

**KETCHIKAN GATEWAY BOROUGH
ALASKA**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 1999

KETCHIKAN GATEWAY BOROUGH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 1999

Prepared by

DEPARTMENT OF ADMINISTRATIVE SERVICES

Alvin E. Hall, Director

KETCHIKAN GATEWAY BOROUGH

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1998

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INTRODUCTORY SECTION

November 1, 1999

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

The Comprehensive Annual Financial Report of the Ketchikan Gateway Borough, Alaska for the fiscal year ended June 30, 1999, 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, with a total of 14 sections. 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.

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, 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 Revillagigedo 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 governments. The plan will be presented to voters in early 2000. A draft was recently released for public review. The City of Ketchikan also proposes annexing the Shoreline Service Area, which includes the site of the planned Wal-Mart development. State action on the annexation petition is pending.

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, with one of those scheduled to close at the end of 2000. 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 guarantees to Alaska Forest Creations and the Inter-Island Ferry Association.

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 10 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 in progress or being planned. City bonds are financing a \$10 million addition to Ketchikan General Hospital. Federal funds are financing an \$8 million health services and office building for Ketchikan Indian Corporation. A \$9.9 million federal grant to the City of Ketchikan is to 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 \$4.5 million initial phase of a Community Hall. Wal-Mart has announced plans to build a new retail store, and the full complex of businesses, 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 on the Valley Park and Houghtaling Elementary Schools.

A growing private venture is the Alaska Ship and Dry Dock Inc., which exceeded its own plans and expectations this year with close to \$14 million in 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 the shipyard expects to bid on constructing a new ferry for the Inter- Island Ferry Authority. Home port moorages are expected to increase.

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, 1999, 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, 1999 and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues:	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1998</u>
Taxes	12,129,851	49.99%	78,522
Payment in Lieu of Taxes	17,454	0.07%	(1,685)
Licenses & Permits	17,810	0.07%	4,735
Revenues from Other Governments	8,965,030	36.95%	806,904
Charges for Services	633,437	2.61%	55,633
Other Revenues	<u>2,499,656</u>	<u>10.31%</u>	<u>(1,134,372)</u>
Total	<u>\$24,263,238</u>	<u>100.00%</u>	<u>(\$190,203)</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 from Southeast Economic Disaster 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, 1999 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1998</u>
General Government	\$1,968,032	16.00%	(1,504)
Public Service	5,878,950	47.79%	(1,517,510)
Non-Departmental	160,947	1.31%	18,059
Automation	43,343	0.35%	19,363
Capital Projects	2,091,013	17.00%	1,488,532
Debt Service	<u>2,159,228</u>	<u>17.55%</u>	<u>(76,500)</u>
Total	<u>12,301,153</u>	<u>100.00%</u>	<u>(69,560)</u>

The significant increases in expenditures occurred in the general government with the opening of the Indoor Recreation Center and increase in additional personnel in the Administrative Services and Maintenance and Operations Departments.

Enterprise Operations. The Ketchikan Gateway Borough enterprise operations consist of the Ketchikan International Airport, Bus Transit and Ferry System. 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 new 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 2000, 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 assets of the Borough and are reported in an agency fund.

Debt Administration. At June 30, 1999, the Ketchikan Gateway Borough had outstanding debt of \$7,380,000. This is comprised of \$7,330,000 in general obligation, and enterprise funds which have outstanding debt of \$50,000 consisting of revenue bonds.

Cash Management. Cash temporarily idle during the year was invested in obligations of the U.S. Government, its agencies and instrumentalities, certificates of deposit, and repurchase agreements. 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 \$2,384,515 on all investments for the year ended June 30, 1999. Central Treasury balances consists of the General Fund, special revenue funds, capital projects funds, and portions of the enterprise and agency funds.

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 has addressed many of its Year 2000 (Y2K) issues through contacting vendors and verifying their ability to meet Year 2000 compliance. The Borough has tested and verified that its computer hardware and software are compliant.

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 Economic Disaster Assistance funding. The Assembly adopted resolutions detailing the process, review, ratings and requirements for enterprises to qualify. Recently Kinetic Aviation announced it will operate elsewhere, leaving some funding for reconsideration. Among key commitments, pending due diligence review and negotiations, are infrastructure and incentive grants to the Alaska Ship and Dry Dock Inc., a loan to Abacus Minerals Niblack Project, a loan guarantee to Alaska Gateway Products (vener plant at former Ketchikan Pulp Co. site), Spruce Mill Development loan, 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.

Two major studies by professional firms are under way for the Ketchikan International Airport. One is a new Master Plan; the other is an Ownership and Management Operations Feasibility Study. The State of Alaska owns the airport facilities, the Borough operates it under a lease. The Borough anticipates issuing \$4 million in Revenue Bonds in early 2000 to finance construction of a new airport ferry and renovations of the terminal. The new Passenger Facilities Charges, initiated in 1999, will provide the revenue stream for the repaying the bond.

General Obligation Bonds of \$7.56 million are being sold in late 1999 to pay for renovations and repairs at Valley Park and Houghtaling Elementary Schools. The Valley Park work includes roof replacement.

Other studies and planning in progress are a Transit Master Plan for transportation services, and a federally funded report on Graving Island Access. The latter will have a large impact on the community, depending on recommendations for a bridge, an underground tunnel or no action, plus longer term prospects for development use of the island.

The Mountain Point Service Area water treatment and sewage treatment plants are operating. Water treatment is part of service area fees. The Borough assumed Non Areawide powers for sewage treatment. A new \$15 per month fee began in 1999 for borough residences outside the City of Ketchikan to help pay for landfill operation costs.

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

A roof on the Mike Smithers Pool building is being replaced and repaired. The roof is less than four years old. The Borough will attempt to recover the replacement costs.

During the 1999 audit, a discrepancy found by Borough personnel led to discovery of missing cash in one department. A police investigation is in progress and a suspect employee has been

terminated. The Borough expects to recoup most of the stolen funds through its Bond coverage, and cash handling procedures within departments are under review.

A major challenge in the coming year clearly will be finances given the economy. The School District, for example, has experienced declining and flat enrollments, and incorrect enrollment projections left it beginning the FY 99/00 year with a projected \$500,000 deficit. For the Borough, a smaller fund reserve will mean greater pressure to reduce costs or increase revenues in the next budget planning session.

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 Hogan, 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 Report.

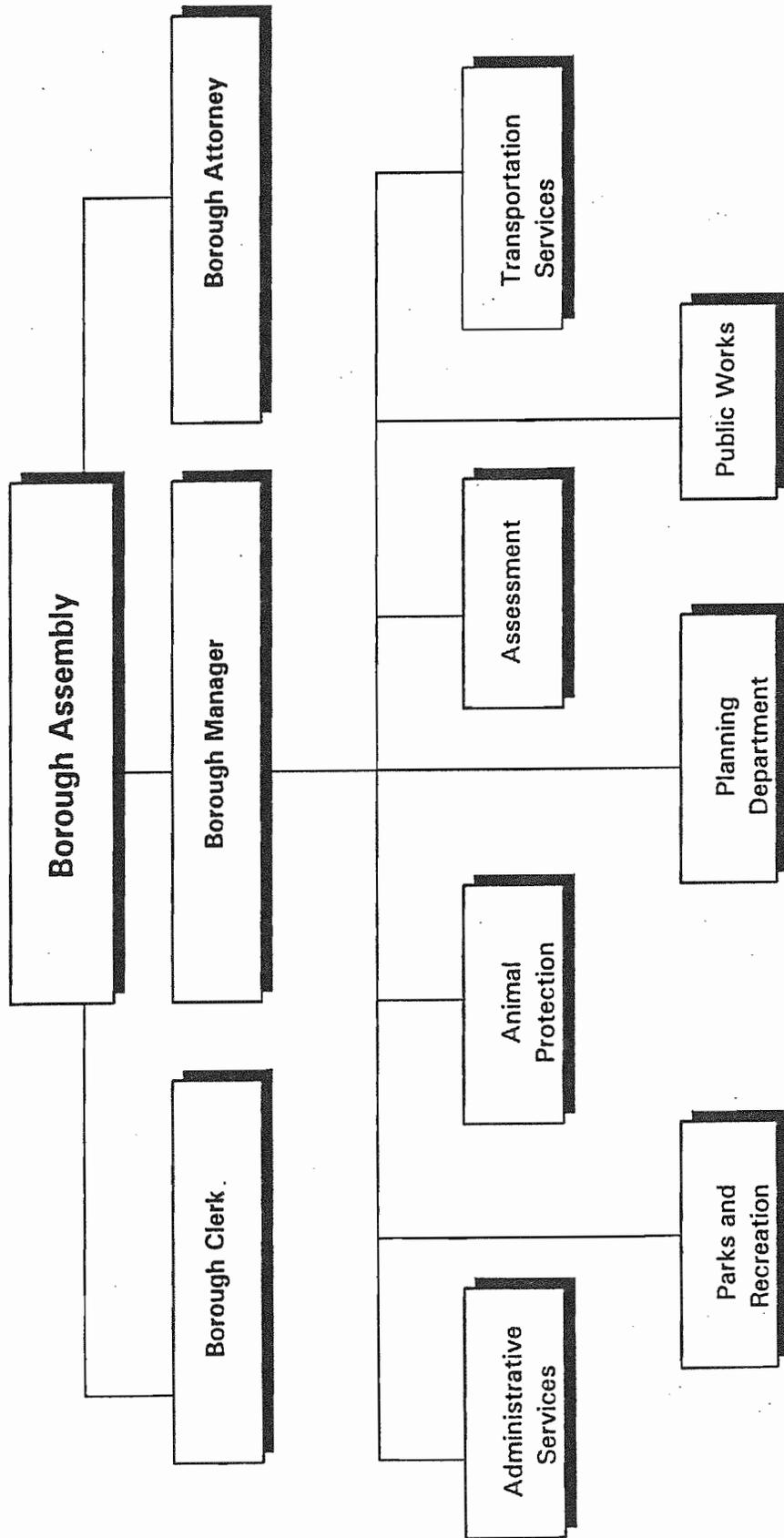
The Administrative Services Department would like to express its continued appreciation to the Mayor and Members of the Borough Assembly, for your interest, support, cooperation and involvement throughout the year in issues pertaining to the finances of the Ketchikan Gateway Borough.

Respectfully submitted,

Alvin E. Hall
Director of Administrative Services

KETCHIKAN GATEWAY BOROUGH

Fiscal Year 1999/2000



KETCHIKAN GATEWAY BOROUGH

PRINCIPAL BOROUGH OFFICIALS

June 30, 1999

MAYOR AND ASSEMBLY

John W. "Jack" Shay Jr.	Mayor
Phyllis L. Yetka	Vice-Mayor
John J. Conley	Assembly Member
Richard L. Coose	Assembly Member
Tom Coyne	Assembly Member
Angelo Martin	Assembly Member
Maggie Sarber	Assembly Member
Jim Van Horn	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
Don Chenhall	Director of Transportation Services
Paul Thares	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:

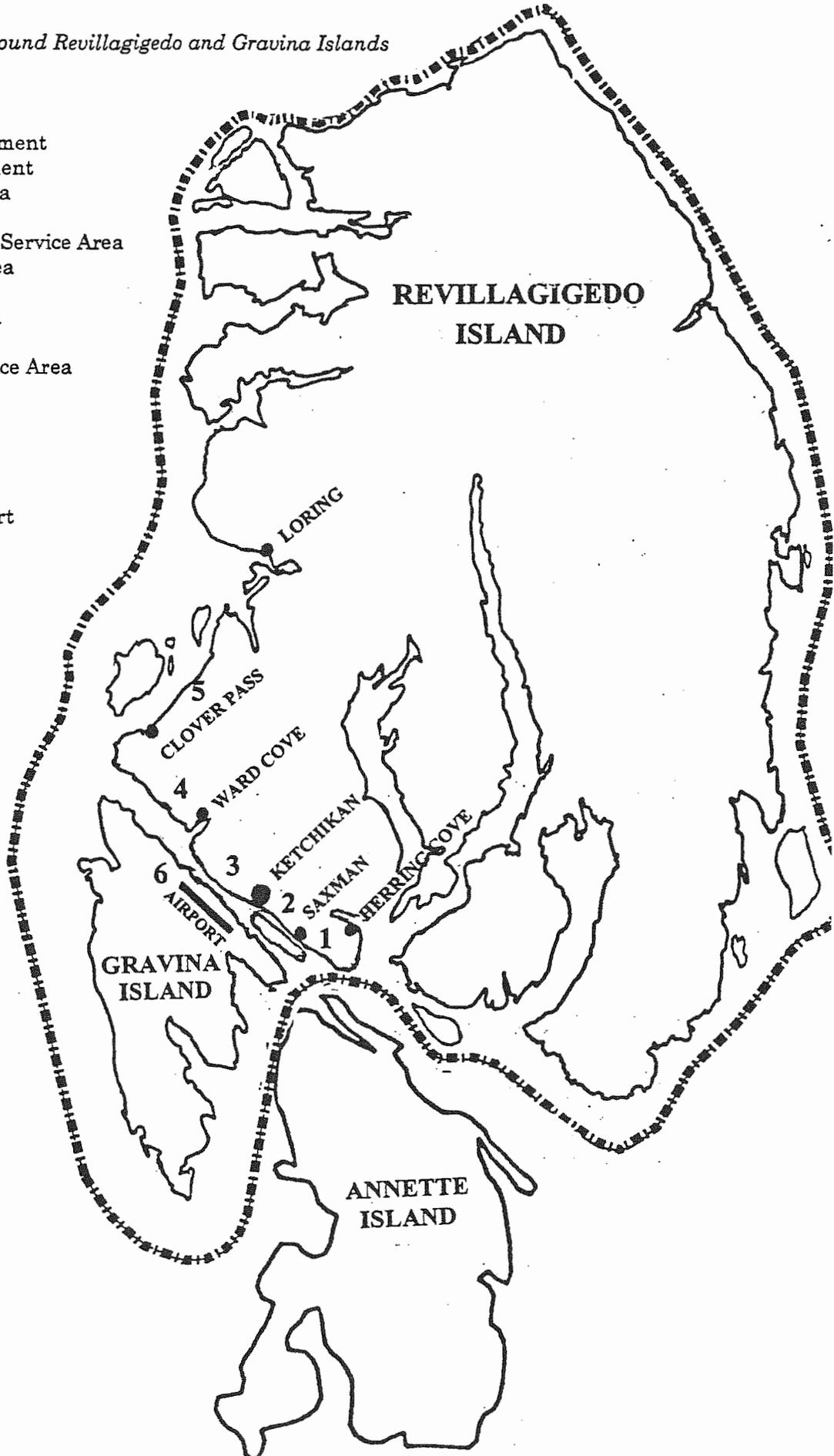
- 1 Mountain Point Sewage Treatment
Mountain Point Water Treatment
Gold Nugget Road Service Area
Shoup Street Service Area
South Tongass Volunteer Fire Service Area
Nichols View Road Service Area
- 2 Forest Park Road Service Area
- 3 Shoreline Volunteer Fire Service Area
- 4 Mud Bight Road Service Area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

Revillagigedo Island:

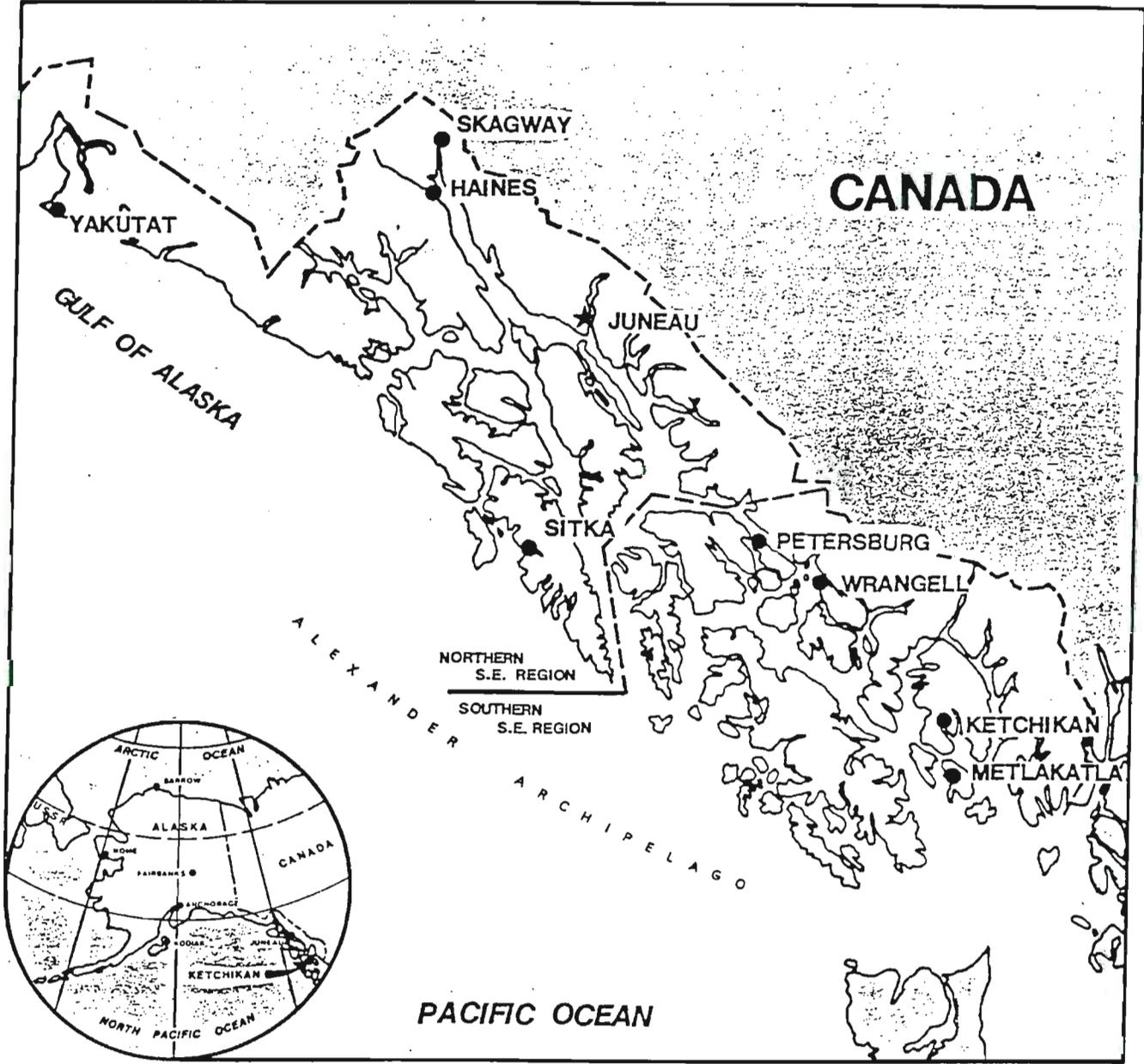
747,307 acres
1,168 square miles
309 miles of coastline

Gravina Island:

57,549 acres
89 square miles
71 miles of coastline



SOUTHEASTERN ALASKA



REGIONAL MAP

FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT

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

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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, 1999 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, 1999, 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

HOGAN, 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. 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 a report dated November 1, 1999 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.

