

City and Borough of Sitka, Alaska

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

Prepared by

John P. Sweeney III
Chief Financial and Administrative Officer

Melissa Haley
Controller

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City and Borough of Sitka, Alaska

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City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

December 31, 2018

To the Honorable Mayor,
Assembly Members and
Citizens of the City and Borough of Sitka, Alaska:

The Assembly of the City and Borough of Sitka has elected to issue each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that request, we hereby issue the comprehensive annual financial report of the City and Borough of Sitka, Alaska for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the financial position and performance of the City and Borough of Sitka. Consequently, management assumes full responsibility for the completeness and reliability of all of the information present in this report. To provide a reasonable basis for making these representations, management of the City and Borough of Sitka has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City and Borough of Sitka's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City and Borough of Sitka's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City and Borough of Sitka's financial statements have been audited by BDO USA, LLP, a global accounting network of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City and Borough of Sitka for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that they will render an unmodified opinion on the City and Borough of Sitka's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City and Borough of Sitka was part of a broader, state and federally mandated "Single Audit" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent

auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of state and federal awards. These Single Audit Reports are included at the end of this Comprehensive Annual Financial Report (CAFR).

GAAP requires 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 City and Borough of Sitka's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The City and Borough of Sitka, incorporated in 1971, is located on Baranof and Chicagof Islands which are located along the Inside Passage in Southeast Alaska. Sitka is situated on the west coast of Baranof Island, contained within the largest temperate rain forest in the world. Most of this rain forest is part of the Tongass National Forest. The City and Borough of Sitka currently occupies a land area of 2,894 square miles, a water area of 1,816 square miles and serves a population of approximately 8,689. The City and Borough of Sitka is empowered to levy a property tax on both real and personal properties located within its boundaries. The City and Borough of Sitka also levies a sales tax on sales within the City and Borough, a transient room tax, and an excise tax on tobacco product sales within the City and Borough.

The City and Borough of Sitka has operated under the Assembly-Administrator form of government since 1971. Policy-making and legislative authority are vested in a governing assembly consisting of the Mayor and six other members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's Administrator and Attorney. The administrator is responsible for carrying out the policies and ordinances of the Assembly, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Assembly is elected on a non-partisan basis. Assembly members serve three-year staggered terms, with two Assembly members elected each year. The Mayor is elected to serve a two-year term. The Mayor and Assembly members are elected at large.

The City and Borough of Sitka provides a full range of services, including police and fire protection; ambulance service; the construction and maintenance of streets and other infrastructure; recreational facilities and cultural events. Other services include electricity, water, waste water treatment, solid waste disposal and recycling, moorage within the harbor system, cold storage facility, and leases within the industrial park. These services represent different departments in the City and Borough of Sitka and therefore have been included as an integral part of the City and Borough of Sitka's financial statements. The City and Borough of Sitka also is financially accountable for a legally separate school district and community hospital, both of which are reported separately within the City and Borough of Sitka's financial statements. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City and Borough of Sitka's financial planning and control. All departments of the City and Borough of Sitka are required to submit requests for appropriation to the Budget Officer on or before the end of each calendar year. The Budget Officer compiles and presents the draft budget to the Administrator on or before the 15th of March. The

Administrator then presents this proposed budget to the Assembly for review on or before the 15th of April. As set forth in the Home Rule Charter of the City and Borough of Sitka for budget performance, the following dates outline the Charter's requirements: (1) not later than 60 days before the end of the current fiscal year, the Administrator shall submit to the Assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanatory message of both; (2) not later than 15 days before the end of the current fiscal year, a public hearing shall be held on the budget and capital improvements program; (3) the Assembly by ordinance shall adopt a budget (for the next fiscal year) not later than 10 days before the end of the current fiscal year. The appropriated budget is prepared by fund and department (e.g., police). The Administrator may make transfers of appropriations within a department, with the exception of line items for salary and benefits, travel and training, and capital assets. Assembly approval is needed for the above three line items within each department's budget. Transfers of appropriations between departments and/or funds, however, require the approval of the Assembly. Budget-to-actual comparisons are provided in this report for all funds for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City and Borough of Sitka operates.

Local economy. The City and Borough of Sitka's principal economic base is commercial fishing, fish processing, health care, government, tourism, and related businesses.

The estimated population for the City and Borough is 8,689. Sales tax collections have increased by 9% over last fiscal year, transient room taxes have increased by 8%, and excise taxes on tobacco have decreased by 3.2%. Increases in tax receipts have allowed the Municipality to continue to offer the same level of services to its citizens and keep pace with inflation. Of note, this year's increase in sales tax from the prior year is largely a result of a structural change in the tax where the taxable transaction limit was increased.

Long-term financial planning. The City and Borough engages in comprehensive long-range fiscal planning for general governmental activities as well as business-type enterprises. The Municipality annually updates a fiscal plan for each business-type enterprise which models cash flows from operations, working capital, long-term debt, and capital expenditures for a minimum 10-year period. These fiscal plans are the basis for recommendations to the Assembly for user fee increases in the various business-type enterprises.

Cash management policies and practices. The City and Borough of Sitka utilizes a central treasury to aggregate cash from all funds except the component units listed herein, for cash management and investment purposes. Interest income on investments is allocated monthly to participating funds based on their average equity balance.

The City and Borough of Sitka utilizes professional investment management services in the management of its investment portfolios. The external investment manager adheres to a codified investment policy which sets forth authorized investment types, restrictions on investment credit quality, and other standard safeguards in order to achieve a reasonable rate of return with minimal risk of loss. The City

and Borough also has an independent Investment Advisory Committee which reviews the investment portfolios and investment return on a quarterly basis.

Risk management. During FY2018, the Municipality continued a limited risk management program for workers' compensation. Various controls techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims and other potential losses.

Pension and other postemployment benefits. The City and Borough of Sitka and the Sitka Community Hospital provide pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The Municipality and Hospital has no obligations in connection with the employee benefits offered through this plan beyond its annual required payment to the pension plan.

The Sitka School District provides pension benefits for all eligible employees through PERS and Teachers Retirement System (TRS). The School District has no obligations in connection with employee benefits offered through this plan beyond its annual required payments to the pension plans.

Additional information on pension arrangements and postemployment benefits can be found in the Required Supplementary Information and in the Notes to the basic financial statements.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the staff of the Finance Department, especially Melissa Haley, Larry Fitzsimmons, Janet Schwartz, Sally Roesel, and Amber Swedeen. My appreciation is extended to all members of the Finance Department who assisted and contributed to the preparation of this report. We also want to thank you, the members of the City and Borough of Sitka's Assembly, for your interest and support in conducting the financial operations of the City and Borough of Sitka in a responsible and progressive manner.

Respectfully submitted,



John P "Jay" Sweeney III
Finance Director

City and Borough of Sitka, Alaska

Elected Officials

June 30, 2018

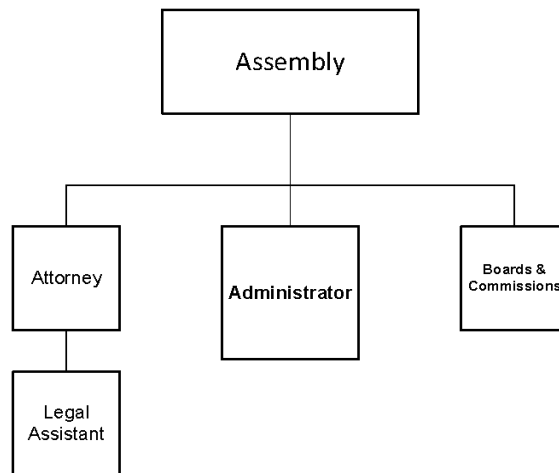
Name	Position
Matthew Hunter	Mayor
Bob Potrzuski	Deputy Mayor
Steven Eisenbeisz	Vice-Deputy Mayor
Benjamin Miyasato	Assembly Member
Kevin Knox	Assembly Member
Aaron Bean	Assembly Member
Richard Wien, M.D.	Assembly Member
Keith Brady	Municipal Administrator

City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

Administrator,
Legal, Boards and
Commissions

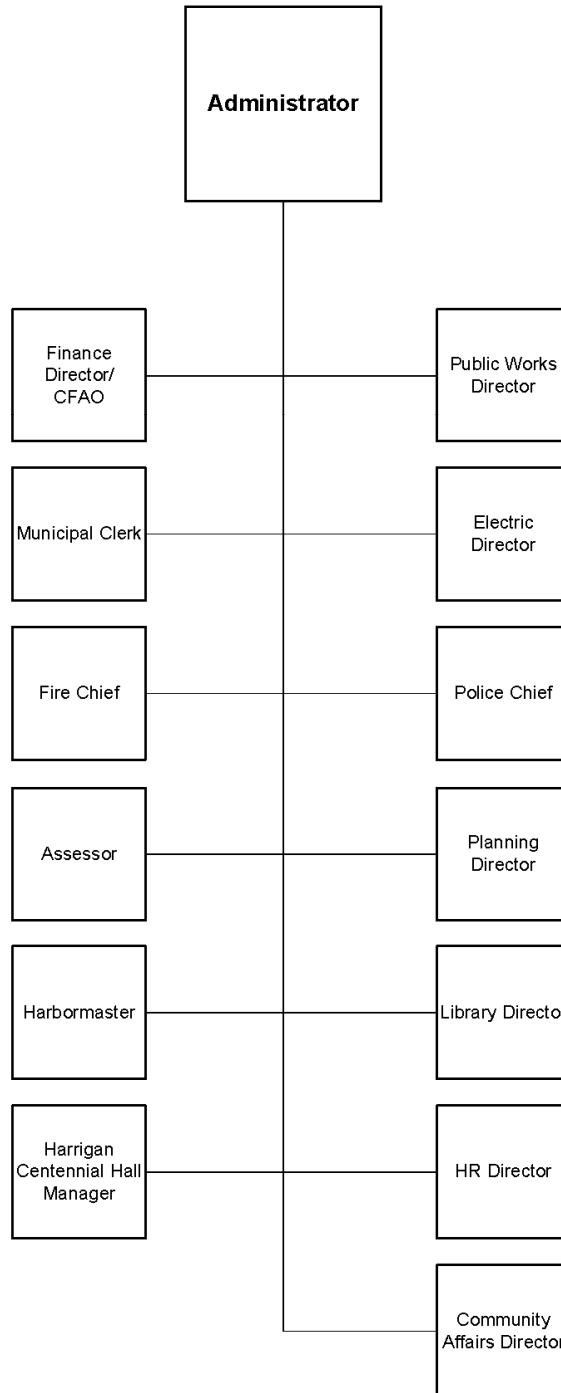


City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

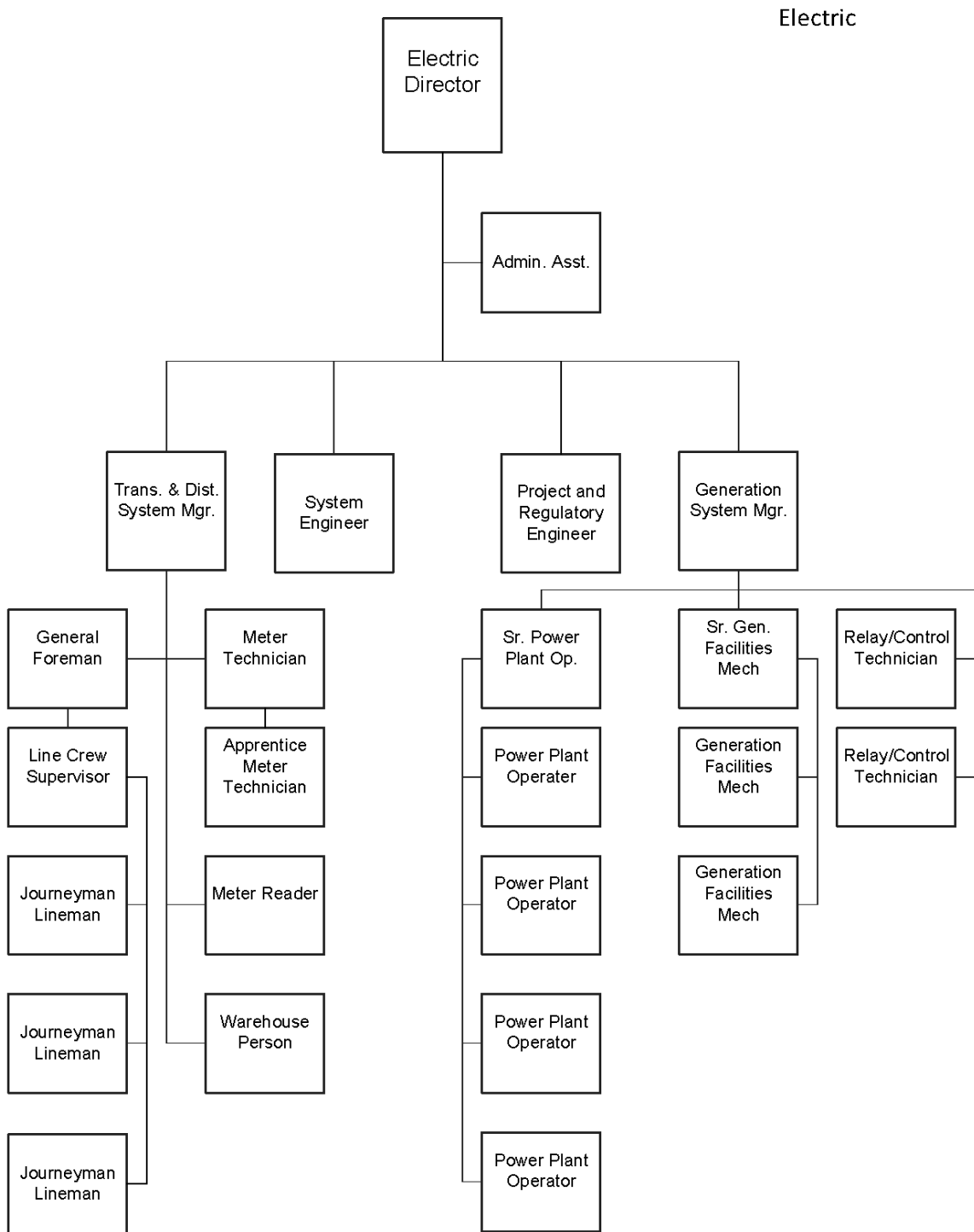
Departments



City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

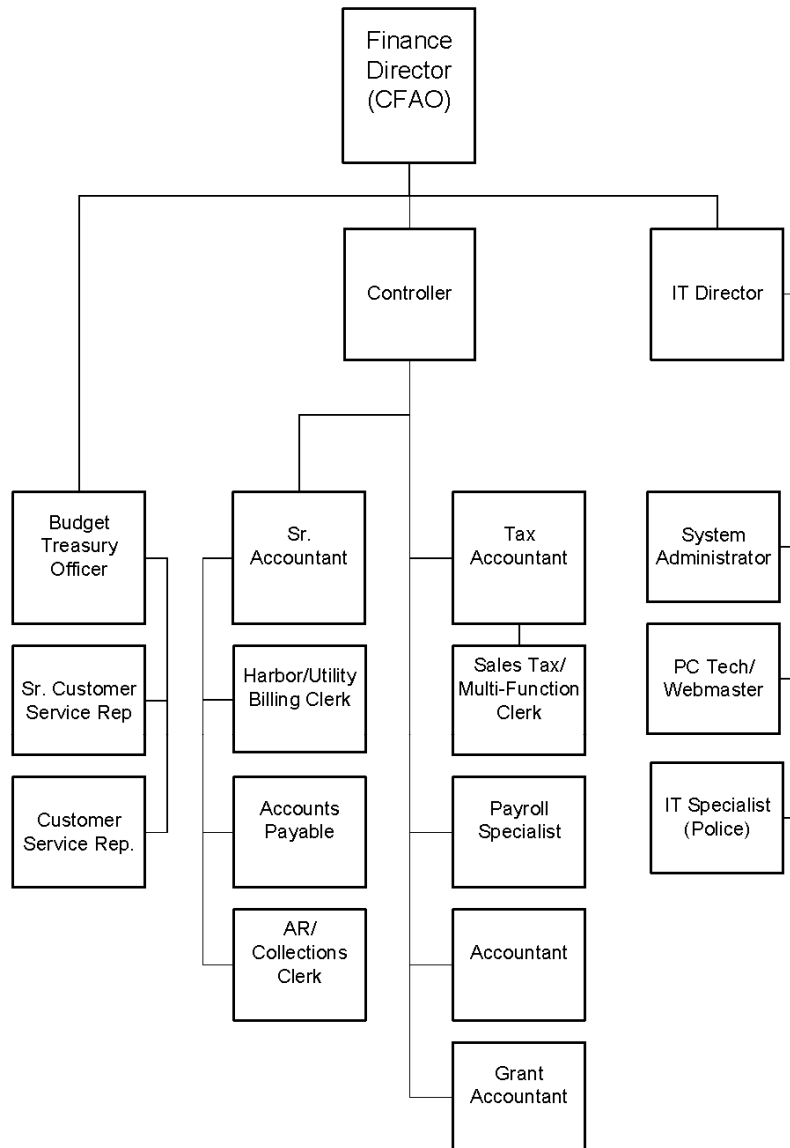


City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

Finance/
MIS

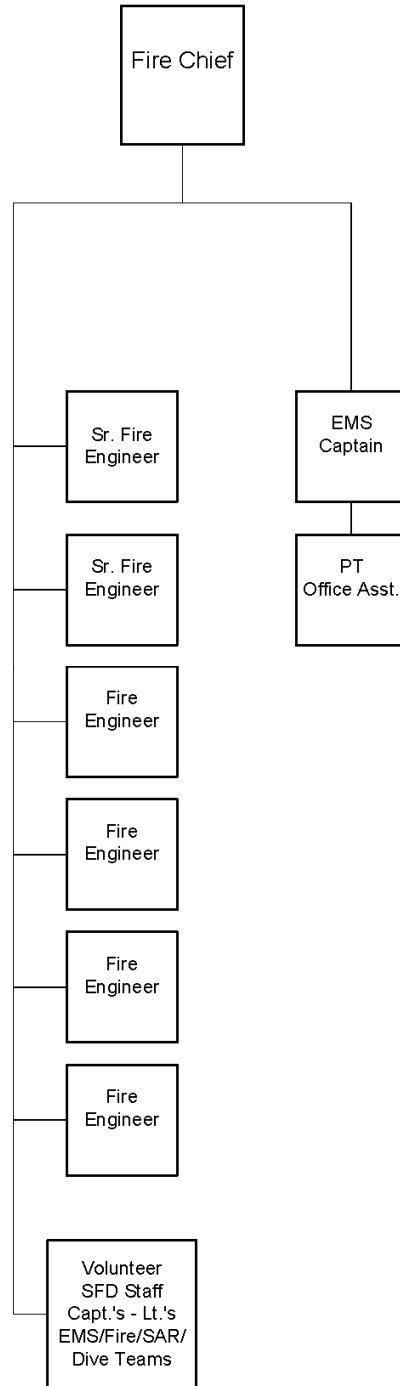


City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

Fire

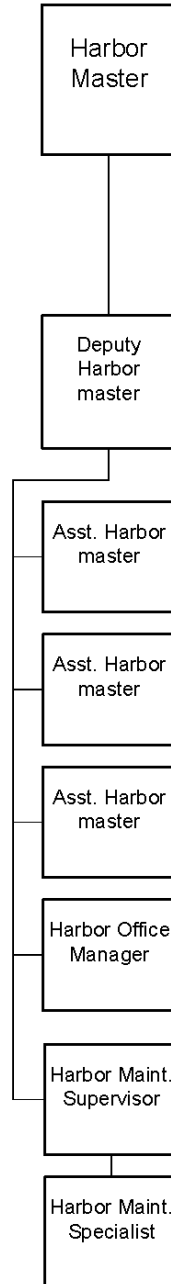


City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

Harbors

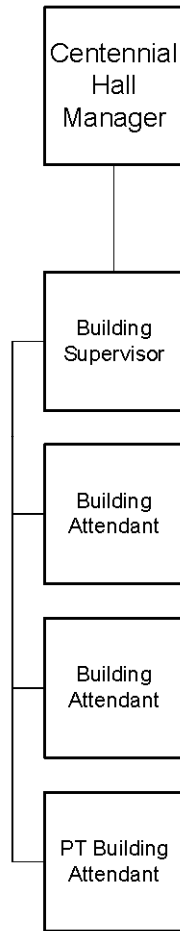


City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

HCH

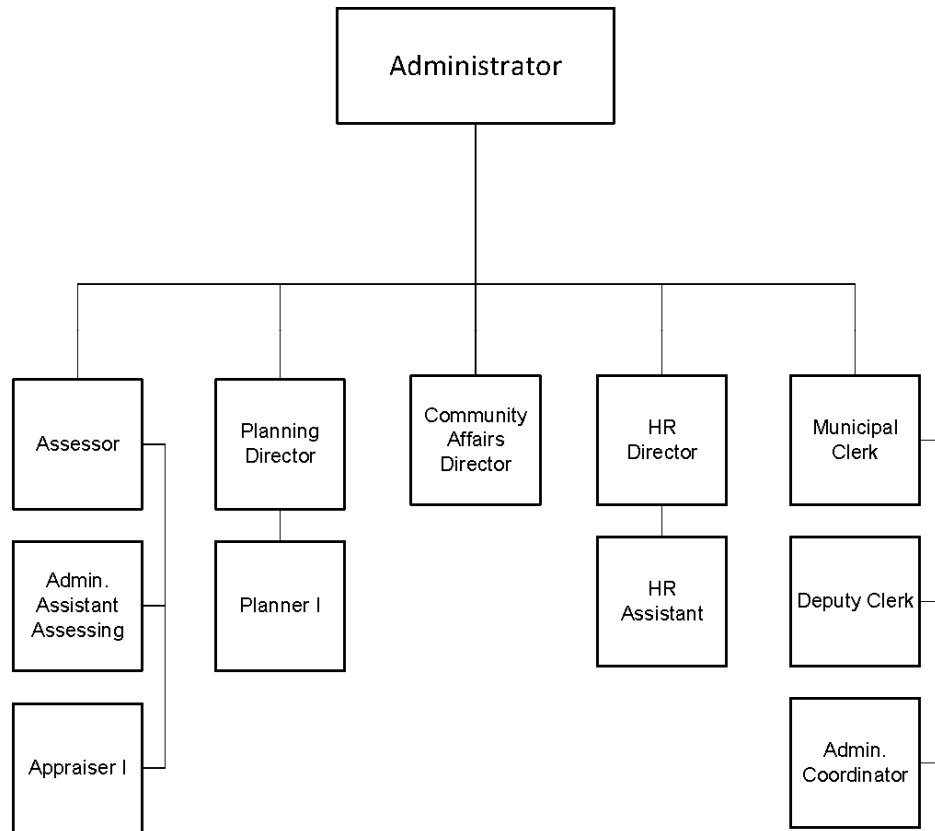


City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

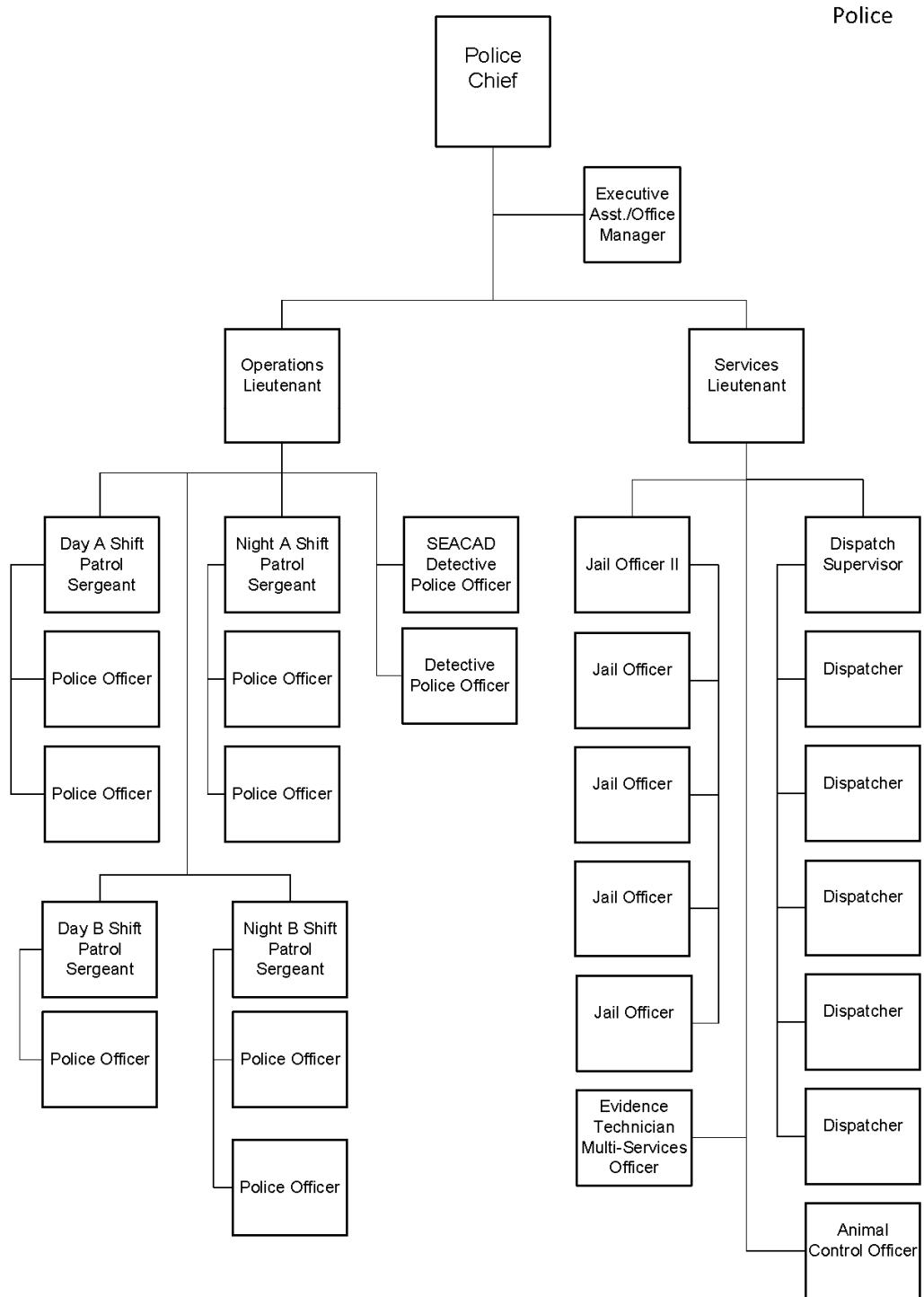
Planning, Assessing,
Municipal Clerk, HR,
Community Affairs



