

City and Borough of Sitka, Alaska



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by:
John P. Sweeney III
Chief Financial and Administrative Officer

Melissa Haley
Controller

City and Borough of Sitka, Alaska

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City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

December 27, 2019

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, 2019.

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, 2019, 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, 2019. 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 FY2019, 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,

A handwritten signature in blue ink that reads "John P. Sweeney III". The signature is written in a cursive style with a large, prominent initial "J" and "S".

John P "Jay" Sweeney III
Finance Director

City and Borough of Sitka, Alaska

Elected Officials

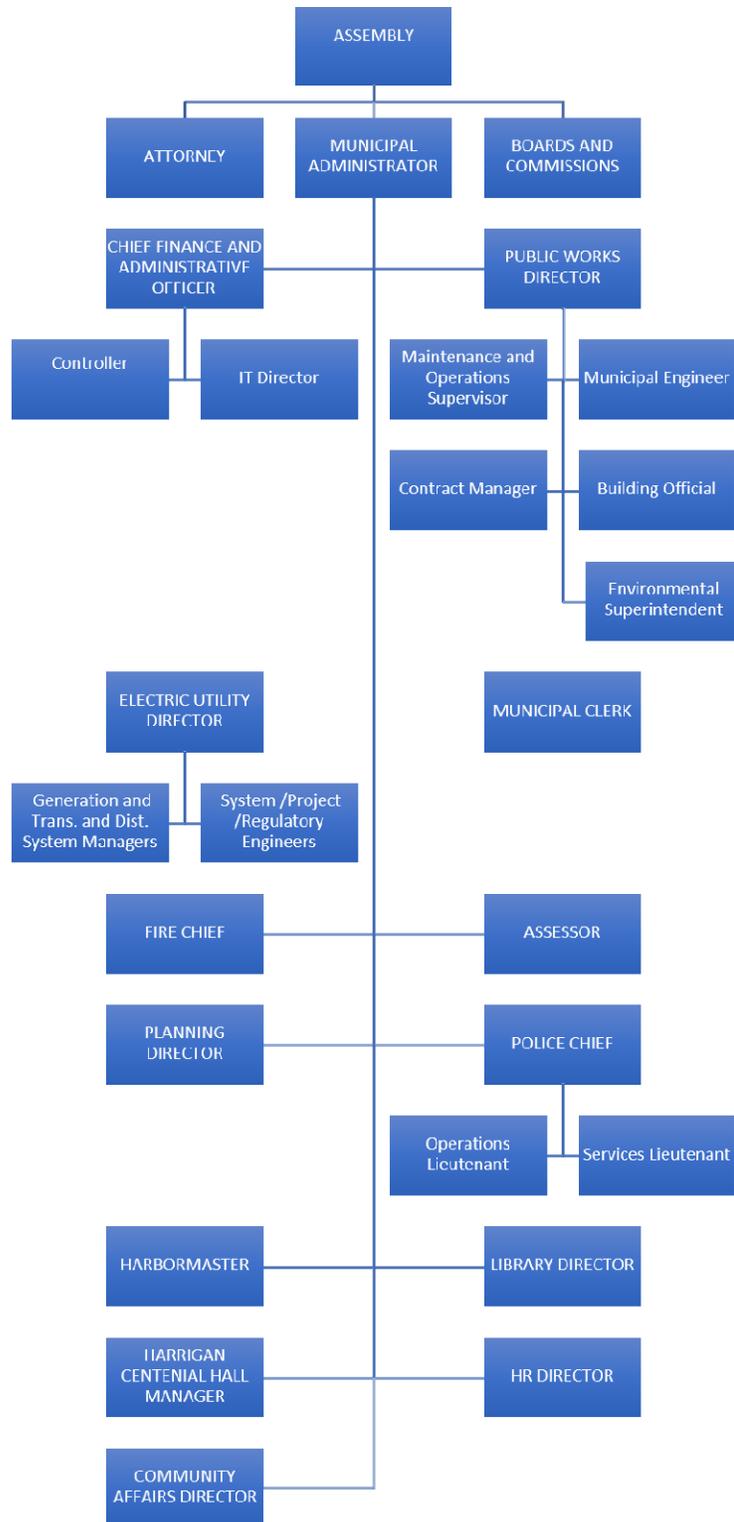
June 30, 2019

Name	Position
Gary Paxton	Mayor
Steven Eisenbeisz	Deputy Mayor
Valorie Nelson	Vice-Deputy Mayor
Aaron Bean	Assembly Member
Kevin Knox	Assembly Member
Kevin Mosher	Assembly Member
Richard Wien, M.D.	Assembly Member
(Vacant)	Municipal Administrator

City and Borough of Sitka, Alaska

Organization Chart

June 30, 2019





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3601 C Street, Suite 600
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, 2019, 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 36 percent and 64 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.

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

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, 2019, 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.

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 78 through 83, the Schedules of the Borough's information of Net Pension Liability, Net OPEB Liability and Pension Contributions on pages 84 through 92, 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 27, 2019, 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 27, 2019

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Management's Discussion and Analysis

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

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, 2019. 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 **\$366.6** million. Of this amount, **\$66.8** 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 **\$5.7** million. Committed funds of **\$9.9** million are also available to meet expenses for the next fiscal year with varying levels of restrictions. The unassigned fund balance for the General Fund represented **22.5%** of General Fund expenditures. This increases to **61.5%** when committed funds are included.

Overview of the Financial Statements

The management 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, 2019

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 fund balance sheet and the governmental fund 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 20 individual governmental funds. Information is presented separately for major governmental funds on 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 remaining 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, 2019

systems (MIS), central garage, and building maintenance services. Income or loss from these services has been allocated between governmental and business-type functions while assets and liabilities 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 26 through 30.

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 31 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 94. Required supplementary information directly follows the notes to the financial statements and begins on page 78.

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 **\$366.6** million at June 30, 2019 compared to **\$364.7** million at June 30, 2018. By far the largest portion of the Municipality's net position of **\$264.5** 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, 2019

	Net Position					
	June 30, 2019 and 2018					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 63.6	\$ 61.5	\$ 68.0	\$ 51.6	\$ 131.6	\$ 113.1
Capital Assets	130.5	134.8	309.0	315.2	439.5	450.0
Total assets	194.1	196.3	377.0	366.8	571.1	563.1
Deferred outflows	3.0	2.3	2.6	2.4	5.6	4.7
Total assets and deferred outflows	<u>\$ 197.1</u>	<u>\$ 198.6</u>	<u>\$ 379.6</u>	<u>\$ 369.2</u>	<u>\$ 576.7</u>	<u>\$ 567.8</u>
Long-term debt outstanding	\$ 31.6	\$ 33.8	\$ 169.7	\$ 158.3	\$ 201.3	\$ 192.1
Other liabilities	2.2	2.6	4.5	4.3	6.7	6.9
Total liabilities	33.8	36.4	174.2	162.6	208.0	199.0
Deferred inflows	1.3	2.7	0.7	1.5	2.0	4.2
Total liabilities and deferred inflows	<u>\$ 35.1</u>	<u>\$ 39.1</u>	<u>\$ 174.9</u>	<u>\$ 164.1</u>	<u>\$ 210.0</u>	<u>\$ 203.2</u>
Net position:						
Net investment in capital assets	\$ 114.6	\$ 115.9	\$ 149.9	\$ 167.0	\$ 264.5	\$ 282.9
Restricted	23.4	27.7	11.9	10.7	35.3	38.4
Unrestricted	24.0	15.9	42.9	27.4	66.8	43.3
Total net position	<u>\$ 162.0</u>	<u>\$ 159.5</u>	<u>\$ 204.7</u>	<u>\$ 205.1</u>	<u>\$ 366.6</u>	<u>\$ 364.6</u>

Governmental Activities

Governmental activities increased the Municipality's net position by \$2.5 million. Key elements of this increase are listed below:

- The mark-to-market adjustment component of investment income increased by \$1.3 million over FY2018.
- Sales tax revenues increased by \$1.2 million over FY2018.

The net position for the Municipality's governmental activities is \$162.0 million, an increase of \$2.4 million. A substantial portion (73%) of the net position is invested in capital assets – a decrease of \$1.3 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 \$24.0 million as of June 30, 2019. The largest portion of the restricted net position is for the Permanent Fund (\$22.5 million).

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
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Business-type activities

Business-type activities decreased the Municipality's net position by \$0.5 million. This compares to a decrease of \$1.8 million for the year ended June 30, 2018. Key elements are listed below:

- Net capital assets decreased by \$6.2 million due to depreciation expense exceeding the value of new capital assets placed in service.
- Long-term debt outstanding increased by \$15.1 million due to new revenue bond issuances and new loans from the State of Alaska exceeding the amount of long-term debt principal retired.
- Net pension and OPEB liabilities increased by \$0.5 million, due to an actuarial increase in unfunded pension liability.

The net position for the Municipality's business-type activities is \$204.7 million, a decrease of \$0.4 million. As with government-wide activities, a substantial portion (73%) 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 \$42.9 million as of June 30, 2019.

**Changes in Net Position
For Fiscal Years Ending June 30, 2019 and 2018
(in millions)**

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2.5	\$ 2.5	\$ 31.8	\$ 30.4	\$ 34.3	\$ 32.9
Operating grants and contributions	4.6	5.5	1.0	0.8	5.6	6.3
Capital grants and contributions	0.7	1.7	0.1	4.8	0.8	6.5
General revenues:						
Property tax	6.8	6.6	-	-	6.8	6.6
Sales and other taxes	15.1	13.9	-	-	15.1	13.9
Grants and contributions not restricted to specific programs	-	1.0	1.2	1.3	1.2	2.3
Unrestricted investment Earnings	2.5	1.8	2.5	0.1	5.0	1.9
Other	-	-	(0.1)	-	(0.1)	-
Total revenues	32.2	33.0	36.5	37.4	68.7	70.4

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
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Changes in Net Position, continued
For Fiscal Years Ending June 30, 2019 and 2018
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Expenses:						
Administration	\$ 3.4	\$ 2.4	\$ -	\$ -	\$ 3.4	2.4
Public safety	5.8	6.5	-	-	5.8	\$ 6.5
Public works	5.5	5.9	-	-	5.5	5.9
Public services	3.5	3.4	-	-	3.5	3.4
Support	10.9	10.7	-	-	10.9	10.7
Interest on long-term debt	0.6	0.9	-	-	0.6	0.9
Electric	-	-	21.9	22.1	21.9	22.1
Solid waste disposal	-	-	4.6	4.9	4.6	4.9
Wastewater treatment	-	-	3.0	3.2	3.0	3.2
Harbors	-	-	3.5	3.7	3.5	3.7
Nonmajor business-type	-	-	4.1	5.4	4.1	5.4
Total expenses	29.7	29.8	37.1	39.3	66.8	69.1
Increase (decrease) in net position before transfers	2.6	3.2	(0.6)	(1.9)	2.9	1.3
Transfers in (out)	(0.1)	-	0.1	0.1	-	-
Increase (decrease) in net position	2.5	3.2	(0.5)	(1.8)	2.9	1.4
Net position, beginning of Year, as restated	159.5	156.3	205.1	207.0	364.6	363.3
Net position, end of year	162.0	159.5	204.6	205.2	366.6	364.7

Significant year-to-year variances in revenue are a result of:

- Reduction in grants funding, particularly State of Alaska funding for capital projects.
- The increase in sales tax revenue is primarily due to revisions in sales tax code, including an increase to the sales tax cap.

Significant year-to-year variances in expenses are a result of:

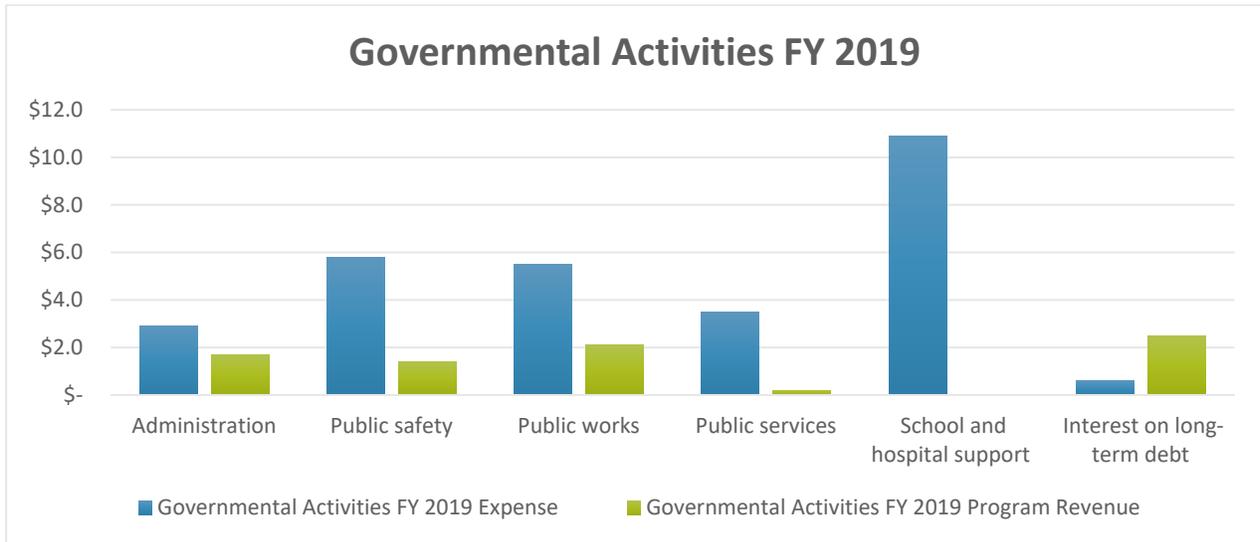
- Personnel related-either being fully staffed in FY2019 compared to prior year (Administration) or having increased vacancies in FY2019 as compared to prior year (Public safety), higher PERS on behalf expense (in all areas, Electric Fund in particular)
- Restructuring of operations resulted in decrease in expense for solid waste disposal (increased personnel, reduced contractual expenses).

City and Borough of Sitka, Alaska

Management’s Discussion and Analysis June 30, 2019

Expenses and Program Revenues – Governmental Activities

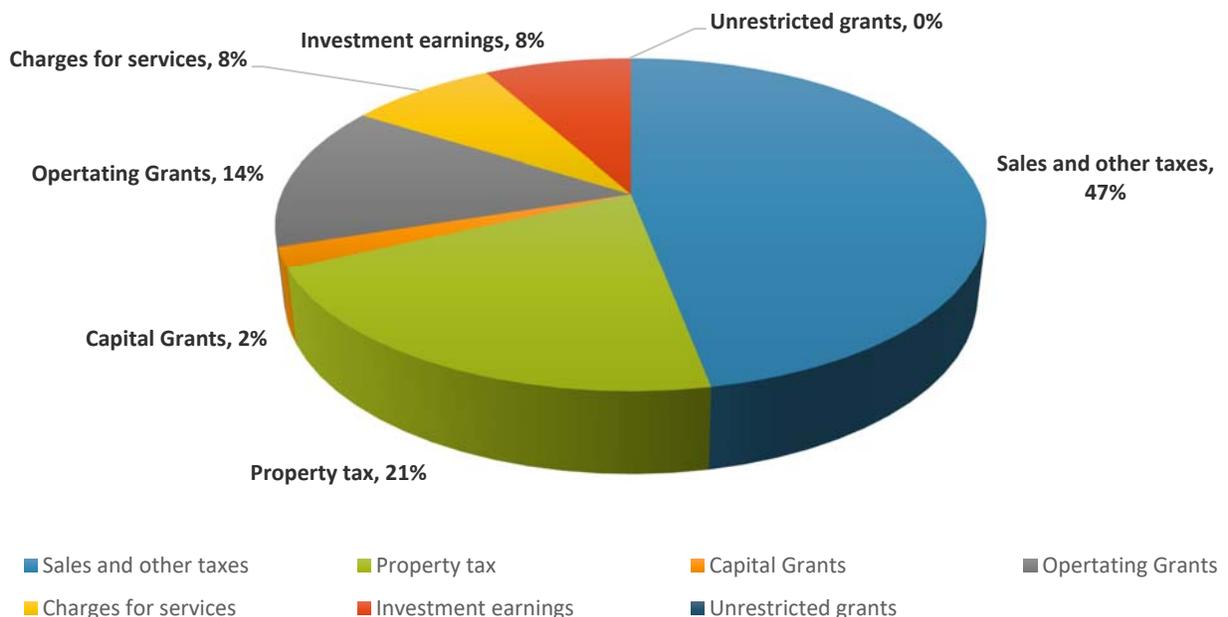
The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales, bed, and property taxes are considered general revenues and are therefore not included on this graph.



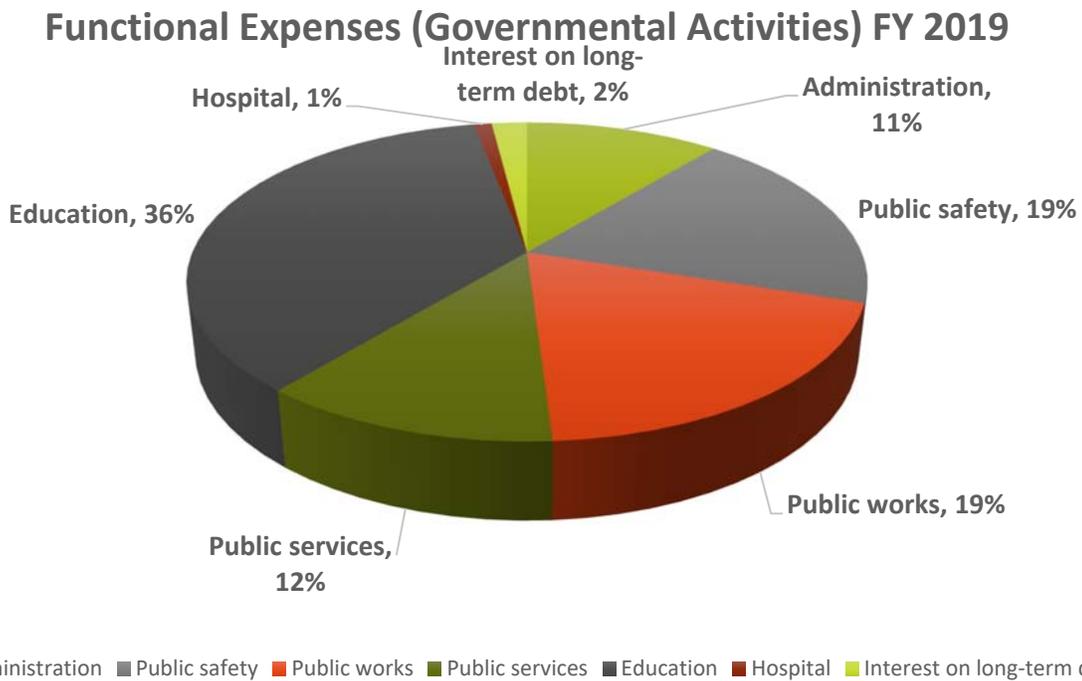
Revenues and Expenses by Source – Governmental Activities

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 Activities Revenue by Source FY 2019



City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019



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 to spend at the end of the fiscal year. Did the Municipality generate enough revenue to pay for current obligations? What is available to spend 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 \$56.4 million, an increase of \$2.2 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 (\$0.1, \$27.2, \$19.7, and \$3.7 million respectively). The remainder of fund balance is unassigned (\$5.7 million) and is available for spending at the government's discretion.

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The General Fund is the chief operating fund of Municipality. At the end of the current fiscal year, total fund balance was \$15.8 million and unassigned fund balance was \$5.7 million. Total fund balance increased by \$0.7 million from the prior year. Key factors include:

- An increase of \$1.2 million in sales and bed taxes.
- An increase of \$0.6 in investment income.
- A decrease of \$0.9 million in State support.
- A decrease of \$0.9 million in Federal support.

Within the Governmental funds a nonmajor governmental fund, the Capital Project fund, showed the most significant change in fund balance. It increased by \$1.3 million due to new appropriations exceeding outlays. The General Fund fund balance increased by \$.7 million from the prior year.