Hogan, Mecham, Richardson and Company

November 1, 1999

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, 1999

	Governmental Fund Types				Proprietary Type Funds	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS						
Cash and Temporary Investments	\$ 4,635,341	\$ 42,722,645	\$ -	\$ 37,024	\$ 38,210	\$ 1,172,843
Funds with Fiscal Agents	-	-	-	-	-	-
Property Taxes Receivable	4,199	-	-	-	-	-
Due From Primary Government	-	-	-	-	-	-
Accounts Receivable	141,842	76,801	-	-	381,546	-
Due From Other Funds	615,220	-	-	-	-	-
Advances to Other Funds	-	967,800	-	-	-	-
Prepaid Expenses	5,806	-	-	-	8,309	-
Deferred Accounts Receivable	-	797,432	-	-	-	-
Inventory	-	-	-	-	-	-
Restricted Assets:						
Bond Redemption Fund Cash and Investments	-	-	-	-	-	-
Plant in Service:						
Accumulated Depreciation	-	-	-	-	10,066,267	-
Land	-	-	-	-	(5,878,158)	-
Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Swimming Pools/Ballfields	-	-	-	-	-	-
Construction in Progress	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-
Amount to be Provided for Payment of Long Term Debt	-	-	-	-	-	-
Total Assets	\$ 5,402,408	\$ 44,564,678	\$ -	\$ 37,024	\$ 4,616,174	\$ 1,172,843
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	\$ 154,225	\$ 242,024	\$ -	\$ 341,268	\$ 66,040	\$ 35,960
Retainage Payable	-	12,893	-	-	-	-
Due to Other Governments	58,021	-	-	-	-	-
Unclaimed Bonds	-	7,845	-	-	-	-
Due to Other Funds	-	49,343	-	157,227	408,650	-
Due to Component Unit	348,508	-	-	-	-	-
Advances from Other Funds	-	967,800	-	-	-	-
Deposits	11,531	95,753	-	-	-	-
Accrued Interest Payable	-	-	-	-	2,200	-
Accrued Liabilities	270,906	-	-	-	147,786	-
Deferred Revenue	60,674	443,158	-	-	-	-
Deferred Compensation	-	-	-	-	-	-
Bonds Payable	-	-	-	-	50,000	-
Total Liabilities	903,865	1,818,816	-	498,495	674,676	35,960
Equity and Other Credits:						
Contributed Capital	-	-	-	-	1,601,385	-
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings:						
Reserved for Bond Retirement	-	-	-	-	59,733	-
Reserved for Premium Stabilization	-	-	-	-	-	-
Unreserved	-	-	-	-	2,280,380	1,136,883
Fund Balances:						
Restricted for Advances	-	967,800	-	-	-	-
Restricted for Veneer Study	2,000,000	-	-	-	-	-
Restricted for Loan Guarantees	483,092	2,165,000	-	-	-	-
Reserved Federal Impact Aid	-	-	-	-	-	-
Reserved for Encumbrances	34,979	158,847	-	1,909,804	-	-
Reserved for Prepaid	5,806	-	-	-	-	-
Reserved for Inventory	-	-	-	-	-	-
Reserved for Endowments	-	-	-	-	-	-
Reserved for Capital Equipment Replacement	150,000	-	-	-	-	-
Designated for Ship Yard Maintenance	-	107,000	-	-	-	-
Unreserved Fund Balance	1,824,666	39,347,215	-	(2,371,275)	-	-
Total Equity and Other Credits	4,498,543	42,745,862	-	(461,471)	3,941,498	1,136,883
Total Liabilities, Equity and Other Credits	\$ 5,402,408	\$ 44,564,678	\$ -	\$ 37,024	\$ 4,616,174	\$ 1,172,843

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, 1999

	Fiduciary Fund Types		Account Groups		Totals	Component	Totals
	Trust and Agency Funds		General Fixed Assets	General Long Term Debt	(Memorandum only) Primary Government	Unit School District	(memorandum only) Reporting Entity
ASSETS							
Cash and Temporary Investments	-	\$	-	\$	-	\$	48,908,878
Funds with Fiscal Agents	1,466,751		-		1,466,751	-	1,466,751
Property Taxes Receivable	-		-		4,199	-	4,199
Due From Primary Government	-		-		-	348,508	348,508
Accounts Receivable	-		-		600,189	911,285	1,511,474
Due From Other Funds	-		-		615,220	-	615,220
Advances to Other Funds	-		-		967,800	-	967,800
Prepaid Expenses	-		-		14,115	-	14,115
Deferred Accounts Receivable	-		-		797,432	-	797,432
Inventory	-		-		-	17,438	17,438
Restricted Assets:							
Bond Redemption Fund Cash and Investments	-		-		-	25,510	25,510
Plant in Service:					10,066,267	-	10,066,267
Accumulated Depreciation	-		-		(5,878,158)	-	(5,878,158)
Land	-		285,000		285,000	117,216	402,216
Buildings	-		8,224,565		8,224,565	61,808,827	70,033,392
Equipment	-		1,956,313		1,956,313	7,503,283	9,459,596
Swimming Pools/Ballfields	-		2,753,208		2,753,208	-	2,753,208
Construction in Progress	-		-		-	310,827	310,827
Leasehold Improvements	-		-		-	17,867	17,867
Amount to be Provided for Payment of Long Term Debt	-		-	7,330,000	7,330,000	720,568	8,050,568
Total Assets	<u>1,466,751</u>	<u>\$</u>	<u>13,219,086</u>	<u>\$</u>	<u>77,808,964</u>	<u>\$</u>	<u>149,893,108</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	-	\$	-	\$	839,517	\$	1,451,297
Retainage Payable	-		-		12,893	-	12,893
Due to Other Governments	-		-		58,021	-	58,021
Unclaimed Bonds	-		-		7,845	-	7,845
Due to Other Funds	-		-		615,220	-	615,220
Due to Component Unit	-		-		348,508	-	348,508
Advances from Other Funds	-		-		967,800	-	967,800
Deposits	-		-		107,284	-	107,284
Accrued Interest Payable	-		-		2,200	-	2,200
Accrued Liabilities	-		-		418,692	1,162,405	1,581,097
Deferred Revenue	-		-		503,832	1,540	505,372
Deferred Compensation	1,466,751		-		1,466,751	-	1,466,751
Bonds Payable	-		-	7,330,000	7,380,000	-	7,380,000
Total Liabilities	<u>1,466,751</u>			<u>7,330,000</u>	<u>12,728,563</u>	<u>1,775,725</u>	<u>14,504,288</u>
Equity and Other Credits:							
Contributed Capital	-		-		1,601,385	-	1,601,385
Investment in General							
Fixed Assets	-		13,219,086		13,219,086	69,758,020	82,977,106
Retained Earnings:							
Reserved for Bond Retirement	-		-		59,733	-	59,733
Reserved for Premium Stabilization	-		-		-	-	-
Unreserved	-		-		3,417,263	-	3,417,263
Fund Balances:							
Restricted for Advances	-		-		967,800	-	967,800
Restricted for Veneer Study	-		-		2,000,000	-	2,000,000
Restricted for Loan Guarantees	-		-		2,648,092	-	2,648,092
Reserved Federal Impact Aid	-		-		-	5,098	5,098
Reserved for Encumbrances	-		-		2,103,630	305,783	2,409,413
Reserved for Prepaid	-		-		5,806	-	5,806
Reserved for Inventory	-		-		-	17,438	17,438
Reserved for Endowments	-		-		-	25,000	25,000
Reserved for Capital Equipment Replacement	-		-		150,000	-	150,000
Designated for Ship Yard Maintenance	-		-		107,000	-	107,000
Unreserved Fund Balance	-		-		38,800,606	197,080	38,997,686
Total Equity and Other Credits	<u>-</u>		<u>13,219,086</u>		<u>65,080,401</u>	<u>70,308,419</u>	<u>135,388,820</u>
Total Liabilities, Equity and Other Credits	<u>1,466,751</u>	<u>\$</u>	<u>13,219,086</u>	<u>\$</u>	<u>77,808,964</u>	<u>\$</u>	<u>149,893,108</u>

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, 1999

	General	Special Revenue	Debt Service	Capital Projects	Totals (memorandum only) Primary Government	Components Unit School District	Totals (memorandum only) Reporting Entity
REVENUES							
Taxes	\$ 10,381,743	\$ 1,748,108	\$ -	\$ -	\$ 12,129,851	\$ -	\$ 12,129,851
Payments in Lieu of Taxes	17,454	-	-	-	17,454	-	17,454
Licenses and Permits	17,810	-	-	-	17,810	-	17,810
Revenues from Other Govts	3,103,280	5,861,750	-	-	8,965,030	12,546,522	21,511,552
Charges for Services	443,832	189,605	-	-	633,437	-	633,437
Other Revenues	396,571	2,087,827	-	15,258	2,499,656	-	2,499,656
Total Revenues	14,360,690	9,887,290	-	15,258	24,263,238	12,546,522	36,809,760
EXPENDITURES							
Current:							
General Government	1,968,032	-	-	-	1,968,032	-	1,968,032
Public Services	3,557,480	2,028,362	-	292,748	5,878,590	19,783,456	25,662,046
Non-Departmental	160,947	-	-	-	160,947	-	160,947
Automation	43,343	-	-	-	43,343	-	43,343
Capital Outlay	238,390	1,587,230	-	265,393	2,091,013	-	2,091,013
Debt Service	-	-	2,159,228	-	2,159,228	-	2,159,228
Total Expenditures	5,968,192	3,615,592	2,159,228	558,141	12,301,153	19,783,456	32,084,609
Excess (Deficit) of Revenues over Expenditures	8,392,498	6,271,698	(2,159,228)	(542,883)	11,962,085	(7,236,934)	4,725,151
Other Financing Sources (Uses)							
Operating Transfers In	779,936	2,360,945	2,159,228	486,379	5,786,488	-	5,786,488
Operating Transfers In from General Government	-	-	-	-	-	7,344,172	7,344,172
Operating Transfers Out	(629,150)	(5,141,891)	-	(285,447)	(6,056,488)	-	(6,056,488)
Operating Transfers Out to Component Unit	(7,344,172)	-	-	-	(7,344,172)	-	(7,344,172)
Total Other Financing Sources (Uses)	(7,193,386)	(2,780,946)	2,159,228	200,932	(7,614,172)	7,344,172	(270,000)
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,199,112	3,490,752	-	(341,951)	4,347,913	107,238	4,455,151
Fund Balances, Beginning of Year	3,299,431	39,255,110	-	(119,520)	42,435,021	443,161	42,878,182
Fund Balances, End of Year	\$ 4,498,543	\$ 42,745,862	\$ -	\$ (461,471)	\$ 46,782,934	\$ 550,399	\$ 47,333,333

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, 1999

	General			Annually Budgeted Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 10,249,612	\$ 10,381,743	\$ 132,131	\$ 1,795,945	\$ 1,748,108	\$ (47,837)
Payments in Lieu of Taxes	15,000	17,454	2,454	-	-	-
Licenses and Permits	16,500	17,810	1,310	-	-	-
Revenue from Other Governments	1,108,602	3,103,280	1,994,678	4,773,354	4,781,618	8,264
Charges for Services	415,750	443,832	28,082	245,654	189,605	(56,049)
Other Revenues	655,500	396,571	(258,929)	2,418,340	1,987,219	(431,121)
Total Revenues	12,460,964	14,360,690	1,899,726	9,233,293	8,706,550	(526,743)
Expenditures						
Administration	1,993,239	1,968,032	25,207	-	-	-
Public Services	3,420,386	3,557,480	(137,094)	2,199,905	1,593,429	606,476
Non-Departmental	201,308	160,947	40,361	-	-	-
Automation	38,323	43,343	(5,020)	-	-	-
Capital Projects	558,100	238,390	319,710	1,761,544	712,096	1,049,448
Total Expenditures	6,211,356	5,968,192	243,164	3,961,449	2,305,525	1,655,924
Excess (Deficit) of Revenues over Expenditures	6,249,608	8,392,498	2,142,890	5,271,844	6,401,025	1,129,181
Other Financing Sources (Uses)						
Transfers from Other Funds	779,731	779,936	205	2,775,498	2,360,945	(414,553)
Transfers to Component Unit	(7,514,172)	(7,344,172)	(170,000)	-	-	-
Transfers to Other Funds	(629,150)	(629,150)	-	(6,855,512)	(5,141,891)	(1,713,621)
Total Other Financing Sources (Uses)	(7,363,591)	(7,193,386)	170,205	(4,080,014)	(2,780,946)	(1,299,068)
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,113,983)	1,199,112	2,313,095	1,191,830	3,620,079	2,428,249
Fund Balance, Beginning of Year	3,276,449	3,299,431	22,982	38,991,307	38,991,307	-
Fund Balance, End of Year	\$ 2,162,466	\$ 4,498,543	\$ 2,336,077	\$ 40,183,137	\$ 42,611,386	\$ 2,428,249

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, 1999

	Proprietary Fund Types		Total Primary Government (Memorandum) Only
	Enterprise Funds	Internal Service Funds	
OPERATING REVENUES			
Charges for Services	\$ 2,584,940	\$ 2,080,534	\$ 4,665,474
Total Operating Revenues	2,584,940	2,080,534	4,665,474
OPERATING EXPENSES			
Personnel Services	1,961,353	1,569,728	3,531,081
Supplies and Services	675,235	-	675,235
Insurance	138,320	113,274	251,594
Depreciation	443,850	-	443,850
Total Expenses	3,218,758	1,683,002	4,901,760
Operating Income (Loss)	(633,818)	397,532	(236,286)
Non operating Revenues (Expenses)			
Interest Earnings	7,677	40,394	48,071
State Operating Grants	57,147	-	57,147
Other Revenues	-	-	-
Interest Expense	(7,200)	-	(7,200)
Total Nonoperating Revenues (Expenses)	57,624	40,394	98,018
Income (Loss) Before Operating Transfers	(576,194)	437,926	(138,268)
OTHER FINANCING SOURCES (USES)			
Transfers In	333,157	150,662	483,819
Transfers Out	(63,157)	(150,662)	(213,819)
Total Other Financing Sources (Uses)	270,000	-	270,000
Net Income (Loss)	(306,194)	437,926	131,732
Depreciation of Fixed Assets Acquired by Grant	198,523	-	198,523
Net Increase (Decrease)	(107,671)	437,926	330,255
Retained Earnings, Beginning of Year	2,447,784	698,957	3,146,741
Retained Earnings, End of Year	\$ 2,340,113	\$ 1,136,883	\$ 3,476,996

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

KETCHIKAN GATEWAY BOROUGH
 COMBINING STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 1999

	<u>Proprietary Fund Types</u>		Total Primary Government (Memorandum) Only
	Enterprise	Internal Service	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,397,708	\$ 2,080,534	\$ 4,478,242
Due to Other Funds	212,080	-	212,080
Cash Payments for Insurance	(146,629)	(1,673,537)	(1,820,166)
Cash Payments to Employees for Services	(1,969,430)	-	(1,969,430)
Cash Payments to Suppliers for Goods and Services	(653,152)	-	(653,152)
Net Cash Provided by Operating Activities	<u>(159,423)</u>	<u>406,997</u>	<u>247,574</u>
Cash Flows from Noncapital Financing Activities:			
Transfer from Other Funds	328,157	150,662	478,819
Transfer to Component Unit	-	(150,662)	(150,662)
Transfer to General Government	(58,157)	-	(58,157)
Grant Received from State	57,147	-	57,147
Net Cash Provided by Noncapital Financing Activities	<u>327,147</u>	<u>-</u>	<u>327,147</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(249,141)	-	(249,141)
Loss on disposal of Asset	-	-	-
Principal Paid on G. O. and Revenue Bonds	(40,000)	-	(40,000)
Interest Paid on G. O. and Revenue Bonds	(7,200)	-	(7,200)
Net Cash Used for Capital and Related Financing	<u>(296,341)</u>	<u>-</u>	<u>(296,341)</u>
Cash Flow From Investing Activities:			
Interest on Investments	7,677	40,394	48,071
Net Cash Provided by Investing Activities	<u>7,677</u>	<u>40,394</u>	<u>48,071</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(120,940)	447,391	326,451
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	159,150	725,452	884,602
Cash and Cash Equivalents at June (Including in Restricted Accounts)	\$ 38,210	\$ 1,172,843	\$ 1,211,053
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			
Cash and Temporary Investments - Current Assets	38,210	-	38,210
Cash and Temporary Investments - Restricted Assets	-	1,172,843	1,172,843
	<u>\$ 38,210</u>	<u>\$ 1,172,843</u>	<u>\$ 1,211,053</u>
Reconciliation of Operating Income to Cash Provided by Operating Activities:			
Operating Income (Loss)	(633,818)	397,532	(236,286)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	443,850	-	443,850
(Increase) Decrease in Accounts Receivable	(187,232)	-	(187,232)
(Increase) Decrease in Prepaid Insurance	(8,309)	-	(8,309)
Increase (Decrease) in Due to General Fund	212,080	-	212,080
Increase (Decrease) in Accounts Payable	22,083	9,465	31,548
Increase (Decrease) in Accrued Liabilities	(8,077)	-	(8,077)
Total Adjustments	<u>474,395</u>	<u>9,465</u>	<u>483,860</u>
Net Cash Provided by Operating Activities	\$ (159,423)	\$ 406,997	\$ 247,574

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

KETCHIKAN GATEWAY BOROUGH
Notes to the Financial Statements
June 30, 1999

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.

