

City and Borough of Sitka, Alaska



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Photo credit: Don Kluting

City and Borough of Sitka, Alaska

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City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR

Coast Guard City, USA

February 26, 2021

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, 2020.

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, 2020, 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, 2020. 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 8,493. 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. The community hospital business was sold on July 31, 2019. 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 around the 15th of March. The Administrator then presents this proposed budget to the Assembly for review on or around 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 8,493 and has been slowly decreasing over the past eight years.

Due to the impact of the coronavirus pandemic, sales tax collections, the City and Borough of Sitka's most significant source of revenue, have fallen by 9% over last fiscal year, transient room taxes have decreased by 28%, and excise taxes on tobacco have decreased by 3%. The municipality joined the Alaska Remote Sellers Commission in FY2020, which had helped to lessen the impact of the decrease in revenue from sales tax receipts that resulted from a significant decrease in tourism due to the pandemic.

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 FY2020, 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 Jay Sweeney, 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.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Haley', is positioned above the printed name and title.

Melissa Haley
Finance Director

City and Borough of Sitka, Alaska

Elected Officials

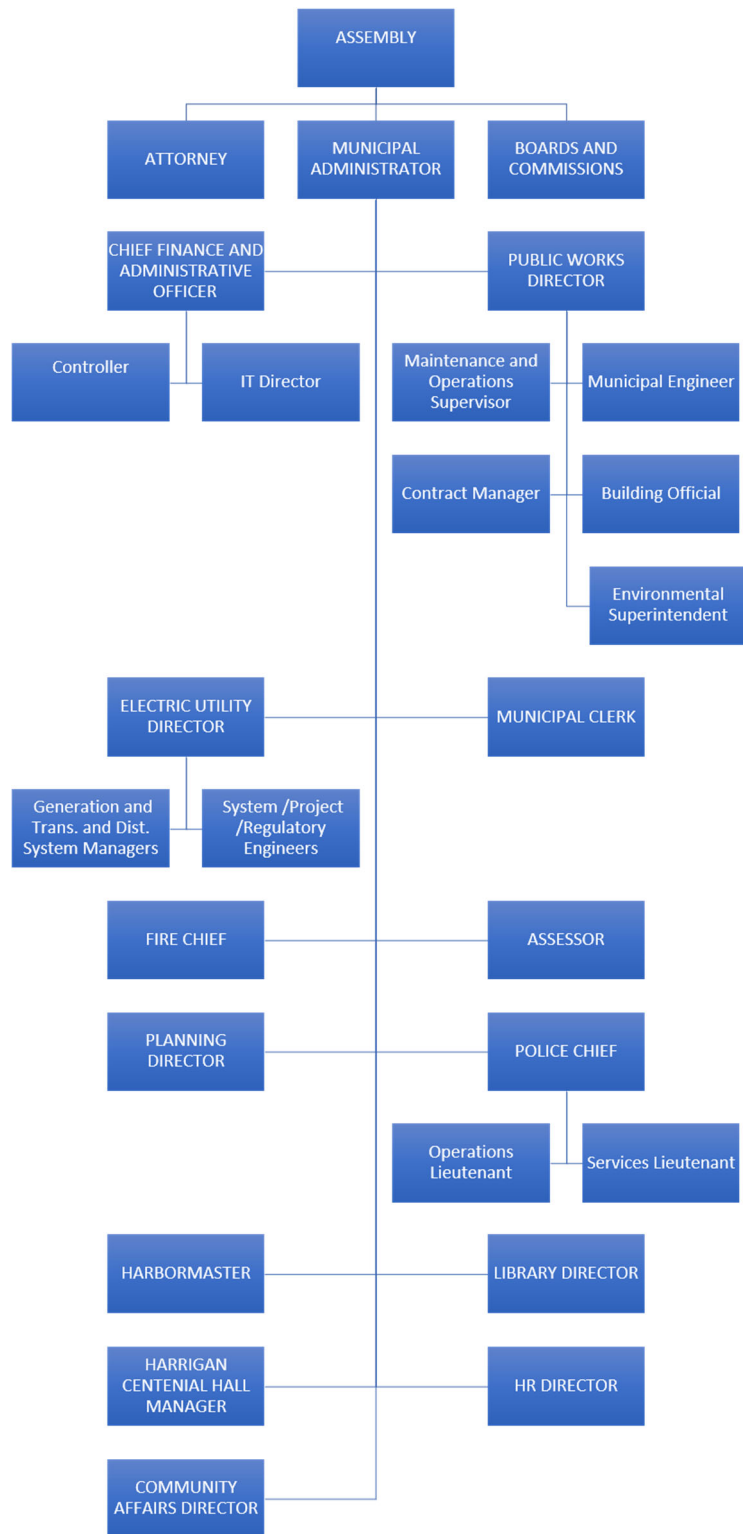
June 30, 2020

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, 2020





Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

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, 2020, 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 100 percent and 0 percent of the assets and deferred outflows of resources, and 93 percent and 7 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, 2020, 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 17, the budgetary comparison information on pages 80 through 85, the Schedules of the Net Pension Liability and Pension Contributions, and Net OPEB Liability and OPEB Contributions on pages 86 through 89, 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 February 26, 2021, 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
February 26, 2021

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Management's Discussion and Analysis

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

June 30, 2020

As management of the City and Borough of Sitka (City and Borough), we offer the readers of the City and Borough's financial statements this overview and analysis of the City and Borough's financial activities for the fiscal year ended June 30, 2020. 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 City and Borough exceeded its liabilities and deferred inflows of resources at the close of the most recent year by **\$355.0** million. Of this amount, **\$35.0** million (unrestricted net position) is legally unreserved and may therefore be used to meet the City and Borough's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was **\$3.8** million. Committed funds of **\$9.5** 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 **15.6%** of General Fund expenditures. This increases to **54.3%** when committed funds are included.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the City and Borough'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 City and Borough in a manner similar to a private-sector 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 City and Borough'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 City and Borough. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City and Borough is improving or deteriorating.

The Statement of Activities provides information which shows how the City and Borough'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 City and Borough 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 City and Borough's governmental activities include administration, public safety, public works, public services and support. The business-type activities of the City and Borough include the eight enterprise funds: electric, water, wastewater treatment, solid waste disposal, harbor, airport terminal building, marine service center and Gary Paxton Industrial Park.

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

June 30, 2020

The government-wide financial statements present not only the City and Borough itself, which is the primary government, but also its component units: Sitka School District and Sitka Community Hospital for which the City and Borough 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. The Sitka Community Hospital operated as a component unit of the City and Borough for only one month of fiscal year 2020, after which it sold. After its closure, its assets and liabilities were accounted for in a special revenue fund.

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 City and Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the City and Borough 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 City and Borough 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 City and Borough maintains 21 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 Sitka Community Hospital Dedicated Special Revenue 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 18 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 City and Borough 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 City and Borough uses enterprise funds to account for the electric, water, wastewater treatment, and solid waste disposal utility services provided to the local citizens. The City and Borough 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 City and Borough's various functions. The City and Borough uses internal service funds

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2020

to account for the activities of its management information 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 the major funds of the City and Borough. The remaining four enterprise funds are combined and shown as Nonmajor Enterprise Funds on the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for Proprietary Funds. The basic proprietary fund financial statements can be found on pages 28 through 32.

Fiduciary funds

Fiduciary funds are used to account for assets held by the City and Borough 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 City and Borough cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on pages 33 through 34 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 78 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 City and Borough's Nonmajor funds. Supplementary information can be found following the Notes to Financial Statements beginning on page 92. Required supplementary information directly follows the notes to the financial statements and begins on page 80.

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 City and Borough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$355.0 million at June 30, 2020 compared to \$366.6 million at June 30, 2019. By far the largest portion of the City and Borough's net position of \$277.3 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 City and Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City and Borough'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, 2020

City and Borough of Sitka's Net Position
June 30, 2020 and 2019
(in millions)

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 85.2	\$ 63.6	\$ 61.3	\$ 68.0	\$143.5	\$131.6
Capital assets	127.8	130.5	318.5	309.0	446.3	439.5
Total assets	210.0	194.1	379.8	377.0	589.8	571.1
Deferred outflows of resources	5.2	3.0	2.7	2.6	7.9	5.6
Total assets and deferred outflows	215.2	197.1	382.5	379.6	597.7	576.7
Long-term liabilities	43.9	31.6	163.7	169.7	207.6	201.3
Other liabilities	12.0	2.2	9.8	4.5	21.8	6.7
Total liabilities	55.9	33.8	173.5	174.2	229.4	208.0
Deferred inflows of resources	15.4	1.3	0.7	0.7	16.1	2.0
Total liabilities and deferred inflows	68.5	35.1	174.2	174.9	242.7	210.0
Net position:						
Net investment in capital assets	113.6	114.6	163.7	149.9	277.3	264.5
Restricted	26.7	23.4	16.4	11.9	43.1	35.3
Unrestricted	6.4	24.0	28.2	42.9	34.6	66.9
Total net position	\$146.7	\$162.0	\$208.3	\$204.7	\$355.0	\$366.7

Governmental Activities

Governmental activities decreased the City and Borough's net position by \$15.3 million. Key elements of this decrease are listed below:

- The item with the most significant impact on net position is the sale of Sitka's community hospital, which previously operated as a component unit. Upon the sale, which took place on July 31, 2019, all assets and liabilities were absorbed into the City and Borough of Sitka, resulting in a significant decrease in net position, largely as a result of the Sitka Community Hospital's PERS and OPEB liabilities.
- Due to the Coronavirus pandemic and resulting impact to tourism in Sitka, sales tax revenue for the second calendar quarter of FY2020 was significantly impacted, leading to an overall year to year decrease in sales tax revenue of \$1.2 million.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2020

- While there was a significant decrease in revenue due to the pandemic, FY2020 expenses were lower than prior year by \$.9 million, thus cushioning the impact of the revenue reduction.

The net position for the City and Borough's governmental activities is \$146.7 million, a decrease of \$15.3 million. A substantial portion (77.3%) of the net position is invested in capital assets - an decrease of \$1.0 million from the prior fiscal year. The City and Borough uses these assets to provide services to the citizens. The unrestricted net position of the governmental activities was \$6.4 million as of June 30, 2020. The largest portion of the restricted net position is for the Permanent Fund (\$22.9 million).

Business-type activities

Business-type activities increased the City and Borough's net position by \$3.6 million. This compares to a decrease of \$.5 million for the year ended June 30, 2019. Key elements are listed below:

- Net investment in capital assets increased by \$13.7 million due to significant investment in updating capital assets both in process as well as placed in service.
- Net OPEB liabilities decreased by \$1.2 million, due to an actuarial decrease in the unfunded OPEB liability.

The net position for the City and Borough's business-type activities is \$208.3 million. As with government-wide activities, a substantial portion (78.5%) of the net position is invested in capital assets. The City and Borough uses these assets to provide services to the citizens. The unrestricted net position of the business-type activities is \$28.2 million as of June 30, 2020.