City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

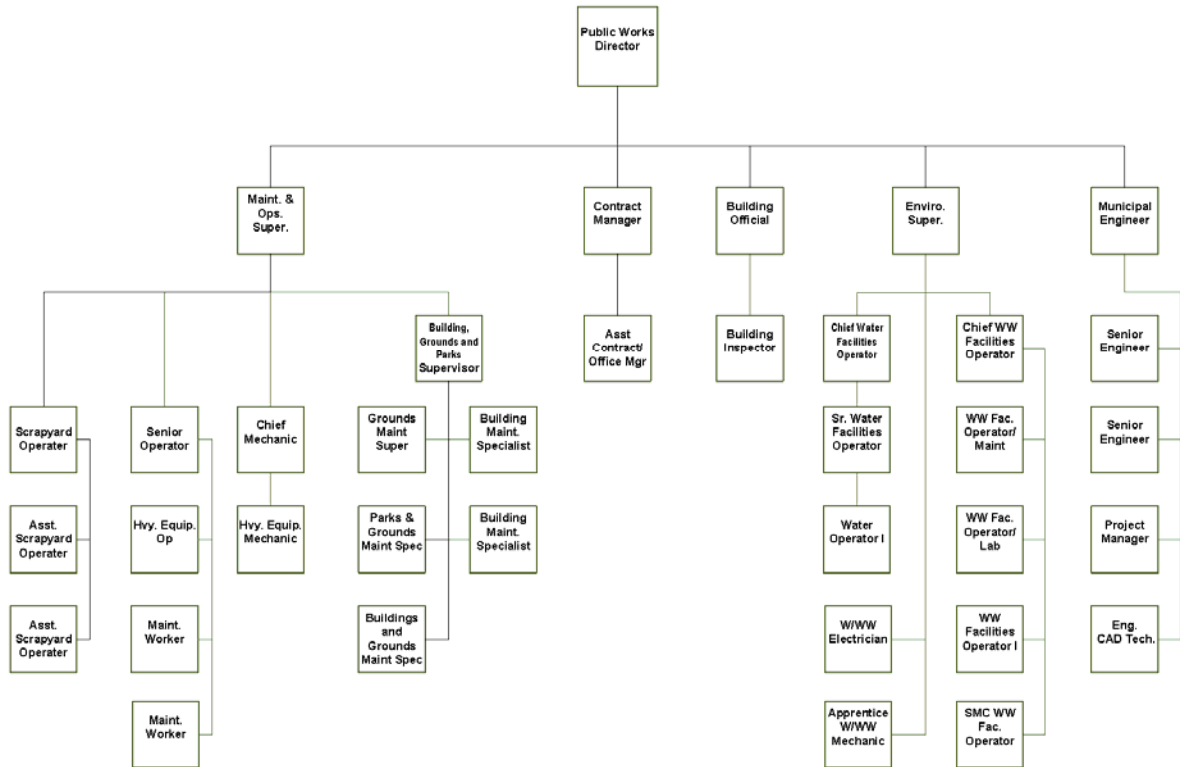


City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018

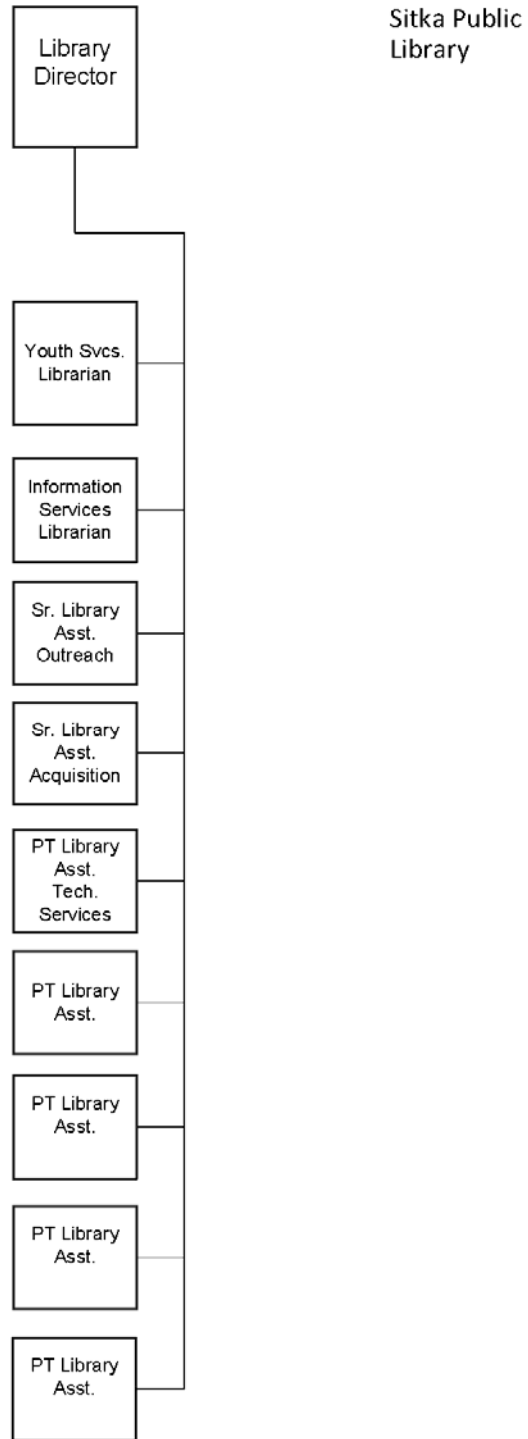
Public Works



City and Borough of Sitka, Alaska

Organization Chart

June 30, 2018





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Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and Borough Assembly
City and Borough of Sitka, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Sitka, Alaska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City and 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 did not audit the financial statements of the Sitka School District and Sitka Community Hospital, which represented 30 percent and 70 percent of the assets and deferred outflows of resources, and 46 percent and 54 percent of revenues of the aggregate discretely presented component units, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sitka School District and Sitka Community Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Sitka, Alaska as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, in 2018 the City and Borough adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 16, the budgetary comparison information on pages 76 through 81, the Schedules of the Borough's information of Net Pension Liability, Net OPEB Liability and Pension Contributions on pages 82 through 86, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City and Borough of Sitka's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents 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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 31, 2018, on our consideration of City and Borough of Sitka's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City and Borough of Sitka's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City and Borough of Sitka's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 31, 2018

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Management's Discussion and Analysis

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

As management of the City and Borough of Sitka (Municipality), we offer the readers of the Municipality's financial statements this overview and analysis of the Municipality's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page II of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Municipality exceeded its liabilities and deferred inflows of resources at the close of the most recent year by **\$364.7** million. Of this amount, **\$42.9** million (unrestricted net position) is legally unreserved and may therefore be used to meet the Municipality's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was **\$5.4** million. Committed funds of **\$9.1** million, are also available to meet expenditures for the next fiscal year with varying levels of restrictions. The unassigned fund balance for the General Fund represented **23%** of General Fund expenditures. This increases to **62%** when committed funds are included.

Overview of the Financial Statements

The management's discussion and analysis serves as an introduction to the Municipality's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements report information about the overall finances of the Municipality similar to the business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The Statement of Net Position presents information on all of the Municipality's assets and deferred outflows less liabilities and deferred inflows, which results in net position. The statement is designed to display the financial position of the Municipality. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Municipality is improving or deteriorating.

The Statement of Activities provides information which shows how the Municipality's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The Statement of Net Position and the Statement of Activities distinguish functions of the Municipality that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The Municipality's governmental activities include administration, public safety, public works, public services and support. The business-type activities of the Municipality

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

include the eight enterprise funds: electric, water, waste water treatment, solid waste disposal, harbor, airport terminal building, marine service center and Gary Paxton Industrial Park.

The government-wide financial statements present not only the Municipality itself, which is the primary government, but also its component units: Sitka School District and Sitka Community Hospital for which the Municipality is financially accountable. Financial information for the Sitka School District and Sitka Community Hospital is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 20 through 23 of this report.

Fund financial statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for the specific activities or objectives. The Municipality, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the Municipality can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Municipality operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Municipality maintains 23 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Permanent Fund, and Capital Projects Fund. The other 17 governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 17 nonmajor funds is presented in the Combining Balance Sheet, Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance, Nonmajor Governmental Funds.

Proprietary funds

The Municipality maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Municipality uses enterprise funds to account for the electric, water, waste water treatment, and solid waste disposal utility services provided to the local citizens. The Municipality also uses enterprise funds to account for commercial activity within its harbors, airport terminal building, marine service center (for cold storage), and Gary Paxton Industrial Park. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Municipality's various functions. The Municipality uses internal service funds to account for the activities of its management information

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

systems (MIS), central garage, and building maintenance services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary funds financial statements provide separate information for the Electric, Solid Waste Disposal, Wastewater, and Harbor Funds, which are considered to be major funds of the Municipality. The remaining four enterprise funds are combined and shown as Nonmajor Enterprise Funds on the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for Proprietary Funds. The basic proprietary fund financial statements can be found on pages 28 through 32.

Fiduciary funds

Fiduciary funds are used to account for assets held by the Municipality in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Municipality cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on pages 33 through 34 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 75 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide information on the Municipalities' Nonmajor funds. Supplementary information can be found following the Notes to Financial Statements beginning on page 89.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Municipality, assets exceeded liabilities by **\$364.7** million at June 30, 2018 compared to **\$367.7** million at June 30, 2017. By far the largest portion of the Municipality's net position of **\$364.7** million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The Municipality uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Municipality's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

	Net Position					
	June 30, 2018 and 2017					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 61.5	\$ 60.0	\$ 51.6	\$ 50.6	\$ 113.1	\$ 110.6
Capital Assets	134.8	137.2	315.2	320.3	450.0	457.5
Total assets	196.3	197.2	366.8	370.9	563.1	568.1
Deferred outflows	2.3	4.4	2.4	3.9	4.7	8.3
Total assets and deferred outflows	\$ 198.6	\$ 201.6	\$ 369.2	\$ 374.8	\$ 567.8	\$ 576.4
Long-term debt outstanding	\$ 33.8	\$ 39.1	\$ 158.3	\$ 161.8	\$ 192.1	\$ 200.9
Other liabilities	2.6	3.2	4.3	4.3	6.9	7.5
Total liabilities	36.4	42.3	162.6	166.1	199.0	208.4
Deferred inflows	2.7	0.2	1.5	0.1	4.2	0.3
Total liabilities and deferred inflows	\$ 39.1	\$ 42.5	\$ 164.1	\$ 166.2	\$ 203.2	\$ 208.7
Net position:						
Net investment in capital assets	\$ 115.9	\$ 115.4	\$ 167.3	\$ 170.0	\$ 283.2	\$ 285.4
Restricted	27.7	27.1	10.7	10.6	38.4	37.7
Unrestricted	15.9	16.6	27.1	28.0	43.0	44.6
Total net position	\$ 159.5	\$ 159.1	\$ 205.1	\$ 208.6	\$ 364.6	\$ 367.7

Governmental Activities

Governmental activities increased the Municipality's net position by \$3.2 million. Key elements of this increase are listed below:

- Net pension liability decreased by \$4.2 million, due to an actuarial decrease in unfunded pension liability.
- General governmental debt declined by \$2.8 million, due to the repayment of principal.

The net position for the Municipality's governmental activities is \$159.5 million. A substantial portion (73%) of the net position is invested in capital assets – an increase of \$0.5 million from the prior fiscal year. The Municipality uses these assets to provide services to the citizens. The unrestricted net position of the governmental activities was \$15.9 million as of June 30, 2018. The largest portion of the restricted net position is for the Permanent Fund (\$22.8 million).

Business-type activities

Business-type activities decreased the Municipality's net position by \$1.8 million. This compares to a decrease of \$2.1 million for the year ended June 30, 2017. Key elements are listed below:

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Management's Discussion and Analysis
June 30, 2018

- Net capital assets decreased by \$5.0 million due to depreciation expense exceeding the value of new capital assets placed in service.
- Long-term debt outstanding decreased by \$3.5 million due to the amount of long-term debt principal retired in amounts exceeding new loans from the State of Alaska.
- Net pension liability decreased by \$2.4 million, due to an actuarial decrease in unfunded pension liability.

The net position for the Municipality's business-type activities is \$205.1 million, a decrease of \$1.8 million. As with government-wide activities, a substantial portion (81%) of the net position is invested in capital assets. The Municipality uses these assets to provide services to the citizens. The unrestricted net position of the business-type activities is \$27.1 million as of June 30, 2018.

Changes in Net Position
For Fiscal Years Ending June 30, 2018 and 2017
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2.5	\$ 2.7	\$ 30.4	\$ 28.5	\$ 32.9	\$ 31.2
Operating grants and contributions	5.5	3.8	0.8	0.7	6.3	4.5
Capital grants and contributions	1.7	6.2	4.8	5.2	6.5	11.4
General revenues:						
Property tax	6.6	6.5	-	-	6.6	6.5
Sales and other taxes	13.9	12.8	-	-	13.9	12.8
Grants and contributions not restricted to specific programs	1.0	-	1.3	1.0	2.3	1.0
Unrestricted investment earnings (loss)	1.9	2.2	0.1	(0.1)	2.0	2.1
Other	-	-	-	0.3	-	0.3
Total revenues	33.1	34.2	37.4	35.6	70.5	69.8

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

Changes in Net Position, continued
For Fiscal Years Ending June 30, 2018 and 2017
(in millions)

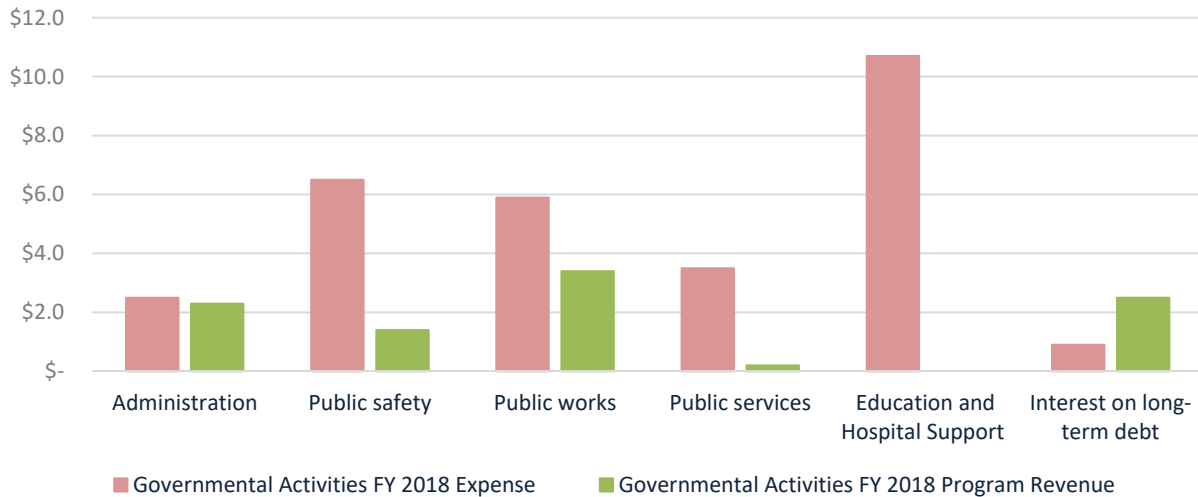
	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Expenses:						
Administration	\$ 2.4	\$ 2.7	\$ -	\$ -	\$ 2.4	\$ 2.7
Public safety	6.5	8.1	-	-	6.5	8.1
Public works	5.9	6.7	-	-	5.9	6.7
Public services	3.4	4.0	-	-	3.4	4.0
Support	10.7	10.4	-	-	10.7	10.4
Interest on long-term debt	0.9	0.9	-	-	0.9	0.9
Electric	-	-	22.1	24.1	22.1	24.1
Solid waste disposal	-	-	4.9	4.5	4.9	4.5
Wastewater treatment	-	-	3.2	3.8	3.2	3.8
Harbors	-	-	3.7	3.8	3.7	3.8
Nonmajor business-type	-	-	5.4	3.8	5.4	3.8
Total expenses	29.8	32.8	39.3	40.0	69.1	72.8
Increase (decrease) in net position before transfers	3.3	1.4	(1.9)	(4.4)	1.143	(3.0)
Transfers in (out)	-	(2.3)	0.1	2.3	-	-
Increase (decrease) in net position	3.2	(0.9)	(1.8)	(2.1)	1.4	(3.0)
Net position, beginning of Year, as restated	156.3	160.0	207.0	210.7	363.3	366.5
Net position, end of year	\$ 159.5	\$ 159.1	\$ 205.2	\$ 208.6	\$ 364.7	\$ 367.7

City and Borough of Sitka, Alaska
 Management's Discussion and Analysis
 June 30, 2018

Expenses and Program Revenues – Governmental Activities

The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales, bed, and property taxes are considered general revenues and are therefore not included on this graph.

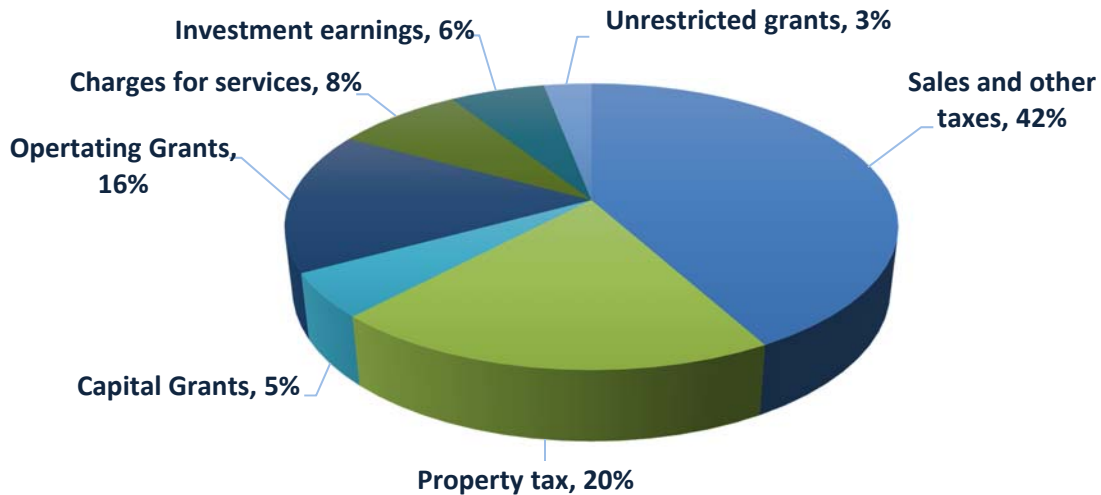
Governmental Activities FY 2018



Revenues and Expenses by Source – Governmental Activities

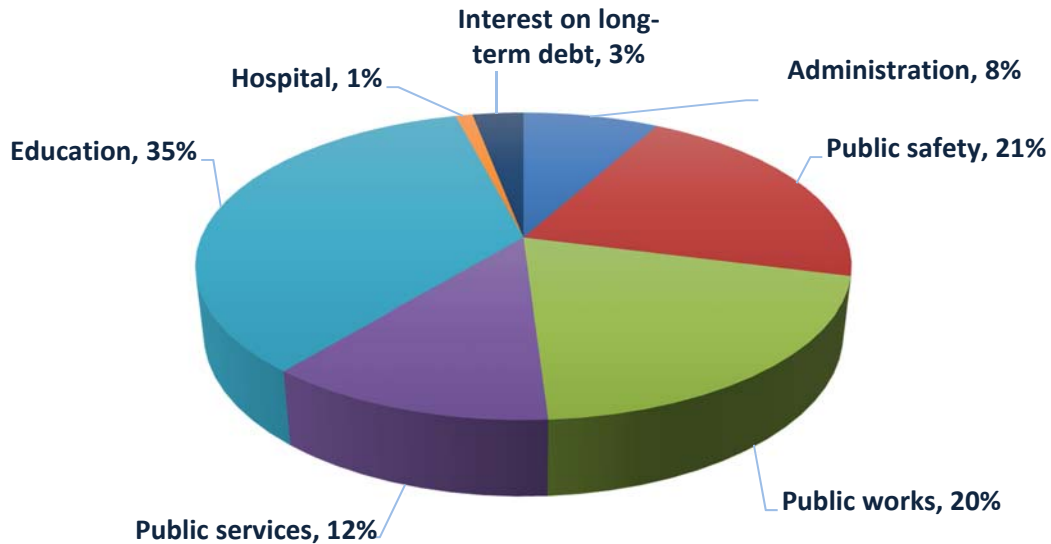
The following graphs depict all sources of revenues shown as a percentage of total governmental revenues and functional expenses, also shown as percentage of total expense.

Governmental Revenue by Source FY 2018



City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

Functional Expenses (Governmental) FY 2018



Financial Analysis of the Government's Funds

As noted earlier, the Municipality uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the Municipality's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Municipality's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Did the Municipality generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

At the end of the current fiscal year, the Municipality's governmental funds reported combined ending fund balances of \$54.3 million, an increase of \$2.4 million compared to the prior year. A portion of this amount is reserved to indicate it is not available to new spending because it is nonspendable, or has been restricted, committed or assigned (\$0.6, \$25.7, \$18.9, and \$3.7 million respectively). The remainder of fund balance is unassigned (\$5.4 million) and is available for spending at the government's discretion.

The General Fund is the chief operating fund of Municipality. At the end of the current fiscal year, total fund balance was \$15.1 million and unassigned fund balance was \$5.4 million. Total fund balance increased by \$0.9 million from the prior year. Key factors include:

- An increase of \$1.0 million in sales and bed taxes.
- An increase of \$0.6 million in Federal support.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

Proprietary Funds

The Municipality's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the eight enterprise funds at the end of the year were \$27.4 million. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the Municipality's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the General Fund are as follows:

- Per the Sitka Home Rule Charter, encumbered operating appropriations do not lapse at the end of the fiscal year and are added into the following fiscal year's budget through a supplemental budget ordinance. The amount of these encumbered operating appropriations was \$96,811.
- Per the Sitka Home Rule Charter, the Assembly of the City and Borough may make supplemental appropriations by budget ordinance to authorize expenditures of public funds for purposes not anticipated in the original budget, and, may reduce any appropriation except for debt service. During the fiscal year, General Fund appropriations were increased by the net amount of \$1,990,204.

Capital Assets and Debt Administration

Capital assets

The Municipality's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$450.1 million (net of accumulated depreciation), a decrease of \$7.4 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads and infrastructure.

Capital Assets
June 30, 2018 and 2017
(in millions, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 17.4	\$ 16.3	\$ 23.6	\$ 16.3	\$ 41.0	\$ 32.6
Buildings	80.7	84.7	12.5	14.5	93.2	99.2
Equipment	4.3	5.2	2.1	2.2	6.4	7.4
Infrastructure	30.0	29.7	-	-	30.0	29.7
Electric plant	-	-	215.1	221.5	215.1	221.5
Water plant	-	-	20.8	19.6	20.8	19.6
Wastewater treatment plant	-	-	16.7	14.9	16.7	14.9
Harbors	-	-	22.7	23.8	22.7	23.8
Construction in progress	2.4	1.3	1.8	7.5	4.2	8.8
Total capital assets	<u>\$ 134.8</u>	<u>\$ 137.2</u>	<u>\$ 315.3</u>	<u>\$ 320.3</u>	<u>\$ 450.1</u>	<u>\$ 457.5</u>

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

Major additions to capital assets during the current fiscal year included the following:

- Completion of a new dock at the Gary Paxton Industrial Park
- Completion of two wastewater lift stations
- Completion of street reconstruction projects including water, wastewater, paving and storm water improvements

Additional information on the Municipality's capital assets can be found in Note 5 beginning on page 48 of this report.

Long-term debt

At the end of the current fiscal year, the Municipality had total debt outstanding of \$192.0 million. Of this amount \$18.0 million was bonded and backed by the full faith and credit of the Municipality. The remaining debt consists of debt secured by equipment, revenue bonds and notes, compensated absences, net pension and OPEB obligations, and landfill closure costs.

Outstanding Debt
June 30, 2018 and 2017
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 18.0	\$ 20.7	\$ -	\$ -	\$ 18.0	\$ 20.7
Revenue bonds	-	-	116.7	118.9	116.7	118.9
Revenue notes	-	-	6.7	7.0	6.7	7.0
Net pension liability	11.7	15.9	6.6	9.0	18.3	24.9
Net OPEB liability (as restated)	1.9	3.2	1.1	1.9	3.0	5.1
Other debt	2.2	2.5	27.1	26.9	29.3	29.4
Total outstanding debt	<u>\$ 33.8</u>	<u>\$ 42.3</u>	<u>\$ 158.2</u>	<u>\$ 163.7</u>	<u>\$ 192.0</u>	<u>\$ 206.0</u>

Additional information on the Municipality's long-term debt can be found in Note 7 beginning on page 52 of this report.

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for FY2019, the Municipality considered a number of issues with Municipality wide impact, among them:

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2018

- A sufficient level of funding necessary to meet the needs of Municipality residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Municipality's financial condition.
- The highest level of local education funding Municipality residents can reasonably afford and sustain.
- A high quality capital and operational maintenance program that ensures the continued use and economic value of Municipality assets.

All of these factors were considered in preparing the Municipality's budget for FY2019.

Request for information

This financial report is designed to provide a general overview of the Municipality's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for addition financial information should be addressed to the Finance Director, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835

Basic Financial Statements

City and Borough of Sitka, Alaska

Statement of Net Position

June 30, 2018

	Primary Government			Sitka School District	Sitka Community Hospital
	Governmental Activities	Business-Type Activities	Total		
Assets and Deferred Outflows of Resources					
Assets					
Equity in central treasury	\$ 29,696,556	\$ 34,881,796	\$ 64,578,352	\$ -	\$ -
Cash and investments	-	-	-	2,945,634	3,099,823
Receivables (net of allowance)	5,169,290	4,293,998	9,463,288	721,080	3,324,256
Internal balances	1,154,904	(1,154,904)	-	-	-
Inventories	-	1,678,658	1,678,658	-	332,674
Prepaid items	5	1,089	1,094	5,696	172,824
Notes receivable (net of allowance)	1,312,822	87,703	1,400,525	-	-
Special assessments receivable	23,744	61,240	84,984	-	-
Water rights	-	46,966	46,966	-	-
Restricted assets:					
Equity in central treasury	-	935,057	935,057	-	-
Bond covenant accounts	-	10,748,446	10,748,446	-	-
Cash and investments	24,139,952	-	24,139,952	-	108,425
Interest receivable	74,416	-	74,416	-	-
Capital assets not being depreciated	13,597,577	6,377,194	19,974,771	-	-
Other capital assets, net of depreciation	121,173,905	308,878,270	430,052,175	249,734	3,666,526
Total Assets	196,343,171	366,835,513	563,178,684	3,922,144	10,704,528
Deferred Outflows of Resources					
Deferred charge on refunding	634,917	1,486,753	2,121,670	-	-
Deferred outflows related to other postemployment benefits	309,824	177,512	487,336	404,166	714,205
Deferred outflows related to pensions	1,359,971	754,452	2,114,423	1,433,531	1,992,417
Total Deferred Outflows of Resources	2,304,712	2,418,717	4,723,429	1,837,697	2,706,622
Total Assets and Deferred Outflows of Resources	\$ 198,647,883	\$ 369,254,230	\$ 567,902,113	\$ 5,759,841	\$ 13,411,150

City and Borough of Sitka, Alaska
Statement of Net Position, continued
June 30, 2018

	Primary Government			Sitka School District	Sitka Community Hospital
	Governmental Activities	Business-Type Activities	Total		
Liabilities, Deferred Inflows of Resources and Net Position					
Liabilities					
Accounts payable and accrued liabilities	\$ 2,413,598	\$ 1,668,273	\$ 4,081,871	\$ 1,146,209	\$ 2,069,848
Unearned revenue	10,760	-	10,760	29,230	-
Accrued interest payable	228,161	2,475,730	2,703,891	-	-
Liabilities payable from restricted assets - deposits	-	166,437	166,437	-	-
Noncurrent liabilities					
Due within one year:					
Bonds and notes	2,902,310	3,553,442	6,455,752	-	475,913
Lease	-	-	-	-	81,288
Compensated absences	652,481	371,274	1,023,755	145,831	677,746
Due in more than one year:					
Bonds and notes	15,366,745	137,584,625	152,951,370	-	192,040
Unamortized bond premium	1,274,611	8,283,042	9,557,653	-	-
Net pension liability	11,725,701	6,611,928	18,337,629	13,558,684	18,239,157
Net OPEB liability	1,873,817	1,073,577	2,947,394	1,477,725	2,911,091
Landfill post-closure liability	-	768,620	768,620	-	-
Total Liabilities	36,448,184	162,556,948	199,005,132	16,357,679	24,647,083
Deferred Inflows of Resources					
Property assessments and taxes paid in advance	100	-	100	-	-
Deferred inflows related to other postemployment benefits	1,080,098	618,826	1,698,924	1,094,759	1,680,630
Deferred inflows related to pensions	1,618,894	926,341	2,545,235	1,924,962	2,371,900
Total Deferred Inflows of Resources	2,699,092	1,545,167	4,244,259	3,019,721	4,052,530
Net Position					
Net investment in capital assets	115,862,733	167,321,108	283,183,841	249,734	3,393,198
Restricted for:					
Permanent Fund	22,754,520	-	22,754,520	-	-
Capital projects	5,022,348	-	5,022,348	-	-
Debt service	5	10,748,446	10,748,451	-	-
Sitka School District	-	-	-	-	-
Medical services	-	-	-	-	83,292
Unrestricted (deficit)	15,861,001	27,082,561	42,943,562	(13,867,293)	(18,764,953)
Total Net Position (Deficit)	159,500,607	205,152,115	364,652,722	(13,617,559)	(15,288,463)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 198,647,883	\$ 369,254,230	\$ 567,902,113	\$ 5,759,841	\$ 13,411,150

See accompanying notes to financial statements.

