Ketchikan Gateway Borough

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

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KETCHIKAN GATEWAY BOROUGH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2014

Prepared by:

Department of Finance

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

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Ketchikan Gateway Borough, Alaska
Comprehensive Annual Financial Report
For The Year Ended June 30, 2014

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INTRODUCTORY SECTION

KETCHIKAN GATEWAY BOROUGH

1900 FIRST AVENUE, SUITE 118 • KETCHIKAN, ALASKA 99901
Michael J. Houts, Finance Director
• 907/228-6649 • fax 907/247-6698

OFFICE OF THE BOROUGH FINANCE DEPARTMENT

December 19, 2014

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Ketchikan Gateway Borough, Alaska for the year ended June 30, 2014. The CAFR is designed for the public to understand the operational accountability with the government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.

The CAFR was prepared by the Ketchikan Gateway Borough Finance Department and subsequently audited by BDO USA, LLP. 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 Borough's assets from loss, theft, or misuse and to maintain sufficient reliable information for the preparation of the Borough'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 attest that to the best of our knowledge and belief that this financial report is complete and reliable in all material aspects. The Borough's financial statements were audited by BDO USA, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the year ended June 30, 2014, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts 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 Borough's financial statements for the year ended June 30, 2014 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.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Borough's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE KETCHIKAN GATEWAY BOROUGH

Located on Revillagigedo Island in southern Southeast Alaska, and within the boundaries of the Tongass National Forest, Ketchikan is 650 miles north of Seattle, Washington, and 200 miles south of Juneau, Alaska's capital. Its boundaries extend around Revillagigedo Island, Gravina Island, Pennock Island and other smaller islands with the defined boundaries. The State Boundary recently approved the Ketchikan

Gateway Borough's application to annex approximately 4,510 square miles. The annexation was acted on in the 2009 session of the Alaska State Legislature. Access is limited to air and marine transportation. The Borough is situated at the southern end of the 16.7-million-acre Tongass National Forest (the Tongass). The Tongass is the largest national forest in the United States. Harvesting and promoting the natural resources of the Tongass provide employment opportunities, directly or indirectly for the Borough. The City of Ketchikan and the City of Saxman are incorporated cities within the Borough.

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

In the spring of 2012, the operating interests of the Ketchikan Shipyard, one of Ketchikan's largest employers, was sold by Alaska Ship and Drydock, Inc., to Vigor Industrial, LLC (Vigor). The Borough Assembly endorsed the proposed sale with the expectation that Vigor's greater financial capacity would serve the economic development interests of the community. State and Federal grants funded a $31 million ship assembly hall and an additional $10 million for a steel fabrication shop was completed in 2014.

In 2010, the State of Alaska acquired ownership of upland and tideland properties in Ward Cove from the Ketchikan Gateway Borough consisting of 9.5 acres of uplands and 20.5 acres of tidelands. The State subsequently contracted for a master plan and feasibility study of the acquired property and refurbished an existing building into new office space and storage areas, now being used for the marine engineering staff. Alaska Marine Highway System (AMHS) management and vessel operations staff continue to occupy an adjacent building.

Plans provide for the relocation of all Ketchikan based AMHS management and engineering functions to the new office space. Plans also call for working and layup berths for AMHS vessels. The Ward Cove berthing facility will ultimately provide a functional replacement for the AMHS South Berth facility that is presently sited adjacent to the Ketchikan Shipyard facility. The South Berth facility can then be utilized for shipyard purposes.

An AMHS feasibility study document outlines various phases and costs. The estimated project costs for the development of all desired features for AMHS and NOAA are in excess of $30 million and a phased approach is required to accommodate funding limitations.

Project development efforts are currently separated into the following primary phases:

Phase 1A: Design, Permitting, Dredging and Uplands Development - $7 million.

Phase 1B: Marine Facilities (AMHS Working Berth and NOAA berth) - $20 million.

Phase 1C: Terminal Building, AMHS Passenger Amenities & Uplands Paving - $3 million.

Current project development efforts are focused on Phase 1A which includes most of the project permitting, design, offshore dredging needs and some upland development work. Phase 1A is specifically structured to meet the current funding of $7.5 million.

In 2012, the Borough Assembly authorized a Memorandum of Understanding with Niblack Project, LLC. The Niblack Project is a copper-zinc-gold-silver prospect in an advanced exploration phase of development located off Moira Sound on southeastern Prince of Wales Island. The site is southwest of Ketchikan, approximately 38 miles by boat from the Ketchikan International Airport Reserve.

The agreement provides for the prospect of an industrial site to process ore on the Gravina Island Industrial Complex. The industrial complex is located on the Ketchikan International Airport Reserve. The ore-processing mill is expected to generate 60 to 80 full time jobs for a minimum of twelve years.

In 2014, the Alaska Legislature granted authority to the Alaska Industrial Development and Export Authority to issue bonds, not to exceed $125 million, to finance the infrastructure and construction costs of the Niblack project. The Niblack project includes a mineral processing mill, an associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island.

The 2014 Legislature also granted authority to the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth element project approximately 40 miles west of Ketchikan. The principal amount of the bonds provided by the Authority for the Bokan-Dotson Ridge rare earth element project may not exceed $145 million.

Ketchikan's tourism industry is expected to experience between 800,000 to 900,000 cruise ship visitors. In calendar year 2013, 896,084 cruise passengers visited Ketchikan. For purposes of the Commercial Passenger Vessel (CPV) Excise Tax Fund, it is conservatively estimated that 800,000 CPV excise

taxpaying passengers will visit Ketchikan in calendar year 2014. A number of factors, including the health of the tourism industry, affect sales tax proceeds.

ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (the GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ketchikan Gateway Borough for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This is the eighth consecutive year that the Borough has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectively submitted,

Michael J. Houts
Finance Director

Maureen Crosby, CPA
Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ketchikan Gateway Borough

Alaska

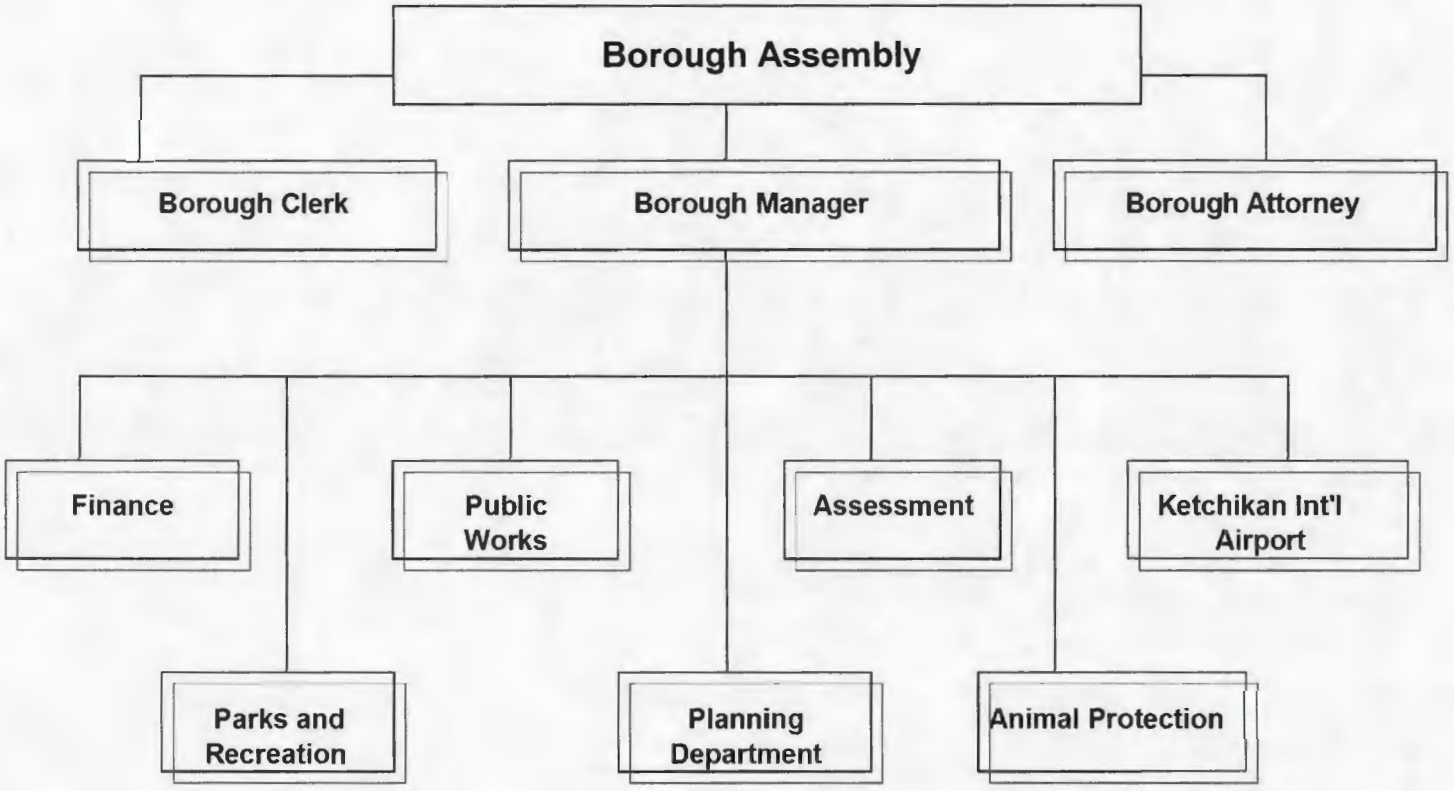
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

KETCHIKAN GATEWAY BOROUGH

Fiscal Year 2013/2014



KETCHIKAN GATEWAY BOROUGH

PRINCIPAL BOROUGH OFFICIALS

June 30, 2014

MAYOR AND ASSEMBLY

Mayor	Dave Kiffer
Vice-Mayor	Agnes Moran
Assembly Member	Alan Bailey
Assembly Member	Bill Rotecki
Assembly Member	Glen Thompson
Assembly Member	Jim Van Horn
Assembly Member	Mike Painter
Assembly Member	Todd Phillips

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

BOROUGH STAFF

Borough Manager	Dan Bockhorst
Assistant Borough Manager	Cynna Gubatayao
Borough Attorney	Scott A. Brandt-Erichsen
Borough Clerk	Kacie Paxton
Director of Animal Protection	Eddie Blackwood
Director of Assessment	Jeff Hurt
Director of Finance	Michael Houts
Director of Planning	Tom Williams
Airport Manager	Mike Carney
Director of Public Works	Ed Schofield
Parks and Recreation Supervisor	Wendy Miller

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FINANCIAL SECTION

BDO

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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and Borough Assembly
Ketchikan Gateway Borough

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the Land Trust, School Bond Capital Improvements, and the Economic Development Assistance Program, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 13 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit for the year ended June 30, 2014 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ketchikan Gateway Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2014 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 accompanying combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Supplementary Information, continued
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Ketchikan Gateway Borough as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 24, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of Ketchikan Gateway Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ketchikan Gateway Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 19, 2014

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KETCHIKAN GATEWAY BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2014

Within this section of Ketchikan-Gateway Borough, Alaska (the Borough) annual financial report, the Borough's management is pleased to provide this narrative discussion and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2014. The Borough's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Borough's net position exceeded its liabilities by $177,394,515 for the fiscal year reported.

- Total net position is comprised of the following:

  (1) Net investment in capital assets of $150,578,370 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $7,148,989 is restricted by constraints imposed from outside the Borough such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $19,667,156 indicates that the Borough has available assets to maintain the Borough's continuing obligations to citizens and creditors.

- The Borough's governmental funds reported total ending fund balances of $33,981,867 this year. This compares to the prior year ending fund balance of $33,803,594 showing an increase of $178,273 during the current year.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $7,790,668 or 42% of total General Fund expenditures.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The second government-wide statement is the *Statement of Activities,* which reports how the Borough's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Borough's distinct activities or functions on revenues provided by the Borough's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Borough that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, library services, public services, fire and EMS, parks and recreation, public works, and education. Business-type activities include the airport and the wastewater systems.

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

Fund Financial Statements

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

The Borough has two kinds of funds:

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The budgetary comparison statements for the General Fund, the Land Trust Fund, the School Bond/Capital Improvements Fund, and the Economic Development Assistance Program Fund are presented as basic financial statements. There are no budgetary comparison statements for the State & Federal Grants Fund or for the Capital Projects Fund. State and Federal grants are not budgeted for, since funds are not normally appropriated by the agency until after the completion of the local budget process. Grants from other agencies are approved and accepted by the Assembly by resolution. Major Capital Projects are also not budgeted through the normal budget process because they are budgeted and approved by the Assembly when contracts are awarded.

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

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

Proprietary funds are reported in the fund financial statements and generally report services for which the Borough charges customers a fee. The Borough has four proprietary funds. Two 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 Borough organization for the airport operations and sewer utilities.

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

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 48 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Borough's budget presentations, other than those funds referenced above. These statements and schedules demonstrate compliance with the Borough's adopted and final revised budget. As discussed, the Borough reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 82.

Financial Analysis of the Borough as a Whole

The Borough's net position at fiscal year-end is $177,394,515. The following table provides a summary of the Borough's net position.

(This page continued on the subsequent page).

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current assets	$ 40,058,191	39,634,198	70,494	981	40,128,685	39,635,179
Capital assets	165,538,562	166,827,864	29,131,474	28,458,282	194,670,036	195,286,146
Total Assets	205,596,753	206,462,062	29,201,968	28,459,263	234,798,721	234,921,325
Deferred Outflows						
Loss on refunding	555,408	641,253	-	-	555,408	641,253
Total Assets and Deferred Outflows	$ 206,152,161	207,103,315	29,201,968	28,459,263	235,354,129	235,562,578
Liabilities:						
Current liabilities	$ 10,894,098	10,728,586	292,941	362,663	11,187,039	11,091,249
Long-term liabilities	46,707,274	50,651,927	65,301	51,389	46,772,575	50,703,316
Total Liabilities	57,601,372	61,380,513	358,242	414,052	57,959,614	61,794,565
Net Position:						
Net investment in capital assets	121,446,896	119,848,381	29,131,474	28,458,282	150,578,370	148,306,663
Restricted	7,148,989	13,928,936	-	-	7,148,989	13,928,936
Unrestricted (deficit)	19,954,904	11,945,485	(287,748)	(413,071)	19,667,156	11,532,414
Total Net Position	$ 148,550,789	145,722,802	28,843,726	28,045,211	177,394,515	173,768,013

Approximately 33.2% or $9,900,607, of Ketchikan Gateway Borough's cash and investments are subject to external restrictions on how they must be used. $407,596 is restricted for debt in the Land Trust Fund, $5,454,427 is restricted for capital projects, and $4,038,584 is restricted for commercial passenger vessel related projects.

The largest component of the Borough's governmental total assets is invested in capital assets. Capital assets account for 80.3% of total assets and deferred outflows and net investment in capital assets accounts for 81.7% of total net position. The Borough's capital assets include land, Borough buildings and improvements, School District buildings and improvements, vehicles, transit buses, and infrastructure. The Borough uses these capital assets to provide services to its citizens. However, with business type activities, the Borough has spent approximately 99.7% of its total assets on capital. Capital assets in the business-type activities provide airport and utility services, but they also generate revenues for these funds. 84.8% of the Borough's total net position is included in capital assets. The Borough's total net position increased by $3,626,502 during fiscal year 2014. Net investment in capital assets for governmental activities increased by $1,598,515 and net investment in capital assets for business type activities increased by $673,192.

The current ratio for governmental activities is 3.7 to 1 and .24 to 1 for business type activities. This compares to 3.7 to 1 for governmental activities and .003 to 1 for business type activities for fiscal year 2013.

Changes in Net Position

The Borough's total net position increased by $3,626,502 in 2014. The net position for governmental activities increased by $2,827,987 and the net position for business-type activities increased by $798,515. The following table provides a summary of the changes in the Borough's net position:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program:						
Charges for services	$ 7,625,377	6,956,266	4,998,364	4,434,184	12,623,741	11,390,450
Operating grants	4,072,710	3,738,574	73,994	2,710,000	4,146,704	6,448,574
Capital grants	4,503,237	3,529,066	1,865,802	1,310,860	6,369,039	4,839,926
General:						
Taxes	17,927,043	17,608,528	-	-	17,927,043	17,608,528
Other	4,031,270	3,973,154	236,474	241,530	4,267,744	4,214,684
Total revenues	38,159,637	35,805,588	7,174,634	8,696,574	45,334,271	44,502,162
Program Expenses:						
General government	3,514,098	4,623,576	-	-	3,514,098	4,623,576
Fire and EMS	1,376,751	1,252,822	-	-	1,376,751	1,252,822
Water treatment & distribution	318,826	249,401	-	-	318,826	249,401
Library services	422,570	410,326	-	-	422,570	410,326
Parks and recreation	3,338,139	2,601,546	-	-	3,338,139	2,601,546
Public works	1,001,996	1,209,701	-	-	1,001,996	1,209,701
Public services	5,342,481	3,875,327	-	-	5,342,481	3,875,327
Transit	2,164,006	2,071,438	-	-	2,164,006	2,071,438
Education	15,357,268	14,465,416	-	-	15,357,268	14,465,416
Interest	2,310,634	2,394,406			2,310,634	2,394,406
Airport	-	-	5,679,424	5,810,984	5,679,424	5,810,984
Wastewater	-	-	881,576	897,029	881,576	897,029
Total expenses	35,146,769	33,153,959	6,561,000	6,708,013	41,707,769	39,861,972
Excess (deficiency)	3,012,868	2,651,629	613,634	1,988,561	3,626,502	4,640,190
Transfers	(184,881)	(1,652,342)	184,881	1,652,342	-	-
Change in net position	2,827,987	999,287	798,515	3,640,903	3,626,502	4,640,190
Net Position Beginning of Year	145,722,802	144,723,515	28,045,211	24,404,308	173,768,013	169,127,823
Net Position End of Year	$ 148,550,789	145,722,802	28,843,726	28,045,211	177,394,515	173,768,013

GOVERNMENTAL REVENUES

The Borough is heavily reliant on property and sales taxes to support governmental operations and capital. Property taxes of $8.2 million accounted for approximately 37.2% of the total general revenues. Sales taxes provided 39.3% of the Borough's total governmental tax revenues. The Borough recognized $54,254 in investment income for fiscal year 2014. The total income was from market changes in investment accounts, and interest charged on internal loans to other funds. Also, note that program revenues cover 53.9% of governmental operating expenses; this is a decrease of 3.2% over the prior year. As a result, the general economy and the Borough businesses have a major impact on the Borough's revenue streams. In addition, the cruise industry has a major impact on the Borough's economy as we explain later in this document

GOVERNMENTAL FUNCTIONAL EXPENSES

Public services account for 15.20% of our total costs. This is 3.51% more than the cost for public services for fiscal year 2013. Library services account for 1.21% of our total cost. 43.69% of our resources are used to fund the school district, which is a .06% increase from fiscal year 2013. General government costs were 10.00% of total cost. The total cost of services for all governmental functions increased by $1,995,810 or 6.0% from fiscal year 2013. The total net cost of governmental functions for fiscal year 2014 increased by $15,392 or .08%. There was a reduction in the net cost of providing general government, public works, public services, transit, education, and interest and an increase in the net cost of providing all other services. The net cost of services increased a nominal amount from fiscal year 13. The government's taxpayers and the Borough's other general governmental revenues fund 53.9% of governmental activities as compared to 57.09% for fiscal year 2013. The Borough received $2,354,049 or 6.5% more in revenue and expended $1,992,810 or 6.0% more in fiscal year 2014 than in 2013.

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

	Total Cost of Services		Net Cost (Benefit) of Services
	Amount	%	Amount
General government	$ 3,514,098	10.00%	3,272,002
Fire and EMS	1,376,751	3.92%	897,093
Water treatment & distribution	318,826	0.91%	101,677
Library services	422,570	1.21%	422,570
Parks and recreation	3,338,139	9.50%	2,422,878
Public works	1,001,996	2.85%	950,191
Public services	5,342,481	15.20%	3,374,423
Transit	2,164,006	6.16%	(159,888)
Education	15,357,268	43.69%	5,960,847
Interest	2,310,634	6.57%	1,703,652
Total	$ 35,146,769	100%	18,945,445

After reducing gross expenses by program revenues, the program costs exceeded program revenues for public services by $2,422,878 or 12.7 % of the net cost. Education accounts for 31.5% of the net cost as compared to 33.6% for 2013.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

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

The operating revenues for the Airport Enterprise Fund increased by $523,150 or 13.4% and operating expenses increased by $60,371 or 1.0%.

Personnel services increased by $76,344 or 2.5% over 2013, and supplies and services decreased by $95,139 or 6.2%. Insurance costs increased by $39,670 or 18.5% and the calculated depreciation increased by $39,496 or 4.2%. The increase in calculated depreciation is due to the addition of new assets at the end of fiscal year 2013 that were subject to depreciation for the first time in fiscal year 2014.

The Wastewater Enterprise Fund (WEF) is used to account for the operations of Ketchikan Gateway Borough's wastewater utility. The operating position of the WEF decreased during fiscal year 2014. Net position decreased by $284,985 or 2.7% from fiscal year 2013. The operating revenues increased by $41,030 or 7.3%. That increase is attributable to an increase in fees and customers. The operating expenses increased by $54,669 or 6.2%. Net Operating Expenses for the WEF decreased by the same amount from the prior year, after the "recovery of expenditures from other funds" was accounted for. Personnel services increased by $55,513 or 47.7%. Supplies and services and insurance had nominal increases and depreciation decreased.

Financial Analysis of the Borough's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $33,981,867. Of this year-end total, $7,001,269 is unassigned. Fund balances for interfund loans, and prepaid items in the amount of $2,055,751 are classified as nonspendable. Legally restricted fund balances in the amount of $12,912,463 including $5,763,474 for capital projects, $3,899,318 for commercial passenger vessel impact, $14,759 for dock improvements, $63,747 for library operations, $119,514 for public safety and water, $2,771,072 for recreation, and $280,579 for road maintenance. Fund balances are committed in total for $6,650,448; consisting of $2,218,640 for land management, and $4,431,808 for education. Fund balances totaling $5,361,936 assigned for economic development.

The total ending fund balances of governmental funds shows an increase of $178,273 or 1.0% more than the prior year. This increase is nominal and the net change is flat.

Major Governmental Funds

General Fund - The General Fund is the Borough's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by $1,514,147, a 24.1% increase. The FY 2014 budget under spent projected expenditures and transfers out by $746,276. The amended budget overspent revenues by $698,409. All general government departments with the exception of the Finance and the Planning departments under spent their projected budgets. A favorable variance in revenue collections of $1,545,126 and a favorable variance in expenditures of $746,276 decreased the projected negative net change in fund balance by $2,212,556 to a positive net change in fund balance of $1,514,147. Sales tax collections were $157,063 less than budgeted, and property tax revenues were $16,844 more than budgeted. Property tax collections increased by $411,839 or 6.2% from fiscal year 2013.

Intergovernmental revenues were $1,664,185 more than budgeted and were $1,144,096 more than fiscal year 2013. The increase from fiscal year 2013 is due to National Forest Receipts not being budgeted as it was not anticipated that the program would be continued or that payments would be made to municipalities. Revenues received from Parks and Recreation were $53,563 more than budgeted. This favorable variance is due to the continued popularity of a buddy pass program.