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 \$42.2 million. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the Municipality's business-type activities.

In the Municipality's proprietary funds most funds net position changed insignificantly from the prior year. The Electric Fund showed the most significant change with a decrease in net position of \$2.6 million, largely due to depreciation expense exceeding the value of new capital assets placed in service.

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 \$133,988.
- 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 \$1,122,869.
- Variations from budgeted revenue to actual in the in the General Fund show that revenues exceed budget by \$.6 million. Much of this was a result of the mark to market adjustment as well as higher than budgeted sales tax. On the revenue side we see property tax coming in under budget for a second year, a result of increased senior exemptions. Meaning that the Municipality continues to rely very heavily on sales tax revenue.
- Variations from budgeted expense to actual in the General Fund were partially due to vacancies throughout various departments. This, in part resulted in under-spending in other areas of the budget. In many cases budgeted expenses were delayed and will take place in fiscal year 2020.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

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, 2019 amounts to \$439.5 million (net of accumulated depreciation), a decrease of \$1.3 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads and infrastructure.

Capital Assets						
June 30, 2019 and 2018						
(in millions, net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 17.3	\$ 17.4	\$ 23.4	\$ 23.6	\$ 40.7	\$ 41.0
Buildings	76.7	80.7	11.8	12.5	88.5	93.2
Equipment	3.9	4.3	2.2	2.1	6.1	6.4
Infrastructure	30.5	30.0	-	-	30.5	30.0
Electric plant	-	-	209.0	215.1	209.0	215.1
Water plant	-	-	19.7	20.8	19.7	20.8
Wastewater treatment plant	-	-	16.0	16.7	16.0	16.7
Harbors	-	-	21.4	22.7	21.4	22.7
Construction in progress	2.1	2.4	5.5	1.8	7.6	4.2
Total capital assets	<u>\$ 130.5</u>	<u>\$ 134.8</u>	<u>\$ 309.0</u>	<u>\$ 315.3</u>	<u>\$ 439.5</u>	<u>\$ 450.1</u>

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

- 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 \$166.7 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 obligation, and landfill closure costs.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2019

Outstanding Debt
June 30, 2019 and 2018
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 15.0	\$ 18.0	\$ -	\$ -	\$ 15.0	\$ 18.0
Revenue bonds	-	-	126.1	116.7	126.1	116.7
Revenue notes	-	-	6.4	6.7	6.4	6.7
Net pension liability	12.1	11.7	6.8	6.6	18.9	18.3
Net OPEB liability (as restated)	2.5	1.9	1.5	1.1	4.0	3.0
Other debt	2.0	2.2	28.9	27.1	30.9	29.3
Total outstanding debt	\$ 31.6	\$ 33.8	\$ 169.7	\$ 158.2	\$ 201.3	\$ 192.0

Additional information on the Municipality's long-term debt can be found in Note 7 beginning on page 59 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:

- 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, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Sitka School District	Sitka Community Hospital
Assets and Deferred Outflows of Resources					
Assets					
Equity in central treasury	\$ 33,508,326	\$ 49,646,556	\$ 83,154,882	\$ -	\$ -
Cash and investments	-	-	-	2,837,238	3,464,564
Receivables (net of allowance)	4,357,947	4,562,431	8,920,378	819,409	2,509,872
Internal balances	986,157	(986,157)	-	-	-
Inventories	-	1,755,855	1,755,855	-	264,087
Prepaid items	5	11,203	11,208	-	-
Notes receivable (net of allowance)	742,726	80,634	823,360	-	-
Special assessments receivable	18,614	49,551	68,165	-	-
Water rights	-	46,966	46,966	-	-
Restricted assets:					
Equity in central treasury	-	899,040	899,040	-	-
Bond covenant accounts	-	11,901,160	11,901,160	-	-
Cash and investments	23,882,134	-	23,882,134	-	-
Interest receivable	85,370	-	85,370	-	-
Capital assets not being depreciated	13,365,859	10,169,138	23,534,997	-	-
Capital assets being depreciated, net	117,136,001	298,842,000	415,978,001	166,154	3,172,133
Total Assets	194,083,139	376,978,377	571,061,516	3,822,801	9,410,656
Deferred Outflows of Resources					
Deferred charge on refunding	540,343	1,189,402	1,729,745	-	-
Deferred outflows related to other postemployment benefits	922,221	537,542	1,459,763	1,245,820	1,266,103
Deferred outflows related to pensions	1,536,926	858,486	2,395,412	1,607,805	1,450,092
Total Deferred Outflows of Resources	2,999,490	2,585,430	5,584,920	2,853,625	2,716,195
Total Assets and Deferred Outflows of Resources	\$ 197,082,629	\$ 379,563,807	\$ 576,646,436	\$ 6,676,426	\$ 12,126,851

City and Borough of Sitka, Alaska

Statement of Net Position, continued

June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Sitka School District	Sitka Community Hospital
Liabilities, Deferred Inflows of Resources and Net Position					
Liabilities					
Accounts payable and accrued liabilities	\$ 2,024,702	\$ 1,770,536	\$ 3,795,238	\$ 564,870	\$ 1,095,065
Unearned revenue	10,760	-	10,760	353,721	-
Accrued interest payable	198,454	2,708,136	2,906,590	-	-
Liabilities payable from restricted assets - deposits	-	142,851	142,851	-	-
Other current liabilities	-	-	-	-	4,372,445
Noncurrent liabilities					
Due within one year:					
Bonds and notes	2,177,310	4,156,367	6,333,677	-	17,381
Capital lease	-	-	-	-	632,601
Compensated absences	616,649	432,270	1,048,919	144,605	451,473
Due in more than one year:					
Bonds, notes, and unamortized bond premium	14,264,011	156,008,362	170,272,373	-	519,931
Compensated absences	32,215	-	32,215	-	-
Net pension liability	12,065,407	6,811,644	18,877,051	14,203,600	16,664,544
Net OPEB liability	2,450,084	1,412,368	3,862,452	2,457,876	3,391,668
Landfill postclosure liability	-	756,189	756,189	-	-
Total Liabilities	33,839,592	174,198,723	208,038,315	17,724,672	27,145,108
Deferred Inflows of Resources					
Deferred inflows related to other postemployment benefits	984,800	562,798	1,547,598	1,041,986	1,483,506
Deferred inflows related to pensions	314,372	159,405	473,777	384,045	764,012
Total Deferred Inflows of Resources	1,299,172	722,203	2,021,375	1,426,031	2,247,518
Net Position					
Net investment in capital assets	114,600,888	149,892,960	264,493,848	166,154	2,019,601
Restricted for:					
Permanent Fund	22,515,927	-	22,515,927	-	-
Debt service	841,898	11,901,160	12,743,058	-	-
Unrestricted (deficit)	23,985,152	42,848,761	66,833,913	(12,640,431)	(19,285,376)
Total Net Position (Deficit)	161,943,865	204,642,881	366,586,746	(12,474,277)	(17,265,775)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 197,082,629	\$ 379,563,807	\$ 576,646,436	\$ 6,676,426	\$ 12,126,851

See accompanying notes to financial statements.

City and Borough of Sitka, Alaska

Statement of Activities

	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
<i>June 30, 2019</i>									
Primary Government									
Governmental Activities									
Administration	\$ 3,386,382	\$ 295,686	\$ 1,387,486	\$ -	\$ (1,703,210)	\$ -	\$ (1,703,210)		
Public safety	5,753,966	1,264,663	115,605	-	(4,373,698)	-	(4,373,698)		
Public works	5,501,557	843,019	559,622	653,575	(3,445,341)	-	(3,445,341)		
Public services	3,521,266	123,579	77,321	-	(3,320,366)	-	(3,320,366)		
School and hospital support	10,890,195	-	-	-	(10,890,195)	-	(10,890,195)		
Interest on long-term debt	624,648	-	2,458,721	-	1,834,073	-	1,834,073		
Total Governmental Activities	29,678,014	2,526,947	4,598,755	653,575	(21,898,737)	-	(21,898,737)		
Business-type Activities									
Electric	21,888,517	17,413,785	1,014,331	20,019	-	(3,440,382)	(3,440,382)		
Water	2,654,802	2,870,002	4,633	-	-	219,833	219,833		
Wastewater treatment	2,986,412	3,335,631	14,177	17,139	-	380,535	380,535		
Solid waste disposal	4,564,504	4,534,163	3,084	-	-	(27,257)	(27,257)		
Harbor	3,566,782	2,546,141	11,006	64,947	-	(944,688)	(944,688)		
Airport	580,783	805,441	-	39,043	-	263,701	263,701		
Marine Service Center	182,304	167,224	-	-	-	(15,080)	(15,080)		
Gary Paxton Industrial Park	702,258	136,427	-	-	-	(565,831)	(565,831)		
Total Business-type Activities	37,126,362	31,808,814	1,047,231	141,148	-	(4,129,169)	(4,129,169)		
Total Primary Government	\$ 66,804,376	\$ 34,335,761	\$ 5,645,986	\$ 794,723	\$ (21,898,737)	\$ (4,129,169)	\$ (26,027,906)		

City and Borough of Sitka, Alaska

Statement of Activities, continued

June 30, 2019	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	\$ 66,804,376	\$ 34,335,761	\$ 5,645,986	\$ 794,723	\$ (21,898,737)	\$ (4,129,169)	\$ (26,027,906)		
Component Units									
Sitka School District	\$ 24,022,759	\$ 477,849	\$ 4,789,400	\$ 150,000				\$ (18,605,510)	\$ -
Sitka Community Hospital	31,317,082	25,674,793	2,648,649	-				-	(2,993,640)
Total Component Units	\$ 55,339,841	\$ 26,152,642	\$ 7,438,049	\$ 150,000				(18,605,510)	(2,993,640)
General Revenues									
Taxes:									
Real and personal property					6,777,625	-	6,777,625	-	-
Sales and bed					13,863,118	-	13,863,118	-	-
Commercial passenger excise tax					396,800	-	396,800	-	-
Tobacco tax					836,530	-	836,530	-	-
Contributions from primary government					-	-	-	6,544,533	986,401
Grants and entitlements not restricted to specific purpose					-	1,188,722	1,188,722	13,021,017	29,927
Investment income					2,551,414	2,440,187	4,991,601	-	-
Other					17,897	(110,363)	(92,466)	183,242	-
Transfers					(101,389)	101,389	-	-	-
Total General Revenues and Transfers					24,341,995	3,619,935	27,961,930	19,748,792	1,016,328
Change in Net Position					2,443,258	(509,234)	1,934,024	1,143,282	(1,977,312)
Net Position (Deficit), beginning					159,500,607	205,152,115	364,652,722	(13,617,559)	(15,288,463)
Net Position (Deficit), ending					\$ 161,943,865	\$ 204,642,881	\$ 366,586,746	\$ (12,474,277)	\$ (17,265,775)

See accompanying notes to the financial statements.

City and Borough of Sitka, Alaska
Governmental Funds
Balance Sheet

	Major Funds				Total Governmental Funds
	General Fund	Permanent Fund	School Bond Debt Service Fund	Nonmajor Governmental Funds	
<i>June 30, 2019</i>					
Assets					
Equity in central treasury	\$ 11,669,722	\$ -	\$ 2,399,954	\$ 13,217,912	\$ 27,287,588
Receivables:					
Accounts	1,318,381	-	-	-	1,318,381
Taxes	3,331,218	-	-	277,500	3,608,718
Allowance for uncollectibles	(1,008,244)	-	-	-	(1,008,244)
Interest	302,331	-	-	-	302,331
Special assessments	-	-	-	18,614	18,614
Federal and State of Alaska	70,613	-	24,588	41,560	136,761
Due from other funds	1,532,206	-	-	-	1,532,206
Advances to other funds	100,000	-	-	573,228	673,228
Prepaid items	-	-	-	5	5
Notes receivable	17,381	-	-	1,362,853	1,380,234
Allowance for uncollectible notes	-	-	-	(637,508)	(637,508)
Restricted assets:					
Cash and investments	-	23,882,134	-	-	23,882,134
Interest receivable	-	85,370	-	-	85,370
Total Assets	\$ 17,333,608	\$ 23,967,504	\$ 2,424,542	\$ 14,854,164	\$ 58,579,818
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 593,185	\$ 4,077	\$ -	\$ 522,588	\$ 1,119,850
Accrued payroll	822,648	-	-	-	822,648
Deposits payable	38,770	-	-	-	38,770
Due to other funds	-	-	-	5,772	5,772
Advances from other funds	120,355	-	-	-	120,355
Unearned revenue	760	-	-	10,000	10,760
Total Liabilities	1,575,718	4,077	-	538,360	2,118,155
Deferred Inflows of Resources					
Deferred assessments	-	-	-	18,614	18,614
Property taxes paid in advance	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	18,614	18,614
Fund Balances					
Nonspendable	117,381	-	-	5	117,386
Restricted - expendable	-	1,447,500	-	-	1,447,500
Restricted - nonexpendable	-	22,515,927	2,424,542	841,893	25,782,362
Committed	9,924,505	-	-	9,780,650	19,705,155
Assigned	-	-	-	3,679,829	3,679,829
Unassigned (deficit)	5,716,004	-	-	(5,187)	5,710,817
Total Fund Balances	15,757,890	23,963,427	2,424,542	14,297,190	56,443,049
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,333,608	\$ 23,967,504	\$ 2,424,542	\$ 14,854,164	\$ 58,579,818

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, 2019</i>	Governmental Funds	
Total fund balances for governmental funds		\$ 56,443,049
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	<u>1,550,006</u>	
Total capital assets not being depreciated	<u>12,780,917</u>	
Buildings	139,372,330	
Land improvements	8,196,366	
Infrastructure	52,899,137	
Equipment	6,127,519	
Accumulated depreciation	<u>(93,319,100)</u>	
Total depreciable capital assets, net of depreciation	<u>113,276,252</u>	126,057,169
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.		18,614
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.		540,343
Long-term liabilities 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	(16,441,321)	
Unamortized bond premium	(32,215)	
Net pension liability	(12,065,407)	
Net other postemployment benefits liability	(2,450,084)	
Accrued interest payable	(198,454)	
Compensated absences	<u>(616,649)</u>	
Total long term liabilities	<u>(31,804,130)</u>	(31,804,130)
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	(314,372)	
Deferred inflows related to other postemployment benefits	(984,800)	
Deferred outflows related to pensions	1,536,926	
Deferred outflows related to other postemployment benefits	<u>922,221</u>	
Total deferred pension and other postemployment items	<u>1,159,975</u>	1,159,975
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. 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>9,528,845</u>
Total Net Position of Governmental Activities		<u>\$ 161,943,865</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

June 30, 2019	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Permanent Fund	School Bond Debt Service Fund		
Revenues					
Taxes:					
Commercial passenger excise tax	\$ -	\$ -	\$ -	\$ 396,800	\$ 396,800
Real and personal property	6,777,625	-	-	-	6,777,625
Sales and bed	13,309,207	-	-	553,911	13,863,118
Tobacco	-	-	-	836,530	836,530
State sources	1,018,051	-	2,458,721	579,397	4,056,169
Federal sources	1,302,574	-	-	108,707	1,411,281
Charges for services	1,758,868	-	-	-	1,758,868
Interfund services	2,695,448	-	-	-	2,695,448
Fines, forfeitures and penalties	60,572	-	-	-	60,572
Investment income	869,740	1,120,902	44,446	390,619	2,425,707
Uses of property	335,463	-	-	-	335,463
Licenses and permits	126,809	-	-	-	126,809
Other	260,542	17,897	-	25,028	303,467
Total Revenues	28,514,899	1,138,799	2,503,167	2,890,992	35,047,857
Expenditures					
Current:					
Administration	5,944,263	48,817	-	-	5,993,080
Public safety	6,347,254	-	-	36,187	6,383,441
Public works	3,727,655	-	-	186,222	3,913,877
Public services	1,613,599	-	-	1,300,721	2,914,320
School and Hospital Support	7,524,879	-	-	-	7,524,879
Debt service:					
Principal	22,310	-	2,880,000	-	2,902,310
Interest	9,375	-	750,440	-	759,815
Capital outlay	261,072	-	-	1,938,407	2,199,479
Total Expenditures	25,450,407	48,817	3,630,440	3,461,537	32,591,201
Excess of Revenues Over (Under) Expenditures	3,064,492	1,089,982	(1,127,273)	(570,545)	2,456,656
Other Financing Sources (Uses)					
Transfers in	2,698,374	118,925	1,490,482	3,602,282	7,910,063
Transfers out	(5,065,148)	(1,427,097)	-	(1,689,454)	(8,181,699)
Net Other Financing Sources (Uses)	(2,366,774)	(1,308,172)	1,490,482	1,912,828	(271,636)
Net Change in Fund Balances	697,718	(218,190)	363,209	1,342,283	2,185,020
Fund Balances, beginning	15,060,172	24,181,617	2,061,333	12,954,907	54,258,029
Fund Balances, ending	\$ 15,757,890	\$ 23,963,427	\$ 2,424,542	\$ 14,297,190	\$ 56,443,049

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
June 30, 2019

Net change in fund balances - total governmental funds		\$ 2,185,020
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	\$ 2,199,479	
Miscellaneous capital asset activities (disposals, etc.)	(182,236)	
Depreciation	(6,444,442)	(4,427,199)
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		(5,129)
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	2,902,310	
Decrease in unamortized bond premium	200,035	3,102,345
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.		
Decrease in accrued interest payable	29,707	
Increase in compensated absences	(6,330)	
Decrease in net pension liability and related accounts	1,163,903	1,187,280
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.		
		495,512
Change in Net Position of Governmental Activities		\$ 2,443,258

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
<i>June 30, 2019</i>							
Assets and Deferred Outflows of Resources							
Current Assets							
Equity in central treasury	\$ 14,599,988	\$ -	\$ 7,298,448	\$ 16,723,164	\$ 11,024,956	\$ 49,646,556	\$ 6,220,738
Receivables:							
Accounts	1,018,318	264,390	255,842	406,817	355,925	2,301,292	-
Allowance for uncollectibles	(143,152)	(39,598)	(39,890)	(269,014)	(29,169)	(520,823)	-
Federal and State of Alaska	240,952	-	964,664	1,188,722	387,624	2,781,962	-
Current portion of notes receivable	-	-	-	-	8,649	8,649	-
Inventories	1,373,991	-	157,967	-	223,897	1,755,855	-
Prepaid expenses	-	-	-	-	11,203	11,203	-
Total Current Assets	17,090,097	224,792	8,637,031	18,049,689	11,983,085	55,984,694	6,220,738
Noncurrent Assets							
Restricted Assets:							
Equity in central treasury:							
Landfill postclosure	-	756,189	-	-	-	756,189	-
Deposits	135,342	7,509	-	-	-	142,851	-
Bond covenant accounts	10,648,947	-	-	911,581	340,632	11,901,160	-
Notes receivable	-	-	44,017	-	27,968	71,985	-
Special assessments receivable	-	-	49,551	-	-	49,551	-
Water rights	23,483	-	-	-	23,483	46,966	-
Capital assets:							
Property, plant and equipment	300,231,560	7,761,917	57,128,935	38,742,594	74,007,402	477,872,408	11,310,515
Construction in progress	839,516	58,548	2,034,910	872,197	1,753,728	5,558,899	584,942
Less accumulated depreciation	(87,403,061)	(2,894,687)	(40,554,012)	(16,624,296)	(26,944,113)	(174,420,169)	(7,450,766)
Total Capital Assets, Net of Accumulated Depreciation	213,668,015	4,925,778	18,609,833	22,990,495	48,817,017	309,011,138	4,444,691
Total Noncurrent Assets	224,475,787	5,689,476	18,703,401	23,902,076	49,209,100	321,979,840	4,444,691
Total Assets	241,565,884	5,914,268	27,340,432	41,951,765	61,192,185	377,964,534	10,665,429
Deferred Outflows of Resources							
Deferred charge on refunding	1,189,402	-	-	-	-	1,189,402	-
Deferred outflows related to other postemployment benefits	352,665	11,718	82,298	62,465	28,396	537,542	79,107
Deferred outflows related to pension	550,659	3,386	171,603	95,263	37,575	858,486	104,480
Total Deferred Outflows of Resources	2,092,726	15,104	253,901	157,728	65,971	2,585,430	183,587
Total Assets and Deferred Outflows of Resources	\$ 243,658,610	\$ 5,929,372	\$ 27,594,333	\$ 42,109,493	\$ 61,258,156	\$ 380,549,964	\$ 10,849,016

