

**KETCHIKAN GATEWAY BOROUGH
ALASKA**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2000

KETCHIKAN GATEWAY BOROUGH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2000

Prepared by

DEPARTMENT OF ADMINISTRATIVE SERVICES

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KETCHIKAN GATEWAY BOROUGH

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2000

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INTRODUCTORY SECTION

November 30, 2000

Honorable Mayor and Members of the Assembly
Ketchikan Gateway Borough
Ketchikan, Alaska

The Comprehensive Annual Financial Report (CAFR) of the Ketchikan Gateway Borough, Alaska for the fiscal year ended June 30, 2000, is hereby submitted as mandated by local ordinances and state statutes. These ordinances and statutes require that the Ketchikan Gateway Borough issue an annual report on its financial position and activity, and that this report be audited by an independent firm of Certified Public Accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the Ketchikan Gateway Borough. All disclosures necessary to enable the reader to gain an understanding of the Borough's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three major parts: 1) Introductory, 2) Financial, and 3) Statistical. This report includes all funds and account groups of the Ketchikan Gateway Borough. The Introductory Section (unaudited) includes this transmittal letter, an organizational chart, a list of elected and staff officials and a map showing the Borough Boundaries. The Financial Section includes the general purpose financial statements and both combining and individual fund and account group financial statements and schedules, as well as the Auditor's Report on the financial statements and schedules. The Statistical Section (unaudited) includes selected financial and demographic information, generally presented on a multi-year basis.

New this year is the inclusion of a summary of the separate Single Audit of state and federal grants. The Borough is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments." State of Alaska Regulation 2 AAC 45.010, the Single Audit Information related to single audit, including schedules of federal and state financial assistance, the independent Auditor's Reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separate issued single audit report.

The financial reporting entity (Ketchikan Gateway Borough) includes all the funds and account groups of the primary government (i.e., Ketchikan Gateway Borough as legally defined), as well as all of its component units. Component units are legally separate units for which the primary government is financially accountable. The Borough provides the following areawide services: education (schools), property tax assessments, tax collections, senior citizen tax exemptions, parks and recreation, land use planning and zoning, animal protection. The Borough provides non-

areawide services for library services, refuse collection and sewage treatment, and on a service area basis for road construction and maintenance, fire protection, and water treatment. The Borough operates enterprise (fund) services for the Ketchikan International Airport, including the airport ferry and the Transit System (buses).

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

GOVERNMENTAL STRUCTURE

The Borough has operated under the Assembly-Manager form of government since 1963. Policy-making and legislative authority are vested in the Borough Assembly, which consists of an elected mayor and a seven-member assembly. The Assembly is responsible for, among other things, adopting ordinances and resolutions, adopting the annual budget, appointing committees and hiring the Borough's Manager, Attorney, and Clerk. The Borough Manager is the chief administrative officer and has all powers and duties set forth in the Alaska Statute presently numbered AS 29.23.140, and other powers and duties elsewhere prescribed by law. She has supervision and control, directly and indirectly, over all operational departments, agencies, and officers, except the Attorney and Clerk.

Ketchikan Gateway Borough is organized as a second class borough. Its boundaries extend around Revillagiedo Island, Gravina Island, Pennock Island and other smaller islands within the defined boundaries. The Ketchikan Gateway Borough is in Southeast Alaska, approximately 650 miles north of Seattle, Washington. 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.

A consolidation plan is in progress by the City of Ketchikan proposing to consolidate the Borough and City of Ketchikan governments (Saxman excluded). The plan will be presented to voters in 2001. A draft has been released for public review. The City of Ketchikan has annexed the Shoreline Service Area, which includes the site of the planned Wal-Mart development. This annexation will occur on January 1, 2001.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The economy of the Ketchikan area is based on natural resources, primarily timber and fishing. Both industries have played significant roles in the development of the local economy since the turn of the century. During the first part of the 1900s, fishing was the primary industry with numerous canneries and fish processing facilities operating at the peak of the industry. At one

point in its history Ketchikan was known as the "Salmon Capital of the World." Fish prices have fallen in recent times, but volume has boosted harvest figures. The 1999 salmon season brought an increase in prices and near-record volume. Ketchikan leads the Southeast Alaska harvests. In addition to salmon, groundfish and shellfish also make up the fisheries economy, and there is a growing dive fishery.

In the 1950s timber moved to the forefront when the U.S. Forest Service offered a 50-year timber contact to a private company, resulting in construction of a major pulp mill facility and several sawmills in Ketchikan. Much of the turmoil for this industry links to federal policies diminishing timber sales on federal lands and a decline in exports. The 1997 closure of the Ketchikan Pulp Co. Mill brought a sharp drop in employment, and only two production sawmills remain operating in Ketchikan area. The result of the lack of timber sales was \$25 million in federal economic impact aid in FY 1997. The funds will be used for grants, loans and infrastructure support. Included is a loan to Gateway Forest Products for a veneer plant at the former KPC site and two loan guarantee's to the Inter-Island Ferry Authority and the Ketchikan Visitor Bureau.

Tourism is the fastest growing segment of the local economy. Packaged tours through cruise ship companies continue to dominate this segment, but increased focus is being given to independent travelers and off-season convention and conference activity. More than a half million tourists arrive each summer on cruise ships.

City, Borough and School District employment account for three of the top ten employers in Ketchikan.

Despite a declining population and the loss of jobs tied to the pulp mill, there are a number of large construction projects completed or in progress. City bonds financed a \$10 million addition to Ketchikan General Hospital, completed this year. Federal funds financed an \$8 million health services and office building for Ketchikan Indian Corporation. A \$9.9 million federal grant to the City of Ketchikan will help finance the Swan Lake-Lake Tyee Intertie Project (hydroelectric). The City of Saxman will use federal grant money, insurance proceeds and a Borough loan to finance the \$2.4 million initial phase of a Community Hall, to be completed in spring 2001. The Wal-Mart corporation is constructing a new retail store, and the full complex of businesses planned for this site, estimated at \$14 million total, may include a grocery store and theater. The Borough sold \$7.56 million in General Obligation Bonds in the fall of 1999 to finance repair and renovation of the Valley Park and Houghtaling Elementary Schools. The Borough expects to sell an additional \$9,055,000 in General Obligation Bonds in late 2000 for the constructing a new elementary school and renovation design work for Schoenbar Middle School.

A growing private venture is the Alaska Ship and Dry Dock Inc., which exceeded its own plans and expectations this year with close to \$18 million in projected revenues. The facilities are owned by the state, but the shipyard and dry dock operations are privately managed. The shipyard successfully completed major work on the Coast Guard cutter Acushnet and overhauling the National Oceanic and Atmospheric Administration's ship the Miller Freeman. This year two cruise ships damaged in separate incidents were towed to the Ketchikan facility for emergency repairs. A five-year, \$40 million development plan for the shipyard envisions 220 full-time-

equivalent jobs. Alaska Ship and Dry Dock Inc. is contracted to build a new airport ferry for the Borough, and it is the apparent low bidder for a \$10 million State of Alaska contract to repair and refurbish the ferry M/V Columbia.

The Borough completed work on an evaluation and rating process for economic development assistance loans and grants, and the Assembly adopted an Ordinance and Resolutions defining how the \$25 million in federal aid will be dispensed in accordance with that process.

FINANCIAL INFORMATION

Borough management is responsible for establishing and maintaining an internal control structure designed to ensure that the Borough assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

Single Audit. As a recipient of federal and state financial assistance, the Borough also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the single audit performed by the Borough's independent accountants, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs and state awards, as well as to determine that the Borough has complied with applicable laws and regulations. The results of the Borough's single audit for the fiscal year ended June 30, 2000, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. Formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue Funds. The Debt Service Funds do not use formal budgetary integration because effective budgetary control is alternatively achieved through General Obligation Bond indenture provisions. The remaining Special Revenue Funds and the Capital Projects Funds are budgeted on a project length basis, and formal budgetary control is achieved as such.

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. Resources are allocated to and accounted for individual funds, based upon the purposes for which those funds were created. The Assembly may, by ordinance, transfer appropriations between funds and amend the original budget in total. The Borough Manager may transfer amounts between line items within a department. The legal level of control (that is, the level at which expenditures cannot legally exceed the appropriation) is at the fund level.

Capital projects and grant activities are budgeted on project length basis. Activities of the General Fund and certain Special Revenue Funds are included in the annual appropriating budget, and appropriations lapse at year end. The Borough also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Open encumbered amounts lapse at year end; however, they are reappropriated as part of the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the Ketchikan Gateway Borough continues to meet its responsibility for sound financial management.

Combined General Government Fund Balance. The following schedule presents a summary of general fund, special revenue funds, debt service fund and capital projects fund revenues for the fiscal year ended June 30, 2000 and the amount of increases and decreases in relation to prior year revenues.

Revenues:	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1999</u>
Taxes	\$12,745,157	38.63%	\$ 615,306
Payment in Lieu of Taxes	14,902	0.04%	(2,552)
Licenses & Permits	18,545	0.06%	735
Revenues from Other Governments	8,146,611	24.68%	(818,419)
Charges for Services	729,198	2.21%	95,761
G.O. Bond Proceeds	7,453,109	22.59%	7,453,109
Other Revenues	<u>3,888,975</u>	<u>11.79%</u>	<u>1,389,319</u>
Total	<u>\$32,996,497</u>	<u>100.00%</u>	<u>\$8,733,259</u>

The most significant increase in actual revenue sources was derived from other governments and other revenues. Tax revenues are a combination of three distinct resources: property taxes, sales tax, and automobile and boat taxes. The increase in Revenue from Other Governments resulted principally from federal Southeast Economic Assistance Funds.

The following schedule presents a summary of general fund, special revenue funds, debt service and capital projects fund expenditures for the fiscal year ended June 30, 2000 and the increases and decreases in relation to prior year amounts.

Expenditures:	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1999</u>
General Government	\$ 1,987,785	10.67%	\$ 19,753
Public Service	9,823,142	52.74%	3,944,552
Non-Departmental	105,770	.57%	(55,177)
Automation	34,350	.18%	(8,993)
Capital Projects	4,597,799	24.69%	2,506,786
Debt Service	<u>2,075,662</u>	<u>11.15%</u>	<u>(83,566)</u>
Total	<u>\$18,624,508</u>	<u>100.00%</u>	<u>\$ 6,323,355</u>

The significant increases in expenditures occurred in capital project improvements and state and federal grant funding.

Enterprise Operations. The Ketchikan Gateway Borough enterprise operations consist of the Ketchikan International Airport (airport and ferry operations) and the Transit System (buses). The intent of the Borough is that the cost of operations and providing services to the general public are financed primarily through user charges. The acquisition and improvements of the facilities are financed from existing cash resources from operations, tax levies, the issuance of general obligation and revenue bonds.

Implemented early in 1999 is a Passenger Facilities Charges, a fee on air carriers based on per passenger coming through the Ketchikan International Airport. With federal approval, designated airport projects may be funded with these PFC revenues. A pending Revenue Bond issuance, planned for early 2001, will finance construction of a new airport ferry and terminal renovations, and is a prime example of how the PFC revenue will finance airport improvements.

Fiduciary Responsibility. The Ketchikan Gateway Borough has fiduciary responsibility in two areas. First, Alaska Statutes require the Borough to be responsible for collection and distribution of property and sales taxes for cities within the Borough. The second area of fiduciary responsibility involves participation by Borough employees in a deferred compensation plan. While the Borough does not administer the plan, contributions are employee assets held in trust by the Borough. These have been shown in past reports in the Agency Fund. Reporting standards do not require an Agency Fund report in this year's CAFR.

Debt Administration. At June 30, 2000, the Ketchikan Gateway Borough had outstanding debt of \$13,185,000. This is comprised of \$7,560,000 in General Obligation Bonds for school projects, and \$5,625,000 General Obligation Bonds for the Gateway (Indoor) Recreation Center.

Cash Management. The Borough Assembly acted to direct that certain long-term monies be invested through a portfolio manager into the equities market, with restrictions on type of investments. Central treasury balances earned interest of \$3,588,911 on all investments for the year ended June 30, 2000. Central Treasury balances consist of the General Fund, Special Revenue Funds, Capital Projects Funds, and portions of the Enterprise Funds. As stated, an Agency Fund report is not required in this CAFR.

The Borough's investment policy is to minimize credit and market risks while maintaining a competitive yield (return) on its portfolio. Normally all bank balances are covered by federal depository insurance, or by collateral held by the Borough's agent in the Borough's name. Borough investments are insured, registered, or are securities which are held by the Borough or its agent in the Borough's name, which places them in the lowest risk category as defined by Statement No. 3 of the Governmental Accounting Standards Board.

Risk Management. The Borough currently maintains coverage for comprehensive general liability, automobile liability, building and contents, education errors and omissions, and public officials' liability.

Y2K Issues. The Ketchikan Gateway Borough addressed its Year 2000 (Y2K) issues by contacting vendors and verifying their ability to meet Year 2000 compliance. The Borough tested and verified that its computer hardware and software were compliant and encountered no problems.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

This past year brought decisions on the procedures for considering loans, grants and loan guarantees the Borough will make using the \$25 million in federal Southeast Economic Assistance Funds. The Assembly adopted resolutions detailing the process, review, ratings and requirements for enterprises to qualify. Among key commitments, pending due diligence review and negotiations, are infrastructure and incentive grants to the Alaska Ship and Dry Dock Inc., a loan guarantee to Alaska Gateway Products (veneer plant at former Ketchikan Pulp Co. site), a loan guarantee to the Inter-Island Ferry Authority, and supporting grants to the University of Alaska Small Business Development Center and the Southern Southeast Regional Aquaculture Association.

The Borough anticipates issuing \$4 million in Revenue Bonds in early 2001 to finance construction of a new airport ferry and renovations of the terminal. The Passenger Facilities Charges, initiated in 1999, will provide the revenue stream for the repaying the bond.

General Obligation Bonds of \$9,055,000 are being sold in late 2000 to pay for a new elementary school to replace White Cliff, and for design and engineering of major renovations to Schoenbar Middle School. The Valley Park and Houghtaling Elementary School renovations were completed during the summer of 2000, including roof replacement at the Valley Park Elementary School.

Other studies completed are a Transit Master Plan for transportation services, and a federally funded report on Gravina Island Access options. The Ketchikan International Airport is located on Gravina Island and currently accessible by ferry. The access project will have a major impact on the community, depending on decisions to construct a bridge, an underground tunnel or to continue ferry operations, in addition to longer term prospects for commercial development on Gravina Island.

The Borough received \$1,180,000 in federal and state grant money to continue work on Shoup Street area water and sewer projects. A Community Development Block Grant of \$200,000 financed construction of a new Head Start building, with the Borough serving as the grant recipient.

A roof on the Mike Smithers Pool building was replaced and repaired. This roof was less than four years old, and the Borough expects to recover a portion of replacement costs from the architect and contractor.

OTHER INFORMATION

Independent Audit. Alaska State Statutes 29.35.120 requires an annual independent audit of the accounts and financial transactions of the Borough by a Certified Public Accountant. The accounting firm of Mecham, Richardson and Company, CPAs, was selected and ratified by the

Borough Assembly. In addition to meeting the requirements set forth in the State Statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133 and the State of Alaska Single Audit Act 2 AAC 45.010. The Auditor's report on the general purpose financial statement is included in the financial section of this report. The combining, individual fund and account group financial statements and schedules are presented for purposes of additional analysis. The auditor's reports related specifically to the single audit are contained in a separate report.

Acknowledgments. The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the Administrative Services Department. Each member of the department has our sincere appreciation for their contribution. A special thanks goes to Vicki Campbell and Susan Fisher for their help in preparing the CAFR.

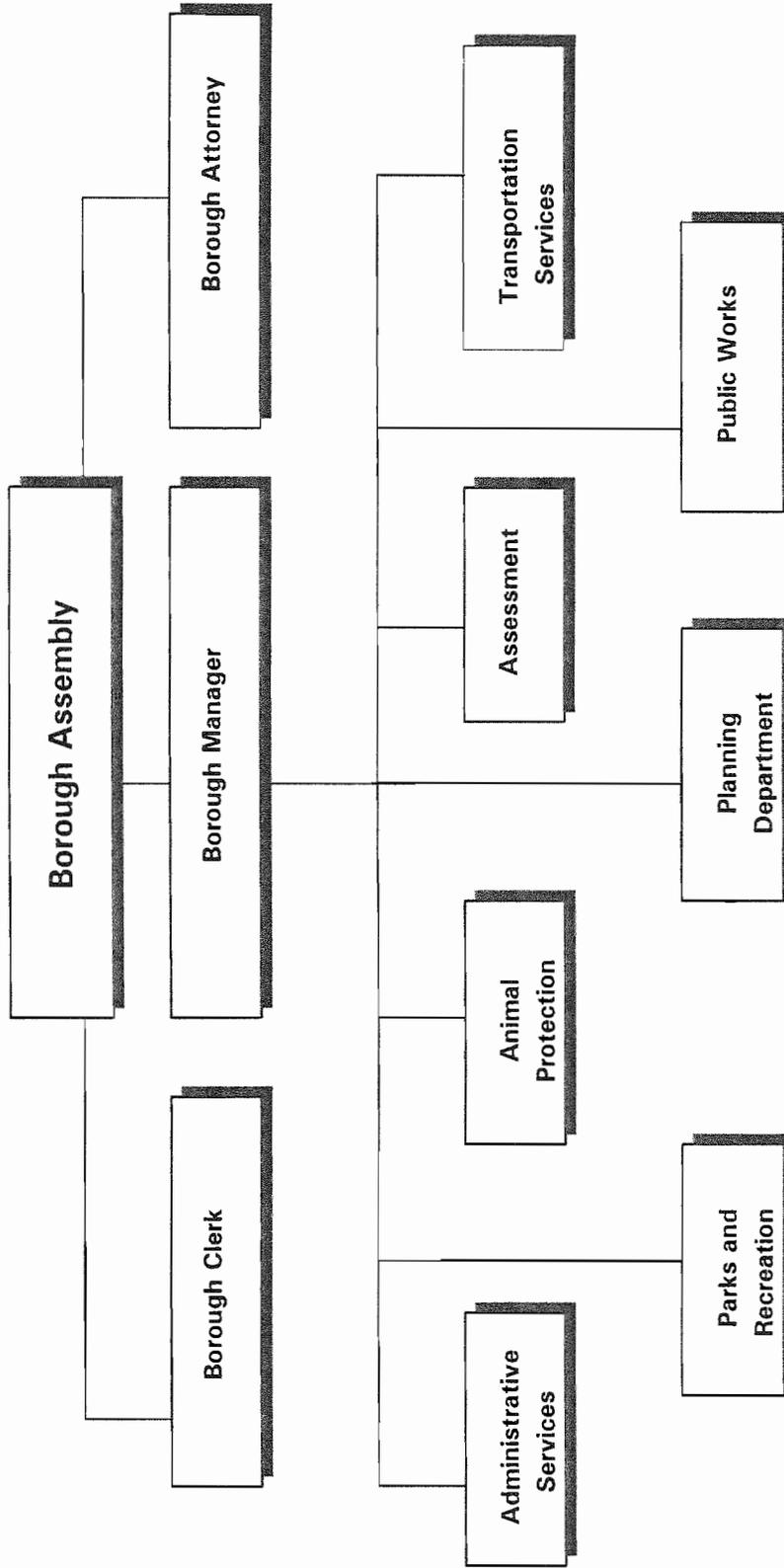
The Administrative Services Department would like to express its continued appreciation to the Mayor and Members of the Borough Assembly for your interest, support, cooperation and involvement throughout the year in issues pertaining to the finances of the Ketchikan Gateway Borough.

Respectfully submitted,

Alvin E. Hall
Director of Administrative Services

KETCHIKAN GATEWAY BOROUGH

Fiscal Year 1999/2000



KETCHIKAN GATEWAY BOROUGH PRINCIPAL BOROUGH OFFICIALS

June 30, 2000

MAYOR AND ASSEMBLY

John W. "Jack" Shay Jr.	Mayor
Phyllis L. Yetka	Vice-Mayor
John J. Conley	Assembly Member
Richard L. Coose	Assembly Member
Maggie Sarber	Assembly Member
George Lybrand, P.E.	Assembly Member
Michael B. Salazar	Assembly Member
Michael J. Sallee	Assembly Member

BOROUGH STAFF

Georgianna Zimmerle	Manager
John Hozey III	Assistant Manager
Scott A. Brandt-Erichsen	Borough Attorney
Sue Bethel	Borough Clerk
Alvin E. Hall	Director of Administrative Services
Dennis Finegan	Director of Assessment
Eugene Martin	Animal Protection Supervisor
Susan Dickinson	Director of Planning
David Miller	Interim Director of Transportation Services
John Brown	Director Parks and Recreation
Richard McAlpin	Deputy Director of Public Works

KETCHIKAN GATEWAY BOROUGH

Boundary shown in broken line around Revillagigedo and Gravina Islands

Service Areas & Features:

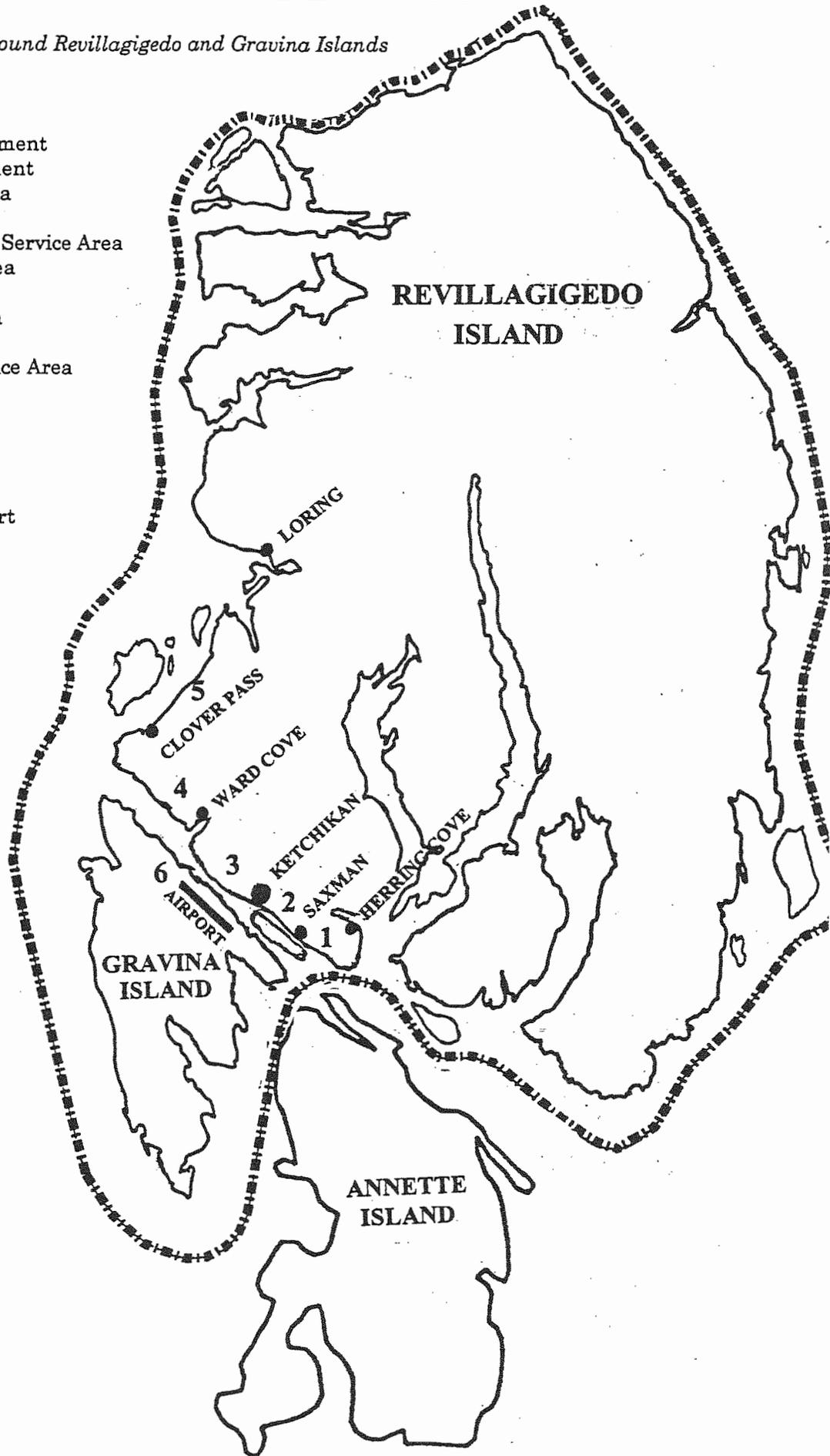
- 1 Mountain Point Sewage Treatment
Mountain Point Water Treatment
Gold Nugget Road Service Area
Shoup Street Service Area
South Tongass Volunteer Fire Service Area
Nichols View Road Service Area
- 2 Forest Park Road Service Area
- 3 Shoreline Volunteer Fire Service Area
- 4 Mud Bight Road Service Area
- 5 Waterfall Road Service Area
- 6 Ketchikan International Airport

