5,276,244
Interfund	-	-	-	-	723,670
Advances	-	-	-	-	2,726,887
<b>Total Assets</b>	<b>\$ 269,697</b>	<b>30,983</b>	<b>7,579,025</b>	<b>7,449,878</b>	<b>41,632,479</b>
<b>Liabilities</b>					
Accounts payable	\$ 88,391	-	3,969	205,105	644,330
Accrued salaries and benefits	-	-	-	-	6,440
Intergovernmental payable	-	-	-	-	2,919,558
Interfund payable	157,020	-	156,911	2,517	316,448
Interfund advances payable	-	850,495	-	522,406	1,372,901
Due to component unit	-	-	511,259	-	2,169,950
Deposits	-	-	2,000	-	98,685
Unearned revenues	24,286	-	-	62,378	139,306
<b>Total Liabilities</b>	<b>269,697</b>	<b>850,495</b>	<b>674,139</b>	<b>792,406</b>	<b>7,667,618</b>
<b>Deferred Inflows</b>					
Property tax revenues	-	-	-	1,797	161,267
<b>Total Liabilities and Deferred Inflows</b>	<b>269,697</b>	<b>850,495</b>	<b>674,139</b>	<b>794,203</b>	<b>7,828,885</b>
<b>Fund Balances</b>					
Nonspendable:					
Notes and advances	-	-	-	-	2,557,461
Restricted:					
Capital projects	-	-	6,904,886	-	6,904,886
Commercial passenger vessel impact	-	-	-	3,920,109	3,920,109
Dock improvements	-	-	-	17,728	17,728
Library operations	-	-	-	74,690	74,690
Public safety and water	-	-	-	177,887	177,887
Recreation	-	-	-	2,504,906	2,504,906
Road maintenance	-	-	-	328,730	328,730
Committed:					
Borough-owned land management	-	-	-	-	1,940,951
Education	-	-	-	-	4,369,390
Assigned:					
Economic development	-	-	-	-	5,918,222
Unassigned (deficit)	-	(819,512)	-	(368,375)	5,088,634
<b>Total Fund Balances</b>	<b>-</b>	<b>(819,512)</b>	<b>6,904,886</b>	<b>6,655,675</b>	<b>33,803,594</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances \$</b>	<b>269,697</b>	<b>30,983</b>	<b>7,579,025</b>	<b>7,449,878</b>	<b>41,632,479</b>

**Ketchikan Gateway Borough, Alaska**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2013*

<b>Total Governmental Fund Balances</b>	\$	33,803,594
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	\$ 206,904,460	
Less accumulated depreciation	<u>(40,076,596)</u>	166,827,864
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
This consists of deferred property taxes receivable.		161,267
An internal service fund is used by management to charge the costs of insurance to individual funds and the component unit. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		(762,982)
The internal service fund chargeback to enterprise funds is not reported in the governmental funds but is reported on the government-wide financial statements.		
		98,290
Accrued interest payable is not reported at the fund financial reporting level.		
		(619,641)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(46,975,000)	
Certificates of participation	(4,435,000)	
Premium for GO bonds	(2,244,306)	
Premium for certificates of participation	(52,546)	
Deferred loss on refunding	641,253	
Capital lease payable	(48,741)	
Compensated absences	<u>(671,250)</u>	<u>(53,785,590)</u>
 <b>Net Position Of Governmental Activities</b>	 \$	 <u>145,722,802</u>

See accompanying notes to the basic financial statements.



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**Ketchikan Gateway Borough, Alaska**  
**Governmental Funds**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*For the Year Ended June 30, 2013*

	<u>General</u>	<u>Land Trust</u>	<u>School Bond Capital Improvements</u>	<u>Economic Development Assistance Program</u>
<b>Revenues</b>				
Taxes	\$ 11,575,300	-	1,731,407	-
Intergovernmental	4,126,302	7,141	3,353,421	-
Licenses and permits	835	-	-	-
Charges for services	1,731,284	395,443	-	-
Water fees	-	-	-	-
Commercial vessel passenger tax	-	-	-	-
Interest subsidy	-	-	-	-
Investment earnings	1,540	51,959	212	387
Miscellaneous	-	13,070	-	-
<b>Total Revenues</b>	<u>17,435,261</u>	<u>467,613</u>	<u>5,085,040</u>	<u>387</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,613,270	-	-	-
Library services	-	-	-	-
Fire and EMS	-	-	-	-
Water treatment and distribution	-	-	-	-
Public services	1,051,478	273,378	3,545	384,501
Parks and recreation	2,303,059	-	-	-
Public works	1,182,394	-	-	-
Transit	1,862,205	-	-	-
Education	8,239,518	-	-	-
Nondepartmental	227,909	-	-	-
<b>Capital Outlay</b>	134,604	440,733	89,058	-
<b>Debt Service</b>				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
<b>Total Expenditures</b>	<u>18,614,437</u>	<u>714,111</u>	<u>92,603</u>	<u>384,501</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,179,176)	(246,498)	4,992,437	(384,114)
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	1,193,877	-	964,000	-
Transfers out	(598,988)	(492,488)	(3,362,129)	(293,000)
<b>Total Other Financing Sources (Uses)</b>	<u>594,889</u>	<u>(492,488)</u>	<u>(2,398,129)</u>	<u>(293,000)</u>
<b>Net Change in Fund Balances</b>	(584,287)	(738,986)	2,594,308	(677,114)
<b>Fund Balances Beginning of Year</b>	<u>6,860,808</u>	<u>3,699,897</u>	<u>1,775,082</u>	<u>8,132,837</u>
<b>Fund Balances (Deficit) End of Year</b>	\$ <u>6,276,521</u>	<u>2,960,911</u>	<u>4,369,390</u>	<u>7,455,723</u>

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
**Governmental Funds**  
*Statement of Revenues, Expenditures and Changes in Fund Balances, continued*

	<b>State &amp; Federal Grants</b>	<b>Airport PFC</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ -	-	-	3,185,303	16,492,010
Intergovernmental	455,068	-	-	294,546	8,236,478
Licenses and permits	-	-	-	-	835
Charges for services	-	-	-	333,290	2,460,017
Water fees	-	-	-	193,081	193,081
Commercial vessel passenger tax	-	-	-	1,977,770	1,977,770
Interest subsidy	-	-	-	600,911	600,911
Investment earnings	-	21	2,236	3,094	59,449
Miscellaneous	-	330,215	10,199	7,512	360,996
<b>Total Revenues</b>	<u>455,068</u>	<u>330,236</u>	<u>12,435</u>	<u>6,595,507</u>	<u>30,381,547</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	-	-	3,613,270
Library services	-	-	-	410,326	410,326
Fire and EMS	-	-	-	1,055,508	1,055,508
Water treatment and distribution	-	-	-	249,401	249,401
Public services	410,081	-	73,896	1,127,730	3,324,609
Parks and recreation	-	-	-	-	2,303,059
Public works	-	-	-	-	1,182,394
Transit	-	-	-	-	1,862,205
Education	-	-	-	-	8,239,518
Nondepartmental	-	-	-	-	227,909
<b>Capital Outlay</b>	44,987	-	1,199,199	348,578	2,257,159
<b>Debt Service</b>					
Principal retirement	-	-	-	2,936,443	2,936,443
Interest and fiscal charges	-	-	-	2,474,835	2,474,835
Bond issuance costs	-	-	37,962	-	37,962
<b>Total Expenditures</b>	<u>455,068</u>	<u>-</u>	<u>1,311,057</u>	<u>8,602,821</u>	<u>30,174,598</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	330,236	(1,298,622)	(2,007,314)	206,949
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	-	-	4,875,000	-	4,875,000
Bond premium	-	-	653,805	-	653,805
Transfers in	-	-	-	5,065,921	7,223,798
Transfers out	-	(1,417,979)	-	(2,711,556)	(8,876,140)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,417,979)</u>	<u>5,528,805</u>	<u>2,354,365</u>	<u>3,876,463</u>
<b>Net Change in Fund Balances</b>	-	(1,087,743)	4,230,183	347,051	4,083,412
<b>Fund Balances Beginning of Year</b>	<u>-</u>	<u>268,231</u>	<u>2,674,703</u>	<u>6,308,624</u>	<u>29,720,182</u>
<b>Fund Balances (Deficit) End of Year</b>	\$ <u>-</u>	<u>(819,512)</u>	<u>6,904,886</u>	<u>6,655,675</u>	<u>33,803,594</u>

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, 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 June 30, 2013*

<b>Net Changes In Fund Balances - Total Governmental Funds</b>		\$ 4,083,412
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
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 capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (3,758,963)	
Capital outlay	<u>2,257,159</u>	(1,501,804)
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.		
		(671,496)
The book value of capital assets relating to the capitalization of assets for the component unit representing the 70% contribution from the component unit is not reported at the fund financial reporting level, but is reported at the government-wide financial reporting level.		
		207,803
The book value of capital assets relating to the acquisition of:		
a van representing a contribution from Community of Sitka is not reported at the fund financial reporting level, but is reported at the government-wide financial reporting level.		
		7,100
land and building improvements representing a contribution from the Southern Southeast Regional Training Center is not reported at the fund financial reporting level, but is reported at the government-wide financial reporting level.		
		832,344
prior year expenditures for public service that were not capitalized in a prior year.		
		3,081
The book value of capital assets relating to the change in assets for the Borough representing:		
disposition of land by method of replatting.		
		(65,800)
capitalization of land by method of replatting.		
		58,335
Internal service funds are used by management to charge the costs of self-insurance to individual funds. A portion of the net income of their activity is reported with governmental activities.		
		478,239
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase in deferred property taxes.		
		81,330
Interest expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
Liability @ 06/30/13	(619,641)	
Liability @ 06/30/12	<u>(598,482)</u>	(21,159)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:		
Bonds issued	(4,875,000)	
Principal payments on long-term debt	2,936,443	
Net increase in bond premium	(426,585)	
Net decrease in deferred loss on bonds	<u>(87,670)</u>	(2,452,812)
Compensated absences 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.		
Liability @ 06/30/13	(671,250)	
Liability @ 06/30/12	<u>(631,964)</u>	(39,286)
<b>Change In Net Position of Governmental Activities</b>		<b>\$ <u>999,287</u></b>
See accompanying notes to the basic financial statements.		

**Ketchikan Gateway Borough, Alaska**  
*General Fund*  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

	<b>2013</b>			<b>Variance on Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 12,006,620	11,370,991	11,575,300	204,309
Licenses and permits	-	-	835	835
Intergovernmental	3,783,915	3,748,915	4,126,302	377,387
Charges for services	1,457,400	1,457,400	1,731,284	273,884
Investment earnings	<u>50,000</u>	<u>50,000</u>	<u>1,540</u>	<u>(48,460)</u>
<b>Total Revenues</b>	<u>17,297,935</u>	<u>16,627,306</u>	<u>17,435,261</u>	<u>807,955</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,665,592	3,703,592	3,613,270	90,322
Public services	1,088,296	1,143,990	1,051,478	92,512
Parks and recreation	2,326,817	2,326,817	2,303,059	23,758
Public works	1,253,050	1,253,050	1,182,394	70,656
Transit - bus system	1,786,434	1,812,791	1,862,205	(49,414)
Nondepartmental	336,401	336,401	227,909	108,492
Education	8,239,518	8,239,518	8,239,518	-
<b>Capital Outlay</b>	<u>278,327</u>	<u>360,153</u>	<u>134,604</u>	<u>225,549</u>
<b>Total Expenditures</b>	<u>18,974,435</u>	<u>19,176,312</u>	<u>18,614,437</u>	<u>561,875</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,676,500)	(2,549,006)	(1,179,176)	1,369,830
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,269,505	1,269,505	1,193,877	(75,628)
Transfers out	<u>(598,988)</u>	<u>(598,988)</u>	<u>(598,988)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>670,517</u>	<u>670,517</u>	<u>594,889</u>	<u>(75,628)</u>
<b>Net Change in Fund Balance</b>	\$ <u>(1,005,983)</u>	<u>(1,878,489)</u>	(584,287)	<u>1,294,202</u>
<b>Fund Balance Beginning of Year</b>			<u>6,860,808</u>	
<b>Fund Balance End of Year</b>			\$ <u><u>6,276,521</u></u>	

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
*Land Trust Special Revenue Fund*  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

	<b>2013</b>			<b>Variance on Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Charges for services	\$ 401,836	401,836	395,443	(6,393)
Intergovernmental	2,624	2,624	7,141	4,517
Investment earnings	-	-	51,959	51,959
Proceeds from sale of property	250,000	250,000	-	(250,000)
Miscellaneous	-	-	13,070	13,070
<b>Total Revenues</b>	<u>654,460</u>	<u>654,460</u>	<u>467,613</u>	<u>(186,847)</u>
<b>Expenditures</b>				
<b>Current</b>				
Public services	294,203	327,153	273,378	53,775
<b>Capital Outlay</b>	-	423,000	440,733	(17,733)
<b>Total Expenditures</b>	<u>294,203</u>	<u>750,153</u>	<u>714,111</u>	<u>36,042</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	360,257	(95,693)	(246,498)	(150,805)
<b>Other Financing Uses</b>				
Transfers out	(454,084)	(454,084)	(492,488)	(38,404)
<b>Net Change in Fund Balance</b>	\$ <u>(93,827)</u>	<u>(549,777)</u>	(738,986)	<u>(189,209)</u>
<b>Fund Balance Beginning of Year</b>			<u>3,699,897</u>	
<b>Fund Balance End of Year</b>		\$	<u><u>2,960,911</u></u>	

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
*School Bond Capital Improvements Special Revenue Fund*  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

	<b>2013</b>			<b>Variance on Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 1,599,360	1,599,360	1,650,132	50,772
Intergovernmental	1,900,694	2,981,824	3,353,421	371,597
Penalties and interest	15,000	15,000	81,275	66,275
Investment earnings	5,000	5,000	212	(4,788)
<b>Total Revenues</b>	<u>3,520,054</u>	<u>4,601,184</u>	<u>5,085,040</u>	<u>483,856</u>
<b>Expenditures</b>				
<b>Current</b>				
Public services	1,500	1,500	3,545	(2,045)
<b>Capital Outlay</b>	<u>1,019,073</u>	<u>1,019,073</u>	<u>89,058</u>	<u>930,015</u>
<b>Total Expenditures</b>	<u>1,020,573</u>	<u>1,020,573</u>	<u>92,603</u>	<u>927,970</u>
<b>Excess of Revenues Over Expenditures</b>	2,499,481	3,580,611	4,992,437	1,411,826
<b>Other Financing Sources (Uses)</b>				
Transfers in	539,000	964,000	964,000	-
Transfers out	<u>(3,038,330)</u>	<u>(4,363,872)</u>	<u>(3,362,129)</u>	<u>1,001,743</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,499,330)</u>	<u>(3,399,872)</u>	<u>(2,398,129)</u>	<u>1,001,743</u>
<b>Net Change in Fund Balance</b>	\$ <u>151</u>	<u>180,739</u>	2,594,308	<u>2,413,569</u>
<b>Fund Balance Beginning of Year</b>			<u>1,775,082</u>	
<b>Fund Balance End of Year</b>		\$	<u>4,369,390</u>	

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
*Economic Development Assistance Program Special Revenue Fund*  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

	<b>2013</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance on Final Budget</u>
<b>Revenues</b>				
Intergovernmental	\$ 5,535	5,535	-	(5,535)
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>387</u>	<u>(4,613)</u>
<b>Total Revenues</b>	<u>10,535</u>	<u>10,535</u>	<u>387</u>	<u>(10,148)</u>
<b>Expenditures</b>				
<b>Current</b>				
Public services	<u>396,905</u>	<u>2,926,905</u>	<u>384,501</u>	<u>2,542,404</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(386,370)	(2,916,370)	(384,114)	2,532,256
<b>Other Financing Sources Uses</b>				
Transfers out	<u>(293,000)</u>	<u>(293,000)</u>	<u>(293,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	\$ <u><u>(679,370)</u></u>	<u><u>(3,209,370)</u></u>	(677,114)	<u><u>2,532,256</u></u>
<b>Fund Balance Beginning of Year</b>			<u>8,132,837</u>	
<b>Fund Balance End of Year</b>			\$ <u><u>7,455,723</u></u>	

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
*Airport PFC Special Revenue Fund*  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

	<b>2013</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance on Final Budget</b>
<b>Revenues</b>				
PFC revenues	\$ 315,000	315,000	330,215	15,215
Investment earnings	<u>500</u>	<u>500</u>	<u>21</u>	<u>(479)</u>
<b>Total Revenues</b>	<u>315,500</u>	<u>315,500</u>	<u>330,236</u>	<u>14,736</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(238,279)</u>	<u>(238,279)</u>	<u>(1,417,979)</u>	<u>(1,179,700)</u>
<b>Net Change in Fund Balance</b>	\$ <u>77,221</u>	<u>77,221</u>	(1,087,743)	<u>(1,164,964)</u>
<b>Fund Balance Beginning of Year</b>			<u>268,231</u>	
<b>Fund Balance (Deficit) End of Year</b>		\$	<u>(819,512)</u>	

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
*Proprietary Funds*  
*Statement of Net Position*  
*June 30, 2013*

	<b>Business-type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Airport</b>	<b>Wastewater</b>	<b>Total</b>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and investments	\$ 252,069	798,271	1,050,340	-
Prepaid items	146	-	146	-
Receivables:				-
Accounts	327,986	36,978	364,964	-
Intergovernmental	<u>37,807</u>	<u>-</u>	<u>37,807</u>	<u>-</u>
<b>Total Current Assets</b>	<u>618,008</u>	<u>835,249</u>	<u>1,453,257</u>	<u>-</u>
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Nondepreciable	907,889	-	907,889	-
Depreciable, net	<u>17,427,685</u>	<u>10,122,708</u>	<u>27,550,393</u>	<u>-</u>
<b>Total Noncurrent Assets</b>	<u>18,335,574</u>	<u>10,122,708</u>	<u>28,458,282</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ <u>18,953,582</u></b>	<b><u>10,957,957</u></b>	<b><u>29,911,539</u></b>	<b><u>-</u></b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 70,244	99,994	170,238	-
Interfund advances payable	27,614	73,352	100,966	-
Interfund payable	-	-	-	407,222
Compensated absences payable	192,425	-	192,425	-
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,760</u>
<b>Total Current Liabilities</b>	<u>290,283</u>	<u>173,346</u>	<u>463,629</u>	<u>762,982</u>
<b>Long-Term Liabilities, net of current portion</b>				
Compensated absences payable	51,389	-	51,389	-
Interfund advances payable	<u>871,239</u>	<u>381,781</u>	<u>1,253,020</u>	<u>-</u>
<b>Total Long-Term Liabilities</b>	<u>922,628</u>	<u>381,781</u>	<u>1,304,409</u>	<u>-</u>
<b>Total Liabilities</b>	<u>1,212,911</u>	<u>555,127</u>	<u>1,768,038</u>	<u>762,982</u>
<b>Net Position</b>				
Net investment in capital assets	18,335,574	10,122,708	28,458,282	-
Unrestricted (deficit)	<u>(594,903)</u>	<u>280,122</u>	<u>(314,781)</u>	<u>(762,982)</u>
<b>Total Net Position - Fund Level</b>	<b>\$ <u>17,740,671</u></b>	<b><u>10,402,830</u></b>	<b><u>28,143,501</u></b>	<b><u>(762,982)</u></b>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			<u>(98,290)</u>	
<b>Total Net Position - Government-wide Statement of Net Position</b>			<b>\$ <u>28,045,211</u></b>	

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
*Proprietary Funds*  
*Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)*  
*For the Year Ended June 30, 2013*

	<b>Business-type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Airport</b>	<b>Wastewater</b>	<b>Total</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 3,878,788	555,396	4,434,184	6,489,898
<b>Operating Expenses</b>				
Personal services	3,054,141	116,442	3,170,583	-
Supplies and services	1,522,999	383,336	1,906,335	-
Insurance	213,885	5,314	219,199	-
Administration	-	-	-	868,615
Claims and premiums	-	-	-	5,142,651
Depreciation	935,772	365,930	1,301,702	-
<b>Total Operating Expenses</b>	<b>5,726,797</b>	<b>871,022</b>	<b>6,597,819</b>	<b>6,011,266</b>
Less recovery of expenses from other funds	-	(1,596)	(1,596)	-
<b>Net Operating Expenses</b>	<b>5,726,797</b>	<b>869,426</b>	<b>6,596,223</b>	<b>6,011,266</b>
<b>Operating Income (Loss)</b>	<b>(1,848,009)</b>	<b>(314,030)</b>	<b>(2,162,039)</b>	<b>478,632</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest and fiscal charges	(84,840)	(27,603)	(112,443)	-
Gain on disposal of capital assets	260	-	260	-
Investment earnings	-	125	125	-
Operating grants	2,951,405	-	2,951,405	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>2,866,825</b>	<b>(27,478)</b>	<b>2,839,347</b>	<b>-</b>
<b>Income (Loss) before Capital Contributions and Transfers</b>	<b>1,018,816</b>	<b>(341,508)</b>	<b>677,308</b>	<b>478,632</b>
Capital contributions	409,960	-	409,960	-
Assets acquired through foreclosure	900,900	-	900,900	-
Transfers in	1,652,342	-	1,652,342	-
<b>Change in Net Position</b>	<b>3,982,018</b>	<b>(341,508)</b>	<b>3,640,510</b>	<b>478,632</b>
<b>Net Position (Deficit) Beginning of Year</b>	<b>13,758,653</b>	<b>10,744,338</b>		<b>(1,241,614)</b>
<b>Net Position (Deficit) End of Year</b>	<b>\$ 17,740,671</b>	<b>10,402,830</b>		<b>(762,982)</b>
<b>Reconciliation of the fund level operating statement to the government-wide statement of activities:</b>				
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			393	
<b>Change in net position of business-type activities</b>			<b>\$ 3,640,903</b>	

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**  
*Proprietary Funds*  
*Statement of Cash Flows*  
*For the Year Ended June 30, 2013*

	<b>Business-type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Airport</b>	<b>Wastewater</b>	<b>Total</b>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 4,174,296	552,137	4,726,433	6,489,898
Cash payments to employees for services	(3,049,330)	(116,442)	(3,165,772)	-
Cash payments for goods and services	(4,185,787)	(401,369)	(4,587,156)	(843,829)
Cash payments for claims	-	-	-	(5,646,069)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(3,060,821)</u>	<u>34,326</u>	<u>(3,026,495)</u>	<u>-</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating grants	2,951,405	-	2,951,405	-
Transfers in	1,652,342	-	1,652,342	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>4,603,747</u>	<u>-</u>	<u>4,603,747</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Sale of capital assets	260	-	260	-
Capital grant	409,960	-	409,960	-
Principal paid on revenue bonds	(1,550,000)	-	(1,550,000)	-
Interest paid on debt service	(84,840)	(27,603)	(112,443)	-
Payments for capital acquisitions	(451,237)	-	(451,237)	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(1,675,857)</u>	<u>(27,603)</u>	<u>(1,703,460)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Investment earnings	-	125	125	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(132,931)	6,848	(126,083)	-
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>385,000</u>	<u>791,423</u>	<u>1,176,423</u>	<u>-</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 252,069</u>	<u>798,271</u>	<u>1,050,340</u>	<u>-</u>
Supplemental disclosure of noncash items assets acquired through foreclosure	<u>\$ 900,900</u>			

(continued)

See accompanying notes to the basic financial statements.

**Ketchikan Gateway Borough, Alaska**

*Proprietary Funds*

*Statement of Cash Flows*

*For the Year Ended June 30, 2013*

(continued)

	<b>Business-type Activities</b>			<b>Governmental</b>
	<b>Airport</b>	<b>Wastewater</b>	<b>Total</b>	<b>Activities - Internal Service Funds</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
<b>Operating Income (Loss)</b>	\$ (1,848,009)	(314,030)	(2,162,039)	478,632
<b>Adjustments:</b>				
Depreciation	935,772	365,930	1,301,702	-
<b>(Increase) Decrease in Assets:</b>				
Accounts receivable	333,315	(3,259)	330,056	-
Intergovernmental	(37,807)	-	(37,807)	-
Prepaid items	4,725	-	4,725	333,280
<b>Increase (Decrease) in Liabilities:</b>				
Accounts payable	(15,094)	55,365	40,271	-
Interfund advances payable	(2,438,534)	(69,680)	(2,508,214)	-
Compensated absences payable	4,811	-	4,811	-
Claims payable	-	-	-	(811,912)
<b>Net Cash Provided by (Used in) Operating Activities</b>	\$ <u>(3,060,821)</u>	<u>34,326</u>	<u>(3,026,495)</u>	<u>-</u>

See accompanying notes to the basic financial statements.