City and Borough of Sitka's Changes in Net Position
June 30, 2020 and 2019

	(in millions)					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$2.5	\$2.5	\$31.6	\$31.8	\$34.1	\$34.3
Operating grants and contributions	4.7	4.6	1.0	1.0	5.7	5.6
Capital grants and contributions	1.0	0.7	4.4	0.1	5.4	0.8
General revenues:						
Property tax	6.9	6.8	-	-	6.9	6.8
Sales and other taxes	14.0	15.1	-	-	14.0	15.1
Grants and contributions not restricted to specific programs	-	-	0.6	1.2	0.6	1.2
Unrestricted investment earnings	2.1	2.5	2.3	2.5	4.4	5.0
Other	1.7	-	-	(0.1)	1.7	(0.1)
Total revenues	32.9	32.2	39.9	36.5	72.8	68.7

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2020

City and Borough of Sitka's Changes in Net Position, continued
June 30, 2020 and 2019

	(in millions)					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Expenses:						
Administration	\$2.1	\$3.4	\$ -	\$ -	\$2.1	\$3.4
Public safety	4.9	5.8	-	-	4.9	5.8
Public works	5.2	5.5	-	-	5.2	5.5
Public services	5.5	3.5	-	-	5.5	3.5
Support	10.8	10.9	-	-	10.8	10.9
Interest on long-term debt	0.5	0.6	-	-	0.5	0.6
Electric	-	-	20.9	21.9	20.9	21.9
Solid waste disposal	-	-	4.5	4.6	4.5	4.6
Wastewater treatment	-	-	2.9	3.0	2.9	3.0
Harbors	-	-	4.0	3.5	4.0	3.5
Nonmajor business-type	-	-	4.2	4.1	4.2	4.1
Total expenses	29.0	29.7	36.5	37.1	65.5	66.8
Increase (decrease) in net position before transfers	3.9	2.5	3.4	(0.6)	7.3	1.9
Transfers in (out)	(0.2)	(0.1)	0.2	0.1	-	-
Increase (decrease) in net position	3.7	2.4	3.6	(0.5)	7.3	1.9
Special Item, sale of hospital	(18.9)	-	-	-	(18.9)	-
Increase (decrease) in net position	(15.2)	2.4	3.6	(0.5)	(11.6)	1.9
Net position, beginning of year	161.9	159.5	204.6	205.1	366.5	364.6
Net position, end of year	\$146.7	\$161.9	\$208.2	\$204.6	\$354.9	\$366.5

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

- Increase in grants funding, particularly State of Alaska funding for capital projects.
- Decrease in sales tax revenue due to the impact of the pandemic.

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

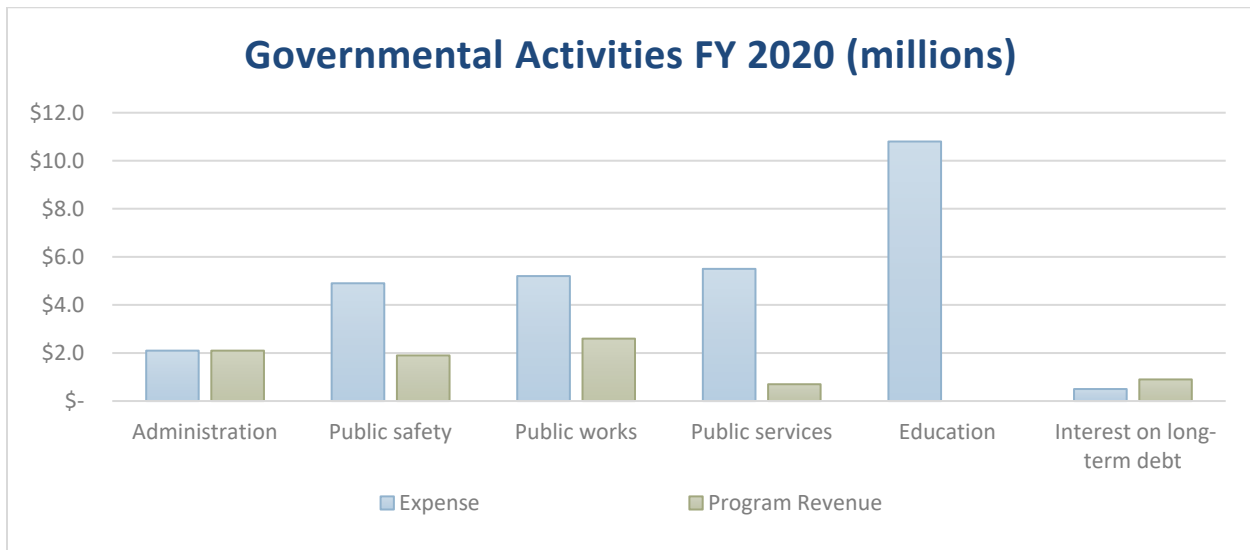
- Personnel changes-a number of positions were vacant for a significant part of FY2020 compared to prior year (Administration and Public Safety) .

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2020

- Negative PERS and OPEB expense. Actuarial adjustments resulted in negative OPEB expense across many of the City and Borough's funds.

Expenses and Program Revenues - Governmental Activities

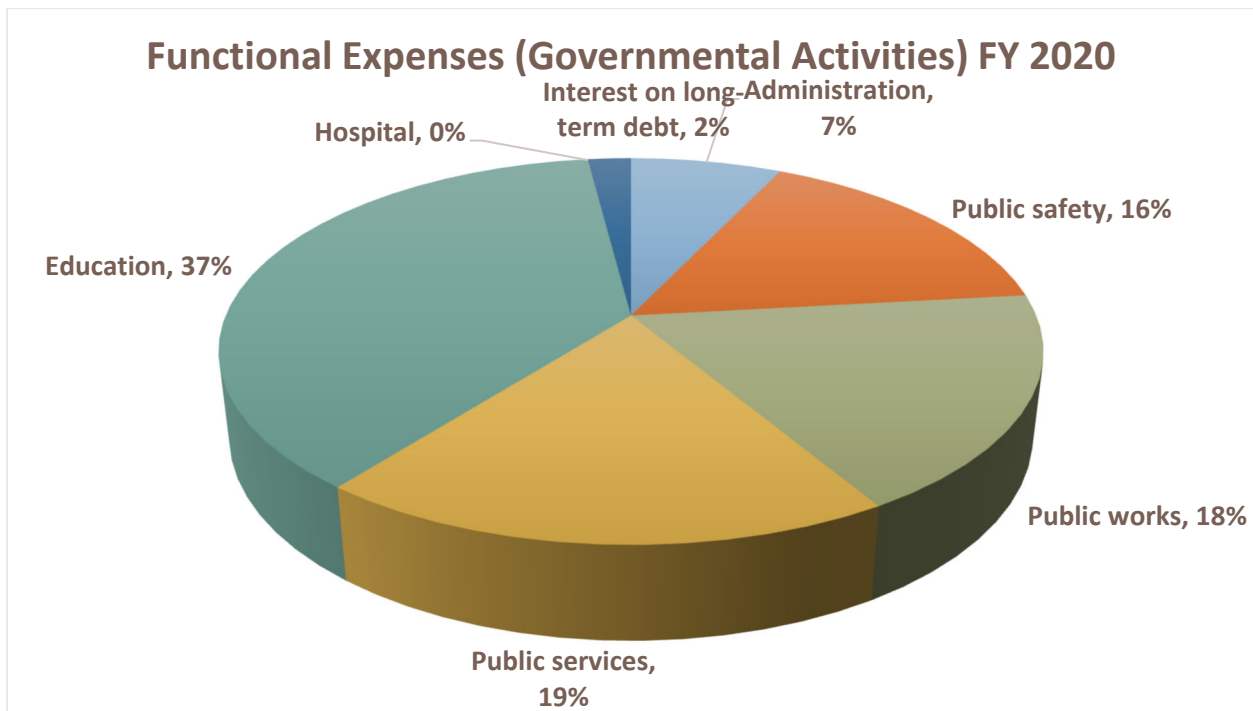
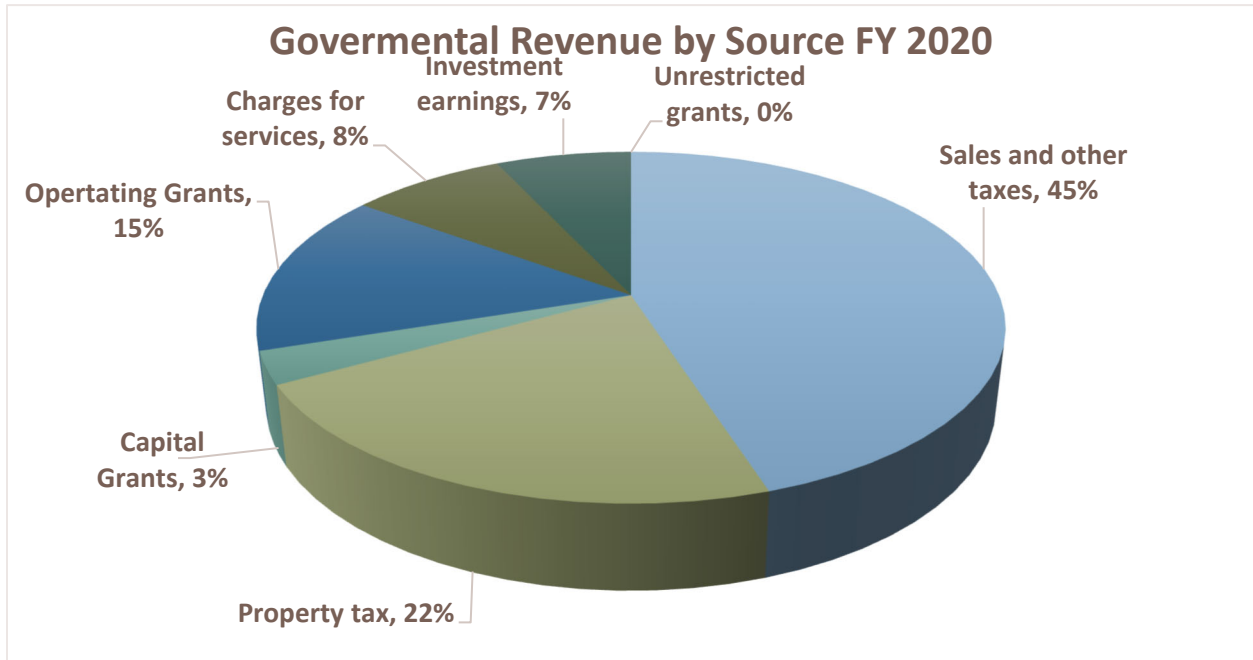
The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales, bed, and property taxes are considered general revenues and are therefore not included on this graph.



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.

City and Borough of Sitka, Alaska
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City and Borough of Sitka, Alaska

Management's Discussion and Analysis

June 30, 2020

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the City and Borough's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City and Borough'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 City and Borough 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 City and Borough's governmental funds reported combined ending fund balances of \$56.9 million, an increase of \$.4 million compared to the prior year. A portion of this amount is reserved to indicate it is not available to new spending because it is nonspendable, or has been restricted, committed or assigned (\$25.6, \$4.7, \$21.9, and \$3.2 million respectively). The remainder of fund balance is unassigned (\$1.4 million) and is available for spending at the government's discretion.

Analysis of individual funds

The General Fund is the chief operating fund of City and Borough. At the end of the current fiscal year, total fund balance was \$17.4 million and unassigned fund balance was \$3.8 million. Total fund balance increased by \$1.7 million from the prior year. Key factors include:

- A decrease of \$1.3 million in sales tax due to the pandemic.
- A decrease of \$1.2 million in transfers out, including a decrease of \$0.7 million to the Capital Projects fund, \$0.4 million to the internal service funds, and \$0.2 million to the School Bond Debt Service fund, due to lower sales tax returns for the April-June period.
- An increase of \$0.4 million in Federal support.
- Reductions in overall expenditures totaling \$0.9M largely related to vacancies as well as intentional reduced spending as the potential impact of the pandemic became clear.

Within the Governmental funds, the General Fund showed the most significant change in fund balance. It increased by \$1.7 million for the reasons described above. Other major funds include the Permanent Fund and the Sitka Community Hospital Dedicated Fund. The Permanent Fund saw a reduction in fund balance of \$1.1 million that was driven by investment income that was significantly lower than in the prior year. The Community Hospital Dedicated Fund's fund balance decreased by \$1.2 million, as result of the cessation of business operations of the component unit after July 2019 and the assumption of assets deferred outflow and liabilities and deferred inflows of the former hospital by the special revenue fund.

Proprietary funds

The City and Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the eight enterprise funds at the end of the year were \$27.1 million. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City and Borough's business-type activities.