Revillagigedo Island:

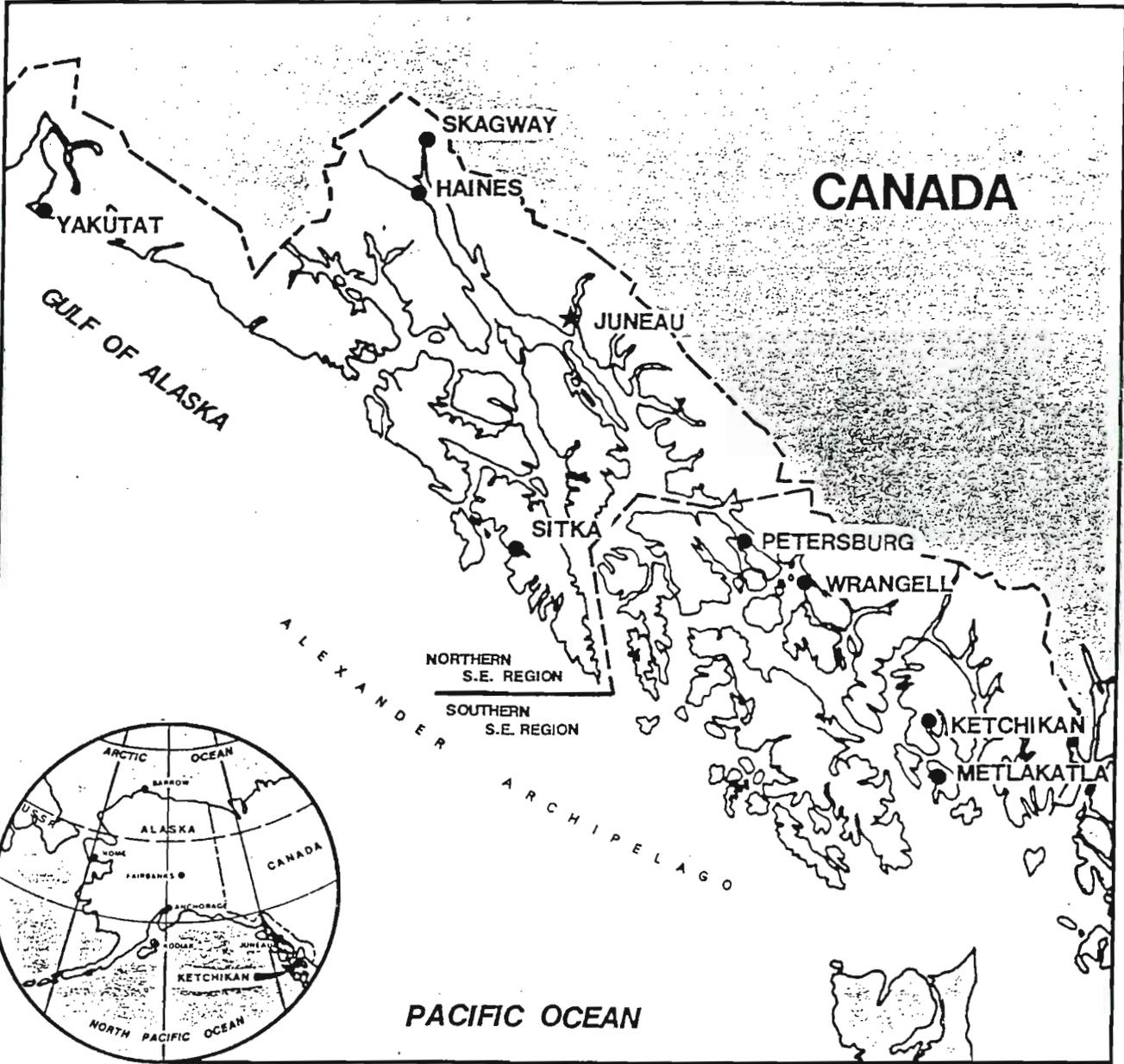
747,307 acres
1,168 square miles
309 miles of coastline

Gravina Island:

57,549 acres
89 square miles
71 miles of coastline



SOUTHEASTERN ALASKA



REGIONAL MAP

FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT

**MECHAM, RICHARDSON AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

Member of the AICPA Private Companies Practice Section

1734 TONGASS AVENUE
KETCHIKAN, ALASKA 99901
(907) 225-9688
FAX (907) 225-9687

Partners
Edward B. Mecham, CPA
S. Dirk Richardson, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Borough Assembly
Ketchikan Gateway Borough
Ketchikan, Alaska

We have audited the accompanying general-purpose financial statements of the Ketchikan Gateway Borough ("the Borough") as of and for the year ended June 30, 2000 as listed in the table of contents. These general-purpose financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ketchikan Gateway Borough as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the

MECHAM, RICHARDSON AND COMPANY
Certified Public Accountants

To the Honorable Mayor and
Members of the Borough Assembly
Ketchikan Gateway Borough

general-purpose financial statements of the Ketchikan Gateway Borough. Additionally, the accompanying schedules of state financial assistance and expenditures of federal awards are presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the general-purpose financial statements of the Ketchikan Gateway Borough. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The other data included in this report, designated as the "Statistical Section - Unaudited" in the table of contents, has not been audited by us and, accordingly, we do not express an opinion on such data.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2000 on our consideration of the Ketchikan Gateway Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Mecham, Richardson and Company

November 29, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

The financial statements in this section provide a summary overview of the financial position of all funds and account groups including summary operating results of all funds.

The following statements are included in this section:

**Combined Balance Sheet - All Fund Types and Account Groups
and Discretely Presented Component Units**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All
Governmental Fund Types and Discretely Presented Component Units**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget &
Actual - General, Budgeted Special Revenue Fund Types**

**Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund
Balances - All Proprietary Fund Types**

Combining Statement of Cash Flows - All Proprietary Fund Types

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COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2000

	Governmental Fund Types				Proprietary Type Funds	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS						
Cash and Temporary Investments	\$ 2,434,485	\$ 42,858,156	\$ -	\$ 5,320,243	\$ 1,300	\$ 1,260,494
Funds with Fiscal Agents	-	-	-	-	-	-
Property Taxes Receivable	14,699	-	-	-	-	-
Due From Primary Government	-	-	-	-	-	-
Accounts Receivable	100,850	403,909	-	-	209,991	-
Due From Other Funds	956,596	-	-	-	-	-
Advances to Other Funds	-	967,800	-	-	-	-
Prepaid expenses	7,725	-	-	-	-	-
Deferred Accounts Receivable	-	5,756,713	-	-	-	-
Inventory	-	-	-	-	-	-
Restricted Assets:						
Bond Redemption Fund Cash and Investments	-	-	-	-	-	-
Plant in Service:					10,106,666	-
Accumulated Depreciation	-	-	-	-	(6,302,116)	-
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Swimming Pools/Ballfields	-	-	-	-	-	-
Construction in Progress	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-
Amount to be Provided for Payment of Long Term Debt	-	-	-	-	-	-
Total Assets	\$ 3,514,355	\$ 49,986,578	\$ -	\$ 5,320,243	\$ 4,015,841	\$ 1,260,494
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	\$ 72,495	\$ 907,987	\$ -	\$ 1,440,225	\$ 74,446	\$ 75,856
Retainage Payable	-	12,893	-	-	-	-
Due to Other Governments	36,333	-	-	-	-	-
Unclaimed Bonds	-	7,845	-	-	-	-
Due to Other Funds	-	537,602	-	152,548	266,446	-
Due to Component Unit	194,971	-	-	-	-	-
Advances from Other Funds	-	967,800	-	-	-	-
Deposits	31,230	100,426	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-
Accrued Liabilities	366,470	-	-	-	159,771	-
Deferred Revenue	49,289	187,887	-	-	-	-
Deferred Compensation	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Total Liabilities	750,788	2,722,440	-	1,592,773	500,663	75,856
Equity and Other Credits:						
Contributed Capital	-	-	-	-	1,454,644	-
Investment in General	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-
Retained Earnings:						
Reserved for Bond Retirement	-	-	-	-	-	-
Reserved for Premium Stabilization	-	-	-	-	-	-
Unreserved	-	-	-	-	2,060,534	1,184,638
Fund Balances:						
Restricted for Advances	-	967,800	-	-	-	-
Restricted for Outstanding Loans	-	5,756,713	-	-	-	-
Restricted for Loan Guarantees	454,000	1,865,000	-	-	-	-
Reserved Federal Impact Aid	-	-	-	-	-	-
Reserved for Encumbrances	21,905	2,853,763	-	3,323,873	-	-
Reserved for Prepaid	7,725	-	-	-	-	-
Reserved for Inventory	-	-	-	-	-	-
Reserved for Endowments	-	-	-	-	-	-
Reserved for Capital Equipment Replacement	150,000	-	-	-	-	-
Designated for Ship Yard Maintenance	-	154,000	-	-	-	-
Unreserved Fund Balance	2,129,937	35,666,862	-	403,597	-	-
Total Equity and Other Credits	2,763,567	47,264,138	-	3,727,470	3,515,178	1,184,638
Total Liabilities, Equity and Other Credits	\$ 3,514,355	\$ 49,986,578	\$ -	\$ 5,320,243	\$ 4,015,841	\$ 1,260,494

The notes to the financial statements are an integral part of this statement.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2000

	Fiduciary Fund Types		Account Groups		Totals (Memorandum only) Primary Government	Component Unit School District	Totals (memorandum only) Reporting Entity
	Trust and Agency Funds	General Fixed Assets	General Long Term Debt				
ASSETS							
Cash and Temporary Investments	-	\$ -	\$ -	-	\$ 51,874,678	\$ 362,927	\$ 52,237,605
Funds with Fiscal Agents	-	-	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	14,699	-	14,699
Due From Primary Government	-	-	-	-	-	194,971	194,971
Accounts Receivable	-	-	-	-	714,750	747,548	1,462,298
Due From Other Funds	-	-	-	-	956,596	-	956,596
Advances to Other Funds	-	-	-	-	967,800	-	967,800
Prepaid expenses	-	-	-	-	7,725	-	7,725
Deferred Accounts Receivable	-	-	-	-	5,756,713	-	5,756,713
Inventory	-	-	-	-	-	16,728	16,728
Restricted Assets:							
Bond Redemption Fund Cash and Investments	-	-	-	-	-	25,510	25,510
Plant in Service:	-	-	-	-	10,106,666	-	10,106,666
Accumulated Depreciation	-	-	-	-	(6,302,116)	-	(6,302,116)
Land	-	335,000	-	-	335,000	117,216	452,216
Buildings	-	8,351,881	-	-	8,351,881	61,808,827	70,160,708
Equipment	-	2,149,439	-	-	2,149,439	7,409,706	9,559,145
Swimming Pools/Ballfields	-	2,753,208	-	-	2,753,208	-	2,753,208
Construction in Progress	-	-	-	-	-	3,807,067	3,807,067
Leasehold Improvements	-	-	-	-	-	17,867	17,867
Amount to be Provided for Payment of Long Term Debt	-	-	13,185,000	-	13,185,000	284,074	13,469,074
Total Assets	-	\$ 13,589,528	\$ 13,185,000	-	\$ 90,872,039	\$ 74,792,441	\$ 165,664,480
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	-	\$ -	\$ -	-	\$ 2,571,009	\$ 504,033	\$ 3,075,042
Retainage Payable	-	-	-	-	12,893	-	12,893
Due to Other Governments	-	-	-	-	36,333	-	36,333
Unclaimed Bonds	-	-	-	-	7,845	-	7,845
Due to Other Funds	-	-	-	-	956,596	-	956,596
Due to Component Unit	-	-	-	-	194,971	-	194,971
Advances from Other Funds	-	-	-	-	967,800	-	967,800
Deposits	-	-	-	-	131,656	-	131,656
Accrued Interest Payable	-	-	-	-	-	-	-
Accrued Liabilities	-	-	-	-	526,241	744,652	1,270,893
Deferred Revenue	-	-	-	-	237,176	-	237,176
Deferred Compensation	-	-	-	-	-	-	-
Bonds Payable	-	-	13,185,000	-	13,185,000	-	13,185,000
Total Liabilities	-	-	13,185,000	-	18,827,520	1,248,685	20,076,205
Equity and Other Credits:							
Contributed Capital	-	-	-	-	1,454,644	-	1,454,644
Investment in General Fixed Assets	-	13,589,528	-	-	13,589,528	73,160,683	86,750,211
Retained Earnings:							
Reserved for Bond Retirement	-	-	-	-	-	-	-
Reserved for Premium Stabilization	-	-	-	-	-	-	-
Unreserved	-	-	-	-	3,245,172	-	3,245,172
Fund Balances:							
Restricted for Advances	-	-	-	-	967,800	-	967,800
Restricted for Outstanding Loans	-	-	-	-	5,756,713	-	5,756,713
Restricted for Loan Guarantees	-	-	-	-	2,319,000	-	2,319,000
Reserved Federal Impact Aid	-	-	-	-	-	260	260
Reserved for Encumbrances	-	-	-	-	6,199,541	131,675	6,331,216
Reserved for Prepaid	-	-	-	-	7,725	-	7,725
Reserved for Inventory	-	-	-	-	-	16,728	16,728
Reserved for Endowments	-	-	-	-	-	60,105	60,105
Reserved for Capital Equipment Replacement	-	-	-	-	150,000	-	150,000
Designated for Ship Yard Maintenance	-	-	-	-	154,000	-	154,000
Unreserved Fund Balance	-	-	-	-	38,200,396	174,305	38,374,701
Total Equity and Other Credits	-	13,589,528	-	-	72,044,519	73,543,756	145,588,275
Total Liabilities, Equity and Other Credits	-	\$ 13,589,528	\$ 13,185,000	-	\$ 90,872,039	\$ 74,792,441	\$ 165,664,480

The notes to the financial statements are an integral part of this statement.

KETCHIKAN GATEWAY BOROUGH

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2000

	General	Special Revenue	Debt Service	Capital Projects	Totals (memorandum only) Primary Government	Components Unit School District	Totals (memorandum only) Reporting Entity
REVENUES							
Taxes	\$ 10,852,369	\$ 1,892,788	\$ -	\$ -	\$ 12,745,157	\$ -	\$ 12,745,157
Payments in Lieu of Taxes	14,902	-	-	-	14,902	-	14,902
Licenses and Permits	18,545	-	-	-	18,545	-	18,645
Revenues from Other Govts	1,142,332	7,004,279	-	-	8,146,611	12,770,009	20,916,620
Charges for Services	441,973	287,225	-	-	729,198	-	729,198
G.O. Bond Proceeds	-	-	-	7,453,109	7,453,109	-	7,453,109
Interest	607,476	2,722,058	-	199,149	3,528,683	-	3,528,683
Other Revenues	-	360,292	-	-	360,292	-	360,292
Total Revenues	13,077,597	12,266,642	-	7,652,258	32,996,497	12,770,009	45,766,506
EXPENDITURES							
Current:							
General Government	1,987,785	-	-	-	1,987,785	-	1,987,785
Public Services	5,492,608	3,980,523	-	349,911	9,823,142	20,589,038	30,412,180
Non-Departmental	105,770	-	-	-	105,770	-	105,770
Automation	34,350	-	-	-	34,350	-	34,350
Capital Outlay	244,414	1,011,327	-	3,342,058	4,597,799	-	4,597,799
Debt Service	-	-	2,075,662	-	2,075,662	-	2,075,662
Total Expenditures	7,864,927	4,991,950	2,075,662	3,691,969	18,624,508	20,589,038	39,213,546
Excess (Deficit) of Revenues over Expenditures	5,212,670	7,274,692	(2,075,662)	3,960,289	14,371,989	(7,819,029)	6,552,960
Other Financing Sources (Uses)							
Operating Transfers In	1,258,207	22,343,470	2,075,662	228,652	25,905,991	-	25,905,991
Operating Transfers In from General Government	-	-	-	-	-	7,651,703	7,651,703
Operating Transfers Out	(554,150)	(25,099,887)	-	-	(25,654,037)	-	(25,654,037)
Operating Transfers Out to Component Unit	(7,651,703)	-	-	-	(7,651,703)	-	(7,651,703)
Total Other Financing Sources (Uses)	(6,947,646)	(2,756,417)	2,075,662	228,652	(7,399,749)	7,651,703	251,954
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,734,976)	4,518,275	-	4,188,941	6,972,240	(167,326)	6,804,914
Fund Balances, Beginning of Year	4,498,543	42,745,863	-	(461,471)	46,782,935	550,399	47,333,334
Fund Balances, End of Year	\$ 2,763,567	\$ 47,264,138	\$ -	\$ 3,727,470	\$ 53,755,175	\$ 383,073	\$ 54,138,248

The notes to the financial statements are an integral part of this statement.

KETCHIKAN GATEWAY BOROUGH

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - GENERAL AND BUDGETED SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2000

	General			Annually Budgeted Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
Revenues						
Taxes	\$ 10,651,654	\$ 10,852,369	\$ 200,715	\$ 1,793,777	\$ 1,892,788	\$ 99,011
Payments in Lieu of Taxes	15,000	14,902	(98)	-	-	-
Licenses and Permits	16,500	18,545	2,045	-	-	-
Revenue from Other Governments	1,021,248	1,142,332	121,084	4,650,403	7,004,279	2,353,876
Charges for Services	420,250	441,973	21,723	606,185	287,225	(318,960)
Other Revenues	425,000	607,476	182,476	2,434,402	3,082,350	647,948
Total Revenues	12,549,652	13,077,597	527,945	9,484,767	12,266,642	2,781,875
Expenditures						
Administration	2,187,580	1,987,785	199,795	-	-	-
Public Services	5,849,163	5,492,608	356,555	2,110,957	3,980,623	(1,869,666)
Non-Departmental	197,765	105,770	91,995	-	-	-
Automation	61,109	34,350	26,759	-	-	-
Capital Projects	316,933	244,414	72,519	3,064,401	1,011,327	2,053,074
Total Expenditures	8,612,550	7,864,927	747,623	5,175,358	4,991,950	183,408
Excess (Deficit) of Revenues over Expenditures	3,937,102	5,212,670	1,275,568	4,309,409	7,274,692	2,965,283
Other Financing Sources (Uses)						
Transfers from Other Funds	1,256,229	1,258,207	1,978	3,855,732	22,343,470	18,487,738
Transfers to Component Unit	(7,757,696)	(7,651,703)	(105,993)	-	-	-
Transfers to Other Funds	(554,150)	(554,150)	-	(6,382,542)	(25,099,887)	(18,717,345)
Total Other Financing Sources (Uses)	(7,055,617)	(6,947,646)	107,971	(2,526,810)	(2,756,417)	(229,607)
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,118,515)	(1,734,976)	1,383,539	1,782,599	4,518,275	2,735,676
Fund Balance, Beginning of Year	4,498,543	4,498,543	-	42,702,709	42,745,863	43,154
Fund Balance, End of Year	\$ 1,380,028	\$ 2,763,567	\$ 1,383,539	\$ 44,485,308	\$ 47,264,138	\$ 2,778,830

The notes to the financial statements are an integral part of this statement.

KETCHIKAN GATEWAY BOROUGH

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS/FUND BALANCES

ALL PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 2000

	Proprietary Fund Types		Total Primary Government (Memorandum) Only
	Enterprise Funds	Internal Service Funds	
OPERATING REVENUES			
Charges for Services	\$ 2,459,874	\$ 2,002,417	\$ 4,462,291
Total Operating Revenues	2,459,874	2,002,417	4,462,291
OPERATING EXPENSES			
Personnel Services	1,844,044	1,577,906	3,421,950
Supplies and Services	670,645	-	670,645
Insurance	167,040	-	167,040
Depreciation	463,573	-	463,573
Total Expenses	3,145,302	1,577,906	4,723,208
Operating Income (Loss)	(685,428)	424,511	(260,917)
Non operating Revenues (Expenses)			
Interest Earnings	1,915	58,028	59,943
State Operating Grants	57,147	-	57,147
Other Revenues	-	-	-
Interest Expense	(17,170)	-	(17,170)
Total Nonoperating Revenues (Expenses)	41,892	58,028	99,920
Income (Loss) Before Operating Transfers	(643,536)	482,539	(160,997)
OTHER FINANCING SOURCES (USES)			
Transfers In	283,157	-	283,157
Transfers Out	(100,327)	(434,784)	(535,111)
Total Other Financing Sources (Uses)	182,830	(434,784)	(251,954)
Net Income (Loss)	(460,706)	47,755	(412,951)
Depreciation of Fixed Assets Acquired by Grant	181,127	-	181,127
Net Increase (Decrease)	(279,579)	47,755	(231,824)
Retained Earnings, Beginning of Year	2,340,113	1,136,883	3,476,996
Retained Earnings, End of Year	\$ 2,060,534	\$ 1,184,638	\$ 3,245,172

The notes to the financial statements are an integral part of this statement.