City and Borough of Sitka, Alaska

Statement of Activities

Year Ended June 30, 2018	Net Revenue (Expense) and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	Sitka Community Hospital
Primary Government									
Governmental Activities									
Administration	\$ 2,461,842	\$ 318,388	\$ 1,965,551	\$ -	\$ (177,903)	\$ -	(177,903)		
Public safety	6,463,189	1,138,956	269,860	-	(5,054,373)	-	(5,054,373)		
Public works	5,872,594	927,505	727,697	1,706,983	(2,510,409)	-	(2,510,409)		
Public services	3,453,341	137,626	38,154	-	(3,277,561)	-	(3,277,561)		
Education and hospital support	10,680,672	-	-	-	(10,680,672)	-	(10,680,672)		
Interest on long-term debt	882,935	-	2,473,846	-	1,590,911	-	1,590,911		
Total Governmental Activities	29,814,573	2,522,475	5,475,108	1,706,983	(20,110,007)	-	(20,110,007)		
Business-type Activities									
Electric	22,087,589	17,538,304	706,598	178,140	-	(3,664,547)	(3,664,547)		
Water	2,760,171	2,379,826	12,012	581,959	-	213,626	213,626		
Wastewater treatment	3,216,644	3,201,110	31,653	481,882	-	498,001	498,001		
Solid waste disposal	4,881,503	4,060,430	-	-	-	(821,073)	(821,073)		
Harbor	3,682,860	2,419,711	22,986	368,509	-	(871,654)	(871,654)		
Airport	542,703	392,369	-	50,203	-	(100,131)	(100,131)		
Marine Service Center	94,282	243,788	-	-	-	149,506	149,506		
Gary Paxton Industrial Park	2,013,656	119,911	-	3,117,049	-	1,223,304	1,223,304		
Total Business-type Activities	39,279,408	30,355,449	773,249	4,777,742	-	(3,372,968)	(3,372,968)		
Total Primary Government	\$ 69,093,981	\$ 32,877,924	\$ 6,248,357	\$ 6,484,725	\$ (20,110,007)	\$ (3,372,968)	\$ (23,482,975)		

City and Borough of Sitka, Alaska
Statement of Activities, continued

<i>Year Ended June 30, 2018</i>	Net Revenue (Expense) and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	Sitka Community Hospital
Total Primary Government	\$ 69,093,981	\$ 32,877,924	\$ 6,248,357	\$ 6,484,725	\$ (20,110,007)	\$ (3,372,968)	\$ (23,482,975)		
Component Units									
Sitka School District	\$ 25,005,449	\$ 468,740	\$ 4,522,131	\$ 150,000				\$ (19,864,578)	\$ -
Sitka Community Hospital	29,513,223	26,347,213	2,055,692	-				-	(1,110,318)
Total Component Units	\$ 54,518,672	\$ 26,815,953	\$ 6,577,823	\$ 150,000				\$ (19,864,578)	\$ (1,110,318)
General Revenues									
Taxes:									
Property					6,647,375	-	6,647,375	-	-
Sales					12,631,709	-	12,631,709	-	-
Commercial passenger excise tax					405,115	-	405,115	-	-
Tobacco tax					850,877	-	850,877	-	-
Contributions from primary government					-	-	-	6,939,116	1,001,548
Grants and entitlements not restricted to specific purpose					1,016,787	1,279,885	2,296,672	13,430,024	68,400
Investment income					1,838,439	110,307	1,948,746	-	-
Other					-	62,659	62,659	-	3,873
Transfers					(34,841)	94,844	60,003	-	-
Total General Revenues and Transfers					23,355,461	1,547,695	24,903,156	20,369,140	1,073,821
Change in Net Position					3,245,454	(1,825,273)	1,420,181	504,562	(36,497)
Net Position (Deficit), beginning, as restated (Note 18)					156,255,153	206,977,388	363,232,541	(14,122,121)	(15,251,966)
Net Position (Deficit), ending					\$ 159,500,607	\$ 205,152,115	\$ 364,652,722	\$ (13,617,559)	\$ (15,288,463)

See accompanying notes to the financial statements.

City and Borough of Sitka, Alaska
Governmental Funds
Balance Sheet

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Permanent Fund	School Bond Debt Service Fund		
<i>June 30, 2018</i>					
Assets					
Equity in central treasury	\$ 11,221,184	\$ -	\$ 2,036,596	\$ 11,281,117	\$ 24,538,897
Receivables:					
Accounts	1,212,132	-	-	-	1,212,132
Taxes	3,102,444	-	-	235,436	3,337,880
Allowance for uncollectables	(942,600)	-	-	-	(942,600)
Interest	307,904	-	-	-	307,904
Special assessments	-	-	-	23,744	23,744
Federal and State of Alaska	29,162	-	24,737	999,775	1,053,674
Other	-	-	-	200,300	200,300
Due from other funds	1,206,637	-	-	-	1,206,637
Advances to other funds	150,000	-	-	309,811	459,811
Prepaid items	-	-	-	5	5
Notes receivable	475,913	-	-	1,474,417	1,950,330
Allowance for uncollectable notes	-	-	-	(637,508)	(637,508)
Restricted assets:					
Equity in central treasury	-	-	-	-	-
Cash and investments	-	24,139,952	-	-	24,139,952
Interest receivable	-	74,416	-	-	74,416
Total Assets	\$ 16,762,776	\$ 24,214,368	\$ 2,061,333	\$ 13,887,097	\$ 56,925,574
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 512,356	\$ 4,104	\$ -	\$ 779,074	\$ 1,295,534
Accrued payroll	994,828	-	-	-	994,828
Deposits payable	34,095	-	-	-	34,095
Due to other funds	-	28,647	-	119,372	148,019
Advances from other funds	160,465	-	-	-	160,465
Unearned revenue	760	-	-	10,000	10,760
Total Liabilities	1,702,504	32,751	-	908,446	2,643,701
Deferred Inflows of Resources					
Deferred assessments	-	-	-	23,744	23,744
Property taxes paid in advance	100	-	-	-	100
Total Deferred Inflows of Resources	100	-	-	23,744	23,844
Fund Balances					
Nonspendable	625,913	-	-	5	625,918
Restricted	-	22,754,520	2,061,333	865,660	25,681,513
Committed	9,055,629	1,427,097	-	8,389,269	18,871,995
Assigned	-	-	-	3,705,160	3,705,160
Unassigned (deficit)	5,378,630	-	-	(5,187)	5,373,443
Total Fund Balances	15,060,172	24,181,617	2,061,333	12,954,907	54,258,029
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,762,776	\$ 24,214,368	\$ 2,061,333	\$ 13,887,097	\$ 56,925,574

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

<i>June 30, 2018</i>	Governmental Funds	Internal Service Funds	
Total fund balances for governmental funds			\$ 54,258,029
Total net position reported for governmental activities in the Statement of Net Position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:			
Land	\$ 11,230,911	\$ -	
Construction in progress	2,323,891	42,775	
Total capital assets not being depreciated	<u>13,554,802</u>	<u>42,775</u>	
Buildings	139,309,951	1,396,652	
Land improvements	7,924,486	24,275	
Infrastructure	50,547,904	32,459	
Equipment	5,839,649	9,741,850	
Accumulated depreciation	<u>(86,692,426)</u>	<u>(6,950,895)</u>	
Total depreciable capital assets, net of depreciation	<u>116,929,564</u>	<u>4,244,341</u>	134,771,482
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of special assessments receivable.			23,744
Bond refundings may result in deferred charges. These items are treated as expenditures in the funds but deferred in the Statement of Net Position and amortized in the Statement of Activities.			634,917
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:			
Bonds and State of Alaska note	(18,269,055)	-	
Unamortized bond premium	(1,274,611)	-	
Net pension liability	(10,838,095)	(887,606)	
Net other postemployment benefits liability	(1,713,311)	(160,506)	
Accrued interest payable	(228,161)	-	
Compensated absences	<u>(599,445)</u>	<u>(53,036)</u>	
Total long term liabilities	<u>(32,922,678)</u>	<u>(1,101,148)</u>	(34,023,826)
Certain changes in net pension and other postemployment liabilities are deferred rather than recognized immediately. These items are amortized over time.			
Deferred inflows related to pensions	(1,481,523)	(137,369)	
Deferred inflows related to other postemployment benefits	(987,579)	(92,519)	
Deferred outflows related to pensions	1,333,432	26,539	
Deferred outflows related to other postemployment benefits	220,534	89,290	
Total deferred pension items	<u>(915,136)</u>	<u>(114,059)</u>	(1,029,195)
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. This is the residual equity not reported above.			<u>4,865,456</u>
Total Net Position of Governmental Activities			<u>\$ 159,500,607</u>

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2018	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Permanent Fund	School Bond Debt Service Fund		
Revenues					
Taxes:					
Real and personal property	\$ 6,647,375	\$ -	\$ -	\$ -	\$ 6,647,375
Sales and bed	12,088,012	-	-	543,697	12,631,709
Tobacco	-	-	-	850,877	850,877
State sources	875,828	-	2,473,846	1,602,583	4,952,257
Federal sources	1,908,950	-	-	421,890	2,330,840
Charges for services	1,740,671	-	-	11,263	1,751,934
Interfund services	2,855,203	-	-	-	2,855,203
Fines, forfeitures and penalties	46,773	-	-	-	46,773
Investment income (loss)	142,479	1,628,375	908	60,790	1,832,552
Uses of property	335,686	-	-	-	335,686
Licenses and permits	155,943	-	-	3,210	159,153
Other	238,141	1,000	-	202,051	441,192
Total Revenues	27,035,061	1,629,375	2,474,754	3,696,361	34,835,551
Expenditures					
Current:					
Administration	4,857,082	49,788	-	-	4,906,870
Public safety	6,163,177	-	-	107,891	6,271,068
Public works	3,489,959	-	-	244,455	3,734,414
Public services	1,474,210	-	-	1,296,209	2,770,419
School and Hospital Support	7,294,014	-	-	-	7,294,014
Debt service:					
Principal	22,310	-	2,780,000	-	2,802,310
Interest	10,912	-	871,759	-	882,671
Debt administration	-	-	-	-	-
Refunding bond issuance costs	-	-	-	-	-
Capital outlay	13,999	-	-	3,557,052	3,571,051
Total Expenditures	23,325,663	49,788	3,651,759	5,205,607	32,232,817
Excess of Revenues Over (Under) Expenditures	3,709,398	1,579,587	(1,177,005)	(1,509,246)	2,602,734
Other Financing Sources (Uses)					
Transfers in	1,607,903	57,329	1,316,563	2,973,789	5,955,584
Transfers out	(4,430,278)	(1,375,900)	-	(398,450)	(6,204,628)
Net Other Financing Sources (Uses)	(2,822,375)	(1,318,571)	1,316,563	2,575,339	(249,044)
Net Change in Fund Balances	887,023	261,016	139,558	1,066,093	2,353,690
Fund Balances, beginning	14,173,149	23,920,601	1,921,775	11,888,814	51,904,339
Fund Balances, ending	\$ 15,060,172	\$ 24,181,617	\$ 2,061,333	\$ 12,954,907	\$ 54,258,029

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2018

Net change in fund balances - total governmental funds		\$ 2,353,690
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives.		
Capital outlay	\$ 4,615,979	
Miscellaneous capital asset activities (disposals, etc.)	(128,802)	
Depreciation	<u>(6,508,237)</u>	(2,021,060)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Decrease in deferred special assessments receivable		(5,863)
Debt refundings are reported in revenue and expenditures at the time of the transaction in the fund financial statements. Economic gains or losses are deferred and amortized on the Statement of Net Position and the Statement of Activities. This is the decrease in deferred charge on bonds.		
		(94,571)
The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Repayment of principal	2,802,310	
Decrease in unamortized bond premium	<u>200,036</u>	3,002,346
Some expenses 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.		
Increase in accrued interest payable	(11,158)	
Increase in compensated absences	(30,525)	
Decrease in net pension liability and related accounts	<u>539,906</u>	498,223
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. A portion of the net income of these activities is reported with governmental activities.		
		<u>(487,311)</u>
Change in Net Position of Governmental Activities		\$ 3,245,454

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position

Year Ended June 30, 2018	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
Assets and Deferred Outflows of Resources							
Current Assets							
Equity in central treasury	\$ 15,300,695	\$ -	\$ 6,798,951	\$ 7,256,680	\$ 5,525,470	\$ 34,881,796	\$ 5,157,659
Receivables:							
Accounts	965,921	258,165	240,506	468,195	271,470	2,204,257	-
Allowance for uncollectables	(145,481)	(40,714)	(40,974)	(237,099)	(29,866)	(494,134)	-
Federal and State of Alaska	314,512	-	447,226	1,279,885	542,252	2,583,875	-
Current portion of notes receivable	-	-	-	-	8,352	8,352	-
Inventories	1,390,148	-	69,795	-	218,715	1,678,658	-
Prepaid expenses	1,089	-	-	-	-	1,089	-
Total Current Assets	17,826,884	217,451	7,515,504	8,767,661	6,536,393	40,863,893	5,157,659
Noncurrent Assets							
Restricted Assets:							
Equity in central treasury:							
Landfill postclosure	-	768,620	-	-	-	768,620	-
Deposits	154,779	11,658	-	-	-	166,437	-
Bond covenant accounts	10,415,431	-	-	333,015	-	10,748,446	-
Notes receivable	-	-	42,049	-	37,302	79,351	-
Special assessments receivable	-	-	61,240	-	-	61,240	-
Water rights	23,483	-	-	-	23,483	46,966	-
Capital assets:							
Property, plant and equipment	298,197,687	7,702,807	57,083,203	38,723,870	76,915,618	478,623,185	11,195,235
Construction in progress	304,646	20,512	573,597	44,305	803,895	1,746,955	42,775
Less accumulated depreciation	(79,553,866)	(2,725,995)	(39,658,784)	(15,248,526)	(27,927,505)	(165,114,676)	(6,950,896)
Total Capital Assets, Net of Accumulated Depreciation	218,948,467	4,997,324	17,998,016	23,519,649	49,792,008	315,255,464	4,287,114
Total Noncurrent Assets	229,542,160	5,777,602	18,101,305	23,852,664	49,852,793	327,126,524	4,287,114
Total Assets	247,369,044	5,995,053	25,616,809	32,620,325	56,389,186	367,990,417	9,444,773
Deferred Outflows of Resources							
Deferred charge on refunding	1,486,753	-	-	-	-	1,486,753	-
Deferred outflows related to other postemployment benefits	117,632	-	28,437	20,651	10,792	177,512	26,539
Deferred outflows related to pension	482,745	-	156,039	83,180	32,488	754,452	89,290
Total Deferred Outflows of Resources	2,087,130	-	184,476	103,831	43,280	2,418,717	115,829
Total Assets and Deferred Outflows of Resources	\$ 249,456,174	\$ 5,995,053	\$ 25,801,285	\$ 32,724,156	\$ 56,432,466	\$ 370,409,134	\$ 9,560,602

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position, continued

Year Ended June 30, 2018	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 496,141	\$ 638,666	\$ 275,597	\$ 178,443	\$ 79,426	\$ 1,668,273	\$ 89,141
Interest payable	2,324,367	-	67,275	50,704	33,384	2,475,730	-
Due to other funds	-	1,005,558	-	-	-	1,005,558	53,060
Current portion:							
Revenue bonds	2,175,000	-	-	155,000	-	2,330,000	-
Notes payable	349,252	115,798	311,581	45,348	401,463	1,223,442	-
Compensated absences	262,174	-	52,519	38,335	18,246	371,274	53,036
Payable from restricted assets - deposits	154,779	11,658	-	-	-	166,437	-
Total Current Liabilities	5,761,713	1,771,680	706,972	467,830	532,519	9,240,714	195,237
Noncurrent Liabilities							
Advances from other funds	-	-	-	-	149,346	149,346	150,000
Revenue bonds	111,230,000	-	-	3,115,000	-	114,345,000	-
Unamortized bond premiums	7,822,181	-	-	460,861	-	8,283,042	-
Notes payable	8,732,895	1,157,975	6,820,938	453,482	6,074,335	23,239,625	-
Net other postemployment benefits liability	711,433	-	171,984	124,891	65,269	1,073,577	160,506
Net pension liability	4,307,659	-	1,210,251	749,484	344,534	6,611,928	887,606
Landfill post-closure liability	-	768,620	-	-	-	768,620	-
Total Noncurrent Liabilities	132,804,168	1,926,595	8,203,173	4,903,718	6,633,484	154,471,138	1,198,112
Total Liabilities	138,565,881	3,698,275	8,910,145	5,371,548	7,166,003	163,711,852	1,393,349
Deferred Inflows of Resources							
Deferred Inflows of Resources related to other postemployment benefits	410,081	-	99,134	71,989	37,622	618,826	92,519
Deferred Inflows of Resources related to pensions	613,039	-	150,081	107,544	55,677	926,341	137,369
Total Deferred Inflows of Resources	1,023,120	-	249,215	179,533	93,299	1,545,167	229,888
Net Position							
Net investment in capital assets	90,125,892	3,723,551	10,865,497	19,289,958	43,316,210	167,321,108	4,287,114
Restricted for debt service	10,415,431	-	-	333,015	-	10,748,446	-
Unrestricted (deficit)	9,325,850	(1,426,773)	5,776,428	7,550,102	5,856,954	27,082,561	3,650,251
Total Net Position	109,867,173	2,296,778	16,641,925	27,173,075	49,173,164	205,152,115	7,937,365
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 249,456,174	\$ 5,995,053	\$ 25,801,285	\$ 32,724,156	\$ 56,432,466		\$ 9,560,602
Net Position of Business-Type Activities						\$ 205,152,115	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2018	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
Operating Revenues							
Charges for service	\$ 17,019,096	\$ 4,046,216	\$ 2,966,276	\$ 2,306,579	\$ 3,084,852	\$ 29,423,019	\$ 2,967,039
Other operating revenues	519,208	14,214	234,834	113,132	51,042	932,430	34,445
Total Operating Revenues	17,538,304	4,060,430	3,201,110	2,419,711	3,135,894	30,355,449	3,001,484
Operating Expenses							
Wages and benefits	4,419,587	-	1,053,359	875,986	385,198	6,734,130	1,015,883
Travel and training	31,955	924	7,471	4,219	8,479	53,048	9,172
Utilities	124,164	35,051	211,203	475,513	194,763	1,040,694	207,390
Repair and maintenance	317,090	4,532	180,309	89,599	239,265	830,795	227,565
Contracted/purchased services	1,818,872	3,638,772	181,550	162,011	471,913	6,273,118	649,120
Interdepartmental services	1,367,748	646,358	583,568	445,466	690,210	3,733,350	369,968
Other	402,016	423,990	75,765	180,565	59,216	1,141,552	1,002
Depreciation and amortization	7,811,129	174,301	872,630	1,372,226	1,819,447	12,049,733	704,157
Total Operating Expenses	16,292,561	4,923,928	3,165,855	3,605,585	3,868,491	31,856,420	3,184,257
Income (Loss) from Operations	1,245,743	(863,498)	35,255	(1,185,874)	(732,597)	(1,500,971)	(182,773)
Nonoperating Revenues (Expenses)							
Investment income (loss)	20,324	2,894	12,259	48,563	26,269	110,309	12,104
Interest expense	(6,082,567)	(20,865)	(92,781)	(125,233)	(100,855)	(6,422,301)	(11,797)
Raw fish tax	-	-	-	1,279,885	-	1,279,885	-
State PERS relief	130,935	-	31,653	22,986	12,012	197,586	29,540
Other federal sources	575,663	-	-	-	-	575,663	-
Gain on sale of capital assets	-	-	-	-	-	-	3,101
Loss on impairment	-	-	-	-	(1,492,379)	(1,492,379)	-
Other revenues	-	-	-	-	62,659	62,659	-
Net Nonoperating Revenues (Expenses)	(5,355,645)	(17,971)	(48,869)	1,226,201	(1,492,294)	(5,688,578)	32,948
Income (Loss) Before Contributions and Transfers	\$ (4,109,902)	\$ (881,469)	\$ (13,614)	\$ 40,327	\$ (2,224,891)	\$ (7,189,549)	\$ (149,825)
Capital contributions	\$ 178,140	\$ -	\$ 481,882	\$ 368,509	\$ 3,749,211	\$ 4,777,742	\$ -
Transfers in	100,000	-	-	57,539.00	11,574	169,113	214,203
Transfers out	-	-	(45,000)	-	(29,269)	(74,269)	(60,000)
Change in Net Position	(3,831,762)	(881,469)	423,268	466,375	1,506,625	(2,316,963)	4,378
Net Position, beginning as restated (Note 18)	113,698,935	3,178,247	16,218,657	26,706,700	47,666,539		7,932,987
Net Position, ending	\$ 109,867,173	\$ 2,296,778	\$ 16,641,925	\$ 27,173,075	\$ 49,173,164		\$ 7,937,365
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						491,690	
Change in Net Position of Business-type Activities						\$ (1,825,273)	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2018	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$ 17,387,629	\$ 4,023,803	\$ 3,400,050	\$ 1,928,917	\$ 5,636,991	\$ 32,377,390	\$ 3,001,484
Payments to suppliers	(2,481,728)	(3,527,923)	(432,698)	(1,049,176)	(1,476,556)	(8,968,081)	(1,420,372)
Payments for interfund services used	(1,367,748)	(646,358)	(583,568)	(445,466)	(690,210)	(3,733,350)	(369,968)
Payments to employees	(4,493,367)	-	(1,064,428)	(909,083)	(394,831)	(6,861,709)	(1,021,857)
Net cash flows from (for) operating activities	9,044,786	(150,478)	1,319,356	(474,808)	3,075,394	12,814,250	189,287
Cash Flows from (for) Noncapital Financing Activities							
Other federal sources	575,663	-	-	-	-	575,663	-
Raw fish tax received	-	-	-	1,279,885	-	1,279,885	-
Repayment of due to other funds	-	-	-	-	-	-	-
Receipts (repayment) of advances	-	643,574	-	(100,000)	-	543,574	(48,294)
Transfers to other funds	-	-	(45,000)	-	(17,695)	(62,695)	(60,000)
Transfers from other funds	100,000	-	-	57,539	-	157,539	214,203
Notes receivable payments	-	-	9,428	-	-	9,428	-
Net cash flows from (for) noncapital financing activities	675,663	643,574	(35,572)	1,237,424	(17,695)	2,503,394	105,909
Cash Flows for Capital and Related Financing Activities							
Capital expenditures	(1,864,077)	(20,512)	(1,667,165)	(272,576)	(4,680,866)	(8,505,196)	(271,707)
Interest paid	(6,104,692)	(20,865)	(92,781)	(155,958)	(100,855)	(6,475,151)	(11,795)
Payments on bonds and notes payable	(2,450,690)	(115,798)	(327,148)	(195,348)	(683,711)	(3,772,695)	-
Government grants and loans for construction received	178,140	-	1,358,277	368,509	4,342,408	6,247,334	-
Receipts (repayment) of advances	-	-	-	-	(729,599)	(729,599)	-
Special assessments received	-	-	6,496	-	-	6,496	-
Net cash flows for capital and related financing activities	(10,241,319)	(157,175)	(722,321)	(255,373)	(1,852,623)	(13,228,811)	(283,502)
Cash Flows From Investing Activities							
Interest received	(138,983)	2,893	12,262	42,977	26,269	(54,582)	12,106
Net Increase (Decrease) in Cash and Cash Equivalents	(659,853)	338,814	573,725	550,220	1,231,345	2,034,251	23,800
Cash and Cash Equivalents, beginning	16,115,327	441,464	6,225,226	6,706,460	4,294,125	33,782,602	5,133,859
Cash and Cash Equivalents, ending	\$ 15,455,474	\$ 780,278	\$ 6,798,951	\$ 7,256,680	\$ 5,525,470	\$ 35,816,853	\$ 5,157,659

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Cash Flows, continued

<i>Year Ended June 30, 2018</i>	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
Reconciliation of Loss from Operations to Net Cash Flows from (for) Operating Activities							
Income (Loss) from operations	\$ 1,245,743	\$ (863,498)	\$ 35,255	\$ (1,185,874)	\$ (732,597)	\$ (1,500,971)	\$ (182,773)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:							
Depreciation and amortization	7,811,129	174,301	872,630	1,372,226	1,819,447	12,049,733	704,157
State PERS relief	130,935	-	31,653	22,986	12,012	197,586	29,540
Other	-	-	-	-	62,659	62,659	-
(Increase) decrease in assets and deferred outflows:							
Accounts receivable (net)	(181,177)	(34,018)	198,940	(490,794)	2,438,438	1,931,389	-
Inventory	(30,776)	-	(1,379)	-	14,463	(17,692)	-
Prepaid expenses	16,945	-	-	-	8,050	24,995	1,079
Deferred outflows of resources related to OPEB	45,181	-	10,922	7,931	4,145	68,179	10,193
Deferred outflows of resources related to pensions	893,121	-	215,906	156,787	81,938	1,347,752	201,498
Increase (decrease) in liabilities and deferred inflows:							
Accounts payable and accrued liabilities	226,200	233,923	224,979	(137,269)	(525,433)	22,400	(327,202)
Compensated absences	19,549	-	11,493	(16,712)	(1,071)	13,259	15,082
Net other postemployment benefit liability	(520,120)	-	(125,736)	(91,307)	(47,717)	(784,880)	(117,345)
Net pension liability	(1,599,718)	-	(386,721)	(280,830)	(146,763)	(2,414,032)	(360,913)
Deferred inflows of resources related to OPEB	410,081	-	99,134	71,989	37,622	618,826	92,519
Deferred inflows of resources related to pensions	547,191	-	132,280	96,059	50,201	825,731	123,452
Deposits	30,502	(2,609)	-	-	-	27,893	-
Landfill post-closure liability	-	341,423	-	-	-	341,423	-
Net Cash Flows from (for) Operating Activities	\$ 9,044,786	\$ (150,478)	\$ 1,319,356	\$ (474,808)	\$ 3,075,394	\$ 12,814,250	\$ 189,287
Cash on Statement of Net Position							
Equity in central treasury	\$ 15,300,695	\$ -	\$ 6,798,951	\$ 7,256,680	\$ 5,525,470	\$ 34,881,796	\$ 5,157,659
Landfill post closure	-	768,620	-	-	-	768,620	-
Deposits	154,779	11,658	-	-	-	166,437	-
Cash and Cash Equivalents, ending	\$ 15,455,474	\$ 780,278	\$ 6,798,951	\$ 7,256,680	\$ 5,525,470	\$ 35,816,853	\$ 5,157,659
Capital expenditures included in accounts payable	\$ 328,562	\$ -	\$ 251,547	\$ 157,602	\$ 361,836	\$ 1,099,547	\$ -

City and Borough of Sitka, Alaska

Fiduciary Funds

Statement of Fiduciary Net Position

<i>Year Ended June 30, 2018</i>	Rowe Trust Fund	Sitka Cemetery Agency Fund	Totals
Assets			
Restricted equity in central treasury	\$ 208,841	\$ 100,454	\$ 309,295
Liabilities and Net Position			
Liabilities			
Due to Sitka Cemetery Association	\$ -	\$ 100,454	\$ 100,454
Net Position - held in trust for library acquisitions	208,841	-	208,841
Total Liabilities and Net Position	\$ 208,841	\$ 100,454	\$ 309,295

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Fiduciary Funds
Statement of Changes in Fiduciary Net Position

<i>Year Ended June 30, 2018</i>	Rowe Trust Fund
Additions - investment income	\$ 751
Net Position, beginning	208,090
Net Position, ending	\$ 208,841

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Notes to Financial Statements

June 30, 2018

1. Summary of Significant Accounting Policies

Reporting Entity

The City and Borough of Sitka, Alaska (City and Borough) is governed by an elected assembly under a home rule charter. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. The City and Borough has no blended component units.