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

June 30, 2020

In the City and Borough's proprietary funds most funds net position changed insignificantly from the prior year. The Harbor Fund showed an increase in net position of \$3.9 million, largely the result of receiving grant funding for the renovation of a harbor. The Electric Fund showed the most significant change with a decrease in net position of \$2.4 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, 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 \$4,896,956.
- Variations from budgeted revenue to actual in the in the General Fund show that revenues were under budget by \$0.3 million. Much of this was a result of the lower than budgeted sales tax revenue due to the pandemic. We also we see property tax coming in under budget for a third year, a result of increased senior exemptions, and finally uses of property came in underbudget, part of which was due to the pandemic, part of which was due to reduced interest income.
- 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 vacancies have since been filled expenses were delayed and thus expenditures are expected to be closer to budgeted for FY2021.

Capital Assets and Debt Administration

Capital assets

The City and Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$446.3 million (net of accumulated depreciation), an increase of \$6.8 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads and infrastructure.

City and Borough of Sitka's Capital Assets

June 30, 2020 and 2019

(in millions, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$17.1	\$17.3	\$23.6	\$23.4	\$40.7	\$40.7
Buildings	74.7	76.7	11.2	11.8	85.9	88.5
Equipment	4.4	3.9	2.0	2.2	6.4	6.1
Infrastructure	29.3	30.5	-	-	29.3	30.5
Electric plant	-	-	201.9	209.0	201.9	209.0

City and Borough of Sitka, Alaska
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Water plant	-	-	20.2	19.7	20.2	19.7
Wastewater treatment plant	-	-	16.3	16.0	16.3	16.0
Harbors	-	-	20.0	21.4	20.0	21.4
Construction in progress	2.4	2.1	23.2	5.5	25.6	7.6
Total capital assets	\$127.9	\$130.5	\$318.4	\$309.0	\$446.3	\$439.5

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
- The addition of capital assets related to the Sitka Community Hospital, particularly the hospital building.
- Harbor improvements.

Additional information on the City and Borough'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 City and Borough had total debt outstanding of \$192.0 million. Of this amount \$18.0 million was bonded and backed by the full faith and credit of the City and Borough. 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's Outstanding Debt
June 30, 2020 and 2019
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$12.9	\$15.0	\$0.0	\$0.0	\$12.9	\$15.0
Revenue bonds	-	-	123.4	126.1	123.4	126.1
Revenue notes	-	-	6.0	6.4	6.0	6.4
Net pension liability	30.2	12.1	6.9	6.8	37.1	18.9
Net OPEB liability (as restated)	1.0	2.5	0.2	1.5	1.2	4.0
Other debt	2.4	2.0	31.6	28.9	34.0	30.9
Total outstanding debt	\$46.5	\$31.6	\$168.1	\$169.7	\$214.6	\$201.3

City and Borough of Sitka, Alaska
Management's Discussion and Analysis
June 30, 2020

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

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for FY2021, the City and Borough considered a number of issues with City and Borough wide impact, among them:

- The continued impact of the pandemic—both on operations as well as impacts to sales tax and other sources of revenue.
- A sufficient level of funding necessary to meet the needs of City and Borough residents, visitors and communities.
- Maintenance of the City and Borough's financial condition.
- The highest level of local education funding City and Borough residents can reasonably afford and sustain.
- A high-quality capital and operational maintenance program that ensures the continued use and economic value of City and Borough assets.

All of these factors were considered in preparing the City and Borough's budget for FY2021.

Request for information

This financial report is designed to provide a general overview of the City and Borough'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

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Basic Financial Statements

City and Borough of Sitka, Alaska

Exhibit A-1

Statement of Net Position

June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sitka School District
Assets and Deferred Outflows of Resources				
Assets				
Equity in central treasury	\$ 45,290,602	\$ 39,304,380	\$ 84,594,982	\$ -
Cash and investments	-	-	-	4,291,729
Receivables (net of allowance)	3,497,086	7,023,413	10,520,499	1,061,658
Internal balances	(713,820)	713,820	-	-
Inventories	-	1,681,499	1,681,499	-
Prepaid items	5	12,283	12,288	227
Notes receivable (net of allowance)	10,997,690	64,795	11,062,485	-
Special assessments receivable	12,828	39,029	51,857	-
Water rights	-	46,966	46,966	-
Net pension asset	-	-	-	30,253
Net other postemployment benefits asset	201,887	53,207	255,094	861,100
Restricted assets:				
Equity in central treasury	-	145,174	145,174	-
Bond covenant accounts	-	12,185,557	12,185,557	-
Cash and investments	22,842,087	-	22,842,087	-
Interest receivable	55,867	-	55,867	-
Capital assets not being depreciated	13,688,273	27,840,883	41,529,156	-
Capital assets being depreciated, net	114,120,047	290,662,604	404,782,651	140,605
Total Assets	209,992,552	379,773,610	589,766,162	6,385,572
Deferred Outflows of Resources				
Deferred charge on refunding	464,748	892,051	1,356,799	-
Deferred outflows related to OPEB	1,861,505	598,799	2,460,304	-
Deferred outflows related to pensions	2,893,431	1,199,901	4,093,332	2,363,581
Total Deferred Outflows of Resources	5,219,684	2,690,751	7,910,435	2,363,581
Total Assets and Deferred Outflows of Resources	\$ 215,212,236	\$ 382,464,361	\$ 597,676,597	\$ 8,749,153

City and Borough of Sitka, Alaska
Statement of Net Position, continued
June 30, 2020

Exhibit A-1 (Continued)

	Primary Government			Sitka School District
	Governmental Activities	Business-Type Activities	Total	
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable and accrued liabilities	\$ 2,351,076	\$ 2,419,027	\$ 4,770,103	\$ 908,910
Unearned revenue	6,831,984	108,297	6,940,281	463,272
Accrued interest payable	168,867	2,693,126	2,861,993	-
Liabilities payable from restricted assets - deposits	-	145,174	145,174	-
Noncurrent liabilities				
Due within one year:				
Bonds and notes	1,872,310	4,288,749	6,161,059	-
Capital lease	503,114	-	503,114	-
Compensated absences	266,570	137,321	403,891	-
Due in more than one year:				
Bonds, notes, and unamortized bond premium	12,217,925	155,634,044	167,851,969	-
Compensated absences	399,854	205,982	605,836	135,940
Net pension liability	30,247,770	6,892,186	37,139,956	15,057,633
Net OPEB liability	1,041,098	234,769	1,275,867	-
Capital lease	45,738	-	45,738	-
Landfill postclosure liability	-	725,118	725,118	-
Total Liabilities	55,946,306	173,483,793	229,430,099	16,565,755
Deferred Inflows of Resources				
Deferred notes receivable	10,483,545	-	10,483,545	-
Deferred inflows related to OPEB	1,149,641	297,782	1,447,423	-
Deferred inflows related to pensions	938,460	402,625	1,341,085	1,363,457
Total Deferred Inflows of Resources	12,571,646	700,407	13,272,053	1,363,457
Net Position				
Net investment in capital assets	113,633,980	163,674,646	277,308,626	140,605
Restricted for:				
Permanent Fund-nonexpendable	21,437,505	-	21,437,505	-
Permanent Fund-expendable	1,456,459	-	1,456,459	-
Debt service	1,876,192	12,185,557	14,061,749	-
Other	1,880,997	-	1,880,997	-
Acquisition of capital assets	-	4,201,901	4,201,901	-
Unrestricted (deficit)	6,409,151	28,218,057	34,627,208	(9,320,664)
Total Net Position (Deficit)	146,694,284	208,280,161	354,974,445	(9,180,059)
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)				
	\$ 215,212,236	\$ 382,464,361	\$ 597,676,597	\$ 8,749,153

See accompanying notes to the basic 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	
		Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	Sitka Community Hospital
<i>For the fiscal year ended June 30, 2020</i>	Expenses								
Primary Government									
Governmental Activities									
Administration	\$ 2,119,817	\$ 323,746	\$ 1,786,340	\$ -	\$ (9,731)	\$ -	\$ (9,731)		
Public safety	4,864,415	1,280,152	606,929	-	(2,977,334)	-	(2,977,334)		
Public works	5,184,674	766,288	817,600	978,321	(2,622,465)	-	(2,622,465)		
Public services	5,453,614	113,798	619,105	-	(4,720,711)	-	(4,720,711)		
Education	10,761,829	-	-	-	(10,761,829)	-	(10,761,829)		
Interest on long-term debt	521,250	-	908,918	-	387,668	-	387,668		
Total Governmental Activities	28,905,599	2,483,984	4,738,892	978,321	(20,704,402)	-	(20,704,402)		
Business-type Activities									
Electric	20,888,636	16,869,844	819,840	-	-	(3,198,952)	(3,198,952)		
Water	2,616,497	2,859,554	19,631	-	-	262,688	262,688		
Wastewater treatment	2,857,417	3,534,237	57,695	153,974	-	888,489	888,489		
Solid waste disposal	4,467,101	4,699,159	11,377	-	-	243,435	243,435		
Harbor	4,018,314	2,440,448	43,132	4,220,218	-	2,685,484	2,685,484		
Airport	802,962	721,015	-	42,917	-	(39,030)	(39,030)		
Marine Service Center	125,074	255,064	-	-	-	129,990	129,990		
Gary Paxton Industrial Park	671,164	187,901	-	-	-	(483,263)	(483,263)		
Total Business-type Activities	36,447,165	31,567,222	951,675	4,417,109	-	488,841	488,841		
Total Primary Government	\$ 65,352,764	\$ 34,051,206	\$ 5,690,567	\$ 5,395,430	\$ (20,704,402)	\$ 488,841	\$ (20,215,561)		

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

	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>For the fiscal year ended June 30, 2020</i>									
Total Primary Government	\$ 65,352,764	\$ 34,051,206	\$ 5,690,567	\$ 5,395,430	\$ (20,704,402)	\$ 488,841	\$ (20,215,561)		
Component Units									
Sitka School District	\$ 19,140,083	\$ 355,115	\$ 1,954,583	\$ 150,000				\$ (16,680,385)	\$ -
Sitka Community Hospital	2,725,742	1,533,409	54,465	-				-	(1,137,868)
Total Component Units	\$ 21,865,825	\$ 1,888,524	\$ 2,009,048	\$ 150,000				(16,680,385)	(1,137,868)
General Revenues									
Taxes:									
Real and personal property					6,852,247	-	6,852,247	-	-
Sales and bed					12,537,561	-	12,537,561	-	-
Commercial passenger excise tax					615,545	-	615,545	-	-
Tobacco tax					807,507	-	807,507	-	-
Contributions from primary government					-	-	-	7,022,995	97,145
Grants and entitlements not restricted to specific purpose					10,000	621,756	631,756	12,951,608	-
Investment income					2,080,495	2,306,513	4,387,008	-	-
Other					1,671,262	-	1,671,262	-	453
Transfers					(220,170)	220,170	-	-	-
Total General Revenues and Transfers					24,354,447	3,148,439	27,502,886	19,974,603	97,598
Special item, sale of hospital (Note 15)					(18,899,626)	-	(18,899,626)	-	18,306,045
Change in Net Position					(15,249,581)	3,637,280	(11,612,301)	3,294,218	17,265,775
Net Position (Deficit), beginning					161,943,865	204,642,881	366,586,746	(12,474,277)	(17,265,775)
Net Position (Deficit), ending					\$ 146,694,284	\$ 208,280,161	\$ 354,974,445	\$ (9,180,059)	\$ -

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Governmental Funds
Balance Sheet