KETCHIKAN GATEWAY BOROUGH

Exhibit 5

COMBINING STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 2000

	<u>Proprietary Fund Types</u>		Total Primary Government (Memorandum) Only
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,631,429	\$ 2,002,417	\$ 4,633,846
Due to Other Funds	(142,204)	-	(142,204)
Cash Payments for Insurance	(158,731)	(1,538,010)	(1,696,741)
Cash Payments to Employees for Services	(1,832,059)	-	(1,832,059)
Cash Payments to Suppliers for Goods and Services	(662,239)	-	(662,239)
Net Cash Provided by Operating Activities	<u>(163,804)</u>	<u>464,407</u>	<u>300,603</u>
Cash Flows from Noncapital Financing Activities:			
Transfer from Other Funds	283,157	-	283,157
Transfer to Component Unit	(100,327)	-	(100,327)
Transfer to General Government	-	(434,784)	(434,784)
Grant Received from State	91,532	-	91,532
Net Cash Provided by Noncapital Financing Activities	<u>274,362</u>	<u>(434,784)</u>	<u>(160,422)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(83,213)	-	(83,213)
Loss on disposal of Asset	715	-	715
Principal Paid on G. O. and Revenue Bonds	(50,000)	-	(50,000)
Interest Paid on G. O. and Revenue Bonds	(17,170)	-	(17,170)
Net Cash Used for Capital and Related Financing	<u>(149,668)</u>	<u>-</u>	<u>(149,668)</u>
Cash Flow From Investing Activities:			
Interest on Investments	2,200	58,028	60,228
Net Cash Provided by Investing Activities	<u>2,200</u>	<u>58,028</u>	<u>60,228</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(36,910)	87,651	50,741
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	38,210	1,172,843	1,211,053
Cash and Cash Equivalents at June (Including in Restricted Accounts)	\$ 1,300	\$ 1,260,494	\$ 1,261,794
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			
Cash and Temporary Investments - Current Assets	1,300	-	1,300
Cash and Temporary Investments - Restricted Assets	-	1,260,494	1,260,494
	\$ 1,300	\$ 1,260,494	\$ 1,261,794
Reconciliation of Operating Income to Cash Provided by Operating Activities:			
Operating Income (Loss)	(685,428)	424,511	(260,917)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	463,573	-	463,573
(Increase) Decrease in Accounts Receivable	171,555	-	171,555
(Increase) Decrease in Prepaid Insurance	8,309	-	8,309
Increase (Decrease) in Due to General Fund	(142,204)	-	(142,204)
Increase (Decrease) in Accounts Payable	8,406	39,896	48,302
Increase (Decrease) in Accrued Liabilities	11,985	-	11,985
Total Adjustments	<u>521,624</u>	<u>39,896</u>	<u>561,520</u>
Net Cash Provided by Operating Activities	\$ (163,804)	\$ 464,407	\$ 300,603

The notes to the financial statement are an integral part of this statement.

KETCHIKAN GATEWAY BOROUGH
Notes to the Financial Statements
June 30, 2000

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ketchikan Gateway Borough (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. These financial statements present all the fund types and account groups of the Borough. The Ketchikan Gateway Borough School District is a discretely presented component unit and is reported in a separate column in the combined financial statements to emphasize it is legally separate from the Borough.

Complete financial statements for the component unit may be obtained at the entity's administrative office:

Ketchikan Gateway Borough School District
Pouch Z
Ketchikan, Alaska 99901

B. Measurement Focus and Basis of Accounting and Basis of Presentation

The accounts of the Borough are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained are consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The Borough has the following fund types and account groups:

Governmental funds are used to account for the Borough's general government activities. The General Fund is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (excluding major capital projects), the Debt Service Funds account for the servicing of general long-term debt not being financed by proprietary funds and the Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

Proprietary funds account for activities of the Borough similar to those found in the private sector, where cost recovery and the determination of net income is useful or necessary for sound

fiscal management. Enterprise Funds are used to account for those operations that provide services to the public, while Internal Service Funds account for operations on a cost-reimbursement basis that provide services to other departments of the Borough and the Component Unit.

The Governmental Accounting Standards Board (GASB) allows proprietary activities to elect either to follow, or not to follow, Financial Accounting Standards Board (FASB) Statements and Interpretations which are not in conflict with GASB Pronouncements and have been issued after November 30, 1989. All of the Borough's funds which use proprietary fund accounting have elected to follow only Government Accounting Standards Board (GASB) pronouncements subsequent to November 30, 1989.

Fiduciary funds account for assets held by the Borough on behalf of others in a fiduciary capacity. Agency Funds account for assets the Borough holds on behalf of others.

Account Groups. The General Fixed Assets Account Group account for fixed assets not accounted for in proprietary or trust funds. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Deposits and Investments

1. Cash and Investments.

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of six months or less from date of acquisition. 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. Interest income on investments is allocated monthly to participating funds based on their ending equity balance.

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, highest rated commercial paper, repurchase agreements, fully collateralized certificates of deposits, and 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 30 percent of the portfolio and stock investments restricted to companies with assets greater than \$5 billion. These investments are managed through an account with U.S. Trust. The equity investments are cash assets that will not be expended within the next three to ten years.

Investments are stated at fair market value.

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.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of a fiscal year are referred to as either Interfund receivables/payable (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of an allowance for doubtful accounts. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance. The property tax receivable is equal to one and one half percent of outstanding property taxes at fiscal year end.

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 also is the lien date.

The Borough also collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 2% while the city rate is 3.5%. The sales tax collections that remain unpaid to Borough cities at fiscal year end are recorded as liabilities of the General Fund.

3. Inventories and Prepaid Items

Inventories in the Component Unit are carried at cost on the first-in, first-out method. These inventories consist of expendable supplies, equipment, and foodstuffs held at the central warehouse for issuance to schools or other district locations. The cost of inventory items is included in expenditures when issued for consumption. A portion of fund balance is reserved for inventory to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

Expenditures are recognized when a purchase is made. Certain insurance premiums representing costs applicable to future accounting periods are recorded as prepaid assets. The inventories and prepaid assets recorded in the governmental fund types do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

4. Restricted Assets

The revenue bond construction account segregates cash and investments that are restricted for

use in construction. 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.

5. Fixed Assets

Fixed assets used in governmental fund types are recorded in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at the estimated fair market value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. As of June 30, 2000 no Assets have been booked at estimated costs.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Public domain general fixed assets or infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Borough) have not been capitalized in the past. As a result of impending government accounting standards requirements to be implemented in the next few years, these are now being capitalized. Property, plant and equipment donated to proprietary fund type operations are recorded at cost or the estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized in proprietary and similar trust funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed.

Land and Buildings used rent free by the Component Unit are owned by the Ketchikan Gateway Borough. Since accounting responsibility has been delegated to the Component Unit, these assets are included on the Component Unit's financial statements. The Ketchikan Gateway Borough and/or the Component Unit hold title to all equipment.

Property, plant and equipment are depreciated in the proprietary and similar trust funds using the straight line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Airport Field Facilities	15-30
Vehicle and Moving Equipment	6-10
Airport Terminal Building	40
Equipment	6-10
Ferry Slip	40
Ferries	20

Fixed assets acquired from resources externally restricted for capital acquisition (e.g., capital grants) are recorded as contributed capital in the benefitting proprietary fund. Depreciation on these assets is recorded as an expense, but is closed to contributed capital rather than to retained earnings.

6. Compensated Absences

It is the Borough's policy to permit employees to accumulate Paid Time Off (PTO) benefits. PTO is accrued when incurred in proprietary funds and reported as a fund liability. PTO that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Employees may receive cash payment for unused PTO only upon termination or for hours in excess of 720 at the end of any calendar year. For this reason, accumulated PTO hours are fully funded within the fund type. The obligation of accumulated PTO totals \$474,118 at June 30, 2000.

7. Long-Term Obligations

The Borough records long-term debt of the governmental funds at face value in the General Long-Term Debt Account Group. Other governmental fund obligations not expected to be financed with current available financial resources are also recorded in the general long-term account group. Long-term debt and other obligations financed by proprietary funds are recorded as liabilities in the appropriate funds.

8. Fund Equity

Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through grants and capital contributions from developers, customers or other funds.

The types of reserves and designations of the Borough's fund balances and retained earnings are as follows:

Reserves for encumbrances - represents outstanding purchase orders and contracts as of the fiscal year end that will be honored by the Borough in the next fiscal year.

Reserves for inventories/prepays/advances - portion of governmental fund assets that do not represent available expendable financial resources.

Reserve for debt service - portion of debt service fund balance restricted for payment of debt service.

Reserves in capital projects fund - represents amounts legally restricted by bond covenants.

9. Memorandum only-total columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, result of operations and changes in cash flows in accordance with generally accepted accounting principals. Interfund eliminations have not been made in the aggregation of this data.

II. BUDGETARY AND LEGAL COMPLIANCE

A. Budgetary Data

Annual budgets, as required by state statutes, are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except Capital Project Funds. Capital Projects Funds adopt project-length budgets. All annual appropriations lapse at fiscal year end.

On or before April 1, heads of all Borough departments and agencies submit requests for appropriations to the Borough budget committee which reviews in detail each of the requests. The Director of Administrative Services compiles the requests and the Manager submits a comprehensive budget request document to the Borough Assembly prior to May 1. The Borough Assembly conducts public hearings on the proposed budget after May 1 but prior to June 15. A budget is adopted by the Borough Assembly on or before June 30.

The appropriated budget is prepared by fund, object and department. Borough department heads may make transfers of appropriations within a department and the Manager may authorize transfers of appropriations within an individual fund. Transfers of appropriations between funds require the approval of the Borough Assembly. The legal level of budgetary control is the departmental level. The Borough Assembly made several supplementary budgetary appropriations throughout the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities. The commitments will be re-appropriated and honored during the subsequent year.

All governmental fund budgets are adopted annually on a cash basis with the following exceptions: the debt service funds and community projects grant (Special Revenue) funds do not adopt budgets and all capital project funds adopt a project-length budget.

Budgets were legally adopted by the Borough Assembly for the following funds:

General Fund

Special Revenue Funds:

Land Trust Fund

Mud Bight Service Area Fund

Shoreline Service Area Fund

Mountain Point Service Area Fund
South Tongass Fire District Fund
Waterfall Service Area Fund
Nichols View Service Area Fund
Forest Park Service Area Fund
Gold Nugget Service Area Fund
Non Areawide Fund
School Bond/Capital Improvement Fund
Shoup Street Service Area Fund
Economic Development Fund
Recreational Sales Tax Fund
Passenger Facility Charges Fund (PFC)

Enterprise Funds:

Airport Enterprise Fund
Transit Enterprise Fund

During Fiscal Year 1999/2000, the Borough Assembly made the following supplemental appropriations in the General and Special Revenue Funds:

- (1) Ordinance No. 1111 adopted on July 19, 1999, appropriated \$500,000 from the Economic Development Infrastructure Fund, appropriated \$3,500,000 from the Economic Development Revenue Fund and appropriated \$11,590,000 from the Economic Development Assistance Fund for the FY 1999/2000.
- (2) Ordinance No. 1115 adopted August 16, 1999 appropriated \$2,000,000 from the General Fund for the FY 1999/2000.
- (3) Ordinance No. 1118 adopted on September 20, 1999, appropriated \$60,000 from the South Tongass Fire Protection Service Area Fund, and \$100,000 from the Land Trust Repair and Maintenance Fund for the FY 1999/2000.
- (4) Ordinance No. 1120 adopted on October 19, 1999, appropriated \$20,000 from the Land Trust Repair and Maintenance Fund as a 10 year loan at 5 percent interest to the Mud Bight Service Area Fund for road construction, with annual repayment amounts beginning in FY 2000/2001, and appropriated \$23,725 from the Mud Bight Service Area Fund for the FY 1999/2000.
- (5) Ordinance No. 1122 adopted on November 15, 1999, appropriated \$100,000 from the Shoreline Service Area Fund, appropriated \$13,625 from the Waterfall Service Area Fund and appropriated \$6,020 from the Shoup Street Service Area Fund for the FY 1999/2000.
- (6) Ordinance No. 1125 adopted December 6, 1999, appropriated \$15,000 from the South Tongass Fire Protection Area Fund for the FY 1999/2000.

- (7) Ordinance No. 1129 adopted January 3, 2000, appropriated \$45,485 from the Land Trust Repair and Maintenance Fund for the FY 1999/2000.
- (8) Ordinance No. 1128 adopted January 17, 2000, appropriated \$15,400 from the General Fund for the FY 1999/2000.
- (9) Ordinance No. 1130 Amended adopted February 22, 2000, appropriated \$8,673,353 from the Economic Development Assistance Fund, appropriated \$650,000 from the Economic Development Revenue Fund, established a \$5,000,000 Endowment Fund, appropriated \$4,000,000 for the Shipyard/Lake Tyee-Swan Lake Intertie Projects, and appropriated \$323,353 for the Saxman Community Hall Project for the FY 1999/2000.
- (10) Ordinance No. 1136 adopted May 1, 2000, appropriated \$177,500 from the Land Trust Residential Fund for the FY 1999/2000.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2000, expenditures exceeded budget at the department level (i.e., the legal level of budgetary control) as follows:

<u>Fund/Department</u>	<u>Excess</u>
Special Revenue Funds:	
Non-Areawide Fund	\$176,425
Mud Bight Service Area Fund	8,063
Shoup Street Service Area Fund	7,370

C. Deficit Fund Equity

Certain Capital Project Funds have deficit fund balances in the amount of \$808,226 which are summarized below. The revenue needed to meet the deficit in the Non-Areawide Fund likely will be made up by additional taxes or user sewage fees, or a loan from the Land Trust Fund. The Mud Bight Service Area anticipates loans to cover its deficit. Assembly action is needed to close the high school and pool projects. The high school project overrun is due to change orders. The pool roof repairs are a result of issues involving design and construction. The Transit Enterprise Fund failed to generate revenue to cover expenses for the year.

<u>Special Revenues:</u>	
Non-Areawide Fund	\$ (628,203)
Mud Bight Service Area Fund	(11,835)
<u>Capital Project Funds</u>	
Ketchikan High School Renovation Project	(33,487)
Mike Smithers Pool Roof Repair	(119,909)
<u>Enterprise Funds:</u>	
Transit Enterprise Fund	<u>(14,792)</u>
Total Negative Undesignated Fund Balance	<u><u>\$ (808,226)</u></u>

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Borough and its discretely presented component unit (the Ketchikan Gateway Borough School District) bank balances of deposits at June 30, 2000, are entirely insured or collateralized with securities held by the Borough or by their agents in their respective names with the exception of \$386,057. See I.C.1 (page 11) for additional information regarding Cash & Investments.

Local ordinances authorize the Borough to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements and certain corporate bonds, equity stocks not to exceed 30 percent of total. All investments are stated at fair market value.

At fiscal year-end, the Borough's carrying amount of deposits was \$719,353 and the bank balance was \$1,464,157. Of the bank balance, \$1,078,100 was covered by federal depository insurance or by collateral held by the Borough's agent in the Borough's name. The uninsured balance of \$386,057 is held in accounts controlled by agents of the Alaska Department of Environmental Conservation for construction of sewer and water projects. Change and petty cash funds represent \$2,200 at June 30, 2000.

The Component Unit deposits were \$880,000 at June 30, 2000, and the carrying value was \$363,000. Of the bank balance, \$144,000 was insured or collateralized with securities held by the component unit or its custodian in the components unit's name.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the Borough or its agent in the Ketchikan Gateway Borough's name.
- (2) Uninsured and unregistered, with securities and stocks held by the counter party's trust department or agent in the Borough's name.
- (3) Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the Borough's name.

At June 30, 2000, the Borough's investment balances were as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Market Value</u>
US Government Securities	\$40,547,252	\$ -	\$40,547,252	\$40,547,252
Common Stock	-	10,012,355	10,012,355	10,012,355
TCD's	<u>593,517</u>	<u>-</u>	<u>593,517</u>	<u>-</u>
Total	<u>\$41,140,769</u>	<u>\$10,012,355</u>	<u>\$ 51,153,124</u>	<u>\$51,153,124</u>

Investments Not Subject to Categorization:

Component Unit		
US Government Securities	<u>\$ 26,000</u>	<u>\$ 30,000</u>
Total	<u>\$ 26,000</u>	<u>\$ 30,000</u>

Short term investments of the component unit in the amount of \$ 26,000 are classified as Category 2 and have a market value of \$30,000 at June 30, 2000.

B. Receivables

The Borough has initiated a loan in the amount of \$7,000,000 with Gateway Forest Products for construction of a New Veneer Mill. The loan is for 10 years, interest shall be paid at prime rate plus one percent interest as published in the Wall Street Journal on the first business day of the New Year.

Receivables at June 30, 2000 consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes	\$ 14,699	\$ -	\$ -	\$ 14,699
Accounts Receivables	100,850	403,909	209,991	714,750
Due From Other Funds	956,593	-	-	956,593
Due From Other Governments	-	-	-	-
Notes Receivable	-	5,756,713	-	5,756,713
Advances to Other Funds	-	967,800	-	967,800
Total Receivables	<u>\$1,072,142</u>	<u>\$7,128,422</u>	<u>\$209,991</u>	<u>\$8,410,555</u>

C. Fixed Assets

A summary of changes in general fixed assets is as follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2000</u>
Land	\$ 285,000	\$ 50,000	\$ -	\$ 335,000
Buildings	8,224,565	127,316	-	8,351,881
Equipment	1,956,313	193,126	-	2,149,439
Infrastructure	2,753,208	-	-	2,753,208
Construction in Progress	-	-	-	-
Total	<u>\$13,219,086</u>	<u>\$370,442</u>	<u>\$ -</u>	<u>\$13,589,528</u>

A summary of the Enterprise Fund property, plant and equipment at June 30, 2000 is as follows :

	<u>Balance</u> <u>July 1, 1999</u>	<u>Net Change</u> <u>Current Year</u>	<u>Balance</u> <u>June 30, 2000</u>
Field	\$ 3,438,280	\$ 14,695	\$ 3,452,975
Terminal	4,379,623	2,775	4,382,398
Ferry	1,721,354	9,075	1,730,429
Administration	25,668	(1,915)	23,753
Murphy's Landing	12,875	-	12,875
Transit	<u>488,467</u>	<u>15,769</u>	<u>04,236</u>
	10,066,267	40,399	10,106,666
Accumulated Depreciation	<u>(5,878,158)</u>	<u>(423,958)</u>	<u>(6,302,116)</u>
Net Property, Plant, and Equipment	<u>\$ 4,188,109</u>	<u>\$ (383,55)</u>	<u>\$ 3,804,550</u>

D. 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 the State owned facilities will 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, 2000.

During the normal course of business the Borough has entered into subleases for portions of the terminal building and facilities. Leases are established for five years with options for renewal being negotiated during the final year of the lease for the terminal building. Other facilities represent the hangers, maintenance building, Dravo Building and log storage site. These are negotiated for periods from three to fifty years.

Listed below are the expected annual revenues from current executed leases:

<u>Year</u>	<u>Terminal Space</u>	<u>Other</u>
2001	\$ 411,759	\$ 46,065
2002	378,237	46,064
2003	55,744	46,064
2004	55,744	45,998
2005	55,744	45,998

The Federal Aviation Administration has not signed a new lease, however, the lease continues on a month-to-month basis until a new lease is signed.

E. Long-Term Debt

The Ketchikan Gateway Borough has issued General Obligation bonds for acquisition and construction of schools, recreation facilities and airports. School bonds are reported in the General Long-Term Debt Account Group. The Gateway Recreation Center (GRC) bonds are to be paid from a dedicated sales tax fund. Failure to pay the bonds from this fund would necessitate payment from the General Fund. The full faith and credit of the Borough is pledged on the school and GRC General Obligation Bonds.

A summary of changes in General Long-Term Debt is as follows:

	<u>July 1, 1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2000</u>
Areawide General				
Obligation Bonds	\$7,330,000	\$7,560,000	\$1,705,000	\$13,185,000
Enterprise Fund				
Revenue Bonds	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
	<u>\$7,380,000</u>	<u>\$7,560,000</u>	<u>\$1,755,000</u>	<u>\$13,185,000</u>

Bonds payable at June 30, 2000 consist of the following individual issues:

General Obligation Bonds:	
1995 GRC Bonds - 4.30 % - 6.00 % Interest	\$5,625,000
1999 School Bonds due through 2019 at 4.75-5.65 % interest	<u>7,560,000</u>
	<u>\$13,185,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2000, including interest for General Obligations, are as follows:

<u>June 30, 2000</u>	<u>General Obligation</u> <u>Bonds</u>		
2001	\$ 1,458,804	2010	658,320
2002	1,450,953	2011	653,430
2003	1,453,616	2012	657,573
2004	1,453,866	2013	654,998
2005	1,451,654	2014	655,923
2006	1,451,460	2015	655,273
2007	1,454,260	2016	658,023
2008	1,453,970	2017	653,873
2009	1,339,970	2018	658,070
		2019	<u>655,030</u>
		Total	<u>\$19,529,066</u>

IV. OTHER INFORMATION

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 \$1 million general liability, property and casualty coverage, Worker's Compensation at statutory amount, and marine coverage for the Borough's vessels.

The Ketchikan Gateway Borough purchases commercial health insurance to insure employees and their dependents (including medical, dental and vision), and to provide life insurance. The policy is retrospectively rated with the policyholder being entitled to any refunds. The carrier reserves the right to use the Premium Stabilization Reserve Fund (which is further described in note IV. H) to pay claims if the premiums collected during the plan year are insufficient to pay claims, expenses and other retention items. If the premium stabilization reserve fund is insufficient, then the carrier reserves the right to increase premiums in future years to recover the shortage. Claims, expenses, and other retention items have not exceeded premiums during the past three years.

The Ketchikan Gateway Borough has two loan guarantees at present; one is through the General Fund and one through the Economic Development Fund (for details of these loans see: C. Contingent Liabilities, Loan Guarantees). There is some risk of loss in these guarantees, but attempts are to minimize risk through due diligence review and proof of collateral.

The Borough will comply with the Governmental Accounting Standards Board Statement No. 34 in Fiscal Year 2002, which will significantly change the manner in which infrastructure is reported (fixed assets and related depreciation). This restatement of the Borough's financial statements could materially affect the Borough's fund balance at that time.

B. Segment Information - Enterprise Funds

Ketchikan Gateway Borough maintains three Enterprise Funds which are intended to be self-supporting through user fees charged for services and use of the facilities. Financial segment information as of and for the year ended June 30, 2000 is presented in the next table.

	<u>Airport</u>	<u>Transit</u>	<u>Total</u>
Operating Revenues	\$2,299,811	\$ 160,063	\$2,459,87
Operating Grants, Entitlement	-	57,147	57,147
Depreciation Expense	396,654	66,919	463,573
Operating Income (Loss)	(376,909)	(308,489)	(685,428)
Operating Transfers In	58,157	225,000	283,157
Operating Transfers Out	(56,320)	(44,007)	(100,327)
Net Income (Loss)	(390,072)	(70,634)	(460,706)

Property, Plant & Equipment			
Additions	30,314	56,385	86,699
Deletions	(5,685)	(40,615)	(46,300)
Net Working Capital	(168,650)	(120,722)	(289,372)
Total Assets	3,788,087	227,754	4,015,841
Bonds & Other Long-term	-	-	-
Total Equity	3,442,682	72,496	3,515,178
Contributed Capital	3,124,577	397,089	3,515,178
(Accumulated Amortization)	(1,757,221)	(309,801)	(2,067,02)

The Airport Fund is responsible for the operation and maintenance of the airport facilities and ferry system. The Ferry Fund was merged into the Airport Fund in Fiscal Year 2000. The Transit Fund is responsible for the operation and maintenance of the Borough's bus system.