State revenue sharing of $633,457 was received in fiscal year 2014. The State Legislature provided $801,854 in PERS relief to Ketchikan Gateway Borough and $550,619 of the total relief was recognized in the General Fund.

Total General Fund expenditures decreased by $100,195 or .5% over fiscal year 2013. The decrease in General Fund expenditures is mainly due to decreased spending in the public works department and a decrease in the appropriation to Education in comparison to fiscal year 2013.

Land Trust Fund – During fiscal year 2014, charges for services, land sales, investment earnings, and miscellaneous revenue brought total revenues to $963,091. The Land Trust Fund expended $307,504 for public services. The Land Trust Fund also transferred $306,518 to the Debt Service Fund for principal and interest payments on the certificate of participation for the White Cliff School Building, which houses the Borough's administrative offices, and transferred $174,036 back to the General Fund for the total budgeted office space rent for governmental offices that are in the White Cliff building. The net change in fund balance was a $175,033 increase or 5.9%.

Economic Development Assistance Program Fund (EDAPF) – During fiscal year 2014, the only revenues credited were $1,480 in investment earnings and $151 that was a final payment for a previous lease. The EDAPF expended $912,005 for public services and transferred $120,000 to the General Fund. The net change in the fund balance was a decrease of $1,030,374 or 13.8%.

State & Federal Grants Fund – During the current fiscal year, the Borough received $1,716,032 in State and Federal grants. The Borough expended $641,155 on public services and $1,074,877 towards governmental capital projects.

Capital Projects Fund – Construction continues on several school facility projects. Total construction costs were $1,123,700 and $19,733 for public services. Investment earnings of $2,021 were received on the unspent bond proceeds.

School Bond/Capital Improvements Fund - This fund is used to account for the receipt of revenues received from the State of Alaska for the School Debt Reimbursement Program and the ½ -cent sales tax that was approved to fund school projects. These funds are used to pay for school bond debt, school building insurance, and school capital projects that would qualify for bonding. This fund recognized $1,711,478 in sales tax revenue, $2,513,044 in debt reimbursement revenues, $6,130 in penalties and interest, and $849 in investment earnings. This fund transferred out $3,633,981 for G.O. bond principal and interest payments into Debt Service Funds, $162,980 to the Recreation CIP Fund and $81,154 to the General Fund for insurance on

school buildings. This fund also expended $5,414 for public service projects and $285,554 for a school building capital project. The ending fund balance increased by $62,418 or 1.0%.

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

Budgetary Highlights

The General Fund – Total taxes collected were $157,806 less than budgeted with sales tax showing the largest decrease. Taxes reported include: real property, automobile and boat, sales, and penalties and interest. The Borough recognized $1,664,185 more than budgeted for intergovernmental revenues due to increases in State fisheries tax, PERS relief, transit operating grants, and national forest receipts. In total revenues and transfers, revenue exceeded budget by 7.8%.

The expenditure side of the original budget for the General Fund was increased $138,648 during 2014. Budget amendments were made for the following departments or cost centers: Mayor and Assembly, Planning, Public Works, Transit, and Nondepartmental.

In total, the Borough under expended the total General Fund budget by $746,276. Expenditures declined due to aggressive cost control of operating expenses.

Capital Assets and Debt Administration

Capital Assets

The Borough's net investment in capital assets, for governmental and business-type activities as of June 30, 2014, was $165,538,562 and $29,131,474 respectively. The total change in net book value of capital assets was a decrease of .7% for governmental and a 2.4% increase for business-type activities. The overall change was a .3% decrease for the Borough as a whole. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

(This page continued on the subsequent page).

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	$ 36,409,257	$ 36,550,875	-	-	36,409,257	36,550,875
Construction in progress	1,460,138	1,279,894	2,656,500	907,889	4,116,638	2,187,783
Total non-depreciable	37,869,395	37,830,769	2,656,500	907,889	40,525,895	38,738,658
Depreciable assets:						
Buildings and improvements	151,151,477	148,931,580	14,401,469	14,304,173	165,552,946	163,235,753
Vehicles, ferry and equipment	6,964,295	6,758,398	14,503,834	14,386,643	21,468,129	21,145,041
Wastewater assets	-	-	14,095,450	14,209,780	14,095,450	14,209,780
Infrastructure	14,075,514	13,383,713	-	-	14,075,514	13,383,713
Total depreciable assets	172,191,286	169,073,691	43,000,753	42,900,596	215,192,039	211,974,287
Less accumulated depreciation	44,522,119	40,076,596	16,525,779	15,350,203	61,047,898	55,426,799
Book value - depreciable assets	127,669,167	128,997,095	26,474,974	27,550,393	154,144,141	156,547,488
Percentage depreciated	26%	24%	38%	36%	28%	26%
Book value - all assets	$ 165,538,562	166,827,864	29,131,474	28,458,282	194,670,036	195,286,146

At June 30, 2014, the depreciable capital assets for governmental activities were 26% depreciated. This is comparable to fiscal year 2013. This comparison indicates that the Borough is replacing its assets at the same rate as they are depreciating which is a positive indicator.

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

With the Borough's business type activities, 38% of the asset values were depreciated at June 30, 2014 compared to 36% at June 30, 2013. The depreciation for FY 14 was comparable to the prior year.

The Borough owns the school district's land and buildings, which is approximately 53.4% of the total cost of the Borough's governmental capital assets.

Major capital asset changes during 2014 included the following:

General Governmental Assets:

- Construction and installation was completed on a portable restroom in the downtown area, capitalized at a cost of $111,671, and funded through the Commercial Passenger Vessel (CPV) Fund a Federal ARRA grant.

- Improvements were completed on the Esther Shea Sports Field, capitalized at a cost of $472,392, and funded with G.O. bond proceeds and the Recreation CIP fund.

- Implementation of a new assessment database was completed and capitalized at a cost of $47,515 and funded through the General Fund.

- Construction continued on several school facility upgrades at a cost of $983,934 and funded through G.O. bond proceeds and the School Bond CIP fund.

- Construction was completed on upgrades to the Grant Street Park, capitalized at a cost of $143,809, and funded through a State Designated Legislative grant.

- The implementation was completed on a new generator for the South Tongass Volunteer Fire Department, capitalized at a cost of $190,283, and funded through a State Designated Legislative grant.

- Contributed capital in the form of a 1995 Ferrara Freightliner Pumper for the South Tongass Fire Department was capitalized at a value of $15,000 and a total cost of improvements and transportation costs in the amount of $13,349. The transportation costs and improvements were funded through the South Tongass Fire Department. The asset was obtained from the Municipality of Anchorage.

- Building improvements were begun on the Weiss Building at a cost of $29,705 and funded through the General Fund.

- A Website and Agenda management project was begun at a cost of $43,261 and funded through the General Fund.

- Electrical upgrades were begun at Dudley Field at a cost of $21,685 and funded through the Recreation CIP fund.

- The Transit Bus Barn was purchased and capitalized at a cost of $733,378 and funded through State and Federal grants.

- An Animal Protection truck and kennel box were purchased at a total cost of $31,698 and funded through the General Fund.

- A power vault was purchased for the Automation department at a cost of $10,927 and funded through the General Fund.

- A KACE VK1100S for cyber security was purchased for the Automation Department at a cost of $14,931 and funded through a Federal Homeland Security grant.

- A new copier was purchased for the Planning Department at a cost of $11,373 and funded through the General Fund.

- Two Zoll Defibrillators were purchased for the North Tongass Fire Department at a total cost of $50,259. A trade-in for an older defibrillator was given on one of the new ones. The defibrillators were funded through the North Tongass Fire Department from pass-through funds from the Commercial Passenger Vessel fund.

- Two Zoll Defibrillators were purchased for the South Tongass Fire Department at a total cost of $55,957. A trade-in for older defibrillators was given on the purchases. The defibrillators were funded through the South Tongass Fire Department from pass-through funds from the Commercial Passenger Vessel fund.

- A Stryker Power Stretcher was purchased for the South Tongass Fire Department at a cost of $10,447 and funded through the South Tongass Service Area.

- Paving was completed in the Waterfall Service Area at a cost of $75,600 and funded through an interfund loan from the Land Trust Fund.

- Playground resurfacing was begun and completed at the Fawn Mountain Elementary school at a cost of $126,140 and funded with G.O. bond proceeds.

- Improvements to the Valley Park roof were completed and capitalized at a cost of $1,248,708 and funded through a State DEED grant and the School Bond CIP fund.

- Demolition was begun on the Mike Smither's pool at a cost of $13,626 and funded with G.O. Bond proceeds.

Enterprise Funds:

- Construction was begun on Airport Parking Lot improvements on Gravina in the amount of $1,748,611 and funded through a State Designated Legislative grant.

- A forklift was purchased for the Airport Field at a cost of $84,414 and funded through the Airport Enterprise fund.

- An airport police vehicle was purchased at a cost of $28,435 and funded through the Airport Enterprise fund.

- Seven airport parking pay stations were purchased at a total cost of $117,191 and funded through a State Designated Legislative grant.

- A Wastewater plant blower was purchased at a cost of $21,200 and funded through the Wastewater Enterprise fund.

Long-term Debt

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

During the year, the Borough retired $3,170,000 of its existing G.O. bonds, and $140,000 of certificates of participation.

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

Outstanding Long Term Debt

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$43,805,000	46,975,000	-	-	43,805,000	46,975,000
Certificates of participation	4,295,000	4,435,000	-	-	4,295,000	4,435,000
Capital lease	-	48,741	-	-	-	48,741
Compensated absences	688,495	671,250	221,614	243,814	910,109	915,064
Unamortized premium	2,001,501	2,296,852	-	-	2,001,501	2,296,852
Unamortized loss on refunding	(555,408)	(641,253)	-	-	(555,408)	(641,253)
Total	$50,234,588	53,785,590	221,614	243,814	50,456,202	54,029,404

Economic Conditions Affecting the Borough

Tourism Industry

Ketchikan's tourism industry is expected to experience between 800,000 to 900,000 cruise ship visitors. In calendar year 2013, 896,084 cruise passengers visited Ketchikan. For purposes of the Commercial Passenger Vessel (CPV) Excise Tax Fund, it is conservatively estimated that 800,000 CPV excise taxpaying passengers will visit Ketchikan in calendar year 2014. A number of factors, including the health of the tourism industry, affect sales tax proceeds.

Mining Projects

Niblack Project

In 2012, the Borough Assembly authorized a Memorandum of Understanding with Niblack Project, LLC. The Niblack Project is a copper-zinc-gold-silver prospect in an advanced exploration phase of development located off Moira Sound on southeastern Prince of Wales Island. The site is southwest of Ketchikan, approximately 38 miles by boat from the Ketchikan International Airport Reserve.

The agreement provides for the prospect of an industrial site to process ore on the Gravina Island Industrial Complex. The industrial complex is located on the Ketchikan International Airport Reserve. The ore-processing mill is expected to generate 60 to 80 full time jobs for a minimum of twelve years.

In 2014, the Alaska Legislature granted authority to the Alaska Industrial Development and Export Authority to issue bonds, not to exceed $125 million, to finance the infrastructure and construction costs of the Niblack

project. The Niblack project includes a mineral processing mill, an associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island.

Bokan-Dotson Ridge

The 2014 Legislature also granted authority to the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth element project approximately 40 miles west of Ketchikan. The principal amount of the bonds provided by the Authority for the Bokan-Dotson Ridge rare earth element project may not exceed $145 million.

Marine Projects

In the spring of 2012, the operating interests of the Ketchikan Shipyard, one of Ketchikan's largest employers, was sold by Alaska Ship and Drydock, Inc., to Vigor Industrial, LLC (Vigor). The Borough Assembly endorsed the proposed sale with the expectation that Vigor's greater financial capacity would serve the economic development interests of the community. State and Federal grants funded a $31 million ship assembly hall and an additional $10 million for a steel fabrication shop scheduled for completion in FY 2014.

In 2010, the State of Alaska acquired ownership of upland and tideland properties in Ward Cove from the Ketchikan Gateway Borough consisting of 9.5 acres of uplands and 20.5 acres of tidelands. The State subsequently contracted for a master plan and feasibility study of the acquired property and refurbished an existing building into new office space and storage areas, now being used for the marine engineering staff. Alaska Marine Highway System (AMHS) management and vessel operations staff continue to occupy an adjacent building.

Plans provide for the relocation of all Ketchikan based AMHS management and engineering functions to the new office space. Plans also call for working and layup berths for AMHS vessels. The Ward Cove berthing facility will ultimately provide a functional replacement for the AMHS South Berth facility that is presently sited adjacent to the Ketchikan Shipyard facility. The South Berth facility can then be utilized for shipyard purposes.

An AMHS feasibility study document outlines various phases and costs. The estimated project costs for the development of all desired features for AMHS and NOAA are in excess of $30 million and a phased approach is required to accommodate funding limitations.

Project development efforts are currently separated into the following primary phases:

- Phase 1A: Design, Permitting, Dredging and Uplands Development - $7 million.
- Phase 1B: Marine Facilities (AMHS Working Berth and NOAA berth) - $20 million.
- Phase 1C: Terminal Building, AMHS Passenger Amenities & Uplands Paving - $3 million.

Current project development efforts are focused on Phase 1A which includes most of the project permitting, design, offshore dredging needs and some upland development work. Phase 1A is specifically structured to meet the current funding of $7.5 million.

Contacting the Borough's Financial Management

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

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

Ketchikan Gateway Borough, Alaska
Statement of Net Position
June 30, 2014

		Primary Government			
		Governmental Activities	Business-type Activities	Total	Component Unit
Assets					
Current Assets					
Cash and investments	$	19,198,951	718,366	19,917,317	1,400,425
Restricted cash and investments		9,900,607	-	9,900,607	-
Prepaid items		75,034	75,948	150,982	-
Receivables		9,790,354	369,425	10,159,779	974,626
Receivable from trust fund					21,446
Receivable from Ketchikan Gateway Borough		-	-	-	397,004
Internal balances		1,093,245	(1,093,245)	-	-
Inventory		-	-	-	18,228
Total Current Assets		40,058,191	70,494	40,128,685	2,811,729
Noncurrent Assets					
Capital assets:					
Nondepreciable capital assets		37,869,395	2,656,499	40,525,894	354,857
Depreciable capital assets, net		127,669,167	26,474,975	154,144,142	463,918
Total Noncurrent Assets		165,538,562	29,131,474	194,670,036	818,775
Total Assets	$	205,596,753	29,201,968	234,798,721	3,630,504
Deferred Outflows					
Loss on refunding		555,408	-	555,408	-
Total Assets and Deferred Outflows		206,152,161	29,201,968	235,354,129	3,630,504
Liabilities					
Current Liabilities					
Accounts payable		982,715	136,628	1,119,343	510,971
Accrued salaries and benefits		5,774	-	5,774	3,057
Intergovernmental payable		3,291,303	-	3,291,303	-
Accrued interest payable		577,259	-	577,259	-
Due to component unit		1,388,726	-	1,388,726	-
Deposits		126,386	-	126,386	-
Claims payable		325,777	-	325,777	-
Unearned revenue		113,436	-	113,436	26,946
Compensated absences payable		617,722	156,313	774,035	461,712
General obligation bonds payable		3,325,000	-	3,325,000	-
Certificates of participation payable		140,000	-	140,000	-
Total Current Liabilities		10,894,098	292,941	11,187,039	1,002,686
Long-Term Liabilities					
Compensated absences		70,773	65,301	136,074	-
General obligations bonds payable, including unamortized premium		42,431,240	-	42,431,240	-
Certificates of participation payable, including unamortized premium		4,205,261	-	4,205,261	-
Total Long-Term Liabilities		46,707,274	65,301	46,772,575	-
Total Liabilities		57,601,372	358,242	57,959,614	1,002,686
Net Position					
Net investment in capital assets		121,446,896	29,131,474	150,578,370	818,775
Restricted:					
Commercial passenger vessel impact		3,899,318	-	3,899,318	-
Dock improvements		14,759	-	14,759	-
Library operations		63,747	-	63,747	-
Public safety and water		119,514	-	119,514	-
Recreation		2,771,072	-	2,771,072	-
Road maintenance		280,579	-	280,579	-
Unrestricted (deficit)		19,954,904	(287,748)	19,667,156	1,696,049
Total Net Position	$	148,550,789	28,843,726	177,394,515	2,514,824

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Statement of Activities
For the Year Ended June 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government								
Governmental Activities								
General government	$ 3,514,098	-	242,096	-	(3,272,002)	-	(3,272,002)	-
Fire and EMS	1,376,751	238,838	44,037	196,783	(897,093)	-	(897,093)	-
Water treatment & distribution	318,826	217,149	-	-	(101,677)	-	(101,677)	-
Library services	422,570	-	-	-	(422,570)	-	(422,570)	-
Parks and recreation	3,338,139	753,563	27,513	134,185	(2,422,878)	-	(2,422,878)	-
Public works	1,001,996	-	51,805	-	(950,191)	-	(950,191)	-
Public services	5,342,481	1,256,400	696,727	14,931	(3,374,423)	-	(3,374,423)	-
Transit	2,164,006	222,236	1,357,680	743,978	159,888	-	159,888	-
Education	15,357,268	4,937,191	1,045,870	3,413,360	(5,960,847)	-	(5,960,847)	-
Interest	2,310,634	-	606,982	-	(1,703,652)	-	(1,703,652)	-
Total Governmental Activities	35,146,769	7,625,377	4,072,710	4,503,237	(18,945,445)	-	(18,945,445)	-
Business-Type Activities								
Airport	5,679,424	4,401,938	73,994	1,865,802	-	662,310	662,310	-
Wastewater	881,576	596,426	-	-	-	(285,150)	(285,150)	-
Total Business-Type Activities	6,561,000	4,998,364	73,994	1,865,802	-	377,160	377,160	-
Total - Primary Government	41,707,769	12,623,741	4,146,704	6,369,039	(18,945,445)	377,160	(18,568,285)	-
Component Unit								
Ketchikan Gateway Borough School District	$ 42,966,256	172,168	11,362,070	662,359				$ (30,769,659)
General Revenues								
Property taxes					$ 8,169,731	-	8,169,731	-
Sales taxes					8,625,653	-	8,625,653	-
Payment in lieu of taxes					1,131,659	-	1,131,659	-
Grants and entitlements not restricted to specific programs					3,598,414	236,309	3,834,723	22,618,664
E-Rate					-	-	-	83,225
Primary government appropriation					-	-	-	8,050,000
Investment earnings					54,254	165	54,419	66
Miscellaneous					378,602	-	378,602	86,164
Total General Revenues					21,958,313	236,474	22,194,787	30,838,119
Transfers					(184,881)	184,881	-	-
Total General Revenues and Transfers					21,773,432	421,355	22,194,787	30,838,119
Change in Net Position					2,827,987	798,515	3,626,502	68,460
Net Position Beginning of Year					145,722,802	28,045,211	173,768,013	2,446,364
Net Position End of Year					$ 148,550,789	28,843,726	177,394,515	2,514,824

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Governmental Funds
Balance Sheet
June 30, 2014

		General	Land Trust	School Bond Capital Improvements	Economic Development Assistance Program
Assets					
Cash and investments	$	3,926,830	1,646,197	3,939,111	5,440,678
Restricted cash and investments		-	407,596	-	-
Prepaid items		-	-	-	-
Receivables:					
Accounts		88,386	1,101	-	4,864
Intergovernmental		1,202,185	-	27,574	-
Property taxes		166,934	-	-	-
Sales taxes		4,612,100	-	470,073	-
Interfund		2,778,285	-	-	-
Advances		-	1,097,733	-	1,063,413
Total Assets	$	12,774,720	3,152,627	4,436,758	6,508,955
Liabilities					
Accounts payable	$	379,884	4,842	4,950	82,606
Accrued salaries and benefits		5,774	-	-	-
Intergovernmental payable		3,291,303	-	-	-
Interfund payable		-	-	-	-
Interfund advances payable		-	-	-	-
Due to component unit		994,659	-	-	-
Deposits		111,545	11,841	-	1,000
Unearned revenues		51,058	-	-	-
Total Liabilities		4,834,223	16,683	4,950	83,606
Deferred Inflows					
Property tax revenues		149,829	-	-	-
Total Liabilities and Deferred Inflows		4,984,052	16,683	4,950	83,606
Fund Balances					
Nonspendable:					
Notes, advances, and prepaids		-	917,304	-	1,063,413
Restricted:					
Capital projects		-	-	-	-
Commercial passenger vessel impact		-	-	-	-
Dock improvements		-	-	-	-
Library operations		-	-	-	-
Public safety and water		-	-	-	-
Recreation		-	-	-	-
Road maintenance		-	-	-	-
Committed:					
Borough-owned land management		-	2,218,640	-	-
Education		-	-	4,431,808	-
Assigned:					
Economic development		-	-	-	5,361,936
Unassigned (deficit)		7,790,668	-	-	-
Total Fund Balances		7,790,668	3,135,944	4,431,808	6,425,349
Total Liabilities, Deferred Inflows and Fund Balances	$	12,774,720	3,152,627	4,436,758	6,508,955

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Governmental Funds

		State & Federal Grants	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$	-	865,590	3,157,880	18,976,286
Restricted cash and investments		-	5,454,427	4,038,584	9,900,607
Prepaid items		-	-	75,034	75,034
Receivables:					
Accounts		-	-	101,873	196,224
Intergovernmental		2,591,120	-	50,982	3,871,861
Property taxes		-	-	3,089	170,023
Sales taxes		-	-	470,073	5,552,246
Interfund		-	-	-	2,778,285
Advances		-	-	-	2,161,146
Total Assets	$	2,591,120	6,320,017	7,897,515	43,681,712
Liabilities					
Accounts payable	$	217,307	3,565	289,561	982,715
Accrued salaries and benefits		-	-	-	5,774
Intergovernmental payable		-	-	-	3,291,303
Interfund payable		2,373,813	156,911	52,680	2,583,404
Interfund advances payable		-	-	1,056,655	1,056,655
Due to component unit		-	394,067	-	1,388,726
Deposits		-	2,000	-	126,386
Unearned revenues		-	-	62,378	113,436
Total Liabilities		2,591,120	556,543	1,461,274	9,548,399
Deferred Inflows					
Property tax revenues		-	-	1,617	151,446
Total Liabilities and Deferred Inflows		2,591,120	556,543	1,462,891	9,699,845
Fund Balances					
Nonspendable:					
Notes, advances, and prepaids		-	-	75,034	2,055,751
Restricted:					
Capital projects		-	5,763,474	-	5,763,474
Commercial passenger vessel impact		-	-	3,899,318	3,899,318
Dock improvements		-	-	14,759	14,759
Library operations		-	-	63,747	63,747
Public safety and water		-	-	119,514	119,514
Recreation		-	-	2,771,072	2,771,072
Road maintenance		-	-	280,579	280,579
Committed:					
Borough-owned land management		-	-	-	2,218,640
Education		-	-	-	4,431,808
Assigned:					
Economic development		-	-	-	5,361,936
Unassigned (deficit)		-	-	(789,399)	7,001,269
Total Fund Balances		-	5,763,474	6,434,624	33,981,867
Total Liabilities, Deferred Inflows and Fund Balances	$	2,591,120	6,320,017	7,897,515	43,681,712

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		$ 33,981,867
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 are not reported in the funds.		
Cost	$ 210,060,681	
Less accumulated depreciation	(44,522,119)	165,538,562
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. This consists of deferred property taxes receivable.		151,447
An internal service fund is used by management to charge the costs of insurance to individual funds and the component unit. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(297,993)
The internal service fund chargeback to enterprise funds is not reported in the governmental funds but is reported on the government-wide financial statements.		(11,247)
Accrued interest payable is not reported at the fund financial reporting level.		(577,259)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(43,805,000)	
Certificates of participation	(4,295,000)	
Premium for GO bonds	(1,951,240)	
Premium for certificates of participation	(50,261)	
Deferred loss on refunding	555,408	
Compensated absences	(688,495)	(50,234,588)
Net Position Of Governmental Activities		$ 148,550,789

See accompanying notes to the basic financial statements.