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# NOTES TO THE BASIC FINANCIAL STATEMENTS

**Ketchikan Gateway Borough, Alaska**  
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**For the Year Ended June 30, 2013**

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**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

The Ketchikan Gateway Borough, Alaska (the “Borough”) was incorporated September 13, 1963, under the provisions of the State of Alaska Borough Act of 1961, as a Second Class Borough. The Borough operates under a seven-member elected Assembly and a Manager form of government.

***Note 1 - Summary of Significant Accounting Policies***

The financial statements of the Borough have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the Borough’s accounting policies are described below.

***1-A. Reporting Entity***

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

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the Borough’s discretely presented component unit. It is reported separately to emphasize that it is legally separate from the Borough.

A brief description of the discretely presented component unit follows:

**Ketchikan Gateway Borough School District** (the School District) – The School District provides elementary and secondary educational services to Borough students. The School District’s Board of Education is an elected body. However, the Borough has responsibility for all significant fiscal matters. The Borough must approve the School District’s annual budget and it appropriates resources for School District operations. The Borough issues all debt for School District construction and the Borough owns all of the land and buildings that the School District uses. Separately issued financial statements for the School District are available at their administrative office;

Pouch Z  
Ketchikan, AK 99901

***1-B. Basis of Presentation***

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

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
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**Government-wide Financial Statements** - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Borough as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and Borough's general revenues, from business-type activities, generally financed in whole or in part with airport and water and sewer fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the Borough and its discretely presented component unit at year-end.

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

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

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

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

Major individual governmental and enterprise funds are reported in separate columns. The internal service funds are aggregated into a single column.

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

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

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

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

***Land Trust Special Revenue Fund*** - This fund is used to account for revenues from land sales, office space leases, and loans to other Borough funds and related expenditures. Management of the Borough has chosen to reflect this fund as a major fund for consistency purposes.

***Economic Development Assistance Program Special Revenue Fund*** - This fund is used to account for economic development assistance which would include but not be limited to: preservation of existing living wage jobs within the Borough, creation of new long-term living wage jobs within the Borough, establishment of economic development related infrastructure, provide a foundation of promoting private enterprise, diversification of the local economy, provide leverage to bring in other economic development funding or resources, stimulation of the local economy through the purchase of local goods and services, and the preservation or creation of other living wage and/or seasonal jobs within the Borough.

***School Bond/Capital Improvements Special Revenue Fund*** - This fund is used to account for the receipt of revenues from the State of Alaska for the School Debt Reimbursement Program and the ½ -cent sales tax that was approved to fund school projects. These funds are used to pay for school bond debt, school building insurance, and school capital projects that would qualify for bonding. Management has chosen to reflect this fund as a major fund for consistency purposes.

***Airport PFC Special Revenue Fund*** - This fund is used to account for the receipt of passenger facility charges that are received from airlines that land at the Ketchikan International Airport (KIA). These funds are used to pay the revenue bond debt for the KIA.

***Capital Projects Fund*** - This fund is used to account for the acquisition and construction of major school and other capital facilities other than those financed by proprietary funds.

***State and Federal Grants Special Revenue Fund*** - This fund is used to account for the expenditures and receipts of all State and Federal grant programs. State and Federal grant expenditures are governed by the requirements of the individual grant agreements. Management of the Borough has chosen to reflect this fund as a major fund for consistency purposes.

***Proprietary Funds*** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The major enterprise funds follow.

***Airport Fund*** - This fund accounts for the operations of the Ketchikan International Airport.

***Wastewater Fund*** - This fund is used to account for the Borough's sewer systems.

The Borough's internal service funds account for the Borough's and its discretely presented component unit's self-insurance programs.

***1-C. Measurement Focus***

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities, and all deferred inflows/outflows

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
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associated with the operation of the Borough are included on the statement of net position. The statement of activities reports revenues and expenses.

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

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

***1-D. Basis of Accounting***

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

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

***Revenues - Non-exchange Transactions*** - Non-exchange transactions in which the Borough receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Borough must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Borough on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

***Unearned Grant Revenue*** – Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended use are shown as unearned revenue.

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

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

***1-E. Assets, Liabilities and Fund Equity***

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

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Borough and all investments in the cash central treasury. For purposes of the statement of cash flows, the Borough has defined cash and cash equivalents as the demand deposits and all investments maintained in the cash central treasury regardless of maturity period, since the various funds use the central treasury essentially as a demand deposit account.

The Borough utilizes a central treasury to aggregate cash from all funds for cash management and investment purposes. Each fund has an account titled "cash in treasury" which is the cash balance of that particular fund. Each fund whose monies are deposited in the central treasury has equity therein. Investment earnings are allocated monthly to participating funds based on their ending equity balance.

Investments are stated at fair value based on quoted market prices.

A Borough ordinance authorizes the Borough to invest in:

- Obligations of the U. S. Treasury, its agencies and instrumentalities,
- Bankers' acceptances of the fifty largest banks,
- The highest rated commercial paper,
- Repurchase agreements,
- Fully collateralized certificates of deposits,
- The highest rated bonds and notes issued by a state or political subdivision thereof.

Borough ordinance places limitations on maturity of investments, and Borough investment procedures limit the level of investment by type.

Certain long-term investments are made in the equity market, not to exceed 25 percent of the portfolio and stock investments restricted to companies with assets greater than \$5 billion. These investments are managed through an account with Wells Fargo Advisors. The equity investments are cash assets that will not be expended within the next three to ten years.

***1-E-2 Receivables***

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at June 30, 2013.

***1-E-3 Interfund Balances***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." Long-term loans between funds are classified as "advances receivable/advances payable." These 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.

On the fund financial reporting level, an "advance receivable" is offset by nonspendable fund balance to indicate that it is not available for general appropriation.

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

***1-E-4 Consumable Inventories***

On the government-wide financial statements, Borough inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method). Component unit inventories are presented at cost using the first-in, first-out basis.

On the fund financial statements, inventories of governmental and proprietary funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when consumed.

***1-E-5 Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is shown as nonspendable; as this amount is not available for general appropriation.

***1-E-6 Restricted Assets***

The investment account within the capital projects fund segregates cash and investments that are restricted for school construction projects. Cash and investments restricted for debt service payments are segregated in the revenue bond current debt service account for debt service payments over the next 12 months, and in the revenue bond future debt service account for debt service payments beyond that period. The revenue bond renewal and replacement account segregates cash and investments reserved to cover unexpected contingencies or to fund asset renewals and replacements. The customer deposits account reflects cash from security deposits in the Borough's Planning Department that will eventually be returned to customers.

***1-E-7 Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Borough reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental 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 fair market values as of the date received. The Borough maintains a capitalization threshold of five thousand dollars for capital assets consisting of equipment, and fifty thousand dollars for buildings, building improvements, land improvements, and infrastructure. The Borough's infrastructure consists of roads, bridges, airport runways, and water and sewer lines. 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 funds is capitalized.

All reported capital assets are depreciated except for land 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 Borough's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

Asset Class	Estimated Lives	
	Governmental Activities	Business-type Activities
Buildings	50 Years	40 Years
Machinery and equipment	6-10 Years	6-10 Years
Vehicles and moving equipment	5-10 Years	5-10 Years
Intangibles	10 Years	---
Infrastructure	50 Years	---
Airport field facilities	---	15-30 Years
Ferry slip	---	40 Years
Ferries	---	20 Years

Works of art are not depreciated if the artwork is removable from the building. Artwork that has become part of the building such as ceramic walls is depreciated over 50 years.

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

***1-E-8 Compensated Absences***

It is the Borough's policy to permit employees to accumulate paid time off (PTO) benefits up to a maximum of 720 hours at calendar year-end.

PTO 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. All PTO liabilities include salary-related payments, where applicable.

The total PTO liability is reported on the government-wide financial statements. Proprietary funds report the total PTO liability in each individual fund at the fund reporting level. Governmental funds report the PTO liability at the fund reporting level only “when due.”

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

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

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

On the government-wide and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. Any gain or loss on refunding is reported as a deferred charge. On the government-wide and proprietary fund type statement of activities, bond premiums, and discounts are deferred and amortized over the life of the bonds using the straight-line method. At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

from the face amount of the bonds issued. Bond issuance costs are reported as an expense in both the government wide statement of activated at the fund level.

***1-E-11 Fund Equity***

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

***Fund Balance*** - In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items, inventories, on long term advances and receivables; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

***Restricted fund balance*** – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

***Committed fund balance*** – These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Borough Assembly - the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Borough Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned fund balance*** – This classification reflects the amounts constrained by the Borough’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly and Borough Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

***Unassigned fund balance*** – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Borough’s policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

***Net Position*** - Net position represent the difference between assets and liabilities. Net assets 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. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

***1-E-12 Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Borough, these revenues are charges for services for the wastewater and the airport enterprise funds and premiums for the self-insurance internal service funds. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of each fund. Nonoperating revenues include investment earnings and operating grants, and nonoperating expenses include interest expense and the loss on the disposition of capital assets.

***1-E-13 Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

***1-E-14 Interfund Activity***

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

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

***1-E-15 Estimates***

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

***1-E-16 Comparative Data***

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. In addition, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

***Note 2 – Changes in Accounting Principles Stewardship, Compliance and Accountability***

**2-A. Change in Accounting Principle** - The Borough has adopted newly issued GASB pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as *deferred outflows* of resources. A *deferred outflow* represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as *deferred inflows* of resources. A *deferred inflow* represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as *deferred inflows*. In the government-wide financial statements, the residual net of

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

all of the accounts is now called *net position*. As discussed further in Note 2-B, these statements have been retrospectively applied resulting in a restatement of opening net position.

**2-B. – Change in Accounting Principles – Adoption of GASB Pronouncements – Restatement** – The Borough has adopted newly issued GASB pronouncement numbers 63 and 65, resulting in a change in presentation for the government-wide and enterprise fund financial statements. The new pronouncements require, among other things, that debt issuance costs be recognized as an expense in the year incurred, rather than capitalizing and amortizing these costs over the life of the debt. Retroactive restatement of net position is required in the year of adoption.

The beginning net position in the Governmental activities and the Business-type activities have been restated as follows:

	Governmental Activities	Business Activities	
2013 beginning net position, as previously presented	\$ 145,159,316	24,404,308	
Restatement, write off unamortized debt issuance costs	<u>(435,801)</u>	<u>-</u>	
2013 beginning net position, as restated.	<u>\$ 144,723,515</u>	<u>24,404,308</u>	

**2-C. Budgetary Information** – The Borough adopts an annual operating budget for the following funds: General Fund, Land Trust, Commercial Passenger Vessel, Recreation Sales Tax, School Bond/Capital Improvement, Economic Development Assistance Program, Airport PFC Fund, and the following Service Areas: Mud Bight, South Tongass, Loring, Waterfall, Nichols View, Forest Park, Gold Nugget, Gold Nugget Special Assessment, Homestead Special Assessment, North Tongass Fire and EMS, and Non Area-wide Library. A project budget is adopted for each capital projects fund. The budget resolution reflects the total budget of each fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the individual fund. Borough department heads may make transfers of appropriations within a department and the Borough Manager may authorize transfers of appropriations between departments within an individual fund. Transfers of appropriations between funds require the approval of the Borough Assembly.

During the year the Borough Assembly approved budget revisions.

All unexpended annual appropriations lapse at year-end, with exception for appropriations made for a capital project or grant project in the budget ordinance, or in an ordinance for a prior budget year, are valid for the life of the project or grant term, and the unexpended balance for all such appropriations shall be carried forward to subsequent fiscal years.

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

At 6/30/2013, the Borough had open encumbrances as follows:

Fund	Encumbrances
General Fund	\$ 7,824
Land Trust	606
Economic Development Assistance Program	2,764,132
State and Federal Grants	99,525
Capital Improvements	104,420
Nonmajor	150,650
Total	\$ 3,127,157

**2-D. Excess of Expenditures over Appropriations**

The following individual funds had an excess of expenditures over appropriations at June 30, 2013:

**2-E. Deficit Fund Equities**

The following individual funds had a deficit fund balance at the fund reporting level at June 30, 2013:

Gold Nugget Special Assessment Area Fund	\$ (2,517)
North Tongass Fire & EMS Service Area Fund	(365,858)
Airport PFC Special Revenue Fund	(819,512)

The Borough entered into agreement with the Federal Aviation Administration, allowing the Borough to redeem the 2001 B airport revenue bond and subsequently to be reimbursed by the Airport PFC Special Revenue Fund (PFC Fund). The PFC Fund balance has a negative fund balance of \$819,512 and will reimburse the Borough central treasury approximately \$315,000 per year for two and a half years.

**Note 3 - Detailed Notes on All Funds**

**3-A. Cash and Investments**

Cash and investments for Ketchikan Gateway Borough are comprised of governmental and business-type activities. The balances at June 30, 2013 are as follows:

Cash on hand	\$ 3,325
Deposits with financial institutions	31,428,063
Investments	847,577
Total	\$ 32,278,965

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
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		Governmental Activities	Business-Type Activities	Total
Unrestricted	\$	19,225,010	1,050,340	20,275,350
Restricted		12,003,615	-	12,003,615
Total	\$	31,228,625	1,050,340	32,278,965

The restricted cash and investments are comprised of investments in construction funds for school projects, passenger facility charges for the payment of airport revenue bonds, commercial passenger vessel revenues for commercial passenger vessel related expenditures, and for a revenue bond reserve fund.

**Deposits – Custodial credit risk-deposits.** This is the risk that in the event of a bank failure, the Borough’s deposits may not be returned to it. The Borough’s deposit policy is in accordance with guidelines established by the Borough’s Code of Ordinances, the Borough Assembly and its bond ordinances. All deposits are covered by federal depository insurance up to \$250,000 and collateralized with eligible securities to secure at least 100 percent of the book value of deposits. As of June 30, 2013, the carrying value of all the Borough’s deposits was \$32,278,965, and the bank value was \$32,339,418. All collateral securities were held by third parties in the Borough’s name, and were not exposed to custodial credit risk.

**Investments** – All investment pool cash purchases and sales are part of the Borough’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 monthly cash balance of each fund. The Borough has recorded investments at the current portfolio value. The Borough’s investment policy is in accordance with guidelines established by the Borough’s Code of Ordinances.

The following investments are permitted under the Borough’s investment policy:

- U. S. government obligations, U. S. government agency obligations and U. S. government instrumentality obligations which have a liquid market with a readily determinable market value;
- Investment grade obligations of U. S. corporations, state and local governments and public authorities;
- Repurchase agreements whose underlying purchased securities consist of the foregoing;
- Money market mutual funds regulated by the securities and exchange commission and whose portfolio consist only of dollar-denominated securities;
- Mutual funds whose investments are limited to U. S. government securities or treasury securities;
- A majority of the equity position will be invested in common stock issued by U. S. corporations with market capitalization in excess of five billion dollars (\$5,000,000,000) at time of purchase which trade on NASDAQ or New York Stock Exchange. A maximum of ten (10) percent of the equity allocation may be invested in mutual funds that invest in small capitalization companies or individual companies whose market capitalization is less than one billion dollars (\$1,000,000,000).
- A maximum of ten (10) percent of the equity allocation may be invested in international mutual funds or individual companies that are non-U. S. based

**Concentration of credit risk.** The majority of the Borough’s investments as of June 30, 2013 were held in a portfolio in Wells Fargo Bank, N.A. and were invested in direct obligations of the U. S. Government.

The Borough has no formal policy relating to the concentration credit risk.

**Credit risk.** One hundred (100%) of the Borough’s investments are invested with the Wells Fargo Advisors. The Wells Fargo investments include fixed income, equities, bond and money market funds. Fixed income investments are rated AAA.

**Ketchikan Gateway Borough, Alaska**  
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Fixed Income:		<u>Amount</u>
United States Treas Nt	\$	337,204
Federal Home Ln Mtg Corp		<u>510,373</u>
	\$	<u><u>847,577</u></u>

The Borough has no formal policy relating to credit risk.

**Interest rate risk.** As of June 30, 2013, the weighted average maturity of the Borough’s investment portfolio was less than one year. To minimize interest rate risk, the Borough’s investment policy limits the portfolio to a maximum weighted average of maturity of 24 months to meet the Borough’s cash flow requirements.

The Borough’s investments subject to categorization are as follows:

<u>Investment Type</u>	<u>Investment Maturity (in years)</u>			<u>Average Maturity (Years)</u>
	<u>Current Market Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	
US Treasuries	\$ 337,204	337,204	-	
Fixed Income	<u>510,373</u>	<u>510,373</u>	<u>-</u>	-
Total	\$ <u><u>847,577</u></u>	<u><u>847,577</u></u>	<u><u>-</u></u>	

**3-B. Receivables**

Receivables at June 30, 2013, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the Borough’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, collectibility.

Receivables as of year-end for the Borough’s individual major funds and nonmajor, internal service and proprietary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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	<u>General Fund</u>	<u>Land Trust</u>	<u>School Bond Capital Improvements</u>	<u>Economic Development</u>	<u>State &amp; Federal Grants</u>
Receivables:					
Accounts	\$ 159,195	4,240	-	1,443	-
Intergovernmental	1,018,180	-	14,856	-	269,697
Payroll	-	-	-	-	-
Property taxes	215,930	-	-	-	-
Sales taxes	4,326,154	-	475,045	-	-
Interfund	<u>723,670</u>	<u>1,189,386</u>	<u>-</u>	<u>1,537,501</u>	<u>-</u>
Total receivables	6,443,129	1,193,626	489,901	1,538,944	269,697
Allowance for doubtful accounts	<u>(116,477)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 6,326,652</u>	<u>1,193,626</u>	<u>489,901</u>	<u>1,538,944</u>	<u>269,697</u>

	<u>Airport PFC Fund</u>	<u>Nonmajor Governmental</u>	<u>Airport Enterprise</u>	<u>Wastewater Enterprise</u>	<u>Totals</u>
Receivables:					
Accounts	\$ 30,983	206,565	373,772	238,278	1,014,476
Intergovernmental	-	5,772	37,807	-	1,346,312
Payroll	-	-	3,450	-	3,450
Property taxes	-	16,283	-	-	232,213
Sales taxes	-	475,045	-	-	5,276,244
Interfund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,450,557</u>
Total receivables	<u>30,983</u>	<u>703,665</u>	<u>415,029</u>	<u>238,278</u>	<u>11,323,252</u>
Allowance for doubtful accounts	<u>-</u>	<u>(149,614)</u>	<u>(49,236)</u>	<u>(201,300)</u>	<u>(516,627)</u>
Net receivables	<u>\$ 30,983</u>	<u>554,051</u>	<u>365,793</u>	<u>36,978</u>	<u>10,806,625</u>

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of the end of the current fiscal year, the various components of deferred inflows and unearned revenue reported in the governmental funds were as follows:

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	<u>Deferred/Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 159,470	-
Delinquent property taxes receivable (Nonmajor Funds)	1,797	-
Unearned revenue (General Fund)		52,642
Unearned revenues (State & Federal Grants Fund)	-	24,286
Unearned revenue (Nonmajor Fund)	-	62,378
Total deferred/unearned revenue for governmental funds	\$ 161,267	139,306

**3-C. Property and Sales Taxes**

The Borough levies its real property taxes on July 1 of each fiscal year based upon the assessed valuation as of the previous January 1. Property taxes are considered due the following July 1 and are considered delinquent on October 1, which is also the lien date. The Borough collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 2.5% while the city rate is 3.5%.

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**Ketchikan Gateway Borough, Alaska**  
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For the Year Ended June 30, 2013

**3-D. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance 7/1/2012	Reclass	Additions	Deductions	Balance 6/30/2013
<b>Governmental activities:</b>					
Nondepreciable capital assets:					
Land - Borough	\$ 28,407,022	-	812,209	65,800	29,153,431
Land - School	7,397,443	-	-	-	7,397,443
Construction in progress - Borough	27,336,032	-	150,354	27,099,967	386,419
Construction in progress - School	99,626	-	793,849	-	893,475
Total nondepreciable capital assets	<u>63,240,123</u>	<u>-</u>	<u>1,756,412</u>	<u>27,165,767</u>	<u>37,830,768</u>
Depreciable capital assets:					
Buildings - Borough	22,999,193	-	798,574	-	23,797,767
Buildings - School	102,361,783	-	-	-	102,361,783
Equipment	5,237,230	(696,349)	75,566	127,154	4,489,293
Equipment - Ward Cove	6,995	-	-	-	6,995
Fields	2,510,804	1,105,563	72,917	-	3,689,284
Infrastructure	3,733,089	(1,105,563)	78,471	1,814,283	891,714
Land Improvements	466,883	-	-	-	466,883
Pool	-	-	22,772,030	-	22,772,030
South Tongass Water	3,431,777	-	4,904,056	-	8,335,833
Transit - Buses	1,663,087	696,349	7,763	105,089	2,262,110
Total depreciable capital assets	<u>142,410,841</u>	<u>-</u>	<u>28,709,377</u>	<u>2,046,526</u>	<u>169,073,692</u>
Total cost of capital assets	205,650,964	-	30,465,789	29,212,293	206,904,460
Accumulated depreciation:					
Buildings - Borough	3,217,650	-	569,999	-	3,787,649
Buildings - School	27,682,771	-	2,399,243	-	30,082,014
Equipment	2,670,988	(27,952)	274,718	126,894	2,790,860
Fields	292,927	1,046,313	139,405	-	1,478,645
Infrastructure	2,719,136	(1,046,313)	114,867	1,143,048	644,642
Land Improvements	44,038	-	23,344	-	67,382
Pool	-	-	-	-	-
South Tongass Water	268,823	-	68,635	-	337,458
Transit - Buses	796,330	27,952	168,752	105,088	887,946
Total accumulated depreciation	<u>37,692,663</u>	<u>-</u>	<u>3,758,963</u>	<u>1,375,030</u>	<u>40,076,596</u>
Governmental activities capital assets, net	\$ <u>167,958,301</u>	<u>-</u>	<u>26,706,826</u>	<u>27,837,263</u>	<u>166,827,864</u>

**Ketchikan Gateway Borough, Alaska**  
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Governmental activities depreciation:

Administration	\$ 68,862
Education	2,407,564
Fire and EMS	227,833
Parks and Recreation	271,543
Public Service	543,026
Public Works	40,864
Transit	<u>199,271</u>

Total governmental activities depreciation expense \$ 3,758,963

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<b>Business-type activities:</b>				
Nondepreciable capital assets				
Construction in progress	\$ <u>1,995,957</u>	<u>200,830</u>	<u>1,288,898</u>	<u>907,889</u>
Depreciable capital assets:				
Ferry	13,948,559	229,284	-	14,177,843
Field	3,340,593	900,900	37,522	4,203,971
Terminal building	8,790,180	1,310,022	-	10,100,202
Murphy's landing	208,800	-	-	208,800
Sludge/compost	135,530	-	-	135,530
Wastewater	270,261	-	-	270,261
Mountain Point wastewater	13,771,289	-	-	13,771,289
Forest Park wastewater	<u>32,700</u>	<u>-</u>	<u>-</u>	<u>32,700</u>
Total depreciable capital assets	<u>40,497,912</u>	<u>2,440,206</u>	<u>37,522</u>	<u>42,900,596</u>
Total capital assets	<u>42,493,869</u>	<u>2,641,036</u>	<u>1,326,420</u>	<u>43,808,485</u>
Accumulated depreciation:				
Ferry	2,459,974	685,619	-	3,145,593
Field	2,617,245	73,104	37,522	2,652,827
Terminal building	5,080,249	175,663	-	5,255,912
Murphy's landing	207,414	1,386	-	208,800
Sludge/compost	135,078	-	-	135,078
Wastewater	198,303	12,853	-	211,156
Mountain Point wastewater	3,358,748	351,770	-	3,710,518
Forest Park wastewater	<u>29,011</u>	<u>1,308</u>	<u>-</u>	<u>30,319</u>
Total accumulated depreciation	<u>14,086,022</u>	<u>1,301,703</u>	<u>37,522</u>	<u>15,350,203</u>
Business-type activities capital assets, net	\$ <u>28,407,847</u>	<u>1,339,333</u>	<u>1,288,898</u>	<u>28,458,282</u>

**Ketchikan Gateway Borough, Alaska**  
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**3-E. Interfund Balances and Transfers**

Interfund balances at June 30, 2013, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The Borough expects to repay interfund balances due to the Economic Development Fund over five years. The balances due to the Land Trust Fund are interfund loans and payment schedules have been established for the various funds that call for repayment within eight years.