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 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 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 assets that will not be needed within the next three to ten years.

Investments and the Deferred Compensation Fund 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

Bond covenants of the Borough's enterprise funds require portions of the debt proceeds as well as other resources to be set aside for various purposes. These amounts are reported as 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.

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. PTO leave may only be received in cash by the employee upon termination of employment. For this reason, accumulated PTO hours are fully funded within the fund type. The obligation of accumulated unpaid vacation and vested sick pay total \$418,692 at June 30, 1999.

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 who review in detail each of the requests, the director of administrative services compiles the requests and submits a comprehensive budget request document to the entire 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 budgetary appropriations throughout the year, the effects of which are not material.

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 Facilities Charges Fund (PFC)

Enterprise Funds:

Airport Enterprise Fund
Transit Enterprise Fund
Ferry Enterprise Fund

During Fiscal Year 1998/1999, the Borough Assembly made the following supplemental appropriations in the General and Special Revenue Funds:

- (1) Ordinance No. 1073 adopted on July 20, 1998, appropriated \$10,000 from the General Fund and appropriated \$280,000 from the Economic Disaster Fund.
- (2) Ordinance 1074 adopted August 3, 1998, appropriated \$100,000 from the Economic Disaster/Assembly Discretionary Economics Grants Fund and appropriated \$100,000 to the Economic Disaster Fund for the FY 1998/99.
- (3) Ordinance 1078 adopted on November 2, 1998, appropriated \$78,000 from the General Fund, appropriated \$25,000 from the Land Trust Fund, appropriated \$53,000 from the Recreational Sales Tax Capital Projects Fund, and appropriated \$90,000 from the Economic Disaster Fund.
- (4) Ordinance 1086 adopted on January 18, 1999, appropriated \$514,958 from the Recreational Sales Tax Capital Projects Fund.
- (5) Ordinance 1092 adopted March 1, 1999, appropriated \$6,000 from the Gold Nugget Service Area Fund, and appropriated \$2,500 from the Waterfall Creek Service Area Fund.
- (6) Ordinance 1094 adopted March 15, 1999, appropriated \$101,690 from the Airport Enterprise Fund.
- (7) Ordinance 1096 adopted April 19, 1999, appropriated \$7,000,000 from the Southeast Economic Disaster Fund.
- (8) Ordinance No. 1098 adopted May 3, 1999, appropriated \$173,406 from the Land Trust Repair & Maintenance Fund, and appropriated \$61,250 from the Mountain Point Service Area Fund.
- (9) Ordinance No. 1100 adopted June 7, 1999, appropriated \$175,000 appropriation from the General Fund, appropriated \$175,000 from the Transit Enterprise Fund and appropriated \$200,000 from the Forest Park Service Area Fund.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 1999, 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 - Capital Improvements	\$567,800

In the Non Areawide Fund, the over expenditure is the result of a \$567,800 loan to the Mountain Point Service Area. The Borough later assumed operations of the Mountain Point Regional Sewer Facility, thus assuming the unpaid debt.

C. Deficit Fund Equity

Certain capital project funds have deficit fund balances in the amount of \$1,055,225 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 fees, or an appropriation from the Land Trust Fund. The final expenditures on the Ketchikan High School construction, the required purchase of art works (\$549,131), will come out of the General Fund or the Land Trust Fund. The small deficit on the Transit Enterprise Fund will be resolved in the new Fiscal Year.

Special Revenues:

Non Areawide Fund	(549,131)
Coastal Zone Management Fund	(29)
Local Emergency Planning Committee	(5,164)

Capital Project Funds:

Houghtaling/Valley Park schools repairs	(465,008)
Ketchikan High School Renovation Project	(33,487)

Enterprise Funds:

Transit Enterprise Fund	(2,406)
Total Negative Undesignated Fund Balance	<u><u>\$(1,055,225)</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, 1999, are entirely insured or collateralized with securities held by the Borough or by their agents in their respective names.

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 obligation,

U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements and certain corporate bonds. All investments are stated at fair market value.

B. Receivables

Receivables at June 30, 1999, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes	\$ 4,199	\$ -	\$ -	\$ 4,199
Accounts Receivables	141,842	76,801	381,546	600,189
Due From Other Funds	615,220	-	-	615,220
Due From Other Government	-	-	-	-
Deferred Accounts Receivable	-	797,432	-	797,432
Advances to Other Funds	-	967,800	-	967,800
Total Receivables	<u>\$ 761,261</u>	<u>\$1,842,033</u>	<u>\$381,546</u>	<u>\$2,984,840</u>

C. Fixed Assets

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

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Land	\$ 285,000	\$ -	\$ -	\$ 285,000
Buildings	8,224,565	-	-	8,224,565
Equipment	1,739,358	316,565	(99,610)	1,956,313
Infrastructure	2,648,285	104,923	-	2,753,208
Construction in Progress	-	-	-	-
Total	<u>\$12,897,208</u>	<u>\$ 421,488</u>	<u>\$ (99,610)</u>	<u>\$13,219,086</u>

A summary of the enterprise fund property, plant and equipment at June 30, 1999 is as follows:

	<u>Balance July 1, 1998</u>	<u>Net Change Current Year</u>	<u>Balance June 30, 1999</u>
Field	\$3,309,510	\$128,770	\$3,438,280
Terminal	4,365,332	14,291	4,379,623
Ferry	1,616,018	105,336	1,721,354
Administration	16,636	9,032	25,668
Murphy's Landing	12,875	-	12,875
Transit	488,467	-	488,467
	9,808,838	257,429	10,066,267
Accumulated Depreciation	<u>(5,434,309)</u>	<u>(443,849)</u>	<u>(5,878,158)</u>
Net Property, Plant, and Equipment	<u>\$4,374,529</u>	<u>\$(186,420)</u>	<u>\$4,188,109</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, 1999.

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>
1999	\$383,164	\$ 69,454
2000	383,164	69,454
2001	357,602	46,065
2002	324,080	45,665
2003	7,929	45,665
2004	0	45,665

There are leases that have not been renewed for space at the Airport. The FAA 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 while the Airport Enterprise Fund debt is included in the proprietary fund statements since it must be repaid from proprietary revenues. The IRC 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 General Obligation school and IRC bonds pledge the full faith and credit of the Borough.

A summary of changes in General Long-term debt is as follows:

	<u>July 1, 1998</u>	<u>Retirements</u>	<u>June30, 1999</u>
Areawide General Obligation Bonds	\$9,015,000	\$1,685,000	\$7,330,000
Enterprise Fund, Revenue Bonds	<u>90,000</u>	<u>40,000</u>	<u>50,000</u>
	<u>\$9,105,000</u>	<u>\$1,725,000</u>	<u>\$7,380,000</u>

Bonds payable at June 30, 1999 consist of the following individual issues:

General Obligation Bonds:

1995 IRC Bonds - 4.30 % - 6.00 % Interest	\$6,130,000
1989 School Bonds due through 2000 at 6-6.7% interest	<u>1,200,000</u>
	7,330,000

Revenue Bonds:

1980 Airport due through 2000 at 8% interest	<u>50,000</u>
	<u>\$7,380,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 1999, including interest of \$1,805,729 for General Obligations and \$4,000 for Revenue Bonds, are as follows:

Year Ending <u>June 30, 1998</u>	General Obligation <u>Bonds</u>	<u>Revenue</u>
2000	\$2,075,662	\$ 54,000
2001	798,548	-
2002	795,228	-
2003	795,478	-
2004	799,028	-
2005	795,591	-
2006	795,037	-
2007	798,357	-
2008	799,650	-
2009	<u>683,150</u>	-
Total	<u>\$ 9,135,729</u>	<u>\$ 54,000</u>

The amount of \$59,733 is available in the Airport Enterprise Revenue Redemption and Reserve Fund to service Revenue Bonds.

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, Workers' 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 three loan guarantees at present; one is through the General Fund and two 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.

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, 1999 is presented below.

	<u>Airport</u>	<u>Transit</u>	<u>Ferry</u>	<u>Total</u>
Operating Revenues	\$1,463,300	\$154,090	\$967,550	\$2,584,940
Operating Grants, Entitlement and Shared Revenues	-	57,147	-	57,147
Depreciation Expense	312,049	64,045	67,756	443,850
Operating Income (Loss)	(317,572)	(314,196)	(2,050)	(633,818)
Operating Transfers In	58,157	275,000	-	333,157
Operating Transfers Out	(29,150)	(29,007)	(5,000)	(63,157)
Net Income (Loss)	(294,629)	(11,056)	(509)	(306,194)
Property, Plant and Equipment				
Additions	152,903	-	105,336	257,429
Deletions	-	-	-	-
Net Working Capital	(123,537)	(96,008)	(27,066)	(246,611)
Total Assets	3,528,622	262,321	825,231	4,616,174
Bonds and Other Long-term Liabilities	-	-	-	-
Total Equity	3,077,983	108,745	754,770	3,941,498

Contributed Capital	2,546,204	399,549	813,641	3,759,394
(Accumulated Amortization)	(1,445,281)	(288,398)	(424,329)	(2,158,008)

The Airport Fund is responsible for the operation and maintenance of the airport facilities. The Ferry Fund is responsible for the operation and maintenance of the ferry system. 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.

The Borough was named in a lawsuit challenging a \$2,000,000 federal payment to fund a veneer study. The suit was filed after June 30, 1999 and was settled October 11, 1999. The lawsuit was dismissed on the basis that the plaintiff's case had no merit.

Pending Claims

The Borough has a potential claim pending which will not exceed \$15,000 resulting from the termination of an employee. This claim is proceeding through the union grievance process.

The Borough is involved in an inverse condemnation counterclaim relating to damages from a landslide, and has a potential loss of \$25,000.

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, 1999 the Ketchikan Gateway Borough has encumbered in purchase orders professional and contractual service contracts in the amount of \$2,103,630 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.

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, 1999 was \$483,092.

Two loans are guaranteed with federal Economic Development Funds. In 1998/99 a \$300,000 loan guarantee was given for Alaska Forest Creations, a firm that in 1999 filed Chapter 7 bankruptcy. The Borough's exposure is undetermined at present. Assets were auctioned in November by the primary lender, the U.S. Department of Agriculture. It has not been determined if a personal guarantee can be collected. A separate \$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. 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 plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights were (until paid or made available to the employee or other beneficiary) solely the property of the Borough and School District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Borough's and District's general creditors. In accordance with new federal rules for Internal Revenue Code Section 457, all of the plans were transferred to trusts for the employees and are no longer available to general creditors and will be removed from the agency fund's balance sheet in Fiscal Year 2000.

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.

The Borough's and School District's deferred compensation plans are accounted for as an agency fund. The assets in this fund are shown at market value.

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 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, 1999, 1998 and 1997 were \$1,036,000, \$1,023,000, and \$1,104,000, respectively, equal to the required contribution for each year

Public Employees' Retirement System (PERS)

The Ketchikan Gateway Borough and Component Unit's defined 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, 1999 was 3.84% for the Ketchikan Gateway Borough and 11.35% 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 1999, the Borough's annual pension cost of \$91,000 and the Component Units annual pension cost of \$219,000 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. Funding surpluses are amortized over five years.

The following tables shows 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
6/30/97	305	100%	0
6/30/98	191	100%	0
6/30/99	91	100%	0

Component Unit:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/97	263	100%	0
6/30/98	185	100%	0
6/30/99	219	100%	0

Annual Post-employment Healthcare Cost (APHC) During FY 1999, the Borough and Component Unit's annual post-employment healthcare cost of \$35,000 and \$81,000 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, 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; (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 of five years.

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

Ketchikan Gateway Borough:

Fiscal Year Ending	Annual Post-Employment Health-Care Cost (APHC)	Percentage of APHC Contributed	Net Pension Obligation
6/30/97	136	100%	0
6/30/98	71	100%	0
6/30/99	35	100%	0

Component Unit:

Fiscal Year Ending	Annual Post-Employment Health-Care Cost (APHC)	Percentage of APHC Contributed	Net Pension Obligation
6/30/97	97	100%	0
6/30/98	69	100%	0
6/30/99	81	100%	0

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 \$1,230,109. The Component Unit expended \$550,677 leaving \$679,432 still to be paid.

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 \$685 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 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 \$685 per employee bimonthly. The Borough's total payroll for the year ended June 30, 1999 was \$4,599,548 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, 1999 was \$4,599,548 and the payroll for covered employees totaled \$432,055. The total amount contributed to the IBEW plan in FY 1999 was \$74,315. The Borough's obligation for retirement under the IBEW 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>
<u>General Fund</u>	\$ 779,936	\$ 629,150
Special Revenue	2,360,945	5,141,891
Enterprise Funds	333,157	63,157
Internal Service Funds	150,662	150,662

Debt Service	2,159,228	0
Capital Projects	<u>486,379</u>	<u>285,447</u>
Subtotals	<u>\$ 6,270,307</u>	<u>\$6,270,307</u>

Component Unit

School District	7,344,172	-
General Fund	-	7,344,172
Internal Service Fund	<u>-</u>	<u>-</u>
Totals	<u>\$13,614,479</u>	<u>\$13,614,479</u>

G. Interfund Receivable and Payables

Interfund receivable and payable balances at June 30, 1999 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$615,220	-
Special Revenue Funds	-	49,343
Enterprise Fund	-	408,650
Capital Projects	<u>-</u>	<u>157,227</u>
Subtotals	615,220	615,220
Component Unit	348,508	-
General Fund	<u>-</u>	<u>348,508</u>
Totals	<u>\$ 963,728</u>	<u>\$ 963,728</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. The result of this partially self funded health plan will require AETNA insurance company to provide a final accounting of the stabilization reserve fund prior to December 31, 1998. Control of the premium stabilization reserve fund rests with the Ketchikan Gateway Borough. The premium stabilization reserve fund is accounted for by the Ketchikan Gateway Borough as an Internal Service Fund in the FY 1998 financial statements. The financial reporting for the plan is on a fiscal year from September 1 through August 31. These balances are shown on the Borough's fiscal year ending June 30. Utilizing this information is not expected to have a material effect on the Borough's financial statements at June 30, 1999.

The following is a six-year history of the premium stabilization reserve fund:

AETNA Stabilization Insurance Fund

<u>Plan Year Ended</u>	<u>Component Unit</u>	<u>Borough</u>	<u>Combined Balance</u>
August 31, 1994	\$1,271,597	\$412,963	\$1,684,560
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	0	0	0

Cash Reserve Account

<u>June 30, 1998</u>	<u>Increase</u>	<u>June 30, 1999</u>
\$263,842	\$170,942	\$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 \$50,000 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, 1998	\$383,129	\$ 5,425	\$388,554
Paid into Internal Service Fund	1,330,028	640,771	1,970,799
Administrative Fees	0	(113,274)	(113,274)
Claims Service	(1,173,453)	(421,369)	(1,594,822)
Refunds	9,190	15,904	25,094
Interest Income	<u>20,978</u>	<u>4,770</u>	<u>25,748</u>
Balance June 30, 1999	<u>569,872</u>	<u>132,227</u>	<u>702,099</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. The balance in the Great West Plan at June 30, 1999 represents \$702,099. 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 9, 1999 sold \$7,560,000 in General Obligation Bonds to finance renovation and repair to both Valley Park and Houghtaling Elementary Schools. These bonds were authorized in a general election held in October 1997. The Alaska Department of Education has authorized the renovation and the state will provide 70 percent reimbursement on interest and principal.