C. Contingent Liabilities

Litigation

The Ketchikan Gateway Borough, in the normal course of its activities, is involved in various claims and pending litigations. It is the opinion of management and the Borough's legal staff that the disposition of these matters is not expected to have a material adverse impact on the Borough's financial position.

Pending Claims

The Borough is involved in an inverse condemnation counterclaim relating to damages from a landslide, the counterclaim value is asserted as \$25,000. The Borough is opposing the claim.

A claim against the Borough is pending regarding a home owner near the Mountain Point Sewer and Water Plant for a loss in property value. This claim has been acknowledged, however the Borough is opposing the claim.

Grievances have been filed by two employees for wrongful discharge; the Borough is opposing these grievance actions.

None of the above noted claims are anticipated to have a material adverse impact on the Borough's overall financial condition.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The

amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Borough expects such amounts, if any, to be immaterial.

Professional and Contractual Commitments

At June 30, 2000 the Ketchikan Gateway Borough has encumbered in purchase orders professional and contractual service contracts in the amount of \$7,699,541 for architectural services for major maintenance and construction services for Valley Park and Houghtaling Elementary Schools, oversight of the Whipple Creek Timber Contract, Economic Development, Financial Services, Personnel and Legal Services contracts and construction of a new Airport Ferry.

Loan Guarantees

The Ketchikan Gateway Borough in 1997/98 made a loan guarantee to First Bank for \$500,000, securing a loan in that amount to the Ketchikan Visitors Association for construction of a new Visitors Center. This money is guaranteed from the General Fund. In the event of a default on the loan with First Bank, the Borough would be responsible for repayment of the loan. Funds equal to the loan balance owed are invested separately. The loan balance as of June 30, 2000 was \$454,000.

A \$1,865,000 loan is guaranteed for the Inter-Island Ferry Authority (IFA), which has a bond issue in that amount to construct a new ferry. This loan is guaranteed by the Economic Development Fund. The IFA will provide ferry service to the Prince of Wales Island, Wrangell, Petersburg and Ketchikan. Bonds were issued through the Alaska Municipal Bond Bank Authority. The State of Alaska would assume the debt in the event the Inter-Island Ferry Authority is unsuccessful in its operations.

D. Deferred Compensation Plan

The Borough and the School District offer their employees deferred compensation plans created in accordance with Internal Revenue Code, Section 457. The plans, available to all full-time employees at their option, permit participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) were transferred to a trust effective January 1, 1999.

It is the opinion of legal counsel that the Borough has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor.

E. Employee Retirement Systems & Plans

The Ketchikan Gateway Borough and Component Unit employees participate in four pension plans. All certified employees participate in the State of Alaska's Teachers' Retirement System (TRS). Eligible employees in the APEA bargaining unit, the Inland Boatmen Union (IBU) bargaining unit, classified (non-teaching) employees in the component unit and permanent employees not represented by a bargaining unit participate in the State of Alaska Public Employees' Retirement System (PERS). Employees who are members of the Masters, Mates & Pilots (MMP) and the International Brotherhood of Electrical Workers (IBEW) participate in a defined benefit plan.

Teachers' Retirement System (TRS)

Plan Description The component unit contributes to the State of Alaska Teachers' Retirement System, a cost-sharing multiple-employer defined benefits pension plan administered by the Division of Retirements and Benefits. TRS provides retirement and disability benefits to plan members and beneficiaries. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The Division of Retirements and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for TRS. That report may be obtained by writing to:

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

or by calling (907) 465-4460.

Funding Policy Plan members are required to contribute 8.65% of their annual covered salary and the Component Unit is required to contribute at an actuarially determined rate. The current rate is 12% of annual covered payroll. The contribution rates of plan members are established by state law and may be amended only by the State Legislature. The employer contribution rates are established and may be amended by the Teachers' Retirement System Board. The Component Unit's contributions to TRS for the years ended June 30, 2000, 1999, and 1998 were \$1,079,000, \$1,036,000, and \$1,023,000, respectively, equal to the required contribution for each year.

Public Employees' Retirement System (PERS)

The Ketchikan Gateway Borough and Component Unit's defined benefits pension plan for qualified employees, the State of Alaska Public Employees' Retirement System, provides retirement and disability benefits, annual cost-of-living adjustments, post-employment healthcare benefits, and death benefits to plan members and beneficiaries. PERS is an agent multiple-employer pension plan administered by the Division of Retirements and Benefits. Benefit and contribution provisions are established by State law and may be amended only by the State

Legislature. The Division of Retirements and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to:

Department of Administration
 Division of Retirements and Benefits
 P.O. Box 110203
 Juneau, Alaska 9911-0203

or by calling (907) 465-4460.

Funding Policy Plan members are required to contribute 6.75% to 7.5% of their annual covered salary, as required by statute. The Ketchikan Gateway Borough and its Component Unit is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2000 was 6.03% for the Ketchikan Gateway Borough and 9.21% for the Component Unit of covered payroll. The contribution requirements of plan members are set by statute. The Borough's and Component Unit's contribution requirements are established and may be amended by the Public Employees' Retirement System Board.

Annual Pension Cost (APC). During FY 2000, the Borough's annual pension cost of \$139,000 and the Component Units annual pension cost of \$182,000 for PERS was equal to the Borough and Component Unit's required and actual contribution. The required contribution was determined as part of the June 30, 1996 actuarial valuation using the projected unit credit actuarial funding method. The actuarial assumptions include: (a) 8.25% investment rate of return, net of expenses; (b) projected salary increases of 4.5% to 5.5% per annum; and (c) 4% per year total inflation. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. PERS uses the level dollar method to amortize the unfunded liability over an open, rolling twenty-five year period. Funding surpluses are amortized over five years. The following tables show the three-year trend information for PERS (dollar amounts in thousands) for the Ketchikan Gateway Borough and the Component Unit:

Ketchikan Gateway Borough:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/98	191	100%	-
6/30/99	91	100%	-
6/30/00	139	100%	-

Component Unit:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/98	185	100%	-
6/30/99	219	100%	-
6/30/00	182	100%	-

Annual Post-employment Healthcare Cost (APHC) During FY 2000, the Borough and Component Unit's annual post-employment healthcare cost of \$56,000 and \$70,000 respectively for PERS was equal to the Borough's and Component Unit's required and actual contribution. The required contribution was determined as part of the June 30, 1997 actuarial valuation using the projected unit credit actuarial funding method. The actuarial assumptions include: (a) 8.25% investment rate of return, net of expenses; (b) projected salary increases of 4.5% to 5.5% per annum; (c) 4% per year total inflation; and (d) health cost inflation: FY97, 7.5%; FY98, 6.5%; FY99 and thereafter, 5.5% per year. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. PERS uses the level dollar method to amortize the unfunded liability over an open, rolling twenty-five year period. Funding surpluses are amortized over five years.

The following table shows the three-year trend information for PERS (dollar amounts shown in thousands) for the Borough and Component Unit respectively:

Ketchikan Gateway Borough:

Fiscal Year Ending	Annual Post- Employment Healthcare Cost (APHC)	Percentage of APHC Contributed	Net Pension Obligation
6/30/98	71	100%	-
6/30/99	35	100%	-
6/30/00	56	100%	-

Component Unit:

Fiscal Year Ending	Annual Post-employment Healthcare Cost (APHC)	Percentage of APHC Contributed	Net Pension Obligation
6/30/98	69	100%	-
6/30/99	81	100%	-
6/30/00	70	100%	-

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Four-year trend information for the Ketchikan Gateway Borough is included in the following tables (dollar amounts shown in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Funded Ratio (a)/(b)	Unfunded Actuarial Liability (UAAL) (b) - (a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
Pension						
6/30/96	\$7,319	\$6,269	117%	(\$1,050)	\$2,373	(44%)
6/30/97	7,999	7,232	111%	(767)	2,358	(33%)
6/30/98	8,696	8,185	106%	(511)	2,534	(20%)
6/30/99	9,226	8,727	106%	(499)	2,923	(17%)
Post Employment Health						
6/30/96	\$2,728	\$2,336	117%	(\$ 392)	\$2,373	(17%)
6/30/97	2,982	2,696	111%	(286)	2,358	(12%)
6/30/98	3,469	3,265	106%	(204)	2,534	(8%)
6/30/99	3,741	3,539	106%	(202)	2,923	(7%)

Retirement Incentive Program

The 1996 Alaska State Legislature passed a retirement incentive program for school districts and related agencies. Governor Tony Knowles signed the bill June 18, 1996, making it effective immediately. The program provides eligible employees with an additional three years to be applied in the following order: to meet the age eligibility criteria; reduce the actuarial adjustment required for early retirement; or as years of credited service. Participating employees must agree to pay the retirement system the equivalent to three years' withholding on their salaries. The employer incurs a cost equivalent to the actuarial difference for the additional benefit in excess of the employee's obligation. The employer's cost creates a debt obligation to be repaid over three years to the retirement system.

On June 19, 1996, the Component Unit agreed to participate in the retirement incentive program for its certified employees. Seventeen employees retired under this program during the year ended June 30, 1997, eight employees retired during the year ended June 30, 1998 and eight employees retired during the year ended June 30, 1999. The total employer's obligation for the employees who retired under this program is \$1,224,742. The Component Unit expended \$968,092 leaving \$256,650 still to be paid.

On April 19, 1999 the Ketchikan Gateway Borough agreed to participate in the retirement incentive program for its eligible employees. Two employees participated in this program with a total cost to the Borough of \$60,782.

The Masters, Mates and Pilots Plan

The Masters, Mates and Pilots (MMP) retirement plan is a union sponsored defined benefit plan. The plan is funded entirely by employer contributions which are a fixed amount of \$700 per employee, paid bimonthly. The Borough exercises no fiduciary responsibility over the MMP plan. Members of this plan include the ferryboat workers employed in positions covered by the Ketchikan International Airport Enterprise Fund. Employees 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 during the year was \$700 per employee bimonthly. The Borough's total payroll for the year ended June 30, 2000 was \$4,397,107 and the payroll for covered employees totaled \$166,919. The Borough's obligation for retirement under the MMP plan is limited to the amount paid to the Masters, Mates and Pilots Pension Plan.

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 \$2.25 per non-premium hour worked. The Borough's total payroll for the year ended June 30, 2000 was \$4,397,107 and the payroll for covered employees totaled \$488,337. The total amount contributed to the IBEW plan in FY 2000 was \$86,859. The Borough's obligation under the IBEW retirement plan is limited to the amount paid to the Alaska Electrical Trust Fund.

F. Interfund Transfers

Interfund operating transfers have been made in accordance with appropriating ordinances. Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers between funds for the year ended June 30, 1999, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,258,207	\$ 554,150
Special Revenue Funds	22,343,470	25,099,887
Enterprise Funds	283,157	100,327
Internal Service Funds	-	434,784
Debt Service	2,075,662	-
Capital Projects	<u>228,652</u>	<u>-</u>
Subtotals	<u>\$26,189,148</u>	<u>\$26,189,148</u>

<u>Component Unit</u>		
School District	7,651,703	-
General Fund	<u>-</u>	<u>7,651,703</u>
Totals	<u>\$33,840,851</u>	<u>\$33,840,851</u>

G. Interfund Receivable and Payables

Interfund receivable and payable balances at June 30, 2000 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payables</u>
General Fund	\$ 956,596	\$ -
Special Revenue Funds	-	537,602
Enterprise Funds	-	266,446
Capital Projects	<u>-</u>	<u>152,548</u>
Subtotals	956,596	956,596
Component Unit	194,971	-
General Fund	<u>-</u>	<u>194,971</u>
Totals	<u>\$1,151,567</u>	<u>\$1,151,567</u>

H. Medical and Life Insurance Premium Stabilization Reserve Fund

The Ketchikan Gateway Borough and Component Unit have established a partially self-funded health plan. Under Aetna Insurance, a Premium Stabilization Reserve Fund operated as an Internal Service Fund; this fund was closed in FY00 and the cash reserves were transferred to the General Fund. The Borough and Component Unit continue self funding, but under a different carrier.

The following is a six-year history of the Premium Stabilization Reserve Fund:

AETNA Premium Stabilization Insurance Fund

<u>Plan Year Ended</u>	<u>Component Unit</u>	<u>Borough</u>	<u>Combined Balance</u>
August 31, 1995	\$1,080,382	\$ 351,610	\$1,431,992
August 31, 1996	280,381	92,239	372,620
June 30, 1997 & 1998	(57,075)	103,636	46,561
June 30, 1999	-	-	-
<u>Cash Reserve Account</u>			
	<u>June 30, 1999</u>	<u>Decrease</u>	<u>June 30, 2000</u>
June 30, 2000	\$ 434,784	\$ 434,784	-

I. Health Insurance Plan

September 1, 1996 the Ketchikan Gateway Borough and Ketchikan Gateway Borough School District (component unit) established a partially self-funded health plan to cover its employees' health (including dental and vision). It switched insurance carriers in order to do this. It purchases stop loss insurance at \$75,000 per covered and in 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 participated in the internal service fund established to record transactions involving the partially self-funded health plan. The following shows the payments made by the Borough and the component unit to the Borough's internal service fund and the payments from the fund to pay administration and employee health care claims:

	<u>Component Unit</u>	<u>Borough</u>	<u>Total</u>
Balance June 30, 1999	\$ 569,872	\$ 132,227	\$ 702,099
Paid into Internal Service Fund	1,352,235	650,182	2,002,417
Administration Fees	-	(124,783)	(124,783)
Claims Service	(1,041,568)	(411,555)	(1,453,123)
Refunds	-	-	-
Interest Income	<u>45,316</u>	<u>12,712</u>	<u>58,028</u>
Balance June 30, 2000	<u>\$ 925,855</u>	<u>\$ 258,783</u>	<u>\$1,184,638</u>

The Ketchikan Gateway Borough will provide an accounting of the internal service fund balances for the Borough and Component Unit on a quarterly basis. Great West's plan is based on an actuarially determined amount and the difference between incurred but unrecorded claims and actual incurred but unrecorded claims may be material.

J. Subsequent Events

The Ketchikan Gateway Borough on November 6, 2000 authorized the Borough Manager to execute a contract with Banc of America Securities to underwrite a bond issue in the amount of \$9,055,000 for educational facilities. It is anticipated these bonds will be issued in early December. These bonds were authorized in general elections held in October 1997 and October 2000. The Alaska Department of Education and Early Development has authorized the new construction, and the state will provide seventy percent reimbursement on interest and principal.

K. Fund Equity

The amounts reported on the combined balance sheet identified as reserved fund balance and reserved retained earnings and designated fund balance are comprised of the following:

General Fund

Reserved for Encumbrances	\$ 21,905
Reserved for Prepaid Insurance	7,725
Reserved for Capital Equipment	150,000
Reserved for KVB Loan Guarantee	<u>454,000</u>
Reserved - General Fund	<u>\$633,630</u>

Special Revenue Fund

Reserved for Encumbrances	\$ 2,853,763
Reserved for Shipyard Maintenance	154,000
Reserved for Outstanding Loans	5,000,000
Reserved for Loan Guarantees	1,865,000
Reserved for Advances	<u>967,800</u>
Reserved - Special Revenues	<u>\$10,840,563</u>

Capital Projects Funds

Reserved for Encumbrances	\$3,323,873
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GENERAL FUND STATEMENTS

The General Fund is the operating fund of the Borough. It is used to account for all financial resources except those required to be accounted for in separate funds.

The following statements are included in this section:

Balance Sheet - Comparative Balance Sheets

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE BALANCE SHEETS

June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Assets		
Cash & Temporary Investments	\$ 2,434,485	\$ 4,635,341
Accounts Receivable	100,850	141,842
Due From Other Funds	956,596	615,220
Prepaid Expenses	7,725	5,806
Property Taxes Receivable	<u>14,699</u>	<u>4,199</u>
Total Assets	<u>\$ 3,514,355</u>	<u>\$ 5,402,408</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 72,495	\$ 154,225
Due to Other Governments	36,333	58,021
Due to Component Unit	194,971	348,508
Deposits	31,230	11,531
Accrued Liabilities	366,470	270,906
Deferred Revenue	<u>49,289</u>	<u>60,674</u>
Total Liabilities	<u>750,788</u>	<u>903,865</u>
Fund Balance		
Restricted for Veneer Study	-	2,000,000
Reserved for KVB Loan Guarantee	454,000	483,092
Reserved for Prepaid Expenses	7,725	5,806
Reserved for Encumbrances	21,905	34,979
Reserved for Capital Equipment Replacement	150,000	150,000
Unreserved	<u>2,129,937</u>	<u>1,824,666</u>
Total Fund Balance	<u>2,763,567</u>	<u>4,498,543</u>
Total Liabilities & Fund Balance	<u>\$ 3,514,355</u>	<u>\$ 5,402,408</u>

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Fiscal Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Revenues		
Taxes		
Real & Personal Property Taxes	\$ 7,087,120	\$ 6,670,764
Automobile & Boat Taxes	185,642	193,114
Sales Taxes	3,439,736	3,317,026
Penalty & Interest	139,871	200,839
	<u>10,852,369</u>	<u>10,381,743</u>
Total Taxes		
Alaska State Housing Authority	<u>14,902</u>	<u>17,454</u>
Licenses and Permits		
Zoning Fees	<u>18,545</u>	<u>17,810</u>
Revenues from Other Governments		
State Municipal Assistance	118,628	187,092
State Revenue Sharing	95,705	152,754
State License Refunds	376,261	318,243
State Child Care Assistance	55,080	64,551
Federal Tobacco Tax	-	-
Federal Revenue - PILT	410,259	2,302,818
Timber Stumpage	86,399	77,822
	<u>1,142,332</u>	<u>3,103,280</u>
Total Revenues from Other Governments		
Charges for Services		
Animal Control	30,104	25,916
Parks and Recreation	394,473	385,125
Other Charges	17,396	32,791
	<u>441,973</u>	<u>443,832</u>
Total Charges		
Other Revenues		
Interest Income	<u>607,476</u>	<u>396,571</u>
Transfers from Other Funds		
Land Trust Fund	635,000	655,000
Interdepartment Revenue	179,614	112,150
Service Area Funds	8,809	12,786
Internal Service	434,784	-
	<u>1,258,207</u>	<u>779,936</u>
Total Transfers		
Total Revenues & Transfers	<u>\$ 14,335,804</u>	<u>\$ 15,140,626</u>

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Fiscal Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Expenditures		
Administration		
Mayor & Assembly	\$ 103,303	\$ 126,988
Law	253,636	223,723
Clerk	177,639	193,165
Manager	454,416	442,597
Finance-Accounting	594,556	579,749
Finance-Assessment	404,235	401,810
Total Administration	1,987,785	1,968,032
Public Services		
Animal Protection	287,224	293,791
Planning	581,535	611,393
OEDP	2,108,800	136,768
Community Education	394,983	447,534
Public Works	690,417	683,768
Child Care Operations	55,036	64,551
Parks and Recreation	1,374,613	1,319,675
Total Public Services	5,492,608	3,557,480
Automation	34,350	43,343
Non Departmental	105,770	160,947
Capital Projects	244,414	238,390
Total Expenditures	<u>7,864,927</u>	<u>5,968,192</u>
Excess (Deficit) of Revenues & Transfers over Expenditures	<u>6,470,877</u>	<u>9,172,434</u>
Other Financing Sources (Uses)		
Transfers to Component Unit	(7,651,703)	(7,344,172)
Transfers to Capital and Bonds Payment	(300,000)	(325,000)
Transfers to Transit Fund	(225,000)	(275,000)
Transfers to Airport Fund	(29,150)	(29,150)
Total Other Financing	<u>(8,205,853)</u>	<u>(7,973,322)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,734,976)	1,199,112
Fund Balance Beginning of Year	<u>4,498,543</u>	<u>3,299,431</u>
Fund Balance End of Year	<u>\$ 2,763,567</u>	<u>\$ 4,498,543</u>

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Years Ended June 30, 2000 and 1999

	2000		Variance	1999		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues						
Taxes						
Real & Personal Property Taxes	\$ 7,125,704	\$ 7,087,120	\$ (38,584)	\$ 6,644,106	\$ 6,670,764	\$ 26,658
Automobile & Boat Taxes	194,700	185,642	(9,058)	185,000	193,114	8,114
Sales Taxes	3,216,500	3,439,736	223,236	3,320,506	3,317,026	(3,480)
Penalty & Interest	114,750	139,871	25,121	100,000	200,839	100,839
Total Taxes	10,651,654	10,852,369	200,715	10,249,612	10,381,743	132,131
Alaska State Housing Authority	15,000	14,902	(98)	15,000	17,454	2,454
Licenses and Permits						
Zoning Fees	16,500	18,545	2,045	16,500	17,810	1,310
Revenues from Other Governments						
State Municipal Assistance	124,734	118,628	(6,106)	186,440	187,092	652
State Revenue Sharing	101,841	95,705	(6,136)	168,730	152,754	(15,976)
State License Refunds	318,243	376,261	58,018	280,605	318,243	37,638
State Child Care Assistance	52,103	55,080	2,977	48,500	64,551	16,051
Federal Tobacco Tax	67,500	-	(67,500)	67,500	-	(67,500)
Federal Revenues	256,000	410,259	154,259	256,000	2,302,818	2,046,818
Timber Stumpage	100,827	86,399	(14,428)	100,827	77,822	(23,005)
Total Revenues from Other Governments	1,021,248	1,142,332	121,084	1,108,602	3,103,280	1,994,678
Charges for Services						
Animal Control	27,500	30,104	2,604	27,500	25,916	(1,584)
Parks and Recreation	358,500	394,473	35,973	354,000	385,125	31,125
Other Charges	34,250	17,396	(16,854)	34,250	32,791	(1,459)
Total Charges	420,250	441,973	21,723	415,750	443,832	28,082
Other Revenues						
Interest Income	425,000	607,476	182,476	655,500	396,571	(258,929)
Transfers from Other Funds						
Land Trust Fund	635,000	635,000	-	655,000	655,000	-
Inter-Departmental	179,614	179,614	-	112,150	112,150	-
Service Area Funds	8,809	8,809	-	12,581	12,786	205
Internal Service Fund	432,806	434,784	1,978	-	-	-
Total Transfers	1,256,229	1,258,207	1,978	779,731	779,936	205
Total Revenues & Transfers	\$ 13,805,881	\$ 14,335,804	\$ 529,923	\$ 13,240,695	\$ 15,140,626	\$ 1,899,931

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Years Ended June 30, 2000 and 1999

	2000		Variance Favorable (Unfavorable)	1999		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Expenditures						
Administration						
Mayor & Assembly	\$ 136,814	\$ 103,303	\$ 33,511	\$ 123,538	\$ 126,988	\$ (3,450)
Law	293,347	253,636	39,711	244,363	223,723	20,640
Clerk	185,389	177,639	7,750	181,947	193,165	(11,218)
Manager	547,168	454,416	92,752	449,745	442,597	7,148
Finance-Accounting	610,768	594,556	16,212	595,181	579,749	15,432
Finance-Assessment	414,094	404,235	9,859	398,465	401,810	(3,345)
Total Administration	2,187,580	1,987,785	199,795	1,993,239	1,968,032	25,207
Public Services						
Animal Protection	301,649	287,224	14,425	268,841	293,791	(24,950)
Planning	665,636	581,535	84,101	721,909	611,393	110,516
OEDP	2,111,800	2,108,800	3,000	236,400	136,768	99,632
Community Education	402,014	394,983	7,031	288,814	447,534	(158,720)
Public Works	963,837	690,417	273,420	631,342	683,768	(52,426)
Child Care Operations	51,153	55,036	(3,883)	47,119	64,551	(17,432)
Parks and Recreation	1,353,074	1,374,613	(21,539)	1,225,961	1,319,675	(93,714)
Total Public Services	5,849,163	5,492,608	356,555	3,420,386	3,557,480	(137,094)
Automation	61,109	34,350	26,759	38,323	43,343	(5,020)
Non Departmental	197,765	105,770	91,995	201,308	160,947	40,361
Capital Projects	316,933	244,414	72,519	558,100	238,390	319,710
Total Expenditures	8,612,550	7,864,927	747,623	6,211,356	5,968,192	243,164
Excess (Deficit) of Revenues & Transfers over Expenditures	5,193,331	6,470,877	1,277,546	7,029,339	9,172,434	2,143,095
Other Financing Sources (Uses)						
Transfers to Component Unit	(7,757,696)	(7,651,703)	105,993	(7,514,172)	(7,344,172)	170,000
Transfers to Transit Fund	(225,000)	(225,000)	-	(275,000)	(275,000)	-
Transfers to Airport Fund	(29,150)	(29,150)	-	(29,150)	(29,150)	-
Transfers to Bond Debt Fund	(300,000)	(300,000)	-	(325,000)	(325,000)	-
Total Other Financing	(8,311,846)	(8,205,853)	105,993	(8,143,322)	(7,973,322)	170,000
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (3,118,515)	(1,734,976)	\$ 1,383,539	\$ (1,113,983)	1,199,112	\$ 2,313,095
Fund Balance Beginning of Year		4,498,543			3,299,431	
Fund Balance End of Year		\$ 2,763,567			\$ 4,498,543	

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SPECIAL REVENUE FUND STATEMENTS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specific purposes. This does not include debt service resources, expendable trusts or major capital projects.