Payable to:	Payable From:		
	Airport PFC Fund	Non-Major Governmental Special Revenue Funds	Airport Enterprise Fund
Land Trust Fund -			-
Advances Receivable	\$ -	522,406	211,847
Economic Development-			
Advances Receivable	850,495	-	687,006
<b>Total</b>	\$ 850,495	522,406	898,853

Payable to:	Wastewater Enterprise Fund	Total
	Land Trust Fund -	
Advances Receivable		
Economic Development-	455,133	1,189,386
Advances Receivable	-	1,537,501
	455,133	2,726,887

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**Ketchikan Gateway Borough, Alaska**  
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Interfund transfers for the year ended June 30, 2013, consisted of the following:

				Transfers From:		
Transfers To:		General Fund	Land Trust Fund	School Bond Capital Imp. Fund		
General Fund	\$	-	190,000	84,372		
School Bond		539,000	-	-		
Debt Service		-	302,488	3,114,704		
Non-Major Governmental		54,488		163,053		
Airport Enterprise		5,500	-	-		
<b>Total</b>	<b>\$</b>	<b>598,988</b>	<b>492,488</b>	<b>3,362,129</b>		

					Transfers From:		
Transfers To:		Economic Development Fund	Airport PFC Fund	Non-Major Governmental Funds	Totals		
General Fund	\$	240,000		679,505	1,193,877		
School Bond		-		425,000	964,000		
Debt Service		-		1,389,736	4,806,928		
Non-Major Governmental		-		41,452	258,993		
Airport Enterprise		53,000	1,417,979	175,863	1,652,342		
<b>Total</b>	<b>\$</b>	<b>293,000</b>	<b>1,417,979</b>	<b>2,711,556</b>	<b>8,876,140</b>		

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

All Borough transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

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**3-F. Compensated Absences**

Employees may receive cash payments for unused compensated absences only upon termination or for hours in excess of 720 at the end of any calendar year.

**3-G. Operating Leases**

The Borough leases the Ketchikan International Airport from the State of Alaska at the rate of one dollar per year under a 42-year lease agreement that expires May 31, 2027. Under the terms of this lease, the Borough is required to operate the airport for the use and benefit of the public and to perform all maintenance and repairs to the landing field. The lease further provides that the cost of repairs to a State of Alaska owned facilities are to be paid by the Borough. Major repairs are to be paid by the State of Alaska. In addition, the lease requires the Borough to maintain an airport enterprise fund and to account for all of the revenues, costs and expenses of operating the airport in this fund. Any excess of specified revenues over specified expenses, both of which are defined in the lease, must be credited to a separate reserve account and can only be used for certain purposes. No excess of specified revenues over specified expense exists in the airport enterprise fund as of June 30, 2013. As the lessor, the Borough subleases and sub-rents property described above. The leases that are in place as of June 30, 2013 have expiration dates through 2018. One long term land lease extends through 2027. The Borough also collects rents from the cooler building, hangers, land, seaplane dock, floatplane pullout, aircraft tie-downs, regulator building, ARFF/maintenance building, aircraft parking, and Murphy's Pullout. The Borough collects these rents on a month-to-month basis. At June 30, 2013, the majority of the Terminal Building tenants were renting on a month-to-month basis. Current airport terminal leases generate annual revenues of \$717,202 on 170,867 square feet. Land leases generate annual revenues of \$46,918 on 209,350 square feet.

**3-H. Long-Term Debt**

The Borough has numerous bond issues outstanding. A summary of the governmental activities follows:

**Borough General Obligation Bonds, 2005B Series** - General obligation bonds, Series 2005, denominations of \$5,000, dated May 4, 2005, total issue \$15,130,000. The bond proceeds were used to construct school facilities, refund the 1995 general obligation bonds, and advance refund \$5,250,000 of the 1999 general obligation bonds. Interest rates range from 3.00% to 5.25%. The bonds mature May 1, 2020. \$3,080,000 of this series was refunded May 24, 2012 with refunding bonds 2012 Series II leaving a remaining balance as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 975,000	214,687	1,189,687
2015	1,025,000	165,937	1,190,937
2016	520,000	114,688	634,688
2017	540,000	88,688	628,688
2018	575,000	61,688	636,688
2019	600,000	31,500	631,500
Total	\$ <u>4,235,000</u>	<u>677,188</u>	<u>4,912,188</u>

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***Borough General Obligation Bonds, 2006A Series*** - General obligation bonds, Series 2006, denominations of \$5,000, dated February 9, 2006, total issue \$1,100,000. The bond proceeds were used for school health and safety projects. Interest rates are 4%. The bonds mature February 1, 2016. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 120,000	15,000	135,000
2015	125,000	10,200	135,200
2016	<u>130,000</u>	<u>5,200</u>	<u>135,200</u>
Total	<u>\$ 375,000</u>	<u>30,400</u>	<u>405,400</u>

***Borough General Obligation Bonds, 2009A Tax-Exempt Series*** - General obligation bonds, Series 2009A, denominations of \$5,000 or integral multiples thereof, dated December 18, 2009, total issue \$3,075,000. The bond proceeds were used to construct a community aquatic center of which 17.848% will be considered a school facility. Interest rates range from 2.00% to 4.00%. The bonds mature February 1, 2016. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 535,000	55,300	590,300
2015	550,000	39,250	589,250
2016	<u>575,000</u>	<u>17,250</u>	<u>592,250</u>
Total	<u>\$ 1,660,000</u>	<u>111,800</u>	<u>1,771,800</u>

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**Ketchikan Gateway Borough, Alaska**  
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***Borough General Obligation Bonds, 2009B&C Taxable Series*** - General obligation bonds, Series 2009B&C, denominations of \$5,000 or integral multiples thereof, dated December 18, 2009, \$16,681,000 taxable Build America Bond (2009B) and \$3,744,000 taxable Recovery Zone Development Bond (2009C), total issue \$20,425,000. The bond proceeds are being used to construct a community aquatic center of which 17.848% will be considered a school facility. Interest rates range from 1.53% to 6.118%. The bonds mature February 1, 2039. Annual debt service requirements as of June 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Interest Subsidy	Net Interest	Total
2014	\$ -	1,185,519	(437,838)	747,681	747,681
2015	-	1,185,519	(437,837)	747,682	747,682
2016	-	1,185,519	(437,838)	747,681	747,681
2017	590,000	1,185,519	(437,837)	747,682	1,337,682
2018	610,000	1,158,232	(428,287)	729,945	1,339,945
2019-2023	3,335,000	5,323,722	(1,977,832)	3,345,891	6,680,891
2024-2028	3,970,000	4,360,190	(1,640,595)	2,719,595	6,689,595
2029-2033	4,800,000	3,079,773	(1,192,450)	1,887,324	6,687,324
2034-2038	5,825,000	1,491,568	(629,243)	862,326	6,687,326
2039	1,295,000	79,228	(35,652)	43,576	1,338,576
<b>Total</b>	<b>\$ 20,425,000</b>	<b>20,234,790</b>	<b>(7,655,408)</b>	<b>12,579,382</b>	<b>33,004,382</b>

***Borough General Obligation Bonds, 2010A Series*** - General obligation bonds, Series 2010, denominations of \$5,000, dated March 11, 2010, total issue \$5,990,000. The bond proceeds were used to construct school facilities, and advance refund \$5,900,000 of the 2000 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding is \$530,120 over the term. The bonds mature March 1, 2020. Annual debt service requirements as of June 30, 2013 follow:

Fiscal Year	Principal	Interest	Total
2014	\$ 565,000	164,000	729,000
2015	575,000	147,050	722,050
2016	600,000	129,800	729,800
2017	620,000	105,800	725,800
2018	650,000	81,000	731,000
2019-2020	1,375,000	83,000	1,458,000
<b>Total</b>	<b>\$ 4,385,000</b>	<b>710,650</b>	<b>5,095,650</b>

**Ketchikan Gateway Borough, Alaska**  
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***Borough General Obligation Bonds, 2010B Four Taxable Series*** - General obligation bonds, Series 2010B, denominations of \$5,000, dated December 9, 2010, total issue \$3,270,000. The bond proceeds were used for repairs and improvements to the Ketchikan High School roof. Interest rates range from 1.422% to 5.759%. The bonds mature August 1, 2025. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Net Interest</u>	<u>Total</u>
2014	\$ 210,000	129,087	(58,089)	70,998	280,998
2015	210,000	124,573	(56,058)	68,515	278,515
2016	215,000	118,976	(53,539)	65,437	280,437
2017	220,000	112,198	(50,489)	61,709	281,709
2018	220,000	104,287	(46,929)	57,358	277,358
2019-2023	1,190,000	368,860	(165,987)	202,873	1,392,873
2024-2026	<u>795,000</u>	<u>68,722</u>	<u>(30,925)</u>	<u>37,797</u>	<u>832,797</u>
Total	\$ <u>3,060,000</u>	<u>1,026,702</u>	<u>(462,016)</u>	<u>564,686</u>	<u>3,624,686</u>

***Certificate of Participation 2010A-1 - White Cliff Tax-Exempt*** – Debt issued December 21, 2010, in the amount of \$1,065,000. The debt was used to purchase the White Cliff Building, which is the new home of Ketchikan Gateway Borough’s administrative offices. Interest rates range from 3.00% to 4.00%. The debt will be paid off July 1, 2018. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 140,000	26,600	166,600
2015	140,000	22,400	162,400
2016	145,000	18,200	163,200
2017	150,000	12,400	162,400
2018	<u>160,000</u>	<u>6,400</u>	<u>166,400</u>
Total	\$ <u>735,000</u>	<u>86,000</u>	<u>821,000</u>

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

***Certificate of Participation 2010A-2- White Cliff Taxable*** – Debt issued December 21, 2010, in the amount of \$3,700,000. The debt was used to purchase the White Cliff Building, which is the new home of Ketchikan Gateway Borough’s administrative offices. Interest rates range from 5.781% to 6.863%. The debt will be paid off July 1, 2035. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Net Interest</u>	<u>Total</u>
2014	\$ -	240,244	(108,110)	132,134	132,134
2015	-	240,244	(108,110)	132,134	132,134
2016	-	240,244	(108,109)	132,135	132,135
2017	-	240,244	(108,109)	132,135	132,135
2018	-	240,244	(108,110)	132,134	132,134
2019-2023	875,000	1,102,942	(496,324)	606,618	1,481,618
2024-2028	1,030,000	826,785	(372,053)	454,732	1,484,732
2029-2033	1,235,000	452,272	(203,522)	248,750	1,483,750
2034-2036	<u>560,000</u>	<u>57,992</u>	<u>(26,098)</u>	<u>31,894</u>	<u>591,894</u>
<b>Total</b>	<b>\$ <u>3,700,000</u></b>	<b><u>3,641,210</u></b>	<b><u>(1,638,545)</u></b>	<b><u>2,002,665</u></b>	<b><u>5,702,665</u></b>

***Borough General Obligation Bonds, 2011 III Series*** - General obligation bonds, Series 2011, denominations of \$5,000, dated November 30, 2011, total issue \$4,900,000. The bond proceeds were used to advance refund \$5,900,000 of the 2003 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding is \$375,553 over the term. The bonds mature September 1, 2022. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 395,000	223,600	618,600
2015	415,000	205,325	620,325
2016	435,000	186,250	621,250
2017	450,000	166,300	616,300
2018	475,000	143,175	618,175
2019-2023	<u>2,730,000</u>	<u>345,450</u>	<u>3,075,450</u>
<b>Total</b>	<b>\$ <u>4,900,000</u></b>	<b><u>1,270,100</u></b>	<b><u>6,170,100</u></b>

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

***Borough General Obligation Bonds, 2012 II Series*** - General obligation bonds, Series 2012, denominations of \$5,000, dated May 24, 2012, total issue \$3,080,000. The bond proceeds were used to advance refund \$3,090,000 of the 2005 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding is \$187,620 over the term. The bonds mature September 1, 2019. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	135,450	135,450
2015	-	135,450	135,450
2016	565,000	124,150	689,150
2017	585,000	101,150	686,150
2018	605,000	77,350	682,350
2019-2020	<u>1,305,000</u>	<u>65,875</u>	<u>1,370,875</u>
Total	\$ <u>3,060,000</u>	<u>639,425</u>	<u>3,699,425</u>

***Borough General Obligation Bonds, 2013 One Series*** - General obligation bonds, Series 2013, denominations of \$5,000, dated March 12, 2013, total issue \$4,875,000. The bond proceeds will be used for school district facility upgrades. Interest rates range from 2% - 5%. The bonds mature February 1, 2023. Annual debt service requirements as of June 30, 2013 follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 370,000	170,621	540,621
2015	425,000	185,150	610,150
2016	440,000	168,150	608,150
2017	460,000	150,550	610,550
2018	475,000	132,150	607,150
2019-2023	<u>2,705,000</u>	<u>338,550</u>	<u>3,043,550</u>
Total	\$ <u>4,875,000</u>	<u>1,145,171</u>	<u>6,020,171</u>

***Defeased Bonds*** – In fiscal year 2012, Ketchikan Gateway Borough partially defeased its general obligation 2005B series bonds. At June 30, 2013, \$3,090,000 of bonds outstanding is considered defeased, and the trust account assets and the liability for the defeased bonds are not included in the Borough’s financial statements.

***Borough Capital Lease:*** In June 2004, the Borough entered into a capital lease with E-One, Inc. for two (2) E-One Polar Bear Tankers for the North Tongass Fire Department. The Borough took possession of the tankers in July 2004. The lease calls for ten (10) annual payments in arrears with interest computed at 4.95%. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 399,134
Less accumulated depreciation	(178,781)
Total net book value	\$ 220,353

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2013, are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ <u>48,741</u>	<u>2,413</u>	<u>51,154</u>

***Changes in Long-term Debt*** - Changes in the Borough's long-term obligations consisted of the following for the year ended June 30, 2013:

*(This page continued on the subsequent page)*

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

<b>Governmental Activities</b>	Outstanding 7/1/2012	Additions	Reductions	Outstanding 6/30/2013	Amounts Due in One Year
GO Bonds - 2003	\$ 425,000	-	425,000	-	-
GO Bonds - 2005B	5,160,000	-	925,000	4,235,000	975,000
GO Bonds - 2006A	490,000	-	115,000	375,000	120,000
GO Bonds - 2009A	2,175,000	-	515,000	1,660,000	535,000
GO Bonds - 2009B & C	20,425,000	-	-	20,425,000	-
GO Bonds - 2010A One	4,930,000	-	545,000	4,385,000	565,000
GO Bonds - 2010B Four	3,270,000	-	210,000	3,060,000	210,000
GO Bonds - 2011 III	4,900,000	-	-	4,900,000	395,000
GO Bonds - 2012 II	3,080,000	-	20,000	3,060,000	-
GO Bonds - 2013 One	-	4,875,000	-	4,875,000	370,000
Certificates of Participation					
C of P 2010A-1	870,000	-	135,000	735,000	140,000
C of P 2010A-2	3,700,000	-	-	3,700,000	-
E-One Lease - (Fire Equipment)	95,184	-	46,443	48,741	48,741
Compensated absences	<u>631,964</u>	<u>598,363</u>	<u>559,077</u>	<u>671,250</u>	<u>416,175</u>
<b>Total Governmental Activities</b>	<b>\$ <u>50,152,148</u></b>	<b><u>5,473,363</u></b>	<b><u>3,495,520</u></b>	<b><u>52,129,991</u></b>	<b><u>3,774,916</u></b>
 <b>Business-Type Activities</b>					
Revenue bonds	\$ 1,550,000	-	1,550,000	-	-
Compensated absences	<u>239,003</u>	<u>196,886</u>	<u>192,075</u>	<u>243,814</u>	<u>192,425</u>
<b>Total Business-Type Activities</b>	<b>\$ <u>1,789,003</u></b>	<b><u>196,886</u></b>	<b><u>1,742,075</u></b>	<b><u>243,814</u></b>	<b><u>192,425</u></b>

The general obligation bonds and certificates of participation for governmental activities are being retired by the general obligation bond debt service and certificate of participation funds.

The compensated absences liability is being liquidated from the fund from which the employees' salaries are paid. These funds include the General Fund, Land Trust Fund, Commercial Passenger Vessel Fund, Economic Development Assistance Program Fund, South Tongass Service Area, North Tongass Fire & EMS Service Area, and the Airport Enterprise Fund.

**3-1. Pensions**

**Defined Benefit Pension Plan**

Ketchikan Gateway Borough participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

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

***Conversion to Cost Sharing***

In April 2008, the Alaska Legislature passed legislation which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded “on-behalf” contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

***Employee Contribution Rates***

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.29% for pension and 4.21% for healthcare).

***Employer and Other Contribution Rates***

There are three contribution rates associated with the pension and healthcare contributions and related liabilities:

*Contractual Rate:* This is the required funding rate for participating employers. The contractual rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate includes all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

*ARM Board Adopted Rate:* This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate cap. There are no constraints or restrictions on the actuarial cost method or other assumptions used in this valuation, other than those established and agreed to by the ARM Board.

Current legislation provides that the State of Alaska will contribute the difference between the ARM Board adopted rate and the contractual (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditure within the financial statements.

*GASB 43 Rate:* This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For FY13, the rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the year ended June 30, 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

<u>June 30, 2013</u>	<u>Contractual Rate</u>	<u>ARM Board Adopted Rate</u>	<u>GASB43 Rate</u>
Pension	9.67%	15.75%	24.95%
Postemployment healthcare	12.33%	20.09%	39.93%
Total Contribution Rate	<u>22.00%</u>	<u>35.84%</u>	<u>64.88%</u>

***Annual Pension and Postemployment Healthcare Cost***

Ketchikan Gateway Borough is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, Ketchikan Gateway Borough has recorded the State on-behalf payment in the amount of \$797,259 as revenue and expense/expenditures in these financial statements. However, because Ketchikan Gateway Borough is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<u>Year Ended June 30,</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost</u>	<u>Borough Contributions</u>
2013	\$ 465,110	\$ 593,161	\$ 1,058,271	\$ 1,058,271
2012	456,842	556,315	1,013,157	1,013,157
2011	359,768	648,499	1,008,267	1,008,267

**Defined Contribution Pension Plan**

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. The Plan is administered by the State of Alaska, Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

***Employee Contribution Rates***

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

***Employer Contribution Rates***

Ketchikan Gateway Borough is required to contribute the following amounts based on covered salary:

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

June 30, 2013	Other Tier IV	Police/Fire
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.14%	0.99%
	5.62%	6.47%

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of **all employees of all employers** in the plan”. As of July 1, 2012, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,848 per year for each full-time employee, and \$1.18 per hour for part-time employees.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. Ketchikan Gateway Borough and employee contributions to PERS including the HRA contribution for the year ended June 30, 2013 were \$172,019 and \$146,340, respectively.

***The Masters, Mates and Pilots Plan***

The Masters, Mates and Pilots (MMP) union negotiated a new contract with the Borough and as of July 1, 2004, the MMP is covered under the Public Employee’s Retirement System (PERS). MMP employees will make the same contributions to PERS as other Borough employees.

***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 the collective bargaining process. The Borough exercises no fiduciary responsibility over the IBEW 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 members who were employed in Borough positions were \$3.00 for the period of July 1, 2009 through June 30, 2013 per non-premium hour worked. The Borough’s total IBEW payroll for the year ended June 30, 2013 for covered employees totaled \$837,252. The total amount contributed to the IBEW plan in FY 2013 was \$113,469. The Borough’s obligation under the IBEW retirement plan is limited to the amount paid to the Alaska Electrical Trust Fund.

***3-J. Net Investment in Capital Assets***

The “Net Investment in Capital Assets” on the government-wide statement of net assets as of June 30, 2013 is as follows:

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

	Governmental Activities	Business Type Activities
Net investment in capital assets		
Cost of capital assets	\$ 206,904,460	\$ 43,808,485
Less accumulated depreciation	(40,076,596)	(15,350,203)
Book value	166,827,864	28,458,282
Less capital related debt	(53,755,593)	-
Plus deferred loss on refunding	641,253	
Plus unspent bond proceeds	6,134,857	-
Net investment in capital assets	\$ 119,848,381	\$ 28,458,282

Restricted net position for governmental activities consists of the following at June 30, 2013:

	Governmental Activities
<b>Net Position</b>	
Restricted:	
Capital projects	\$ 6,904,886
Commercial passenger vessel impact	3,920,109
Dock improvements	17,728
Library operations	74,690
Public safety and water	177,887
Recreation	2,504,906
Road maintenance	328,730
Total Restricted	\$ 13,928,936

**Note 4 - Other Notes**

**4-A. Risk Management**

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The Borough has purchased insurance through commercial carriers to cover these risks. Insurance coverage includes general liability, property and casualty coverage, Worker's Compensation at statutory amounts, and marine coverage for the Borough's vessels.

The Ketchikan Gateway Borough and Ketchikan Gateway Borough School District (component unit) established a partially self-funded health plan to cover its employees' health care coverage (including dental and vision) effective September 1, 1996. It purchases stop loss insurance at \$150,000 per covered individual and in an aggregate amount based on employee coverage. It also purchases life and accidental death and dismemberment insurance for eligible employees.

Both the component unit and Borough participate in the internal service fund established to record transactions involving the partially self-funded health plan. The Borough and the Component Unit contribute to the Borough's internal service fund and the payments from the fund are used to pay

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
For the Year Ended June 30, 2013

administration and employee health care claims.

The Ketchikan Gateway Borough provides an accounting of the internal service fund balances for the Borough and Component Unit on a quarterly basis. Meritain's plan is based on actuarially determined monthly fixed costs and actual claims up to the stop loss of \$150,000 per person. The difference between the liability recorded and actual incurred but unrecorded claims may be material.

Ketchikan Gateway Borough booked a liability for claims for services provided to Borough and School District employees prior to June 30, 2013, but not billed until after fiscal year end. The amount booked for the Borough was \$105,123 and \$250,637 was booked for the Ketchikan Gateway Borough School District.

The liability for claims that was booked was based on actual claims for services provided prior to fiscal year-end and was provided by Meritain.

Effective FY2004, the International Brotherhood of Electrical Workers (IBEW) elected to have their membership enroll in the Alaska Electrical Health & Welfare Fund (AEH&WF). The Borough contributes to the IBEW plan based on the membership of the union. Effective July 1, 2012, the covered employees pay \$15.00 per month towards the cost of insurance, and the Borough pays the balance. Currently the Borough contributes \$1,409 per month per member. The portion paid on behalf of IBEW employees is reported at the Fund level as "premiums."

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Borough's insurance coverage during the past three years.

A schedule of the changes in the claims liability for the years ended June 30, 2012 and June 30, 2013 follows:

		<u>Ketchikan Gateway Borough</u>	<u>Borough School District</u>	<u>Total</u>
Claims payable at June 30, 2011	\$	75,599	326,510	402,109
Premiums expense		312,155	-	312,155
Claims expense		1,253,317	2,964,536	4,217,853
Claims and premiums paid		<u>(1,480,098)</u>	<u>(3,075,772)</u>	<u>(4,555,870)</u>
Claims payable at June 30, 2012		160,973	215,274	376,247
Premiums expense		308,494	-	308,494
Claims expense		1,617,774	3,216,383	4,834,157
Claims and premiums paid		<u>(1,982,118)</u>	<u>(3,181,020)</u>	<u>(5,163,138)</u>
Claims payable at June 30, 2013	\$	<u>105,123</u>	<u>250,637</u>	<u>355,760</u>

**Ketchikan Gateway Borough, Alaska**  
*Notes to the Basic Financial Statements*  
*For the Year Ended June 30, 2013*

**4-B. Contingent Liabilities**

**Unasserted Claim** - The Borough is involved in a construction project dispute regarding the Gateway Aquatic center roof. The costs to repair have been estimated at \$456,500. The Borough is looking to the contractor to bear that cost. The specific responsibility has not yet been determined.