On April 19, 1999 the Ketchikan Gateway Borough agreed to participate in the retirement incentive program for its eligible employees. Effective July 1, 1999, two employees elected to participate in this program with a total cost to the Borough of \$60,782.

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

Restricted for Veneer Study	\$2,000,000
Reserved for Encumbrances	34,979
Reserved for Prepaid Insurance	5,806
Reserved for Capital Equipment Replacement	150,000
Reserved for KVB Loan Guarantee	<u>483,092</u>
Reserved - General Fund	<u>\$2,673,877</u>

Special Revenue Fund

Reserved for Encumbrances	\$ 158,847
Reserved for Shipyard Maintenance	107,000
Reserved for Loan Guarantees	2,165,000
Reserved for Advances	<u>967,800</u>
Reserved - Special Revenues	<u>\$3,398,647</u>

Enterprise Funds

Restricted Bonds Payable	<u>\$59,733</u>
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Capital Projects Funds

Reserved for Encumbrances	<u>\$1,909,804</u>
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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, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Assets		
Cash & Temporary Investments	\$ 4,635,341	\$ 3,840,933
Accounts Receivable	141,842	157,827
Due From Other Funds	615,220	550,327
Prepaid Expenses	5,806	5,974
Property Taxes Receivable	<u>4,199</u>	<u>3,159</u>
Total Assets	<u>\$ 5,402,408</u>	<u>\$ 4,558,220</u>
 Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 154,225	\$ 500,067
Due to Other Governments	58,021	37,265
Due to Component Unit	348,508	352,970
Deposits	11,531	25,081
Accrued Liabilities	270,906	292,928
Deferred Revenue	<u>60,674</u>	<u>50,478</u>
Total Liabilities	<u>903,865</u>	<u>1,258,789</u>
Fund Balance		
Restricted for Veneer Study	2,000,000	
Reserved for KVB Loan Guarantee	483,092	500,000
Reserved for Prepaid Insurance	5,806	5,974
Reserved for Encumbrances	34,979	364,727
Reserved for Capital Equipment Replacement	150,000	-
Unreserved	<u>1,824,666</u>	<u>2,428,730</u>
Total Fund Balance	<u>4,498,543</u>	<u>3,299,431</u>
Total Liabilities & Fund Balance	<u>\$ 5,402,408</u>	<u>\$ 4,558,220</u>

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Fiscal Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Revenues		
Taxes		
Real & Personal Property Taxes	\$ 6,670,764	\$ 6,628,605
Automobile & Boat Taxes	193,114	206,125
Sales Taxes	3,317,026	3,364,953
Penalty & Interest	<u>200,839</u>	<u>118,331</u>
Total Taxes	<u>10,381,743</u>	<u>10,318,014</u>
Alaska State Housing Authority	<u>17,454</u>	<u>19,139</u>
Licenses and Permits		
Zoning Fees	<u>17,810</u>	<u>13,075</u>
Revenues from Other Governments		
State Municipal Assistance	187,092	196,253
State Revenue Sharing	152,754	177,611
State License Refunds	318,243	280,605
State Child Care Assistance	64,551	43,908
Federal Tobacco Tax	-	67,945
Federal Revenue - PILT	2,302,818	255,977
Timber Stumpage	<u>77,822</u>	<u>50,995</u>
Total Revenues from Other Governments	<u>3,103,280</u>	<u>1,073,294</u>
Charges for Services		
Animal Control	25,916	26,618
Parks and Recreation	385,125	346,394
Other Charges	<u>32,791</u>	<u>16,845</u>
Total Charges	<u>443,832</u>	<u>389,857</u>
Other Revenues		
Interest Income	<u>396,571</u>	<u>477,932</u>
Transfers from Other Funds		
Land Trust Fund	655,000	578,000
Interdepartment Revenue	112,150	34,150
Service Area Funds	12,786	20,454
Permanent Fund	<u>-</u>	<u>216</u>
Total Transfers	<u>779,936</u>	<u>632,820</u>
Total Revenues & Transfers	<u>\$ 15,140,626</u>	<u>\$ 12,924,131</u>

KETCHIKAN GATEWAY BOROUGH

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Fiscal Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Expenditures		
Administration		
Mayor & Assembly	\$ 126,988	\$ 101,675
Law	223,723	337,010
Clerk	193,165	166,344
Manager	442,597	423,638
Finance-Accounting	579,749	568,605
Finance-Assessment	401,810	372,264
Total Administration	<u>1,968,032</u>	<u>1,969,536</u>
Public Services		
Animal Protection	293,791	260,934
Planning	611,393	418,428
OEDP	136,768	353,271
Community Education	447,534	587,767
Maintenance and Operations	683,768	543,944
Child Care Operations	64,551	51,182
Parks and Recreation	1,319,675	1,130,233
Total Public Services	<u>3,557,480</u>	<u>3,345,759</u>
Automation	43,343	23,980
Non Departmental	160,947	142,888
Capital Projects	<u>238,390</u>	<u>333,715</u>
Total Expenditures	<u>5,968,192</u>	<u>5,815,878</u>
Excess (Deficit) of Revenues & Transfers over Expenditures	<u>9,172,434</u>	<u>7,108,253</u>
Other Financing Sources (Uses)		
Transfers to Component Unit	(7,344,172)	(7,006,121)
Transfers to Capital and Bonds Payment	(325,000)	-
Transfers to Transit Fund	(275,000)	(50,000)
Transfers to Airport Fund	(29,150)	(29,150)
Total Other Financing	<u>(7,973,322)</u>	<u>(7,085,271)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	1,199,112	22,982
Fund Balance Beginning of Year	<u>3,299,431</u>	<u>3,276,449</u>
Fund Balance End of Year	<u>\$ 4,498,543</u>	<u>\$ 3,299,431</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, 1999 and 1998

	1999		Variance Favorable (Unfavorable)	1998		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Revenues						
Taxes						
Real & Personal Property Taxes	\$ 6,644,106	\$ 6,670,764	\$ 26,658	\$ 6,643,108	\$ 6,628,605	\$ (14,503)
Automobile & Boat Taxes	185,000	193,114	8,114	181,000	206,125	25,125
Sales Taxes	3,320,506	3,317,026	(3,480)	3,220,000	3,364,953	144,953
Penalty & Interest	100,000	200,839	100,839	114,750	118,331	3,581
Total Taxes	10,249,612	10,381,743	132,131	10,158,858	10,318,014	159,156
Alaska State Housing Authority	15,000	17,454	2,454	15,000	19,139	4,139
Licenses and Permits						
Zoning Fees	16,500	17,810	1,310	18,500	13,075	(5,425)
Revenues from Other Governments						
State Municipal Assistance	186,440	187,092	652	209,980	196,253	(13,727)
State Revenue Sharing	168,730	152,754	(15,976)	182,356	177,611	(4,745)
State License Refunds	280,605	318,243	37,638	342,000	280,605	(61,395)
State Child Care Assistance	48,500	64,551	16,051	47,550	43,908	(3,642)
Federal Tobacco Tax	67,500	-	(67,500)	-	67,945	67,945
Federal Revenues	256,000	2,302,818	2,046,818	85,000	255,977	170,977
Timber Stumpage	100,827	77,822	(23,005)	260,940	50,995	(209,945)
Total Revenues from Other Governments	1,108,602	3,103,280	1,994,678	1,127,826	1,073,294	(54,532)
Charges for Services						
Animal Control	27,500	25,916	(1,584)	27,500	26,618	(882)
Parks and Recreation	354,000	385,125	31,125	354,000	346,394	(7,606)
Other Charges	34,250	32,791	(1,459)	26,000	16,845	(9,155)
Total Charges	415,750	443,832	28,082	407,500	389,857	(17,643)
Other Revenues						
Interest Income	655,500	396,571	(258,929)	75,000	477,932	402,932
Transfers from Other Funds						
Land Trust Fund	655,000	655,000	-	490,000	578,000	88,000
Inter-Departmental	112,150	112,150	-	34,150	34,150	-
Service Area Funds	12,581	12,786	205	20,454	20,454	-
Permanent Fund	-	-	-	-	215	216
Total Transfers	779,731	779,936	205	544,604	632,820	88,216
Total Revenues & Transfers	\$ 13,240,695	\$ 15,140,626	\$ 1,899,931	\$ 12,347,288	\$ 12,924,131	\$ 576,843

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, 1999 and 1998

	1999		Variance Favorable (Unfavorable)	1998		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Expenditures						
Administration						
Mayor & Assembly	\$ 123,538	\$ 126,988	(3,450)	\$ 111,426	\$ 101,675	9,751
Law	244,363	223,723	20,640	456,910	337,010	119,900
Clerk	181,947	193,165	(11,218)	168,500	166,344	2,156
Manager	449,745	442,597	7,148	373,091	423,638	(50,547)
Finance-Accounting	595,181	579,749	15,432	598,447	568,605	29,842
Finance-Assessment	398,465	401,810	(3,345)	376,811	372,264	4,547
Total Administration	1,993,239	1,968,032	25,207	2,085,185	1,969,536	115,649
Public Services						
Animal Protection	268,841	293,791	(24,950)	235,008	260,934	(25,926)
Planning	721,909	611,393	110,516	583,744	418,428	165,316
OEDP	236,400	136,768	99,632	409,434	353,271	56,163
Community Education	288,814	447,534	(158,720)	634,399	587,767	46,632
Maintenance and Operations	631,342	683,768	(52,426)	589,621	543,944	45,677
Child Care Operations	47,119	64,551	(17,432)	47,316	51,182	(3,866)
Parks and Recreation	1,225,961	1,319,675	(93,714)	1,126,323	1,130,233	(3,910)
Total Public Services	3,420,386	3,557,480	(137,094)	3,625,845	3,345,759	280,086
Automation	38,323	43,343	(5,020)	9,460	23,980	(14,520)
Non Departmental	201,308	160,947	40,361	178,300	142,888	35,412
Capital Projects	558,100	238,390	319,710	654,608	333,715	320,893
Total Expenditures	6,211,356	5,968,192	243,164	6,553,398	5,815,878	737,520
Excess (Deficit) of Revenues & Transfers over Expenditures	7,029,339	9,172,434	2,143,095	5,793,890	7,108,253	1,314,363
Other Financing Sources (Uses)						
Transfers to Component Unit	(7,514,172)	(7,344,172)	170,000	(7,008,058)	(7,006,121)	1,937
Transfers to Transit Fund	(275,000)	(275,000)	-	(50,000)	(50,000)	-
Transfers to Airport Fund	(29,150)	(29,150)	-	(29,150)	(29,150)	-
Transfers to Bond Debt Fund	(325,000)	(325,000)	-	-	-	-
Total Other Financing	(8,143,322)	(7,973,322)	170,000	(7,087,208)	(7,085,271)	1,937
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (1,113,983)	1,199,112	\$ 2,313,095	\$ (1,293,318)	22,982	\$ 1,316,300
Fund Balance Beginning of Year		3,299,431			3,276,449	
Fund Balance End of Year		\$ 4,498,543			\$ 3,299,431	

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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 Facilities Charges
Shoup Street Service Area Fund

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SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1999

	Recreation Sales Tax Fund	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash & Temporary Investments	\$ 531,793	\$ 14,969,704	\$ 37,485	\$ 154,532
Accounts Receivable - General	-	-	1,995	187
Advances to Other Funds:	-	967,800	-	-
Deferred Accounts Receivable	-	797,432	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 531,793</u>	<u>\$ 16,734,936</u>	<u>\$ 39,480</u>	<u>\$ 154,719</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ 37,950	\$ -	\$ 1,486
Advances from Other Funds	400,000	-	-	-
Retainage Payable	-	-	-	-
Unclaimed Bonds	-	-	-	-
Deposits	-	1,180	-	-
Deferred Revenue	-	66,139	-	-
Due to Other Funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>400,000</u>	<u>105,269</u>	<u>-</u>	<u>1,486</u>
Fund Balances				
Restricted for Loan Guarantees	-	-	-	-
Reserve for Advances	-	967,800	-	-
Encumbrances	-	80,021	4,650	-
Designated for Ship Yard Maintenance	-	-	-	-
Unreserved Fund Balance	131,793	15,581,846	34,830	153,233
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>131,793</u>	<u>16,629,667</u>	<u>39,480</u>	<u>153,233</u>
Total Liabilities and Fund Balances	<u>\$ 531,793</u>	<u>\$ 16,734,936</u>	<u>\$ 39,480</u>	<u>\$ 154,719</u>

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1999

	Mountain Point Service Area Fund	South Tongass Fire District Fund	Waterfall Service Area Fund	Nichols View Service Area Fund
Assets				
Cash & Temporary Investments	\$ 296,254	\$ 143,734	\$ 122,164	\$ 9,830
Accounts Receivable - General	7,404	636	200	-
Advances to Other Funds:	-	-	-	-
Deferred Accounts Receivable	-	-	-	-
Total Assets	\$ 303,658	\$ 144,370	\$ 122,364	\$ 9,830
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 4,068	\$ 7,908	\$ 1,048	\$ -
Advances from Other Funds	-	-	-	-
Retainage Payable	-	-	-	-
Unclaimed Bonds	-	-	-	-
Deposits	94,573	-	-	-
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	98,641	7,908	1,048	-
Fund Balances				
Restricted for Loan Guarantees	-	-	-	-
Reserve for Advances	-	-	-	-
Encumbrances	-	-	-	-
Designated for Ship Yard Maintenance	-	-	-	-
Unreserved Fund Balance	205,017	136,462	121,316	9,830
Total Fund Balance	205,017	136,462	121,316	9,830
Total Liabilities and Fund Balances	\$ 303,658	\$ 144,370	\$ 122,364	\$ 9,830

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1999

	Forest Park Service Area Fund	Gold Nugget Service Area Fund	Non Areawide Fund	State & Federal Grants Fund
Assets				
Cash & Temporary Investments	\$ 286,205	\$ 16,222	\$ 66,199	416,626
Accounts Receivable - General	613	-	363	54,380
Advances to Other Funds:	-	-	-	-
Deferred Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 286,818</u>	<u>\$ 16,222</u>	<u>\$ 66,562</u>	<u>471,006</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 22,415	\$ 3	\$ 35,000	\$ 32,015
Advances from Other Funds	-	-	567,800	-
Retainage Payable	-	-	12,893	-
Unclaimed Bonds	-	-	-	-
Deposits	-	-	-	-
Deferred Revenue	-	-	-	377,019
Due to Other Funds	-	-	-	18,818
Total Liabilities	<u>22,415</u>	<u>3</u>	<u>615,693</u>	<u>427,852</u>
Fund Balances				
Restricted for Loan Guarantees	-	-	-	-
Reserve for Advances	-	-	-	-
Encumbrances	-	-	-	43,015
Designated for Ship Yard Maintenance	-	-	-	-
Unreserved Fund Balance	264,403	16,219	(549,131)	139
Total Fund Balance	<u>264,403</u>	<u>16,219</u>	<u>(549,131)</u>	<u>43,154</u>
Total Liabilities and Fund Balances	<u>\$ 286,818</u>	<u>\$ 16,222</u>	<u>\$ 66,562</u>	<u>\$ 471,006</u>

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1999

	School Bond/ Capital Improvements Fund	Airport PFC Fund	Shoup Street Service Fund	Southeast Economic Development Funds	Total
Assets					
Cash & Temporary Investments	\$ 130,012	\$ 91,322	\$ 30,611	\$ 25,419,952	\$ 42,722,645
Accounts Receivable - General	10,882	-	141	-	76,801
Advances to Other Funds:	-	-	-	-	967,800
Deferred Accounts Receivable	-	-	-	-	797,432
Total Assets	\$ 140,894	\$ 91,322	\$ 30,752	\$ 25,419,952	\$ 44,564,678
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 463	\$ -	\$ 609	\$ 99,059	242,024
Advances from Other Funds	-	-	-	-	967,800
Retainage Payable	-	-	-	-	12,893
Unclaimed Bonds	7,845	-	-	-	7,845
Deposits	-	-	-	-	95,753
Deferred Revenue	-	-	-	-	443,158
Due to Other Funds	-	-	-	30,525	49,343
Total Liabilities	8,308	-	609	129,584	1,818,816
Fund Balances					
Restricted for Loan Guarantees	-	-	-	2,165,000	2,165,000
Reserve for Advances	-	-	-	-	967,800
Encumbrances	-	-	1,161	30,000	158,847
Designated for Ship Yard Maintenance	-	-	-	107,000	107,000
Unreserved Fund Balance	132,586	91,322	28,982	22,988,368	39,347,215
Total Fund Balance	132,586	91,322	30,143	25,290,368	42,745,862
Total Liabilities and Fund Balances	\$ 140,894	\$ 91,322	\$ 30,752	\$ 25,419,952	\$ 44,564,678