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Ketchikan Gateway Borough, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	General	Land Trust	School Bond Capital Improvements	Economic Development Assistance Program
Revenues				
Taxes	$ 11,883,678	-	1,717,608	-
Intergovernmental	5,270,398	-	2,513,044	-
Licenses and permits	90	-	-	-
Charges for services	1,712,951	426,778	-	151
Water fees	-	-	-	-
Commercial passenger vessel tax	-	-	-	-
Interest subsidy	-	-	-	-
Investment earnings	1,206	46,479	849	1,480
Proceeds from sale of property	-	473,320	-	-
Miscellaneous	-	16,514	-	-
Total Revenues	18,868,323	963,091	4,231,501	1,631
Expenditures				
Current				
General government	3,584,249	-	-	-
Library services	-	-	-	-
Fire and EMS	-	-	-	-
Water treatment and distribution	-	-	-	-
Public services	1,145,580	307,504	5,414	912,005
Parks and recreation	2,306,465	-	-	-
Public works	1,030,382	-	-	-
Transit	1,994,798	-	-	-
Education	8,050,000	-	-	-
Nondepartmental	260,433	-	-	-
Capital Outlay	142,335	-	285,554	-
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	18,514,242	307,504	290,968	912,005
Excess (Deficiency) of Revenues Over Expenditures	354,081	655,587	3,940,533	(910,374)
Other Financing Sources (Uses)				
Transfers in	1,219,971	-	-	-
Transfers out	(59,905)	(480,554)	(3,878,115)	(120,000)
Total Other Financing Sources (Uses)	1,160,066	(480,554)	(3,878,115)	(120,000)
Net Change in Fund Balances	1,514,147	175,033	62,418	(1,030,374)
Fund Balances Beginning of Year	6,276,521	2,960,911	4,369,390	7,455,723
Fund Balances End of Year	$ 7,790,668	3,135,944	4,431,808	6,425,349

See accompanying notes to the basic financial statements.

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

	State & Federal Grants	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ -	-	3,203,919	16,805,205
Intergovernmental	1,716,032	-	288,334	9,787,808
Licenses and permits	-	-	-	90
Charges for services	-	-	320,453	2,460,333
Water fees	-	-	217,149	217,149
Commercial passenger vessel tax	-	-	2,240,210	2,240,210
Interest subsidy	-	-	606,982	606,982
Investment earnings	-	2,021	2,199	54,234
Proceeds from sale of property	-	-	-	473,320
Miscellaneous	-	-	372,702	389,216
Total Revenues	1,716,032	2,021	7,251,948	33,034,547
Expenditures				
Current				
General government	-	-	-	3,584,249
Library services	-	-	422,570	422,570
Fire and EMS	-	-	1,163,729	1,163,729
Water treatment and distribution	-	-	318,826	318,826
Public services	641,155	19,733	1,699,052	4,730,443
Parks and recreation	-	-	-	2,306,465
Public works	-	-	-	1,030,382
Transit	-	-	-	1,994,798
Education	-	-	-	8,050,000
Nondepartmental	-	-	-	260,433
Capital Outlay	1,074,877	1,123,700	261,769	2,888,235
Debt Service				
Principal retirement	-	-	3,358,741	3,358,741
Interest and fiscal charges	-	-	2,562,522	2,562,522
Total Expenditures	1,716,032	1,143,433	9,787,209	32,671,393
Excess (Deficiency) of Revenues Over Expenditures	-	(1,141,412)	(2,535,261)	363,154
Other Financing Sources (Uses)				
Transfers in	-	-	5,738,005	6,957,976
Transfers out	-	-	(2,604,283)	(7,142,857)
Total Other Financing Sources (Uses)	-	-	3,133,722	(184,881)
Net Change in Fund Balances	-	(1,141,412)	598,461	178,273
Fund Balances Beginning of Year	-	6,904,886	5,836,163	33,803,594
Fund Balances End of Year	$ -	5,763,474	6,434,624	33,981,867

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2014

Net Changes In Fund Balances - Total Governmental Funds		$ 178,273
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 depreciation outlay exceeded capital outlay expense in the current period.		
Depreciation expense	$ (4,679,883)	
Capital outlay	2,888,235	(1,791,648)
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.		(153,256)
The book value of capital assets relating to the capitalization of assets for the component unit representing the 70% contribution from the component unit is not reported at the fund financial reporting level, but is reported at the government-wide financial reporting level.		656,019
The book value of capital assets relating to the acquisition of:		
a 1995 Ferrara Freightliner pumper representing a contribution from the Municipality of Anchorage is not reported at the fund financial reporting level, but is reported at the government-wide financial reporting level.		15,000
The book value of capital assets relating to the change in assets for the Borough representing:		
disposition of land by method of replatting.		(2,570,100)
capitalization of land by method of replatting.		2,554,683
Internal service funds are used by management to charge the costs of self-insurance to individual funds. A portion of the net income of their activity is reported with governmental activities.		355,452
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the decrease in deferred property taxes.		(9,820)
Interest expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
Liability @ 06/30/14	(577,259)	
Liability @ 06/30/13	(619,641)	42,382
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items:		
Principal payments on long-term debt	3,358,741	
Net decrease in premium	295,351	
Net decrease in deferred loss on bonds	(85,845)	3,568,247
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 06/30/14	(688,495)	
Liability @ 06/30/13	(671,250)	(17,245)
Change In Net Position of Governmental Activities		$ 2,827,987

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	2014			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Taxes	$ 12,041,484	12,041,484	11,883,678	(157,806)
Licenses and permits	-	-	90	90
Intergovernmental	3,511,683	3,606,213	5,270,398	1,664,185
Charges for services	1,655,500	1,655,500	1,712,951	57,451
Investment earnings	20,000	20,000	1,206	(18,794)
Total Revenues	17,228,667	17,323,197	18,868,323	1,545,126
Expenditures				
Current				
General government	3,812,138	3,815,218	3,584,249	230,969
Public services	1,130,231	1,140,231	1,145,580	(5,349)
Parks and recreation	2,417,902	2,417,902	2,306,465	111,437
Public works	1,256,758	1,286,595	1,030,382	256,213
Transit - bus system	1,919,220	2,013,270	1,994,798	18,472
Nondepartmental	263,786	265,467	260,433	5,034
Education	8,050,000	8,050,000	8,050,000	-
Capital Outlay	271,835	271,835	142,335	129,500
Total Expenditures	19,121,870	19,260,518	18,514,242	746,276
Excess (Deficiency) of Revenues Over Expenditures	(1,893,203)	(1,937,321)	354,081	2,291,402
Other Financing Sources (Uses)				
Transfers in	1,298,817	1,298,817	1,219,971	(78,846)
Transfers out	(59,905)	(59,905)	(59,905)	-
Total Other Financing Sources (Uses)	1,238,912	1,238,912	1,160,066	(78,846)
Net Change in Fund Balance	$ (654,291)	(698,409)	1,514,147	2,212,556
Fund Balance Beginning of Year			6,276,521	
Fund Balance End of Year		$	7,790,668	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	2014			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Charges for services	$ 414,792	414,792	426,778	11,986
Intergovernmental	3,597	3,597	-	(3,597)
Investment earnings	-	-	46,479	46,479
Proceeds from sale of property	250,000	250,000	473,320	223,320
Miscellaneous	-	-	16,514	16,514
Total Revenues	668,389	668,389	963,091	294,702
Expenditures				
Current				
Public services	406,156	406,156	307,504	98,652
Capital Outlay	300,000	300,000	-	300,000
Total Expenditures	706,156	706,156	307,504	398,652
Excess (Deficiency) of Revenues Over Expenditures	(37,767)	(37,767)	655,587	693,354
Other Financing Uses				
Transfers out	(443,195)	(443,195)	(480,554)	(37,359)
Net Change in Fund Balance	$ (480,962)	(480,962)	175,033	655,995
Fund Balance Beginning of Year			2,960,911	
Fund Balance End of Year			$ 3,135,944	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	2014			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Taxes	$ 1,767,400	1,767,400	1,711,478	(55,922)
Intergovernmental	2,502,295	2,502,295	2,513,044	10,749
Penalties and interest	10,000	10,000	6,130	(3,870)
Investment earnings	5,000	5,000	849	(4,151)
Total Revenues	4,284,695	4,284,695	4,231,501	(53,194)
Expenditures				
Current				
Public services	1,500	30,172	5,414	24,758
Capital Outlay	360,000	360,000	285,554	74,446
Total Expenditures	361,500	390,172	290,968	99,204
Excess of Revenues Over Expenditures	3,923,195	3,894,523	3,940,533	46,010
Other Financing Uses				
Transfers out	(4,111,698)	(4,111,698)	(3,878,115)	233,583
Net Change in Fund Balance	$ (188,503)	(217,175)	62,418	279,593
Fund Balance Beginning of Year			4,369,390	
Fund Balance End of Year			$ 4,431,808	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska

Economic Development Assistance Program Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	2014			
	Original Budget	Final Budget	Actual	Variance on Final Budget
Revenues				
Intergovernmental	$ 7,239	7,239	-	(7,239)
Charges for services	-	-	151	151
Investment earnings	-	-	1,480	1,480
Total Revenues	7,239	7,239	1,631	(5,608)
Expenditures				
Current				
Public services	433,949	1,071,949	912,005	159,944
Excess (Deficiency) of Revenues Over Expenditures	(426,710)	(1,064,710)	(910,374)	154,336
Other Financing Uses				
Transfers out	(120,000)	(120,000)	(120,000)	-
Net Change in Fund Balance	$ (546,710)	(1,184,710)	(1,030,374)	154,336
Fund Balance Beginning of Year			7,455,723	
Fund Balance End of Year			$ 6,425,349	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Net Position
June 30, 2014

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Assets				
Current Assets				
Cash and investments	$ -	718,366	718,366	222,665
Prepaid items	75,948	-	75,948	-
Receivables:				
Accounts	265,334	33,039	298,373	-
Intergovermental	71,052	-	71,052	-
Total Current Assets	412,334	751,405	1,163,739	222,665
Noncurrent Assets				
Capital Assets				
Nondepreciable	2,656,499	-	2,656,499	-
Depreciable, net	16,688,134	9,786,841	26,474,975	-
Total Noncurrent Assets	19,344,633	9,786,841	29,131,474	-
Total Assets	$ 19,756,967	10,538,246	30,295,213	222,665
Liabilities				
Current Liabilities				
Accounts payable	$ 98,008	38,620	136,628	-
Interfund advances payable	28,452	77,217	105,669	-
Compensated absences payable	156,313	-	156,313	-
Revenue bonds payable	-	-	-	-
Claims payable	-	-	-	325,777
Total Current Liabilities	282,773	115,837	398,610	325,777
Long-Term Liabilities, net of current portion				
Compensated absences payable	65,301	-	65,301	-
Interfund advances payable	155,782	304,564	460,346	-
Interfund payable	538,477	-	538,477	194,881
Total Long-Term Liabilities	759,560	304,564	1,064,124	194,881
Total Liabilities	1,042,333	420,401	1,462,734	520,658
Net Position				
Net investment in capital assets	19,344,633	9,786,841	29,131,474	-
Unrestricted (deficit)	(629,999)	331,004	(298,995)	(297,993)
Total Net Position - Fund Level	$ 18,714,634	10,117,845	28,832,479	(297,993)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			11,247	
Total Net Position - Government-wide Statement of Net Position			$ 28,843,726	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)
For the Year Ended June 30, 2014

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Operating Revenues				
Charges for services	$ 4,401,938	596,426	4,998,364	7,361,273
Operating Expenses				
Personnel services	3,130,485	171,955	3,302,440	-
Supplies and services	1,427,860	390,945	1,818,805	-
Insurance	253,555	5,724	259,279	-
Administration	-	-	-	925,524
Claims and premiums	-	-	-	5,970,780
Depreciation	975,268	357,067	1,332,335	-
Total Operating Expenses	5,787,168	925,691	6,712,859	6,896,304
Less recovery of expenses from other funds	-	(1,596)	(1,596)	-
Net Operating Expenses	5,787,168	924,095	6,711,263	6,896,304
Operating Income (Loss)	(1,385,230)	(327,669)	(1,712,899)	464,969
Non-Operating Revenues (Expenses)				
Interest and fiscal charges	(6,048)	(23,931)	(29,979)	-
Gain on disposal of capital assets	4,255	66,450	70,705	-
Investment earnings	-	165	165	20
Operating grants	310,303	-	310,303	-
Total Non-Operating Revenues (Expenses)	308,510	42,684	351,194	20
Income (Loss) before Capital Contributions and Transfers	(1,076,720)	(284,985)	(1,361,705)	464,989
Capital contributions	1,865,802	-	1,865,802	-
Transfers in	184,881	-	184,881	-
Change in Net Position	973,963	(284,985)	688,978	464,989
Net Position (Deficit) Beginning of Year	17,740,671	10,402,830		(762,982)
Net Position (Deficit) End of Year	$ 18,714,634	10,117,845		(297,993)
Reconciliation of the fund level operating statement to the government-wide statement of activities:				
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			109,537	
Change in net position of business-type activities			$ 798,515	

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2014

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Wastewater	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	$ 4,431,345	600,365	5,031,710	7,361,273
Cash payments to employees for services	(3,152,685)	(171,955)	(3,324,640)	-
Cash payments for goods and services	(1,729,453)	(456,447)	(2,185,900)	(1,234,411)
Cash payments for claims	-	-	-	(5,691,876)
Net Cash Provided by (Used in) Operating Activities	(450,793)	(28,037)	(478,830)	434,986
Cash Flows from Noncapital Financing Activities				
Interfund advances	(148,529)	-	(148,529)	-
Operating grants	310,303	-	310,303	-
Transfers in	184,881	-	184,881	-
Net Cash Provided by Noncapital Financing Activities	346,655	-	346,655	(212,341)
Cash Flows from Capital and Related Financing Activities				
Sale of capital assets	4,255	66,450	70,705	-
Capital grant	1,865,802	-	1,865,802	-
Interest paid on debt service	(6,048)	(23,931)	(29,979)	-
Interfund advance payable	(27,613)	(73,352)	(100,965)	-
Payments for capital acquisitions	(1,984,327)	(21,200)	(2,005,527)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(147,931)	(52,033)	(199,964)	-
Cash Flows from Investing Activities				
Investment earnings	-	165	165	20
Net Increase (Decrease) in Cash and Cash Equivalents	(252,069)	(79,905)	(331,974)	222,665
Cash and Cash Equivalents Beginning of Year	252,069	798,271	1,050,340	-
Cash and Cash Equivalents End of Year	$ -	718,366	718,366	222,665

(continued)

See accompanying notes to the basic financial statements.

Ketchikan Gateway Borough, Alaska
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2014

(continued)

		Business-type Activities			Governmental Activities - Internal Service Funds
		Airport	Wastewater	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	$	(1,385,230)	(327,669)	(1,712,899)	464,969
Adjustments:					
Depreciation		975,268	357,067	1,332,335	-
(Increase) Decrease in Assets:					
Accounts receivable		62,652	3,939	66,591	-
Intergovernmental		(33,245)	-	(33,245)	-
Prepaid items		(75,802)	-	(75,802)	-
Increase (Decrease) in Liabilities:					
Accounts payable		27,764	(61,374)	(33,610)	-
Compensated absences payable		(22,200)	-	(22,200)	-
Claims payable		-	-	-	(29,983)
Net Cash Provided by (Used in) Operating Activities	$	(450,793)	(28,037)	(478,830)	434,986

See accompanying notes to the basic financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Note 1 - Summary of Significant Accounting Policies

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

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

1-A. Reporting Entity

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

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

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

A brief description of the discretely presented component unit follows:

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

Pouch Z
Ketchikan, AK 99901

1-B. Basis of Presentation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities, and all deferred inflows/outflows associated with the operation of the Borough are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and all deferred inflows/outflows generally are included on the balance sheet. The statement of revenues,

expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

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

1-D. Basis of Accounting

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

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

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

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

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

1-E. Assets, Liabilities and Fund Equity

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

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

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

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

A Borough ordinance authorizes the Borough to invest in:

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

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

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

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at June 30, 2014.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." Long-term loans between funds are classified as "advances receivable/advances payable." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

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

1-E-4 Consumable Inventories

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

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

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is shown as nonspendable; as this amount is not available for general appropriation.

1-E-6 Restricted Assets

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

1-E-7 Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Borough maintains a capitalization threshold of five thousand dollars for capital assets consisting of equipment, and fifty thousand dollars for buildings, building improvements, land improvements, and infrastructure. The Borough's infrastructure consists of roads, bridges, airport runways, and water and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

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

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

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

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

1-E-8 Compensated Absences

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

PTO benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All PTO liabilities include salary-related payments, where applicable.

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

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

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

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

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

reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure/expense in both the government wide statement of activates and at the fund level.

1-E-11 Fund Equity

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

The Ketchikan Gateway Borough Assembly passed resolution 2553 August 4, 2014 to be implemented with preparation of the FY 2014 CAFR, adopting fund balance classification and spending prioritization. The spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balances.

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

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

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

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

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

Assigned fund balance — This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly has delegated the assignment ability to the Finance Director through Resolution 2553. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

Net Position - Net position represent the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the

Borough or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

1-E-12 Operating Revenues and Expenses

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

1-E-13 Contributions of Capital

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

1-E-14 Interfund Activity

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

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

1-E-15 Estimates

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

1-E-16 Comparative Data

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

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

2-A. Change in Accounting Principle – In fiscal year 2013, the Borough adopted newly issued GASB pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as *deferred outflows* of resources. A *deferred outflow* represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as *deferred*

inflows of resources. A *deferred inflow* represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as *deferred inflows.* In the government-wide financial statements, the residual net of all of the accounts is now called *net position.*

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

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

During the year the Borough Assembly approved budget revisions.

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

At 6/30/2014, the Borough had open encumbrances as follows:

Fund		Encumbrances
General Fund	$	330,443
Land Trust		17,916
Economic Development Assistance Program		2,665,109
State and Federal Grants		7,920,425
Capital Improvements		21,676
Nonmajor		950,910
Total	$	11,906,479

2-C. Excess of Expenditures over Appropriations

The following individual funds had an excess of expenditures over appropriations at June 30, 2014:

Nonareawide Library Fund and the Loring Service Area Special Revenue Fund.

2-D. Deficit Fund Equities

The following individual funds had a deficit fund balance at the fund reporting level at June 30, 2014:

Gold Nugget Special Assessment Area Fund	$ (2,517)
North Tongass Fire & EMS Service Area Fund	(295,958)
Airport PFC Special Revenue Fund	(457,424)
Waterfall Service Area	(33,500)

The Borough entered into agreement with the Federal Aviation Administration, allowing the Borough to redeem the 2001 B airport revenue bond and subsequently to be reimbursed by the Airport PFC Special Revenue Fund (PFC Fund). The PFC Fund balance has a negative fund balance of $457,424 and will reimburse the Borough central treasury approximately $350,000 per year for one and a half years.

Note 3 - Detailed Notes on All Funds

3-A. Cash and Investments

Cash and investments for Ketchikan Gateway Borough are comprised of governmental and business-type activities. The balances at June 30, 2014 are as follows:

Cash on hand	$	2,980
Deposits with financial institutions		29,563,484
Investments		251,460
Total	$	29,817,924

		Governmental Activities	Business-Type Activities	Total
Unrestricted	$	19,198,951	718,366	19,917,317
Restricted		9,900,607	-	9,900,607
Total	$	29,099,558	718,366	29,817,924

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

Deposits – Custodial credit risk-deposits. This is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's deposit policy is in accordance with guidelines established by the Borough's Code of Ordinances, the Borough Assembly and its bond ordinances. All deposits are covered by federal depository insurance up to $250,000 and collateralized with eligible securities to secure at least 100 percent of the book value of deposits. As of June 30, 2014, the carrying value of all the Borough's deposits was $29,817,924, and the bank value was $29,795,649 per bank confirmations. All collateral securities were held by third parties in the Borough's name, and were not exposed to custodial credit risk.

Investments – All investment pool cash purchases and sales are part of the Borough's cash management activity and considered cash and cash equivalents. Interest earned from the pooled investments is allocated to each fund based on an average earnings rate and monthly cash balance of each fund. The Borough has recorded investments at the current portfolio value. The Borough's investment policy is in accordance with guidelines established by the Borough's Code of Ordinances.

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

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

Concentration of credit risk. The majority of the Borough's investments as of June 30, 2014 were held in a portfolio in Wells Fargo Bank, N.A. and were invested in direct obligations of the U. S. Government.

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

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

Fixed Income:		Amount
Federal Home Ln Mtg Corp	$	251,460

The Borough has no formal policy relating to credit risk.

Interest rate risk. As of June 30, 2014, the weighted average maturity of the Borough's investment portfolio was less than one year. To minimize interest rate risk, the Borough's investment policy limits the portfolio to a maximum weighted average of maturity of 24 months to meet the Borough's cash flow requirements.

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

		Investment Maturity (in years)		
Investment Type		Current Market Value	Less than 1	1 - 5
Fixed Income	$	251,460	251,460	-

3-B. Receivables

Receivables at June 30, 2014, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the Borough's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

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

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		General	Land Trust	School Bond Capital Improvements	Economic Development	State & Federal Grants
Receivables:						
Accounts	$	154,342	1,101	-	4,864	-
Intergovernmental		1,202,185	-	27,574	-	2,591,120
Property taxes		218,628	-	-	-	-
Sales taxes		4,612,100	-	470,073	-	-
Interfund		2,778,285	1,097,733	-	1,063,413	-
Total receivables		8,965,540	1,098,834	497,647	1,068,277	2,591,120
Allowance for doubtful accounts		(117,650)	-	-	-	-
Net receivables	$	8,847,890	1,098,834	497,647	1,068,277	2,591,120

		Nonmajor Governmental	Airport Enterprise	Wastewater Enterprise	Totals
Receivables:					
Accounts	$	251,681	301,392	233,006	946,386
Intergovernmental		53,141	71,052	-	3,945,072
Property taxes		12,854	-	-	231,482
Sales taxes		470,073	-	-	5,552,246
Interfund		-	-	-	4,939,431
Total receivables		787,749	372,444	233,006	15,614,617
Allowance for doubtful accounts		(161,732)	(36,058)	(199,967)	(515,407)
Net receivables	$	626,017	336,386	33,039	15,099,210

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

		Deferred/Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	$	149,829	-
Delinquent property taxes receivable (Nonmajor Funds)		1,617	-
Unearned revenue (General Fund)		-	51,058
Unearned revenues (nonmajor)		-	62,378
Total deferred/unearned revenue for governmental funds	$	151,446	113,436

3-C. Property and Sales Taxes

The Borough levies its real property taxes on July 1 of each fiscal year based upon the assessed valuation as of the previous January 1. Property taxes are considered due the following July 1 and are considered delinquent on October 1, which is also the lien date. The Borough collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 2.5% while the city rate is 4.0%.