The following statements are included in this section:

Special Revenue Funds - Combining Balance Sheets:

Special Revenue Funds - Combining Statement of Revenues, Expenditures & Changes in Fund Balances

Individual Statements of Revenues, Expenditures & Changes in Fund Balances Budget and Actual for each Special Revenue Fund for which a Budget is developed

The following individual funds are included in this section:

**Recreation Sales Tax Fund
Land Trust Fund
Mud Bight Service Area Fund
Shoreline Service Area Fund
Mountain Point Service Area Fund
South Tongass Fire District Fund
Waterfall Service Area Fund
Nichols View Service Area Fund
Forest Park Service Area Fund
Gold Nugget Service Area Fund
Non Areawide Fund
State and Federal Grants Fund
School Bond/Capital Improvements Fund
Passenger Facility Charges
Shoup Street Service Area Fund
Southeast Economic Development Fund**

KETCHIKAN GATEWAY BOROUGH

Exhibit B-1

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2000

	Recreation Sales Tax Fund	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund
Assets				
Cash & Temporary Investments	\$ 647,123	\$ 15,127,207	\$ 43,773	\$ 154,761
Accounts Receivable - General	3,634	-	1,617	1,396
Advances to Other Funds:	-	967,800	-	-
Deferred Accounts Receivable	-	756,713	-	-
Total Assets	\$ 650,757	\$ 16,851,720	\$ 45,390	\$ 156,157
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 15,260	\$ 538,607	\$ 57,225	\$ 3,623
Advances from Other Funds	400,000	-	-	-
Retainage Payable	-	-	-	-
Unclaimed Bonds	-	-	-	-
Deposits	-	6,180	-	-
Deferred Revenue	-	57,128	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	415,260	601,915	57,225	3,623
Fund Balances				
Restricted for Loan Guarantees	-	-	-	-
Restricted for Outstanding Loans	-	-	-	-
Reserve for Advances	-	967,800	-	-
Encumbrances	592	347,291	-	-
Designated for Ship Yard Maintenance	-	-	-	-
Unreserved Fund Balance	234,905	14,934,714	(11,835)	152,534
Total Fund Balance	235,497	16,249,805	(11,835)	152,534
Total Liabilities and Fund Balances	\$ 650,757	\$ 16,851,720	\$ 45,390	\$ 156,157

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2000

	Mountain Point Service Area Fund	South Tongass Fire District Fund	Waterfall Service Area Fund	Nichols View Service Area Fund
Assets				
Cash & Temporary Investments	\$ 252,117	\$ 198,522	\$ 131,831	\$ 10,489
Accounts Receivable - General	14,346	5,182	269	-
Advances to Other Funds:	-	-	-	-
Deferred Accounts Receivable	-	-	-	-
Total Assets	\$ 266,463	\$ 203,704	\$ 132,100	\$ 10,489
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 1,449	\$ 8,059	\$ 6,363	\$ -
Advances from Other Funds	-	-	-	-
Retainage Payable	-	-	-	-
Unclaimed Bonds	-	-	-	-
Deposits	94,246	-	-	-
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	95,695	8,059	6,363	-
Fund Balances				
Restricted for Loan Guarantees	-	-	-	-
Restricted for Outstanding Loans	-	-	-	-
Reserve for Advances	-	-	-	-
Encumbrances	16,750	-	-	-
Designated for Ship Yard Maintenance	-	-	-	-
Unreserved Fund Balance	154,018	195,645	125,737	10,489
Total Fund Balance	170,768	195,645	125,737	10,489
Total Liabilities and Fund Balances	\$ 266,463	\$ 203,704	\$ 132,100	\$ 10,489

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2000

	Forest Park Service Area Fund	Gold Nugget Service Area Fund	Non Areawide Fund	State & Federal Grants Fund
Assets				
Cash & Temporary Investments	\$ 143,658	\$ 14,534	\$ -	\$ 561,601
Accounts Receivable - General	1,092	-	4,814	361,090
Advances to Other Funds:	-	-	-	-
Deferred Accounts Receivable	-	-	-	-
Total Assets	\$ 144,750	\$ 14,534	\$ 4,814	\$ 922,691
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 5,599	\$ 130	\$ 9,419	\$ 247,982
Advances from Other Funds	-	-	567,800	-
Retainage Payable	-	-	12,893	-
Unclaimed Bonds	-	-	-	-
Deposits	-	-	-	-
Deferred Revenue	-	-	-	130,759
Due to Other Funds	-	-	42,905	494,697
Total Liabilities	5,599	130	633,017	873,438
Fund Balances				
Restricted for Loan Guarantees	-	-	-	-
Restricted for Outstanding Loans	-	-	-	-
Reserve for Advances	-	-	-	-
Encumbrances	-	-	-	10,000
Designated for Ship Yard Maintenance	-	-	-	-
Unreserved Fund Balance	139,151	14,404	(628,203)	39,253
Total Fund Balance	139,151	14,404	(628,203)	49,253
Total Liabilities and Fund Balances	\$ 144,750	\$ 14,534	\$ 4,814	\$ 922,691

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2000

	School Bond/ Capital Improvements Fund	Airport PFC Fund	Shoup Street Service Fund	Southeast Economic Development Fund	Total
Assets					
Cash & Temporary Investments	\$ 231,438	\$ 274,877	\$ 17,485	\$ 25,048,740	\$ 42,858,156
Accounts Receivable - General	10,243	-	226	-	403,909
Advances to Other Funds:	-	-	-	-	967,800
Deferred Accounts Receivable	-	-	-	5,000,000	5,756,713
Total Assets	\$ 241,681	\$ 274,877	\$ 17,711	\$ 30,048,740	\$ 49,986,578
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ 1,181	\$ 13,090	\$ 907,987
Advances from Other Funds	-	-	-	-	967,800
Retainage Payable	-	-	-	-	12,893
Unclaimed Bonds	7,845	-	-	-	7,845
Deposits	-	-	-	-	100,426
Deferred Revenue	-	-	-	-	187,887
Due to Other Funds	-	-	-	-	537,602
Total Liabilities	7,845	-	1,181	13,090	2,722,440
Fund Balances					
Restricted for Loan Guarantees	-	-	-	1,865,000	1,865,000
Restricted for Outstanding Loans	-	-	-	5,000,000	5,756,713
Reserve for Advances	-	-	-	-	967,800
Encumbrances	-	-	-	2,479,130	2,853,763
Designated for Ship Yard Maintenance	-	-	-	154,000	154,000
Unreserved Fund Balance	233,836	274,877	16,530	20,537,520	35,666,862
Total Fund Balance	233,836	274,877	16,530	30,035,650	47,264,138
Total Liabilities and Fund Balances	\$ 241,681	\$ 274,877	\$ 17,711	\$ 30,048,740	\$ 49,986,578

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2000

	Recreation Sales Tax Fund	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund
REVENUES				
Taxes	\$ 1,146,579	\$ -	\$ -	\$ 114,613
State/Federal Revenues	-	-	60	203
Charges for Services	-	-	8,785	-
Sale of Land	-	-	-	-
Other Income	13,922	121,153	-	-
Interest Income	27,117	965,331	2,682	10,441
Total Revenues	1,187,618	1,086,484	11,527	125,257
EXPENDITURES				
Capital Improvements	-	452,353	61,875	4,588
Public Services	-	452,165	63	120,145
Total Expenditures	-	904,518	61,938	124,733
Excess (Deficit) of Revenues over Expenditures	1,187,618	181,966	(50,411)	524
Other Financing Sources (Uses)				
Interfund Transfers In	-	73,170	-	-
Operating Transfers Out	(1,083,914)	(635,000)	(904)	(1,223)
Total Other Financing	(1,083,914)	(561,830)	(904)	(1,223)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	103,704	(379,864)	(51,315)	(699)
Fund Balance, Beginning of Year	131,793	16,629,669	39,480	153,233
Fund Balance, End of Year	\$ 235,497	\$ 16,249,805	\$ (11,835)	\$ 152,534

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2000

	Mountain Point Service Area Fund	South Tongass Fire District Fund	Waterfall Service Area Fund	Nichols View Service Area Fund
REVENUES				
Taxes	\$ -	\$ 110,921	\$ -	\$ -
State/Federal Revenues	1,055	2,193	32	-
Charges for Services	78,711	-	4,854	-
Sale of Land	-	-	-	-
Other Income	-	-	-	-
Interest Income	17,669	13,688	8,275	659
Total Revenues	<u>97,435</u>	<u>126,802</u>	<u>13,161</u>	<u>659</u>
EXPENDITURES				
Capital Improvements	21,755	23,060	-	-
Public Services	91,162	42,970	8,635	-
Total Expenditures	<u>112,917</u>	<u>66,030</u>	<u>8,635</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	<u>(15,482)</u>	<u>60,772</u>	<u>4,526</u>	<u>659</u>
Other Financing Sources (Uses)				
Interfund Transfers In	-	-	-	-
Operating Transfers Out	(18,767)	(1,589)	(105)	-
Total Other Financing	<u>(18,767)</u>	<u>(1,589)</u>	<u>(105)</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>(34,249)</u>	<u>59,183</u>	<u>4,421</u>	<u>659</u>
Fund Balance, Beginning of Year	<u>205,017</u>	<u>136,462</u>	<u>121,316</u>	<u>9,830</u>
Fund Balance, End of Year	<u>\$ 170,768</u>	<u>\$ 195,645</u>	<u>\$ 125,737</u>	<u>\$ 10,489</u>

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2000

	Forest Park Service Area Fund	Gold Nugget Service Area Fund	Non Areawide Fund	State & Federal Grants Fund
REVENUES				
Taxes	\$ 56,541	\$ -	\$ 418,242	\$ -
State/Federal Revenues	690	48	3,255	1,972,414
Charges for Services	-	6,082	141,165	-
Sale of Land	-	-	-	-
Other Income	-	-	-	905
Interest Income	10,851	937	8,580	1,311
Total Revenues	<u>68,082</u>	<u>7,067</u>	<u>571,242</u>	<u>1,974,630</u>
EXPENDITURES				
Capital Improvements	153,211	-	-	294,485
Public Services	38,661	8,700	569,243	1,674,046
Total Expenditures	<u>191,872</u>	<u>8,700</u>	<u>569,243</u>	<u>1,968,531</u>
Excess (Deficit) of Revenues over Expenditures	<u>(123,790)</u>	<u>(1,633)</u>	<u>1,999</u>	<u>6,099</u>
Other Financing Sources (Uses)				
Interfund Transfers In	-	-	9,000	-
Operating Transfers Out	(1,462)	(182)	(90,071)	-
Total Other Financing	<u>(1,462)</u>	<u>(182)</u>	<u>(81,071)</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>(125,252)</u>	<u>(1,815)</u>	<u>(79,072)</u>	<u>6,099</u>
Fund Balance, Beginning of Year	<u>264,403</u>	<u>16,219</u>	<u>(549,131)</u>	<u>43,154</u>
Fund Balance, End of Year	<u>\$ 139,151</u>	<u>\$ 14,404</u>	<u>\$ (628,203)</u>	<u>\$ 49,253</u>

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2000

	School Bond/ Capital Improvements Fund	PFC Fund	Shoup Street Service Fund	Southeast Economic Development Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 45,892	\$ 1,892,788
State/Federal Revenues	1,024,320	-	9	4,000,000	7,004,279
Charges for Services	-	-	32,628	15,000	287,225
Sale of Land	-	-	-	-	-
Other Income	-	224,312	-	-	360,292
Interest Income	64,645	14,983	2,588	1,572,301	2,722,058
Total Revenues	1,088,965	239,295	35,225	5,633,193	12,266,642
EXPENDITURES					
Capital Improvements	-	-	-	-	1,011,327
Public Services	7,315	55,740	23,868	887,910	3,980,623
Total Expenditures	7,315	55,740	23,868	887,910	4,991,950
Excess (Deficit) of Revenues over Expenditures	1,081,650	183,555	11,357	4,745,283	7,274,692
Other Financing Sources (Uses)					
Interfund Transfers In	1,095,262	-	-	21,166,038	22,343,470
Operating Transfers Out	(2,075,662)	-	(24,970)	(21,166,038)	(25,099,887)
Total Other Financing	(980,400)	-	(24,970)	-	(2,756,417)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	101,250	183,555	(13,613)	4,745,283	4,518,275
Fund Balance, Beginning of Year	132,586	91,322	30,143	25,290,367	42,745,863
Fund Balance, End of Year	\$ 233,836	\$ 274,877	\$ 16,530	\$ 30,035,650	\$ 47,264,138

KETCHIKAN GATEWAY BOROUGH

RECREATION SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Year Ended June 30, 2000
(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Taxes	\$ 1,111,765	\$ 1,146,579	\$ 34,814	\$ 1,093,473
Penalties	10,000	13,922	3,922	12,608
Interest Revenue	12,500	27,117	14,617	33,291
Total Revenues	<u>1,134,265</u>	<u>1,187,618</u>	<u>53,353</u>	<u>1,139,372</u>
EXPENDITURES:				
Capital Projects	502,980	-	502,980	15,825
Total Expenditures	<u>502,980</u>	<u>-</u>	<u>502,980</u>	<u>15,825</u>
Excess (Deficit) of Revenues over Expenditures	631,285	1,187,618	556,333	1,123,547
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	285,447
Operating Transfers Out	<u>(908,899)</u>	<u>(1,083,914)</u>	<u>(175,015)</u>	<u>(1,821,098)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(277,614)</u>	103,704	\$ <u>381,318</u>	(412,104)
Fund Balance, Beginning of Year		<u>131,793</u>		<u>543,897</u>
Fund Balance, End of Year		\$ <u><u>235,497</u></u>		\$ <u><u>131,793</u></u>

KETCHIKAN GATEWAY BOROUGH

LAND TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Sale of Land	\$ 103,752	\$ -	\$ (103,752)	\$ -
Other Revenue	14,502	121,153	106,651	59,736
Investment Income	1,250,765	965,331	(285,434)	677,011
Total Revenues	<u>1,369,019</u>	<u>1,086,484</u>	<u>(282,535)</u>	<u>736,747</u>
EXPENDITURES:				
Capital Improvements	3,303,408	452,353	2,851,055	43,950
Public Services	156,148	452,165	(296,017)	26,457
Total Expenditures	<u>3,459,556</u>	<u>904,518</u>	<u>2,555,038</u>	<u>70,407</u>
Excess (Deficit) of Revenues over Expenditures	(2,090,537)	181,966	2,272,503	666,340
Other Financing Sources (Uses)				
Operating Transfers In	-	73,170	73,170	482,691
Operating Transfers Out	(655,000)	(635,000)	20,000	(680,000)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (2,745,537)</u>	(379,864)	<u>\$ 2,365,673</u>	469,031
Fund Balance, Beginning of Year		<u>16,629,669</u>		<u>16,160,638</u>
Fund Balance, End of Year		<u>\$ 16,249,805</u>		<u>\$ 16,629,669</u>

KETCHIKAN GATEWAY BOROUGH

MUD BIGHT SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
State Revenues	\$ 48	\$ 60	\$ 12	\$ 96
Public Services	8,520	8,785	265	9,222
Interest Income	925	2,682	1,757	1,791
Total Revenues	9,493	11,527	2,034	11,109
EXPENDITURES:				
Capital Improvements	53,725	61,875	(8,150)	16,495
Public Services	150	63	87	31
Total Expenditures	53,875	61,938	(8,063)	16,526
Excess (Deficit) of Revenues over Expenditures	(44,382)	(50,411)	(6,029)	(5,417)
Other Financing Sources (Uses) Operating Transfers Out	(904)	(904)	-	(405)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(45,286)</u>	(51,315)	\$ <u>(6,029)</u>	(5,822)
Fund Balance, Beginning of Year		39,480		45,302
Fund Balance, End of Year		\$ <u>(11,835)</u>		\$ <u>39,480</u>

KETCHIKAN GATEWAY BOROUGH

SHORELINE SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Real and Personal Taxes	\$ 62,854	\$ 62,630	\$ (224)	\$ 64,003
Sales Taxes	-	49,458	49,458	-
Automobile and Boat Taxes	1,000	2,525	1,525	1,291
State Revenues	312	203	(109)	623
Interest Income	6,500	10,441	3,941	7,673
Total Revenues	70,666	125,257	54,591	73,590
EXPENDITURES:				
Capital Improvements	43,000	4,588	38,412	11,320
Public Services	138,990	120,145	18,845	32,454
Total Expenditures	181,990	124,733	57,257	43,774
Excess (Deficit) of Revenues over Expenditures	(111,324)	524	111,848	29,816
Other Financing Sources (Uses)				
Operating Transfers Out	(1,223)	(1,223)	-	(1,223)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(112,547)</u>	(699)	\$ <u>111,848</u>	28,593
Fund Balance, Beginning of Year		153,233		124,640
Fund Balance, End of Year		\$ <u>152,534</u>		\$ <u>153,233</u>

KETCHIKAN GATEWAY BOROUGH

MOUNTAIN POINT SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Public Services	\$ 91,440	\$ 78,711	\$ (12,729)	\$ 139,452
State Revenue Sharing	-	1,055	1,055	-
Interest Income	6,575	17,669	11,094	16,315
Total Revenues	98,015	97,435	(580)	155,767
EXPENDITURES:				
Capital Improvements	178,000	21,755	156,245	-
Public Services	58,600	91,162	(32,562)	148,983
Total Expenditures	236,600	112,917	123,683	148,983
Excess (Deficit) of Revenues over Expenditures	(138,585)	(15,482)	123,103	6,784
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(18,767)	(18,767)	-	(5,798)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (157,352)	(34,249)	\$ 123,103	986
Fund Balance, Beginning of Year		205,017		204,031
Fund Balance, End of Year		\$ 170,768		\$ 205,017

KETCHIKAN GATEWAY BOROUGH

SOUTH TONGASS FIRE DISTRICT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Real and Personal Taxes	\$ 102,255	\$ 102,641	\$ 386	\$ 98,626
Automobile and Boat Taxes	2,500	8,280	5,780	3,283
State Revenues	527	2,193	1,666	1,053
Other Revenues	-	-	-	204
Interest Income	4,500	13,688	9,188	7,374
Total Revenues	109,782	126,802	17,020	110,540
EXPENDITURES:				
Capital Improvements	69,250	23,060	46,190	25,961
Public Services	46,206	42,970	3,236	36,884
Total Expenditures	115,456	66,030	49,426	62,845
Excess (Deficit) of Revenues over Expenditures	(5,674)	60,772	66,446	47,695
Other Financing Sources (Uses)				
Operating Transfers Out	(1,589)	(1,589)	-	(1,970)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(7,263)</u>	59,183	\$ <u>66,446</u>	45,725
Fund Balance, Beginning of Year		136,462		90,737
Fund Balance, End of Year		\$ <u>195,645</u>		\$ <u>136,462</u>

KETCHIKAN GATEWAY BOROUGH

WATERFALL SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000
 (With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
State Revenues	\$ 24	\$ 32	\$ 8	\$ 48
Public Services	6,725	4,854	(1,871)	4,839
Interest Income	6,442	8,275	1,833	5,486
Total Revenues	<u>13,191</u>	<u>13,161</u>	<u>(30)</u>	<u>10,373</u>
EXPENDITURES:				
Public Services	<u>16,725</u>	<u>8,635</u>	<u>8,090</u>	<u>2,185</u>
Total Expenditures	<u>16,725</u>	<u>8,635</u>	<u>8,090</u>	<u>2,185</u>
Excess (Deficit) of Revenues over Expenditures	(3,534)	4,526	8,060	8,188
Other Financing Sources (Uses)				
Operating Transfers Out	<u>(105)</u>	<u>(105)</u>	<u>-</u>	<u>(108)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (3,639)</u>	4,421	<u>\$ 8,060</u>	8,080
Fund Balance, Beginning of Year		<u>121,316</u>		<u>113,236</u>
Fund Balance, End of Year		<u>\$ 125,737</u>		<u>\$ 121,316</u>

KETCHIKAN GATEWAY BOROUGH

NICHOLS VIEW SERVICE AREA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000
 (With Comparative Totals for the Year Ended June 30, 1999)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 <u>Actual</u>
REVENUES:				
Interest Income	\$ 495	\$ 659	\$ 164	\$ 441
Total Revenues	<u>495</u>	<u>659</u>	<u>164</u>	<u>441</u>
EXPENDITURES:				
Public Services	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>495</u>	659	\$ <u>164</u>	441
Fund Balance, Beginning of Year		<u>9,830</u>		<u>9,389</u>
Fund Balance, End of Year		<u>\$ 10,489</u>		<u>\$ 9,830</u>