Discretely presented component units. The Sitka School District (District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the District's governing board are elected by the voters. However, the District is fiscally dependent upon the City and Borough because the City and Borough's Assembly approves the District's budget. The City and Borough provides operating support from real and personal property tax assessments and other sources. The funds are used for the operation of the school system. The City and Borough is also responsible for repayment of all bonds, the proceeds of which were used for school construction.

Sitka Community Hospital (Hospital) is responsible for hospital services within the City and Borough. Its governing board is appointed by the Assembly of the City and Borough. The Assembly approves the Hospital's budget. The City and Borough provides operating and capital support to the Hospital.

Complete financial statements of each of the individual component units may be obtained at the entity's administrative offices.

Sitka School District	Sitka Community Hospital
P.O. Box 179	209 Moller Drive
Sitka, Alaska 99835	Sitka, Alaska 99835

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, charges for services, interest and grant revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when received by the government.

The City and Borough reports the following major governmental funds:

The *General Fund* is the City and Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The *Permanent Fund* was established by a vote of the people of Sitka. The principal of the fund cannot be used other than by the consent of the voters. The purpose of the fund is to provide operating income to the General Fund through the transfer of investment earnings.

The *School Bond Debt Service Fund* is used to account for debt service payments on school bonds and to accumulate the 10% dedicated sales taxes for these payments.

The City and Borough reports the following major proprietary funds:

The *Electric Utility Enterprise Fund* records the activities of the City and Borough's electric generation and distribution activities.

The *Solid Waste Disposal Enterprise Fund* records the activities of the City and Borough's solid waste collection and disposal activities.

The *Wastewater Enterprise Fund* records the activities of the City and Borough's wastewater collection and treatment activities. The Wastewater Enterprise Fund does not meet the major funds criteria, but is presented as major for consistency purposes.

The *Harbors Enterprise Fund* records the activities of the City and Borough's Harbor System.

Additionally, the government reports the following fund types:

Internal service funds account for management information systems, central garage and building maintenance services provided to other departments of the government on a cost reimbursement basis.

The *Rowe Trust Fund* is used to account for resources legally held in trust for use by the Library Board to purchase children's books and computer equipment to increase children's enjoyment of reading.

The *Sitka Cemetery Agency Fund* is used to account for resources held for the Sitka Cemetery Association.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the various proprietary funds and the General Fund for administrative services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes and investment income.

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

City and Borough of Sitka, Alaska

Notes to Financial Statements

Assets, Liabilities and Net Position or Equity

Deposits and Investments

Equity in central treasury represents a fund's equity in cash and investments of the central treasury of the City and Borough. For funds with a negative equity in central treasury, the amount is shown as an interfund payable to the General Fund. Interest income on investments is allocated monthly to participating funds based on their average monthly balance.

For purposes of the statement of cash flows for the proprietary funds, the City and Borough has defined cash and cash equivalents as the equity maintained in the central treasury since the various funds use the central treasury essentially as a demand deposit account.

Sitka General Code 4.28.060 authorizes the City and Borough to invest in the following securities:

1. United States government obligations, United States government agency obligations, and United States government instrumentality obligations, which have a liquid market with a readily determinable market value;
2. Certificates of deposit and other evidences of deposits at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier by a nationally recognized rating agency;
3. Investment-grade obligations of state and local governments and public authorities;
4. Repurchase agreements whose underlying purchased securities consist of United States Treasury securities;
5. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities;
6. Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.

In addition, Sitka General Code 4.28.110 allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities.

Investments are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All of the City and Borough's investments have established market values. As a result, fair value and market value are the same.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All trade and property tax receivables, including those for the Hospital, are shown net of an allowance for uncollectible accounts in the government-wide statement of net position. Trade accounts receivable of the primary government in excess of 120 days comprise the trade accounts receivable allowance for uncollectible accounts.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Property tax is considered an enforceable lien at the January 1 assessment date. Mill levies are set prior to June 30 to finance the period July 1 through June 30 of the following year. Receivables are recognized and revenues are recorded when taxpayer liability is calculated and billed on July 1. Property tax bills are due 60 days after billing date, which normally makes them due August 30. A limit on property tax of six tenths of one percent (.006) of the assessed valuation of property is currently in effect. Levying of property tax in excess of the limit is allowed only if ratified by a majority of the voters.

Inventory and Prepaid Items

Inventories are valued at cost using the average cost method. Enterprise Fund inventories consist of items used in maintaining and upgrading the electric and water systems. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Certain resources set aside for the repayment of the Electric and Harbor Funds revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, unspent bond proceeds are restricted based on the purpose of the bonds.

Certain resources are set aside to cover the postclosure landfill costs in the Solid Waste Fund for the eventual closure and monitoring of the landfill.

Deposits are taken in the Electric, Water, Solid Waste and Harbor Funds. The amount is a deposit against an open account.

Permanent Fund assets are classified as restricted due to the statutory limitations placed on the fund by the Sitka General Code.

Capital Project Fund assets are classified as restricted because their use is limited by bond covenant or grant agreement to the construction of capital assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 or in the case of infrastructure, \$10,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City and Borough did not capitalize any interest during 2018.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Utility plant in service	25-65
Buildings	20-50
Equipment	3-20
Land improvements	15-50
Infrastructure	5-40
Harbor	7-40

Compensated Absences

It is the City and Borough's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. It is the government's policy to pay any amounts for unused sick leave when employees separate from service with the City and Borough at \$1 per hour of unused sick leave. All vacation pay and sick leave is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. Deferred outflows of resources consist of deferred charges on debt refunding as well as certain pension and OPEB related accounts. Deferred inflows of resources consist of property taxes received in advance and long-term payments due (assessments) as well as certain pension and OPEB related accounts.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

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

Nonspendable fund balance includes amounts that cannot be spent due to either being (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes resources with constraints imposed by 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 amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Assembly on or before the end of the fiscal year. Assembly action taken after the end of the fiscal year results in an assigned (see below) amount. Those committed resources cannot be used for any other purpose unless the Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance reflects the resources constrained by an "intent" to be used for specific purposes, but are neither restricted nor committed. The Assembly or Finance Director has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts - except negative balances - reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The General Fund assigned resources are constrained by either an Assembly resolution or ordinance adopted after the fiscal year end or by the Finance Director.

Unassigned fund balance resources are the residual classification for resources not classified as nonspendable, restricted, committed or assigned in the General Fund. It is also used to report a negative balance in other governmental funds when the totals of nonspendable, restricted, committed and assigned are greater than the fund balance of the governmental fund.

When both constrained and unconstrained resources are available for use, it is the City and Borough's policy to use funds from the strongest constraint first with the least constrained funds used last. The order of priority in the use of assets is nonspendable, restricted, committed, assigned and then unassigned.

City and Borough of Sitka, Alaska

Notes to Financial Statements

2. Stewardship, Compliance, and Accountability

Budgetary Information

The annual budget is adopted on the modified accrual basis plus encumbrances and capital additions for all funds except the debt service and capital project funds. The Capital Projects Fund adopts individual project-length budgets and many special revenue funds are controlled by grant agreements which may include more than one fiscal year. Appropriations lapse at year-end to the extent they have not been expended or encumbered except for capital items and the Capital Project Funds, which lapse at project completion, or when the capital item is acquired, or if the project is abandoned. Special revenue fund appropriations lapse when the terms of the grant have been met and all authorized expenditures have been made; otherwise, special revenue fund appropriations lapse at the end of the fiscal year. There are sixteen special revenue funds that adopt annual budgets.

No later than sixty days before the end of the current fiscal year, the City and Borough Administrator presents to the City and Borough Assembly a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means to finance them. Public hearings are conducted not less than one week before the final adoption of the budget to obtain taxpayer comments. No later than June 20th of the current fiscal year, the budget is legally adopted by ordinance of the City and Borough Assembly.

Annual budgeted expenditures are adopted at the department level within the General Fund and at the fund level for Enterprise and Internal Service Funds. The level at which expenditures cannot legally exceed appropriations is the fund level for the General Fund, the fund level for the Enterprise and Internal Service Funds, and the project level in Capital Projects Fund. The only exception to this rule is amounts appropriated for salaries and benefits, travel and the acquisition of capital assets by a fund. The City and Borough Assembly must approve increases and decreases to these budget line items even if the legal level of budget authority is the fund level.

The City and Borough Administrator is authorized to transfer budgeted amounts within a department or fund depending on the legal level of control. The City and Borough Assembly is authorized to transfer unencumbered balances between departments and between funds. The annual budget is amended as required by the City and Borough Assembly through the passage of supplemental appropriation ordinances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as constraints of fund balance only to the extent they meet the criteria as outlined above.

The operating budgets for the District and Hospital are approved by their respective boards. The Hospital budget is then submitted to the Assembly for approval; the District budget is not approved by the Assembly. The Assembly determines the amount of funding to be made available from local sources for school and hospital purposes during its budget approval process.

City and Borough of Sitka, Alaska

Notes to Financial Statements

3. Deposits and Investments

As of June 30, 2018, the City and Borough had the following investments:

<i>Investment Type</i>	Credit Rating	Fair Value
Investments subject to custodial credit risk:		
Corporate securities	A1 to AAA	\$ 8,502,036
Municipal securities	AA3 or AAA	597,028
Certificates of deposit	unrated	11,654,121
U.S. Treasury securities	AAA	26,252,532
External investment pool	unrated	2,665,995
Exchange traded funds	unrated	15,869,083
U.S. Agency securities	unrated or AAA	23,946,807
Money market funds	unrated	2,820,195
Total Fair Value of Investments		
Subject to Custodial Credit Risk		\$ 92,307,797

Interest Rate Risk

The City and Borough does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The pooled investments cannot have a weighted average maturity in excess of five (5) years, while the bonds in the Permanent Fund cannot have a weighted average maturity in excess of ten (10) years. The City and Borough's investment policy mandates that the investment portfolio be structured to minimize the need to sell securities prior to maturity and that operating funds be invested primarily in shorter-term securities, money market mutual funds and similar investment pools.

As of June 30, 2018, investments subject to interest rate risk had the following maturities:

Pooled investments

<i>Investment type</i>	<i>Less Than 1 Year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>>5 years</i>
Corporate securities	\$ -	\$ 993,751	\$ 2,959,551	\$ 4,548,735
Municipal securities	-	254,405	324,623	-
Certificates of deposit	987,596	-	482,860	-
U.S. Treasury securities	9,482,771	7,935,624	1,958,046	1,807,896
U.S Agency securities	5,801,172	6,076,459	5,351,236	4,728,221
Total Investments				
Subject to Interest				
Rate Risk	\$ 16,271,539	\$ 15,260,239	\$ 11,076,316	\$ 11,084,852

City and Borough of Sitka, Alaska

Notes to Financial Statements

Permanent fund

<i>Investment type</i>	<i>Less Than 1 Year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>>5 years</i>
Certificates of deposit	\$ -	\$ -	\$ 483,697	\$ -
U.S. Treasury securities	222,170	789,758	2,245,641	1,810,626
U.S Agency securities	-	907,683	637,086	444,951
Total Investments Subject to Interest Rate Risk	\$ 222,170	\$ 1,697,441	\$ 3,366,424	\$ 2,255,577

Credit Risk

The City and Borough's investment policy limits investment in corporate debt securities to those rated AA or better by a nationally recognized statistical rating organization. Debt securities of state and local governmental entities must have a similar rating. Short term commercial promissory notes must have a rating of A1/P1 or better. The long-term credit rating of the issuing organization must be A- or better. Real Estate Mortgage Investment Conduit securities are limited to the Government National Mortgage Association and the Federal Home Loan Mortgage Association. The investment policy does not require these securities to have any minimum rating. The City and Borough's investments complied with its policy at June 30, 2018.

Concentration of Credit Risk

The City and Borough's investment policy states that one of the general objectives of investing will be to diversify the portfolio so that potential losses on individual securities will be minimized. The policy does not limit the investment in any one security to a percentage of the total portfolio.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City and Borough's deposits may not be returned to it. It is the City and Borough's policy to mitigate this risk by requiring that all demand deposits be fully collateralized by securities held in the City and Borough's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2018, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$8,401,204 was subject to a collateral agreement.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of outside parties. All of the City and Borough's investments subject to custodial credit risk are held by the City and Borough's agent in its name.

The City and Borough's investment policy allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities in addition to all of the investments described above. The investment policy requires that the equity securities within the mutual funds be broadly diversified across all sectors. The investment mix within the Permanent Fund's portfolio has a benchmark percentage of 35% to be invested in fixed income securities and cash, and, must fall within a range of 25% to 45% of the market value of the portfolio. The investment mix also has a benchmark percentage of 65% to be invested in equity securities, and, must fall within a range of 55% to 75% of the market value of the portfolio. At June 30, 2018, the Permanent Fund's portfolio contained 66% equity securities and 34% cash and fixed income securities.

City and Borough of Sitka, Alaska

Notes to Financial Statements

The City and Borough participates in two external investment pools. One pool is registered with the Securities and Exchange Commission, the other is not. All of the participants of the unregistered pool are municipalities within the State of Alaska. The funds in that pool are managed by the trust department of a large bank. A share price of \$1 is maintained for both pools, giving the City and Borough one share for every dollar invested in the pools. As a result, the fair value of the pools is the same as the value of the pool shares.

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2018:

- U.S. government agency securities of \$23,946,807 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- U.S. treasury securities of \$26,252,532 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- Corporate securities of \$8,502,036 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- Municipal securities of \$597,028 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs)
- Exchange traded funds of International and U.S. equities of \$15,869,083 are valued using quoted market prices (Level 1 inputs)

The Borough has investments in money market funds and certificates of deposits totaling \$14,474,316 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2018. The Borough's investment in AMLIP of \$2,665,995 is measured at net asset value, as of June 30, 2018. Management believes that these values approximate fair value.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

A reconciliation of cash and investments as shown in the basic financial statements for the primary government follows:

Cash on hand	\$	2,100
Carrying amount of deposits		8,371,812
Carrying amount of credit card clearing deposits		29,393
Carrying amount of investments		92,307,797
Total Cash and Investments		\$ 100,711,102
<hr/>		
Reported in the Statement of Net Position		
Equity in central treasury	\$	64,578,352
Equity in central treasury - restricted		935,057
Bond covenant accounts		10,748,446
Cash and investments - restricted		24,139,952
Reported in the Fiduciary Funds		309,295
Total Cash and Investments		\$ 100,711,102

At June 30, 2018, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$2,945,634. Amounts are insured at each financial institution by the Federal Deposit Insurance Corporation up to legal maximum. District policy requires any amount in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) limit be collateralized.

At June 30, 2018, Sitka Community Hospital's cash and cash equivalents include deposits in checking and savings accounts. The Hospital has concentrated its credit risk for cash by maintaining deposits in two financial institutions, which may at times exceed amounts covered by insurance provided by the FDIC. At June 30, 2018, the Hospital had bank deposits of \$3,097,019 in excess of FDIC insurance.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

4. Receivables

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

	General	School Bond Debt Service Fund	Non-Major Governmental	Total Governmental Funds
Accounts	\$ 1,212,132	\$ -	-	\$ 1,212,132
Taxes	3,102,444		235,436	3,337,880
Interest	307,904	-	-	307,904
Special assessments	-	-	23,744	23,744
Federal and State of Alaska	29,162	24,737	999,775	1,053,674
Other	-	-	200,300	200,300
Notes	475,913	-	1,474,417	1,950,330
Total receivables	5,127,555	24,737	2,933,672	8,085,964
Less allowance for doubtful accounts and notes	(942,600)	-	(637,508)	(1,580,108)
Net Total Receivables	\$ 4,184,955	\$ 24,737	\$ 2,296,164	\$ 6,505,856

		Electric Utility	Solid Waste Disposal	Waste- water Utility	Harbors	Non-Major Enterprise	Total Enterprise Funds
Special assessments	\$	-	-	\$ 61,240	-	-	\$ 61,240
Federal & State		314,512	-	447,226	1,279,885	542,252	2,583,875
Accounts		965,921	258,165	240,506	468,195	271,470	2,204,257
Notes		-	-	42,049	-	45,654	87,703
Total receivables		1,280,433	258,165	791,021	1,748,080	859,376	4,937,075
Less allowance for doubtful accounts		(145,481)	(40,714)	(40,974)	(237,099)	(29,866)	(494,134)
Net Total Receivables	\$	1,134,952	\$ 217,451	\$ 750,047	\$ 1,510,981	\$ 829,510	\$ 4,442,941

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City and Borough of Sitka, Alaska

Notes to Financial Statements

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 report unearned revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

<i>Description</i>	Deferred Inflows
Special assessments not yet due	\$ 23,744
Property taxes received in advance	100
Totals for Governmental Funds	\$ 23,844

5. Capital Assets

Governmental Activities	Beginning Balance	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,230,911	\$ -	-	\$ 11,230,911
Construction in progress	1,334,187	4,724,274	(3,691,795)	2,366,666
Total capital assets not being depreciated	12,565,098	4,724,274	(3,691,795)	13,597,577
<i>Capital assets being depreciated:</i>				
Buildings	140,545,662	160,941	-	140,706,603
Land improvements	6,548,384	1,400,377	-	7,948,761
Infrastructure	48,644,522	1,948,523	(12,682)	50,580,363
Equipment	15,972,183	345,366	(736,050)	15,581,499
Total capital assets being depreciated	211,710,751	3,855,207	(748,732)	214,817,226
<i>Less accumulated depreciation for:</i>				
Buildings	(55,861,290)	(4,105,988)	-	(59,967,278)
Land improvements	(1,480,287)	(339,037)	-	(1,819,324)
Infrastructure	(18,926,799)	(1,694,790)	317	(20,621,272)
Equipment	(10,785,589)	(1,072,579)	622,721	(11,235,447)
Total accumulated depreciation	(87,053,965)	(7,212,394)	623,038	(93,643,321)
Total capital assets being depreciated, net	124,656,786	(3,357,187)	(125,694)	121,173,905
Governmental Activities				
Capital Assets, net	\$ 137,221,884	\$ 1,367,087	\$ (3,817,489)	\$ 134,771,482

City and Borough of Sitka, Alaska

Notes to Financial Statements

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,630,239	\$ -	\$ -	\$ 4,630,239
Construction in progress	7,489,999	8,748,079	(14,491,123)	1,746,955
Total capital assets not being depreciated	12,120,238	8,748,079	(14,491,123)	6,377,194
<i>Capital assets being depreciated:</i>				
Buildings	24,559,105	8,703	-	24,567,808
Land improvements	14,831,110	7,754,867	-	22,585,977
Equipment	6,373,567	301,597	-	6,675,164
Harbors	36,470,871	228,340	-	36,699,211
Electric plant	291,354,564	1,286,739	(7,465)	292,633,838
Water plant	34,057,333	2,166,190	(6,335)	36,217,188
Wastewater treatment plant	52,098,158	2,515,602	-	54,613,760
Total capital assets being depreciated	459,744,708	14,262,038	(13,800)	473,992,946
<i>Less accumulated depreciation for:</i>				
Buildings	(10,015,814)	(612,468)	2	(10,628,280)
Land improvements	(3,156,745)	(443,621)	-	(3,600,366)
Equipment	(4,228,476)	(307,207)	-	(4,535,683)
Harbors	(12,658,546)	(1,333,793)	-	(13,992,339)
Electric plant	(69,885,037)	(7,630,154)	-	(77,515,191)
Water plant	(14,468,454)	(983,362)	-	(15,451,816)
Wastewater treatment plant	(37,159,494)	(739,128)	-	(37,898,622)
Total accumulated depreciation	(151,572,566)	(12,049,733)	2	(163,622,297)
Net book value before impairment	308,172,142	2,212,305	(13,798)	310,370,649
Less impairment loss - building	-	-	(1,492,379)	(1,492,379)
Total capital assets being depreciated, net	308,172,142	2,212,305	(1,506,177)	308,878,270
Business-type Activities Capital Assets, net	\$ 320,292,380	\$ 10,960,384	\$ (15,997,300)	\$ 315,255,464

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City and Borough of Sitka, Alaska

Notes to Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Administration	\$	85,105
Public safety		256,684
Public works		2,055,380
Public services		724,410
Support		3,386,658
Capital assets held by internal service funds		704,157

Total Depreciation Expense - Governmental Activities \$ 7,212,394

Business-type Activities:

Electric	\$	7,811,129
Water		1,283,444
Wastewater treatment		872,630
Solid waste disposal		174,301
Harbor		1,372,226
Airport terminal building		170,299
Marine service center		31,906
Gary Paxton Industrial Park		333,798

Total Depreciation Expense - Business-type Activities \$ 12,049,733

6. Interfund Receivables, Payables and Transfers

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
Due to/from other funds:		
General Fund	Nonmajor governmental funds	\$ 119,372
General Fund	Permanent Fund	28,647
General Fund	Internal Service Fund	53,060
General Fund	Solid Waste Fund	1,005,558
Total Due To/From Other Funds		\$ 1,206,637
Advances from/to other funds:		
General Fund	Internal service fund	150,000
Nonmajor governmental fund	Nonmajor enterprise funds	149,346
Nonmajor governmental fund	General Fund	160,465
Total Advances From/To Other Funds		\$ 459,811

City and Borough of Sitka, Alaska

Notes to Financial Statements

Amounts due between the General Fund and nonmajor governmental funds result from negative equity in the central treasury because expenditures are made prior to the receipt of revenue, as in the case of funds that account for the activity of reimbursable grants for both capital and noncapital expenditures. Some grants require cash matches. Transfers are made from the General Fund at the conclusion of the project to meet the match requirements. Until the transfer is made, the fund has a negative equity in the central treasury.

The Southeast Alaska Economic Development Fund, a nonmajor governmental fund, was established with federal monies, to promote economic development. This fund advanced amounts to other funds for expansion projects.

The School Bonds Debt Service Fund, a major governmental fund, receives a portion of taxes collected specifically for school bond debt service from the General Fund, payable after year-end.

Several years ago the Central Garage Internal Service Fund constructed a public service building. Part of the funding for the project was an advance from the General Fund. The advance is being repaid in \$50,000 annual payments.

Interfund Transfers

Transfers are used to move general and other fund revenues for the purchase and construction of capital assets to the nonmajor governmental and internal service funds. Funds are also transferred from the General Fund to the School Bond Debt Service Fund to cover debt payments. In addition, funds are transferred to the General Fund each year from the Permanent Fund for general support.

Transfers To:	Transfers From:		
	General Fund	Permanent Fund	Nonmajor Governmental Funds
General Fund	\$ -	\$ 1,375,900	\$ 232,000
Permanent Fund	57,329	-	-
School Bond Debt Service Fund	1,316,563	-	-
Nonmajor Governmental Funds	2,944,865	-	-
Electric Fund	-	-	100,000
Harbor Fund	42,021	-	15,173
Nonmajor Enterprise Funds	-	-	11,574
Internal Service Funds	69,500	-	39,703
Total Transfers Out	\$ 4,430,278	\$ 1,375,900	\$ 398,450

City and Borough of Sitka, Alaska

Notes to Financial Statements

Transfers To:	Transfers From:			Total
	Wastewater Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ 1,607,903
School Bond Debt Service Fund	-	-	-	1,316,563
Permanent Fund	-	-	-	57,329
Nonmajor Governmental Funds	-	28,924	-	2,973,789
Electric Fund	-	-	-	100,000
Harbor Fund	-	345	-	57,539
Nonmajor Enterprise Funds	-	-	-	11,574
Internal Service Funds	45,000	-	60,000	214,203
Total Transfers Out	\$ 45,000	\$ 29,269	\$ 60,000	\$ 6,338,900

7. Long-term Debt

General Obligation Bonds

The City and Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued only for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City and Borough. All of the bonds outstanding are held by the Alaska Municipal Bond Bank Authority. The State of Alaska agency purchases bonds from municipalities within the State, while simultaneously selling its own bonds to third parties in order to fund the bond purchases.

General obligation bonds currently outstanding are as follows:

Governmental Activities	Interest Rates	Outstanding Amount
School renovation and additions:		
\$5,690,000, 2011 Series Two School bonds, final payment due June 1, 2031	2.000% to 4.325%	\$ 4,070,000
\$12,755,000 2012 Series Two bonds refinancing portion of 2005 Series B School Bonds and refinancing the balance of 2004 Series A School Bonds final payment due September 1, 2024	4.000% to 5.000%	8,035,000
\$6,095,000 2015 Series One bonds refinancing portion of 2005 Series A and 2008 Series Two School bonds, final payment due October 1, 2027	2.000% to 5.000%	5,050,000
\$1,630,000 2016 Series Three and Four bonds refinancing balance of 2007 Series A School bonds, final payment due December 1, 2018	2.000% to 4.000%	810,000
Total General Obligation Bonds		\$ 17,965,000

City and Borough of Sitka, Alaska

Notes to Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

<i>Year Ending June 30.</i>	Principal	Interest
2019	\$ 2,880,000	\$ 750,440
2020	2,155,000	641,115
2021	1,850,000	547,540
2022	1,940,000	462,115
2023	2,025,000	374,315
2024-2028	5,985,000	826,019
2029-2031	1,130,000	99,214
	\$ 17,965,000	\$ 3,700,758

In addition, governmental activities reports three State of Alaska, Department of Environmental Conservation Loans for stormwater improvements and sewer replacement projects.