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3-D. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

		Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Governmental activities:					
Nondepreciable capital assets:					
Land - Borough	$	29,153,431	2,570,100	2,711,717	29,011,814
Land - School		7,397,443	-	-	7,397,443
Construction in progress - Borough		386,419	94,652	141,867	339,204
Construction in progress - School		893,475	997,560	770,101	1,120,934
Total nondepreciable capital assets		37,830,768	3,662,312	3,623,685	37,869,395
Depreciable capital assets:					
Buildings - Borough		23,797,767	845,049	-	24,642,816
Buildings - School		102,361,783	1,374,848	-	103,736,631
Equipment		4,489,293	466,982	261,085	4,695,190
Equipment - Ward Cove		6,995	-	-	6,995
Fields		3,689,284	472,392	-	4,161,676
Infrastructure		891,714	219,408	-	1,111,122
Land Improvements		466,883	-	-	466,883
Pool		22,772,030	-	-	22,772,030
South Tongass Water		8,335,833	-	-	8,335,833
Transit - Buses		2,262,110	-	-	2,262,110
Total depreciable capital assets		169,073,692	3,378,679	261,085	172,191,286
Total cost of capital assets		206,904,460	7,040,991	3,884,770	210,060,681
Accumulated depreciation:					
Buildings - Borough		3,787,649	604,464	-	4,392,113
Buildings - School		30,082,014	2,353,971	-	32,435,985
Equipment		2,790,860	260,014	234,360	2,816,514
Fields		1,478,645	151,127	-	1,629,772
Infrastructure		644,642	37,379	-	682,021
Land Improvements		67,382	23,344	-	90,726
Pool		-	910,881	-	910,881
South Tongass Water		337,458	166,717	-	504,175
Transit - Buses		887,946	171,986	-	1,059,932
Total accumulated depreciation		40,076,596	4,679,883	234,360	44,522,119
Governmental activities capital assets, net	$	166,827,864	2,361,108	3,650,410	165,538,562

Governmental activities depreciation:		
Administration	$	74,646
Education		2,362,293
Fire and EMS		212,634
Parks and Recreation		1,120,055
Public Service		665,851
Public Works		33,661
Transit		210,743
Total govermental activities depreciation expense	$	4,679,883

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		Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
Business-type activities:					
Nondepreciable capital assets					
Construction in progress	$	907,889	1,748,610	-	2,656,499
Depreciable capital assets:					
Ferry		14,177,843	117,192	-	14,295,035
Field		4,203,971	84,414	21,231	4,267,154
Terminal building		10,100,202	34,113	-	10,134,315
Murphy's landing		208,800	-	-	208,800
Sludge/compost		135,530	-	135,530	-
Wastewater		270,261	-	-	270,261
Mountain Point wastewater		13,771,289	21,200	-	13,792,489
Forest Park wastewater		32,700	-	-	32,700
Total depreciable capital assets		42,900,596	256,919	156,761	43,000,754
Total capital assets		43,808,485	2,005,529	156,761	45,657,253
Accumulated depreciation:					
Ferry		3,145,593	698,536	-	3,844,129
Field		2,652,827	90,089	21,230	2,721,686
Terminal building		5,255,912	186,644	-	5,442,556
Murphy's landing		208,800	-	-	208,800
Sludge/compost		135,078	451	135,529	-
Wastewater		211,156	12,479	-	223,635
Mountain Point wastewater		3,710,518	342,828	-	4,053,346
Forest Park wastewater		30,319	1,308	-	31,627
Total accumulated depreciation		15,350,203	1,332,335	156,759	16,525,779
Business-type activities capital assets, net	$	28,458,282	673,194	2	29,131,474

3-*E. Interfund Balances and Transfers*

Interfund balances at June 30, 2014, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The Borough expects to repay interfund balances due to the Economic Development Fund over five years. The balances due to the Land Trust Fund are interfund loans and payment schedules have been established for the various funds that call for repayment within eight years.

	Payable From:			
Payable to:	Non-Major Governmental Special Revenue Funds	Airport Enterprise Fund	Wastewater Enterprise Fund	Total
Land Trust Fund - Advances Receivable	$ 531,719	184,233	381,781	1,097,733
Economic Development- Advances Receivable	524,936	538,477	-	1,063,413
Total	$ 1,056,655	722,710	381,781	2,161,146

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Interfund transfers for the year ended June 30, 2014, consisted of the following:

	Transfers From:		
Transfers To:	General Fund	Land Trust Fund	School Bond Capital Imp. Fund
General Fund	$ -	174,036	81,154
Debt Service	-	306,518	3,633,981
Non-Major Governmental	54,405	-	162,980
Airport Enterprise	5,500	-	-
Total	$ 59,905	480,554	3,878,115

	Transfers From:		
Transfers To:	Economic Development Fund	Non-Major Governmental Funds	Totals
General Fund	$ 120,000	844,781	1,219,971
Debt Service	-	1,373,782	5,314,281
Non-Major Governmental	-	206,339	423,724
Airport Enterprise	-	179,381	184,881
Total	$ 120,000	2,604,283	7,142,857

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

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

3-F. Compensated Absences

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

3-G. Operating Leases

The Borough leases the Ketchikan International Airport from the State of Alaska at the rate of one dollar per year under a 42-year lease agreement that expires May 31, 2027. Under the terms of this lease, the Borough is required to operate the airport for the use and benefit of the public and to perform all maintenance and repairs to the landing field. The lease further provides that the cost of repairs to a State of Alaska owned facilities are to be paid by the Borough. Major repairs are to be paid by the State of Alaska. In addition, the lease requires the Borough to maintain an airport enterprise fund and to account for all of the revenues, costs and expenses of operating the airport in this fund. Any excess of specified revenues over specified expenses, both of which are defined in the lease, must be credited to a separate reserve account and can only be used for certain purposes. No excess of specified revenues over specified expense exists in the airport enterprise fund as of June 30, 2014. As the lessor, the Borough subleases and sub-rents property described above. The leases that are in place as of June 30, 2014 have expiration dates through 2018. One long term land lease extends through 2027. The Borough also collects rents from the cooler building, hangers, land, seaplane dock, floatplane pullout, aircraft tie-downs, regulator building, ARFF/maintenance building, aircraft parking, and Murphy's Pullout. The Borough collects these rents on a month-to-month basis. At June 30, 2014, the majority of the Terminal Building tenants were renting on a month-to-month basis. Current airport terminal leases generate annual revenues of $651,381 on 170,867 square feet. Land leases generate annual revenues of $63,016 on 209,350 square feet.

3-H. Long-Term Debt

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

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

Fiscal Year		Principal	Interest	Total
2015	$	1,025,000	165,937	1,190,937
2016		520,000	114,688	634,688
2017		540,000	88,688	628,688
2018		575,000	61,687	636,687
2019		600,000	31,500	631,500
Total	$	3,260,000	462,500	3,722,500

Borough General Obligation Bonds, 2006A Series - General obligation bonds, Series 2006, denominations of $5,000, dated February 9, 2006, total issue $1,100,000. The bond proceeds were used for school health and safety projects. Interest rates are 4%. The bonds mature February 1, 2016. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Total
2015	$	125,000	10,200	135,200
2016		130,000	5,200	135,200
Total	$	255,000	15,400	270,400

Borough General Obligation Bonds, 2009A Tax–Exempt Series - General obligation bonds, Series 2009A, denominations of $5,000 or integral multiples thereof, dated December 18, 2009, total issue $3,075,000. The bond proceeds were used to construct a community aquatic center of which 17.848% will be considered a school facility. Interest rates range from 2.00% to 4.00%. The bonds mature February 1, 2016. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Total
2015	$	550,000	39,250	589,250
2016		575,000	17,250	592,250
Total	$	1,125,000	56,500	1,181,500

Borough General Obligation Bonds, 2009B&C Taxable Series - General obligation bonds, Series 2009B&C, denominations of $5,000 or integral multiples thereof, dated December 18, 2009, $16,681,000 taxable Build America Bond (2009B) and $3,744,000 taxable Recovery Zone Development Bond (2009C), total issue $20,425,000. The bond proceeds are being used to construct a community aquatic center of which 17.848% will be considered a school facility. Interest rates range from 1.53% to 6.118%. The bonds mature February 1, 2039. Annual debt service requirements as of June 30, 2014 are as follows:

Fiscal Year		Principal	Interest	Interest Subsidy	Net Interest	Total
2015	$	-	1,185,519	(437,837)	747,682	747,682
2016		-	1,185,519	(437,838)	747,681	747,681
2017		590,000	1,185,519	(437,838)	747,681	1,337,681
2018		610,000	1,158,232	(428,287)	729,945	1,339,945
2019		625,000	1,129,104	(418,092)	711,012	1,336,012
2020-2024		3,445,000	5,154,272	(1,918,524)	3,235,748	6,680,748
2025-2029		4,125,000	4,128,244	(1,420,612)	2,707,632	6,832,632
2030-2034		4,990,000	2,787,667	(1,090,212)	1,697,455	6,687,455
2035-2039		6,040,000	1,135,195	(489,529)	645,666	6,685,666
Total	$	20,425,000	19,049,271	(7,078,769)	11,970,502	32,395,502

Borough General Obligation Bonds, 2010A Series - General obligation bonds, Series 2010, denominations of $5,000, dated March 11, 2010, total issue $5,990,000. The bond proceeds were used to construct school facilities, and advance refund $5,900,000 of the 2000 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding is $530,120 over the term. The bonds mature March 1, 2020. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Total
2015	$	575,000	147,050	722,050
2016		600,000	129,800	729,800
2017		620,000	105,800	725,800
2018		650,000	81,000	731,000
2019		675,000	55,000	730,000
2020		700,000	28,000	728,000
Total	$	3,820,000	546,650	4,366,650

Borough General Obligation Bonds, 2010B Four Taxable Series - General obligation bonds, Series 2010B, denominations of $5,000, dated December 9, 2010, total issue $3,270,000. The bond proceeds were used for repairs and improvements to the Ketchikan High School roof. Interest rates range from 1.422% to 5.759%. The bonds mature August 1, 2025. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Interest Subsidy	Net Interest	Total
2015	$	210,000	124,573	(56,058)	68,515	278,515
2016		215,000	118,976	(53,539)	65,437	280,437
2017		220,000	112,198	(50,489)	61,709	281,709
2018		220,000	104,287	(46,929)	57,358	277,358
2019		225,000	95,209	(42,844)	52,365	277,365
2020-2024		1,220,000	311,185	(140,033)	171,152	1,391,152
2025		540,000	31,188	(14,035)	17,153	557,153
Total	$	2,850,000	897,616	(403,927)	493,689	3,343,689

(This page continued on the subsequent page)

Certificate of Participation 2010A-1 - White Cliff Tax-Exempt – Debt issued December 21, 2010, in the amount of $1,065,000. The debt was used to purchase the White Cliff Building, which is the new home of Ketchikan Gateway Borough's administrative offices. Interest rates range from 3.00% to 4.00%. The debt will be paid off July 1, 2018. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Total
2015	$	140,000	22,400	162,400
2016		145,000	18,200	163,200
2017		150,000	12,400	162,400
2018		160,000	6,400	166,400
Total	$	595,000	59,400	654,400

Certificate of Participation 2010A-2- White Cliff Taxable – Debt issued December 21, 2010, in the amount of $3,700,000. The debt was used to purchase the White Cliff Building, which is the new home of Ketchikan Gateway Borough's administrative offices. Interest rates range from 5.781% to 6.863%. The debt will be paid off July 1, 2035. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Interest Subsidy	Net Interest	Total
2015	$	-	240,244	(108,110)	132,134	132,134
2016		-	240,244	(108,109)	132,135	132,135
2017		-	240,244	(108,109)	132,135	132,135
2018		-	240,244	(108,110)	132,134	132,134
2019		165,000	240,244	(108,110)	132,134	297,134
2020-2024		900,000	1,052,358	(473,561)	578,797	1,478,797
2025-2029		1,070,000	760,315	(342,142)	418,173	1,488,173
2030-2034		1,280,000	367,513	(156,734)	210,779	1,490,779
2035-2036		285,000	19,560	(8,802)	10,758	295,758
Total	$	3,700,000	3,400,966	(1,521,787)	1,879,179	5,579,179

Borough General Obligation Bonds, 2011 III Series - General obligation bonds, Series 2011, denominations of $5,000, dated November 30, 2011, total issue $4,900,000. The bond proceeds were used to advance refund $5,900,000 of the 2003 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding is $375,553 over the term. The bonds mature September 1, 2022. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Total
2015	$	415,000	205,325	620,325
2016		435,000	186,250	621,250
2017		450,000	166,300	616,300
2018		475,000	143,175	618,175
2019		500,000	118,800	618,800
2020-2023		2,230,000	226,650	2,456,650
Total	$	4,505,000	1,046,500	5,551,500

Borough General Obligation Bonds, 2012 II Series - General obligation bonds, Series 2012, denominations of $5,000, dated May 24, 2012, total issue $3,080,000. The bond proceeds were used to advance refund $3,090,000 of the 2005 general obligation bonds. Interest rates range from 2.00% to 5.00%. Net present value savings on the refunding is $187,620 over the term. The bonds mature September 1, 2019. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year		Principal	Interest	Total
2015	$	-	135,450	135,450
2016		565,000	124,150	689,150
2017		585,000	101,150	686,150
2018		605,000	77,350	682,350
2019		640,000	49,250	689,250
2020		665,000	16,625	681,625
Total	$	3,060,000	503,975	3,563,975

Borough General Obligation Bonds, 2013 One Series - General obligation bonds, Series 2013, denominations of $5,000, dated March 12, 2013, total issue $4,875,000. The bond proceeds will be used for school district facility upgrades. Interest rates range from 2% - 5%. The bonds mature February 1, 2023. Annual debt service requirements as of June 30, 2014 follow:

Fiscal Year	Principal	Interest	Total
2015	$ 425,000	185,150	610,150
2016	440,000	168,150	608,150
2017	460,000	150,550	610,550
2018	475,000	132,150	607,150
2019	495,000	113,150	608,150
2020-2023	2,210,000	225,400	2,435,400
Total	$ 4,505,000	974,550	5,479,550

Defeased Bonds – In fiscal year 2012, Ketchikan Gateway Borough partially defeased its general obligation 2005B series bonds. At June 30, 2014, $3,090,000 of bonds outstanding is considered defeased, and the trust account assets and the liability for the defeased bonds are not included in the Borough's financial statements.

Borough Capital Lease: In June 2004, the Borough entered into a capital lease with E-One, Inc. for two (2) E-One Polar Bear Tankers for the North Tongass Fire Department. The Borough took possession of the tankers in July 2004. The lease calls for ten (10) annual payments in arrears with interest computed at 4.95%. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The lease balance was paid in full at June 30, 2014.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	$ 399,134
Less accumulated depreciation	(198,738)
Total net book value	$ 200,396

Changes in Long-term Debt - Changes in the Borough's long-term obligations consisted of the following for the year ended June 30, 2014:

Governmental Activities		Outstanding 7/1/2013	Additions	Reductions	Outstanding 6/30/2014	Amounts Due in One Year
GO Bonds - 2005B	$	4,235,000	-	975,000	3,260,000	1,025,000
GO Bonds - 2006A		375,000	-	120,000	255,000	125,000
GO Bonds - 2009A		1,660,000	-	535,000	1,125,000	550,000
GO Bonds - 2009B & C		20,425,000	-	-	20,425,000	-
GO Bonds - 2010A One		4,385,000	-	565,000	3,820,000	575,000
GO Bonds - 2010B Four		3,060,000	-	210,000	2,850,000	210,000
GO Bonds - 2011 III		4,900,000	-	395,000	4,505,000	415,000
GO Bonds - 2012 II		3,060,000	-	-	3,060,000	-
GO Bonds - 2013 One		4,875,000	-	370,000	4,505,000	425,000
Certificates of Participation						
C of P 2010A-1		735,000	-	140,000	595,000	140,000
C of P 2010A-2		3,700,000	-	-	3,700,000	-
E-One Lease - (Fire Equipment)		48,741	-	48,741	-	-
Compensated absences		671,250	607,491	590,246	688,495	617,722
Total Governmental Activities	$	52,129,991	607,491	3,948,987	48,788,495	4,082,722
Business-Type Activities						
Compensated absences	$	243,814	167,791	189,991	221,614	156,313
Total Business-Type Activities	$	243,814	167,791	189,991	221,614	156,313

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

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

3-I. Pensions

Defined Benefit Pension Plan

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

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

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

Conversion to Cost Sharing

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

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

GASB 43 Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For FY14, the rate uses an 8.00% pension discount rate and a 5.41% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

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

Contribution rates for the year ended June 30, 2014 were determined as part of the June 30, 2011 actuarial valuation and are as follows:

	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	10.64%	18.38%	27.94%
Postemployment healthcare	11.36%	17.30%	52.55%
Total contribution rate	22.00%	35.68%	80.49%

Annual Pension and Postemployment Healthcare Cost

Ketchikan Gateway Borough is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.68% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, this contribution is considered an on-behalf payment and is recorded as revenue and expense/expenditures in these financial statements. However, because Ketchikan Gateway Borough is not statutorily obligated for these payments, the State's contributions, in the amounts of $801,854, $797,259, and $621,415 for 2014, 2013, and 2012, respectively, have been excluded from pension and OPEB cost as shown below.

Year Ended June 30,	Required Pension Contribution	Required OPEB Contribution	Total Required Contribution	Borough Contributions
2014	$ 515,894	$ 550,885	$ 1,066,779	$ 1,066,779
2013	465,110	593,161	1,058,271	1,058,271
2012	456,842	556,315	1,013,157	1,013,157

Defined Contribution Pension Plan

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

Employee Contribution Rates

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

Employer Contribution Rates

For the year ended June 30, 2014, Ketchikan Gateway Borough was required to contribute the following amounts based on covered salary:

	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.20%	1.14%
	5.68%	6.62%

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of ***all employees of all employers*** in the plan". As of July 1, 2013, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates $1,897 per year for each full-time employee, and $1.22 per hour for part-time employees.

Finally, the total employer contribution must equal 22% of covered payroll. After subtracting the defined contribution (DC) rates and the HRA contribution, any residual amount of the 22% will be deposited into the defined benefit (DB) plan. Known as the DBUL payment, this amount is intended to mitigate against the declining payroll base that resulted from the creation of the DC plan.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. Ketchikan Gateway Borough and employee contributions to PERS including the HRA contribution for the year ended June 30, 2014 were $181,023 and $154,444, respectively.

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

International Brotherhood of Electrical Workers
The International Brotherhood of Electrical Workers (IBEW) retirement plan is a union sponsored defined benefit plan. The plan is funded entirely by employer contributions based upon hourly rates, which are determined by the collective bargaining process. The Borough exercises no fiduciary responsibility over the IBEW plan. Employees who are members of the IBEW are eligible to participate immediately upon employment and are fully vested after ten years of service.

Contributions for members who were employed in Borough positions were $3.00 for the period of July 1, 2009 through June 30, 2014 per non-premium hour worked. The Borough's total IBEW payroll for the year ended June 30, 2014 for covered employees totaled $742,885. The total amount contributed to the IBEW plan in FY 2014 was $108,190. The Borough's obligation under the IBEW retirement plan is limited to the amount paid to the Alaska Electrical Trust Fund.

3-J. Net Investment in Capital Assets

The "Net Investment in Capital Assets" on the government-wide statement of net assets as of June 30, 2014 is as follows:

Net investment in capital assets	Governmental Activities	Business Type Activities
Cost of capital assets	$ 210,060,681	$ 45,657,253
Less accumulated depreciation	(44,522,119)	(16,525,779)
Book value	165,538,562	29,131,474
Less capital related debt	(50,101,501)	-
Plus deferred loss on refunding	555,408	-
Plus unspent bond proceeds	5,454,427	-
Net investment in capital assets	$ 121,446,896	$ 29,131,474

Restricted net position for governmental activities consists of the following at June 30, 2014:

		Governmental Activities
Net Position		
Restricted:		
Commercial passenger vessel impact	$	3,899,318
Dock improvements		14,759
Library operations		63,747
Public safety and water		119,514
Recreation		2,771,072
Road maintenance		280,579
Total Restricted	$	7,148,989

Note 4 - Other Notes

4-A. Risk Management

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

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

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

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

Ketchikan Gateway Borough booked a liability for claims for services provided to Borough and School District employees prior to June 30, 2014, but not billed until after fiscal year end. The amount booked for the Borough was $60,200 and $265,577 was booked for the Ketchikan Gateway Borough School District.

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

Effective FY2004, the International Brotherhood of Electrical Workers (IBEW) elected to have their membership enroll in the Alaska Electrical Health & Welfare Fund (AEH&WF). The Borough contributes to the IBEW plan based on the membership of the union. Currently the Borough contributes $1,595 per month per member. The portion paid on behalf of IBEW employees is reported at the Fund level as "premiums."