KETCHIKAN GATEWAY BOROUGH

FOREST PARK SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Real and Personal Taxes	\$ 46,360	\$ 53,596	\$ 7,236	\$ 71,968
Automobile and Boat Taxes	2,500	2,945	445	3,691
State Revenues	391	690	299	782
Other Revenues	-	-	-	-
Interest Income	4,300	10,851	6,551	13,945
Total Revenues	53,551	68,082	14,531	90,386
EXPENDITURES:				
Capital Improvements	150,948	153,211	(2,263)	19,287
Public Services	43,950	38,661	5,289	68,759
Total Expenditures	194,898	191,872	3,026	88,046
Excess (Deficit) of Revenues over Expenditures	(141,347)	(123,790)	17,557	2,340
Other Financing Sources (Uses)				
Operating Transfers Out	(1,462)	(1,462)	-	(2,016)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(142,809)</u>	(125,252)	\$ <u>17,557</u>	324
Fund Balance, Beginning of Year		264,403		264,079
Fund Balance, End of Year		\$ <u>139,151</u>		\$ <u>264,403</u>

KETCHIKAN GATEWAY BOROUGH

GOLD NUGGET SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Public Services	\$ 6,465	\$ 6,082	\$ (383)	\$ 7,961
State Revenue Sharing	-	48	48	-
Interest Income	850	937	87	810
Total Revenues	<u>7,315</u>	<u>7,067</u>	<u>(248)</u>	<u>8,771</u>
EXPENDITURES:				
Capital Projects	-	-	-	-
Public Services	8,750	8,700	50	8,832
Total Expenditures	<u>8,750</u>	<u>8,700</u>	<u>50</u>	<u>8,832</u>
Excess (Deficit) of Revenues over Expenditures	(1,435)	(1,633)	(198)	(61)
Other Financing Sources (Uses) Operating Transfers Out	<u>(182)</u>	<u>(182)</u>	<u>-</u>	<u>(186)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (1,617)</u>	(1,815)	<u>\$ (198)</u>	(247)
Fund Balance, Beginning of Year		<u>16,219</u>		<u>16,466</u>
Fund Balance, End of Year		<u>\$ 14,404</u>		<u>\$ 16,219</u>

KETCHIKAN GATEWAY BOROUGH

NON AREAWIDE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Real and Personal Taxes	\$ 414,543	\$ 418,242	\$ 3,699	\$ 411,773
State Revenues	2,821	3,255	434	4,231
Sewer Fees	136,815	141,165	4,350	-
Interest Income	6,700	8,580	1,880	5,489
Total Revenues	560,879	571,242	10,363	421,493
EXPENDITURES:				
Public Services	35,000	211,425	(176,425)	35,000
Capital Improvements	-	-	-	567,800
Library Services	357,818	357,818	-	372,579
Total Expenditures	392,818	569,243	(176,425)	975,379
Excess (Deficit) of Revenues over Expenditures	168,061	1,999	(166,062)	(553,886)
Other Financing Sources (Uses)				
Operating Transfers In	9,000	9,000	-	-
Operating Transfers Out	(90,071)	(90,071)	-	-
Total Other Financing	(81,071)	(81,071)	-	-
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>86,990</u>	(79,072)	\$ <u>(166,062)</u>	(553,886)
Fund Balance, Beginning of Year		(549,131)		4,755
Fund Balance, End of Year		\$ <u>(628,203)</u>		\$ <u>(549,131)</u>

KETCHIKAN GATEWAY BOROUGH

STATE AND FEDERAL GRANTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 1999

(With Comparative Totals for the Year Ended June 30, 1997)

	<u>1998</u>	<u>1997</u>
REVENUES:		
State Sources	\$ 1,972,414	\$ 1,223,848
Other Revenues	905	24,776
Interest Income	<u>1,311</u>	<u>-</u>
Total Revenues	<u>1,974,630</u>	<u>1,248,624</u>
EXPENDITURES:		
Public Services	<u>1,674,046</u>	<u>1,224,619</u>
Total Expenditures	<u>1,674,046</u>	<u>1,224,619</u>
Excess (Deficit) of Revenues over Expenditures	300,584	24,005
Fund Balance, Beginning of Year	<u>186,044</u>	<u>162,039</u>
Fund Balance, End of Year	<u>\$ 486,628</u>	<u>\$ 186,044</u>

KETCHIKAN GATEWAY BOROUGH

SCHOOL BONDS/CAPITAL IMPROVEMENTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
State Grant	\$ 896,280	\$ 1,024,320	\$ 128,040	\$ 1,024,721
Other Revenue	-	-	-	-
Interest Income	1,225	64,645	63,420	37,113
Total Revenues	897,505	1,088,965	191,460	1,061,834
EXPENDITURES:				
Capital Improvements	-	-	-	-
Public Services	8,000	7,315	685	5,862
Total Expenditures	8,000	7,315	685	5,862
Excess (Deficit) of Revenues over Expenditures	889,505	1,081,650	192,145	1,055,972
Other Financing Sources (Uses)				
Interfund Transfers In	1,095,262	1,095,262	-	1,124,028
Operating Transfers Out	(2,075,662)	(2,075,662)	-	(2,159,228)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (90,895)	101,250	\$ 192,145	20,772
Fund Balance, Beginning of Year		132,586		111,814
Fund Balance, End of Year		\$ 233,836		\$ 132,586

KETCHIKAN GATEWAY BOROUGH

PASSENGER FACILITY CHARGES (PFC)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Year Ended June 30, 1999 <u>Actual</u>
REVENUES:				
PFC Enplanement Revenue	\$ 320,970	\$ 224,312	\$ (96,658)	\$ 90,664
Interest Income	<u>8,800</u>	<u>14,983</u>	<u>6,183</u>	<u>658</u>
Total Revenues	<u>329,770</u>	<u>239,295</u>	<u>(90,475)</u>	<u>91,322</u>
EXPENDITURES:				
Capital Projects	1,800,000	55,711	1,744,289	
Public Services	<u>-</u>	<u>29</u>	<u>(29)</u>	<u>-</u>
Total Expenditures	<u>1,800,000</u>	<u>55,740</u>	<u>1,744,260</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,470,230)</u>	<u>183,555</u>	<u>1,653,785</u>	<u>91,322</u>
Other Financing Sources (Uses)				
Inter Fund Transfer In - Land Trust	1,800,000	-	(1,800,000)	
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 329,770</u>	183,555	<u>\$ (146,215)</u>	<u>91,322</u>
Fund Balance, Beginning of Year		<u>91,322</u>		<u>-</u>
Fund Balance, End of Year		<u>\$ 274,877</u>		<u>\$ 91,322</u>

KETCHIKAN GATEWAY BOROUGH

SHOUP STREET SERVICE AREA FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000
 (With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
State Revenues	\$ -	\$ 9	\$ 9	\$ 64
Public Services	35,250	32,628	(2,622)	27,864
Other Revenues	-	-	-	-
Interest Income	2,250	2,588	338	1,523
Total Revenues	37,500	35,225	(2,275)	29,451
EXPENDITURES:				
Capital Improvements	-	-	0	2,626
Public Services	16,498	23,868	(7,370)	24,532
Total Expenditures	16,498	23,868	(7,370)	27,158
Excess (Deficit) of Revenues over Expenditures	21,002	11,357	(9,645)	2,293
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(24,970)	(24,970)	-	(1,080)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (3,968)	(13,613)	\$ (9,645)	1,213
Fund Balance, Beginning of Year		30,143		28,930
Fund Balance, End of Year		\$ 16,530		\$ 30,143

KETCHIKAN GATEWAY BOROUGH

SOUTHEAST ECONOMIC DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2000
 (With Comparative Totals for the Year Ended June 30, 1999)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1999 Actual
REVENUES:				
Federal Revenues	\$ 3,750,000	\$ 4,000,000	\$ 250,000.00	\$ 3,750,000
Transient Occupancy Tax	50,000	45,892	(4,108.00)	
Public Services	-	15,000	15,000	267
Interest Revenues	1,140,408	1,572,301	431,893	1,106,408
Total Revenues	4,940,408	5,633,193	692,785	4,856,675
EXPENDITURES:				
Public Services	1,263,400	887,910	375,490	839,701
Total Expenditures	1,263,400	887,910	375,490	839,701
Excess (Deficit) of Revenues over Expenditures	3,677,008	4,745,283	1,068,275	4,016,974
Other Financing Sources (Uses)				
Operating Transfers In	468,779	21,166,038	20,697,259	468,779
Operating Transfers Out	(468,779)	(21,166,038)	(20,697,259)	(468,779)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ <u>3,677,008</u>	4,745,283	\$ <u>1,068,275</u>	4,016,974
Fund Balance, Beginning of Year		25,290,367		21,273,393
Fund Balance, End of Year		\$ <u>30,035,650</u>		\$ <u>25,290,367</u>

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DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The following funds are included in this section:

1989 GENERAL OBLIGATION BOND REDEMPTION FUND - To accumulate funds for the payment of principal and interest. Financing is provided through transfers from the School Bond/Capital Improvements Fund.

1995 General Obligation Bonds - Gateway Recreation Center - To accumulate funds for the payment of principal and interest. Financing is provided through transfer from the Recreational Sales Tax Fund.

The following statements are included in this section:

Debt Service Funds - Combining Balance Sheet

Debt Service Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances

KETCHIKAN GATEWAY BOROUGH

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	1989 G.O. Bond Redemption Fund	1995 G.O. Bond Redemption Fund	Totals	
			2000	1999
ASSETS				
Due from Other Funds	\$ -	\$ -	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 FUND BALANCE				
Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KETCHIKAN GATEWAY BOROUGH

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2000
 (With Comparative Totals for the Year Ended June 30, 1999)

	1989 G.O. Bond Redemption Fund	1995 G.O. Bond-IRC Redemption Fund	Totals	
			2000	1999
EXPENDITURES				
Debt Service				
Principal	\$ 1,200,000	\$ 505,000	\$ 1,705,000	\$ 1,685,000
Interest	80,400	290,262	370,662	474,228
Total	<u>1,280,400</u>	<u>795,262</u>	<u>2,075,662</u>	<u>2,159,228</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,280,400)</u>	<u>(795,262)</u>	<u>(2,075,662)</u>	<u>(2,159,228)</u>
Other Financing Sources (Uses)				
Transfer from School Bond/Capital Improvement Fu	1,280,400	-	1,280,400	1,360,200
Transfer from Recreational Capital Projects Fund	<u>-</u>	<u>795,262</u>	<u>795,262</u>	<u>799,028</u>
Total Other Financing Sources (Uses)	<u>1,280,400</u>	<u>795,262</u>	<u>2,075,662</u>	<u>2,159,228</u>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. This does not include capital projects financed by proprietary funds and special assessment funds.

The following funds are included in this section:

**Recreation Capital Projects
School Bond Construction Fund**

The following statements are included in this section:

Capital Projects Funds - Combining Balance Sheet

Capital Projects Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances

KETCHIKAN GATEWAY BOROUGH

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2000

(With Comparative Totals for June 30, 1999)

	School Bond Construction Fund	Total	
		2000	1999
Assets			
Cash in Central Treasury	\$ 170,465	\$ 170,465	\$ 37,024
Investments	5,149,778	5,149,778	-
Total Assets	\$ 5,320,243	\$ 5,320,243	\$ 37,024
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	\$ 1,440,225	\$ 1,440,225	\$ 341,268
Retainage Payable	-	-	-
Due to Other Funds	152,548	152,548	157,227
Advances-Inter Fund Loans	-	-	-
Total Liabilities	1,592,773	1,592,773	498,495
Fund Equity			
Encumbrances	3,323,873	3,323,873	1,909,804
Fund Balance	403,597	403,597	(2,371,275)
Total Fund Balances	3,727,470	3,727,470	(461,471)
Total Liabilities and Fund Equity	\$ 5,320,243	\$ 5,320,243	\$ 37,024

KETCHIKAN GATEWAY BOROUGH

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Capital Projects	Total	
		2000	1999
REVENUES			
Local Sources	\$ -	\$ -	
State Sources			\$ -
G.O. Bond Proceeds	7,453,109	7,453,109	-
Interest	199,149	199,149	15,258
Total Revenues	7,652,258	7,652,258	15,258
EXPENDITURES			
Contractual Services	349,911	349,911	292,748
Educational Facilities	3,342,058	3,342,058	265,394
Total Expenditures	3,691,969	3,691,969	558,142
Excess (Deficit) of Revenues over Expenditures	3,960,289	3,960,289	(542,884)
Other Financing Sources (Uses)			
Transfers to Other Funds	-	-	(285,447)
Transfers from Other Funds	228,652	228,652	486,379
Total Other Financing Sources (Uses)	-	-	200,932
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	4,188,941	4,188,941	(341,952)
Fund Balances, Beginning of Year	(461,471)	(461,471)	(119,519)
Fund Balances, End of Year	\$ 3,727,470	\$ 3,727,470	\$ (461,471)

ENTERPRISE FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing these services on a continuing basis be financed or recovered primarily through user charges. Costs include an allocation of depreciation expense.

AIRPORT ENTERPRISE FUND - An enterprise fund to account for the operations of the Ketchikan International Airport. All of the financial transactions relating to the Ketchikan International Airport are accounted for in this fund.

TRANSIT ENTERPRISE FUND - An enterprise fund to account for the operation of the Borough Bus System. All of the financial transactions relating to the Borough Buses are accounted for in this fund.

The following statements are included in this section:

Enterprise Funds - Combining Balance Sheet

Enterprise Funds - Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Enterprise Funds - Combining Statement of Cash Flows

Airport Enterprise Fund:

Comparative Balance Sheets

Comparative Statements of Revenues, Expenses and Changes in Retained Earnings

Comparative Statements of Cash Flows

Transit Enterprise Fund:

Comparative Balance Sheets

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings

Comparative Statements of Cash Flows

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 2000

(With Comparative Totals for June 30, 1999)

	Airport	Transit	Totals	
			June 30, 2000	June 30, 1999
ASSETS				
Cash and Investments	\$ 1,300	\$ -	\$ 1,300	\$ 38,210
Prepaid Insurance	-	-	-	8,309
Accounts Receivable	175,455	34,536	209,991	381,546
Total Current Assets	176,755	34,536	211,291	428,065
Restricted Assets				
Bond Redemption Fund Cash & Investments	-	-	-	-
Plant in Service				
Buildings and Equipment	9,602,430	504,236	10,106,666	10,066,267
Construction in Progress	-	-	-	-
Less Accumulated Depreciation	(5,991,098)	(311,018)	(6,302,116)	(5,878,158)
Total Plant in Service	3,611,332	193,218	3,804,550	4,188,109
Total Assets	\$ 3,788,087	\$ 227,754	\$ 4,015,841	\$ 4,616,174
LIABILITIES AND FUND EQUITY				
Current Liabilities:				
Accounts Payable	\$ 28,633	\$ 45,813	\$ 74,446	\$ 66,040
Due to Other Funds	169,747	96,699	266,446	408,650
Accrued Vacation & Sick Leave	147,025	12,746	159,771	147,786
Accrued Interest Payable	-	-	-	2,200
Current Portion of Long Term Debt	-	-	-	50,000
Total Current Liabilities	345,405	155,258	500,663	674,676
Long-term Debt				
Total Liabilities	345,405	155,258	500,663	674,676
Fund Equity:				
Contributed Capital	1,367,356	87,288	1,454,644	1,601,385
Retained Earnings:				
Unreserved	2,075,326	(14,792)	2,060,534	2,280,380
Reserved	-	-	-	59,733
Total Retained Earnings	2,075,326	(14,792)	2,060,534	2,340,113
Total Fund Equity	3,442,682	72,496	3,515,178	3,941,498
Total Liabilities and Fund Equity	\$ 3,788,087	\$ 227,754	\$ 4,015,841	\$ 4,616,174

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 2000

(With Comparative Totals for the Year Ended June 30, 1999)

	Airport	Transit	Totals	
			June 30, 2000	June 30, 1999
OPERATING REVENUES				
Charges for Services	\$ 2,299,811	\$ 160,063	\$ 2,459,874	\$ 2,584,940
Total Operating Revenues	<u>2,299,811</u>	<u>160,063</u>	<u>2,459,874</u>	<u>2,584,940</u>
OPERATING EXPENSES				
Personnel Services	1,538,445	305,599	1,844,044	1,961,353
Supplies and Services	587,140	83,505	670,645	675,235
Insurance	154,511	12,529	167,040	138,320
Depreciation	<u>396,654</u>	<u>66,919</u>	<u>463,573</u>	<u>443,850</u>
Total Operating Expenses	<u>2,676,750</u>	<u>468,552</u>	<u>3,145,302</u>	<u>3,218,758</u>
Net Operating (Loss)	<u>(376,939)</u>	<u>(308,489)</u>	<u>(685,428)</u>	<u>(633,818)</u>
NON OPERATING REVENUES (EXPENSES)				
State Operating Grants	-	57,147	57,147	57,147
Interest Earnings	2,200	(285)	1,915	7,677
Other Revenues	-	-	-	-
Interest Expense	<u>(17,170)</u>	<u>-</u>	<u>(17,170)</u>	<u>(7,200)</u>
Total Nonoperating Revenues (Expenses)	<u>(14,970)</u>	<u>56,862</u>	<u>41,892</u>	<u>57,624</u>
Income (Loss) Before Operating Transfers	<u>(391,909)</u>	<u>(251,627)</u>	<u>(643,536)</u>	<u>(576,194)</u>
Other Financing Sources (Uses)				
Operating Transfers In	58,157	225,000	283,157	333,157
Operating Transfers Out	<u>(56,320)</u>	<u>(44,007)</u>	<u>(100,327)</u>	<u>(63,157)</u>
Total Other Financing Sources (Uses)	<u>1,837</u>	<u>180,993</u>	<u>182,830</u>	<u>270,000</u>
Net Income (Loss)	(390,072)	(70,634)	(460,706)	(306,194)
Depreciation of Fixed Assets:				
Acquired by Grants	<u>122,879</u>	<u>58,248</u>	<u>181,127</u>	<u>198,523</u>
Increase (Decrease) in Retained Earnings	<u>(267,193)</u>	<u>(12,386)</u>	<u>(279,579)</u>	<u>(107,671)</u>
Retained Earnings, Beginning of Year	<u>2,342,519</u>	<u>(2,406)</u>	<u>2,340,113</u>	<u>2,447,784</u>
Retained Earnings at End of Year	<u>\$ 2,075,326</u>	<u>\$ (14,792)</u>	<u>\$ 2,060,534</u>	<u>\$ 2,340,113</u>

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2000

	Airport	Transit	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,448,334	\$ 183,095	\$ 2,631,429
Due to other funds	(110,718)	(31,486)	(142,204)
Cash Payments for Insurance	(146,202)	(12,529)	(158,731)
Cash Payments to Employees for Services	(1,526,085)	(305,974)	(1,832,059)
Cash Payments to Suppliers for Goods and Services	(612,277)	(49,962)	(662,239)
Net Cash Provided by Operating Activities	<u>53,052</u>	<u>(216,856)</u>	<u>(163,804)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from General Fund	58,157	225,000	283,157
Transfers Out to General Fund	(56,320)	(44,007)	(100,327)
Grant Received from State	-	91,532	91,532
Net Cash Provided by Noncapital Financing Activities	<u>1,837</u>	<u>272,525</u>	<u>274,362</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(26,829)	(56,384)	(83,213)
Loss on Disposal of Asset	-	715	715
Principal Paid on G. O. and Revenue Bonds	(50,000)	-	(50,000)
Interest Paid on G. O. and Revenue Bonds	(17,170)	-	(17,170)
Net Cash Used for Capital and Related Financing	<u>(93,999)</u>	<u>(55,669)</u>	<u>(149,668)</u>
Cash Flow From Investing Activities:			
Interest on Investments	<u>2,200</u>	-	<u>2,200</u>
Net Cash Provided by Investing Activities	<u>2,200</u>	-	<u>2,200</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(36,910)	-	(36,910)
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	38,210	-	38,210
Cash and Cash Equivalents at June (Including in Restricted Accounts)	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 1,300</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			
Cash and Temporary Investments - Current Assets	1,300	-	1,300
Cash and Temporary Investments - Restricted Assets	-	-	0
	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 1,300</u>
Reconciliation of Operating Income to Cash			
Provided by Operating Activities:			
Operating Income (Loss)	\$ (376,939)	\$ (308,489)	\$ (685,428)
Adjustments to Reconcile Operating Income to Net Cash			0
Provided by Operating Activities:			
Depreciation	396,654	66,919	463,573
(Increase) Decrease in Accounts Receivable	148,523	23,032	171,555
(Increase) Decrease in Prepaid Insurance	8,309	-	8,309
Increase (Decrease) in Due to General Fund	(110,718)	(31,486)	(142,204)
Increase (Decrease) in Accounts Payable	(25,137)	33,543	8,406
Increase (Decrease) in Accrued Liabilities	12,360	(375)	11,985
Total Adjustments	<u>429,991</u>	<u>91,633</u>	<u>521,624</u>
Net Cash Provided by Operating Activities	<u>\$ 53,052</u>	<u>\$ (216,856)</u>	<u>\$ (163,804)</u>

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

COMPARATIVE BALANCE SHEETS

June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,300	\$ 38,210
Prepaid Insurance	-	8,309
Accounts Receivable	<u>175,455</u>	<u>323,978</u>
Total Current Assets	<u>176,755</u>	<u>370,497</u>
Restricted Assets		
Bond Redemption Fund Cash & Cash Equivalents	<u>-</u>	<u>-</u>
Plant in Service		
Field	3,452,975	3,438,280
Terminal	4,382,398	4,379,623
Ferry	1,730,429	1,721,354
Administration	23,753	25,668
Murphy's Landing	12,875	12,875
Less Accumulated Depreciation	<u>(5,991,098)</u>	<u>(5,594,444)</u>
Total Plant in Service	<u>3,611,332</u>	<u>3,983,356</u>
Total Assets	<u>\$ 3,788,087</u>	<u>\$ 4,353,853</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$ 28,633	\$ 53,770
Due to Other Funds	169,747	280,465
Accrued Vacation & Sick Leave	147,025	134,665
Accrued Interest Payable	-	2,200
Current Portion of Long Term Debt	<u>-</u>	<u>50,000</u>
Total Current Liabilities	<u>345,405</u>	<u>521,100</u>
Long-term Debt		
	<u>-</u>	<u>-</u>
Total Liabilities	<u>345,405</u>	<u>521,100</u>
Fund Equity:		
Contributed Capital	<u>1,367,356</u>	<u>1,490,234</u>
Retained Earnings		
Unreserved	2,075,326	2,282,786
Reserved	<u>-</u>	<u>59,733</u>
Total Retained Earnings	<u>2,075,326</u>	<u>2,342,519</u>
Total Fund Equity	<u>3,442,682</u>	<u>3,832,753</u>
Total Liabilities and Fund Equity	<u>\$ 3,788,087</u>	<u>\$ 4,353,853</u>

