



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: August 25, 2022

RE: **Accepting the Annual Comprehensive Financial Report of the City of Ketchikan, Alaska and the Supplementary Compliance Report Section for the Year Ended December 31, 2021**

As indicated in the attached memorandum from Finance Director Michelle Johansen, arrangements have been made for Monica Gardner, Audit Partner of Teuscher Walpole, LLC to present the results of the 2021 annual financial and compliance audit to the City Council at its meeting of September 1, 2022. Both the Finance Director and this office are pleased to advise the City Council that the auditors issued an unmodified opinion as a result of the audit. A copy of the Annual Comprehensive Financial Report, which includes the auditor's report, the supplementary Compliance Report Section and the auditor's communication with those charged with governance, is attached for City Council review.

I wish to thank the Finance Director, the staff of the Finance Department and Teuscher Walpole for their time and work to complete the 2021 Annual Comprehensive Financial Report for the City.

Both Ms. Johansen and I will be prepared to speak to the 2021 Annual Comprehensive Financial Report of the City of Ketchikan, Alaska and the supplemental Compliance Report Section in more depth at the September 1, 2022 City Council meeting.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion accepting the Annual Comprehensive Financial Report of the City of Ketchikan, Alaska and the supplementary Compliance Report Section for the year ended December 31, 2021.

Recommended Motion: I move that the City Council accept the Annual Comprehensive Financial Report of the City of Ketchikan, Alaska and the supplementary Compliance Report Section for the year ended December 31, 2021.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle L. Johansen, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228.5621
Facsimile: (907) 228-5617

TO: Lacey G. Simpson, Acting City Manager/KPU General Manager

FROM: Michelle L. Johansen, Finance Director

DATE: August 24, 2022

SUBJECT: 2021 Annual Comprehensive Financial Report and Compliance Report Section

The firm of Teuscher Walpole, LLC has completed the City's annual audit for the year ended December 31, 2021. I am pleased to inform you that the auditor issued an unmodified or "clean" opinion on the City's financial statements. In addition, the auditor did not identify any deficiencies in internal control that would have been considered a material weakness. They also did not find any instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of the amounts reported in the City's financial statements.

By means of this memorandum, I am transmitting the 2021 Annual Comprehensive Financial Report (the "ACFR"), which includes the auditor's report, and the supplementary Compliance Report Section. A copy of the auditor's communication with those charged with governance letter has also been attached for your review. The auditor's communication with those charged with governance is a report that requires the auditor to bring to the attention of the governing board significant audit findings and other matters that were identified during the course of the audit.

The ACFR includes the Management's Discussion and Analysis, the basic financial statements of the City and other financial information about the City, all of which are designed to communicate the City's financial position as of December 31, 2021, and changes in its financial position and cash flows for the year then ended. The Compliance Report Section (State Single Audit) includes reports on the City's compliance with requirements applicable to state financial assistance programs, and reports on the internal control structure used in administering of state financial assistance programs. Also included are schedules of expenditures of state financial assistance programs, and schedules of findings and questioned costs, if applicable.

Federal and state regulations require the City to develop a corrective action plan to address internal control weaknesses, questioned costs, and other findings noted during the audit and reported in the Compliance Report Section. Since there were no internal control weaknesses, questioned costs or findings for 2021, a corrective action plan was not required.

Arrangements have been made for Monica Gardner, the audit partner for Teuscher Walpole, to present the results of the 2021 annual financial and compliance audit to the City Council on Thursday, September 1, 2022.

I would like to take this opportunity to thank the Finance Department staff for their dedication and a job well done. Closing down the audit continues to be a challenge because the Governmental Accounting Standards Board continues issue complex groundbreaking accounting standards. I would like to thank the departments and their staff for their patience and cooperation during the closing of the books for 2021. The time they spent responding to requests for information from

Lacey G. Simpson
August 24, 2022
Page 2

Finance and the auditor was very much appreciated. I would also like to thank the City's auditor, Teuscher Walpole, for adjusting their work schedule to complete the audit timely. Finally, I would like to extend my appreciation to the City Manager and the City Council for their continued interest and support in planning and overseeing the financial affairs of the City.

Recommended Motion:

I move the City Council accept the Annual Comprehensive Financial Report of the City of Ketchikan, Alaska and the supplementary Compliance Report Section for the year ended December 31, 2021.



Teuscher Walpole, LLC

CERTIFIED PUBLIC ACCOUNTANTS • TRUSTED ADVISORS

July 27, 2022

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchikan (the City) for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 16, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the useful lives of depreciable capital assets is based on prior experience with the actual lives of assets and input from consultants. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on historical revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the incurred but not reported claims is based on an analysis of the City's historical claims, which considers the nature of the claims and loss experience. Input is sought from and provided by other City departments who have knowledge of potential claims that have yet to be filed against the City. The estimate is reviewed with the City's insurance brokers for reasonableness. Insurance carriers are also consulted if a claim is unusual or complex. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management has to determine whether the work performed on the City's buildings and infrastructure was a capital improvement or repair. Management relied on outside consultants and City engineers in making those determinations. We evaluated the key factors and assumptions in determining that the treatment is reasonable in relation to the financial statements taken as a whole.

Management had to estimate the reimbursable portion of certain capital projects partially funded by a combination of state and federal grants and loans. Management relied on outside consultants and City engineers as well as communications with state and federal grant administrators in making those determinations. We evaluated the key factors and assumptions in determining that the treatment is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

The disclosure of the retirement pension and other postemployment benefit plans in Note 3-J to the financial statements, which describes the City's pension plan and other retirement benefits, as well as how the information is obtained and prepared.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 27, 2022 .

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining individual major and non-major fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory and the statistical schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Council Members, Mayor and management of the City of Ketchikan and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Teuscher Walpole, LLC

City of Ketchikan, Alaska

COMPLIANCE REPORT SECTION

DECEMBER 31, 2021

CITY OF KETCHIKAN

Compliance Report Section

Year Ended December 31, 2021

This section includes the following:

	<u>Page</u>
Independent Auditors Report	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
State Single Audit Reports	
Schedule of State Financial Assistance	2
Notes to the Schedule of Expenditures of State Financial Assistance	3
Independent Auditors Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance and Report on the Schedule of State Financial Assistance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	4
Federal Single Audit Reports	
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards.....	8
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by <i>OMB Compliance Supplement</i>	9
State and Federal Schedule of Findings and Questioned Costs.	11



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchikan, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Ketchikan, Alaska's basic financial statements, and have issued our report thereon dated July 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ketchikan, Alaska's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ketchikan, Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ketchikan, Alaska's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ketchikan, Alaska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Teuscher Walpole, LLC

July 28, 2022

CITY OF KETCHIKAN, ALASKA
SCHEDULE OF STATE FINANCIAL ASSISTANCE
Period Ended December 31, 2021

Description	Grant/Award Number	Fund	Major Program	Program or Award Amount	(Unearned) at Jan. 1, 2021	2021 Receipts	2021 Expenditures	Adjustments	(Unearned) at December 31, 2021
<u>STATE OF ALASKA DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT</u>									
State Revenue Sharing	N/A	101		\$ 112,311	\$ -	\$ 112,311	\$ 112,311	\$ -	\$ -
State Revenue Sharing - Marijuana Business Share	N/A	101		2,200	-	2,200	2,200	-	-
Responding to and Mitigating risk of COVID-19 outbreak	20-CPV-04	510	M	1,100,300	-	1,100,300	1,100,300	-	-
FY 21 Fisheries Bus Tax Share Program	N/A	240		2,562	-	2,562	2,562	-	-
				<u>1,217,373</u>	<u>-</u>	<u>1,217,373</u>	<u>1,217,373</u>	<u>-</u>	<u>-</u>
<u>STATE OF ALASKA DEPARTMENT OF EDUCATION</u>									
Federal LSTA Cares Act				2,000	-	-	-	-	-
2020 Public Library Assistance Grant	PLA21-Ketch	101		7,000	(3,748)	-	3,748	-	-
2021 Public Library Assistance Grant	PLA-22Ketch	101		7,000	-	7,000	6,883	-	(117)
				<u>16,000</u>	<u>(3,748)</u>	<u>7,000</u>	<u>10,631</u>	<u>-</u>	<u>(117)</u>
<u>STATE OF ALASKA DEPARTMENT OF REVENUE</u>									
FY 21 Fisheries Bus Tax Share	N/A	320	M	123,177	-	123,177	123,177	-	-
FY 21 Fisheries Bus Tax Share	N/A	520	M	36,793	-	36,793	36,793	-	-
CPV Funds	N/A	260		2,163,570	(7,747,307)	-	-	-	(7,747,307)
				<u>2,323,540</u>	<u>(7,747,307)</u>	<u>159,970</u>	<u>159,970</u>	<u>-</u>	<u>(7,747,307)</u>
<u>STATE OF ALASKA DEPARTMENT OF TRANSPORTATION</u>									
Mountain Point Deferred Maint Funds	N/A	240		294,117	(294,117)	-	-	-	(294,117)
Bar Harbor North Ramp 3	20-HG-003	320	M	627,055	163,539	358,212	247,786	-	53,113
				<u>921,172</u>	<u>(130,578)</u>	<u>358,212</u>	<u>247,786</u>	<u>-</u>	<u>(241,004)</u>
<u>STATE OF ALASKA DEPARTMENT OF ADMINISTRATION</u>									
PERS Contribution	N/A	Multiple	M	917,794	-	917,794	917,794	-	-
				<u>917,794</u>	<u>-</u>	<u>917,794</u>	<u>917,794</u>	<u>-</u>	<u>-</u>
<u>STATE OF ALASKA DEPARTMENT OF FISH AND GAME</u>									
Cooperative Agreement #20-004		320		75,000	-	-	3,950	7,604 #	11,554
				<u>75,000</u>	<u>-</u>	<u>-</u>	<u>3,950</u>	<u>7,604</u>	<u>11,554</u>
<u>TOTAL 2021 STATE OF ALASKA FINANCIAL ASSISTANCE</u>				<u>\$ 5,470,879</u>	<u>\$ (7,881,633)</u>	<u>\$ 2,660,349</u>	<u>\$ 2,557,504</u>	<u>\$ 7,604</u>	<u>\$ (7,976,874)</u>

Adjustment on prior year balance

CITY OF KETCHIKAN, ALASKA

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2021

Note 1 – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of State Financial Assistance includes the state grant activity of the City of Ketchikan, Alaska and is presented on the basis of generally accepted accounting principles (GAAP) as applied to governmental units. The information in this schedule is presented in accordance with the requirements of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 – Commercial Passenger Excise Tax

Commercial Passenger Excise Tax Funds are to be used for the purpose of supporting tourism related to cruise ship traffic. In 2021, the City received no Commercial Passenger Excise Tax Funds due to the Corona Virus pandemic. The funds restricted for the purposes noted above as of December 31, 2021 are \$7,747,307.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF STATE FINANCIAL
ASSISTANCE REQUIRED BY THE STATE ALASKA AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR
STATE SINGLE AUDITS

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Ketchikan, Alaska's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City of Ketchikan, Alaska's major state programs for the year ended December 31, 2021. The City of Ketchikan, Alaska's major state programs are identified in the accompanying schedule of state financial assistance.

In our opinion, the City of Ketchikan, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our responsibilities under those standards and the State Single Audit Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Ketchikan, Alaska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Ketchikan, Alaska's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Ketchikan, Alaska's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Ketchikan, Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the State Single Audit Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the

compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Ketchikan, Alaska's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Ketchikan, Alaska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Ketchikan, Alaska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Ketchikan, Alaska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Financial Assistance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchikan, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Example Entity's basic financial statements. We issued our report thereon dated July 28, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements. Such information is the responsibility of management and was

derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Teuscher Walpole, LLC

July 28, 2022

CITY OF KETCHIKAN, ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Period Ended December 31, 2021

Description	Fund	Grant/Award Number	CFDA Number	Program or Award Amount	Receivable or (Unearned) at January 1, 2021	2021 Receipts	2021 Expenditures	Adjustments	Receivable or (Unearned) at December 31, 2021
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>									
KGB Pass Thru - Vaccination Clinics		N/A	93.323	13,257	-	13,257	13,257	-	-
				13,257	-	13,257	13,257	-	-
<u>American Rescue Plan Act (ARPA)</u>									
NEU-Non Entitlement	101		21.027	999,847	-	999,847	999,847	-	-
CPV Share Tax	510		21.027	2,723,867	-	2,723,867	2,723,867	-	-
Raw Fish	101		21.027	171,648	-	171,648	-	-	(171,648)
Alaska State Library	101	ARPA19	21.027	2,000	-	2,000	-	-	(2,000)
				3,897,362	-	3,897,362	3,723,714	-	(173,648)
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>									
Equitable Sharing	280	N/A	16.922	27,769	(174,519)	-	32,193	-	(142,326)
				27,769	(174,519)	-	32,193	-	(142,326)
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>									
<u>TRANSPORTATION SECURITY ADMINISTRATION</u>									
2018 State Homeland Security Program	101	20SHSP-GY18	97.067	387,771	-	80,758	80,758	-	-
2020 State Homeland Security Program	101	20SHSP-GY20	97.067	238,750	-	-	-	-	-
EMPG 2020 (FFY21)	101	20EMPG-GY21	97.042	30,000	-	15,000	15,000	-	-
EMPG 2021 (FFY22)	101	21EMPG-GY21	97.042	30,000	-	15,000	15,000	-	-
2019 SAFER	101	EMW-2019-FF-01673		168,215	2,791	8,323	7,976	-	2,444
*FEMA	119			342,150	-	120,347	120,347	-	-
COPS Grant	290	2020SVWXS0056		248,702	-	-	-	-	-
				1,445,588	2,791	239,428	239,081	-	2,444
<u>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</u>									
ADEC Loan - Schoenbar Road Water Main	520	DW481081	66.468	1,591,967	22,195	-	-	-	22,195
ADEC Loan - Schoenbar Road Water Main	505	CW481151	66.468	1,795,197	-	-	-	-	-
				3,387,164	22,195	-	-	-	22,195
<u>UNITED STATES DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPEMENT</u>									
Community Development Block Grant - WISH	190	19-CDBG-01	14.228	850,000	-	850,000	850,000	-	-
Coronavirus Relief Fund - Cares	291	20-CRF-101	21.019	12,281,650	2,498,533	3,181,152	682,619	-	-
				13,131,650	2,498,533	4,031,152	1,532,619	-	-
<u>NATIONAL OCEANIC & ATMOSPHERIC ADMIN (NOAA)</u>									
2016 Pink Salmon Disaster Relief	320	21-014G	11.022	424,786	-	292,033	280,922	31,691 ~	20,580
				424,786	-	292,033	280,922	31,691	20,580
<u>UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)</u>									
<u>HISTORIC PRESERVATION FUND GRANTS IN AID</u>									
Colorful Characters & Places Signage	101	21003	15.904	24,000	-	-	-	-	-
Historic Preservation Plan Phase I	101	21002	15.904	24,000	-	-	-	-	-
Ketchikan Pioneer Hall: Historic Structures Report	101	19006	15.904	22,880	-	22,880	22,880	-	-
				\$ 70,880	-	22,880	22,880	-	-
<u>TOTAL 2021 FEDERAL FINANCIAL ASSISTANCE</u>				\$ 22,398,456	\$ 2,349,000	\$ 8,496,112	\$ 5,844,666	\$ 31,691	\$ (270,755)

~ Adjustment on prior year balance

* FEMA expense occurred in 2020 but SEFA eligible 2021

CITY OF KETCHIKAN, ALASKA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2021

Note 1 – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the City of Ketchikan, Alaska under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Expenditures recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, may or may not be allowable or may be limited as to reimbursement for certain types of expenditures. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The City of Ketchikan, Alaska has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The City of Ketchikan receives proceeds under the Alaska Clean Water Loan Fund and Drinking Water Loan Fund programs. The amounts outstanding at December 31, 2021 were, \$2,611,000 and \$7,111,000 respectively.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Ketchikan, Alaska's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Ketchikan, Alaska's major federal programs for the year ended December 31, 2021. City of Ketchikan, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Ketchikan, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Ketchikan, Alaska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Ketchikan, Alaska's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Ketchikan, Alaska's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Ketchikan, Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Ketchikan, Alaska's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Ketchikan, Alaska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Ketchikan, Alaska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Ketchikan, Alaska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Teuscher Walpole, LLC

July 28, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Significant deficiency identified?
- Material weakness identified?
- Noncompliance material to financial statements?

	Yes	<u> X </u>	No
	Yes	<u> X </u>	No
	Yes	<u> X </u>	No

Federal Awards

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Internal control over major federal programs:

- Significant deficiency identified?
- Material weakness identified?

	Yes	<u> X </u>	No
	Yes	<u> X </u>	No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	Yes	<u> X </u>	No
--	-----	--------------	----

Identification of major programs:

CFDA Number(s)

14.228
21.027
21.027

Name of Federal Program or Cluster

Community Development Grant - Wish
NEU – Non Entitlement
CPV Share Tax

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

	Yes	<u> X </u>	No
--	-----	--------------	----

State Awards

Type of auditor's report issued on compliance for major state programs:

Unmodified

Internal control over major state programs:

- Significant deficiency identified?
- Material weakness identified?

	Yes	<u> X </u>	No
	Yes	<u> X </u>	No

Dollar threshold used to distinguish a state major program:

\$150,000

Section II – Financial Statement Findings

The City of Ketchikan, Alaska did not have any findings that relate to the financial statements.

Section III – Federal Award Findings and Questioned Costs

The City of Ketchikan, Alaska did not have any findings that relate to federal awards.

Section IV – State Award Findings and Questioned Costs

The City of Ketchikan, Alaska did not have any findings that relate to state awards.

Section V – Summary Schedule of Prior Audit Findings

No prior year findings were reported.

CITY OF *Ketchikan* ALASKA



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2021

"THE HEART OF SETTLERS COVE" PHOTOGRAPH BY CARLOS ROJAS
Reproduction strictly prohibited without permission

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

For the Year Ended
December 31, 2021

Prepared by:

FINANCE DEPARTMENT

Michelle L. Johansen
Director of Finance

Shawn E. Hart, CPA
Controller

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2021

TABLE OF CONTENTS

Introductory Section

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

Financial Section

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

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

Basic Financial Statements

Government-wide Financial Statements:

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

Fund Financial Statements:

Governmental Funds:

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

Proprietary Funds:

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

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

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – (Budgetary Basis) - General Fund.....	85
--	----

Notes to the Required Supplementary Information	88
Schedule of the City's Proportionate Share of the Net Pension Liability	90
Schedule of City Pension Contributions.....	91
Schedule of the City's Proportionate Share of the Net OPEB Liability	92
Schedule of City OPEB Contributions	93

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2021

Combining, Individual Fund Statements and Schedules:

Governmental Funds

Combining Statements Nonmajor Governmental Funds:

Combining Balance Sheet – by Fund Type	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances by Fund Type	96

Nonmajor Special Revenue Funds:

Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	100

Transient Tax Fund

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

Marijuana Sales Tax Fund

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

Solid Waste Services Fund

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

Ketchikan Boat Harbor Fund

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

Bayview Cemetery Fund

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

Commercial Passenger Vessel Excise Tax Fund

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

Federal and State Grant Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	108
---	-----

Emergency Relief Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	109
---	-----

Forfeitures and Property Seizures Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	110
---	-----

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2021

<i>CARES Act Grant Fund</i>	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	111
Major Debt Service Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balances	114
<i>General Obligation Bond Fund</i>	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	115
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	119
<i>Major Capital Improvements Fund</i>	
Project Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	120
<i>Harbor Improvements Fund</i>	
Project Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	121
<i>Community Facilities Development Fund</i>	
Project Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	122
<i>Hospital Construction Fund</i>	
Project Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	123
<i>Commercial Passenger Vessel Excise Tax Capital Projects Fund</i>	
Project Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	124
General Fund	
Combining Balance Sheet	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	128
<i>Sales Tax Hospital & Other Public Works Fund</i>	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	131
<i>Sales Tax Public Works Fund & Other Public Works Fund</i>	
Schedule of Revenues, Expenditures, and Changes in Fund	
Balance – Budget and Actual (Budgetary Basis).....	132
<i>Economic Development and Parking Fund</i>	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual (Budgetary Basis)	133

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2021

Shoreline Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Budgetary Basis) 134

Community Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Budgetary Basis) 135

Proprietary Funds

Enterprise Funds

Major Enterprise Funds

Ketchikan Public Utilities Fund
Comparative Statement of Net Position..... 138
Comparative Statement of Revenues, Expenses and Changes in
Net Position – by Service..... 140
Comparative Statement of Cash Flow 142
Comparative Schedule of Revenues 144
Comparative Schedule of Operation and Maintenance Expenses..... 146
Comparative Schedule of Administrative and General Expenses..... 149

Port Fund
Comparative Statement of Net Position..... 150
Comparative Statement of Revenues, Expenses and Changes in
Net Position..... 153
Comparative Statement of Cash Flow 154

Wastewater Services Fund
Comparative Statement of Net Position..... 156
Comparative Statement of Revenues, Expenses and Changes in
Net Position..... 157
Comparative Statement of Cash Flow 158

Internal Service Funds

Combining Statement of Net Position..... 162
Combining Statement of Revenues, Expenses, and Changes in Net Position..... 163
Combining Statement of Cash Flows..... 164

Additional Information

Combined Schedule of Cash Balances – All Funds 165

City of Ketchikan, Alaska
Comprehensive Annual Financial Report
For The Year Ended December 31, 2021

Statistical Section
(Unaudited)

Government-wide Information	
Net Position by Component.....	170
Changes in Net Position	172
Financial Trends	
Fund Balances, Governmental Funds.....	178
Changes in Fund Balances, Governmental Funds	180
Tax Revenues by Source, Governmental Funds.....	182
Revenue Capacity	
Direct and Overlapping Property Tax Rates.....	185
Assessed Value and Actual Value of Taxable Property	186
Principal Property Taxpayers	188
Property Tax Levies and Collections.....	189
Direct and Overlapping Sales Tax Rates.....	191
Major Governmental Activities Customer Base and Charges for Services Income	192
Major Business Type Activities Customer Base and Charges for Services Income	194
Gross Sales by Category.....	196
Debt Capacity	
Outstanding Debt by Type.....	200
Ratio of General Bonded Debt Outstanding.....	201
Pledged Revenue Coverage	202
Direct and Overlapping Governmental Activities Debt	204
Demographic and Economic Information	
Demographic and Economic Statistics	206
Principal Employment by NAICS Industry Category	208
Operating Information	
Property Value and Construction	211
Full-time Equivalent City Employees by Function/Program	212
Operating Indicators by Function/Program	214
Capital Assets Statistics by Function/Program.....	216
Insurance Coverages.....	218
Utility Statistical Information.....	219
Energy Demand, Peak Demand and Resources	
Gross Generation (kWh).....	220
Historical Electric Customers, Energy Sales and Operating Results.....	222
Historical Telephone Access Lines and Operating Results	224
Historical Water Customers and Operating Results	226
Utility Rates and Charges	229
Port Fund Operating Results	230

LETTER OF TRANSMITTAL



THIS PAGE INTENTIONALLY LEFT BLANK



July 28, 2022

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Ketchikan, Alaska for the year ended December 31, 2021. Section 5.2 of the City Charter requires an independent audit of the City's financial records and transactions by a certified public accountant within four months after the end of the City's fiscal year.

Introduction To The Report

The ACFR was prepared by the City of Ketchikan Finance Department. The accuracy of the data in this financial report, and the completeness and the fairness of the presentation, including all disclosures is the responsibility of management. To provide a reasonable basis for making these representations, a comprehensive internal control framework has been established that is designed to protect the City's assets from loss, theft, or misuse and to maintain sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh the benefits, the framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Teuscher Walpole, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2021 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal and state financial assistance, the City may be required to undergo a federal single audit and a state single audit. Single audits are designed to provide grantors with assurances regarding federal and state grants that have been awarded to the City. The federal single audit was performed in accordance with the provisions of the Single Audit Act Amendments of 1996 and the requirements of Title 2 of the US Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The state single audit was performed in accordance with the State of Alaska Single Audit Regulation 2 AAC 45.010 and the requirements of the *Audit Guide and Compliance Supplement for State Single Audits*. These audits were designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. Information related to these single audits including the Schedules of Expenditures of Federal Awards and State Financial Assistance, the auditor's reports on the internal control and compliance with applicable laws and regulations, and the schedules of findings and questioned costs are included in separately issued reports.

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

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

Profile of the Government

The City of Ketchikan, incorporated in 1900, is a community of 8,149 and is the fifth largest city in Alaska. Located on Revillagigedo Island in southern Southeast Alaska, and within the boundaries of the Tongass National Forest, Ketchikan is 680 miles north of Seattle, Washington, and 230 miles south of Alaska's capital, Juneau. Ketchikan is the largest city located within the Ketchikan Gateway Borough and occupies five square miles. The population of the Borough is 13,895.

The City is a home rule municipality operating under the Council-Manager form of government. The Mayor and the seven-member City Council are elected for staggered three-year terms by the community at large. Local elections are held annually in October. The governing board is responsible for enacting ordinances, adopting the annual budget, establishing policy, and appointing a City Manager/KPU General Manager, a City Clerk and a City Attorney.

The City Manager/KPU General Manager serves at the pleasure of the City Council and is responsible for implementing the ordinances and policies of the governing board; and overseeing the daily operations of general government and the City's public utilities, including Ketchikan Public Utilities (KPU), the municipally owned electric, telecommunications and water utility.

The City provides a full range of government services, including police and fire protection; emergency medical services; cemetery; library; museum; harbors; parking; street maintenance and improvements; and solid waste collection and disposal. The City operates three enterprise funds that provide port, wastewater, and electric, telephone and water utility services and owns the community's largest health care facility.

The annual budget serves as the foundation for the City's financial planning and control. In the fall of each year, departments of the City are required to submit requests for appropriations and capital projects to the City Manager/KPU General Manager. The City Manager/KPU General Manager uses these requests as the basis for developing a proposed annual budget and five-year capital improvement plan and presents both spending plans to the City Council for review in November. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than three days before the start of the City's fiscal year, which begins on January 1. The appropriated budget is prepared by fund and department. The City Manager/KPU General Manager may make limited transfers of appropriations within a department. Transfers of appropriations that exceed the City Manager/KPU General Manager's authority, between funds, departments and reserves require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and all major special revenue governmental funds of the City, this comparison is presented as required supplementary information. For non-major government funds with appropriated budgets, this comparison is presented in the governmental funds subsection of this report.

Local Economy

The information presented in the City's annual financial report is perhaps best understood when it is considered in the context of the local economy in which the City is a participant. From the moment of the City's founding in 1900, the local economy has been based on natural resources. During the early 1900's mining and fishing were important area industries. At one point in its history, Ketchikan was known as the "Salmon Capital of the World". By the 1950's, mining's role in the local economy had diminished and fishing was in the process of being replaced by timber as the major industry that would drive the local economy for nearly fifty years. This transition occurred because two 50-year timber contracts to cut timber in the Tongass National Forest were awarded by the US Forest Service. The contracts resulted in the construction of two major pulp mill facilities, one of which was located in Ketchikan, and the development of several saw mills in and near Ketchikan.

For most of the second half of the 20th Century, the fishing and timber industries co-existed and the community enjoyed the benefits of a stable economy that grew at a slow, but consistent pace. By the time the 1990's arrived, both industries were under duress. The fishing industry was suffering from high operating costs, excessive inventories, low market prices and competition from farmed fish. The timber industry was faced with addressing environmental issues; changing government regulations that affected the supply of timber from the Tongass

National Forest and impacted the cost of doing business; and the premature cancellation of the 50-year timber contracts. Overcoming these issues was difficult at best and eventually resulted in the closure of the Ketchikan pulp mill facility in 1997 and the subsequent closure of a several local saw mills and other regional timber operations in Southeast Alaska.

Ketchikan's economy is still dependent on natural resources but it has transitioned from one that is based primarily on the extraction and development of natural resources to one that is more focused on the preservation of natural resources so they can be shared with future generations from around the world. The fishing industry continues to play an important role in the local economy and the mining industry is attempting to make a comeback through efforts to develop two rare earth and precious metal mines near Ketchikan that are currently in the exploratory stages. Ketchikan's most dominant economic sector is tourism and its popularity as a major port of call for large cruise ships and their passengers continues to grow. In 2019 Ketchikan saw a record number of passengers. The number of paying passengers arriving by large cruise ships has increased from 236,000 in 1990 to 1,171,000 in 2019. The industry was forecasting 46 cruise ships to make 562 stops and bring a record breaking 1.2 million paying passengers to the community in 2020. Due to the COVID-19 pandemic the tourism industry came to a halt in 2020. With the help of the federal delegation the cruise industry was able to resume sailing to Alaska in 2021 for a limited cruise ship season. The City is expecting approximately 8% of the 2019 cruise ship season in 2021 and a full the return of cruise ships in 2022 but the passenger volume is lower than usual. The City invested over \$40 million dollars in 2006 to construct Berth III, add a waterfront promenade and develop ground transportation areas and other shore side amenities. Private companies have invested millions of dollars to develop a retail complex at the former Spruce Mill site and Berth IV and its adjacent ground transportation area. The City also completed phase four of a \$26 million four-phase project to upgrade Berths I and II. Going forward the City will consider options for the financing and construction of improvements costing up to \$100 million to upgrade its port facilities to accommodate the neopanamax cruise ships that are beginning to serve the Southeast Alaska cruise market but first the City must concentrate on recovering from the effects of the COVID-19 pandemic and determining how the privately owned cruise ship berthing facilities located in Ward Cove, Alaska will impact the need for publicly owned facilities in the downtown core.

The City is a major contributor to the community's economy and has played an important role in planning and supporting economic development. The City is the community's sole provider of electric utility services; the largest provider of port and harbor services; a major provider of telecommunication services; the owner of the Ketchikan Medical Center, a major regional health care facility; and the lead local governmental agency responsible for constructing and maintaining a significant portion of the community's transportation infrastructure, all of which affect the overall direction and health of the local economy. The City, with an annual payroll of \$23.63 million is one of the community's top five employers.

The City is located within the boundaries of the Ketchikan Gateway Borough, which had a population of 13,895 in 2021. Approximately 58 percent of the community's population, or 8,149 residents, make their home within the city limits. The City's population peaked in 1997 at 8,552, the last year of operations for the Ketchikan Pulp Company. School enrollment also peaked in 1997 at 2,782 pupils and has since followed a similar downward trend, until bottoming out at 2,110 students in 2009. In 2021, the Ketchikan Gateway Borough School District reported an enrollment of 2,163 pupils, an increase of 5 pupils from 2020.

The shift in the local economy from timber to tourism has resulted in a labor force that has become more seasonal. In 2021, the monthly employment varied between 5,691 and 6,669. The average employed labor force in 2021 was 6,118 with employment peaking at 6,669 in July. The average labor force in 2020 was 5,823. The average annual unemployment rate for 2021 was 7.4 percent, a decrease from the 9.5 percent that was reported for 2020. Per capita income in the Ketchikan Gateway Borough for 2018, 2019 and 2020 was \$68,941, \$70,985 and \$70,574, respectively. The 2021 data was not available.

In 2021, assessed values increased by 1.0% to \$948.33 million from \$947.23 million in 2020. The projected change in assessed values for 2022 is about 2.0%. Gross retail sales increased from \$444.6 million in 2020 to \$510.5 million in 2021, or 12.0 percent and taxable retail sales increased by 20.87 % to \$259.73 million. The City collected \$10.39 million in sales tax revenues in 2021, or \$1.80 million more than 2020. Sales tax collections for 2021 were projected to be \$11,157,000. Cruise ships were expected to return May of 2021 but were delayed due to COVID-19. The cruise ships were ultimately allowed to return to Alaska in July of 2021 for a minimal cruise season. The 2022 cruise ship season did return in May of 2022 but with lower than expected passenger counts. The number of passengers is expected to be lower than the record setting visitors realized in 2019 but significantly more than 2021, which is good news for an economy relying on sales tax revenues from cruise ship passengers. The City continues to mitigate the loss of revenues by deferring capital projects financed from local funds, reducing

operating costs where it is reasonable and practical to do so without compromising the needs of the community and public safety, and evaluating and filling employee vacancies on a case by case basis.

Long-Term Financial Planning and Relevant Financial Policies

The mission of the City is to provide cost effective programs and services consistent with the goals of preserving and enhancing the current quality of life enjoyed by the citizens of Ketchikan. The long-term financial planning efforts of the City are directed towards identifying events and situations that may hinder the City's ability to achieve these goals, taking proactive or preemptive roles in developing strategic solutions to address the challenges that have been presented, and developing reasonable and prudent plans for ensuring that the City has the financial resources available to carry out its strategic solutions. In this context, the governing board and management of the City strive to promote policies and adopt plans that:

- Minimize the local tax burden and support reasonable and equitable fees for local government services.
- Encourage the development of reliable utility services that are adequate to meet the demands of the community at affordable rates that encourage private investment in the community.
- Actively address state mandates or regulatory issues that threaten to increase the cost of local government.
- Support full funding for the development and maintenance of infrastructure necessary to encourage economic development in the community and maintain Ketchikan's position as the major economic hub of Southern Southeast Alaska.

Port Development –Currently, the City has four berths capable of berthing panamax cruise ships. The larger neopanamax cruise ships are now being placed in service and more neopanamax class cruise ships will be added to the Southeast Alaska market as they come off the production line. Initially, the City had tentatively settled on projects to expand Berths I and II and modify to Berth III to handle the neopanamax ships but suspended these efforts due to cost considerations and the recent announcement by the Ward Cove Dock Group, a privately held company, of its plans to construct two neopanamax berths at the site of the former Ketchikan Pulp Company. The Ward Cove Dock Group finished construction of the two berths and placed in service in 2021. As a result, the City is continuing to evaluate future development needs while recovering from the economic effects of COVID-19 pandemic.

Telecommunications Utility - The telecommunications industry is fast paced industry that is constantly being subjective to rapid changes in technology that significantly affects how telecommunication services are delivered to consumers. The City owned telecommunications utility has not been immune to these changes. In response to the rapid growth in the demand for internet and video services and the need for additional bandwidth, the City undertook the development and construction of a 90 mile undersea fiber cable between Ketchikan, Alaska, USA and Prince Rupert, BC, Canada. In November 2020, the City completed installation of the new undersea fiber cable. Going forward the telecommunications utility will be focusing on projects that were deferred due to COVID-19 pandemic, starting with upgrading discontinued equipment in its core network and switches.

State Fiscal Challenges – The State of Alaska is an oil producing state that relies heavily on taxes assessed against oil companies operating the oil fields located in the state to fund its operating and capital budgets. The overall decline in oil prices has had a significant impact on the State's finances and its ability to balance its annual budgets. The State's 2022 legislative session looks to make progress towards a balanced budget and the oil revenues originally projected for the fiscal year ending June 30, 2022 of \$1.29 billion could double. While this is good news the fiscal health of the State plays an important role in the City's finances as well as other local governments around the State. As discussed in more detail in the MD&A, the finances of the State can have an immediate and direct impact on the finances of the City and area wide borough government. State employment accounts for 7.45% of the local workforce, revenue sharing and, historically, has been a predominant player in the development and construction of infrastructure through its capital matching grant programs. The City's utilities and public facilities have benefited from these programs. Over the past ten years, the City has received millions of dollars, in the form of grants and low interest loans, to improve, replace or acquire water and sewer mains, hydroelectric plant, harbor and port facilities, a fire station, a library, and a hospital wing. The City Council is cognizant of the fact that it must carefully assess the finances of the State as it develops and approves the City's

annual budgets and continues to make this assessment in its budget deliberations in order to arrive at a spending plan that maintain the quality of life for the citizens of the City without placing upon them an undue tax burden.

Property Tax and Debt Policies – The City currently subscribes to a policy of maintaining a stable property tax levy in order to promote Ketchikan as an attractive place to live and encourage economic development. Changes in the property tax levy are made in the context of a long-term perspective. As a result, increases or decreases in the property tax levy are made only if the long-term financial needs of the City warrant such changes. Short-term financial needs are addressed by making adjustments to the reserves of the City’s general fund. The policy has been successful since 1990. During this period, the City’s mill rate has ranged between 6.1 and 8.7. The City has lowered its mill rate six times and raised it twice. The current mill rate of 6.6 has been in effect since 2018.

The City Charter requires that the voters ratify all general obligation and revenue bonds issued by the City at either a special or regular municipal election. The primary resources for debt service on the City’s general obligation bonds are property and sales taxes. The City currently limits the issuance of revenue bonds to finance improvements for its electric, telecommunications, water and wastewater utilities and its port operations. In addition, revenue bonds can only be issued provided that the net revenue available from the pledged activities is equal to or greater than 1.25 times annual debt service after the issuance of the revenue bonds. The City continues to meet these requirements with the exception of its 2016 Port Revenue Refunding Bond. The minimal 2021 cruise ship season precluded the City from satisfying the debt service coverage for the port bond.

Major Initiatives

The City is a part of a progressive community that seeks to improve the quality of life for its citizens. During 2021, a number of initiatives were undertaken by the City to improve the utility infrastructure, encourage economic development, enhance public safety and public health, promote the education and cultural experience of its citizens, and improve administrative efficiencies of city government. Some of the major initiatives are as follows:

- Continue to navigate the effects of an unprecedented COVID-19 pandemic by developing and adapting to recommendations and mandates in order to provide services and keep the community safe.
- Continue the improvements to the Domestic Violence Shelter owned by the City and operated by a local non-profit organization, Women In Safe Homes. Project completion is expected in early 2022.
- Issued a contract for improvements of a building to be used for the purpose of sheltering some of the homeless population and minimizing the risk of spreading COVID-19.
- The newly purchased aerial ladder truck and a mini-pumper truck were placed in service.
- Completed fire station 2 door renovations.
- Approved lease financing of an ambulance assigned to the fire department. Delivery is expected in early 2022.
- Completed the police station siding project.
- Completed audio visual system upgrades to the Ted Ferry Civic Center.
- Continued the installation of commercial water meters with a goal towards moving to a metered rate structure for business customers.
- Issued a contract for the raw water main replacement on Schoenbar Road and amended the Schoenbar water main replacement loan with the Alaska Department of Environmental Conservation.
- Continued efforts to seek a Limited Alternative to Filtration per the Federal Safe Drinking Water Act.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the forty-second year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the annual comprehensive financial report was a team effort on the part of the professional staff of the Finance Department. Without their efforts, it would not have been possible to produce this report. Each member worked many extra hours and exhibited an extraordinary effort to ensure the accuracy and timeliness of this report. We appreciate their dedication and the contributions they made to this effort. These individuals are:

Stan Aegerter	Taylor Martinez
Anita Beaudoin	Meadow Muench
Vickie Boyd	Camille Nelson
Ging Day	Korry Olsen
Cristina Doyle	Tracey Sader
Joe Graham	Terry Sivertsen
Patty Keeley	Meghan Traudt

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

Respectfully submitted,



Michelle L. Johansen
Finance Director



Shawn E. Hart, CPA
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ketchikan
Alaska**

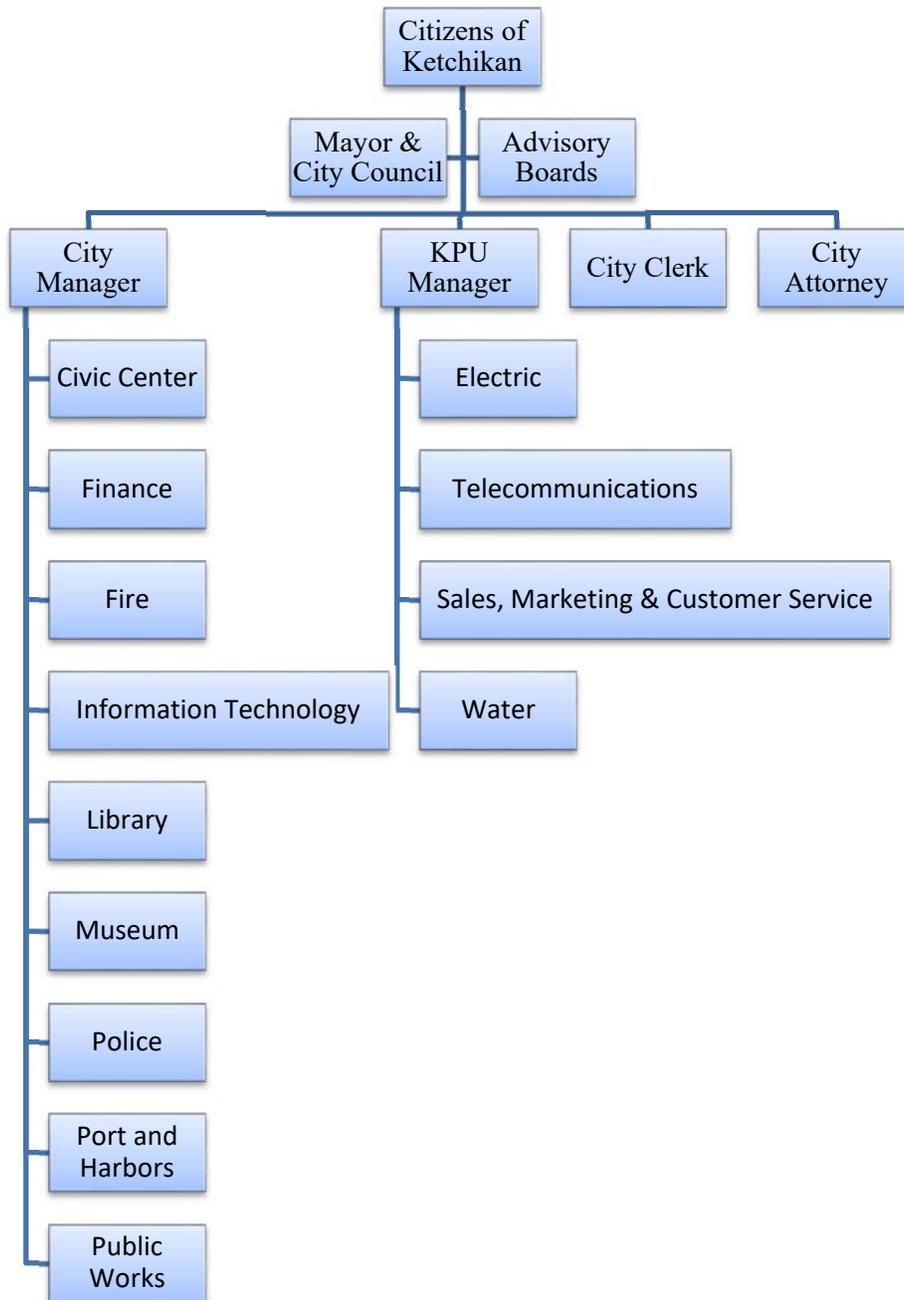
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF KETCHIKAN, ALASKA
ORGANIZATIONAL CHART
DECEMBER 31, 2021



CITY OF KETCHIKAN, ALASKA

PRINCIPAL CITY OFFICIALS

December 31, 2021

MAYOR AND CITY COUNCIL

<i>City Mayor</i>	<i>David Kiffer</i>
<i>City Councilmember</i>	<i>Lallete Kistler</i>
<i>City Councilmember</i>	<i>Abby Bradberry</i>
<i>City Councilmember</i>	<i>Riley Gass</i>
<i>City Councilmember</i>	<i>Mark Flora</i>
<i>City Councilmember</i>	<i>Janalee Gage</i>
<i>City Councilmember</i>	<i>Jai Mahtani</i>
<i>City Councilmember</i>	<i>Judy Zenge</i>

CITY STAFF

<i>City Manager/KPU General Manager</i>	<i>Lacey Simpson</i>
<i>City Clerk</i>	<i>Kim Stanker</i>
<i>City Attorney</i>	<i>Mitchell A. Seaver</i>
<i>Finance Director</i>	<i>Michelle L. Johansen</i>
<i>Information Technology Director</i>	<i>Curtis Thomas</i>
<i>Police Chief</i>	<i>Eric Mattson</i>
<i>Fire Chief</i>	<i>Scott Brainard</i>
<i>Public Works Director/Engineering Mgr.</i>	<i>Mark W. Hilson</i>
<i>Library Director</i>	<i>Patricia A. Tully</i>
<i>Museum Director</i>	<i>Anita A. Maxwell</i>
<i>Civic Center Manager</i>	<i>Alice M. Nelson</i>
<i>Port and Harbors Director</i>	<i>Mark W. Hilson</i>
<i>Telecommunications Utility Manager</i>	<i>Edward L. Cushing</i>
<i>Water Utility Manager</i>	<i>John C. Kleinegger</i>
<i>Electric Utility Manager</i>	<i>Andrew R. Donato</i>
<i>Sales, Marketing & Customer Service Manager</i>	<i>Kim N. Simpson</i>



THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ketchikan, Alaska, for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Ketchikan, Alaska's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ketchikan, Alaska, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Ketchikan, Alaska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ketchikan, Alaska's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ketchikan, Alaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ketchikan, Alaska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 17–31 and 85–87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ketchikan, Alaska's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2022, on our consideration of the City of Ketchikan, Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ketchikan, Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ketchikan, Alaska's internal control over financial reporting and compliance.