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

A schedule of the changes in the claims liability for the years ended June 30, 2013 and June 30, 2014 follows:

		Ketchikan Gateway Borough	Borough School District	Total
Claims payable at June 30, 2012	$	160,973	215,274	376,247
Premiums expense		308,494	-	308,494
Claims expense		1,617,774	3,216,383	4,834,157
Claims and premiums paid		(1,982,118)	(3,181,020)	(5,163,138)
Claims payable at June 30, 20113.		105,123	250,637	355,760
Premiums expense		308,887	-	308,887
Claims expense		1,369,951	4,291,942	5,661,893
Claims and premiums paid		(1,723,761)	(4,277,002)	(6,000,763)
Claims payable at June 30, 2014	$	60,200	265,577	325,777

4-B. Contingent Liabilities

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

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

Note 5 – New Accounting Pronouncements

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

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

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

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

Ketchikan Gateway Borough, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

		Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$	3,157,880	-	3,157,880
Prepaid items		75,034	-	75,034
Restricted cash and investments		4,038,584	-	4,038,584
Receivables:				
Accounts		101,873	-	101,873
Intergovernmental		819	50,163	50,982
Property taxes		3,089	-	3,089
Sales taxes		470,073	-	470,073
Total Assets	$	7,847,352	50,163	7,897,515
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts payable	$	289,561	-	289,561
Interfund payable		2,517	50,163	52,680
Interfund advances payable		1,056,655	-	1,056,655
Unearned revenue		62,378	-	62,378
Total Liabilities		1,411,111	50,163	1,461,274
Deferred Inflows				
Property tax revenues		1,617	-	1,617
Total Liabilities and Deferred Inflows		1,412,728	50,163	1,462,891
Fund Balances				
Nonspendable		75,034	-	75,034
Restricted		7,148,989	-	7,148,989
Unassigned (deficit)		(789,399)	-	(789,399)
Total Fund Balances		6,434,624	-	6,434,624
Total Liabilities, Deferred Inflows and Fund Balances	$	7,847,352	50,163	7,897,515

Ketchikan Gateway Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 3,203,919	-	3,203,919
Intergovernmental	288,334	-	288,334
Charges for services	320,453	-	320,453
Water fees	217,149	-	217,149
Commercial passenger vessel tax	2,240,210	-	2,240,210
Interest subsidy	-	606,982	606,982
Investment earnings	2,199	-	2,199
Miscellaneous	372,702	-	372,702
Total Revenues	6,644,966	606,982	7,251,948
Expenditures			
Current			
Library services	422,570	-	422,570
Fire and EMS	1,163,729	-	1,163,729
Water treatment and distribution	318,826	-	318,826
Public services	1,699,052	-	1,699,052
Capital Outlay	261,769	-	261,769
Debt Service			
Principal retirement	-	3,358,741	3,358,741
Interest and fiscal charges	-	2,562,522	2,562,522
Total Expenditures	3,865,946	5,921,263	9,787,209
Excess (Deficiency) of Revenues Over Expenditures	2,779,020	(5,314,281)	(2,535,261)
Other Financing Sources (Uses)			
Transfers in	423,724	5,314,281	5,738,005
Transfers out	(2,604,283)	-	(2,604,283)
Total Other Financing Sources (Uses)	(2,180,559)	5,314,281	3,133,722
Net Change in Fund Balances	598,461	-	598,461
Fund Balances Beginning of Year	5,836,163	-	5,836,163
Fund Balances End of Year	$ 6,434,624	-	6,434,624

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

	Airport PFC	Commercial Passenger Vessel	Forest Park Service Area	Gold Nugget Service Area	Gold Nugget Special Assessment Area	Homestead Service Area	Loring Service Area	Mud Bight Service Area
Assets								
Cash and investments	$ -	-	129,898	48,467	-	41,512	80,588	49,834
Restricted cash and investments	-	4,038,584	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Receivables:								
Accounts	67,512	-	205	629	-	-	-	3,545
Intergovernmental	-	-	-	-	-	-	25	-
Property taxes	-	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Total Assets	$ 67,512	4,038,584	130,103	49,096	-	41,512	80,613	53,379
Liabilities, Deferred Inflows, and Fund Balances								
Liabilities								
Accounts payable	$ -	139,266	462	-	-	83	3,476	-
Interfund payable	-	-	-	-	2,517	-	-	-
Interfund advances payable	524,936	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	62,378	-
Total Liabilities	524,936	139,266	462	-	2,517	83	65,854	-
Deferred Inflows								
Property tax revenues	-	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	524,936	139,266	462	-	2,517	83	65,854	-
Fund Balances (Deficits)								
Nonspendable		-	-	-	-	-	-	-
Restricted		3,899,318	129,641	49,096	-	41,429	14,759	53,379
Unassigned (deficit)	(457,424)	-	-	-	(2,517)	-	-	-
Total Fund Balances (Deficits)	(457,424)	3,899,318	129,641	49,096	(2,517)	41,429	14,759	53,379
Total Liabilities, Deferred Inflows and Fund Balances	$ 67,512	4,038,584	130,103	49,096	-	41,512	80,613	53,379

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

	Nichols View Service Area	Non-areawide Library	North Tongass Fire and EMS	Recreation Sales Tax	South Tongass Service Area	Waterfall Service Area	Total Nonmajor Special Revenue Funds
Assets							
Cash and investments	$ 7,034	61,814	260,256	2,329,239	125,178	24,060	3,157,880
Restricted cash and investments	-	-	-	-	-	-	4,038,584
Prepaid items	-	-	75,034	-	-	-	75,034
Receivables:							
Accounts	-	-	5,997	-	10,816	13,169	101,873
Intergovernmental	-	794	-	-	-	-	819
Property taxes	-	1,501	753	-	835	-	3,089
Sales taxes	-	-	-	470,073	-	-	470,073
Total Assets	$ 7,034	64,109	342,040	2,799,312	136,829	37,229	7,847,352
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities							
Accounts payable	$ -	-	97,974	28,240	17,310	2,750	289,561
Interfund payable	-	-	-	-	-	-	2,517
Interfund advances payable	-	-	463,740	-	-	67,979	1,056,655
Unearned revenue	-	-	-	-	-	-	62,378
Total Liabilities	-	-	561,714	28,240	17,310	70,729	1,411,111
Deferred Inflows							
Property tax revenues	-	362	1,250	-	5	-	1,617
Total Liabilities and Deferred Inflows	-	362	562,964	28,240	17,315	70,729	1,412,728
Fund Balances (Deficits)							
Nonspendable	-	-	75,034	-	-	-	75,034
Restricted	7,034	63,747	-	2,771,072	119,514	-	7,148,989
Unassigned (deficit)	-	-	(295,958)	-	-	(33,500)	(789,399)
Total Fund Balances (Deficits)	7,034	63,747	(220,924)	2,771,072	119,514	(33,500)	6,434,624
Total Liabilities, Deferred Inflows and Fund Balances	$ 7,034	64,109	342,040	2,799,312	136,829	37,229	7,847,352

Ketchikan Gateway Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
For the Year Ended June 30, 2014

	Airport PFC	Commercial Passenger Vessel	Forest Park Service Area	Gold Nugget Service Area	Gold Nugget Special Assessment Area	Homestead Service Area	Loring Service Area	Mud Bight Service Area
Revenues								
Taxes	$ -	-	58,297	-	-	-	2,147	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	23,435	-	23,061	-	13,121
Water fees	-	-	-	-	-	-	-	-
Commercial passenger vessel tax	-	2,240,210	-	-	-	-	-	-
Investment earnings (loss)	-	2,277	32	9	-	14	15	10
Miscellaneous	362,088	-	-	-	-	-	-	-
Total Revenues	362,088	2,242,487	58,329	23,444	-	23,075	2,162	13,131
Expenditures								
Current								
Library services	-	-	-	-	-	-	-	-
Fire and EMS	-	-	-	-	-	-	-	-
Water treatment and distribution	-	-	-	-	-	-	-	-
Public services	-	1,376,784	84,563	14,726	-	33,733	5,131	14,721
Capital Outlay	-	9,473	-	-	-	-	-	-
Total Expenditures	-	1,386,257	84,563	14,726	-	33,733	5,131	14,721
Excess (Deficiency) of Revenues Over Expenditures	362,088	856,230	(26,234)	8,718	-	(10,658)	(2,969)	(1,590)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	2,805	-	-
Transfers out	-	(877,021)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(877,021)	-	-	-	2,805	-	-
Net Change in Fund Balances (Deficits)	362,088	(20,791)	(26,234)	8,718	-	(7,853)	(2,969)	(1,590)
Fund Balances (Deficits) Beginning of Year	(819,512)	3,920,109	155,875	40,378	(2,517)	49,282	17,728	54,969
Fund Balances (Deficits) End of Year	$ (457,424)	3,899,318	129,641	49,096	(2,517)	41,429	14,759	53,379

Ketchikan Gateway Borough, Alaska

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), continued

	Nichols View Service Area	Nonareawide Library	North Tongass Fire and EMS	Recreation Sales Tax	South Tongass Service Area	Waterfall Service Area	Total Nonmajor Special Revenue Funds
Revenues							
Taxes	$ -	394,865	582,485	1,717,608	448,517	-	3,203,919
Intergovernmental	-	-	26,641	244,297	17,396	-	288,334
Charges for services	-	-	166,484	-	61,740	32,612	320,453
Water fees	-	-	-	-	217,149	-	217,149
Commercial passenger vessel tax	-	-	-	-	-	-	2,240,210
Investment earnings (loss)	1	21	(683)	464	36	3	2,199
Miscellaneous	-	-	-	-	10,614	-	372,702
Total Revenues	1	394,886	774,927	1,962,369	755,452	32,615	6,644,966
Expenditures							
Current							
Library services	-	422,570	-	-	-	-	422,570
Fire and EMS	-	-	611,600	-	552,129	-	1,163,729
Water treatment and distribution	-	-	-	-	318,826	-	318,826
Public services	500	-	-	157,686	-	11,208	1,699,052
Capital Outlay	-	-	59,452	37,491	79,753	75,600	261,769
Total Expenditures	500	422,570	671,052	195,177	950,708	86,808	3,865,946
Excess (Deficiency) of Revenues Over Expenditures	(499)	(27,684)	103,875	1,767,192	(195,256)	(54,193)	2,779,020
Other Financing Sources (Uses)							
Transfers in	-	16,741	92,214	175,081	136,883	-	423,724
Transfers out	-	-	(51,155)	(1,676,107)	-	-	(2,604,283)
Total Other Financing Sources (Uses)	-	16,741	41,059	(1,501,026)	136,883	-	(2,180,559)
Net Change in Fund Balances (Deficits)	(499)	(10,943)	144,934	266,166	(58,373)	(54,193)	598,461
Fund Balances (Deficits) Beginning of Year	7,533	74,690	(365,858)	2,504,906	177,887	20,693	5,836,163
Fund Balances (Deficits) End of Year	$ 7,034	63,747	(220,924)	2,771,072	119,514	(33,500)	6,434,624

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DEBT SERVICE FUNDS

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

Ketchikan Gateway Borough, Alaska
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	2005B G.O. Bond Redemption Fund	2006A G.O. Bond Redemption Fund	2009-4 G.O. Bond Redemption Fund	2009-4 G.O. Bond Redemption Fund
Revenues				
Intergovernmental - interest subsidy	$ -	-	-	453,192
Expenditures				
Debt Service				
Principal retirement	975,000	120,000	535,000	-
Interest and fiscal charges	214,688	15,000	55,300	1,185,519
Total Expenditures	1,189,688	135,000	590,300	1,185,519
Excess (Deficiency) of Revenues Over Expenditures	(1,189,688)	(135,000)	(590,300)	(732,327)
Other Financing Sources				
Transfers in	1,189,688	135,000	590,300	732,327
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	-	-	-	-
Fund Balances End of Year	$ -	-	-	-

Ketchikan Gateway Borough, Alaska
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	2010A One Certificate of Participation Fund	2010B One Certificate of Participation Fund	2010B 2 Four Bond Redemption Fund	2010 One Bond Redemption Fund
Revenues				
Intergovernmental - interest subsidy	$ -	100,326	53,464	-
Expenditures				
Debt Service				
Principal retirement	140,000	-	210,000	565,000
Interest and fiscal charges	26,600	240,244	129,087	164,000
Total Expenditures	166,600	240,244	339,087	729,000
Excess (Deficiency) of Revenues Over Expenditures	(166,600)	(139,918)	(285,623)	(729,000)
Other Financing Sources				
Transfers in	166,600	139,918	285,623	729,000
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	-	-	-	-
Fund Balances End of Year	$ -	-	-	-

Ketchikan Gateway Borough, Alaska
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

		2011 III Bond Redemption Fund	2012 Two G.O. Bond Redemption Fund	2013 One G.O. Bond Redemption Fund	E-One Capital Lease Fund	Total Nonmajor Debt Service Funds
Revenues						
Intergovernmental - interest subsidy	$	-	-	-	-	606,982
Expenditures						
Debt Service						
Principal retirement		395,000	-	370,000	48,741	3,358,741
Interest and fiscal charges		223,600	135,450	170,620	2,414	2,562,522
Total Expenditures		618,600	135,450	540,620	51,155	5,921,263
Excess (Deficiency) of Revenues Over Expenditures		(618,600)	(135,450)	(540,620)	(51,155)	(5,314,281)
Other Financing Sources						
Transfers in		618,600	135,450	540,620	51,155	5,314,281
Net Change in Fund Balances		-	-	-	-	-
Fund Balances Beginning of Year		-	-	-	-	-
Fund Balances End of Year	$	-	-	-	-	-

GENERAL FUND
and
MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

Ketchikan Gateway Borough, Alaska
General Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	3,926,830	5,029,119
Receivables:			
Accounts		88,386	99,178
Intergovernmental		1,202,185	1,018,180
Property taxes		166,934	159,470
Sales taxes		4,612,100	4,326,154
Interfund receivable		2,778,285	723,670
Total Assets	$	12,774,720	11,355,771
Liabilities, Deferred Inflows and Fund Balance			
Liabilities			
Accounts payable	$	379,884	287,663
Accrued salaries and benefits		5,774	6,440
Unearned revenues		51,058	52,642
Intergovernmental payable		3,291,303	2,919,558
Due to component unit		994,659	1,569,633
Deposits payable		111,545	83,844
Total Liabilities		4,834,223	4,919,780
Deferred Inflows			
Property tax revenues		149,829	159,470
Total Liabilities and Deferred Inflows		4,984,052	5,079,250
Fund Balance			
Unassigned		7,790,668	6,276,521
Total Liabilities, Deferred Inflows and Fund Balance	$	12,774,720	11,355,771

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Ketchikan Gateway Borough, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes:					
Real and personal property	$ 6,593,984	6,593,984	6,610,828	16,844	6,198,989
Automobile and boat	60,000	60,000	61,287	1,287	65,530
Sales	5,347,500	5,347,500	5,190,437	(157,063)	5,220,005
Penalties and interest	40,000	40,000	21,126	(18,874)	90,776
Total taxes	12,041,484	12,041,484	11,883,678	(157,806)	11,575,300
Licenses and permits					
Zoning fees	-	-	90	90	835
Intergovernmental:					
State fisheries tax	620,000	620,000	724,747	104,747	684,559
State revenue sharing	630,811	630,811	633,457	2,646	897,081
PERS relief	522,372	522,372	550,619	28,247	537,940
Alaska State Housing Authority - PILT	36,000	36,000	29,466	(6,534)	17,642
Federal payment in lieu of taxes	800,000	800,000	1,102,193	302,193	1,017,546
State operating grant - transit system	900,000	994,530	1,184,046	189,516	971,367
State license refunds	2,500	2,500	-	(2,500)	-
National forest receipts	-	-	1,045,870	1,045,870	167
Total intergovernmental	3,511,683	3,606,213	5,270,398	1,664,185	4,126,302
Charges for services:					
Animal control	50,000	50,000	36,866	(13,134)	46,357
Bus system revenue	250,000	250,000	222,236	(27,764)	242,111
Parks and recreation	700,000	700,000	753,563	53,563	732,284
Other revenues	655,500	655,500	700,286	44,786	710,532
Total charges for services	1,655,500	1,655,500	1,712,951	57,451	1,731,284
Investment earnings	20,000	20,000	1,206	(18,794)	1,540
Total Revenues	17,228,667	17,323,197	18,868,323	1,545,126	17,435,261
Other Financing Sources					
Transfers In:					
Commercial Passenger Vessel Fund	491,301	491,301	491,301	-	359,633
Economic Development Assistance Program Fund	120,000	120,000	120,000	-	240,000
Land Trust Fund	174,036	174,036	174,036	-	190,000
Recreation Sales Tax Fund	353,480	353,480	353,480	-	319,872
School Bond Capital Improvements Fund	160,000	160,000	81,154	(78,846)	84,372
Total Other Financing Sources	1,298,817	1,298,817	1,219,971	(78,846)	1,193,877
Total Revenues and Other Financing Sources	18,527,484	18,622,014	20,088,294	1,466,280	18,629,138

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

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Expenditures					
Current:					
General government:					
Mayor and assembly	$ 175,105	177,985	139,080	38,905	142,291
Manager	948,955	948,955	883,727	65,228	870,054
Clerk	414,555	414,755	401,301	13,454	376,192
Law	403,090	403,090	365,259	37,831	386,407
Finance	1,282,996	1,282,996	1,310,627	(27,631)	1,286,982
Assessment	750,092	750,092	711,123	38,969	670,201
Automation	465,997	465,997	401,405	64,592	504,822
Total general government	4,440,790	4,443,870	4,212,522	231,348	4,236,949
Less recovery of expenditures from other funds	(628,652)	(628,652)	(628,273)	(379)	(623,679)
Net general government	3,812,138	3,815,218	3,584,249	230,969	3,613,270
Public services:					
Animal protection	504,064	504,064	479,994	24,070	447,157
Planning	626,167	636,167	665,586	(29,419)	604,045
Community education grants	-	-	-	-	276
Total public services	1,130,231	1,140,231	1,145,580	(5,349)	1,051,478
Parks and recreation	2,417,902	2,417,902	2,306,465	111,437	2,303,059
Public works	1,256,758	1,286,595	1,030,382	256,213	1,182,394
Transit - bus system	1,919,220	2,013,270	1,994,798	18,472	1,862,205
Nondepartmental	263,786	265,467	260,433	5,034	227,909
Education	8,050,000	8,050,000	8,050,000	-	8,239,518
Capital Outlay	271,835	271,835	142,335	129,500	134,604
Total Expenditures	19,121,870	19,260,518	18,514,242	746,276	18,614,437
Other Financing Uses					
Transfers Out:					
Airport Fund	5,500	5,500	5,500	-	5,500
Homestead Service Area Fund	2,805	2,805	2,805	-	2,888
Fire and EMS	51,600	51,600	51,600	-	51,600
School Bond CIP	-	-	-	-	539,000
Total Other Financing Uses	59,905	59,905	59,905	-	598,988
Total Expenditures and Other Financing Uses	19,181,775	19,320,423	18,574,147	746,276	19,213,425
Net Change in Fund Balance	$ (654,291)	(698,409)	1,514,147	2,212,556	(584,287)
Fund Balance Beginning of Year			6,276,521		6,860,808
Fund Balance End of Year			$ 7,790,668		6,276,521

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments:			
Unrestricted	$	1,646,197	1,374,265
Restricted		407,596	407,481
Receivables:			
Accounts		1,101	4,240
Interfund advances		1,097,733	1,189,386
Total Assets	$	3,152,627	2,975,372
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	4,842	10,280
Deposits		11,841	4,181
Total Liabilities		16,683	14,461
Fund Balance			
Nonspendable-noncurrent portion of notes and advances		917,304	1,019,960
Committed for Borough-owned land management		2,218,640	1,940,951
Total Fund Balance		3,135,944	2,960,911
Total Liabilities and Fund Balance	$	3,152,627	2,975,372

Ketchikan Gateway Borough, Alaska
Land Trust Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	$ 414,792	414,792	426,778	11,986	395,443
Intergovernmental	3,597	3,597	-	(3,597)	7,141
Investment earnings	-	-	46,479	46,479	51,959
Proceeds from sale of property	250,000	250,000	473,320	223,320	-
Miscellaneous	-	-	16,514	16,514	13,070
Total Revenues	668,389	668,389	963,091	294,702	467,613
Expenditures					
Current					
Public services	406,156	406,156	307,504	98,652	273,378
Capital Outlay	300,000	300,000	-	300,000	440,733
Total Expenditures	706,156	706,156	307,504	398,652	714,111
Excess (Deficiency) of Revenues Over Expenditures	(37,767)	(37,767)	655,587	693,354	(246,498)
Other Financing Uses					
Transfers out	(443,195)	(443,195)	(480,554)	(37,359)	(492,488)
Net Change in Fund Balance	$ (480,962)	(480,962)	175,033	655,995	(738,986)
Fund Balance Beginning of Year			2,960,911		3,699,897
Fund Balance End of Year			$ 3,135,944		2,960,911

Ketchikan Gateway Borough, Alaska
School Bond Capital Improvements Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	3,939,111	3,969,591
Receivables:			
Intergovernmental		27,574	14,856
Sales taxes		470,073	475,045
Total Assets	$	4,436,758	4,459,492
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	4,950	1,044
Due to component unit		-	89,058
Total Liabilities		4,950	90,102
Fund Balance			
Committed for education		4,431,808	4,369,390
Total Liabilities and Fund Balance	$	4,436,758	4,459,492

Ketchikan Gateway Borough, Alaska

School Bond Capital Improvements Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	$ 1,767,400	1,767,400	1,711,478	(55,922)	1,650,132
Intergovernmental	2,502,295	2,502,295	2,513,044	10,749	3,353,421
Penalties and interest	10,000	10,000	6,130	(3,870)	81,275
Investment earnings	5,000	5,000	849	(4,151)	212
Total Revenues	4,284,695	4,284,695	4,231,501	(53,194)	5,085,040
Expenditures					
Current					
Public services	1,500	30,172	5,414	24,758	3,545
Capital Outlay	360,000	360,000	285,554	74,446	89,058
Total Expenditures	361,500	390,172	290,968	99,204	92,603
Excess of Revenues Over Expenditures	3,923,195	3,894,523	3,940,533	46,010	4,992,437
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	964,000
Transfers out	(4,111,698)	(4,111,698)	(3,878,115)	233,583	(3,362,129)
Total Other Financing Sources (Uses)	(4,111,698)	(4,111,698)	(3,878,115)	233,583	(2,398,129)
Net Change in Fund Balance	$ (188,503)	(217,175)	62,418	279,593	2,594,308
Fund Balance Beginning of Year			4,369,390		1,775,082
Fund Balance End of Year			$ 4,431,808		4,369,390

Ketchikan Gateway Borough, Alaska
Economic Development Assistance Program Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	5,440,678	5,973,317
Receivables:			
Accounts		4,864	1,443
Interfund advances		1,063,413	1,537,501
Total Assets	$	6,508,955	7,512,261
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	82,606	47,878
Deposits		1,000	8,660
Total Liabilities		83,606	56,538
Fund Balance			
Nonspendable:			
Nonspendable noncurrent advances		1,063,413	1,537,501
Assigned for economic development		5,361,936	5,918,222
Total Fund Balance		6,425,349	7,455,723
Total Liabilities and Fund Balance	$	6,508,955	7,512,261

Ketchikan Gateway Borough, Alaska

Economic Development Assistance Program Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Intergovernmental	$ 7,239	7,239	-	(7,239)	-
Charges for services	-	-	151	151	-
Investment earnings	-	-	1,480	1,480	387
Total Revenues	7,239	7,239	1,631	(5,608)	387
Expenditures					
Current					
Public services	433,949	1,071,949	912,005	159,944	384,501
Excess (Deficiency) of Revenues Over Expenditures	(426,710)	(1,064,710)	(910,374)	154,336	(384,114)
Other Financing Uses					
Transfers out	(120,000)	(120,000)	(120,000)	-	(293,000)
Net Change in Fund Balance	$ (546,710)	(1,184,710)	(1,030,374)	154,336	(677,114)
Fund Balance Beginning of Year			7,455,723		8,132,837
Fund Balance End of Year			$ 6,425,349		7,455,723

Ketchikan Gateway Borough, Alaska
State & Federal Grants Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Intergovernmental receivable	$	2,591,120	269,697
Total Assets	$	2,591,120	269,697
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	217,307	88,391
Interfund payable		2,373,813	157,020
Unearned revenue		-	24,286
Total Liabilities		2,591,120	269,697
Fund Balance		-	-
Total Liabilities and Fund Balance	$	2,591,120	269,697

Ketchikan Gateway Borough, Alaska
State and Federal Grants Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 2014 and 2013

	2014	2013
Revenues		
Intergovernmental	$ 1,716,032	455,068
Expenditures		
Current		
Public services	641,155	410,081
Capital Outlay	1,074,877	44,987
Total Expenditures	1,716,032	455,068
Net Change in Fund Balance	-	-
Fund Balance Beginning of Year	-	-
Fund Balance End of Year	$ -	-

NONMAJOR SPECIAL REVENUE FUNDS

Airport Passenger Facilities Charges (PFC) – This fund is used to account for PFC revenues received from varying airlines. These funds are used to pay for the principal and interest payments of the Airport revenue bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

Ketchikan Gateway Borough, Alaska
Airport PFC Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Accounts receivable	$	67,512	30,983
Total Assets	$	67,512	30,983
Liabilities			
Interfund advances payable	$	524,936	850,495
Fund Balance			
Unassigned (deficit)		(457,424)	(819,512)
Total Liabilities and Fund Balance	$	67,512	30,983