	Interest Rates	Outstanding Amount
\$195,000, note payable for stormwater improvements, #783011	1.5%	\$ 97,500
\$69,622, note payable for stormwater improvements, #783401	1.5%	52,216
\$740,000, note payable for Baranof Street Sewer Replacement, governmental portion of \$183,097, #783091	1.5%	154,139
Total State of Alaska, Department of Environmental Conservation Loans		\$ 304,055

Annual debt service requirements to maturity are as follows:

<i>Year Ending June 30,</i>	Principal	Interest
2019	\$ 22,310	\$ 4,561
2020	22,310	4,226
2021	22,310	3,892
2022	22,310	3,560
2023	22,310	3,226
2024-2028	111,550	11,092
2029-2033	62,800	4,188
2034-2035	18,155	409
	\$ 304,055	\$ 35,153

City and Borough of Sitka, Alaska

Notes to Financial Statements

Revenue Bonds

The City and Borough issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

Business-type Activities	Interest rates	Outstanding Amount
\$3,955,000, 2013 Series One Harbor bonds, final payment due February 1, 2033	2.000% to 5.000%	\$ 3,270,000
\$25,880,000, 2010 Series B Four Refunding Electric Serial bonds, final payment due July 1, 2031	2.000% to 5.000%	13,115,000
\$35,530,000, 2013 Series One Electric bonds, final payment due February 1, 2047	3.800% to 5.000%	35,530,000
\$25,615,000, 2013 Series Three Electric bonds, final payment due August 1, 2048	4.500% to 5.000%	25,615,000
\$22,000,000, 2010 Series B Recovery Zone Economic Development Electric Serial bonds, final payment due July 1, 2031	5.200% to 7.000%	22,000,000
\$820,000, 2010 Series B Four Build America Electric Serial bonds, final payment due July 1, 2031	5.200% to 7.000%	820,000
\$16,325,000, 2014 Series Three Electric bonds, final payment due October 1, 2044	5.000%	16,325,000
Total Revenue Bonds		\$ 116,675,000

Annual debt service requirements to maturity for revenue bonds are as follows:

<i>Year Ending June 30,</i>	Principal	Interest
2019	\$ 2,330,000	\$ 5,889,055
2020	2,425,000	5,781,305
2021	2,545,000	5,670,705
2022	2,650,000	5,560,983
2023	2,750,000	5,447,061
2024-2028	15,355,000	24,998,149
2029-2033	17,815,000	20,111,851
2034-2038	19,725,000	15,540,163
2039-2043	25,210,000	10,035,250
2044-2048	23,770,000	3,347,125
2049	2,100,000	52,500
	\$ 116,675,000	\$ 102,434,146

City and Borough of Sitka, Alaska

Notes to Financial Statements

The provisions of bond ordinances for issues by the Electric and Water Utilities require maintenance of stipulated cash deposits in renewal and replacement, bond redemption and bond refunding accounts. Furthermore, electric and water rates are required to be maintained at a level which will produce a minimum annual unpledged surplus of \$50,000 before depreciation, and operating income before depreciation equal to at least 1.25 times the aggregate amount required each year for revenue bond debt service. All such requirements were met for the year ended June 30, 2018.

Revenue Note

The City and Borough issued a note to the State of Alaska - Alaska Energy Authority where it pledges income derived from the acquired or constructed assets to pay debt service. The revenue note outstanding at year end is as follows:

	Interest rate	Outstanding Amount
\$15,000,000, 1982 Alaska Energy Authority note secured by a second lien on the revenues of the electric and water supply system, final payment due January 1, 2033	4%	\$ 6,707,055

Annual debt service requirements to maturity for the revenue note are as follows:

<i>Year Ending June 30,</i>	Principal	Interest
2019	\$ 349,252	\$ 264,824
2020	363,361	250,714
2021	378,041	236,035
2022	393,314	220,762
2023	409,204	204,872
2024-2028	2,307,767	762,613
2029-2033	2,506,116	257,225
	\$ 6,707,055	\$ 2,197,045

In connection with the borrowing evidenced by the 1982 revenue note payable, the City and Borough has agreed to set electric and water rates at the greater of the requirements pursuant to the 1992 revenue bond covenants or as required to produce a minimum operating income before depreciation equal to at least 1.00 times the aggregate amount required each year for revenue bond debt service plus revenue note principal and interest. The rate requirement has been met for the year ended June 30, 2018.

City and Borough of Sitka, Alaska

Notes to Financial Statements

State of Alaska, Department of Environmental Conservation Loan Program

The City and Borough borrowed funds from the State of Alaska to upgrade water and waste water distribution systems.

	Interest Rate	Outstanding Amount
Completed projects:		
\$400,000, note payable for corrosion control of municipal water #783031	1.5%	\$ 41,365
\$565,000, note payable for water upgrades on Sawmill Creek Road #783061	1.5%	255,327
\$1,000,000, note payable for harbor water distribution system upgrades #783071	1.5%	498,830
\$1,310,000, note payable for waste water treatment plant upgrades #783051	1.5%	562,674
\$987,157, note payable for I and I #783011	1.5%	492,692
\$2,400,000, note payable for Kimsham landfill closure #783081	1.5%	1,273,773
\$3,170,000, note payable for Whitcomb Heights Subdivision water tank #783211	1.5%	1,743,350
\$1,000,000, note payable for Japonski Island water distribution main #783151	1.5%	424,804
\$1,400,000, note payable for sewer system upgrades #783101	1.5%	671,245
\$483,000, note payable for SMC Road/HPR water line replacement #783311	1.5%	218,365
\$308,000, note payable for HPR/SMC Road Sewer Replacement #783241	1.5%	190,522
\$617,000, note payable for water tank protection, #783341	1.5%	46,275
\$859,103, note payable for Monastery Street Sewer Main replacement, #783401	1.5%	349,448
\$782,000, note payable for Monastery Street Water Main replacement, #783441	1.5%	500,558
\$1,455,081, note payable for SMC Road Sewer Upgrade, Phase III #783281	1.5%	120,094
\$740,000, project for Baranof Street Sewer Replacement - #783091	1.5%	262,794
\$685,000, project for Baranof Street Water System replacement - #783501	1.5%	77,817
\$1,740,000, project for Japonski Island Sewer Lift Stations - #783391	1.5%	1,161,847
\$1,520,000 project for UV Disinfection Facility - #783431	1.5%	1,360,000
\$297,791 project for Monastery & Baranof Street water mains #783301	1.5%	282,901
\$316,211 project for Monastery & Baranof Street sewer mains #783411	1.5%	300,400
\$58,362 project for Hollywood Way water main #783521	1.5%	55,444
\$214,600 project for Hollywood Way water main #783511	1.5%	203,870
Total notes payable for completed projects		\$ 11,094,395

City and Borough of Sitka, Alaska

Notes to Financial Statements

	Interest Rate	Outstanding Amount
Uncompleted projects in draw down phase:		
\$1,352,100, for DeGroff Street Water Improvements - #783111	1.5%	\$ 627,555
\$1,352,100, for DeGroff Street Sewer Improvements - #783121	1.5%	621,675
\$3,113,000, for Temporary Filtration at Indian River - #783381	1.5%	2,375,092
\$812,000, for Jeff Davis Street Water Main Replacement - #783371	1.5%	737,690
\$1,379,170, Channel, Lake and Monastery Lift Station Upgrades - #783361	1.5%	1,782,435
\$502,500, for Crescent Lift Station - #783161	1.5%	482,588
\$2,550,000 for UV disinfection - #783481	1.5%	34,582
Total draw on notes yet to be finalized		6,661,617
Total State Department of Environmental Conservation Loans		\$ 17,756,012

Annual debt service requirements to maturity for notes payable on completed projects are as follows:

<i>Year Ending June 30,</i>	Principal	Interest
2019	\$ 874,190	\$ 166,415
2020	875,190	153,304
2021	855,523	140,177
2022	856,555	127,341
2023	857,604	114,495
2024-2028	4,138,193	380,316
2029-2033	2,122,980	120,464
2034-2038	514,160	14,229
\$ 11,094,395		\$ 1,216,741

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City and Borough of Sitka, Alaska

Notes to Financial Statements

Changes in Long-term Liabilities

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Bonds payable:					
General obligation bonds	\$ 20,745,000	\$ -	\$ 2,780,000	\$ 17,965,000	\$ 2,880,000
Issuance premiums	1,474,647	-	200,036	1,274,611	-
Total bonds payable	22,219,647	-	2,980,036	19,239,611	2,880,000
State of Alaska notes	326,365	-	22,310	304,055	22,310
Compensated absences (net)	606,874	45,607	-	652,481	652,481
Net OPEB liability	3,243,740	-	1,369,923	1,873,817	-
Net pension liability	15,939,132	-	4,213,431	11,725,701	-
Governmental Activity Long-term Liabilities	\$ 42,335,758	\$ 45,607	\$ 8,585,700	\$ 33,795,665	\$ 3,554,791
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Bonds payable:					
Revenue bonds	\$ 118,940,000	\$ -	\$ 2,265,000	\$ 116,675,000	\$ 2,330,000
Issuance premiums	8,633,243	-	350,201	8,283,042	-
Total bonds payable	127,573,243	-	2,615,201	124,958,042	2,330,000
Notes Payable:					
Revenue notes	7,042,745	-	335,690	6,707,055	349,252
State of Alaska notes	17,408,643	1,469,593	1,122,224	17,756,012	874,190
Total notes payable	24,451,388	1,469,593	1,457,914	24,463,067	1,223,442
Compensated absences (net)	358,015	31,043	17,786	371,272	371,272
Landfill post-closure liability	427,197	341,423	-	768,620	-
Net OPEB liability	1,858,457	-	784,880	1,073,577	-
Net pension liability	9,025,958	-	2,414,030	6,611,928	-
Business-type Activity Long-term Liabilities	\$ 163,694,258	\$ 1,842,059	\$ 7,289,811	\$ 158,246,506	\$ 3,924,714
Entity Combined Long-term Liabilities	\$ 206,030,016	\$ 1,887,666	\$15,875,511	\$ 192,042,171	\$ 7,479,505

For governmental activities, compensated absences are generally liquidated by the General Fund.

City and Borough of Sitka, Alaska

Notes to Financial Statements

8. Authorized, Unissued Bonds

As of June 30, 2018, the City and Borough had no authorized but unissued bonds.

9. Restricted Assets

The balance of the restricted assets accounts in the enterprise funds at June 30, 2018 are as follows:

Landfill post-closure	\$	768,620
Customer deposits:		
Electric utility		154,779
Solid waste disposal		11,658
Investment with bond trustee pursuant to revenue bond covenants		10,748,446
Total Restricted Assets	\$	11,683,503

10. Fund Balances

Fund balances, reported in the City and Borough's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General Fund	Permanent Fund	School Bond Debt Service Fund	Nonmajor Funds	Totals
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ 5	\$ 5
Long-term notes receivable	475,913	-	-	-	475,913
Advances receivable	150,000	-	-	-	150,000
Total nonspendable	625,913	-	-	5	625,918
Restricted:					
Library building	-	-	-	258,517	258,517
Commercial passenger tax	-	-	-	607,143	607,143
Home rule charter	-	22,754,520	-	-	22,754,520
Debt service	-	-	2,061,333	-	2,061,333
Total restricted	-	22,754,520	2,061,333	865,660	25,681,513
Committed:					
Working capital reserve	6,015,352	-	-	-	6,015,352
Emergency reserve	2,000,000	-	-	-	2,000,000
E911 Surcharge	527,614	-	-	-	527,614
SRS Title III	512,663	-	-	-	512,663

City and Borough of Sitka, Alaska

Notes to Financial Statements

	General Fund	Permanent Fund	School Bond Debt Service Fund	Nonmajor Funds	Totals
Home rule charter	\$ -	\$ 1,427,097	\$ -	\$ -	\$ 1,427,097
SE economic development	-	-	-	3,366,921	3,366,921
Capital projects	-	-	-	5,022,348	5,022,348
Total committed	9,055,629	1,427,097	-	8,389,269	18,871,995
Assigned:					
Gary Paxton Park	-	-	-	611,873	611,873
Utility Cost Subsidization	-	-	-	395,725	395,725
LID revolving	-	-	-	1,103,617	1,103,617
LID guarantee	-	-	-	272,613	272,613
Raw water sales	-	-	-	801,697	801,697
Visitor enhancement	-	-	-	354,385	354,385
Other small funds	-	-	-	165,250	165,250
Total assigned	-	-	-	3,705,160	3,705,160
Unassigned (deficit)	5,378,630	-	-	(5,187)	5,373,443
Total Fund Balances	\$15,060,172	\$ 24,181,617	\$ 2,061,333	\$ 12,954,907	\$ 54,258,029

12. Risk Management

The City and Borough is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and Borough carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City and Borough has not accrued a liability for claims and judgments at June 30, 2018 because the amount of potential claims at year end was determined to be immaterial. The City and Borough made no claim payments during fiscal year 2018.

Effective January 1, 1989, the City and Borough was self-insured with respect to unemployment claims made by former employees. The City and Borough of Sitka accounts for claims on a pay-as-you-go basis as it is immaterial.

13. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Borough participates in the Alaska 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

City and Borough of Sitka, Alaska

Notes to Financial Statements

Department of Administration. 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. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.50% of their annual covered salary.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB 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. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY18, the rate uses an 8% pension discount rate and a 4.30% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2018 were determined in the June 30, 2015 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	17.12%	21.90%	3.01 %	29.07%
Other postemployment benefits (see Note 13(c))	4.88%	3.11%	0.00 %	66.85%
Total Contribution Rates	22.00%	25.01%	3.01 %	95.92%

City and Borough of Sitka, Alaska

Notes to Financial Statements

In 2018, the Borough was credited with the following contributions to the pension plan.

	Measurement Period Borough FY17	Borough FY18
Employer contributions (including DBUL)	\$ 1,274,776	\$ 1,450,093
Nonemployer contributions (on-behalf)	495,834	363,351
Total Contributions	\$ 1,770,610	\$ 1,813,444

In addition, employee contributions to the Plan totaled \$334,812 during the Borough's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2018, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2018
Borough proportionate share of NPL	\$ 18,337,629
State's proportionate share of NPL associated with the Borough	6,834,300
Total Net Pension Liability	\$ 25,171,929

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the Borough's proportion was 0.35473 percent, which was a decrease of -0.09190 from its proportion measured as of June 30, 2017.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

For the year ended June 30, 2018, the Borough recognized pension expense of \$789,685 and on-behalf revenue of \$542,449 for support provided by the State. At June 30, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (329,692)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	491,879	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	172,451	(2,215,543)
Borough contributions subsequent to the measurement date	1,450,093	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 2,114,423	\$ (2,545,235)

The \$1,450,093 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2019	\$ (2,338,471)
2020	512,196
2021	229,932
2022	(284,562)

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Actuarial cost method	Entry age normal; level dollar normal percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for peace officer/ firefighter Graded by age and service, from 8.55% to 4.34% for all others
Allocation methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

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

<i>Asset Class</i>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate Treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

City and Borough of Sitka, Alaska

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.35473%	\$ 24,088,160	\$ 18,337,623	\$ 13,481,516

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. 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. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional+ 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2018, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2018 were \$309,597 and \$495,354, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Other Postemployment Benefit (OPEB) Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer plan, the Borough participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the DB Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration.

Employer Contribution Rate

The Borough is required to contribute 4.88% of covered payroll into the OPEB plan. Employees do not contribute.

In 2018, the Borough was credited with the following contributions to the OPEB plan.

	Measurement Period Borough FY17	Borough FY18
Total Employer Contributions	\$ 674,516	\$ 484,965

City and Borough of Sitka, Alaska

Notes to Financial Statements

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2018, the Borough reported a liability for its proportionate share of the net OPEB liability (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2018
Borough's proportionate share of NOL - ARHCT	\$ 2,996,375
Borough's proportionate share of NOL - RMP	28,464
Borough's proportionate share of NOL - ODD	(77,445)
Total Borough proportionate share of NOL	2,947,394
State's proportionate share of the NOL associated with the Borough	1,117,195
Total Net OPEB Liability	\$ 4,064,589

The total OPEB liabilities for the June 30, 2018 measurement date were determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The Borough's proportion of the net OPEB liabilities were based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liability			
ARHCT	0.44679%	0.35470%	(0.09209)%
RMP	0.55422%	0.54581%	(0.00841)%
ODD	0.55422%	0.54581%	(0.00841)%

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City and Borough of Sitka, Alaska

Notes to Financial Statements

As a result of its requirement to contribute to the Plan, the Borough recognized OPEB expense of \$222,240 and on-behalf revenue of \$175,541 for support provided by the State. At June 30, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Related to OPEB Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (164,092)
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(957,007)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	2,371	(557,825)
Borough contributions subsequent to the measurement date	484,965	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 487,336	\$ (1,698,924)

The \$484,965 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2019	\$ (649,755)
2020	(567,674)
2021	(239,354)
2022	(239,354)
2023	(102)
Thereafter	(314)

Actuarial Assumptions

The total OPEB liability for the measurement period ended June 30, 2018 (Borough fiscal year 2018) was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

City and Borough of Sitka, Alaska

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Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service from 9.66% to 4.92% for peace officer/ firefighter Graded by service from 8.55% to 4.34% for all others
Allocation methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical; 8.8% grading down to 4.4% Post-65 medical; 5.8% grading down to 4.0% Prescription drug; 5.4% grading down to 4.0%
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate Treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

City and Borough of Sitka, Alaska

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Discount Rate

The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity

The following presents the Borough's proportionate share of the net OPEB liability calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net OPEB liability				
ARHCT	0.35470%	\$ 6,412,559	\$ 2,996,375	\$ 122,897
RMP	0.54581%	\$ 133,348	\$ 28,464	\$ (53,435)
ODD	0.54581%	\$ (69,913)	\$ (77,445)	\$ (83,602)

Healthcare Cost Trend Rates Sensitivity

The following presents the Borough's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Rate	1% Increase
Borough's proportionate share of the net OPEB liability				
ARHCT	0.35470%	\$ (332,381)	\$ 2,996,375	\$ 6,998,340
RMP	0.54581%	\$ (70,459)	\$ 28,464	\$ 161,004
ODD	0.54581%	\$ -	\$ (77,445)	\$ -

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

City and Borough of Sitka, Alaska

Notes to Financial Statements

(d) Defined Contribution OPEB Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2018 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.03%	1.03%
Occupational death and disability benefits	0.16%	0.43%
Total Contribution Rates	1.19%	1.46%

In addition, PERS defined contribution members also participate in 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, 2017, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,084 per year for each full-time employee, and \$1.34 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2018, the Borough contributed \$181,232 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

14. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the government to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the government reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date.

The City and Borough has recognized a liability for the estimated costs of postclosure care of \$768,620 as of June 30, 2018. The Kimsham landfill was closed during fiscal year 2007 and is now a recreation facility consisting of three ball fields and a soccer/football field. The current postclosure liability as of June 30, 2018 is \$500,620. A new landfill has been permitted by the State of Alaska and is accepting only the sludge from the Wastewater Treatment Plant at this time. The current estimate of closure and postclosure monitoring is \$268,000, with an estimated

City and Borough of Sitka, Alaska

Notes to Financial Statements

remaining useful life of 4 years. Actual postclosure costs may be higher because of inflation, changes in technology, or changes in regulations. Estimates will be revised as necessary to accurately reflect future outlays.

15. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Alaska. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determine at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Municipal Attorney the resolution of these matters will not have an adverse material effect on the financial condition of the government.

The City and Borough's sewage treatment plant provides for primary treatment of waste. The City and Borough was operating under a five year exemption, which expired in August 1994, from Environmental Protection Agency (EPA) regulations requires secondary treatment for sewage discharged into marine waters. The City and Borough is currently under a temporary EPA permit and anticipates finalizing a permanent five year exemption permit in the near future. The cost of upgrading the plant to secondary treatment at the expiration of the exemption, if necessary, would be approximately \$10 million. The cost of treating storm water is not presently estimable.

Other Federal and State regulations, compliance with which will require significant expenditures by the City and Borough, including the Americans with Disabilities Act, have a cost of compliance that is not currently known.

16. Subsequent Events

The City and Borough has entered into raw water export sales contracts with private entities. Revenue under these contracts is not guaranteed and is dependent on the amount of raw water exported. Revenue earned under the contracts will be accounted for in the bulk water special revenue fund.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

17. 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, and actual impacts have not yet been determined.

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB 84 - Fiduciary Activities - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - Leases - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses note disclosures related to debt, clarifies which liabilities to include when disclosing information related to debt, and defines debt for the purpose of disclosure. It requires additional essential information related to debt be disclosed in the notes, as well as information for direct borrowings and direct placements.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

18. Change in Accounting Principle

As discussed in Note 13 to the financial statements, the Borough participates in the Alaska Public Employees Retirement System (PERS) plan. In 2018 the City adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than pensions*, which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net Other Postemployment Benefits Liability (and related deferred inflow/outflow accounts), as of the beginning of the Borough's fiscal year. As a result of the implementation of this statement, the Borough has recorded an opening balance adjustment to reflect opening balance OPEB liabilities and related accounts and to decrease opening net position as follows:

		Electric Fund		Water Fund		Waste- water Fund		Harbor Fund		Internal Service Funds
OPEB liability, beginning of year	\$	1,231,553	\$	112,986	\$	297,720	\$	216,198	\$	277,851
Deferred outflows of resources		162,813		14,937		39,359		28,582		36,732
Effect of change in accounting principle		1,068,740		98,049		258,361		187,616		241,119
Net position, before restatement		114,767,675		24,745,145		16,477,018		26,894,316		8,174,106
Net position, as restated	\$	113,698,935	\$	24,647,096	\$	16,218,657	\$	26,706,700	\$	7,932,987

		Governmental Activities		Business-Type Activities		Total
OPEB liability, beginning of year	\$	3,243,740	\$	1,858,457	\$	5,102,197
Deferred outflows of resources		428,823		245,691		674,514
Effect of change in accounting principle		2,814,917		1,612,766		4,427,683
Net position, before restatement		159,070,070		208,590,154		367,660,224
Net position, as restated	\$	156,255,153	\$	206,977,388	\$	363,232,541

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Required Supplementary Information

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes:				
Property taxes	\$ 6,680,600	\$ 6,680,600	\$ 6,647,375	\$ (33,225)
Sales taxes	11,541,150	11,541,150	12,088,013	546,863
Total taxes	18,221,750	18,221,750	18,735,388	513,638
State sources:				
Community Assistance	495,137	495,137	595,992	100,855
State PERS relief	-	207,685	207,833	148
State grants	38,250	77,472	15,587	(61,885)
Other	70,600	70,600	56,416	(14,184)
Total state sources	603,987	850,894	875,828	24,934
Federal sources:				
National Forest receipts	-	517,718	613,224	95,506
Payment in lieu of taxes	566,200	566,200	1,206,982	640,782
Federal grants	112,000	163,944	88,744	(75,200)
Total federal sources	678,200	1,247,862	1,908,950	661,088
Charges for services:				
State jail contract	300,000	300,000	391,194	91,194
Ambulance fees	330,000	330,000	342,108	12,108
E911 surcharges	201,600	201,600	185,590	(16,010)
Jobbing	330,000	330,000	752,179	422,179
Other	89,630	89,630	69,599	(20,031)
Total charges for services	1,251,230	1,251,230	1,740,670	489,440
Interfund services	2,855,203	2,855,203	2,855,203	-
Fines, forfeitures and penalties	144,200	144,200	46,773	(97,427)
Investment income	350,000	350,000	142,479	(207,521)
Uses of Property	274,200	274,200	335,686	61,486
Licenses and permits	277,200	277,200	155,943	(121,257)
Other	269,700	282,200	238,141	(44,059)
Total Revenues	\$ 24,925,670	\$ 25,754,739	\$ 27,035,061	\$ 1,280,322

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Expenditures				
Administration:				
Administration/Assembly:				
Wages and benefits	\$ 703,670	\$ 729,354	\$ 728,223	\$ 1,131
Travel and training	21,285	23,455	20,434	3,021
Other	155,406	190,396	280,948	(90,552)
Total administration/assembly	880,361	943,205	1,029,605	(86,400)
Legal:				
Wages and benefits	278,761	286,966	279,029	7,937
Travel and training	2,200	2,200	2,094	106
Other	69,672	69,672	(57,201)	126,873
Total legal	350,633	358,838	223,922	134,916
Municipal clerk:				
Wages and benefits	265,998	266,159	272,641	(6,482)
Travel and training	10,550	10,550	9,188	1,362
Other	112,480	124,480	121,776	2,704
Total municipal clerk	389,028	401,189	403,605	(2,416)
Finance:				
Wages and benefits	1,373,813	1,431,360	1,461,110	(29,750)
Travel and training	6,000	11,110	11,350	(240)
Other	274,754	327,413	319,241	8,172
Total finance	1,654,567	1,769,883	1,791,701	(21,818)
Assessing:				
Wages and benefits	308,548	322,353	318,129	4,224
Travel and training	5,100	5,100	1,655	3,445
Other	104,319	56,328	55,119	1,209
Total assessing	417,967	383,781	374,903	8,878

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Planning:				
Wages and benefits	\$ 183,710	\$ 189,165	\$ 186,360	\$ 2,805
Travel and training	3,000	3,000	2,921	79
Other	76,659	104,571	55,976	48,595
Total planning	263,369	296,736	245,257	51,479
General office - other	834,406	592,649	461,193	131,456
Total administration	4,790,331	4,746,281	4,530,186	216,095
Public safety:				
Police:				
Wages and benefits	3,372,385	3,504,054	3,454,756	49,298
Travel and training	50,500	50,500	63,379	(12,879)
Other	904,883	808,184	798,568	9,616
Total police	4,327,768	4,362,738	4,316,703	46,035
Fire:				
Wages and benefits	1,035,059	1,071,196	1,006,858	64,338
Travel and training	24,000	24,000	21,101	2,899
Other	524,614	532,160	485,909	46,251
Total fire	1,583,673	1,627,356	1,513,868	113,488
Ambulance:				
Wages and benefits	144,280	150,562	161,089	(10,527)
Travel and training	16,500	16,500	8,833	7,667
Other	132,136	133,081	116,286	16,795
Total ambulance	292,916	300,143	286,208	13,935
Search and rescue:				
Wages and benefits	5,765	5,765	6,139	(374)
Travel and training	4,000	10,722	6,545	4,177
Other	26,716	29,255	33,718	(4,463)
Total search and rescue	36,481	45,742	46,402	(660)
Total public safety	6,240,838	6,335,979	6,163,181	172,798

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Public works:				
Administration:				
Wages and benefits	\$ 531,642	\$ 556,974	\$ 548,166	\$ 8,808
Travel and training	6,000	6,000	661	5,339
Other	119,869	119,869	114,123	5,746
Total administration	657,511	682,843	662,950	19,893
Engineering:				
Wages and benefits	964,771	988,968	867,509	121,459
Travel and training	5,000	5,000	1,666	3,334
Other	30,503	35,903	32,480	3,423
Total engineering	1,000,274	1,029,871	901,655	128,216
Streets:				
Wages and benefits	580,629	598,798	512,475	86,323
Travel and training	3,000	3,000	552	2,448
Other	873,057	909,937	641,169	268,768
Total streets	1,456,686	1,511,735	1,154,196	357,539
Recreation:				
Wages and benefits	330,150	342,852	283,322	59,530
Travel and training	542	542	1,298	(756)
Other	304,148	314,076	251,027	63,049
Total recreation	634,840	657,470	535,647	121,823
Building officials:				
Wages and benefits	193,047	200,547	196,231	4,316
Travel and training	14,000	11,000	10,633	367
Other	25,327	25,327	28,640	(3,313)
Total building officials	232,374	236,874	235,504	1,370
Total public works	3,981,685	4,118,793	3,489,952	628,841
Public services:				
Library:				
Wages and benefits	549,856	572,679	536,234	36,445
Travel and training	1,800	1,800	4,856	(3,056)
Other	309,264	304,065	299,051	5,014
Total library	860,920	878,544	840,141	38,403