Teuscher Walpole, LLC

July 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Ketchikan is pleased to provide the users of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. Users should consider the information presented here in conjunction with additional information furnished in the letter of transmittal and the information included in the notes to the financial statements.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred outflows of resources by \$364.4 million (net position), an increase of \$2.32 million or 0.6% from 2020.
- Total net position is comprised of the following:
 - 1) Net investment in capital assets of \$292.58 million, includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - 2) Resources of \$24.11 million restricted by constraints imposed from outside the City such as debt covenants, granting agencies, laws, or regulations.
 - 3) Unrestricted resources of \$47.70 million available to maintain the City's continuing obligations to its citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$31.89 million, a decrease of \$1.76 million or 5.2% from 2020.
- The City was awarded funds from the American Rescue Plan Act
- Unassigned fund balance for the General Fund totaled \$4.07 million or 17.75% of total General Fund expenditures. This was an increase of \$752,697 from 2020. The General Fund reported a current year operating deficit of \$582,279. In 2020, an operating deficit of \$390,840 was reported.
- The City's proprietary funds reported total ending net position of \$180.63 million, an increase of \$4.56 million or 2.60% from 2020.
- The City's property tax rate remained unchanged at 6.6 mill. The City has increased its mill rate only twice in the past 30 years. For all other years, the mill rate remained unchanged or was lowered.

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

Overview of the Financial Statements

This discussion and analysis introduces the City's basic financial statements, which comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. Other supplementary information providing additional detail to support the basic financial statements is also included in the City's comprehensive annual financial report.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City should extend to other nonfinancial factors such as the diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the calendar year. All activities on this statement are reported on the accrual basis of accounting, which requires that revenues be reported when earned and expenses be reported when incurred regardless of when cash is received or disbursed. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both of the government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, culture, harbors, and health and welfare. Business-type activities include Ketchikan Public Utilities (KPU), a combined utility; the Port of Ketchikan and wastewater utility services.

Fund Financial Statements

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

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has five proprietary funds; three are classified as enterprise funds and two are internal service funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for electric, water, telecommunications and wastewater utilities and port facilities.

Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal funds to account for its risk management and insurance programs and compensated absences. Internal service fund assets and liabilities are predominantly governmental and have been included in the governmental activities of the government-wide statements of net position.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Required Supplementary Information

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

Supplementary Information

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

Government-wide Financial Analysis

Statement of Net Position

The City's net position at December 31, 2021 and 2020 totaled \$364.40 million and \$362.08 million, respectively. The net position of the City, as a whole, increased by \$2.31 million. The following table summarizes the net position of the City's governmental and business-type activities:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 51,149,915	\$ 43,697,354	\$ 60,189,429	\$ 52,651,324	\$ 111,339,344	\$ 96,348,678
Capital assets	211,530,857	214,333,966	189,260,538	191,278,539	400,791,395	405,612,505
Total assets	262,680,772	258,031,320	249,449,967	243,929,863	512,130,739	501,961,183
Deferred outflows of resources	1,767,179	2,091,031	528,596	609,082	2,295,775	2,700,113
Liabilities						
Current and other liabilities	7,184,883	6,541,398	8,100,402	6,888,401	15,285,285	13,429,799
Long-term liabilities	63,749,463	66,618,118	57,197,759	60,887,927	120,947,222	127,506,045
Total liabilities	70,934,346	73,159,516	65,298,161	67,776,328	136,232,507	140,935,844
Deferred inflows of resources	9,736,056	951,015	4,053,838	696,609	13,789,894	1,647,624
Net Position						
Net investment in capital assets	161,755,446	162,968,635	130,832,845	132,468,924	292,588,291	295,437,559
Restricted	13,948,485	14,684,160	10,162,964	9,608,549	24,111,449	24,292,709
Unrestricted	8,073,608	8,359,025	39,630,755	33,988,535	47,704,363	42,347,560
Total net position	\$ 183,777,539	\$ 186,011,820	\$ 180,626,564	\$ 176,066,008	\$ 364,404,103	\$ 362,077,828

Total assets and deferred outflows of resources for governmental activities increased by \$4.31 million and total liabilities and deferred inflows of resources increased by \$6.56 million, resulting in a decrease in net position of \$2.23 million for governmental activities. Total assets and deferred outflows of resources for business-type activities increased by \$5.44 million and total liabilities and deferred inflows of resources increased by \$879,062, resulting in an increase of \$4.56 million in net position for business-type activities. For the City as a whole, net position decreased by \$2.31 million from 2020. As noted, net position may serve over time as a useful indicator of a government's financial position. Since the City began reporting its net position in 2003, it has increased from \$207.16 million to \$364.40 million. Over the past 18 years, the City's financial position has improved by \$157.24 million, or 75.90%.

The largest component of the City's net position is its net investment in capital assets. The City's net investment in capital assets accounts for 80.3% of its net position. These capital assets include land, buildings, equipment, vehicles, and infrastructure used to provide services to the citizens of the City less any related debt that is still outstanding. These assets are not available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this outstanding debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. For the City as a whole, its net investment in capital assets decreased by \$2.85 million. The net investment in capital assets for the City's governmental activities decreased by \$1.22 million and the net investment in capital assets for business-type activities decreased by \$1.64 million.

Approximately 6.6% of the City's net position is restricted because of limitations placed on how these resources may be used. Included are resources restricted for debt service, bond proceeds for capital improvements, Commercial Passenger Vessel Excise Tax funds for services provided to passengers and program specific resources accounted for in special revenue funds. Programs provided by the City include solid waste collection and disposal, harbors, and cemetery services.

A portion of the City's net position is unrestricted and may be available to meet the City's ongoing financial obligations. This portion represents resources not restricted by external requirements nor invested in capital assets. The unrestricted portion of net position amounted to \$47.70 million, or 13.09%, of total net position. This is an increase of \$5.26 million from 2020. Unrestricted net position reported for the City's governmental activities decreased by \$285,417 and the unrestricted net position of the City's business-type activities increased by \$5.64 million.

(This page continued on the subsequent page)

Changes in Net Position

The City's net position increased \$2.33 million in 2021. The net position for governmental activities decreased \$2.23 and business-type activities increased \$4.56 million. The following table provides a summary of the changes in the City's net position:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program:						
Charges for services	\$ 6,982,791	\$ 6,334,148	\$ 48,039,353	\$ 45,474,420	\$ 55,022,144	\$ 51,808,568
Operating grants and contributions	4,136,717	16,198,520	4,097,777	321,475	8,234,494	16,519,995
Capital grants and contributions	736,594	670,984	2,170,301	3,641,165	2,906,895	4,312,149
General:						
Taxes	17,090,241	15,150,854	-	-	17,090,241	15,150,854
Other	595,538	827,718	818,664	978,693	1,414,202	1,806,411
Total revenues	<u>29,541,881</u>	<u>39,182,224</u>	<u>55,126,095</u>	<u>50,415,753</u>	<u>84,667,976</u>	<u>89,597,977</u>
Expenses:						
General government	2,488,224	2,675,395	-	-	2,488,224	2,675,395
Public safety	10,682,784	6,726,434	-	-	10,682,784	6,726,434
Culture and tourism	3,503,606	4,450,058	-	-	3,503,606	4,450,058
Health and welfare	4,000,233	13,640,897	-	-	4,000,233	13,640,897
Public works	7,811,076	8,660,929	-	-	7,811,076	8,660,929
Harbor	2,429,503	2,596,906	-	-	2,429,503	2,596,906
Interest	1,945,589	1,950,480	-	-	1,945,589	1,950,480
KPU	-	-	41,043,980	42,592,923	41,043,980	42,592,923
Port	-	-	5,658,328	7,772,537	5,658,328	7,772,537
Wastewater	-	-	2,778,378	2,676,021	2,778,378	2,676,021
Total expenses	<u>32,861,015</u>	<u>40,701,099</u>	<u>49,480,686</u>	<u>53,041,481</u>	<u>82,341,701</u>	<u>93,742,580</u>
Increase in net position before transfers	(3,319,134)	(1,518,875)	5,645,409	(2,625,728)	2,326,275	(4,144,603)
Transfers in (out)	<u>1,084,853</u>	<u>1,823,443</u>	<u>(1,084,853)</u>	<u>(1,823,443)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(2,234,281)	304,568	4,560,556	(4,449,171)	2,326,275	(4,144,603)
Net position, beginning	<u>186,011,820</u>	<u>185,707,252</u>	<u>176,066,008</u>	<u>180,515,179</u>	<u>362,077,828</u>	<u>366,222,431</u>
Net position, December 31	<u><u>183,777,539</u></u>	<u><u>186,011,820</u></u>	<u><u>180,626,564</u></u>	<u><u>176,066,008</u></u>	<u><u>364,404,103</u></u>	<u><u>362,077,828</u></u>

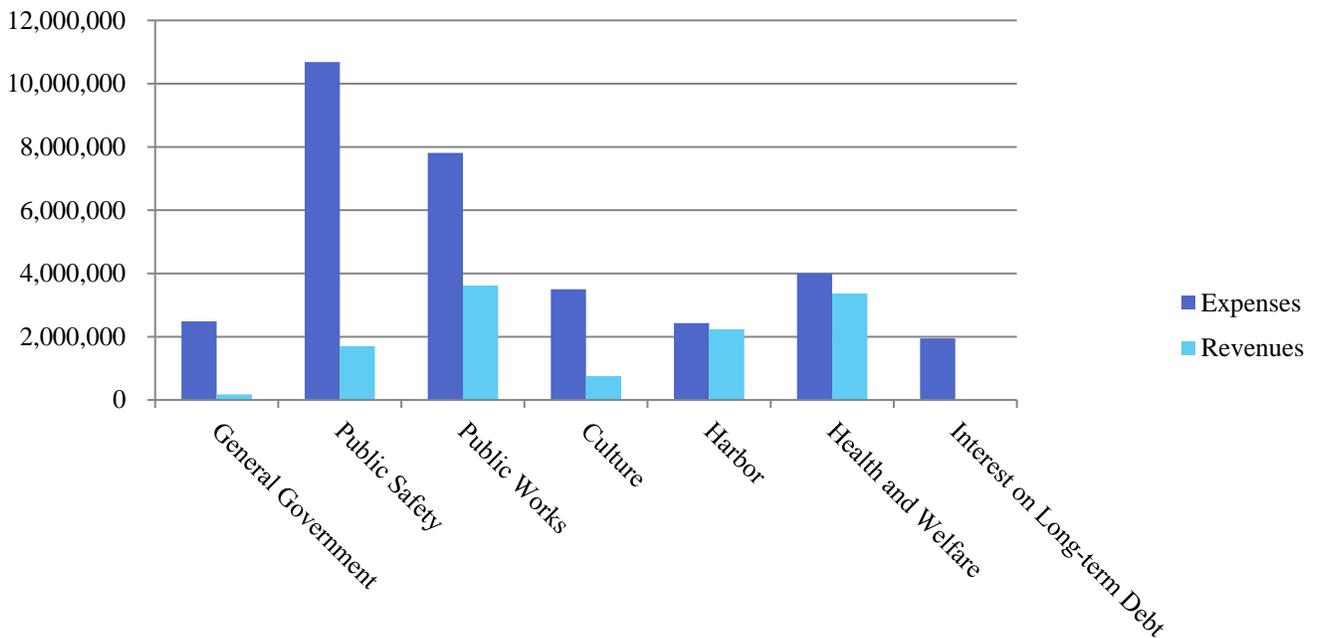
Governmental Activities. The City's net position from governmental activities decreased \$2.23 million. In 2020, net position decreased by \$304,568. The key elements in the change in net position from the prior year are as follows:

- Charges for services increased by \$648,643. The Solid Waste Division increased its disposal fees generating an additional \$422,000 in 2021 and accounting for 65% of the increase in charges for services. The remaining 35% is due to the revival of summer travelers and cruise ship passengers coming to Ketchikan, resulting in increases in ambulance, parking, library, museum, and transient harbor revenues.
- Taxes increased by \$1.94 million in 2021. The City realizes approximately 33% of its sales tax revenues from the tourism industry and those businesses that support the tourism industry. The resumption of summer travel increased sales and transient tax revenues accounting for nearly all of the increase. A full year of collecting remote seller sales tax generated an additional \$514,000 in 2021.
- Operating grants decreased by \$12.06 million. The decrease was due to a reduction of financial assistance from the federal government. In 2020 the City received financial assistance to address the immediate needs of the COVID-19 pandemic. The relief funds came from the CARES Act that was approved by the U.S. Congress in March 2020 and the Federal Emergency Management Agency. In 2021 the City received American Rescue Plan Act Funds (ARPA) via Non-Entitlement Unit Funds, State of Alaska Commercial Passenger Vessel Tax –ARPA Funds, and Raw Fish Tax-ARPA Funds. The total ARPA Funding received in 2021 totaled \$3.90 million.
- General government expenses decreased by \$7.84 million. This decrease is a direct result of reduced operating grants. The City distributed \$8.6 million to the community in 2020 resulting in a decrease in expenses for 2021.
- Public safety increased by \$3.96 million. Nearly all of this increase is due a transfer of \$3.14 million of public safety employee wages and benefits to the CARES Act Grant Special Revenue Fund in 2020. These wages and benefits were paid to public safety employees who played a critical key role as first responders during the COVID-19 public health emergency. The cost of these wages and benefits were reclassified as a public health function. The additional public safety costs are a result the 2019 compensation plan update to the compensation plan and adjustments to the City's PERS net pension liability.
- Culture and tourism expenses decreased by \$946,452 primarily due to the deferral of projects to improve tourism amenities in the downtown core. Library, museum and Civic Center Services continued to be impacted by the effects of COVID-19 pandemic. As a result the services were cut back to minimize risk of community spread.
- Public health expenses decreased by \$9.64 million. Nearly all of the decrease was for costs incurred by the City in its efforts to address the COVID-19 pandemic and the impacts that the virus had on the community.

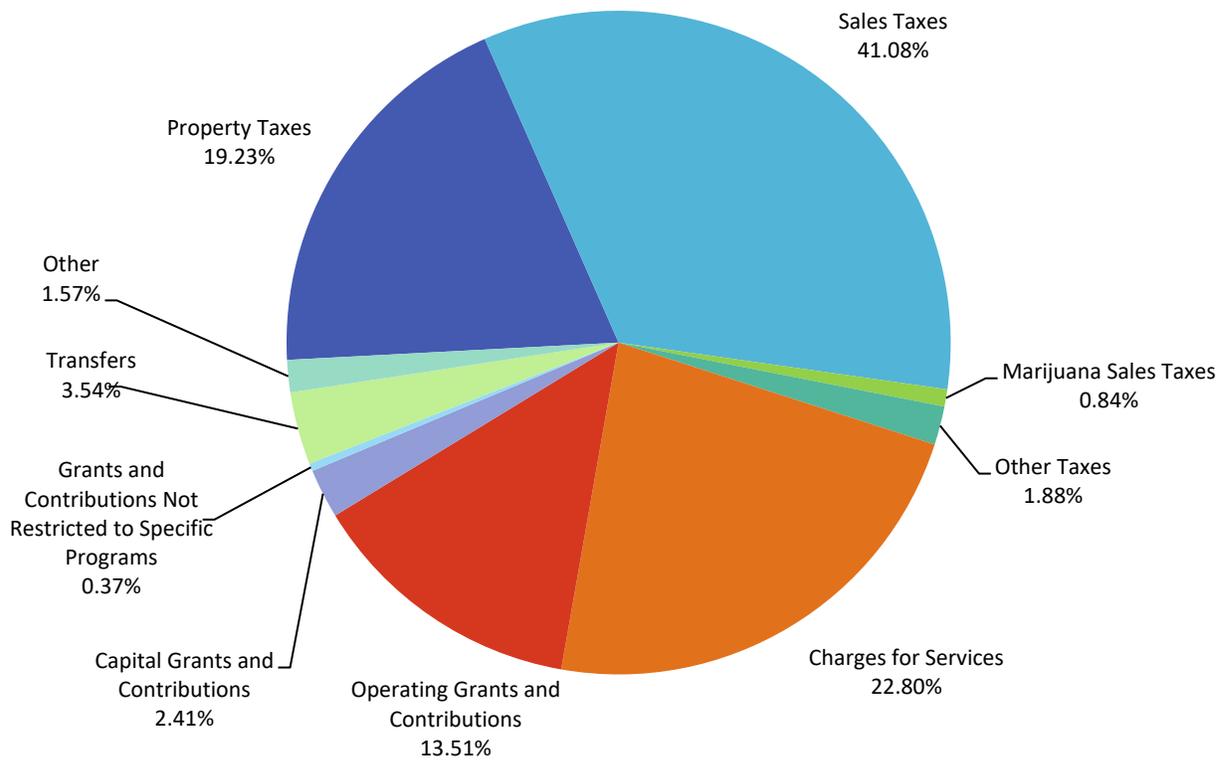
The following graphs compare program revenues with expenses and illustrate the revenues by source for governmental activities.

(This page continued on the subsequent page)

EXPENSES AND PROGRAM REVENUES –GOVERNMENTAL ACTIVITIES



REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



Business-type Activities. The City's net position from business-type activities increased by \$4.56 million. This is a significant change from last year's decrease of \$4.45 million. As will be discussed below, nearly all of the increase is due to the increase in rates and return of a significantly reduced cruise ship season. The City's business-type activities include electric, telecommunications, water and wastewater utilities; and port operations. The key elements in the change in net position from the prior year are as follows:

Charges for services increased \$2.56 million. The table below summarizes charges of services by business-type activity.

	2021	2020
Electric	\$ 19,162,832	\$ 18,459,247
Telecommunications	19,786,970	19,413,257
Water	4,342,104	4,128,320
Port	1,301,805	60,215
Wastewater	3,445,698	3,413,381
	<u>\$ 48,039,409</u>	<u>\$ 45,474,420</u>

Electric utility revenues increased by \$703,585 because the utility increased its rates 1.5% in anticipation of an increase in the cost to purchase power from Southeast Alaska Power Agency (SEAPA). A 1.5% rate increase and a 1.6% increase in consumption generated the additional revenue in 2021.

Overall, telecommunications revenues increased by \$373,713. A combination of factors were responsible for most of the increase. Local network revenues decreased by about \$41,580 as customers drop their landline services or moved to another provider. Non-regulated telecommunication revenues arising from internet, television and wireless services increased by \$371,782. Consumer demand for internet, television and wireless services continues to be strong and the City's telecommunications utility has a dominant presence in the local market.

Port revenues increased by \$1.24 million because cruise ship sailings to Alaska resumed in a limited capacity in 2021. The U.S. Centers for Disease Control issued a no sail order for all cruise ship operators in the United States and the Canadian government prohibited cruise ships from berthing at Canadian ports in 2020. Since the U.S. Jones Act requires foreign built vessels to berth at a foreign port when traveling between two American ports, the U.S. Federal delegation passed a temporary waiver to the Jones Act allowing for a minimal cruise ship season in 2021. This was an important step for the community, allowing the City and local businesses to operate even in a limited capacity gave employers and employees confidence in the cruise ship seasons to come.

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

The overall expenses of the City's business-type activities for 2021 decreased from \$53.04 million to \$49.48 million, or \$3.56 million. The table summarizes expenses by business-type activity.

	2021	2020
Electric	\$19,350,090	\$18,541,278
Telecommunications	17,387,975	19,786,090
Water	4,305,915	4,265,555
Port	5,658,328	7,772,537
Wastewater	2,778,378	2,676,021
	<u>\$49,480,686</u>	<u>\$53,041,481</u>

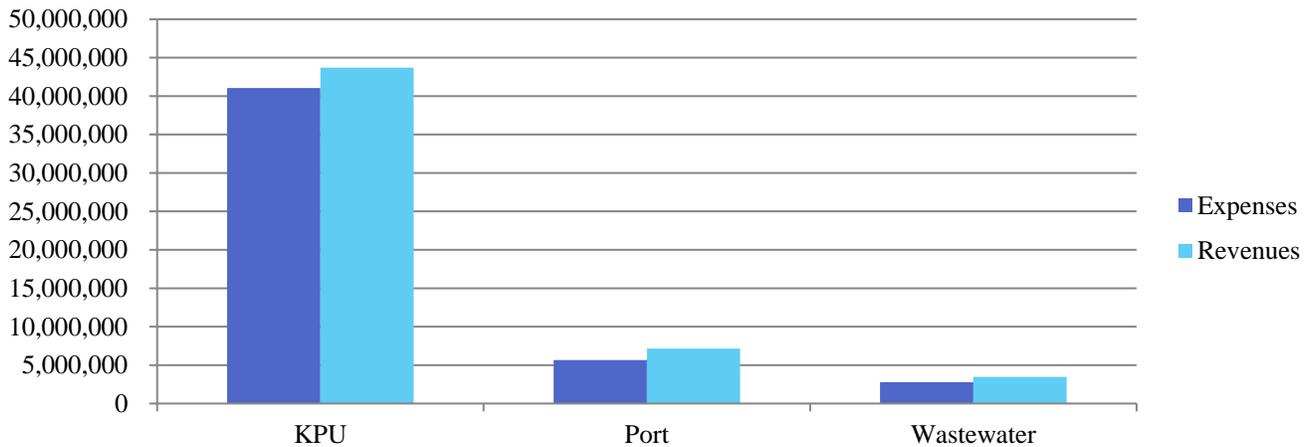
The total expenses of the electric utility increased in 2021 by \$809,000. Overhead and underground line maintenance and distribution station equipment maintenance costs were higher in 2021, \$660,000 more than 2020 while generation costs decreased slightly.

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

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

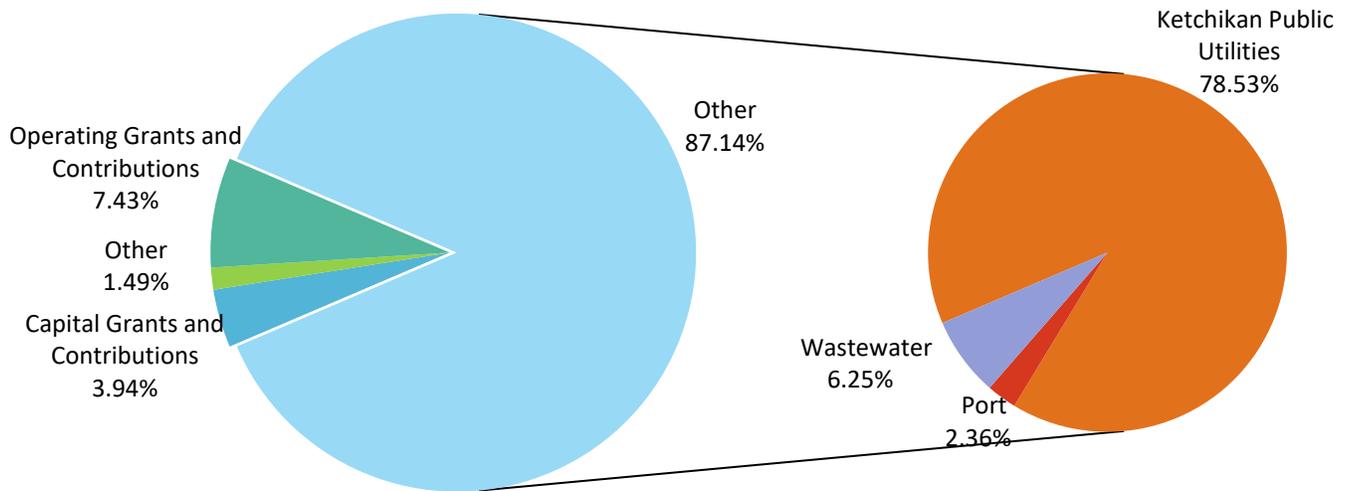
The following graphs compare program revenues with program expenses and illustrate the revenues by source for business-type activities.

EXPENSES AND PROGRAM REVENUES –BUSINESS-TYPE ACTIVITIES



(This page continued on the subsequent page)

REVENUE BY SOURCE –BUSINESS-TYPE ACTIVITIES



Financial Analysis of the City's Funds

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

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

The City's governmental funds reported combined ending fund balances of \$31.88 million, a decrease of \$1.76 or 5.2%, from last year. Nonspendable fund balances total \$395,006 and consists entirely of land held for resale. Restricted fund balances total \$9.01 million. Assigned fund balances total \$18.41 million and includes the following:

- \$3.24 million for the subsequent year's budget deficit
- \$4.79 million for streets and sidewalks maintenance and other public works projects
- \$0.73 million for culture and tourism
- \$2.90 million for public buildings improvements
- \$2.72 million for public health
- \$1.56 million for solid waste
- \$0.32 million for abatement of dangerous buildings and parking development
- \$0.13 million for public safety
- \$1.69 million for harbors
- \$0.31 million for general government

The general fund is the primary operating fund of the City through which all receipts of and payments for City operations are processed unless they are required to be accounted for in another fund. By definition, it is a major governmental fund under generally accepted accounting principles. Total general fund revenues for 2021 amounted to \$23.57 million, an increase of \$2.06 million from 2020. Nearly all of the increase was a result of the recovery of revenues resulting from revenues not realized because of the COVID-19 pandemic in 2020. Sales tax revenues increased by \$1.81 million or 12.6% from 2020. Charges for services increased by \$272,093, or 17.3%. Total general fund expenditures for 2021 amounted to \$22.95 million, an increase of \$1.30 million from 2020. The primary reason for the increase in expenditures was the return of public safety wages that were classified as public health wages and transferred to the CARES Act Grant Fund in 2020. This increase was partially offset by freezing vacant positions to minimize costs and deferring maintenance.

Proprietary Funds. The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Factors concerning the finances of the City's three proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The legally adopted 2021 budget for the general fund does not include all the City funds that must be accounted for as part of the General Fund as defined by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. For more information on the City's general fund, please see the combining statements for the general fund.

The adopted 2021 Budget for the general fund projected annual revenues of \$17.91 million and subsequently amended to \$19.03 million. All of the amendments were for grant awards for public safety and general fund services. Actual revenues totaled \$17.43 million, which resulted in unfavorable budget variance of \$1.60 million, or 8.4%. Approximately \$3.56 million, or 85.6%, of budget variance for revenues was the result of the:

- (1) Loss of sales tax revenues.
- (2) Loss of revenues from museum, ambulance, civic center, parking fees and other miscellaneous fees
- (3) Decrease in parking fines and other fines because they were suspended during lockdowns and other periods when social distancing protocols were in place.

The City continues to experience revenue shortfalls that originated because of the COVID-19 pandemic. In 2021, the return of cruise ships and summer travelers was a good sign but it will take some time to recover to full pre-pandemic levels.

The adopted 2021 Budget for general fund included appropriations for expenditures totaling \$23.50 million. During the year, the City Council approved amendments expenditures totaling \$361,078 and authorized transfers totaling \$250,892 from reserves to appropriations for expenditures. The amendments and the transfers increased appropriations for expenditures to \$23.86 million. All of the amendments provided appropriations for spending the proceeds from grants awards and contributions for public safety and public health services. The transfers provided funding for public safety overtime and professional lobbying services. Actual expenditures totaled \$20.64 million, which resulted in a favorable variance of \$3.22 million. In 2020, Public safety employee wages and benefits totaling \$3.14 million and \$72,873 for COVID administrative leave were transferred the CARES Act Special Revenue Fund and paid for from funds received by the federal government under the CARES Act. In 2021, Public Safety employee wages remained in the General Fund creating an increase of \$2.95 million in public safety costs from the previous year. This swing was mitigated due to a combination of retirements and a moratorium on filling vacant positions that was continued in order to preserve the General Fund's reserves in the event of a prolonged pandemic.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities, net of accumulated depreciation as of December 31, 2021, amounts to \$400.79 million. This investment in capital assets includes land, buildings, improvements, utility plants, port facilities, machinery and equipment, and infrastructure. The total decrease in the City's investment in capital assets, net of accumulated depreciation, was \$4.82 million or 1.2%. The City's investment in governmental activities, net of accumulated depreciation decreased \$2.80 million and business-type activities capital assets decreased by \$2.02 million. See

Note 3-E for additional information about changes in capital assets during the calendar year and the amount outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$ 29,131,180	\$ 29,131,180	\$ 4,534,706	\$ 4,534,706	\$ 33,665,886	\$ 33,665,886
Easements	588,168	588,168	-	-	588,168	588,168
Construction in progress	5,474,959	4,547,360	14,718,995	12,806,719	20,193,954	17,354,079
Intangibles and other	120,750	120,750	6,416,412	6,416,412	6,537,162	6,537,162
Total non-depreciable	<u>\$ 35,315,057</u>	<u>\$ 34,387,458</u>	<u>\$ 25,670,113</u>	<u>\$ 23,757,837</u>	<u>\$ 60,985,170</u>	<u>\$ 58,145,295</u>
Depreciable assets:						
Utility plants	\$ -	\$ -	\$294,866,860	\$293,067,594	\$ 294,866,860	\$ 293,067,594
Port facilities	-	-	67,933,863	67,886,957	67,933,863	67,886,957
Land improvements	1,539,203	1,539,203	-	-	1,539,203	1,539,203
Buildings	142,057,021	142,057,021	-	-	142,057,021	142,057,021
Machinery and equipment	19,499,701	17,827,047	-	-	19,499,701	17,827,047
Infrastructure	95,388,671	95,388,671	-	-	95,388,671	95,388,671
Software	581,531	581,531	-	-	581,531	581,531
Total depreciable assets	259,066,127	257,393,473	362,800,723	360,954,551	621,866,850	618,348,024
Less accum. depreciation	<u>(82,850,327)</u>	<u>(77,446,965)</u>	<u>(199,210,298)</u>	<u>(193,433,849)</u>	<u>(282,060,625)</u>	<u>(270,880,814)</u>
Net depreciable assets	<u>\$176,215,800</u>	<u>\$179,946,508</u>	<u>\$163,590,425</u>	<u>\$167,520,702</u>	<u>\$ 339,806,225</u>	<u>\$ 347,467,210</u>
Percentage depreciated	<u>32%</u>	<u>30%</u>	<u>55%</u>	<u>54%</u>	<u>45%</u>	<u>44%</u>
Book value - all assets	<u>\$211,530,857</u>	<u>\$214,333,966</u>	<u>\$189,260,538</u>	<u>\$191,278,539</u>	<u>\$ 400,791,395</u>	<u>\$ 405,612,505</u>

Major capital assets under construction during 2021 and included in construction in progress are as follows:

- Bar Harbor North Ramp 3, Float 10 and 11 Electrical Upgrade - \$523,000
- Overnight Warming Shelter - \$426,000
- Domestic Violence Shelter - \$1,664,000
- Bar Harbor North Piling Replacement - \$268,000
- Schoenbar Road Water Improvements - \$1,263,000
- Water Filtration Project - \$311,000
- Commercial Metering Project - \$260,000

Major capital assets placed in service during 2021 are as follows:

- Aerial Ladder Truck - \$1,352,000
- Mini-Pumper Truck - \$291,000
- Audio Visual Upgrades for the Ted Ferry Civic Center - \$155,000

At December 31, 2021, the depreciable capital assets for governmental activities were 32% depreciated. At December 31, 2020 and 2019, capital assets were 30% and 29% depreciated, respectively. The City's business-type activities capital assets were 55% depreciated at December 31, 2021 compared to 54% and 53% for 2020 and 2019, respectively. A trending increase in the percentage would suggest that the City has not been maintaining its capital assets and may incur the risk and cost of

deferred maintenance. A trending decrease in the percentage is an indicator that capital assets have been well maintained. No change in the percentage of assets depreciated implies that capital assets have been adequately maintained.

Long-term Debt

At December 31, 2021, the City had \$102.86 million in outstanding bonded debt and other long-term debt, an decrease of \$3.59 million from 2020. Total general obligation bonded debt decreased from \$50.79 million to \$49.18 million, or 3.3%. Total revenue bonded debt decreased from \$51.62 million to \$49.96 million, or 3.3%. The following table provides a summary of outstanding long-term debt:

Outstanding Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 47,755,000	\$ 49,265,000	\$ 1,422,801	\$ 1,526,047	\$ 49,177,801	\$ 50,791,047
Revenue bonds	-	-	49,963,133	51,617,107	49,963,133	51,617,107
Landfill closure costs	977,940	977,700	-	-	977,940	977,700
Compensated absences	1,596,912	1,766,355	1,145,072	1,297,420	2,741,984	3,063,775
Total	<u>\$ 50,329,852</u>	<u>\$ 52,009,055</u>	<u>\$ 52,531,006</u>	<u>\$ 54,440,574</u>	<u>\$ 102,860,858</u>	<u>\$106,449,629</u>

In June 2021, the City refunded its 2012-2 Library General Obligation Bond by issuing its 2021 Library General Obligation Refunding Bond. The refunding bond was issued through the Alaska Municipal Bond Bank Authority with a par value of \$3.05 million at a true interest cost of 1.67%. The net present savings amounted to \$202,988 or 6.75% of the refunded bond. The City's policy for refunding candidates is generally net present value savings of at least 3%.

In June 2021, the City refunded through the Alaska Municipal Bond Bank Authority its KPU Revenue Bond 2013-A, Series X in the amount of \$9.24 million at a true interest cost of 1.82%. The net present savings amounted to \$1,035,645 or 12.41% of the refunded bond. The City's policy for refunding candidates is generally net present value savings of at least 3%.

In September 2018, the City issued a \$1,591,967 revenue bond through the Alaska Department of Environmental Conservation Drinking Water Loan Program for the Schoenbar Road Water Main Replacement Project. In 2021, the City submitted a request to amend the loan agreement increasing the loan \$5,973,779 for a total loan amount of \$7,565,746. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2021, the City had incurred construction costs of \$1,625,063 that were eligible for reimbursement under this loan program. The final loan amount will be determined at the time the project is completed.

In May 2019, the City issued a \$1.25 million revenue bond through the Alaska Department of Environmental Conservation Clean Water Loan Program for the Commercial Wastewater Metering Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2021, the City had incurred construction costs of \$382,328 that were eligible for reimbursement under this loan program. The final loan amount will be determined at the time the project is completed.

In May 2019, the City issued a \$1.25 million revenue bond through the Alaska Department of Environmental Conservation Drinking Water Loan Program for the Commercial Water Metering Project. The proceeds from this loan are distributed to the City as it incurs construction costs. As of December 31, 2021, the City had incurred construction costs of \$382,328 that were eligible for reimbursement under this loan program. The final amount will be determined at the time the project is completed.

All of the City's general obligation and municipal revenue bonds have been issued through the Alaska Municipal Bond Bank Authority or the Alaska Department of Environmental Conservation. The rating agencies have not separately rated these bonds. The City's general obligation bonded indebtedness is not subject to a locally imposed legal debt ceiling. The City's revenue bonds are required to maintain debt service coverage that generates net revenue from its utilities and port operations that is equal to or greater than 1.25 times annual debt service. The City has complied with nearly all general obligation and revenue bond covenants, however, due to the COVID-19 pandemic and the significantly reduced 2021 cruise ship season, the City did not satisfy the debt service coverage for its 2016 Port Revenue Refunding Bond. Fortunately, the City received a grant in the amount of \$1.1 to pay a portion of 2020 and 2021 debt service and a private contribution in the amount \$2 million to help the Port Fund make the \$2.23 million debt service payment that was required for 2021. The Port bonds were issued through the Alaska Municipal Bond Bank Authority and they were notified of the City's inability to satisfy this covenant.

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

As of December 31, 2021, the City's total direct general obligation bond debt per capita was \$6,332.

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

Economic Factors and Next Year's Budgets and Rates

Tourism continues to be a growth industry for the community of Ketchikan and has had a positive impact on the local economy. The driving force behind the growth is the result of years of efforts by the community to make Ketchikan a popular port of call for the cruise ships and their passengers. Significant public and private investments have resulted in modern port facilities and the development of attractions and amenities that are popular with cruise ship passengers and other visitors to the community. The COVID-19 pandemic put a halt to all cruise ship visitors in 2020. In 2021, cruise ships returned at minimal level pointing toward the market's desire to visit Ketchikan. This was an important step for our community; giving businesses the confidence that cruising will return to Alaska. In 2021, a new two-berth neo-panamax cruise ship terminal began operations at the site of the former Ketchikan Pulp Company. The new terminal has increased the berthing capacity for the community of Ketchikan from four to six berths and changed the dynamics of the visitor experience due to its location away from the downtown core and outside the city limits. While the experience has changed and cruising has not returned to pre-pandemic levels all parties are committed to working towards a common goal that focuses on making sure visitors enjoy their time in Ketchikan.

In 2021, the downtown berthing facilities received 17 ships that made 87 stops and carried 75,872 passengers. To compare, the community enjoyed the economic benefits of a record breaking 1.17 million visitors arriving by cruise ship in 2019. Approximately 46 cruise ships made 570 stops, bringing jobs, and increased revenues for local businesses and governments. The City realized a record \$12.83 million in sales tax revenues in 2019 compared to \$8.59 million in 2020 and \$10.38 million in 2021. Tourism and the seafood industry are the driving forces in the local labor market and provide for employment opportunities in other sectors of the local economy. In 2021, employment peaked at 6,669 employees and the monthly unemployment rate averaged about 7.4%. During the pandemic, the monthly employment during the peak months averaged 6,200 employees and the monthly unemployment rate averaged about 9.95%. The City is expecting a much more active cruise season in 2022 but continues to budget cautiously. Currently, 459 stops are planned for Ketchikan in 2022 signaling steps toward a recovering economy, even though the passenger counts are only expected to be, on average, two-thirds of the ship capacity. If the planned sailings are successful and the course of the pandemic does not change for the worst, the community is cautiously optimistic that the cruise lines will add more passengers returning to pre-pandemic levels in the next few years.

The City recognizes the importance the tourism industry has on Ketchikan's economy and the need to continue to improve the visitor experience in order to remain a desirable destination for visitors. Prior to the COVID-19 pandemic, the City had been exploring alternatives for managing the operations of the Port of Ketchikan and improving its berthing facilities and visitor amenities. In 2020, the City Council determined that at this moment in time it would not be in the City's best interest to bring in an outside port operator. Instead, the City Council decided to put the emphasis on considering ways to strengthen the existing management structure to make it more efficient and responsive the needs of the community and the tourism industry. With regards to the efforts to improve the existing berthing facilities, the City decided not to take any further action for the time being. In addition to the impacts of the pandemic on cruise ship traffic and the limited availability of resources to finance the

construction of improved berthing facilities, the City determined that the new berthing facilities located at Ward Cove could also influence the type of facilities and improvements that would be needed for Port of Ketchikan and the downtown core. The City's continues to focus on stabilizing and building the reserves of the port fund to pre-pandemic levels in order to fund the capital improvement needs of the port.

In 2022, the City Council approved a series of rate increases intended to improve the finances of its public utilities and provide additional financial resources. A water increase of 4% will become effective on April 1, 2022. The increase is part of a two year plan to spread an 8% rate increase over a two year period to be ready for additional debt service upon completion of the Schoenbar Raw Water Main Replacement project and to continue a plan adopted several years ago to reduce water divisions operating deficit that was being incurred by the water utility.

During budget deliberations in December 2021, the City Council adopted the 2022 General Government Operating and Capital Budget predicated on raising the property tax mill rate from 6.6 to 7.1. When it came time to establish the mill levy in June 2022, the City Council decided to leave the mill rate at 6.6 due to concerns regarding the impact that the COVID-19 pandemic was having on the City's tourism based economy. The increase in the mill levy had been proposed as a first step towards funding an update to the City's compensation plan. Staff had initially recommended increasing the mill rate to 7.1 in 2020.

The City will continue to monitor the local economy and follow a conservative approach in managing its fiscal affairs. Although the community's economy is expanding, it is becoming more seasonal and continues to rely on natural resources. For these reasons, the City Council practices a balanced approach to taxes, utility rates, spending and the management of the City's reserves. The City Council is prepared to make necessary modifications to current and future fiscal plans to ensure that City's financial position remains strong and the cost of services provided to the citizens of Ketchikan are affordable.