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 2000 and 1999

	<u>June 30, 2000</u>	<u>June 30, 1999</u>
OPERATING REVENUES		
Charges for Services	\$ 2,299,811	\$ 2,430,850
Total Operating Revenues	<u>2,299,811</u>	<u>2,430,850</u>
OPERATING EXPENSES		
Personnel Services	1,538,445	1,655,457
Supplies and Services	587,140	596,890
Insurance	<u>154,511</u>	<u>118,320</u>
Total Operation and Maintenance	2,280,096	2,370,667
Depreciation	<u>396,654</u>	<u>379,805</u>
Total Operating Expenses	<u>2,676,750</u>	<u>2,750,472</u>
Net Operating (Loss)	<u>(376,939)</u>	<u>(319,622)</u>
NON OPERATING REVENUES (EXPENSES)		
State Operating Grants	-	-
Interest Earnings	2,200	7,677
Interest Expense	<u>(17,170)</u>	<u>(7,200)</u>
Total Nonoperating Revenues (Expenses)	<u>(14,970)</u>	<u>477</u>
Income (Loss) Before Operating Transfers	<u>(391,909)</u>	<u>(319,145)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	58,157	58,157
Operating Transfers Out	<u>(56,320)</u>	<u>(34,150)</u>
Total Operating Expenses	<u>1,837</u>	<u>24,007</u>
Net Income (Loss)	(390,072)	(295,138)
Depreciation of Fixed Assets Acquired by Grants	<u>122,879</u>	<u>122,879</u>
Increase (Decrease) in Retained Earnings	(267,193)	(172,259)
Retained Earnings, Beginning of Year	<u>2,342,519</u>	<u>2,514,778</u>
Retained Earnings at End of Year	<u>\$ 2,075,326</u>	<u>\$ 2,342,519</u>

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 2,448,334	\$ 2,290,647
Due to Other Funds	(110,718)	220,732
Cash Payments for Insurance	(146,202)	(126,629)
Cash Payments to Employees for Services	(1,526,085)	(1,670,186)
Cash Payments to Suppliers for Goods and Services	(612,277)	(570,847)
Net Cash Provided by Operating Activities	<u>53,052</u>	<u>143,717</u>
Cash Flows Non Capital Financing Activities:		
Transfers In	58,157	53,157
Transfers Out	(56,320)	(29,150)
Net Cash Provided by Non Capital Financing Activities	<u>1,837</u>	<u>24,007</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(26,829)	(249,141)
Grant Received from State	-	-
Principal Paid on Bonds	(50,000)	(40,000)
Interest Paid on Bonds	(17,170)	(7,200)
Net Cash Provided by Capital and Related Financing Activities	<u>(93,999)</u>	<u>(296,341)</u>
Cash Flow from Investing Activities		
Interest on Investments	2,200	7,677
Net Cash Provided by Investing Activities	<u>2,200</u>	<u>7,677</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(36,910)	(120,940)
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	<u>38,210</u>	<u>159,150</u>
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	<u>\$ 1,300</u>	<u>\$ 38,210</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:		
Cash and Temporary Investments - Current Assets	\$ 1,300	\$ 38,210
Cash and Temporary Investments - Restricted Assets	<u>-</u>	<u>-</u>
	<u>\$ 1,300</u>	<u>\$ 38,210</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (376,939)	\$ (319,622)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	396,654	379,805
(Increase) Decrease in Accounts Receivable	148,523	(140,203)
(Increase) Decrease in Prepaid Insurance	8,309	(8,309)
Increase (Decrease) in Accounts Payable	(25,137)	26,043
Increase (Decrease) in Due to Other Funds	(110,718)	220,732
Increase (Decrease) in Accrued Liabilities	12,360	(14,729)
Increase (Decrease) in Current Portion of Long Term Debt	-	-
Total Adjustments	<u>429,991</u>	<u>463,339</u>
Net Cash Provided by Operating Activities	<u>\$ 53,052</u>	<u>\$ 143,717</u>

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE BALANCE SHEETS

June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
ASSETS		
Accounts Receivable	\$ 34,536	\$ 57,568
Due from Other Governments	-	-
Total Current Assets	<u>34,536</u>	<u>57,568</u>
Plant in Service		
Buses	504,236	488,467
Less Accumulated Depreciation	<u>(311,018)</u>	<u>(283,714)</u>
Net Plant in Service	<u>193,218</u>	<u>204,753</u>
Total Assets	<u>\$ 227,754</u>	<u>\$ 262,321</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	\$ 45,813	\$ 12,270
Due to Other Funds	96,699	128,185
Accrued Vacation and Sick Leave	<u>12,746</u>	<u>13,121</u>
Total Current Liabilities	<u>155,258</u>	<u>153,576</u>
Fund Equity:		
Contributed Capital	87,288	111,151
Retained Earnings	<u>(14,792)</u>	<u>(2,406)</u>
Total Fund Equity	<u>72,496</u>	<u>108,745</u>
Total Liabilities and Fund Equity	<u>\$ 227,754</u>	<u>\$ 262,321</u>

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Years Ended June 30, 2000 and June 30, 1999

	<u>June 30, 2000</u>	<u>June 30, 1999</u>
OPERATING REVENUES		
Charges for Services	\$ <u>160,063</u>	\$ <u>154,090</u>
Total Operating Revenues	<u>160,063</u>	<u>154,090</u>
OPERATING EXPENSES		
Personnel Services	305,599	305,896
Supplies and Services	83,505	78,345
Insurance	<u>12,529</u>	<u>20,000</u>
Total Operation and Maintenance	401,633	404,241
Depreciation	<u>66,919</u>	<u>64,045</u>
Total Operating Expenses	<u>468,552</u>	<u>468,286</u>
Net Operating (Loss)	<u>(308,489)</u>	<u>(314,196)</u>
NON OPERATING REVENUES (EXPENSES)		
UMTA Grant for Ferry	-	-
State Operating Grants	57,147	57,147
Gain on Disposal of Assets	<u>(285)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>56,862</u>	<u>57,147</u>
Income (Loss) Before Operating Transfers	<u>(251,627)</u>	<u>(257,049)</u>
Other Financing Sources (Uses)		
Operating Transfers Out	(44,007)	(29,007)
Operating Transfers In	<u>225,000</u>	<u>275,000</u>
Total Other Financing Sources (Uses)	<u>180,993</u>	<u>245,993</u>
Net Income (Loss)	(70,634)	(11,056)
Depreciation of Fixed Assets Acquired by Grants	<u>58,248</u>	<u>75,644</u>
Increase (Decrease) in Retained Earnings	(12,386)	64,588
Retained Earnings, Beginning of Year	<u>(2,406)</u>	<u>(66,994)</u>
Retained Earnings at End of Year	\$ <u><u>(14,792)</u></u>	\$ <u><u>(2,406)</u></u>

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 183,095	\$ 107,061
Due to other funds	(31,486)	(8,652)
Cash Payments for Insurance	(12,529)	(20,000)
Cash Payments to Employees for Services	(305,974)	(299,244)
Cash Payments to Suppliers for Goods and Services	(49,962)	(82,305)
Net Cash Provided by Operating Activities	<u>(216,856)</u>	<u>(303,140)</u>
Cash Flows from Noncapital Financing Activities		
Transfer from General Fund	225,000	275,000
Transfer to Airport	(44,007)	(29,007)
Grant Received from State	91,532	57,147
Net Cash Provided by Noncapital Financing Activities	<u>272,525</u>	<u>303,140</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(56,384)	-
Gain on Disposal of Asset	715	-
Net Cash Used for Capital and Related Financing Activities	<u>(55,669)</u>	<u>-</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 -	 -
 Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	 <u>-</u>	 <u>-</u>
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	\$ <u>-</u>	\$ <u>-</u>
 Reconciliation of Cash and Cash Equivalents to Balance Sheet:		
Cash and Temporary Investments - Current Assets	<u>-</u>	<u>-</u>
	\$ <u>-</u>	\$ <u>-</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(308,489)	(314,196)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	66,919	64,045
(Increase) Decrease From Accounts Receivable	23,032	(47,029)
Increase (Decrease) in Due to Other Funds	(31,486)	(8,652)
Increase (Decrease) in Accounts Payable	33,543	(3,960)
Increase (Decrease) in Accrued Liabilities	(375)	6,652
Total Adjustments	<u>91,633</u>	<u>11,056</u>
Net Cash Provided by Operating Activities	\$ <u>(216,856)</u>	\$ <u>(303,140)</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Internal Service Funds:

Balance Sheet

Statement of Revenues, Expenses and Changes in Retained Earnings - Actual

Statement of Cash Flows

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERVICE FUNDS

BALANCE SHEET

June 30, 2000

	Great West Insurance Fund	Insurance Stablization Fund	Total
ASSETS			
Cash & Temporary Investments	\$ 1,260,494	\$ -	\$ 1,260,494
Total Current Assets	<u>\$ 1,260,494</u>	<u>\$ -</u>	<u>\$ 1,260,494</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	\$ 75,856	\$ -	\$ 75,856
Total Liabilities	<u>75,856</u>	<u>-</u>	<u>75,856</u>
Fund Equity:			
Unreserved	<u>1,184,638</u>	<u>-</u>	<u>1,184,638</u>
Total Retained Earnings	<u>1,184,638</u>	<u>-</u>	<u>1,184,638</u>
Total Fund Equity	<u>1,184,638</u>	<u>-</u>	<u>1,184,638</u>
Total Liabilities and Fund Equity	<u>\$ 1,260,494</u>	<u>\$ -</u>	<u>\$ 1,260,494</u>

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ACTUAL

For the Fiscal Year Ended June 30, 2000

	Great West Insurance Fund - S.D.	AETNA Insurance Reserve Fund	Total
OPERATING REVENUES			
Refunds from unpaid Claims	\$ -	\$ -	\$ -
Insurance Premiums	2,002,417	-	2,002,417
Total Operating Income	2,002,417	-	2,002,417
OPERATING EXPENSES			
Administration Costs	124,783	-	124,783
Expense - Claims Service	1,453,123	-	1,453,123
Total Operating Expenses	1,577,906	-	1,577,906
Net Operating Revenues(Loss)	424,511	-	424,511
NON OPERATING REVENUES (EXPENSES)			
Interest Income	58,028	-	58,028
Total Nonoperating Revenues (Expenses)	58,028	-	58,028
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	(434,784)	(434,784)
Total Other Financing Sources (Uses)	-	(434,784)	(434,784)
Net Income (Loss)	482,539	(434,784)	47,755
Retained Earnings, Beginning of Year	702,099	434,784	1,136,883
Retained Earnings at End of Year	\$ 1,184,638	\$ -	\$ 1,184,638

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2000

	Great West Insurance Fund	Aetna Insurance Fund	Total 2000
Cash Flows from Operating Activities:			
Cash Received from Customers and Users	\$ 2,002,417	\$ -	\$ 2,002,417
Cash Payments for Insurance	(1,538,010)	-	(1,538,010)
Net Cash Provided by Operating Activities	<u>464,407</u>	<u>-</u>	<u>464,407</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from Stabilization Reserves	-	-	-
Transfer to General Fund	-	(434,784)	(434,784)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>(434,784)</u>	<u>(434,784)</u>
Cash Flow from Investing Activities:			
Interest on Investments	<u>58,028</u>	<u>-</u>	<u>58,028</u>
Net Cash Provided by Investing Activities	<u>58,028</u>	<u>-</u>	<u>58,028</u>
Net Increase (Decrease) in Cash and Cash Equivalents	522,435	(434,784)	87,651
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	<u>738,059</u>	<u>434,784</u>	<u>1,172,843</u>
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	<u>\$ 1,260,494</u>	<u>\$ -</u>	<u>\$ 1,260,494</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			
Cash and Temporary Investments - Current Assets	\$ 1,260,494	\$ -	\$ 1,260,494
Cash and Temporary Investments - Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,260,494</u>	<u>\$ -</u>	<u>\$ 1,260,494</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 424,511	\$ -	\$ 424,511
Adjustments to Reconcile Operating Income to Net Cash			
Increase (Decrease) in Accounts Payable	<u>39,896</u>	<u>-</u>	<u>39,896</u>
Total Adjustments	<u>39,896</u>	<u>-</u>	<u>39,896</u>
Net Cash Provided by Operating Activities	<u>\$ 464,407</u>	<u>\$ -</u>	<u>\$ 464,407</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

This account group accounts for all fixed assets of the Borough that are not used in the proprietary fund operations. They do not represent financial resources available for expenditures. They are items for which financial resources have been used and for which accountability should be maintained.

The following statements are included in this section:

Comparative Schedules of General Fixed Assets

Schedule of General Fixed Assets-by Function and Activity

KETCHIKAN GATEWAY BOROUGH
 GENERAL FIXED ASSETS ACCOUNT GROUP
 COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS
 June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
GENERAL FIXED ASSETS		
Land	\$ 335,000	\$ 285,000
Buildings	8,351,881	8,224,565
Equipment	2,149,439	1,956,313
Infrastructure	2,753,208	2,753,208
Construction in Progress	-	-
Total	<u>\$ 13,589,528</u>	<u>\$ 13,219,086</u>
 INVESTMENT IN GENERAL FIXED ASSETS FROM:		
Federal and State Grants	\$ 1,385,984	\$ 1,385,984
General Revenues	<u>12,203,544</u>	<u>11,833,102</u>
Total	<u>\$ 13,589,528</u>	<u>\$ 13,219,086</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

KETCHIKAN GATEWAY BOROUGH

SCHEDULE OF GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY

June 30, 2000

Function and Activity	Land	Buildings	Machinery and Equipment	Infrastructure	Total
General Government:					
Manager	\$ -	\$ 335,000	\$ 26,614	\$ -	\$ 361,614
Clerk	-	-	43,541	-	43,541
Law Department	-	-	19,400	-	19,400
Administrative Services	-	-	65,104	-	65,104
Assessment	-	-	76,235	-	76,235
Total General Government	-	335,000	230,894	-	565,894
Services:					
Animal Protection	55,000	284,252	84,550	-	423,802
Parks and Recreation	-	7,192,535	364,086	-	7,556,621
Public Works	80,000	273,288	524,569	2,680,466	3,558,323
Planning	-	-	107,841	-	107,841
Child Care Assistance	-	-	2,382	-	2,382
Non-Departmental	-	-	31,081	-	31,081
Local Emergency Planning Commission	-	-	12,388	-	12,388
Coastal Zone Management	-	-	7,548	-	7,548
Non Area Wide	-	-	2,263	-	2,263
Land Trust	200,000	266,806	10,714	-	477,520
Swimming Pools	-	-	66,702	-	66,702
Surplus Equipment	-	-	44,872	-	44,872.00
Total Services	335,000	8,016,881	1,258,996	2,680,466	12,291,343
Service Areas:					
South Tongass Fire District	-	-	440,250	-	440,250
Shoreline Service Area	-	-	200,189	-	200,189
Mud Bight	-	-	-	15,000	15,000
Forest Park Service Area	-	-	-	37,759	37,759
Gold Nugget Service Area	-	-	-	19,983	19,983
Shoup Street Service Area	-	-	5,457	-	5,457
Mt. Point Service Area	-	-	13,653	-	13,653
Total Service Areas	-	-	659,549	72,743	732,292
Total General Fixed Assets	\$ 335,000	\$ 8,351,881	\$ 2,149,439	\$ 2,753,208	\$ 13,589,528

GENERAL LONG-TERM DEBT ACCOUNT GROUP

This account group accounts for all the unmatured general long-term liabilities of the Borough that are payable from revenue sources other than from proprietary and trust funds and for which the Borough is obligated in some manner. The liabilities are secured by the general credit and revenue raising power of the Borough rather than specific assets acquired or specific fund resources.

The following schedules are included in this section:

Comparative Statements of General Long-Term Debt

Statement of Changes in Long-Term Debt

KETCHIKAN GATEWAY BOROUGH
 GENERAL LONG-TERM DEBT ACCOUNT GROUP
 COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT
 June 30, 2000 and 1999

	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Other Debits		
Amount to Provided-Bonds	\$ <u>13,185,000</u>	\$ <u>7,330,000</u>
Total Other Debits	<u>\$ <u>13,185,000</u></u>	<u>\$ <u>7,330,000</u></u>
Liabilities		
95 IRC Bonds	\$ 5,625,000	\$ 6,130,000
99 School Bonds	7,560,000	-
89 School Construction G.O. Bonds	<u>-</u>	<u>1,200,000</u>
Total General Long-term Debt	<u>\$ <u>13,185,000</u></u>	<u>\$ <u>7,330,000</u></u>

KETCHIKAN GATEWAY BOROUGH
 GENERAL LONG-TERM DEBT ACCOUNT GROUP
 STATEMENT OF CHANGES IN LONG-TERM DEBT
 For the Fiscal Year Ended June 30, 2000

	Balance <u>June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2000</u>
Other Debits				
Amount to be Provided-Bonds	\$ <u>7,330,000</u>	\$ <u>7,560,000</u>	\$ <u>1,705,000</u>	\$ <u>13,185,000</u>
Liabilities				
99 School Bonds	\$ -	\$ 7,560,000	-	\$ 7,560,000
95 IRC Bonds	6,130,000	-	\$ 505,000	5,625,000
89 School Construction G.O. Bonds	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>
Total General Long-term Debt	\$ <u>7,330,000</u>	\$ <u>7,560,000</u>	\$ <u>1,705,000</u>	\$ <u>13,185,000</u>

ADDITIONAL INFORMATION

Additional information provides fiscal data considered useful in meeting informational needs and providing a better understanding of municipal finances.

The following schedules are included in this section:

Combined Schedule of Cash and Investment Balances - All Funds

Public Employees Retirement System - Required Supplementary Ten Year Trend Information

Combined Schedule of Bonds Payable

Debt Service Requirement to Maturity

KETCHIKAN GATEWAY BOROUGH
COMBINED SCHEDULE OF CASH AND INVESTMENT BALANCES - ALL FUNDS
June 30, 2000

CASH & INVESTMENTS CLASSIFIED BY FUND

General Fund		\$	2,434,484
Special Revenue Funds:			
Land Trust - Repair & Maintenance	\$	9,271,565	
Land Trust - Residential		2,916,458	
Land Trust - Commercial & Industrial		2,939,183	
Recreation Capital Projects Fund		647,123	
School Bond/Capital Improvement Fund		231,438	
Airport Passenger Facility Fund		274,877	
Economic Development Fund		17,871,952	
Shipyard Repair & Maintenance		2,037,597	
Long Term Endowment Fund		5,139,191	
State & Federal Grants Fund		561,601	
South Tongass Fire District		198,522	
Shoreline Service Area Fund		154,761	
Mt. Point Service Area Fund		252,118	
Waterfall Service Area Fund		131,831	
Mud Bight Service Area		43,772	
Nichols View Service Area Fund		10,489	
Forest Park Service Area Fund		143,658	
Gold Nugget Service Area Fund		14,534	
Shoup Street Service Area		<u>17,485</u>	42,858,155
Capital Projects Funds			
Houghtaling/Valley Park Renovations		5,280,739	
Walker Field Fund		<u>39,505</u>	5,320,244
Enterprise Funds:			
Airport Enterprise Fund - Unrestricted			1,300
Internal Service Funds:			
Great West Insurance Reserve-School District		986,314	
Great West Insurance Reserve-Borough		<u>274,180</u>	1,260,494
Total Cash by Fund			<u>\$</u> <u>51,874,677</u>

CASH CLASSIFIED BY DEPOSITORY

Change Funds & Petty Cash	\$	2,200	
Mikunda Cottrell Trust Account - Shoup Street		386,057	
First Bank of Ketchikan		3,764	
National Bank of Alaska		<u>329,532</u>	
Total Cash			\$ 721,553
Investments			
National Bank of Alaska - Trust		5,186,122	
First Bank		593,517	
Chase Manhattan		5,149,778	
U.S. Trust		<u>40,223,707</u>	
Total Investments			<u>51,153,124</u>
Total Cash and Investments			<u>\$</u> <u>51,874,677</u>

KETCHIKAN GATEWAY BOROUGH
 Public Employees Retirement System
 Required Supplementary Ten Year Trend Information

The required supplementary information for PERS gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	Unfunded (Overfunded) Pension	UAAL as a Percentage of Covered Payroll Total ((b-a)/c)
1990	4,666	4,090	114.1%	(576)	1,841		-31.3%
1991	4,940	5,280	93.6%	340	2,101		16.2%
1992	5,974	6,200	96.4%	226	2,366		9.6%
1993	7,218	7,294	99.0%	76	2,210		3.4%
1994	8,149	8,564	95.2%	415	2,210		18.8%
1995	8,929	8,835	101.1%	(94)	2,212		-4.2%
1996	10,047	8,605	117.0%	(1,442)	2,373		-60.8%
1997	10,981	9,928	110.6%	(1,053)	2,716		-38.8%
1998	12,170	10,961	111.0%	(1,209)	2,534		-47.7%
1999	9,226	8,727	106.0%	(499)	2,923		-17.7%

KETCHIKAN GATEWAY BOROUGH

COMBINED SCHEDULE OF BONDS PAYABLE

Year Ended June 30, 2000

	Interest Rate	Payment Dates	Issue Date	Final Maturity Date	Authorized	Issued	Retired	Outstanding
GENERAL OBLIGATION BONDS								
1989 Series "A" School Bonds	6.20 - 6.70	4/1 & 10/1	11/14/89	10/01/2000	\$ 9,600,000	\$ 9,600,000	\$ 9,600,000	\$ -
1999 Series "A" School Bonds	4.75 - 5.65	5/1 & 11/1	12/01/99	5/01/2019	7,560,000	7,560,000	-	7,560,000
1996 IRC Bonds	4.30 - 6.00	5/15 & 11/15	12/07/95	5/15/2009	7,500,000	7,500,000	1,875,000	5,625,000
					<u>\$ 24,660,000</u>	<u>\$ 24,660,000</u>	<u>\$ 11,475,000</u>	<u>\$ 13,185,000</u>
REVENUE BONDS								
1980 Airport Improvement Bonds	8.00	5/1 & 11/1	05/01/80	05/01/2000	\$ 410,000	\$ 410,000	\$ 410,000	\$ -

KETCHIKAN GATEWAY BOROUGH
DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 2000

Fiscal Year	G.O. Bonds-Education			G.O. Bonds-IRC		
	Principal	Interest	Total	Principal	Interest	Total
2001	\$ 100,000	\$ 560,256	\$ 660,256	\$ 530,000	\$ 268,548	\$ 798,548
2002	265,000	390,725	655,725	550,000	245,228	795,228
2003	280,000	378,138	658,138	575,000	220,478	795,478
2004	290,000	364,838	654,838	605,000	194,028	799,028
2005	305,000	351,063	656,063	630,000	165,591	795,591
2006	320,000	336,423	656,423	660,000	135,037	795,037
2007	335,000	320,903	655,903	695,000	103,357	798,357
2008	350,000	304,320	654,320	730,000	69,650	799,650
2009	370,000	286,820	656,820	650,000	33,150	683,150
2010	390,000	268,320	658,320			
2011	405,000	248,430	653,430			
2012	430,000	227,573	657,573			
2013	450,000	204,998	654,998			
2014	475,000	180,923	655,923			
2015	500,000	155,273	655,273			
2016	530,000	128,023	658,023			
2017	555,000	98,873	653,873			
2018	590,000	68,070	658,070			
2019	620,000	35,030	655,030			
	<u>\$ 7,560,000</u>	<u>\$ 4,908,999</u>	<u>\$ 12,468,999</u>	<u>\$ 5,625,000</u>	<u>\$ 1,435,067</u>	<u>\$ 7,060,067</u>