Ketchikan Gateway Borough, Alaska
Airport PFC Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Deficit - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
PFC revenues	$ 315,000	315,000	362,088	47,088	330,215
Investment earnings	-	-	-	-	21
Total Revenues	315,000	315,000	362,088	47,088	330,236
Other Financing Uses					
Transfers out	(315,000)	(315,000)	-	315,000	(1,417,979)
Net Change in Fund Balance	$ -	-	362,088	362,088	(1,087,743)
Deficit Beginning of Year			(819,512)		268,231
Deficit End of Year		$	(457,424)		(819,512)

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Restricted cash and investments	$	4,038,584	4,101,616
Total Assets	$	4,038,584	4,101,616
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	139,266	181,507
Fund Balance			
Restricted for commercial passenger vessel impact		3,899,318	3,920,109
Total Liabilities and Fund Balance	$	4,038,584	4,101,616

Ketchikan Gateway Borough, Alaska
Commercial Passenger Vessel Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Intergovernmental	$ 18,949	18,949	-	(18,949)	-
Commercial passenger vessel tax	2,000,000	2,000,000	2,240,210	240,210	1,977,770
Investment earnings	-	-	2,277	2,277	2,388
Total Revenues	2,018,949	2,018,949	2,242,487	223,538	1,980,158
Expenditures					
Current					
Public services	3,339,674	3,494,264	1,376,784	2,117,480	950,567
Capital Outlay	-	33,296	9,473	23,823	90,187
Total Expenditures	3,339,674	3,527,560	1,386,257	2,141,303	1,040,754
Excess (Deficiency) of Revenues Over Expenditures	(1,320,725)	(1,508,611)	856,230	2,364,841	939,404
Other Financing Uses					
Transfers out	(379,825)	(877,021)	(877,021)	-	(576,948)
Net Change in Fund Balance	$ (1,700,550)	(2,385,632)	(20,791)	2,364,841	362,456
Fund Balance Beginning of Year			3,920,109		3,557,653
Fund Balance End of Year		$	3,899,318		3,920,109

Ketchikan Gateway Borough, Alaska
Forest Park Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	129,898	156,134
Receivables:			
Accounts		205	78
Intergovernmental		-	125
Total Assets	$	130,103	156,337
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	462	462
Fund Balance			
Restricted for road maintenance		129,641	155,875
Total Liabilities and Fund Balance	$	130,103	156,337

Ketchikan Gateway Borough, Alaska
Forest Park Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	$ 57,867	57,867	58,297	430	58,379
Investment earnings	-	-	32	32	26
Total Revenues	57,867	57,867	58,329	462	58,405
Expenditures					
Current					
Public services	73,140	109,140	84,563	24,577	45,375
Net Change in Fund Balance	$ (15,273)	(51,273)	(26,234)	25,039	13,030
Fund Balance Beginning of Year			155,875		142,845
Fund Balance End of Year			$ 129,641		155,875

Ketchikan Gateway Borough, Alaska
Gold Nugget Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	48,467	39,888
Accounts receivable		629	490
Total Assets	$	49,096	40,378
Fund Balance			
Restricted for road maintenance	$	49,096	40,378

Ketchikan Gateway Borough, Alaska

Gold Nugget Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	$ 22,000	22,000	23,435	1,435	23,240
Investment earnings	-	-	9	9	6
Total Revenues	22,000	22,000	23,444	1,444	23,246
Expenditures					
Current					
Public services	18,020	18,020	14,726	3,294	10,552
Net Change in Fund Balance	$ 3,980	3,980	8,718	4,738	12,694
Fund Balance Beginning of Year			40,378		27,684
Fund Balance End of Year			$ 49,096		40,378

Ketchikan Gateway Borough, Alaska

Gold Nugget Special Assessment Area Special Revenue Fund

Comparative Balance Sheet

June 30, 2014 and 2013

		2014	2013
Assets			
Accounts receivable	$	-	-
Liabilities and Fund Balance			
Liabilities			
Interfund payable	$	2,517	2,517
Fund Balance			
Unassigned (deficit)		(2,517)	(2,517)
Total Liabilities and Fund Balance	$	-	-

Ketchikan Gateway Borough, Alaska

Gold Nugget Special Assessment Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	$ -	-	-	-	-
Net Change in Fund Balance	$ -	-	-	-	-
Fund Balance (Deficit) Beginning of Year			(2,517)		(2,517)
Fund Balance (Deficit) End of Year			$ (2,517)		(2,517)

Ketchikan Gateway Borough, Alaska
Homestead Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	41,512	49,364
Total Assets	$	41,512	49,364
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$	83	82
Fund Balance			
Restricted for road maintenance		41,429	49,282
Total Liabilities and Fund Balance	$	41,512	49,364

Ketchikan Gateway Borough, Alaska
Homestead Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	$ 22,884	22,884	23,061	177	23,630
Investment earnings	-	-	14	14	5
Total Revenues	22,884	22,884	23,075	191	23,635
Expenditures					
Current					
Public services	16,748	34,748	33,733	1,015	13,360
Excess (Deficiency) of Revenues Over Expenditures	6,136	(11,864)	(10,658)	1,206	10,275
Other Financing Sources					
Transfers in	2,805	2,805	2,805	-	2,888
Net Change in Fund Balance	$ 8,941	(9,059)	(7,853)	1,206	13,163
Fund Balance Beginning of Year			49,282		36,119
Fund Balance End of Year			$ 41,429		49,282

Ketchikan Gateway Borough, Alaska
Loring Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	80,588	80,081
Intergovernmental receivable		25	25
Total Assets	$	80,613	80,106
Liabilities			
Accounts payable	$	3,476	-
Unearned revenue		62,378	62,378
Total Liabilities		65,854	62,378
Fund Balance			
Restricted for dock improvements		14,759	17,728
Total Liabilities and Fund Balance	$	80,613	80,106

Ketchikan Gateway Borough, Alaska

Loring Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	$ 2,036	2,036	2,147	111	2,322
Intergovernmental	-	-	-	-	8,486
Investment earnings	-	-	15	15	12
Total Revenues	2,036	2,036	2,162	126	10,820
Expenditures					
Current					
Public services	3,604	3,604	5,131	(1,527)	1,604
Capital Outlay	-	-	-	-	5,405
Total Expenditures	3,604	3,604	5,131	(1,527)	7,009
Net Change in Fund Balance	$ (1,568)	(1,568)	(2,969)	(1,401)	3,811
Fund Balance Beginning of Year			17,728		13,917
Fund Balance End of Year			$ 14,759		17,728

Ketchikan Gateway Borough, Alaska
Mud Bight Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	49,834	51,427
Accounts receivable		3,545	3,542
Total Assets	$	53,379	54,969
Fund Balance			
Restricted for road maintenance	$	53,379	54,969

Ketchikan Gateway Borough, Alaska

Mud Bight Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	$ 12,590	12,590	13,121	531	12,929
Investment earnings	-	-	10	10	8
Total Revenues	12,590	12,590	13,131	541	12,937
Expenditures					
Current					
Public services	48,335	48,335	14,721	33,614	12,375
Net Change in Fund Balance	$ (35,745)	(35,745)	(1,590)	34,155	562
Fund Balance Beginning of Year			54,969		54,407
Fund Balance End of Year			$ 53,379		54,969

Ketchikan Gateway Borough, Alaska
Nichols View Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	7,034	7,533
Fund Balance			
Restricted for road maintenance	$	7,034	7,533

Ketchikan Gateway Borough, Alaska

Nichols View Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Investment earnings	$ -	-	1	1	1
Expenditures					
Current					
Public services	500	500	500	-	500
Net Change in Fund Balance	$ (500)	(500)	(499)	1	(499)
Fund Balance Beginning of Year			7,533		8,032
Fund Balance End of Year		$	7,034		7,533

Ketchikan Gateway Borough, Alaska
Nonareawide Library Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	61,814	72,032
Receivables:			
Intergovernmental		794	782
Property taxes		1,501	3,091
Total Assets	$	64,109	75,905
Deferred Inflows and Fund Balance			
Deferred Inflows			
Property tax revenue	$	362	1,215
Fund Balance			
Restricted for library operations		63,747	74,690
Total Deferred Inflows and Fund Balance	$	64,109	75,905

Ketchikan Gateway Borough, Alaska
Nonareawide Library Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	$ 395,862	395,862	394,865	(997)	385,922
Investment earnings	-	-	21	21	35
Total Revenues	395,862	395,862	394,886	(976)	385,957
Expenditures					
Current					
Library services	422,546	422,546	422,570	(24)	410,326
Excess (Deficiency) of Revenues Over Expenditures	(26,684)	(26,684)	(27,684)	(1,000)	(24,369)
Other Financing Sources					
Transfers in	16,741	16,741	16,741	-	16,413
Net Change in Fund Balance	$ (9,943)	(9,943)	(10,943)	(1,000)	(7,956)
Fund Balance Beginning of Year			74,690		82,646
Fund Balance End of Year			$ 63,747		74,690

Ketchikan Gateway Borough, Alaska
North Tongass Fire and EMS Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	260,256	129,534
Prepaid items		75,034	-
Receivables:			
Accounts		5,997	27,863
Intergovernmental		-	1,062
Property taxes		753	5,464
Total Assets	$	342,040	163,923
Liabilities, Deferred Inflows and Fund Balance			
Liabilities			
Accounts payable	$	97,974	6,798
Interfund advances payable		463,740	522,406
Total Liabilities		561,714	529,204
Deferred Inflows			
Property tax revenue		1,250	577
Total Liabilities and Deferred Inflows		562,964	529,781
Fund Balance			
Nonspendable		75,034	-
Unassigned (deficit)		(295,958)	(365,858)
Total Fund Balance (Deficit)		(220,924)	(365,858)
Total Liabilities, Deferred Inflows and Fund Balance	$	342,040	163,923

Ketchikan Gateway Borough, Alaska

North Tongass Fire and EMS Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	$ 580,766	580,766	582,485	1,719	567,610
Intergovernmental	29,663	29,663	26,641	(3,022)	22,516
Service area fees	123,900	123,900	115,774	(8,126)	127,541
Investment earnings (loss)	-	-	(683)	(683)	59
EMS revenues	60,000	60,000	50,710	(9,290)	90,781
Miscellaneous revenues	-	-	-	-	644
Total Revenues	794,329	794,329	774,927	(19,402)	809,151
Expenditures					
Current					
Fire and EMS	779,421	779,421	611,600	167,821	605,191
Capital Outlay	-	34,188	59,452	(25,264)	-
Total Expenditures	779,421	813,609	671,052	142,557	605,191
Excess (Deficiency) of Revenues Over Expenditures	14,908	(19,280)	103,875	123,155	203,960
Other Financing Sources (Uses)					
Transfers in	92,214	92,214	92,214	-	27,766
Transfers out	(51,155)	(51,155)	(51,155)	-	(51,155)
Total Other Financing Sources (Uses)	41,059	41,059	41,059	-	(23,389)
Net Change in Fund Balance	$ 55,967	21,779	144,934	123,155	180,571
Fund Balance (Deficit) Beginning of Year			(365,858)		(546,429)
Fund Balance (Deficit) End of Year			$ (220,924)		(365,858)

Ketchikan Gateway Borough, Alaska
Recreation Sales Tax Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	2,329,239	2,035,556
Sales tax receivable		470,073	475,045
Total Assets	$	2,799,312	2,510,601
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	28,240	5,695
Fund Balance			
Restricted for recreation		2,771,072	2,504,906
Total Liabilities and Fund Balance	$	2,799,312	2,510,601

Ketchikan Gateway Borough, Alaska
Recreation Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	$ 1,767,400	1,767,400	1,711,478	(55,922)	1,721,166
Intergovernmental	238,420	238,420	244,297	5,877	247,720
Penalties and interest	10,000	10,000	6,130	(3,870)	10,241
Investment earnings	5,000	5,000	464	(4,536)	495
Total Revenues	2,020,820	2,020,820	1,962,369	(58,451)	1,979,622
Expenditures					
Current					
Public services	120,000	270,000	157,686	112,314	77,530
Capital Outlay	455,000	305,000	37,491	267,509	252,986
Total Expenditures	575,000	575,000	195,177	379,823	330,516
Excess of Revenues Over Expenditures	1,445,820	1,445,820	1,767,192	321,372	1,649,106
Other Financing Sources (Uses)					
Transfers in	175,081	175,081	175,081	-	175,154
Transfers out	(1,691,462)	(1,691,462)	(1,676,107)	15,355	(2,083,453)
Total Other Financing Sources (Uses)	(1,516,381)	(1,516,381)	(1,501,026)	15,355	(1,908,299)
Net Change in Fund Balance	$ (70,561)	(70,561)	266,166	336,727	(259,193)
Fund Balance Beginning of Year			2,504,906		2,764,099
Fund Balance End of Year			$ 2,771,072		2,504,906

Ketchikan Gateway Borough, Alaska
South Tongass Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	125,178	161,903
Receivables:			
Accounts		10,816	21,582
Intergovernmental		-	3,778
Property taxes		835	1,140
Total Assets	$	136,829	188,403
Liabilities, Deferred Inflows and Fund Balance			
Liabilities			
Accounts payable	$	17,310	10,511
Deferred Inflows			
Property tax revenues		5	5
Total Liabilities and Deferred Inflows		17,315	10,516
Fund Balance			
Restricted for public safety and water		119,514	177,887
Total Liabilities, Deferred Inflows and Fund Balance	$	136,829	188,403

Ketchikan Gateway Borough, Alaska
South Tongass Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Taxes	$ 448,342	448,342	448,517	175	439,663
Intergovernmental	21,718	21,718	17,396	(4,322)	15,824
Water fees	190,000	190,000	217,149	27,149	193,081
Investment earnings	-	-	36	36	58
EMS revenue	85,000	85,000	61,740	(23,260)	29,044
Miscellaneous	-	-	10,614	10,614	6,868
Total Revenues	745,060	745,060	755,452	10,392	684,538
Expenditures					
Current					
Fire and EMS	577,753	607,753	552,129	55,624	450,317
Water treatment and distribution	302,240	332,240	318,826	13,414	249,401
Capital Outlay	78,000	78,000	79,753	(1,753)	-
Total Expenditures	957,993	1,017,993	950,708	67,285	699,718
Excess (Deficiency) of Revenues Over Expenditures	(212,933)	(272,933)	(195,256)	77,677	(15,180)
Other Financing Sources					
Transfers in	136,883	136,883	136,883	-	36,772
Net Change in Fund Balance	$ (76,050)	(136,050)	(58,373)	77,677	21,592
Fund Balance Beginning of Year			177,887		156,295
Fund Balance End of Year		$	119,514		177,887

Ketchikan Gateway Borough, Alaska
Waterfall Service Area Special Revenue Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	24,060	10,759
Accounts receivable		13,169	9,984
Total Assets	$	37,229	20,743
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	2,750	50
Interfund advances payable		67,979	-
Total Liabilities		70,729	50
Fund Balance			
Restricted for road maintenance			20,693
Unassigned (deficit)		(33,500)	-
Total Fund Balance		(33,500)	20,693
Total Liabilities and Fund Balance	$	37,229	20,743

Ketchikan Gateway Borough, Alaska
Waterfall Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				2013
	Original Budget	Final Budget	Actual	Variance On Final Budget	Actual
Revenues					
Charges for services	$ 22,080	22,080	32,612	10,532	26,125
Investment earnings	-	-	3	3	1
Total Revenues	22,080	22,080	32,615	10,535	26,126
Expenditures					
Current					
Public services	27,136	29,498	11,208	18,290	15,867
Capital Outlay	-	75,000	75,600	(600)	-
Total Expenditures	27,136	104,498	86,808	17,690	15,867
Net Change in Fund Balance	$ (5,056)	(82,418)	(54,193)	28,225	10,259
Fund Balance Beginning of Year			20,693		10,434
Fund Balance (Deficit) End of Year			$ (33,500)		20,693

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CAPITAL PROJECTS FUND

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

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Balance Sheet
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	865,590	84,507
Restricted cash and investments		5,454,427	7,494,518
Total Assets	$	6,320,017	7,579,025
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$	3,565	3,969
Due to component unit		394,067	511,259
Deposits		2,000	2,000
Interfund payable		156,911	156,911
Total Liabilities		556,543	674,139
Fund Balance			
Restricted for capital projects		5,763,474	6,904,886
Total Liabilities and Fund Balance	$	6,320,017	7,579,025

Ketchikan Gateway Borough, Alaska
Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
For the Years Ended June 30, 2014 and 2013

		2014	2013
Revenues			
Investment earnings	$	2,021	2,236
Miscellaneous		-	10,199
Total Revenues		2,021	12,435
Expenditures			
Current			
Public services		19,733	73,896
Capital Outlay			
Aquatic center		-	702,211
Educational facilities		1,123,700	496,988
Bond issuance costs		-	37,962
Total Expenditures		1,143,433	1,311,057
Excess (Deficiency) of Revenues Over Expenditures		(1,141,412)	(1,298,622)
Other Financing Sources			
Issuance of debt		-	4,875,000
Bond premium		-	653,805
Total Other Financing Sources		-	5,528,805
Net Change in Fund Balance		(1,141,412)	4,230,183
Fund Balance Beginning of Year		6,904,886	2,674,703
Fund Balance End of Year	$	5,763,474	6,904,886

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ENTERPRISE FUNDS

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

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

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Net Position
June 30, 2014 and 2013

		2014	2013
Assets			
Current Assets			
Cash and investments	$	-	252,069
Prepaid items		75,948	146
Receivables:			
Accounts		265,334	327,986
Intergovernmental		71,052	37,807
Total Current Assets		412,334	618,008
Noncurrent Assets			
Capital Assets			
Non-depreciable		2,656,499	907,889
Depreciable, net		16,688,134	17,427,685
Total Noncurrent Assets		19,344,633	18,335,574
Total Assets	$	19,756,967	18,953,582
Liabilities			
Current Liabilities			
Accounts payable	$	98,008	70,244
Interfund advances payable		28,452	27,614
Compensated absences payable		156,313	192,425
Total Current Liabilities		282,773	290,283
Long-Term Liabilities, Net of Current Portion			
Compensated absences payable		65,301	51,389
Interfund advances payable		155,782	184,233
Interfund payable		538,477	687,006
Total Long-Term Liabilities		759,560	922,628
Total Liabilities		1,042,333	1,212,911
Net Position			
Net investment in capital assets		19,344,633	18,335,574
Restricted for bond reserve		-	-
Unrestricted (deficit)		(629,999)	(594,903)
Total Net Position	$	18,714,634	17,740,671

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2014 and 2013

		2014	2013
Operating Revenues			
Charges for services	$	4,401,938	3,878,788
Operating Expenses			
Personnel services		3,130,485	3,054,141
Supplies and services		1,427,860	1,522,999
Insurance		253,555	213,885
Depreciation		975,268	935,772
Total Operating Expenses		5,787,168	5,726,797
Operating Loss		(1,385,230)	(1,848,009)
Non-Operating Revenues (Expenses)			
Interest and fiscal charges		(6,048)	(84,840)
Gain on disposal of capital assets		4,255	260
Operating grants		310,303	2,951,405
Total Non-Operating Revenues (Expenses)		308,510	2,866,825
Income (Loss) Before Capital Contributions and Transfers		(1,076,720)	1,018,816
Capital contributions		1,865,802	409,960
Assets acquired through foreclosure		-	900,900
Transfers in		184,881	1,652,342
Change in Net Position		973,963	3,982,018
Net Position Beginning of Year		17,740,671	13,758,653
Net Position End of Year	$	18,714,634	17,740,671

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

		2014	2013
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$	4,431,345	4,174,296
Cash payments to employees for services		(3,152,685)	(3,049,330)
Cash payments for goods and services		(1,729,453)	(1,747,253)
Net Cash Provided by (Used in) Operating Activities		(450,793)	(622,287)
Cash Flows from Noncapital Financing Activities			
Interfund payable		(148,529)	(2,411,733)
Operating grants		310,303	2,951,405
Transfers in		184,881	1,652,342
Net Cash Provided by Noncapital Financing Activities		346,655	2,192,014
Cash Flows from Capital and Related Financing Activities			
Sale of capital assets		4,255	260
Capital grant		1,865,802	409,960
Principal paid on revenue bonds		-	(1,550,000)
Interest paid on debt service		(6,048)	(84,840)
Interfund advance payable		(27,613)	(26,801)
Payments for capital acquisitions		(1,984,327)	(451,237)
Net Cash Provided by (Used in) Capital and Related Financing Activities		(147,931)	(1,702,658)
Net Increase (Decrease) in Cash and Cash Equivalents		(252,069)	(132,931)
Cash and Cash Equivalents Beginning of Year		252,069	385,000
Cash and Cash Equivalents End of Year	$	-	252,069
Supplemental disclosure of noncash items - assets acquired through foreclosure	$	-	900,900

(continued)

Ketchikan Gateway Borough, Alaska
Airport Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

(continued)

	2014	2013
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating (Loss)	$ (1,385,230)	(1,848,009)
Adjustments:		
Depreciation	975,268	935,772
(Increase) Decrease in Assets:		
Accounts receivable	62,652	333,315
Intergovernmental receivable	(33,245)	(37,807)
Prepaid items	(75,802)	4,725
Increase (Decrease) in Liabilities:		
Accounts payable	27,764	(15,094)
Compensated absences payable	(22,200)	4,811
Net Cash Provided by (Used in) Operating Activities	$ (450,793)	(622,287)

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Net Position
June 30, 2014 and 2013

		2014	2013
Assets			
Current Assets			
Cash and investments	$	718,366	798,271
Accounts receivable		33,039	36,978
Total Current Assets		751,405	835,249
Noncurrent Assets			
Capital Assets			
Depreciable, net		9,786,841	10,122,708
Total Assets	$	10,538,246	10,957,957
Current Liabilities			
Accounts payable	$	38,620	99,994
Interfund advances payable		77,217	73,352
Total Current Liabilities		115,837	173,346
Long-Term Liabilities			
Interfund advances payable (net of current portion)		304,564	381,781
Total Liabilities		420,401	555,127
Net Position			
Net investment in capital assets		9,786,841	10,122,708
Unrestricted		331,004	280,122
Total Net Position	$	10,117,845	10,402,830

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended June 30, 2014 and 2013

		2014	2013
Operating Revenues			
Charges for services	$	596,426	555,396
Operating Expenses			
Personnel services		171,955	116,442
Supplies and services		390,945	383,336
Insurance		5,724	5,314
Depreciation		357,067	365,930
Total Operating Expenses		925,691	871,022
Less recovery of expenses from other funds		(1,596)	(1,596)
Net Operating Expenses		924,095	869,426
Operating Loss		(327,669)	(314,030)
Non-Operating Revenues (Expenses)			
Interest and fiscal charges		(23,931)	(27,603)
Gain on disposal of capital assets		66,450	-
Investment earnings		165	125
Total Non-Operating Revenues (Expenses)		42,684	(27,478)
Change in Net Position		(284,985)	(341,508)
Net Position Beginning of Year		10,402,830	10,744,338
Net Position End of Year	$	10,117,845	10,402,830

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

		2014	2013
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$	600,365	552,137
Cash payments to employees for services		(171,955)	(116,442)
Cash payments for goods and services		(456,447)	(331,689)
Net Cash Provided by (Used in) Operating Activities		(28,037)	104,006
Cash Flows from Capital and Related Financing Activities			
Sale of capital assets		66,450	-
Interest paid on debt service		(23,931)	(27,603)
Interfund advance payable		(73,352)	(69,680)
Payments for capital acquisitions		(21,200)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities		(52,033)	(97,283)
Cash Flows from Investing Activities			
Investment earnings (loss)		165	125
Net Increase (Decrease) in Cash and Cash Equivalents		(79,905)	6,848
Cash and Cash Equivalents Beginning of Year		798,271	791,423
Cash and Cash Equivalents End of Year	$	718,366	798,271