Contacting the City's Financial Management

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



THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENT-WIDE
FINANCIAL STATEMENTS



THIS PAGE INTENTIONALLY LEFT BLANK

City of Ketchikan, Alaska
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and temporary investments (Note 3A)	\$ 27,350,300	\$ 39,192,766	\$ 66,543,066
Restricted cash, cash equivalents and investments	9,354,879	1,290,015	10,644,894
Receivables:			
Accounts	585,563	2,951,381	3,536,944
Taxes	2,519,180	-	2,519,180
Intergovernmental	637,344	156,660	794,004
Miscellaneous	118,309	-	118,309
Interest	13	-	13
Unbilled	71,426	1,360,811	1,432,237
Advances	469,002	(469,002)	-
Inventory	-	2,806,925	2,806,925
Prepaid items	873,047	792,392	1,665,439
Total current assets	41,979,063	48,081,948	90,061,011
Noncurrent assets:			
Land for resale	395,006	-	395,006
Restricted investments	-	9,527,949	9,527,949
Accrued interest on restricted assets	-	939	939
Net other post employment benefits asset	8,775,846	2,578,593	11,354,439
Capital Assets (Note 3E)			
Nondepreciable capital assets	35,315,057	25,670,115	60,985,172
Depreciable capital assets, net	176,215,800	163,590,423	339,806,223
Total noncurrent assets	220,701,709	201,368,019	422,069,728
Total Assets	262,680,772	249,449,967	512,130,739
Deferred Outflow of Resources	1,767,179	528,596	2,295,775
Total Assets and Deferred Outflow of Resources	264,447,951	249,978,563	514,426,514

City of Ketchikan, Alaska
Statement of Net Position (Cont'd)
December 31, 2021

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	1,766,663	3,862,231	5,628,894
Payroll payable	1,856,923	-	1,856,923
Accrued interest payable	164,378	261,864	426,242
Customers deposits payable	4,074	369,965	374,039
Unearned revenue	621,750	58,606	680,356
Claims payable	457,850	-	457,850
Compensated absences payable	159,692	114,507	274,199
Capital lease payable	229,770	-	229,770
General obligation bonds payable	1,923,783	104,800	2,028,583
Revenue bonds payable	-	3,328,429	3,328,429
Total current liabilities	7,184,883	8,100,402	15,285,285
Noncurrent liabilities			
Compensated absences payable (net of current portion)	1,437,221	1,030,565	2,467,786
Capital lease payable (net of current portion)	966,443	-	966,443
Net pension liability	12,114,759	3,559,665	15,674,424
Landfill closure costs	977,940	-	977,940
General obligation bonds payable (net of current portion)	48,253,100	1,318,000	49,571,100
Revenue bonds payable (net of current portion)	-	51,289,529	51,289,529
Total noncurrent liabilities	63,749,463	57,197,759	120,947,222
Deferred Inflow of Resources	9,736,066	4,053,838	13,789,904
Total Liabilities and Deferred Inflows of Resources	80,670,412	69,351,999	150,022,411
Net Position			
Net investment in capital assets (Note 3K)	161,755,446	130,832,845	292,588,291
Restricted for:			
Capital and maintenance outlay	3,714,318	-	3,714,318
Repair and replacement funds	-	5,417,733	5,417,733
Commercial passenger excise tax funds	7,524,896	-	7,524,896
Performance guaranty	-	25,368	25,368
Debt service	-	4,719,863	4,719,863
Solid waste operations and maintenance	1,707,387	-	1,707,387
Harbor operations and maintenance	753,838	-	753,838
Cemetery operations and maintenance	105,773	-	105,773
Investigation and property seizure funds	142,273	-	142,273
Unrestricted	8,073,608	39,630,755	47,704,363
Total Net Position	\$ 183,777,539	\$ 180,626,564	\$ 364,404,103

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 2,488,225	\$ 31,320	\$ 147,775	\$ -
Public safety	10,682,784	1,173,991	446,799	80,758
Culture and tourism	3,503,606	655,826	100,638	-
Health and welfare	4,000,233	-	3,366,688	-
Public works	7,811,076	3,568,963	48,063	-
Harbor	2,429,503	1,552,691	26,754	655,836
Interest	1,945,589	-	-	-
Total Governmental Activities	32,861,016	6,982,791	4,136,717	736,594
Business-Type Activities:				
Electric, telecommunications and water	41,043,980	43,291,906	240,944	170,301
Port	5,658,328	1,301,805	5,849,405	-
Wastewater	2,778,378	3,445,642	7,428	-
Total Business-Type Activities	49,480,686	48,039,353	6,097,777	170,301
Total	\$ 82,341,702	\$ 55,022,144	\$ 10,234,494	\$ 906,895

General Revenues:

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,309,130)	\$ -	\$ (2,309,130)
(8,981,236)	-	(8,981,236)
(2,747,142)	-	(2,747,142)
(633,545)	-	(633,545)
(4,194,050)	-	(4,194,050)
(194,222)	-	(194,222)
(1,945,589)	-	(1,945,589)
<u>(21,004,914)</u>	<u>-</u>	<u>(21,004,914)</u>
-	2,659,171	2,659,171
-	1,492,882	1,492,882
-	674,692	674,692
<u>-</u>	<u>4,826,745</u>	<u>4,826,745</u>
<u>(21,004,914)</u>	<u>4,826,745</u>	<u>(16,178,169)</u>
5,888,523	-	5,888,523
10,370,235	-	10,370,235
256,330	-	256,330
575,153	-	575,153
114,511	-	114,511
51,778	42,521	94,299
429,249	776,143	1,205,392
1,084,853	(1,084,853)	-
<u>18,770,632</u>	<u>(266,189)</u>	<u>18,504,443</u>
(2,234,282)	4,560,556	2,326,274
<u>186,011,820</u>	<u>176,066,008</u>	<u>362,077,828</u>
<u>\$ 183,777,538</u>	<u>\$ 180,626,564</u>	<u>\$ 364,404,102</u>



THIS PAGE INTENTIONALLY LEFT BLANK

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

City of Ketchikan, Alaska
Balance Sheet
Governmental Funds
December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and temporary investments	\$ 16,636,886	\$ 8,268,255	\$ 24,905,141
Restricted cash:			
Bond construction funds	-	1,689,689	1,689,689
Property seizure funds	-	142,823	142,823
Commercial passenger excise tax funds	-	7,522,367	7,522,367
Receivables:			
Accounts	228,858	356,705	585,563
Taxes	2,410,680	108,500	2,519,180
Intergovernmental	2,444	634,900	637,344
Interest	-	13	13
Interfund	345,348	-	345,348
Unbilled receivables	-	71,426	71,426
Land for resale	395,006	-	395,006
Total Assets	<u>\$ 20,019,222</u>	<u>\$ 18,794,678</u>	<u>\$ 38,813,900</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 326,209	\$ 1,430,777	\$ 1,756,986
Payroll payable	1,856,923	-	1,856,923
Customer deposits payable	-	4,074	4,074
Interfund payable	-	345,348	345,348
Unearned revenue	275,164	346,586	621,750
Total Liabilities	<u>2,458,296</u>	<u>2,126,785</u>	<u>4,585,081</u>
Deferred Inflows of Resources	<u>2,234,766</u>	<u>108,500</u>	<u>2,343,266</u>
Fund Balances			
Nonspendable - Land held for resale	395,006	-	395,006
Restricted for:			
Law enforcement	-	142,273	142,273
Commercial passenger excise tax	-	7,524,896	7,524,896
Bond construction funds	-	1,342,967	1,342,967
Assigned:			
Subsequent years budget	2,892,566	351,130	3,243,696
Parking development and abatement of dangerous buildings	316,126	-	316,126
Hospital development and expansion	2,719,848	-	2,719,848
General government	146,178	161,288	307,466
Public safety	126,931	-	126,931
Culture and tourism	48,267	679,031	727,298
Public works	114,391	-	114,391
Collection and disposal of solid waste	-	1,585,728	1,585,728
Cemetery operations	-	105,773	105,773
Harbor operations	-	605,267	605,267
Streets, sidewalks and other public projects	4,492,861	-	4,492,861
Development of community facilities	-	2,903,349	2,903,349
Harbor construction	-	1,082,134	1,082,134
Public works projects	-	75,557	75,557
Unassigned	4,073,986	-	4,073,986
Total Fund Balances	<u>15,326,160</u>	<u>16,559,393</u>	<u>31,885,553</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,019,222</u>	<u>\$ 18,794,678</u>	<u>\$ 38,813,900</u>

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

Total Governmental Fund Balances		\$ 31,885,553
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	\$ 294,381,184	
Less accumulated depreciation	<u>(82,850,327)</u>	211,530,857
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Taxes		2,283,928
Services		59,338
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	\$ 345,348	
Interfund payables	<u>(345,348)</u>	-
An internal service fund is used by management to charge the costs of compensated absences, insurance and claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		
		1,841,077
Accrued interest is not reported at the fund financial reporting level		
		(164,378)
Deferred inflows and outflows not reported at the fund financial reporting level		
Deferred Outflow	\$ 1,767,179	
Deferred Inflow	<u>(9,736,066)</u>	(7,968,887)
Liabilities that are not due in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (47,755,000)	
Premiums for GO bonds	(2,421,883)	
Capital lease payable	(1,196,213)	
Net pension liability	(12,114,759)	
Net other post-employment benefits	8,775,846	
Landfill closure costs	<u>(977,940)</u>	<u>(55,689,949)</u>
Net Position Of Governmental Activities		<u><u>\$ 183,777,539</u></u>

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 16,209,312	\$ -	\$ 842,832	\$ 17,052,144
Licenses and permits	69,569	-	-	69,569
Intergovernmental	1,850,055	-	2,320,443	4,170,498
Charges for services	1,846,363	-	5,043,917	6,890,280
Fines and forfeitures	61,526	-	2,349	63,875
Investment earnings	16,001	-	16,598	32,599
Contributions	-	-	817,324	817,324
Interdepartmental charges	3,164,565	-	-	3,164,565
Miscellaneous	350,537	47,060	730	398,327
Total Revenues	23,567,928	47,060	9,044,193	32,659,181
Expenditures				
Current:				
General government	4,911,019	-	131,000	5,042,019
Public safety	9,860,775	-	112,951	9,973,726
Culture and tourism	2,954,104	-	-	2,954,104
Health and welfare	266,437	-	2,366,841	2,633,278
Public works	4,954,721	-	3,370,201	8,324,922
Harbor	-	-	1,252,607	1,252,607
Debt Service:				
Principal retirement	-	1,695,220	180,000	1,875,220
Interest and fiscal charges	-	2,003,300	168,550	2,171,850
Debt issuance cost	-	27,849	-	27,849
Capital Outlay	-	-	1,414,999	1,414,999
Total Expenditures	22,947,056	3,726,369	8,997,149	35,670,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	620,872	(3,679,309)	47,044	(3,011,393)
Other Financing Sources (Uses)				
Sale of capital assets	30,922	-	-	30,922
Proceeds from refunding bonds	-	3,145,000	-	3,145,000
Payment to refunded bond escrow agent	-	(3,005,000)	-	(3,005,000)
Transfers in	2,121,123	3,539,309	-	5,660,432
Transfers out	(3,537,490)	-	(1,038,089)	(4,575,579)
Total Other Financing Sources (Uses)	(1,385,445)	3,679,309	(1,038,089)	1,255,775
Net Change in Fund Balances	(764,573)	-	(991,045)	(1,755,618)
Fund Balances Beginning of Year	16,090,733	-	17,550,438	33,641,171
Fund Balances End of Year	\$ 15,326,160	\$ -	\$ 16,559,393	\$ 31,885,553

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net Changes In Fund Balances - Total Governmental Funds \$ (1,755,618)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

	\$ (5,716,112)	
Depreciation expense	2,964,035	(2,752,077)
Capital outlay		

The book value of capital assets relating to the disposition is not reported at the fund financial reporting level but is reported at the government-wide financial reporting level (51,032)

Elimination of other financing sources to record bond refunding (140,000)

Revenues of Internal Service Fund are included in the governmental statement of activities 19,179

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

		38,096
Taxes		
Charges for Services		(40,933)

Elimination of transfers between governmental funds:

	\$ (4,575,579)	
Transfers in		
Transfers out	4,575,579	-

Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 42,739

Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

	\$ 1,650,000	
General obligation bonds	183,524	
Amortization of premiums and deferred charges	225,220	
Capital leases	(3,022,179)	
Net pension obligation	3,369,039	
Net other post-employment benefits obligation	(240)	2,405,364
Landfill closure costs		

Change In Net Position of Governmental Activities \$ (2,234,282)

See accompanying notes to the basic financial statements



THIS PAGE INTENTIONALLY LEFT BLANK

PROPRIETARY FUNDS

City of Ketchikan, Alaska
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Assets					
Current Assets:					
Cash and temporary investments	\$ 29,586,813	\$ 5,512,570	\$ 4,093,383	\$ 39,192,766	\$ 2,445,159
Restricted cash, cash equivalents and investments	1,076,209	186,369	27,437	1,290,015	-
Receivables:					
Accounts	2,757,211	6,740	187,430	2,951,381	-
Intergovernmental	79,080	-	77,580	156,660	-
Miscellaneous	-	-	-	-	118,309
Inventory	2,806,925	-	-	2,806,925	-
Prepaid items	42,392	750,000	-	792,392	873,047
Unbilled revenue	1,195,817	-	164,994	1,360,811	-
Total Current Assets	37,544,447	6,455,679	4,550,824	48,550,950	3,436,515
Noncurrent Assets:					
Restricted Assets:					
Investments	1,870,216	7,657,733	-	9,527,949	-
Accrued interest on restricted assets	450	489	-	939	-
Advances from other funds	-	315,911	-	315,911	469,002
Other postemployment benefits	2,133,499	348,582	96,512	2,578,593	-
Capital Assets:					
Nondepreciable capital assets	7,423,363	17,260,393	986,359	25,670,115	-
Depreciable capital assets, net	102,877,838	43,661,000	17,051,585	163,590,423	-
Total Noncurrent Assets	114,305,366	69,244,108	18,134,456	201,683,930	469,002
Total Assets	151,849,813	75,699,787	22,685,280	250,234,880	3,905,517
Deferred Outflow of Resources	446,590	63,837	18,169	528,596	-
Total Assets and Deferred Outflow of Resources	152,296,403	75,763,624	22,703,449	250,763,476	3,905,517

City of Ketchikan, Alaska
Statement of Net Position (Cont'd)
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service		
Liabilities					
Current Liabilities:					
Accounts payable	3,788,718	51,735	21,778	3,862,231	9,677
Accrued interest	162,837	94,192	4,835	261,864	-
Customer deposits	369,965	-	-	369,965	-
Advances to other funds	394,812	-	-	394,812	-
Compensated absences payable	109,442	1,473	3,592	114,507	159,692
Unearned revenue	58,606	-	-	58,606	-
General obligation bonds payable	-	-	104,800	104,800	-
Revenue bonds payable	1,966,009	1,332,584	29,836	3,328,429	-
Claims payable	-	-	-	-	457,850
Total Current Liabilities	6,850,389	1,479,984	164,841	8,495,214	627,219
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	984,976	13,258	32,331	1,030,565	1,437,221
Net pension liability	2,945,226	481,206	133,233	3,559,665	-
Advances from other funds	390,101	-	-	390,101	-
Revenue bonds payable (net of current portion)	26,838,410	23,606,713	844,406	51,289,529	-
General obligation bonds payable (net of current portion)	-	-	1,318,000	1,318,000	-
Total Long-Term Liabilities	31,158,713	24,101,177	2,327,970	57,587,860	1,437,221
Deferred Inflow of Resources	3,181,018	767,952	104,868	4,053,838	
Total Liabilities and Deferred Inflow of Resources	41,190,120	26,349,113	2,597,679	70,136,912	2,064,440
Net Position					
Net investment in capital assets	79,499,052	35,592,891	15,740,902	130,832,845	-
Restricted for bond retirement	2,364,595	2,332,666	22,602	4,719,863	-
Restricted for repair and replacement	-	5,417,733	-	5,417,733	-
Restricted performance guaranty	25,368	-	-	25,368	-
Unrestricted	29,217,268	6,071,221	4,342,266	39,630,755	1,841,077
Total Net Position	\$ 111,106,283	\$ 49,414,511	\$ 20,105,770	\$ 180,626,564	\$ 1,841,077

See accompanying notes to the basic financial statements



THIS PAGE INTENTIONALLY LEFT BLANK

City of Ketchikan, Alaska
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Operating Revenues					
Charges for services	\$ 43,389,906	\$ 1,301,805	\$ 3,445,642	\$ 48,137,353	\$ 3,277,566
Miscellaneous	713,421	51,637	11,085	776,143	-
Total Operating Revenues	<u>44,103,327</u>	<u>1,353,442</u>	<u>3,456,727</u>	<u>48,913,496</u>	<u>3,277,566</u>
Operating Expenses					
Operation and maintenance	27,035,030	3,549,248	2,184,288	32,768,566	-
Administration and general	6,500,283	-	-	6,500,283	-
Depreciation	6,035,498	1,184,459	564,238	7,784,195	-
Compensated absences	-	-	-	-	1,323,351
Insurance	-	-	-	-	1,636,147
Claims	-	-	-	-	318,068
Total Operating Expenses	<u>39,570,811</u>	<u>4,733,707</u>	<u>2,748,526</u>	<u>47,053,044</u>	<u>3,277,566</u>
Operating Income	<u>4,532,516</u>	<u>(3,380,265)</u>	<u>708,201</u>	<u>1,860,452</u>	<u>-</u>
Non Operating Revenues (Expenses)					
Operating grants	240,944	5,849,405	7,428	6,097,777	-
Interest and fiscal charges	(1,497,287)	(924,621)	(29,852)	(2,451,760)	-
Debt issuance costs	(73,882)	-	-	(73,882)	-
Investment earnings	15,052	24,014	3,455	42,521	19,179
Total Non Operating Revenues (Expenses)	<u>(1,315,173)</u>	<u>4,948,798</u>	<u>(18,969)</u>	<u>3,614,656</u>	<u>19,179</u>
Income Before Capital Contributions, Grants and Transfers	<u>3,217,343</u>	<u>1,568,533</u>	<u>689,232</u>	<u>5,475,108</u>	<u>19,179</u>
Capital Contributions, Grants and Transfers					
Capital contributions and grants	170,301	-	-	170,301	-
Transfers					
Transfer from commercial passenger vessel tax fund	-	100,147	-	100,147	-
Payments in lieu of taxes to the general fund	(786,000)	(319,000)	(80,000)	(1,185,000)	-
Total Transfers	<u>(786,000)</u>	<u>(218,853)</u>	<u>(80,000)</u>	<u>(1,084,853)</u>	<u>-</u>
Total Capital Contributions and Grants and Transfers	<u>(615,699)</u>	<u>(218,853)</u>	<u>(80,000)</u>	<u>(914,552)</u>	<u>-</u>
Change in Net Position	<u>2,601,644</u>	<u>1,349,680</u>	<u>609,232</u>	<u>4,560,556</u>	<u>19,179</u>
Net Position Beginning of Year	<u>108,504,639</u>	<u>48,064,831</u>	<u>19,496,538</u>	<u>176,066,008</u>	<u>1,821,898</u>
Net Position End of Year	<u>\$ 111,106,283</u>	<u>\$ 49,414,511</u>	<u>\$ 20,105,770</u>	<u>\$ 180,626,564</u>	<u>\$ 1,841,077</u>

See accompanying notes to the basic financial statements

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service		
Cash Flows from Operating Activities					
Cash received from customers and users	\$ 44,134,675	\$ 1,356,988	\$ 3,511,000	\$ 49,002,663	\$ 3,163,662
Cash payments to employees for services	(12,777,903)	(666,068)	(881,333)	(14,325,304)	-
Cash payments to suppliers for goods and services	(19,885,400)	(2,851,595)	(1,323,237)	(24,060,232)	-
Cash payments for insurance and claims	-	-	-	-	(1,739,333)
Cash payments for compensated absences	-	-	-	-	(1,492,793)
Net Cash Provided by Operating Activities	<u>11,471,372</u>	<u>(2,160,675)</u>	<u>1,306,430</u>	<u>10,617,127</u>	<u>(68,464)</u>
Cash Flows from Noncapital Financing Activities					
Operating grant from other governments	240,944	5,849,405	7,428	6,097,777	-
Transfers in	-	100,147	-	100,147	-
Payment in lieu of taxes to the general fund	(786,000)	(319,000)	(80,000)	(1,185,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(545,056)</u>	<u>5,630,552</u>	<u>(72,572)</u>	<u>5,012,924</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Advances	(379,627)	379,627	-	-	-
Capital grant received from other governments	170,301	-	-	170,301	-
Capital debt proceeds	825,849	-	69,967	895,816	-
Principal paid on general obligation bonds	-	-	(103,246)	(103,246)	-
Interest paid on general obligation bonds	-	-	(22,506)	(22,506)	-
Principal paid on revenue bonds	(1,472,662)	(1,075,000)	(29,394)	(2,577,056)	-
Interest paid on revenue bonds	(2,687,115)	(1,159,750)	(7,681)	(3,854,546)	-
Payments for capital acquisitions and construction	(4,715,025)	(67,916)	(390,478)	(5,173,419)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(8,258,279)</u>	<u>(1,923,039)</u>	<u>(483,338)</u>	<u>(10,664,656)</u>	<u>-</u>
Cash Flows from Investing Activities					
Investment earnings	16,433	23,676	3,455	43,564	19,179
Purchase of bond reserve fund investments	15,284	(521,459)	-	(506,175)	-
Net Cash Provided (Used) by Investing Activities	<u>31,717</u>	<u>(497,783)</u>	<u>3,455</u>	<u>(462,611)</u>	<u>19,179</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,699,754	1,049,055	753,975	4,502,784	(49,285)
Cash and Cash Equivalents Beginning of Year (including \$1,272,185 for Ketchikan Public Utilities \$186,264 for Port and \$27,438 for Wastewater Services reported in restricted accounts)	<u>27,963,268</u>	<u>4,649,884</u>	<u>3,366,845</u>	<u>35,979,997</u>	<u>2,494,444</u>
Cash and Cash Equivalents End of Year (including \$1,076,209 for Ketchikan Public Utilities, \$186,369 for Port and \$27,437 for Wastewater Services reported in restricted accounts)	<u>\$ 30,663,022</u>	<u>\$ 5,698,939</u>	<u>\$ 4,120,820</u>	<u>\$ 40,482,781</u>	<u>\$ 2,445,159</u>

(continued)

City of Ketchikan, Alaska
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

(continued)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ketchikan Public Utilities	Ketchikan Port	Wastewater Service	Total	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 4,532,516	\$ (3,380,265)	\$ 708,201	\$ 1,860,452	\$ -
Adjustments:					
Depreciation	6,035,498	1,184,459	564,238	7,784,195	-
Other	-	-	-	-	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts receivable	216,336	3,546	54,454	274,336	(113,904)
Accrued interest	-	-	-	-	-
Unbilled revenue	(176,885)	-	(181)	(177,066)	-
Prepaid expenses	(27,109)	-	-	(27,109)	(35,186)
Inventory	7,337	-	-	7,337	-
Customer deposits	14,175	-	-	14,175	-
Other postemployment benefits	(1,857,270)	(303,450)	(84,017)	(2,244,737)	-
Deferred outflows	67,298	10,226	2,962	80,486	-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts payable	254,283	46,254	(9,167)	291,370	250,068
Compensated absences payable	(146,773)	1,261	(6,835)	(152,347)	(169,442)
Unearned revenue	(8,103)	-	-	(8,103)	-
Pension liability	(389,747)	(63,679)	(17,631)	(471,057)	-
Deferred inflows	2,949,816	340,973	94,406	3,385,195	-
Net Cash Provided by Operating Activities	\$ 11,471,372	\$ (2,160,675)	\$ 1,306,430	\$ 10,617,127	\$ (68,464)
Noncash investing, capital and financing activities					
Fair value of non-cash investments	-	\$ (9,485)	-	-	-
Revenue bond arbitrage	\$ 1,831	-	-	-	-

See accompanying notes to the basic financial statements



THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO THE BASIC
FINANCIAL STATEMENTS

Index

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

Note 1 – Summary of Significant Accounting Policies

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

1-A. Reporting Entity

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

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

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

1-B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major funds:

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

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

The City reports the following proprietary funds:

Ketchikan Public Utilities Fund – This fund provides electric and telecommunication utility services to most residents of the Ketchikan Gateway Borough, which includes the City, and water utility services to the residents of the City.

Ketchikan Port Fund – This fund accounts for the operation and maintenance of the port facilities that are owned or operated by the City.

Wastewater Services Fund – This fund accounts for the collection, treatment and disposal of wastewater within the City.

Additionally, the City reports the following fund types:

Internal Service Funds – The internal service funds provide services to other funds on a cost-reimbursement basis. These services include paying the costs of compensated absences for the City’s employees and to pay for claims not covered by the City’s insurance plans. The City’s two internal services funds are the compensated absences fund and the self-insurance fund.

The effect of interfund activity generally has been eliminated from the government-wide financial statements. Exceptions to this practice include payments and other charges between the City’s enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions affected.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for services. Operating expenses for enterprise and internal services funds include administrative expenses, cost of services, and depreciation of capital assets. All revenues and expense not meeting this definition are reported as non-operating revenue and expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1-D. Assets, Liabilities and Net Position and Fund Balances

1-D-1 Cash, Cash Equivalents, and Investments

A central treasury is used to account for all cash and investments, except for restricted bond redemption, bond reserve, and bond construction cash and investments; and capital improvement fund investments.

Investments are recorded at fair value, which is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The exceptions are the City's nonparticipating contracts, and certificates of deposit, which are valued at cost. Investment revenue on cash pool investments is allocated to the various funds based on their month-end cash pool equity balances.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents as the demand deposits and all investments maintained in the cash management pool, regardless of maturity period, since the various funds use the cash management pool essentially as a demand deposit account.

The City is authorized to invest in obligations of, or obligations issued or guaranteed by, the US Treasury, agencies or instrumentalities, negotiable certificates of deposit issued by rated banks, and certificates of deposit issued by banks located within the State of Alaska or issued by a rated bank. The City is also authorized to enter into repurchase agreements secured by obligations insured and guaranteed by US Treasury, agencies, or instrumentalities.

City bond ordinances require that funds in revenue bond reserve and redemption accounts be either deposited in demand deposits or invested in direct US Government obligations. The City policy requires that all certificates of deposits be collateralized to a level of 100 percent with federal, state or municipal obligations.

1-D-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue.

1-D-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources and therefore are not available for appropriation.

The above amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-D-4 Consumable Inventories

Inventories for materials used to maintain plant in the Ketchikan Public Utilities Fund are valued at cost, which approximates market, using average cost method. The Ketchikan Public Utilities Fund also has diesel fuel inventory which is valued using the FIFO method. The cost of governmental fund-type inventories is recorded as expenditures when consumed, using the FIFO method.

1-D-5 Prepaid Items

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1-D-6 Restricted Assets

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

The Revenue Bond Redemption Fund and Revenue Bond Reserve Fund have been established in accordance with the provisions of the revenue bond indentures. These funds can only be used for the payment of principal and interest on revenue bonds outstanding and must be maintained in accordance with the provisions of the applicable revenue bond ordinances. As of December 31, 2021 the balance on hand in the KPU Revenue Bond Redemption Fund amounted to \$562,119 which was the required amount per applicable bond ordinances. The KPU Revenue Bond Reserve Fund contained \$1,870,216, which was the required amount per applicable bond ordinances. KPU also held \$488,722 in bond construction funds and \$25,368 for a performance guaranty per State requirements at December 31, 2021. The Port Revenue Bond Redemption Fund amounted to \$186,369. The Port Revenue Bond Reserve Fund contained \$2,240,000, as required by applicable bond ordinances. The Wastewater Service Fund contained \$27,437 in the Bond Redemption Fund.

The Harbor Construction Fund and the Hospital Construction Fund have been established to account for harbor and hospital capital improvements. Proceeds from the sale of bonds and grant awards are accounted for in these funds and are restricted by the provisions of bond indentures or the terms of grant agreements that limit the use for the payment of costs incurred in the construction of harbor and hospital capital improvements. The total amount restricted as of December 31, 2021 was \$70,310 in the Harbor Construction Fund and \$1,619,379 in the Hospital Construction Fund.

The Repair and Replacement Fund has been established in the Port Fund pursuant to the covenants of the 2016 Port Revenue Refunding Bond and the provisions of the long-term lease agreement for Berth IV. As of December 31, 2021 the amount required to satisfy the bond covenants and lease agreement was \$3,566,977 and \$1,850,756 respectively, for a total of \$5,417,733.

The City received Commercial Passenger Vessel Excise Tax Funds from the State of Alaska. These funds are restricted for purposes established by federal and state regulations. The City currently has \$32,160 in the Commercial Passenger Vessel Excise Tax Capital Projects Fund and \$7,492,136 in the Commercial Passenger Vessel Excise Tax Special Revenue Fund.

The City receives from Federal and State government sources an equitable share of the funds received from the seizure of forfeited assets. These proceeds must be used for law enforcement purposes. These funds total \$142,823.

1-D-7 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the government fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. Generally, the City maintains a capitalization threshold of five thousand dollars. However, the Telecommunications Division of the KPU Enterprise Fund follows the Federal Communications Commission's (FCC) capitalization rules which requires a lower capitalization limit for certain assets. The City's infrastructure consists of roads, bridges, sidewalks, storm drains, docks, and parking facilities. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Note 1 - Summary of Significant Accounting Policies (Continued)

Asset Class	Estimated Lives	
	Governmental Activities	Business-Type Activities
Land improvements	15-25 Years	---
Buildings and components	10-100 Years	20-60 Years
Machinery and equipment	3-25 Years	3-15 Years
Infrastructure	10-100 Years	30-85 Years
Dams, roads, bridges, docks, structures, water mains, sewer mains and generators	30-40 Years	20-60 Years
Electric, telecommunications and water services, overhead and underground facilities, hydrants, fuel holders, poles and fixtures, meters and transformers	---	12-30 Years

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

1-D-8 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City’s past experience of making termination payments.

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

1-D-9 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

1-D-10 Bond Premiums and Discounts and Refunding Gains and Losses

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statements of activities, bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line method.

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt and the refunded debt.

Bond issuance costs are recognized as outflow of resources in the reporting period in which they are incurred.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as debt service expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D-11 Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City classifies its fund balance at the fund statement level based on one or more of the following categories:

Non-spendable – Fund balances that are classified as non-spendable includes amounts that cannot be spent because they are not in spendable form or not expected to be converted to cash.

Restricted – Fund balances that are classified as restricted includes amounts that have externally imposed restrictions on the use of the resources, such as creditors, grantors, laws or regulations of other governments.

Committed – Fund balances that are classified as committed includes amounts that can only be used for a specific purpose pursuant to constraints imposed by City Council’s formal action to establish and rescind committed funds is through passage of a motion, the highest level of decision-making authority in the City.

Assigned – Fund balances that are classified as assigned includes amounts that are constrained by the City’s intent to use the funds for a specific purpose, such as the subsequent years budget, encumbrances and special revenue fund balances that are not already classified as non-spendable, restricted or committed. The City Council and City Manager have the authority to take action provided in the Ketchikan Municipal Code or the City’s Charter that would cause the City to classify fund balances as assigned.

Unassigned – Fund balance that is classified as unassigned is the residual balance not already classified as non-spendable, restricted, committed or assigned in the general fund.

When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position amounts are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

1-D-12 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater, port, electricity, telecommunications and water. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. Any revenue and expense not meeting this definition is reported as non-operating revenue and expense.

1-D-13 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D-14 Interfund Activity

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

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

1-D-15 Estimates

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

1-D-16 Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future periods that will not be recognized as an outflow of resources, or expense/expenditures, until then. Deferred inflows of resources represents an acquisition of net position that applies to future periods that will not be recognized as an inflow of resources, or revenues, until then.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

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

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

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

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

On December 17, 2020, the 2021 General Government Operating and Capital Budget and the 2021 Ketchikan Public Utilities Operating and Capital Budget were adopted by the City Council with the passage of Resolution 20-2796 and Resolution 20-2797, respectively. During the year, the 2021 General Government Operating and Capital Budget was amended to provide for supplemental appropriations as follows:

- Acceptance of a private grant for port facilities in the amount of \$1,100,300.
- Acceptance of a grant for the museum department in the amount of \$48,000.
- Acceptance of a private grant for the museum department in the amount of \$ 18,786.
- Acceptance of a contribution in kind for the museum department in the amount of \$2,500.
- Acceptance of a grant for the museum department in the amount of \$17,000
- Acceptance of a private grant for the hospital construction in the amount of \$407,000

Note 2 – Stewardship, Compliance and Accountability (Continued)

- Acceptance of a private grant for the hospital construction in the amount of \$2,461,000.
- Acceptance of a grant for the fire department in the amount of \$15,000.
- Acceptance of a private grant for the port facilities in the amount of \$2,000,000.
- Acceptance of a grant for the port facilities in the amount of \$2,723,868
- Acceptance of a private grant for the Mayor and Council in the amount of \$2,000.
- Acceptance of a private grant for the police department in the amount of \$3,000.
- Acceptance of a grant for the public health department in the amount of \$19,982

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

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

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Cash and investments for the City are comprised of governmental and business-type activities. The balances at December 31, 2021 were:

Cash on hand	\$ 11,370
Deposits with financial institutions	86,704,539
Total	<u>\$ 86,715,909</u>

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Unrestricted	\$ 27,350,300	\$ 39,192,766	\$ 66,543,066
Restricted	9,354,879	10,817,964	20,172,843
Total	<u>\$ 36,705,179</u>	<u>\$ 50,010,730</u>	<u>\$ 86,715,909</u>

The restricted cash and investments are comprised entirely of \$2,432,335, \$27,437 and \$2,426,369 for bond reserve accounts established for the City’s municipal utility, wastewater services and port revenue bonds, respectively, \$2,178,411 for bond construction accounts, \$5,417,733 for the Port repair and replacement accounts, \$7,522,367 for commercial passenger excise tax fund accounts, \$25,368 for a performance guaranty per State requirements, and \$142,823 for funds received from the seizure of forfeited assets that must be used for law enforcement purposes.

Deposits

Custodial credit risk-deposits. This is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s deposit policy is in accordance with guidelines established by the City Charter, the City Council and its bond

Note 3 - Detailed Notes on All Funds (Continued)

ordinances. All deposits were covered by federal depository insurance up to \$250,000 and collateralized with eligible securities in amounts equal at least 100 percent of the bank value of deposits. As of December 31, 2021, the book value of all the City deposits was \$86,704,539 and the bank value was \$87,937,775. The bank balance was under collateralized by \$208,211 or .24% of total bank deposits as of December 31, 2021.

Investments

All investment pool cash purchases and sales are part of the City’s cash management activity and considered cash and cash equivalents. Interest earned from the pooled investments is allocated to each fund based on an average earnings rate and the cash balance of each fund. The city has recorded investments at fair value. The City’s investment policy is in accordance with guidelines established by the City Charter, the City Council and its bond ordinances.

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

- United States Treasury Debt Obligations
- United States Agency Debt Obligations
- Alaska Municipal Debt Obligations
- Certificate of Deposit and Repurchase Agreements Secured by U.S. Treasury and Agency Debt Obligations

Interest rate risk. As of December 31, 2021, the weighted average maturity of the City’s investment portfolio was 3 years. To minimize interest rate risk, the City’s investment policy limits the portfolio to a maximum weighted average of maturity of 46 months. With the exception of bond reserve accounts, all other funds must be invested in less than two-year maturities and must meet the City’s cash flow requirements.

Credit risk. The City’s investments are a Certificate of Deposit secured by U.S. Treasury and Agency Debt Obligations and are not considered to have credit risk. At December 31, 2021, the City had an investment totaling \$17,151,929

Concentration of credit risk. The City’s total investment as of December 31, 2021 was invested in fully collateralized Certificates of Deposit and US Agency Notes.

Custodial credit risk. This is the risk that, in the event of the failure of a counterparty, the City would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At December 31, 2021, the City’s investment was held by either a counterparty or a counterparty’s trust department or agent.

Investment Type	Fair Value	Non Maturity Rated	Investment Maturity (in years)			Average Maturity (Years)
			Less Than 1	1 - 5	6 - 10	
US Agency Note	\$ 9,999,948	\$ -	\$ -	\$ 9,999,948	\$ -	2.7
Certificate of Deposit	\$ 7,151,981	\$ -	\$ 7,151,981	\$ -	\$ -	0.3
	<u>\$ 17,151,929</u>	<u>\$ -</u>	<u>\$ 7,151,981</u>	<u>\$ 9,999,948</u>	<u>\$ -</u>	

Portfolio weighted average maturity 1.50

3-B. Receivables

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

Receivables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. Receivables for the year ended December 31, 2021, consisted of the following:

Note 3 - Detailed Notes on All Funds (Continued)

	Governmental Activities	Business- type Activities	Total
Accounts receivable	\$ 4,138,322	\$ 4,560,852	\$ 8,699,174
Allowance for doubtful accounts	(206,500)	(92,000)	(298,500)
Net accounts receivable	<u>\$ 3,931,822</u>	<u>\$ 4,468,852</u>	<u>\$ 8,400,674</u>

3-C. Property Taxes

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

3-D. Leases

3-D-1 Operating Leases

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

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

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

In 2004, the State of Alaska transferred, at no cost, to the City of Ketchikan thirteen tidelands leases. The following is a schedule of investment in property held for lease and the minimum future rentals as of December 31, 2021:

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

Note 3 - Detailed Notes on All Funds (Continued)

<u>Years Ending December 31</u>	<u>Amount</u>
2022	\$ 48,739
2023	48,739
2024	33,482
2025	33,482
2026	32,757
2027-2031	163,786
2032-2036	142,970
2037-2041	74,525
2042-2046	68,705
2047-2051	59,800
2052-2056	30,000
2057-2061	30,000
2062-2063	12,000
Total minimum future lease rentals	<u>\$ 778,985</u>

Nine of the leases have a scheduled rate change after 25 years and then every 10 years thereafter, four of the leases have a scheduled rate change in the sixth year and every five years thereafter and one lease has no future rate changes at the date of transfer from the State. The expiration of the lease with the shortest remaining term expires in 2023 while the lease with the longest remaining term expires in 2063.

The City is a lessee in the following operating lease:

The City is under contract to lease a panamax class cruise ship berth and adjacent ground transportation areas, which will be used in its port operations, under a 30-year non-cancelable operating lease. The lease agreement includes two ten-year options to renew.

The future minimum lease payments for this lease are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	\$ 1,800,000
2023	1,800,000
2024	1,800,000
2025	1,800,000
2026	1,800,000
2027-2031	9,000,000
2032-2036	9,000,000
2037	1,800,000
Total future minimum lease payments	<u>\$ 28,800,000</u>

The future minimum lease payments do not include contingent lease payments that will be paid if the number of cruise ship passengers paying the City's passenger wharfage fee exceeds 820,000 passengers. Various formulas are used to determine the contingent lease payments and all are dependent on passenger volume. Contingent lease payments will be decreased if passenger volume decreases. In 2021, the City paid the minimum lease of \$1,800,000.

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets				
Land	\$ 29,131,180	\$ -	\$ -	\$ 29,131,180
Easements	588,168	-	-	588,168
Construction in progress	4,547,360	3,247,323	2,319,724	5,474,959
Other capital assets	120,750	-	-	120,750
Total nondepreciable capital assets	34,387,458	3,247,323	2,319,724	35,315,057
Depreciable capital assets:				
Land improvements	1,539,203	-	-	1,539,203
Buildings	142,057,021	-	-	142,057,021
Machinery and equipment	17,827,047	2,036,436	363,782	19,499,701
Infrastructure	95,388,671	-	-	95,388,671
Software	581,531	-	-	581,531
Total depreciable capital assets	257,393,473	2,036,436	363,782	259,066,127
Total capital assets	291,780,931	5,283,759	2,683,506	294,381,184
Accumulated depreciation:				
Land improvements	1,383,490	8,312	-	1,391,802
Buildings	28,358,316	2,178,726	-	30,537,042
Machinery and equipment	11,572,894	800,230	312,750	12,060,374
Infrastructure	35,791,581	2,703,492	-	38,495,073
Software	340,684	25,352	-	366,036
Total accumulated depreciation	77,446,965	5,716,112	312,750	82,850,327
Governmental activities capital assets, net	\$ 214,333,966	\$ (432,353)	\$ 2,370,756	\$ 211,530,857

Governmental activities depreciation expense

General government	\$ 87,201
Public safety	598,647
Public works	2,173,227
Health and welfare	1,334,036
Harbor	1,177,268
Culture	345,733
Total governmental activities depreciation expense	<u>\$ 5,716,112</u>

Note 3 - Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Nondepreciable capital assets:				
Land	\$ 4,534,706	\$ -	\$ -	\$ 4,534,706
Other capital assets	6,416,412	-	-	6,416,412
Construction in progress	12,806,719	2,479,446	567,170	14,718,995
Total non-depreciable capital assets	23,757,837	2,479,446	567,170	25,670,113
Depreciable capital assets:				
Electric utility plant	127,579,124	1,900,593	733,041	128,746,676
Telecommunications utility plant	80,573,346	1,686,973	1,070,403	81,189,916
Water utility plant	57,368,503	12,415	8,947	57,371,971
Wastewater utility plant	27,546,621	207,029	195,353	27,558,297
Port facilities	67,886,957	46,906	-	67,933,863
Total depreciable capital assets	360,954,551	3,853,916	2,007,744	362,800,723
Total capital assets	384,712,388	6,333,362	2,574,914	388,470,836
Accumulated depreciation:				
Electric utility plant	78,716,505	2,560,045	733,041	80,543,509
Telecommunications utility plant	57,686,955	2,077,945	1,070,403	58,694,497
Water utility plant	23,804,158	1,397,507	8,947	25,192,718
Wastewater utility plant	10,137,826	564,238	195,353	10,506,711
Port facilities	23,088,405	1,184,458	-	24,272,863
Total accumulated depreciation	193,433,849	7,784,193	2,007,744	199,210,298
Business-type activities capital assets, net	\$ 191,278,539	\$ (1,450,831)	\$ 567,170	\$ 189,260,538

3-F. Commitments

The City has the following commitments as of December 31, 2021:

	Operational	Capital	Total
Governmental Funds			
General	\$ 335,435	\$ 338,193	\$ 673,628
Non-major special revenue funds	5,349	92,951	98,300
Non-major capital projects funds	-	4,428,878	4,428,878
Total Governmental Funds	\$ 340,784	\$ 4,860,022	\$ 5,200,806
Enterprise Funds			
KPU	\$ 1,169,432	\$ 7,564,987	\$ 8,734,419
Port	34,244	6,513	40,757
Wastewater	18,572	351,816	370,388
Total Enterprise Funds	\$ 1,222,248	\$ 7,923,316	\$ 9,145,564

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Interfund Balances and Transfers

Interfund balances at December 31, 2021, consisted of \$345,348 from governmental funds and represents reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year except where noted.

Interfund transfers for the year ended December 31, 2021, consisted of the following:

Transfers out	Transfers in			Total
	General fund	Debt Service fund	Nonmajor governmental funds	
General fund	\$ -	\$ 3,537,490	\$ -	\$ 3,537,490
KPU fund	786,000	-	-	786,000
Port fund	319,000	-	100,147	419,147
Wastewater fund	80,000	-	-	80,000
Nonmajor governmental funds	936,123	1,819	-	937,942
Total	\$ 2,121,123	\$ 3,539,309	\$ 100,147	\$ 5,760,579

During the year, transfers are used to 1) move funds from the City’s enterprise funds for payments in lieu of taxes to the general fund, 2) move revenues from the funds with collection authority to the debt service fund as debt service principal and interest payments become due, 3) move commercial passenger vessel excise tax received from the State of Alaska from the fund with collection authority to the capital project and enterprise funds to provide resources for tourism related capital improvements and 4) move local resources from one fund to another to subsidize operations and provide funding for general government capital improvements.

3-H. Landfill Closure and Postclosure Care

State and federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for up to thirty years after closure. Operating and capital expenditures related to current activities of the landfill are recorded in the Solid Waste Services special revenue fund. During 2021, the City did not have any current expenditures for landfill closure costs nor any post-closure care costs. The total estimated liability for landfill closure and postclosure care costs are reported on the government-wide statement of net position.

During 2021, the future closure and postclosure costs were reevaluated and adjusted to reflect current conditions. As of December 31, 2021, the estimated liability for landfill closure and postclosure care costs totaled \$977,940, an increase of \$240 from the estimated liability as of December 31, 2020.

The estimated liability is based on an engineer’s estimate taking into account various factors including used capacity. As of December 31, 2021 used capacity was approximately 62.99%. It is estimated that an additional \$222,060 will be recognized as closure and postclosure care expenses between the date of the balance sheet, and the year 2051, in 30 years, the date the landfill is expected to reach full capacity. The estimated total current cost of the landfill closure and postclosure care is \$1,200,000 and is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2021. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, and/or changes in the landfill laws and regulations.

The City is required by state and federal laws and regulations to demonstrate financial responsibility for closure and postclosure care costs. The City was in compliance with the requirements for inert landfills at December 31, 2021.

Note 3 - Detailed Notes on All Funds (Continued)

3-I. Long-Term Debt

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

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

2014 Harbor General Obligation Bonds – issued to finance harbor improvements for Bar Harbor South, issued June 19, 2014, due in annual installments through June 1, 2034, bearing interest rates of 3.00 – 5.00%.

2014 Hospital General Obligation Bonds – issued to finance construction of an addition to the Ketchikan Medical Center, issued June 19, 2014, due in annual installments through June 1, 2044, bearing interest rates of 4.00 – 5.00%.

2016 Harbor General Obligation Bonds – issued to finance harbor improvements for Hole in the Wall and Bar Harbor Ramp 3, issued November 3, 2016, due in annual installments through December 1, 2035, bearing interest rates of 4.00 – 5.00%.

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

2021 Library Facilities General Obligation Refunding Bonds – issued to finance construction of a new library for the Ketchikan area, refunded June 16, 2021, due in annual installments through December 1, 2031, bearing interest rates of 0.243 – 2.122%.

Wastewater General Obligation Bonds, ADEC Clean Water Fund 481011 – issued to finance the replacement of a portion of the Tongass Avenue sewer main, due in semiannual installments through May 1, 2032 bearing an interest rate of 1.5%.

Wastewater General Obligation Bonds, ADEC Clean Water Fund 481071 – issued to finance the replacement of a portion of the Tongass Avenue sewer main, bearing an interest rate of 1.5%, due in semiannual installments through November 1, 2033.

Wastewater General Obligation Bonds, ADEC Clean Water Fund 481072 – issued to finance the replacement of a portion of the Tongass Avenue sewer main, bearing an interest rate of 1.5%, due in semiannual installments through November 1, 2033.