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position, continued

June 30, 2019	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	\$ 417,284	\$ 268,061	\$ 445,072	\$ 594,905	\$ 45,214	\$ 1,770,536	\$ 43,434
Interest payable	2,266,498	-	102,102	222,875	116,661	2,708,136	-
Due to other funds	-	1,526,434	-	-	-	1,526,434	-
Current portion:							
Revenue bonds	2,260,000	-	-	365,000	135,000	2,760,000	-
Notes payable	467,614	115,798	333,642	45,348	433,965	1,396,367	-
Compensated absences	305,525	4,023	59,019	36,349	27,354	432,270	43,089
Total Current Liabilities	5,716,921	1,914,316	939,835	1,264,477	758,194	10,593,743	86,523
Noncurrent Liabilities							
Advances from other funds	-	-	-	-	99,564	99,564	453,308
Bonds, notes, and unamortized bond premiums	124,634,773	1,042,177	7,780,731	11,959,364	10,591,317	156,008,362	-
Payable from restricted assets - deposits	135,342	7,509	-	-	-	142,851	-
Net other postemployment benefits liability	932,600	11,027	222,668	164,238	81,835	1,412,368	209,974
Net pension liability	4,438,036	6,500	1,240,129	772,679	354,300	6,811,644	916,767
Landfill postclosure liability	-	756,189	-	-	-	756,189	-
Total Noncurrent Liabilities	130,140,751	1,823,402	9,243,528	12,896,281	11,127,016	165,230,978	1,580,049
Total Liabilities	135,857,672	3,737,718	10,183,363	14,160,758	11,885,210	175,824,721	1,666,572
Deferred Inflows of Resources							
Deferred Inflows of Resources related to other postemployment benefits	373,506	(1,824)	90,752	65,482	34,882	562,798	84,338
Deferred Inflows of Resources related to pensions	112,373	(24,962)	35,346	18,471	18,177	159,405	25,388
Total Deferred Inflows of Resources	485,879	(26,786)	126,098	83,953	53,059	722,203	109,726
Net Position							
Net investment in capital assets	87,359,688	3,760,294	10,495,460	10,620,783	37,656,735	149,892,960	4,444,691
Restricted for debt service	10,648,947	-	-	911,581	340,632	11,901,160	-
Unrestricted (deficit)	9,306,424	(1,541,854)	6,789,412	16,332,418	11,322,520	42,208,920	4,628,027
Total Net Position	107,315,059	2,218,440	17,284,872	27,864,782	49,319,887	204,003,040	9,072,718
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 243,658,610	\$ 5,929,372	\$ 27,594,333	\$ 42,109,493	\$ 61,258,156		\$ 10,849,016
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						639,841	
Net Position of Business-Type Activities						\$ 204,642,881	

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

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
<i>June 30, 2019</i>							
Operating Revenues							
Charges for service	\$ 16,976,693	\$ 4,532,317	\$ 3,143,434	\$ 2,423,130	\$ 3,942,233	\$ 31,017,807	\$ 3,854,532
Other operating revenues	437,092	1,846	192,197	123,011	36,861	791,007	13,005
Total Operating Revenues	17,413,785	4,534,163	3,335,631	2,546,141	3,979,094	31,808,814	3,867,537
Operating Expenses							
Wages and benefits	4,173,833	202,160	947,141	811,423	339,948	6,474,505	926,856
Travel and training	23,474	3,837	11,636	4,020	8,633	51,600	6,998
Utilities	149,075	36,892	197,512	497,136	330,327	1,210,942	230,198
Repair and maintenance	213,011	30,348	52,367	48,827	198,316	542,869	215,766
Contracted/purchased services	858,906	3,232,574	57,956	82,214	226,793	4,458,443	614,011
Interdepartmental services	1,458,048	817,069	679,295	395,589	706,538	4,056,539	347,416
Other	1,472,988	118,220	82,188	174,534	263,377	2,111,307	126,388
Depreciation and amortization	7,849,194	168,691	895,228	1,375,771	1,961,728	12,250,612	682,101
Total Operating Expenses	16,198,529	4,609,791	2,923,323	3,389,514	4,035,660	31,156,817	3,149,734
Income (Loss) from Operations	1,215,256	(75,628)	412,308	(843,373)	(56,566)	651,997	717,803
Nonoperating Revenues (Expenses)							
Investment income	1,157,748	13,337	307,759	498,374	347,085	2,324,303	241,592
Interest expense	(5,998,896)	(19,131)	(105,236)	(227,605)	(142,634)	(6,493,502)	(21,632)
Raw fish tax	-	-	-	1,188,722	-	1,188,722	-
State PERS relief	61,867	3,084	14,177	11,006	4,633	94,767	13,836
Other federal sources	578,078	-	-	-	-	578,078	-
Gain on sale of capital assets	-	-	-	-	-	-	13,507
Other state sources	374,386	-	-	-	-	374,386	-
Other	-	-	-	(60,256)	(50,107)	(110,363)	-
Net Nonoperating Revenues (Expenses)	(3,826,817)	(2,710)	216,700	1,410,241	158,977	(2,043,609)	247,303
Income (Loss) Before Contributions and Transfers	(2,611,561)	(78,338)	629,008	566,868	102,411	(1,391,612)	965,106
Capital contributions	20,019	-	17,139	64,947	39,043	141,148	-
Transfers in	39,428	-	-	59,892	13,701	113,021	560,447
Transfers out	-	-	(3,200)	-	(8,432)	(11,632)	(390,200)
Change in Net Position	(2,552,114)	(78,338)	642,947	691,707	146,723	(1,149,075)	1,135,353
Net Position, beginning	109,867,173	2,296,778	16,641,925	27,173,075	49,173,164		7,937,365
Net Position, ending	\$ 107,315,059	\$ 2,218,440	\$ 17,284,872	\$ 27,864,782	\$ 49,319,887		\$ 9,072,718
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						639,841	
Change in Net Position of Business-type Activities						\$ (509,234)	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Cash Flows

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
<i>June 30, 2019</i>							
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$ 17,413,182	\$ 4,522,673	\$ 2,801,771	\$ 2,670,341	\$ 4,007,500	\$ 31,415,467	\$ 3,867,537
Payments to suppliers	(2,836,934)	(3,804,907)	(285,530)	(218,098)	(994,767)	(8,140,236)	(1,239,068)
Payments for interfund services used	(1,458,048)	(817,069)	(679,295)	(395,589)	(706,538)	(4,056,539)	(347,416)
Payments to employees	(4,185,865)	(195,053)	(926,464)	(802,403)	(362,807)	(6,472,592)	(915,031)
Net cash flows from (for) operating activities	8,932,335	(294,356)	910,482	1,254,251	1,943,388	12,746,100	1,366,022
Cash Flows from (for) Noncapital Financing Activities							
Other federal sources	578,078	-	-	-	-	578,078	-
Raw fish tax received	-	-	-	1,188,722	-	1,188,722	-
Other state sources	374,386	-	-	-	-	374,386	-
Receipts (repayment) of advances	-	520,876	-	-	-	520,876	250,249
Transfers to other funds	-	-	(3,200)	-	(8,432)	(11,632)	-
Transfers from other funds	39,428	-	-	59,892	13,701	113,021	170,247
Notes receivable payments	-	-	(1,968)	-	-	(1,968)	-
Net cash flows from (for) noncapital financing activities	991,892	520,876	(5,168)	1,248,614	5,269	2,761,483	420,496
Cash Flows from Capital and Related Financing Activities							
Capital outlay	(2,568,741)	(97,146)	(1,507,044)	(846,612)	(986,735)	(6,006,278)	(826,174)
Interest paid	(6,021,521)	(19,131)	(105,236)	(288,651)	(158,851)	(6,593,390)	(21,632)
Issuance of long-term debt	-	-	-	8,637,251	4,369,335	13,006,586	-
Increase in bond covenant accounts	-	-	-	(578,566)	(340,632)	(919,198)	-
Payments on bonds and notes payable	(2,626,965)	(115,798)	(332,451)	(436,184)	(433,365)	(3,944,763)	-
Government grants and loans for construction received	20,019	-	1,331,444	64,947	803,775	2,220,185	-
Receipts (repayment) of advances	-	-	-	-	(49,782)	(49,782)	-
Special assessments received	-	-	11,689	-	-	11,689	-
Net cash flows from (for) capital and related financing activities	(11,197,208)	(232,075)	(601,598)	6,552,185	3,203,745	(2,274,951)	(847,806)
Cash Flows From Investing Activities							
Interest received	924,231	13,338	307,761	498,369	347,084	2,090,783	241,594
Net Increase (Decrease) in Cash and Cash Equivalents	(348,750)	7,783	611,477	9,553,419	5,499,486	15,323,415	1,180,306
Cash and Cash Equivalents, beginning	15,455,474	780,278	6,798,951	7,256,680	5,525,470	35,816,853	5,157,659
Cash and Cash Equivalents, ending	\$ 15,106,724	\$ 788,061	\$ 7,410,428	\$ 16,810,099	\$ 11,024,956	\$ 51,140,268	\$ 6,337,965

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Cash Flows, continued

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
<i>June 30, 2019</i>							
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities							
Income (Loss) from operations	\$ 1,215,256	\$ (75,628)	\$ 412,308	\$ (843,373)	\$ (56,566)	\$ 651,997	\$ 717,803
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:							
Depreciation and amortization	7,849,194	168,691	895,228	1,375,771	1,961,728	12,250,612	682,101
State PERS relief	61,867	3,084	14,177	11,006	4,633	94,767	13,836
Other	-	-	-	(60,256)	(50,107)	(110,363)	-
(Increase) decrease in assets and deferred outflows of resources:							
Accounts receivable (net)	18,834	(7,341)	(533,860)	184,456	78,513	(259,398)	-
Inventory	16,157	-	(88,172)	-	(5,183)	(77,198)	-
Prepaid expenses	1,089	-	-	-	(11,203)	(10,114)	-
Deferred outflows of resources related to OPEB	(235,033)	-	-	-	(17,604)	(252,637)	52,568
Deferred outflows of resources related to pensions	(67,914)	-	-	-	(5,087)	(73,001)	15,190
Increase (decrease) in liabilities and deferred inflows of resources:							
Accounts payable and accrued liabilities	(136,726)	(370,605)	204,301	588,633	49,065	334,668	(45,707)
Compensated absences	43,351	4,023	6,500	(1,986)	9,108	60,996	(9,947)
Net other postemployment benefit liability	(221,167)	-	-	-	16,566	(204,601)	49,468
Net pension liability	(130,377)	-	-	-	9,765	(120,612)	(31,220)
Deferred inflows of resources related to OPEB	36,575	-	-	-	(2,740)	33,835	(5,315)
Deferred inflows of resources related to pensions	500,666	-	-	-	(37,500)	463,166	(72,755)
Deposits	(19,437)	(4,149)	-	-	-	(23,586)	-
Landfill postclosure liability	-	(12,431)	-	-	-	(12,431)	-
Net Cash Flows from (for) Operating Activities	\$ 8,932,335	\$ (294,356)	\$ 910,482	\$ 1,254,251	\$ 1,943,388	\$ 12,746,100	\$ 1,366,022
Cash on Statement of Net Position							
Equity in central treasury	\$ 14,599,988	\$ -	\$ 7,298,448	\$ 16,723,164	\$ 11,024,956	\$ 49,646,556	\$ 6,220,738
Landfill postclosure	-	756,189	-	-	-	756,189	-
Deposits	135,342	7,509	-	-	-	142,851	-
Cash and Cash Equivalents, ending	\$ 14,735,330	\$ 763,698	\$ 7,298,448	\$ 16,723,164	\$ 11,024,956	\$ 50,545,596	\$ 6,220,738
Capital expenditures included in accounts payable	\$ 272,774	\$ 4,778	\$ 436,733	\$ 573,758	\$ 10,069	\$ 1,298,112	\$ -

City and Borough of Sitka, Alaska
Fiduciary Fund
Statement of Fiduciary Net Position

<i>June 30, 2019</i>	Rowe Trust Fund
Assets	
Restricted equity in central treasury	\$ 218,265
Liabilities and Net Position	
Net Position - held in trust for library acquisitions	218,265
Total Liabilities and Net Position	\$ 218,265

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

<i>Year Ended June 30, 2019</i>	Rowe Trust Fund
Additions - investment income	\$ 9,424
Net Position, beginning	208,841
Net Position, ending	\$ 218,265

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Agency Fund

Statement of Net Position

<i>June 30, 2019</i>	Sitka Cemetery Agency Fund
Assets	
Restricted equity in central treasury	\$ 102,960
Liabilities and Net Position	
Liabilities	
Due to Sitka Cemetery Association	\$ 102,960
Net Position - held in trust for library acquisitions	-
Total Liabilities and Net Position	\$ 102,960

City and Borough of Sitka, Alaska
Agency Fund
Statement of Changes in Assets and Liabilities

	Balance at July 1, 2018	Increase	Decrease	Balance at June 30, 2019
Sitka Cemetery Agency Fund				
Assets				
Restricted equity in central treasury	\$ 100,454	\$ 2,506	\$ -	\$ 102,960
Total assets	<u>\$ 100,454</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>\$ 102,960</u>
Liabilities				
Due to Sitka Cemetery Association	\$ 100,454	\$ 2,506	\$ -	\$ 102,960
Total liabilities	<u>\$ 100,454</u>	<u>\$ 2,506</u>	<u>\$ -</u>	<u>\$ 102,960</u>

City and Borough of Sitka, Alaska

Notes to Financial Statements

June 30, 2019

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. 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. 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.

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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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, claims, judgments, and pension and other postemployment benefits 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.

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 1% 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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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 *Harbor 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.

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.

Assets, Liabilities, Fund Balance, and Net Position

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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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 noncurrent portion of interfund loans). 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.

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 the 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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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, Harbor, and Airport Terminal 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 restricted in use as it is a deposit against an open account are to be returned to a customer after a year when an account is in good standing.

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

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.

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. In FY2019 interest was capitalized in the amounts of \$115,753 in the Harbor Fund and \$60,170 in the Airport Fund.

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

City and Borough of Sitka, Alaska

Notes to Financial Statements

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.

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, which approximates the effective 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 long-term payments due (local improvement district, or special assessment districts) as well as certain pension and OPEB related accounts.

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

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 and Fund Balance Flow Assumption - 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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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.

Net Position and Net Position Flow Assumption - Net position (deficit) represents the difference between assets and deferred outflows less liabilities and deferred inflows.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the expended and outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Restricted Net Position is net position reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net Position (Deficit) is all net position (deficit) that does not meet the definition of "net investment in capital assets" or "restricted net position".

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 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.

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 projected 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. Appropriations for depreciation/amortization are not required. In addition, while budgeted, transfers between funds are not considered legal appropriations, as they are not an obligation external to the municipality. Thus, while a fund may appear to have exceeded legal appropriations, when depreciation and transfers are considered, no major fund exceeded its legal appropriations in FY2019.

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, 2019, the City and Borough had the following investments:

<i>Investment Type</i>	Credit Rating	Fair Value
Investments subject to custodial credit risk:		
Corporate securities	AAA to A-	\$ 8,930,747
Municipal securities	AAA to AA-	602,934
Certificates of deposit	Unrated or P1	10,428,860
U.S. Treasury securities	AA+	32,349,765
External investment pool	unrated	19,770,406
Exchange traded funds	unrated	14,440,879
U.S. Agency securities	AA+	18,478,378
Real Estate Investment Trusts	unrated	1,176,281
Money market funds	unrated	6,634,198

Total Fair Value of Investments		
Subject to Custodial Credit Risk		\$112,812,448

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, 2019, investments subject to interest rate risk had the following maturities:

Pooled investments and debt service reserves

<i>Investment type</i>	<i>Less Than 1</i>			
	<i>Year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>>5 years</i>
Corporate securities	\$ 1,000,918	\$ 2,104,714	\$ 2,072,104	\$ 3,843,021
Municipal securities	251,610	-	351,324	-
Certificates of deposit	651,676	6,061,571	3,221,701	-
U.S. Treasury securities	2,310,152	14,770,239	10,199,225	-
U.S Agency securities	6,032,364	2,009,030	8,490,557	9,780

Total Investments				
Subject to Interest				
Rate Risk	\$ 10,246,720	\$ 24,855,554	\$ 24,334,911	\$ 3,852,801

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	\$ -	\$ 493,912	\$ -	\$ -
U.S. Treasury securities	-	675,525	2,913,072	1,481,551
U.S Agency securities	860,604	252,888	450,316	372,838

Total Investments

Subject to Interest				
Rate Risk	\$ 11,107,324	\$ 26,277,869	\$ 27,698,299	\$ 5,707,190

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, 2019, the Permanent Fund's portfolio contained 66% equity securities and 34% cash and fixed income securities.

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.

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, 2019.

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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

As of June 30, 2019, the City and Borough had no concentrations exceeding five percent from any issuer, with the exception of AMLIP which is considered to have no credit risk and securities issued by the US Government.

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, 2019, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$6,865,639 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.

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, 2019:

- U.S. government agency securities of \$18,478,377 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 \$32,349,764 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 \$8,930,747 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 \$602,934 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 \$15,617,158 are valued using quoted market prices (Level 1 inputs)

The Borough has investments in money market funds and certificates of deposits totaling \$17,063,058 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2019. The Borough's investment in AMLIP of \$19,770,405 is measured at net asset value, as of June 30, 2019. Management believes that these values approximate fair value.