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1999

	Recreation Sales Tax Fund	Land Trust Fund	Mud Bight Service Area Fund	Shoreline Service Area Fund
REVENUES				
Taxes	\$ 1,093,473	\$ -	\$ -	\$ 65,294
State/Federal Revenues	-	-	96	623
Charges for Services	-	-	9,222	-
Sale of Land	-	-	-	-
Other Income	12,608	59,736	-	-
Interest Income	33,291	677,011	1,791	7,673
Total Revenues	<u>1,139,372</u>	<u>736,747</u>	<u>11,109</u>	<u>73,590</u>
EXPENDITURES				
Capital Improvements	15,825	43,950	16,495	11,320
Public Services	-	26,459	31	32,454
Total Expenditures	<u>15,825</u>	<u>70,409</u>	<u>16,526</u>	<u>43,774</u>
Excess (Deficit) of Revenues over Expenditures	<u>1,123,547</u>	<u>666,338</u>	<u>(5,417)</u>	<u>29,816</u>
Other Financing Sources (Uses)				
Interfund Transfers (In)	285,447	482,691	-	-
Operating Transfers (Out)	<u>(1,821,098)</u>	<u>(680,000)</u>	<u>(405)</u>	<u>(1,223)</u>
Total Other Financing	<u>(1,535,651)</u>	<u>(197,309)</u>	<u>(405)</u>	<u>(1,223)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(412,104)	469,029	(5,822)	28,593
Fund Balance, Beginning of Year	<u>543,897</u>	<u>16,160,638</u>	<u>45,302</u>	<u>124,640</u>
Fund Balance, End of Year	<u>\$ 131,793</u>	<u>\$ 16,629,667</u>	<u>\$ 39,480</u>	<u>\$ 153,233</u>

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1999

	Mountain Point Service Area Fund	South Tongass Fire District Fund	Waterfall Service Area Fund	Nichols View Service Area Fund
REVENUES				
Taxes	\$ -	\$ 101,909	\$ -	\$ -
State/Federal Revenues	-	1,053	48	-
Charges for Services	139,452	-	4,839	-
Sale of Land	-	-	-	-
Other Income	-	204	-	-
Interest Income	16,315	7,374	5,486	441
Total Revenues	155,767	110,540	10,373	441
EXPENDITURES				
Capital Improvements	-	25,961	-	-
Public Services	148,983	36,884	2,185	-
Total Expenditures	148,983	62,845	2,185	-
Excess (Deficit) of Revenues over Expenditures	6,784	47,695	8,188	441
Other Financing Sources (Uses)				
Interfund Transfers (In)	-	-	-	-
Operating Transfers (Out)	(5,798)	(1,970)	(108)	-
Total Other Financing	(5,798)	(1,970)	(108)	-
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	986	45,725	8,080	441
Fund Balance, Beginning of Year	204,031	90,737	113,236	9,389
Fund Balance, End of Year	\$ 205,017	\$ 136,462	\$ 121,316	\$ 9,830

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1999

	Forest Park Service Area Fund	Gold Nugget Service Area Fund	Non Areawide Fund	State & Federal Grants Fund
REVENUES				
Taxes	\$ 75,659	\$ -	\$ 411,773	\$ -
State/Federal Revenues	782	-	4,231	1,080,132
Charges for Services	-	7,961	-	-
Sale of Land	-	-	-	-
Other Income	-	-	-	-
Interest Income	13,945	810	5,489	9,286
Total Revenues	<u>90,386</u>	<u>8,771</u>	<u>421,493</u>	<u>1,089,418</u>
EXPENDITURES				
Capital Improvements	19,287	8,832	567,800	875,134
Public Services	68,759	-	407,579	434,933
Total Expenditures	<u>88,046</u>	<u>8,832</u>	<u>975,379</u>	<u>1,310,067</u>
Excess (Deficit) of Revenues over Expenditures	<u>2,340</u>	<u>(61)</u>	<u>(553,886)</u>	<u>(220,649)</u>
Other Financing Sources (Uses)				
Interfund Transfers (In)	-	-	-	-
Operating Transfers (Out)	(2,016)	(186)	-	-
Total Other Financing	<u>(2,016)</u>	<u>(186)</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	324	(247)	(553,886)	(220,649)
Fund Balance, Beginning of Year	<u>264,079</u>	<u>16,466</u>	<u>4,755</u>	<u>263,803</u>
Fund Balance, End of Year	<u>\$ 264,403</u>	<u>\$ 16,219</u>	<u>\$ (549,131)</u>	<u>43,154</u>

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1999

	School Bond/ Capital Improvements Fund	PFC Fund	Shoup Street Service Fund	Southeast Economic Development Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,748,108
State/Federal Revenues	1,024,721	-	64	3,750,000	5,861,750
Charges for Services	-	-	27,864	267	189,605
Sale of Land	-	-	-	-	-
Other Income	-	-	-	-	72,548
Interest Income	37,113	91,322	1,523	1,106,409	2,015,279
Total Revenues	<u>1,061,834</u>	<u>91,322</u>	<u>29,451</u>	<u>4,856,676</u>	<u>9,887,290</u>
EXPENDITURES					
Capital Improvements	-	-	2,626	-	1,587,230
Public Services	5,862	-	24,532	839,701	2,028,362
Total Expenditures	<u>5,862</u>	<u>-</u>	<u>27,158</u>	<u>839,701</u>	<u>3,615,592</u>
Excess (Deficit) of Revenues over Expenditures	<u>1,055,972</u>	<u>91,322</u>	<u>2,293</u>	<u>4,016,975</u>	<u>6,271,698</u>
Other Financing Sources (Uses)					
Interfund Transfers (In)	1,124,028	-	-	468,779	2,360,945
Operating Transfers (Out)	(2,159,228)	-	(1,080)	(468,779)	(5,141,891)
Total Other Financing	<u>(1,035,200)</u>	<u>-</u>	<u>(1,080)</u>	<u>-</u>	<u>(2,780,946)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>20,772</u>	<u>91,322</u>	<u>1,213</u>	<u>4,016,975</u>	<u>3,490,752</u>
Fund Balance, Beginning of Year	<u>111,814</u>	<u>-</u>	<u>28,930</u>	<u>21,273,393</u>	<u>39,255,110</u>
Fund Balance, End of Year	<u>\$ 132,586</u>	<u>\$ 91,322</u>	<u>\$ -30,143</u>	<u>\$ 25,290,368</u>	<u>\$ 42,745,862</u>

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, 1999
(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Taxes	\$ 1,150,000	\$ 1,093,473	\$ (56,527)	\$ 1,112,562
Penalties	10,000	12,608	2,608	10,678
Interest Revenue	-	33,291	33,291	60,395
Total Revenues	<u>1,160,000</u>	<u>1,139,372</u>	<u>(20,628)</u>	<u>1,183,635</u>
EXPENDITURES:				
Capital Projects	<u>368,281</u>	<u>15,825</u>	<u>352,456</u>	<u>-</u>
Total Expenditures	<u>368,281</u>	<u>15,825</u>	<u>352,456</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	791,719	1,123,547	331,828	1,183,635
Other Financing Sources (Uses)				
Operating Transfers In	-	285,447	285,447	-
Operating Transfers Out	<u>(1,334,719)</u>	<u>(1,821,098)</u>	<u>(486,379)</u>	<u>(1,010,000)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(543,000)</u>	(412,104)	\$ <u>130,896</u>	173,635
Fund Balance, Beginning of Year		<u>543,897</u>		<u>370,262</u>
Fund Balance, End of Year		\$ <u>131,793</u>		\$ <u>543,897</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, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Sale of Land	\$ 42,982	\$ -	\$ (42,982)	\$ 35,132
Other Revenue	277,000	59,736	(217,264)	982,929
Interest Income	901,950	677,011	(224,939)	818,433
Total Revenues	1,221,932	736,747	(485,185)	1,836,494
EXPENDITURES:				
Capital Improvements	250,000	43,950	206,050	-
Public Services	133,368	26,459	106,909	52,984
Total Expenditures	383,368	70,409	312,959	52,984
Excess (Deficit) of Revenues over Expenditures	838,564	666,338	(172,226)	1,783,510
Other Financing Sources (Uses)				
Operating Transfers In	482,691	482,691	-	-
Operating Transfers Out	(2,880,000)	(680,000)	2,200,000	(600,068)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(1,558,745)</u>	469,029	\$ <u>2,027,774</u>	1,183,442
Fund Balance, Beginning of Year		16,160,638		14,977,196
Fund Balance, End of Year		\$ <u>16,629,667</u>		\$ <u>16,160,638</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, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
State Revenues	\$ -	\$ 96	\$ 96	\$ -
Public Services	10,000	9,222	(778)	9,140
Interest Income	925	1,791	866	2,307
Total Revenues	<u>10,925</u>	<u>11,109</u>	<u>184</u>	<u>11,447</u>
EXPENDITURES:				
Capital Improvements	40,000	16,495	23,505	-
Public Services	100	31	69	78
Total Expenditures	<u>40,100</u>	<u>16,526</u>	<u>23,574</u>	<u>78</u>
Excess (Deficit) of Revenues over Expenditures	(29,175)	(5,417)	23,758	11,369
Other Financing Sources (Uses) Operating Transfers Out	<u>(405)</u>	<u>(405)</u>	<u>-</u>	<u>(200)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (29,580)</u>	<u>(5,822)</u>	<u>\$ 23,758</u>	11,169
Fund Balance, Beginning of Year		<u>45,302</u>		<u>34,133</u>
Fund Balance, End of Year		<u>\$ 39,480</u>		<u>\$ 45,302</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, 1999
 (With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Real and Personal Taxes	\$ 63,835	\$ 64,003	\$ 168	\$ 56,704
Automobile and Boat Taxes	625	1,291	666	522
State Revenues	354	623	269	300
Interest Income	6,395	7,673	1,278	7,201
Total Revenues	<u>71,209</u>	<u>73,590</u>	<u>2,381</u>	<u>64,727</u>
EXPENDITURES:				
Capital Improvements	14,000	11,320	2,680	3,378
Public Services	36,250	32,454	3,796	24,223
Total Expenditures	<u>50,250</u>	<u>43,774</u>	<u>6,476</u>	<u>27,601</u>
Excess (Deficit) of Revenues over Expenditures	20,959	29,816	8,857	37,126
Other Financing Sources (Uses) Operating Transfers Out	<u>(1,223)</u>	<u>(1,223)</u>	<u>-</u>	<u>(4,500)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 19,736</u>	28,593	<u>\$ 8,857</u>	32,626
Fund Balance, Beginning of Year		<u>124,640</u>		<u>92,014</u>
Fund Balance, End of Year		<u>\$ 153,233</u>		<u>\$ 124,640</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, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Public Services	\$ 187,000	\$ 139,452	\$ (47,548)	\$ 132,275
Interest Income	10,600	16,315	5,715	12,370
Total Revenues	197,600	155,767	(41,833)	144,645
EXPENDITURES:				
Capital Improvements	700,000	-	700,000	-
Public Services	189,172	148,983	40,189	114,637
Total Expenditures	889,172	148,983	740,189	114,637
Excess (Deficit) of Revenues over Expenditures	(691,572)	6,784	698,356	30,008
Other Financing Sources (Uses)				
Operating Transfers In	700,000	-	(700,000)	-
Operating Transfers Out	(5,798)	(5,798)	-	(5,050)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ 2,630	986	\$ (1,644)	24,958
Fund Balance, Beginning of Year		204,031		179,073
Fund Balance, End of Year		\$ 205,017		\$ 204,031

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, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Real and Personal Taxes	\$ 97,956	\$ 98,626	\$ 670	\$ 95,976
Automobile and Boat Taxes	2,000	3,283	1,283	-
State Revenues	-	1,053	1,053	5,000
Other Revenues	-	204	204	750
Interest Income	4,360	7,374	3,014	5,367
Total Revenues	104,316	110,540	6,224	107,093
EXPENDITURES:				
Capital Improvements	85,000	25,961	59,039	14,692
Public Services	42,150	36,884	5,266	35,603
Total Expenditures	127,150	62,845	64,305	50,295
Excess (Deficit) of Revenues over Expenditures	(22,834)	47,695	70,529	56,798
Other Financing Sources (Uses) Operating Transfers Out	(1,970)	(1,970)	-	(3,960)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(24,804)</u>	45,725	\$ <u>70,529</u>	52,838
Fund Balance, Beginning of Year		90,737		37,899
Fund Balance, End of Year		\$ <u>136,462</u>		\$ <u>90,737</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, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
State Revenues	\$ -	\$ 48	\$ 48	\$ -
Public Services	4,680	4,839	159	4,820
Interest Income	5,950	5,486	(464)	6,171
Total Revenues	<u>10,630</u>	<u>10,373</u>	<u>(257)</u>	<u>10,991</u>
EXPENDITURES:				
Public Services	<u>6,100</u>	<u>2,185</u>	<u>3,915</u>	<u>609</u>
Total Expenditures	<u>6,100</u>	<u>2,185</u>	<u>3,915</u>	<u>609</u>
Excess (Deficit) of Revenues over Expenditures	4,530	8,188	3,658	10,382
Other Financing Sources (Uses) Operating Transfers Out	<u>(108)</u>	<u>(108)</u>	<u>-</u>	<u>(219)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 4,422</u>	8,080	<u>\$ 3,658</u>	10,163
Fund Balance, Beginning of Year		<u>113,236</u>		<u>103,073</u>
Fund Balance, End of Year		<u>\$ 121,316</u>		<u>\$ 113,236</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, 1999
 (With Comparative Totals for the Year Ended June 30, 1998)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Year Ended June 30, 1998 Actual</u>
REVENUES:				
Interest Income	495	\$ 441	\$ (54)	\$ 513
Total Revenues	<u>495</u>	<u>441</u>	<u>(54)</u>	<u>513</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>	441	<u>\$ (54)</u>	513
Fund Balance, Beginning of Year		<u>9,389</u>		<u>8,876</u>
Fund Balance, End of Year		<u>\$ 9,830</u>		<u>\$ 9,389</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, 1999
(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Real and Personal Taxes	\$ 71,150	\$ 71,968	\$ 818	\$ 75,347
Automobile and Boat Taxes	1,857	3,691	1,834	1,716
State Revenues	2,850	782	(2,068)	-
Other Revenues	-	-	-	300
Interest Income	12,550	13,945	1,395	16,923
Total Revenues	88,407	90,386	1,979	94,286
EXPENDITURES:				
Capital Improvements	230,000	19,287	210,713	19,958
Public Services	63,400	68,759	(5,359)	70,888
Total Expenditures	293,400	88,046	205,354	90,846
Excess (Deficit) of Revenues over Expenditures	(204,993)	2,340	207,333	3,440
Other Financing Sources (Uses) Operating Transfers Out	(2,016)	(2,016)	-	(5,265)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(207,009)</u>	324	\$ <u>207,333</u>	(1,825)
Fund Balance, Beginning of Year		264,079		265,904
Fund Balance, End of Year		\$ <u>264,403</u>		\$ <u>264,079</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, 1999
(With Comparative Totals for the Year Ended June 30, 1998)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 <u>Actual</u>
REVENUES:				
Public Services	\$ 8,724	\$ 7,961	\$ (763)	\$ 7,720
Interest Income	<u>1,000</u>	<u>810</u>	<u>(190)</u>	<u>1,107</u>
Total Revenues	<u>9,724</u>	<u>8,771</u>	<u>(953)</u>	<u>8,827</u>
EXPENDITURES:				
Capital Projects	12,000	8,832	3,168	19,983
Public Services	<u>200</u>	<u>-</u>	<u>200</u>	<u>2,406</u>
Total Expenditures	<u>12,200</u>	<u>8,832</u>	<u>3,368</u>	<u>22,389</u>
Excess (Deficit) of Revenues over Expenditures	(2,476)	(61)	2,415	(13,562)
Other Financing Sources (Uses) Operating Transfers Out	<u>(186)</u>	<u>(186)</u>	<u>-</u>	<u>(372)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (2,662)</u>	(247)	<u>\$ 2,415</u>	(13,934)
Fund Balance, Beginning of Year		<u>16,466</u>		<u>30,400</u>
Fund Balance, End of Year		<u>\$ 16,219</u>		<u>\$ 16,466</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, 1999
 (With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Real and Personal Taxes	\$ 408,522	\$ 411,773	\$ 3,251	\$ 390,458
State Revenues	-	4,231	4,231	-
Interest Income	2,500	5,489	2,989	5,111
Total Revenues	411,022	421,493	10,471	395,569
EXPENDITURES:				
Public Services	35,000	35,000	-	37,400
Capital Improvements	-	567,800	(567,800)	-
Library Services	375,000	372,579	2,421	348,380
Total Expenditures	410,000	975,379	(565,379)	385,780
Excess (Deficit) of Revenues over Expenditures	\$ <u>1,022</u>	(553,886)	\$ <u>(554,908)</u>	9,789
Fund Balance, Beginning of Year		<u>4,755</u>		<u>(5,034)</u>
Fund Balance, End of Year		\$ <u>(549,131)</u>		\$ <u>4,755</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, 1998)