	BALANCE SHEET				
	Major Funds				
	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Fund	Nonmajor Governmental Funds	Total Governmental Funds
June 30, 2020					
Assets					
Equity in central treasury	\$ 11,380,398	\$ -	\$ 3,758,568	\$ 23,139,015	\$ 38,277,981
Receivables:					
Accounts	1,322,648	-	1,662	125	1,324,435
Taxes	2,151,850	-	63,902	39,639	2,255,391
Allowance for uncollectables	(1,097,786)	-	-	-	(1,097,786)
Interest	253,187	-	4,216,455	-	4,469,642
Special assessments	-	-	-	12,828	12,828
Federal and State of Alaska	188,132	-	-	573,727	761,859
Due from other funds	409,747	-	-	-	409,747
Advances to other funds	4,175,552	-	-	473,856	4,649,408
Prepaid items	-	-	-	5	5
Notes receivable	-	-	10,483,545	514,145	10,997,690
Restricted assets:					
Cash and investments	-	22,842,087	-	-	22,842,087
Interest receivable	-	55,867	-	-	55,867
Total Assets	\$ 18,783,728	\$ 22,897,954	\$ 18,524,132	\$ 24,753,340	\$ 84,959,154
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 400,507	\$ 3,990	\$ 96,099	\$ 324,288	\$ 824,884
Other current liabilities	-	-	611,743	-	611,743
Accrued payroll	760,438	-	-	-	760,438
Deposits payable	41,570	-	-	-	41,570
Due to other funds	-	-	-	5,772	5,772
Advances from other funds	80,245	-	4,233,843	-	4,314,088
Unearned revenue	2,894	-	-	6,829,090	6,831,984
Total Liabilities	1,285,654	3,990	4,941,685	7,159,150	13,390,479
Deferred Inflows of Resources					
Deferred assessments	-	-	-	12,827	12,827
Deferred notes receivable	-	-	14,700,000	-	14,700,000
Total Deferred Inflows of Resources	-	-	14,700,000	12,827	14,712,827
Fund Balances					
Nonspendable	4,175,552	21,437,505	-	5	25,613,062
Restricted	-	1,456,459	-	3,283,328	4,739,787
Committed	9,494,699	-	1,347,345	11,096,792	21,938,836
Assigned	-	-	-	3,206,425	3,206,425
Unassigned (deficit)	3,827,823	-	(2,464,898)	(5,187)	1,357,738
Total Fund Balances	17,498,074	22,893,964	(1,117,553)	17,581,363	56,855,848
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,783,728	\$ 22,897,954	\$ 18,524,132	\$ 24,753,340	\$ 84,959,154

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, 2020</i>	Governmental Funds	
Total fund balances for governmental funds	\$ 56,855,848	
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	\$ 11,319,511	
Construction in progress	2,368,292	
Total capital assets not being depreciated	13,687,803	
Buildings	141,859,274	
Land improvements	8,348,607	
Infrastructure	53,542,677	
Equipment	6,405,910	
Accumulated depreciation	(100,404,701)	
Total depreciable capital assets, net of depreciation	109,751,767	
		123,439,570
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of net OPEB assets in the amount of \$193,531 and special assessments receivable in the amount of \$12,827		206,358
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.		464,748
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	(13,189,435)	
Unamortized bond premium	(900,800)	
Net pension liability	(29,165,373)	
Net other postemployment benefits liability	(1,004,228)	
Capital lease payable	(548,852)	
Accrued interest payable	(168,867)	
Compensated absences	(591,788)	
Total long-term liabilities	(45,569,343)	
		(45,569,343)
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	(875,229)	
Deferred inflows related to other postemployment benefits	(1,102,876)	
Deferred outflows related to pensions	2,704,990	
Deferred outflows related to other postemployment benefits	1,767,465	
Total deferred pension and other postemployment items	2,494,350	
		2,494,350
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.		8,802,753
Total Net Position of Governmental Activities		\$ 146,694,284

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

	Major Funds				
	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Fund	Nonmajor Governmental Funds	Total Governmental Funds
For the fiscal year ended June 30, 2020					
Revenues					
Taxes:					
Commercial passenger excise tax	\$ -	\$ -	\$ -	\$ 615,545	\$ 615,545
Real and personal property	6,852,247	-	-	-	6,852,247
Sales and bed	12,139,374	-	-	398,187	12,537,561
Tobacco	-	-	807,507	-	807,507
State sources	960,286	-	-	1,262,152	2,222,438
Federal sources	1,712,269	-	-	628,087	2,340,356
Charges for services	1,668,135	-	-	-	1,668,135
Interfund services	2,663,479	-	-	-	2,663,479
Fines, forfeitures and penalties	55,730	-	-	-	55,730
Investment income	1,165,577	223,552	6,220	401,399	1,796,748
Uses of property	364,243	-	-	-	364,243
Licenses and permits	123,353	-	-	-	123,353
Hospital sale	-	-	1,346,000	-	1,346,000
Other	257,993	22,100	245,849	87,633	613,575
Total Revenues	27,962,686	245,652	2,405,576	3,393,003	34,006,917
Expenditures					
Current:					
Administration	5,110,570	48,556	-	-	5,159,126
Public safety	6,127,415	-	-	5,284	6,132,699
Public works	3,760,165	-	-	128,449	3,888,614
Public services	1,730,086	-	2,058,385	528,747	4,317,218
Education	7,511,994	-	-	-	7,511,994
Debt service:					
Principal	22,310	-	-	2,155,000	2,177,310
Interest	7,837	-	-	641,115	648,952
Capital outlay	278,390	-	-	1,581,819	1,860,209
Total Expenditures	24,548,767	48,556	2,058,385	5,040,414	31,696,122
Excess of Revenues Over (Under) Expenditures	3,413,919	197,096	347,191	(1,647,411)	2,310,795
Other Financing Sources (Uses)					
Transfers in	2,094,845	180,941	-	3,408,490	5,684,276
Transfers out	(3,768,580)	(1,447,500)	-	(813,160)	(6,029,240)
Net Other Financing Sources (Uses)	(1,673,735)	(1,266,559)	-	2,595,330	(344,964)
Special Item - sale of hospital	-	-	(1,553,032)	-	(1,553,032)
Net Change in Fund Balances	1,740,184	(1,069,463)	(1,205,841)	947,919	412,799
Fund Balances, beginning	15,757,890	23,963,427	88,288	16,633,444	56,443,049
Fund Balances, ending	\$ 17,498,074	\$ 22,893,964	\$ (1,117,553)	\$ 17,581,363	\$ 56,855,848

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
For the fiscal year ended June 30, 2020

Net change in fund balances - total governmental funds	\$ 412,799
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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	\$ 1,860,209	
Addition of Sitka Community Hospital capital assets	2,607,792	
Miscellaneous capital asset activities (disposals, etc.)	27,547	
Depreciation	<u>(7,085,607)</u>	
		(2,590,059)

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	(5,786)
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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.

(75,598)

The issuance of long-term debt (bonds, notes payable, capital lease) 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	2,177,310	
Decrease in unamortized bond premium	173,713	
Leases issued	<u>(548,852)</u>	
		1,802,171

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in accrued interest payable	29,587	
Change in compensated absences	(13,987)	
Changes in net pension liabilities and related deferred outflows and inflows of resources	(17,329,934)	
Changes in OPEB liabilities and assets and related deferred outflows and inflows of resources	<u>2,151,350</u>	

(15,162,984)

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.

369,876

Change in Net Position of Governmental Activities

\$ (15,249,581)

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, 2020</i>							
Assets and Deferred Outflows of Resources							
Current Assets							
Equity in central treasury	\$ 12,516,428	\$ -	\$ 6,038,765	\$ 8,544,339	\$ 12,204,848	\$ 39,304,380	\$ 7,012,621
Receivables:							
Accounts	1,109,302	317,784	274,343	756,312	399,910	2,857,651	-
Allowance for uncollectables	(159,646)	(79,278)	(46,475)	(403,433)	(34,367)	(723,199)	-
Federal and State of Alaska	241,722	-	3,611,051	699,393	336,795	4,888,961	-
Current portion of notes receivable	-	-	-	-	8,649	8,649	-
Inventories	1,310,350	-	126,628	-	244,521	1,681,499	-
Prepaid expenses	-	-	-	-	12,283	12,283	-
Total Current Assets	15,018,156	238,506	10,004,312	9,596,611	13,172,639	48,030,224	7,012,621
Noncurrent Assets							
Restricted Assets:							
Equity in central treasury:							
Deposits	140,528	4,646	-	-	-	145,174	-
Bond covenant accounts	10,906,276	-	-	933,841	345,440	12,185,557	-
Notes receivable	-	-	36,827	-	19,319	56,146	-
Special assessments receivable	-	-	39,029	-	-	39,029	-
Net OPEB asset	34,335	1,629	8,259	6,174	2,810	53,207	8,356
Water rights	23,483	-	-	-	23,483	46,966	-
Capital assets:							
Property, plant and equipment	301,093,175	7,842,670	58,261,878	39,281,642	75,584,330	482,063,695	12,542,768
Construction in progress	3,223,879	77,284	5,163,235	13,566,108	1,200,138	23,230,644	470
Less accumulated depreciation	(95,362,385)	(3,067,547)	(41,443,466)	(17,985,118)	(28,932,336)	(186,790,852)	(8,174,488)
Total Capital Assets, Net of Accumulated Depreciation	208,954,669	4,852,407	21,981,647	34,862,632	47,852,132	318,503,487	4,368,750
Total Noncurrent Assets	220,059,291	4,858,682	22,065,762	35,802,647	48,243,184	331,029,566	4,377,106
Total Assets	235,077,447	5,097,188	32,070,074	45,399,258	61,415,823	379,059,790	11,389,727
Deferred Outflows of Resources							
Deferred charge on refunding	892,051	-	-	-	-	892,051	-
Deferred outflows related to other postemployment benefits	386,415	18,328	92,946	69,485	31,625	598,799	94,040
Deferred outflows related to pension	774,316	36,727	186,249	139,237	63,372	1,199,901	188,441
Total Deferred Outflows of Resources	2,052,782	55,055	279,195	208,722	94,997	2,690,751	282,481
Total Assets and Deferred Outflows of Resources	\$ 237,130,229	\$ 5,152,243	\$ 32,349,269	\$ 45,607,980	\$ 61,510,820	\$ 381,750,541	\$ 11,672,208

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position, continued

	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Wastewater	Harbors			
June 30, 2020							
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 293,527	\$ 256,791	\$ 976,912	\$ 727,957	\$ 163,840	\$ 2,419,027	\$ 112,441
Unearned revenue	41,970	11,382	8,536	39,295	7,114	108,297	-
Interest payable	2,202,823	-	142,368	215,958	131,977	2,693,126	-
Due to other funds	-	403,975	-	-	-	403,975	-
Current portion:							
Revenue bonds	2,375,000	-	-	380,000	140,000	2,895,000	-
Notes payable	483,858	115,798	334,849	45,348	413,896	1,393,749	-
Compensated absences	86,081	2,290	22,077	15,563	11,310	137,321	29,855
Total Current Liabilities	5,483,259	790,236	1,484,742	1,424,121	868,137	10,050,495	142,296
Noncurrent Liabilities							
Advances from other funds	-	-	-	-	49,782	49,782	285,538
Bonds, notes, and unamortized bond premiums	121,456,439	926,380	11,200,214	11,472,971	10,578,040	155,634,044	-
Payable from restricted assets - deposits	140,528	4,646	-	-	-	145,174	-
Compensated absences	129,122	3,434	33,116	23,344	16,966	205,982	44,781
Net other postemployment benefits liability	151,500	7,186	36,441	27,243	12,399	234,769	36,870
Net pension liability	4,447,643	210,960	1,069,805	799,770	364,008	6,892,186	1,082,397
Landfill postclosure liability	-	725,118	-	-	-	725,118	-
Total Noncurrent Liabilities	126,325,232	1,877,724	12,339,576	12,323,328	11,021,195	163,887,055	1,449,586
Total Liabilities	131,808,491	2,667,960	13,824,318	13,747,449	11,889,332	173,937,550	1,591,882
Deferred Inflows of Resources							
Deferred inflows of resources related to other postemployment benefits	192,163	9,115	46,222	34,555	15,727	297,782	46,765
Deferred inflows of resources related to pensions	259,821	12,324	62,495	46,721	21,264	402,625	63,231
Total Deferred Inflows of Resources	451,984	21,439	108,717	81,276	36,991	700,407	109,996
Net Position							
Net investment in capital assets	85,531,423	3,810,229	10,446,584	22,964,313	40,922,097	163,674,646	4,083,212
Restricted for debt service	10,906,276	-	-	933,841	345,440	12,185,557	-
Restricted for capital asset acquisition	-	-	-	-	4,201,901	4,201,901	-
Unrestricted (deficit)	8,432,055	(1,347,385)	7,969,650	7,881,101	4,115,059	27,050,480	5,887,118
Total Net Position	104,869,754	2,462,844	18,416,234	31,779,255	49,584,497	207,112,584	9,970,330
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 237,130,229	\$ 5,152,243	\$ 32,349,269	\$ 45,607,980	\$ 61,510,820		\$ 11,672,208
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						1,167,577	
Net Position of Business-Type Activities						\$ 208,280,161	