City and Borough of Sitka, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Harrigan Centennial Hall:				
Wages and benefits	\$ 328,783	\$ 344,708	\$ 386,043	\$ (41,335)
Other	150,012	150,012	174,012	(24,000)
Total Harrigan Centennial Hall	478,795	494,720	560,055	(65,335)
Senior Citizen Center - other	85,725	85,725	78,113	7,612
Contingency	-	-	(4,097)	4,097
Total public services	1,425,440	1,458,989	1,474,212	(15,223)
Support:				
Municipal grants to local organizations	285,200	376,366	326,899	49,467
Sitka School District	6,728,292	6,987,151	6,987,151	-
Sitka Community Hospital	150,671	306,863	306,863	-
Total Support	7,164,163	7,670,380	7,620,913	49,467
Debt service:				
Principal	53,342	53,342	22,310	31,032
Interest	8,462	8,462	10,912	(2,450)
Total debt service	61,804	61,804	33,222	28,582
Equipment acquisition	-	15,000	13,999	1,001
Total Expenditures	23,664,261	24,407,226	23,325,665	1,081,561
Excess of Revenues Over Expenditures	1,261,409	1,347,513	3,709,398	2,361,885
Other Financing Sources (Uses)				
Transfers in	1,492,286	1,492,286	1,607,903	115,617
Transfers out	(3,099,474)	(4,274,474)	(4,430,278)	(155,804)
Net Other Financing Sources (Uses)	(1,607,188)	(2,782,188)	(2,822,375)	(40,187)
Net Change in Fund Balance	\$ (345,779)	\$ (1,434,675)	\$ 2,321,698	
Fund Balance, beginning			14,173,149	
Fund Balance, ending			\$ 15,060,172	

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Major Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

School Bond Debt Service Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 1,949,792	\$ 1,949,792	\$ 2,474,754	\$ 524,962
Expenditures	3,862,584	3,862,584	3,651,759	210,825
Net Transfers	1,186,000	1,186,000	1,316,563	130,563
Change in Fund Balance	\$ (726,792)	\$ (726,792)	139,558	\$ 866,350
Fund Balance, beginning			<u>1,921,775</u>	
Fund Balance, ending			<u>\$ 2,061,333</u>	

Permanent Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 595,000	\$ 652,329	\$ 1,629,375	\$ 977,046
Total Revenues	595,000	652,329	1,629,375	977,046
Expenditures	-	47,000	49,788	(2,788)
Total Expenditures	-	47,000	49,788	(2,788)
Net Transfers	1,433,229	(1,375,900)	(1,318,571)	57,329
Change in Fund Balance	\$ 2,028,229	\$ (770,571)	261,016	\$ 1,031,587
Fund Balance, beginning			<u>23,920,601</u>	
Fund Balance, ending			<u>\$ 24,181,617</u>	

City and Borough of Sitka, Alaska
Public Employees Retirement System (PERS) Pension Plan
Schedule of the Borough's Information on the Net Pension Liability

<i>Years Ended June 30,</i>	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2009	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2015	0.26956%	\$ 12,572,647	\$ 10,755,597	\$ 23,328,244	\$ 12,031,717	104.50%	62.37%
2016	0.36213%	17,563,590	4,706,852	22,270,442	10,552,272	166.44%	63.96%
2017	0.44663%	24,965,090	3,149,104	28,114,194	11,292,193	221.08%	59.55%
2017	0.35473%	18,337,623	6,834,306	25,171,929	11,056,175	165.86%	63.37%

** Data for these years is not available.*

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees Retirement System (PERS) Pension Plan
Schedule of the Borough's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2009	*	*	*	*	*
2010	*	*	*	*	*
2011	*	*	*	*	*
2012	*	*	*	*	*
2013	*	*	*	*	*
2014	*	*	*	*	*
2015	1,123,981	1,123,981	-	12,031,717	9.34%
2016	1,142,815	1,142,815	-	10,552,272	10.83%
2017	1,274,776	1,274,776	-	10,552,272	12.08%
2018	\$ 1,450,093	\$ 1,450,093	\$ -	\$ 11,056,175	13.12%

** Data for these years is not available.*

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees Retirement System (PERS) OPEB Plan
Schedule of the Borough's Information on the Net OPEB Liability

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2009	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2017	*	*	*	*	*	*	*
2018	35.47%	\$ 2,947,394	\$ 1,117,195	\$ 4,064,589	\$ 11,292,193	26.10%	89.91%

** Data for these years is not available.*

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees Retirement System (PERS) OPEB Plan
Schedule of the Borough's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2009	*	*	*	*	*
2010	*	*	*	*	*
2011	*	*	*	*	*
2012	*	*	*	*	*
2013	*	*	*	*	*
2014	*	*	*	*	*
2015	*	*	*	*	*
2016	*	*	*	*	*
2017	*	*	*	*	*
2018	\$ 484,965	\$ 484,965	\$ -	\$ 11,056,175	4.39%

** Data for these years is not available.*

See accompanying notes to Required Supplementary Information

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information June 30, 2018

1. Budgetary Comparison Schedule - General Fund

The budgetary comparison schedule is presented on the modified accrual basis of accounting. Included on the budgetary schedule is a GAAP to Budget Basis adjustment. For 2018, the PERS on-behalf was not included in the budget, however it is required on a GAAP basis.

2. Public Employees Retirement System Pension Plan - Schedule of the Borough's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2018, the Plan measurement date is June 30, 2017.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in the allocation methodology.

3. Public Employees Retirement System Pension Plan - Schedule of the Borough's Contributions

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow on the Statement of Net Position.

4. Public Employees Retirement System OPEB Plan - Schedule of the Borough's Information on the Net OPEB Liability

This table is presented based on the Plan measurement date. For June 30, 2018, the Plan measurement date is June 30, 2017.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in the allocation methodology.

5. Public Employees Retirement System OPEB Plan - Schedule of the Borough's Information on the Net OPEB Liability

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow on the Statement of Net Position.

All the pension and OPBEB tables are intended to present 10 years of information. Additional years' information will be added to the schedules as it becomes available.

Supplementary Information

City and Borough of Sitka, Alaska
Proprietary Funds - Electric Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 17,000,264	\$ 17,000,264	\$ 17,538,304	\$ 538,040
Non-operating revenues	821,000	908,642	726,922	(181,720)
Total Revenues	17,821,264	17,908,906	18,265,226	356,320
Expenses				
Operating expenses	17,279,073	17,374,610	16,292,561	1,082,049
Non-operating expenses	6,087,123	6,087,123	6,082,567	4,556
Total Expenses	23,366,196	23,461,733	22,375,128	1,086,605
Capital Contributions	-	-	178,140	178,140
Net Transfers	-	-	100,000	100,000
Change in Net Position	\$ (5,544,932)	\$ (5,552,827)	(3,831,762)	\$ 1,721,065
Net Position, beginning			<u>113,698,935</u>	
Net Position, ending			<u>\$ 109,867,173</u>	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Proprietary Funds - Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 3,806,970	\$ 4,237,970	\$ 4,060,430	\$ (177,540)
Non-operating revenues	10,000	10,000	2,894	(7,106)
Total Revenues	3,816,970	4,247,970	4,063,324	(184,646)
Expenses				
Operating expenses	3,659,726	4,582,526	4,923,928	(341,402)
Non-operating expenses	20,844	20,844	20,865	(21)
Total Expenses	3,680,570	4,603,370	4,944,793	(341,423)
Change in Net Position	\$ 136,400	\$ (355,400)	(881,469)	\$ (526,069)
Net Position, beginning			3,178,247	
Net Position, ending			\$ 2,296,778	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Proprietary Funds - Wastewater Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 3,260,000	\$ 3,260,800	\$ 2,966,276	\$ (294,524)
Non-operating revenues	125,000	146,187	234,834	88,647
Total Revenues	3,385,000	3,406,987	3,201,110	(205,877)
Expenses				
Operating expenses	3,458,015	3,458,015	3,165,855	292,160
Non-operating expenses	63,126	63,126	48,869	14,257
Total Expenses	3,521,141	3,521,141	3,214,724	306,417
Capital Contributions	250,000	250,000	481,882	231,882
Net Transfers	(45,000)	(45,000)	(45,000)	-
Change in Net Position	\$ 68,859	\$ 90,846	423,268	\$ 332,422
Net Position, beginning			<u>16,218,657</u>	
Net Position, ending			<u>\$ 16,641,925</u>	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska
Proprietary Funds - Harbor Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 2,418,247	\$ 2,418,247	\$ 2,419,711	\$ 1,464
Non-operating revenues	1,073,380	1,088,765	1,351,434	262,669
Total Revenues	3,491,627	3,507,012	3,771,145	264,133
Expenses				
Operating expenses	3,712,235	3,703,431	3,605,585	97,846
Non-operating expenses	167,063	167,063	125,233	41,830
Total Expenses	3,879,298	3,870,494	3,730,818	139,676
Capital Contributions	-	-	368,509	368,509
Net Transfers	54,990	72,490	57,539	(14,951)
Change in Net Position	\$ (332,681)	\$ (290,992)	466,375	\$ 757,367
Net Position, beginning			<u>26,706,700</u>	
Net Position, ending			<u>\$ 27,173,075</u>	

Note: Depreciation and Amortization are not budgeted and are included in actual amount.

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Combining Balance Sheet

<i>June 30, 2018</i>	State		Library Building	Library Donation	SE Economic Development	Gary Paxton Park Contingency	Sitka Tobacco Tax	Commercial Passenger Excise Tax	LID Revolving
	Police Dept and Forfeitures	Homeland Security Grant							
Assets									
Equity in central treasury	\$ 28,355	\$ 63,440	\$ 16,980	\$ 241,537	\$ 2,220,201	\$ 611,873	\$ 101,288	\$ 607,143	\$ 1,103,617
Receivables:									
Taxes	-	-	-	-	-	-	61,228	-	-
Special assessments	-	-	-	-	-	-	-	-	23,744
Federal and State of Alaska	31,159	145	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	309,811	-	-	-	-
Prepaid items	5	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	1,474,417	-	-	-	-
Allowance uncollectable notes	-	-	-	-	(637,508)	-	-	-	-
Total Assets	\$ 59,519	\$ 63,585	\$ 16,980	\$ 241,537	\$ 3,366,921	\$ 611,873	\$ 162,516	\$ 607,143	\$ 1,127,361
Liabilities									
Accounts payable	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,171	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-
Due to other funds	50,600	68,772	-	-	-	-	-	-	-
Total Liabilities	50,606	68,772	-	-	-	-	64,171	-	-
Deferred Inflows of Resources									
Deferred assessments	-	-	-	-	-	-	-	-	23,744
Fund Balances (Deficit)									
Nonspendable	5	-	-	-	-	-	-	-	-
Restricted	-	-	16,980	241,537	-	-	-	607,143	-
Committed	-	-	-	-	3,366,921	-	-	-	-
Assigned	8,908	-	-	-	-	611,873	98,345	-	1,103,617
Unassigned (deficit)	-	(5,187)	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	8,913	(5,187)	16,980	241,537	3,366,921	611,873	98,345	607,143	1,103,617
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 59,519	\$ 63,585	\$ 16,980	\$ 241,537	\$ 3,366,921	\$ 611,873	\$ 162,516	\$ 607,143	\$ 1,127,361

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

<i>June 30, 2018</i>	LID Guaranty	Raw Water Sales	Fisheries Enhance- ment	Pet Adoption	Bed Tax	Student Travel Fund	Utility Subsidi- zation Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets									
Equity in central treasury	\$ 272,613	\$ 811,397	\$ 313	\$ 52,899	\$ 180,186	\$ 4,785	\$ 395,725	4,568,765	\$ 11,281,117
Receivables:									
Taxes	-	-	-	-	174,208	-	-	-	235,436
Special assessments	-	-	-	-	-	-	-	-	23,744
Federal and State of Alaska	-	-	-	-	-	-	-	968,471	999,775
Other	-	300	-	-	-	-	-	200,000	200,300
Advances to other funds	-	-	-	-	-	-	-	-	309,811
Prepaid items	-	-	-	-	-	-	-	-	5
Notes receivable	-	-	-	-	-	-	-	-	1,474,417
Allowance uncollectable notes	-	-	-	-	-	-	-	-	(637,508)
Total Assets	\$ 272,613	\$ 811,697	\$ 313	\$ 52,899	\$ 354,394	\$ 4,785	\$ 395,725	\$ 5,737,236	\$ 13,887,097
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ 714,888	\$ 779,074
Unearned revenue	-	10,000	-	-	-	-	-	-	10,000
Due to other funds	-	-	-	-	-	-	-	-	119,372
Total Liabilities	-	10,000	-	-	9	-	-	714,888	908,446
Deferred Inflows of Resources									
Deferred assessments	-	-	-	-	-	-	-	-	23,744
Fund Balances (Deficit)									
Nonspendable	-	-	-	-	-	-	-	-	5
Restricted	-	-	-	-	-	-	-	-	865,660
Committed	-	-	-	-	-	-	-	5,022,348	8,389,269
Assigned	272,613	801,697	313	52,899	354,385	4,785	395,725	-	3,705,160
Unassigned (deficit)	-	-	-	-	-	-	-	-	(5,187)
Total Fund Balances (Deficit)	272,613	801,697	313	52,899	354,385	4,785	395,725	5,022,348	12,954,907
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 272,613	\$ 811,697	\$ 313	\$ 52,899	\$ 354,394	\$ 4,785	\$ 395,725	\$ 5,737,236	\$ 13,887,097

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year Ended June 30, 2018</i>	Special Revenue Funds							
	Police Dept and Forfeitures	State Homeland Security Grant	Library Building	Library Donation	SE Economic Development	Gary Paxton Park Contingency	Sitka Tobacco Tax	Commercial Passenger Excise Tax
Revenues								
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tobacco taxes	-	-	-	-	-	-	850,877	-
State sources	3,382	-	-	-	-	-	-	405,115
Federal sources	105,631	3,362	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment income (loss)	(108)	-	60	851	55,293	1,779	(1,605)	(383)
Licenses and permits	-	-	-	-	-	-	1,010	-
Other	-	-	-	2,051	-	-	-	-
Total Revenues	108,905	3,362	60	2,902	55,293	1,779	850,282	404,732
Expenditures								
Public safety	104,529	3,362	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	201,950
Public services	-	-	-	-	-	-	855,680	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Debt administration	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	104,529	3,362	-	-	-	-	855,680	201,950
Excess of Revenues Over (Under) Expenditures	4,376	-	60	2,902	55,293	1,779	(5,398)	202,782
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	28,924	-	-
Transfers out	-	-	-	-	(39,703)	(11,574)	-	(15,170)
Premium on refunding bonds issued	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	(39,703)	17,350	-	(15,170)
Net Change in Fund Balances	4,376	-	60	2,902	15,590	19,129	(5,398)	187,612
Fund Balances (Deficit), beginning	4,537	(5,187)	16,920	238,635	3,351,331	592,744	103,743	419,531
Fund Balances (Deficit), ending	\$ 8,913	\$ (5,187)	\$ 16,980	\$ 241,537	\$ 3,366,921	\$ 611,873	\$ 98,345	\$ 607,143

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

Year Ended June 30, 2018	Special Revenue Funds										Total Nonmajor Governmental Funds
	LID Revolving	LID Guaranty	Raw Water Sales	Fisheries Enhancement	Pet Adoption	Bed Tax	Student Travel Fund	Utility Subsidization Fund	Capital Projects Fund		
Revenues											
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 543,697	\$ -	\$ -	\$ -	\$ -	\$ 543,697
Tobacco taxes	-	-	-	-	-	-	-	-	-	-	850,877
State sources	-	-	-	-	-	-	-	-	1,194,086	-	1,602,583
Federal sources	-	-	-	-	-	-	-	-	312,897	-	421,890
Charges for services	5,863	-	5,400	-	-	-	-	-	-	-	11,263
Investment income (loss)	5,288	1,037	4,187	(33)	925	(2,822)	55	(4,275)	541	-	60,790
Licenses and permits	-	-	-	-	-	-	2,200	-	-	-	3,210
Other	-	-	-	-	-	-	-	-	200,000	-	202,051
Total Revenues	11,151	1,037	9,587	(33)	925	540,875	2,255	(4,275)	1,707,524	-	3,696,361
Expenditures											
Public safety	-	-	-	-	-	-	-	-	-	-	107,891
Public works	505	-	-	42,000	-	-	-	-	-	-	244,455
Public services	-	-	-	-	-	440,529	-	-	-	-	1,296,209
Debt service:											-
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Debt administration	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	3,557,052	-	3,557,052
Total Expenditures	505	-	-	42,000	-	440,529	-	-	3,557,052	-	5,205,607
Excess of Revenues Over (Under) Expenditures	10,646	1,037	9,587	(42,033)	925	100,346	2,255	(4,275)	(1,849,528)	-	(1,509,246)
Other Financing Sources (Uses)											
Transfers in	-	-	-	42,021	5,269	-	-	400,000	2,497,575	-	2,973,789
Transfers out	(21,841)	(5,409)	(106,300)	-	-	(50,000)	-	-	(148,453)	-	(398,450)
Premium on refunding bonds issued	-	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	(21,841)	(5,409)	(106,300)	42,021	5,269	(50,000)	-	400,000	2,349,122	-	2,575,339
Net Change in Fund Balances	(11,195)	(4,372)	(96,713)	(12)	6,194	50,346	2,255	395,725	499,594	-	1,066,093
Fund Balances (Deficit), beginning	1,114,812	276,985	898,410	325	46,705	304,039	2,530	-	4,522,754	-	11,888,814
Fund Balances (Deficit), ending	\$ 1,103,617	\$ 272,613	\$ 801,697	\$ 313	\$ 52,899	\$ 354,385	\$ 4,785	\$ 395,725	\$ 5,022,348	\$ -	\$ 12,954,907

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Police Department and Forfeitures Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 61,000	\$ 137,164	\$ 108,905	\$ (28,259)
Expenditures	61,000	143,864	104,529	39,335
Net Transfers	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (6,700)</u>	4,376	<u>\$ 11,076</u>
Fund Balance, beginning			<u>4,537</u>	
Fund Balance, ending			<u>\$ 8,913</u>	

Homeland Security Grant Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 335,000	\$ 335,000	\$ 3,362	\$ (331,638)
Expenditures	335,000	335,000	3,362	331,638
Net Transfers	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
Fund Balance, beginning			<u>(5,187)</u>	
Fund Balance, ending			<u>\$ (5,187)</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Library Building Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 1,700	\$ 1,700	\$ 60	\$ (1,640)
Expenditures	-	-	-	-
Net Transfers	-	-	-	-
Net Change in Fund Balance	<u>\$ 1,700</u>	<u>\$ 1,700</u>	60	<u>\$ (1,640)</u>
Fund Balance, beginning			<u>16,920</u>	
Fund Balance, ending			<u>\$ 16,980</u>	

Library Donation Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 6,000	\$ 6,000	\$ 2,902	\$ (3,098)
Expenditures	-	-	-	-
Net Transfers	-	-	-	-
Net Change in Fund Balance	<u>\$ 6,000</u>	<u>\$ 6,000</u>	2,902	<u>\$ (3,098)</u>
Fund Balance, beginning			<u>238,635</u>	
Fund Balance, ending			<u>\$ 241,537</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Southeast Alaska Economic Development Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 37,500	\$ 37,500	\$ 55,293	\$ 17,793
Expenditures	-	-	-	-
Net Transfers	(37,500)	(37,500)	(39,703)	(2,203)
Net Change in Fund Balance	\$ -	\$ -	15,590	\$ 15,590
Fund Balance, beginning			3,351,331	
Fund Balance, ending			\$ 3,366,921	

Gary Paxton Industrial Park Contingency Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 18,000	\$ 18,000	\$ 1,779	\$ (16,221)
Expenditures	-	-	-	-
Net Transfers	(18,000)	(18,000)	17,350	35,350
Net Change in Fund Balance	\$ -	\$ -	19,129	\$ 19,129
Fund Balance, beginning			592,744	
Fund Balance, ending			\$ 611,873	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Sitka Tobacco Tax Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 886,500	\$ 886,500	\$ 850,282	\$ (36,218)
Expenditures	886,500	886,500	855,680	30,820
Net Transfers	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(5,398)	<u>\$ (5,398)</u>
Fund Balance, beginning			<u>103,743</u>	
Fund Balance, ending			<u>\$ 98,345</u>	

Commercial Passenger Excise Tax Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 273,100	\$ 273,100	\$ 404,732	\$ 131,632
Expenditures	251,200	316,200	201,950	114,250
Net Transfers	(15,000)	(17,500)	(15,170)	2,330
Net Change in Fund Balance	<u>\$ 6,900</u>	<u>\$ (60,600)</u>	187,612	<u>\$ 248,212</u>
Fund Balance, beginning			<u>419,531</u>	
Fund Balance, ending			<u>\$ 607,143</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Local Improvement District Revolving Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 28,200	\$ 28,200	\$ 11,151	\$ (17,049)
Expenditures	500	500	505	(5)
Net Transfers	(28,200)	(28,200)	(21,841)	6,359
Net Change in Fund Balance	<u>\$ (500)</u>	<u>\$ (500)</u>	(11,195)	<u>\$ (10,695)</u>
Fund Balance, beginning			<u>1,114,812</u>	
Fund Balance, ending			<u>\$ 1,103,617</u>	

Local Improvement District Guaranty Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	6,200	6,200	1,037	(5,163)
Expenditures	\$ -	\$ -	\$ -	-
Net Transfers	(6,200)	(6,200)	(5,409)	791
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(4,372)	<u>\$ (4,372)</u>
Fund Balance, beginning			<u>276,985</u>	
Fund Balance, ending			<u>\$ 272,613</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Raw Water Sales Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 21,500	\$ 21,500	\$ 9,587	\$ (11,913)
Expenditures	-	-	-	-
Net Transfers	(56,300)	(156,300)	(106,300)	50,000
Net Change in Fund Balance	<u>\$ (34,800)</u>	<u>\$ (134,800)</u>	(96,713)	<u>\$ 38,087</u>
Fund Balance, beginning			<u>898,410</u>	
Fund Balance, ending			<u>\$ 801,697</u>	

Fisheries Enhancement Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ (33)	\$ (33)
Expenditures	46,459	46,459	42,000	4,459
Net Transfers	46,655	46,655	42,021	(4,634)
Net Change in Fund Balance	<u>\$ 196</u>	<u>\$ 196</u>	(12)	<u>\$ (208)</u>
Fund Balance, beginning			<u>325</u>	
Fund Balance, ending			<u>\$ 313</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Pet Adoption Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 1,000	\$ 1,000	\$ 925	\$ (75)
Expenditures	1,000	1,000	-	1,000
Net Transfers	-	-	5,269	5,269
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,194	<u>\$ 6,194</u>
Fund Balance, beginning			<u>46,705</u>	
Fund Balance, ending			<u>\$ 52,899</u>	

Bed Tax/Visitor Enhancement Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 484,000.00	\$ 484,000.00	\$ 540,875.00	\$ 56,875.00
Expenditures	458,912	468,912	440,529	28,383
Net Transfers	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	<u>\$ (24,912)</u>	<u>\$ (34,912)</u>	50,346	<u>\$ 85,258</u>
Fund Balance, beginning			<u>304,039</u>	
Fund Balance, ending			<u>\$ 354,385</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Student Travel Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 2,500	\$ 2,500	\$ 2,255	\$ (245)
Expenditures	2,500	2,500	-	2,500
Net Transfers	-	-	-	-
Net Change in Fund Balance	<u>-</u>	<u>-</u>	2,255	\$ 2,255
Fund Balance, beginning			<u>2,530</u>	
Fund Balance, ending			<u>\$ 4,785</u>	

Utility Subsidization Special Revenue Fund

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ (4,275)	\$ (4,275)
Expenditures	-	-	-	-
Net Transfers	-	-	400,000	400,000
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	395,725	<u>\$ 395,725</u>
Fund Balance, beginning			<u>-</u>	
Fund Balance, ending			<u>\$ 395,725</u>	

City and Borough of Sitka, Alaska

Capital Projects Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ 1,990,364	\$ 1,707,524	\$ (282,840)
Expenditures	1,300,000	3,855,038	3,557,052	297,986
Net Transfers	1,300,000	1,375,000	2,349,122	974,122
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (489,674)</u>	499,594	<u>\$ 989,268</u>
Fund Balance, beginning			<u>4,522,754</u>	
Fund Balance, ending			<u>\$ 5,022,348</u>	

City and Borough of Sitka, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

<i>June 30, 2018</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise
Assets					
Current Assets					
Equity in central treasury	\$ 1,759,803	\$ 931,089	\$ 880,339	\$ 1,954,239	\$ 5,525,470
Receivables:					
Trade accounts receivable and other	180,403	40,769	25,902	24,396	271,470
Allowance for uncollectables	(29,866)	-	-	-	(29,866)
Federal and State of Alaska	438,886	60,155	43,211	-	542,252
Current portion of note receivable	-	8,352	-	-	8,352
Inventories	218,715	-	-	-	218,715
Total Current Assets	2,567,941	1,040,365	949,452	1,978,635	6,536,393
Noncurrent Assets					
Bond covenant accounts	-	-	-	-	-
Notes receivable	-	37,302	-	-	37,302
Special assessments receivable	-	-	-	-	-
Water rights	23,483	-	-	-	23,483
Capital assets:					
Property, plant and equipment	45,279,796	22,922,448	5,206,982	3,506,392	76,915,618
Construction in progress	491,879	24,241	287,775	-	803,895
Less accumulated depreciation	(16,484,900)	(5,159,249)	(3,045,608)	(3,237,748)	(27,927,505)
Total capital assets, net of accumulated depreciation	29,286,775	17,787,440	2,449,149	268,644	49,792,008
Total Noncurrent Assets	29,310,258	17,824,742	2,449,149	268,644	49,852,793
Total Assets	31,878,199	18,865,107	3,398,601	2,247,279	56,389,186
Deferred Outflows of Resources					
Deferred Outflows of Resources related to OPEB	10,792	-	-	-	10,792
Deferred Outflows of Resources related to pensions	32,488	-	-	-	32,488
Total Deferred Outflows of Resources	43,280	-	-	-	43,280
Total Assets and Deferred Outflows of Resources	\$ 31,921,479	\$ 18,865,107	\$ 3,398,601	\$ 2,247,279	\$ 56,432,466
Liabilities and Net Position					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 46,026	\$ 13,535	\$ 19,865	\$ -	\$ 79,426
Interest payable	33,384	-	-	-	33,384
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Current portion:					
Revenue bonds	-	-	-	-	-
Notes payable	401,463	-	-	-	401,463
Compensated absences	18,246	-	-	-	18,246
Payable from restricted assets - deposits	-	-	-	-	-
Total Current Liabilities	499,119	13,535	19,865	-	532,519
Noncurrent Liabilities					
Advances from other funds	-	149,346	-	-	149,346
Revenue bonds	-	-	-	-	-
Unamortized bond premiums	-	-	-	-	-
Notes payable	6,074,335	-	-	-	6,074,335
Net other postemployment benefits liability	65,269	-	-	-	65,269
Net pension liability	344,534	-	-	-	344,534
Total Noncurrent Liabilities	6,484,138	149,346	-	-	6,633,484
Total Liabilities	6,983,257	162,881	19,865	-	7,166,003
Deferred Inflows of Resources					
Deferred Inflows of Resources related to OPEB	37,622	-	-	-	37,622
Deferred Inflows of Resources related to pensions	55,677	-	-	-	55,677
Net Position					
Net investment in capital assets	22,810,977	17,787,440	2,449,149	268,644	43,316,210
Restricted for debt service	-	-	-	-	-
Unrestricted	2,033,946	914,786	929,587	1,978,635	5,856,954
Total Net Position	24,844,923	18,702,226	3,378,736	2,247,279	49,173,164
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 31,921,479	\$ 18,865,107	\$ 3,398,601	\$ 2,247,279	\$ 56,432,466