	<u>1999</u>	<u>1998</u>
REVENUES:		
State Sources	\$ 1,080,132	\$ 2,041,025
Other Revenues	-	6,805
Interest Income	<u>9,286</u>	<u>27,849</u>
Total Revenues	<u>1,089,418</u>	<u>2,075,679</u>
EXPENDITURES:		
Capital Improvements	875,134	-
Public Services	<u>434,933</u>	<u>1,997,920</u>
Total Expenditures	<u>1,310,067</u>	<u>1,997,920</u>
Excess (Deficit) of Revenues over Expenditures	(220,649)	77,759
Fund Balance, Beginning of Year	<u>263,803</u>	<u>186,044</u>
Fund Balance, End of Year	<u><u>\$ 43,154</u></u>	<u><u>\$ 263,803</u></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, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
State Grant	\$ 1,020,150	\$ 1,024,721	\$ 4,571	\$ 1,288,507
Other Revenue	-	-	-	-
Interest Income	1,225	37,113	35,888	31,306
	<u>1,021,375</u>	<u>1,061,834</u>	<u>40,459</u>	<u>1,319,813</u>
EXPENDITURES:				
Capital Improvements	-	-	-	-
Public Services	8,000	5,862	2,138	8,447
	<u>8,000</u>	<u>5,862</u>	<u>2,138</u>	<u>8,447</u>
Excess (Deficit) of Revenues over Expenditures	1,013,375	1,055,972	42,597	1,311,366
Other Financing Sources (Uses)				
Interfund Transfers (In)	1,124,028	1,124,028	-	796,328
Operating Transfers Out	(2,159,228)	(2,159,228)	-	(2,235,727)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>(21,825)</u>	20,772	\$ <u>42,597</u>	(128,033)
Fund Balance, Beginning of Year		<u>111,814</u>		<u>239,847</u>
Fund Balance, End of Year		\$ <u>132,586</u>		\$ <u>111,814</u>

KETCHIKAN GATEWAY BOROUGH

PASSENGER SERVICE CHARGES (PFC)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
PFC Enplanement Revenue	\$ -	\$ 90,664	\$ 90,664
Interest Income	-	658	658
	<u>-</u>	<u>91,322</u>	<u>91,322</u>
Total Revenues	-	91,322	91,322
EXPENDITURES:			
Public Services	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-
Excess (Deficit) of Revenues over Expenditures	<u>-</u>	<u>91,322</u>	<u>91,322</u>
Other Financing Sources (Uses) Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>91,322</u>	<u>\$ 91,322</u>
Fund Balance, Beginning of Year		<u>-</u>	
Fund Balance, End of Year		<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, 1999
 (With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
State Revenues	\$ -	\$ 64	\$ 64	\$ -
Public Services	35,250	27,864	(7,386)	33,862
Other Revenues	-	-	-	1,132
Interest Income	-	1,523	1,523	767
Total Revenues	35,250	29,451	(5,799)	35,761
EXPENDITURES:				
Capital improvements	78,263	2,626	75,637	-
Public Services	31,765	24,532	7,233	19,528
Total Expenditures	110,028	27,158	82,870	19,528
Excess (Deficit) of Revenues over Expenditures	(74,778)	2,293	77,071	16,233
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	22,068
Operating Transfers Out	(1,080)	(1,080)	-	(888)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (75,858)	1,213	\$ 77,071	37,413
Fund Balance, Beginning of Year		28,930		(8,483)
Fund Balance, End of Year		\$ 30,143		\$ 28,930

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, 1999
(With Comparative Totals for the Year Ended June 30, 1998)

	Budget	Actual	Variance Favorable (Unfavorable)	Year Ended June 30, 1998 Actual
REVENUES:				
Federal Revenues	\$ 3,750,000	\$ 3,750,000	\$ -	\$ 3,750,000
Public Services	-	267	267	100
Interest Revenues	1,140,408	1,106,409	(33,999)	1,094,830
Total Revenues	4,890,408	4,856,676	(33,732)	4,844,930
EXPENDITURES:				
Public Services	\$ 1,263,400	\$ 839,701	\$ 423,699	\$ 1,336,447
Total Expenditures	1,263,400	839,701	423,699	1,336,447
Excess (Deficit) of Revenues over Expenditures	3,627,008	4,016,975	389,967	3,508,483
Other Financing Sources (Uses)				
Operating Transfers In	468,779	468,779	-	4,452,675
Operating Transfers Out	(468,779)	(468,779)	-	(4,452,675)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 3,627,008	4,016,975	\$ 389,967	3,508,483
Fund Balance, Beginning of Year		21,273,393		17,764,910
Fund Balance, End of Year		\$ 25,290,368		\$ 21,273,393

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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 - IRC - 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, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	1989 G.O. Bond Redemption Fund	1995 G.O. Bond Redemption Fund	Totals	
			1999	1998
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, 1999
 (With Comparative Totals for the Year Ended June 30, 1998)

	1989 G.O.	1995 G.O.	Totals	
	Bond Redemption Fund	Bond-IRC Redemption Fund	1999	1998
EXPENDITURES				
Debt Service				
Principal	\$ 1,200,000	\$ 485,000	\$ 1,685,000	\$ 1,655,000
Interest	160,200	314,028	474,228	580,728
Total	1,360,200	799,028	2,159,228	2,235,728
Excess (Deficit) of Revenues over Expenditures	(1,360,200)	(799,028)	(2,159,228)	(2,235,728)
Other Financing Sources (Uses)				
Transfer from School Bond/Capital Improvement Fu	1,360,200	-	1,360,200	1,439,400
Transfer from Recreational Capital Projects Fund	-	799,028	799,028	796,328
Total Other Financing Sources (Uses)	1,360,200	799,028	2,159,228	2,235,728
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

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:

- Other Construction Projects
- K-High Swimming Pool Remodel
- School Bond Construction Fund - 1989

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, 1999

(With Comparative Totals for June 30, 1998)

	Recreation Capital Projects	School Bond Construction Fund	Total	
			1999	1998
Assets				
Cash in Central Treasury	\$ 37,024	\$ -	\$ 37,024	\$ 382,979
Total Assets	\$ 37,024	\$ -	\$ 37,024	\$ 382,979
Liabilities and Fund Equity				
Liabilities				
Accounts Payable	\$ -	\$ 341,268	\$ 341,268	\$ -
Retainage Payable	-	-	-	15,000
Due to Other Funds	-	157,227	157,227	54,757
Advances-Inter Fund Loans	-	-	-	432,741
Total Liabilities	-	498,495	498,495	502,498
Fund Equity				
Encumbrances	-	1,909,804	1,909,804	73,951
Fund Balance	37,024	(2,408,299)	(2,371,275)	(193,470)
Total Fund Balances	37,024	(498,495)	(461,471)	(119,519)
Total Liabilities and Fund Equity	\$ 37,024	\$ -	\$ 37,024	\$ 382,979

KETCHIKAN GATEWAY BOROUGH

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Recreation Capital Projects	School Bond Construction Fund	Total	
			1999	1998
REVENUES				
State Sources	\$ -	\$ -	\$ -	\$ -
Other Revenues	-	-	-	-
Interest	15,258	-	15,258	26,712
Total Revenues	15,258	-	15,258	26,712
EXPENDITURES				
Contractual Services	-	292,748	292,748	-
Educational Facilities	75,767	189,627	265,394	210,755
Total Expenditures	75,767	482,375	558,142	210,755
Excess (Deficit) of Revenues over Expenditures	(60,509)	(482,375)	(542,884)	(184,043)
Other Financing Sources (Uses)				
Transfers to Other Funds	(285,447)	-	(285,447)	-
Transfers from Other Funds	486,379	-	486,379	213,672
Total Other Financing Sources (Uses)	200,932	-	200,932	213,672
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	140,423	(482,375)	(341,952)	29,629
Fund Balances, Beginning of Year	(103,399)	(16,120)	(119,519)	(149,148)
Fund Balances, End of Year	\$ 37,024	\$ (498,495)	\$ (461,471)	\$ (119,519)

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.

FERRY ENTERPRISE FUND - An enterprise fund to account for the operation of the Ferry System. All of the financial transactions relating to the Recreation Programs 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

Ferry Enterprise Fund

Comparative Balance Sheets

Comparative Statements of Revenues, Expenses and Changes in Retained Earnings

Comparative Statements of Cash Flows

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

(With Comparative Totals for June 30, 1998)

	Airport	Transit	Ferry	Totals	
				June 30, 1999	June 30, 1998
ASSETS					
Cash and Investments	\$ 1,300	\$ -	\$ 36,910	\$ 38,210	\$ 99,417
Prepaid Insurance	8,309	-	-	8,309	-
Accounts Receivable	317,493	57,568	6,485	381,546	194,314
Total Current Assets	327,102	57,568	43,395	428,065	293,731
Restricted Assets					
Bond Redemption Fund Cash & Investments	-	-	-	-	59,733
Plant in Service					
Buildings and Equipment	7,856,446	488,467	1,721,354	10,066,267	9,808,837
Construction in Progress	-	-	-	-	-
Less Accumulated Depreciation	(4,654,926)	(283,714)	(939,518)	(5,878,158)	(5,434,310)
Total Plant in Service	3,201,520	204,753	781,836	4,188,109	4,374,527
Total Assets	\$ 3,528,622	\$ 262,321	\$ 825,231	\$ 4,616,174	\$ 4,727,991
LIABILITIES AND FUND EQUITY					
Current Liabilities:					
Accounts Payable	\$ 50,858	\$ 12,270	\$ 2,912	\$ 66,040	\$ 43,957
Due to Other Funds	280,465	128,185	-	408,650	196,570
Accrued Vacation & Sick Leave	67,116	13,121	67,549	147,786	155,863
Accrued Interest Payable	2,200	-	-	2,200	2,200
Current Portion of Long Term Debt	50,000	-	-	50,000	45,000
Total Current Liabilities	450,639	153,576	70,461	674,676	443,590
Long-term Debt	-	-	-	-	45,000
Total Liabilities	450,639	153,576	70,461	674,676	488,590
Fund Equity:					
Contributed Capital	1,100,923	111,151	389,311	1,601,385	1,791,617
Retained Earnings:					
Unreserved	1,917,327	(2,406)	365,459	2,280,380	2,388,051
Reserved	59,733	-	-	59,733	59,733
Total Retained Earnings	1,977,060	(2,406)	365,459	2,340,113	2,447,784
Total Fund Equity	3,077,983	108,745	754,770	3,941,498	4,239,401
Total Liabilities and Fund Equity	\$ 3,528,622	\$ 262,321	\$ 825,231	\$ 4,616,174	\$ 4,727,991

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 1999

(With Comparative Totals for the Year Ended June 30, 1998)

	Airport	Transit	Ferry	Totals	
				June 30, 1999	June 30, 1998
OPERATING REVENUES					
Charges for Services	\$ 1,463,300	\$ 154,090	\$ 967,550	\$ 2,584,940	\$ 2,548,005
Total Operating Revenues	<u>1,463,300</u>	<u>154,090</u>	<u>967,550</u>	<u>2,584,940</u>	<u>2,548,005</u>
OPERATING EXPENSES					
Personnel Services	1,044,273	305,896	611,184	1,961,353	1,688,247
Supplies and Services	376,593	78,345	220,297	675,235	721,636
Insurance	47,957	20,000	70,363	138,320	147,426
Depreciation	312,049	64,045	67,756	443,850	424,534
Total Operating Expenses	<u>1,780,872</u>	<u>468,286</u>	<u>969,600</u>	<u>3,218,758</u>	<u>2,981,843</u>
Net Operating (Loss)	<u>(317,572)</u>	<u>(314,196)</u>	<u>(2,050)</u>	<u>(633,818)</u>	<u>(433,838)</u>
NON OPERATING REVENUES (EXPENSES)					
State Operating Grants	-	57,147	-	57,147	59,110
Interest Earnings	848	-	6,829	7,677	18,904
Other Revenues	-	-	-	-	125.00
Interest Expense	(6,912)	-	(288)	(7,200)	(11,200)
Total Nonoperating Revenues (Expenses)	<u>(6,064)</u>	<u>57,147</u>	<u>6,541</u>	<u>57,624</u>	<u>66,939</u>
Income (Loss) Before Operating Transfers	<u>(323,636)</u>	<u>(257,049)</u>	<u>4,491</u>	<u>(576,194)</u>	<u>(366,899)</u>
Other Financing Sources (Uses)					
Operating Transfers In	58,157	275,000	-	333,157	79,150
Operating Transfers Out	(29,150)	(29,007)	(5,000)	(63,157)	(34,150)
Total Other Financing Sources (Uses)	<u>29,007</u>	<u>245,993</u>	<u>(5,000)</u>	<u>270,000</u>	<u>45,000</u>
Net Income (Loss)	(294,629)	(11,056)	(509)	(306,194)	(321,899)
Depreciation of Fixed Assets:					
Acquired by Grants	81,031	75,644	41,848	198,523	102,441
Increase (Decrease) in Retained Earnings	(213,598)	64,588	41,339	(107,671)	(219,458)
Retained Earnings, Beginning of Year	<u>2,190,658</u>	<u>(66,994)</u>	<u>324,120</u>	<u>2,447,784</u>	<u>2,667,242</u>
Retained Earnings at End of Year	\$ <u>1,977,060</u>	\$ <u>(2,406)</u>	\$ <u>365,459</u>	\$ <u>2,340,113</u>	\$ <u>2,447,784</u>

KETCHIKAN GATEWAY BOROUGH

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 1999

	Airport	Transit	Ferry	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,326,662	\$ 107,061	\$ 963,985	\$ 2,397,708
Due to other funds	220,732	(8,652)	-	212,080
Cash Payments for Insurance	(56,266)	(20,000)	(70,363)	(146,629)
Cash Payments to Employees for Services	(1,055,184)	(299,244)	(615,002)	(1,969,430)
Cash Payments to Suppliers for Goods and Services	(349,569)	(82,305)	(221,278)	(653,152)
Net Cash Provided by Operating Activities	<u>86,375</u>	<u>(303,140)</u>	<u>57,342</u>	<u>(159,423)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers from General Fund	58,157	275,000	(5,000)	328,157
Transfers Out to General Fund	(29,150)	(29,007)	-	(58,157)
Grant Received from State	-	57,147	-	57,147
Net Cash Provided by Noncapital Financing Activities	<u>29,007</u>	<u>303,140</u>	<u>(5,000)</u>	<u>327,147</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(143,803)	-	(105,338)	(249,141)
Loss on Disposal of Asset	-	-	-	-
Principal Paid on G. O. and Revenue Bonds	(40,000)	-	-	(40,000)
Interest Paid on G. O. and Revenue Bonds	(6,912)	-	(288)	(7,200)
Net Cash Used for Capital and Related Financing	<u>(190,715)</u>	<u>-</u>	<u>(105,626)</u>	<u>(296,341)</u>
Cash Flow From Investing Activities:				
Interest on Investments	848	-	6,829	7,677
Net Cash Provided by Investing Activities	<u>848</u>	<u>-</u>	<u>6,829</u>	<u>7,677</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(74,485)	-	(46,455)	(120,940)
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	<u>75,785</u>	<u>-</u>	<u>83,365</u>	<u>159,150</u>
Cash and Cash Equivalents at June (Including in Restricted Accounts)	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 36,910</u>	<u>\$ 38,210</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:				
Cash and Temporary Investments - Current Assets	1,300	-	36,910	38,210
Cash and Temporary Investments - Restricted Assets	-	-	-	-
	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 36,910</u>	<u>\$ 38,210</u>
Reconciliation of Operating Income to Cash Provided by Operating Activities:				
Operating Income (Loss)	(317,572)	(314,196)	(2,050)	(633,818)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	312,049	64,045	67,756	443,850
(Increase) Decrease in Accounts Receivable	(136,638)	(47,029)	(3,565)	(187,232)
(Increase) Decrease in Prepaid Insurance	(8,309)	-	-	(8,309)
Increase (Decrease) in Due to General Fund	220,732	(8,652)	-	212,080
Increase (Decrease) in Accounts Payable	27,024	(3,960)	(981)	22,083
Increase (Decrease) in Accrued Liabilities	(10,911)	6,652	(3,818)	(8,077)
Total Adjustments	<u>403,947</u>	<u>11,056</u>	<u>59,392</u>	<u>474,395</u>
Net Cash Provided by Operating Activities	<u>\$ 86,375</u>	<u>\$ (303,140)</u>	<u>\$ 57,342</u>	<u>\$ (159,423)</u>

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

COMPARATIVE BALANCE SHEETS

June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,300	\$ 16,052
Prepaid Insurance	8,309	
Accounts Receivable	<u>317,493</u>	<u>180,855</u>
Total Current Assets	<u>327,102</u>	<u>196,907</u>
Restricted Assets		
Bond Redemption Fund Cash & Cash Equivalents	<u>-</u>	<u>59,733</u>
Plant in Service		
Field	3,438,280	3,309,510
Terminal	4,379,623	4,365,332
Administration	25,668	16,636
Murphy's Landing	12,875	12,875
Less Accumulated Depreciation	<u>(4,654,926)</u>	<u>(4,342,878)</u>
Total Plant in Service	<u>3,201,520</u>	<u>3,361,475</u>
Total Assets	<u>\$ 3,528,622</u>	<u>\$ 3,618,115</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$ 50,858	\$ 23,834
Due to Other Funds	280,465	59,733
Accrued Vacation & Sick Leave	67,116	78,027
Accrued Interest Payable	2,200	2,200
Current Portion of Long Term Debt	<u>50,000</u>	<u>45,000</u>
Total Current Liabilities	<u>450,639</u>	<u>208,794</u>
Long-term Debt	<u>-</u>	<u>45,000</u>
Total Liabilities	<u>450,639</u>	<u>253,794</u>
Fund Equity:		
Contributed Capital	<u>1,100,923</u>	<u>1,173,663</u>
Retained Earnings		
Unreserved	1,917,327	2,130,925
Reserved	<u>59,733</u>	<u>59,733</u>
Total Retained Earnings	<u>1,977,060</u>	<u>2,190,658</u>
Total Fund Equity	<u>3,077,983</u>	<u>3,364,321</u>
Total Liabilities and Fund Equity	<u>\$ 3,528,622</u>	<u>\$ 3,618,115</u>