Wastewater General Obligation Bonds, ADEC Clean Water Fund 481101 – issued to finance the replacement of a portion of the Jackson/Monroe Avenue sewer main, bearing an interest rate of 1.5% due in semiannual installments through November 1, 2035.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize general obligation bonds outstanding, as of December 31, 2021 follow:

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	1,760,000	1,921,243	3,681,243	104,800	20,950	125,750
2023	1,835,000	1,845,714	3,680,714	106,378	19,373	125,751
2024	1,915,000	1,766,260	3,681,260	107,980	17,771	125,751
2025	2,000,000	1,681,915	3,681,915	109,605	16,145	125,750
2026	2,090,000	1,592,268	3,682,268	111,256	14,495	125,751
2027-2031	11,395,000	6,559,008	17,954,008	581,915	46,838	628,753
2032-2036	9,430,000	4,428,150	13,858,150	300,866	8,657	309,523
2037-2041	10,175,000	2,480,900	12,655,900	-	-	-
2042-2044	7,155,000	436,900	7,591,900	-	-	-
Total	\$ 47,755,000	\$ 22,712,358	\$ 70,467,358	\$ 1,422,800	\$ 144,229	\$ 1,567,029

Revenue Bonds - The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay for debt service. All revenues of the respective funds are pledged to satisfy annual principal and interest requirements until the bonds mature. All revenue bonds issued by the City have been recorded in the Ketchikan Public Utilities, Port or Wastewater Enterprise Funds and are described below:

KPU Revenue Bonds, 2008, Series W, Clean Renewable Energy Tax Credit – issued to finance a hydroelectric modernization project, dated July 10, 2008, due in annual installments through December 15, 2022 bearing an interest rate of .750%.

KPU Revenue Bonds, 2021, Series X Refunded Bonds – issued to finance a hydroelectric project, refunded June 16, 2021, due in annual installments through December 1, 2031, bearing an interest rates of 0.243 – 2.222%.

KPU Revenue Bonds, 2013, Series X Bonds – issued to finance a hydroelectric project, dated June 19, 2013. A portion was refunded June 16, 2021, due in annual installments through June 1, 2023, bearing an interest rates of 0.243 – 0.443%.

KPU Revenue Bonds, 2020, Series Y– issued to finance an undersea fiber cable project, dated June 24, 2020, due in annual installments through December 1, 2039 bearing an interest rates of 4.00 – 5.00%.

KPU Revenue Bonds, ADEC Drinking Water Fund 481021– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the replacement of a portion of the Tongass Avenue water main, due in semiannual installments through May 1, 2032.

KPU Revenue Bonds, ADEC Drinking Water Fund 481051– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of a water treatment facility, due in semiannual installments through November 1, 2033.

KPU Revenue Bonds, ADEC Drinking Water Fund 481061– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the replacement of a portion of Tongass Avenue water main, due in semiannual installments through November 1, 2033.

KPU Revenue Bonds, ADEC Drinking Water Fund 481091– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of the Baranof reservoir replacement, due in semiannual installments through November 1, 2033.

Note 3 - Detailed Notes on All Funds (Continued)

KPU Revenue Bonds, ADEC Drinking Water Fund 481121– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the construction of the Baranof reservoir replacement, due in semiannual installments through November 1, 2033.

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

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

KPU Revenue Bonds, ADEC Drinking Water Fund 481081– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5563% to finance the construction of the Schoenbar water main replacement. The amount authorized is \$1,591,967. As of December 31, 2021 KPU incurred \$1,625,063 in design costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

KPU Revenue Bonds, ADEC Drinking Water Fund 481191– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5625% to finance the construction of the implementation of a water-metering program for business customers. The amount authorized is \$1,250,000. As of December 31, 2021 KPU incurred \$382,328 in construction costs eligible for funding from this program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

Port Revenue Refunding Bonds, 2016 – issued to finance the port expansion and reconfiguration project, refunded November 3, 2016, due in annual installments through December 1, 2035, bearing interest rates of 2.00 – 5.00%.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481111 – issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the replacement of a portion of the Alaska Avenue sewer main, due in semiannual installments through November 1, 2033.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481031 – issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5% to finance the rehabilitation of the Front & Stedman Streets sewer force main, due in semiannual installments through May 1, 2038.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481151– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5563% to finance the construction of the Schoenbar water main replacement. The amount authorized is \$1,795,197. As of December 31, 2021 Wastewater incurred \$1,901 in design costs eligible for funding from this loan program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

Wastewater Revenue Bonds, ADEC Clean Water Fund 481201– issued a taxable junior lien municipal utility revenue bond bearing an interest rate of 1.5563% to finance the construction of the implementation of a water-metering program for business customers. The amount authorized is \$1,250,000 . As of December 31, 2021 Wastewater incurred \$382,328 in construction costs eligible for funding from this program. The amount to be borrowed and the loan amortization schedule will be finalized upon completion of the project.

The operating revenues of the KPU, Port and Wastewater Funds are pledged to pay debt service of the respective fund. The operating revenues for KPU, Port and Wastewater Funds were \$44.1 million, \$1,350,000 and \$3.5 million respectively. The debt service payments for KPU and Wastewater Funds were \$2.5 million or 5.62% of revenues and \$162,826 or 4.62% of revenues, respectively. The Port did not generate enough revenue in 2021 to cover the debt service payments of \$2.2 million due to a limited tour season because of the pandemic. Reserves of the Port Fund were sufficient to pay debt service in 2021.

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize revenue bonds outstanding, as of December 31, 2021 follow:

Year	Principal	Interest	Total
2022	\$ 2,939,988	\$ 1,811,043	\$ 4,751,031
2023	2,963,043	1,703,797	4,666,840
2024	3,066,221	1,605,369	4,671,590
2025	3,164,520	1,510,253	4,674,773
2026	3,257,943	1,407,886	4,665,829
2027-2031	18,085,592	5,267,981	23,353,573
2032-2036	13,528,082	1,874,497	15,402,579
2037-2041	2,189,686	170,664	2,360,350
Total	<u>\$ 49,195,075</u>	<u>\$ 15,351,490</u>	<u>\$ 64,546,565</u>

This amortization schedule does not include \$2,007,392 for two Drinking Water Loan Fund projects and \$384,229 for two Clean Water Loan Fund projects because the projects related to the loans are in progress. A debt service schedule will be determined upon completion of the projects.

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

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

Year	Principal	Interest	Total
2022	\$ 229,770	\$ 22,895	\$ 252,665
2023	234,412	18,253	252,665
2024	239,147	13,518	252,665
2025	243,978	8,687	252,665
2026	248,906	3,759	252,665
Total	<u>\$ 1,196,213</u>	<u>\$ 67,112</u>	<u>\$ 1,263,325</u>

(This page continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 49,265,000	\$ 3,145,000	\$ 4,655,000	\$ 47,755,000	\$ 1,760,000
Plus deferred amounts:					
For issuance premiums	2,818,373	-	396,490	2,421,883	396,490
Total bonds payable	52,083,373	3,145,000	5,051,490	50,176,883	2,156,490
Capital lease	1,421,433	-	225,220	1,196,213	229,770
Landfill closure costs	977,700	240	-	977,940	-
Compensated absences	1,766,355	1,153,322	1,322,765	1,596,912	159,691
Total Governmental Activities	\$ 56,248,861	\$ 4,298,562	\$ 6,599,475	\$ 53,947,948	\$ 2,545,951
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 1,526,047	\$ -	\$ 103,246	\$ 1,422,801	\$ 104,138
Revenue bonds	51,617,107	9,403,079	11,057,053	49,963,133	2,939,989
Plus deferred amounts:					
For issuance premiums	5,948,971	-	1,294,145	4,654,826	388,441
Total bonds payable	59,092,125	9,403,079	12,454,444	56,040,760	3,432,568
Compensated absences	1,297,420	1,296,234	1,448,582	1,145,072	114,507
Total Business-Type Activities	\$ 60,389,545	\$ 10,699,313	\$ 13,903,026	\$ 57,185,832	\$ 3,547,075

The general obligation bonds and capital lease obligations for governmental activities are being retired by the general obligation bond debt service fund.

The landfill closure costs are being paid from the solid waste services fund. Principal and interest payments related to the City's revenue bonds are financed from income derived from the operations of the Ketchikan Public Utilities, Port Enterprise, and Wastewater Funds. The general obligation bonds for business-type activities are being retired from resources derived from the operations of the Wastewater Enterprise Fund. The compensated absences liability is being liquidated from the Compensated Absences Fund.

Defeased Bonds Outstanding - In prior years, the City issued general obligation and municipal utility revenue refunding bonds to defease certain outstanding general obligation and municipal utility revenue bonds to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to insure payment of debt service on the refunded bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. As of December 31, 2021, \$40,515,000 of the bonds outstanding was considered defeased.

Bond Refunding - In June 2021, the City issued \$3,145,000 of 2021 Series One general obligation bonds to refund series 2012-2 bonds. The carrying amount of the old bonds exceeded the carrying amount of the new bonds by \$210,891. This amount will be amortized over the remaining life of the refunded debt. The refunding reduced the City's aggregate debt service payments to maturity by \$206,069, which resulted in the net present value savings of \$202,988

Note 3 - Detailed Notes on All Funds (Continued)

In June 2021 Ketchikan Public Utility issued \$9,235,000 of 2021 Series X revenue bonds to refund series 2013-2A bonds. The carrying amount of the old bonds exceeded the carrying amount of the new bonds by \$905,704. This amount will be amortized over the remaining life of the refunded debt. The refunding reduced the Utilities aggregate debt service payments to maturity by \$1,238,514, which resulted in the net present value savings of \$1,035,645.

3-J. Pension and Other Postemployment Benefit Plans

Substantially all regular employees of the City are members of the Alaska Public Employees' Retirement System (PERS) except for employees who are members of the International Brotherhood of Electrical Workers Local No. 1547 (IBEW). IBEW members participate in a union sponsored defined benefit plan. The total 2021 pension expense for all plans was \$5,923,421.

A. State of Alaska Public Employees' Retirement System

Plan Description

All regular employees of the City not covered by a collective bargaining agreement that includes a pension benefit and work at least 14 hours are provided with a pension through the State of Alaska Public Employees Retirement System (PERS). The PERS was originally established as an agent multiple-employer plan but was converted to a cost-sharing multiple employer plan, effective July 1, 2008. The PERS includes defined benefit plans (Tiers I, II, and III) and a defined contribution plan (Tier IV). The PERS defined benefit plan was closed to all new employees hired on or after July 1, 2006 and replaced with a defined contribution plan. PERS provides retirement, disability, death and other post-retirement benefits. Benefits and employer contributions are established by Alaska Statutes and may only be amended by the State Legislature.

PERS is administered by the State of Alaska. Each fiscal year, PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirements and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or online at <https://drb.alaska.gov/docs/reports/>

Defined Benefit Plan

Plan Benefits

Retirement Benefits - The determination of retirement benefits is based on an employee's initial entry date into the PERS. Employees entering into the PERS before July 1, 1986 are classified as Tier I and are eligible for normal benefits at age 55 or early retirement benefits at age 50 after five years of service. Employees with an initial entry date of on or after July 1, 1986 are classified as Tiers II and III and, after five years of service, are eligible for normal benefits at age 60 or early retirement benefits at age 55. The benefit is calculated by multiplying the average monthly compensation times credited PERS service times the percentage multiplier. The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for years of service over ten years. The percentage multipliers for all others are 2% for the first ten years, 2.25% for the second ten years and 2.5% for all remaining years of service earned on or after July 1, 1986. Service earned before that date is calculated at 2%. This plan is closed to new members hired after July 1, 2006.

Death Benefits – Monthly death benefits may be paid to a spouse or dependent children upon the death of a non-retired employee calculated based on whether it is an occupational or non-occupational death. For a retired employee, the beneficiary will receive a lump sum refund of the employee's account balance or, if the member selected a survivor option, lifetime monthly benefits for the eligible spouse.

Disability Benefits – Monthly disability benefits are paid to permanently disabled employees until they recover, die or become eligible for normal retirement. Employees are appointed to normal retirement on the first of the month after they become eligible. Benefits are determined as follows:

- Occupational disability benefits are equal to 40% of an employee's gross monthly compensation at the date of their disability. Employees are not required to satisfy age or service requirements.
- Non-occupational disability benefits are calculated based on the employee's average monthly compensation and PERS service on the date of termination due to the disability. Employees must have five years of PERS service in order to be eligible to receive benefits.

Note 3 - Detailed Notes on All Funds (Continued)

Benefit Changes After Retirement – Postretirement pension adjustments (PRPA) are granted annually to eligible benefit recipients when the consumer price index (CPI) for urban wage earners and clerical works for Anchorage increases during the preceding calendar year. Ad hoc PRPAs up to a maximum of 4% may be granted to eligible recipients who first entered PERS prior to July 1, 1986 if the CPI increases and the funding ratio is at least 105%.

Alaska Cost of Living Allowance – Eligible recipients who reside in Alaska receive an Alaska cost of living allowance equal to 10% of their base benefits or \$50, whichever is more.

Contributions

Mandatory contributions are required by regular employees eligible to participate in the PERS. Police and firefighters are required to contribute 7.5% of their annual covered salary and all other employees are required to contribute 6.75%.

There are several other contribution rates associated with funding the PERS. They are as follows:

Employer Contribution Rate - Alaska Statute 39.35.255 established a mandatory employer contribution rate of 22% of covered payroll. This rate is assessed on the covered payroll attributable to employees participating in the defined benefit and the defined contribution plans. Contributions derived from the employees participating in the defined contribution plan that are not required to fund the benefits of the deferred contribution plan are referred to as the Defined Benefit Unfunded Liability or DBUL contribution. The Alaska Legislature can change the mandatory employer contribution rate by amending Alaska Statute 39.35.255.

Alaska Retirement Management Board Adopted Rate – This rate is actuarially determined and used to calculate the annual funding requirements for the PERS and is the rate formally adopted by the Alaska Retirement Management Board (ARMB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost methods or any other assumptions used to determine the rate. Effective July 1, 2015, the Alaska Legislature began requiring the ARMB to adopted employer contribution rates for past service cost liabilities using a level percent of pay method over a closed 25-year term, which ends in 2039. This will result in lower ARMB adopted rates in future years but increase the amount required to meet the funding requirements of the PERS by extending period required to fund the pension liability by nine years. Prior to July 1, 2015, the ARMB used an actuarially determined rate based on the level dollar method.

State Contribution Rate - This is the rate paid by the State as an on-behalf payment under Alaska Statutes 39.25.280. This statute requires the State to contribute, subject to available funding, an on-behalf amount equal to the difference between the ARMB Adopted Rate and Employer Contribution Rate mandated by Alaska Statutes 39.35.255.

Contributions rates for the year ended December 31, 2021 were based on the June 30, 2021 and the June 30, 2020 roll forward PERS actuarial valuation report and were as follows:

	Employer Rate		ARMB Rate		State Contribution Rate	
	Jan 1 - June 30	July 1 - Dec 31	Jan 1 - June 30	July 1 - Dec 31	Jan 1 - June 30	July 1 - Dec 31
Pension	22.00%	22.00%	30.85%	30.11%	8.85%	8.11%
Postemployment healthcare	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Contribution Rate	22.00%	22.00%	30.85%	30.11%	8.85%	8.11%

Note 3 - Detailed Notes on All Funds (Continued)

The amounts contributed by the City and the State in the form of on-behalf payments for Tiers I, II, and III for the year ended December 31 were as follows:

Pension	2021	2020	2019	2018	2017
Employer contributions (including DBUL)	\$ 1,882,249	\$ 1,622,538	\$ 1,175,314	\$ 1,236,552	\$ 1,271,851
Nonemployer contributions	917,794	912,988	646,303	428,166	373,586
Total Contributions	<u>\$ 2,800,044</u>	<u>\$ 2,535,526</u>	<u>\$ 1,821,617</u>	<u>\$ 1,664,718</u>	<u>\$ 1,645,437</u>
Postemployment Healthcare	2021	2020	2019	2018	2017
Employer contributions (including DBUL)	\$ -	\$ 266,702	\$ 446,090	\$ 397,004	\$ 477,194
Nonemployer contributions	-	-	-	-	-
Total Contributions	<u>\$ -</u>	<u>\$ 266,702</u>	<u>\$ 446,090</u>	<u>\$ 397,004</u>	<u>\$ 477,194</u>

The amounts contributed by the City for postemployment healthcare were equal to the required employer contributions. Included in both the pension and the postemployment health amounts are the DBUL amounts that were levied against the PERS Defined Contribution Plan (Tier IV).

Terminated employees may receive refunds of their mandatory and voluntary contributions, indebtedness payments and interest earned on the contributions and indebtedness payments. Terminated employee contribution accounts may be attached to satisfy claims under Alaska Statutes 09.38.065, federal income tax levies, and valid qualified domestic relation orders.

Defined Contribution Plan

All regular employees who are first time members of the PERS participate in the PERS Defined Contribution Hybrid Plan for Tier IV. This plan provides pension, occupational disability, death, and healthcare benefits.

Plan Benefits

Pension Benefits – The pension plan is a defined contribution plan. Employees immediately vest 100 percent in their own contributions. An employee vests 25 percent in the employer’s contributions with two years of service, 50 percent with three years of service, 75 percent with four years of service and 100% with five years of service. Contributions consist solely of employee and employer contributions, with no special funding or other non-employer contributions. Alaska Statutes require that forfeitures be used to reduce employer contributions. The benefits paid to employees are based on the amounts contributed to the plan by employers and employees and investment earnings.

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

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

Funding Policy and Contribution Rates

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

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

Note 3 - Detailed Notes on All Funds (Continued)

	<u>1/1/21 - 6/30/21</u>	<u>7/1/21 - 12/31/21</u>
<i>Employee:</i>		
Pension		
Police Officers and Firefighters	8.00%	8.00%
Other Employees	8.00%	8.00%
<i>Employer:</i>		
Pension		
Police Officers and Firefighters	5.00%	5.00%
Other Employees	5.00%	5.00%
Retiree Major Medical		
Police Officers and Firefighters	1.27%	1.07%
Other Employees	1.27%	1.07%
Occupational Disability & Death:		
Police Officers and Firefighters	0.70%	0.68%
Other Employees	0.26%	0.31%
Health Reimbursement Account:		
Police Officers and Firefighters	\$179.92/month*	\$180.70/month*
Other Employees	\$179.92/month*	\$180.70/month*

* Fixed dollar amount per employee based on 3% of the average annual compensation of all employees of all employers in the PERS as required under AS 39.30.370.

The contributions rates for the year ended December 31, 2021, were based on the June 30, 2021 and the June 30, 2020 roll forward PERS actuarial valuation report.

The amounts contributed by the City for the PERS Defined Contribution Hybrid Plan for Tier IV for the year ended December 31 were as follows.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Covered employee payroll	<u>\$ 7,031,167</u>	<u>\$6,520,582</u>	<u>\$5,497,020</u>	<u>\$ 4,735,319</u>	<u>\$ 4,531,943</u>
Pension contributions	351,560	325,989	274,866	236,549	226,846
Other postemployment benefit contributions	293,177	277,429	233,084	197,462	190,520
Total Contributions	<u>\$ 644,737</u>	<u>\$ 603,418</u>	<u>\$ 507,950</u>	<u>\$ 434,011</u>	<u>\$ 417,366</u>

(This page continued on the subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

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

At December 31, 2021, the City reported a liability for its proportionate share of the net pension liability and an asset for other postemployment benefits asset that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share for its proportional share, the related State support, and the total portion of the net pension liability and other postemployment benefits asset that was associated with the City were as follows:

	<u>Net Pension Liability (Asset)</u>	<u>Net OPEB Liability (Asset)</u>
City's proportionate share		
Occupational death and disability	\$ -	\$ (226,697)
Defined contribution retiree medical	-	(121,964)
Defined benefit retiree medical	-	(11,005,778)
Pension	15,674,424	-
Total City's proportionate share	<u>\$ 15,674,424</u>	<u>\$ (11,354,439)</u>
State's proportionate share attributable to employer	<u>2,122,767</u>	<u>(1,446,650)</u>
Total Pension and Other Postemployment Benefits Liabilities/ (Asset)	<u>\$ 17,797,191</u>	<u>\$ (12,801,089)</u>
	<u>Net Pension Liability (Asset)</u>	<u>Net OPEB Liability (Asset)</u>
City's proportionate share reported in		
Governmental activities	\$ 12,114,759	\$ (8,775,846)
Business-type activities	3,559,665	(2,578,593)
Total City's proportionate share	<u>\$ 15,674,424</u>	<u>\$ (11,354,439)</u>

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

This disclosure is based on the provisions of Alaska Statute 39.35.280, which may be amended at the discretion of the Alaska State Legislature. An amendment to the Statute could result in the City recognizing some, or all, of the State's proportionate share of the net pension liability and other postemployment benefits asset associated with the City.

The net pension liability and other postemployment benefits asset was measured as of June 30, 2021 and the total pension liability and other postemployment benefits asset used for the calculation was determined by an actuarial valuation as of June 30, 2020. The City's proportion of the net liabilities and net assets were based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating employers and the State, as actuarially determined. At June 30, 2021, the City's proportion of the pension liability was .42727%, which was an increase of .12651% from its proportion measured as of June 30, 2020. At June 30, 2021 the City's portion of the other postemployment benefits was .51437% for occupational death and disability, .45438% defined contribution retiree medical plan and .42902% for defined benefit retiree healthcare trust, which was a decrease of .0034% and an increase of .00378% and .12851% respectively, from June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$3,900,757, other postemployment benefit expense credit of \$4,360,623 and revenue of \$917,794 for support provided by the State. At December 31, 2021, the City reported deferred outflows of resources and deferred inflow of resources related to pension and other postemployment benefits from the following sources:

Note 3 - Detailed Notes on All Funds (Continued)

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$ 6,181,168
Difference between expected and actual experience	-	69,441
Changes in proportion and differences between Employer contributions	1,098,904	-
Contributions subsequent to the measurement date	893,253	-
Totals	<u>\$ 1,992,157</u>	<u>\$ 6,250,609</u>

	Other Postemployment Benefits					
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	DC- ODD*	DC- Medical	DB-Medical	DC- ODD*	DC- Medical	DB-Medical
Changes in Assumptions	\$ -	\$ 37,908	\$ -	\$ 1,722	\$ 72,483	\$ 415,911
Changes in proportion and differences between employer share of contributions	1,584	7,368	-	12,620	1,436	103,387
Difference Between Expected and Actual Experience	-	9,068	-	61,918	5,799	115,578
Differences between projected and actual investment earnings	-	-	-	36,351	109,113	5,150,115
Contributions subsequent to the measurement date	-	138,924	-	-	-	-
Totals	<u>\$ 1,584</u>	<u>\$ 193,268</u>	<u>\$ -</u>	<u>\$ 112,611</u>	<u>\$ 188,831</u>	<u>\$ 5,784,991</u>
	Total Deferred Outflow of OPEB			Total Deferred Inflow of OPEB		
		<u>\$ 194,852</u>			<u>\$ 6,086,433</u>	

*ODD = Occupational Death and Disability

The deferred outflows of resources related to pensions of \$893,253 and to other postemployment benefits in the amount of \$138,924 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the subsequent year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions and other postemployment benefits will be recognized as an expense as follows:

Year Ending December 31:	Other Post-employment Benefits			
	Pension	ODD	DC-Medical	DB-Medical
2022	\$ (406,960)	\$ (21,207)	\$ (29,114)	\$ (1,841,388)
2023	(1,415,863)	(21,184)	(29,165)	(1,186,054)
2024	(1,531,572)	(21,565)	(30,267)	(1,273,575)
2025	(1,797,311)	(22,778)	(33,743)	(1,483,975)
2026	-	(12,582)	(3,165)	-
Thereafter	-	(11,710)	(9,031)	-

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial Assumptions

The total pension liability and other postemployment benefits asset as of June 30, 2021 were determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases	Graded by service from 7.75% to 2.75% for peace officers and firefighters Graded by age and service from 6.75% to 2.75% for all others
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%
Trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs/Employer group waiver plans: 8.0% grading down to 4.5%

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

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in the actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the PERS's current and expected asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

Long-Term Expected Real Rate of Return

Asset Class	
Domestic equity	6.63%
Global ex-U.S. equity	5.41%
Aggregate bonds	0.76%
Opportunistic	4.39%
Real assets	3.16%
Private equity	9.29%
Cash equivalents	0.13%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employee, employer and State contributions will continue to be made at the current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 3 - Detailed Notes on All Funds (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability and Other Postemployment Benefits Asset to Changes in the Discount Rate and Healthcare Cost Rate

The following presents the City's proportionate share of the net pension liability and other postemployment benefits asset calculated using the current discount rate of 7.38%, as well as what the City's proportionate share of the net pension liability and other postemployment benefits asset would be if it were calculated using a discount rate that is one percentage point lower (6.38%) or one percentage point higher (8.38%) than the current rate:

	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City's proportionate share of the net pension liability	\$ 23,216,001	\$ 15,674,424	\$ 9,338,527
City's proportionate share of the other postemployment benefits asset -			
Occupational death and disability	\$ (217,073)	\$ (226,697)	\$ (234,361)
Defined contribution retiree medical	79,602	(121,964)	(274,207)
Defined benefit retiree medical	(7,197,613)	(11,005,777)	(14,168,174)
Total City's proportionate share of OPEB	\$ (7,335,084)	\$ (11,354,438)	\$ (14,676,742)

The following presents the City's proportionate share of the other postemployment benefits asset calculated using the current healthcare cost trend and a 1% increase and decrease in the healthcare costs.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Defined contribution retiree medical	(295,998)	(121,964)	115,171
Defined benefit retiree medical	(14,538,372)	(11,005,777)	(6,742,856)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Alaska Public Employees Retirement System financial report.

B. International Brotherhood of Electrical Workers

The International Brotherhood of Electrical Workers (IBEW) retirement plan is a union sponsored defined benefit plan. The plan is funded entirely by employer contributions based upon hourly rates, which are determined by a collective bargaining process. The City's obligation for retirement under the IBEW plan is limited to the amount paid to the Alaska Electrical Trust Fund. The City exercises no fiduciary responsibility over the IBEW plan. Accordingly, the City accounts for the IBEW retirement plan as if it were a defined contribution plan. Employees who are members of the IBEW are eligible to participate immediately upon employment and are fully vested after ten years of service.

Contributions for employees covered under the public works and clerical workers collective bargaining agreement range from 17% up to \$4.07 per hour worked; contributions for employees covered under the Ketchikan Public Utilities collective bargaining agreement range from \$3.09 to \$6.29 per hour for craft employees and \$2.82 to \$5.15 for non-craft employees. The City's total payroll for the year ended December 31, 2021 was \$23,488,609 and payroll for covered employees totaled \$11,236,450. The total amount contributed to the IBEW plan in 2021 was \$1,584,926, which represents 14.11% of the City's current covered payroll.

Note 3 - Detailed Notes on All Funds (Continued)

3-K. Net Investment in Capital Assets

Net Investment in capital assets on the government-wide statement of net position as of December 31, 2021 are as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 294,381,184	\$ 388,470,836
Less accumulated depreciation	(82,850,327)	(199,210,298)
Book value	211,530,857	189,260,538
Less capital related debt	(49,683,407)	(57,175,600)
Plus (less) bond discount and refunding amounts	(92,004)	(1,252,093)
Net investment in capital assets	<u>\$ 161,755,446</u>	<u>\$ 130,832,845</u>

3-L. Deferred Inflows and Outflows of Resources

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

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

The City's deferred inflows and outflows of resources at December 31, 2021 are as follows:

	Fund Level		Government Wide Level	
	Governmental Funds	Proprietary Funds	Governmental Activities	Business-type Activities
Deferred Outflows				
Outflow due to refunding	\$ -	\$ -	\$ 108,765	\$ -
Outflow due to pension accounting	-	480,046	1,512,111	480,046
Outflow due to OPEB accounting	-	48,550	146,303	48,550
Total Deferred Outflows	<u>\$ -</u>	<u>\$ 528,596</u>	<u>\$ 1,767,179</u>	<u>\$ 528,596</u>
Deferred Inflows				
Revenue from taxes	\$ 2,283,928	\$ -	\$ -	\$ -
Revenue from services	59,338	-	-	-
Inflow from refunding	-	1,252,093	200,768	1,252,093
Inflow from pension accounting	-	1,419,514	4,831,095	1,419,514
Inflow from OPEB accounting	-	1,382,231	4,704,203	1,382,231
Total Deferred Inflows	<u>\$ 2,343,266</u>	<u>\$ 4,053,838</u>	<u>\$ 9,736,066</u>	<u>\$ 4,053,838</u>

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

Note 4- Other Notes

4-A. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. The City utilizes a self-insurance fund to account for and finance its uninsured risks of loss and insurance deductibles. The Self-Insurance Fund provides coverage up to a maximum of \$25,000 for each property claim, \$75,000 for each general liability claim, and \$100,000 for each employment practices claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage. All funds of the City participate in the risk management program and make payments to the Self-Insurance Fund based on the amounts needed to pay insurance and related risk management services, claims paid, claims incurred, but not reported, and to maintain adequate reserves for losses not covered by insurance. As of December 31, 2021, the City had a net position of \$1,841,077 in the Self-Insurance Fund. Claims payable represents estimates of claims incurred but not settled and claims incurred but not reported based upon past experience modified for current trends and information, which approximates the actuarial estimates of the amounts needed to pay the claims. The self-insurance fund has pending claims in the amount of \$457,850 which are included as a liability and no incurred but unpaid claims exist at December 31, 2021.

Changes in the balances of claims liabilities for the years ended December 31, 2021, 2020 and 2019, are as follows:

Date	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2019	146,127	4,124	7,251	143,000
2020	143,000	181,742	111,886	212,856
2021	212,856	318,068	73,074	457,850

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

4-B. Contingent Liabilities

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

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

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

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

The City purchases power from SEAPA under the terms and conditions of a long-term power sales agreement, which remains in effect until 2034. In 2021, the City paid SEAPA \$5,668,902 for power purchased from the Swan Lake hydroelectric facility. During 2021, approximately 46% of the City’s total electric generation, or 83,366,208 kWh, was produced by the Swan Lake hydroelectric facility. During 2021 the City also paid SEAPA \$708,381 in additional fees. The amount due to SEAPA was \$2,048,832 at December 31, 2021.

Note 4 - Other Notes (Continued)

4-D. Tax Abatements

In 2005, the City entered into a 30-year agreement with Alaska Industrial Development and Export Authority and the operator of the Alaska ship and dry-dock, currently Vigor Alaska LLC, to provide tax relief per AS 29.45.050. The tax relief is intended to support the growth of Ketchikan's maritime industry and provide economic diversity and strength. The property tax abatement in 2021 is \$380,930.

The City has also agreed to provide partial property tax relief to housing agencies for the purpose of encouraging the development of low income housing. The property taxes paid is equal to 10% of rents received less utilities. The total 2021 tax abatement for this program is \$62,745. The current participants of this program are Ketchikan Indian Community and Tlingit Haida Regional Housing Authority.

4-E. Subsequent Events

The City successfully amended ADEC Drinking Water Fund 481081 to increase the funding by \$5,973,779 to bring the total amount authorized to \$7,565,746 for the Schoenbar Road Water Main Replacement on February 28, 2022. Of this amount \$1,148,200 is offered as additional funding subsidy (principal forgiveness). A repayment schedule will be available once the first disbursement is made with an interest rate of 1.5563% and will be paid back within 20 years following initiation of operation of the facility.



THIS PAGE INTENTIONALLY LEFT BLANK

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes						
Real & personal property taxes	\$ 6,353,334	\$ 6,353,334	\$ 6,278,122	\$ -	\$ 6,278,122	\$ (75,212)
Automobile & boat taxes	40,000	40,000	35,920	-	35,920	(4,080)
Penalty & interest	50,000	50,000	63,023	-	63,023	13,023
Senior citizen local contribution	(512,354)	(512,354)	(512,354)	-	(512,354)	-
Sales tax	4,184,000	4,184,000	3,860,811	-	3,860,811	(323,189)
Payments in lieu of taxes	24,000	24,000	28,857	-	28,857	4,857
	<u>10,138,980</u>	<u>10,138,980</u>	<u>9,754,379</u>	<u>-</u>	<u>9,754,379</u>	<u>(384,601)</u>
Payments in lieu of taxes						
Ketchikan public utilities fund	786,000	786,000	-	786,000	786,000	-
Port fund	319,000	319,000	-	319,000	319,000	-
Wastewater services fund	80,000	80,000	-	80,000	80,000	-
	<u>1,185,000</u>	<u>1,185,000</u>	<u>-</u>	<u>1,185,000</u>	<u>1,185,000</u>	<u>-</u>
Licenses and permits						
Building permits	125,000	125,000	68,064	-	68,064	(56,936)
Other	1,700	1,700	1,505	-	1,505	(195)
	<u>126,700</u>	<u>126,700</u>	<u>69,569</u>	<u>-</u>	<u>69,569</u>	<u>(57,131)</u>
Intergovernmental						
Federal fire grants	-	-	30,000	-	30,000	30,000
Liquor licenses tax	35,000	35,000	-	-	-	(35,000)
Other state revenues	151,700	166,700	789,351	(649,209)	140,142	(26,558)
Federal revenues	197,005	1,261,851	1,030,704	-	1,030,704	(231,147)
	<u>383,705</u>	<u>1,463,551</u>	<u>1,850,055</u>	<u>(649,209)</u>	<u>1,200,846</u>	<u>(262,705)</u>
Charges for services						
Ambulance	800,000	800,000	653,004	-	653,004	(146,996)
Rentals	23,000	23,000	20,278	-	20,278	(2,722)
Parking fees	75,000	75,000	74,860	-	74,860	(140)
Cemetery	1,100	1,100	1,050	-	1,050	(50)
Library services	601,223	601,223	591,496	-	591,496	(9,727)
Museum services	152,500	152,500	46,855	-	46,855	(105,645)
E-911 emergency dispatch services	406,000	406,000	394,141	-	394,141	(11,859)
Civic center services	50,000	50,000	17,293	-	17,293	(32,707)
Other charges	51,980	51,980	47,386	-	47,386	(4,594)
	<u>2,160,803</u>	<u>2,160,803</u>	<u>1,846,363</u>	<u>-</u>	<u>1,846,363</u>	<u>(314,440)</u>
Fines and forfeitures						
Parking fines	60,000	60,000	51,989	-	51,989	(8,011)
Other fines	7,500	7,500	4,435	-	4,435	(3,065)
Court deposits	15,000	15,000	5,102	-	5,102	(9,898)
	<u>82,500</u>	<u>82,500</u>	<u>61,526</u>	<u>-</u>	<u>61,526</u>	<u>(20,974)</u>
Investment earnings						
	8,000	8,000	7,456	-	7,456	(544)
Other revenue						
Miscellaneous	110,336	150,522	143,254	-	143,254	(7,268)
Interdepartmental charges						
	3,713,721	3,713,721	3,164,565	-	3,164,565	(549,156)
Total Revenues	<u>17,909,745</u>	<u>19,029,777</u>	<u>16,897,167</u>	<u>535,791</u>	<u>17,432,958</u>	<u>(1,596,819)</u>

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Cont'd)
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Reclassifications and Encumbrances</u>	<u>(Budgetary Basis) Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures						
Current:						
General government						
Mayor and council	198,140	248,640	230,255	(501)	229,754	18,886
City Clerk	329,275	329,275	276,347	(11,458)	264,889	64,386
Law	371,946	371,946	338,978	(5,436)	333,542	38,404
City Manager	790,912	790,912	752,680	(39,005)	713,675	77,237
Finance	2,200,261	2,207,261	2,012,204	(45,820)	1,966,384	240,877
Information Technology	1,076,863	1,076,863	1,028,740	(30,840)	997,900	78,963
	<u>4,967,397</u>	<u>5,024,897</u>	<u>4,639,204</u>	<u>(133,060)</u>	<u>4,506,144</u>	<u>518,753</u>
Public safety						
Fire	4,009,485	4,207,877	3,921,403	(183,469)	3,737,934	469,943
Police	6,163,234	6,163,234	5,558,987	(223,825)	5,335,162	828,072
	<u>10,172,719</u>	<u>10,371,111</u>	<u>9,480,390</u>	<u>(407,294)</u>	<u>9,073,096</u>	<u>1,298,015</u>
Culture						
Library	1,430,210	1,430,210	1,339,076	(24,357)	1,314,719	115,491
Museum	1,093,389	1,198,575	990,578	3,886	994,464	204,111
Civic Center	520,955	520,955	470,388	(8,859)	461,529	59,426
	<u>3,044,554</u>	<u>3,149,740</u>	<u>2,800,042</u>	<u>(29,330)</u>	<u>2,770,712</u>	<u>379,028</u>
Health and welfare						
Public Health	14,325	14,325	10,978	-	10,978	3,347
Public works						
Engineering	2,139,361	2,139,361	1,404,426	(33,761)	1,370,665	768,696
Streets	1,785,577	1,785,577	1,631,227	(1,359)	1,629,868	155,709
Cemetery	98,370	98,370	89,057	1,623	90,680	7,690
Garage	673,104	673,104	697,084	(16,415)	680,669	(7,565)
Building Maintenance	605,495	605,495	497,998	7,355	505,353	100,142
	<u>5,301,907</u>	<u>5,301,907</u>	<u>4,319,792</u>	<u>(42,557)</u>	<u>4,277,235</u>	<u>1,024,672</u>
Total Expenditures	<u>23,500,902</u>	<u>23,861,980</u>	<u>21,250,406</u>	<u>(612,241)</u>	<u>20,638,165</u>	<u>3,223,815</u>
Deficiency of Revenues Under Expenditures	<u>(5,591,157)</u>	<u>(4,832,203)</u>	<u>(4,353,239)</u>	<u>1,148,032</u>	<u>(3,205,207)</u>	<u>1,626,996</u>

Required Supplementary Information
City of Ketchikan, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Cont'd)
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Reclassifications and Encumbrances</u>	<u>(Budgetary Basis) Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses)						
Transfers in						
Sales tax hospital and other public works fund	420,000	420,000	420,000	-	420,000	-
Sales tax public works fund	2,000,000	2,000,000	2,000,000	-	2,000,000	-
Transient occupancy tax fund	470,955	470,955	439,163	-	439,163	(31,792)
Marijuana sales tax fund	200,000	200,000	200,000	-	200,000	-
Shoreline area fund	6,374	6,374	6,374	-	6,374	-
Bayview cemetery fund	5,000	5,000	5,000	-	5,000	-
Commercial passenger vessel tax	291,960	291,960	291,960	-	291,960	-
Ketchikan public utilities fund	-	-	786,000	(786,000)	-	-
Port fund	-	-	319,000	(319,000)	-	-
Wastewater services fund	-	-	80,000	(80,000)	-	-
Transfers out						
GO bond debt service fund	(817,394)	(817,394)	(757,069)	-	(757,069)	60,325
Community grant fund	(50,390)	(50,390)	(50,390)	-	(50,390)	-
Community facilities development fund	-	-	-	-	-	-
Port fund	-	-	-	-	-	-
Sale of capital assets	20,000	20,000	30,922	-	30,922	10,922
Total Other Financing Sources (Uses)	<u>2,546,505</u>	<u>2,546,505</u>	<u>3,770,960</u>	<u>(1,185,000)</u>	<u>2,585,960</u>	<u>39,455</u>
Net Change in Fund Balances	(3,044,652)	(2,285,698)	(582,279)	(36,968)	(619,247)	1,666,451
Prior Year Encumbrances Returned	-	-	-	21,156	21,156	21,156
Fund Balances Beginning of Year	7,431,724	7,431,724	7,063,025	(319,624)	6,743,401	(688,323)
Fund Balances End of Year	<u>\$ 4,387,072</u>	<u>\$ 5,146,026</u>	<u>\$ 6,480,746</u>	<u>\$ (335,436)</u>	<u>\$ 6,145,310</u>	<u>\$ 999,284</u>

City of Ketchikan, Alaska
Notes to Required Supplementary Information
For the Year Ended December 31, 2021

Note 1 – Budgetary Basis

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that payments in lieu of taxes from the City’s enterprise funds are treated as tax revenue, outstanding encumbrances are reported as expenditures and payments made by the State of Alaska to the Alaska Public Employees Retirement System on behalf of the City are excluded and certain funds required by GASB Statement No. 54 to be included as part of the general fund have been excluded. The legally adopted budget for the general fund of the City does not include these items or funds. The schedules below reconciles the amounts for each when it is not visible on the statement.

GAAP to Budget Adjustments - Encumbrance and On-Behalf Payments

	Encumbrances		On Behalf Payments	Total
	Prior Year Activity	Current Year Activity		
General Government				
Mayor and Council	\$ (38,000)	\$ 38,000	\$ (501)	\$ (501)
City Clerk	-	-	(5,436)	(5,436)
Law	-	-	(11,458)	(11,458)
City Manager	(3,753)	709	(35,961)	(39,005)
Finance	(71,500)	88,610	(62,930)	(45,820)
Information Technology	(1,029)	1,678	(31,489)	(30,840)
Total General Government	<u>(114,282)</u>	<u>128,997</u>	<u>(147,775)</u>	<u>(133,060)</u>
Public Safety				
Fire	(42,253)	29,589	(170,805)	(183,469)
Police	-	14,192	(238,017)	(223,825)
Total Public Safety	<u>(42,253)</u>	<u>43,781</u>	<u>(408,822)</u>	<u>(407,294)</u>
Culture				
Library	(20,385)	14,287	(18,259)	(24,357)
Museum	(2,051)	25,873	(19,936)	3,886
Civic Center	(850)	5,923	(13,932)	(8,859)
Total Culture	<u>(23,286)</u>	<u>46,083</u>	<u>(52,127)</u>	<u>(29,330)</u>
Public Works				
Engineering	(15,522)	8,949	(27,188)	(33,761)
Streets	(32,425)	34,048	-	1,623
Cemetery	(20,418)	25,498	(6,439)	(1,359)
Garage	(11,474)	1,917	(6,858)	(16,415)
Building Maintenance	(26,442)	33,797	-	7,355
Total Public Works	<u>(106,281)</u>	<u>104,209</u>	<u>(40,485)</u>	<u>(42,557)</u>
Total GAAP to Budget Adjustments	<u>\$ (286,102)</u>	<u>\$ 323,070</u>	<u>\$ (649,209)</u>	<u>\$ (612,241)</u>

City of Ketchikan, Alaska
Notes to Required Supplementary Information
For the Year Ended December 31, 2021

Note 1 – Budgetary Basis (Continued)

Budget to GAAP Adjustments - Inclusion of GASB Statement 54 Funds				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Other</u>	<u>Net Change</u>
General Fund	\$ 16,897,167	\$ (21,250,406)	\$ 3,770,960	\$ (582,279)
GASB Statement 54 Funds Required to be Reported as Part of the General Fund				
Hospital Sales Tax Fund	2,658,044	(255,459)	(2,983,170)	(580,585)
Public Works Sales Tax Fund	3,877,834	(1,030,298)	(2,301,236)	546,300
Economic Development & Parking Fund	416	(142,143)	-	(141,727)
Shoreline Fund	92	-	(6,374)	(6,282)
Community Grant Fund	134,375	(268,750)	134,375	-
Total of Excluded Funds for Budgetary Purposes	<u>6,670,761</u>	<u>(1,696,650)</u>	<u>(5,156,405)</u>	<u>(182,294)</u>
Total GAAP Perspective General Fund	<u>\$ 23,567,928</u>	<u>\$ (22,947,056)</u>	<u>\$ (1,385,445)</u>	<u>\$ (764,573)</u>
	<u>Net Change</u>	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>	
General Fund	\$ (582,279)	\$ 7,063,025	\$ 6,480,746	
GASB Statement 54 Funds Required to be Reported as Part of the General Fund				
Hospital Sales Tax Fund	(580,585)	3,494,233	2,913,648	
Public Works Sales Tax Fund	546,300	4,962,635	5,508,935	
Economic Development & Parking Fund	(141,727)	457,853	316,126	
Shoreline Fund	(6,282)	95,806	89,524	
Community Grant Fund	-	17,181	17,181	
Total of Excluded Funds for Budgetary Purposes	<u>(182,294)</u>	<u>9,027,708</u>	<u>8,845,414</u>	
Total GAAP Perspective General Fund	<u>\$ (764,573)</u>	<u>\$ 16,090,733</u>	<u>\$ 15,326,160</u>	

City of Ketchikan, Alaska
Schedule of the City's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Ten Fiscal Years Ending December 31*

	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.4273%	0.3008%	0.3045%	0.3217%	0.3027%	0.3618%
City's proportionate share of the net pension liability	\$ 15,674,421	\$ 17,748,663	\$ 16,669,784	\$ 15,987,481	\$ 15,648,449	\$ 20,224,243
State's proportional share of the net pension liability associated with the City	2,122,767	7,342,727	6,618,080	4,629,389	5,831,483	2,550,121
Total Net Pension Liability	\$ 17,797,188	\$ 25,091,390	\$ 23,287,864	\$ 20,616,870	\$ 21,479,932	\$ 22,774,364
City's covered payroll	\$ 4,826,554	\$ 4,668,770	\$ 4,495,243	\$ 4,889,220	\$ 5,451,027	\$ 5,469,103
City's portionate share of the net pension liability as a percentage of covered payroll	324.754%	380.157%	370.832%	326.995%	287.073%	369.791%
Plan fiduciary net postion as a percentage of total pension liability	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%

*Note: This schedule is intended to show information for a 10-year period as it becomes available.
The data provided in the schedule is based as of the measurement date of the PERS net pension liability, which is as of June 30 of the City's calendar year.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,822,249	\$ 1,622,538	\$ 1,175,314	\$ 1,236,552	\$ 1,271,851	\$ 1,066,834	\$ 960,680
Contributions in relation to the contractually required contributions	<u>(1,822,249)</u>	<u>(1,622,538)</u>	<u>(1,175,314)</u>	<u>(1,236,552)</u>	<u>(1,271,851)</u>	<u>(1,066,834)</u>	<u>(960,680)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
City's covered payroll	\$ 4,454,950	\$ 4,799,799	\$ 4,487,019	\$ 4,663,974	\$ 5,316,031	\$ 5,366,360	\$ 5,430,257
Contributions as a percentage of covered payroll	40.90%	33.80%	26.19%	26.51%	23.92%	19.88%	17.69%

*Note: This schedule is intended to show information for a 10-year period as it becomes available.
The data provided in the schedule is based as of the City's calendar year.