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

Statement of Revenues, Expenses and Changes in Net Position								
	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
For the fiscal year ended June 30, 2020	Electric Utility	Solid Waste Disposal	Wastewater	Harbors				
Operating Revenues								
Charges for service	\$ 16,631,609	\$ 4,689,973	\$ 3,367,532	\$ 2,328,173	\$ 3,989,079	\$ 31,006,366	\$ 3,785,501	
Other operating revenues	238,235	9,186	166,705	112,275	34,455	560,856	53,572	
Total Operating Revenues	16,869,844	4,699,159	3,534,237	2,440,448	4,023,534	31,567,222	3,839,073	
Operating Expenses								
Wages and benefits	3,326,939	416,420	936,810	734,279	282,051	5,696,499	1,060,227	
Travel and training	35,554	999	7,422	3,691	4,131	51,797	641	
Utilities	93,890	49,941	207,750	515,585	233,049	1,100,215	273,940	
Repair and maintenance	194,894	7,905	109,516	54,227	186,597	553,139	210,594	
Contracted/purchased services	785,716	2,973,439	43,546	80,548	216,553	4,099,802	573,148	
Interdepartmental services	1,321,034	802,556	659,576	412,356	712,540	3,908,062	308,233	
Other	1,547,051	74,346	(95,855)	286,922	292,003	2,104,467	160,467	
Depreciation and amortization	7,970,671	172,861	913,629	1,383,331	1,988,570	12,429,062	810,007	
Total Operating Expenses	15,275,749	4,498,467	2,782,394	3,470,939	3,915,494	29,943,043	3,397,257	
Income (Loss) from Operations	1,594,095	200,692	751,843	(1,030,491)	108,040	1,624,179	441,816	
Nonoperating Revenues (Expenses)								
Investment income	910,830	49,717	274,055	532,258	409,655	2,176,515	284,677	
Interest expense	(5,840,839)	(17,382)	(106,205)	(591,226)	(346,208)	(6,901,860)	(15,599)	
Raw fish tax	-	-	-	621,756	-	621,756	-	
State PERS relief	239,861	11,377	57,695	43,132	19,631	371,696	58,373	
Other federal sources	579,979	-	-	-	-	579,979	-	
Gain on sale of capital assets	-	-	-	-	-	-	3,551	
Net Nonoperating Revenues (Expenses)	(4,110,169)	43,712	225,545	605,920	83,078	(3,151,914)	331,002	
Income (Loss) Before Contributions and Transfers	(2,516,074)	244,404	977,388	(424,571)	191,118	(1,527,735)	772,818	
Capital contributions	-	-	153,974	4,220,218	42,917	4,417,109	-	
Transfers in	70,769	-	-	118,826	41,812	231,407	124,794	
Transfers out	-	-	-	-	(11,237)	(11,237)	-	
Change in Net Position	(2,445,305)	244,404	1,131,362	3,914,473	264,610	3,109,544	897,612	
Net Position, beginning	107,315,059	2,218,440	17,284,872	27,864,782	49,319,887		9,072,718	
Net Position, ending	\$ 104,869,754	\$ 2,462,844	\$ 18,416,234	\$ 31,779,255	\$ 49,584,497		\$ 9,970,330	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						527,736		
Change in Net Position of Business-type Activities						\$ 3,637,280		

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			
For the fiscal year ended June 30, 2020							
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$ 16,825,246	\$ 4,693,965	\$ 3,530,859	\$ 1,314,665	\$ 4,051,339	\$ 30,416,074	\$ 3,839,073
Payments to suppliers	(3,125,537)	(3,148,970)	(241,978)	(814,839)	(820,096)	(8,151,420)	(1,157,984)
Payments for interfund services used	(1,321,034)	(802,556)	(659,576)	(412,356)	(712,540)	(3,908,062)	(308,233)
Payments to employees	(4,274,530)	(196,078)	(1,290,426)	(858,338)	(369,130)	(6,988,502)	(1,076,405)
Net cash flows from (for) operating activities	8,104,145	546,361	1,338,879	(770,868)	2,149,573	11,368,090	1,296,451
Cash Flows from (for) Noncapital Financing Activities							
Other federal sources	579,979	-	-	-	-	579,979	-
Raw fish tax received	-	-	-	1,188,722	-	1,188,722	-
Receipts (repayment) of advances	-	(1,122,459)	-	-	-	(1,122,459)	(167,769)
Transfers to other funds	-	-	-	-	(11,237)	(11,237)	-
Transfers from other funds	70,769	-	-	118,826	41,812	231,407	124,794
Notes receivable payments	-	-	7,191	-	-	7,191	-
Net cash flows from (for) noncapital financing activities	650,748	(1,122,459)	7,191	1,307,548	30,575	873,603	(42,975)
Cash Flows for Capital and Related Financing Activities							
Purchase of capital assets	(3,004,116)	(99,488)	(3,723,882)	(12,532,161)	(1,023,338)	(20,382,985)	(730,671)
Interest paid	(5,755,038)	(17,385)	(94,727)	(525,467)	(367,233)	(6,759,850)	(15,599)
Payments on bonds and notes payable	(2,727,614)	(115,798)	(333,641)	(410,348)	(568,965)	(4,156,366)	-
Government grants and loans for construction received	-	-	1,261,919	4,220,218	599,753	6,081,890	-
Receipts (repayment) of advances	-	-	-	-	(49,782)	(49,782)	-
Special assessments received	-	-	10,523	-	-	10,523	-
Net cash flows for capital and related financing activities	(11,486,768)	(232,671)	(2,879,808)	(9,247,758)	(1,409,565)	(25,256,570)	(746,270)
Cash Flows From Investing Activities							
Interest received	653,501	49,718	274,055	532,253	409,655	1,919,182	284,677
Net Increase (Decrease) in Cash and Cash Equivalents	(2,078,374)	(759,051)	(1,259,683)	(8,178,825)	1,180,238	(11,095,695)	791,883
Cash and Cash Equivalents, beginning	14,735,330	763,697	7,298,448	16,723,164	11,024,956	50,545,595	6,220,738
Cash and Cash Equivalents, ending	\$ 12,656,956	\$ 4,646	\$ 6,038,765	\$ 8,544,339	\$ 12,205,194	\$ 39,449,900	\$ 7,012,621

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				
For the fiscal year ended June 30, 2020								
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities								
Income (Loss) from operations	\$ 1,594,095	\$ 200,692	\$ 751,843	\$ (1,030,491)	\$ 108,040	\$ 1,624,179	\$ 441,816	
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:								
Depreciation and amortization	7,970,671	172,861	913,629	1,383,331	1,988,570	12,429,062	810,007	
State PERS relief	239,861	11,377	57,695	43,132	19,631	371,696	58,373	
(Increase) decrease in assets and deferred outflows of resources:								
Accounts receivable (net)	(91,754)	(13,713)	(11,914)	(1,165,078)	20,691	(1,261,768)	-	
Inventory	(307,390)	-	31,339	-	(20,623)	(296,674)	-	
Prepaid expenses	-	-	-	-	(1,080)	(1,080)	-	
Net OPEB asset	(34,335)	(1,629)	(8,259)	(6,174)	(2,810)	(53,207)	(8,356)	
Deferred outflows of resources related to OPEB	(33,750)	(6,610)	(10,648)	(7,020)	(3,229)	(61,257)	(14,933)	
Deferred outflows of resources related to pensions	(223,657)	(33,341)	(14,646)	(43,974)	(25,797)	(341,415)	(83,961)	
Increase (decrease) in liabilities and deferred inflows of resources:								
Accounts payable and accrued liabilities	(161,042)	(11,269)	(938)	126,134	133,940	86,825	69,162	
Compensated absences	(90,322)	1,701	(3,826)	2,558	922	(88,967)	31,547	
Unearned revenue	41,970	11,382	8,536	39,295	7,114	108,297	-	
Net other postemployment benefit liability	(781,100)	(3,841)	(186,227)	(136,995)	(69,436)	(1,177,599)	(173,104)	
Net pension liability	9,607	204,460	(170,324)	27,091	9,708	80,542	165,630	
Deferred inflows of resources related to OPEB	(181,343)	10,939	(44,530)	(30,927)	(19,155)	(265,016)	(37,573)	
Deferred inflows of resources related to pensions	147,448	37,286	27,149	28,250	3,087	243,220	37,843	
Deposits	5,186	(2,863)	-	-	-	2,323	-	
Landfill postclosure liability	-	(31,071)	-	-	-	(31,071)	-	
Net Cash Flows from (for) Operating Activities	\$ 8,104,145	\$ 546,361	\$ 1,338,879	\$ (770,868)	\$ 2,149,573	\$ 11,368,090	\$ 1,296,451	
Cash on Statement of Net Position								
Equity in central treasury	\$ 12,516,428	\$ -	\$ 6,038,765	\$ 8,544,339	\$ 12,204,848	\$ 39,304,380	\$ 7,012,621	
Deposits	140,528	4,646	-	-	-	145,174	-	
Cash and Cash Equivalents, ending	\$ 12,656,956	\$ 4,646	\$ 6,038,765	\$ 8,544,339	\$ 12,205,194	\$ 39,449,900	\$ 7,012,621	
Capital expenditures included in accounts payable	\$ 246,382	\$ -	\$ 969,511	\$ 717,550	\$ 45,284	\$ 1,978,727	\$ -	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Fiduciary Funds

Statement of Fiduciary Net Position

<i>June 30, 2020</i>	Rowe Trust Fund	Custodial Fund
		Cemetery Fund
Assets		
Restricted equity in central treasury	\$ 227,720	\$ 105,070
Liabilities and Net Position		
Net Position	227,720	105,070
Total Liabilities and Net Position	\$ 227,720	\$ 105,070

See accompanying notes to the basic financial statements.

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

		Rowe	Custodial Fund
		Trust Fund	Cemetery Fund
<i>For the year ended June 30, 2020</i>			
Additions - investment income	\$	9,455	\$ 4,358
Deductions - distributions		-	2,248
Net Position, beginning		218,265	102,960
Net Position, ending	\$	227,720	\$ 105,070

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies

Reporting Entity

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

Discretely presented component units. The Sitka School District (District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the District's governing board are elected by the voters. However, the District is fiscally dependent upon the City and Borough because the City and Borough's Assembly approves appropriations of 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) closed and its business operations sold as of July 31, 2019 at which point its balance sheet was integrated into a special revenue fund of the City and Borough of Sitka. As such only one month of activity is shown on the statement of activities. Prior to its closure, it was responsible for hospital services within the City and Borough. Its governing board was appointed by the Assembly of the City and Borough. The Assembly approved the Hospital's budget.

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	100 Lincoln Street
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 the Basic 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 city and borough elected to report the Permanent Fund as a major fund in FY 2020 for reporting consistency.

The *Sitka Community Hospital Dedicated Fund* Accounts for tobacco excise tax and any residual activity related to the closure of the Sitka Community Hospital.

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 the Basic 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 the Basic 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 consumed rather than when purchased.

City and Borough of Sitka, Alaska

Notes to the Basic 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 statement of net position because their use is limited by applicable bond covenants. Additionally, unspent bond proceeds are restricted based on the purpose of the bonds.