KETCHIKAN GATEWAY BOROUGH

AIRPORT ENTERPRISE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
OPERATING REVENUES		
Charges for Services	\$ 1,463,300	\$ 1,442,061
Total Operating Revenues	<u>1,463,300</u>	<u>1,442,061</u>
OPERATING EXPENSES		
Personnel Services	1,044,273	875,196
Supplies and Services	376,593	340,436
Insurance	<u>47,957</u>	<u>53,853</u>
Total Operation and Maintenance	1,468,823	1,269,485
Depreciation	<u>312,049</u>	<u>301,268</u>
Total Operating Expenses	<u>1,780,872</u>	<u>1,570,753</u>
Net Operating (Loss)	<u>(317,572)</u>	<u>(128,692)</u>
NON OPERATING REVENUES (EXPENSES)		
State Operating Grants	-	-
Interest Earnings	848	7,248
Interest Expense	<u>(6,912)</u>	<u>(10,752)</u>
Total Nonoperating Revenues (Expenses)	<u>(6,064)</u>	<u>(3,504)</u>
Income (Loss) Before Operating Transfers	<u>(323,636)</u>	<u>(132,196)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	58,157	29,150
Operating Transfers Out	<u>(29,150)</u>	<u>(29,150)</u>
Total Operating Expenses	<u>29,007</u>	<u>-</u>
Net Income (Loss)	<u>(294,629)</u>	<u>(132,196)</u>
Depreciation of Fixed Assets		
Acquired by Grants	<u>81,031</u>	<u>77,813</u>
Increase (Decrease) in Retained Earnings	(213,598)	(54,383)
Retained Earnings, Beginning of Year	<u>2,190,658</u>	<u>2,245,041</u>
Retained Earnings at End of Year	<u>\$ 1,977,060</u>	<u>\$ 2,190,658</u>

KETCHIKAN GATEWAY BOROUGH
AIRPORT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,326,662	\$ 1,396,644
Due to Other Funds	220,732	-
Cash Payments for Insurance	(56,266)	(53,853)
Cash Payments to Employees for Services	(1,055,184)	(880,425)
Cash Payments to Suppliers for Goods and Services	(349,569)	(276,476)
Net Cash Provided by Operating Activities	<u>86,375</u>	<u>185,890</u>
Cash Flows Non Capital Financing Activities:		
Transfers In	58,157	29,150
Transfers Out	(29,150)	(29,150)
Net Cash Provided by Non Capital Financing Activities	<u>29,007</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(143,803)	(162,194)
Grant Received from State	-	-
Principal Paid on Bonds	(40,000)	(40,000)
Interest Paid on Bonds	(6,912)	10,752
Net Cash Provided by Capital and Related Financing Activities	<u>(190,715)</u>	<u>(191,442)</u>
Cash Flow from Investing Activities		
Interest on Investments	848	7,248
Net Cash Provided by Investing Activities	<u>848</u>	<u>7,248</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(74,485)	1,696
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	<u>75,785</u>	<u>74,089</u>
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	<u>\$ 1,300</u>	<u>\$ 75,785</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:		
Cash and Temporary Investments - Current Assets	\$ 1,300	\$ 16,052
Cash and Temporary Investments - Restricted Assets	<u>-</u>	<u>59,733</u>
	<u>\$ 1,300</u>	<u>\$ 75,785</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (317,572)	\$ (128,692)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	312,049	301,268
(Increase) Decrease in Accounts Receivable	(136,638)	(45,417)
(Increase) Decrease in Prepaid Insurance	(8,309)	-
Increase (Decrease) in Accounts Payable	27,024	4,227
Increase (Decrease) in Due to Other Funds	220,732	59,733
Increase (Decrease) in Accrued Liabilities	(10,911)	(5,229)
Total Adjustments	<u>403,947</u>	<u>314,582</u>
Net Cash Provided by Operating Activities	<u>\$ 86,375</u>	<u>\$ 185,890</u>

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE BALANCE SHEETS

June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Accounts Receivable	\$ 57,568	\$ 10,539
Due from Other Governments	-	-
Total Current Assets	<u>57,568</u>	<u>10,539</u>
Plant in Service		
Buses	488,467	488,467
Less Accumulated Depreciation	<u>(283,714)</u>	<u>(219,670)</u>
Net Plant in Service	<u>204,753</u>	<u>268,797</u>
Total Assets	<u>\$ 262,321</u>	<u>\$ 279,336</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts Payable	\$ 12,270	\$ 16,230
Due to Other Funds	128,185	136,837
Accrued Vacation and Sick Leave	<u>13,121</u>	<u>6,469</u>
Total Current Liabilities	<u>153,576</u>	<u>159,536</u>
Fund Equity:		
Contributed Capital	111,151	186,794
Retained Earnings	<u>(2,406)</u>	<u>(66,994)</u>
Total Fund Equity	<u>108,745</u>	<u>119,800</u>
Total Liabilities and Fund Equity	<u>\$ 262,321</u>	<u>\$ 279,336</u>

KETCHIKAN GATEWAY BOROUGH

TRANSIT ENTERPRISE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Years Ended June 30, 1999 and June 30, 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
OPERATING REVENUES		
Charges for Services	\$ 154,090	\$ 136,907
Total Operating Revenues	<u>154,090</u>	<u>136,907</u>
OPERATING EXPENSES		
Personnel Services	305,896	232,505
Supplies and Services	78,345	85,037
Insurance	<u>20,000</u>	<u>20,000</u>
Total Operation and Maintenance	404,241	337,542
Depreciation	<u>64,045</u>	<u>57,930</u>
Total Operating Expenses	<u>468,286</u>	<u>395,472</u>
Net Operating (Loss)	<u>(314,196)</u>	<u>(258,565)</u>
NON OPERATING REVENUES (EXPENSES)		
UMTA Grant for Ferry	-	-
State Operating Grants	57,147	59,110
Interest Earnings	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>57,147</u>	<u>59,110</u>
Income (Loss) Before Operating Transfers	<u>(257,049)</u>	<u>(199,455)</u>
Other Financing Sources (Uses)		
Operating Transfers Out	(29,007)	
Operating Transfers In	<u>275,000</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>245,993</u>	<u>50,000</u>
Net Income (Loss)	(11,056)	(149,455)
Depreciation of Fixed Assets Acquired by Grants	<u>75,644</u>	<u>15,044</u>
Increase (Decrease) in Retained Earnings	64,588	(134,411)
Retained Earnings, Beginning of Year	<u>(66,994)</u>	<u>67,417</u>
Retained Earnings at End of Year	<u>\$ (2,406)</u>	<u>\$ (66,994)</u>

KETCHIKAN GATEWAY BOROUGH
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 107,061	\$ 126,368
Due to other funds	(8,652)	133,217
Cash Payments for Insurance	(20,000)	(20,000)
Cash Payments to Employees for Services	(299,244)	(234,810)
Cash Payments to Suppliers for Goods and Services	(82,305)	(70,928)
Net Cash Provided by Operating Activities	<u>(303,140)</u>	<u>(66,153)</u>
Cash Flows from Noncapital Financing Activities		
Transfer from General Fund	275,000	50,000
Transfer to Airport	(29,007)	-
Grant Received from State	57,147	59,705
Net Cash Provided by Noncapital Financing Activities	<u>303,140</u>	<u>109,705</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	-	(44,956)
Loss on Disposal of Asset	-	1,999
Capital Grant Received from State	-	(595)
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(43,552)</u>
Cash Flow from Investing Activities		
Interest on Investments	-	-
Net Cash Provided by Investing Activities	<u>-</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)	(314,196)	(258,565)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	64,045	57,930
(Increase) Decrease From Accounts Receivable	(47,029)	(10,539)
Increase (Decrease) in Other Funds	(8,652)	133,217
Increase (Decrease) in Accounts Payable	(3,960)	14,109
Increase (Decrease) in Accrued Liabilities	6,652	(2,305)
Total Adjustments	<u>11,056</u>	<u>192,412</u>
Net Cash Provided by Operating Activities	\$ <u>(303,140)</u>	\$ <u>(66,153)</u>

KETCHIKAN GATEWAY BOROUGH

FERRY ENTERPRISE FUND

COMPARATIVE BALANCE SHEETS

June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash & Investments	\$ 36,910	\$ 83,365
Accounts Receivable	<u>6,485</u>	<u>2,920</u>
Total Current Assets	<u>43,395</u>	<u>86,285</u>
Plant in Service		
Ferry	1,721,354	1,616,017
Less Accumulated Depreciation	<u>(939,518)</u>	<u>(871,762)</u>
Total Plant in Service	<u>781,836</u>	<u>744,255</u>
Total Assets	<u>\$ 825,231</u>	<u>\$ 830,540</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$ 2,912	\$ 3,893
Accrued Vacation & Sick Leave	<u>67,549</u>	<u>71,367</u>
Total Liabilities	<u>70,461</u>	<u>75,260</u>
Fund Equity:		
Contributed Capital	<u>389,311</u>	<u>431,160</u>
Retained Earnings		
Unreserved	<u>365,459</u>	<u>324,120</u>
Total Retained Earnings	<u>365,459</u>	<u>324,120</u>
Total Fund Equity	<u>754,770</u>	<u>755,280</u>
Total Liabilities and Fund Equity	<u>\$ 825,231</u>	<u>\$ 830,540</u>

KETCHIKAN GATEWAY BOROUGH

FERRY ENTERPRISE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended June 30, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
OPERATING REVENUES		
Charges for Services	\$ 967,550	\$ 969,037
Total Operating Revenues	<u>967,550</u>	<u>969,037</u>
OPERATING EXPENSES		
Personnel Services	611,184	580,546
Supplies and Services	220,297	296,163
Insurance	<u>70,363</u>	<u>73,573</u>
Total Operation and Maintenance	901,844	950,282
Depreciation	<u>67,756</u>	<u>65,336</u>
Total Operating Expenses	<u>969,600</u>	<u>1,015,618</u>
Net Operating (Loss)	<u>(2,050)</u>	<u>(46,581)</u>
NON OPERATING REVENUES (EXPENSES)		
State Operating Grants	-	-
Interest Earnings	6,829	11,656
Other Revenues	-	125
Interest Expense	<u>(288)</u>	<u>(448)</u>
Total Nonoperating Revenues (Expenses)	<u>6,541</u>	<u>11,333</u>
Income (Loss) Before Operating Transfers	<u>4,491</u>	<u>(35,248)</u>
Other Financing Sources (Uses)		
Operating Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>
Net Income (Loss)	(509)	(40,248)
Depreciation of Fixed Assets Acquired by Grants	<u>41,848</u>	<u>9,584</u>
Increase (Decrease) in Retained Earnings	41,339	(30,664)
Retained Earnings, Beginning of Year	<u>324,120</u>	<u>354,784</u>
Retained Earnings at End of Year	<u>\$ 365,459</u>	<u>\$ 324,120</u>

KETCHIKAN GATEWAY BOROUGH

FERRY ENTERPRISE FUND

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 963,985	\$ 970,016
Cash Payments for Insurance	(70,363)	(73,573)
Cash Payments to Employees for Services	(615,002)	(581,557)
Cash Payments to Suppliers for Goods and Services	<u>(221,278)</u>	<u>(295,185)</u>
Net Cash Provided by Operating Activities	<u>57,342</u>	<u>19,701</u>
Cash Flow from Non-Capital Financing Activities		
Transfers to General Fund	(5,000)	(5,000)
Grant Received from State	<u>-</u>	<u>-</u>
Net Cash Provided by Non Capital Financing Activities	<u>(5,000)</u>	<u>(5,000)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Grant received from State	-	-
Acquisition and Construction of Capital Assets	(105,338)	(60,449)
Interest Paid on G.O. Bonds	<u>(288)</u>	<u>(448)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(105,626)</u>	<u>(60,897)</u>
Cash Flow from Investing Activities		
Interest on Investments	<u>6,829</u>	<u>11,780</u>
Net Cash Provided by Investing Activities	<u>6,829</u>	<u>11,780</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(46,455)	(34,416)
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	<u>83,365</u>	<u>117,781</u>
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	<u>\$ 36,910</u>	<u>\$ 83,365</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:		
Cash and Temporary Investments - Current Assets	<u>36,910</u>	<u>83,365</u>
	<u>\$ 36,910</u>	<u>\$ 83,365</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(2,050)	(46,581)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	67,756	65,336
(Increase) Decrease in Accounts Receivable	(3,565)	979
Increase in Accounts Payable	(981)	978
Increase (Decrease) in Accrued Liabilities	<u>(3,818)</u>	<u>(1,011)</u>
Total Adjustments	<u>59,392</u>	<u>66,282</u>
Net Cash Provided by Operating Activities	<u>\$ 57,342</u>	<u>\$ 19,701</u>

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, 1999.

	Great West Insurance Fund	Insurance Stablization Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Temporary Investments	\$ 738,059	\$ 434,784	\$ 1,172,843
 Total Current Assets	<u>738,059</u>	<u>434,784</u>	<u>1,172,843</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	<u>35,960</u>	<u>-</u>	<u>35,960</u>
 Total Liabilities	<u>35,960</u>	<u>-</u>	<u>35,960</u>
 Fund Equity:			
Unreserved	<u>702,099</u>	<u>434,784</u>	<u>1,136,883</u>
 Total Retained Earnings	<u>702,099</u>	<u>434,784</u>	<u>1,136,883</u>
 Total Fund Equity	<u>702,099</u>	<u>434,784</u>	<u>1,136,883</u>
 Total Liabilities and Fund Equity	<u>738,059</u>	<u>\$ 434,784</u>	<u>\$ 1,172,843</u>

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ACTUAL

For the Fiscal Year Ended June 30, 1999

	Great West Insurance Fund	Insurance Stablization Fund	Total
OPERATING REVENUES			
Refunds from unpaid Claims	\$ -	\$ 260,397	\$ 260,397
Insurance Premiums	1,820,137	-	1,820,137
Total Operating Income	<u>1,820,137</u>	<u>260,397</u>	<u>2,080,534</u>
OPERATING EXPENSES			
Administration Costs	113,274	-	113,274
Expense - Claims Service	1,569,728	-	1,569,728
Total Operating Expenses	<u>1,683,002</u>	<u>-</u>	<u>1,683,002</u>
Net Operating Revenues(Loss)	<u>137,135</u>	<u>260,397</u>	<u>397,532</u>
NON OPERATING REVENUES (EXPENSES)			
Interest Income	25,748	14,646	40,394
Total Nonoperating Revenues (Expenses)	<u>25,748</u>	<u>14,646</u>	<u>40,394</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	150,662	-	150,662
Transfers Out	-	(150,662)	(150,662)
Total Other Financing Sources (Uses)	<u>150,662</u>	<u>(150,662)</u>	<u>0</u>
Net Income (Loss)	<u>313,545</u>	<u>124,381</u>	<u>437,926</u>
Retained Earnings, Beginning of Year	<u>388,554</u>	<u>310,403</u>	<u>698,957</u>
Retained Earnings at End of Year	<u>\$ 702,099</u>	<u>\$ 434,784</u>	<u>\$ 1,136,883</u>

KETCHIKAN GATEWAY BOROUGH

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 1999

	Great West Insurance Fund	Aetna Insurance Fund	Total 1999
Cash Flows from Operating Activities:			
Cash Received from Customers and Users	\$ 1,820,137	\$ 260,397	\$ 2,080,534
Cash Payments for Insurance	(1,673,537)	-	(1,673,537)
Net Cash Provided by Operating Activities	<u>146,600</u>	<u>260,397</u>	<u>406,997</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from Stabilization Reserves	150,662	-	150,662
Transfer to Component Unit	-	(150,662)	(150,662)
Net Cash Provided by Noncapital Financing Activities	<u>150,662</u>	<u>(150,662)</u>	<u>-</u>
Cash Flow from Investing Activities:			
Interest on Investments	25,748	14,646	40,394
Net Cash Provided by Investing Activities	<u>25,748</u>	<u>14,646</u>	<u>40,394</u>
Net Increase (Decrease) in Cash and Cash Equivalents	323,010	124,381	447,391
Cash and Cash Equivalents at July 1 (Including in Restricted Accounts)	<u>415,049</u>	<u>310,403</u>	<u>725,452</u>
Cash and Cash Equivalents at June 30 (Including in Restricted Accounts)	<u>\$ 738,059</u>	<u>\$ 434,784</u>	<u>\$ 1,172,843</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			
Cash and Temporary Investments - Current Assets	\$ 738,059	\$ 434,784	\$ 1,172,843
Cash and Temporary Investments - Restricted Assets	-	-	-
	<u>\$ 738,059</u>	<u>\$ 434,784</u>	<u>\$ 1,172,843</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 137,135	\$ 260,397	\$ 397,532
Adjustments to Reconcile Operating Income to Net Cash	,		
Increase (Decrease) in Accounts Payable	9,465	-	9,465
Total Adjustments	<u>9,465</u>	<u>-</u>	<u>9,465</u>
Net Cash Provided by Operating Activities	<u>\$ 146,600</u>	<u>\$ 260,397</u>	<u>\$ 406,997</u>

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AGENCY FUNDS

Agency Funds are used to account for assets held by a governmental unit in a agency capacity for individuals, other governmental units and/or other funds.