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

**Note 5 – New Accounting Pronouncements**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that the GASB Statement 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

**GASB 66 – Technical Corrections – 2012** – Effective for year-end June 30, 2014 – This statement contains certain technical corrections to prior GASB statements on the topics of Rick Financing, Operating Leases, Loan Purchases, and Servicing Fees.

**GASB 67 – Financial Reporting for Pension Plans** – Effective for year-end June 30, 2014 – This statement contains certain technical corrections to prior GASB statements on the topic of improving financial reporting by state and local governmental pension plans.

**GASB 68 – Accounting and Financial Reporting for Pensions** – Effective for year-end June 30, 2015 – This statement changes the reporting and disclosure requirements for governments that participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan reporting at GASB 67.

**GASB 69 – Government Combinations and Disposals of Government Operations** –Effective for year-end June 30, 2015 – This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

**GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees** – Effective for year-end June 30, 2014 – This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.

**GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date** – Effective for year-end June 30, 2015 – This statement is a companion to GASB Statement 68 and clarifies treatment of contribution made by a contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

**Ketchikan Gateway Borough, Alaska**

*Nonmajor Governmental Funds*

*Combining Balance Sheet*

*June 30, 2013*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and investments	\$ 2,794,211	-	2,794,211
Restricted cash and investments	4,101,616	-	4,101,616
Receivables:			
Accounts	63,539	-	63,539
Intergovernmental	5,772	-	5,772
Property taxes	9,695	-	9,695
Sales taxes	<u>475,045</u>	-	<u>475,045</u>
<b>Total Assets</b>	\$ <u><u>7,449,878</u></u>	<u><u>-</u></u>	<u><u>7,449,878</u></u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 205,105	-	205,105
Interfund payable	2,517	-	2,517
Advances payable	522,406	-	522,406
Unearned revenue	<u>62,378</u>	-	<u>62,378</u>
<b>Total Liabilities</b>	792,406	-	792,406
<b>Deferred Inflows</b>			
Property tax revenues	<u>1,797</u>	-	<u>1,797</u>
<b>Total Liabilities and Deferred Inflows</b>	794,203	-	794,203
<b>Fund Balances</b>			
Restricted	7,024,050	-	7,024,050
Unassigned (deficit)	<u>(368,375)</u>	-	<u>(368,375)</u>
<b>Total Fund Balances</b>	<u>6,655,675</u>	-	<u>6,655,675</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	\$ <u><u>7,449,878</u></u>	<u><u>-</u></u>	<u><u>7,449,878</u></u>

**Ketchikan Gateway Borough, Alaska**  
*Nonmajor Governmental Funds*  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*For the Year Ended June 30, 2013*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 3,185,303	-	3,185,303
Intergovernmental	294,546	-	294,546
Charges for services	333,290	-	333,290
Water fees	193,081	-	193,081
Commercial vessel passenger tax	1,977,770	-	1,977,770
Interest subsidy	-	600,911	600,911
Investment earnings	3,094	-	3,094
Miscellaneous	7,512	-	7,512
<b>Total Revenues</b>	<u>5,994,596</u>	<u>600,911</u>	<u>6,595,507</u>
<b>Expenditures</b>			
<b>Current</b>			
Library services	410,326	-	410,326
Fire and EMS	1,055,508	-	1,055,508
Water treatment and distribution	249,401	-	249,401
Public services	1,127,730	-	1,127,730
<b>Capital Outlay</b>	348,578	-	348,578
<b>Debt Service</b>			
Principal retirement	-	2,936,443	2,936,443
Interest and fiscal charges	-	2,474,835	2,474,835
<b>Total Expenditures</b>	<u>3,191,543</u>	<u>5,411,278</u>	<u>8,602,821</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,803,053	(4,810,367)	(2,007,314)
<b>Other Financing Sources (Uses)</b>			
Transfers in	258,993	4,806,928	5,065,921
Transfers out	<u>(2,711,556)</u>	<u>-</u>	<u>(2,711,556)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,452,563)</u>	<u>4,806,928</u>	<u>2,354,365</u>
<b>Net Change in Fund Balances</b>	350,490	(3,439)	347,051
<b>Fund Balances Beginning of Year</b>	<u>6,305,185</u>	<u>3,439</u>	<u>6,308,624</u>
<b>Fund Balances End of Year</b>	\$ <u>6,655,675</u>	<u>-</u>	<u>6,655,675</u>

**Ketchikan Gateway Borough, Alaska**  
*Nonmajor Special Revenue Funds*  
*Combining Balance Sheet*  
*June 30, 2013*

	<b>Commercial Passenger Vessel</b>	<b>Forest Park Service Area</b>	<b>Gold Nugget Service Area</b>	<b>Gold Nugget Special Assessment Area</b>	<b>Homestead Service Area</b>	<b>Loring Service Area</b>	<b>Mud Bight Service Area</b>
<b>Assets</b>							
Cash and investments	\$ -	156,134	39,888	-	49,364	80,081	51,427
Restricted cash and investments	4,101,616	-	-	-	-	-	-
Receivables:							
Accounts	-	78	490	-	-	-	3,542
Intergovernmental	-	125	-	-	-	25	-
Property taxes	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,101,616</b>	<b>156,337</b>	<b>40,378</b>	<b>-</b>	<b>49,364</b>	<b>80,106</b>	<b>54,969</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 181,507	462	-	-	82	-	-
Interfund payable	-	-	-	2,517	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	62,378	-
<b>Total Liabilities</b>	<b>181,507</b>	<b>462</b>	<b>-</b>	<b>2,517</b>	<b>82</b>	<b>62,378</b>	<b>-</b>
<b>Deferred Inflows</b>							
Property tax revenues	-	-	-	-	-	-	-
<b>Total Liabilities and Deferred Inflows</b>	<b>181,507</b>	<b>462</b>	<b>-</b>	<b>2,517</b>	<b>82</b>	<b>62,378</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>							
Restricted	3,920,109	155,875	40,378	-	49,282	17,728	54,969
Unassigned (deficit)	-	-	-	(2,517)	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>3,920,109</b>	<b>155,875</b>	<b>40,378</b>	<b>(2,517)</b>	<b>49,282</b>	<b>17,728</b>	<b>54,969</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 4,101,616</b>	<b>156,337</b>	<b>40,378</b>	<b>-</b>	<b>49,364</b>	<b>80,106</b>	<b>54,969</b>

**Ketchikan Gateway Borough, Alaska**  
*Nonmajor Special Revenue Funds*  
*Combining Balance Sheet, continued*

	<b>Nichols View Service Area</b>	<b>Non- areawide Library</b>	<b>North Tongass Fire and EMS</b>	<b>Recreation Sales Tax</b>	<b>South Tongass Service Area</b>	<b>Waterfall Service Area</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>							
Cash and investments	\$ 7,533	72,032	129,534	2,035,556	161,903	10,759	2,794,211
Restricted cash and investments	-	-	-	-	-	-	4,101,616
Receivables:							
Accounts	-	-	27,863	-	21,582	9,984	63,539
Intergovernmental	-	782	1,062	-	3,778	-	5,772
Property taxes	-	3,091	5,464	-	1,140	-	9,695
Sales taxes	-	-	-	475,045	-	-	475,045
<b>Total Assets</b>	<b>\$ 7,533</b>	<b>75,905</b>	<b>163,923</b>	<b>2,510,601</b>	<b>188,403</b>	<b>20,743</b>	<b>7,449,878</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	-	6,798	5,695	10,511	50	205,105
Interfund payable	-	-	-	-	-	-	2,517
Advances payable	-	-	522,406	-	-	-	522,406
Unearned revenue	-	-	-	-	-	-	62,378
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>529,204</b>	<b>5,695</b>	<b>10,511</b>	<b>50</b>	<b>792,406</b>
<b>Deferred Inflows</b>							
Property tax revenues	-	1,215	577	-	5	-	1,797
<b>Total Liabilities and Deferred Inflows</b>	<b>-</b>	<b>1,215</b>	<b>529,781</b>	<b>5,695</b>	<b>10,516</b>	<b>50</b>	<b>794,203</b>
<b>Fund Balances (Deficits)</b>							
Restricted	7,533	74,690	-	2,504,906	177,887	20,693	7,024,050
Unassigned (deficit)	-	-	(365,858)	-	-	-	(368,375)
<b>Total Fund Balances (Deficits)</b>	<b>7,533</b>	<b>74,690</b>	<b>(365,858)</b>	<b>2,504,906</b>	<b>177,887</b>	<b>20,693</b>	<b>6,655,675</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 7,533</b>	<b>75,905</b>	<b>163,923</b>	<b>2,510,601</b>	<b>188,403</b>	<b>20,743</b>	<b>7,449,878</b>

**Ketchikan Gateway Borough, Alaska**  
*Nonmajor Special Revenue Funds*  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)*  
*For the Year Ended June 30, 2013*

	<b>Commercial Passenger Vessel</b>	<b>Forest Park Service Area</b>	<b>Gold Nugget Service Area</b>	<b>Gold Nugget Special Assessment Area</b>	<b>Homestead Service Area</b>	<b>Loring Service Area</b>	<b>Mud Bight Service Area</b>
<b>Revenues</b>							
Taxes	\$ -	58,379	-	-	-	2,322	-
Intergovernmental	-	-	-	-	-	8,486	-
Charges for services	-	-	23,240	-	23,630	-	12,929
Water fees	-	-	-	-	-	-	-
Commercial vessel passenger tax	1,977,770	-	-	-	-	-	-
Investment earnings	2,388	26	6	-	5	12	8
Miscellaneous	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>1,980,158</u>	<u>58,405</u>	<u>23,246</u>	<u>-</u>	<u>23,635</u>	<u>10,820</u>	<u>12,937</u>
<b>Expenditures</b>							
<b>Current</b>							
Library services	-	-	-	-	-	-	-
Fire and EMS	-	-	-	-	-	-	-
Water treatment and distribution	-	-	-	-	-	-	-
Public services	950,567	45,375	10,552	-	13,360	1,604	12,375
<b>Capital Outlay</b>	<u>90,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,405</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,040,754</u>	<u>45,375</u>	<u>10,552</u>	<u>-</u>	<u>13,360</u>	<u>7,009</u>	<u>12,375</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	939,404	13,030	12,694	-	10,275	3,811	562
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	-	-	2,888	-	-
Transfers out	(576,948)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(576,948)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,888</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances (Deficits)</b>	362,456	13,030	12,694	-	13,163	3,811	562
<b>Fund Balances (Deficits) Beginning of Year</b>	<u>3,557,653</u>	<u>142,845</u>	<u>27,684</u>	<u>(2,517)</u>	<u>36,119</u>	<u>13,917</u>	<u>54,407</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 3,920,109</u>	<u>155,875</u>	<u>40,378</u>	<u>(2,517)</u>	<u>49,282</u>	<u>17,728</u>	<u>54,969</u>

**Ketchikan Gateway Borough, Alaska**  
*Nonmajor Special Revenue Funds*  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), continued

	<b>Nichols View Service Area</b>	<b>Nonareawide Library</b>	<b>North Tongass Fire and EMS</b>	<b>Recreation Sales Tax</b>	<b>South Tongass Service Area</b>	<b>Waterfall Service Area</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>							
Taxes	\$ -	385,922	567,610	1,731,407	439,663	-	3,185,303
Intergovernmental	-	-	22,516	247,720	15,824	-	294,546
Charges for services	-	-	218,322	-	29,044	26,125	333,290
Water fees	-	-	-	-	193,081	-	193,081
Commercial vessel passenger tax	-	-	-	-	-	-	1,977,770
Investment earnings	1	35	59	495	58	1	3,094
Miscellaneous	-	-	644	-	6,868	-	7,512
<b>Total Revenues</b>	<u>1</u>	<u>385,957</u>	<u>809,151</u>	<u>1,979,622</u>	<u>684,538</u>	<u>26,126</u>	<u>5,994,596</u>
<b>Expenditures</b>							
<b>Current</b>							
Library services	-	410,326	-	-	-	-	410,326
Fire and EMS	-	-	605,191	-	450,317	-	1,055,508
Water treatment and distribution	-	-	-	-	249,401	-	249,401
Public services	500	-	-	77,530	-	15,867	1,127,730
<b>Capital Outlay</b>	-	-	-	252,986	-	-	348,578
<b>Total Expenditures</b>	<u>500</u>	<u>410,326</u>	<u>605,191</u>	<u>330,516</u>	<u>699,718</u>	<u>15,867</u>	<u>3,191,543</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(499)	(24,369)	203,960	1,649,106	(15,180)	10,259	2,803,053
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	16,413	27,766	175,154	36,772	-	258,993
Transfers out	-	-	(51,155)	(2,083,453)	-	-	(2,711,556)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>16,413</u>	<u>(23,389)</u>	<u>(1,908,299)</u>	<u>36,772</u>	<u>-</u>	<u>(2,452,563)</u>
<b>Net Change in Fund Balances (Deficits)</b>	(499)	(7,956)	180,571	(259,193)	21,592	10,259	350,490
<b>Fund Balances (Deficits) Beginning of Year</b>	<u>8,032</u>	<u>82,646</u>	<u>(546,429)</u>	<u>2,764,099</u>	<u>156,295</u>	<u>10,434</u>	<u>6,305,185</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 7,533</u>	<u>74,690</u>	<u>(365,858)</u>	<u>2,504,906</u>	<u>177,887</u>	<u>20,693</u>	<u>6,655,675</u>

## **DEBT SERVICE FUNDS**

**Debt Service Funds** – These funds are used to account for transfers in from other funds and for principal and interest payments made on the Borough’s General Obligation Debt and a Capital Lease.

**Ketchikan Gateway Borough, Alaska**  
*Nonmajor Debt Service Funds*  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*For the Year Ended June 30, 2013*

	<b>2003A Bond Redemption Fund</b>	<b>2005B G.O. Bond Redemption Fund</b>	<b>2006A G.O. Bond Redemption Fund</b>	<b>2009-4 G.O. Bond Redemption Fund</b>	<b>2009-4 G.O. Bond Redemption Fund</b>
<b>Revenues</b>					
Intergovernmental - interest subsidy	\$ -	-	-	-	437,837
<b>Expenditures</b>					
<b>Debt Service</b>					
Principal retirement	425,000	925,000	115,000	515,000	-
Interest and fiscal charges	8,500	260,937	19,600	75,900	1,185,519
<b>Total Expenditures</b>	<u>433,500</u>	<u>1,185,937</u>	<u>134,600</u>	<u>590,900</u>	<u>1,185,519</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(433,500)	(1,185,937)	(134,600)	(590,900)	(747,682)
<b>Other Financing Sources</b>					
Transfers in	433,500	1,185,937	134,600	590,900	747,682
<b>Net Change in Fund Balances</b>	-	-	-	-	-
<b>Fund Balances Beginning of Year</b>	-	-	-	-	-
<b>Fund Balances End of Year</b>	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Ketchikan Gateway Borough, Alaska**

*Nonmajor Debt Service Funds*

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued*

	<b>2010A One Certificate of Participation Fund</b>	<b>2010B One Certificate of Participation Fund</b>	<b>2010B 2 Four Bond Redemption Fund</b>	<b>2010 One Bond Redemption Fund</b>
<b>Revenues</b>				
Intergovernmental - interest subsidy	\$ -	103,407	59,667	-
<b>Expenditures</b>				
<b>Debt Service</b>				
Principal retirement	135,000	-	210,000	545,000
Interest and fiscal charges	30,650	240,244	132,594	180,350
<b>Total Expenditures</b>	<u>165,650</u>	<u>240,244</u>	<u>342,594</u>	<u>725,350</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(165,650)	(136,837)	(282,927)	(725,350)
<b>Other Financing Sources</b>				
Transfers in	165,650	136,837	282,927	725,350
<b>Net Change in Fund Balances</b>	-	-	-	-
<b>Fund Balances Beginning of Year</b>	-	-	-	-
<b>Fund Balances End of Year</b>	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Ketchikan Gateway Borough, Alaska**

*Nonmajor Debt Service Funds*

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued*

	<b>2011 III Bond Redemption Fund</b>	<b>2012 Two G.O. Bond Redemption Fund</b>	<b>E-One Capital Lease Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Revenues</b>				
Intergovernmental - interest subsidy	\$ -	-	-	600,911
<b>Expenditures</b>				
<b>Debt Service</b>				
Principal retirement	-	20,000	46,443	2,936,443
Interest and fiscal charges	231,500	104,329	4,712	2,474,835
<b>Total Expenditures</b>	<u>231,500</u>	<u>124,329</u>	<u>51,155</u>	<u>5,411,278</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(231,500)	(124,329)	(51,155)	(4,810,367)
<b>Other Financing Sources</b>				
Transfers in	231,500	120,890	51,155	4,806,928
<b>Net Change in Fund Balances</b>	-	(3,439)	-	(3,439)
<b>Fund Balances Beginning of Year</b>	-	3,439	-	3,439
<b>Fund Balances End of Year</b>	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# **GENERAL FUND and MAJOR SPECIAL REVENUE FUNDS**

**General Fund** – This 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 Borough for any purpose provided it is expended or transferred according to the general laws of the State of Alaska.

**Land Trust Fund** – This fund is used to account for revenues from land sales, loans to other Borough funds, and related expenditures.

**School Bond/Capital Improvements Fund** – This fund is used to account for the receipt of revenues received from the State of Alaska for the School Debt Reimbursement Program and the ½ - cent sales tax that was approved to fund school projects. These funds are used to pay for school bond debt, school building insurance, and school capital projects that would qualify for bonding.

**Economic Development Assistance Program Fund** – This fund is used to account for economic development assistance type expenditures as deemed appropriate by the Borough’s Code of Ordinances.

**State & Federal Grants Fund** – This fund is used to account for the expenditures and receipts of all State and Federal grant programs. State and Federal grant expenditures are governed by the requirements of the individual grant agreements.

**Airport PFC Fund** – This fund is used to account for the receipt of passenger facility charges that are received from airlines that land at the Ketchikan International Airport (KIA). These funds are used to pay the revenue bond debt for KIA.



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**Ketchikan Gateway Borough, Alaska**  
*General Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Cash and investments	\$ 5,029,119	3,172,132
Receivables:		
Accounts	99,178	124,696
Intergovernmental	1,018,180	1,456,904
Property taxes	159,470	70,368
Sales taxes	4,326,154	4,166,534
Interfund receivable	723,670	2,594,064
<b>Total Assets</b>	\$ 11,355,771	11,584,698
<b>Liabilities, Deferred Inflows and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 287,663	759,335
Accrued salaries and benefits	6,440	5,369
Unearned revenues	52,642	9,435
Intergovernmental payable	2,919,558	2,813,911
Due to component unit	1,569,633	1,011,542
Deposits payable	83,844	54,484
<b>Total Liabilities</b>	4,919,780	4,654,076
<b>Deferred Inflows</b>		
Property tax revenues	159,470	69,814
<b>Total Liabilities and Deferred Inflows</b>	5,079,250	4,723,890
<b>Fund Balance</b>		
Unassigned	6,276,521	6,860,808
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	\$ 11,355,771	11,584,698



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**Ketchikan Gateway Borough, Alaska**  
*General Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
Taxes:					
Real and personal property	\$ 6,991,820	6,356,191	6,198,989	(157,202)	7,294,699
Automobile and boat	60,000	60,000	65,530	5,530	91,036
Sales	4,834,800	4,834,800	5,220,005	385,205	4,997,022
Penalties and interest	120,000	120,000	90,776	(29,224)	(47,646)
Total taxes	<u>12,006,620</u>	<u>11,370,991</u>	<u>11,575,300</u>	<u>204,309</u>	<u>12,335,111</u>
Licenses and permits					
Zoning fees	-	-	835	835	11,543
Intergovernmental:					
State fisheries tax	540,000	540,000	684,559	144,559	559,200
State revenue sharing	894,359	894,359	897,081	2,722	844,493
PERS relief	389,556	389,556	537,940	148,384	392,809
Alaska State Housing Authority - PILT	15,000	15,000	17,642	2,642	16,472
Federal payment in lieu of taxes	1,010,000	1,010,000	1,017,546	7,546	1,038,263
State operating grant - transit system	900,000	900,000	971,367	71,367	957,694
State license refunds	-	-	-	-	2,500
National forest receipts	35,000	-	167	167	1,177,561
Total intergovernmental	<u>3,783,915</u>	<u>3,748,915</u>	<u>4,126,302</u>	<u>377,387</u>	<u>4,988,992</u>
Charges for services:					
Animal control	58,000	58,000	46,357	(11,643)	52,815
Bus system revenue	200,000	200,000	242,111	42,111	217,131
Parks and recreation	550,000	550,000	732,284	182,284	565,998
Other revenues	649,400	649,400	710,532	61,132	118,967
Total charges for services	<u>1,457,400</u>	<u>1,457,400</u>	<u>1,731,284</u>	<u>273,884</u>	<u>954,911</u>
Investment earnings (loss)	50,000	50,000	1,540	(48,460)	(71,387)
<b>Total Revenues</b>	<u>17,297,935</u>	<u>16,627,306</u>	<u>17,435,261</u>	<u>807,955</u>	<u>18,219,170</u>
<b>Other Financing Sources</b>					
Transfers In:					
Commercial Passenger Vessel Fund	359,633	359,633	359,633	-	410,000
Economic Development Assistance					
Program Fund	240,000	240,000	240,000	-	133,953
Land Trust Fund	190,000	190,000	190,000	-	350,000
Recreation Sales Tax Fund	319,872	319,872	319,872	-	305,519
School Bond Capital Improvements Fund	160,000	160,000	84,372	(75,628)	78,918
Total Other Financing Sources	<u>1,269,505</u>	<u>1,269,505</u>	<u>1,193,877</u>	<u>(75,628)</u>	<u>1,278,390</u>
<b>Total Revenues and Other Financing Sources</b>	<u>18,567,440</u>	<u>17,896,811</u>	<u>18,629,138</u>	<u>732,327</u>	<u>19,497,560</u>

**Ketchikan Gateway Borough, Alaska**  
*General Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual, continued*

	2013			Variance On Final Budget	2012
	Original Budget	Final Budget	Actual		Actual
<b>Expenditures</b>					
<b>Current:</b>					
General government:					
Mayor and assembly	\$ 163,233	163,233	142,291	20,942	217,933
Manager	842,244	842,244	870,054	(27,810)	838,304
Clerk	362,143	364,143	376,192	(12,049)	377,048
Law	467,221	467,221	386,407	80,814	375,339
Finance	1,205,581	1,205,581	1,286,982	(81,401)	1,190,100
Assessment	695,829	695,829	670,201	25,628	683,305
Automation	553,020	589,020	504,822	84,198	436,240
Total general government	<u>4,289,271</u>	<u>4,327,271</u>	<u>4,236,949</u>	<u>90,322</u>	<u>4,118,269</u>
Less recovery of expenditures from other funds	<u>(623,679)</u>	<u>(623,679)</u>	<u>(623,679)</u>	<u>-</u>	<u>(594,507)</u>
Net general government	<u>3,665,592</u>	<u>3,703,592</u>	<u>3,613,270</u>	<u>90,322</u>	<u>3,523,762</u>
Public services:					
Animal protection	470,106	525,800	447,157	78,643	450,146
Planning	618,190	618,190	604,045	14,145	827,096
Community education grants	-	-	276	(276)	39,530
Total public services	<u>1,088,296</u>	<u>1,143,990</u>	<u>1,051,478</u>	<u>92,512</u>	<u>1,316,772</u>
Parks and recreation	<u>2,326,817</u>	<u>2,326,817</u>	<u>2,303,059</u>	<u>23,758</u>	<u>2,135,115</u>
Public works	<u>1,253,050</u>	<u>1,253,050</u>	<u>1,182,394</u>	<u>70,656</u>	<u>1,018,329</u>
Transit - bus system	<u>1,786,434</u>	<u>1,812,791</u>	<u>1,862,205</u>	<u>(49,414)</u>	<u>1,805,799</u>
Nondepartmental	<u>336,401</u>	<u>336,401</u>	<u>227,909</u>	<u>108,492</u>	<u>215,849</u>
Education	<u>8,239,518</u>	<u>8,239,518</u>	<u>8,239,518</u>	<u>-</u>	<u>8,650,000</u>
<b>Capital Outlay</b>	<u>278,327</u>	<u>360,153</u>	<u>134,604</u>	<u>225,549</u>	<u>236,807</u>
<b>Total Expenditures</b>	<u>18,974,435</u>	<u>19,176,312</u>	<u>18,614,437</u>	<u>561,875</u>	<u>18,902,433</u>
<b>Other Financing Uses</b>					
Transfers Out:					
Airport Fund	5,500	5,500	5,500	-	5,500
Homestead Service Area Fund	2,888	2,888	2,888	-	2,888
Fire and EMS	51,600	51,600	51,600	-	200,000
School Bond CIP	539,000	539,000	539,000	-	200,000
<b>Total Other Financing Uses</b>	<u>598,988</u>	<u>598,988</u>	<u>598,988</u>	<u>-</u>	<u>408,388</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>19,573,423</u>	<u>19,775,300</u>	<u>19,213,425</u>	<u>561,875</u>	<u>19,310,821</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,005,983)</u>	<u>(1,878,489)</u>	<u>(584,287)</u>	<u>1,294,202</u>	<u>186,739</u>
<b>Fund Balance Beginning of Year</b>			<u>6,860,808</u>		<u>6,674,069</u>
<b>Fund Balance End of Year</b>			<u>\$ 6,276,521</u>		<u>6,860,808</u>