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 and are 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. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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, and pension and OPEB 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.

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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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”.

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City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

No later than sixty days before the end of the current fiscal year, the City and Borough Administrator presents to the City and Borough Assembly a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the 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 City and Borough. 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 FY2020.

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 the Basic Financial Statements

3. Deposits and Investments

As of June 30, 2020, the City and Borough had the following investments:

<i>Investment Type</i>	<i>Credit Rating</i>	<i>Fair Value</i>
Investments subject to custodial credit risk:		
Corporate securities	AAA to A-	\$ 5,187,722
Municipal securities	AAA to AA-	2,509,345
Certificates of deposit	Unrated or P1	12,452,832
U.S. Treasury securities	AA+	53,236,897
External investment pool	unrated	13,062,695
Exchange traded funds	unrated	14,620,567
U.S. Agency securities	AA+	4,513,435
Money market funds	unrated	5,623,030
Total Fair Value of Investments		
Subject to Custodial Credit Risk		\$111,206,523

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, 2020, investments subject to interest rate risk had the following maturities:

Pooled investments and debt service reserves

<i>Investment type</i>	<i>Less Than 1 Year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>>5 years</i>
Corporate securities	\$ 1,006,710	\$ 1,022,707	\$ 1,065,540	\$ 2,092,766
Municipal securities	-	-	1,970,641	-
Certificates of deposit	4,126,042	3,479,016	4,596,333	-
U.S. Treasury securities	-	14,705,904	32,642,654	-
U.S Agency securities	2,034,260	-	1,048,500	889,314
Total Investments Subject to Interest Rate Risk	\$ 6,418,964	\$ 20,214,380	\$ 41,064,963	\$ 2,982,080

City and Borough of Sitka, Alaska

Notes to the Basic 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	\$ 251,441	\$ -	\$ -	\$ -
Municipal securities	-	-	538,704	-
U.S Agency securities	7	256,230	476	284,647
U.S. Treasury securities	-	1,020,686	2,643,629	2,224,023
Total Investments Subject to Interest Rate Risk	\$ 251,448	\$ 1,276,916	\$ 3,182,809	\$ 2,508,670

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, 2020, the Permanent Fund's portfolio contained 64% equity securities and 36% 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, 2020.

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.

As of June 30, 2020, the City and Borough had no concentrations exceeding five percent from any issuer, with the exception of Alaska Municipal League Investment Pool (AMLIP) which is considered to have no credit risk and securities issued by the U.S. Government.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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, 2020, \$677,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$3,690,382 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, 2020:

- U.S. government agency securities of \$4,513,435 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 \$53,236,897 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 \$5,187,722 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 \$2,509,345 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 \$14,620,567 are valued using quoted market prices (Level 1 inputs)

The Borough has investments in money market funds and certificates of deposits totaling \$18,075,862 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2020. The Borough's investment in AMLIP of \$13,062,695 is measured at net asset value, as of June 30, 2020. Management believes that these values approximate fair value.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

Cash on hand	\$ 2,100
Carrying amount of deposits	8,891,967
Carrying amount of investments	111,206,523

Total Cash and Investments	\$ 120,100,590
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Reported in the Statement of Net Position

Equity in central treasury	\$ 84,594,982
Equity in central treasury - restricted	145,174
Bond covenant accounts	12,185,557
Cash and investments - restricted	22,842,087
Reported in the Fiduciary Funds	332,790

Total Cash and Investments	\$ 120,100,590
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At June 30, 2020, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$4,291,729. 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.

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City and Borough of Sitka, Alaska

Notes to the Basic 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	Sitka Community Hospital Dedicated	Nonmajor Governmental	Total Governmental Funds
Accounts	\$ 1,322,648	\$ 1,662	\$ 125	\$ 1,324,435
Taxes	2,151,850	63,902	39,639	2,255,391
Interest	253,187	4,216,455	-	4,469,642
Special assessments	-	-	12,828	12,828
Federal and State of Alaska	188,132	-	573,727	761,859
Notes	-	10,483,545	514,145	10,997,690
Total receivables	3,915,817	14,765,564	1,140,464	19,821,845
Less allowance for doubtful accounts and notes	(1,097,786)	-	-	(1,097,786)
Net Total Receivables	\$ 2,818,031	\$ 14,765,564	\$ 1,140,464	\$ 18,724,059

	Electric Utility	Solid Waste Disposal	Waste- water Utility	Harbors	Non- major Enterprise	Total Enterprise Funds
Special assessments	\$ -	\$ -	\$ 39,029	\$ -	\$ -	\$ 39,029
Federal & State	241,722	-	3,611,051	699,393	336,795	4,888,961
Accounts	1,109,302	317,784	274,343	756,312	399,910	2,857,651
Notes	-	-	36,827	-	27,968	64,795
Total receivables	1,351,024	317,784	3,961,250	1,455,705	764,673	7,850,436
Less allowance for doubtful accounts	(159,646)	(79,278)	(46,475)	(403,433)	(34,367)	(723,199)
Net Total Receivables	\$1,191,378	\$238,506	\$3,914,775	\$1,052,272	\$ 730,306	\$7,127,237

City and Borough of Sitka, Alaska

Notes to the Basic 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>	<i>Deferred Inflows</i>
Special assessments not yet due	\$ 12,828
Totals for Governmental Funds	\$ 12,828

5. Capital Assets

Governmental Activities	Beginning Balance	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,230,911	\$ 88,600	\$ -	\$ 11,319,511
Construction in progress	2,134,948	1,681,616	(1,447,802)	2,368,762
Total capital assets not being depreciated	13,365,859	1,770,216	(1,447,802)	13,688,273
<i>Capital assets being depreciated:</i>				
Buildings	140,768,982	2,486,944	-	143,255,926
Land improvements	8,220,641	152,241	-	8,372,882
Infrastructure	52,931,596	643,540	-	53,575,136
Equipment	15,984,648	1,601,935	(91,291)	17,495,292
Total capital assets being depreciated	217,905,867	4,884,660	(91,291)	222,699,236
<i>Less accumulated depreciation for:</i>				
Buildings	(64,045,772)	(4,526,279)	-	(68,572,051)
Land improvements	(2,200,167)	(402,721)	-	(2,602,888)
Infrastructure	(22,421,666)	(1,874,164)	-	(24,295,830)
Equipment	(12,102,261)	(1,092,450)	86,291	(13,108,420)
Total accumulated depreciation	(100,769,866)	(7,895,614)	86,291	(108,579,189)
Total capital assets being depreciated, net	117,136,001	(3,010,954)	(5,000)	114,120,047
Governmental Activities Capital Assets, net	\$ 130,501,860	\$ (1,240,738)	\$ (1,452,802)	\$ 127,808,320

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Business-Type Activities	Beginning Balance	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,610,239	\$ -	\$ -	\$ 4,610,239
Construction in progress	5,558,899	21,936,497	(4,264,752)	23,230,644
Total capital assets not being depreciated	10,169,138	21,936,497	(4,264,752)	27,840,883
<i>Capital assets being depreciated:</i>				
Buildings	21,632,949	-	-	21,632,949
Land improvements	22,969,175	699,488	-	23,668,663
Equipment	6,970,432	141,657	(5,473)	7,106,616
Harbors	36,699,211	-	(17,036)	36,682,175
Electric Plant	294,158,553	756,598	-	294,915,151
Water Plant	36,217,583	1,512,036	-	37,729,619
Wastewater treatment plant	54,614,266	1,104,017	-	55,718,283
Total capital assets being depreciated	473,262,169	4,213,796	(22,509)	477,453,456
<i>Less accumulated depreciation for:</i>				
Buildings	(9,788,268)	(612,722)	-	(10,400,990)
Land improvements	(4,151,914)	(563,987)	-	(4,715,901)
Equipment	(4,817,328)	(249,296)	5,473	(5,061,151)
Harbors	(15,331,841)	(1,339,504)	17,036	(16,654,309)
Electric Plant	(85,197,399)	(7,800,853)	-	(92,998,252)
Water Plant	(16,476,793)	(1,050,425)	-	(17,527,218)
Wastewater treatment plant	(38,656,626)	(776,405)	-	(39,433,031)
Total accumulated depreciation	(174,420,169)	(12,393,192)	22,509	(186,790,852)
Total capital assets being depreciated, net	298,842,000	(8,179,396)	-	290,662,604
Business-type Activities				
Capital Assets, net	\$ 309,011,138	\$13,757,101	\$(4,264,752)	\$ 318,503,487

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

Governmental Activities:

Administration	\$ 81,221
Public safety	279,199
Public works	2,299,011
Public services	1,176,339
Support	3,249,837
Capital assets held by internal service funds	810,007

Total Depreciation Expense - Governmental Activities	\$ 7,895,614
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Business-type Activities:

Electric	\$ 7,959,323
Water	1,352,697
Wastewater treatment	889,453
Solid waste disposal	172,861
Harbor	1,383,331
Airport terminal building	170,299
Marine service center	31,214
Gary Paxton Industrial Park	434,014

Total Depreciation Expense - Business-type Activities	\$ 12,393,192
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6. Interfund Receivables, Payables and Transfers

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
------------------------	---------------------	---------------

Due to/from other funds:

General Fund	State Homeland Security Grant	\$ 5,772
General Fund	Solid Waste Fund	403,975

Total Due To/From Other Funds	\$ 409,747
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Advances from/to other funds:

General Fund	Sitka Community Hospital Dedicated Fund	\$ 4,125,552
General Fund	Central Garage Fund	50,000
SE AK Economic Development Fund	Information Technology Fund	235,538
SE AK Economic Development Fund	Sitka Community Hospital Dedicated Fund	108,291
SE AK Economic Development Fund	GP Industrial Park Fund	49,782
SE AK Economic Development Fund	General Fund	80,245

Total Advances From/To Other Funds	\$ 4,649,408
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City and Borough of Sitka, Alaska

Notes to the Basic 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 and is also used to fund internal projects. This fund advanced amounts to other funds for expansion projects. At the end of the fiscal year, internal loans totaling \$473,856 were outstanding. Generally, internal loans are made at an annual rate of 3%. The term is usually set at 3 years but may vary.

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.

The advance from the General Fund to the Sitka Community Hospital Fund was to provide cover a known liability at the time of the closure of the Sitka Community Hospital. A small portion of the liability remains outstanding and therefore payments to the City and Borough of Sitka from the Southeast Alaska Regional Health Consortium are held in escrow. For this reason, the at the end of the fiscal year, the advance remains outstanding, with the expectation that it will be repaid upon release of funds in escrow.

Interfund Transfers

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

Transfers To:	Transfers From:				Total
	General	Permanent	Nonmajor Governmental	Nonmajor Enterprise	
General	\$ -	\$ 1,447,500	\$ 647,345	\$ -	\$ 2,094,845
Permanent	180,941	-	-	-	180,941
Nonmajor Governmental	3,408,490	-	-	-	3,408,490
Electric	-	-	70,769	-	70,769
Harbor	94,358	-	13,231	11,237	118,826
Nonmajor Enterprise	-	-	41,812	-	41,812
Internal Service	84,791	-	40,003	-	124,794
Total Transfers Out	\$ 3,768,580	\$ 1,447,500	\$ 813,160	\$ 11,237	\$ 6,040,477

City and Borough of Sitka, Alaska

Notes to the Basic 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	2.00% to 4.33%	\$ 3,565,000
\$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	4.00% to 5.00%	\$ 5,790,000
\$6,095,000 2015 Series One refinancing portion of 2005 Series A and 2008 Series Two School bonds, final payment due October 1, 2027	2.00% to 5.00%	\$ 3,575,000
Total General Obligation Bonds		\$12,930,000

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

Year Ending June 30,	Principal	Interest
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	1,375,000	202,646
2026-2030	3,230,000	424,171
2031	395,000	17,281
	\$ 12,930,000	\$ 2,309,202

City and Borough of Sitka, Alaska

Notes to the Basic 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%	\$ 78,000
\$69,622, note payable for stormwater improvements, #783401	1.50%	45,254
\$740,000, note payable for Baranof Street Sewer Replacement, governmental portion of \$183,097, #783091	1.50%	136,181
		\$ 259,435

Annual debt service requirements to maturity are as follows:

<i>Year Ending June 30,</i>	Principal	Outstanding Interest
2021	\$ 22,310	\$ 3,892
2022	22,310	3,560
2023	22,310	3,226
2024	22,310	2,888
2025	22,310	2,553
2026-2030	92,050	7,892
2031-2035	55,835	2,356
	\$ 259,435	\$ 26,366

Capital Lease CERNER patient health record system-Sitka Community Hospital Dedicated Fund

<i>Year Ending June 30,</i>	Payments Due
2021	\$ 503,114
2022	45,738
	\$ 548,852

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City and Borough of Sitka, Alaska

Notes to the Basic 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, 2020.