STATISTICAL SECTION - (UNAUDITED)

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

The following schedules are included in this section:

General Governmental Expenditures by Function
General Governmental Revenues by Source
Property Tax Levies and Collections
Assessed and Estimated Actual Value of Taxable Property
Property Tax Rates - Direct and Overlapping Governments
Principal Taxpayers
**Computation of Legal Debt Margin and Computation of Direct
and Overlapping Debt**
**Ratio of Net General Obligation Bond Debt to Assessed Value
and Net General Obligation Debt Per Capita**
**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures**
Demographic Statistics
Miscellaneous Statistics
Property Value and Construction
Revenue Bond Coverage

KETCHIKAN GATEWAY BOROUGH
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Public Services	Education		Debt Service Education	Total
			Operating	Capital		
1991	1,962	3,145	17,535	1,123	5,671	29,436
1992	1,974	4,132	17,761	4,060	5,490	33,417
1993	1,964	4,998	595	13,191	4,923	25,671
1994	1,833	5,564	588	15,705	4,859	28,549
1995	1,751	5,087	60	9,530	2,102	18,530
1996	1,611	4,718	168	9,666	1,997	18,160
1997	2,048	5,138	0	4,897	2,315	14,398
1998	2,136	7,396	0	602	2,236	12,370
1999	2,172	5,551	0	1,882	2,159	11,764
2000	2,128	9,823	0	4,599	2,076	18,626

(1) General government expenditures and revenue figures include data for all funds except proprietary and fiduciary fund types. (Source: Exhibit 2)

TABLE 1 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Intergovernmental Revenues</u>	<u>Charges for Services</u>	<u>Other Revenues</u>	<u>Total</u>
1991	7,572	18,988	539	2,354	29,453
1992	8,235	19,461	348	2,150	30,194
1993	9,991	13,680	296	2,255	26,222
1994	10,961	22,505	378	1,319	35,163
1995	11,525	10,899	355	641	23,420
1996	11,636	11,039	443	3,313	26,431
1997	11,905	21,207	446	9,099	42,657
1998	12,051	8,177	578	3,647	24,453
1999	12,130	9,000	633	2,500	24,263
2000	12,745	8,163	729	11,372	33,009

(1) General government expenditures and revenue figures taken from Exhibit 2, Comprehensive Annual Financial Report FY00

TABLE 2 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
GENERAL FUND REVENUES BY SOURCE

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Automobile Tax	Boat Tax	Total
1991	4,278	2,795	104	29	7,206
1992	4,846	2,808	143	33	7,830
1993	6,273	2,965	114	35	9,387
1994	6,443	3,021	135	34	9,633
1995	6,658	3,217	138	36	10,049
1996	6,492	3,254	133	36	9,915
1997	6,599	3,305	156	36	10,096
1998	6,628	3,364	172	34	10,198
1999	6,671	3,317	161	32	10,181
2000	7,087	3,440	157	29	10,713

(1) Information taken from Exhibit A-2, Comprehensive Annual Financial Report FY00

TABLE 2A - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(amounts expressed in dollars)

Fiscal Year	Total Tax Levy	Percent of			Delinquent Tax Collections	Total Tax Collections	Ratio of		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
		Current Tax Collections	Current Taxes Collected	Delinquent Tax			Total Tax Collections to Total Tax Levy	Delinquent Taxes		
1991	4,413,036	4,304,335	97.5%	127,388	4,431,723	100.4%	297,304	6.7%		
1992	5,105,663	4,696,759	92.0%	148,936	4,845,695	94.9%	557,272	10.9%		
1993	6,573,889	6,447,090	98.1%	113,928	6,561,018	99.8%	557,272	8.5%		
1994	6,832,029	6,403,390	93.7%	39,452	6,442,842	94.3%	21,715	0.3%		
1995	7,053,655	6,611,215	93.7%	46,881	6,658,096	94.4%	393,296	5.6%		
1996	6,869,256	6,827,379	99.4%	27,756	6,855,135	99.8%	307,764	4.5%		
1997	6,994,003	6,994,687	100.0%	4,782	6,999,469	100.1%	242,902	3.5%		
1998	6,640,018	7,055,888	106.3%	3,558	7,059,446	106.3%	284,108	4.3%		
1999	7,123,454	7,120,436	100.0%	4,198	7,124,634	100.0%	192,366	2.7%		
2000	7,090,934	7,561,185	106.6%	14,037	7,547,148	106.4%	132,490	1.9%		

Source: Borough Assessment and Administrative Services

TABLE 3 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Exemptions		Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Real Property	Assessed Value	Estimated Actual Value		
1991	718,163,850	718,163,850	55,421,400	55,421,400	35,800,450	792,034,850	792,034,850	100%	
1992	738,564,850	738,564,850	53,470,000	53,470,000	44,979,100	819,894,650	819,894,650	100%	
1993	725,831,925	725,831,925	50,919,750	50,919,750	43,142,975	856,242,900	856,242,900	100%	
1994	808,998,500	808,998,500	55,258,900	55,258,900	51,643,400	915,900,800	915,900,800	100%	
1995	868,583,400	868,583,400	59,920,100	59,920,100	56,567,400	985,070,900	985,070,900	100%	
1996	886,485,200	886,485,200	59,779,600	59,779,600	59,318,000	1,005,582,800	1,005,582,800	100%	
1997	945,782,900	945,782,900	63,938,900	63,938,900	61,147,800	1,009,721,800	1,009,721,800	100%	
1999	946,063,200	946,063,200	64,396,700	64,396,700	60,666,100	1,010,459,900	1,010,459,900	100%	
2000	941,920,800	941,920,800	72,765,200	72,765,200	61,911,500	1,014,686,000	1,014,686,000	100%	

(1) Total assessed value based on 100% of estimated actual value.

Source: Borough Assessment and Administrative Services

TABLE 4 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
PROPERTY TAX RATES
Direct and Overlapping Governments
Last Ten Fiscal Years

Property Tax Millage Rates

Fiscal Year	City of Ketchikan	Shoreline Service Area	South Tongass Fire Service Area	Mud Bight Service Area	Forest Park Service Area	Non Areawide	Ketchikan Gateway Borough	Total
1991	8.70	0.50	1.00	10.00		1.00	6.00	27.20
1992	8.10	1.00	1.00	10.00	5.00	0.60	6.60	32.30
1993	7.50	1.00	1.00	10.00	5.00	0.65	8.30	33.45
1994	7.50	1.00	1.00	0.00	5.00	0.65	8.30	23.45
1995	7.00	1.00	1.00	0.00	5.00	0.70	7.50	22.20
1996	6.70	1.00	1.00	0.00	3.50	0.84	7.10	20.14
1997	6.70	1.00	1.00	0.00	3.50	0.84	7.00	20.04
1998	6.40	1.00	1.00	0.00	3.50	0.92	7.00	19.82
1999	6.40	1.00	1.00	0.00	2.20	0.93	7.50	19.03
2000	6.40	1.00	1.00	0.00	2.20	0.70	6.80	18.10

TABLE 5 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
PRINCIPAL TAXPAYERS
June 30, 2000

<u>Taxpayer</u>	<u>Business Type</u>	<u>Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Gateway Forest Products	Forest Products	\$ 27,287,800	2.69%
Cape Fox Corporation (Includes Cape Fox Hotel Corp.)	Forest Products	11,129,200	1.10%
E. C. Phillips & Son, Inc.	Seafood Processing	7,832,700	0.77%
The Hames Group	Retail Stores	7,436,700	0.73%
Tongass Trading	Retail Stores	7,156,400	0.71%
Alaska General Seafood Proc.	Seafood Processing	6,905,100	0.68%
Vanderweele, James & Ken	Commercial Property	5,972,200	0.59%
TF Acquisition	Seafood Processing	5,210,900	0.51%
Carr-Gottstein Foods Co.	Retail Stores	5,184,800	0.51%
Tesoro Alaska Petroleum Co.	Petroleum	5,101,900	0.50%
Total Principal Taxpayers		\$ <u>89,217,700</u>	<u>8.79%</u>
Total Assessed Valuation		\$ <u>1,014,686,000</u>	<u>100.00%</u>

Source: Ketchikan Gateway Borough Assessment Department

TABLE 6 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH

Computation of Legal Debt Margin

June 30, 2000

No Debt Limit is Mandated by Law

Direct and Overlapping Debt

Total Direct Debt

Outstanding G.O. Bonds - Ketchikan Gateway Borough		\$13,185,000
Less Self Supporting Debt:		
1972 Airport Improvement Bonds	-	
1995 Recreation Sales Tax Revenues	<u>(5,625,000)</u>	<u>(5,625,000)</u>

Total Direct Debt 7,560,000

City of Ketchikan Direct Debt

Outstanding G.O. Bonds		\$15,685,000
Less Self Supporting Debt:		
Bonds Paid from Ketchikan Port Fund Revenues	2,880,000	
Bonds Paid from Wastewater Funds, and Small Boat Harbor Revenues	<u>1,012,525</u>	<u>3,892,525</u>

Total City of Ketchikan Direct Debt 11,792,475

Total Direct and Overlapping Debt \$19,352,475

Source: Ketchikan Gateway Borough and City of Ketchikan Financial Records

TABLE 7 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
 RATIO OF NET GENERAL OBLIGATION BONDED DEBT
 TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund (4)	Debt Payable from Enterprise Revenues (5)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1991	13,818	735,506,000	20,794,000	0	1,000,000	19,794,000	2.69%	1,432
1992	13,828	773,585,250	16,194,000	0	815,000	15,379,000	1.99%	1,112
1993	13,828	792,034,850	12,384,000	0	620,000	11,764,000	1.49%	851
1994	14,923	819,894,650	8,819,000	0	480,000	8,339,000	1.02%	559
1995	15,028	915,900,800	6,530,000	0	330,000	6,200,000	0.68%	413
1996	15,082	985,070,900	12,470,000	0	170,000	12,300,000	1.25%	816
1997	14,728	1,005,582,800	10,800,000	0	130,000	10,670,000	1.06%	724
1998	14,231	1,009,721,800	9,105,000	0	90,000	9,015,000	0.89%	633
1999	13,961	1,010,459,900	7,380,000	0	50,000	7,380,000	0.73%	529
2000	14,003	1,014,205,700	13,185,000	0	50,000	13,235,000	1.30%	945

(1) Alaska Department of Community & Regional Affairs

(2) From Table 4.

(3) Amount includes revenue bonds.

(4) Amount available for repayment of general obligation bonds.

(5) Includes G.O. Bonds being repaid from Airport Enterprise Fund.

KETCHIKAN GATEWAY BOROUGH
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Ten Year Period Ending June 30, 2000

Fiscal Year	Debt Service Payments		Total	Total General Expenditures	Ratio of Debt Service to General Expenditures
	Principal	Interest			
1991	3,395,000	1,933,012	5,328,012	33,514,929	15.9%
1992	3,600,000	1,388,482	4,988,482	32,637,470	15.3%
1993	3,810,000	1,112,455	4,922,455	25,670,551	19.2%
1994	4,045,000	814,534	4,859,534	28,549,747	17.0%
1995	1,610,000	491,588	2,101,588	30,929,801	6.8%
1996	1,400,000	597,041	1,997,041	27,232,932	7.3%
1997	1,630,000	684,527	2,314,527	35,356,990	6.5%
1998	1,655,000	580,728	2,235,728	32,614,023	6.9%
1999	1,685,000	474,228	2,159,228	30,562,761	7.1%
2000	1,705,000	370,662	2,075,662	57,206,031	6.5%

Source: Exhibit C-2

TABLE 9 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
 DEMOGRAPHIC STATISTICS
 Ten Year Period Ending June 30, 2000

Fiscal Year	(1)	(2)	(2)	(3)	(2)	(2)
	Borough <u>Population</u>	Alaska Per Capita <u>Income</u>	Median <u>Age</u>	Borough School <u>Enrollment</u>	Alaska Unemployment <u>Rate</u>	Ketchikan Unemployment <u>Rate</u>
1991	13,818	21,688	32	2,693	7.0%	7.9%
1992	13,828	21,067	32	2,664	8.5%	9.9%
1993	13,828	22,419	32	2,690	6.1%	5.9%
1994	14,923	23,395	30	2,735	7.5%	7.5%
1995	15,028	23,344	30	2,729	6.5%	5.2%
1996	15,082	24,044	31	2,850	7.3%	7.6%
1997	14,728	(4)	(4)	2,856	6.0%	6.6%
1998	14,231	(4)	(4)	2,731	6.0%	6.4%
1999	13,961	(4)	(4)	2,724	6.0%	5.9%
2000	14,003	(4)	(4)	2,463	6.0%	6.2%

Sources:

- (1) Alaska Department of Community & Economic Development
- (2) Alaska Department of Labor
- (3) Ketchikan Gateway Borough School District (Average Daily Attendance)
- (4) Information not available

TABLE 10 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
 MISCELLANEOUS STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2000

Date of Incorporation	9/13/1963
Type of Government	Second Class Borough
Form of Government	Assembly/Manager
Area - Square Miles (Revillagigedo and Gravina Islands)	1,242
Education (through Grade 12 only)	
Number of Attendance Centers	8
Number of Classrooms	145
Number of Teachers	157
Number of Students (Average Daily Attendance)	2,463
Elections	
Number of Registered Voters (October 2000)	10,830
Number of Votes in last regular election (Municipal Election, October 3, 2000)	3,126
Airport Operations	
Landings & Takeoffs per year - all Aircraft	31,986
Air Carrier Passengers per year	195,608
Ferry Passengers	380,646
Ferry Vehicles	92,705
Planning	
Number of zoning permits issued	156
Permanent Employees as of June 30, 2000	97

TABLE 11 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
PROPERTY VALUE AND CONSTRUCTION
Last Ten (Calendar) Years

Fiscal Year	Construction		Real & Personal Property Value (2)
	Number of Permits	Assessed Value (1)	
1990	204	\$12,911,660	\$382,778,900
1991	178	5,391,435	406,457,200
1992	153	18,818,175	407,350,650
1993	158	32,900,000	415,272,600
1994	158	11,172,000	428,992,800
1995	135	11,300,000	462,507,200
1996	180	11,656,652	504,116,300
1997	146	8,600,500	508,823,000
1998	169	17,272,900	530,101,000
1999	156	12,890,000	528,989,700

(1) City of Ketchikan Building Inspection Division

(2) Ketchikan Gateway Borough Department of Assessment

TABLE 12 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
REVENUE BOND COVERAGE
KETCHIKAN INTERNATIONAL AIRPORT

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available		Debt Service Requirements			Coverage
			Debt Service	Debt Service	Principal	Interest	Total	
1991	2,331,149	1,794,049	537,100	20,000	25,600	45,600	11.78	
1992	2,632,412	2,088,504	543,908	25,000	24,000	49,000	11.10	
1993	2,374,679	1,862,324	512,355	25,000	22,000	47,000	10.90	
1994	2,431,970	1,989,319	442,651	25,000	20,000	45,000	9.84	
1995	1,374,069	1,007,661	366,408	30,000	18,000	48,000	7.63	
1996	1,480,889	1,107,456	373,433	35,000	22,053	57,053	6.55	
1997	1,341,592	1,230,831	110,761	35,000	13,200	48,200	2.30	
1998	1,449,309	1,269,485	179,824	40,000	10,400	50,400	3.57	
1999	1,464,148	1,464,983	(835)	50,000	4,000	54,000	(0.02)	
2000	2,237,555	2,634,209	(334,398)	50,000	17,170	67,170	(4.98)	

(1) Total revenues (including interest).

(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.

See: Exhibit E-5.

TABLE 13 - UNAUDITED

SINGLE AUDIT SECTION

The Borough is required to undergo an annual single audit in conformity with the provisions of the State of Alaska Single Audit Regulation 2AAC 45.010, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section includes supplemental Schedules of State and Federal Financial Assistance. A separate single audit report is published which provides all the data required under the Single Audit Act.

Ketchikan Gateway Borough
 Schedule of State Financial Assistance
 Year Ended June 30, 2000

Grantor/Program Name	Grant/Program Number	Award Amount	Grant Receivable (Deferred Revenue) at		Activity during the year ended June 30, 2000		Grant Receivable (Deferred Revenue) at June 30, 2000
			July 1, 1999	June 30, 2000	Receipts	Expenditures	
DEPARTMENT OF ADMINISTRATION							
Saxman Tribal House	9/88-507	\$ 150,000	\$(5,971)	\$ -	\$ -	\$ -	\$(5,971)
Lewis Reef Development	96/590-8-002	150,878	3,006	3,006	-	-	-
Airport Parking Lot Expansion	97/590-8-001	35,000	-	-	-	-	-
Document Imaging	98/590-9-001	16,800	1,120	1,855	735	-	-
Airport Parking Lot	98/590-8-005	15,612	(3,122)	-	-	-	(3,122)
M&O Warehouse	98-590-9-002	29,256	(5,851)	-	-	-	(5,851)
Shoup Street Water & Sewer	98/590-4-006	56,195	(5,111)	-	4,695	-	(416)
Removal & Repl cement of Revilla High School Roof	99/590-1-003	79,661	(15,932)	-	-	-	(15,932)
ADA Upgrade & Safety Upgrade for DOT Service	96/590-9-001	28,000	-	-	-	-	-
M & O Excavator	98/590-9-003	36,590	-	4,760	4,760	-	-
Ferry Ramp Upgrade	97/590-8-003	56,000	-	-	-	-	-
Airport Terminal Door Replacement	99/590-8-002	16,100	(3,220)	-	-	-	(3,220)
Airport Perimeter Fence	98/590-8-004	21,000	(4,200)	-	-	-	(4,200)
Airport Terminal Ceiling & Lighting	00/590-8-004	21,802	-	4,360	-	-	(4,360)
Airport Terminal Smart Key System	00/590-8-002	21,000	-	4,200	-	-	(4,200)
Cabling Connection Borough Computer	00/590-8-001	37,100	-	7,420	-	-	(7,420)
Floating Dock Upgrade	00/590-8-003	31,500	-	6,300	-	-	(6,300)
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS							
State Revenue Sharing	800116	103,250	-	103,250	103,250	-	-
Municipal Assistance (Safe Communities)	800373	118,628	-	118,628	118,628	-	-
Day Care Assistance, DCAP - FY99	322	-	7,876	7,876	-	-	-
Day Care Assistance, PASS II - FY99	324	-	4,820	4,820	-	-	-
Day Care Assistance, PASS III - FY99	324	-	4,955	4,955	-	-	-
CDBG - Head Start Building	800043	200,000	-	200,000	200,000	-	-
Shared Fisheries Business Tax	800904	19,335	-	19,335	19,335	-	-
DEPARTMENT OF REVENUE							
Raw Fish Tax	1999FISH	356,926	-	356,926	356,926	-	-
DEPARTMENT OF EDUCATION							
School Construction and Debt Retirement FY99	DOE	1,024,721	10,882	1,014,077	1,013,438	10,243	10,243
DEPARTMENT OF ENVIRONMENTAL CONSERVATION							
Mountain Point Water and Sewer - C&L Account	58403	11,535,952	(83,720)	1,311	85,031	-	-
Local Emergency Planning Commission FY 98/99	8231	16,300	5,060	15,653	15,726	5,133	5,133
Shoup Street Area Water and Sewer	48306	1,230,000	(180,000)	832,281	1,195,425	183,144	183,144
Boroughwide Water and Sewer Feasibility Study	48307	95,000	-	-	49,322	49,322	49,322
DEPARTMENT OF NATURAL RESOURCES							
Point Higgins Gravel Trail	38237	10,000	(4,623)	-	-	-	(4,623)
DEPARTMENT OF TRANSPORTATION							
Tongass Avenue Capacity Improvements	69357	4,400	(4,400)	-	-	-	(4,400)
Hard Link Study	28495	100,000	(10,745)	-	-	-	(10,745)
			\$ (339,176)	\$ 2,711,013	\$ 3,167,271	\$ 117,082	

Ketchikan Gateway Borough
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2000

Grantor/Program Name	CFDA #	Grant/Program Number	Award Amount	Grant Receivable (Deferred Revenue) at		Activity during the year		Grant Receivable (Deferred Revenue) at June 30, 2000
				July 1, 1999	June 30, 2000	Receipts	Expenditures	
• Major Programs								
DIRECT FEDERAL PROGRAMS								
U.S. DEPARTMENT OF THE INTERIOR								
PILT	AREF		\$ 410,259	\$ -	\$ 410,259	\$ 410,259	\$ -	\$ -
PASSED THROUGH THE STATE OF ALASKA DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS								
U.S. DEPARTMENT OF HEALTH AND SOCIAL SERVICES								
Day Care PASS II & PASS III - FY00	93.596		394,184	-	318,873	362,606	43,733	-
Day Care Conf. Travel Grant - FY00	93.596		1,110	-	995	995	-	-
Day Care PASS II - FY99	93.575		42,838	4,820	4,820	-	-	-
Day Care PASS III - DISC - FY99	93.575		49,645	27,905	27,905	-	-	-
Day Care PASS III - FY99	93.575		109,244	4,955	4,955	-	-	-
U.S. DEPARTMENT OF AGRICULTURE - U.S. FOREST SERVICE								
Timber Receipts	10.665		86,339	-	86,339	86,339	-	-
U.S. DEPARTMENT OF THE INTERIOR								
Coastal Zone Management FY 00	11.419	800568	50,170	-	21,556	50,170	28,614	-
Coastal Zone Management FY 99	11.419	2198016	32,940	8,589	8,589	-	-	-
Coastal Zone Management FY 97				12	-	(12)	-	-
FEDERAL FUNDS PASSED THROUGH THE STATE OF ALASKA DEPARTMENT OF TRANSPORTATION / PORT FACILITIES								
U.S. DEPARTMENT OF TRANSPORTATION								
FTA Capital Grant (Transit Lift)	AK18X017		34,385	-	-	34,385	34,385	-
FHWA Planning Grant (Transit)	AK18-X018	67688	57,147	-	57,147	57,147	-	-
FHWA Planning Grant (Transit)	AK18-X017		57,147	57,147	57,147	-	-	-
FHWA Planning Grant (Transportation)	74305		45,485	-	45,485	45,485	-	-
FEDERAL FUNDS PASSED THROUGH THE STATE OF ALASKA HOUSING AND URBAN DEVELOPMENT								
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Low Rent Housing Program FY 99	1009.99.6		17,454	17,454	17,454	-	-	-
Low Rent Housing Program FY 00		AK1009996	14,902	-	-	14,902	14,902	-
FEDERAL FUNDS PASSED THROUGH THE STATE OF ALASKA ENVIRONMENTAL PROTECTION ASSOCIATION								
U.S. DEPARTMENT OF ENVIRONMENT PROTECTION AGENCY								
Brownfields Initiative - Ward Cove Pulp Mill	CERCLA SEC 104	V990969-01-2	60,287	-	-	-	-	-
Wetland Development Plan	66-461		15,546	-	-	146	146	-
State/Local Assistance (SLA)	83.503	8231	10,000	5,000	12,500	10,000	2,500	-
				\$ 125,882	\$ 1,074,024	\$ 1,072,422	\$ 124,280	\$ -