City of Ketchikan, Alaska
Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability
Public Employees Retirement System
Last Ten Fiscal Years Ending December 31*

	2021		2020		2019		2018		2017	
	Amount	Proportionate Share	Amount	Proportionate Share	Amount	Proportionate Share	Amount	Proportionate Share	Amount	Proportionate Share
City's proportionate share of the net other postemployment benefits liability										
Occupational death and disability	\$ (226,697)	0.51437%	\$ (141,144)	0.51777%	\$ (108,296)	0.44667%	\$ (79,782)	0.41078%	\$ (55,411)	0.39052%
Defined contribution medical	(121,964)	0.45438%	31,961	0.45060%	94,484	0.39439%	52,272	0.41078%	20,365	0.39052%
Defined benefit medical	<u>(11,005,777)</u>	0.48500%	<u>(1,360,904)</u>	0.30050%	<u>451,885</u>	0.30455%	<u>3,300,666</u>	0.32161%	<u>2,557,507</u>	0.30280%
Total City's proportionate share of other postemployment benefits liability	(11,354,438)		(1,470,087)		438,073		3,273,156		2,522,461	
State's proportionate share of the net other postemployment benefits liability	<u>(1,446,650)</u>		<u>(564,585)</u>		<u>179,619</u>		<u>958,042</u>		<u>953,991</u>	
Total net other postemployment benefits liability	<u>\$ (12,801,088)</u>		<u>\$ (2,034,672)</u>		<u>\$ 617,692</u>		<u>\$ 4,231,198</u>		<u>\$ 3,476,452</u>	
City's covered payroll	\$ 4,826,554		\$ 4,668,770		\$ 4,495,243		\$ 4,889,220		\$ 5,451,027	
City's portionate share of the net other postemployment benefits liability as a percentage of covered payroll	-235.249%		-31.488%		9.745%		66.946%		46.275%	
Plan fiduciary net position as a percentage of total other postemployment benefits liability	135.54%		106.15%		83.17%		88.12%		89.68%	

*Note: This schedule is intended to show information for a 10-year period as it becomes available.
The data provided in the schedule is based as of the measurement date of the PERS net other postemployment benefits liability, which is as of June 30 of the City's calendar year.

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

	Contributions as a Percentage of Covered Payroll	2021	Contributions as a Percentage of Covered Payroll	2020	Contributions as a Percentage of Covered Payroll	2019	Contributions as a Percentage of Covered Payroll	2018	Contributions as a Percentage of Covered Payroll	2017
Contractually required contributions										
Occupational death and disability	0.408%	\$ 28,657	0.396%	\$ 25,807	0.371%	\$ 20,395	0.292%	\$ 13,845	0.221%	\$ 10,027
Defined contribution medical	1.172%	82,420	1.294%	84,394	1.141%	62,706	0.986%	46,672	1.106%	50,108
Defined benefit medical	0.000%	-	5.557%	266,701	9.942%	446,090	8.512%	397,004	8.977%	477,194
		<u>111,077</u>		<u>376,902</u>		<u>529,191</u>		<u>457,521</u>		<u>537,329</u>
Contributions in relation to the contractually required contributions		<u>(111,077)</u>		<u>(376,902)</u>		<u>(529,191)</u>		<u>(457,521)</u>		<u>(537,329)</u>
Contribution deficiency (excess)		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
City's covered payroll										
PERS Defined Benefit - Tier I, II, III		4,454,950		4,799,799		4,487,019		4,663,974		5,316,031
PERS Defined Contribution - Tier IV		<u>7,031,167</u>		<u>6,520,582</u>		<u>5,497,020</u>		<u>4,735,319</u>		<u>4,531,943</u>
Total City's covered payroll		<u>\$ 11,486,117</u>		<u>\$ 11,320,381</u>		<u>\$ 9,984,039</u>		<u>\$ 9,399,293</u>		<u>\$ 9,847,974</u>

*Note: This schedule is intended to show information for a 10-year period as it becomes available.
The data provided in the schedule is based as of the City's calendar year.



THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL FUNDS

City of Ketchikan, Alaska
Combining Balance Sheet
Nonmajor Governmental Funds - by Fund Type
December 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 3,646,030	\$ 4,622,225	\$ 8,268,255
Restricted cash:			
Bond construction funds	-	1,689,689	1,689,689
Property seizure funds	142,823	-	142,823
Commercial passenger excise tax funds	7,492,736	29,631	7,522,367
Receivables:			
Accounts	356,705	-	356,705
Taxes	108,500	-	108,500
Intergovernmental	549,653	85,247	634,900
Interest	-	13	13
Unbilled revenue	71,426	-	71,426
Total Assets	\$ 12,367,873	\$ 6,426,805	\$ 18,794,678
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 440,139	\$ 990,638	\$ 1,430,777
Customer deposits payable	4,074	-	4,074
Interfund payable	345,348	-	345,348
Unearned revenue	346,586	-	346,586
Total Liabilities	1,136,147	990,638	2,126,785
Deferred Inflows of Resources	108,500	-	108,500
Fund Balances			
Restricted:			
Law enforcement	142,273	-	142,273
Commercial passenger excise tax	7,492,736	32,160	7,524,896
Bond construction funds	-	1,342,967	1,342,967
Assigned:			
Subsequent years budget	351,130	-	351,130
General government	161,288	-	161,288
Culture and tourism	679,031	-	679,031
Collection and disposal of solid waste	1,585,728	-	1,585,728
Cemetery operations	105,773	-	105,773
Harbor operations	605,267	-	605,267
Development of community facilities	-	2,903,349	2,903,349
Harbor construction	-	1,082,134	1,082,134
Public works projects	-	75,557	75,557
Total Fund Balances	11,123,226	5,436,167	16,559,393
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,367,873	\$ 6,426,805	\$ 18,794,678

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - by Fund Type
For the Year Ended December 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 842,832	\$ -	\$ 842,832
Intergovernmental	1,664,607	655,836	2,320,443
Charges for services	5,043,917	-	5,043,917
Fines and forfeitures	2,349	-	2,349
Investment earnings	11,936	4,662	16,598
Contributions	817,324	-	817,324
Miscellaneous	730	-	730
Total Revenues	8,383,695	660,498	9,044,193
Expenditures			
Current:			
General government	131,000	-	131,000
Public safety	112,951	-	112,951
Health and welfare	2,366,841	-	2,366,841
Public works	3,370,201	-	3,370,201
Port and harbor	1,252,607	-	1,252,607
Debt Service:			
Principal retirement	180,000	-	180,000
Interest and fiscal charges	168,550	-	168,550
Capital Outlay	-	1,414,999	1,414,999
Total Expenditures	7,582,150	1,414,999	8,997,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	801,545	(754,501)	47,044
Other Financing Sources (Uses)			
Transfers out	(1,036,270)	(1,819)	(1,038,089)
Total Other Financing Sources (Uses)	(1,036,270)	(1,819)	(1,038,089)
Net Change in Fund Balances	(234,725)	(756,320)	(991,045)
Fund Balances Beginning of Year	11,357,951	6,192,487	17,550,438
Fund Balances End of Year	\$ 11,123,226	\$ 5,436,167	\$ 16,559,393

NONMAJOR SPECIAL REVENUE FUNDS

Transient Tax Fund – This fund is used to account for the proceeds of the seven (7) percent transient occupancy tax levied on hotel rent under Section 3.28 of the Ketchikan Municipal Code. These funds must be used primarily for the purpose of promoting the City but may be used for other purposes as determined by the City Council.

Marijuana Sales Tax Fund – This fund is used to account for the proceeds of the five percent marijuana sales tax under Section 3.04.030 of the Ketchikan Municipal Code. These funds must be used primarily for the purpose of assisting and addressing the needs of the homeless population or other humanitarian purposes as determined by the City Council.

Solid Waste Services Fund – This fund is used to account for the revenues received from the collection and disposal of solid waste and the related expenditure of the funds.

Ketchikan Boat Harbor Fund – This fund is used to account for the revenues received from the operation of the boat harbor facilities. These revenues must be used to pay the cost of maintenance, operation and supervision of the City's boat harbor facilities as specified in Section 14.04.020 of the Ketchikan Municipal Code.

Bayview Cemetery Fund – This fund is used to account for revenues received that are dedicated to support the operation of the Bayview Cemetery and the related expenditure in these funds.

Commercial Passenger Vessel Excise Tax Fund – This fund is used to account for revenues received from the State of Alaska and are dedicated for the following use per AS 43.52.200 (1) improve port and harbor infrastructure, (2) provide services to commercial passenger vessels and the passengers on board those vessels, or (3) improve the safety and efficiency of the interstate and foreign commerce activities in which the vessels and the passengers on board those vessels are engaged.

Federal and State Grant Fund – This fund is used to account for the receipt of grant revenues and the related expenditures.

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

Forfeitures and Property Seizures Fund – This fund is used to account for revenues received from the seizure of assets during drug enforcement operations that are dedicated to law enforcement activities.

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

City of Ketchikan, Alaska
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021

	Transient Tax	Marijuana Sales Tax	Solid Waste Services	Ketchikan Boat Harbor	Bayview Cemetery
Assets					
Cash and temporary investments	\$ 679,031	\$ 242,188	\$ 1,501,816	\$ 1,117,222	\$ 105,773
Restricted cash	-	-	-	-	-
Receivables:					
Accounts	-	-	346,592	10,113	-
Taxes	62,910	45,590	-	-	-
Intergovernmental	-	-	-	-	-
Unbilled revenue	-	-	71,426	-	-
Total Assets	\$ 741,941	\$ 287,778	\$ 1,919,834	\$ 1,127,335	\$ 105,773
Liabilities					
Accounts payable	-	-	212,447	22,837	-
Customer deposits payable	-	-	-	4,074	-
Interfund payable	-	-	-	-	-
Unearned revenue	-	-	-	346,586	-
Total Liabilities	-	-	212,447	373,497	-
Deferred Inflows of Resources	62,910	45,590	-	-	-
Fund Balances					
Restricted:					
Law enforcement	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-
Assigned:					
Subsequent years budget	-	80,900	121,659	148,571	-
General government	-	161,288	-	-	-
Culture and tourism	679,031	-	-	-	-
Collection and disposal of solid waste	-	-	1,585,728	-	-
Cemetery operations	-	-	-	-	105,773
Harbor operations	-	-	-	605,267	-
Total Fund Balances	679,031	242,188	1,707,387	753,838	105,773
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 741,941	\$ 287,778	\$ 1,919,834	\$ 1,127,335	\$ 105,773

Commercial Passenger Vessel Excise Tax	Federal and State Grant	CARES Act Grant	Emergency Relief	Forfeitures And Property Seizures	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,646,030
7,492,736	-	-	-	142,823	7,635,559
-	-	-	-	-	356,705
-	-	-	-	-	108,500
-	330,050	-	219,603	-	549,653
-	-	-	-	-	71,426
<u>\$ 7,492,736</u>	<u>\$ 330,050</u>	<u>\$ -</u>	<u>\$ 219,603</u>	<u>\$ 142,823</u>	<u>\$ 12,367,873</u>
\$ -	\$ 204,305	\$ -	\$ -	\$ 550	\$ 440,139
-	-	-	-	-	4,074
-	125,745	-	219,603	-	345,348
-	-	-	-	-	346,586
-	330,050	-	219,603	550	1,136,147
-	-	-	-	-	108,500
-	-	-	-	142,273	142,273
7,492,736	-	-	-	-	7,492,736
-	-	-	-	-	351,130
-	-	-	-	-	161,288
-	-	-	-	-	679,031
-	-	-	-	-	1,585,728
-	-	-	-	-	105,773
-	-	-	-	-	605,267
<u>7,492,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,273</u>	<u>11,123,226</u>
<u>\$ 7,492,736</u>	<u>\$ 330,050</u>	<u>\$ -</u>	<u>\$ 219,603</u>	<u>\$ 142,823</u>	<u>\$ 12,367,873</u>

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021

	Transient Tax	Marijuana Sales Tax	Solid Waste Services	Ketchikan Boat Harbor	Bayview Cemetery
Revenues					
Taxes	\$ 585,307	\$ 257,525	\$ -	\$ -	\$ -
Intergovernmental	-	-	7,578	26,754	-
Charges for services	-	-	3,479,819	1,550,342	13,756
Fines and forfeitures	-	-	-	2,349	-
Investment earnings	486	300	1,342	1,058	97
Miscellaneous	-	-	281	449	-
Contributions	-	-	-	-	-
Total Revenues	585,793	257,825	3,489,020	1,580,952	13,853
Expenditures					
Current:					
General government	-	131,000	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	-	-	3,369,513	-	688
Port and harbors	-	-	-	1,252,607	-
Debt Service:					
Principal retirement	-	-	-	180,000	-
Interest and fiscal charges	-	-	-	168,550	-
Total Expenditures	-	131,000	3,369,513	1,601,157	688
Excess (Deficiency) of Revenues Over (Under) Expenditures	585,793	126,825	119,507	(20,205)	13,165
Other Financing Sources (Uses)					
Transfers out	(439,163)	(200,000)	-	-	(5,000)
Total Other Financing Sources (Uses)	(439,163)	(200,000)	-	-	(5,000)
Net Change in Fund Balances	146,630	(73,175)	119,507	(20,205)	8,165
Fund Balances Beginning Of Year	532,401	315,363	1,587,880	774,043	97,608
Fund Balances End Of Year	\$ 679,031	\$ 242,188	\$ 1,707,387	\$ 753,838	\$ 105,773

Commercial Passenger Vessel Excise Tax	Federal and State Grant	CARES Act Grant	Emergency Relief	Forfeitures And Property Seizures	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 842,832
-	927,292	682,619	20,364	-	1,664,607
-	-	-	-	-	5,043,917
-	-	-	-	-	2,349
8,489	-	-	-	164	11,936
-	-	-	-	-	730
-	817,324	-	-	-	817,324
<u>8,489</u>	<u>1,744,616</u>	<u>682,619</u>	<u>20,364</u>	<u>164</u>	<u>8,383,695</u>
-	-	-	-	-	131,000
-	80,758	-	-	32,193	112,951
-	1,663,858	682,619	20,364	-	2,366,841
-	-	-	-	-	3,370,201
-	-	-	-	-	1,252,607
-	-	-	-	-	180,000
-	-	-	-	-	168,550
<u>-</u>	<u>1,744,616</u>	<u>682,619</u>	<u>20,364</u>	<u>32,193</u>	<u>7,582,150</u>
<u>8,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,029)</u>	<u>801,545</u>
<u>(392,107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,036,270)</u>
<u>(392,107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,036,270)</u>
<u>(383,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,029)</u>	<u>(234,725)</u>
<u>7,876,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,302</u>	<u>11,357,951</u>
<u>\$ 7,492,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,273</u>	<u>\$ 11,123,226</u>

City of Ketchikan, Alaska
Transient Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 345,000	\$ 345,000	\$ 585,307	\$ -	\$ 585,307	\$ 240,307
Investment earnings	800	800	486	-	486	(314)
Total Revenues	<u>345,800</u>	<u>345,800</u>	<u>585,793</u>	<u>-</u>	<u>585,793</u>	<u>239,993</u>
Other Financing Uses						
Transfers out						
General fund	(470,955)	(470,955)	(439,163)	-	(439,163)	31,792
Total Other Financing Uses	<u>(470,955)</u>	<u>(470,955)</u>	<u>(439,163)</u>	<u>-</u>	<u>(439,163)</u>	<u>31,792</u>
Net Change in Fund Balances	(125,155)	(125,155)	146,630	-	146,630	271,785
Fund Balances Beginning of Year	526,928	526,928	532,401	-	532,401	5,473
Fund Balances End of Year	<u>\$ 401,773</u>	<u>\$ 401,773</u>	<u>\$ 679,031</u>	<u>\$ -</u>	<u>\$ 679,031</u>	<u>\$ 277,258</u>

City of Ketchikan, Alaska
Marijuana Sales Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 291,000	\$ 291,000	\$ 257,525	\$ -	\$ 257,525	\$ (33,475)
Investment earnings	100	100	300	-	300	200
Total Revenues	<u>291,100</u>	<u>291,100</u>	<u>257,825</u>	<u>-</u>	<u>257,825</u>	<u>(33,275)</u>
Expenditures						
Current:						
General government	<u>146,000</u>	<u>146,000</u>	<u>131,000</u>	<u>-</u>	<u>131,000</u>	<u>15,000</u>
Excess of Revenues Over Expenditures	145,100	145,100	126,825	-	126,825	(48,275)
Other Financing Uses						
Transfers out						
General fund	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balances	(54,900)	(54,900)	(73,175)	-	(73,175)	(18,275)
Fund Balances Beginning of Year	<u>57,574</u>	<u>57,574</u>	<u>315,363</u>	<u>-</u>	<u>315,363</u>	<u>257,789</u>
Fund Balances End of Year	<u>\$ 2,674</u>	<u>\$ 2,674</u>	<u>\$ 242,188</u>	<u>\$ -</u>	<u>\$ 242,188</u>	<u>\$ 209,514</u>

City of Ketchikan, Alaska
Solid Waste Services Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 7,578	\$ (7,578)	\$ -	\$ -
Charges for services	3,485,610	3,485,610	3,479,819	-	3,479,819	(5,791)
Investment earnings	1,560	1,560	1,342	-	1,342	(218)
Miscellaneous	1,000	1,000	281	-	281	(719)
Total Revenues	<u>3,488,170</u>	<u>3,488,170</u>	<u>3,489,020</u>	<u>(7,578)</u>	<u>3,481,442</u>	<u>(6,728)</u>
Expenditures						
Current:						
Public works	3,560,399	3,633,099	3,369,513	(62,095)	3,307,418	325,681
Capital Outlay	40,000	4,300	-	-	-	4,300
Total Expenditures	<u>3,600,399</u>	<u>3,637,399</u>	<u>3,369,513</u>	<u>(62,095)</u>	<u>3,307,418</u>	<u>329,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,229)	(149,229)	119,507	54,517	174,024	323,253
Prior Year Encumbrances Returned	-	-	-	6,618	6,618	6,618
Fund Balances Beginning of Year	<u>1,421,857</u>	<u>1,421,857</u>	<u>1,587,880</u>	<u>(63,988)</u>	<u>1,523,892</u>	<u>102,035</u>
Fund Balances End of Year	<u>\$ 1,309,628</u>	<u>\$ 1,272,628</u>	<u>\$ 1,707,387</u>	<u>\$ (2,853)</u>	<u>\$ 1,704,534</u>	<u>\$ 431,906</u>

City of Ketchikan, Alaska
Ketchikan Boat Harbor Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 5,000	\$ 5,000	\$ 26,754	\$ (24,192)	\$ 2,562	\$ (2,438)
Charges for services	1,599,500	1,599,500	1,550,342	-	1,550,342	(49,158)
Fines and forfeitures	3,500	3,500	2,349	-	2,349	(1,151)
Investment earnings	1,200	1,200	1,058	-	1,058	(142)
Miscellaneous	-	-	449	-	449	449
Total Revenues	<u>1,609,200</u>	<u>1,609,200</u>	<u>1,580,952</u>	<u>(24,192)</u>	<u>1,556,760</u>	<u>(52,440)</u>
Expenditures						
Current:						
Port and harbor	1,357,656	1,370,989	1,252,607	(22,436)	1,230,171	140,818
Debt Service:						
Principal retirement	180,000	180,000	180,000	-	180,000	-
Interest and fiscal charges	168,550	168,550	168,550	-	168,550	-
Total Expenditures	<u>1,706,206</u>	<u>1,719,539</u>	<u>1,601,157</u>	<u>(22,436)</u>	<u>1,578,721</u>	<u>140,818</u>
Net Change in Fund Balances	(97,006)	(110,339)	(20,205)	(1,756)	(21,961)	88,378
Prior Year Encumbrances Returned	-	-	-	5,000	5,000	5,000
Fund Balances Beginning of Year	<u>776,089</u>	<u>776,089</u>	<u>774,043</u>	<u>(5,741)</u>	<u>768,302</u>	<u>(7,787)</u>
Fund Balances End of Year	<u>\$ 679,083</u>	<u>\$ 665,750</u>	<u>\$ 753,838</u>	<u>\$ (2,497)</u>	<u>\$ 751,341</u>	<u>\$ 85,591</u>

City of Ketchikan, Alaska
Bayview Cemetery Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Charges for services	\$ 13,700	\$ 13,700	\$ 13,756	\$ -	\$ 13,756	\$ 56
Investment earnings	200	200	97	-	97	(103)
Total Revenues	<u>13,900</u>	<u>13,900</u>	<u>13,853</u>	<u>-</u>	<u>13,853</u>	<u>(47)</u>
Expenditures						
Current:						
Public works	2,500	2,500	688	(688)	-	2,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,400	11,400	13,165	688	13,853	2,453
Other Financing Uses						
Transfers out						
General fund	(5,000)	(5,000)	(5,000)	-	(5,000)	-
Total Other Financing Sources	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balances	6,400	6,400	8,165	688	8,853	2,453
Fund Balances Beginning of Year	<u>95,317</u>	<u>95,317</u>	<u>97,608</u>	<u>(2,913)</u>	<u>94,695</u>	<u>(622)</u>
Fund Balances End of Year	<u>\$ 101,717</u>	<u>\$ 101,717</u>	<u>\$ 105,773</u>	<u>\$ (2,225)</u>	<u>\$ 103,548</u>	<u>\$ 1,831</u>

City of Ketchikan, Alaska
Commercial Passenger Vessel Excise Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 4,900	\$ 4,900	\$ 8,489	\$ -	\$ 8,489	\$ 3,589
Total Revenues	4,900	4,900	8,489	-	8,489	3,589
Expenditures						
Current:						
Tourism	30,000	50,000	-	-	-	50,000
Excess of Revenues Over Expenditures	(25,100)	(45,100)	8,489	-	8,489	53,589
Other Financing Uses						
Transfers out						
General fund	(291,960)	(291,960)	(291,960)	-	(291,960)	-
CPV capital projects fund	(1,365,000)	(1,365,000)	-	-	-	1,365,000
Port fund	(500,000)	(500,000)	(100,147)	-	(100,147)	399,853
Advance to Port Fund	-	(3,143,685)	-	-	-	3,143,685
Total Other Financing Uses	(2,156,960)	(5,300,645)	(392,107)	-	(392,107)	4,908,538
Net Change in Fund Balances	(2,182,060)	(5,345,745)	(383,618)	-	(383,618)	4,962,127
Fund Balances Beginning of Year	7,011,170	7,011,170	7,876,354	-	7,876,354	865,184
Fund Balances End of Year	\$ 4,829,110	\$ 1,665,425	\$ 7,492,736	\$ -	\$ 7,492,736	\$ 5,827,311

City of Ketchikan, Alaska
Federal and State Grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 248,702	\$ 248,702	\$ 927,292	\$ -	\$ 927,292	\$ 678,590
Contributions	82,900	82,900	817,324	-	817,324	734,424
Total Revenues	<u>331,602</u>	<u>331,602</u>	<u>1,744,616</u>	<u>-</u>	<u>1,744,616</u>	<u>1,413,014</u>
Expenditures						
Current:						
Public safety	331,602	331,602	80,758	(80,758)	-	331,602
Health and welfare	-	-	1,663,858	(1,663,858)	-	-
Total Expenditures	<u>331,602</u>	<u>331,602</u>	<u>1,744,616</u>	<u>(1,744,616)</u>	<u>-</u>	<u>331,602</u>
Net Change in Fund Balance	-	-	-	1,744,616	1,744,616	1,744,616
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,759,093)</u>	<u>(1,759,093)</u>	<u>(1,759,093)</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,477)</u>	<u>\$ (14,477)</u>	<u>\$ (14,477)</u>

City of Ketchikan, Alaska
Emergency Relief Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ 19,982	\$ 20,364	\$ -	\$ 20,364	\$ 382
Total Revenues	-	19,982	20,364	-	20,364	382
Expenditures						
Current:						
Health and welfare	-	19,982	20,364	(382)	19,982	-
Net Change in Fund Balances	-	-	-	382	382	382
Prior Year Encumbrances Returned	-	-	-	121,826	121,826	121,826
Fund Balances Beginning of Year	-	-	-	(122,208)	(122,208)	(122,208)
Fund Balances End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Ketchikan, Alaska
Forfeitures And Property Seizures Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 160	\$ 160	\$ 164	\$ -	\$ 164	\$ 4
Total Revenues	160	160	164	-	164	4
Expenditures						
Current:						
Public safety	-	55,000	32,193	-	32,193	22,807
Net Change in Fund Balances	160	(54,840)	(32,029)	-	(32,029)	22,811
Fund Balances Beginning of Year	174,294	174,294	174,302	-	174,302	8
Fund Balances End of Year	\$ 174,454	\$ 119,454	\$ 142,273	\$ -	\$ 142,273	\$ 22,819

City of Ketchikan, Alaska
CARES Act Grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ 651,516	\$ 682,619	\$ -	\$ 682,619	\$ 31,103
Total Revenues	-	651,516	682,619	-	682,619	31,103
Expenditures						
Current:						
Health and welfare	-	651,516	682,619	(28,425)	654,194	(2,678)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	28,425	28,425	28,425
Net Change in Fund Balances	-	-	-	28,425	28,425	28,425
Prior Year Encumbrances Returned	-	-	-	2,678	2,678	2,678
Fund Balances Beginning of Year	-	-	-	(31,103)	(31,103)	(31,103)
Fund Balances End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



THIS PAGE INTENTIONALLY LEFT BLANK

MAJOR DEBT SERVICE FUNDS¹

General Obligation Bond Debt Service Fund – This fund is used to accumulate funds for the payment of principal and interest on general obligation bonds not accounted for in enterprise funds.

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

City of Ketchikan, Alaska
Statement of Revenues, Expenditures and Changes in Fund Balances
Major Debt Service Fund
For the Year Ended December 31, 2021

	General Obligation Bond Debt Service
Revenues	
Miscellaneous income	\$ 47,060
Expenditures	
Debt Service:	
Principal retirement	1,695,220
Interest and fiscal charges	2,003,300
Bond issuance costs	27,849
Total Expenditures	3,726,369
Deficiency of Revenues Under Expenditures	(3,679,309)
Other Financing Sources	
Issuance of refunding bonds	3,145,000
Payment to refunded bond escrow agent	(3,005,000)
Transfers in	
General fund	757,069
Sales tax hospital & other public works fund	2,529,575
Public works sales tax fund	250,846
Major Capital Improvement	1,819
Total Other Financing Sources	3,679,309
Net Change in Fund Balances	-
Fund Balances Beginning of Year	-
Fund Balances End of Year	\$ -

City of Ketchikan, Alaska
General Obligation Bond Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Miscellaneous income	\$ -	\$ -	\$ 47,060	\$ 47,060
Expenditures				
Debt Service:				
Principal retirement	1,670,221	1,670,221	1,695,220	(24,999)
Interest and fiscal charges	1,929,414	1,929,414	2,003,300	(73,886)
Bond issuance costs		-	27,849	(27,849)
Total Expenditures	3,599,635	3,599,635	3,726,369	(126,734)
Other Financing Sources				
Issuance of refunding bonds	-	-	3,145,000	3,145,000
Payment to refunded bond escrow agent	-	-	(3,005,000)	(3,005,000)
Transfers in				
General fund	817,394	817,394	757,069	(60,325)
Sales tax hospital & other public works fund	2,529,575	2,529,575	2,529,575	-
Sales tax public works fund	252,666	252,666	250,846	(1,820)
Major Capital Improvements Fund	-	-	1,819	1,819
Total Other Financing Sources	3,599,635	3,599,635	3,679,309	79,674
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	-	-	-	-
Fund Balances End of Year	\$ -	\$ -	\$ -	\$ -



THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR CAPITAL IMPROVEMENT FUND

Major Capital Improvements Fund – This fund is used to account for the improvement, acquisition and construction of major capital assets as determined by the City Council.

Harbor Improvements Fund – This fund is used to account for the improvement, acquisition and construction of harbor facilities.

Community Facilities Development Fund – This fund is used to account for the acquisition and construction of major public facilities.

Hospital Construction Fund – This fund is used to account for the construction of improvements to the Ketchikan Medical Center.

Commercial Passenger Vessel Excise Tax Capital Improvements Fund – This fund is used to account for capital projects funded by the Commercial Passenger Vessel Excise Tax Fund. These funds are dedicated for the following use per AS 43.52.200 (1) improve port and harbor infrastructure, (2) provide services to commercial passenger vessels and the passengers on board those vessels, or (3) improve the safety and efficiency of the interstate and foreign commerce activities in which the vessels and the passengers on board those vessels are engaged.

City of Ketchikan, Alaska
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021

	Major Capital Improvements	Harbor Improvements	Community Facilities Development	Hospital Construction	Commercial Passenger Excise Tax Capital Improvements	Total Nonmajor Capital Projects Funds
Assets						
Cash and investments	\$ 75,557	\$ 1,002,902	\$ 3,211,074	\$ 330,163	\$ 2,529	\$ 4,622,225
Restricted cash:						
Bond construction funds	-	70,310	-	1,619,379	-	1,689,689
Commercial passenger excise tax funds	-	-	-	-	29,631	29,631
Receivables:						
Intergovernmental	-	85,247	-	-	-	85,247
Interest	-	-	-	13	-	13
Total Assets	<u>\$ 75,557</u>	<u>\$ 1,158,459</u>	<u>\$ 3,211,074</u>	<u>\$ 1,949,555</u>	<u>\$ 32,160</u>	<u>\$ 6,426,805</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	-	4,903	307,725	678,010	-	990,638
Total Liabilities	<u>\$ -</u>	<u>\$ 4,903</u>	<u>\$ 307,725</u>	<u>\$ 678,010</u>	<u>\$ -</u>	<u>\$ 990,638</u>
Fund Balances						
Restricted						
Commercial passenger excise tax funds	-	-	-	-	32,160	32,160
Bond construction funds	-	71,422	-	1,271,545	-	1,342,967
Assigned:						
Development of community facilities	-	-	2,903,349	-	-	2,903,349
Harbor projects	-	1,082,134	-	-	-	1,082,134
Public works projects	75,557	-	-	-	-	75,557
Total Fund Balances	<u>75,557</u>	<u>1,153,556</u>	<u>2,903,349</u>	<u>1,271,545</u>	<u>32,160</u>	<u>5,436,167</u>
Total Liabilities and Fund Balances	<u>\$ 75,557</u>	<u>\$ 1,158,459</u>	<u>\$ 3,211,074</u>	<u>\$ 1,949,555</u>	<u>\$ 32,160</u>	<u>\$ 6,426,805</u>

City of Ketchikan, Alaska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021

	Major Capital Improvements	Harbor Improvements	Community Facilities Development	Hospital Construction	Commercial Passenger Excise Tax Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues						
Intergovernmental	\$ -	\$ 655,836	\$ -	\$ -	\$ -	\$ 655,836
Investment earnings	97	920	3,310	335	-	4,662
Total Revenues	97	656,756	3,310	335	-	660,498
Expenditures						
Capital Outlay:						
Public safety	2,155	-	-	-	-	2,155
Culture and tourism	23,423	-	-	-	-	23,423
Health and welfare	-	-	500,787	63,051	-	563,838
Port and harbors	-	825,583	-	-	-	825,583
Total Expenditures	25,578	825,583	500,787	63,051	-	1,414,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,481)	(168,827)	(497,477)	(62,716)	-	(754,501)
Other Financing Sources (Uses)						
Transfers out						
Debt service fund	(1,819)	-	-	-	-	(1,819)
Total Other Financing Sources (Uses)	(1,819)	-	-	-	-	(1,819)
Net Change in Fund Balances	(27,300)	(168,827)	(497,477)	(62,716)	-	(756,320)
Fund Balances At Beginning of Year	102,857	1,322,383	3,400,826	1,334,261	32,160	6,192,487
Fund Balances At End of Year	\$ 75,557	\$ 1,153,556	\$ 2,903,349	\$ 1,271,545	\$ 32,160	\$ 5,436,167

City of Ketchikan, Alaska
 Major Capital Improvements Fund
 Project Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 150	\$ 150	\$ 97	\$ -	\$ 97	\$ (53)
Total Revenues	150	150	97	-	97	(53)
Expenditures						
Public safety	250,000	250,000	2,155	240,853	243,008	6,992
Culture and tourism	-	-	23,423	(23,423)	-	-
Public works	2,100,000	2,100,000	-	-	-	2,100,000
Total Expenditures	2,350,000	2,350,000	25,578	217,430	243,008	2,106,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,349,850)	(2,349,850)	(25,481)	(217,430)	(242,911)	2,106,939
Other Financing Sources						
Proceeds from bond issuance	3,120,000	3,120,000	-	-	-	(3,120,000)
Transfers out						
Debt Service Fund	-	-	(1,819)	-	(1,819)	(1,819)
Total Other Financing Sources	3,120,000	3,120,000	(1,819)	-	(1,819)	(3,121,819)
Net Change in Fund Balances	770,150	770,150	(27,300)	(217,430)	(244,730)	(1,014,880)
Prior Year Encumbrances Returned	-	-	-	956	956	956
Fund Balances Beginning of Year	73,748	73,748	102,857	(28,953)	73,904	156
Fund Balances End of Year	\$ 843,898	\$ 843,898	\$ 75,557	\$ (245,427)	\$ (169,870)	\$ (1,013,768)

City of Ketchikan, Alaska
Harbor Improvements Fund
Project Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 379,599	\$ 379,599	\$ 655,836	\$ -	\$ 655,836	\$ 276,237
Investment earnings	1,000	1,000	920	-	920	(80)
Total Revenues	<u>380,599</u>	<u>380,599</u>	<u>656,756</u>	<u>-</u>	<u>656,756</u>	<u>276,157</u>
Expenditures						
Port and harbors	281,542	335,365	825,583	(586,554)	239,029	96,336
Total Expenditures	<u>281,542</u>	<u>335,365</u>	<u>825,583</u>	<u>(586,554)</u>	<u>239,029</u>	<u>96,336</u>
Net Change in Fund Balances	99,057	45,234	(168,827)	586,554	417,727	372,493
Prior Year Encumbrances Returned	-	-	-	13,462	13,462	13,462
Fund Balances Beginning of Year	<u>665,840</u>	<u>665,840</u>	<u>1,322,383</u>	<u>(838,559)</u>	<u>483,824</u>	<u>(182,016)</u>
Fund Balances End of Year	<u>\$ 764,897</u>	<u>\$ 711,074</u>	<u>\$ 1,153,556</u>	<u>\$ (238,543)</u>	<u>\$ 915,013</u>	<u>\$ 203,939</u>

City of Ketchikan, Alaska
Community Facilities Development Fund
Project Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 2,400	\$ 2,400	\$ 3,310	\$ -	\$ 3,310	\$ 910
Total Revenues	2,400	2,400	3,310	-	3,310	910
Expenditures						
Health and welfare	-	683,499	500,787	182,623	683,410	89
Culture and tourism	231,600	231,600	-	-	-	231,600
Total Expenditures	231,600	915,099	500,787	182,623	683,410	231,689
Net Change in Fund Balances	(229,200)	(912,699)	(497,477)	(182,623)	(680,100)	232,599
Prior Year Encumbrances Returned	-	-	-	5,317	5,317	5,317
Fund Balances Beginning of Year	2,215,207	2,215,207	3,400,826	(80,317)	3,320,509	1,105,302
Fund Balances End of Year	\$ 1,986,007	\$ 1,302,508	\$ 2,903,349	\$ (257,623)	\$ 2,645,726	\$ 1,343,218

City of Ketchikan, Alaska
Hospital Construction Fund
Project Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Contributions	\$ -	\$ 3,048,000	\$ -		\$ -	\$ (3,048,000)
Investment earnings	1,100	1,100	335	-	335	(765)
Total Revenues	<u>1,100</u>	<u>3,049,100</u>	<u>335</u>	<u>-</u>	<u>335</u>	<u>(3,048,765)</u>
Expenditures						
Health and welfare	1,099,821	4,147,821	63,051	3,074,799	3,137,850	1,009,971
Net Change in Fund Balances	(1,098,721)	(1,098,721)	(62,716)	(3,074,799)	(3,137,515)	(2,038,794)
Fund Balances Beginning of Year	<u>1,098,721</u>	<u>1,098,721</u>	<u>1,334,261</u>	<u>(234,824)</u>	<u>1,099,437</u>	<u>716</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,271,545</u>	<u>\$ (3,309,623)</u>	<u>\$ (2,038,078)</u>	<u>\$ (2,038,078)</u>

City of Ketchikan, Alaska
Commercial Passenger Vessel Excise Tax Capital Projects Fund
Project Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Expenditures						
Culture and tourism	\$ 865,000	\$ 865,000	\$ -	\$ -	\$ -	\$ 865,000
Total Expenditures	865,000	865,000	-	-	-	865,000
Other Financing Sources						
Transfers in						
Commercial passenger vessel tax fund	865,000	865,000	-	-	-	(865,000)
Total Other Financing Sources	865,000	865,000	-	-	-	(865,000)
Net Change in Fund Balances	-	-	-	-	-	-
Prior Year Encumbrances Returned	-	-	-	-	-	-
Fund Balances Beginning of Year	2,529	2,529	32,160	(29,631)	2,529	-
Fund Balances End of Year	\$ 2,529	\$ 2,529	\$ 32,160	\$ (29,631)	\$ 2,529	\$ -

GENERAL FUND

Due to the implementation of GASB Statement No. 54 the City has re-classified five of its special revenue funds to bring the City into compliance with the new standard. The Hospital Sales Tax, Public Works Sales Tax, Economic Development and Parking, Shoreline and Community Grant Funds are all considered to be general fund activity. The City has added this section to present the combining statements of the general fund and the individual budgetary fund statements. The general fund's individual budgetary statement is still presented as required supplementary information.

General Fund – This fund is used to account for all resources and activities of the City except those required to be accounted for in another fund.

Hospital Sales Tax and Other Public Works Fund – This fund is used to account for the proceeds of the sales tax levy that is restricted to the payment of costs of construction and maintenance of capital improvements under Section 3.04.130(b) of the Ketchikan Municipal Code.

Public Works Sales Tax and Other Public Works Fund – This fund is used to account for the proceeds of the sales tax levy that is restricted to the payment of costs of construction and maintenance of capital improvements under Section 3.04.130(a) of the Ketchikan Municipal Code.

Economic Development and Parking Fund – This fund is used to account for the proceeds from the sale of the Spruce Mill property. These proceeds must be used for economic development and the development of parking facilities as determined by the City Council.

Shoreline Fund – This fund is used to account for the assets and liabilities of the former Shoreline Service Area that were transferred to the City at the time the service area was annexed.

Community Grant Fund – This fund is used to account for grants given to community based non-profit humanitarian agencies as determined by the City Council.