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	2.00% to 5.00%	\$ 2,950,000
\$25,880,000, 2010 Series B Four Refunding Electric Serial bonds, final payment due July 1, 2031	2.00% to 5.00%	8,680,000
\$35,530,000, 2013 Series One Electric bonds, final payment due February 1, 2047	3.80% to 5.00%	35,530,000
\$25,615,000, 2013 Series Three Electric bonds, final payment due August 1, 2048	4.50% 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	5.20% to 7.00%	22,000,000
\$820,000, 2010 Series B Four Build America Electric Serial bonds, final payment due July 1, 2031	5.20% 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%	7,595,000
\$4,045,000, 2018 Series One Airport Terminal bonds, final payment due February 1, 2038	5.00%	3,910,000
Total Revenue Bonds		\$ 123,425,000

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

<i>Year Ending June 30,</i>	Principal	Interest
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	3,395,000	4,412,037
2026-2030	18,910,000	18,902,183
2031-2035	21,970,000	13,739,850
2036-2040	25,110,000	9,157,125
2041-2045	27,840,000	4,446,500
2046-2049	13,900,000	460,500
	\$ 123,425,000	\$ 69,518,349

As of June 30, 2020, the City and Borough had no authorized but unissued bonds.

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 to 125% of bonded indebtedness or 100% of debt service revenue bonds and notes. The requirement has been met for the year ended June 30, 2020.

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%	\$ 5,994,442

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

<i>Year Ending June 30,</i>	Principal	Interest
2021	\$ 378,041	\$ 236,035
2022	393,315	220,762
2023	409,204	204,872
2024	425,734	188,340
2025	442,936	171,140
2026-2030	2,498,001	572,379
2031-2033	1,447,211	87,979
	\$ 5,994,442	\$ 1,681,507

City and Borough of Sitka, Alaska

Notes to the Basic 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-notes payable as follow:		
\$565,000, for water system upgrades on Sawmill Creek Road #783061	1.50%	\$ 201,517
\$1,000,000, for harbor water distribution system upgrades #783071	1.50%	408,133
\$1,310,000, for wastewater treatment plant upgrades #783051	1.50%	428,225
\$987,157, for I and I #783011	1.50%	393,976
\$2,400,000, for Kimsham landfill closure #783081	1.50%	1,042,178
\$3,170,000, for Whitcomb Heights Subdivision water tank #783211	1.50%	1,426,377
\$1,000,000, for Japonski Island water distribution main #783151	1.50%	359,449
\$1,400,000, for sewer system upgrades #783101	1.50%	575,353
\$483,000, for SMC Road/HPR Intersection water line replacement #783311	1.50%	187,170
\$308,000, for HPR/SMC Road Intersection Sewer Replacement #783241	1.50%	163,305
\$617,000, for water tank protection, #783341	1.50%	40,105
\$859,103, for Monastery Street Sewer Main replacement, #783401	1.50%	302,854
\$782,000, for Monastery Street Water Main replacement, #783441	1.50%	433,818
\$1,455,081, for SMC Rd Sewer Upgrade, Phase III, #783281	1.50%	102,938
\$740,000, for Baranof Street Sewer Replacement, #783091	1.50%	231,877
\$685,000, for Baranof Street Water System replacement, #783501	1.50%	68,662
\$1,740,000, for Japonski Island Sewer lift stations, #783391	1.50%	1,025,159
\$1,520,000, for UV Disinfection Facility, #783431	1.50%	1,200,000
\$297,791 for Monastery & Baranof Street water mains, #783301	1.50%	253,123
\$316,211 for Monastery & Baranof Street sewer mains,#783411	1.50%	268,780
\$58,362 for Hollywood Way water main - #783521	1.50%	49,608
\$214,600 for Hollywood Way sewer main - #783511	1.50%	182,410
\$2,375,092 for Indian River temporary filtration #783381	1.50%	2,168,126
\$482,588 for Crescent Harbor lift station #783161	1.50%	440,535
\$737,690 for Jeff Davis water main replacement #783371	1.50%	673,408
Total notes payable for completed projects		\$ 12,627,086

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City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

	Interest Rate	Outstanding Amount
Uncompleted projects in draw down phase:		
\$1,352,100 for DeGroff Street Water Improvements - #783111	1.50%	\$ 1,352,100
\$1,463,700 for DeGroff Street Sewer Improvements - #783121	1.50%	1,447,716
\$214,200 for Brady Street lift station upgrades #783321	1.50%	217,400
\$1,825,000 for Wastewater Treatment Plant Rehab - #783451	1.50%	1,126,031
\$2,154,170, for Channel, Lake and Monastery Lift Station Upgrades - #783361	1.50%	1,849,099
\$2,154,170, for UV Disinfection - #783481	1.50%	50,921
\$17,620,000 for Critical Secondary Water Supply - #783531	1.56%	580,683
\$4,657,500 for Wastewater Treatment Plant Rehab - #783221	1.52%	2,832,500
Total draw on notes yet to be finalized		\$ 9,456,450
Total completed and open loans		\$ 22,083,536

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

<i>Year Ending June 30,</i>	Principal	Interest
2021	\$ 1,015,707	\$ 182,812
2022	1,019,140	167,898
2023	1,022,627	152,939
2024	1,026,164	137,932
2025	1,029,754	122,876
2026-2030	4,214,975	381,974
2031-2035	2,227,439	138,525
2036-2039	1,071,280	19,079
	\$ 12,627,086	\$ 1,304,035

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Changes in Long-term Liabilities

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 15,085,000	\$ -	\$ 2,155,000	\$ 12,930,000	\$ 1,850,000
Issuance premiums	1,074,513	-	173,713	900,800	-
Total bonds payable	16,159,513	-	2,328,713	13,830,800	1,850,000
State of Alaska notes	281,745	-	22,310	259,435	22,310
Capital lease	-	914,753	365,901	548,852	503,114
Compensated absences	648,864	606,990	589,430	666,424	266,570
Net OPEB Liability	2,450,084	3,391,668	4,800,654	1,041,098	-
Net pension liability	12,065,407	19,162,919	980,556	30,247,770	-
Governmental Activity Long-term Liabilities	\$ 31,605,613	\$ 24,076,330	\$ 9,087,564	\$ 46,594,379	\$ 2,641,994
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$126,185,000	\$ -	\$ 2,760,000	\$ 123,425,000	\$ 2,895,000
Issuance premiums	8,816,553	-	396,738	8,419,815	-
Total bonds payable	135,001,553	-	3,156,738	131,844,815	2,895,000
Notes payable:					
Revenue notes	6,357,803	-	363,361	5,994,442	378,041
State of Alaska notes	18,805,373	4,311,169	1,033,006	22,083,536	1,015,707
Total notes payable	25,163,176	4,311,169	1,396,367	28,077,978	1,393,749
Compensated absences	432,270	250,111	339,078	343,303	137,321
Landfill postclosure liability	756,189	-	31,071	725,118	-
Net OPEB Liability	1,412,368	-	1,177,599	234,769	-
Net pension liability	6,811,644	80,542	-	6,892,186	-
Business-type Activity Long-term Liabilities	169,577,200	4,641,822	6,100,853.00	168,118,169	4,426,070
Entity Combined Long-term Liabilities	\$201,182,813	\$ 28,718,152	\$ 15,188,417	\$ 214,712,548	\$ 7,068,064

For governmental activities, compensated absences, pension 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 the Basic Financial Statements

8. Restricted Assets

The balance of the restricted assets accounts in the enterprise funds at June 30, 2020 are as follows:

Customer deposits:	
Electric utility	\$ 140,528
Solid waste disposal	4,646
Investment with bond trustee pursuant to revenue bond covenants	12,185,557
Total Restricted Assets	\$ 12,330,731

9. Fund Balances

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

	General Fund	Permanent Fund	Sitka Community Hospital Dedicated	Nonmajor Funds	Totals
Nonspendable:					
Advances receivable	\$ 4,175,552	\$ -	\$ -	\$ -	\$ 4,175,552
Prepays	-	-	-	5	5
Home rule charter	-	21,437,505	-	-	21,437,505
Total Nonspendable	4,175,552	21,437,505	-	5	25,613,062
Restricted					
Sitka Public Library	-	-	-	286,311	286,311
COVID-19	-	-	-	231	231
Commercial passenger tax	-	-	-	1,120,594	1,120,594
Home rule charter	-	1,456,459	-	-	1,456,459
Debt service	-	-	-	1,876,192	1,876,192
Total restricted	-	1,456,459	-	3,283,328	4,739,787
Committed					
Working capital reserve	6,706,390	-	-	-	6,706,390
Emergency reserve	1,500,000	-	-	-	1,500,000
E911 surcharge	396,700	-	-	-	396,700
SRS Title III	512,663	-	-	-	512,663
Hospital sale	378,946	-	1,347,345	-	1,726,291
SE economic development	-	-	-	3,609,388	3,609,388
Capital projects	-	-	-	7,487,404	7,487,404
Total committed	9,494,699	-	1,347,345	11,096,792	21,938,836

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Assigned					
Gary Paxton					
Industrial Park	-	-	-	640,311	640,311
Utility Cost					
subsidization	-	-	-	105,125	105,125
LID revolving	-	-	-	1,172,697	1,172,697
LID guarantee	-	-	-	285,283	285,283
Raw water sales	-	-	-	846,483	846,483
Visitor					
enhancement	-	-	-	57,060	57,060
Other small funds	-	-	-	99,466	99,466
Total Assigned	-	-	-	3,206,425	3,206,425
Unassigned (deficit)	3,827,823	-	(2,464,898)	(5,187)	1,357,738
Total Fund Balances	\$17,498,074	\$22,893,964	\$(1,117,553)	\$17,581,363	\$56,855,848

10. 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, 2020 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 2020.

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.

11. Pension and other Postemployment Benefit Plans

(a) Defined Benefit (DB) 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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and 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 a DB agent-multiple employer plan to a DB 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 (ARM 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.

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 related liabilities. These amounts are calculated on an annual basis.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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% of eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is 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.

State 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 funds 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.

Contribution rates for the year ended June 30, 2020 were determined in the June 30, 2017 actuarial valuations. The Borough's contribution rates for the 2020 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

In 2020, the Borough was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions (including DBUL)	\$ 1,433,032	\$ 2,342,989
Nonemployer contributions (on-behalf)	690,780	746,831
Total Contributions	\$ 2,123,812	\$ 3,089,820

In addition, employee contributions to the Plan totaled \$320,106 during the Borough's fiscal year.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

At June 30, 2020, 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:

Borough proportionate share of NPL	\$ 37,139,956
State's proportionate share of NPL associated with the	14,745,138
Total Net Pension Liability	\$ 51,885,094

At June 30, 2020, the Borough's proportionate share of NPL, the related state proportion, and the total net pension liability includes \$18,997,289, \$7,542,562, and \$26,539,851, respectively, associated with the Sitka Community Hospital (SCH) portion, see footnote 15 for the inclusion of SCH.