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		7,115,639
Carrying amount of credit card clearing deposits		228,254
Carrying amount of investments		112,812,448
<hr/>		
Total Cash and Investments	\$	120,158,441

Reported in the Statement of Net Position

Equity in central treasury	\$	83,154,882
Equity in central treasury - restricted		899,040
Bond covenant accounts		11,901,160
Cash and investments - restricted		23,882,134
Reported in the Fiduciary Funds		321,225

Total Cash and Investments	\$	120,158,441
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At June 30, 2019, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$2,837,238. 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, 2019, 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, 2019, the Hospital had bank deposits of \$4,709,925 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	Nonmajor Governmental	Total Governmental Funds
Accounts	\$ 1,318,381	\$ -	\$ -	\$ 1,318,381
Taxes	3,331,218	-	277,500	3,608,718
Interest	302,331	-	-	302,331
Special assessments	-	-	18,614	18,614
Federal and State of Alaska	70,613	24,588	41,560	136,761
Notes	17,381	-	1,362,853	1,380,234
Total receivables	5,039,924	24,588	1,700,527	6,765,039
Less allowance for doubtful accounts and notes	(1,008,244)	-	(637,508)	(1,645,752)
Net Total Receivables	\$ 4,031,680	\$ 24,588	\$ 1,063,019	\$ 5,119,287

	Electric Utility	Solid Waste Disposal	Waste- water Utility	Harbors	Nonmajor Enterprise	Total Enterprise Funds
Special assessments	\$ -	\$ -	\$ 49,551	\$ -	\$ -	\$ 49,551
Federal & State	240,952	-	964,664	1,188,722	387,624	2,781,962
Accounts	1,018,318	264,390	255,842	406,817	355,925	2,301,292
Notes	-	-	44,017	-	36,617	80,634
Total receivables	1,259,270	264,390	1,314,074	1,595,539	780,166	5,213,439
Less allowance for doubtful accounts and notes	(143,152)	(39,598)	(39,890)	(269,014)	(29,169)	(520,823)
Net Total Receivables	\$ 1,116,118	\$ 224,792	\$ 1,274,184	\$ 1,326,525	\$ 750,997	\$ 4,692,616

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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	\$ 18,614
Totals for Governmental Funds	\$ 18,614

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	2,366,666	2,918,291	(3,150,009)	2,134,948
Total capital assets not being depreciated	13,597,577	2,918,291	(3,150,009)	13,365,859
<i>Capital assets being depreciated:</i>				
Buildings	140,706,603	62,380	(1)	140,768,982
Land improvements	7,948,761	271,880	-	8,220,641
Infrastructure	50,580,363	2,401,472	(50,239)	52,931,596
Equipment	15,581,499	636,285	(233,136)	15,984,648
Total capital assets being depreciated	214,817,226	3,372,017	(283,376)	217,905,867
<i>Less accumulated depreciation for:</i>				
Buildings	(59,967,278)	4,078,494	-	(64,045,772)
Land improvements	(1,819,324)	(380,843)	-	(2,200,167)
Infrastructure	(20,621,272)	(1,800,394)	-	(22,421,666)
Equipment	(11,235,447)	(1,049,050)	182,236	(12,102,261)
Total accumulated depreciation	(93,643,321)	(7,308,781)	182,236	(100,769,866)
Total capital assets being depreciated, net	121,173,905	(3,936,764)	(101,140)	117,136,001
Governmental Activities				
Capital Assets, net	\$ 134,771,482	\$ (1,018,473)	\$ (3,251,149)	\$ 130,501,860

City and Borough of Sitka, Alaska

Notes to Financial Statements

Business-Type Activities	Beginning Balance	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,630,239	\$ -	\$ (20,000)	\$ 4,610,239
Construction in progress	1,746,955	5,921,938	(2,109,994)	5,558,899
Total capital assets not being depreciated	6,377,194	5,921,938	(2,129,994)	10,169,138
<i>Capital assets being depreciated:</i>				
Buildings	24,567,808	10,260	(2,945,119)	21,632,949
Land improvements	22,585,977	383,198	-	22,969,175
Equipment	6,675,164	295,268	-	6,970,432
Harbors	36,699,211	-	-	36,699,211
Electric Plant	292,633,838	1,524,715	-	294,158,553
Water Plant	36,217,188	395	-	36,217,583
Wastewater plant	54,613,760	506	-	54,614,266
Total capital assets being depreciated	473,992,946	2,214,342	(2,945,119)	473,262,169
<i>Less accumulated depreciation for:</i>				
Buildings	(10,628,280)	(612,728)	1,452,740	(9,788,268)
Land improvements	(3,600,366)	(551,548)	-	(4,151,914)
Equipment	(4,535,683)	(281,645)	-	(4,817,328)
Harbors	(13,992,339)	(1,339,502)	-	(15,331,841)
Electric plant	(77,515,191)	(7,682,208)	-	(85,197,399)
Water plant	(15,451,816)	(1,024,977)	-	(16,476,793)
Wastewater plant	(37,898,622)	(758,004)	-	(38,656,626)
Total accumulated depreciation	(163,622,297)	(12,250,612)	1,452,740	(174,420,169)
Net book value before impairment	310,370,649	(10,036,270)	(1,492,379)	298,842,000
Less impairment loss - building	(1,492,380)	-	1,492,379	-
Total capital assets being depreciated, net	308,878,270	(10,036,270)	-	298,842,000
Business-type Activities				
Capital Assets, net	\$ 315,255,464	\$ (4,114,332)	\$ (2,129,994)	\$ 309,011,138

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	\$ 80,630
Public safety	251,798
Public works	2,202,930
Public services	725,999
Support	3,365,317
Capital assets held by internal service funds	682,107

Total Depreciation Expense - Governmental Activities **\$ 7,308,781**

Business-type Activities:

Electric	\$ 7,849,197
Water	1,327,199
Wastewater treatment	895,229
Solid waste disposal	168,692
Harbor	1,375,768
Airport terminal building	170,300
Marine service center	31,560
Gary Paxton Industrial Park	432,666

Total Depreciation Expense - Business-type Activities **\$ 12,250,611**

6. Interfund Receivables, Payables and Transfers

<i>Receivable Fund</i>	Payable Fund	Amount
Due to/from other funds:		
General Fund	Nonmajor governmental funds	\$ 5,772
General Fund	Solid Waste Fund	1,526,434
Total Due To/From Other Funds		\$ 1,532,206
Advances from/to other funds:		
General Fund	Internal service fund	\$ 100,000
Nonmajor governmental fund	Internal service fund	353,308
Nonmajor governmental fund	Nonmajor enterprise funds	99,564
Nonmajor governmental fund	General Fund	120,355
Total Advances From/To Other Funds		\$ 673,227

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 From:

Transfers To:	General	Permanent	Nonmajor Governmental	Waste- water	Internal Service	Nonmajor Enterprise	Total
General	\$ -	\$1,427,097	\$ 1,246,277	\$ -	\$ 25,000	\$ -	\$2,698,374
Permanent	118,925	-	-	-	-	-	118,925
School Bond Debt Service	1,490,482	-	-	-	-	-	1,490,482
Nonmajor Governmental	2,908,447	-	322,235	3,200	365,200	3,200	3,602,282
Electric	-	-	39,428	-	-	-	39,428
Harbor	37,227	-	17,433	-	-	5,232	59,892
Nonmajor Enterprise	-	-	13,701	-	-	-	13,701
Internal Service	510,067	-	50,380	-	-	-	560,447
Total							
Transfers Out	\$5,065,148	\$1,427,097	\$ 1,689,454	\$ 3,200	\$390,200	\$ 8,432	\$8,583,531

City and Borough of Sitka, Alaska

Notes to Financial Statements

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:

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

Governmental Activities	Interest Rates	Outstanding Amount
School renovation and additions:		
\$5,690,000, 2011 Series Two School bonds, final payment due April 1, 2031	2.000% to 4.33%	\$ 3,820,000
\$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 5.00%	6,940,000
\$6,095,000 2015 Series One refinancing portion of 2005 Series A and 2008 Series Two School bonds, final payment due October 1, 2027	2.000% to 5.00%	4,325,000
Total General Obligation Bonds		\$ 15,085,000

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

<i>Year Ending June 30.</i>	Principal	Interest
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	2,115,000	281,134
2025-2029	4,230,000	593,411
2030-2031	770,000	50,688
	\$ 15,085,000	\$ 2,950,318

City and Borough of Sitka, Alaska

Notes to Financial Statements

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	1.50%	\$ 87,750
\$69,622, note payable for stormwater improvements, #783401	1.50%	48,735
\$740,000, note payable for Baranof Street Sewer Replacement, governmental portion of \$183,097, #783091	1.50%	145,260

Annual debt service requirements to maturity are as follows:

<i>Year Ending June 30,</i>	Principal	Outstanding Interest
2020	\$ 22,310	\$ 4,226
2021	22,310	3,892
2022	22,310	3,560
2023	22,310	3,226
2024	22,310	2,888
2025-2029	101,800	9,418
2030-2034	59,316	3,246
2035	9,079	136
	\$ 281,745	\$ 30,592

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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 for the Airport Terminal, Electric, and Harbor funds all require cash flow from operating revenue at or above 125% of annual bonded debt service. If cashflow falls below 125% of the debt service, the City and Borough can avoid default by employing a consultant to recommend rate changes that would satisfy the rate covenant. Employment of a consultant and implementation of the recommended rate change within 180 days will ensure default is avoided. All such requirements were met for the year ended June 30, 2019.

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 5.00%	\$ 3,115,000
\$25,880,000, 2010 Series B Four Refunding Electric Serial bonds, final payment due July 1, 2031	2.000% to 5.00%	10,940,000
\$35,530,000, 2013 Series One Electric bonds, final payment due February 1, 2047	3.800% to 5.00%	35,530,000
\$25,615,000, 2013 Series Three Electric bonds, final payment due August 1, 2048	4.500% to 5.00%	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 7.00%	22,000,000
\$820,000, 2010 Series B Four Build America Electric Serial bonds, final payment due July 1, 2031	5.200% to 7.00%	820,000
\$16,325,000, 2014 Series Three Electric bonds, final payment due October 1, 2044	5.00%	16,325,000
\$8,025,000, 2018 Series One Harbor bonds, final payment due February 1, 2038	5.00%	7,795,000
\$4,045,000, 2018 Series One Airport Terminal bonds, final payment due February 1, 2038	5.00%	4,045,000
Total Revenue Bonds		\$126,185,000

City and Borough of Sitka, Alaska

Notes to Financial Statements

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

<i>Year Ending June 30,</i>	Principal	Interest
2020	\$ 2,760,000	\$ 4,689,630
2021	2,895,000	4,666,280
2022	3,010,000	4,622,058
2023	3,135,000	4,576,936
2024	3,260,000	4,534,879
2025-2029	18,245,000	19,992,441
2030-2034	21,270,000	14,643,129
2035-2039	25,085,000	10,128,125
2040-2044	26,495,000	5,408,500
2045-2049	20,030,000	946,000
	\$ 126,185,000	\$ 74,207,978

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 requirement is that operating revenue must generate cash flow equal 125% of bonded indebtedness or 100% of debt service revenue bonds and notes. The requirement has been met for the year ended June 30, 2019.

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%	\$ 6,357,803

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

<i>Year Ending June 30, 2019</i>	Principal	Interest
2020	\$ 363,361	\$ 250,715
2021	378,041	236,035
2022	393,314	220,762
2023	409,204	204,872
2024	425,736	188,340
2025-2029	2,401,000	669,379
2030-2033	1,987,147	162,119
	\$ 6,357,803	\$ 1,932,222

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 wastewater distribution systems.

	Interest Rate	Outstanding Amount
Completed projects:		
\$400,000, note payable - corrosion control of municipal water #783031	1.50%	\$ 20,682
\$565,000, note payable - water system upgrades on Sawmill Creek Road #783061	1.50%	228,422
\$1,000,000, note payable - harbor water distribution system upgrades #783071	1.50%	453,482
\$1,310,000, note payable - wastewater treatment plant upgrades #783051	1.50%	495,950
\$987,157, note payable - I and I #783011	1.50%	443,334
\$2,400,000, note payable - Kimsham landfill closure #783081	1.50%	1,157,975
\$3,170,000, note payable - Whitcomb Heights Subdivision water tank #783211	1.50%	1,584,864
\$1,000,000, note payable - Japonski Island water distribution main #783151	1.50%	392,127
\$1,400,000, note payable - sewer system upgrades #783101	1.50%	623,299
\$483,000, note payable - SMC Road/HPR Intersection water line #783311	1.50%	202,767
\$308,000, note payable - HPR/SMC Rd. Intersection Sewer Replacement #783241	1.50%	176,913
\$617,000, note payable - water tank protection, #783341	1.50%	43,190
\$859,103, note payable - Monastery St. Sewer Main replacement, #783401	1.50%	326,152
\$782,000, note payable - Monastery St. Water Main replacement, #783441	1.50%	467,187
\$1,455,081, note payable - SMC Rd. Sewer Upgrade, Phase III - ARRA Funding #783281	1.50%	111,516
\$740,000, project - Baranof Street Sewer Replacement - #783091	1.50%	247,336
\$685,000, project - Baranof Street Water System replacement - #783501	1.50%	73,240
\$1,740,000, project - Japonski Island Sewer Lift stations - #783391	1.50%	1,093,503
\$1,520,000, project - UV Disinfection Facility - #783431	1.50%	1,280,000
\$297,791 project - Monastery & Baranof water mains - #783301	1.50%	268,011
\$316,211 project - Monastery & Baranof sewer mains - #783411	1.50%	284,589
\$58,362 project - Hollywood Way water main - #783521	1.50%	52,526
\$214,600 project - Hollywood Way sewer main - #783511	1.50%	193,140

City and Borough of Sitka, Alaska

Notes to Financial Statements

\$2,375,092 project - Indian River temporary filtration #783381	1.50%	\$ 2,272,379
\$482,588 project - Crescent Harbor lift station #783161	1.50%	461,718
\$737,690 project - Jeff Davis water main replacement #783371	1.50%	705,788
<hr/>		
Total notes payable for completed projects		\$13,660,090

	Interest Rate	Outstanding Amount
<hr/>		
Uncompleted projects in draw down phase:		
\$1,352,100 project - DeGroff Water Improvements #783111	1.50%	\$ 1,167,047
\$1,463,700 project - DeGroff Sewer Improvements #783121	1.50%	1,221,696
\$2,154,170, project - Channel, Lake and Monastery Lift Station Upgrades - #783361	1.50%	1,782,435
\$2,154,170, project - UV Disinfection - #783481	1.50%	34,582
\$17,620,000 project - Critical Secondary Water Supply #783531	1.56%	225,240
\$4,657,500 project - Wastewater Treatment Plant Rehab #783221	1.52%	714,283
<hr/>		
Total draw on notes yet to be finalized		5,145,283

Total State Department of Environmental Conservation Loans **\$18,805,373**

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

<i>Year Ending June 30,</i>	Principal	Interest
2020	\$ 1,033,006	\$ 168,292
2021	1,015,707	154,180
2022	1,019,141	140,042
2023	1,022,630	125,867
2024	1,026,166	111,652
2025-2029	4,866,002	351,564
2030-2034	2,568,836	120,564
2035-2038	1,108,602	18,603
<hr/>		
	\$ 13,660,090	\$ 1,190,764

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	\$17,965,000	\$ -	\$2,880,000	\$15,085,000	\$2,155,000
Issuance premiums	1,274,611	-	200,035	1,074,576	-
Total bonds payable	19,239,611	-	3,080,035	16,159,576	2,155,000
State of Alaska notes	304,055	-	22,310	281,745	22,310
Compensated absences	652,481	606,084	609,701	648,864	616,649
Net OPEB Liability	1,873,817	576,267	-	2,450,084	-
Net pension liability	11,725,701	339,707	-	12,065,408	-
Governmental Activity Long-term Liabilities	\$33,795,665	\$1,522,058	\$3,712,046	\$31,605,677	\$2,793,959
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$116,675,000	\$12,070,000	\$2,560,000	\$126,185,000	\$2,760,000
Issuance premiums	8,283,042	930,750	397,239	8,816,553	-
Total bonds payable	124,958,042	13,000,750	2,957,239	135,001,553	2,760,000
Notes payable:					
Revenue notes	6,707,055	-	349,252	6,357,803	363,361
State of Alaska notes	17,756,012	2,079,036	1,029,675	18,805,373	1,033,006
Total notes payable	24,463,067	2,079,036	1,378,927	25,163,176	1,396,367
Compensated absences	371,272	379,704	318,706	432,270	432,270
Landfill postclosure liability	768,620	-	12,431	756,189	128,431
Net OPEB liability	1,073,577	338,791	-	1,412,368	-
Net pension liability	6,611,928	199,716	-	6,811,644	-
Business-type Activity Long-term Liabilities	\$158,246,506	\$15,997,997	\$4,667,303	\$169,577,200	\$4,717,068
Entity Combined					
Long-term Liabilities	\$192,042,171	\$17,520,055	\$8,379,349	\$201,182,877	\$7,511,027

For governmental activities, compensated absences, PERS liability, and OPEB liability are generally liquidated by the governmental or internal service fund in which they were incurred.

City and Borough of Sitka, Alaska

Notes to Financial Statements

8. Authorized, Unissued Bonds

As of June 30, 2019, 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, 2019 are as follows:

Landfill postclosure	\$	756,189
Customer deposits:		
Electric utility		135,342
Solid waste disposal		7,509
Investment with bond trustee pursuant to revenue bond covenants		11,901,160
Total Restricted Assets		\$ 12,800,200

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 Debt Service Fund	School Bond Service Fund	Nonmajor Funds	Totals
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ 5	\$ 5
Long-term notes receivable	17,381	-	-	-	17,381
Advances receivable	100,000	-	-	-	100,000
Total nonspendable	117,381	-	-	5	117,386
Restricted					
Sitka Library	-	-	-	272,299	272,299
Commercial passenger tax	-	-	-	569,594	569,594
Home rule charter	-	23,963,427	-	-	23,963,427
Debt service	-	-	2,424,542	-	2,424,542
Total restricted	-	23,963,427	2,424,542	841,893	27,229,862

City and Borough of Sitka, Alaska

Notes to Financial Statements

Committed

Working capital reserve	\$ 6,799,059	\$	-	\$	-	\$	6,799,059
Emergency reserve	2,000,000		-		-		2,000,000
E911 surcharge	612,783		-		-		612,783
SRS Title III	512,663		-		-		512,663
SE economic development	-		-		-	3,465,646	3,465,646
Capital projects	-		-		-	6,315,004	6,315,004
<hr/>							
Total committed	9,924,505		-		-	9,780,650	19,705,155
<hr/>							
Assigned:							
Gary Paxton Park	-		-		-	625,482	625,482
Utility Cost subsidization	-		-		-	370,556	370,556
LID revolving	-		-		-	1,133,912	1,133,912
LID guarantee	-		-		-	278,676	278,676
Raw water sales	-		-		-	839,550	839,550
Visitor enhancement	-		-		-	260,891	260,891
Other small funds	-		-		-	170,762	170,762
<hr/>							
Total Assigned	-		-		-	3,679,829	3,679,829
<hr/>							
Unassigned (deficit)	5,716,004		-		-	(5,187)	5,710,817
<hr/>							
Total Fund Balances	\$ 15,757,890	\$ 23,963,427	\$ 2,424,542	\$ 14,297,190	\$ 56,443,049		

11. 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, 2019 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 2019.

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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

12. 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 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/dr/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 postemployment healthcare 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 postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 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. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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.

Employee Contribution Rates

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

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions 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, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. 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 employee payroll 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 proprietary 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 liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For 2019, the rate uses an 8% pension 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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Contribution rates for the year ended June 30, 2019 were determined in the June 30, 2016 actuarial valuations. The Borough's contribution rates for the 2019 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

In 2019, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2017 to June 30, 2018	Borough Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions (including DBUL)	\$ 1,450,093	\$ 1,433,032
Nonemployer contributions (on-behalf)	363,351	690,780
Total Contributions	\$ 1,813,444	\$ 2,123,812

In addition, employee contributions to the Plan totaled \$345,047 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, 2019, 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 portion of the net pension liability that was associated with the Borough were as follows:

	2019
Borough proportionate share of NPL	\$ 18,877,051
State's proportionate share of NPL associated with the Borough	5,466,809
Total Net Pension Liability	\$ 24,343,860

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 0.37989 percent, which was an increase of 0.02516 from its proportion measured as of June 30, 2017.

City and Borough of Sitka, Alaska

Notes to Financial Statements

For the year ended June 30, 2019, the Borough recognized pension expense of \$379,988 and on-behalf revenue of \$255,966 for support provided by the State. At June 30, 2019, 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	\$ -	\$ (473,777)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	416,908	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	545,472	-
Borough contributions subsequent to the measurement date	1,433,032	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 2,395,412	\$ (473,777)

The \$1,433,032 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, 2020. 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,

2020		\$ 601,945
2021		227,963
2022		(323,026)
2023		(18,279)
2024		-
Thereafter		-
Total Amortization		\$ 488,603

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:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%

City and Borough of Sitka, Alaska

Notes to Financial Statements

Salary increases	For peace officer/firefighter, increases range from 9.66% to 4.92% based on service. For all others, increases range from 8.55% to 4.34% based on age and service.
Allocation methodology	Amounts for FY 2018 were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the fiscal years 2019 to 2039 to the Plan. 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 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. The assumptions used in the June 30, 2017 actuarial valuation report are the same as those used in the June 30, 2016 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00%, 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 one percentage-point lower or one percentage-point higher 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	0.37989%	\$ 24,997,977	\$ 18,877,051	\$ 13,699,485

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, a 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/drb/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. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2019 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2019, forfeitures reduced pension expense by \$108,189.