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2017</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise
Operating Revenues					
Charges for service	\$ 2,328,784	\$ 119,911	\$ 392,369	\$ 243,788	\$ 3,084,852
Other operating revenues	51,042	-	-	-	51,042
Total Operating Revenues	2,379,826	119,911	392,369	243,788	3,135,894
Operating Expenses					
Wages and benefits	385,198	-	-	-	385,198
Travel and training	8,479	-	-	-	8,479
Utilities	91,711	36,297	93,800	(27,045)	194,763
Repair and maintenance	95,959	6,125	74,046	63,135	239,265
Contracted/purchased services	259,963	107,592	99,253	5,105	471,913
Interdepartmental services	521,013	36,520	110,274	22,403	690,210
Other	55,916	1,232	2,068	-	59,216
Depreciation and amortization	1,283,444	333,798	170,299	31,906	1,819,447
Total Operating Expenses	2,701,683	521,564	549,740	95,504	3,868,491
Income (Loss) from Operations	(321,857)	(401,653)	(157,371)	148,284	(732,597)
Nonoperating Revenues (Expenses)					
Investment income (loss)	20,096	(3,795)	4,137	5,831	26,269
Interest expense	(94,383)	(6,472)	-	-	(100,855)
Raw fish tax	-	-	-	-	-
State PERS relief	12,012	-	-	-	12,012
Loss on Impairment	-	(1,492,379)	-	-	(1,492,379)
Other	-	650	62,009	-	62,659
Net Nonoperating Revenues (Expenses)	(62,275)	(1,501,996)	66,146	5,831	(1,492,294)
Income (Loss) Before Contributions and Transfers	(384,132)	(1,903,649)	(91,225)	154,115	(2,224,891)
Capital contributions	581,959	3,117,049	50,203	-	3,749,211
Transfers in	-	11,574	-	-	11,574
Transfers out	-	(29,269)	-	-	(29,269)
Change in Net Position	197,827	1,195,705	(41,022)	154,115	1,506,625
Net Position, beginning, as restated (Note 18)	24,647,096	17,506,521	3,419,758	2,093,164	47,666,539
Net Position, ending	\$ 24,844,923	\$ 18,702,226	\$ 3,378,736	\$ 2,247,279	\$ 49,173,164

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

<i>Year Ended June 30, 2018</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 2,491,410	\$ 2,536,779	\$ 389,410	\$ 219,392	\$ 5,636,991
Payments to suppliers	(502,714)	(681,651)	(250,996)	(41,195)	(1,476,556)
Payments for interfund services used	(521,013)	(36,520)	(110,274)	(22,403)	(690,210)
Payments to employees	(394,831)	-	-	-	(394,831)
Net cash flows from operating activities	1,072,852	1,818,608	28,140	155,794	3,075,394
Cash Flows for Capital and Related Financing Activities					
Capital expenditures	(1,378,590)	(3,197,224)	(105,052)	-	(4,680,866)
Interest paid	(94,383)	(6,472)	-	-	(100,855)
Payments on bonds and notes payable	(633,929)	(49,782)	-	-	(683,711)
Government grants and loans for construction received	1,175,156	3,117,049	50,203	-	4,342,408
Receipts (repayment) of advances	-	(729,599)	-	-	(729,599)
Transfers to other funds	-	(17,695)	-	-	(17,695)
Net cash flows for capital and related financing activities	(931,746)	(883,723)	(54,849)	-	(1,870,318)
Cash Flows From Investing Activities - Interest received (loss)	20,095	(3,796)	4,139	5,831	26,269
Net Increase (Decrease) in Cash and Cash Equivalents	161,201	931,089	(22,570)	161,625	1,231,345
Cash and Cash Equivalents, beginning	1,598,602	-	902,909	1,792,614	4,294,125
Cash and Cash Equivalents, ending	\$ 1,759,803	\$ 931,089	\$ 880,339	\$ 1,954,239	\$ 5,525,470
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities					
Income (loss) from operations	\$ (321,857)	\$ (401,653)	\$ (157,371)	\$ 148,284	\$ (732,597)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:					
Depreciation and amortization	1,283,444	333,798	170,299	31,906	1,819,447
State PERS relief	12,012	-	-	-	12,012
Other	-	650	62,009	-	62,659
(Increase) decrease in assets and deferred outflows:					
Accounts receivable (net)	111,584	2,416,218	(64,968)	(24,396)	2,438,438
Inventory	14,463	-	-	-	14,463
Prepaid expenses	-	-	8,050	-	8,050
Deferred outflow of resources related to other postemployment ben	4,145	-	-	-	4,145
Deferred outflow of resources related to pensions	81,938	-	-	-	81,938
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued liabilities	(5,149)	(530,405)	10,121	-	(525,433)
Compensated absences	(1,071)	-	-	-	(1,071)
Net other postemployment benefit liability	(47,717)	-	-	-	(47,717)
Net pension liability	(146,763)	-	-	-	(146,763)
Deferred inflows of resources related to other postemployment ben	37,622	-	-	-	37,622
Deferred inflows related to pensions	50,201	-	-	-	50,201
Net Cash Flows from Operating Activities	\$ 1,072,852	\$ 1,818,608	\$ 28,140	\$ 155,794	\$ 3,075,394

City and Borough of Sitka, Alaska
Water Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 2,395,580	\$ 2,395,580	\$ 2,379,826	\$ (15,754)
Non-operating revenues	48,500	56,540	32,108	(24,432)
Total Revenues	2,444,080	2,452,120	2,411,934	(40,186)
Expenses				
Operating expenses	2,900,771	2,973,605	2,701,683	271,922
Non-operating expenses	79,449	79,449	94,383	(14,934)
Total Expenses	2,980,220	3,053,054	2,796,066	256,988
Capital contributions	-	-	581,959	581,959
Change in Net Position	\$ (536,140)	\$ (600,934)	197,827	\$ 798,761
Net Position, beginning			<u>24,647,096</u>	
Net Position, ending			<u>\$ 24,844,923</u>	

Note: Depreciation and amortization are not budgeted but are included in at actual amount.

City and Borough of Sitka, Alaska
Gary Paxton Industrial Park Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 234,124	\$ 234,124	\$ 119,911	\$ (114,213)
Non-operating revenues	20,000	20,000	(3,145)	(23,145)
Total Revenues	254,124	254,124	116,766	(137,358)
Expenses				
Operating expenses	590,738	590,738	521,564	69,174
Non-operating expenses	1,498,851	1,498,851	1,498,851	-
Total Expenses	2,089,589	2,089,589	2,020,415	69,174
Capital contributions	-	-	3,117,049	3,117,049
Net transfers	18,000	18,000	(17,695)	(35,695)
Change in Net Position	\$ (1,817,465)	\$ (1,817,465)	1,195,705	\$ 3,013,170
Net Position, beginning			<u>17,506,521</u>	
Net Position, ending			<u>\$ 18,702,226</u>	

Note: Depreciation and amortization are not budgeted and are included at actual amounts.

City and Borough of Sitka, Alaska
Airport Terminal Fund Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 394,203	\$ 394,203	\$ 392,369	\$ (1,834)
Non-operating revenues	330,000	330,000	66,146	(263,854)
Total Revenues	724,203	724,203	458,515	(265,688)
Expenses				
Operating expenses	524,499	612,304	549,740	62,564
Non-operating expenses	-	-	-	-
Total Expenses	524,499	612,304	549,740	62,564
Capital contributions	-	-	50,203	50,203
Net transfers	-	-	-	-
Change in Net Position	\$ 199,704	\$ 111,899	(41,022)	\$ (152,921)
Net Position, beginning			<u>3,419,758</u>	
Net Position, ending			<u>\$ 3,378,736</u>	

City and Borough of Sitka, Alaska
Marine Service Center Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 243,878	\$ 243,878	\$ 243,788	\$ (90)
Non-operating revenues	36,000	36,000	5,831	(30,169)
Total Revenues	279,878	279,878	249,619	(30,259)
Expenses				
Operating expenses	180,624	192,624	95,504	97,120
Non-operating expenses	-	-	-	-
Total Expenses	180,624	192,624	95,504	97,120
Capital contributions	-	-	-	-
Net transfers	-	-	-	-
Change in Net Position	\$ 99,254	\$ 87,254	154,115	\$ 66,861
Net Position, beginning			<u>2,093,164</u>	
Net Position, ending			<u>\$ 2,247,279</u>	

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2018</i>	Management Information Systems	Central Garage	Building Maintenance	Total Internal Service Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Equity in central treasury	\$ -	\$ 3,630,592	\$ 1,527,067	\$ 5,157,659
Noncurrent Assets				
Capital assets:				
Property, plant and equipment	2,455,140	8,707,637	32,458	11,195,235
Construction in progress	-	42,775	-	42,775
Less accumulated depreciation	(1,778,521)	(5,146,517)	(25,858)	(6,950,896)
Total capital assets, net of Accumulated depreciation	676,619	3,603,895	6,600	4,287,114
Total Noncurrent Assets	676,619	3,603,895	6,600	4,287,114
Total Assets	676,619	7,234,487	1,533,667	9,444,773
Deferred Outflows of Resources				
Deferred Outflows of Resources related to other postemployment benefits	12,015	5,287	9,237	26,539
Deferred Outflows of Resources related to pensions	50,597	13,194	25,499	89,290
Total Assets and Deferred Outflows of Resources	\$ 739,231	7,252,968	\$ 1,568,403	\$ 9,560,602
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 1,444	\$ 76,124	\$ 11,573	\$ 89,141
Due to other funds	53,060	-	-	53,060
Compensated absences	15,722	14,824	22,490	53,036
Total Current Liabilities	70,226	90,948	34,063	195,237
Noncurrent Liabilities				
Advances from other funds	-	150,000	-	150,000
Net other postemployment benefits liability	72,668	31,972	55,866	160,506
Net pension liability	445,527	157,092	284,987	887,606
Total Noncurrent Liabilities	518,195	339,064	340,853	1,198,112
Total Liabilities	588,421	430,012	374,916	1,393,349
Deferred Inflows of Resources				
Deferred Inflows of Resources related to other postemployment benefits	41,887	18,429	32,203	92,519
Deferred Inflows of Resources related to pensions	62,680	27,143	47,546	137,369
Net Position				
Net investment in capital assets	676,619	3,603,895	6,600	4,287,114
Unrestricted (deficit)	(630,376)	3,173,489	1,107,138	3,650,251
Total Net Position	46,243	6,777,384	1,113,738	7,937,365
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 739,231	\$ 7,252,968	\$ 1,568,403	\$ 9,560,602

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2018</i>	Management Information Systems	Central Garage	Building Maintenance	Total Internal Service Funds
Operating Revenues				
Charges for service	\$ 1,175,598	\$ 1,330,875	\$ 460,566	\$ 2,967,039
Other operating revenues	218	34,227	-	34,445
Total Operating Revenues	1,175,816	1,365,102	460,566	3,001,484
Operating Expenses				
Wages and benefits	429,975	206,873	379,035	1,015,883
Travel and training	5,835	-	3,337	9,172
Utilities	169,616	37,294	480	207,390
Repair and maintenance	149,440	69,899	8,226	227,565
Contracted/purchased services	193,872	285,578	169,670	649,120
Interdepartmental services	111,502	121,635	136,831	369,968
Other	77	631	294	1,002
Depreciation and amortization	198,458	504,819	880	704,157
Total Operating Expenses	1,258,775	1,226,729	698,753	3,184,257
Income (Loss) from Operations	(82,959)	138,373	(238,187)	(182,773)
Nonoperating Revenues (Expenses)				
Investment income (loss)	(1,987)	7,876	6,215	12,104
Interest expense	(1,797)	(10,000)	-	(11,797)
State PERS relief	13,373	5,885	10,282	29,540
Gain (loss) on sale of capital assets	-	3,101	-	3,101
Net Nonoperating Revenues (Expenses)	9,589	6,862	16,497	32,948
Income (Loss) Before Transfers	(73,370)	145,235	(221,690)	(149,825)
Transfers in	-	174,500	39,703	214,203
Transfers out	-	-	(60,000)	(60,000)
Change in Net Position	(73,370)	319,735	(241,987)	4,378
Net Position, beginning, as restated (Note 18)	119,613	6,457,649	1,355,725	7,932,987
Net Position, ending	\$ 46,243	\$ 6,777,384	\$ 1,113,738	\$ 7,937,365

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2018</i>	Management Information Systems	Central Garage	Building Maintenance	Total Internal Service Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 1,175,816	\$ 1,365,102.00	\$ 460,566	\$ 3,001,484
Payments to suppliers	(521,674)	(702,563)	(196,135)	(1,420,372)
Payments for interfund services used	(111,502)	(121,635)	(136,831)	(369,968)
Payments to employees	(438,778)	(205,712)	(377,367)	(1,021,857)
Net cash flows from (for) operating activities	103,862	335,192	(249,767)	189,287
Cash Flows from (for) Noncapital Financing Activities				
Repayment of advances	1,706	(50,000)	-	(48,294)
Transfers from other funds	-	174,500	(20,297)	154,203
Net cash flows from (for) noncapital financing activities	1,706	124,500	(20,297)	105,909
Cash Flows for Capital and Related Financing Activities				
Capital expenditures	-	(271,707)	-	(271,707)
Interest paid	(1,795)	(10,000)	-	(11,795)
Net cash flows for capital and related financing activities	(1,795)	(281,707)	-	(283,502)
Cash Flows from (for) Investing Activities				
Interest received (loss)	(1,986)	7,875	6,217	12,106
Net Increase (Decrease) in Cash and Cash Equivalents	101,787	185,860	(263,847)	23,800
Cash and Cash Equivalents, beginning	(101,787)	3,444,732	1,790,914	5,133,859
Cash and Cash Equivalents, ending	\$ -	\$ 3,630,592.00	\$ 1,527,067	\$ 5,157,659
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities				
Income (loss) from operations	\$ (82,959)	\$ 138,373	\$ (238,187)	\$ (182,773)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Depreciation and amortization	198,458	504,819	880	704,157
State PERS relief	13,373	5,885	10,282	29,540
(Increase) decrease in assets and deferred outflows:				
Prepaid expenses	1,079	-	-	1,079
Deferred outflows of resources related to other postemployment benefits	4,615	2,030	3,548	10,193
Deferred outflows of resources related to pensions	91,226	40,138	70,134	201,498
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued liabilities	(3,913)	(309,161)	(14,128)	(327,202)
Compensated absences	729	5,356	8,997	15,082
Net other postemployment liability	(53,126)	(23,375)	(40,844)	(117,345)
Net pension liability	(163,399)	(71,893)	(125,621)	(360,913)
Deferred inflows of resources related to other postemployment liabilities	41,887	18,429	32,203	92,519
Deferred inflows of resources related to pensions	55,892	24,591	42,969	123,452
Net Cash Flows from (for) Operating Activities	\$ 103,862	\$ 335,192	\$ (249,767)	\$ 189,287

City and Borough of Sitka, Alaska
Management Information Systems Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position
 Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 1,170,001	\$ 1,170,001	\$ 1,175,816	\$ 5,815
Non-operating revenues	500	9,452	11,386	1,934
Total Revenues	1,170,501	1,179,453	1,187,202	7,749
Expenses				
Operating expenses	1,238,783	1,287,399	1,258,775	28,624
Non-operating expenses	993	993	1,797	(804)
Total Expenses	1,239,776	1,288,392	1,260,572	27,820
Change in Net Position	\$ (69,275)	\$ (108,939)	(73,370)	\$ 35,569
Net Position, beginning			<u>119,613</u>	
Net Position, ending			<u>\$ 46,243</u>	

City and Borough of Sitka, Alaska
Building Maintenance Internal Service Fund
Schedule of Revenues, Expenses and changes Net Position
 Budget and Actual

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 644,355	\$ 644,355	\$ 460,566	\$ (183,789)
Non-operating revenues	33,600	40,482	16,497	(23,985)
Total Revenues	677,955	684,837	477,063	(207,774)
Expenses				
Operating expenses	926,931	1,043,077	698,753	344,324
Total Expenses	926,931	1,043,077	698,753	344,324
Net transfers	(22,500)	(22,500)	(20,297)	2,203
Change in Net Position	\$ (271,476)	\$ (380,740)	(241,987)	\$ 138,753
Net Position, beginning			<u>1,355,725</u>	
Net Position, ending			<u>\$ 1,113,738</u>	

City and Borough of Sitka, Alaska
Central Garage Internal Service Fund
Schedule of Revenues, Expenses and Changes Net Position
 Budget and Actual, continued

<i>Year Ended June 30, 2018</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 1,662,338	\$ 1,662,338	\$ 1,365,102	\$ (297,236)
Non-operating revenues	68,000	71,938	16,862	(55,076)
Total Revenues	1,730,338	1,734,276	1,381,964	(352,312)
Expenses				
Operating expenses	1,306,639	1,167,493	1,226,729	(59,236)
Non-operating expenses	10,000	10,000	10,000	-
Total Expenses	1,316,639	1,177,493	1,236,729	(59,236)
Net transfers	174,500	174,500	174,500	-
Change in Net Position	\$ 588,199	\$ 731,283	319,735	\$ (411,548)
Net Position, beginning			<u>6,457,649</u>	
Net Position, ending			<u>\$ 6,777,384</u>	

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Statistical Section

City and Borough of Sitka, Alaska

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
Invested in capital assets, net of related debt	\$ 86,125,410	\$ 94,765,479	\$ 111,067,134	\$ 115,405,541	\$ 115,862,733
Restricted	25,924,835	32,149,739	27,567,141	27,067,460	27,776,873
Unrestricted	37,352,229	22,669,294	21,354,757	16,597,067	15,861,001
Total governmental activities net assets	149,402,474	149,584,512	159,989,032	159,070,068	159,500,607
Business-type activities:					
Invested in capital assets, net of related debt	156,196,702	164,836,448	171,259,337	170,051,853	167,321,108
Restricted	8,992,528	10,445,096	10,470,409	10,583,555	10,748,446
Unrestricted	25,943,451	33,109,400	28,987,128	27,954,746	27,082,561
Total business-type activities net assets	191,132,681	208,390,944	210,716,874	208,590,154	205,152,115
Primary government:					
Invested in capital assets, net of related debt	242,322,112	259,601,927	285,457,394	285,457,394	283,183,841
Restricted	34,917,363	42,594,835	37,651,015	37,651,015	38,525,319
Unrestricted	63,295,680	55,778,694	44,551,813	44,551,813	42,943,562
Total Primary Government Net Assets	\$ 340,535,155	\$ 357,975,456	\$ 370,705,906	\$ 367,660,222	\$ 364,652,722
	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
Invested in capital assets, net of related debt	\$ 74,535,296	\$ 77,625,556	\$ 84,221,307	\$ 69,758,706	\$ 81,140,841
Restricted	25,807,768	24,564,026	33,185,178	28,065,049	28,969,693
Unrestricted	20,598,517	25,166,380	31,105,881	31,751,885	28,940,773
Total governmental activities net assets	120,941,581	127,355,962	148,512,366	129,575,640	139,051,307
Business-type activities:					
Invested in capital assets, net of related debt	92,657,290	96,906,077	89,514,065	89,725,575	103,467,052
Restricted	7,280,721	7,047,685	7,917,319	3,495,431	7,359,839
Unrestricted	21,170,279	22,938,329	47,488,067	48,724,671	50,906,747
Total business-type activities net assets	121,108,290	126,892,091	144,919,451	141,945,677	161,733,638
Primary government:					
Invested in capital assets, net of related debt	167,192,586	174,531,633	173,735,372	159,484,281	184,607,893
Restricted	33,088,489	31,611,711	41,102,497	31,560,480	36,329,532
Unrestricted	41,768,796	48,104,709	78,593,948	80,476,556	79,847,520
Total Primary Government Net Assets	\$ 242,049,871	\$ 254,248,053	\$ 293,431,817	\$ 271,521,317	\$ 300,784,945

City and Borough of Sitka, Alaska

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund:					
Nonspendable	\$ 394,229	\$ 1,825,359	\$ 1,657,883	\$ 988,403	\$ 625,913
Restricted	-	-	-	-	-
Committed	7,762,442	8,295,203	8,460,152	9,206,808	9,055,629
Assigned	-	-	-	-	-
Unassigned	8,234,138	4,889,171	4,420,827	3,977,938	5,378,630
Total General Fund	\$ 16,390,809	\$ 15,009,733	\$ 14,538,862	\$ 14,173,149	\$ 15,060,172
All Other Governmental Funds:					
Nonspendable	2,883,234	56,681	69,015	5	5
Restricted	25,924,835	26,207,854	24,863,608	25,141,562	25,681,513
Committed	11,544,459	15,111,535	11,404,858	9,249,985	9,816,366
Assigned	2,434,379	2,387,729	3,580,527	3,344,825	3,705,160
Unassigned	(4,686)	(4,785)	(5,167)	(5,187)	(5,187)
Total all other governmental funds	\$ 42,782,221	\$ 43,759,014	\$ 39,912,841	\$ 37,731,190	\$ 39,197,857
	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund:					
Nonspendable	\$ 3,903,247	\$ 4,288,190	\$ 3,935,798	\$ 225	\$ 49,486
Restricted	2,602,648	2,760,462	2,087,478	522,444	520,742
Committed	226,501	229,579	1,205,833	9,987,028	7,904,460
Assigned	-	-	-	-	-
Unassigned	2,004,500	3,229,470	4,332,784	3,075,401	5,843,192
Total General Fund	\$ 8,736,896	\$ 10,507,701	\$ 11,561,893	\$ 13,585,098	\$ 14,317,880
All other governmental funds:					
Nonspendable	14,160,361	2,721,071	1,758,633	1,855,781	2,743,313
Restricted	20,814,274	24,561,265	43,700,167	29,036,455	28,343,985
Committed	4,119	784	312,039	8,933,726	6,727,368
Assigned	6,297,154	13,734,819	2,584,104	3,016,000	2,391,820
Unassigned	-	-	(52,986)	(35,725)	(8,870)
Total all other governmental funds	\$ 41,275,908	\$ 41,017,939	\$ 48,301,957	\$ 42,806,237	\$ 40,197,616

City and Borough of Sitka, Alaska

Changes in Net Position
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Administration	\$ 1,758,063	\$ 1,709,428	\$ 1,762,495	\$ 1,620,189	\$ 1,962,059	\$ 2,258,018	\$ 2,078,240	\$ 2,388,505	\$ 2,715,896	\$ 2,461,842
Public safety	6,591,077	6,345,657	6,625,688	6,655,486	6,984,741	7,044,883	6,958,306	7,788,950	8,094,841	6,463,189
Public works	4,523,661	4,692,515	4,479,567	5,101,445	4,955,993	4,112,134	4,661,945	6,341,667	6,722,139	5,872,594
Public services	2,194,283	2,126,670	2,210,011	2,340,805	2,348,593	2,405,686	3,727,612	3,222,086	3,996,515	3,453,341
Education and Hospital Support	9,149,431	9,830,856	9,070,397	9,141,153	9,179,685	9,123,989	9,384,188	10,783,487	10,392,966	10,680,672
Interest on long-term debt	1,540,287	1,475,884	1,420,066	1,329,359	1,277,594	1,268,837	1,082,227	1,054,818	809,906	882,935
Total governmental activities	25,756,802	26,181,010	25,568,224	26,188,437	26,708,665	26,213,547	27,892,518	31,579,513	32,732,263	29,814,573
Business-type Activities										
Electric Utility	12,368,552	11,872,652	15,810,783	12,990,060	10,414,728	10,110,246	11,144,214	19,484,534	24,097,768	22,087,589
Water Utility	-	-	-	1,873,635	2,092,017	2,182,462	2,370,055	2,274,676	2,577,678	2,760,171
Waste water treatment	3,252,387	3,354,495	3,679,257	3,495,140	3,553,613	3,793,239	3,629,915	3,809,005	3,754,464	3,216,644
Solid waste disposal	2,938,042	3,114,822	3,077,032	3,131,311	3,262,793	3,464,859	3,344,737	3,882,003	4,519,678	4,881,503
Harbor	2,378,228	2,325,372	2,512,984	2,569,234	2,414,632	3,123,702	2,682,945	3,318,718	3,829,041	3,682,860
Other nonmajor business-type activities	3,298,547	1,400,040	3,156,084	1,624,293	1,153,598	1,404,174	1,693,904	1,467,365	1,221,382	2,650,641
Total Business-type Activities	24,235,756	22,067,381	28,236,140	25,683,673	22,891,381	24,078,682	24,865,770	34,236,301	40,000,011	39,279,408
Total Primary Government Expenses	\$ 49,992,558	\$ 48,248,391	\$ 53,804,354	\$ 51,872,110	\$ 49,600,046	\$ 50,292,229	\$ 52,758,288	\$ 65,815,814	\$ 72,732,274	\$ 69,093,981
Program Revenues										
Governmental activities										
Charges for services										
Administration	\$ 836,056	\$ 505,174	\$ 420,194	\$ 713,129	\$ 327,245	\$ 302,118	\$ 377,681	\$ 330,066	\$ 595,703	\$ 318,388
Public safety	717,543	745,265	737,414	763,278	729,406	1,343,299	1,409,655	1,112,805	1,052,231	1,138,956
Public works	838,119	925,240	730,766	855,816	988,231	842,466	1,052,273	1,928,131	908,526	927,505
Public services	112,414	108,340	178,638	248,229	200,883	213,219	252,980	161,542	107,807	137,626
Operating grants and contributions	4,563,651	5,503,356	4,962,723	6,012,861	5,979,832	6,940,816	5,673,970	5,583,311	3,853,366	5,475,108
Capital grants and contributions	3,317,782	3,667,956	2,794,677	856,161	4,767,602	5,043,768	9,807,793	14,352,444	6,216,233	1,706,983
Total Governmental Activities	10,385,565	11,455,331	9,824,412	9,449,474	12,993,199	14,685,686	18,574,352	23,468,299	12,733,866	9,704,566
Business-type Activities										
Charges for services:										
Electric Utility	12,823,113	11,947,812	12,973,046	11,611,319	12,077,554	14,375,992	14,623,321	14,251,478	15,846,375	17,538,304
Water Utility	-	-	-	1,383,411	1,561,830	1,890,385	2,093,200	2,237,501	2,279,025	2,379,826
Waste water treatment	1,789,429	1,895,122	2,070,832	2,296,085	2,434,969	2,874,795	2,906,839	3,069,962	3,093,130	3,201,110
Solid waste disposal	2,926,079	2,997,497	3,291,086	3,101,682	2,988,758	3,088,777	3,067,855	3,252,472	4,013,653	4,060,430
Harbor	1,698,769	1,598,502	2,003,013	1,529,481	1,912,463	2,696,840	2,256,944	2,376,000	2,474,704	2,419,711
Other nonmajor business-type activities	1,178,091	958,986	973,501	934,857	1,259,824	1,389,285	973,890	879,756	830,846	756,068
Operating grants and contributions	1,660,737.00	1,201,350.00	1,490,571	2,322,441	2,411,944	1,157,936	881,120	901,570	727,495	773,249
Capital grants and contributions	1,296,997	5,874,475	24,470,807	5,237,360	18,815,585	24,285,814	15,250,445	6,844,390	5,184,520	4,777,742
Total Business-type Activities	23,373,215	26,473,744	47,272,856	28,416,636	43,462,927	51,759,824	42,053,614	33,813,129	34,449,748	35,906,440
Total Primary Government Program Revenues	33,758,780	37,929,075	57,097,268	37,866,110	56,456,026	66,445,510	60,627,966	57,281,428	47,183,614	45,611,006
Net Revenue (Expense)										
Governmental activities	(15,371,237)	(14,725,679)	(15,743,802)	(16,738,963)	(13,715,566)	(11,527,861)	(9,318,166)	(8,111,214)	(19,998,397)	(20,110,007)
Business-type activities	(862,541)	4,406,363	19,036,716	2,732,963	20,571,546	27,681,142	17,187,844	(423,172)	(5,550,263)	(3,372,668)
Total Primary Government Net Expense	\$ (16,233,778)	\$ (10,319,316)	\$ 3,292,914	\$ (14,006,000)	\$ 6,855,980	\$ 16,153,281	\$ 7,869,678	\$ (8,534,386)	\$ (25,548,660)	\$ (23,482,975)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 5,882,368	\$ 5,926,046	\$ 6,003,008	\$ 6,069,078	\$ 6,095,558	\$ 6,187,719	\$ 6,245,146	\$ 6,202,972	\$ 6,454,150	\$ 6,647,375
Sales and other taxes	9,850,321	8,950,243	9,722,879	9,544,100	9,583,108	10,466,361	10,983,577	11,712,840	12,779,601	13,887,701
Unrestricted grants and contributions	1,891,506	427,908	443,682	470,436	480,478	489,792	-	-	-	1,016,787
Investment earnings (loss)	(1,969,320)	3,649,352	4,348,650	2,266,133	2,564,594	3,453,061	116,824	(153,969)	815,593	(47,061)
Debt principal reimbursement	1,193,500	1,252,000	1,252,000	1,252,000	1,252,000	1,252,000	1,252,000	1,252,000	1,371,375	1,885,500
Other	2,330,615	1,078,480	17,274	-	1,280,350	15,796	1,557,740	113,329	14	-
Transfers	(160,766)	(143,969)	(2,998,672)	(1,316,642)	84,587	14,299	(2,727,192)	(611,438)	(2,260,336)	(34,841)
Total Governmental Activities	19,018,224	21,140,060	18,788,821	18,285,105	21,340,675	21,879,028	17,428,095	18,515,734	19,160,397	23,355,461
Business-type Activities										
Unrestricted grants and contributions	-	-	-	-	-	1,227,772	1,009,033	879,793	953,324	1,279,885
Investment earnings	1,297,612	1,139,012	799,620	1,413,015	469,791	504,428	559,400	1,115,858	(120,678)	110,307
Other	457,566	94,457	(169,100)	-	3,672.00	-	43,664	142,013	330,561	62,659
Transfers	160,766	143,969	2,998,672	1,316,642	(84,587)	(14,299)	2,727,192	611,438	2,260,336	94,844
Total Business-type Activities	1,915,944	1,377,438	3,629,192	2,729,657	388,876	1,717,901	4,339,289	2,749,102	3,423,543	1,547,695
Total Primary Government	20,934,168	22,517,498	22,418,013	21,014,762	21,729,551	23,596,929	21,767,384	21,264,836	22,583,940	24,903,156
Change in Net Position										
Governmental activities	3,646,987	6,414,381	3,045,019	1,546,142	7,625,109	10,351,167	8,109,929	10,404,520	(838,000)	3,245,454
Business-type activities	1,053,403	5,783,801	22,665,908	5,462,620	20,960,422	29,399,043	21,527,133	2,325,930	(2,126,720)	(1,825,273)
Total Primary Government	\$ 4,700,390	\$ 12,198,182	\$ 25,710,927	\$ 7,008,762	\$ 28,585,531	\$ 39,750,210	\$ 29,637,062	\$ 12,730,450	\$ (2,964,720)	\$ 1,420,181