The following funds and statements are included in this section:

Agency Funds

Agency Funds - Statement of Changes in Assets and Liabilities

KETCHIKAN GATEWAY BOROUGH

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 1999

	<u>Balance</u> <u>June 30, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1999</u>
DEFERRED COMPENSATION FUND				
Assets				
Funds with Fiscal Agents	\$ <u>1,288,092</u>	\$ <u>188,217</u>	\$ <u>9,557</u>	\$ <u>1,466,751</u>
Liabilities				
Deferred Compensation	\$ <u>1,288,092</u>	\$ <u>188,217</u>	\$ <u>9,557</u>	\$ <u>1,466,751</u>

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

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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, 1999 and 1998

	1999	1998
GENERAL FIXED ASSETS		
Land	\$ 285,000	\$ 285,000
Buildings	8,224,565	8,224,565
Equipment	1,956,313	1,739,358
Infrastructure	2,753,208	2,648,285
Construction in Progress	-	
Total	\$ 13,219,086	\$ 12,897,208
 INVESTMENT IN GENERAL FIXED ASSETS FROM:		
Federal and State Grants	\$ 1,385,984	\$ 1,377,411
General Revenues	11,833,102	11,519,797
Total	\$ 13,219,086	\$ 12,897,208

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, 1999

Function and Activity	Land	Buildings	Machinery and Equipment	Infrastructure	Total
General Government:					
Manager	\$ 150,000	\$ 335,000	\$ 26,937	\$ -	\$ 511,937
Clerk	-	-	42,896	-	42,896
Attorney	-	-	16,556	-	16,556
Administrative Services	-	-	63,159	-	63,159
Assessment	-	-	82,094	-	82,094
Total General Government	<u>150,000</u>	<u>335,000</u>	<u>231,642</u>	<u>-</u>	<u>716,642</u>
Services:					
Animal Protection	55,000	284,252	88,522	-	427,774
Parks and Recreation	-	7,192,535	411,131	-	7,603,667
Public Works	80,000	273,287	386,794	2,680,466	3,420,547
Planning	-	-	104,351	-	104,351
Child Care Assistance	-	-	7,797	-	7,797
Non-Departmental	-	139,490	52,408	-	191,898
Local Emergency Planning Commission	-	-	12,388	-	12,388
Coastal Zone Management	-	-	7,548	-	7,548
Land Trust	-	-	10,714	-	10,714
	-	-	-	-	-
Total Services	<u>135,000</u>	<u>7,889,565</u>	<u>1,081,653</u>	<u>2,680,466</u>	<u>11,786,683</u>
Service Areas:					
South Tongass Fire District	-	-	432,567	-	432,567
Shoreline Service Area	-	-	200,188	-	200,188
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	-	-	2,251	-	2,251
Mt. Point Service Area	-	-	8,013	-	8,013
Total Service Areas	<u>-</u>	<u>-</u>	<u>643,019</u>	<u>72,743</u>	<u>715,761</u>
Total General Fixed Assets	\$ <u>285,000</u>	\$ <u>8,224,565</u>	\$ <u>1,956,313</u>	\$ <u>2,753,208</u>	\$ <u>13,219,086</u>

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, 1999 and 1998

	<u>June 30, 1999</u>	<u>June 30, 1998</u>
Other Debits		
Amount to Provided-Bonds	\$ <u>7,330,000</u>	\$ <u>9,015,000</u>
Total Other Debits	\$ <u><u>7,330,000</u></u>	\$ <u><u>9,015,000</u></u>
Liabilities		
95 IRC Bonds	\$ 6,130,000	\$ 6,615,000
89 School Construction G.O. Bonds	<u>1,200,000</u>	<u>2,400,000</u>
Total General Long-term Debt	\$ <u><u>7,330,000</u></u>	\$ <u><u>9,015,000</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, 1999

	<u>Balance</u> <u>June 30, 1998</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1999</u>
Other Debits			
Amount to be Provided-Bonds	\$ <u>9,015,000</u>	\$ <u>1,685,000</u>	\$ <u>7,330,000</u>
Liabilities			
95 IRC Bonds	\$ 6,615,000	\$ 485,000	\$ 6,130,000
89 School Construction G.O. Bonds	<u>2,400,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Total General Long-term Debt	\$ <u>9,015,000</u>	\$ <u>1,685,000</u>	\$ <u>7,330,000</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, 1999

CASH & INVESTMENTS CLASSIFIED BY FUND

General Fund		\$	4,544,324
Special Revenue Funds:			
Land Trust - Repair & Maintenance	\$	9,555,206	
Land Trust - Residential		2,748,208	
Land Trust - Commercial & Industrial		2,769,507	
Recreation Capital Projects Fund		531,793	
School Bond/Capital Improvement Fund		130,012	
Airport Passenger Facility Fund		91,322	
SE Economic Disaster Fund		18,481,409	
Shipyards Repair & Maintenance		2,016,663	
Economic Development Loan Guarantee Fund		4,921,881	
Walker Field Fund		37,025	
State & Federal Grants Fund		416,626	
South Tongass Fire District		143,734	
Shoreline Service Area Fund		154,533	
Mt. Point Service Area Fund		296,254	
Waterfall Service Area Fund		122,164	
Mud Bight Service Area		37,485	
Nichols View Service Area Fund		9,830	
Forest Park Service Area Fund		286,205	
Gold Nugget Service Area Fund		16,222	
Shoup Street Service Area		30,611	42,796,691
Capital Projects Funds			
Enterprise Funds:			
Airport Enterprise Fund - Unrestricted		1,300	
Airport Enterprise Fund - Restricted		54,000	
Ferry Enterprise Fund		36,910	92,210
Internal Service Funds:			
Great West Insurance Reserve-School District		569,872	
Great West Insurance Reserve-Borough		168,187	
Aetna Insurance Risk Management Fund		434,784	1,172,844
Agency Funds:			
Cash with Deferred Comp Agent		1,466,751	1,466,751
Total Cash by Fund			\$ <u>50,072,820</u>

CASH CLASSIFIED BY DEPOSITORY

Change Funds & Petty Cash	\$	2,200	
Mikunda Cottrell Trust Account - Shoup Street		181,228	
Mikunda Cottrell Trust Account - Mountain Point		83,720	
First Bank of Ketchikan		14,827	
National Bank of Alaska		3,481,230	
Funds with Fiscal Agents		1,466,751	
Total Cash			5,229,957
Investments			
National Bank of Alaska - Trust		13,615,346	
First Bank		559,556	
U.S. Trust		30,667,961	
Total Investments			44,842,863
Total Cash and Investments			\$ <u>50,072,820</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	Net Assets (at market) Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Overfunded) Pension Benefit Obligation	Annual Covered Payroll	Unfunded (Overfunded) Pension Benefit Obligation as a Percentage Covered Payroll
1989	3,877	4,016	96.5%	139	1,645	8.4%
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%

KETCHIKAN GATEWAY BOROUGH

COMBINED SCHEDULE OF BONDS PAYABLE

Year Ended June 30, 1999

	<u>Interest Rate</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Authorized</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
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	8,400,000	1,200,000
1996 IRC Bonds	4.30 - 6.00	5/15 & 11/15	12/07/95	5/15/2009	7,500,000	7,500,000	1,370,000	6,130,000
					<u>\$ 17,100,000</u>	<u>17,100,000</u>	<u>9,770,000</u>	<u>7,330,000</u>
REVENUE BONDS								
1980 Airport Improvement Bonds	8.00	5/1 & 11/1	05/01/80	05/01/2000	<u>410,000</u>	<u>410,000</u>	<u>360,000</u>	<u>50,000</u>

KETCHIKAN GATEWAY BOROUGH
DEBT SERVICE REQUIREMENTS TO MATURITY

June 30, 1999

Fiscal Year	G.O. Bonds-Education		Total	G.O. Bonds-IRC		Total	Revenue Bonds-Airport		Total
	Principal	Interest		Principal	Interest		Principal	Interest	
2000	1,200,000	80,400	1,280,400	505,000	290,262	795,262	50,000	4,000	54,000
2001				530,000	268,548	798,548			
2002				550,000	245,228	795,228			
2003				575,000	220,478	795,478			
2004				605,000	194,028	799,028			
2005				630,000	165,591	795,591			
2006				660,000	135,037	795,037			
2007				695,000	103,357	798,357			
2008				730,000	69,650	799,650			
2009				650,000	33,150	683,150			
	<u>\$ 1,200,000</u>	<u>\$ 80,400</u>	<u>\$ 1,280,400</u>	<u>\$ 6,130,000</u>	<u>\$ 1,725,329</u>	<u>\$ 7,855,329</u>	<u>\$ 50,000</u>	<u>\$ 4,000</u>	<u>\$ 54,000</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

UNAUDITED SECTION

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		
1990	2,230	2,046	16,752	779	3,244	25,051
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

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

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

Fiscal Year	Taxes	Inter - governmental Revenues	Charges for Services	Other Revenues	Total
1990	7,312	16,365	954	1,026	25,657
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

(1) General government expenditures and revenue figures taken from Exhibit 2, Comprehensive Annual Financial Report FY98

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
1990	4,037	2,614	102	41	6,794
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

(1) Information taken from Exhibit A-2, Comprehensive Annual Financial Report FY98

(2) Information not available

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 Collected	Taxes			Total Tax Collections to Total Tax Levy	Delinquent Taxes		
1990	4,540,936	4,426,772	97.5%	47,459	4,474,231	98.5%	315,991	7.0%	
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%	

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	Real Property	Assessed Value	Estimated Actual Value	
1990	666,993,200	666,993,200	43,808,500	43,808,500	14,881,000	14,881,000	725,682,700	725,682,700	100%
1991	681,735,000	681,735,000	53,771,000	53,771,000	38,838,400	38,838,400	774,344,400	774,344,400	100%
1992	718,163,850	718,163,850	55,421,400	55,421,400	35,800,450	35,800,450	792,034,850	792,034,850	100%
1993	738,564,850	738,564,850	53,470,000	53,470,000	44,979,100	44,979,100	819,894,650	819,894,650	100%
1994	725,831,925	725,831,925	50,919,750	50,919,750	43,142,975	43,142,975	856,242,900	856,242,900	100%
1995	808,998,500	808,998,500	55,258,900	55,258,900	51,643,400	51,643,400	915,900,800	915,900,800	100%
1996	868,583,400	868,583,400	59,920,100	59,920,100	56,567,400	56,567,400	985,070,900	985,070,900	100%
1997	886,485,200	886,485,200	59,779,600	59,779,600	59,318,000	59,318,000	1,005,582,800	1,005,582,800	100%
1998	945,782,900	945,782,900	63,938,900	63,938,900	61,147,800	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	60,666,100	1,010,459,900	1,010,459,900	100%

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

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 End Fire Service Area	Mud Bight Service Area	Forest Park Service Area	Non Areawide	Ketchikan Gateway Borough	Total
1990	8.80	0.50	1.00	5.00		0.85	6.00	22.15
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

TABLE 5 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
PRINCIPAL TAXPAYERS
June 30, 1999

<u>Taxpayer</u>	<u>Business Type</u>	<u>Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Ketchikan Pulp	Forest Products	\$ 44,625,500	4.42%
The Hames Group	Retail Stores	11,763,000	1.16%
Cape Fox Corporation (Includes Cape Fox Hotel Corp.)	Forest Products	11,476,500	1.14%
E. C. Phillips & Son, Inc.	Fish Processing	7,925,700	0.78%
Kanaway Seafoods	Seafood Processing	7,678,000	0.76%
Tongass Trading	Retail Stores	7,303,400	0.72%
Vanderweele, James & Ken	Commercial Property	6,630,700	0.66%
TF Acquisition	Seafood Processing	5,179,700	0.51%
Carr-Gottstein Foods Co.	Retail Stores	5,048,300	0.50%
Tesoro Alaska Petroleum Co.	Petroleum	4,702,800	0.47%
Total Principal Taxpayers		\$ <u>112,333,600</u>	<u>11.12%</u>
Total Assessed Valuation		\$ <u>1,010,459,900</u>	<u>100.00%</u>

TABLE 6 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH

Computation of Legal Debt Margin

June 30, 1999

No Debt Limit is Mandated by Law

Direct and Overlapping Debt

Total Direct Debt

Outstanding G.O. Bonds - Ketchikan Gateway Borough		\$7,380,000
Less Self Supporting Debt:		
1972 Airport Improvement Bonds	(50,000)	
1995 Recreation Sales Tax Revenues	<u>(6,130,000)</u>	<u>(6,180,000)</u>
Total Direct Debt		1,200,000

City of Ketchikan Direct Debt

Outstanding G.O. Bonds		\$17,750,000
Less Self Supporting Debt:		
Bonds paid from Sales Tax Hospital Fund and Other Public Works Funds	\$ 855,000	
Bonds paid from Sales Tax Hospital Fund Revenues	10,450,000	
Bonds Paid from Ketchikan Port Fund Revenues	3,990,000	
Bonds Paid from Wastewater Fund Revenues	<u>1,239,775</u>	<u>16,534,775</u>
Total City of Ketchikan Direct Debt		<u>1,215,225</u>
Total Direct and Overlapping Debt		<u><u>\$2,415,225</u></u>

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
1990	12,829	710,801,700	24,364,000	0	1,175,000	23,189,000	3.26%	1,808
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

- (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, 1999

Fiscal Year	Debt Service Payments		Total General Expenditures	Ratio of Debt Service to General Expenditures
	Principal	Interest		
1990	2,020,000	1,046,112	24,635,784	12.4%
1991	3,395,000	1,933,012	33,514,929	15.9%
1992	3,600,000	1,388,482	32,637,470	15.3%
1993	3,810,000	1,112,455	25,670,551	19.2%
1994	4,045,000	814,534	28,549,747	17.0%
1995	1,610,000	491,588	30,929,801	6.8%
1996	1,400,000	597,041	27,232,932	7.3%
1997	1,630,000	684,527	35,356,990	6.5%
1998	1,655,000	580,728	32,614,023	6.9%
1999	1,685,000	474,228	30,562,761	7.1%

TABLE 9 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
 DEMOGRAPHIC STATISTICS
 Ten Year Period Ending June 30, 1999

Fiscal Year	(1)	(2)	(2)	(3)	(2)	(2)
	Borough Population	Alaska Per Capita Income	Alaska Median Age	Borough School Enrollment	Alaska Unemployment Rate	Ketchikan Unemployment Rate
1990	12,829	21,668	32	2,618	6.7%	7.5%
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%

Sources:

- (1) Alaska Department of Community & Regional Affairs
- (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, 1999

Date of Incorporation	9/13/1963
Type of Government	Second Class Borough
Form of Government	Assembly/Manager
Area - Square Miles	1,242
Education (through Grade 12 only)	
Number of Attendance Centers	7
Number of Classrooms	145
Number of Teachers	157
Number of Students (Average Daily Attendance)	2,724
Elections	
Number of Registered Voters	11,196
Number of Votes in last regular election	2,848
Airport Operations	
Landings & Takeoffs per year - all Aircraft	31,430
Air Carrier Passengers per year	187,173
Ferry Passengers	387,540
Ferry Vehicles	91,797
Planning	
Number of zoning permits issued	163
Permanent Employees as of June 30, 1999	104

TABLE 11 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Value (1)</u>	<u>Construction</u>	
	<u>Assessed Valuation</u>	<u>Number of Units</u>	<u>Value</u>
1990	725,682,700	204	12,911,660
1991	744,344,400	178	5,391,435
1992	809,385,700	153	18,818,175
1993	837,013,950	158	32,886,000
1994	819,894,650	158	11,172,000
1995	849,837,900	130	10,685,122
1996	985,070,900	76	2,905,700
1997	1,005,582,800	42	11,231,500
1998	1,009,721,800	39	17,954,800
1999	1,010,459,900	38	10,693,109

TABLE 12 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH
REVENUE BOND COVERAGE
AIRPORT

Fiscal Year	Gross Revenues (1)		Operating Expenses (2)	Net Revenue Available Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1990	2,352,058	1,814,229	537,829	20,000	27,200	47,200	11.39	
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)	

(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.

TABLE 13 - UNAUDITED

KETCHIKAN GATEWAY BOROUGH

YEAR 2000 COMPLIANCE

UNAUDITED

Year 2000 (Y2K) issues have been addressed and the Borough's computer systems and primary accounting and office software are all certified Y2K compatible.

The critical systems and subsystems were assessed and a remediation plan developed and followed.

All vendors were surveyed and each supplied a statement of compliance or completed a questionnaire. Those with non-compliance issues were identified and monitored. All were slated for computer or software upgrade or replacement by mid-1999, and the Borough does not anticipate Y2K problems that would impact taxpayers or vendors, nor does it anticipate interruptions to revenue collections, communications or services.

Critical support providers to the Borough, such as electricity, water and telephone, now or are expected to be Year 2000 compliant.

SUPPLEMENTAL INFORMATION:

AIRPORT ENTERPRISE FUND

The Airport Enterprise Fund was established to be self-supporting. The General Fund has advanced funds to the Enterprise Fund in Fiscal Year 1999. It is anticipated this advance will be repaid to the General Fund in FY 2000.