(continued)

Ketchikan Gateway Borough, Alaska
Wastewater Enterprise Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013

(Continued)

		2014	2013
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating (Loss)	$	(327,669)	(314,030)
Adjustments:			
Depreciation		357,067	365,930
(Increase) Decrease in Assets:			
Accounts receivable		3,939	(3,259)
Increase (Decrease) in Liabilities:			
Accounts payable		(61,374)	55,365
Net Cash Provided by (Used in) Operating Activities	$	(28,037)	104,006

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INTERNAL SERVICE FUNDS

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

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

Ketchikan Gateway Borough, Alaska
Internal Service Funds
Combining Statement of Net Position
June 30, 2014

		Meritain School District	Meritain Borough	Total Internal Service Funds
Current Assets				
Cash and investments	$	-	222,665	222,665
Total Current Assets	$	-	222,665	222,665
Current Liabilities				
Interfund payable	$	194,881	-	194,881
Claims payable		265,577	60,200	325,777
Total Current Liabilities		460,458	60,200	520,658
Net Position				
Unrestricted (deficit)	$	(460,458)	162,465	(297,993)

Ketchikan Gateway Borough, Alaska
Internal Service Funds
Combining Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2014

		Meritain School District	Meritain Borough	Total Internal Service Funds
Operating Revenues				
Insurance premiums	$	4,937,191	2,424,082	7,361,273
Operating Expenses				
Administration		653,033	272,491	925,524
Premiums		-	308,887	308,887
Claims		4,291,942	1,369,951	5,661,893
Total Operating Expenses		4,944,975	1,951,329	6,896,304
Operating Income (loss)		(7,784)	472,753	464,969
Non-Operating Revenues				
Investment earnings		20	-	20
Change in Net Position		(7,764)	472,753	464,989
Net Position (Deficits) Beginning of Year		(452,694)	(310,288)	(762,982)
Net Position (Deficits) End of Year	$	(460,458)	162,465	(297,993)

Ketchikan Gateway Borough, Alaska
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2014

		Meritain School District	Meritain Borough	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	$	4,937,191	2,424,082	7,361,273
Cash payments for goods and services		(653,033)	(581,378)	(1,234,411)
Cash payments for claims		(4,277,002)	(1,414,874)	(5,691,876)
Net Cash Provided by Operating Activities		7,156	427,830	434,986
Cash Flows from Noncapital Financing Activities				
Interfund payable		(7,176)	(205,165)	(212,341)
Cash Flows from Investing Activities				
Investment earnings		20	-	20
Net Increase (Decrease) in Cash and Cash Equivalents		-	222,665	222,665
Cash and Cash Equivalents Beginning of Year		-	-	-
Cash and Cash Equivalents End of Year	$	-	222,665	222,665
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	$	(7,784)	472,753	464,969
Increase (Decrease) in Liabilities:				
Claims payable		14,940	(44,923)	(29,983)
Net Cash Provided by Operating Activities	$	7,156	427,830	434,986

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Ketchikan Gateway Borough, Alaska

Meritain School District Insurance Internal Service Fund

Comparative Statement of Net Position

June 30, 2014 and 2013

		2014	2013
Current Assets	$	-	-
Current Liabilities			
Interfund payable	$	194,881	202,057
Claims payable		265,577	250,637
Total Current Liabilities		460,458	452,694
Net Position			
Unrestricted (deficit)	$	(460,458)	(452,694)

Ketchikan Gateway Borough, Alaska

Meritain School District Insurance Internal Service Fund

Comparative Statement of Revenues,

Expenses and Changes in Fund Deficit

For the Years Ended June 30, 2014 and 2013

		2014	2013
Operating Revenues			
Insurance premiums	$	4,937,191	4,295,465
Operating Expenses			
Administration		653,033	601,950
Claims		4,291,942	3,216,383
Total Operating Expenses		4,944,975	3,818,333
Operating Income (Loss)		(7,784)	477,132
Non-Operating Revenues			
Investment earnings		20	-
Change in Net Position		(7,764)	477,132
Net Position (Deficit) Beginning of Year		(452,694)	(929,826)
Net Position (Deficit) End of Year	$	(460,458)	(452,694)

Ketchikan Gateway Borough, Alaska
Meritain Borough Insurance Internal Service Fund
Comparative Statement of Net Position
June 30, 2014 and 2013

		2014	2013
Assets			
Cash and investments	$	222,665	-
Current Liabilities			
Interfund payable	$	-	205,165
Claims payable		60,200	105,123
Total Current Liabilities		60,200	310,288
Net Position			
Unrestricted (deficit)	$	162,465	(310,288)

Ketchikan Gateway Borough, Alaska
Meritain Borough Insurance Internal Service Fund
Comparative Statement of Revenues,
Expenses and Changes in Net Position (Deficit)
For the Years Ended June 30, 2014 and 2013

		2014	2013
Operating Revenues			
Insurance premiums	$	2,424,082	2,194,433
Operating Expenses			
Administration		272,491	266,665
Premiums		308,887	308,494
Claims		1,369,951	1,617,774
Total Operating Expenses		1,951,329	2,192,933
Change in Net Position		472,753	1,500
Net Position (Deficit) Beginning of Year		(310,288)	(311,788)
Net Position (Deficit) End of Year	$	162,465	(310,288)

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STATISTICAL SECTION

(Un-Audited)

STATISTICAL SECTION

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

The following tables are included in this section:

Revenues and Expenditures/Expenses

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Fund Balances, Governmental Funds ..... Table 3
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Principal Employers Current Year and Nine Years Ago ..... Table 14
Miscellaneous Statistics ..... Table 15

Table 1

KETCHIKAN GATEWAY BOROUGH

Government-wide Statement of Net Position
June 30, 2014

	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental Activities					
Net investment in capital assets	$ 121,446,896	$ 119,848,381	$ 121,020,663	$ 117,038,168	$ 116,791,016
Restricted	7,148,989	13,928,936	9,800,504	9,326,387	6,749,034
Unrestricted	19,954,904	11,945,485	14,338,149	18,194,923	24,295,274
Total governmental activities net position	148,550,789	145,722,802	145,159,316	144,559,478	147,835,324
Business-type Activities					
Net investment in capital assets	29,131,474	28,458,282	26,857,847	17,458,210	17,703,199
Restricted		-	385,000	385,000	385,000
Unrestricted (deficit)	(287,748)	(413,071)	(2,838,539)	(3,141,624)	(3,311,312)
Total business-type activities net position	28,843,726	28,045,211	24,404,308	14,701,586	14,776,887
Primary Government					
Net investment in capital assets	150,578,370	148,306,663	147,878,510	134,496,378	134,494,215
Restricted	7,148,989	13,928,936	10,185,504	9,711,387	7,134,034
Unrestricted	19,667,156	11,532,414	11,499,610	15,053,299	20,983,962
Total primary government net position	177,394,515	$ 173,768,013	$ 169,563,624	$ 159,261,064	$ 162,612,211

	Fiscal Year				
	2009	2008	2007	2006	2005
Governmental Activities					
Net investment in capital assets	$ 113,763,548	$ 103,567,159	$ 104,167,175	$ 95,476,768	$ 93,606,967
Restricted	6,194,066	4,801,620	4,326,398	18,489,064	24,779,426
Unrestricted	21,669,692	23,817,829	16,086,982	8,335,910	850,340
Total governmental activities net position	141,627,306	132,186,608	124,580,555	122,301,742	119,236,733
Business-type Activities					
Net investment in capital assets	17,756,821	18,438,737	18,878,941	19,348,852	18,865,448
Restricted	385,000	385,000	-	-	-
Unrestricted (deficit)	(3,185,352)	(2,920,876)	(2,469,759)	(2,813,429)	(2,028,243)
Total business-type activities net position	14,956,469	15,902,861	16,409,182	16,535,423	16,837,205
Primary Government					
Net investment in capital assets	131,520,369	122,005,896	123,046,116	114,825,620	112,472,415
Restricted	6,579,066	5,186,620	4,326,398	18,489,064	24,779,426
Unrestricted	18,484,340	20,896,953	13,617,223	5,522,481	(1,177,903)
Total primary government net position	$ 156,583,775	$ 148,089,469	$ 140,989,737	$ 138,837,165	$ 136,073,938

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

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Table 2

KETCHIKAN GATEWAY BOROUGH

Changes in Net Position

June 30, 2014

	2014	2013	2012	2011	2010
Expenses					
Governmental activities:					
General government	$ 3,514,098	4,623,576	4,239,516	3,502,989	3,198,263
Fire and EMS	1,376,751	1,252,822	1,305,555	1,289,444	1,249,053
Water treatment and distribution	318,826	249,401	226,424	207,102	228,725
Library services	422,570	410,326	380,266	372,794	371,886
Parks and recreation	3,338,139	2,601,546	2,374,277	2,066,242	2,004,219
Public works	1,001,996	1,209,701	1,043,521	1,093,054	1,391,689
Public services	5,342,481	3,875,327	5,086,592	3,595,580	4,162,195
Transit	2,164,006	2,071,438	1,960,671	1,640,624	1,427,218
Automation	-	-	-	-	-
Education	15,357,268	14,465,416	14,300,313	15,091,534	16,017,284
Nondepartmental	-	-	-	-	-
Interest	2,310,634	2,394,406	2,504,748	2,453,966	1,540,248
Total governmental activities expenses	35,146,769	33,153,959	33,421,883	31,313,329	31,590,780
Business-type activities:					
Airport	5,679,424	5,810,984	5,262,004	4,835,323	4,625,758
Wastewater	881,576	897,029	1,176,513	1,010,836	912,252
Total business-type activities expenses	6,561,000	6,708,013	6,438,517	5,846,159	5,538,010
Total primary government expenses	$ 41,707,769	39,861,972	39,860,400	37,159,488	37,128,790
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	238,838	254,234	317,569	242,335	236,534
Water treatment and distribution	217,149	193,081	176,394	177,610	165,463
Parks and recreation	753,563	732,284	565,998	538,013	410,238
Public services	1,256,400	1,239,091	911,068	862,291	684,279
Transit	222,236	242,111	217,131	184,624	179,729
Education	4,937,191	4,295,465	3,769,524	3,535,740	3,153,995
Capital grants	4,503,237	3,529,066	5,154,055	6,426,775	8,369,771
Operating grants	4,072,710	3,738,574	2,431,499	904,866	705,498
Nondepartmental	-	-	-	-	-
Total governmental activities program revenues	16,201,324	14,223,906	13,543,238	12,872,254	13,905,507
Business-type activities:					
Charges for services:					
Airport	4,401,938	3,878,788	3,973,769	3,633,607	3,283,332
Wastewater	596,426	555,396	760,358	702,530	576,803
Operating grants	73,994	2,710,000	42,959	79,122	128,193
Capital grants	1,865,802	1,310,860	10,016,959	556,653	638,665
Total business-type activities program revenues	6,938,160	8,455,044	14,794,045	4,971,912	4,626,993
Total primary government program revenues	$ 23,139,484	22,678,950	28,337,283	17,844,166	18,532,500
Net (Expense) Revenue					
Governmental activities	(18,945,445)	(18,930,053)	(19,878,645)	(18,441,075)	(17,685,273)
Business-type activities	377,160	1,747,031	8,355,528	(874,247)	(911,017)
Total primary government net expense	$ (18,568,285)	(17,183,022)	(11,523,117)	(19,315,322)	(18,596,290)
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	8,169,731	7,890,521	8,746,139	9,015,302	9,491,422
Sales taxes	8,625,653	8,682,819	8,316,512	8,105,296	7,974,171
Transient occupancy taxes	-	-	-	-	-
Payment in lieu of taxes	1,131,659	1,035,188	1,054,735	1,020,959	1,036,032
Grants and entitlements not restricted	3,598,414	3,559,577	3,353,441	3,451,680	3,677,791
Transfers	(184,881)	(1,652,342)	(439,935)	(632,983)	(625,258)
Investment earnings	54,254	59,449	(114,092)	650,810	361,309
Property sales (loss on reaquisitions)		-	-	(7,313,222)	1,650,939
Bond issuance costs		-	-	-	
Miscellaneous	378,601	354,128	351,236	867,387	326,885
Write off delinquent note	-	-	(789,553)	-	-
Settlement	-	-	-	-	-
Total governmental activities general revenues and other changes in net position	21,773,431	19,929,340	20,478,483	15,165,229	23,893,291
Business-type activities:					
Unrestricted grant/investment earnings	236,474	241,530	907,259	165,963	106,177
Transfers	184,881	1,652,342	439,935	632,983	625,258
Total business-type activities general revenues and other changes in net position	421,355	1,893,872	1,347,194	798,946	731,435
Total primary government general revenues and other changes in net position	22,194,786	21,823,212	21,825,677	15,964,175	24,624,726
Changes in Net Position					
Governmental activities	2,827,986	999,287	599,838	(3,275,846)	6,208,018
Business-type activities	798,515	3,640,903	9,702,722	(75,301)	(179,582)
Total primary government, change in net postion	$ 3,626,501	4,640,190	10,302,560	(3,351,147)	6,028,436

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

Table 2

KETCHIKAN GATEWAY BOROUGH

Changes in Net Position, Continued

June 30, 2014

Fiscal Year	2009	2008	2007	2006	2005
Expenses					
Governmental activities:					
General government	$ 3,098,135	3,105,409	3,306,674	2,834,490	3,313,736
Fire and EMS	1,207,673	1,219,557	-	-	-
Water treatment and distribution	246,479				
Library services	420,190	420,100	420,565	396,468	411,855
Parks and recreation	1,658,671	1,883,894	-	-	-
Public works	1,388,867	1,248,572	-	-	-
Public services	5,415,283	1,908,428	8,308,680	7,824,163	10,420,289
Transit	1,149,142	1,075,033	-	-	-
Automation	-	-	364,331	355,000	291,603
Education	14,401,413	13,522,531	13,321,747	9,595,422	9,003,657
Nondepartmental	-	-	-	3,063,471	2,264,466
Interest	1,299,122	1,405,115	1,613,241	1,541,048	1,301,846
Total governmental activities expenses	30,284,975	25,788,639	27,335,238	25,610,062	27,007,452
Business-type activities:					
Airport	4,758,390	4,312,540	4,599,434	4,189,888	4,223,926
Wastewater	1,095,332	890,038	1,073,625	882,954	854,648
Total business-type activities expenses	5,853,722	5,202,578	5,673,059	5,072,842	5,078,574
Total primary government expenses	$ 36,138,697	30,991,217	33,008,297	30,682,904	32,086,026
Program Revenues					
Governmental activities:					
Charges for services:					
Fire and EMS	234,659	360,311	-	-	-
Water treatment and distribution	132,884	-	-	-	-
Parks and recreation	446,557	458,064	-	-	-
Public services	668,042	405,626	1,314,590	1,530,858	1,526,806
Transit	160,764	140,721	-	-	-
Education	2,849,699	3,020,959	-	-	-
Capital grants	10,990,255	4,059,938	2,981,744	2,885,920	2,102,498
Operating grants	555,861	498,425	2,007,935	2,442,331	972,586
Nondepartmental	-	-	2,936,900	2,534,223	2,044,431
Total governmental activities program revenues	16,038,721	8,944,044	9,241,169	9,393,332	6,646,321
Business-type activities:					
Charges for services:					
Airport	3,424,190	3,759,832	3,387,681	3,742,327	2,997,565
Wastewater	583,196	613,663	592,620	733,104	496,629
Operating grants	72,412	152,035	62,188	-	-
Capital grants	28,392	8,685	640,921	-	528,410
Total business-type activities program revenues	4,108,190	4,534,215	4,683,410	4,475,431	4,022,604
Total primary government program revenues	$ 20,146,911	13,478,259	13,924,579	13,868,763	10,668,925
Net (Expense) Revenue					
Governmental activities	(14,246,254)	(16,844,595)	(18,094,069)	(16,216,730)	(20,361,131)
Business-type activities	(1,745,532)	(668,363)	(989,649)	(597,411)	(1,055,970)
Total primary government net expense	$ (15,991,786)	(17,512,958)	(19,083,718)	(16,814,141)	(21,417,101)
General Revenues and Other Changes In Net Position					
Governmental activities:					
Property taxes	10,233,372	11,133,400	10,350,075	10,170,210	8,222,959
Sales taxes	8,430,433	6,843,335	6,333,019	6,267,181	7,412,729
Transient occupancy taxes	-	-	-	-	70,452
Payment in lieu of taxes	1,366,194	579,736	581,662	11,031	4,323
Grants and entitlements not restricted	3,815,114	3,615,710	319,748	-	932,418
Transfers	(374,452)	(222,905)	(841,611)	(289,502)	(556,000)
Investment earnings	275,681	1,511,764	1,552,003	845,592	760,004
Property sales (loss on reaquisitions)	(909,920)	599,456	699,150	1,886,734	874,850
Bond issuance costs		-	-	14,927	33,834
Miscellaneous	850,530	390,152	408,748	375,565	431,666
Write off delinquent note	-	-	-	-	-
Settlement	-	-	970,088	-	-
Total governmental activities general revenues and other changes in net position	23,686,952	24,450,648	20,372,882	19,281,738	18,187,235
Business-type activities:					
Unrestricted grant/investment earnings	424,688	96,969	21,797	6,127	18,062
Transfers	374,452	222,905	841,611	289,502	556,000
Total business-type activities general revenues and other changes in net position	799,140	319,874	863,408	295,629	574,062
Total primary government general revenues and other changes in net position	$ 24,486,092	24,770,522	21,236,290	19,577,367	18,761,297
Changes in Net Position					
Governmental activities	9,440,698	7,606,053	2,278,813	3,065,008	(2,173,896)
Business-type activities	(946,392)	(348,489)	(126,241)	(301,782)	(481,908)
Total primary government, change in net postion	$ 8,494,306	7,257,564	2,152,572	2,763,226	(2,655,804)

Table 3

KETCHIKAN GATEWAY BOROUGH

Fund Balances, Governmental Funds
June 30, 2014

	Fiscal Year				
	2014	2013	2012	2011	2010
General Fund					
Committed	$ -	-	-	123,675	30,420
Unassigned	7,790,668	6,276,521	6,860,808	6,550,394	5,991,166
Total general fund	7,790,668	6,276,521	6,860,808	6,674,069	6,021,586
All other governmental funds					
Reserved	-	-	-	-	10,780,900
Capital projects funds	-	-	-	-	23,845,433
Unreserved, report in:					
Special revenue funds	-	-	-	-	15,676,744
Nonspendable	2,055,751	2,557,461	4,288,124	4,538,151	-
Restricted	12,912,463	13,928,936	9,800,504	29,263,760	-
Committed	6,650,448	6,310,341	4,285,593	1,683,538	-
Assigned	5,361,936	5,918,222	5,034,099	6,554,142	-
Unassigned	(789,399)	(1,187,887)	(548,946)	(603,953)	-
Total all other governmental funds	26,191,199	27,527,073	22,859,374	41,435,638	50,303,077
Total Governmental Funds	$ 33,981,867	$ 33,803,594	29,720,182	48,109,707	56,324,663

	Fiscal Year				
	2009	2008	2007	2006	2005
General Fund					
Reserved	$ 110,576	65,191	28,245	192,230	504,119
Unreserved	5,525,115	2,809,698	1,429,143	1,725,796	2,376,078
Total general fund	5,635,691	2,874,889	1,457,388	1,918,026	2,880,197
All other governmental funds					
Reserved	10,223,588	16,511,974	16,723,780	18,385,389	13,013,202
Capital projects funds	1,697,272	(4,415,280)	(8,167,617)	(4,852,950)	3,548,290
Unreserved, report in:					
Special revenue funds	11,341,183	4,779,458	2,885,986	4,022,884	7,663,768
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	23,262,043	16,876,152	11,442,149	17,555,323	24,225,260
Total Governmental Funds	$ 28,897,734	19,751,041	$ 12,899,537	19,473,349	27,105,457

Table 4

KETCHIKAN GATEWAY BOROUGH

Changes in Governmental Fund Balances
June 30, 2014

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	$ 16,805,205	16,492,010	17,052,595	17,182,814	17,471,661	18,673,487	17,935,890	16,576,094	16,437,391	15,706,140
Intergovernmental	9,787,808	8,236,478	9,372,872	8,420,951	11,475,300	14,401,276	6,509,226	5,833,389	5,339,281	4,085,451
Licenses and permits	90	835	11,543	14,168	11,108	20,333	26,800	34,060	35,140	38,815
Water fees	217,149	193,081	176,394	177,610	165,463	-	-	-	-	-
Charges for services	2,460,333	2,460,017	1,984,455	1,736,329	1,496,472	1,621,604	1,337,715	1,280,530	1,495,718	1,414,366
Commercial vessel passenger tax	2,240,210	1,977,770	1,947,248	2,095,324	2,313,793	2,326,147	2,244,585	-	-	-
Interest Subsidy	606,982	600,911	615,002	547,193	-	-	-	-	-	-
Investment earnings	54,234	59,449	(114,090)	710,139	354,644	272,695	612,485	1,473,267	845,592	760,004
Proceeds from sale of property	473,320	-	1,632,855	69,000	3,555,179	-	1,248,605	856,220	2,692,193	874,850
Miscellaneous	389,216	360,996	367,004	330,620	330,086	317,622	390,359	408,748	375,565	431,664
Total Revenues	33,034,547	30,381,547	33,045,878	31,284,148	37,173,706	37,633,164	30,305,665	26,462,308	27,220,880	23,311,290
Expenditures										
General government	3,584,249	3,613,270	3,523,762	3,222,852	2,718,432	2,512,572	2,882,789	2,704,745	2,627,499	2,290,158
Library services	422,570	410,326	380,266	372,794	371,886	420,190	420,100	420,565	396,468	411,855
Fire and EMS	1,163,729	1,055,508	1,070,550	1,058,292	1,020,905	992,333	978,225	-	-	-
Water treatment and distribution	318,826	249,401	226,424	209,885	229,160	246,731	-	-	-	-
Public services	4,730,443	3,324,609	4,615,631	3,218,115	3,896,096	5,144,229	1,720,168	6,129,496	6,970,230	9,871,936
Parks and recreation	2,306,465	2,303,059	2,135,115	1,786,992	1,778,070	1,421,501	1,656,144	-	-	-
Public works	1,030,382	1,182,394	1,018,329	1,066,171	1,325,648	1,305,296	1,203,440	-	-	-
Transit	1,994,798	1,862,205	1,805,799	1,542,359	1,285,049	1,023,517	1,022,749	-	-	-
Automation	-	-	-	-	-	-	-	339,083	324,728	265,761
Education	8,050,000	8,239,518	8,650,000	9,411,000	9,617,935	9,068,223	8,123,054	8,895,922	8,227,112	7,635,347
Nondepartmental	260,433	227,909	215,849	378,305	376,593	539,397	219,754	492,028	365,323	362,582
Capital Outlay	2,888,235	2,257,159	21,037,970	19,492,677	6,484,687	2,683,114	4,307,042	10,386,898	12,981,780	11,930,424
Debt Service:										
Principal retirement	3,358,741	2,936,443	2,994,753	2,567,666	2,331,677	2,363,282	2,376,476	2,289,756	2,102,457	1,641,555
Interest and fiscal charges	2,562,522	2,474,835	2,536,190	2,612,426	1,092,438	1,319,134	1,421,315	1,506,104	1,548,431	1,264,999
Bond issuance costs	-	37,962	75,066	149,870	250,738	-	-	-	-	450,000
Total Expenditures	32,671,393	30,174,598	50,285,704	47,089,404	32,779,314	29,039,519	26,331,256	33,164,597	35,544,028	36,124,617
Excess (Deficiency) of Revenues Over Expenditures	363,154	206,949	(17,239,826)	(15,805,256)	4,394,392	8,593,645	3,974,409	(6,702,289)	(8,323,148)	(12,813,327)
Other Financing Sources (Uses)										
General obligation bonds issued	-	4,875,000	8,070,000	8,165,000	29,490,000	-	-	-	1,100,000	15,580,000
Premium on bonds	-	653,805	1,287,659	58,283	372,207	-	-	-	14,927	483,834
Settlement	-	-	-	-	-	50,000	3,100,000	970,088	-	-
Transfers in	6,957,976	7,223,798	7,156,872	6,969,046	4,566,059	4,358,323	5,347,217	7,660,149	4,244,391	5,724,276
Other financing proceeds	-	-	-	-	-	877,500	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	395,966
Bond issuance costs	-	-	-	-	-	-	-	-	(7,607)	(31,000)
Transfers out	(7,142,857)	(8,876,140)	(7,596,807)	(7,602,029)	(5,191,317)	(4,732,775)	(5,570,122)	(8,501,760)	(4,660,671)	(6,280,274)
Payment to refunding bond escrow agent	-	-	(9,277,870)	-	(6,204,412)	-	-	-	-	(7,680,000)
Total Other Financing Sources (Uses)	(184,881)	3,876,463	(360,146)	7,590,300	23,032,537	553,048	2,877,095	128,477	691,040	8,192,802
Special item - write off delinquent note	-	-	(789,553)	-	-	-	-	-	-	-
Net Change in Fund Balances	$ 178,273	4,083,412	(18,389,525)	(8,214,956)	27,426,929	9,146,693	6,851,504	(6,573,812)	(7,632,108)	(4,620,525)
Debt Service as a Percentage of noncapital expenditures	19.88%	19.38%	18.91%	18 77%	13.02%	13.97%	17.24%	16.66%	16.18%	13.87%