**Ketchikan Gateway Borough, Alaska**  
*Land Trust Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments:		
Unrestricted	\$ 1,374,265	2,084,259
Restricted	407,481	407,104
Receivables:		
Accounts	4,240	27,135
Advances	<u>1,189,386</u>	<u>1,342,806</u>
<b>Total Assets</b>	<b>\$ <u>2,975,372</u></b>	<b><u>3,861,304</u></b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,280	157,226
Deposits	<u>4,181</u>	<u>4,181</u>
<b>Total Liabilities</b>	<u>14,461</u>	<u>161,407</u>
<b>Fund Balance</b>		
Nonspendable-noncurrent portion of notes and advances	1,019,960	1,189,386
Committed for Borough-owned land management	<u>1,940,951</u>	<u>2,510,511</u>
<b>Total Fund Balance</b>	<u>2,960,911</u>	<u>3,699,897</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>2,975,372</u></b>	<b><u>3,861,304</u></b>

**Ketchikan Gateway Borough, Alaska**  
*Land Trust Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Charges for services	\$ 401,836	401,836	395,443	(6,393)	481,920
Intergovernmental	2,624	2,624	7,141	4,517	5,197
Investment earnings	-	-	51,959	51,959	34,892
Proceeds from sale of property	250,000	250,000	-	(250,000)	-
Miscellaneous	-	-	13,070	13,070	20,321
<b>Total Revenues</b>	654,460	654,460	467,613	(186,847)	542,330
<b>Expenditures</b>					
<b>Current</b>					
Public services	294,203	327,153	273,378	53,775	238,436
Debt issuance costs	-	-	-	-	-
<b>Capital Outlay</b>	423,000	423,000	440,733	(17,733)	750,832
<b>Total Expenditures</b>	717,203	750,153	714,111	36,042	989,268
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(62,743)	(95,693)	(246,498)	(150,805)	(446,938)
<b>Other Financing Uses</b>					
Transfers out	(454,084)	(454,084)	(492,488)	(38,404)	(817,501)
<b>Total Other Financing Sources (Uses)</b>	(454,084)	(454,084)	(492,488)	(38,404)	(817,501)
<b>Special item</b>					
Write off delinquent note	-	-	-	-	(789,553)
<b>Net Change in Fund Balance</b>	\$ (516,827)	(549,777)	(738,986)	(189,209)	(2,053,992)
<b>Fund Balance Beginning of Year</b>			3,699,897		5,753,889
<b>Fund Balance End of Year</b>			\$ 2,960,911		3,699,897

**Ketchikan Gateway Borough, Alaska**  
*School Bond Capital Improvements Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 3,969,591	1,320,628
Receivables:		
Intergovernmental	14,856	-
Sales taxes	<u>475,045</u>	<u>454,454</u>
<b>Total Assets</b>	<b>\$ <u>4,459,492</u></b>	<b><u>1,775,082</u></b>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,044	-
Due to component unit	<u>89,058</u>	<u>-</u>
<b>Total Liabilities</b>	<u>90,102</u>	<u>-</u>
 <b>Fund Balance</b>		
Committed for education	<u>4,369,390</u>	<u>1,775,082</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>4,459,492</u></b>	<b><u>1,775,082</u></b>

**Ketchikan Gateway Borough, Alaska**  
*School Bond Capital Improvements Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
Taxes	\$ 1,599,360	1,599,360	1,650,132	50,772	1,659,745
Intergovernmental	1,900,694	2,981,824	3,353,421	371,597	2,176,095
Penalties and interest	15,000	15,000	81,275	66,275	-
Investment earnings (loss)	5,000	5,000	212	(4,788)	(12,406)
<b>Total Revenues</b>	<u>3,520,054</u>	<u>4,601,184</u>	<u>5,085,040</u>	<u>483,856</u>	<u>3,823,434</u>
<b>Expenditures</b>					
<b>Current</b>					
Public services	1,500	1,500	3,545	(2,045)	34,715
<b>Capital Outlay</b>	<u>1,019,073</u>	<u>1,019,073</u>	<u>89,058</u>	<u>930,015</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,020,573</u>	<u>1,020,573</u>	<u>92,603</u>	<u>927,970</u>	<u>34,715</u>
<b>Excess of Revenues Over Expenditures</b>	2,499,481	3,580,611	4,992,437	1,411,826	3,788,719
<b>Other Financing Sources (Uses)</b>					
Transfers in	539,000	964,000	964,000	-	-
Transfers out	<u>(3,038,330)</u>	<u>(4,363,872)</u>	<u>(3,362,129)</u>	<u>1,001,743</u>	<u>(3,697,175)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,499,330)</u>	<u>(3,399,872)</u>	<u>(2,398,129)</u>	<u>1,001,743</u>	<u>(3,697,175)</u>
<b>Net Change in Fund Balance</b>	\$ <u>151</u>	<u>180,739</u>	2,594,308	<u>2,413,569</u>	91,544
<b>Fund Balance Beginning of Year</b>			<u>1,775,082</u>		<u>1,683,538</u>
<b>Fund Balance End of Year</b>			\$ <u>4,369,390</u>		<u>1,775,082</u>

**Ketchikan Gateway Borough, Alaska**  
*Economic Development Assistance Program Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 5,973,317	5,103,291
Receivables:		
Accounts	1,443	4,768
Advances	<u>1,537,501</u>	<u>3,098,738</u>
<b>Total Assets</b>	\$ <u>7,512,261</u>	<u>8,206,797</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 47,878	65,300
Deposits	<u>8,660</u>	<u>8,660</u>
<b>Total Liabilities</b>	<u>56,538</u>	<u>73,960</u>
<b>Fund Balance</b>		
Nonspendable:		
Noncurrent advances	1,537,501	3,098,738
Assigned for economic development	<u>5,918,222</u>	<u>5,034,099</u>
<b>Total Fund Balance</b>	<u>7,455,723</u>	<u>8,132,837</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>7,512,261</u>	<u>8,206,797</u>

**Ketchikan Gateway Borough, Alaska**  
*Economic Development Assistance Program Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Intergovernmental	\$ 5,535	5,535	-	(5,535)	-
Charges for services	-	-	-	-	161,887
Proceeds from sale of property	-	-	-	-	1,632,855
Investment earnings	5,000	5,000	387	(4,613)	(37,885)
<b>Total Revenues</b>	<u>10,535</u>	<u>10,535</u>	<u>387</u>	<u>(10,148)</u>	<u>1,756,857</u>
<b>Expenditures</b>					
<b>Current</b>					
Public services	396,905	2,926,905	384,501	2,542,404	449,573
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(386,370)	(2,916,370)	(384,114)	2,532,256	1,307,284
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	200,000
Transfers out	(293,000)	(293,000)	(293,000)	-	(133,953)
<b>Total Other Financing Sources (Uses)</b>	<u>(293,000)</u>	<u>(293,000)</u>	<u>(293,000)</u>	<u>-</u>	<u>66,047</u>
<b>Net Change in Fund Balance</b>	\$ <u>(679,370)</u>	<u>(3,209,370)</u>	(677,114)	<u>2,532,256</u>	1,373,331
<b>Fund Balance Beginning of Year</b>			<u>8,132,837</u>		<u>6,759,506</u>
<b>Fund Balance End of Year</b>		\$ <u>7,455,723</u>			<u>8,132,837</u>

**Ketchikan Gateway Borough, Alaska**  
*State & Federal Grants Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Intergovernmental receivable	\$ <u>269,697</u>	<u>1,433,475</u>
<b>Total Assets</b>	\$ <u><u>269,697</u></u>	<u><u>1,433,475</u></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 88,391	186,074
Interfund payable	157,020	1,235,988
Unearned revenue	<u>24,286</u>	<u>11,413</u>
<b>Total Liabilities</b>	<u>269,697</u>	<u>1,433,475</u>
<b>Fund Balance</b>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u><u>269,697</u></u>	<u><u>1,433,475</u></u>

**Ketchikan Gateway Borough, Alaska**  
*State and Federal Grants Special Revenue Fund*  
*Statement of Revenues, Expenditures and*  
*Changes in Fund Balance*  
*For the Years Ended June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Intergovernmental	\$ 455,068	1,922,716
<b>Expenditures</b>		
<b>Current</b>		
Public services	410,081	423,749
<b>Capital Outlay</b>	44,987	1,498,967
<b>Total Expenditures</b>	<u>455,068</u>	<u>1,922,716</u>
<b>Net Change in Fund Balance</b>	-	-
<b>Fund Balance Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Fund Balance End of Year</b>	\$ <u><u>-</u></u>	<u><u>-</u></u>

**Ketchikan Gateway Borough, Alaska**  
*Airport PFC Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Restricted cash and investments	\$ -	236,419
Accounts receivable	<u>30,983</u>	<u>31,812</u>
<b>Total Assets</b>	<b>\$ <u>30,983</u></b>	<b><u>268,231</u></b>
<b>Liabilities</b>		
Interfund advances payable	\$ <u>850,495</u>	<u>-</u>
<b>Fund Balance</b>		
Restricted for airport debt service	-	268,231
Unrestricted (Deficit)	<u>(819,512)</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>30,983</u></b>	<b><u>268,231</u></b>

**Ketchikan Gateway Borough, Alaska**  
*Airport PFC Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
PFC revenues	\$ 315,000	315,000	330,215	15,215	330,165
Investment earnings	<u>500</u>	<u>500</u>	<u>21</u>	<u>(479)</u>	<u>(1,699)</u>
<b>Total Revenues</b>	<u>315,500</u>	<u>315,500</u>	<u>330,236</u>	<u>14,736</u>	<u>328,466</u>
<b>Other Financing Uses</b>					
Transfers out	<u>(238,279)</u>	<u>(238,279)</u>	<u>(1,417,979)</u>	<u>(1,179,700)</u>	<u>(359,434)</u>
<b>Net Change in Fund Balance</b>	\$ <u>77,221</u>	<u>77,221</u>	(1,087,743)	<u>(1,164,964)</u>	(30,968)
<b>Fund Balance Beginning of Year</b>			<u>268,231</u>		<u>299,199</u>
<b>Fund Balance End of Year</b>			\$ <u>(819,512)</u>		<u>268,231</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

**Commercial Passenger Vessel Fund (CPV)** – This fund is used to account for CPV revenues received from the State of Alaska. These funds will be used to improve port and harbor facilities and other services to properly provide for vessel or watercraft visits and to enhance the safety and efficiency of interstate and foreign commerce.

**Forest Park Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Gold Nugget Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Gold Nugget Special Assessment Fund** – This fund is used to account for revenues assessed on property owners to pay for road improvements within the Gold Nugget Service Area.

**Homestead Special Assessment Fund** – This fund is used to account for revenues assessed on property owners to pay for road maintenance within the Homestead Service Area.

**Loring Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Mud Bight Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Nichols View Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Non-Areawide Library Fund** – This fund is used to account for the collection of property and motor vehicle taxes, which are used to pay the allocated cost for the City of Ketchikan Library operations.

**North Tongass Fire & EMS Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Recreation Sales Tax Special Revenue Fund** – This fund is used to account for the receipt of twenty percent (20%) of all Borough sales tax revenues. These revenues may only be expended for bonafide recreation costs in the following proportion: eighty percent (80%) for recreation capital improvement projects, and twenty percent (20%) for maintenance and operation costs of Borough recreation facilities.

**South Tongass Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Waterfall Service Area Fund** – This fund is used to account for billings, collections of taxes, fees or other charges and to process payments for services provided within this service area.

**Ketchikan Gateway Borough, Alaska**  
*Commercial Passenger Vessel Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

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	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Restricted cash and investments	\$ <u>4,101,616</u>	<u>3,857,372</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>181,507</u>	<u>299,719</u>
<b>Fund Balance</b>		
Restricted for commercial passenger vessel impact	<u>3,920,109</u>	<u>3,557,653</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>4,101,616</u>	<u>3,857,372</u>

**Ketchikan Gateway Borough, Alaska**  
*Commercial Passenger Vessel Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
Intergovernmental	\$ 8,458	8,458	-	(8,458)	-
Commercial passenger vessel tax	2,125,000	2,125,000	1,977,770	(147,230)	1,947,248
Investment earnings (loss)	-	-	2,388	2,388	(23,036)
<b>Total Revenues</b>	<u>2,133,458</u>	<u>2,133,458</u>	<u>1,980,158</u>	<u>(153,300)</u>	<u>1,924,212</u>
<b>Expenditures</b>					
<b>Current</b>					
Public services	3,791,672	3,791,672	950,567	2,841,105	1,886,344
<b>Capital Outlay</b>	<u>125,000</u>	<u>125,000</u>	<u>90,187</u>	<u>34,813</u>	<u>-</u>
<b>Total Expenditures</b>	<u>3,916,672</u>	<u>3,916,672</u>	<u>1,040,754</u>	<u>2,875,918</u>	<u>1,886,344</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,783,214)	(1,783,214)	939,404	2,722,618	37,868
<b>Other Financing Uses</b>					
Transfers out	<u>(576,948)</u>	<u>(576,948)</u>	<u>(576,948)</u>	<u>-</u>	<u>(485,000)</u>
<b>Net Change in Fund Balance</b>	\$ <u>(2,360,162)</u>	<u>(2,360,162)</u>	362,456	<u>2,722,618</u>	(447,132)
<b>Fund Balance Beginning of Year</b>			<u>3,557,653</u>		<u>4,004,785</u>
<b>Fund Balance End of Year</b>			\$ <u>3,920,109</u>		<u>3,557,653</u>

**Ketchikan Gateway Borough, Alaska**  
*Forest Park Service Area Special Revenue Fund*  
**Comparative Balance Sheet**  
*June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Cash and investments	\$ 156,134	143,137
Receivables:		
Accounts	78	78
Intergovernmental	125	92
<b>Total Assets</b>	\$ 156,337	143,307
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 462	462
 <b>Fund Balance</b>		
Restricted for road maintenance	155,875	142,845
<b>Total Liabilities and Fund Balance</b>	\$ 156,337	143,307

**Ketchikan Gateway Borough, Alaska**  
*Forest Park Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Taxes	\$ 60,183	60,183	58,379	(1,804)	54,300
Investment earnings (loss)	<u>-</u>	<u>-</u>	<u>26</u>	<u>26</u>	<u>(1,555)</u>
<b>Total Revenues</b>	<u>60,183</u>	<u>60,183</u>	<u>58,405</u>	<u>(1,778)</u>	<u>52,745</u>
<b>Expenditures</b>					
<b>Current</b>					
Public services	79,922	79,922	45,375	34,547	88,782
<b>Capital Outlay</b>	<u>110,287</u>	<u>110,287</u>	<u>-</u>	<u>110,287</u>	<u>-</u>
<b>Total Expenditures</b>	<u>190,209</u>	<u>190,209</u>	<u>45,375</u>	<u>144,834</u>	<u>88,782</u>
<b>Net Change in Fund Balance</b>	\$ <u>(130,026)</u>	<u>(130,026)</u>	13,030	<u>143,056</u>	(36,037)
<b>Fund Balance Beginning of Year</b>			<u>142,845</u>		<u>178,882</u>
<b>Fund Balance End of Year</b>			\$ <u>155,875</u>		<u>142,845</u>

**Ketchikan Gateway Borough, Alaska**  
*Gold Nugget Service Area Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

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	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 39,888	26,459
Accounts receivable	<u>490</u>	<u>1,225</u>
<b>Total Assets</b>	<u>\$ 40,378</u>	<u>27,684</u>
<b>Fund Balance</b>		
Restricted for road maintenance	<u>\$ 40,378</u>	<u>27,684</u>

**Ketchikan Gateway Borough, Alaska**  
*Gold Nugget Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
Charges for services	\$ 22,000	22,000	23,240	1,240	23,285
Investment earnings	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>64</u>
<b>Total Revenues</b>	<u>22,000</u>	<u>22,000</u>	<u>23,246</u>	<u>1,246</u>	<u>23,349</u>
<b>Expenditures</b>					
<b>Current</b>					
Public services	<u>13,780</u>	<u>13,780</u>	<u>10,552</u>	<u>3,228</u>	<u>16,047</u>
<b>Net Change in Fund Balance</b>	\$ <u>8,220</u>	<u>8,220</u>	12,694	<u>4,474</u>	7,302
<b>Fund Balance Beginning of Year</b>			<u>27,684</u>		<u>20,382</u>
<b>Fund Balance End of Year</b>			\$ <u>40,378</u>		<u>27,684</u>

**Ketchikan Gateway Borough, Alaska**  
*Gold Nugget Special Assessment Area Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Accounts receivable	\$ <u>          -</u>	<u>          -</u>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Interfund payable	\$ <u>      2,517</u>	<u>      2,517</u>
 <b>Fund Balance</b>		
Unassigned (deficit)	<u>      (2,517)</u>	<u>      (2,517)</u>
 <b>Total Liabilities and Fund Balance</b>	 \$ <u>                  -</u>	 <u>                  -</u>

**Ketchikan Gateway Borough, Alaska**  
*Gold Nugget Special Assessment Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Charges for services	\$ -	-	-	-	26
<b>Net Change in Fund Balance</b>	\$ -	-	-	-	26
<b>Fund Balance (Deficit) Beginning of Year</b>			(2,517)		(2,543)
<b>Fund Balance (Deficit) End of Year</b>			\$ (2,517)		(2,517)

**Ketchikan Gateway Borough, Alaska**  
*Homestead Service Area Special Revenue Fund*  
**Comparative Balance Sheet**  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 49,364	36,052
Accounts receivable	<u>          -</u>	<u>          67</u>
<b>Total Assets</b>	<b>\$ <u>49,364</u></b>	<b><u>36,119</u></b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>          82</u>	<u>          -</u>
 <b>Fund Balance</b>		
Restricted for road maintenance	<u>          49,282</u>	<u>          36,119</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>49,364</u></b>	<b><u>36,119</u></b>

**Ketchikan Gateway Borough, Alaska**  
*Homestead Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
Charges for services	\$ 22,809	22,809	23,630	821	22,622
Investment earnings	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>
<b>Total Revenues</b>	<u>22,809</u>	<u>22,809</u>	<u>23,635</u>	<u>826</u>	<u>22,622</u>
<b>Expenditures</b>					
<b>Current</b>					
Public services	<u>23,320</u>	<u>23,320</u>	<u>13,360</u>	<u>9,960</u>	<u>27,433</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(511)	(511)	10,275	10,786	(4,811)
<b>Other Financing Sources</b>					
Transfers in	<u>2,888</u>	<u>2,888</u>	<u>2,888</u>	<u>-</u>	<u>2,888</u>
<b>Net Change in Fund Balance</b>	\$ <u>2,377</u>	<u>2,377</u>	13,163	<u>10,786</u>	(1,923)
<b>Fund Balance Beginning of Year</b>			<u>36,119</u>		<u>38,042</u>
<b>Fund Balance End of Year</b>		\$	<u>49,282</u>		<u>36,119</u>

**Ketchikan Gateway Borough, Alaska**  
*Loring Service Area Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 80,081	84,763
Intergovernmental receivable	<u>25</u>	<u>18</u>
<b>Total Assets</b>	\$ <u>80,106</u>	<u>84,781</u>
<b>Liabilities</b>		
Unearned revenue	\$ <u>62,378</u>	<u>70,864</u>
<b>Fund Balance</b>		
Restricted for dock improvements	<u>17,728</u>	<u>13,917</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>80,106</u>	<u>84,781</u>

**Ketchikan Gateway Borough, Alaska**  
*Loring Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Taxes	\$ 1,499	1,499	2,322	823	2,217
Intergovernmental	-	5,405	8,486	3,081	4,273
Investment earnings (loss)	-	-	12	12	(716)
Miscellaneous	-	-	-	-	750
<b>Total Revenues</b>	1,499	6,904	10,820	3,916	6,524
<b>Expenditures</b>					
<b>Current</b>					
Public services	500	7,009	1,604	5,405	4,459
<b>Capital Outlay</b>	-	-	5,405	(5,405)	4,273
<b>Total Expenditures</b>	500	7,009	7,009	-	8,732
<b>Net Change in Fund Balance</b>	\$ <u>999</u>	<u>(105)</u>	3,811	<u>3,916</u>	(2,208)
<b>Fund Balance Beginning of Year</b>			<u>13,917</u>		<u>16,125</u>
<b>Fund Balance End of Year</b>		\$	<u>17,728</u>		<u>13,917</u>

**Ketchikan Gateway Borough, Alaska**  
*Mud Bight Service Area Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

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	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 51,427	51,136
Accounts receivable	<u>3,542</u>	<u>3,271</u>
<b>Total Assets</b>	\$ <u>54,969</u>	<u>54,407</u>
<b>Fund Balance</b>		
Restricted for road maintenance	\$ <u>54,969</u>	<u>54,407</u>

**Ketchikan Gateway Borough, Alaska**  
*Mud Bight Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Charges for services	\$ 12,590	12,590	12,929	339	12,164
Investment earnings (loss)	-	-	8	8	(159)
<b>Total Revenues</b>	12,590	12,590	12,937	347	12,005
<b>Expenditures</b>					
<b>Current</b>					
Public services	11,448	11,448	12,375	(927)	23,485
<b>Net Change in Fund Balance</b>	\$ <u>1,142</u>	<u>1,142</u>	562	<u>(580)</u>	(11,480)
<b>Fund Balance Beginning of Year</b>			54,407		65,887
<b>Fund Balance End of Year</b>		\$ <u>54,969</u>			<u>54,407</u>

**Ketchikan Gateway Borough, Alaska**  
*Nichols View Service Area Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

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	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ <u>7,533</u>	<u>8,032</u>
<b>Fund Balance</b>		
Restricted for road maintenance	\$ <u>7,533</u>	<u>8,032</u>

**Ketchikan Gateway Borough, Alaska**  
*Nichols View Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<u>2013</u>			<u>2012</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance On Final Budget</u>	<u>Actual</u>
<b>Revenues</b>					
Investment earnings (loss)	\$ -	-	1	1	(67)
<b>Expenditures</b>					
<b>Current</b>					
Public services	500	500	500	-	500
<b>Net Change in Fund Balance</b>	\$ <u>(500)</u>	<u>(500)</u>	(499)	<u>1</u>	(567)
<b>Fund Balance Beginning of Year</b>			<u>8,032</u>		<u>8,599</u>
<b>Fund Balance End of Year</b>			\$ <u>7,533</u>		<u>8,032</u>