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, 2019, 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, 2019 were \$329,388 and \$527,020, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Borough participates in the following cost sharing multiple-employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is a self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and 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. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Contribution Rates

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2019 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	5.83%	5.83%
Retiree Medical Plan	0.94%	0.94%
Occupational Death and Disability Benefits	0.26%	0.76%
Total Contribution Rates	7.03%	7.53%

City and Borough of Sitka, Alaska

Notes to Financial Statements

In 2019, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period	Borough Fiscal Year
	July 1, 2017 to June 30, 2018	July 1, 2018 to June 30, 2019
Employer contributions - ARHCT	\$ 413,336	\$ 516,348
Employer contributions - RMP	63,777	61,925
Employer contributions - ODD	7,852	23,586
Nonemployer contributions (on-behalf) - ARHCT	-	-
Total Contributions	\$ 484,965	\$ 601,859

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

At June 30, 2019, the Borough reported a liability for its proportionate share of the net OPEB liabilities (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:

	2019
Borough's proportionate share of NOL - ARHCT	\$ 3,899,090
Borough's proportionate share of NOL - RMP	69,617
Borough's proportionate share of NOL (Asset) - ODD	(106,255)
Total Borough's Proportionate Share of NOL (Asset)	\$ 3,862,452
State's proportionate share of the ARHCT NOL associated with the Borough	1,132,039
Total Net OPEB Liabilities	\$ 4,994,491

The total OPEB liabilities 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 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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.35470%	0.37992%	0.02522 %
RMP	0.54581%	0.54709%	(0.00128)%
ODD	0.54581%	0.54709%	(0.00128)%

As a result of its requirement to contribute to the plans, the Borough recognized OPEB expense of \$427,445 and on-behalf revenue of \$148,613 for support provided by the State associated with the ARHCT plan.

At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (450,346)
Changes in assumptions	623,783	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(840,143)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	234,121	(257,109)
Borough contributions subsequent to the measurement date	601,859	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 1,459,763	\$ (1,547,598)

The \$601,859 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, 2020. 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,

2020		\$ (285,784)
2021		(113,092)
2022		(273,828)
2023		(17,885)
2024		193
Thereafter		702
Total Amortization		\$ (689,694)

City and Borough of Sitka, Alaska

Notes to Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan the measurement period ended June 30, 2018 was determined by actuarial valuations 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:

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 2018 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: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% RDS/EGWP:6.5% 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.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.

City and Borough of Sitka, Alaska

Notes to Financial Statements

2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan 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 rates of return for each major asset class included in the plans' targeted asset allocation as of June 30, 2018 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	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan 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 fiduciary net position of each plan 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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City and Borough of Sitka, Alaska

Notes to Financial Statements

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher 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 (asset):				
ARHCT	0.37992%	\$ 7,893,703	\$ 3,899,090	\$ 550,788
RMP	0.54709%	\$ 207,893	\$ 69,617	\$ (38,236)
ODD	0.54709%	\$ (99,778)	\$ (106,255)	\$ (111,584)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

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

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.37992%	\$ 75,688	\$ 3,899,090	\$ 8,504,750
RMP	0.54709%	\$ (59,189)	\$ 69,617	\$ 241,999
ODD	0.54709%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS defined contribution members also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

City and Borough of Sitka, Alaska

Notes to Financial Statements

Contribution Rate

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, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,103 per year for each full-time employee, and \$1.35 per hour for part-time employees. Employees do not contribute to the DC OPEB plans.

Annual Postemployment Healthcare Cost

In 2019, the Borough contributed \$187,534 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

13. 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 \$756,189 as of June 30, 2019. 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, 2019 is \$488,189. 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 and the liability recognized is based on capacity used to date. The landfill is at an estimated 80% of capacity and has an estimated 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.

14. 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 determined 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.

City and Borough of Sitka, Alaska

Notes to Financial Statements

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.

15. Subsequent Events

Sale of Sitka Community Hospital Component Unit Business Operations

On April 15, 2019, the Assembly of the City and Borough of Sitka approved an asset purchase agreement (APA) and facility lease agreement (FLA) between the City and Borough of Sitka (CBS) and the Southeast Regional Health Consortium (SEARHC) for the sale of the business operations of Sitka Community Hospital (SCH), effective August 1, 2019. Under the terms of the APA and FLA, ongoing business operations and most tangible personal property were sold to SEARHC and real property was leased to SEARHC for a five-year period.

Terms of the APA require SEARHC to make a payment of \$1,346,000 at closing plus twenty-one annual payments of \$700,000, subject to an early obligation termination clause and a minimum payment floor. The early termination clause would cease the annual payments if the former SCH's liabilities in respect to PERS are settled prior to the twenty-first payment, with a floor requiring a minimum of \$9,464,000 to be paid. Terms of the FLA lease the real property of the former SCH for a flat fee of \$1 for a five-year period.

The APA requires all payments by SEARHC to be placed and held in escrow in accordance with an escrow agreement between the CBS and SEARHC. The escrow agreement specifies conditions for the release of escrow. In addition, the CBS was required to place an additional \$4,000,000 in escrow at closing. The purpose of the escrow accounts is to provide funds for the repayment of liabilities associated with the acquisition of Medicare medical provider agreements in by SEARHC in conjunction with the APA.

All assets and liabilities of the former SCH not purchased or assumed by SEARHC remain with the CBS and will be transferred into the tobacco tax special revenue fund at closing, and, SCH will no longer be a component unit of the City and Borough of Sitka. The tobacco tax special revenue fund will be renamed the Sitka Community Hospital Dedicated Fund.

City and Borough of Sitka, Alaska

Notes to Financial Statements

16. 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 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 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.

GASB 91 - Conduit Debt Obligations - Effective for year-end June 30, 2022, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

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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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes:				
Property taxes	\$ 6,866,000	\$ 6,866,000	\$ 6,777,625	\$ (88,375)
Sales taxes	12,780,000	12,780,000	13,309,207	529,207
Total taxes	19,646,000	19,646,000	20,086,832	440,832
State sources:				
Community Assistance	500,000	500,000	543,229	43,229
State PERS relief	300,000	656,000	396,644	(259,356)
State grants	45,000	84,222	19,801	(64,421)
Other	64,000	64,000	58,377	(5,623)
Total state sources	909,000	1,304,222	1,018,051	(286,171)
Federal sources:				
National Forest receipts	491,832	491,832	529,232	37,400
Payment in lieu of taxes	566,200	566,200	749,463	183,263
Federal grants	84,000	470,938	59,081	(411,857)
Total federal sources	1,142,032	1,528,970	1,337,776	(191,194)
Charges for services:				
State jail contract	391,000	391,000	391,194	194
Ambulance fees	270,000	270,000	456,247	186,247
E911 surcharges	180,000	180,000	176,236	(3,764)
Jobbing	702,000	702,000	702,881	881
Other	66,000	66,000	32,310	(33,690)
Total charges for services	1,609,000	1,609,000	1,758,868	149,868
Interfund services	2,697,736	2,697,736	2,695,448	(2,288)
Fines, forfeitures and penalties	73,000	73,000	60,572	(12,428)
Investment income	420,000	420,000	869,740	449,740
Uses of Property	344,000	344,000	335,463	(8,537)
Licenses and permits	136,000	136,000	126,809	(9,191)
Other	258,000	258,000	260,542	2,542
Total Revenues	27,234,768	28,016,928	28,550,101	533,173

City and Borough of Sitka, Alaska

General Fund

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Expenditures				
Administration:				
Administration/Assembly:				
Wages and benefits	\$ 595,779	\$ 616,972	\$ 722,446	\$ (105,474)
Travel and training	38,080	38,080	49,891	(11,811)
Other	332,613	640,943	555,828	85,115
Total administration/assembly	966,472	1,295,995	1,328,165	(32,170)
Legal:				
Wages and benefits	302,035	312,310	313,156	(846)
Travel and training	4,750	4,750	3,358	1,392
Other	51,954	600,830	653,423	(52,593)
Total legal	358,739	917,890	969,937	(52,047)
Municipal clerk:				
Wages and benefits	278,074	286,129	269,524	16,605
Travel and training	10,550	10,550	9,762	788
Other	116,874	116,874	124,997	(8,123)
Total municipal clerk	405,498	413,553	404,283	9,270
Finance:				
Wages and benefits	1,467,263	1,514,559	1,416,739	97,820
Travel and training	15,000	14,300	11,968	2,332
Other	389,169	402,884	370,256	32,628
Total finance	1,871,432	1,931,743	1,798,963	132,780
Assessing:				
Wages and benefits	322,881	333,157	333,852	(695)
Travel and training	7,100	7,100	8,173	(1,073)
Other	89,974	116,709	85,603	31,106
Total assessing	419,955	456,966	427,628	29,338

City and Borough of Sitka, Alaska

General Fund

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Planning:				
Wages and benefits	\$ 188,352	\$ 195,481	\$ 125,116	\$ 70,365
Travel and training	5,000	5,000	6,139	(1,139)
Other	58,895	58,895	73,666	(14,771)
Total planning	252,247	259,376	204,921	54,455
General office and local grants	775,014	822,236	810,366	11,870
Total administration	5,049,357	6,097,759	5,944,263	153,496
Public safety:				
Police:				
Wages and benefits	3,599,821	3,707,462	3,388,138	319,324
Travel and training	87,300	87,300	77,675	9,625
Other	909,825	886,785	880,958	5,827
Total police	4,596,946	4,681,547	4,346,771	334,776
Fire:				
Wages and benefits	1,066,399	1,100,253	1,077,311	22,942
Travel and training	33,500	33,500	25,414	8,086
Other	606,187	603,802	581,857	21,945
Total fire	1,706,086	1,737,555	1,684,582	52,973
Ambulance:				
Wages and benefits	170,186	182,100	158,660	23,440
Travel and training	23,000	23,000	13,990	9,010
Other	154,078	140,713	116,873	23,840
Total ambulance	347,264	345,813	289,523	56,290
Search and rescue:				
Wages and benefits	5,686	5,686	7,096	(1,410)
Travel and training	6,000	6,278	2,949	3,329
Other	30,098	30,098	16,333	13,765
Total search and rescue	41,784	42,062	26,378	15,684
Total public safety	6,692,080	6,806,977	6,347,254	459,723

City and Borough of Sitka, Alaska

General Fund

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Public works:				
Administration:				
Wages and benefits	\$ 555,528	\$ 573,389	\$ 543,159	\$ 30,230
Travel and training	6,000	6,000	2,983	3,017
Other	140,269	140,269	130,612	9,657
Total public works administration	701,797	719,658	676,754	42,904
Engineering:				
Wages and benefits	984,284	1,012,011	876,117	135,894
Travel and training	5,000	5,000	3,671	1,329
Other	82,654	112,033	39,640	72,393
Total engineering	1,071,938	1,129,044	919,428	209,616
Streets:				
Wages and benefits	555,674	568,979	476,541	92,438
Travel and training	6,000	6,000	404	5,596
Other	1,130,434	980,153	743,138	237,015
Total streets	1,692,108	1,555,132	1,220,083	335,049
Recreation:				
Wages and benefits	324,322	332,014	382,170	(50,156)
Travel and training	2,142	2,142	860	1,282
Other	329,302	309,924	252,598	57,326
Total recreation	655,766	644,080	635,628	8,452
Building officials:				
Wages and benefits	202,457	209,070	227,787	(18,717)
Travel and training	14,000	17,000	1,660	15,340
Other	33,366	33,366	46,315	(12,949)
Total building officials	249,823	259,436	275,762	(16,326)
Total public works	4,371,432	4,307,350	3,727,655	579,695
Public services:				
Library:				
Wages and benefits	554,660	573,779	555,800	17,979
Travel and training	1,800	6,800	5,562	1,238
Other	352,477	356,056	335,574	20,482
Total library	908,937	936,635	896,936	39,699

City and Borough of Sitka, Alaska

General Fund

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Harrigan Centennial Hall:				
Wages and benefits	\$ 385,875	\$ 417,500	\$ 427,728	\$ (10,228)
Other	206,692	206,692	193,321	13,371
Total Harrigan Centennial Hall	592,567	624,192	621,049	3,143
Senior Citizen Center - other	97,764	97,764	95,614	2,150
Total public services	1,599,268	1,658,591	1,613,599	44,992
Support:				
Sitka School District	7,374,208	7,374,208	7,374,208	-
Sitka Community Hospital	150,671	150,671	150,671	-
Total support	7,524,879	7,524,879	7,524,879	-
Debt service:				
Principal	67,234	67,234	22,310	44,924
Interest	23,507	23,507	9,375	14,132
Total debt service	90,741	90,741	31,685	59,056
Equipment acquisition	298,000	709,938	261,072	448,866
Total Expenditures	25,625,757	27,196,235	25,450,407	1,570,648
Excess of Revenues Over Expenditures	1,609,011	820,693	3,099,694	2,279,001
Other Financing Sources (Uses)				
Transfers in	2,858,097	2,883,097	2,698,374	(184,723)
Transfers out	(3,960,325)	(5,133,145)	(5,065,148)	67,997
Net Other Financing Uses	(1,102,228)	(2,250,048)	(2,366,774)	(116,726)
Net Change in Fund Balance	\$ 506,783	\$ (1,429,355)	732,920	\$ 2,162,275
Fund Balance, beginning			15,060,172	
Fund Balance, ending			\$ 15,793,092	

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 2,630,575	\$ 2,630,575	\$ 2,503,167	\$ (127,408)
Expenditures	3,720,350	3,720,350	3,630,440	89,910
Other Financing Sources				
Transfers in	1,482,933	1,482,933	1,490,482	7,549
Change in Fund Balance	\$ 393,158	\$ 393,158	363,209	\$ (29,949)
Fund Balance, beginning			<u>2,061,333</u>	
Fund Balance, ending			<u>\$ 2,424,542</u>	

Permanent Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 581,000	\$ 581,000	\$ 1,138,799	\$ 557,799
Total Revenues	581,000	581,000	1,138,799	557,799
Expenditures	50,400	50,400	48,817	1,583
Total Expenditures	50,400	50,400	48,817	1,583
Other Financing Sources (Uses)				
Transfers in	118,925	118,925	118,925	-
Transfer out	(1,427,097)	(1,427,097)	(1,427,097)	-
Net Other Financing Uses	(1,308,172)	(1,308,172)	(1,308,172)	-
Change in Fund Balance	\$ (777,572)	\$ (777,572)	(218,190)	\$ 559,382
Fund Balance, beginning			<u>24,181,617</u>	
Fund Balance, ending			<u>\$ 23,963,427</u>	

City and Borough of Sitka, Alaska
Public Employees' Retirement System Pension Plan
Schedule of the Borough's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

<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
2019	0.37989%	\$ 18,877,051	\$ 5,466,809	\$ 24,343,860	\$ 11,056,175	170.74%	65.19%
2018	0.35473%	\$ 18,337,623	\$ 6,834,306	\$ 25,171,929	\$ 11,292,193	162.39%	63.37%
2017	0.44663%	\$ 24,965,090	\$ 3,149,104	\$ 28,114,194	\$ 10,552,272	236.58%	59.55%
2016	0.36213%	\$ 17,563,590	\$ 4,706,852	\$ 22,270,442	\$ 12,031,717	145.98%	63.96%
2015	0.26956%	\$ 12,572,647	\$ 10,755,597	\$ 23,328,244	\$ 10,738,358	117.08%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System Pension Plan
Schedule of the Borough's Contributions
Last Ten Fiscal Years

<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
2019	\$ 1,433,032	\$ 1,433,032	\$ -	\$ 11,504,799	12.46%
2018	\$ 1,450,093	\$ 1,450,093	\$ -	\$ 11,056,175	13.12%
2017	\$ 1,274,776	\$ 1,274,776	\$ -	\$ 10,552,272	12.08%
2016	\$ 1,142,815	\$ 1,142,815	\$ -	\$ 10,552,272	10.83%
2015	\$ 1,123,981	\$ 1,123,981	\$ -	\$ 12,031,717	9.34%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARHCT
Last Ten Fiscal Years

<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
2019	0.3799%	\$ 3,899,090	\$ 1,132,039	\$ 5,031,129	\$ 11,056,175	35.27%	88.12%
2018	0.3547%	\$ 2,996,375	\$ 1,117,195	\$ 4,113,570	\$ 11,292,193	26.53%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - ARHCT
Last Ten Fiscal Years

<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
2019	\$ 516,348	\$ 516,348	\$ -	\$ 11,504,799	4.49%
2018	\$ 413,336	\$ 413,336	\$ -	\$ 11,056,175	3.74%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP
Last Ten Fiscal Years

<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
2019	0.5471%	\$ 69,617	-	\$ 69,617	\$ 11,056,175	0.63%	88.71%
2018	0.5458%	\$ 28,464	-	\$ 28,464	\$ 11,292,193	0.25%	93.98%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - RMP
Last Ten Fiscal Years

<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
2019	\$ 61,925	\$ 61,925	\$ -	\$ 11,504,799	0.54%
2018	\$ 63,777	\$ 63,777	\$ -	\$ 11,056,175	0.58%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ODD
Last Ten Fiscal Years

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability (Asset)	Borough's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2019	0.5471%	\$ (106,255)	-	\$ (106,255)	\$ 11,056,175	-0.96%	270.62%
2018	0.5458%	\$ (77,445)	-	\$ (77,445)	\$ 11,292,193	-0.69%	212.97%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Data for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - ODD
Last Ten Fiscal Years

<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
2019	\$ 23,586	\$ 23,586	\$ -	\$ 11,504,799	0.21%
2018	\$ 7,852	\$ 7,852	\$ -	\$ 11,056,175	0.07%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* 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, 2019

1. Public Employees' Retirement System - Schedule of the Borough's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

Changes in Assumptions: Amounts reported reflect a change between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

There are no other changes in factors that significantly affect trends in the amounts reported in the schedule.

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

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

3. Public Employees' Retirement System - Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT, RMP and ODD Plans

These tables are presented based on the Plan measurement date. For June 30, 2019, the Plan measurement dates were June 30, 2018.

Changes in Assumptions: The medical trend rate assumption used for the ARHCT plan was updated to reflect anticipated increases in costs based on recent survey data. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

There are no other changes in factors that significantly affect trends in the amounts reported in the schedule.

4. Public Employees' Retirement System - Schedule of the Borough's Contributions - ARHCT, RMP and ODD Plans

These tables are based on the Borough's contributions for each fiscal year presented. These contributions have been reported as deferred outflow of resources on the Statement of Net Position.