City of Ketchikan, Alaska
Combining Balance Sheet
General Fund
December 31, 2021

	<u>General</u>	<u>Hospital Sales Tax</u>	<u>Public Works Sales Tax</u>
Assets			
Cash and temporary investments	\$ 7,551,543	\$ 2,991,686	\$ 5,591,578
Receivables:			
Accounts	228,858	-	-
Taxes	1,115,965	517,886	776,829
Intergovernmental	2,444	-	-
Interfund	345,348	-	-
Land for resale	379,690	-	15,316
Total Assets	<u>\$ 9,623,848</u>	<u>\$ 3,509,572</u>	<u>\$ 6,383,723</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 145,964	\$ 3,038	\$ 97,959
Payroll payable	1,856,923	-	-
Unearned revenue	200,164	75,000	-
Total Liabilities	<u>2,203,051</u>	<u>78,038</u>	<u>97,959</u>
Deferred Inflows of Resources	<u>940,051</u>	<u>517,886</u>	<u>776,829</u>
Fund Balances			
Nonspendable	379,690	-	15,316
Assigned:			
Subsequent years budget	1,691,634	193,800	1,000,758
Parking development and abatement of dangerous buildings	-	-	-
Hospital development and expansion	-	2,719,848	-
General government	128,997	-	-
Public safety	43,781	-	-
Culture and tourism	48,267	-	-
Public works	114,391	-	-
Streets, sidewalks and other public projects	-	-	4,492,861
Unassigned	4,073,986	-	-
Total Fund Balances	<u>6,480,746</u>	<u>2,913,648</u>	<u>5,508,935</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,623,848</u>	<u>\$ 3,509,572</u>	<u>\$ 6,383,723</u>

Economic Development & Parking	Shoreline Services	Community Grant Fund	Totals
\$ 351,662	\$ 89,524	\$ 60,893	\$ 16,636,886
-	-	-	228,858
-	-	-	2,410,680
-	-	-	2,444
-	-	-	345,348
-	-	-	395,006
<u>\$ 351,662</u>	<u>\$ 89,524</u>	<u>\$ 60,893</u>	<u>\$ 20,019,222</u>
\$ 35,536	\$ -	\$ 43,712	\$ 326,209
-	-	-	1,856,923
-	-	-	275,164
<u>35,536</u>	<u>-</u>	<u>43,712</u>	<u>2,458,296</u>
-	-	-	2,234,766
-	-	-	395,006
-	6,374	-	2,892,566
316,126	-	-	316,126
-	-	-	2,719,848
-	-	17,181	146,178
-	83,150	-	126,931
-	-	-	48,267
-	-	-	114,391
-	-	-	4,492,861
-	-	-	4,073,986
<u>316,126</u>	<u>89,524</u>	<u>17,181</u>	<u>15,326,160</u>
<u>\$ 351,662</u>	<u>\$ 89,524</u>	<u>\$ 60,893</u>	<u>\$ 20,019,222</u>

City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2021

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Revenues							
Taxes							
Real & personal property taxes	\$ 6,278,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,278,122
Automobile & boat taxes	35,920	-	-	-	-	-	35,920
Penalty & interest	63,023	8,099	12,149	-	-	-	83,271
Senior citizen local contribution	(512,354)	-	-	-	-	-	(512,354)
Sales tax	3,860,811	2,573,874	3,860,811	-	-	-	10,295,496
Payments in lieu of taxes	28,857	-	-	-	-	-	28,857
	<u>9,754,379</u>	<u>2,581,973</u>	<u>3,872,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,209,312</u>
Licenses and permits							
Building permits	68,064	-	-	-	-	-	68,064
Other	1,505	-	-	-	-	-	1,505
	<u>69,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,569</u>
Intergovernmental							
Federal fire grants	30,000	-	-	-	-	-	30,000
Other state revenues	789,351	-	-	-	-	-	789,351
Federal revenues	1,030,704	-	-	-	-	-	1,030,704
	<u>1,850,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,850,055</u>
Charges for services							
Ambulance	653,004	-	-	-	-	-	653,004
Rentals	20,278	-	-	-	-	-	20,278
Parking fees	74,860	-	-	-	-	-	74,860
Cemetery	1,050	-	-	-	-	-	1,050
Library services	591,496	-	-	-	-	-	591,496
Museum services	46,855	-	-	-	-	-	46,855
E-911 emergency dispatch services	394,141	-	-	-	-	-	394,141
Civic center services	17,293	-	-	-	-	-	17,293
Other charges	47,386	-	-	-	-	-	47,386
	<u>1,846,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,846,363</u>
Fines and forfeitures							
Parking fines	51,989	-	-	-	-	-	51,989
Other fines	4,435	-	-	-	-	-	4,435
Court deposits	5,102	-	-	-	-	-	5,102
	<u>61,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,526</u>
Investment earnings	7,456	3,163	4,874	416	92	-	16,001
Other revenue							
Miscellaneous	143,254	72,908	-	-	-	134,375	350,537
Interdepartmental charges	3,164,565	-	-	-	-	-	3,164,565
Total Revenues	<u>16,897,167</u>	<u>2,658,044</u>	<u>3,877,834</u>	<u>416</u>	<u>92</u>	<u>134,375</u>	<u>23,567,928</u>

City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Cont'd)
For the Year Ended December 31, 2021

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Expenditures							
Current:							
General government							
Mayor and council	230,255	-	-	-	-	268,750	499,005
City clerk	276,347	-	-	-	-	-	276,347
Law	338,978	-	-	-	-	-	338,978
City manager	752,680	-	-	-	-	-	752,680
Finance	2,012,204	-	3,065	-	-	-	2,015,269
Information technology	1,028,740	-	-	-	-	-	1,028,740
	<u>4,639,204</u>	<u>-</u>	<u>3,065</u>	<u>-</u>	<u>-</u>	<u>268,750</u>	<u>4,911,019</u>
Public safety							
Fire	3,921,403	-	128,308	-	-	-	4,049,711
Police	5,558,987	-	252,077	-	-	-	5,811,064
	<u>9,480,390</u>	<u>-</u>	<u>380,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,860,775</u>
Culture							
Library	1,339,076	-	-	-	-	-	1,339,076
Museum	990,578	-	9,779	-	-	-	1,000,357
Civic center	470,388	-	2,140	-	-	-	472,528
Tourism and development	-	-	-	142,143	-	-	142,143
	<u>2,800,042</u>	<u>-</u>	<u>11,919</u>	<u>142,143</u>	<u>-</u>	<u>-</u>	<u>2,954,104</u>
Health and welfare							
Public health	10,978	255,459	-	-	-	-	266,437
Public works							
Engineering	1,404,426	-	-	-	-	-	1,404,426
Streets	1,631,227	-	617,176	-	-	-	2,248,403
Cemetery	89,057	-	688	-	-	-	89,745
Garage	697,084	-	17,065	-	-	-	714,149
Building maintenance	497,998	-	-	-	-	-	497,998
	<u>4,319,792</u>	<u>-</u>	<u>634,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,954,721</u>
Total Expenditures	<u>21,250,406</u>	<u>255,459</u>	<u>1,030,298</u>	<u>142,143</u>	<u>-</u>	<u>268,750</u>	<u>22,947,056</u>
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	<u>(4,353,239)</u>	<u>2,402,585</u>	<u>2,847,536</u>	<u>(141,727)</u>	<u>92</u>	<u>(134,375)</u>	<u>620,872</u>

City of Ketchikan, Alaska
General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Cont'd)
For the Year Ended December 31, 2021

	General	Hospital Sales Tax	Public Works Sales Tax	Economic Development & Parking	Shoreline Services	Community Grant	Totals
Other Financing Sources (Uses)							
Transfers in							
Sales tax hospital and other public works fund	420,000	(420,000)	-	-	-	-	-
Sales tax public works fund	2,000,000	-	(2,000,000)	-	-	-	-
Transient occupancy tax fund	439,163	-	-	-	-	-	439,163
Marijuana Sales Tax	200,000	-	-	-	-	-	200,000
Shoreline area fund	6,374	-	-	-	(6,374)	-	-
Bayview cemetery fund	5,000	-	-	-	-	-	5,000
Commercial passenger vessel tax fund	291,960	-	-	-	-	-	291,960
Ketchikan public utilities fund	786,000	-	-	-	-	-	786,000
Port fund	319,000	-	-	-	-	-	319,000
Wastewater services fund	80,000	-	-	-	-	-	80,000
Transfers out							
General obligation bond debt service fund	(757,069)	(2,529,575)	(250,846)	-	-	-	(3,537,490)
Community grant fund	(50,390)	(33,595)	(50,390)	-	-	134,375	-
Sale of capital assets	30,922	-	-	-	-	-	30,922
Total Other Financing Sources (Uses)	3,770,960	(2,983,170)	(2,301,236)	-	(6,374)	134,375	(1,385,445)
Net Change in Fund Balances	(582,279)	(580,585)	546,300	(141,727)	(6,282)	-	(764,573)
Fund Balances Beginning of Year	7,063,025	3,494,233	4,962,635	457,853	95,806	17,181	16,090,733
Fund Balances End of Year	6,480,746	2,913,648	5,508,935	316,126	89,524	17,181	15,326,160

City of Ketchikan, Alaska
Sales Tax Hospital and Other Public Works Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 2,789,000	\$ 2,789,000	\$ 2,573,874	\$ -	\$ 2,573,874	\$ (215,126)
Penalties and interest	7,500	7,500	8,099	-	8,099	599
Investment earnings	4,200	4,200	3,163	-	3,163	(1,037)
Miscellaneous	-	-	72,908	-	72,908	72,908
Total Revenues	2,800,700	2,800,700	2,658,044	-	2,658,044	(142,656)
Expenditures						
Current:						
Health and welfare	465,140	465,140	255,459	(82,058)	173,401	291,739
Total Expenditures	465,140	465,140	255,459	(82,058)	173,401	291,739
Excess of Revenues Over Expenditures	2,335,560	2,335,560	2,402,585	82,058	2,484,643	149,083
Other Financing Uses						
Transfers out						
General fund	(420,000)	(420,000)	(420,000)	-	(420,000)	-
Community grant fund	(33,595)	(33,595)	(33,595)	-	(33,595)	-
General obligation debt service fund	(2,529,575)	(2,529,575)	(2,529,575)	-	(2,529,575)	-
Total Other Financing Uses	(2,983,170)	(2,983,170)	(2,983,170)	-	(2,983,170)	-
Net Change in Fund Balances	(647,610)	(647,610)	(580,585)	82,058	(498,527)	149,083
Prior Year Encumbrances Returned	-	-	-	84,669	84,669	84,669
Fund Balances Beginning of Year	3,228,957	3,228,957	3,494,233	(215,035)	3,279,198	50,241
Fund Balances End of Year	\$ 2,581,347	\$ 2,581,347	\$ 2,913,648	\$ (48,308)	\$ 2,865,340	\$ 283,993

City of Ketchikan, Alaska
Sales Tax Public Works Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Taxes	\$ 4,184,000	\$ 4,184,000	\$ 3,860,811	\$ -	\$ 3,860,811	\$ (323,189)
Penalties and interest	11,500	11,500	12,149	-	12,149	649
Investment earnings	5,700	5,700	4,874	-	4,874	(826)
Total Revenues	<u>4,201,200</u>	<u>4,201,200</u>	<u>3,877,834</u>	<u>-</u>	<u>3,877,834</u>	<u>(323,366)</u>
Expenditures						
Capital:						
General government						
Finance	20,000	20,000	3,065	(3,065)	-	20,000
Public safety						
Fire	-	-	128,308	(128,308)	-	-
Police	374,512	374,512	252,077	(194,640)	57,437	317,075
Culture						
Museum	205,000	205,000	9,779	(9,779)	-	205,000
Civic center	-	-	2,140	(2,140)	-	-
Public works						
Engineering	70,000	70,000	-	-	-	70,000
Streets	1,048,745	1,048,745	617,176	(296,855)	320,321	728,424
Cemetery	-	-	688	(688)	-	-
Garage	68,000	68,000	17,065	-	17,065	50,935
Building maintenance	30,000	30,000	-	-	-	30,000
Total Expenditures	<u>1,816,257</u>	<u>1,816,257</u>	<u>1,030,298</u>	<u>(635,475)</u>	<u>394,823</u>	<u>1,421,434</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,384,943	2,384,943	2,847,536	635,475	3,483,011	1,098,068
Other Financing Uses						
Transfer out						
General fund	(2,000,000)	(2,000,000)	(2,000,000)	-	(2,000,000)	-
Community grant fund	(50,390)	(50,390)	(50,390)	-	(50,390)	-
Debt service fund	(252,666)	(252,666)	(250,846)	-	(250,846)	1,820
Total Other Financing Uses	<u>(2,303,056)</u>	<u>(2,303,056)</u>	<u>(2,301,236)</u>	<u>-</u>	<u>(2,301,236)</u>	<u>1,820</u>
Net Change in Fund Balances	81,887	81,887	546,300	635,475	1,181,775	1,099,888
Prior Year Encumbrances Returned	-	-	-	125,629	125,629	125,629
Fund Balances Beginning of Year	<u>3,535,347</u>	<u>3,535,347</u>	<u>4,962,635</u>	<u>(1,050,988)</u>	<u>3,911,647</u>	<u>376,300</u>
Fund Balances End of Year	<u>\$ 3,617,234</u>	<u>\$ 3,617,234</u>	<u>\$ 5,508,935</u>	<u>\$ (289,884)</u>	<u>\$ 5,219,051</u>	<u>\$ 1,601,817</u>

City of Ketchikan, Alaska
Economic Development & Parking Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 650	\$ 650	\$ 416	\$ -	\$ 416	\$ (234)
Total Revenues	<u>650</u>	<u>650</u>	<u>416</u>	<u>-</u>	<u>416</u>	<u>(234)</u>
Expenditures						
Current:						
Economic tourism and development	152,143	152,143	142,143	-	142,143	10,000
Total Expenditures	<u>152,143</u>	<u>152,143</u>	<u>142,143</u>	<u>-</u>	<u>142,143</u>	<u>10,000</u>
Net Change in Fund Balances	(151,493)	(151,493)	(141,727)	-	(141,727)	9,766
Fund Balances Beginning of Year	<u>447,504</u>	<u>447,504</u>	<u>457,853</u>	<u>-</u>	<u>457,853</u>	<u>10,349</u>
Fund Balances End of Year	<u>\$ 296,011</u>	<u>\$ 296,011</u>	<u>\$ 316,126</u>	<u>\$ -</u>	<u>\$ 316,126</u>	<u>\$ 20,115</u>

City of Ketchikan, Alaska
 Shoreline Services Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Investment earnings	\$ 100	\$ 100	\$ 92	\$ -	\$ 92	\$ (8)
Other Financing Uses						
Transfers out						
General fund	(6,374)	(6,374)	(6,374)	-	(6,374)	-
Net Change in Fund Balances	(6,274)	(6,274)	(6,282)	-	(6,282)	(8)
Fund Balances Beginning of Year	101,410	101,410	95,806	-	95,806	(5,604)
Fund Balances End of Year	\$ 95,136	\$ 95,136	\$ 89,524	\$ -	\$ 89,524	\$ (5,612)

City of Ketchikan, Alaska
 Community Grant Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	(GAAP Basis) Actual	Reclassifications and Encumbrances	(Budgetary Basis) Actual	Variance Positive (Negative)
Revenues						
Contributions	\$ 134,375	\$ 134,375	\$ 134,375	\$ -	\$ 134,375	\$ -
Total Revenues	134,375	134,375	134,375	-	134,375	-
Expenditures						
Current:						
Mayor and council	268,750	268,750	268,750	-	268,750	-
Deficiency of Revenues Under Expenditures	(134,375)	(134,375)	(134,375)	-	(134,375)	-
Other Financing Sources						
Transfers in						
General fund	50,390	50,390	50,390	-	50,390	-
Hospital sales tax fund	33,595	33,595	33,595	-	33,595	-
Public works sales tax fund	50,390	50,390	50,390	-	50,390	-
Total Other Financing Sources	134,375	134,375	134,375	-	134,375	-
Net Change in Fund Balances	-	-	-	-	-	-
Fund Balances Beginning of Year	17,141	17,141	17,181	-	17,181	40
Fund Balances End of Year	\$ 17,141	\$ 17,141	\$ 17,181	\$ -	\$ 17,181	\$ 40



THIS PAGE INTENTIONALLY LEFT BLANK

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

Ketchikan Public Utilities Fund – This fund is used to account for the operations, maintenance, and capital improvements of Ketchikan Public Utilities, a combined utility that provides electric, telecommunications and water services.

Port Fund – This fund is used to account for the operations, maintenance, and capital improvements of the city-owned port facilities.

Wastewater Services Fund – This fund is used to account for the operations, maintenance, and capital improvements of the municipal wastewater collection and treatment utility system.

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and temporary investments	\$ 29,586,813	\$ 26,691,073
Restricted cash, cash equivalents and investments:		
Cash and temporary invest. - bond construction funds	488,722	699,679
Bond redemption	562,119	547,148
Other restricted cash	25,368	25,368
Accounts receivable	\$ 2,839,211	
Less uncollectible accounts	<u>(82,000)</u>	2,973,547
Due from other governments	79,080	65,890
Prepaid expenses	42,392	15,283
Inventory of materials	2,806,925	2,814,262
Unbilled revenue	1,195,817	1,018,932
Total current assets	<u>37,544,447</u>	<u>34,851,182</u>
Noncurrent assets		
Restricted investments:		
Revenue bond reserve fund investments	1,870,216	1,885,500
Accrued interest receivable - bond reserve fund	450	-
Total Restricted assets	<u>1,870,666</u>	<u>1,885,500</u>
Other postemployment benefits	2,133,499	276,229
Utility plant in service:		
Land	2,758,966	2,758,966
Other non-depreciable assets	52,405	52,405
Construction work in progress	4,611,992	2,888,318
Plant in service	267,308,562	265,520,972
Less accumulated depreciation	<u>(164,430,724)</u>	<u>(160,207,617)</u>
Total capital assets (net of accumulated depreciation)	110,301,201	111,013,044
Total noncurrent assets	<u>114,305,366</u>	<u>113,174,773</u>
Total assets	<u>151,849,813</u>	<u>148,025,955</u>
Deferred outflow of resources	<u>446,590</u>	<u>513,888</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 152,296,403</u>	<u>\$ 148,539,843</u>

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Liabilities		
Current liabilities		
Accounts payable	\$ 3,788,718	\$ 2,923,976
Accrued interest payable	162,837	187,222
Compensated absences payable	109,442	124,119
Customer deposits	369,965	355,790
Unearned revenue	58,606	66,709
Unamortized premiums	185,857	185,857
Revenue bonds payable	1,780,152	1,472,660
Advances to other funds	394,812	379,627
Total current liabilities	6,850,389	5,695,960
Noncurrent liabilities		
Unamortized bond premium	1,649,671	2,741,232
Compensated absences payable	984,976	1,117,072
Net pension liability	2,945,226	3,334,973
Revenue bonds payable	25,188,739	26,129,852
Advances to other funds	390,101	784,913
Total noncurrent liabilities	31,158,713	34,108,042
Deferred inflow of resources	3,181,018	231,202
Total Liabilities and Deferred Inflows of Resources	41,190,120	40,035,204
Net position		
Net investment in capital assets	79,499,052	81,183,123
Restricted performance guaranty	25,368	25,368
Restricted for bond retirement	2,364,595	2,336,993
Unrestricted	29,217,268	24,959,155
Total net position	111,106,283	108,504,639
Total liabilities and net position	\$ 152,296,403	\$ 148,539,843

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position - by Service
For the Years Ended December 31, 2021 and 2020

	<u>Total</u>		<u>Electric</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating Revenues				
Services	\$43,389,906	\$42,098,824	\$19,188,307	\$18,484,722
Other	713,421	554,915	661,458	520,239
Total Operating Revenues	<u>44,103,327</u>	<u>42,653,739</u>	<u>19,849,765</u>	<u>19,004,961</u>
Operating Expenses				
Operation and maintenance	27,035,030	27,322,810	13,710,793	13,143,929
Administration and general	6,500,283	6,785,552	2,024,446	2,079,059
Depreciation	6,035,498	7,787,634	2,560,046	2,917,661
Total Operating Expenses	<u>39,570,811</u>	<u>41,895,996</u>	<u>18,295,285</u>	<u>18,140,649</u>
Operating Income (Loss)	<u>4,532,516</u>	<u>757,743</u>	<u>1,554,480</u>	<u>864,312</u>
Non-Operating Revenues (Expenses)				
Operating grants	240,944	290,605	64,962	57,422
Interest earnings	15,052	188,894	6,648	96,264
Revenue bond interest expense	(1,480,091)	(689,570)	(990,234)	(410,388)
Other interest expense	(17,196)	(17,729)	(16,164)	(15,716)
Debt issuance costs	(73,882)	(87,628)	(73,882)	-
Total Non-Operating Revenue (Expenses)	<u>(1,315,173)</u>	<u>(315,428)</u>	<u>(1,008,670)</u>	<u>(272,418)</u>
Net Income (Loss) Before Contributions and Transfers	3,217,343	442,315	545,810	591,894
Capital contributions	170,301	197,645	148,375	168,864
Net Income (Loss) before Transfers	3,387,644	639,960	694,185	760,758
Transfers Out				
Transfers out - payment in lieu of taxes	(786,000)	(786,000)	(381,993)	(381,993)
Change in Net Position	2,601,644	(146,040)	<u>\$312,192</u>	<u>\$378,765</u>
Net Position Beginning of Year	<u>108,504,639</u>	<u>108,650,679</u>		
Net Position End of Year	<u>\$111,106,283</u>	<u>\$108,504,639</u>		

Telecommunications		Water	
2021	2020	2021	2020
\$19,855,571	\$19,481,858	\$4,346,028	\$4,132,244
-	-	51,963	34,676
<u>19,855,571</u>	<u>19,481,858</u>	<u>4,397,991</u>	<u>4,166,920</u>
10,991,871	11,870,540	2,332,366	2,308,341
4,004,695	4,199,371	471,142	507,122
<u>2,077,945</u>	<u>3,473,258</u>	<u>1,397,507</u>	<u>1,396,715</u>
<u>17,074,511</u>	<u>19,543,169</u>	<u>4,201,015</u>	<u>4,212,178</u>
<u>2,781,060</u>	<u>(61,311)</u>	<u>196,976</u>	<u>(45,258)</u>
115,075	138,519	60,907	94,664
5,862	77,628	2,542	15,002
(381,033)	(221,881)	(108,824)	(57,301)
(1,032)	(2,013)	-	-
-	(87,628)	-	-
<u>(261,128)</u>	<u>(95,375)</u>	<u>(45,375)</u>	<u>52,365</u>
2,519,932	(156,686)	151,601	7,107
<u>21,926</u>	<u>28,781</u>	<u>-</u>	<u>-</u>
2,541,858	(127,905)	151,601	7,107
<u>(206,358)</u>	<u>(206,358)</u>	<u>(197,649)</u>	<u>(197,649)</u>
<u>\$2,335,500</u>	<u>(\$334,263)</u>	<u>(\$46,048)</u>	<u>(\$190,542)</u>

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 44,134,675	\$ 44,201,595
Cash payments to employees for services	(12,777,903)	(14,998,338)
Cash payments to suppliers for goods and services	(19,885,400)	(17,926,644)
Net Cash Provided by Operating Activities	<u>11,471,372</u>	<u>11,276,613</u>
Cash Flows from Noncapital Financing Activity		
Operating grant from other governments	240,944	290,605
Payment in lieu of taxes to the general fund	(786,000)	(786,000)
Net Cash Used by Noncapital Financing Activities	<u>(545,056)</u>	<u>(495,395)</u>
Cash Flows from Capital and Related Financing Activities		
Advances from other funds	(379,627)	(365,026)
Capital grant received from other governments	170,301	197,645
Capital debt proceeds	825,849	11,764,322
Principal paid on revenue bonds	(1,472,662)	(1,133,955)
Interest paid on revenue bonds	(2,687,115)	(805,432)
Payments for capital acquisitions and construction	(4,715,025)	(15,544,678)
Net Cash Used by Capital and Related Financing Activities	<u>(8,258,279)</u>	<u>(5,887,124)</u>
Cash Flows from Investing Activities		
Investment earnings	16,433	275,047
Purchase of bond reserve fund investments	15,284	(742,650)
Net Cash Flows Provided by Investing Activities	<u>31,717</u>	<u>(467,603)</u>
Net Increase in Cash and Cash Equivalents	2,699,754	4,426,491
Cash and Cash Equivalents Beginning of Year	<u>27,963,268</u>	<u>23,536,777</u>
Cash and Cash Equivalents End of Year	<u>\$ 30,663,022</u>	<u>\$ 27,963,268</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	29,586,813	26,691,073
Bond construction fund cash - restricted	25,368	699,679
Revenue bond redemption funds - restricted	488,722	547,148
Restricted cash - performance guaranty	562,119	25,368
	<u>\$ 30,663,022</u>	<u>\$ 27,963,268</u>

(continued)

City of Ketchikan, Alaska
 Ketchikan Public Utilities Fund
 Comparative Statements of Cash Flows
 For the Years Ended December 31, 2021 and 2020

(continued)

	2021	2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 4,532,516	\$ 757,743
Adjustments:		
Depreciation	6,035,498	7,787,634
Other	-	149,185
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	216,336	278,021
Unbilled revenue	(176,885)	1,213,806
Prepaid expenses	(27,109)	12,619
Inventory	7,337	(75,441)
Customer deposits	14,175	(7,245)
Other postemployment benefits	(1,857,270)	(358,543)
Deferred outflows	67,298	(54,861)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	254,283	1,061,692
Compensated absences payable	(146,773)	230,351
Unearned revenue	(8,103)	56,029
Net pension liability	(389,747)	202,721
Deferred inflow of resources for pension	2,949,816	22,902
Net Cash Provided by Operating Activities	\$ 11,471,372	\$ 11,276,613
 Noncash investing, capital and financing activities		
Revenue bond arbitrage	\$ 1,831	\$ (60)

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Revenues
For the Years Ended December 31, 2021 and 2020

	2021		2020	
	Amount	Total	Amount	Total
Electric Department				
Revenue from Services:				
Residential	\$8,479,877		\$8,233,105	
Boats	350,409		335,972	
Commercial	7,597,744		7,390,872	
Industrial	2,036,845		1,815,107	
Demand	529,297		520,603	
Area Lighting	62,224		61,287	
Street Lighting	131,911		131,770	
Diesel Surcharge	-	\$19,188,307	(3,994)	\$18,484,722
Other Revenue:				
Service Charges	108,146		89,949	
Late Payment Charges	60,342		27,000	
Rentals - Interdepartmental	153,575		153,575	
Other	339,395	661,458	249,715	520,239
Total Electric		<u>19,849,765</u>		<u>19,004,961</u>
Telecommunications Department				
Local Network Services:				
Basic Local Service	775,629		813,927	
Local Private Line	984,633		990,855	
Other Local Exchange	103,578	1,863,840	100,638	1,905,420
Network Access Services:				
Interstate End User	625,048		598,336	
Switched Access	4,709,530		4,759,328	
Special Access	2,232,142		1,989,709	
State Access	881,972	8,448,692	938,527	8,285,900
Other Revenues:				
Directory Revenue	9,728		116,835	
Other	81,602	91,330	93,776	210,611
Nonregulated Revenues	9,451,709	9,451,709	9,079,927	9,079,927
Total Telecommunications		<u>\$ 19,855,571</u>		<u>\$ 19,481,858</u>

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Revenues (Cont'd)
For the Years Ended December 31, 2021 and 2020

	2021		2020	
	Amount	Total	Amount	Total
Water Department				
Revenue from Services:				
Residential	\$1,950,255		\$1,863,940	
Apartments	408,466		395,635	
Commercial	1,519,350		1,427,747	
Industrial	461,342		444,922	
Port	6,615	\$4,346,028	-	\$4,132,244
Other Revenue:				
Service Charges	1,438		460	
Late Payment Charges	15,155		4,688	
Other	35,370	51,963	29,528	34,676
Total Water		<u>4,397,991</u>		<u>4,166,920</u>
Total Revenue		<u>\$44,103,327</u>		<u>\$42,653,739</u>

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Operation and Maintenance Expenses
For the Years Ended December 31, 2021 and 2020

	2021		2020	
	Amount	Total	Amount	Total
Electric Department				
Hydroelectric Generation				
Operation				
Supervision & Engineering	\$ 1,207,618		\$ 1,325,193	
Hydraulic Expenses	59,641		92,685	
Electric Expenses	62,667	\$ 1,329,926	19,297	\$ 1,437,175
Maintenance				
Supervision & Engineering	296		90	
Structures	53,489		94,248	
Reservoirs & Dams	205,604		246,310	
Electric Plant	322,170		392,140	
Other	107,758	689,317	115,914	848,702
Total Hydroelectric Generation		2,019,243		2,285,877
Diesel Generation				
Operation				
Fuel	259,605		251,113	
Generation	18,273		18,358	
Other	606,874	884,752	655,908	925,379
Maintenance				
Supervision and Engineering	161,161		172,860	
Structures	41,015		48,796	
Electric Plant	125,239		170,650	
Other	275,029	602,444	293,979	686,285
Total Diesel Generation		1,487,196		1,611,664
Purchased Power		6,377,283		6,161,899
Automation Control System		376,809		315,230
Total Generation		10,260,531		10,374,670
Transmission				
Operation				
Overhead and Underground Lines	\$ -	-	\$ 540	\$ 540
Total Transmission		\$ -		\$ 540

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Operation and Maintenance Expenses (Cont'd)
For the Years Ended December 31, 2021 and 2020

	2021		2020	
	Amount	Total	Amount	Total
Distribution				
Operation				
Supervision & Engineering	\$ 902,698		\$ 810,690	
Station Equipment	19,886		5,092	
Overhead & Underground Lines	2,394		1,842	
Street Lighting	82,110		74,550	
Meter Expenses	714,151		777,757	
Customer Installations	22,477.00		55,372.00	
Other	18,966	\$ 1,762,682	18,893	\$ 1,744,196
Maintenance				
Station Equipment	260,418		24,835	
Overhead & Underground Lines	1,282,820		886,669	
Line Transformers	7,604		5,170	
Other	136,738	1,687,580	107,849	1,024,523
Total Distribution		3,450,262		2,768,719
Total Electric		13,710,793		13,143,929
Telecommunications Department				
Plant Specific Operations:				
Network Support	108,851		114,408	
General Support	144,813		176,577	
Central Office Switching	821,058		735,796	
Central Office Transmission	988,538		1,029,440	
Cable and Wire Facilities Expense	815,047	2,878,307	1,222,704	3,278,925
Plant Nonspecific Operations				
Network Operations Expense	2,811,452	2,811,452	2,524,393	2,524,393
Customer Operations				
Customer Operations-Services	115,569	115,569	121,020	121,020
Nonregulated Operations Expenses	\$ 5,186,543	5,186,543	\$ 5,946,202	5,946,202
Total Telecommunications		\$ 10,991,871		\$ 11,870,540

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedule of Operation and Maintenance Expenses (Cont'd)
For the Years Ended December 31, 2021 and 2020

	2021		2020	
	Amount	Total	Amount	Total
Water Department				
Source of Supply				
Operation and Maintenance	\$ 507,260	\$ 507,260	\$ 439,519	\$ 439,519
Chlorination				
Labor and Supplies	112,170		139,557	
Maintenance	133,817	245,987	196,483	336,040
Distribution				
Maps & Records	484,861		498,039	
Customer Service	2,778	487,639	4,262	502,301
Maintenance				
Mains & Equipment	506,001		527,043	
Hydrants	10,080		16,762	
Valves & Structures	32,473		16,394	
Pump Stations	126,236		84,640	
PH Adjustment Facility	407,609		355,672	
Reservoirs	\$9,081	1,091,480	\$29,970	1,030,481
Total Water		<u>2,332,366</u>		<u>2,308,341</u>
Total Operation and Maintenance		<u>\$ 27,035,030</u>		<u>\$ 27,322,810</u>

City of Ketchikan, Alaska
Ketchikan Public Utilities Fund
Comparative Schedules of Administrative and General Expenses
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Customer Service	\$2,374,417	\$2,445,242
General Accounting	916,159	1,019,376
Administrative Expenses	2,095,593	2,246,846
Engineering Services	73,809	95,487
Information Technology	498,627	561,090
Insurance & Claims	<u>541,678</u>	<u>417,511</u>
Total	<u><u>\$6,500,283</u></u>	<u><u>\$6,785,552</u></u>

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and temporary investments	\$ 5,512,570	\$ 4,463,620
Restricted cash, cash equivalents and investments:		
Bond redemption	186,369	186,264
Accounts receivable	6,740	10,286
Prepaid expense	750,000	750,000
Total Current assets	<u>6,455,679</u>	<u>5,410,170</u>
Noncurrent assets		
Restricted investments:		
Repair and replacement investments	5,417,733	4,896,274
Bond reserve investments	2,240,000	2,240,000
Accrued interest on bond reserve investments	489	151
Total restricted assets	<u>7,658,222</u>	<u>7,136,425</u>
Internal Receivable	315,911	695,538
Other postemployment benefits	348,582	45,132
Capital assets		
Land	7,970,386	7,970,386
Other non-depreciable assets	169,361	169,361
Construction work in progress	9,120,646	9,103,215
Port facilities	67,933,863	67,886,957
Accumulated depreciation	(24,272,863)	(23,088,405)
Total capital assets (net of accumulated depreciation)	<u>60,921,393</u>	<u>62,041,514</u>
Total noncurrent assets	<u>69,244,108</u>	<u>69,918,609</u>
Deferred outflows of resources	<u>63,837</u>	<u>74,063</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 75,763,624</u>	<u>\$ 75,402,842</u>

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 51,735	\$ 9,060
Accrued interest payable	94,192	98,770
Compensated absences payable	1,473	1,347
Unamortized premiums	202,584	202,584
Revenue bonds payable	<u>1,130,000</u>	<u>1,075,000</u>
Total current liabilities	<u>1,479,984</u>	<u>1,386,761</u>
Noncurrent liabilities		
Compensated absences payable	13,258	12,123
Net pension liability	481,206	544,885
Unamortized bond premium	2,616,713	2,819,297
Revenue bonds payable	<u>20,990,000</u>	<u>22,120,000</u>
Total noncurrent liabilities	<u>24,101,177</u>	<u>25,496,305</u>
Deferred inflows of resources	<u>767,952</u>	<u>454,945</u>
Total Liabilities and Deferred Inflows of Resources	<u>26,349,113</u>	<u>27,338,011</u>
Net position		
Net investment in capital assets	35,592,891	35,407,462
Restricted repair and replacement funds	5,417,733	4,896,274
Restricted for bond retirement	2,332,666	2,327,646
Unrestricted	<u>6,071,221</u>	<u>5,433,449</u>
Total net position, restated	<u>49,414,511</u>	<u>48,064,831</u>
Total Liabilities and Net Position	<u>\$ 75,763,624</u>	<u>\$ 75,402,842</u>



THIS PAGE INTENTIONALLY LEFT BLANK

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Charges for services		
Docking	\$553,303	\$60,095
Passenger wharfage fee	682,848	-
Rental income	56,354	-
Water	9,300	120
Other	51,637	21,929
Total Operating Revenues	<u>1,353,442</u>	<u>82,144</u>
Operating Expenses		
Operation and maintenance		
Personnel services	651,399	583,712
Supplies and services	341,243	1,454,971
Financial service	232,068	245,632
Insurance	209,798	193,194
Utilities	126,721	70,550
Property Taxes	167,186	164,375
Lease payments	1,820,833	2,726,133
Depreciation	1,184,459	1,356,259
Total Operating Expenses	<u>4,733,707</u>	<u>6,794,826</u>
Operating Income	<u>(3,380,265)</u>	<u>(6,712,682)</u>
Non-Operating Revenues (Expenses)		
Operating grants	5,849,405	23,768
Interest earnings	24,014	196,210
Interest expense	(924,621)	(976,648)
Loss on disposal of capital assets	-	(1,063)
Total Non-Operating Revenue (Expenses)	<u>4,948,798</u>	<u>(757,733)</u>
Income Before Capital Grants and Transfers	1,568,533	(7,470,415)
Capital Grants	-	3,443,520
Transfers		
Transfer from commercial passenger vessel tax fund	100,147	-
Payment in lieu of taxes to general fund	(319,000)	(319,000)
Transfer to commercial passenger vessel tax fund	-	(638,443)
Total Capital Grants and Transfers	<u>(218,853)</u>	<u>2,486,077</u>
Change in Net Position	1,349,680	(4,984,338)
Net Position Beginning of Year	<u>48,064,831</u>	<u>53,049,169</u>
Net Position End of Year	<u>\$49,414,511</u>	<u>\$48,064,831</u>

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 1,356,988	\$ 83,736
Cash payments to employees for services	(666,068)	(632,286)
Cash payments to suppliers for goods and services	<u>(2,851,595)</u>	<u>(4,510,188)</u>
Net Cash Provided by Operating Activities	<u>(2,160,675)</u>	<u>(5,058,738)</u>
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	5,849,405	23,768
Transfer in	100,147	-
Transfers out	-	(638,443)
Payment in lieu of taxes to the general fund	<u>(319,000)</u>	<u>(319,000)</u>
Net Cash Provided by Noncapital Financing Activities	<u>5,630,552</u>	<u>(933,675)</u>
Cash Flows from Capital and Related Financing Activities		
Advances to other funds	379,627	365,026
Capital grant received from other governments	-	4,998,921
Principal paid on revenue bonds	(1,075,000)	(1,025,000)
Interest paid on revenue bonds	(1,159,750)	(1,211,000)
Payments for capital acquisitions and construction	<u>(67,916)</u>	<u>(4,357,222)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,923,039)</u>	<u>(1,229,275)</u>
Cash Flows from Investing Activities		
Investment earnings	23,676	242,238
Purchase of investments	<u>(521,459)</u>	<u>(571,873)</u>
Net Cash Provided (Used) by Investing Activities	<u>(497,783)</u>	<u>(329,635)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,049,055	(7,551,323)
Cash and Cash Equivalents Beginning of Year	<u>4,649,884</u>	<u>12,201,207</u>
Cash and Cash Equivalents End of Year	<u>\$ 5,698,939</u>	<u>\$ 4,649,884</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	5,512,570	4,463,620
Revenue bond redemption funds - restricted	<u>186,369</u>	<u>186,264</u>
	<u>\$ 5,698,939</u>	<u>\$ 4,649,884</u>

(continued)

City of Ketchikan, Alaska
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

(continued)

	2021	2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ (3,380,265)	\$ (6,712,682)
Adjustments:		
Depreciation	1,184,459	1,356,259
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	3,546	1,592
Prepaid expenses	-	411,500
Other postemployment benefits	(303,450)	(58,581)
Deferred outflow	10,226	642
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	46,254	(66,833)
Compensated absences payable	1,261	(27,498)
Net pension liability	(63,679)	33,122
Deferred inflow	340,973	3,741
Net Cash Provided by Operating Activities	\$ (2,160,675)	\$ (5,058,738)
 Noncash investing, capital and financing activities		
Fair value of non-cash investments	\$ (9,485)	\$ (1,450)

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and temporary investments	\$ 4,093,383	\$ 3,339,407
Restricted cash, cash equivalents and investments:		
Bond redemption	27,437	27,438
Accounts receivable		
Accounts	187,430	241,884
Intergovernmental	77,580	63,507
Unbilled revenue	164,994	164,813
Total current assets	<u>4,550,824</u>	<u>3,837,049</u>
Noncurrent assets		
Other postemployment benefits	96,512	12,495
Capital assets		
Construction work in progress	986,359	815,186
Wastewater facilities	27,558,296	27,546,621
Accumulated depreciation	(10,506,711)	(10,137,826)
Total capital assets (net of accumulated depreciation)	<u>18,037,944</u>	<u>18,223,981</u>
Total noncurrent assets	<u>18,134,456</u>	<u>18,236,476</u>
Deferred outflow of resources	<u>18,169</u>	<u>21,131</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22,703,449</u>	<u>\$ 22,094,656</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 21,778	\$ 43,222
Accrued interest	4,835	5,170
Compensated absences payable	3,592	4,276
General obligation bonds payable	104,800	103,246
Revenue bonds payable	29,836	29,393
Total current liabilities	<u>164,841</u>	<u>185,307</u>
Noncurrent liabilities		
Compensated absences payable	32,331	38,482
Net pension liability	133,233	150,864
General obligation bonds payable	1,318,000	1,422,801
Revenue bonds payable	844,406	790,202
Total noncurrent liabilities	<u>2,327,970</u>	<u>2,402,349</u>
Deferred inflow of resources	<u>104,868</u>	<u>10,462</u>
Total Liabilities and Deferred Inflow of Resources	<u>2,597,679</u>	<u>2,598,118</u>
Net position		
Net investment in capital assets	15,740,902	15,878,339
Restricted for bond retirement	22,602	22,268
Unrestricted	4,342,266	3,595,931
Total net position	<u>20,105,770</u>	<u>19,496,538</u>
Total Liabilities and Net Position	<u>\$ 22,703,449</u>	<u>\$ 22,094,656</u>

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Charges for services	\$ 3,445,642	\$ 3,413,381
Other	11,085	(862)
Total Operating Revenues	3,456,727	3,412,519
Operating Expenses		
Operation and maintenance		
Personnel services	870,218	841,862
Supplies and services	600,168	571,685
Engineering services	226,619	248,547
Financial service	206,665	174,757
Insurance	53,724	41,754
Utilities	226,894	219,056
Depreciation	564,238	572,964
Total Operating Expenses	2,748,526	2,670,625
Operating Income	708,201	741,894
Non-Operating Revenues (Expenses)		
Operating grants	7,428	7,102
Interest earnings	3,455	17,607
Interest expense	(29,852)	(15,696)
Gain on disposal of capital asset	-	10,300
Total Non-Operating Revenues (Expenses)	(18,969)	19,313
Net Income Before Grants and Transfers	689,232	761,207
Transfers out - payment in lieu of taxes	(80,000)	(80,000)
Change in Net Position	609,232	681,207
Net Position Beginning of Year	19,496,538	18,815,331
Net Position End of Year	\$20,105,770	\$19,496,538

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash received from customers and users	\$ 3,511,000	\$ 3,391,191
Cash payments to employees for services	(881,333)	(837,699)
Cash payments to suppliers for goods and services	<u>(1,323,237)</u>	<u>(1,289,841)</u>
Net Cash Provided by Operating Activities	<u>1,306,430</u>	<u>1,263,651</u>
Cash Flows from Noncapital Financing Activities		
Operating grant from other governments	7,428	7,102
Payment in lieu of taxes to the general fund	<u>(80,000)</u>	<u>(80,000)</u>
Net Cash Used by Noncapital Financing Activities	<u>(72,572)</u>	<u>(72,898)</u>
Cash Flows from Capital and Related Financing Activities		
Capital debt proceeds	69,967	144,620
Principal paid on general obligation bonds and equipment contracts	(103,246)	(51,047)
Interest paid on general obligation bonds and equipment contracts	(22,506)	(11,828)
Principal paid on revenue bonds	(29,394)	(14,533)
Interest paid on revenue bonds	(7,681)	(4,004)
Gain on the disposition of capital assets	-	10,300
Payments for capital acquisitions and construction	<u>(390,478)</u>	<u>(200,542)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(483,338)</u>	<u>(127,034)</u>
Cash Flows from Investing Activities		
Investment earnings	<u>3,455</u>	<u>24,979</u>
Net Cash Provided by Investing Activities	<u>3,455</u>	<u>24,979</u>
Net Increase in Cash and Cash Equivalents	753,975	1,088,698
Cash and Cash Equivalents Beginning of Year	<u>3,366,845</u>	<u>2,278,147</u>
Cash and Cash Equivalents End of Year	<u>\$ 4,120,820</u>	<u>\$ 3,366,845</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and temporary investments - current assets	4,093,383	3,339,407
Revenue bond redemption funds - restricted	<u>27,437</u>	<u>27,438</u>
	<u>\$ 4,120,820</u>	<u>\$ 3,366,845</u>

(continued)

City of Ketchikan, Alaska
Wastewater Service Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

(continued)

	2021	2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 708,201	\$ 741,894
Adjustments:		
Depreciation	564,238	572,964
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts receivable	54,454	(20,710)
Unbilled revenue	(181)	(618)
Other postemployment benefits	(84,017)	(16,219)
Deferred outflow	2,962	(1,079)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts payable	(9,167)	(34,042)
Compensated absences payable	(6,835)	11,255
Net pension liability	(17,631)	9,170
Deferred inflow	94,406	1,036
Net Cash Provided by Operating Activities	\$ 1,306,430	\$ 1,263,651



THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL SERVICE FUNDS

Self-Insurance Fund - This fund accounts for claims not covered by the City's insurance policies.

Compensated Absences Fund – The fund accounts for the accumulation of resources used to pay for compensated absences of employees accounted for in governmental funds.