**Ketchikan Gateway Borough, Alaska**  
*Nonareawide Library Special Revenue Fund*  
**Comparative Balance Sheet**  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 72,032	82,369
Receivables:		
Intergovernmental	782	580
Property taxes	<u>3,091</u>	<u>4,235</u>
<b>Total Assets</b>	\$ <u>75,905</u>	<u>87,184</u>
 <b>Deferred Inflows and Fund Balance</b>		
 <b>Deferred Inflows</b>		
Property tax revenue	\$ <u>1,215</u>	<u>4,538</u>
 <b>Fund Balance</b>		
Restricted for library operations	<u>74,690</u>	<u>82,646</u>
 <b>Total Deferred Inflows and Fund Balance</b>	\$ <u>75,905</u>	<u>87,184</u>

**Ketchikan Gateway Borough, Alaska**  
*Nonareawide Library Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
Taxes	\$ 384,388	384,388	385,922	1,534	372,325
Investment earnings (loss)	3,000	3,000	35	(2,965)	(1,966)
<b>Total Revenues</b>	<u>387,388</u>	<u>387,388</u>	<u>385,957</u>	<u>(1,431)</u>	<u>370,359</u>
<b>Expenditures</b>					
<b>Current</b>					
Library services	<u>410,326</u>	<u>410,326</u>	<u>410,326</u>	<u>-</u>	<u>380,266</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(22,938)	(22,938)	(24,369)	(1,431)	(9,907)
<b>Other Financing Sources</b>					
Transfers in	<u>16,413</u>	<u>16,413</u>	<u>16,413</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	\$ <u><u>(6,525)</u></u>	<u><u>(6,525)</u></u>	<u>(7,956)</u>	<u><u>(1,431)</u></u>	<u>(9,907)</u>
<b>Fund Balance Beginning of Year</b>			<u>82,646</u>		<u>92,553</u>
<b>Fund Balance End of Year</b>		\$	<u><u>74,690</u></u>		<u><u>82,646</u></u>

**Ketchikan Gateway Borough, Alaska**  
*North Tongass Fire and EMS Service Area Special Revenue Fund*  
**Comparative Balance Sheet**  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 129,534	43,702
Receivables:		
Accounts	27,863	3,371
Intergovernmental	1,062	-
Property taxes	<u>5,464</u>	<u>4,895</u>
<b>Total Assets</b>	<b>\$ <u>163,923</u></b>	<b><u>51,968</u></b>
<b>Liabilities, Deferred Inflows and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 6,798	15,147
Interfund advances payable	<u>522,406</u>	<u>579,345</u>
<b>Total Liabilities</b>	529,204	594,492
<b>Deferred Inflows</b>		
Property tax revenue	<u>577</u>	<u>3,905</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>529,781</u>	<u>598,397</u>
<b>Fund Balance</b>		
Unassigned (deficit)	<u>(365,858)</u>	<u>(546,429)</u>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ <u>163,923</u></b>	<b><u>51,968</u></b>

**Ketchikan Gateway Borough, Alaska**  
*North Tongass Fire and EMS Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	<b>2013</b>			<b>2012</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance On Final Budget</b>	<b>Actual</b>
<b>Revenues</b>					
Taxes	\$ 567,619	567,619	567,610	(9)	518,187
Intergovernmental	23,573	23,573	22,516	(1,057)	23,285
Service area fees	123,100	123,100	127,541	4,441	117,691
Investment earnings	-	-	59	59	2,262
EMS revenues	60,000	60,000	90,781	30,781	103,181
Miscellaneous revenues	-	-	644	644	-
<b>Total Revenues</b>	<u>774,292</u>	<u>774,292</u>	<u>809,151</u>	<u>34,859</u>	<u>764,606</u>
<b>Expenditures</b>					
<b>Current</b>					
Fire and EMS	684,915	684,915	605,191	79,724	622,865
<b>Capital Outlay</b>	-	-	-	-	76,796
<b>Total Expenditures</b>	<u>684,915</u>	<u>684,915</u>	<u>605,191</u>	<u>79,724</u>	<u>699,661</u>
<b>Excess of Revenues Over Expenditures</b>	89,377	89,377	203,960	114,583	64,945
<b>Other Financing Sources (Uses)</b>					
Transfers in	27,766	27,766	27,766	-	-
Transfers out	(51,155)	(51,155)	(51,155)	-	(51,155)
<b>Total Other Financing Sources (Uses)</b>	<u>(23,389)</u>	<u>(23,389)</u>	<u>(23,389)</u>	<u>-</u>	<u>(51,155)</u>
<b>Net Change in Fund Balance</b>	\$ <u>65,988</u>	<u>65,988</u>	180,571	<u>114,583</u>	13,790
<b>Fund Balance (Deficit) Beginning of Year</b>			<u>(546,429)</u>		<u>(560,219)</u>
<b>Fund Balance (Deficit) End of Year</b>			\$ <u>(365,858)</u>		<u>(546,429)</u>

**Ketchikan Gateway Borough, Alaska**  
*Recreation Sales Tax Special Revenue Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 2,035,556	2,309,645
Sales tax receivable	<u>475,045</u>	<u>454,454</u>
<b>Total Assets</b>	\$ <u>2,510,601</u>	<u>2,764,099</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>5,695</u>	<u>-</u>
<b>Fund Balance</b>		
Restricted for recreation	<u>2,504,906</u>	<u>2,764,099</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>2,510,601</u>	<u>2,764,099</u>

**Ketchikan Gateway Borough, Alaska**  
*Recreation Sales Tax Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*

*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Taxes	\$ 1,599,360	1,599,360	1,721,166	121,806	1,651,582
Intergovernmental	238,527	268,527	247,720	(20,807)	238,549
Penalties and interest	15,000	15,000	10,241	(4,759)	8,163
Investment earnings (loss)	5,000	5,000	495	(4,505)	(20,343)
<b>Total Revenues</b>	<u>1,857,887</u>	<u>1,887,887</u>	<u>1,979,622</u>	<u>91,735</u>	<u>1,877,951</u>
<b>Expenditures</b>					
<b>Current</b>					
Public services	50,000	50,000	77,530	(27,530)	55,221
<b>Capital Outlay</b>	<u>820,000</u>	<u>820,000</u>	<u>252,986</u>	<u>567,014</u>	<u>971,787</u>
<b>Total Expenditures</b>	<u>870,000</u>	<u>870,000</u>	<u>330,516</u>	<u>539,484</u>	<u>1,027,008</u>
<b>Excess of Revenues Over Expenditures</b>	987,887	1,017,887	1,649,106	631,219	850,943
<b>Other Financing Sources (Uses)</b>					
Transfers in	175,154	175,154	175,154	-	525,937
Transfers out	<u>(1,658,453)</u>	<u>(2,083,453)</u>	<u>(2,083,453)</u>	<u>-</u>	<u>(1,644,201)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,483,299)</u>	<u>(1,908,299)</u>	<u>(1,908,299)</u>	<u>-</u>	<u>(1,118,264)</u>
<b>Net Change in Fund Balance</b>	\$ <u>(495,412)</u>	<u>(890,412)</u>	(259,193)	<u>631,219</u>	(267,321)
<b>Fund Balance Beginning of Year</b>			<u>2,764,099</u>		<u>3,031,420</u>
<b>Fund Balance End of Year</b>		\$ <u>2,504,906</u>			<u>2,764,099</u>

**Ketchikan Gateway Borough, Alaska**  
*South Tongass Service Area Special Revenue Fund*  
**Comparative Balance Sheet**  
*June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Cash and investments	\$ 161,903	110,779
Receivables:		
Accounts	21,582	55,182
Intergovernmental	3,778	697
Property taxes	1,140	3,556
<b>Total Assets</b>	\$ 188,403	170,214
 <b>Liabilities, Deferred Inflows and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,511	12,071
<b>Deferred Inflows</b>		
Property tax revenues	5	1,848
<b>Total Liabilities and Deferred Inflows</b>	10,516	13,919
<b>Fund Balance</b>		
Restricted for public safety and water	177,887	156,295
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	\$ 188,403	170,214

**Ketchikan Gateway Borough, Alaska**  
*South Tongass Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Taxes	\$ 445,051	445,051	439,663	(5,388)	450,965
Intergovernmental	15,403	15,403	15,824	421	13,765
Water fees	190,000	190,000	193,081	3,081	176,394
Investment earnings (loss)	-	-	58	58	(1,659)
EMS revenue	65,000	65,000	29,044	(35,956)	80,929
Miscellaneous	5,000	5,000	6,868	1,868	15,768
<b>Total Revenues</b>	720,454	720,454	684,538	(35,916)	736,162
<b>Expenditures</b>					
<b>Current</b>					
Fire and EMS	446,729	446,729	450,317	(3,588)	447,685
Water treatment and distribution	280,733	280,733	249,401	31,332	226,424
<b>Capital Outlay</b>	60,000	60,000	-	60,000	-
<b>Total Expenditures</b>	787,462	787,462	699,718	87,744	674,109
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(67,008)	(67,008)	(15,180)	51,828	62,053
<b>Other Financing Sources</b>					
Transfers in	36,772	36,772	36,772	-	-
<b>Net Change in Fund Balance</b>	\$ (30,236)	(30,236)	21,592	51,828	62,053
<b>Fund Balance Beginning of Year</b>			156,295		94,242
<b>Fund Balance End of Year</b>			\$ 177,887		156,295

**Ketchikan Gateway Borough, Alaska**  
*Waterfall Service Area Special Revenue Fund*  
**Comparative Balance Sheet**  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 10,759	2,762
Accounts receivable	<u>9,984</u>	<u>7,724</u>
<b>Total Assets</b>	<u>\$ 20,743</u>	<u>10,486</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>50</u>	<u>52</u>
<b>Fund Balance</b>		
Restricted for road maintenance	<u>20,693</u>	<u>10,434</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 20,743</u>	<u>10,486</u>

**Ketchikan Gateway Borough, Alaska**  
*Waterfall Service Area Special Revenue Fund*  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balance - Budget and Actual*  
*For the Year Ended June 30, 2013*  
*With Comparative Actual Amounts for the Year Ended June 30, 2012*

	2013			2012	
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
<b>Revenues</b>					
Charges for services	\$ 19,200	19,200	26,125	6,925	25,839
Investment earnings	-	-	1	1	151
<b>Total Revenues</b>	19,200	19,200	26,126	6,926	25,990
<b>Expenditures</b>					
<b>Current</b>					
Public services	21,836	21,836	15,867	5,969	29,534
<b>Capital Outlay</b>	-	75,000	-	75,000	-
<b>Total Expenditures</b>	21,836	96,836	15,867	80,969	29,534
<b>Net Change in Fund Balance</b>	\$ <u>(2,636)</u>	<u>(77,636)</u>	10,259	<u>87,895</u>	(3,544)
<b>Fund Balance Beginning of Year</b>			10,434		13,978
<b>Fund Balance End of Year</b>			\$ <u>20,693</u>		<u>10,434</u>



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## **CAPITAL PROJECTS FUND**

**Capital Projects Fund** – This fund is used to account for the acquisition and construction of major school and other capital facilities other than those financed by proprietary funds.

**Ketchikan Gateway Borough, Alaska**  
*Capital Projects Fund*  
*Comparative Balance Sheet*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and investments	\$ 84,507	-
Restricted cash and investments	<u>7,494,518</u>	<u>4,296,189</u>
<b>Total Assets</b>	<u>\$ 7,579,025</u>	<u>4,296,189</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 3,969	1,462,575
Due to component unit	511,259	-
Deposits	2,000	2,000
Interfund payable	<u>156,911</u>	<u>156,911</u>
<b>Total Liabilities</b>	<u>674,139</u>	<u>1,621,486</u>
<b>Fund Balance</b>		
Restricted for capital projects	<u>6,904,886</u>	<u>2,674,703</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 7,579,025</u>	<u>4,296,189</u>

**Ketchikan Gateway Borough, Alaska**  
*Capital Projects Fund*  
*Comparative Statement of Revenues, Expenditures and*  
*Changes in Fund Balance*  
*For the Years Ended June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
Investment earnings	\$ 2,236	21,419
Miscellaneous	10,199	-
<b>Total Revenues</b>	<u>12,435</u>	<u>21,419</u>
<b>Expenditures</b>		
<b>Current</b>		
Public services	73,896	20,581
<b>Capital Outlay</b>		
Aquatic center	702,211	15,160,814
Educational facilities	496,988	2,337,694
Bond issuance costs	37,962	-
<b>Total Expenditures</b>	<u>1,311,057</u>	<u>17,519,089</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,298,622)	(17,497,670)
<b>Other Financing Sources</b>		
Issuance of debt	4,875,000	-
Bond premium	653,805	-
Transfers in	-	235,000
<b>Total Other Financing Sources</b>	<u>5,528,805</u>	<u>235,000</u>
<b>Net Change in Fund Balance</b>	4,230,183	(17,262,670)
<b>Fund Balance Beginning of Year</b>	<u>2,674,703</u>	<u>19,937,373</u>
<b>Fund Balance End of Year</b>	<u>\$ 6,904,886</u>	<u>2,674,703</u>



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## **ENTERPRISE FUNDS**

**Airport Fund** – This fund is used to account for the operations of the Ketchikan International Airport.

**Wastewater Fund** – This fund is used to account for the operations of the Borough's sewer systems.

**Ketchikan Gateway Borough, Alaska**  
*Airport Enterprise Fund*  
*Comparative Statement of Net Position*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments	\$ 252,069	-
Prepaid items	146	4,871
Receivables:		
Accounts	327,986	661,301
Intergovernmental	<u>37,807</u>	<u>-</u>
<b>Total Current Assets</b>	<u>618,008</u>	<u>666,172</u>
<b>Noncurrent Assets</b>		
<b>Restricted Assets:</b>		
Restricted cash and investments-bond reserve	-	385,000
<b>Capital Assets</b>		
Non-depreciable	907,889	1,995,957
Depreciable, net	<u>17,427,685</u>	<u>15,923,252</u>
<b>Total Noncurrent Assets</b>	<u>18,335,574</u>	<u>18,304,209</u>
<b>Total Assets</b>	<u>\$ 18,953,582</u>	<u>18,970,381</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 70,244	85,338
Interfund advances payable	27,614	26,801
Compensated absences payable	192,425	191,050
Revenue bonds payable	<u>-</u>	<u>165,000</u>
<b>Total Current Liabilities</b>	<u>290,283</u>	<u>468,189</u>
<b>Long-Term Liabilities, Net of Current Portion</b>		
Compensated absences payable	51,389	47,953
Interfund advances payable	871,239	3,310,586
Revenue bonds payable	<u>-</u>	<u>1,385,000</u>
<b>Total Long-Term Liabilities</b>	<u>922,628</u>	<u>4,743,539</u>
<b>Total Liabilities</b>	<u>1,212,911</u>	<u>5,211,728</u>
<b>Net Position</b>		
Net investment in capital assets	18,335,574	16,369,209
Restricted for bond reserve	-	385,000
Unrestricted (deficit)	<u>(594,903)</u>	<u>(2,995,556)</u>
<b>Total Net Position</b>	<u>\$ 17,740,671</u>	<u>13,758,653</u>

**Ketchikan Gateway Borough, Alaska**  
*Airport Enterprise Fund*  
*Comparative Statement of Revenues,*  
*Expenses and Changes in Fund Net Position*  
*For the Years Ended June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Operating Revenues</b>		
Charges for services	\$ 3,878,788	3,973,769
<b>Operating Expenses</b>		
Personal services	3,054,141	2,988,892
Supplies and services	1,522,999	1,408,481
Insurance	213,885	220,290
Depreciation	935,772	575,337
<b>Total Operating Expenses</b>	<u>5,726,797</u>	<u>5,193,000</u>
<b>Operating Loss</b>	(1,848,009)	(1,219,231)
<b>Non-Operating Revenues (Expenses)</b>		
Interest and fiscal charges	(84,840)	(108,923)
Gain on disposal of capital assets	260	17,700
Operating grants	2,951,405	209,758
<b>Total Non-Operating Revenues (Expenses)</b>	<u>2,866,825</u>	<u>118,535</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	1,018,816	(1,100,696)
Capital contributions	409,960	10,734,963
Assets acquired through foreclosure	900,900	-
Transfers in	1,652,342	439,935
<b>Change in Net Position</b>	3,982,018	10,074,202
<b>Net Position Beginning of Year</b>	<u>13,758,653</u>	<u>3,684,451</u>
<b>Net Position End of Year</b>	\$ <u><u>17,740,671</u></u>	<u><u>13,758,653</u></u>

**Ketchikan Gateway Borough, Alaska**  
*Airport Enterprise Fund*  
*Comparative Statement of Cash Flows*  
*For the Years Ended June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 4,174,296	3,617,802
Cash payments to employees for services	(3,049,330)	(3,011,428)
Cash payments for goods and services	<u>(4,185,787)</u>	<u>(919,848)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(3,060,821)</u>	<u>(313,474)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating grants	2,951,405	209,758
Transfers in	<u>1,652,342</u>	<u>439,935</u>
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>4,603,747</u>	<u>649,693</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Sale of capital assets	260	17,700
Capital grant	409,960	10,734,963
Principal paid on revenue bonds	(1,550,000)	(955,000)
Interest paid on debt service	(84,840)	(108,923)
Payments for capital acquisitions	<u>(451,237)</u>	<u>(10,024,959)</u>
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(1,675,857)</u>	<u>(336,219)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(132,931)	-
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>385,000</u>	<u>385,000</u>
<b>Cash and Cash Equivalents End of Year</b>	\$ <u>252,069</u>	<u>385,000</u>
Supplemental disclosure of noncash items - assets acquired through foreclosure	\$ <u>900,900</u>	<u>-</u>

(continued)

**Ketchikan Gateway Borough, Alaska**  
*Airport Enterprise Fund*  
*Comparative Statement of Cash Flows*  
*For the Years Ended June 30, 2013 and 2012*

(continued)

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating (Loss)</b>	\$ (1,848,009)	(1,219,231)
<b>Adjustments:</b>		
Depreciation	935,772	575,337
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	333,315	(429,273)
Intergovernmental receivable	(37,807)	73,306
Prepaid items	4,725	(4,871)
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	(15,094)	5,190
Interfund advance payable	(2,438,534)	708,604
Compensated absences payable	<u>4,811</u>	<u>(22,536)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	\$ <u><u>(3,060,821)</u></u>	<u><u>(313,474)</u></u>

**Ketchikan Gateway Borough, Alaska**  
*Wastewater Enterprise Fund*  
*Comparative Statement of Net Position*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments	\$ 798,271	791,423
Accounts receivable	<u>36,978</u>	<u>33,719</u>
<b>Total Current Assets</b>	<u>835,249</u>	<u>825,142</u>
<b>Noncurrent Assets</b>		
<b>Capital Assets</b>		
Depreciable, net	<u>10,122,708</u>	<u>10,488,638</u>
<b>Total Assets</b>	<u>\$ 10,957,957</u>	<u>11,313,780</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 99,994	44,629
Interfund advances payable	<u>73,352</u>	<u>69,680</u>
<b>Total Current Liabilities</b>	173,346	114,309
<b>Long-Term Liabilities</b>		
Interfund advances payable (net of current portion)	<u>381,781</u>	<u>455,133</u>
<b>Total Liabilities</b>	<u>555,127</u>	<u>569,442</u>
<b>Net Position</b>		
Net investment in capital assets	10,122,708	10,488,638
Unrestricted	<u>280,122</u>	<u>255,700</u>
<b>Total Net Position</b>	<u>\$ 10,402,830</u>	<u>10,744,338</u>

**Ketchikan Gateway Borough, Alaska**  
*Wastewater Enterprise Fund*  
*Comparative Statement of Revenues,*  
*Expenses and Changes in Fund Net Position*  
*For the Years Ended June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Charges for services	\$ 555,396	760,358
<b>Operating Expenses</b>		
Personal services	116,442	164,326
Supplies and services	383,336	419,936
Insurance	5,314	5,587
Depreciation	365,930	413,749
<b>Total Operating Expenses</b>	871,022	1,003,598
Less recovery of expenses from other funds	(1,596)	(1,596)
<b>Net Operating Expenses</b>	869,426	1,002,002
<b>Operating Loss</b>	(314,030)	(241,644)
<b>Non-Operating Revenues (Expenses)</b>		
Interest and fiscal charges	(27,603)	(32,163)
(Loss) on disposal of capital assets	-	(142,348)
Investment earnings (loss)	125	(2,499)
Operating grants	-	24,955
<b>Total Non-Operating Revenues (Expenses)</b>	(27,478)	(152,055)
<b>Change in Net Position</b>	(341,508)	(393,699)
<b>Net Position Beginning of Year</b>	10,744,338	11,138,037
<b>Net Position End of Year</b>	\$ 10,402,830	10,744,338

**Ketchikan Gateway Borough, Alaska**  
*Wastewater Enterprise Fund*  
*Comparative Statement of Cash Flows*  
*For the Years Ended June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 552,137	763,320
Cash payments to employees for services	(116,442)	(164,326)
Cash payments for goods and services	<u>(401,369)</u>	<u>(505,657)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>34,326</u>	<u>93,337</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating grants	<u>-</u>	<u>24,955</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Sale of capital assets	-	467,145
Interest paid on debt service	(27,603)	(32,163)
Payments for capital acquisitions	<u>-</u>	<u>(18,257)</u>
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(27,603)</u>	<u>416,725</u>
<b>Cash Flows from Investing Activities</b>		
Investment earnings (loss)	<u>125</u>	<u>(2,499)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	6,848	532,518
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>791,423</u>	<u>258,905</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 798,271</u>	<u>791,423</u>

(continued)

**Ketchikan Gateway Borough, Alaska**  
*Wastewater Enterprise Fund*  
*Comparative Statement of Cash Flows*  
*For the Years Ended June 30, 2013 and 2012*

(Continued)

	<u>2013</u>	<u>2012</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating (Loss)</b>	\$ (314,030)	(241,644)
<b>Adjustments:</b>		
Depreciation	365,930	413,749
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	(3,259)	2,962
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	55,365	12,867
Interfund advance payable	<u>(69,680)</u>	<u>(94,597)</u>
<b>Net Cash Provided by Operating Activities</b>	\$ <u>34,326</u>	<u>93,337</u>



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## **INTERNAL SERVICE FUNDS**

**Meritain School District Insurance** – This fund is used to account for health insurance premiums paid on behalf of and by School District employees and for health insurance claims paid for School District employees.

**Meritain Borough Insurance** – This fund is used to account for health insurance premiums paid on behalf of Borough employees and for health insurance claims paid for Borough employees.