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Charges for services	\$ 18,724,705	\$ 18,724,705	\$ 17,413,785	\$ (1,310,920)
Nonoperating revenues	1,057,020	1,250,820	2,172,079	921,259
Total Revenues	19,781,725	19,975,525	19,585,864	(389,661)
Expenses				
Operating expenses	9,497,841	9,681,241	8,349,335	1,331,906
Depreciation	-	-	7,849,194	(7,849,194)
Nonoperating expenses	8,677,187	8,677,187	5,998,896	2,678,291
Total Expenses	18,175,028	18,358,428	22,197,425	(3,838,997)
Income (Loss) before Capital Contributions and Transfers	1,606,697	1,617,097	(2,611,561)	(4,228,658)
Capital Contributions	-	-	20,019	20,019
Transfers In	5,000	5,000	39,428	34,428
Change in Net Position	\$ 1,611,697	\$ 1,622,097	(2,552,114)	\$ (4,174,211)
Net Position, beginning			<u>109,867,173</u>	
Net Position, ending			<u>\$ 107,315,059</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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 5,085,100	\$ 5,074,800	\$ 4,534,163	\$ (540,637)
Nonoperating revenues	10,300	10,300	16,422	6,122
Total Revenues	5,095,400	5,085,100	4,550,585	(534,515)
Expenses				
Operating expenses	4,585,753	4,596,576	4,441,101	155,475
Depreciation	-	-	168,691	(168,691)
Nonoperating expenses	134,905	134,905	19,131	115,774
Total Expenses	4,720,658	4,731,481	4,628,923	102,558
Change in Net Position	\$ 374,742	\$ 353,619	(78,338)	\$ (431,957)
Net Position, beginning			<u>2,296,778</u>	
Net Position, ending			<u>\$ 2,218,440</u>	

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 3,403,000	\$ 3,403,000	\$ 3,335,631	\$ (67,369)
Nonoperating revenues	164,200	201,200	321,936	120,736
Total Revenues	3,567,200	3,604,200	3,657,567	53,367
Expenses				
Operating expenses	2,647,345	2,724,593	2,028,095	696,498
Depreciation	-	-	895,228	(895,228)
Nonoperating expenses	478,423	521,946	105,236	416,710
Total Expenses	3,125,768	3,246,539	3,028,559	217,980
Income (Loss) before Capital Contributions and Transfers	441,432	357,661	629,008	271,347
Capital Contributions	-	-	17,139	17,139
Transfers out	-	-	(3,200)	(3,200)
Change in Net Position	\$ 441,432	\$ 357,661	642,947	\$ 285,286
Net Position, beginning			<u>16,641,925</u>	
Net Position, ending			<u>\$ 17,284,872</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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 2,458,849	\$ 2,458,849	\$ 2,546,141	\$ 87,292
Nonoperating revenues	1,308,590	1,215,590	1,698,102	482,512
Total Revenues	3,767,439	3,674,439	4,244,243	569,804
Expenses				
Operating expenses	2,217,554	2,221,623	2,013,743	207,880
Depreciation	-	-	1,375,771	(1,375,771)
Nonoperating expenses	576,807	587,067	287,861	299,206
Total Expenses	2,794,361	2,808,690	3,677,375	(868,685)
Income Before Capital Contributions and Transfers	973,078	865,749	566,868	298,881
Capital Contributions	-	-	64,947	64,947
Transfers in	54,990	72,490	59,892	(12,598)
Change in Net Position	\$ 1,028,068	\$ 938,239	691,707	\$ (246,532)
Net Position, beginning			<u>27,173,075</u>	
Net Position, ending			<u>\$ 27,864,782</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, 2019</i>	State		Library Building	Library Donation	SE Economic Development	Gary Paxton		Commercial		LID Revolving
	Police Dept and Forfeitures	Homeland Security Grant				Park Sitka Contingency	Tobacco Tax	Excise Tax	Passenger	
Assets										
Equity in central treasury	\$ 9,130	\$ 585	\$ 17,747	\$ 254,552	\$ 2,167,073	\$ 625,482	\$ 7,089	\$ 569,594	\$ 1,133,912	
Receivables:										
Taxes	-	-	-	-	-	-	81,199	-	-	-
Special assessments	-	-	-	-	-	-	-	-	18,614	-
Federal and State of Alaska	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	573,228	-	-	-	-	-
Prepaid items	5	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	1,362,853	-	-	-	-	-
Allowance uncollectible notes	-	-	-	-	(637,508)	-	-	-	-	-
Total Assets	\$ 9,135	\$ 585	\$ 17,747	\$ 254,552	\$ 3,465,646	\$ 625,482	\$ 88,288	\$ 569,594	\$ 1,152,526	
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	5,772	-	-	-	-	-	-	-	-
Total Liabilities	-	5,772	-	-	-	-	-	-	-	-
Deferred Inflows of Resources										
Deferred assessments	-	-	-	-	-	-	-	-	-	18,614
Fund Balances (Deficit)										
Nonspendable	5	-	-	-	-	-	-	-	-	-
Restricted	-	-	17,747	254,552	-	-	-	569,594	-	-
Committed	-	-	-	-	3,465,646	-	-	-	-	-
Assigned	9,130	-	-	-	-	625,482	88,288	-	-	1,133,912
Unassigned (deficit)	-	(5,187)	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	9,135	(5,187)	17,747	254,552	3,465,646	625,482	88,288	569,594	1,133,912	
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 9,135	\$ 585	\$ 17,747	\$ 254,552	\$ 3,465,646	\$ 625,482	\$ 88,288	\$ 569,594	\$ 1,152,526	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet, continued

<i>June 30, 2019</i>	LID Guaranty	Raw Water Sales	Fisheries Enhance- ment	Pet Adoption	Visitor Enhance- ment	Student Travel	Utility Subsidization	Capital Project	Total Nonmajor Governmental Funds
Assets									
Equity in central treasury	\$ 278,676	\$ 849,550	\$ 1,441	\$ 64,574	\$ 64,596	\$ 7,329	\$ 370,556	\$ 6,796,026	\$ 13,217,912
Receivables:									
Taxes	-	-	-	-	196,301	-	-	-	277,500
Special assessments	-	-	-	-	-	-	-	-	18,614
Federal and State of Alaska	-	-	-	-	-	-	-	41,560	41,560
Advances to other funds	-	-	-	-	-	-	-	-	573,228
Prepaid items	-	-	-	-	-	-	-	-	5
Notes receivable	-	-	-	-	-	-	-	-	1,362,853
Allowance uncollectible notes	-	-	-	-	-	-	-	-	(637,508)
Total Assets	\$ 278,676	\$ 849,550	\$ 1,441	\$ 64,574	\$ 260,897	\$ 7,329	\$ 370,556	\$ 6,837,586	\$ 14,854,164
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 522,582	\$ 522,588
Unearned revenue	-	10,000	-	-	-	-	-	-	10,000
Due to other funds	-	-	-	-	-	-	-	-	5,772
Total Liabilities	-	10,000	-	-	6	-	-	522,582	538,360
Deferred Inflows of Resources									
Deferred assessments	-	-	-	-	-	-	-	-	18,614
Fund Balances (Deficit)									
Nonspendable	-	-	-	-	-	-	-	-	5
Restricted	-	-	-	-	-	-	-	-	841,893
Committed	-	-	-	-	-	-	-	6,315,004	9,780,650
Assigned	278,676	839,550	1,441	64,574	260,891	7,329	370,556	-	3,679,829
Unassigned (deficit)	-	-	-	-	-	-	-	-	(5,187)
Total Fund Balances (Deficit)	278,676	839,550	1,441	64,574	260,891	7,329	370,556	6,315,004	14,297,190
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 278,676	\$ 849,550	\$ 1,441	\$ 64,574	\$ 260,897	\$ 7,329	\$ 370,556	\$ 6,837,586	\$ 14,854,164

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

	Special Revenue Funds									
	Police Dept and Forfeitures	State Homeland Security Grant	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Park Contingency	Sitka Tobacco Tax	Commercial Passenger Excise Tax	LID Revolving	
<i>June 30, 2019</i>										
Revenues										
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tobacco taxes	-	-	-	-	-	-	836,530	-	-	-
State sources	1,039	-	-	-	-	-	-	-	-	-
Federal sources	31,090	-	-	-	-	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-	-	-	396,800	-	-
Investment income (loss)	148	-	767	10,944	149,105	27,310	1,576	26,969	50,298	
Other	-	-	-	4,087	-	-	-	-	-	5,130
Total Revenues	32,277	-	767	15,031	149,105	27,310	838,106	423,769	55,428	
Expenditures										
Current:										
Public safety	32,055	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	150,000	214	-
Public services	-	-	-	2,016	-	-	848,163	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	32,055	-	-	2,016	-	-	848,163	150,000	214	
Excess of Revenues Over (Under) Expenditures	222	-	767	13,015	149,105	27,310	(10,057)	273,769	55,214	
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	14,175	-	-
Transfers out	-	-	-	-	(50,380)	(13,701)	-	(325,493)	(24,919)	-
Net Other Financing Sources (Uses)	-	-	-	-	(50,380)	(13,701)	-	(311,318)	(24,919)	
Net Change in Fund Balances	222	-	767	13,015	98,725	13,609	(10,057)	(37,549)	30,295	
Fund Balances (Deficit), beginning	8,913	(5,187)	16,980	241,537	3,366,921	611,873	98,345	607,143	1,103,617	
Fund Balances (Deficit), ending	\$ 9,135	\$ (5,187)	\$ 17,747	\$ 254,552	\$ 3,465,646	\$ 625,482	\$ 88,288	\$ 569,594	\$ 1,133,912	

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

June 30, 2019	Special Revenue Funds								Total Nonmajor Governmental Funds
	LID Guaranty	Raw Water Sales	Fisheries Enhance- ment	Pet Adoption	Visitor Enhancement	Student Travel Fund	Utility Subsidi- zation	Capital Projects Fund	
Revenues									
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ 553,911	\$ -	\$ -	\$ -	\$ 553,911
Tobacco taxes	-	-	-	-	-	-	-	-	836,530
State sources	-	-	-	-	-	2,400	-	575,958	579,397
Federal sources	-	-	-	-	-	-	-	77,617	108,707
Commercial passenger excise tax	-	-	-	-	-	-	-	-	396,800
Investment income (loss)	12,202	36,653	(91)	1,196	3,137	144	14,259	56,002	390,619
Other	-	1,200	-	14,611	-	-	-	-	25,028
Total Revenues	12,202	37,853	(91)	15,807	557,048	2,544	14,259	709,577	2,890,992
Expenditures									
Current:									
Public safety	-	-	-	4,132	-	-	-	-	36,187
Public works	-	-	36,008	-	-	-	-	-	186,222
Public services	-	-	-	-	450,542	-	-	-	1,300,721
Capital outlay	-	-	-	-	-	-	-	1,938,407	1,938,407
Total Expenditures	-	-	36,008	4,132	450,542	-	-	1,938,407	3,461,537
Excess of Revenues Over (Under) Expenditures	12,202	37,853	(36,099)	11,675	106,506	2,544	14,259	(1,228,830)	(570,545)
Other Financing Sources (Uses)									
Transfers in	-	-	37,227	-	-	-	-	3,550,880	3,602,282
Transfers out	(6,139)	-	-	-	(200,000)	-	(39,428)	(1,029,394)	(1,689,454)
Net Other Financing Sources (Uses)	(6,139)	-	37,227	-	(200,000)	-	(39,428)	2,521,486	1,912,828
Net Change in Fund Balances	6,063	37,853	1,128	11,675	(93,494)	2,544	(25,169)	1,292,656	1,342,283
Fund Balances (Deficit), beginning	272,613	801,697	313	52,899	354,385	4,785	395,725	5,022,348	12,954,907
Fund Balances (Deficit), ending	\$ 278,676	\$ 839,550	\$ 1,441	\$ 64,574	\$ 260,891	\$ 7,329	\$ 370,556	\$ 6,315,004	\$ 14,297,190

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 137,000	\$ 143,000	\$ 32,277	\$ (110,723)
Expenditures	129,327	135,327	32,055	103,272
Excess of Revenues Over (Under) Expenditures	<u>\$ 7,673</u>	<u>\$ 7,673</u>	222	<u>\$ (7,451)</u>
Fund Balance, beginning			<u>8,913</u>	
Fund Balance, ending			<u>\$ 9,135</u>	

Homeland Security Grant Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Expenditures	100,000	100,000	-	100,000
Excess of Revenues Over (Under) Expenditures	<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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 400	\$ 400	\$ 767	\$ 367
Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	<u>\$ 400</u>	<u>\$ 400</u>	767	<u>\$ 367</u>
Fund Balance, beginning			<u>16,980</u>	
Fund Balance, ending			<u>\$ 17,747</u>	

Library Donation Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 7,500	\$ 7,500	\$ 15,031	\$ 7,531
Expenditures	5,000	5,000	2,016	2,984
Excess of Revenues Over (Under) Expenditures	<u>\$ 2,500</u>	<u>\$ 2,500</u>	13,015	<u>\$ 10,515</u>
Fund Balance, beginning			<u>241,537</u>	
Fund Balance, ending			<u>\$ 254,552</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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 107,132	\$ 107,132	\$ 149,105	\$ 41,973
Expenditures	-	-	-	-
Other Financing Uses				
Transfers out	(578,210)	(578,210)	(50,380)	527,830
Net Other Financing Uses	(578,210)	(578,210)	(50,380)	527,830
Net Change in Fund Balance	\$ (471,078)	\$ (471,078)	98,725	\$ 569,803
Fund Balance, beginning			3,366,921	
Fund Balance, ending			\$ 3,465,646	

Gary Paxton Industrial Park Contingency Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 17,000	\$ 17,000	\$ 27,310	\$ 10,310
Expenditures	3,000	3,000	-	3,000
Other Financing Uses				
Transfers out	-	(9,559)	(13,701)	(4,142)
Net Other Financing Uses	-	(9,559)	(13,701)	(4,142)
Net Change in Fund Balance	\$ 14,000	\$ 4,441	13,609	\$ 9,168
Fund Balance, beginning			611,873	
Fund Balance, ending			\$ 625,482	

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 831,500	\$ 831,500	\$ 838,106	\$ 6,606
Expenditures	831,500	831,500	848,163	(16,663)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	(10,057)	\$ (10,057)
Fund Balance, beginning			98,345	
Fund Balance, ending			\$ 88,288	

Commercial Passenger Excise Tax Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 380,500	\$ 380,500	\$ 423,769	\$ 43,269
Expenditures	151,200	151,200	150,000	1,200
Other Financing Sources (Uses)				
Transfers in	-	-	14,175	14,175
Transfers out	(323,060)	(323,060)	(325,493)	(2,433)
Net Other Financing Sources (Uses)	(323,060)	(323,060)	(311,318)	11,742
Net Change in Fund Balance	\$ (93,760)	\$ (93,760)	(37,549)	\$ 53,811
Fund Balance, beginning			607,143	
Fund Balance, ending			\$ 569,594	

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 55,428	\$ 55,428
Expenditures	500	500	214	286
Other Financing Sources (Uses)				
Transfers out	(23,000)	(23,000)	(24,919)	(1,919)
Net Other Financing Sources (Uses)	(23,000)	(23,000)	(24,919)	(1,919)
Net Change in Fund Balance	\$ (23,500)	\$ (23,500)	30,295	\$ 53,795
Fund Balance, beginning			<u>1,103,617</u>	
Fund Balance, ending			<u>\$ 1,133,912</u>	

Local Improvement District Guaranty Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 5,500	\$ 5,500	\$ 12,202	\$ 6,702
Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	(8,000)	(8,000)	(6,139)	1,861
Net Other Financing Sources (Uses)	(8,000)	(8,000)	(6,139)	1,861
Net Change in Fund Balance	\$ (2,500)	\$ (2,500)	6,063	\$ 8,563
Fund Balance, beginning			<u>272,613</u>	
Fund Balance, ending			<u>\$ 278,676</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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 20,000	\$ 20,000	\$ 37,853	\$ 17,853
Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	(100,000)	(100,000)	-	100,000
Net Other Financing Sources (Uses)	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	\$ (80,000)	\$ (80,000)	37,853	\$ 117,853
Fund Balance, beginning			801,697	
Fund Balance, ending			\$ 839,550	

Fisheries Enhancement Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ (91)	\$ (91)
Expenditures	45,000	45,000	36,008	8,992
Other Financing Sources (Uses)				
Transfers in	45,000	45,000	37,227	(7,773)
Net Other Financing Sources (Uses)	45,000	45,000	37,227	(7,773)
Net Change in Fund Balance	\$ -	\$ -	1,128	\$ 1,128
Fund Balance, beginning			313	
Fund Balance, ending			\$ 1,441	

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 400	\$ 400	\$ 15,807	\$ 15,407
Expenditures	1,000	4,133	4,132	1
Excess of Revenues Over (Under) Expenditures	<u>\$ (600)</u>	<u>\$ (3,733)</u>	11,675	<u>\$ 15,408</u>
Fund Balance, beginning			<u>52,899</u>	
Fund Balance, ending			<u>\$ 64,574</u>	

Bed Tax/Visitor Enhancement Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 577,000	\$ 577,000	\$ 557,048	\$ (19,952)
Expenditures	481,000	468,912	450,542	18,370
Other Financing Sources (Uses)				
Transfers out	(200,000)	(200,000)	(200,000)	-
Net Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (104,000)</u>	<u>\$ (91,912)</u>	(93,494)	<u>\$ (1,582)</u>
Fund Balance, beginning			<u>354,385</u>	
Fund Balance, ending			<u>\$ 260,891</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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 2,500	\$ 2,500	\$ 2,544	\$ 44
Expenditures	2,500	2,500	-	2,500
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	2,544	\$ 2,544
Fund Balance, beginning			4,785	
Fund Balance, ending			\$ 7,329	

Utility Subsidization Special Revenue Fund

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 14,259	\$ 14,259
Expenditures	400,000	200,000	-	200,000
Other Financing Sources (Uses)				
Transfers out	(200,000)	(243,800)	(39,428)	204,372
Net Other Financing Sources (Uses)	(200,000)	(243,800)	(39,428)	204,372
Net Change in Fund Balance	\$ (600,000)	\$ (443,800)	(25,169)	\$ 418,631
Fund Balance, beginning			395,725	
Fund Balance, ending			\$ 370,556	

City and Borough of Sitka, Alaska

Capital Projects Funds

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 1,674,713	\$ 1,674,713	\$ 709,577	\$ (965,136)
Expenditures	433,773	5,117,907	1,938,407	3,179,500
Other Financing Sources (Uses)				
	2,663,060	3,550,880	3,550,880	-
Transfers out	(1,000,000)	(1,000,000)	(1,029,394)	(29,394)
Net Other Financing Sources (Uses)	1,663,060	2,550,880	2,521,486	29,394
Net Change in Fund Balance	\$ 2,904,000	\$ (892,314)	1,292,656	\$ 2,243,758
Fund Balance, beginning			5,022,348	
Fund Balance, ending			\$ 6,315,004	

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

<i>June 30, 2019</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise
Assets					
Current Assets					
Equity in central treasury	\$ 2,911,107	\$ 863,149	\$ 5,262,698	\$ 1,988,002	\$ 11,024,956
Receivables:					
Trade accounts receivable and other	214,602	16,325	48,783	76,215	355,925
Allowance for uncollectibles	(29,169)	-	-	-	(29,169)
Federal and State of Alaska	370,788	-	16,836	-	387,624
Current portion of note receivable	-	8,649	-	-	8,649
Inventories	223,897	-	-	-	223,897
Prepaid expenses	-	-	11,203	-	11,203
Total Current Assets	3,691,225	888,123	5,339,520	2,064,217	11,983,085
Noncurrent Assets					
Equity in central treasury					
Bond covenant accounts	-	-	340,632	-	340,632
Notes receivable	-	27,968	-	-	27,968
Water rights	23,483	-	-	-	23,483
Capital assets:					
Property, plant and equipment	45,320,588	19,973,439	5,206,983	3,506,392	74,007,402
Construction in progress	1,229,746	37,524	470,703	15,755	1,753,728
Less accumulated depreciation	(17,812,101)	(2,646,795)	(3,215,908)	(3,269,309)	(26,944,113)
Total capital assets, net of accumulated depreciation	28,738,233	17,364,168	2,461,778	252,838	48,817,017
Total Noncurrent Assets	28,761,716	17,392,136	2,802,410	252,838	49,209,100
Total Assets	32,452,941	18,280,259	8,141,930	2,317,055	61,192,185
Deferred Outflows of Resources					
Deferred Outflows of Resources related to OPEB	28,396	-	-	-	28,396
Deferred Outflows of Resources related to pensions	37,575	-	-	-	37,575
Total Deferred Outflows of Resources	65,971	-	-	-	65,971
Total Assets and Deferred Outflows of Resources	\$ 32,518,912	\$ 18,280,259	\$ 8,141,930	\$ 2,317,055	\$ 61,258,156
Liabilities and Net Position					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 29,690	\$ 8,875	\$ 6,649	\$ -	\$ 45,214
Interest payable	32,391	-	84,270	-	116,661
Current portion:					
Revenue bonds	-	-	135,000	-	135,000
Notes payable	433,965	-	-	-	433,965
Compensated absences	27,354	-	-	-	27,354
Total Current Liabilities	523,400	8,875	225,919	-	758,194
Noncurrent Liabilities					
Advances from other funds	-	99,564	-	-	99,564
Bonds, notes, and unamortized bond premiums	6,373,199	-	4,218,118	-	10,591,317
Compensated Absences	-	-	-	-	-
Net other postemployment benefits liability	81,835	-	-	-	81,835
Net pension liability	354,300	-	-	-	354,300
Total Noncurrent Liabilities	6,809,334	99,564	4,218,118	-	11,127,016
Total Liabilities	7,332,734	108,439	4,444,037	-	11,885,210
Deferred Inflows of Resources					
Deferred Inflows of Resources related to OPEB	34,882	-	-	-	34,882
Deferred Inflows of Resources related to pensions	18,177	-	-	-	18,177
Net Position					
Net investment in capital assets	21,931,069	17,364,168	(1,891,340)	252,838	37,656,735
Restricted for debt service	-	-	340,632	-	340,632
Unrestricted	3,202,050	807,652	5,248,601	2,064,217	11,322,520
Total Net Position	25,133,119	18,171,820	3,697,893	2,317,055	49,319,887
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 32,518,912	\$ 18,280,259	\$ 8,141,930	\$ 2,317,055	\$ 61,258,156