City of Ketchikan, Alaska
Combining Statement of Net Position
Internal Service Funds
December 31, 2021

	<u>Self-Insurance</u>	<u>Compensated Absences</u>	<u>Total Internal Service Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 848,246	\$ 1,596,913	\$ 2,445,159
Miscellaneous receivable	118,309	-	118,309
Prepaid insurance	873,047	-	873,047
Total Current Assets	<u>1,839,602</u>	<u>1,596,913</u>	<u>3,436,515</u>
Noncurrent Assets:			
Internal Receivable	469,002	-	469,002
Total Noncurrent Assets	<u>469,002</u>	<u>-</u>	<u>469,002</u>
Total Assets	<u>\$ 2,308,604</u>	<u>\$ 1,596,913</u>	<u>\$ 3,905,517</u>
Liabilities			
Current Liabilities:			
Accounts payable	9,677	-	9,677
Compensated absences payable	-	159,692	159,692
Claims payable	457,850	-	457,850
Total Current Liabilities	<u>467,527</u>	<u>159,692</u>	<u>627,219</u>
Noncurrent Liabilities:			
Compensated absences payable (net of current portion)	-	1,437,221	1,437,221
Total Liabilities	<u>467,527</u>	<u>1,596,913</u>	<u>2,064,440</u>
Net Position			
Unrestricted	<u>\$ 1,841,077</u>	<u>\$ -</u>	<u>\$ 1,841,077</u>

City of Ketchikan, Alaska
Combining Statement of Revenues,
Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2021

	<u>Self-Insurance</u>	<u>Compensated Absences</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services	\$ 1,954,215	\$ 1,323,351	\$ 3,277,566
Total Revenues	<u>1,954,215</u>	<u>1,323,351</u>	<u>3,277,566</u>
Operating Expenses			
Compensated absences	-	1,323,351	1,323,351
Insurance	1,636,147	-	1,636,147
Claims	318,068	-	318,068
Total Operating Expenses	<u>1,954,215</u>	<u>1,323,351</u>	<u>3,277,566</u>
Operating Income	<u>-</u>	<u>-</u>	<u>-</u>
Non-Operating Revenues			
Investment earnings	19,179	-	19,179
Change in Net Position	19,179	-	19,179
Net Position Beginning of Year	<u>1,821,898</u>	<u>-</u>	<u>1,821,898</u>
Net Position End of Year	<u>\$ 1,841,077</u>	<u>\$ -</u>	<u>\$ 1,841,077</u>

City of Ketchikan, Alaska
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021

	<u>Self-Insurance</u>	<u>Compensated Absences</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 1,840,311	\$ 1,323,351	\$ 3,163,662
Cash payments for insurance and claims	(1,739,333)	-	(1,739,333)
Cash payments for compensated absences	-	(1,492,793)	(1,492,793)
Net Cash Provided (Used) by Operating Activities	<u>100,978</u>	<u>(169,442)</u>	<u>(68,464)</u>
Cash Flows from Investing Activities			
Interest on investments	19,179	-	19,179
Net Cash Provided by Investing Activities	<u>19,179</u>	<u>-</u>	<u>19,179</u>
Net Increase in Cash and Cash Equivalents	120,157	(169,442)	(49,285)
Cash and Cash Equivalents Beginning of Year	<u>728,089</u>	<u>1,766,355</u>	<u>2,494,444</u>
Cash and Cash Equivalents End of Year	<u>\$ 848,246</u>	<u>\$ 1,596,913</u>	<u>\$ 2,445,159</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ -	\$ -	\$ -
(Increase) Decrease in Assets:			
Accounts receivable	(113,904)	-	(113,904)
Accrued interest	-	-	-
Prepaid expenses	(35,186)	-	(35,186)
Increase in Liabilities:			
Accounts payable	250,068	-	250,068
Compensated absences payable	-	(169,442)	(169,442)
Net Cash Provided by Operating Activities	<u>\$ 100,978</u>	<u>\$ (169,442)</u>	<u>\$ (68,464)</u>

CITY OF KETCHIKAN, ALASKA

(Page 1 of 2)

COMBINED SCHEDULE OF CASH AND INVESTMENTS BALANCES - ALL FUNDS

Year Ended December 31, 2021

Cash and Investment Balances

Cash in Revenue Bond Redemption Accounts	\$775,926
Cash in Petty Cash Funds	11,370
Cash in Other Accounts	<u>34,869,733</u>

Total Cash \$ 35,657,029

Investments

Investments with Financial Institutions	<u>\$51,058,882</u>
---	---------------------

Total Investments \$51,058,882

Total Cash and Investments \$86,715,911

General Fund

Unrestricted Funds	\$7,583,335	\$7,583,335
--------------------	-------------	-------------

Special Revenue Funds

Sales Tax Hospital Fund	2,991,686	
Sales Tax Public Works Fund	5,591,579	
Economic Development Parking Fund	351,662	
Transient Tax Fund	647,239	
Marijuana Tax Fund	242,188	
Solid Waste Services Fund	1,501,816	
Ketchikan Boat Harbor Fund	1,117,222	
Bayview Cemetery Fund	105,773	
Commercial Passenger Vessel Tax Fund	7,092,883	
Forfeiture and Property Seizures Fund	142,824	
Community Grant Fund	60,893	
Shoreline Fund	<u>89,524</u>	19,935,289

Capital Project Funds

Major Capital Improvement Fund		
Unrestricted Funds	75,557	
Community Facilities Development Fund		
Unrestricted Funds	3,211,074	
Harbor Improvements Fund		
Unrestricted Funds	1,002,902	
Bond Construction Funds	70,310	
Hospital Construction Fund		
Unrestricted Funds	330,163	
Bond Construction Funds	1,619,378	
Commercial Passenger Vessel Tax Funds		
Unrestricted Funds	2,529	
Restricted Funds	<u>\$29,631</u>	6,341,544

CITY OF KETCHIKAN, ALASKA

(Page 2 of 2)

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

Year Ended December 31, 2021

Enterprise Funds

Wastewater Service Fund		
Unrestricted Funds	\$4,093,383	
Revenue Bond Redemption Funds	27,438	
Ketchikan Port Fund:		
Unrestricted Funds	5,912,423	
Revenue Bond Redemption Funds	186,369	
Repair & Replacement Funds	5,417,733	
Revenue Bond Reserve Funds	2,240,000	
Ketchikan Public Utilities Fund:		
Unrestricted Funds	29,586,813	
Revenue Bond Redemption Funds	562,119	
Bond Construction Funds	488,722	
Other Restricted Funds	25,368	
Revenue Bond Reserve Funds	<u>1,870,216</u>	\$50,410,584

Internal Service Funds

Self-Insurance Fund	848,246	
Compensated Leave Fund	<u>\$1,596,913</u>	<u>2,445,159</u>

Total Cash and Investments

\$86,715,911

STATISTICAL SECTION

This section of the City of Ketchikan’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Page</u>
Government-wide Information These schedules contain information that help the reader understand how the City’s government-wide financial performance and well-being have changed over time.	169
Financial Trends These schedules contain trend information that help the reader understand how the City’s financial performance and well-being have changed over time.	177
Revenue Capacity These schedules present information to help the reader assess the city’s most significant local revenue source, property taxes.	183
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	199
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	205
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the city provides and the activities it performs.	209

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; tables presenting government-wide information include information in that year. The City implemented GASB Statement 44 in 2006; schedules presenting government-wide information include information beginning in that year.



THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENT-WIDE INFORMATION

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

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

(Un-Audited)

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

	<u>Restated 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 124,187,486	\$ 123,952,440	\$ 143,909,094	\$ 154,659,112
Restricted	7,668,494	8,148,212	8,922,032	12,933,820
Unrestricted	20,015,992	19,781,991	19,246,474	7,410,053
Total governmental activities net position	<u>\$ 151,871,972</u>	<u>\$ 151,882,643</u>	<u>\$ 172,077,600</u>	<u>\$ 175,002,985</u>
Business-type activities				
Net investment in capital assets	\$ 101,715,542	\$ 118,874,119	\$ 124,479,056	\$ 124,231,729
Restricted	8,624,752	9,098,473	11,494,674	10,116,562
Unrestricted	27,346,998	30,740,061	28,552,851	26,735,278
Total business-type activities net position	<u>\$ 137,687,292</u>	<u>\$ 158,712,653</u>	<u>\$ 164,526,581</u>	<u>\$ 161,083,569</u>
Primary Government				
Net investment in capital assets	\$ 225,903,028	\$ 242,826,559	\$ 268,388,150	\$ 278,890,841
Restricted	16,293,246	17,246,685	20,416,706	23,050,382
Unrestricted	47,362,990	50,522,052	47,799,325	34,145,331
Total primary government net position	<u>\$ 289,559,264</u>	<u>\$ 310,595,296</u>	<u>\$ 336,604,181</u>	<u>\$ 336,086,554</u>

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calendar year 2012, as restated.

Table 1

2016	2017	2018	2019	2020	2021
\$ 162,340,844	\$ 166,238,050	\$ 164,522,169	\$ 163,787,525	\$ 163,299,318	\$ 161,755,446
10,730,407	10,010,245	11,193,773	11,588,224	14,353,477	13,948,485
8,276,866	9,425,807	7,622,490	10,331,503	8,359,025	8,073,608
<u>\$ 181,348,117</u>	<u>\$ 185,674,102</u>	<u>\$ 183,338,432</u>	<u>\$ 185,707,252</u>	<u>\$ 186,011,820</u>	<u>\$ 183,777,539</u>
\$ 125,126,654	\$ 127,204,039	\$ 131,911,948	\$ 131,278,702	\$ 132,468,924	\$ 130,832,845
8,939,769	10,094,057	7,796,537	9,367,092	9,608,549	10,162,964
27,122,581	29,475,246	32,761,928	39,869,385	33,988,535	39,630,755
<u>\$ 161,189,004</u>	<u>\$ 166,773,342</u>	<u>\$ 172,470,413</u>	<u>\$ 180,515,179</u>	<u>\$ 176,066,008</u>	<u>\$ 180,626,564</u>
\$ 287,467,498	\$ 293,442,089	\$ 296,434,117	\$ 295,066,227	\$ 295,768,242	292,588,291
19,670,176	20,104,302	18,990,310	20,955,316	23,962,026	24,111,449
35,399,447	38,901,053	40,384,418	50,200,888	42,347,560	47,704,363
<u>\$ 342,537,121</u>	<u>\$ 352,447,444</u>	<u>\$ 355,808,845</u>	<u>\$ 366,222,431</u>	<u>\$ 362,077,828</u>	<u>\$ 364,404,103</u>

(Un-Audited)

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

	Restated 2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$ 2,290,233	\$ 2,472,898	\$ 2,683,962	\$ 3,212,276	\$ 2,893,754
Public safety	8,964,646	8,807,683	9,723,428	10,784,857	10,143,345
Culture and tourism	3,097,918	3,445,959	3,300,295	3,351,076	3,925,120
Health and welfare	2,541,686	747,893	1,099,588	1,165,884	116,178
Public works	9,423,324	10,840,175	10,373,365	9,341,130	9,152,222
Harbor	2,154,270	1,851,082	2,192,468	2,297,660	2,047,341
Interest	757,879	655,947	1,519,245	2,303,764	2,238,887
Total governmental activities expenses	<u>29,229,956</u>	<u>28,821,637</u>	<u>30,892,351</u>	<u>32,456,647</u>	<u>30,516,847</u>
Business-type activities					
Ketchikan Public Utilities					
Electric	\$ 16,790,404	\$ 19,705,332	\$ 17,352,078	\$ 17,074,535	\$ 17,993,703
Telecommunications	14,500,244	14,405,757	15,649,634	17,577,826	18,102,186
Water	3,595,668	4,029,711	3,905,078	4,128,011	3,983,398
Ketchikan Port	7,194,938	9,133,140	11,012,311	7,911,281	8,858,593
Wastewater Service	2,735,348	2,642,018	2,477,247	2,683,116	2,481,609
Total business-type activities expenses	<u>44,816,602</u>	<u>49,915,958</u>	<u>50,396,348</u>	<u>49,374,769</u>	<u>51,419,489</u>
Total primary government expenses	<u>\$ 74,046,558</u>	<u>\$ 78,737,595</u>	<u>\$ 81,288,699</u>	<u>\$ 81,831,416</u>	<u>\$ 81,936,336</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Ambulance	\$ 470,682	\$ 515,158	\$ 606,369	\$ 571,134	\$ 589,985
Library services	471,662	666,621	641,607	580,749	588,293
Solid Waste	2,948,507	2,851,958	2,907,531	2,809,864	3,142,540
Harbor	1,250,292	1,191,053	1,247,810	1,329,984	1,475,000
Other activities	1,431,758	1,204,043	1,236,754	1,454,647	1,297,770
Operating grants and contributions	1,153,337	1,562,913	2,444,297	4,124,392	2,704,413
Capital grants and contributions	6,878,384	2,736,373	18,050,935	11,913,259	7,692,835
Total governmental activities program revenues	<u>14,604,622</u>	<u>10,728,119</u>	<u>27,135,303</u>	<u>22,784,029</u>	<u>17,490,836</u>
Business-type activities					
Charges for services					
Electric	\$ 16,746,615	\$ 18,898,966	\$ 16,300,445	\$ 16,063,847	\$ 16,741,926
Telecommunications	14,530,914	15,185,977	16,097,808	17,439,673	18,400,623
Water	2,932,254	3,078,704	3,171,300	3,449,639	3,643,991
Port	8,592,255	9,145,920	8,578,059	9,032,271	8,961,241
Wastewater	2,215,314	2,451,800	2,575,541	2,757,661	2,971,896
Operating grants and contributions	2,225,280	2,280,470	2,973,832	630,204	155,750
Capital grants and contributions	12,327,627	20,670,211	12,261,064	1,397,000	803,254
Total business-type activities program revenues	<u>59,570,259</u>	<u>71,712,048</u>	<u>61,958,049</u>	<u>50,770,295</u>	<u>51,678,681</u>
Total primary government program revenues	<u>\$ 74,174,881</u>	<u>\$ 82,440,167</u>	<u>\$ 89,093,352</u>	<u>\$ 73,554,324</u>	<u>\$ 69,169,517</u>

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calendar year 2012, as restated.

Table 2

	2017	2018	2019	2020	2021
\$	2,336,678	\$ 2,203,941	\$ 2,135,031	\$ 2,675,395	\$ 2,488,224
	9,199,458	8,983,817	8,371,009	6,726,434	10,682,784
	3,418,450	3,370,637	3,706,011	4,450,058	3,503,606
	2,615,860	1,813,628	1,496,068	13,640,897	4,000,233
	9,484,400	9,482,847	8,745,956	8,660,929	7,811,076
	2,363,897	2,489,448	2,428,064	2,596,906	2,429,503
	2,274,407	2,241,218	2,169,420	1,950,480	1,945,589
	<u>31,693,150</u>	<u>30,585,536</u>	<u>29,051,559</u>	<u>40,701,099</u>	<u>32,861,015</u>
\$	18,313,066	\$ 21,524,931	\$ 25,512,651	\$ 18,541,278	\$ 19,350,090
	17,652,356	18,103,760	17,853,139	19,786,090	17,387,975
	4,017,174	4,430,845	4,507,091	4,265,555	4,305,915
	7,837,738	7,415,022	7,333,993	7,772,537	5,658,328
	2,762,087	2,806,720	2,723,008	2,676,021	2,778,378
	<u>50,582,421</u>	<u>54,281,278</u>	<u>57,929,882</u>	<u>53,041,481</u>	<u>49,480,686</u>
\$	<u>82,275,571</u>	<u>84,866,814</u>	<u>86,981,441</u>	<u>93,742,580</u>	<u>82,341,701</u>
\$	687,928	\$ 730,650	\$ 606,756	\$ 496,359	\$ 653,004
	544,023	545,964	520,406	569,477	591,496
	3,145,652	3,170,322	3,249,983	3,057,513	3,479,819
	1,513,634	1,575,010	1,568,935	1,433,953	1,550,342
	1,294,912	1,195,651	1,340,147	776,846	708,130
	2,789,967	2,720,910	3,093,708	13,479,171	4,136,717
	6,863,099	434,540	538,673	3,390,333	736,594
	<u>16,839,215</u>	<u>10,373,047</u>	<u>10,918,608</u>	<u>23,203,652</u>	<u>11,856,102</u>
\$	18,261,797	\$ 19,974,411	\$ 24,283,178	\$ 18,459,247	\$ 19,162,832
	19,750,713	20,941,196	19,873,607	19,413,257	19,786,970
	3,734,692	4,026,625	4,111,810	4,128,320	4,342,104
	9,391,272	9,951,339	10,682,735	60,215	1,301,805
	3,028,609	3,206,933	3,406,502	3,413,381	3,445,642
	178,725	192,642	230,803	321,475	4,097,777
	1,214,154	1,982,367	1,629,315	3,641,165	2,170,301
	<u>55,559,962</u>	<u>60,275,513</u>	<u>64,217,950</u>	<u>49,437,060</u>	<u>54,307,431</u>
\$	<u>72,399,177</u>	<u>70,648,560</u>	<u>75,136,558</u>	<u>72,640,712</u>	<u>66,163,533</u>

(Un-Audited)

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

	Restated 2012	2013	2014	2015	2016
Net (Expense)/Revenue					
Governmental activities	\$ (14,625,334)	\$ (18,093,518)	\$ (3,757,048)	\$ (9,672,618)	\$ (13,026,011)
Business-type activities	14,753,657	21,796,090	11,561,701	1,395,526	259,192
Total primary government net (expense) revenue	\$ 128,323	\$ 3,702,572	\$ 7,804,653	\$ (8,277,092)	\$ (12,766,819)
Governmental Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 4,802,508	\$ 5,496,857	\$ 5,513,202	\$ 5,578,404	\$ 5,713,316
Sales taxes	10,140,108	10,207,189	10,995,570	11,425,197	11,334,355
Marijuana sales taxes	-	-	-	-	-
Transient taxes	358,343	395,867	388,723	515,956	465,956
Intergovernmental - unrestricted	744,301	522,456	539,771	498,885	354,195
Investment earnings	9,488	(2,470)	89,179	94,750	55,273
Miscellaneous	290,761	219,091	221,756	338,825	282,306
Special Item	-	-	-	-	-
Transfers	1,105,178	1,265,199	6,203,804	2,804,258	1,165,742
Total governmental activities	\$ 17,450,687	\$ 18,104,189	\$ 23,952,005	\$ 21,256,275	\$ 19,371,143
Business-type activities:					
Investment earnings	\$ 116,989	\$ 5,911	\$ 129,167	\$ 93,966	\$ 194,752
Miscellaneous	522,859	488,559	326,864	415,801	457,987
Special Item	-	-	-	-	-
Extraordinary Item	-	-	-	-	359,246
Transfers	(1,105,178)	(1,265,199)	(6,203,804)	(2,804,258)	(1,165,742)
Total business-type activities	(465,330)	(770,729)	(5,747,773)	(2,294,491)	(153,757)
Total primary government	\$ 16,985,357	\$ 17,333,460	\$ 18,204,232	\$ 18,961,784	\$ 19,217,386
Change in Net Position					
Governmental activities	\$ 2,825,353	\$ 10,671	\$ 20,194,957	\$ 11,583,657	\$ 6,345,132
Business-type activities	14,288,327	21,025,361	5,813,928	(898,965)	105,435
Total primary government	\$ 17,113,680	\$ 21,036,032	\$ 26,008,885	\$ 10,684,692	\$ 6,450,567

This schedule presents the reported fund balances with the implementation of GASB Statement 65 for calendar year 2012, as restated.

Table 2 - (Continued)

2017	2018	2019	2020	2021
\$ (14,853,935)	\$ (20,212,489)	\$ (18,132,951)	\$ (17,497,447)	\$ (21,004,913)
4,977,541	5,994,235	6,288,068	(3,604,421)	4,826,745
\$ (9,876,394)	\$ (14,218,254)	\$ (11,844,883)	\$ (21,101,868)	\$ (16,178,168)
\$ 5,683,028	\$ 5,743,008	\$ 5,822,500	\$ 5,904,460	\$ 5,888,523
11,895,509	12,459,791	12,831,546	8,604,064	10,370,235
97,152	190,549	215,857	306,828	256,330
568,341	527,089	546,690	335,502	575,153
310,581	232,948	191,914	76,500	114,511
75,658	353,430	543,980	279,996	51,778
414,981	446,904	585,330	471,222	429,249
-	-	-	-	-
134,670	641,677	(236,046)	1,823,443	1,084,853
\$ 19,179,920	\$ 20,595,396	\$ 20,501,771	\$ 17,802,015	\$ 18,770,632
\$ 172,784	\$ 495,164	\$ 783,189	\$ 402,711	\$ 42,521
568,683	648,068	737,463	575,982	776,143
-	-	-	-	-
-	-	-	-	-
(134,670)	(641,677)	236,046	(1,823,443)	(1,084,853)
606,797	501,555	1,756,698	(844,750)	(266,189)
\$ 19,786,717	\$ 21,096,951	\$ 22,258,469	\$ 16,957,265	\$ 18,504,443
\$ 4,325,985	\$ 382,907	\$ 2,368,820	\$ 304,568	\$ (2,234,281)
5,584,338	6,495,790	8,044,766	(4,449,171)	\$ 4,560,556
\$ 9,910,323	\$ 6,878,697	\$ 10,413,586	\$ (4,144,603)	\$ 2,326,275



THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL TRENDS

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

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

(Un-Audited)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 376,517	\$ 391,977	\$ 418,618	\$ 364,591
Restricted	-	-	-	137,151
Assigned	14,323,611	13,347,874	12,696,062	12,706,723
Unassigned	<u>2,606,320</u>	<u>3,350,096</u>	<u>3,723,002</u>	<u>4,187,530</u>
Total general fund	<u>\$ 17,306,448</u>	<u>\$ 17,089,947</u>	<u>\$ 16,837,682</u>	<u>\$ 17,395,995</u>
All Other Governmental Funds				
Restricted	\$ 2,992,632	\$ 10,857	\$ 46,297,419	\$ 20,843,307
Assigned	7,742,208	9,766,365	8,407,154	8,109,967
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,672)</u>
Total all other governmental funds	<u>\$ 10,734,840</u>	<u>\$ 9,777,222</u>	<u>\$ 54,704,573</u>	<u>\$ 28,851,602</u>

Table 3

2016	2017	2018	2019	2020	2021
\$ 384,704	\$ 403,230	\$ 404,181	\$ 390,669	\$ 394,513	\$ 395,006
137,151	-	-			
13,406,493	13,345,745	11,873,101	13,810,569	12,374,931	10,857,168
4,129,424	4,681,079	5,976,080	4,634,071	3,321,289	4,073,986
<u>\$ 18,057,772</u>	<u>\$ 18,430,054</u>	<u>\$ 18,253,362</u>	<u>\$ 18,835,309</u>	<u>\$ 16,090,733</u>	<u>\$ 15,326,160</u>
\$ 8,904,447	\$ 5,250,457	\$ 6,559,722	\$ 7,440,358	\$ 9,749,381	\$ 9,010,136
8,347,861	8,209,394	7,422,169	7,602,458	7,801,057	7,549,257
-	-	-	-	-	-
<u>\$ 17,252,308</u>	<u>\$ 13,459,851</u>	<u>\$ 13,981,891</u>	<u>\$ 15,042,816</u>	<u>\$ 17,550,438</u>	<u>\$ 16,559,393</u>

(Un-Audited)

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

	2012	2013	2014	2015
Revenues				
Taxes	\$ 15,311,798	\$ 16,085,582	\$ 16,704,419	\$ 17,496,802
Licenses and permits	114,480	91,516	97,998	117,705
Intergovernmental	8,694,716	4,550,899	20,400,912	14,971,874
Charges for services	6,208,863	6,191,082	6,290,591	6,196,528
Fines and forfeitures	167,553	182,562	266,098	190,911
Investments earnings	9,488	(2,356)	65,179	70,682
Contributions	74,656	105,505	453,522	1,509,991
Interdepartmental charges	3,395,081	3,149,075	3,150,268	3,180,765
Miscellaneous	291,613	407,870	464,539	518,971
Total revenues	34,268,248	30,761,735	47,893,526	44,254,229
Expenditures				
General government	\$ 5,029,536	\$ 4,914,708	\$ 5,159,975	\$ 5,070,762
Public safety	11,613,580	8,460,223	9,977,972	9,205,059
Culture and tourism	11,487,388	3,067,307	3,401,183	3,095,457
Health and welfare	2,334,980	457,254	11,745,136	794,591
Public works	10,456,004	11,040,657	15,462,846	8,185,155
Harbor	2,148,053	3,423,048	7,075,954	1,129,429
Capital outlay	-	-	-	41,213,121
Debt service				
Interest and fiscal charges	598,624	1,140,000	1,444,671	2,482,562
Principal retirement	930,000	697,856	1,180,000	3,625,000
Total expenditures	44,598,165	33,201,053	55,447,737	74,801,136
Excess of revenues over (under) expenditures	(10,329,917)	(2,439,318)	(7,554,211)	(30,546,907)
Other Financing Sources (Uses)				
Sale of capital assets	\$ 10,795	\$ -	17,772	\$ 66,691
Proceeds of refunded bonds	-	-	-	2,280,000
Proceeds from sale of bonds	4,820,003	-	44,040,000	-
Premiums from sale of bonds	414,510	-	2,134,131	101,300
Bond issuance costs	-	-	(166,410)	-
Capital lease	-	-	-	-
Transfers in	3,975,430	3,334,665	\$ 9,009,820	\$ 10,266,639
Transfers out	(2,870,252)	(2,069,466)	(2,806,016)	(7,462,381)
Total other financing sources (uses)	6,350,486	1,265,199	52,229,297	5,252,249
Net change in fund balances	\$ (3,979,431)	\$ (1,174,119)	\$ 44,675,086	\$ (25,294,658)
Debt service as a percentage of noncapital expenditures	4.96%	5.20%	6.32%	8.56%

Table 4

	2016	2017	2018	2019	2020	2021
\$	17,543,636	18,264,579	18,989,536	19,370,869	14,994,198	17,052,144
	193,514	110,522	96,487	178,309	189,949	69,569
	6,887,976	9,625,881	3,384,455	3,824,295	16,946,004	4,170,498
	6,733,218	6,837,859	7,010,549	6,933,551	6,078,796	6,890,280
	141,578	145,608	108,900	140,112	48,527	63,875
	31,167	47,210	328,892	516,341	279,571	32,600
	509,247	249,436	-	-	-	817,324
	3,141,701	3,143,081	3,241,608	3,149,501	3,436,009	3,164,565
	292,479	602,208	450,270	525,501	365,310	398,327
	<u>35,474,516</u>	<u>39,026,384</u>	<u>33,610,697</u>	<u>34,638,479</u>	<u>42,338,364</u>	<u>32,659,182</u>
\$	4,641,273	4,816,471	4,949,636	5,143,408	5,527,661	5,042,019
	8,425,641	8,874,583	9,068,743	9,375,741	7,307,518	9,973,726
	3,171,091	3,939,295	3,140,900	3,187,410	3,075,100	2,954,104
	48,188	20,405	466,373	258,001	12,306,862	2,633,278
	7,951,366	14,373,385	9,266,056	8,743,497	8,900,246	8,324,922
	1,129,112	1,096,367	1,111,579	1,200,009	1,208,551	1,252,607
	20,494,691	5,595,730	2,050,471	2,704,432	2,448,998	1,414,999
	2,424,300	2,442,793	2,365,068	2,291,724	2,353,705	2,199,699
	1,355,000	1,455,000	1,490,000	1,560,000	6,248,397	4,880,220
	<u>49,640,662</u>	<u>42,614,029</u>	<u>33,908,826</u>	<u>34,464,222</u>	<u>49,377,038</u>	<u>38,675,574</u>
	(14,166,146)	(3,587,645)	(298,129)	174,257	(7,038,674)	(6,016,392)
\$	45,000	\$ 32,800	\$ 1,800	\$ 59,831	\$ 360,375	\$ 30,922
	-	-	-	-	3,835,000	3,145,000
	1,765,000	-	-	-	-	-
	252,887	-	-	-	782,902	-
	-	-	-	-	-	-
	-	-	-	1,644,830	-	-
\$	5,170,750	5,217,020	5,342,291	5,351,104	7,523,481	8,221,181
	<u>(4,005,008)</u>	<u>(5,082,350)</u>	<u>(4,700,614)</u>	<u>(5,587,150)</u>	<u>(5,700,038)</u>	<u>(7,136,328)</u>
	<u>3,228,629</u>	<u>167,470</u>	<u>643,477</u>	<u>1,468,615</u>	<u>6,801,720</u>	<u>4,260,775</u>
\$	<u>(10,937,517)</u>	<u>(3,420,175)</u>	<u>345,348</u>	<u>1,642,872</u>	<u>(236,954)</u>	<u>(1,755,617)</u>
	18.55%	15.20%	13.16%	12.56%	18.82%	19.83%

(Un-Audited)

Table 5

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

Fiscal Year	Real & Personal Property Taxes	Automobile and Boat Taxes	Penalty & Interest	Senior Citizen Local Contribution	Retail Sales Taxes	Marijuana Sales Taxes	Transient Taxes	Payment In Lieu of Taxes	Total
2012	5,005,267	77,964	79,216	(354,923)	10,131,203	-	362,739	10,332	15,311,798
2013	5,750,117	48,589	88,207	(400,242)	10,201,586	-	386,230	11,095	16,085,582
2014	5,801,986	48,747	83,689	(427,956)	10,796,715	-	389,342	11,896	16,704,419
2015	5,851,759	47,887	85,659	(436,336)	11,427,918	-	486,838	12,164	17,475,889
2016	6,002,812	47,749	68,420	(458,116)	11,349,608	-	497,374	35,789	17,543,636
2017	6,029,469	50,850	53,166	(469,462)	11,921,608	97,152	552,867	28,929	18,264,579
2018	6,130,995	44,015	66,549	(475,389)	12,464,226	190,549	544,305	24,286	18,989,536
2019	6,162,506	43,364	68,740	(493,174)	12,814,775	215,857	534,075	24,726	19,370,869
2020	6,148,462	44,416	81,905	(500,178)	8,578,022	260,043	336,624	25,786	14,975,080
2021	6,278,122	35,920	83,271	(512,354)	10,295,496	257,525	585,307	28,857	17,052,144
Change									
2021-2012	25.43%	-53.93%	5.12%	44.36%	1.62%	100.00%	61.36%	179.30%	11.37%

REVENUE CAPACITY

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

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



THIS PAGE INTENTIONALLY LEFT BLANK

(Un-Audited)

Table 6

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

Fiscal Year	City of Ketchikan	Ketchikan Gateway Borough	Total Rate
2012	6.2	5.0	11.2
2013	6.7	5.0	11.7
2014	6.7	5.0	11.7
2015	6.7	5.0	11.7
2016	6.7	5.0	11.7
2017	6.7	5.0	11.7
2018	6.6	5.0	11.6
2019	6.6	5.0	11.6
2020	6.6	5.0	11.6
2021	6.6	5.2	11.8

Tax Rate Limit: The laws of the State of Alaska limit property taxes to 3 percent of the value of property, but this limitation is not applicable to taxes levied or pledged to pay or secure the payment of the principal and interest on any bonds of any incorporated town or municipality, which taxes may be levied without limitation as to rate and amount.

Source: Ketchikan Gateway Borough

(Un-Audited)

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

Fiscal Year	Residential Property	Vacant Property ⁽¹⁾	Commercial Property	Industrial Property	Apartment & Condominium Property	Other Property
2012	370,947,500	31,244,700	297,047,800	-	61,355,800	3,743,400
2013	261,110,500	40,812,100	325,506,900	-	166,449,600	3,281,100
2014	396,406,500	37,402,300	313,022,400	-	62,960,400	3,690,000
2015	384,722,200	36,480,100	229,589,100	99,821,000	62,824,230	3,684,100
2016	401,478,700	37,821,900	232,867,800	99,399,200	63,789,600	3,769,300
2017	408,840,300	34,741,500	234,020,900	99,511,600	65,485,600	3,765,200
2018	424,941,600	34,119,100	237,728,800	102,289,000	64,158,800	3,190,600
2019	433,078,300	34,024,500	237,874,200	102,466,300	65,231,600	3,240,200
2020	442,928,000	34,537,200	236,746,900	103,001,000	66,053,900	3,235,100
2021	449,490,800	32,027,500	236,715,900	102,912,900	65,694,900	3,194,200

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

⁽²⁾ The Senior Citizen/Disabled Veteran Tax Emempt program provides up to \$150,000 of tax relief for qualified individuals.

Note: The property in the city is reassessed at least every four years in accordance with the Ketchikan Gateway Borough's assessment procedures to reappraise certain geographical areas located within the Borough. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Ketchikan Gateway Borough, Assessment Department

Table 7

Personal Property	Total Assessed Value	Tax-Exempt Property ⁽²⁾	Total Taxable Assessed Value	Tax Rate
44,177,700	808,516,900	58,818,800	749,698,100	11.2
60,238,000	857,398,200	59,737,600	797,660,600	11.7
56,345,700	869,827,300	63,874,100	805,953,200	11.7
56,376,718	873,497,448	65,124,800	808,372,648	11.7
59,603,200	898,729,700	68,375,500	830,354,200	11.7
57,251,300	903,616,400	70,068,900	833,547,500	11.7
57,541,900	923,969,800	72,028,600	851,941,200	11.6
61,092,000	937,007,100	74,723,300	862,283,800	11.6
60,724,600	947,226,700	75,368,400	871,858,300	11.6
58,295,700	948,331,900	79,450,100	868,881,800	11.8

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

	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Trident Seafoods Corporation	\$ 14,754,000	1	1.56%	\$ 10,238,700	3	1.27%
Ketchikan Dock Company, LLC	13,336,200	2	1.41%	12,427,200	1	1.54%
Cape Fox Heritage Foundation Inc	11,369,900	3	1.20%	6,885,700	7	0.85%
Harbor Enterprises/Petro Marine Services	11,213,000	4	1.18%	7,502,900	6	0.93%
Tongass Trading Company	10,814,800	5	1.14%	11,116,800	2	1.37%
Boyer Towing Inc.	9,120,000	6	0.96%			
Dock Street Building Corporation	8,962,400	7	0.95%	6,672,100	10	0.83%
Alaska General Seafood Processors	8,443,100	8	0.89%			
Landing LLC	8,338,700	9	0.88%	8,086,600	4	1.00%
E C Phillips & Son Inc.	8,335,800	10	0.88%	6,680,200	9	0.83%
Trident-Norquest						
Carr-Gottstein Foods Company				7,857,900	5	0.97%
Wal-Mart				6,731,800	8	0.83%
1308 Properties, LLC						
Total	\$ 104,687,900		11.05%	\$ 84,199,900		10.42%

Source: Ketchikan Gateway Borough Department of Assessment

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

Fiscal Year	Taxes Levied for Municipal Purposes for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	4,648,128	4,590,563	98.76%	57,565	4,648,128	100.00%
2013	5,344,326	5,276,616	98.73%	52,593	5,329,209	99.72%
2014	5,399,886	5,295,537	98.07%	90,984	5,386,521	99.75%
2015	5,416,097	5,372,688	99.20%	21,725	5,394,413	99.60%
2016	5,563,373	5,518,798	99.20%	30,409	5,549,207	99.75%
2017	5,584,768	5,521,603	98.87%	58,370	5,579,973	99.91%
2018	5,622,812	5,594,117	99.49%	26,396	5,620,513	99.96%
2019	5,691,073	5,639,871	99.10%	29,174	5,669,045	99.61%
2020	5,754,265	5,605,449	97.41%	74,629	5,680,078	98.71%
2021	5,734,620	5,701,628	99.42%	-	5,701,628	99.42%

Source: Ketchikan Gateway Borough, Assessment Department



THIS PAGE INTENTIONALLY LEFT BLANK

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

Fiscal Year	Retail Sales Tax			Marijuana Sales Tax ²	Total Sales Tax Rate
	City of Ketchikan ¹	Ketchikan Gateway Borough	Retail Sales Tax Total		
2012	3.5%	2.5%	6.0%	0.0%	6.0%
2013	3.5%	2.5%	6.0%	0.0%	6.0%
2014	4.0%	2.5%	6.5%	0.0%	6.5%
2015	4.0%	2.5%	6.5%	0.0%	6.5%
2016	4.0%	2.5%	6.5%	5.0%	11.5%
2017	4.0%	2.5%	6.5%	5.0%	11.5%
2018	4.0%	2.5%	6.5%	5.0%	11.5%
2019	4.0%	2.5%	6.5%	5.0%	11.5%
2020	4.0%	2.5%	6.5%	5.0%	11.5%
2021	4.0%	2.5%	6.5%	5.0%	11.5%

¹ The City of Ketchikan 4.0% sales tax rate became effective April 1, 2014.

² The City of Ketchikan 5.0% marijuana sales tax rate became effective July 16, 2016, first collections realized in June 2017.

Source: Ketchikan Gateway Borough & City of Ketchikan

(Un-Audited)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Collected Charges for Services Revenue</u>				
Solid Waste	\$ 2,948,507	\$ 2,851,958	\$ 2,907,531	\$ 2,809,864
Harbor	1,250,292	1,191,053	1,247,810	1,329,984
<u>Number of Customers/Services Provided</u>				
Solid Waste Collection				
Residential	2,558	2,559	2,599	2,628
Business	251	245	248	249
Solid Waste Disposal	5,537	5,571	5,528	5,500
Harbor				
Reserved Moorage Stalls Rented	767	753	735	821

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

Table 11

	2016	2017	2018	2019	2020	2021
\$	3,142,540	\$ 3,145,652	\$ 3,170,322	\$ 3,249,983	\$ 3,057,513	\$ 3,479,819
	1,475,000	1,513,634	1,575,010	1,568,935	1,433,953	1,550,342
	2,673	2,694	2,710	2,594	2,592	2,606
	252	248	246	246	228	230
	5,548	5,575	5,604	5,967	5,972	5,986
	857	832	806	813	886	806

(Un-Audited)

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

	2012	2013	2014	2015
Collected Charges for Services Revenue				
Electric				
Residential	\$ 7,240,637	\$ 6,929,393	\$ 6,796,723	\$ 6,752,943
Boats	318,564	299,465	298,227	279,072
Commercial	6,673,188	6,701,322	6,690,774	6,584,210
Industrial	1,862,015	1,915,505	1,750,002	1,784,436
Demand	481,321	510,887	514,972	507,363
Area Lighting	48,974	48,995	49,172	50,076
Street Lighting	126,239	126,178	127,692	129,143
Diesel Surcharge	16,477	2,388,021	96,283	4
Other	464,797	426,644	293,569	350,271
Telecommunications				
Local Network Services	2,131,351	2,100,995	2,005,521	2,030,655
Inter/Intrastate Network Access Services	8,399,849	8,660,056	9,259,709	9,413,321
Non-Regulated	3,565,887	4,036,708	4,396,232	5,596,871
Other	489,827	444,218	499,346	461,826
Water				
Residential	1,300,147	1,343,648	1,377,255	1,521,500
Apartments	258,792	269,394	294,082	327,663
Commercial	998,294	1,042,848	1,102,474	1,208,718
Industrial	87,840	91,425	79,182	83,648
Seafood Processors	143,560	144,614	149,219	152,636
Fire Hydrant	27,199	22,864	23,539	25,887
Port	146,820	189,975	172,688	159,075
Other	20,970	24,160	10,256	23,051
Wastewater				
Residential Sewer Service	1,349,227	1,490,983	1,623,781	1,771,393
Business Sewer Service	866,087	960,818	951,760	986,268
Port				
Passenger Wharfage	6,183,922	6,556,500	6,110,005	6,504,788
Docking	1,741,242	1,877,195	1,770,044	1,782,260
Customer Base				
Electric				
Residential	5,808	5,819	5,817	5,854
Commercial	1,173	1,171	1,201	1,221
Industrial	13	13	13	15
Other	524	511	518	543
Telecommunications				
Residential Access Lines	3,235	3,138	3,313	3,352
Commercial Access Lines	3,078	2,909	2,550	2,371
Water				
Residential	2,727	2,724	2,650	2,647
Apartments	20	21	25	27
Commercial	451	444	436	443
Industrial	4	4	3	3
Cannery	4	5	6	5
Fire Hydrant	8	8	8	8
Marine Vessels	29	38	34	30
Wastewater				
Residential ¹	2,731	2,729	2,656	2,698
Business	455	448	439	436
Port				
Cruiseships	34	31	37	38
Stops	467	456	468	496
Passengers ²	885,799	938,124	877,589	934,772

¹ The number of residential customers reflected on this schedule includes the number of apartment buildings serviced for wastewater services.

² The number of passengers only include those that generate revenue.