**Ketchikan Gateway Borough, Alaska**  
*Internal Service Funds*  
*Combining Statement of Net Position*  
*June 30, 2013*

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	<u>Meritain School District</u>	<u>Meritain Borough</u>	<u>Total Internal Service Funds</u>
<b>Current Assets</b>	\$ -	-	-
<b>Current Liabilities</b>			
Interfund payable	\$ 202,057	205,165	407,222
Claims payable	<u>250,637</u>	<u>105,123</u>	<u>355,760</u>
<b>Total Current Liabilities</b>	<u>452,694</u>	<u>310,288</u>	<u>762,982</u>
<b>Net Position</b>			
Unrestricted (deficit)	\$ <u>(452,694)</u>	<u>(310,288)</u>	<u>(762,982)</u>

**Ketchikan Gateway Borough, Alaska**  
*Internal Service Funds*  
*Combining Statement of Revenues,*  
*Expenses and Changes in Fund Net Position*  
*For the Year Ended June 30, 2013*

	<u>Meritain School District</u>	<u>Meritain Borough</u>	<u>Total Internal Service Funds</u>
<b>Operating Revenues</b>			
Insurance premiums	\$ 4,295,465	2,194,433	6,489,898
<b>Operating Expenses</b>			
Administration	601,950	266,665	868,615
Premiums	-	308,494	308,494
Claims	3,216,383	1,617,774	4,834,157
<b>Total Operating Expenses</b>	<u>3,818,333</u>	<u>2,192,933</u>	<u>6,011,266</u>
<b>Change in Net Position</b>	477,132	1,500	478,632
<b>Net Position (Deficits) Beginning of Year</b>	<u>(929,826)</u>	<u>(311,788)</u>	<u>(1,241,614)</u>
<b>Net Position (Deficits) End of Year</b>	\$ <u><u>(452,694)</u></u>	<u><u>(310,288)</u></u>	<u><u>(762,982)</u></u>

**Ketchikan Gateway Borough, Alaska**  
*Internal Service Funds*  
*Combining Statement of Cash Flows*  
*For the Year Ended June 30, 2013*

	<u>Meritain School District</u>	<u>Meritain Borough</u>	<u>Total Internal Service Funds</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash received from customers	\$ 4,295,465	2,194,433	6,489,898
Cash payments for goods and services	(601,950)	(241,879)	(843,829)
Cash payments for claims	<u>(3,693,515)</u>	<u>(1,952,554)</u>	<u>(5,646,069)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	-	-	-
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash and Cash Equivalents End of Year</b>	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
<b>Operating Income</b>	\$ <u>477,132</u>	<u>1,500</u>	<u>478,632</u>
<b>Decrease in Assets:</b>			
Prepaid items	-	333,280	333,280
<b>Decrease in Liabilities:</b>			
Interfund and claims payable	<u>(477,132)</u>	<u>(334,780)</u>	<u>(811,912)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>



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**Ketchikan Gateway Borough, Alaska**  
*Meritain School District Insurance Internal Service Fund*  
*Comparative Statement of Net Position*  
*June 30, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>	\$ <u>          -</u>	<u>          -</u>
<b>Current Liabilities</b>		
Interfund payable	\$ 202,057	714,552
Claims payable	<u>250,637</u>	<u>215,274</u>
<b>Total Current Liabilities</b>	<u>452,694</u>	<u>929,826</u>
<b>Net Position</b>		
Unrestricted (deficit)	\$ <u><u>(452,694)</u></u>	<u><u>(929,826)</u></u>

**Ketchikan Gateway Borough, Alaska**  
*Meritain School District Insurance Internal Service Fund*  
*Comparative Statement of Revenues,*  
*Expenses and Changes in Fund Deficit*  
*For the Years Ended June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Insurance premiums	\$ 4,295,465	3,769,524
<b>Operating Expenses</b>		
Administration	601,950	526,585
Claims	3,216,383	2,964,536
<b>Total Operating Expenses</b>	<u>3,818,333</u>	<u>3,491,121</u>
<b>Operating Income</b>	477,132	278,403
<b>Non-Operating Revenues</b>		
Investment earnings (loss)	<u>-</u>	<u>(2)</u>
<b>Change in Net Position</b>	477,132	278,401
<b>Net Position (Deficit) Beginning of Year</b>	<u>(929,826)</u>	<u>(1,208,227)</u>
<b>Net Position (Deficit) End of Year</b>	\$ <u><u>(452,694)</u></u>	<u><u>(929,826)</u></u>

**Ketchikan Gateway Borough, Alaska**  
*Meritain Borough Insurance Internal Service Fund*  
*Comparative Statement of Net Position*  
*June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Prepaid items	\$ -	333,280
<b>Current Liabilities</b>		
Interfund payable	\$ 205,165	484,095
Claims payable	105,123	160,973
<b>Total Current Liabilities</b>	<u>310,288</u>	<u>645,068</u>
<b>Net Position</b>		
Unrestricted (deficit)	\$ <u>(310,288)</u>	<u>(311,788)</u>

**Ketchikan Gateway Borough, Alaska**  
*Meritain Borough Insurance Internal Service Fund*  
*Comparative Statement of Revenues,*  
*Expenses and Changes in Fund Deficit*  
*For the Years Ended June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Insurance premiums	\$ 2,194,433	1,869,702
<b>Operating Expenses</b>		
Administration	266,665	230,450
Premiums	308,494	312,155
Claims	<u>1,617,774</u>	<u>1,253,317</u>
<b>Total Operating Expenses</b>	<u>2,192,933</u>	<u>1,795,922</u>
<b>Change in Net Position</b>	1,500	73,780
<b>Net Position (Deficit) Beginning of Year</b>	<u>(311,788)</u>	<u>(385,568)</u>
<b>Net Position (Deficit) End of Year</b>	\$ <u><u>(310,288)</u></u>	<u><u>(311,788)</u></u>



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# **STATISTICAL SECTION**

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# STATISTICAL SECTION

This section contains various tables showing historical and other financial information considered to be informative in understanding the finances of the Borough.

The following tables are included in this section:

## **Revenues and Expenditures/Expenses**

Government-wide Statement of Net Position.....	Table 1
Changes in Net Position.....	Table 2
Fund Balances, Governmental Funds.....	Table 3
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## KETCHIKAN GATEWAY BOROUGH

## Government-wide Statement of Net Position

June 30, 2013

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 119,848,381	\$ 121,020,663	\$ 117,038,168	\$ 116,791,016	\$ 113,763,548
Restricted	13,928,936	9,800,504	9,326,387	6,749,034	6,194,066
Unrestricted	11,945,485	14,338,149	18,194,923	24,295,274	21,669,692
Total governmental activities net position	145,722,802	145,159,316	144,559,478	147,835,324	141,627,306
<b>Business-type Activities</b>					
Net investment in capital assets	28,458,282	26,857,847	17,458,210	17,703,199	17,756,821
Restricted	-	385,000	385,000	385,000	385,000
Unrestricted (deficit)	(413,071)	(2,838,539)	(3,141,624)	(3,311,312)	(3,185,352)
Total business-type activities net position	28,045,211	24,404,308	14,701,586	14,776,887	14,956,469
<b>Primary Government</b>					
Net investment in capital assets	148,306,663	147,878,510	134,496,378	134,494,215	131,520,369
Restricted	13,928,936	10,185,504	9,711,387	7,134,034	6,579,066
Unrestricted	11,532,414	11,499,610	15,053,299	20,983,962	18,484,340
Total primary government net position	\$ 173,768,013	\$ 169,563,624	\$ 159,261,064	\$ 162,612,211	\$ 156,583,775
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 103,567,159	\$ 104,167,175	\$ 95,476,768	\$ 93,606,967	\$ 90,711,046
Restricted	4,801,620	4,326,398	18,489,064	24,779,426	29,418,513
Unrestricted	23,817,829	16,086,982	8,335,910	850,340	1,281,070
Total governmental activities net position	132,186,608	124,580,555	122,301,742	119,236,733	121,410,629
<b>Business-type Activities</b>					
Net investment in capital assets	18,438,737	18,878,941	19,348,852	18,865,448	18,462,955
Restricted	385,000	-	-	-	-
Unrestricted (deficit)	(2,920,876)	(2,469,759)	(2,813,429)	(2,028,243)	(1,143,842)
Total business-type activities net position	15,902,861	16,409,182	16,535,423	16,837,205	17,319,113
<b>Primary Government</b>					
Net investment in capital assets	122,005,896	123,046,116	114,825,620	112,472,415	109,174,001
Restricted	5,186,620	4,326,398	18,489,064	24,779,426	29,418,513
Unrestricted	20,896,953	13,617,223	5,522,481	(1,177,903)	137,228
Total primary government net position	\$ 148,089,469	\$ 140,989,737	\$ 138,837,165	\$ 136,073,938	\$ 138,729,742

\*note: The Borough has implemented the provisions of GASB statements 63 and 65 in FY13. Prior years have not been restated to reflect this change.; however all terminology has been updated to reflect this revision.



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## KETCHIKAN GATEWAY BOROUGH

Changes in Net Position  
June 30, 2013

	2013*note	2012	2011	2010	2009
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,623,576	4,239,516	3,502,989	3,198,263	3,098,135
Fire and EMS	1,252,822	1,305,555	1,289,444	1,249,053	1,207,673
Water treatment and distribution	249,401	226,424	207,102	228,725	246,479
Library services	410,326	380,266	372,794	371,886	420,190
Parks and recreation	2,601,546	2,374,277	2,066,242	2,004,219	1,658,671
Public works	1,209,701	1,043,521	1,093,054	1,391,689	1,388,867
Public services	3,875,327	5,086,592	3,595,580	4,162,195	5,415,283
Transit	2,071,438	1,960,671	1,640,624	1,427,218	1,149,142
Automation	-	-	-	-	-
Education	14,465,416	14,300,313	15,091,534	16,017,284	14,401,413
Nondepartmental	-	-	-	-	-
Interest	2,394,406	2,504,748	2,453,966	1,540,248	1,299,122
Total governmental activities expenses	<u>33,153,959</u>	<u>33,421,883</u>	<u>31,313,329</u>	<u>31,590,780</u>	<u>30,284,975</u>
Business-type activities:					
Airport	5,810,984	5,262,004	4,835,323	4,625,758	4,758,390
Wastewater	897,029	1,176,513	1,010,836	912,252	1,095,332
Total business-type activities expenses	<u>6,708,013</u>	<u>6,438,517</u>	<u>5,846,159</u>	<u>5,538,010</u>	<u>5,853,722</u>
Total primary government expenses	<u>\$ 39,861,972</u>	<u>\$ 39,860,400</u>	<u>\$ 37,159,488</u>	<u>\$ 37,128,790</u>	<u>\$ 36,138,697</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Fire and EMS	254,234	317,569	242,335	236,534	234,659
Water treatment and distribution	193,081	176,394	177,610	165,463	132,884
Parks and recreation	732,284	565,998	538,013	410,238	446,557
Public services	1,239,091	911,068	862,291	684,279	668,042
Transit	242,111	217,131	184,624	179,729	160,764
Education	4,295,465	3,769,524	3,535,740	3,153,995	2,849,699
Capital grants	3,529,066	5,154,055	6,426,775	8,369,771	10,990,255
Operating grants	3,738,574	2,431,499	904,866	705,498	555,861
Nondepartmental	-	-	-	-	-
Total governmental activities program revenues	<u>14,223,906</u>	<u>13,543,238</u>	<u>12,872,254</u>	<u>13,905,507</u>	<u>16,038,721</u>
Business-type activities:					
Charges for services:					
Airport	3,878,788	3,973,769	3,633,607	3,283,332	3,424,190
Wastewater	555,396	760,358	702,530	576,803	583,196
Operating grants	2,710,000	42,959	79,122	128,193	72,412
Capital grants	1,310,860	10,016,959	556,653	638,665	28,392
Total business-type activities program revenues	<u>8,455,044</u>	<u>14,794,045</u>	<u>4,971,912</u>	<u>4,626,993</u>	<u>4,108,190</u>
Total primary government program revenues	<u>\$ 22,678,950</u>	<u>\$ 28,337,283</u>	<u>\$ 17,844,166</u>	<u>\$ 18,532,500</u>	<u>\$ 20,146,911</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	(18,930,053)	(19,878,645)	(18,441,075)	(17,685,273)	(14,246,254)
Business-type activities	1,747,031	8,355,528	(874,247)	(911,017)	(1,745,532)
Total primary government net expense	<u>\$ (17,183,022)</u>	<u>\$ (11,523,117)</u>	<u>\$ (19,315,322)</u>	<u>\$ (18,596,290)</u>	<u>\$ (15,991,786)</u>
<b>General Revenues and Other Changes In Net Position</b>					
Governmental activities:					
Property taxes	7,890,521	8,746,139	9,015,302	9,491,422	10,233,372
Sales taxes	8,682,819	8,316,512	8,105,296	7,974,171	8,430,433
Transient occupancy taxes	-	-	-	-	-
Payment in lieu of taxes	1,035,188	1,054,735	1,020,959	1,036,032	1,366,194
Grants and entitlements not restricted	3,559,577	3,353,441	3,451,680	3,677,791	3,815,114
Transfers	(1,652,342)	(439,935)	(632,983)	(625,258)	(374,452)
Investment earnings	59,449	(114,092)	650,810	361,309	275,681
Property sales (loss on requisitions)	-	-	(7,313,222)	1,650,939	(909,920)
Bond issuance costs	-	-	-	-	-
Miscellaneous	354,128	351,236	867,387	326,885	850,530
Write off delinquent note	-	(789,553)	-	-	-
Settlement	-	-	-	-	-
Total governmental activities general revenues and other changes in net position	<u>19,929,340</u>	<u>20,478,483</u>	<u>15,165,229</u>	<u>23,893,291</u>	<u>23,686,952</u>
Business-type activities:					
Unrestricted grant/investment earnings	241,530	907,259	165,963	106,177	424,688
Transfers	1,652,342	439,935	632,983	625,258	374,452
Total business-type activities general revenues and other changes in net position	<u>1,893,872</u>	<u>1,347,194</u>	<u>798,946</u>	<u>731,435</u>	<u>799,140</u>
Total primary government general revenues and other changes in net position	<u>21,823,212</u>	<u>21,825,677</u>	<u>15,964,175</u>	<u>24,624,726</u>	<u>24,486,092</u>
<b>Changes in Net Position</b>					
Governmental activities	999,287	599,838	(3,275,846)	6,208,018	9,440,698
Business-type activities	3,640,903	9,702,722	(75,301)	(179,582)	(946,392)
Total primary government, change in net position	<u>\$ 4,640,190</u>	<u>\$ 10,302,560</u>	<u>\$ (3,351,147)</u>	<u>\$ 6,028,436</u>	<u>\$ 8,494,306</u>

\*note The Borough has implemented the provisions of GASB statements 63 and 65 in FY13. Prior years have not been restated to reflect this change.; however all terminology has been updated to reflect this revision.

## KETCHIKAN GATEWAY BOROUGH

Changes in Net Position, Continued  
June 30, 2013

Fiscal Year	2008	2007	2006	2005	2004
<b>Expenses</b>					
Governmental activities:					
General government	3,105,409	3,306,674	2,834,490	3,313,736	2,160,394
Fire and EMS	1,219,557	-	-	-	-
Water treatment and distribution					
Library services	420,100	420,565	396,468	411,855	-
Parks and recreation	1,883,894	-	-	-	-
Public works	1,248,572	-	-	-	-
Public services	1,908,428	8,308,680	7,824,163	10,420,289	8,739,143
Transit	1,075,033	-	-	-	-
Automation	-	364,331	355,000	291,603	269,771
Education	13,522,531	13,321,747	9,595,422	9,003,657	8,771,976
Nondepartmental	-	-	3,063,471	2,264,466	2,154,832
Interest	1,405,115	1,613,241	1,541,048	1,301,846	1,370,970
Total governmental activities expenses	<u>25,788,639</u>	<u>27,335,238</u>	<u>25,610,062</u>	<u>27,007,452</u>	<u>23,467,086</u>
Business-type activities:					
Airport	4,312,540	4,599,434	4,189,888	4,223,926	3,442,165
Wastewater	890,038	1,073,625	882,954	854,648	779,832
Total business-type activities expenses	<u>5,202,578</u>	<u>5,673,059</u>	<u>5,072,842</u>	<u>5,078,574</u>	<u>4,221,997</u>
Total primary government expenses	<u>30,991,217</u>	<u>33,008,297</u>	<u>30,682,904</u>	<u>32,086,026</u>	<u>27,689,083</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Fire and EMS	360,311	-	-	-	-
Water treatment and distribution	-	-	-	-	-
Parks and recreation	458,064	-	-	-	-
Public services	405,626	1,314,590	1,530,858	1,526,806	1,259,792
Transit	140,721	-	-	-	-
Education	3,020,959	-	-	-	-
Capital grants	4,059,938	2,981,744	2,885,920	2,102,498	1,727,747
Operating grants	498,425	2,007,935	2,442,331	972,586	3,136,994
Nondepartmental	-	2,936,900	2,534,223	2,044,431	1,867,159
Total governmental activities program revenues	<u>8,944,044</u>	<u>9,241,169</u>	<u>9,393,332</u>	<u>6,646,321</u>	<u>7,991,692</u>
Business-type activities:					
Charges for services:					
Airport	3,759,832	3,387,681	3,742,327	2,997,565	2,744,703
Wastewater	613,663	592,620	733,104	496,629	490,756
Operating grants	152,035	62,188	-	-	-
Capital grants	8,685	640,921	-	528,410	1,617,556
Total business-type activities program revenues	<u>4,534,215</u>	<u>4,683,410</u>	<u>4,475,431</u>	<u>4,022,604</u>	<u>4,853,015</u>
Total primary government program revenues	<u>13,478,259</u>	<u>13,924,579</u>	<u>13,868,763</u>	<u>10,668,925</u>	<u>12,844,707</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	(16,844,595)	(18,094,069)	(16,216,730)	(20,361,131)	(15,475,394)
Business-type activities	(668,363)	(989,649)	(597,411)	(1,055,970)	631,018
Total primary government net expense	<u>(17,512,958)</u>	<u>(19,083,718)</u>	<u>(16,814,141)</u>	<u>(21,417,101)</u>	<u>(14,844,376)</u>
<b>General Revenues and Other Changes In Net Position</b>					
Governmental activities:					
Property taxes	11,133,400	10,350,075	10,170,210	8,222,959	7,739,922
Sales taxes	6,843,335	6,333,019	6,267,181	7,412,729	5,465,644
Transient occupancy taxes	-	-	-	70,452	37,365
Payment in lieu of taxes	579,736	581,662	11,031	4,323	6,948
Grants and entitlements not restricted	3,615,710	319,748	-	932,418	534,624
Transfers	(222,905)	(841,611)	(289,502)	(556,000)	(229,485)
Investment earnings	1,511,764	1,552,003	845,592	760,004	899,718
Property sales (loss on requisitions)	599,456	699,150	1,886,734	874,850	436,384
Bond issuance costs	-	-	14,927	33,834	-
Miscellaneous	390,152	408,748	375,565	431,666	347,034
Write off delinquent note	-	-	-	-	-
Settlement	-	970,088	-	-	-
Total governmental activities general revenues and other changes in net position	<u>24,450,648</u>	<u>20,372,882</u>	<u>19,281,738</u>	<u>18,187,235</u>	<u>15,238,154</u>
Business-type activities:					
Unrestricted grant/investment earnings	96,969	21,797	6,127	18,062	54,136
Transfers	222,905	841,611	289,502	556,000	229,485
Total business-type activities general revenues and other changes in net position	<u>319,874</u>	<u>863,408</u>	<u>295,629</u>	<u>574,062</u>	<u>283,621</u>
Total primary government general revenues and other changes in net position	<u>24,770,522</u>	<u>21,236,290</u>	<u>19,577,367</u>	<u>18,761,297</u>	<u>15,521,775</u>
<b>Changes in Net Position</b>					
Governmental activities	7,606,053	2,278,813	3,065,008	(2,173,896)	(237,240)
Business-type activities	(348,489)	(126,241)	(301,782)	(481,908)	914,639
Total primary government, change in net position	<u>7,257,564</u>	<u>2,152,572</u>	<u>2,763,226</u>	<u>(2,655,804)</u>	<u>677,399</u>

## KETCHIKAN GATEWAY BOROUGH

## Fund Balances, Governmental Funds

June 30, 2013

	Fiscal Year				
	2013	2012	2011	2010	2009
<b>General Fund</b>					
Committed	\$ -	-	123,675	30,420	110,576
Unassigned	6,276,521	6,860,808	6,550,394	5,991,166	5,525,115
Total general fund	6,276,521	6,860,808	6,674,069	6,021,586	5,635,691
<b>All other governmental funds</b>					
Reserved	-	-	-	10,780,900	10,223,588
Capital projects funds	-	-	-	23,845,433	1,697,272
Unreserved, report in:					
Special revenue funds	-	-	-	15,676,744	11,341,183
Nonspendable	2,557,461	4,288,124	4,538,151	-	-
Restricted	13,928,936	9,800,504	29,263,760	-	-
Committed	6,310,341	4,285,593	1,683,538	-	-
Assigned	5,918,222	5,034,099	6,554,142	-	-
Unassigned	(1,187,887)	(548,946)	(603,953)	-	-
Total all other governmental funds	27,527,073	22,859,374	41,435,638	50,303,077	23,262,043
Total Governmental Funds	\$ 33,803,594	29,720,182	48,109,707	56,324,663	28,897,734

	Fiscal Year				
	2008	2007	2006	2005	2004
<b>General Fund</b>					
Reserved	65,191	28,245	192,230	504,119	463,976
Unreserved	2,809,698	1,429,143	1,725,796	2,376,078	2,560,944
Total general fund	2,874,889	1,457,388	1,918,026	2,880,197	3,024,920
<b>All other governmental funds</b>					
Reserved	16,511,974	16,723,780	18,385,389	13,013,202	16,548,362
Capital projects funds	(4,415,280)	(8,167,617)	(4,852,950)	3,548,290	6,297,534
Unreserved, report in:					
Special revenue funds	4,779,458	2,885,986	4,022,884	7,663,768	5,855,166
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	16,876,152	11,442,149	17,555,323	24,225,260	28,701,062
Total Governmental Funds	19,751,041	\$ 12,899,537	19,473,349	27,105,457	31,725,982

## KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances  
June 30, 2013

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Taxes	\$ 16,492,010	\$ 17,052,595	17,182,814	17,471,661	18,673,487	17,935,890	16,576,094	16,437,391	15,706,140	13,242,931
Intergovernmental	8,236,478	9,372,872	8,420,951	11,475,300	14,401,276	6,509,226	5,833,389	5,339,281	4,085,451	5,406,315
Licenses and permits	835	11,543	14,168	11,108	20,333	26,800	34,060	35,140	38,815	49,035
Water fees	193,081	176,394	177,610	165,463	-	-	-	-	-	-
Charges for services	2,460,017	1,984,455	1,736,329	1,496,472	1,621,604	1,337,715	1,280,530	1,495,718	1,414,366	1,210,757
Commercial vessel passenger tax	1,977,770	1,947,248	2,095,324	2,313,793	2,326,147	2,244,585	-	-	-	-
Interest Subsidy	600,911	615,002	547,193	-	-	-	-	-	-	-
Investment earnings	59,449	(114,090)	710,139	354,644	272,695	612,485	1,473,267	845,592	760,004	899,718
Proceeds from sale of property	-	1,632,855	69,000	3,555,179	-	1,248,605	856,220	2,692,193	874,850	436,384
Miscellaneous	360,996	367,004	330,620	330,086	317,622	390,359	408,748	375,565	431,664	347,034
<b>Total Revenues</b>	<b>30,381,547</b>	<b>33,045,878</b>	<b>31,284,148</b>	<b>37,173,706</b>	<b>37,633,164</b>	<b>30,305,665</b>	<b>26,462,308</b>	<b>27,220,880</b>	<b>23,311,290</b>	<b>21,592,174</b>
<b>Expenditures</b>										
General government	3,613,270	3,523,762	3,222,852	2,718,432	2,512,572	2,882,789	2,704,745	2,627,499	2,290,158	2,072,658
Library services	410,326	380,266	372,794	371,886	420,190	420,100	420,565	396,468	411,855	-
Fire and EMS	1,055,508	1,070,550	1,058,292	1,020,905	992,333	978,225	-	-	-	-
Water treatment and distribution	249,401	226,424	209,885	229,160	246,731	-	-	-	-	-
Public services	3,324,609	4,615,631	3,218,115	3,896,096	5,144,229	1,720,168	6,129,496	6,970,230	9,871,936	7,860,847
Parks and recreation	2,303,059	2,135,115	1,786,992	1,778,070	1,421,501	1,656,144	-	-	-	-
Public works	1,182,394	1,018,329	1,066,171	1,325,648	1,305,296	1,203,440	-	-	-	-
Transit	1,862,205	1,805,799	1,542,359	1,285,049	1,023,517	1,022,749	-	-	-	-
Automation	-	-	-	-	-	-	339,083	324,728	265,761	244,694
Education	8,239,518	8,650,000	9,411,000	9,617,935	9,068,223	8,123,054	8,895,922	8,227,112	7,635,347	7,373,117
Nondepartmental	227,909	215,849	378,305	376,593	539,397	219,754	492,028	365,323	362,582	194,637
<b>Capital Outlay</b>	<b>2,257,159</b>	<b>21,037,970</b>	<b>19,492,677</b>	<b>6,484,687</b>	<b>2,683,114</b>	<b>4,307,042</b>	<b>10,386,898</b>	<b>12,981,780</b>	<b>11,930,424</b>	<b>21,291,379</b>
<b>Debt Service:</b>										
Principal retirement	2,936,443	2,994,753	2,567,666	2,331,677	2,363,282	2,376,476	2,289,756	2,102,457	1,641,555	1,465,000
Interest and fiscal charges	2,474,835	2,536,190	2,612,426	1,092,438	1,319,134	1,421,315	1,506,104	1,548,431	1,264,999	1,465,776
Bond issuance costs	37,962	75,066	149,870	250,738	-	-	-	-	450,000	-
<b>Total Expenditures</b>	<b>30,174,598</b>	<b>50,285,704</b>	<b>47,089,404</b>	<b>32,779,314</b>	<b>29,039,519</b>	<b>26,331,256</b>	<b>33,164,597</b>	<b>35,544,028</b>	<b>36,124,617</b>	<b>41,968,108</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>206,949</b>	<b>(17,239,826)</b>	<b>(15,805,256)</b>	<b>4,394,392</b>	<b>8,593,645</b>	<b>3,974,409</b>	<b>(6,702,289)</b>	<b>(8,323,148)</b>	<b>(12,813,327)</b>	<b>(20,375,934)</b>
<b>Other Financing Sources (Uses)</b>										
General obligation bonds issued	4,875,000	8,070,000	8,165,000	29,490,000	-	-	-	1,100,000	15,580,000	-
Premium on bonds	653,805	1,287,659	58,283	372,207	-	-	-	14,927	483,834	-
Settlement	-	-	-	-	50,000	3,100,000	970,088	-	-	-
Transfers in	7,223,798	7,156,872	6,969,046	4,566,059	4,358,323	5,347,217	7,660,149	4,244,391	5,724,276	5,475,705
Other financing proceeds	-	-	-	-	877,500	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	395,966	-
Bond issuance costs	-	-	-	-	-	-	-	(7,607)	(31,000)	-
Transfers out	(8,876,140)	(7,596,807)	(7,602,029)	(5,191,317)	(4,732,775)	(5,570,122)	(8,501,760)	(4,660,671)	(6,280,274)	(5,705,190)
Payment to refunding bond escrow agent	-	(9,277,870)	-	(6,204,412)	-	-	-	-	(7,680,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,876,463</b>	<b>(360,146)</b>	<b>7,590,300</b>	<b>23,032,537</b>	<b>553,048</b>	<b>2,877,095</b>	<b>128,477</b>	<b>691,040</b>	<b>8,192,802</b>	<b>(229,485)</b>
<b>Special item - write off delinquent note</b>	<b>-</b>	<b>(789,553)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 4,083,412</b>	<b>(18,389,525)</b>	<b>(8,214,956)</b>	<b>27,426,929</b>	<b>9,146,693</b>	<b>6,851,504</b>	<b>(6,573,812)</b>	<b>(7,632,108)</b>	<b>(4,620,525)</b>	<b>(20,605,419)</b>
Debt Service as a										
Percentage of noncapital expenditures	19.38%	18.91%	18.77%	13.02%	13.97%	17.24%	16.66%	16.18%	13.87%	14.17%