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>June 30, 2019</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
Operating Revenues					
Charges for service	\$ 2,833,141	\$ 136,427	\$ 805,441	\$ 167,224	\$ 3,942,233
Other operating revenues	36,861	-	-	-	36,861
Total Operating Revenues	2,870,002	136,427	805,441	167,224	3,979,094
Operating Expenses					
Wages and benefits	339,948	-	-	-	339,948
Travel and training	8,633	-	-	-	8,633
Utilities	94,997	38,808	106,532	89,990	330,327
Repair and maintenance	80,162	4,061	64,759	49,334	198,316
Contracted/purchased services	50,421	95,444	80,024	904	226,793
Interdepartmental services	512,436	73,191	112,617	8,294	706,538
Other	184,530	63,145	10,908	4,794	263,377
Depreciation and amortization	1,327,201	432,666	170,300	31,561	1,961,728
Total Operating Expenses	2,598,328	707,315	545,140	184,877	4,035,660
Income (Loss) from Operations	271,674	(570,888)	260,301	(17,653)	(56,566)
Nonoperating Revenues (Expenses)					
Investment income	109,030	56,867	93,759	87,429	347,085
Interest expense	(93,941)	(4,854)	(43,839)	-	(142,634)
State PERS relief	4,633	-	-	-	4,633
Other	-	(20,000)	(30,107)	-	(50,107)
Net Nonoperating Revenues (Expenses)	19,722	32,013	19,813	87,429	158,977
Income (Loss) Before Contributions and Transfers	291,396	(538,875)	280,114	69,776	102,411
Capital contributions	-	-	39,043	-	39,043
Transfers in	-	13,701	-	-	13,701
Transfers out	(3,200)	(5,232)	-	-	(8,432)
Change in Net Position	288,196	(530,406)	319,157	69,776	146,723
Net Position, beginning	24,844,923	18,702,226	3,378,736	2,247,279	49,173,164
Net Position, ending	\$ 25,133,119	\$ 18,171,820	\$ 3,697,893	\$ 2,317,055	\$ 49,319,887

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds
Combining Statement of Cash Flows

	Gary Paxton			Marine	Total
	Water	Industrial Park	Airport	Service Center	Nonmajor Enterprise Funds
<i>June 30, 2019</i>					
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 2,903,204	\$ 210,063	\$ 778,828	\$ 115,405	\$ 4,007,500
Payments to suppliers	(441,255)	(206,118)	(202,372)	(145,022)	(994,767)
Payments for interfund services used	(512,436)	(73,191)	(112,617)	(8,294)	(706,538)
Payments to employees	(362,807)	-	-	-	(362,807)
Net cash flows from (for) operating activities	1,586,706	(69,246)	463,839	(37,911)	1,943,388
Cash Flows for Capital and Related Financing Activities					
Capital outlay	(778,659)	(9,393)	(182,928)	(15,755)	(986,735)
Interest paid	(93,941)	(4,854)	(60,056)	-	(158,851)
Issuance of long-term debt	-	-	4,369,335	-	4,369,335
Decrease in bond covenant accounts	-	-	(340,632)	-	(340,632)
Payments on bonds and notes payable	(433,365)	-	-	-	(433,365)
Government grants and loans for construction received	764,732	-	39,043	-	803,775
Repayment of advances	-	(49,782)	-	-	(49,782)
Transfers in from other funds	-	13,701	-	-	13,701
Transfers to other funds	(3,200)	(5,232)	-	-	(8,432)
Net cash flows from (for) capital and related financing activities	(544,433)	(55,560)	3,824,762	(15,755)	3,209,014
Cash Flows from Investing Activities - Interest received	109,031	56,866	93,758	87,429	347,084
Net Increase (Decrease) in Cash and Cash Equivalents	1,151,304	(67,940)	4,382,359	33,763	5,499,486
Cash and Cash Equivalents, beginning	1,759,803	931,089	880,339	1,954,239	5,525,470
Cash and Cash Equivalents, ending	\$ 2,911,107	\$ 863,149	\$ 5,262,698	\$ 1,988,002	\$ 11,024,956
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities					
Income (loss) from operations	\$ 271,674	\$ (570,888)	\$ 260,301	\$ (17,653)	\$ (56,566)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:					
Depreciation and amortization	1,327,201	432,666	170,300	31,561	1,961,728
State PERS relief	4,633	-	-	-	4,633
Other	-	(20,000)	(30,107)	-	(50,107)
(Increase) decrease in assets and deferred outflows of resources:					
Accounts receivable (net)	33,202	93,636	3,494	(51,819)	78,513
Inventory	(5,183)	-	-	-	(5,183)
Prepaid expenses	-	-	(11,203)	-	(11,203)
Deferred outflow of resources related to OPEB	(17,604)	-	-	-	(17,604)
Deferred outflow of resources related to pensions	(5,087)	-	-	-	(5,087)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable and accrued liabilities	(17,329)	(4,660)	71,054	-	49,065
Compensated absences	9,108	-	-	-	9,108
Net other postemployment benefit liability	16,566	-	-	-	16,566
Net pension liability	9,765	-	-	-	9,765
Deferred inflows of resources related to OPEB	(2,740)	-	-	-	(2,740)
Deferred inflows of resources related to pensions	(37,500)	-	-	-	(37,500)
Net Cash Flows from (for) Operating Activities	\$ 1,586,706	\$ (69,246)	\$ 463,839	\$ (37,911)	\$ 1,943,388

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 3,355,700	\$ 3,355,700	\$ 2,870,002	\$ (485,698)
Nonoperating revenues	74,400	88,400	113,663	25,263
Total Revenues	3,430,100	3,444,100	2,983,665	(460,435)
Expenses				
Operating expenses	1,547,090	1,519,410	1,271,127	248,283
Depreciation	-	-	1,327,201	(1,327,201)
Nonoperating expenses	563,321	859,425	93,941	765,484
Total Expenses	2,110,411	2,378,835	2,692,269	(313,434)
Income Before Transfers	1,319,689	1,065,265	291,396	773,869
Transfers in	50,000	50,000	-	(50,000)
Transfers out	-	-	(3,200)	(3,200)
Change in Net Position	\$ 1,319,689	\$ 1,065,265	288,196	\$ (777,069)
Net Position, beginning			24,844,923	
Net Position, ending			\$ 25,133,119	

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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ -	\$ 40,500	\$ 136,427	\$ 95,927
Nonoperating revenues	182,000	182,000	56,867	(125,133)
Total Revenues	182,000	222,500	193,294	(29,206)
Expenses				
Operating expenses	265,052	285,052	274,649	10,403
Depreciation	-	-	432,666	(432,666)
Nonoperating expenses	54,637	54,637	24,854	29,783
Total Expenses	319,689	339,689	732,169	(392,480)
Loss Before Transfers	(137,689)	(117,189)	(538,875)	421,686
Transfers in	50,000	50,000	13,701	(36,299)
Transfers out	(20,000)	(20,000)	(5,232)	14,768
Change in Net Position	\$ (107,689)	\$ (87,189)	(530,406)	\$ (443,217)
Net Position, beginning			<u>18,702,226</u>	
Net Position, ending			<u>\$ 18,171,820</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>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 424,000	\$ 424,000	\$ 805,441	\$ 381,441
Nonoperating revenues	331,000	331,000	93,759	(237,241)
Total Revenues	755,000	755,000	899,200	144,200
Expenses				
Operating expenses	383,684	393,684	374,840	18,844
Depreciation	-	-	170,300	(170,300)
Nonoperating expenses	124,000	151,170	73,946	77,224
Total Expenses	507,684	544,854	619,086	(74,232)
Income Before Capital Contributions	247,316	210,146	280,114	69,968
Capital contributions	-	-	39,043	39,043
Change in Net Position	\$ 247,316	\$ 210,146	319,157	\$ 109,011
Net Position, beginning			<u>3,378,736</u>	
Net Position, ending			<u>\$ 3,697,893</u>	

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

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 124,632	\$ 124,632	\$ 167,224	\$ 42,592
Nonoperating revenues	35,000	35,000	87,429	52,429
Total Revenues	159,632	159,632	254,653	95,021
Expenses				
Operating expenses	171,306	175,506	153,316	22,190
Depreciation	-	-	31,561	(31,561)
Total Expenses	171,306	175,506	184,877	(9,371)
Change in Net Position	\$ (11,674)	\$ (15,874)	69,776	\$ 85,650
Net Position, beginning			<u>2,247,279</u>	
Net Position, ending			<u>\$ 2,317,055</u>	

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

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2019</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Equity in central treasury	\$ 492,028	\$ 4,332,374	\$ 1,396,336	\$ 6,220,738
Total Current Assets	492,028	4,332,374	1,396,336	6,220,738
Noncurrent Assets				
Capital assets:				
Property, plant and equipment	2,482,368	8,795,688	32,459	11,310,515
Construction in progress	190,000	394,942	-	584,942
Less accumulated depreciation	(1,973,666)	(5,450,362)	(26,738)	(7,450,766)
Total capital assets, net of Accumulated depreciation	698,702	3,740,268	5,721	4,444,691
Total Noncurrent Assets	698,702	3,740,268	5,721	4,444,691
Total Assets	1,190,730	8,072,642	1,402,057	10,665,429
Deferred Outflows of Resources				
Deferred Outflows of resources related to other postemployment benefits	34,504	16,952	27,651	79,107
Deferred Outflows of resources related to pensions	57,095	16,565	30,820	104,480
Total Assets and Deferred Outflows of Resources	\$ 1,282,329	8,106,159	\$ 1,460,528	\$ 10,849,016
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 8,245	\$ 19,149	\$ 16,040	\$ 43,434
Compensated absences	15,154	10,006	17,929	43,089
Total Current Liabilities	23,399	29,155	33,969	86,523
Noncurrent Liabilities				
Advances from other funds	353,308	100,000	-	453,308
Net other postemployment benefits liability	93,831	42,949	73,194	209,974
Net pension liability	458,002	163,563	295,202	916,767
Total Noncurrent Liabilities	905,141	306,512	368,396	1,580,049
Total Liabilities	928,540	335,667	402,365	1,666,572
Deferred Inflows of Resources				
Deferred Inflows of resources related to other postemployment benefits	38,387	16,614	29,337	84,338
Deferred Inflows of resources related to pensions	14,774	2,294	8,320	25,388
Net Position				
Net investment in capital assets	698,702	3,740,268	5,721	4,444,691
Unrestricted (deficit)	(398,074)	4,011,316	1,014,785	4,628,027
Total Net Position	300,628	7,751,584	1,020,506	9,072,718
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,282,329	\$ 8,106,159	\$ 1,460,528	\$ 10,849,016

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>June 30, 2019</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Operating Revenues				
Charges for service	\$ 1,556,140	\$ 1,795,193	\$ 503,199	\$ 3,854,532
Other operating revenues	895	12,110	-	13,005
Total Operating Revenues	1,557,035	1,807,303	503,199	3,867,537
Operating Expenses				
Wages and benefits	389,458	209,702	327,696	926,856
Travel and training	6,857	141	-	6,998
Utilities	187,358	40,860	1,980	230,198
Repair and maintenance	139,769	66,230	9,767	215,766
Contracted/purchased services	134,251	296,386	183,374	614,011
Interdepartmental services	95,000	136,426	115,990	347,416
Other	79,796	2,178	44,414	126,388
Depreciation and amortization	195,144	486,079	878	682,101
Total Operating Expenses	1,227,633	1,238,002	684,099	3,149,734
Income (Loss) from Operations	329,402	569,301	(180,900)	717,803
Nonoperating Revenues (Expenses)				
Investment income	8,196	170,755	62,641	241,592
Interest expense	(14,132)	(7,500)	-	(21,632)
State PERS relief	5,919	3,070	4,847	13,836
Gain on sale of capital assets	-	13,507	-	13,507
Net Nonoperating Revenues (Expenses)	(17)	179,832	67,488	247,303
Income (Loss) Before Transfers	329,385	749,133	(113,412)	965,106
Transfers in	285,000	225,067	50,380	560,447
Transfers out	(360,000)	-	(30,200)	(390,200)
Change in Net Position	254,385	974,200	(93,232)	1,135,353
Net Position, beginning	46,243	6,777,384	1,113,738	7,937,365
Net Position, ending	\$ 300,628	\$ 7,751,584	\$ 1,020,506	\$ 9,072,718

City and Borough of Sitka, Alaska
Internal Service Funds
Combining Statement of Cash Flows

<i>June 30, 2019</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 1,557,035	\$ 1,807,303	\$ 503,199	\$ 3,867,537
Payments to suppliers	(541,230)	(462,770)	(235,068)	(1,239,068)
Payments for interfund services used	(95,000)	(136,426)	(115,990)	(347,416)
Payments to employees	(433,269)	(205,630)	(276,132)	(915,031)
Net cash flows from (for) operating activities	487,536	1,002,477	(123,991)	1,366,022
Cash Flows from (for) Noncapital Financing Activities				
Advances (repayments of advances)	300,249	(50,000)	-	250,249
Transfers from other funds	(75,000)	225,067	20,180	170,247
Net cash flows from noncapital financing activities	225,249	175,067	20,180	420,496
Cash Flows for Capital and Related Financing Activities				
Capital outlay	(217,228)	(608,946)	-	(826,174)
Interest paid	(14,132)	(7,500)	-	(21,632)
Net cash flows for capital and related financing activities	(231,360)	(616,446)	-	(847,806)
Cash Flows from Investing Activities				
Interest received	8,196	170,756	62,642	241,594
Net Increase (Decrease) in Cash and Cash Equivalents	489,621	731,854	(41,169)	1,180,306
Cash and Cash Equivalents, beginning	-	3,630,592	1,527,067	5,157,659
Cash and Cash Equivalents, ending	\$ 489,621	\$ 4,362,446	\$ 1,485,898	\$ 6,337,965
Reconciliation of Income (Loss) from Operations to Net				
Cash Flows from (for) Operating Activities				
Income (loss) from operations	\$ 329,402	\$ 569,301	\$ (180,900)	\$ 717,803
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Depreciation and amortization	195,144	486,079	878	682,101
State PERS relief	5,919	3,070	4,847	13,836
(Increase) decrease in assets and deferred outflows of resources:				
Deferred outflows of resources related to other postemployment benefits	22,489	11,665	18,414	52,568
Deferred outflows of resources related to pensions	6,498	3,371	5,321	15,190
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	6,801	(56,975)	4,467	(45,707)
Compensated absences	(568)	(4,818)	(4,561)	(9,947)
Net other postemployment liability	21,163	10,977	17,328	49,468
Net pension liability	(47,906)	6,471	10,215	(31,220)
Deferred inflows of resources related to other postemployment liabilities	(3,500)	(1,815)	-	(5,315)
Deferred inflows of resources related to pensions	(47,906)	(24,849)	-	(72,755)
Net Cash Flows from (for) Operating Activities	\$ 487,536	\$ 1,002,477	\$ (123,991)	\$ 1,366,022

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 1,554,373	\$ 1,554,373	\$ 1,557,035	\$ 2,662
Nonoperating revenues	13,400	29,400	14,115	(15,285)
Total Revenues	1,567,773	1,583,773	1,571,150	(12,623)
Expenses				
Operating expenses	1,108,091	1,052,113	1,032,489	19,624
Depreciation	-	-	195,144	(195,144)
Nonoperating expenses	200,000	389,999	14,132	375,867
Total Expenses	1,308,091	1,442,112	1,241,765	200,347
Other Financing Sources (Uses)				
Transfers in	471,078	756,078	285,000	(471,078)
Transfers out	(477,769)	(477,769)	(360,000)	117,769
Net Other Financing Sources (Uses)	(6,691)	278,309	(75,000)	(353,309)
Change in Net Position	\$ 252,991	\$ 419,970	254,385	\$ (165,585)
Net Position, beginning			46,243	
Net Position, ending			\$ 300,628	

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

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 1,929,731	\$ 1,929,731	\$ 1,807,303	\$ (122,428)
Nonoperating revenues	88,588	96,588	187,332	90,744
Total Revenues	2,018,319	2,026,319	1,994,635	(31,684)
Expenses				
Operating expenses	842,319	845,859	751,923	93,936
Depreciation	-	-	486,079	(486,079)
Nonoperating expenses	940,500	726,226	7,500	718,726
Total Expenses	1,782,819	1,572,085	1,245,502	326,583
Other Financing Sources				
Transfers in	230,067	230,067	225,067	(5,000)
Net Other Financing Sources	230,067	230,067	225,067	(5,000)
Change in Net Position	\$ 465,567	\$ 684,301	974,200	\$ 289,899
Net Position, beginning			<u>6,777,384</u>	
Net Position, ending			<u>\$ 7,751,584</u>	

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

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

<i>June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Operating revenues	\$ 639,920	\$ 639,920	\$ 503,199	\$ (136,721)
Nonoperating revenues	104,500	116,500	67,488	(49,012)
Total Revenues	744,420	756,420	570,687	(185,733)
Expenses				
Operating expenses	805,112	828,590	684,099	144,491
Total Expenses	805,112	828,590	684,099	144,491
Other Financing Sources (Uses)				
Transfers in	107,132	107,132	50,380	(56,752)
Transfers out	(5,200)	(30,200)	(30,200)	-
Net Other Financing Sources	101,932	76,932	20,180	(56,752)
Change in Net Position	\$ 41,240	\$ 4,762	(93,232)	\$ (97,994)
Net Position, beginning			<u>1,113,738</u>	
Net Position, ending			<u>\$ 1,020,506</u>	

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

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Statistical Section

Financial Trend Data

These schedules contain trend information that describe how the City and Borough's financial performance has changed over time. Tables 1-4

Revenue Capacity Data

These schedules contain information about the City and Borough's most significant sources of local revenue—property and sales tax. Tables 5-10

Debt Capacity

These schedules provide information on the of the current levels of outstanding debt, its affordability, and the City and Borough's ability to issue additional debt in the future. Tables 11-14

Economic and Demographic Information

These schedules provide economic and demographic indicators to help the reader understand the environment within which the City and Borough's financial activities take place. Tables 15-16

Operating Information

These schedules contain service and infrastructure indicators that describe how the information in the city's financial report relates to the services the city provides and the activities it performs. Tables 17-18

Source:

Unless otherwise noted, information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

City and Borough of Sitka, Alaska

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities:					
Invested in capital assets, net of related debt	\$ 94,765,479	\$ 111,067,134	\$ 115,405,541	\$ 115,862,733	\$ 114,600,888
Restricted	32,149,739	27,567,141	27,067,460	27,776,873	23,357,825
Unrestricted	22,669,294	21,354,757	16,597,067	15,861,001	23,985,152
Total governmental activities net assets	149,584,512	159,989,032	159,070,068	159,500,607	161,943,865
Business-type activities:					
Invested in capital assets, net of related debt	164,836,448	171,259,337	170,051,853	167,321,108	149,892,960
Restricted	10,445,096	10,470,409	10,583,555	10,748,446	11,901,160
Unrestricted	33,109,400	28,987,128	27,954,746	27,082,561	42,848,761
Total business-type activities net assets	208,390,944	210,716,874	208,590,154	205,152,115	204,642,881
Primary government:					
Invested in capital assets, net of related debt	259,601,927	285,457,394	285,457,394	283,183,841	264,493,848
Restricted	42,594,835	37,651,015	37,651,015	38,525,319	35,258,985
Unrestricted	55,778,694	44,551,813	44,551,813	42,943,562	66,833,913
Total Primary Government Net Assets	\$ 357,975,456	\$ 370,705,906	\$ 367,660,222	\$ 364,652,722	\$ 366,586,746
	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities:					
Invested in capital assets, net of related debt	\$ 77,625,556	\$ 84,221,307	\$ 69,758,706	\$ 81,140,841	\$ 86,125,410
Restricted	24,564,026	33,185,178	28,065,049	28,969,693	25,924,835
Unrestricted	25,166,380	31,105,881	31,751,885	28,940,773	37,352,229
Total governmental activities net assets	127,355,962	148,512,366	129,575,640	139,051,307	149,402,474
Business-type activities:					
Invested in capital assets, net of related debt	96,906,077	89,514,065	89,725,575	103,467,052	156,196,702
Restricted	7,047,685	7,917,319	3,495,431	7,359,839	8,992,528
Unrestricted	22,938,329	47,488,067	48,724,671	50,906,747	25,943,451
Total business-type activities net assets	126,892,091	144,919,451	141,945,677	161,733,638	191,132,681
Primary government:					
Invested in capital assets, net of related debt	174,531,633	173,735,372	159,484,281	184,607,893	242,322,112
Restricted	31,611,711	41,102,497	31,560,480	36,329,532	34,917,363
Unrestricted	48,104,709	78,593,948	80,476,556	79,847,520	63,295,680
Total Primary Government Net Assets	\$ 254,248,053	\$ 293,431,817	\$ 271,521,317	\$ 300,784,945	\$ 340,535,155