Source: City of Ketchikan financial records & Ketchikan Visitors Bureau

Table 12

	2016	2017	2018	2019	2020	2021
\$	7,127,462	\$ 7,626,289	\$ 7,650,908	\$ 7,472,223	\$ 8,233,105	\$ 8,479,877
	318,082	343,140	332,985	323,513	335,972	350,409
	6,846,651	7,214,570	7,188,265	7,172,769	7,390,872	7,597,744
	1,795,059	1,959,446	1,901,001	1,861,397	1,815,107	2,036,845
	495,104	517,862	527,719	540,011	520,603	529,297
	53,056	54,133	59,148	59,037	61,287	62,224
	129,912	130,875	131,478	131,968	131,770	131,911
	-	438,882	2,206,307	6,747,735	(3,994)	-
	370,497	506,415	556,296	662,163	520,239	661,458
	2,082,930	2,010,146	2,000,821	1,995,490	1,905,420	1,863,840
	8,927,300	8,525,849	8,871,847	8,857,631	8,285,900	8,448,692
	7,078,617	8,910,105	9,735,645	8,710,036	9,079,927	9,451,709
	374,776	367,613	395,883	379,051	210,611	91,330
	1,632,301	1,655,801	1,736,472	1,838,947	1,863,940	1,950,255
	351,241	357,127	373,428	394,046	395,635	408,466
	1,275,949	1,302,261	1,382,874	1,448,482	1,427,747	1,519,350
	89,868	91,194	94,196	100,406	101,502	105,525
	143,507	174,184	251,061	331,963	343,420	355,817
	27,951	28,080	29,470	31,092	31,401	32,574
	154,725	157,725	192,195	1,890	-	6,615
	45,931	21,761	24,953	28,921	3,275	19,389
	1,917,142	1,946,829	2,050,792	2,180,405	2,208,342	2,218,067
	1,054,754	1,081,780	1,156,141	1,226,097	1,205,039	1,227,575
	6,482,367	6,892,093	7,300,575	8,097,798	-	682,848
	1,771,371	1,876,880	1,913,469	2,093,970	60,095	553,303
	5,879	5,921	5,946	5,964	5,963	5,972
	1,228	1,242	1,263	1,275	1,273	1,284
	16	17	16	16	15	14
	555	556	612	612	605	597
	3,345	3,242	3,247	3,070	2,725	2,594
	2,266	2,109	2,027	1,973	1,820	1,738
	2,649	2,659	2,667	2,674	2,679	2,696
	28	28	28	28	28	28
	454	458	470	475	469	479
	3	3	3	3	3	3
	5	5	5	5	5	4
	8	8	8	8	8	8
	56	59	57	1	-	2
	2,712	2,724	2,730	2,737	2,763	2,800
	446	451	461	464	461	468
	38	43	40	46	-	17
	489	507	504	562	-	87
	935,928	996,920	1,045,079	1,171,620	-	75,872

(Un-Audited)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Construction	\$ 114,214,541	\$ 79,624,263	\$ 79,661,822
Financial institutions	4,304,936	3,823,214	3,264,143
Hospitality/Lodging establishments	14,454,796	14,592,618	15,306,647
Manufacturing	37,626,506	35,271,769	32,324,967
Real estate	36,282,557	36,392,471	36,844,557
Remote retail	-	-	-
Retail trade	46,221,994	45,801,511	47,026,386
Food stores	72,864,479	73,199,378	75,202,176
Eating and drinking establishments	21,871,782	21,289,797	21,297,129
Auto dealers and supplies	21,777,925	21,362,910	22,480,389
Specialty retail	17,734,427	17,480,809	19,140,014
Curio and jewelry retail stores	93,612,328	99,671,948	93,482,783
Entertainment services	3,664,583	3,762,714	3,999,764
General services	10,825,042	10,477,118	11,069,657
Professional services	9,921,550	8,573,984	9,521,613
Transportation-Fuel/Freight Service	53,064,068	49,846,052	43,318,744
Transportation-Tour/Adventures	16,441,945	17,055,248	16,219,978
Transportation-All Other and communications	13,363,351	18,715,254	17,516,306
Telecommunications	8,050,936	8,401,342	8,686,823
Wholesale Trade	5,251,730	5,342,198	5,216,327
Total	<u>\$ 601,549,476</u>	<u>\$ 570,684,598</u>	<u>\$ 561,580,225</u>
City direct sales tax rate	3.50%	3.50%	3.50%

Source: Ketchikan Gateway Borough

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

Table 13

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 85,757,073	\$ 74,812,252	\$ 79,319,530	\$ 59,407,843	\$ 58,155,571	\$ 56,023,525	\$ 70,038,816
3,128,295	3,072,413	2,161,852	2,518,634	2,648,780	3,231,988	3,190,919
15,632,441	16,195,255	16,786,068	17,746,470	17,894,276	10,537,560	17,764,109
47,143,944	49,999,866	47,197,111	32,456,890	25,935,866	29,376,775	24,168,133
38,807,635	37,405,083	39,609,702	40,431,683	39,692,686	35,486,125	38,113,979
19,758	25,863	31,657	192,325	4,931,936	3,947,799	4,119,718
45,786,237	44,870,277	48,209,225	51,111,729	51,443,903	46,207,896	50,942,391
85,044,654	84,017,588	86,400,679	89,529,924	93,460,217	82,212,672	86,259,115
22,887,732	23,255,671	23,662,945	25,054,377	25,681,504	16,366,363	23,033,078
21,452,076	20,702,655	22,546,654	22,255,511	20,884,149	21,265,768	24,029,403
19,899,374	21,389,104	21,016,882	21,942,713	22,759,426	19,423,185	19,643,583
102,467,892	102,019,064	110,906,941	122,898,034	116,565,228	48,660,703	64,224,884
4,205,791	4,616,071	5,100,780	5,472,944	7,206,033	1,012,957	1,402,857
11,652,408	12,394,815	13,595,974	13,620,582	14,696,068	11,847,727	13,924,938
12,712,487	9,805,747	9,978,183	8,999,885	11,113,713	7,433,839	9,008,420
32,565,936	28,190,910	30,708,708	34,801,099	44,786,326	28,129,061	31,901,960
17,014,970	17,120,300	19,424,923	20,306,508	21,001,186	184,159	2,456,958
15,925,822	12,656,770	13,678,849	14,002,420	18,004,502	9,362,603	12,333,091
8,801,839	8,133,656	8,034,941	8,830,166	8,155,959	7,289,248	6,889,164
6,441,569	7,870,666	7,758,924	7,144,517	7,071,570	6,643,947	7,106,313
<u>\$ 597,347,933</u>	<u>\$ 578,554,026</u>	<u>\$ 606,130,528</u>	<u>\$ 598,724,254</u>	<u>\$ 612,088,899</u>	<u>\$ 444,643,900</u>	<u>\$ 510,551,829</u>
4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%



THIS PAGE INTENTIONALLY LEFT BLANK

DEBT CAPACITY

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Outstanding Debt by Type	Table 14
Ratio of General Bonded Debt Outstanding	Table 15
Pledged Revenue Coverage	Table 16
Direct and Overlapping Governmental Activities Debt.....	Table 17

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

<u>Governmental Activities</u>			
Fiscal Year	General Obligation Bonds	Capital Lease	Total Governmental Activities
2012	15,726,032	-	15,726,032
2013	14,535,682	-	14,535,682
2014	59,441,445	-	59,441,445
2015	57,984,080	-	57,984,080
2016	58,506,411	-	58,506,411
2017	56,910,491	-	56,910,491
2018	55,309,962	-	55,309,962
2019	53,639,434	1,644,830	55,284,264
2020	52,083,374	1,421,433	53,504,807
2021	50,176,883	1,196,213	51,373,096

<u>Business-Type Activities</u>										
	Wastewater General Obligation Bonds	Wastewater Revenue Bonds	Port General Obligation Bonds	Port Revenue Bonds	KPU Junior Lien Revenue Bonds	KPU Revenue Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Total Debt to Population (Table 18)
2012	4,736,445	\$ 363,210	270,000	34,969,522	8,673,259	8,022,070	57,034,506	72,760,538	14.97%	8,800
2013	2,763,776	308,811	-	34,130,961	8,804,413	20,938,869	66,946,830	81,482,512	16.43%	9,822
2014	2,711,970	295,463	-	33,257,400	10,154,554	17,595,000	64,014,387	123,455,832	23.74%	14,783
2015	1,972,026	281,916	-	31,775,000	9,798,191	16,428,839	60,255,972	118,240,052	22.04%	14,246
2016	1,875,495	268,163	-	30,857,218	8,474,239	15,434,295	56,909,410	115,415,821	21.97%	14,094
2017	1,777,510	254,204	-	29,759,634	8,028,676	13,581,293	53,401,317	110,311,808	20.58%	13,545
2018	1,678,051	562,681	-	28,627,050	8,195,406	12,885,722	51,948,910	107,258,872	19.38%	13,191
2019	1,577,094	533,939	-	27,889,603	7,708,777	12,175,152	49,884,565	105,168,829	18.23%	12,979
2020	1,526,047	819,596	-	26,216,882	7,762,510	22,767,089	59,092,124	112,596,931	19.74%	14,005
2021	1,422,801	874,242	-	24,939,297	8,614,733	20,189,688	56,040,761	107,413,857	18.88%	13,181

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

Source: City of Ketchikan financial records

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

Fiscal Year	Population (Table 18)	Taxable Assessed Value (Table 7)	General Obligation Bonds	Ratio of GO Debt to Assessed Value of Property	Net GO Debt Per Capita
2012	8,268	749,698,100	20,732,477	2.77%	2,508
2013	8,296	797,660,600	17,299,458	2.17%	2,085
2014	8,351	805,953,200	62,153,415	7.71%	7,443
2015	8,300	808,372,648	59,956,106	7.42%	7,224
2016	8,189	830,354,200	60,381,906	7.27%	7,374
2017	8,144	833,547,500	58,688,001	7.04%	7,206
2018	8,131	851,941,200	56,988,013	6.69%	7,009
2019	8,103	862,283,800	55,216,528	6.40%	6,814
2020	8,040	871,858,300	53,609,421	6.15%	6,668
2021	8,149	868,881,800	51,599,684	5.94%	6,332

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

Source: City of Ketchikan financial records

(Un-Audited)

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

Utility Revenue Bonds						
Fiscal Year	Gross Revenues ¹	Expenses Excluding Depreciation Taxes & Debt	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	35,106,045	27,420,125	7,685,920	2,570,000	376,730	2.61
2013	37,991,740	31,130,999	6,860,741	1,750,000	300,818	3.35
2014	36,458,482	29,080,289	7,378,193	1,810,000	784,780	2.84
2015	37,987,135	29,920,251	8,066,884	1,735,000	709,980	3.30
2016	39,463,946	31,296,075	8,167,871	1,730,000	638,775	3.45
2017	42,589,761	31,017,566	11,572,195	1,730,000	583,950	5.00
2018	46,061,143	35,484,190	10,576,953	605,000	539,325	9.24
2019	49,664,594	39,491,848	10,172,746	620,000	522,750	8.90
2020	43,133,238	34,126,091	9,007,147	640,000	675,270	6.85
2021	44,359,323	33,552,509	10,806,814	1,110,000	742,416	5.83

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

¹ Revenues do not include financial assistance recognized as revenues pursuant to GASB Statement 33.

² Other represents lease payment and payment to repair and replacement fund.

Table 16

Port Revenue Bonds							
Gross Revenue	Expenses Excluding Depreciation and Lease	Net Available Revenue	Debt Service			Coverage	
			Principal	Interest	Other ²	Debt Service	Debt Service/ Lease
10,620,142	1,949,449	8,670,693	775,000	1,802,550	2,628,181	3.36	1.67
11,147,463	2,167,752	8,979,711	810,000	1,767,675	2,922,942	3.48	1.63
11,186,885	2,203,014	8,983,871	845,000	1,731,225	2,892,155	3.49	1.64
9,189,712	2,198,706	6,991,006	885,000	1,691,088	2,889,138	2.71	1.28
9,163,784	2,268,007	6,895,777	930,000	2,341,617	3,005,514	2.11	1.10
9,542,263	2,464,774	7,077,489	895,000	1,333,350	3,058,565	3.18	1.34
10,229,728	1,963,168	8,266,560	930,000	1,306,500	3,162,565	3.70	1.53
11,082,302	2,003,019	9,079,283	980,000	1,260,000	3,329,484	4.05	1.63
302,122	2,548,059	(2,245,937)	1,025,000	1,211,000	2,341,884	(1.00)	(0.49)
5,226,861	1,561,229	3,665,632	1,075,000	1,159,750	2,341,884	1.64	0.80

City of Ketchikan, Alaska
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Ketchikan Gateway Borough-Overlapping Debt	23,520,000	53.34%	12,545,697
City of Ketchikan-Direct Debt	51,373,096	100.00%	<u>51,373,096</u>
Total Direct and Overlapping Debt			<u>\$ 63,918,793</u>

Note: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ketchikan. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying each debt of each overlapping government.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of the Ketchikan Gateway Borough's assessed value and dividing it by each unit's total assessed value.

² The figures reported for the Ketchikan Gateway Borough reflect the amounts shown in their FY2021 Annual Comprehensive Financial Report for the year ended June 30, 2021.

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Demographic and Economic Statistics	Table 18
Principal Employers	Table 19

(Un-Audited)

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

Year	Population		Personal Income ⁽¹⁾	Alaska	School ⁽³⁾ Enrollment	Registered Voters
	City	Ketchikan Gateway Borough		Per Capita Income ⁽²⁾		
2012	8,268	13,894	816,734,000	53,729	2,299	5,773
2013	8,296	13,836	826,965,000	52,843	2,376	5,601
2014	8,351	13,889	864,752,000	55,910	2,474	5,673
2015	8,300	13,822	893,464,000	57,629	2,365	5,731
2016	8,189	13,754	882,416,000	56,341	2,392	5,851
2017	8,144	13,785	907,398,000	57,352	2,378	5,882
2018	8,131	13,798	939,276,000	59,871	2,346	6,442
2019	8,103	13,739	978,386,000	61,742	2,311	6,530
2020	8,040	13,677	970,186,000	63,502	2,158	6,721
2021	8,149	13,895	970,186,000	63,502	2,163	6,727

Note: Except as specifically noted the demographic and economic statistical information reflected in this schedule represents data for the Ketchikan Gateway Borough (KGB) as the data for the specific areas within the KGB such as the City of Ketchikan are not available.

¹ The amount of personal income reflects the amount reflects State of Alaska Department of Labor and St. Louis Fred (<https://fred.stlouisfed.org/series/AKPCPI>) because information specific to the City of Ketchikan is not currently available. The information reflected in this schedule represents the most current data available and may differ from the amounts that have been reported in prior years. Information has not been released that shows this type of information for 2021 so an estimate based on the previous year's amount has been provided.

² The amount of per capita personal income reflects State of Alaska Department of Labor and St. Louis Fred (<https://fred.stlouisfed.org/series/AKPCPI>) because information specific to the City of Ketchikan is not currently available. The information reflected in this schedule represents the most current data available and may differ from the amounts that have been reported in prior years. Information has not been released that shows this type of information for 2021 so an estimate based on the previous year's amount has been provided.

³ The School Enrollment figures reflects Pre-kindergarten through grade 12 enrollment from the State of Alaska website for the Ketchikan Gateway Borough as of October 1. The data for 2021 information can be accessed at <https://education.alaska.gov/data-center>. Information reflected in this schedule reflects the amounts stated for each of the respective years and may differ from the amounts that have been reported in prior years.

⁴ The Civilian Labor Force figures are the amounts reflected on State of Alaska website for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is not currently available. The information reflected in this schedule represents the most current data available and may differ from the amounts that have been reported in prior years.

⁵ Registered motor vehicle information reflected in this schedule is representative of amounts reported by the State of Alaska, Department of Administration, Division of Motor Vehicles for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is unavailable at this time. The amount reflected for 2021 is an estimate based on 2020 figures because 2021 data is currently unavailable.

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

Table 18

Civilian Labor Force ⁽⁴⁾			Motor
Employed	Unemployed	Unemployment	Vehicles
		Rate	Registered ⁽⁵⁾
6,561	590	8.3%	16,504
6,572	560	7.9%	16,517
6,535	548	7.7%	16,520
6,482	462	6.7%	16,578
6,581	438	6.2%	16,666
6,698	408	5.7%	16,549
6,657	385	5.5%	16,278
6,637	385	5.5%	16,197
5,893	627	9.6%	15,643
5,619	464	7.0%	15,643

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

Employment Sectors	2021 ¹			2012		
	<u>Average Employment</u>	<u>Rank</u>	<u>% of Total Employment</u>	<u>Average Employment</u>	<u>Rank</u>	<u>% of Total Employment</u>
Private and public:						
Private sector	4,481		71.03%	5,301		71.81%
Public sector	1,828		28.97%	2,081		28.19%
Total private and public	<u>6,309</u>		<u>100.00%</u>	<u>7,382</u>		<u>100.00%</u>
Detail of private sector:						
Natural Resource and Mining	90	12	1.43%	150	12	2.03%
Construction	263	8	4.17%	322	8	4.36%
Manufacturing	335	6	5.31%	546	6	7.40%
Trade, Transportation & Utilities	1,317	1	20.87%	1,685	1	22.83%
Information	67	13	1.06%	88	13	1.19%
Financial Activities	342	7	5.42%	390	7	5.28%
Professional & Business Services	338	9	5.36%	218	10	2.95%
Educational & Health Services	976	3	15.47%	922	3	12.49%
Leisure & Hospitality	616	4	9.76%	783	4	10.61%
Other Services	137	11	2.17%	197	11	2.67%
Total Detail of private sector	<u>4,481</u>		<u>71.03%</u>	<u>5,301</u>		<u>71.81%</u>
Detail of public sector:						
Federal Government	222	10	3.52%	257	9	3.48%
State Government	470	5	7.45%	711	5	9.63%
Local Government	1,136	2	18.01%	1,113	2	15.08%
Total Detail of public sector	<u>1,828</u>		<u>28.97%</u>	<u>2,081</u>		<u>28.19%</u>

Employment by NAICS Industry Category is reflected for the Ketchikan Gateway Borough because information specific to the City of Ketchikan is not currently available.

¹ The average 2021 employment figures reflect results for calendar year 2020 by the State of Alaska, Department of Labor as the results for 2021 are not yet available.

Source: State of Alaska, Department of Labor

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

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



THIS PAGE INTENTIONALLY LEFT BLANK

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

Year	Construction		Real & Personal Property Value (2)
	Number of Permits (1)	Value (1)	
2012	139	22,381,845	808,516,900
2013	148	12,109,557	857,398,200
2014	146	52,184,617	869,827,300
2015	148	13,895,087	873,497,448
2016	171	16,138,800	898,729,700
2017	124	12,761,869	903,616,400
2018	130	8,440,376	923,969,800
2019	177	16,962,976	937,007,100
2020	127	10,967,545	947,226,700
2021	110	9,865,108	948,331,900

Sources:

- (1) - City of Ketchikan Building Inspection Division
- (2) - Ketchikan Gateway Borough Department of Assessment

(Un-Audited)

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

<u>Function/Program</u>	2012	2013	2014	2015
General government				
Mayor and Council	8.000	8.000	8.000	8.000
Law	1.000	1.000	1.000	1.250
Clerk	2.000	2.000	2.000	2.000
City Manager	4.500	4.500	4.500	4.500
Finance	16.000	16.000	15.000	16.000
Information Technology	7.000	7.000	7.000	7.000
Public Safety				
Fire	19.000	19.000	19.000	19.000
Police	36.300	36.300	35.300	35.300
Culture				
Library	12.310	12.310	12.410	12.785
Museum	7.200	7.200	7.200	7.200
Civic Center	3.000	3.000	3.000	3.000
Health and Welfare				
Gateway Center for Human Services ¹	-	-	-	-
Public Works				
Engineering	13.000	12.000	12.000	12.000
Streets	13.000	13.000	13.000	13.000
Solid Waste	11.000	11.000	11.000	11.000
Garage & Warehouse	4.000	4.000	4.000	4.000
Wastewater	8.000	8.000	8.000	8.000
Building Maintenance	2.000	2.000	2.000	2.000
Port and Harbors				
Small Boat Harbors	5.400	5.400	5.400	5.200
Port Development	4.600	4.600	4.600	4.800
Ketchikan Public Utilities				
Administration	2.500	2.500	2.500	2.500
Sales, Marketing & Customer Service	16.000	16.830	17.000	17.000
Electric	43.400	43.400	43.400	43.400
Telephone	43.000	43.920	43.000	42.000
Water	10.600	10.600	10.600	10.600
Total	314.680	289.580	289.830	292.810

Source: City of Ketchikan Budget Records

Table 21

2016	2017	2018	2019	2020	2021
8.000	8.000	8.000	8.000	8.000	8.000
1.000	1.000	1.000	1.000	1.000	1.000
2.000	2.000	2.000	2.000	2.000	2.000
4.500	4.500	4.500	4.500	4.500	4.500
16.000	16.000	16.000	16.000	16.000	16.000
6.420	6.000	6.000	6.000	6.000	6.000
19.000	19.000	19.000	19.000	22.000	22.000
35.300	35.300	35.300	35.300	38.550	38.550
12.785	12.735	11.815	11.815	11.815	11.125
7.700	8.200	8.200	8.200	8.200	8.200
3.000	3.000	3.000	3.000	3.000	3.000
-	-	-	-	-	-
12.000	12.000	12.000	13.000	13.000	13.000
13.000	13.000	13.000	13.000	13.000	13.000
11.000	11.000	11.000	11.000	11.000	11.000
4.000	4.000	4.000	4.000	4.000	4.000
8.000	8.000	8.000	8.000	8.000	8.000
2.000	2.000	2.750	3.000	3.000	3.000
5.200	5.200	5.200	5.200	5.200	5.200
4.800	4.800	4.800	4.800	4.800	4.800
2.500	2.500	2.500	2.500	1.500	1.500
17.000	19.000	19.000	19.000	19.000	19.000
43.400	43.400	43.400	43.400	41.400	43.400
42.000	41.000	41.000	41.000	41.000	41.000
10.600	10.600	10.930	11.600	12.600	13.600
293.560	290.910	291.535	291.205	298.565	300.875

(Un-Audited)

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

Function/Program	2012	2013	2014	2015
General Government				
City Manager				
Personnel Job Postings	130	130	129	129
Information Technology				
Workstations	327	339	351	347
Portables	48	52	66	70
Printers	87	83	89	100
Public Safety				
Fire				
EMS/Rescue Responses	1,404	1,287	1,429	1,439
Fire Responses	198	232	225	244
Volunteer Fire Persons	25	21	17	17
Police				
DUI Offenses	62	40	55	68
Domestic Violence	72	79	75	55
Larceny Offenses	316	272	263	265
Culture				
Library				
Volumes in collection	84,049	77,181	95,427	99,311
Annual Circulation	158,364	178,856	181,105	187,916
Offered Programs	245	324	572	561
Program Attendance	6,076	8,397	13,151	13,790
Museum				
Tongass Historical Museum Attendance	20,534	25,656	25,593	24,552
Tongass Historical Museum Exhibit Openings	4	4	3	2
Totem Heritage Center Attendance	25,905	30,949	31,266	33,218
THC Native Arts Studies Course Offerings	11	11	12	10
Virtual Users	-	-	-	-
Civic Center				
Days Occupied	203	179	143	149
Events	147	139	90	84
Public Works				
Engineering				
Issued Building Permits	139	148	146	148
Solid Waste				
Municipal Solid Waste - tons per day	23.02	23.22	23.54	24.10
Trash - tons per day	14.96	12.94	14.64	12.51
Incineration - tons per day	0.02	0.02	0.03	0.02
Recycle - tons per day	5.49	18.40	16.53	6.08
Port and Harbors				
Reserved Moorage Stalls Rented	715	753	735	821
Transient Moorage Feet Sold	501,467	343,312	314,517	271,454
Cruise Ship Stops	462	453	468	496
Cruise Ship Passengers	885,799	938,124	846,636	934,772
Ketchikan Public Utilities				
Customer Service				
Utility Service Orders	4,720	4,937	4,120	3,151
Telecommunications Service Orders	10,238	7,603	8,133	8,032

Sources: Various City Departments

Table 22

2016	2017	2018	2019	2020	2021
117	120	124	111	83	66
338	225	230	205	221	235
72	77	80	56	74	80
100	108	108	114	126	129
1,551	2,082	2,134	2,033	1,397	1,766
250	58	42	43	21	24
25	26	25	11	10	11
81	40	62	67	41	49
63	59	79	90	94	70
266	307	345	74	31	101
70,323	99,401	101,331	104,128	104,101	105,997
169,185	178,600	180,240	173,829	111,248	111,612
341	575	587	585	472	363
12,801	12,618	12,218	11,821	20,601	15,258
23,914	23,754	24,700	28,322	2,427	8,905
1	1	1	1	1	-
36,799	36,716	36,589	40,372	2,080	5,592
10	11	9	9	6	6
-	-	-	-	20,543	29,053
159	152	140	138	73	77
105	91	92	83	60	70
171	124	130	177	127	110
24.57	24.86	27.28	27.11	22.67	20.62
12.90	10.61	10.15	10.31	13.75	14.59
0.04	0.04	0.03	0.03	0.03	0.03
6.75	10.37	13.74	10.52	12.94	7.66
857	832	806	813	886	806
312,543	252,411	421,288	451,669	418,002	472,116
489	507	504	562	-	87
935,928	996,920	1,045,079	1,171,620	-	75,872
2,903	2,798	3,211	3,027	2,361	3,425
9,072	7,252	7,096	6,244	5,601	6,179

(Un-Audited)

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

	2012	2013	2014	2015
<u>Function/Program</u>				
Public Safety				
Fire				
Stations	3	3	3	3
Police				
Stations	1	1	1	1
Culture				
Number of Libraries	1	1	1	1
Number of Museums	2	2	2	2
Number of Civic Centers	1	1	1	1
Public Works				
Engineering				
Municipal Area in Square Miles	5	5	5	5
Streets				
Miles of Streets	27.89	27.89	27.89	29.37
Miles of Stairways	1	1	1	2
Municipal Parking Lots	37	37	37	38
Cemetery				
Acreage Size	9	9	9	9
Port and Harbors				
Harbors				
Harbor with Boat Launch Ramp	2	2	2	2
Harbor without Boat Launch Ramp	3	3	3	3
Boat Launch Ramp Facility	1	1	1	1
Port Berths	4	4	4	4

Sources: Various City Departments

Table 23

2016	2017	2018	2019	2020	2021
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
5	5	5	5	5	5
37.09	37.09	37.09	37.15	37.15	37.15
2	2	2	2	2	2
38	38	38	38	38	38
9	9	9	9	9	9
2	2	2	2	2	2
3	3	3	3	3	3
1	1	1	1	1	1
4	4	4	4	4	4

CITY OF KETCHIKAN, ALASKA
INSURANCE COVERAGES
as of December 31, 2021

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

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

Year	Number of Customers			K.W.H. Sold	Per K.W.H. Sold		Average Residential K.W.H. Used December
	Electric	Water	Telephone *		Operating Revenue	Cost	
2012	7,518	3,214	6,434	172,190,266	0.1001	0.0955	1,222
2013	7,514	3,206	6,083	170,281,664	0.1136	0.1119	1,220
2014	7,606	3,128	5,863	167,939,155	0.0989	0.0992	1,212
2015	7,694	3,133	5,723	163,896,254	0.1003	0.1005	1,178
2016	7,741	3,147	5,611	165,107,129	0.1038	0.1056	1,127
2017	7,799	3,161	5,351	175,447,582	0.1071	0.1018	1,193
2018	7,838	3,182	5,274	167,833,595	0.1225	0.1256	1,056
2019	7,867	3,193	5,043	164,000,416	0.1523	0.1530	1,012
2020	7,856	3,192	4,545	166,832,038	0.1139	0.1087	1,267
2021	7,867	3,219	4,332	169,432,045	0.1172	0.1080	1,243

* Average number of revenue access lines.

(Un-Audited)

CITY OF KETCHIKAN, ALASKA
Energy Demand, Peak Demand and Resources
Gross Generation (kWh)
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Energy Demand					
Total Sales	172,190,266	170,281,664	167,939,155	163,896,254	165,107,129
System losses	<u>13,701,858</u>	<u>8,474,536</u>	<u>8,504,552</u>	<u>11,298,142</u>	<u>11,068,552</u>
Total	<u><u>185,892,124</u></u>	<u><u>178,756,200</u></u>	<u><u>176,443,707</u></u>	<u><u>175,194,396</u></u>	<u><u>176,175,681</u></u>
Peak Demand					
	27,150	25,900	30,500	25,700	25,400
Energy Resources					
KPU Hydroelectric	85,816,264	74,703,000	86,755,268	91,893,718	84,863,454
Southeast Alaska Power Agency ¹	97,804,800	91,856,000	87,923,000	82,277,072	90,444,864
Diesel Generation	<u>2,271,060</u>	<u>12,197,200</u>	<u>1,765,439</u>	<u>1,023,606</u>	<u>867,363</u>
Total	<u><u>185,892,124</u></u>	<u><u>178,756,200</u></u>	<u><u>176,443,707</u></u>	<u><u>175,194,396</u></u>	<u><u>176,175,681</u></u>
Energy Costs (kWh) ²					
Hydroelectric Generation	\$ 0.0228	\$ 0.0262	\$ 0.0275	\$ 0.0302	\$ 0.0345
Diesel Generation	0.8622	0.3857	0.8715	1.3645	1.6067
Purchased Power ³	0.0611	0.0630	0.0645	0.0654	0.0691
Total Cost of Production (kWh)	0.0532	0.0696	0.0544	0.0545	0.0600

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

² Cost per kWh include operations and maintenance and depreciation.

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

Table 26

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	175,447,582	167,833,595	164,000,416	166,832,038	169,432,045
	<u>5,958,030</u>	<u>8,924,224</u>	<u>9,227,089</u>	<u>9,017,560</u>	<u>12,528,625</u>
	<u><u>181,405,612</u></u>	<u><u>176,757,819</u></u>	<u><u>173,227,505</u></u>	<u><u>175,849,598</u></u>	<u><u>181,960,670</u></u>
	32,300	31,300	33,000	35,700	35,100
	80,080,904	65,643,343	73,803,919	93,097,364	97,097,727
	98,312,948	90,348,900	55,043,725	81,299,877	83,366,208
	<u>5,357,715</u>	<u>20,765,576</u>	<u>44,379,861</u>	<u>1,452,357</u>	<u>1,496,735</u>
	<u><u>183,751,567</u></u>	<u><u>176,757,819</u></u>	<u><u>173,227,505</u></u>	<u><u>175,849,598</u></u>	<u><u>181,960,670</u></u>
\$	0.0347	\$ 0.0444	\$ 0.0404	\$ 0.0362	\$ 0.0319
	0.4692	0.2626	0.2387	1.0199	0.7364
	0.0537	0.0633	0.0680	0.0758	0.0765
	0.0575	0.0797	0.1000	0.0626	0.0581

(Un-Audited)

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

	2012	2013	2014	2015	2016
Customers (Average)					
Residential	5,808	5,819	5,817	5,854	5,879
Commercial	1,173	1,171	1,201	1,221	1,228
Industrial	13	13	13	15	16
Other	524	511	575	604	618
Total	7,518	7,514	7,606	7,694	7,741
Energy Sales (KWH)					
Residential	71,794,062	68,668,600	67,665,456	66,410,470	67,731,286
Commercial	71,815,802	72,269,920	72,777,304	70,736,227	71,007,166
Industrial	24,452,654	25,306,208	23,408,642	22,935,650	22,306,193
Other	4,127,748	4,036,936	4,087,753	3,813,907	4,062,484
Total	172,190,266	170,281,664	167,939,155	163,896,254	165,107,129
Operating Results					
Operating Revenues					
Revenues from Energy Sales	\$16,767,415	\$18,919,766	\$16,323,845	\$16,087,247	\$16,765,326
Other Operating Revenues	464,797	426,644	293,569	350,271	370,497
Total Operating Revenues	17,232,212	19,346,410	16,617,414	16,437,518	17,135,823
Operating Expenses					
Hydroelectric Generation	1,494,523	1,489,541	1,599,911	1,659,158	1,807,339
Diesel Generation	1,500,999	4,317,797	1,302,115	1,189,814	1,198,599
Purchased Power	5,976,876	5,784,566	5,674,201	5,381,319	6,247,593
Transmission and Distribution	3,043,918	3,312,784	3,627,608	3,432,156	3,529,503
Administration and General	1,549,445	1,644,964	1,693,482	1,644,771	1,626,940
Total Operating Expenses	13,565,761	16,549,652	13,897,317	13,307,218	14,409,974
Payment In Lieu of Taxes	343,266	381,993	381,993	381,993	381,993
Total Expenses	13,909,027	16,931,645	14,279,310	13,689,211	14,791,967
Net Revenue	\$3,323,185	\$2,414,765	\$2,338,104	\$2,748,307	\$2,343,856

Table 27

2017	2018	2019	2020	2021
5,921	5,946	5,964	5,963	5,972
1,242	1,263	1,275	1,276	1,284
17	16	16	15	14
619	613	612	612	597
<u>7,799</u>	<u>7,838</u>	<u>7,867</u>	<u>7,866</u>	<u>7,867</u>
72,362,242	69,468,706	66,721,122	71,662,953	72,305,649
74,558,231	71,871,577	71,711,843	70,526,226	70,627,205
24,065,722	22,388,719	21,823,945	21,096,348	22,958,288
4,461,387	4,104,593	3,743,506	3,546,511	3,540,903
<u>175,447,582</u>	<u>167,833,595</u>	<u>164,000,416</u>	<u>166,832,038</u>	<u>169,432,045</u>
\$18,285,197	\$19,997,811	\$24,308,653	\$18,484,722	\$19,188,307
506,415	556,296	662,163	520,239	661,458
<u>18,791,612</u>	<u>20,554,107</u>	<u>24,970,816</u>	<u>19,004,961</u>	<u>19,849,765</u>
1,660,261	1,778,068	1,825,999	2,285,877	2,019,243
2,301,768	5,236,590	11,055,977	1,611,664	1,487,196
5,279,985	5,718,650	3,742,973	6,161,899	6,377,283
3,517,936	3,446,199	3,118,865	3,084,489	3,827,071
1,788,906	1,832,274	1,881,789	2,079,059	2,024,446
14,548,856	18,011,781	21,625,603	15,222,988	15,735,239
381,993	381,993	381,993	381,993	381,993
<u>14,930,849</u>	<u>18,393,774</u>	<u>22,007,596</u>	<u>15,604,981</u>	<u>16,117,232</u>
<u>\$3,860,763</u>	<u>\$2,160,333</u>	<u>\$2,963,220</u>	<u>\$3,399,980</u>	<u>3,732,533</u>

(Un-Audited)

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

	2012	2013	2014	2015
Access Lines				
Residential	3,497	3,326	3,313	3,352
Commercial	2,937	2,757	2,550	2,371
Total	6,434	6,083	5,863	5,723
Operating Results				
Operating Revenues				
Local	\$2,131,351	\$2,100,995	\$2,005,521	\$2,030,655
Long Distance	8,399,849	8,660,056	9,259,709	9,413,321
Other	4,055,714	4,480,926	4,895,578	6,058,697
Total Operating Revenues	14,586,914	15,241,977	16,160,808	17,502,673
Operating Expenses				
Operation and Maintenance	8,070,658	8,556,970	9,043,964	10,101,434
Administration and General	3,483,492	3,369,942	3,630,057	3,806,866
Total Operating Expenses	11,554,150	11,926,912	12,674,021	13,908,300
Payment In Lieu of Taxes	192,065	206,358	206,358	206,358
Total Expenses	11,746,215	12,133,270	12,880,379	14,114,658
Net Revenue	\$2,840,699	\$3,108,707	\$3,280,429	\$3,388,015

Table 28

2016	2017	2018	2019	2020	2021
3,345	3,242	3,247	3,070	2,725	2,594
2,266	2,109	2,027	1,973	1,820	1,738
5,611	5,351	5,274	5,043	4,545	4,332
\$2,082,930	\$2,010,146	\$2,000,821	\$1,995,490	\$1,905,420	\$1,863,840
8,927,300	8,525,849	8,871,847	8,857,631	8,285,900	8,448,692
7,453,393	9,277,718	10,131,528	9,089,087	9,290,538	9,543,039
18,463,623	19,813,713	21,004,196	19,942,208	19,481,858	19,855,571
10,642,306	10,195,360	10,769,201	11,067,350	11,870,540	10,991,871
3,740,714	3,790,280	3,865,082	3,827,134	4,199,371	4,004,695
14,383,020	13,985,640	14,634,283	14,894,484	16,069,911	14,996,566
206,358	206,358	206,358	206,358	206,358	206,358
14,589,378	14,191,998	14,840,641	15,100,842	16,276,269	15,202,924
\$3,874,245	\$5,621,715	\$6,163,555	\$4,841,366	\$3,205,589	\$4,652,647

(Un-Audited)

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

	2012	2013	2014	2015	2016
Customers (Average)					
Residential	2,727	2,724	2,650	2,647	2,649
Apartments	20	21	25	27	28
Commercial	451	444	436	443	454
Industrial	4	4	3	3	3
Cannery	4	5	6	5	5
Fire Hydrant	8	8	8	8	8
Marine Vessels	29	38	34	30	56
Total	<u>3,243</u>	<u>3,244</u>	<u>3,162</u>	<u>3,163</u>	<u>3,203</u>
Operating Results					
Operating Revenues					
Revenues from Water Sales	\$2,935,454	\$3,081,904	\$3,174,900	\$3,453,239	\$3,647,591
Other Operating Revenues	<u>48,168</u>	<u>47,024</u>	<u>33,795</u>	<u>48,939</u>	<u>73,882</u>
Total Operating Revenues	<u>2,983,622</u>	<u>3,128,928</u>	<u>3,208,695</u>	<u>3,502,178</u>	<u>3,721,473</u>
Operating Expenses					
Source of Supply	259,083	450,456	393,529	423,407	393,959
Chlorination/Disinfection	233,871	301,718	311,254	255,398	265,506
Distribution	413,547	362,562	397,994	409,876	428,975
Maintenance	999,167	1,110,737	957,414	1,174,271	969,767
Administration and General	<u>378,671</u>	<u>411,626</u>	<u>431,446</u>	<u>423,847</u>	<u>426,066</u>
Total Operating Expenses	<u>2,284,339</u>	<u>2,637,099</u>	<u>2,491,637</u>	<u>2,686,799</u>	<u>2,484,273</u>
Payment In Lieu of Taxes	<u>192,669</u>	<u>197,649</u>	<u>197,649</u>	<u>197,649</u>	<u>197,649</u>
Total Expenses	<u>2,477,008</u>	<u>2,834,748</u>	<u>2,689,286</u>	<u>2,884,448</u>	<u>2,681,922</u>
Net Revenue	<u>\$506,614</u>	<u>\$294,180</u>	<u>\$519,409</u>	<u>\$617,730</u>	<u>\$1,039,551</u>

Table 29

2017	2018	2019	2020	2021
2,659	2,667	2,674	2,679	2,696
28	28	28	28	28
458	470	475	469	479
3	3	3	3	3
5	5	5	5	4
8	8	8	8	8
59	57	1	0	2
<u>3,220</u>	<u>3,238</u>	<u>3,194</u>	<u>3,192</u>	<u>3,220</u>
\$3,738,292	\$4,030,225	\$4,115,734	\$4,132,244	\$4,346,028
<u>49,840</u>	<u>54,425</u>	<u>60,013</u>	<u>34,676</u>	<u>51,963</u>
<u>3,788,132</u>	<u>4,084,650</u>	<u>4,175,747</u>	<u>4,166,920</u>	<u>4,397,991</u>
319,986	373,336	426,636	439,519	507,260
268,756	277,078	298,174	336,040	245,987
434,900	638,455	554,414	502,301	487,639
974,696	1,058,946	1,216,098	1,030,481	1,091,480
<u>465,947</u>	<u>471,284</u>	<u>458,052</u>	<u>507,122</u>	<u>471,142</u>
2,464,285	2,819,099	2,953,374	2,815,463	2,803,508
<u>197,649</u>	<u>197,649</u>	<u>197,649</u>	<u>197,649</u>	<u>197,649</u>
<u>2,661,934</u>	<u>3,016,748</u>	<u>3,151,023</u>	<u>3,013,112</u>	<u>3,001,157</u>
<u>\$1,126,198</u>	<u>\$1,067,902</u>	<u>\$1,024,724</u>	<u>1,153,808</u>	<u>1,396,834</u>



THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF KETCHIKAN, ALASKA
Utility Rates and Charges
For the Year Ending December 31, 2021

Electric			
Residential	\$7.40	plus \$0.1109 per kWh	
Harbor service	13.60	plus \$0.1109 per kWh	
Commercial	42.00	plus \$0.1039 per kWh plus a demand charge of \$3.37 per kW in excess of 25 kW this flat fee in effect April through September	
Industrial	61.75	plus \$0.0963 per kWh plus a demand charge of \$3.37 per kW in excess of 25 kW	
Telecommunications			
Residential			
	16.45	line charge plus \$10.40 for FCC subscriber line charge	
	34.95	Broadband DSL Basic (Download Speed 3M and Upload Speed 3M, 25GB data)	
	49.95	Broadband DSL Regular (Download Speed 5M and Upload Speed 5M, 50GB data)	
	39.99	IPTV Basic (Does not include \$9.95 for High Definition Service)	
Business			
	18.95	per single or multi-business line plus \$9.20 for FCC subscriber line charge	
	34.95	Broadband DSL Basic (Download Speed 3M and Upload Speed 3M, 25GB data)	
	49.95	Broadband DSL Regular (Download Speed 5M and Upload Speed 5M, 50GB data)	
	59.95	Broadband DSL Regular (Download and Upload Speeds 30M, 100GB data)	
	39.99	IPTV Basic (Does not include \$9.95 for High Definition Service)	
Customer Premise Visit	35.00	On site visit to customer's premises	
Water			
Residential			
Homes & Trailers	60.83	per unit	
1-4 apartments	60.83	per unit	
5-24 apartments	55.43	per unit	
25+ apartments	47.55	per unit	
Business			
	63.41	plus size of line charges as follows	
1 inch	42.26		
1-1/4 inch	126.81		
1-1/2 inch	243.06		
2 inch	441.61		
2-1/2 inch	684.25		
3 inch	1,035.55		
4 inch	1,759.40		
Industrial			
	<u>Line Charges</u>	Canneries, per season 3" Minimum:	\$59,833.81
5/8 and 3/4 inch	84.54	Additional Charges for Services:	
1 inch	126.81	5/8 and 1 inch	\$2,080.24
1-1/4 inch	211.35	1 1/4 inch	3,735.45
1-1/2 inch	330.18	1-1/2 inch	4,988.05
2 inch	504.58	2 inch	14,919.33
2-1/2 inch	766.41		
3 inch	1,158.35		
4 inch	1,894.07		
6 inch	3,156.86		
8 inch	3,500.27		
Over 8 inch	by special contract		

(Un-Audited)

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

	2012	2013	Restated ¹ 2014	2015	2016
Assets					
Cash	\$ 2,285,517	\$ 2,900,167	\$ 5,504,277	\$ 6,420,791	\$ 7,957,557
Port Facilities (net)	47,867,526	53,659,903	54,481,904	52,934,352	52,244,740
Construction Work in Progress	5,066,048	5,449,151	200,947	439,032	374,566
Restricted Assets	6,082,097	6,595,730	8,724,101	7,582,492	7,075,705
Prepaid Expense	1,055,740	1,124,342	1,021,346	1,113,090	1,026,946
Other Assets	3,080,061	5,546,430	2,903,333	3,150,839	3,316,606
Total assets	<u>65,436,989</u>	<u>75,275,723</u>	<u>72,835,908</u>	<u>71,640,596</u>	<u>71,996,120</u>
Liabilities and Net Position					
General Obligation Bonds Payable	270,000	-	-	-	-
Revenue Bonds Payable	34,315,000	33,505,000	32,660,000	31,775,000	27,025,000
Other Liabilities	1,072,313	1,699,380	860,042	1,275,821	5,362,008
Total liabilities	<u>35,657,313</u>	<u>35,204,380</u>	<u>33,520,042</u>	<u>33,050,821</u>	<u>32,387,008</u>
Net Position	<u>\$ 29,779,676</u>	<u>\$ 40,071,343</u>	<u>\$ 39,315,866</u>	<u>\$ 38,589,775</u>	<u>\$ 39,609,112</u>
Operating Revenues	<u>\$ 8,592,255</u>	<u>\$ 9,145,920</u>	<u>\$ 8,578,059</u>	<u>\$ 9,032,271</u>	<u>\$ 8,961,241</u>
Operating Expenses					
Operation and Maintenance	\$ 4,031,100	\$ 4,582,100	\$ 4,726,515	\$ 4,636,079	\$ 4,916,988
Depreciation	1,359,513	1,636,863	1,587,253	1,589,941	1,605,242
Payment in Lieu of Taxes/Taxes	295,000	319,000	319,000	319,000	319,000
Total operating expenses	<u>5,685,613</u>	<u>6,537,963</u>	<u>6,632,768</u>	<u>6,545,020</u>	<u>6,841,230</u>
Operating Income	<u>2,906,642</u>	<u>2,607,957</u>	<u>1,945,291</u>	<u>2,487,251</u>	<u>2,120,011</u>
Non-Operating Revenue (Expense)	<u>(1,794,603)</u>	<u>(1,740,642)</u>	<u>(1,581,717)</u>	<u>(1,571,163)</u>	<u>(1,713,125)</u>
Income Before Contributions, Extraordinary Item & Transfers	1,112,039	867,315	363,574	916,088	406,886
Contributions	2,018,165	1,993,212	2,491,297	70,425	16,004
Capital Grants	6,214,416	8,676,543	4,407,753	277,647	654,642
Extraordinary Item	-	-	-	-	359,246
Special Item	-	-	-	-	-
Transfers	(8,178)	(80,199)	(5,018,804)	(1,619,258)	19,258
Loss on sale of capital assets	-	(1,165,204)	(2,999,297)	(27,082)	(436,699)
Change in Net Position	<u>\$ 9,336,442</u>	<u>\$ 10,291,667</u>	<u>\$ (755,477)</u>	<u>\$ (382,180)</u>	<u>\$ 1,019,337</u>
Revenue Bond Debt Coverage:					
1.25 x Annual Debt Service	3.36	3.48	3.49	2.71	2.11
1.0 x Annual Debt Service/Reserves Account/Repair and Replacement Fund/SPH Lease Payments	1.67	1.63	1.64	1.28	1.10
# of Ships	34	31	37	38	38
# of Calls/Stops	467	456	468	496	489
# of Water Passengers	885,799	938,124	877,589	934,772	935,928

Table 31

2017	2018	2019	2020	2021
\$ 9,614,774	\$ 9,494,268	\$ 10,958,259	\$ 4,463,620	\$ 5,512,570
51,107,786	49,525,407	48,076,054	52,938,299	51,800,747
2,658,931	8,809,064	11,100,273	9,103,215	9,120,646
8,028,787	6,291,121	7,853,528	8,018,227	8,160,502
1,070,289	1,108,809	1,161,500	750,000	750,000
2,943,363	1,536,256	2,702,547	84,349	419,159
<u>75,423,930</u>	<u>76,764,925</u>	<u>81,852,161</u>	<u>75,357,710</u>	<u>75,763,624</u>
-	-	-	-	-
26,130,000	25,200,000	24,220,000	23,195,000	22,120,000
6,190,956	4,922,591	4,582,992	4,097,879	4,229,113
<u>32,320,956</u>	<u>30,122,591</u>	<u>28,802,992</u>	<u>27,292,879</u>	<u>26,349,113</u>
<u>\$ 43,102,974</u>	<u>\$ 46,642,334</u>	<u>\$ 53,049,169</u>	<u>\$ 48,064,831</u>	<u>\$ 49,414,511</u>
\$ 9,391,272	\$ 9,970,302	\$ 10,682,037	\$ 82,144	\$ 1,353,442
\$ 5,124,365	\$ 4,730,576	\$ 4,859,929	\$ 5,438,567	\$ 3,549,248
1,612,861	1,612,457	1,449,352	1,356,259	1,184,459
319,000	319,000	319,000	319,000	319,000
<u>7,056,226</u>	<u>6,662,033</u>	<u>6,628,281</u>	<u>7,113,826</u>	<u>5,052,707</u>
<u>2,335,046</u>	<u>3,308,269</u>	<u>4,053,756</u>	<u>(7,031,682)</u>	<u>(3,699,265)</u>
<u>(960,933)</u>	<u>(825,923)</u>	<u>(645,227)</u>	<u>(781,501)</u>	<u>(900,607)</u>
1,374,113	2,482,346	3,408,529	(7,813,183)	(4,599,872)
11,412	13,360	20,780	23,768	3,849,405
1,058,007	608,172	1,556,480	3,443,520	2,000,000
-	-	-	-	-
-	-	-	-	-
1,050,330	543,323	1,421,046	(638,443)	100,147
-	-	-	-	-
<u>\$ 3,493,862</u>	<u>\$ 3,647,201</u>	<u>\$ 6,406,835</u>	<u>\$ (4,984,338)</u>	<u>\$ 1,349,680</u>
3.18	3.70	4.05	-1.00	1.64
1.34	1.53	1.63	(0.49)	0.80
43	40	46	-	17
507	504	562	-	87
996,920	1,045,079	1,171,620	-	75,872



THIS PAGE INTENTIONALLY LEFT BLANK