## KETCHIKAN GATEWAY BOROUGH

*Assessed Value and Actual Value of Taxable Property*  
 Changes in Assessment  
 June 30, 2013

Fiscal Year	Residential	Commercial	Industrial	Personal Property	Tax-Exempt	Sr. & Vet Tax-Exempt *	Optional Tax-Exempt*	Total Assessed Value	Total Direct Tax Rate
2004	\$ 655,060,700	174,255,900	118,493,000	54,086,400	66,773,800	-	-	935,122,200	6.80
2005	652,612,550	199,733,125	79,399,825	53,895,900	68,936,400	-	-	916,705,000	7.00
2006	675,854,500	205,767,650	80,779,650	59,666,800	74,052,800	-	-	948,015,800	7.50
2007	743,010,500	210,993,500	81,475,600	58,550,200	75,182,200	-	-	1,018,847,600	7.50
2008	837,303,700	234,295,600	90,715,200	68,550,700	79,737,000	-	-	1,151,128,200	7.20
2009	937,034,800	251,345,100	100,424,800	68,115,000	85,908,700	-	-	1,271,011,000	6.80
2010	951,009,500	278,712,800	100,810,500	67,594,600	90,099,200	-	-	1,308,028,200	6.00
2011	953,717,800	287,116,300	103,282,600	-	95,518,600	-	-	1,248,598,100	5.80
2012	1,003,522,700	302,021,300	141,685,600	-	103,105,400	36,449,100	38,151,600	1,269,523,500	5.50
2013	1,008,067,300	326,126,776	215,007,624	-	58,646,400	110,012,900	65,866,600	1,314,675,800	5.00

Source: Ketchikan Gateway Borough Assessment and Finance Department.

Note: FY2010 Business Personal Property Tax was repealed.

\* Exemptions for 2012 forward are reported as follows.

Sr. & Vet Tax-Exempt - Total value of Senior Citizens and Disabled Veterans Exemptions.

Other Mandatory Tax-Exempt - Total value of all other exemptions granted under AS 29.45.030.

Optional Tax-Exempt - Total value of all exemptions granted under AS 29.45.050. This includes the optional portion of NRHA housing, Community Purpose and the

**KETCHIKAN GATEWAY BOROUGH**

*Principal Property Tax Payers Current Year and Nine Years Ago*  
June 30, 2013

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cape Fox Corporation	\$ 17,531,500	1	1.33%	\$ 12,218,700	1	1.31%
Trident Seafoods	15,829,500	2	1.20%	-	-	-
Ketchikan Dock Company	14,156,200	3	1.08%	-	-	-
Harbor Enterprises	11,113,300	4	0.85%	-	-	-
Tongass Trading	10,790,900	5	0.82%	6,949,100	2	0.74%
Boyer Towing	9,318,200	6	0.71%	-	-	-
Dock Street Building	8,784,400	7	0.67%	-	-	-
The Landing LLC	8,342,300	8	0.63%	-	-	-
ESPS Inc.	8,188,300	9	0.62%	5,558,600	5	0.59%
Alaska General Seafood	7,736,700	10	0.59%	4,718,900	8	0.50%
Carr-Gottstein Foods	-	-	0.00%	6,038,500	3	0.65%
Wal-Mart	-	-	0.00%	5,978,100	4	0.64%
Southeast Stevedoring	-	-	-	5,300,900	6	0.57%
The Plaza LLC	-	-	-	5,238,100	7	0.56%
Tesoro Alaska Petroleum	-	-	-	4,441,900	9	0.48%
Swan Bay Holding Inc.	-	-	-	4,047,200	10	0.43%
Total Principal Property Tax Payers	<u>\$ 111,791,300</u>		8.50%	<u>\$ 60,490,000</u>		6.47%
Total Assessment	<u>\$ 1,314,675,800</u>		100.00%	<u>\$ 935,122,200</u>		100.00%

Source: Ketchikan Gateway Borough Assessment Department.

**KETCHIKAN GATEWAY BOROUGH***Property Tax Levies and Collections, Last Ten Fiscal Years*

June 30, 2013

Fiscal Year	Taxes Levied 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
2004	\$ 6,955,545	5,695,391	82%	1,254,161	6,949,552	100%
2005	7,013,272	5,827,184	83%	1,184,206	7,011,390	100%
2006	7,400,485	5,767,904	78%	1,630,785	7,398,689	100%
2007	7,641,357	7,213,060	94%	426,226	7,639,286	100%
2008	8,288,123	7,437,374	90%	792,431	8,229,805	99%
2009	8,642,875	7,911,034	92%	361,104	8,272,138	96%
2010	7,848,169	7,120,983	91%	350,114	7,471,097	95%
2011	7,241,869	7,201,114	99%	3,501	7,204,615	99%
2012	6,982,379	6,872,731	98%	20,822	6,893,553	99%
2013	6,573,379	6,511,100	99%	-	6,511,100	99%

Table 8

**KETCHIKAN GATEWAY BOROUGH**

*Taxable Sales by Category, Calendar Years*  
June 30, 2013

	Calendar Year				
	2013	2012	2011	2010	2009
Contractors	\$ 6,918,585	6,423,832	6,546,433	6,001,936	6,323,360
Finance, insurance, banks	2,122,623	2,069,615	1,778,393	2,335,729	2,337,153
Hotels, motels, lodges	13,639,696	13,447,653	12,653,677	13,098,466	12,773,312
Manufacturing	6,930,992	6,830,149	6,358,880	6,007,954	5,959,852
Real estate	26,167,548	26,134,364	25,128,822	25,009,437	23,746,202
Retail trade	62,269,525	62,669,763	61,780,925	60,476,010	64,637,819
Retail trade - food	49,212,263	49,088,350	47,344,357	46,472,489	45,027,023
Retail trade, bars & catering	20,221,248	20,100,429	18,717,446	18,173,139	18,022,415
Retail, automotive	15,075,581	15,047,425	14,523,000	13,877,510	14,248,090
Retail, specialty	15,536,842	15,209,574	15,374,601	14,186,917	14,200,612
Retail, var, jewelry, curios	28,262,082	28,055,270	28,053,963	29,036,357	31,681,209
Services, entertainment	4,165,115	4,129,440	3,983,282	3,850,369	4,184,973
Service, general	9,544,365	9,072,944	9,105,638	8,970,448	9,172,699
Services, professional	3,549,450	3,520,072	3,452,095	3,501,904	3,586,231
Trans, comm, utilities	73,403,857	70,834,228	71,099,955	61,655,664	62,322,922
	<u>\$ 337,019,772</u>	<u>332,633,108</u>	<u>325,901,467</u>	<u>312,654,329</u>	<u>318,223,872</u>

	Calendar Year				
	2008	2007	2006	2005	2004
Contractors	7,563,044	6,385,832	6,393,502	6,343,781	5,136,639
Finance, insurance, banks	2,339,433	2,348,611	2,317,998	2,273,359	2,121,440
Hotels, motels, lodges	15,072,971	14,801,945	13,743,128	12,503,465	13,133,503
Manufacturing	6,294,522	5,975,771	5,576,780	5,843,406	5,672,883
Real estate	22,786,018	21,686,940	20,500,075	19,051,590	18,692,482
Retail trade	70,447,630	66,734,591	63,070,558	63,514,414	61,363,355
Retail trade - food	47,234,310	45,101,097	42,599,637	40,674,954	36,178,282
Retail trade, bars & catering	18,494,575	18,612,056	18,083,807	17,499,435	16,637,388
Retail, automotive	16,044,581	15,469,233	12,955,708	12,307,129	12,233,859
Retail, specialty	13,629,882	12,837,901	13,276,417	13,720,642	13,146,382
Retail, var, jewelry, curios	34,307,450	35,196,189	33,307,310	38,294,255	36,740,790
Services, entertainment	4,391,813	4,862,158	4,592,958	4,703,737	4,852,199
Service, general	9,302,203	8,404,625	8,405,467	8,405,429	6,812,309
Services, professional	3,835,368	4,016,554	4,170,100	4,290,255	3,769,258
Trans, comm, utilities	77,686,482	68,090,874	60,189,186	57,564,712	47,848,424
	<u>349,430,282</u>	<u>330,524,377</u>	<u>309,182,631</u>	<u>306,990,563</u>	<u>284,339,193</u>

Source: Ketchikan Gateway Borough Finance Department.

KETCHIKAN GATEWAY BOROUGH

Current Year Debt Service by Type, Last Ten Fiscal Years  
June 30, 2013

Fiscal Year	School G.O. Bond Debt			Revenues - School Bond -			Capital Improvement Fund	Per Capita Cost		Recreation Special Revenue Fund G.O. Bonds			Rec CIP Fund			
	Principal	Interest	Total	State School Debt Reimbursement	Misc.	1/2 cent Sales Tax	Total Revenues	(Deficit) Funded through the General Fund	Population	Per Capita Cost	Principal	Interest	Total	Total Revenues - 1/2 cent Sales Tax, Penalties, Interest, Misc.	Other Expenses	Available for Other Projects
2004	\$ 860,000	1,271,748	2,131,748	1,497,732	10,832	-	1,508,564	(623,184)	13,067	48	605,000	194,028	799,028	1,134,652	-	335,624
2005	980,000	1,147,323	2,127,323	1,479,265	32,603	1,212,106	2,723,974	596,651	13,111	(46)	630,000	98,074	728,074	1,277,280	-	549,206
2006	1,385,000	1,427,599	2,812,599	2,021,962	29,140	1,575,687	3,626,789	814,190	13,176	(62)	-	-	-	1,604,107	-	1,604,107
2007	2,255,000	1,497,735	3,752,735	2,061,057	114,789	1,603,399	3,779,245	26,510	13,089	(2)	-	-	-	1,563,234	-	1,563,234
2008	2,340,000	1,366,236	3,706,236	2,059,731	114,974	1,708,684	3,883,389	177,153	12,993	(14)	-	-	-	1,708,684	-	1,708,684
2009	2,325,000	1,287,761	3,612,761	2,059,056	13,379	1,682,200	3,754,635	141,874	12,984	(11)	-	-	-	1,682,200	-	1,682,200
2010	1,305,000	870,930	2,175,930	1,946,454	12,570	1,598,834	3,557,858	1,381,928	13,477	(103)	-	-	-	1,598,834	-	1,598,834
2011	2,008,500	1,444,053	3,452,553	2,025,976	19,593	1,614,719	3,660,288	207,735	13,686	(15)	276,500	1,002,567	1,279,067	1,614,719	290,599	45,053
2012	2,311,500	1,394,586	3,706,086	2,176,095	(12,406)	1,659,745	3,823,434	117,348	13,750	(9)	353,500	576,507	930,007	1,659,745	-	729,738
2013	2,394,500	1,366,698	3,761,198	3,353,421	81,487	1,650,132	5,085,040	1,323,842	13,938	(95)	360,500	576,507	937,007	1,650,132	330,516	382,609

Note: G.O. Bonds only  
Source: Ketchikan Gateway Borough Finance Department.

**KETCHIKAN GATEWAY BOROUGH**  
*Ratios of General Bonded Debt Outstanding*  
 June 30, 2013

<u>Fiscal Year</u>	<u>General Obligation Bonds Governmental Type</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2004	\$ 27,487,357	3%	2,104
2005	34,044,749	4%	2,597
2006	33,203,086	4%	2,520
2007	29,630,000	3%	2,264
2008	27,290,000	2%	2,100
2009	24,965,000	2%	1,923
2010	46,810,000	4%	3,473
2011	47,925,000	4%	3,502
2012	44,855,000	4%	3,262
2013	46,975,000	4%	3,370

**KETCHIKAN GATEWAY BOROUGH**  
*Direct and Overlapping Governmental Activities Debt*  
 June 30, 2013

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Governmental Unit

**Debt repaid with sales taxes**

Total Direct Debt

Outstanding G.O. Bonds and Certificates of Participation - Ketchikan Gateway Borough	\$ 51,410,000
Less Self Supporting Debt:	
Office Building Revenues	(4,435,000)
Sales Tax Revenues	(46,975,000)
	<u>(51,410,000)</u>

Total Direct Debt

-

City of Ketchikan Direct Debt

Outstanding G.O. Bonds	20,181,445
Less Self Supporting Debt:	
1994 Port Bonds	
Paid from Ketchikan Port Fund Revenues	(270,000)
1997 Hospital Construction Bonds	
Paid from Sales Tax Hospital Fund Revenues	(3,650,000)
ADEC Clean Water loan Program	
Paid from Wastewater and Harbor Fund Revenues	(4,736,445)
	<u>(8,656,445)</u>

Total City of Ketchikan Direct Debt

11,525,000

Total Direct and Overlapping Debt

\$ 11,525,000

Percent of Overlapping to Total Governmental Debt

16%

**KETCHIKAN GATEWAY BOROUGH**

*Revenue Bond Coverage*  
*Ketchikan International Airport*  
 Last Ten Years  
 June 30, 2013

Fiscal Year	Gross Revenues - (1)	Operating Expenses - (2)	Net Revenue Available for Debt Service	Debt Service Requirements - (3)			Coverage
				Principal	Interest	Total	
2004	\$ 3,225,729	2,643,847	581,882	180,000	203,256	383,256	1.52
2005	2,997,565	3,219,520	(221,955)	185,000	188,726	373,726	(0.59)
2006	3,756,403	3,288,967	467,436	195,000	179,420	374,420	1.25
2007	3,865,146	3,588,605	276,541	205,000	169,776	374,776	0.74
2008	4,337,157	3,593,216	743,941	220,000	159,795	379,795	1.96
2009	4,022,364	4,058,174	(35,810)	235,000	138,758	373,758	(0.10)
2010	3,768,310	3,957,424	(189,114)	250,000	127,483	377,483	(0.50)
2011	4,212,118	4,240,937	(28,819)	260,000	115,627	375,627	(0.08)
2012	4,570,795	4,617,663	(46,868)	165,000	69,393	234,393	(0.20)
2013	7,160,408	4,791,025	2,369,383	955,000	84,840	1,039,840	Redeemed

- (1) Total revenues (including interest), plus State Operating Grants, plus revenues from Passenger Facility Charges (PFC fund).
- (2) Total operating expenses exclusive of depreciation.
- (3) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the Airport enterprise fund or debt defeasance transactions.

## KETCHIKAN GATEWAY BOROUGH

*Demographic Statistics*

Last Ten Years

June 30, 2013

Fiscal Year	Borough Population	Personal Income	Alaska Per Capita Income - (1)	Annual Average Unemployment Rate	Education - (2)				
					Borough School Enrollment	Number of Attendance Centers	Number of Classrooms	Number of Teachers FTE	Number of Permanent Employees
2004	13,067	\$ 500,949,579	\$ 38,337	8.90%	2,359	6	140	155	300
2005	13,111	528,255,301	40,291	7.60%	2,372	5	134	155	307
2006	13,176	544,695,840	41,340	7.60%	2,291	7	145	155	307
2007	13,089	601,099,236	45,924	5.00%	2,265	7	147	158	310
2008	12,993	602,225,550	46,350	6.20%	2,166	7	147	158	310
2009	12,984	675,557,520	52,030	7.78%	2,115	7	147	163	315
2010	13,477	701,208,310	52,030	7.78%	2,110	7	147	159	311
2011	13,686	641,490,192	46,872	7.20%	2,100	7	147	159	311
2012	13,750	704,907,500	51,266	7.20%	2,167	7	147	152	315
2013	13,938	598,441,968	42,936	4.20%	2,201	7	147	152	315

(1) Census and Capita Income per State of Alaska Department of Labor.

(2) <http://www.eed.state.ak.us/stats/DistrictEnrollment/2013DistrictEnrollment.pdf>

*Principal Employers FY 2012 and Nine Years Ago*  
June 30, 2013

Calendar Year Employer	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Private Ownership	5,301	1	41.84%	4,880	1	41.72%
Trade, Transportation and A utilities	1,685	2	13.30%	1,771	2	15.14%
Local Government	1,113	3	8.79%	1,055	3	9.02%
Educational & Health Services	922	4	7.28%	637	5	5.45%
Leisure & Hospitality	783	5	6.18%	698	4	5.97%
State of Alaska	711	6	5.61%	599	6	5.12%
Manufacturing	546	7	4.31%	533	7	4.56%
Financial Activities	390	8	3.08%	326	8	2.79%
Construction	322	9	2.54%	260	10	2.22%
US Federal Government	257	10	2.03%	283	9	2.42%
Professional & Business Services	218	11	1.72%	217	11	1.86%
Other	183	12	1.44%	184	12	1.57%
Natural Resource and Mining	150	13	1.18%	166	13	1.42%
Information	88	14	0.69%	88	14	0.75%
	<u>12,669</u>		<u>100.00%</u>	<u>11,697</u>		<u>100.00%</u>

Due to federal confidentiality laws employer identifying information such as employment ranges, numbers or ranking are not available. Employment by NAICS Industry Category is reflected for the Ketchikan Gateway Borough.

Source: State of Alaska, Department of Labor

## KETCHIKAN GATEWAY BOROUGH

## Miscellaneous Statistics

June 30, 2013

	Date of Incorporation & Code of Ordinances Adopted- 1963									
	Form of Government - Elected Assembly - Manager									
	Second-Class Borough									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<i>Ketchikan Gateway Borough</i>										
Borough, square miles	6,900	6,900	6,900	6,900	6,900	6,900	1,733	1,733	1,733	1,733
Revillagigedo Island, square miles	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129
Gravina Island, square miles	96	96	96	96	96	96	96	96	96	96
<i>Animal Protection</i>										
Licenses Issued	833	820	828	774	810	775	761	604	685	N/A
Animals Impounded	441	411	392	362	509	475	424	408	417	N/A
Animals Surrendered	192	303	310	296	309	278	315	395	388	N/A
Animals Adopted	224	209	182	130	121	109	169	158	204	N/A
Animals Claimed	112	124	136	161	171	184	118	149	156	N/A
<i>Employees by function</i>										
General Government	25	24	24	24	24	23	26	25	25	25
Fire and EMS	6	6	6	6	6	6	5	4	2	2
Public services	12	12	12	12	12	11	11	11	10	10
Parks and Recreation	14	14	14	14	14	14	14	14	14	13
Public works	15	16	16	16	18	18	19	20	18	17
Transit	9	9	9	9	9	10	9	9	8	7
Automation	1	1	1	1	1	1	1	1	1	1
Airport	27	27	27	27	27	27	27	28	26	26
	109	109	109	109	111	110	112	112	104	101
<i>South Tongass Volunteer Fire Department</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	36	35	39	43	39	40	38	40	27	27
Fire Calls	31	33	67	34	29	8	15	23	12	12
Emergency Calls/EMS Incidents	141	113	101	96	125	102	104	69	88	88
Fire Investigations	5	7	6	5	7	4	15	3	2	2
<i>North Tongass Volunteer Fire Department</i>										
Stations	2	2	2	2	2	2	2	2	2	Not established
Volunteers	24	20	24	23	26	31	31	30	30	
Fire Calls	40	26	24	25	43	37	28	40		
Emergency Calls/EMS Incidents	156	113	126	145	149	95	84	110		
Fire Investigations	1	0	0	0	0	0	0	1		
<i>Elections</i>										
Registered Voters	9,836	10,065	10,105	10,354	10,255	10,380	10,253	10,034	10,135	10,135
Votes Cast Last Borough Election	2,407	1,554	1,849	2,127	2,189	2,456	2,528	3,138	3,982	3,989
% Voting Last Borough Election	24%	15%	18%	21%	21%	24%	25%	31%	39%	39%
<i>Sewer &amp; Water Plants</i>										

## KETCHIKAN GATEWAY BOROUGH

Miscellaneous Statistics  
June 30, 2013

	Date of Incorporation & Code of Ordinances Adopted- 1963									
	Form of Government - Elected Assembly - Manager									
	Second-Class Borough									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Wastewater Enterprise Fund:</b>										
Miles of Sanitary Sewers	8	6	6	6	6	6	6	6	6	6
Average Daily Treatment (Sewer gals)	180,000	100,000	100,000	100,000	100,000	47,000	47,000	47,000	47,000	47,000
Treatment Capacity (Sewer gals)	700,000	700,000	700,000	700,000	700,000	330,000	330,000	330,000	330,000	330,000
Sewer Connections	580	522	522	522	522	257	257	257	257	257
Sludge Pumping Customers	1313	1,231	1,231	Not available						
<b>South Tongass Service Area:</b>										
Water, Hydrant, Connections	466	402	402	402	402	327	327	327	327	327
Average Daily Treatment (Water gals)	175,000	149,533	149,533	149,533	149,533	92,580	92,580	92,580	146,933	146,933
Treatment Capacity (Water gals)	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000
<b>Municipal Parks</b>										
Developed Parks	15	15	15	15	15	15	15	15	15	15
Developed Acres	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564
Swimming Pools	1	1	1	1	1	1	1	2	2	2
Lighted Ball Fields	7	7	7	7	7	7	6	6	6	6
<b>Ketchikan International Airport (Calendar YR)</b>										
Inbound Passengers	N/A	100,568	99,072	96,160	100,851	119,376	125,295	104,906	92,659	Not available
Outbound Passengers	N/A	100,054	98,262	95,050	99,650	112,746	119,451	104,966	93,424	Not available
<b>Airport Ferry</b>										
Passengers	N/A	337,255	337,996	336,422	381,961	449,790	418,291	356,774	321,958	Not available
Vehicles	N/A	79,847	76,243	83,690	105,653	127,516	106,276	84,754	71,394	Not available
<b>Transit</b>										
Passengers	458,703	406,164	346,249	307,999	265,536	226,356	153,377	133,321	150,985	174,575
<b>Visitor Industry</b>										
Cruise Ship Passengers	791,108	778,899	835,325	925,517	930,459	897,834	899,638	681,096	Not available	Not available

Data supplied by Ketchikan Gateway Borough Department Directors



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