Table 5

KETCHIKAN GATEWAY BOROUGH

Assessed Value and Actual Value of Taxable Property
Changes in Assessment
June 30, 2014

Fiscal Year	Residential	Commercial	Industrial	Personal Property	Tax-Exempt	Sr. & Vet Tax-Exempt *	Optional Tax-Exempt*	Total Assessed Value	Total Direct Tax Rate
2005	$ 652,612,550	199,733,125	79,399,825	53,895,900	68,936,400	-	-	916,705,000	7.00
2006	675,854,500	205,767,650	80,779,650	59,666,800	74,052,800	-	-	948,015,800	7.50
2007	743,010,500	210,993,500	81,475,600	58,550,200	75,182,200	-	-	1,018,847,600	7.50
2008	837,303,700	234,295,600	90,715,200	68,550,700	79,737,000	-	-	1,151,128,200	7.20
2009	937,034,800	251,345,100	100,424,800	68,115,000	85,908,700	-	-	1,271,011,000	6.80
2010	951,009,500	278,712,800	100,810,500	67,594,600	90,099,200	-	-	1,308,028,200	6.00
2011	953,717,800	287,116,300	103,282,600	-	95,518,600	-	-	1,248,598,100	5.80
2012	1,003,522,700	302,021,300	141,685,600	-	103,105,400	36,449,100	38,151,600	1,269,523,500	5.50
2013	1,008,067,300	326,126,776	215,007,624	-	58,646,400	110,012,900	65,866,600	1,314,675,800	5.00
2014	1,116,092,800	439,325,100	288,117,100	-	194,717,156	208,527,500	91,902,044	1,348,388,300	5.00

Source: Ketchikan Gateway Borough Assessment and Finance Department.
Note: FY2010 Business Personal Property Tax was repealed.

* Exemptions for 2012 forward are reported as follows.
Sr. & Vet Tax-Exempt - Total value of Senior Citizens and Disabled Veterans Exemptions.
Other Mandatory Tax-Exempt - Total value of all other exemptions granted under AS 29.45.030.
Optional Tax-Exempt - Total value of all exemptions granted under AS 29.45.050. This includes the optional portion of NRHA housing, Community Purpose and the Ketchikan

Table 6

KETCHIKAN GATEWAY BOROUGH

Principal Property Tax Payers Current Year and Ten Years Ago
June 30, 2014

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cape Fox Corporation	$ 16,049,400	1	1.22%	$ 10,123,000	1	1.08%
Trident Seafoods	15,974,200	2	1.22%	6,276,100	6	0.67%
Ketchikan Dock Company	14,137,800	3	1.08%	-	-	0.00%
Tongass Trading	11,705,500	4	0.89%	8,108,600.0	2	0.87%
Harbor Enterprises	11,113,300	5	0.85%	6,202,700	7	0.66%
Boyer Towing	9,169,200	6	0.70%	5,466,200	10	0.58%
Dock Street Building	8,714,700	7	0.66%	-	-	0.00%
The Landing LLC	8,342,300	8	0.63%	6,601,400	5	0.71%
ESPS Inc.	8,069,100	9	0.61%	5,563,200	9	0.59%
Alaska General Seafood	7,715,700	10	0.59%	-	-	0.00%
Carr-Gottstein Foods	-	-	0.00%	6,770,600	3	0.72%
Wal-Mart	-	-	0.00%	6,874,800	4	0.74%
Southeast Stevedoring	-	-	-	5,595,500	8	0.60%
	-	-	-	-	-	0.00%
Total Principal Property Tax Payers	$ 110,991,200		8.44%	$ 67,582,100		7.23%
Total Assessment	$ 1,314,675,800		100.00%	$ 935,122,200		100.00%

Source: Ketchikan Gateway Borough Assessment Department.

Table 7

KETCHIKAN GATEWAY BOROUGH

Property Tax Levies and Collections, Last Ten Fiscal Years

June 30, 2014

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 7,013,272	5,827,184	83%	1,184,206	7,011,390	100%
2006	7,400,485	5,767,904	78%	1,630,785	7,398,689	100%
2007	7,641,357	7,213,060	94%	426,226	7,639,286	100%
2008	8,288,123	7,437,374	90%	792,431	8,229,805	99%
2009	8,642,875	7,911,034	92%	361,104	8,272,138	96%
2010	7,848,169	7,120,983	91%	350,114	7,471,097	95%
2011	7,241,869	7,201,114	99%	3,501	7,204,615	99%
2012	6,982,379	6,872,731	98%	20,822	6,893,553	99%
2013	6,573,379	6,511,100	99%	-	6,511,100	99%
2014	6,741,942	6,674,436	99%	52,487	6,726,923	100%

Table 8

KETCHIKAN GATEWAY BOROUGH

Taxable Sales by Category, Fiscal Years

June 30, 2014

Borough & City	Fiscal Year 2014	2013	2012	2011	2010
Contractors	$ 7,014,417	6,934,972	6,617,394	6,141,701	6,251,223
Finance, insurance, banks	1,961,381	2,178,110	1,852,493	2,192,021	2,183,286
Hotels, motels, lodges	14,249,033	13,585,323	13,186,969	12,603,094	12,888,607
Manufacturing	6,762,202	6,895,841	6,522,871	6,140,406	5,926,608
Real estate	25,636,228	26,642,797	25,749,712	24,485,430	24,840,277
Retail trade	62,305,233	62,405,340	62,157,151	61,376,056	61,939,877
Retail trade - food	49,865,829	49,084,609	48,643,775	46,657,847	46,474,680
Retail trade, bars & catering	19,726,322	20,205,401	19,529,853	18,350,884	17,928,618
Retail, automotive	14,906,533	14,811,657	14,955,723	14,139,519	13,897,325
Retail, specialty	14,277,823	15,284,879	15,365,461	14,635,547	15,022,750
Retail, var, jewelry, curios	28,704,086	29,027,152	27,931,301	28,413,986	31,046,295
Services, entertainment	4,551,766	4,256,518	3,997,157	3,922,744	4,113,145
Service, general	11,029,056	10,192,747	9,441,544	8,943,572	9,111,881
Services, professional	3,626,408	3,590,993	3,483,385	3,477,776	3,614,729
Trans, comm, utilities	73,692,208	73,659,093	72,233,703	66,144,540	61,645,321
	$ 338,308,525	338,755,432	331,668,492	317,625,123	316,884,622

	Fiscal Year 2009	2008	2007	2006	2005
Contractors	7,215,832	6,553,234	6,386,800	6,501,297	5,787,020
Finance, insurance, banks	2,417,371	2,332,930	2,365,356	2,342,761	2,240,771
Hotels, motels, lodges	14,303,080	15,059,772	13,472,358	13,116,794	12,650,991
Manufacturing	6,103,646	6,189,634	5,613,112	5,779,607	5,804,269
Real estate	23,075,357	22,218,581	21,286,943	19,516,251	18,684,763
Retail trade	69,582,975	68,505,073	63,957,201	63,411,482	62,477,212
Retail trade - food	45,444,444	46,370,309	43,281,242	42,245,987	38,276,614
Retail trade, bars & catering	18,371,267	18,359,258	18,443,036	17,883,117	16,863,302
Retail, automotive	15,037,370	16,289,550	14,182,345	12,385,868	12,300,535
Retail, specialty	13,523,937	13,548,960	13,026,683	13,561,731	13,619,922
Retail, var, jewelry, curios	32,481,607	34,955,545	33,396,090	37,045,418	37,509,054
Services, entertainment	4,182,048	4,794,739	4,791,109	4,577,495	4,838,814
Service, general	9,331,525	8,893,378	8,378,435	8,476,623	7,461,442
Services, professional	3,598,073	4,094,957	3,955,050	4,415,091	4,038,188
Trans, comm, utilities	69,174,913	74,459,549	62,874,860	59,840,318	52,314,588
	$ 333,843,445	342,625,469	315,410,620	311,099,840	294,867,485

Source: Ketchikan Gateway Borough Finance Department.

KETCHIKAN GATEWAY BOROUGH

Current Year Debt Service by Type, Last Ten Fiscal Years
June 30, 2014

	School G.O. Bond Debt			Revenues - School Bond - Capital Improvement Fund					Per Capita Cost		Recreation Special Revenue Fund G.O. Bonds			Rec CIP Fund		
Fiscal Year	Principal	Interest	Total	State School Debt Reimburse-ment	Misc.	1/2 cent Sales Tax	Total Revenues	Surplus Funded through the School Bond CIP Fund	Population	Per Capita Cost	Principal	Interest	Total	Total Revenues - 1/2 cent Sales Tax, Penalties, Interest, Misc.	Other Expenses	Available for Other Projects
2005	980,000	1,147,323	2,127,323	1,479,265	32,603	1,212,106	2,723,974	596,651	13,111	(46)	630,000	98,074	728,074	1,277,280	-	549,206
2006	1,385,000	1,427,599	2,812,599	2,021,962	29,140	1,575,687	3,626,789	814,190	13,176	(62)	-	-	-	1,604,107	-	1,604,107
2007	2,255,000	1,497,735	3,752,735	2,061,057	114,789	1,603,399	3,779,245	26,510	13,089	(2)	-	-	-	1,563,234	-	1,563,234
2008	2,340,000	1,366,236	3,706,236	2,059,731	114,974	1,708,684	3,883,389	177,153	12,993	(14)	-	-	-	1,708,684	-	1,708,684
2009	2,325,000	1,287,761	3,612,761	2,059,056	13,379	1,682,200	3,754,635	141,874	12,984	(11)	-	-	-	1,682,200	-	1,682,200
2010	1,305,000	870,930	2,175,930	1,946,454	12,570	1,598,834	3,557,858	1,381,928	13,477	(103)	-	-	-	1,598,834	-	1,598,834
2011	2,008,500	1,444,053	3,452,553	2,025,976	19,593	1,614,719	3,660,288	207,735	13,686	(15)	276,500	1,002,567	1,279,067	1,614,719	290,599	45,053
2012	2,311,500	1,394,586	3,706,086	2,176,095	(12,406)	1,659,745	3,823,434	117,348	13,750	(9)	353,500	562,087	915,587	1,659,745	-	744,158
2013	2,394,500	1,366,698	3,761,198	3,353,421	81,487	1,650,132	5,085,040	1,323,842	13,938	(95)	360,500	576,507	937,007	1,650,132	330,516	382,609
2014	2,795,500	1,099,800	3,895,300	2,513,044	6,979	1,711,478	4,231,501	336,201	13,856	(24)	374,500	562,087	936,587	1,711,478	195,177	579,714

Note: G.O. Bonds only

Table 10

KETCHIKAN GATEWAY BOROUGH

Ratios of General Bonded Debt Outstanding
June 30, 2014

Fiscal Year	General Obligation Bonds Governmental Type	Loans and Leases	Certificates of Participation	Total Debt	Personal Income	Total Debt/Personal Income	Percentage of Actual Taxable Value of Property (1)	Per Capita
2005	$ 34,044,749	364,411	-	34,409,160	528,255,301	6.5%	4%	2,624
2006	33,203,086	331,295	-	33,534,381	544,695,840	6.2%	4%	2,545
2007	29,630,000	296,538	-	29,926,538	601,099,236	5.0%	3%	2,286
2008	27,290,000	260,062	-	27,550,062	602,225,550	4.6%	3%	2,120
2009	24,965,000	1,099,280	-	26,064,280	675,557,520	3.9%	2%	2,007
2010	46,810,000	586,677	-	47,396,677	701,208,310	6.8%	4%	3,517
2011	47,925,000	294,937	4,700,000	52,919,937	641,490,192	8.2%	5%	3,867
2012	44,855,000	95,184	4,570,000	49,520,184	704,907,500	7.0%	4%	3,601
2013	46,975,000	48,741	4,435,000	51,458,741	598,441,968	8.6%	4%	3,692
2014	43,805,000	-	4,295,000	48,100,000	712,974,336	6.7%	4%	3,471

1 Assessment data in table 5

Table 11

KETCHIKAN GATEWAY BOROUGH

Direct and Overlapping Governmental Activities Debt

June 30, 2014

Governmental Unit		
Ketchikan Gateway Borough		
Total Direct Debt		
Outstanding G.O. Bonds	$	43,805,000
Certificates of Participation		4,295,000
Total Direct Debt		48,100,000
City of Ketchikan Direct Debt		16,785,427
Total Direct and Overlapping Debt	$	64,885,427

Table 12

KETCHIKAN GATEWAY BOROUGH

Revenue Bond Coverage
Ketchikan International Airport
Last Ten Years
June 30, 2014

Fiscal Year	Gross Revenues - (1)	Operating Expenses - (2)	Net Revenue Available for Debt Service	Debt Service Requirements - (3) Principal	Interest	Total	Coverage
2005	$ 2,997,565	3,219,520	(221,955)	185,000	188,726	373,726	(0.59)
2006	3,756,403	3,288,967	467,436	195,000	179,420	374,420	1.25
2007	3,865,146	3,588,605	276,541	205,000	169,776	374,776	0.74
2008	4,337,157	3,593,216	743,941	220,000	159,795	379,795	1.96
2009	4,022,364	4,058,174	(35,810)	235,000	138,758	373,758	(0.10)
2010	3,768,310	3,957,424	(189,114)	250,000	127,483	377,483	(0.50)
2011	4,212,118	4,240,937	(28,819)	260,000	115,627	375,627	(0.08)
2012	4,570,795	4,617,663	(46,868)	165,000	69,393	234,393	(0.20)
2013	7,160,408	4,791,025	2,369,383	955,000	84,840	1,039,840	Redeemed
2014	4,712,241	4,811,900	(99,659)	-	-	-	-

(1) Total revenues (including interest), plus State Operating Grants, plus revenues from Passenger Facility Charges (PFC fund).

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the Airport enterprise fund or debt defeasance transactions.

Table 13

KETCHIKAN GATEWAY BOROUGH

Demographic Statistics
Last Ten Years
June 30, 2014

					Education - (2)				
Fiscal Year	Borough Population	Personal Income	Alaska Per Capita Income - (1)	Annual Average Unemploy-ment Rate	Borough School Enrollment	Number of Attendance Centers	Number of Classrooms	Number of Teachers FTE	Number of Permanent Employees
2005	13,111	$ 528,255,301	$ 40,291	7.60%	2,372	5	134	155	307
2006	13,176	544,695,840	41,340	7.60%	2,291	7	145	155	307
2007	13,089	601,099,236	45,924	5.00%	2,265	7	147	158	310
2008	12,993	602,225,550	46,350	6.20%	2,166	7	147	158	310
2009	12,984	675,557,520	52,030	7.78%	2,115	7	147	163	315
2010	13,477	701,208,310	52,030	7.78%	2,110	7	147	159	311
2011	13,686	641,490,192	46,872	7.20%	2,100	7	147	159	311
2012	13,750	704,907,500	51,266	7.20%	2,167	7	147	152	315
2013	13,938	598,441,968	42,936	4.20%	2,201	7	147	152	315
2014	13,856	712,974,336	51,456	6.80%	2,266	7	147	154	317

(1) Census and Capita Income per State of Alaska Department of Labor.
(2) http://www.eed.state.ak.us/stats/DistrictEnrollment/2013DistrictEnrollment.pdf

Principal Employers FY 2013 and Ten Years Ago
June 30, 2014

Calendar Year	2013			2004		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Private Ownership	5,397	1	42.02%	4,962	1	42.14%
Trade, Transportation and Autilities	1,701	2	13.24%	1,912	2	16.24%
Local Government	1,130	3	8.80%	1,055	3	8.96%
Educational & Health Services	972	4	7.57%	670	5	5.69%
Leisure & Hospitality	800	5	6.23%	711	4	6.04%
State of Alaska	692	6	5.39%	584	6	4.96%
Manufacturing	596	7	4.64%	475	7	4.03%
Fianancial Activities	383	8	2.98%	268	8	2.28%
Construction	342	9	2.66%	299	10	2.54%
US Federal Government	246	10	1.92%	313	9	2.66%
Professional & Business Services	199	11	1.55%	98	14	0.83%
Other	181	12	1.41%	182	11	1.55%
Natural Resource and Mining	111	13	0.86%	147	12	1.25%
Information	93	14	0.72%	100	13	0.85%
	12,843		100.00%	11,776		100.00%

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

Source: State of Alaska, Department of Labor
http://labor.alaska.gov/research/qcew/ee04.pdf

Table 15

KETCHIKAN GATEWAY BOROUGH

Miscellaneous Statistics
June 30, 2014

Date of Incorporation & Code of Ordinances Adopted- 1963
Form of Government - Elected Assembly - Manager
Second-Class Borough

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Ketchikan Gateway Borough										
Borough, square miles	6,900	6,900	6,900	6,900	6,900	6,900	6,900	1,733	1,733	1,733
Revillagigedo Island, square miles	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129
Gravina Island, square miles	96	96	96	96	96	96	96	96	96	96
Animal Protection										
Licenses Issued	808	833	820	828	774	810	775	761	604	685
Animals Impounded	251	441	411	392	362	509	475	424	408	417
Animals Surrendered	161	192	303	310	296	309	278	315	395	388
Animals Adopted	162	224	209	182	130	121	109	169	158	204
Animals Claimed	117	112	124	136	161	171	184	118	149	156
Employees by function										
General Government	25	25	24	24	24	24	23	26	25	25
Fire and EMS	6	6	6	6	6	6	6	5	4	2
Public services	10	12	12	12	12	12	11	11	11	10
Parks and Recreation	14	14	14	14	14	14	14	14	14	14
Public works	15	15	16	16	16	18	18	19	20	18
Transit	9	9	9	9	9	9	10	9	9	8
Automation	1	1	1	1	1	1	1	1	1	1
Airport	27	27	27	27	27	27	27	27	28	26
	107	109	109	109	109	111	110	112	112	104
South Tongass Volunteer Fire Department										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	36	36	35	39	43	39	40	38	40	27
Fire Calls	32	31	33	67	34	29	8	15	23	12
Emergency Calls/EMS Incidents	121	141	113	101	96	125	102	104	69	88
Fire Investigations	6	5	7	6	5	7	4	15	3	2
North Tongass Volunteer Fire Department										
Stations	2	2	2	2	2	2	2	2	2	2
Volunteers	26	24	20	24	23	26	31	31	30	30
Fire Calls	21	40	26	24	25	43	37	28	40	
Emergency Calls/EMS Incidents	207	156	113	126	145	149	95	84	110	
Fire Investigations	1	1	0	0	0	0	0	0	1	
Elections										
Registered Voters	9,963	9,836	10,065	10,105	10,354	10,255	10,380	10,253	10,034	10,135
Votes Cast Last Borough Election	2,233	2,407	1,554	1,849	2,127	2,189	2,456	2,528	3,138	3,982
% Voting Last Borough Election	22%	24%	15%	18%	21%	21%	24%	25%	31%	39%

Sewer & Water Plants

Table 15

KETCHIKAN GATEWAY BOROUGH

Miscellaneous Statistics
June 30, 2014

Date of Incorporation & Code of Ordinances Adopted- 1963
Form of Government - Elected Assembly - Manager
Second-Class Borough

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Wastewater Enterprise Fund:										
Miles of Sanitary Sewers	8	8	6	6	6	6	6	6	6	6
Average Daily Treatment (Sewer gals)	180,000	180,000	100,000	100,000	100,000	100,000	47,000	47,000	47,000	47,000
Treatment Capacity (Sewer gals)	700,000	700,000	700,000	700,000	700,000	700,000	330,000	330,000	330,000	330,000
Sewer Connections	660	580	522	522	522	522	257	257	257	257
Sludge Pumping Customers	1313	1313	1,231	1,231	Not available	Not available	Not available	Not available	Not available	Not available
South Tongass Service Area:										
Water, Hydrant, Connections	480	466	402	402	402	402	327	327	327	327
Average Daily Treatment (Water gals)	175,000	175,000	149,533	149,533	149,533	149,533	92,580	92,580	92,580	146,933
Treatment Capacity (Water gals)	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000	288,000
Municipal Parks										
Developed Parks	15	15	15	15	15	15	15	15	15	15
Developed Acres	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564	6,564
Swimming Pools	1	1	1	1	1	1	1	1	2	2
Lighted Ball Fields	7	7	7	7	7	7	7	6	6	6
Ketchikan International Airport (Calendar YR)										
Inbound Passengers	89,013	102,390	100,568	99,072	96,160	100,851	119,376	125,295	104,906	92,659
Outbound Passengers	86,718	101,947	100,054	98,262	95,050	99,650	112,746	119,451	104,966	93,424
Airport Ferry										
Passengers	354,728	347,939	337,255	337,996	336,422	381,961	449,790	418,291	356,774	321,958
Vehicles	85,783	79,648	79,847	76,243	83,690	105,653	127,516	106,276	84,754	71,394
Transit										
Passengers		458,703	406,164	346,249	307,999	265,536	226,356	153,377	133,321	150,985
Visitor Industry										
Cruise Ship Passengers (calendar year)	800,000est	791,108	778,899	835,325	925,517	930,459	897,834	899,638	681,096	

Data supplied by Ketchikan Gateway Borough Department Directors

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