* Electric and Water Utilities reported as one entity until split apart in FY12

City and Borough of Sitka, Alaska
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 15,732,689	\$ 14,876,289	\$ 15,019,382	\$ 15,199,048	\$ 15,543,311	\$ 16,351,095	\$ 17,071,383	\$ 17,697,462	\$ 18,924,241	\$ 20,129,961
State sources	7,828,757	6,700,449	5,095,182	5,807,654	9,207,616	9,384,209	15,088,635	17,218,068	8,810,809	4,952,257
Federal sources	3,241,857	4,313,422	2,505,769	2,251,970	2,132,222	2,560,281	3,057,734	2,813,097	1,525,182	2,330,840
Charges for services	1,546,658	1,682,329	1,633,186	1,711,974	1,839,516	2,029,484	2,150,939	2,748,192	1,643,371	1,751,934
Interfund services	2,393,157	2,219,501	2,380,298	2,659,323	2,693,860	3,584,990	2,807,749	2,870,628	2,750,429	2,855,203
Fines and forfeitures	139,373	122,422	138,697	125,112	103,541	97,102	118,679	85,245	71,293	46,773
Investment income	(1,601,383)	3,507,550	4,624,136	2,166,885	2,262,808	4,630,602	1,291,529	953,584	2,208,869	1,832,552
Uses of property	936,532	600,545	579,670	834,309	788,961	408,565	329,537	226,643	265,557	335,686
Licenses and permits	140,879	131,963	140,371	223,422	177,221	130,901	195,824	203,736	268,025	159,153
Other	1,042,588	691,865	514,866	645,879	1,023,994	971,084	827,062	387,895	419,254	441,192
Total Revenues	31,401,107	34,846,335	32,631,557	31,625,576	35,773,050	40,148,313	42,939,071	45,204,550	36,887,030	34,835,551
Expenditures										
Administration	3,890,049	3,771,014	3,871,834	4,082,610	4,632,192	5,202,321	5,439,736	4,750,036	4,863,965	4,906,870
Public safety	6,329,311	6,412,581	6,427,515	6,402,097	6,552,240	6,688,198	7,773,703	6,969,696	6,515,650	6,271,068
Public works	3,774,964	3,891,905	3,835,904	4,194,363	3,746,518	3,635,207	4,259,577	4,605,859	4,322,411	3,734,414
Public services	1,938,102	1,854,978	1,876,970	2,026,506	1,792,692	1,890,050	2,391,723	2,219,095	3,291,844	2,770,419
Support	7,564,011	7,809,145	7,121,245	6,893,481	6,402,944	7,067,034	6,896,830	7,650,465	7,177,703	7,294,014
Capital outlay	6,244,449	5,807,256	2,845,124	7,710,853	10,112,520	7,086,919	11,168,536	19,139,373	7,287,549	3,571,051
Debt service:										
Principal	1,920,626	1,921,186	1,949,750	2,269,750	2,449,860	2,398,231	2,483,231	2,578,831	2,717,310	2,802,310
Interest and fiscal charges	1,675,888	1,530,218	1,450,183	1,375,318	1,317,335	1,353,487	1,209,446	1,126,007	979,104	882,671
Total Expenditures	33,337,400	32,998,283	29,378,525	34,954,978	37,006,301	35,321,447	41,622,782	49,039,362	37,155,536	32,232,817
Excess (Deficit) of Revenues Over (Under) Expenditures	(1,936,293)	1,848,052	3,253,032	(3,329,402)	(1,233,251)	4,826,866	1,316,289	(3,834,812)	(268,506)	2,602,734
Other Financing Sources (Uses)										
Proceeds from sale of assets	-	-	-	-	-	-	1,052,256	22,334	-	-
Issuance of bonds - par	7,150,000	-	5,690,000	12,755,000	-	-	6,095,000	-	1,630,000	-
Issuance of bonds - premium	121,482	-	30,239	2,074,582	-	-	836,234	-	52,463	-
Payment to refund bonds	-	-	-	(14,829,582)	-	-	(6,876,762)	-	(1,662,944)	-
Transfers in	10,510,579	3,083,574	4,232,927	4,037,358	6,021,580	3,165,070	8,509,199	7,685,336	7,690,538	5,955,584
Transfers out	(10,554,140)	(3,418,790)	(4,867,988)	(4,180,470)	(6,184,461)	(3,333,862)	(11,336,499)	(8,189,902)	(9,988,915)	(6,204,628)
Net Other Financing Sources (Uses)	7,227,921	(335,216)	5,085,178	(143,112)	(162,881)	(168,792)	(1,720,572)	(482,232)	(2,278,858)	(249,044)
Net change in fund balances	\$ 5,291,628	\$ 1,512,836	\$ 8,338,210	\$ (3,472,514)	\$ (1,396,132)	\$ 4,658,074	\$ (404,283)	\$ (4,317,044)	\$ (2,547,364)	\$ 2,353,690
Debt service as a percentage of noncapital expenditures	13.3%	12.7%	12.8%	13.4%	14.0%	13.3%	12.1%	12.4%	12.4%	12.9%

City and Borough of Sitka, Alaska
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2009	\$ 729,075,200	\$ 230,930,000	\$ 51,609,680	\$ 70,150,000	\$ 941,464,880	0.006	\$ 1,178,401,100	79.89%
2010	729,201,100	239,476,200	52,244,615	67,347,130	953,574,785	0.006	1,122,803,600	84.93%
2011	671,727,505	305,317,150	77,029,224	69,000,750	985,073,129	0.006	1,152,462,400	85.48%
2012	760,785,518	175,868,354	141,113,024	86,836,658	990,930,238	0.006	1,151,376,900	86.06%
2013	772,425,015	189,487,200	146,333,667	107,179,098	1,001,066,784	0.006	1,162,987,200	86.08%
2014	785,165,365	205,160,659	153,247,454	112,286,978	1,031,286,500	0.006	1,195,055,878	86.30%
2015	761,395,448	189,935,700	148,629,600	14,587,081	1,085,373,667	0.006	1,195,498,800	90.79%
2016	682,904,400	292,673,300	60,709,500	77,348,300	958,938,900	0.006	1,245,005,400	77.02%
2017	751,808,201	322,203,499	57,307,441	81,338,900	1,049,980,241	0.006	1,318,435,400	79.64%
2018	869,636,600	262,276,100	57,532,700	103,355,100	1,086,090,300	0.006	1,284,593,700	84.55%

Property values are assessed at full and true value as of January 1st of the assessment year. On average (excluding tax exemptions), the City and Borough of Sitka assesses property at about 90% of its estimated full and true value, as demonstrated by the use of standardized ratio study results.

City and Borough of Sitka, Alaska
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Property Tax Mill Levies (per \$1,000 Assessed Valuation)
2009	6.00
2010	6.00
2011	6.00
2012	6.00
2013	6.00
2014	6.00
2015	6.00
2016	6.00
2017	6.00
2018	6.00

Property tax rates are set in the charter and may not be changed except by affirmative vote of a majority of voters

There are no overlapping property tax rates.

City and Borough of Sitka, Alaska
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Bed Tax	Total
2009	\$ 5,882,368	\$ 9,514,013	\$ 336,308	\$ 15,732,689
2010	5,926,046	8,646,598	303,655	14,876,299
2011	6,003,008	8,708,484	307,890	15,019,382
2012	6,069,078	8,804,619	325,351	15,199,048
2013	6,095,558	9,093,595	354,158	15,543,311
2014	6,187,719	9,785,829	377,547	16,351,095
2015	6,245,146	9,678,727	411,916	16,335,789
2016	6,202,972	10,531,237	472,900	17,207,109
2017	6,454,150	11,087,495	503,439	18,045,084
2018	6,647,375	12,631,709	543,697	19,822,781

City and Borough of Sitka, Alaska

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2017			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SCOJO, LLC	\$ 10,270,300	1	0.95%			
Harbor Enterprises Inc. (dba Petro Marine)	7,702,700	2	0.71%	\$ 7,623,316	4	0.81%
Silver Bay Seafoods	6,476,500	3	0.60%	8,356,733	3	0.89%
The North West Company (INTL), Inc	6,148,900	4	0.57%	4,957,147	8	0.53%
Seafood Producers Cooperative	6,043,500	5	0.56%	7,156,556	6	0.76%
North Pacific Seafoods	5,872,900	6	0.54%	9,548,369	2	1.01%
Hames Corporation	5,762,200	7	0.53%	7,482,100	5	0.79%
AK Preservation Sawmill Ltd	5,178,600	8	0.48%			
Halibut Point Marine Services, LLC	5,062,300	9	0.47%			
Martin Revocable Trust	<u>4,025,000</u>	10	0.37%	4,528,500	9	0.48%
Sheldon Jackson College				18,625,000	1	1.98%
EMMI				5,140,000	7	0.55%
Shee Atika Holdings				<u>4,329,000</u>	10	0.46%
Totals	<u>\$ 62,542,900</u>		<u>5.76%</u>	<u>\$ 77,746,721</u>		<u>8.26%</u>

City and Borough of Sitka, Alaska

Property Tax Levies and Collection

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Amount	Percentage of Levy
		Amount Collected	Percentage of Levy			
2009	\$ 5,735,000	\$ 5,689,030	99%	\$ 57,230	\$ 5,746,260	100.20%
2010	5,768,331	5,735,962	99%	57,230	5,793,192	100.43%
2011	5,799,400	5,753,039	99%	45,970	5,799,009	99.99%
2012	5,904,617	5,874,918	99%	46,361	5,921,279	100.28%
2013	5,957,735	5,893,452	99%	29,699	5,923,151	99.42%
2014	5,901,738	5,842,721	99%	64,826	5,907,547	100.10%
2015	6,283,300	6,146,746	98%	38,488	6,185,234	98.44%
2016	6,194,742	6,145,132	99%	29,616	6,174,748	99.68%
2017	6,337,187	6,300,105	99%	32,806	6,332,911	99.93%
2018	6,438,071	6,300,105	98%	3,313	6,303,418	97.91%

City and Borough of Sitka, Alaska

Sales Tax Receipts by Industry
Last Ten Fiscal Years

Industry	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture, Forestry and Fishing	\$ 32,933	\$ 28,445	\$ 23,758	\$ 23,626	\$ 23,634	\$ 20,094	\$ 18,137	\$ 19,297	\$ 17,100	\$ 27,629
Construction	109,853	109,913	112,806	130,943	166,960	221,446	201,145	205,887	234,360	301,566
Manufacturing	288,990	264,131	332,598	318,827	346,702	213,104	233,094	249,378	267,635	290,841
Transportation & Public Utilities	923,834	773,276	747,953	681,166	692,582	675,327	680,790	657,369	625,344	646,408
Wholesale Trade	64,048	62,336	68,586	61,743	57,666	53,877	54,145	70,273	80,346	90,818
Retail Trade	5,376,039	4,991,535	4,989,084	5,138,245	5,141,931	5,617,392	5,510,674	5,539,053	5,656,974	6,033,590
Finance, Insurance & Real Estate	325,422	318,426	247,223	252,158	297,556	307,149	325,567	378,274	420,778	519,460
Services	1,577,816	1,350,528	1,438,445	1,475,440	1,604,007	1,782,447	1,865,545	2,173,224	2,623,270	2,954,957
Government - Local	591,821	595,154	543,385	722,471	762,558	895,003	789,630	930,599	892,001	1,222,743
Total Sales Tax Receipts	\$ 9,624,854	\$ 9,290,756	\$ 8,493,744	\$ 8,503,838	\$ 8,804,619	\$ 9,093,596	\$ 9,678,727	\$ 10,223,354	\$ 10,817,807	\$ 12,088,012

Sales tax rate during months of April through September at 6%, remainder of the year at 5%

Gross Sales by Industry
Last Ten Fiscal Years

Industry	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture, Forestry and Fishing	\$ 2,741,284	\$ 2,205,318	\$ 1,886,260	\$ 5,933,107	\$ 3,676,800	\$ 4,354,707	\$ 3,601,207	\$ 3,535,452	\$ 2,324,843	\$ 6,609,809
Construction	77,213,089	71,402,438	86,964,824	86,689,548	91,354,782	157,611,922	141,721,383	100,767,547	75,389,002	63,216,057
Manufacturing	13,094,014	13,350,424	17,266,204	14,436,992	13,495,858	11,721,581	12,173,509	11,546,457	14,185,850	12,954,934
Transportation & Public Utilities	25,952,847	20,330,171	20,799,846	19,040,347	18,653,208	18,475,455	18,932,722	17,792,868	17,803,360	20,127,273
Wholesale Trade	17,115,448	15,518,232	15,832,946	21,443,717	18,266,103	20,061,339	21,112,181	20,867,486	21,127,561	20,800,885
Retail Trade	151,921,138	137,774,562	127,078,920	138,148,838	137,469,327	147,432,458	147,117,219	137,741,065	147,468,118	161,438,725
Finance, Insurance & Real Estate	23,071,451	31,606,652	21,265,902	21,992,145	22,787,879	24,564,111	22,925,923	17,877,973	17,511,353	4,419,534
Services	61,341,788	51,406,551	55,370,501	56,793,564	62,679,023	71,868,610	76,340,561	78,410,397	75,071,067	67,371,555
Government - Local	20,063,571	20,201,990	19,993,792	25,899,020	26,735,836	30,718,246	33,554,572	39,544,915	31,186,998	53,764,615
Total Gross Sales	\$ 381,924,285	\$ 363,796,338	\$ 363,796,338	\$ 366,459,195	\$ 390,377,278	\$ 395,118,816	\$ 477,479,277	\$ 428,084,160	\$ 402,068,152	\$ 410,703,387

City and Borough of Sitka, Alaska
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
2009	\$ 34,410,000	\$ 185,250	\$ 51,436	\$ 30,395,000	\$ 20,132,064	\$ 2,553	\$ 85,176,303	20.12%	\$ 9,198
2010	32,550,000	175,500	-	28,090,000	20,377,078	-	81,192,578	22.06%	9,249
2011	36,300,000	165,750	-	48,700,000	20,117,401	-	105,283,151	25.89%	9,142
2012	32,290,000	156,000	-	47,570,000	21,023,413	-	101,039,413	37.46%	12,000
2013	31,020,000	146,250	-	85,285,000	20,860,822	-	137,312,072	35.85%	11,287
2014	28,635,000	202,641	-	108,940,000	20,625,388	-	158,403,029	47.80%	15,116
2015	25,990,000	189,410	-	123,215,000	25,812,083	-	175,206,493	54.24%	17,411
2016	23,435,000	347,676	-	121,120,000	23,846,352	-	168,749,028	28.97%	19,081
2017	20,745,000	326,365	-	118,940,000	24,451,388	-	164,462,753	29.78%	18,625
2018	17,965,000	304,055	-	116,675,000	24,463,067	-	164,462,753	28.79%	18,928

City and Borough of Sitka, Alaska
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Value of Property	Per Capita
2009	\$ 34,410,000	\$ 3,148,838	\$ 31,261,162	2.75%	\$ 3,062
2010	32,550,000	3,397,347	29,152,653	2.93%	3,624
2011	36,300,000	2,703,304	33,596,696	2.70%	3,283
2012	32,290,000	2,990,924	29,299,076	2.44%	3,830
2013	31,020,000	2,028,544	28,991,456	2.54%	3,273
2014	28,635,000	1,958,072	26,676,928	2.49%	3,191
2015	25,990,000	2,527,635	23,462,365	2.23%	2,932
2016	23,435,000	2,448,740	20,986,260	1.96%	2,373
2017	17,965,000	1,921,775	16,043,225	1.88%	2,353
2018	17,965,000	2,061,333	15,903,668	1.24%	1,830

City and Borough of Sitka, Alaska
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
As of June 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt	\$ -	0%	\$ -
City and Borough of Sitka, Alaska	18,269,055	100%	18,269,055
Total direct and overlapping debt	\$ 18,269,055		\$ 18,269,055

Legal Debt Margin

The City and Borough of Sitka, Alaska has had no legal debt margin requirements for any of the last ten fiscal years.

City and Borough of Sitka, Alaska

Pledged Revenue Coverage
Last Ten Fiscal Years

Electric and Water Revenue Bonds and Revenue Notes										
Fiscal Year	Electric and Water Revenue	Electric Revenue	Transfers From Rate Stabilization Fund	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
2009	\$ 13,900,365	\$ -	\$ -	\$ 7,400,345	\$ 6,500,020	\$ 2,451,078	2,480,310	\$ -	\$ 4,931,388	1.35
2009	12,717,974	-	-	6,938,167	5,779,807	2,764,199	2,418,756	-	5,182,955	1.32
2009	-	13,688,856	-	7,967,421	5,721,435	2,709,411	1,738,453	-	4,447,864	1.12
2009	-	12,253,636	-	7,919,275	4,334,361	1,394,689	2,337,567	(615,829)	3,116,427	1.29
2009	-	12,569,950	-	6,739,139	5,830,811	1,770,000	2,296,332	(616,507)	3,449,825	1.37
2009	-	15,283,017	-	8,538,616	6,744,401	1,845,000	3,781,252	(581,094)	5,045,158	1.55
2009	-	16,078,019	2,006,696	9,028,272	9,056,443	1,915,000	5,815,392	(571,533)	7,158,859	1.10
2009	-	14,868,306	2,881,000	8,287,025	9,462,281	1,955,000	5,958,317	(574,328)	7,338,989	1.29
2009	-	16,336,780	1,582,681	8,747,944	9,171,517	2,035,000	5,878,517	(574,020)	7,339,497	1.25
2018	-	17,790,420	-	8,659,112	9,131,308	2,115,000	5,762,377	(575,663)	7,301,714	1.25

Harbor Revenue Bonds										
Fiscal Year	Harbor Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage		
2014	\$ 3,860,198	\$ 2,454,160	\$ 1,406,038	115,000	\$ 157,728	\$ -	272,728	5.16		
2015	3,819,584	2,170,161	1,649,423	135,000	175,700	-	310,700	5.31		
2016	3,538,828	1,994,660	1,544,168	140,000	170,300	-	310,300	4.98		
2017	3,780,767	2,257,502	1,523,265	145,000	164,700	-	309,700	4.92		
2018	3,560,392	2,265,140	1,295,252	150,000	115,571	-	265,571	4.88		

Coverage ratios are computed according to formulas in revenue bond ordinances

Revenue includes all operating and nonoperating revenues.

Expenses includes all operating expenses excluding depreciation

Interest paid is actual interest paid, not interest expense

All outstanding electric and water revenue bonds were refinanced in 2011, and refinanced bonds no longer include water revenues as pledged revenues

City and Borough of Sitka, Alaska
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (,000s)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2009	8,835	423,385	47,921	1,316	5.8%
2010	8,844	423,051	47,835	1,315	6.5%
2011	8,898	461,009	51,810	1,299	6.6%
2012	8,907	513,521	57,654	1,312	6.6%
2013	9,048	544,138	60,139	1,313	6.2%
2014	9,001	562,568	62,501	1,338	6.2%
2015	8,883	569,807	64,146	1,342	6.2%
2016	8,844	582,407	65,853	1,276	5.5%
2017	8,830	552,206	62,537	1,315	3.9%
2018	8,689	571,261	65,745	1,256	4.6%

source: BEA.gov; *Sitka Trends*; data for prior calendar year

City and Borough of Sitka, Alaska
Full-Time Equivalent City and Borough Government Employees By Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
General Government	41	43	29	29	28	42	37	36	37	37
Public Safety:										
Police	36	32	33	33	33	28	33	32	31	31
Fire and Ambulance	10	10	10	10	10	10	10	10	9	9
Public Works	11	13	25	25	25	19	20	20	20	20
Public Services:										
Library	7	7	7	7	7	12	7	7	7	7
Centennial Building	4	4	4	4	4	4	4	4	4	4
Electric	23	24	25	25	27	28	26	26	25	25
Water	4	4	5	5	5	3	3	3	3	3
Waste Water Treatment	7	7	6	6	6	8	10	10	10	10
Solid Waste Disposal	2	2	2	2	2	2	2	-	-	-
Harbor	9	9	9	9	9	10	9	9	8	8
Sawmill Cove Industrial Park	-	-	1	1	-	1	-	-	-	-
Totals	154	155	156	156	156	167	161	157	154	154

City and Borough of Sitka, Alaska

Active Electrical Customers Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
2009	1,556	391	222	179	12	2,360
2010	1,671	403	235	186	12	2,507
2011	1,757	430	261	190	12	2,650
2012	1,893	448	284	191	12	2,828
2013	2,060	473	314	199	12	3,058
2014	2,258	504	377	204	12	3,355
2015	2,479	560	441	212	14	3,706
2016	2,795	609	546	216	14	4,180
2017	3,242	702	693	219	15	4,871
2018	3,393	729	697	224	12	5,055

KwH Sold by Class Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
2009	49,925,862	31,421,023	4,221,524	24,550,555	N/A	\$ 110,118,964
2010	46,775,688	30,932,153	3,446,996	22,554,209	N/A	\$ 103,709,046
2011	47,901,502	30,486,914	3,619,949	24,636,619	5,150,360	\$ 111,795,344
2012	47,583,037	32,013,255	3,214,648	22,778,544	5,460,139	\$ 111,049,623
2013	47,628,760	32,043,016	3,217,737	22,800,432	5,465,385	\$ 111,155,330
2014	45,078,244	35,544,622	2,543,603	24,265,723	307,163	\$ 107,739,355
2015	44,212,841	34,167,788	2,763,428	24,607,071	316,260	\$ 106,067,388
2016	42,197,620	33,626,191	2,539,114	25,004,771	305,889	\$ 103,673,585
2017	43,416,551	33,732,672	3,051,624	25,059,205	299,759	\$ 105,260,052
2018	43,233,448	35,709,803	2,883,829	25,241,700	-	\$ 107,068,781

Source: City and Borough of Sitka's Finance Department and Electric Utilities Fund

City and Borough of Sitka, Alaska

Principal Employers

Current Year* and Seven Years Ago

Industry*	2017 (most current data available)			2011		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Educational services, health care, & social assistance	1,297	1	28%	1,621	1	33.5%
Retail trade	546	2	11.6%	481	2	9.9%
Agriculture, forestry, fishing, hunting, & mining	504	3	10.7%	395	3	8.2%
Public administration	467	4	9.9%	375	4	7.8%
Transportation, warehousing, & utilities	431	5	9.2%	354	6	7.3%
Arts, entertainment, recreation, accommodation, & food services	404	6	8.6%	301	8	6.2%
Professional, scientific, management, administrative, & waste management services	256	7	5.4%	369	5	7.6%
Construction	255	8	5.4%	329	7	6.8%
Manufacturing	208	9	4.4%	217	9	4.5%
Finance, insurance, real estate, & rental/leasing	134	10	2.8%	95	11	2.0%
Other services, except public administration	114	11	2.4%	181	10	3.7%
Information	71	12	1.5%	52	13	1.1%
Wholesale trade	15	13	0.3%	66	12	1.4%

*Data is no longer available for individual employers for the City and Borough of Sitka, for this reason employment by industry is shown using the most recent data available. Comparable data is available from 2011 forward.

Data is derived from US Census Bureau.