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

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund:					
Nonspendable	\$ 1,825,359	\$ 1,657,883	\$ 988,403	\$ 625,913	\$ 117,381
Restricted	-	-	-	-	-
Committed	8,295,203	8,460,152	9,206,808	10,262,266	9,924,505
Assigned	-	-	-	-	-
Unassigned	4,889,171	4,420,827	3,977,938	4,171,993	5,716,004
Total General Fund	\$ 15,009,733	\$ 14,538,862	\$ 14,173,149	\$ 15,060,172	\$ 15,757,890
All other governmental funds:					
Nonspendable	56,681	69,015	5	5	5
Restricted	26,207,854	24,863,608	25,141,562	25,681,513	27,229,862
Committed	15,111,535	11,404,858	9,249,985	9,816,366	9,780,650
Assigned	2,387,729	3,580,527	3,344,825	3,705,160	3,679,829
Unassigned	(4,785)	(5,167)	(5,187)	(5,187)	(5,187)
Total all other governmental funds	\$ 43,759,014	\$ 39,912,841	\$ 37,731,190	\$ 39,197,857	\$ 40,685,159
	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund:					
Nonspendable	\$ 4,288,190	\$ 3,935,798	\$ 225	\$ 49,486	\$ 394,229
Restricted	2,760,462	2,087,478	522,444	520,742	-
Committed	229,579	1,205,833	9,987,028	7,904,460	7,762,442
Assigned	-	-	-	-	-
Unassigned	3,229,470	4,332,784	3,075,401	5,843,192	8,234,138
Total General Fund	\$ 10,507,701	\$ 11,561,893	\$ 13,585,098	\$ 14,317,880	\$ 16,390,809
All other governmental funds:					
Nonspendable	2,721,071	1,758,633	1,855,781	2,743,313	2,883,234
Restricted	24,561,265	43,700,167	29,036,455	28,343,985	25,924,835
Committed	784	312,039	8,933,726	6,727,368	11,544,459
Assigned	13,734,819	2,584,104	3,016,000	2,391,820	2,434,379
Unassigned	-	(52,986)	(35,725)	(8,870)	(4,686)
Total all other governmental funds	\$ 41,017,939	\$ 48,301,957	\$ 42,806,237	\$ 40,197,616	\$ 42,782,221

City and Borough of Sitka, Alaska

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Administration	\$ 1,709,428	\$ 1,762,495	\$ 1,620,189	\$ 1,724,076	\$ 2,258,018	\$ 2,078,240	\$ 2,388,505	\$ 2,715,896	\$ 2,461,842	\$ 3,386,382
Public safety	6,345,657	6,625,688	6,655,486	6,827,712	7,044,883	6,958,306	7,788,950	8,094,841	6,463,189	5,753,966
Public works	4,692,515	4,479,567	5,101,445	5,450,632	4,112,134	4,661,945	6,341,667	6,722,139	5,872,594	5,501,557
Public services	2,126,670	2,210,011	2,340,805	2,007,427	2,405,686	3,727,612	3,222,086	3,996,515	3,453,341	3,521,266
School and Hospital Support	9,830,856	9,070,397	9,141,153	9,054,114	9,123,989	9,384,188	10,783,487	10,392,966	10,680,672	10,890,195
Interest on long-term debt	1,475,884	1,420,066	1,329,359	1,376,917	1,268,837	1,082,227	1,054,818	809,906	882,935	624,648
Total governmental activities	26,181,010	25,568,224	26,188,437	26,440,878	26,213,547	27,892,518	31,579,513	32,732,263	29,814,573	29,678,014
Business-type Activities										
Electric Utility	11,872,652	15,810,783	12,990,060	10,981,793	10,110,246	11,144,214	19,484,534	24,097,768	22,087,589	21,888,517
Water Utility	-	-	1,873,635	2,204,600	2,182,462	2,370,055	2,274,676	2,577,678	2,760,171	2,654,802
Waste water treatment	3,354,495	3,679,257	3,495,140	3,563,643	3,793,239	3,629,915	3,809,005	3,754,464	3,216,644	2,986,412
Solid waste disposal	3,114,822	3,077,032	3,131,311	3,319,109	3,464,859	3,344,737	3,882,003	4,519,678	4,881,503	4,564,504
Harbor	2,325,372	2,512,984	2,569,234	2,444,728	3,123,702	2,682,945	3,318,718	3,829,041	3,682,860	3,566,782
Other nonmajor business-type activities	1,400,040	3,156,084	1,624,293	1,270,621	1,404,174	1,693,904	1,467,365	1,221,382	2,650,641	1,465,345
Total business-type Activities	22,067,381	28,236,140	25,683,673	23,784,494	24,078,682	24,865,770	34,236,301	40,000,011	39,279,408	37,126,362
Total Primary Government Expenses	\$ 48,248,391	\$ 53,804,364	\$ 51,872,110	\$ 50,225,372	\$ 50,292,229	\$ 52,758,288	\$ 65,815,814	\$ 72,732,274	\$ 69,093,981	\$ 66,804,376
Program Revenues										
Governmental activities										
Charges for services:										
Administration	\$ 505,174	\$ 420,194	\$ 713,129	\$ 290,450	\$ 302,118	\$ 377,681	\$ 330,066	\$ 595,703	\$ 318,388	\$ 295,686
Public safety	745,265	737,414	763,278	729,406	1,343,299	1,409,655	1,112,805	1,052,231	1,138,956	1,264,663
Public works	925,240	730,766	855,816	988,231	842,466	1,052,273	1,928,131	908,526	927,505	843,019
Public services	108,340	178,638	248,229	502,571	213,219	252,980	161,542	107,807	137,626	123,579
Operating grants and contributions	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	4,598,755
Capital grants and contributions	3,667,956	2,794,677	856,161	8,177,359	5,043,768	9,807,793	14,352,444	6,216,233	1,706,983	653,575
Total Governmental Activities	11,455,331	9,824,412	9,449,474	16,667,849	14,685,686	18,574,352	23,468,299	12,733,866	9,704,566	7,779,277
Business-type Activities										
Charges for services:										
Electric Utility	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	17,413,785
Water Utility	-	-	1,383,411	1,561,830	1,890,385	2,093,200	2,237,501	2,279,025	2,379,826	2,870,002
Wastewater treatment	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	3,335,631
Solid waste disposal	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	4,534,163
Harbor	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	2,546,141
Other nonmajor business-type	958,986	973,501	934,857	1,264,837	1,389,285	973,890	879,756	830,846	756,068	1,109,092
Operating grants and contributions	2,453,350	1,490,571	2,322,441	2,411,944	1,157,936	881,120	901,570	727,495	773,249	1,047,231
Capital grants and contributions	5,874,475	24,470,807	5,237,360	17,934,438	24,285,814	15,250,445	6,844,390	5,184,520	4,777,742	141,148
Total Business-type Activities	26,473,744	47,272,856	28,416,636	42,586,793	51,759,824	42,053,614	33,813,129	34,449,748	35,906,440	32,997,193
Total Primary Government Program Revenues	37,929,075	57,097,268	37,866,110	59,254,642	66,445,510	60,627,966	57,281,428	47,183,614	45,611,006	40,776,470
Net Revenue (Expense)										
Governmental activities	(14,725,679)	(15,743,802)	(16,738,963)	(9,773,029)	(11,527,861)	(9,318,166)	(8,111,214)	(19,998,397)	(20,110,007)	(21,898,737)
Business-type activities	4,406,363	19,036,716	2,732,963	18,802,299	27,681,142	17,187,844	(423,172)	(5,550,263)	(3,372,968)	(4,129,169)
Total Primary Government Net Expense	\$ (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)	\$ (26,027,906)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 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	\$ 6,777,625
Sales and other taxes	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	15,096,448
Unrestricted grants and contributions	427,908	443,682	470,436	470,415	489,792	-	-	-	1,016,787	-
Investment earnings	3,649,352	4,348,650	2,266,133	2,243,289	4,705,061	1,368,824	1,098,031	2,186,968	1,838,439	2,667,299
Other	1,078,480	1,269,274	1,252,000	1,252,000	15,796	1,557,740	113,329	14	-	17,897
Transfers	(143,969)	(2,998,672)	(1,316,642)	(395,675)	14,299	(2,727,192)	(611,438)	(2,260,336)	(34,841)	(101,389)
Total Governmental Activities	19,888,060	18,788,821	18,285,105	19,248,695	21,879,028	17,428,095	18,515,734	19,160,397	23,355,461	24,457,880
Business-type Activities										
Unrestricted grants and contributions	-	-	-	-	1,227,772	1,009,033	879,793	953,324	1,279,885	1,188,722
Investment earnings	1,139,012	799,620	1,413,015	494,317	504,428	559,400	1,115,858	(120,678)	110,307	2,440,187
Other	94,457	(169,100)	-	95,671	-	43,664	142,013	330,561	62,659	(110,363)
Transfers	143,969	2,998,672	1,316,642	395,675	(14,299)	2,727,192	611,438	2,260,336	94,844	101,389
Total Business-type Activities	1,377,438	3,629,192	2,729,657	985,663	1,717,901	4,339,289	2,749,102	3,423,543	1,547,695	3,619,935
Total Primary Government	21,265,498	22,418,013	21,014,762	20,234,358	23,596,929	21,767,384	21,264,836	22,583,940	24,903,156	28,077,815
Change in Net Position										
Governmental activities	5,162,381	3,045,019	1,546,142	9,475,666	10,351,167	8,109,929	10,404,520	(838,000)	3,245,454	2,559,143
Business-type activities	5,783,801	22,665,908	5,462,620	19,787,962	29,399,043	21,527,133	2,325,930	(2,126,720)	(1,825,273)	(509,234)
Total Primary Government	\$ 10,946,182	\$ 25,710,927	\$ 7,008,762	\$ 29,263,628	\$ 39,750,210	\$ 29,637,062	\$ 12,730,450	\$ (2,964,720)	\$ 1,420,181	\$ 2,049,909

* Electric and Water Utilities reported as one entity until split apart in FY2012

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 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	\$ 21,874,073
State sources	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	4,056,169
Federal sources	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	1,446,483
Charges for services	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	1,758,868
Interfund services	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	2,695,448
Fines and forfeitures	122,422	138,697	125,112	103,541	97,102	118,679	85,245	71,293	46,773	60,572
Investment income	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	2,425,707
Uses of property	600,545	579,670	834,309	788,961	408,565	329,537	226,643	265,557	335,686	335,463
Licenses and permits	131,963	140,371	223,422	177,221	130,901	195,824	203,736	268,025	159,153	126,809
Other	691,865	514,866	645,879	1,023,994	971,084	827,062	387,895	419,254	441,192	268,265
Total Revenues	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	35,047,857
Expenditures										
Administration	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	5,993,080
Public safety	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	6,383,441
Public works	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	3,913,877
Public services	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	2,914,320
Support	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	7,524,879
Capital outlay	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	2,199,479
Debt service:										
Principal	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	2,902,310
Interest and fiscal charges	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	759,815
Total Expenditures	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	32,591,201
Excess (Deficit) of Revenues Over (Under)										
Expenditures	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	2,456,656
Other Financing Sources (Uses)										
Proceeds from sale of assets	-	-	-	-	-	1,052,256	22,334	-	-	-
Issuance of bonds - par	-	5,690,000	12,755,000	-	-	6,095,000	-	1,630,000	-	-
Issuance of bonds - premium	-	30,239	2,074,582	-	-	836,234	-	52,463	-	-
Payment to refund bonds	-	-	(14,829,582)	-	-	(6,876,762)	-	(1,662,944)	-	-
Transfers in	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	7,910,063
Transfers out	(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)	(8,181,699)
Net Other Financing Sources (Uses)	(335,216)	5,085,178	(143,112)	(162,881)	(168,792)	(1,720,572)	(482,232)	(2,278,858)	(249,044)	(271,636)
Net change in fund balances	\$ 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	\$ 2,185,020
Debt service as a percentage of noncapital expenditures	12.7%	12.8%	13.4%	14.0%	13.3%	12.1%	12.4%	12.4%	12.9%	12.0%

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
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	56,307,441	103,355,100	1,084,865,041	0.006%	1,284,593,700	84.45%
2019	896,558,900	251,270,800	57,532,700	97,144,300	1,108,218,100	0.006%	1,222,215,256	90.67%

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)
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
2019	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
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
2019	6,777,625	13,309,207	553,911	20,640,743

City and Borough of Sitka, Alaska

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Silver Bay Seafoods	\$ 16,981,000	1	1.53%			
SCOJO, LLC	10,270,300	2	0.93%	\$ 7,623,316	4	0.81%
Seafood Producers Cooperative	9,794,800	3	0.88%	8,356,733	3	0.89%
Harbor Enterprises Inc. (dba Petro Marine)	8,083,500	4	0.73%	5,460,294	7	0.58%
The North West Company (INTL), Inc	7,359,800	5	0.66%	7,156,556	6	0.76%
AK Preservation Sawmill Ltd	6,441,500	6	0.58%	9,548,369	2	1.01%
Halibut Point Marine Services, LLC	6,385,400	7	0.58%	7,482,100	5	0.79%
North Pacific Seafoods	5,872,900	8	0.53%			
Hames Corporation	5,762,200	9	0.52%			
Martin Revocable Trust	4,172,700	10	0.38%	4,528,500	9	0.48%
Sheldon Jackson College				18,625,000	1	1.98%
EMMI				5,140,000	8	0.55%
Shee Atika Holdings				4,329,000	10	0.46%
Totals	<u>\$ 81,124,100</u>		<u>7.32%</u>	<u>\$ 78,249,868</u>		<u>8.31%</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			
2010	\$ 5,768,331	\$ 5,735,962	99%	\$ 28,133	\$ 5,764,095	99.93%
2011	5,799,400	5,753,039	99%	45,970	5,799,009	99.99%
2012	5,904,617	5,874,918	99%	26,361	5,901,279	99.94%
2013	5,957,735	5,893,452	99%	28,682	5,922,134	99.40%
2014	5,901,738	5,842,721	99%	58,017	5,900,738	99.98%
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	6,440,090	6,300,105	98%	110,484	6,410,589	99.54%
2019	6,639,822	6,431,978	97%	17,017	6,448,995	97.13%

City and Borough of Sitka, Alaska

Sales Tax Receipts by Industry
Last Ten Fiscal Years

Industry	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture, Forestry and Fishing	\$ 28,445	\$ 23,758	\$ 23,626	\$ 23,634	\$ 20,094	\$ 18,137	\$ 19,297	\$ 17,100	\$ 27,629	\$ 18,032
Construction	109,913	112,806	130,943	166,960	221,446	201,145	205,887	234,360	301,566	324,984
Manufacturing	264,131	332,598	318,827	346,702	213,104	233,094	249,378	267,635	290,841	357,453
Transportation & Public Utilities	773,276	747,953	681,166	692,582	675,327	680,790	657,369	625,344	646,408	705,416
Wholesale Trade	62,336	68,586	61,743	57,666	53,877	54,145	70,273	80,346	90,818	101,752
Retail Trade	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	6,693,040
Finance, Insurance & Real Estate	318,426	247,223	252,158	297,556	307,149	325,567	378,274	420,778	519,460	550,615
Services	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	3,338,532
Government - Local	595,154	543,385	722,471	762,558	895,003	789,630	930,599	892,001	1,222,743	1,067,592
Total Sales Tax Receipts	\$ 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	\$ 13,157,418

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture, Forestry and Fishing	\$ 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	\$ 4,949,809
Construction	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	53,360,114
Manufacturing	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	11,942,032
Transportation & Public Utilities	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	24,630,228
Wholesale Trade	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	20,116,767
Retail Trade	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	160,689,354
Finance, Insurance & Real Estate	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	17,746,257
Services	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	79,005,868
Government - Local	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	34,335,761
Total Gross Sales	\$ 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	\$ 406,776,189

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
	GO Bonds and Unamortized Bond Premiums	Notes Payable	Revenue Bonds and Unamortized Bond Premiums	Notes Payable			
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	19,239,611	304,055	124,958,042	24,463,067	168,964,775	30.60%	19,135
2019	16,159,576	281,745	135,001,553	25,163,176	176,606,050	30.92%	20,325

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
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	1.30%	1,830
2019	16,159,576	2,424,542	13,735,034	1.12%	1,581

City and Borough of Sitka, Alaska
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt	\$ -	0%	\$ -
City and Borough of Sitka, Alaska	16,159,576	100%	16,159,576
Total direct and overlapping debt	\$ 16,159,576		\$ 16,159,576

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		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total Coverage	
			Stabilization Fund	Rate From							
2010	\$ 12,717,974	\$ -	\$ -	\$ -	\$ 6,938,167	\$ 5,779,807	\$ 2,764,199	\$ 2,418,756	\$ -	\$ 5,182,955	1.32%
2011	-	13,688,856	-	-	7,967,421	5,721,435	2,709,411	1,738,453	-	4,447,864	1.12%
2012	-	12,253,636	-	-	7,919,275	4,334,361	1,394,689	2,337,567	(615,829)	3,116,427	1.29%
2013	-	12,569,950	-	-	6,739,139	5,830,811	1,770,000	2,296,332	(616,507)	3,449,825	1.37%
2014	-	15,283,017	-	-	8,538,616	6,744,401	1,845,000	3,781,252	(581,094)	5,045,158	1.55%
2015	-	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%
2016	-	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%
2017	-	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%
2019	-	18,945,919	-	-	8,349,335	10,596,584	2,175,000	5,729,072	(578,078)	7,325,994	1.45%

Harbor Revenue Bonds										
Fiscal Year	Harbor Revenue			Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies		Total Coverage
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%
2019	3,236,489			2,013,743	1,222,746	390,836	219,623	-	610,459	2.00%

Airport Terminal Revenue Bonds										
Fiscal Year	Airport Revenue			Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies		Total Coverage

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 (1,000s)	Per Capita Personal Income	School Enrollment	Unemployment Rate
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%
2019	8,647	622,344	71,972	1,244	4.1%

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

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, healthcare, & 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 U.S. Census Bureau.

City and Borough of Sitka, Alaska

Full-Time Equivalent City and Borough Government Employees By Function Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	43	29	29	28	42	37	36	37	37	32
Public Safety:										
Police	32	33	33	33	28	33	32	31	31	30
Fire and Ambulance	10	10	10	10	10	10	10	9	9	9
Public Works	13	25	25	25	19	20	20	20	20	23
Public Services:										
Library	7	7	7	7	12	7	7	7	7	7
Centennial Building	4	4	4	4	4	4	4	4	4	5
Electric	24	25	25	27	28	26	26	25	25	25
Water	4	5	5	5	3	3	3	3	3	3
Waste Water Treatment	7	6	6	6	8	10	10	10	10	8
Solid Waste Disposal	2	2	2	2	2	2	-	-	-	3
Harbor	9	9	9	9	10	9	9	8	8	8
Sawmill Cove Industrial Park	-	1	1	-	1	-	-	-	-	-
Totals	155	156	156	156	167	161	157	154	154	152

City and Borough of Sitka, Alaska

Active Electrical Customers Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
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
2019	3,383	716	611	221	12	4,943

KwH Sold by Class Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
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
2019	40,426,853	33,377,855	2,496,564	27,116,718	-	103,417,990

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