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plan for the fiscal years 2020 to 2039. At the June 30, 2019 measurement date, the Borough's proportion was 0.67845 percent, which was an increase of 0.29856 from its proportion measured as of June 30, 2018. The Borough's June 30, 2019 measurement date includes the SCH percent. See footnote 15 for the inclusion of SCH.

For the year ended June 30, 2020, the Borough recognized pension expense of \$8,170,028 and on-behalf revenue of \$2,003,051 for support provided by the State. For the year ended June 30, 2020, the Borough recognized pension expense and on-behalf revenue includes \$3,421,084 and \$1,024,618, respectively, associated with SCH. See footnote 15 for the inclusion of SCH. At June 30, 2020, 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	\$ -	\$ (549,816)
Changes in assumptions	1,137,061	-
Net difference between projected and actual earnings on pension plan investments	532,508	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	80,774	(791,269)
Borough contributions subsequent to the measurement date	2,342,989	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 4,093,332	\$ (1,341,085)

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

At June 30, 2020, the Borough's reported deferred outflows of resources and deferred inflows of resources related to pensions includes \$934,768 and \$(281,234), respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

The \$2,342,989 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, 2021. 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,

2021	\$ 467,600
2022	(393,159)
2023	151,087
2024	183,730
2025	-
Thereafter	-
Total Amortization	\$ 409,258

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which 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 7.38%, 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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension liability	0.67845%	\$ 49,018,225	\$ 37,139,956	\$ 27,192,294

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The Borough's proportionate share of the net pension liability calculated using the discount rate, one percentage-point lower and one percentage-point higher includes \$18,997,289, \$25,073,088 and \$13,909,006, respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

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 DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB 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 participation accounts. Each participation account is self-directed with respect to investment options. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/b/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.

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, 2020 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2020, forfeitures reduced pension expense by zero.

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, 2020, 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, 2020 were \$305,164 and \$488,262, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

(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, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members 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). Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. 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/drb/pers>.

Employer Contribution Rate

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, 2020 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.28%	6.28%
Retiree Medical Plan	1.32%	1.32%
Occupational Death and Disability Benefits	0.26%	0.72%
Total Contribution Rates	7.86%	8.32%

In 2020, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions - ARHCT	\$ 516,348	\$ 681,775
Employer contributions - RMP	61,925	80,564
Employer contributions - ODD	23,586	20,549
Total Contributions	\$ 601,859	\$ 782,888

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

At June 30, 2020, 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:

Borough's proportionate share of NOL - ARHCT	\$ 1,006,841
Borough's proportionate share of NOL - RMP	269,026
Total Borough's Proportionate Share of Net OPEB Liabilities	\$ 1,275,867
State's proportionate share of the ARHCT NOL associated with the Borough	399,917
Total Net OPEB Liabilities	\$ 1,675,784

At June 30, 2020, the Borough's proportionate share of net OPEB liabilities for ARHCT, RMP and the related state proportion includes \$515,089, \$142,784 and \$204,577, respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

At June 30, 2020, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the Borough's participation in the ODD Plan. The amount recognized by the Borough for its proportionate share was \$255,094, which includes \$115,034 associated with SCH. See footnote 15 for the inclusion of SCH.

The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plans for the fiscal years 2020 to 2039.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.37992%	0.33141%	0.04851%
RMP	0.54709%	1.12450%	0.57741%
ODD	0.54709%	1.05215%	0.50506%

The Borough's June 30, 2019 measurement date includes the SCH percent. See footnote 15 for the inclusion of SCH.

City and Borough of Sitka, Alaska

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For the year ended June 30, 2020, the Borough recognized OPEB expense of \$(6,059,080). Of this amount, \$59,702 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	<i>OPEB expense</i>	<i>On-behalf revenue</i>
ARHCT	\$ (6,356,034)	\$ 59,702
RMP	266,885	-
ODD	39,069	-
Total	\$ (6,059,080)	\$ 59,702

For the year ended June 30, 2020, the Borough recognized OPEB expense and on-behalf revenue includes \$(4,726,064) and \$1,322,183, respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

At June 30, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	<i>ARHCT</i>	<i>RMP</i>	<i>ODD</i>	<i>Total</i>
Changes in assumptions	\$ 1,336,060	\$ 130,215	\$ -	\$ 1,466,275
Changes in proportion and differences between Borough contributions and proportionate share of contributions	175,034	768	35,339	211,141
Borough contributions subsequent to the measurement date	681,775	80,564	20,549	782,888
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 2,192,869	\$ 211,547	\$ 55,888	\$ 2,460,304

At June 30, 2020, the Borough's reported deferred outflows of resources for ARHCT, RMP, and ODD related to OPEB includes \$781,555, \$69,803 and \$32,695, respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

<i>Deferred Inflows of Resources</i>	<i>ARHCT</i>	<i>RMP</i>	<i>ODD</i>	<i>Total</i>
Difference between expected and actual experience	\$ (676,576)	\$ (19,929)	\$ (79,534)	\$ (776,039)
Changes in assumptions	-	-	(4,878)	(4,878)
Difference between projected and actual investment earnings	(440,887)	(2,969)	(1,685)	(445,541)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	(198,007)	(16,161)	(6,797)	(220,965)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (1,315,470)	\$ (39,059)	\$ (92,894)	\$ (1,447,423)

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

At June 30, 2020, the Borough's reported deferred inflows of resources for ARHCT, RMP, and ODD related to OPEB includes \$(595,332), \$(26,195) and \$(42,032), respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2021	\$ 293,817	\$ 8,998	\$ (9,561)	\$ 293,254
2022	(342,693)	8,998	(9,561)	(343,256)
2023	106,072	16,123	(7,230)	114,965
2024	138,428	15,997	(7,182)	147,243
2025	-	13,272	(7,962)	5,310
Thereafter	-	28,536	(16,059)	12,477
Total Amortization	\$ 195,624	\$ 91,924	\$ (57,555)	\$ 229,993

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid 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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated.
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

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, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

City and Borough of Sitka, Alaska

Notes to the Basic 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 7.38%, 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 a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.33141%	\$ 8,098,775	\$ 1,006,841	\$ (4,827,050)
RMP	1.12450%	\$ 675,700	\$ 269,026	\$ (37,142)
ODD	1.05215%	\$ (241,973)	\$ (255,094)	\$ (265,700)

The Borough's proportionate share of the net OPEB liability calculated using the discount rate, one percentage-point lower and one percentage-point higher for ARHCT includes \$515,089, \$4,143,246 and \$(2,469,467), respectively, associated with SCH. The Borough's proportionate share of the net OPEB liability calculated using the discount rate, one percentage-point lower and one percentage-point higher for RMP includes \$142,784, \$358,624 and \$(19,713), respectively, associated with the SCH portion. The Borough's proportionate share of the net OPEB asset calculated using the discount rate, one percentage-point lower and one percentage-point higher for ODD includes \$(115,034), \$(109,117) and \$(119,817), respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

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 liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports 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	0.33141%	\$ (5,509,365)	\$ 1,006,841	\$ 8,959,069
RMP	1.12450%	\$ (82,741)	\$ 269,026	\$ 750,559
ODD	1.05215%	\$ n/a	\$ n/a	\$ n/a

City and Borough of Sitka, Alaska

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The Borough's proportionate share of the net OPEB liability calculated using the healthcare cost trend rates, one percentage-point lower and one percentage-point higher for ARHCT includes \$515,089, \$(2,818,532) and \$4,583,363, respectively, associated with SCH. The Borough's proportionate share of the net OPEB liability calculated using the healthcare cost trend rates, one percentage-point lower and one percentage-point higher for RMP includes \$142,784, \$(43,914) and \$398,355, respectively, associated with SCH. See footnote 15 for the inclusion of SCH.

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan is established under AS 39.30.300. The HRA Plan allows for medical care expense 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.

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, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the Borough contributed \$182,590 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

12. 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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The City and Borough has recognized a liability for the estimated costs of postclosure care of \$725,118 as of June 30, 2020. 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, 2020 is \$476,118. 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 \$249,000 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.

13. 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.

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 that required 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.

14. Subsequent Events

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

On July 7, 2020, the City and Borough issued \$25,550,000 in General Obligation Refunding Bonds Series One. Proceeds of \$30,679,904 were used to refund the remaining principal of \$31,500,000 in 2010 Series A Four Refunding Electric Serial Bonds, 2010 Series B Recovery Zone Economic Development Electric Serial Bonds, and 2010 Series B Four Build America Electric Serial Bonds, pay accrued interest of \$865,535 and pay costs of issuance of \$107,024. The remaining \$7,346 of proceeds will be used to reduce the subsequent year's debt service for the newly issued Refunding Bonds. The refunding resulted in a cash flow savings of \$5,336,840 and an economic gain of \$5,111,571. The refunding also resulted in a lower requirement for the debt service reserve, which made available additional funds that can be used for either investment in capital projects or payment of debt service.

15. 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 provide for the lease of the real property of the former SCH facility 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 \$4,500,000 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 by SEARHC in conjunction with the APA. In June of 2020, the most significant of the liabilities was paid, and \$4,125,522 was released from escrow.

All assets and liabilities of the former SCH not purchased or assumed by SEARHC remained with the CBS and were transferred into the Tobacco Tax Special Revenue Fund at closing, resulting in a net reduction to fund balance of (\$1,553,032). The Tobacco Tax Fund has been renamed the Sitka Community Hospital Dedicated Fund. In the government-wide financial statements, the net impact to the position of governmental activities was (\$18,899,626).

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

August 1, 2019 incorporation of SCH assets and liabilities into Sitka Community Hospital Dedicated Fund

Assets

Cash and equivalents	\$	2,769,355
Accounts receivable-patient and other		2,194,077
Accounts Receivable- notes		10,483,545
Accounts receivable- interest		4,216,455

Liabilities

Accounts payable	(207,848)
Accrued payroll and related liabilities	(682,158)
Accrued vacation	(183,415)
Stark/Medicare liabilities	(4,130,000)
Lease, contract and other termination liabilities	(1,127,879)
Advance payable-Southeast Economic Development Fund	(185,164)

Deferred inflows

Deferred note receivable	(14,700,000)
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Carryover of assets and liabilities to special revenue fund

8/1/2020	\$	(1,553,032)
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Adjustment to government-wide financial statements

Assets

Net capital assets	2,607,791
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Deferred outflows

Deferred outflows related to pension and OPEB	2,897,197
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Long-term liabilities

Long-term debt	(547,852)
Net pension liability	(16,664,544)
Net OPEB liability	(3,391,668)

Deferred Inflows

Related to pension and OPEB	(2,247,518)
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Total adjustment recorded in government-wide statements	\$	(18,899,626)
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16. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Borough:

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021. 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.

The following standards are required to be implemented in future financial reporting periods. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 84 - Fiduciary Activities - Effective for year-end June 30, 2020. This Statement addresses criteria for identifying and reporting fiduciary activities.

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2021, 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 Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2020. 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 Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2022. 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.

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months, Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements - Effective for year-end June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

17. Coronavirus Pandemic

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Coronavirus pandemic (pandemic) has had a significant impact on the City and Borough of Sitka. As the local economy relies heavily on tourism, the State mandates and travel restrictions that went into effect in the last quarter of FY 2020 caused a significant drop in sales tax revenue, which continued into fiscal year 2021. As did many other municipalities, the City and Borough of Sitka received CARES Act funding passed through the state of Alaska. As of June 30, 2020, the City and Borough received a disbursement of \$6,819,186, however, no funds were expended prior to June 30, 2020. The total expected disbursements are \$14,057,653 which will be spend on direct pandemic mitigation as well as emergency economic relief measures for residents and businesses.

Management has and is continuing to evaluate the impact of the pandemic. The full impact of the pandemic and the scope of any adverse impact on the City and Borough’s financial condition, results from operations and liquidity cannot be fully determined at this time. Additionally, the City and Borough continues to examine the impact that the CARES Act may have. Currently, the City and Borough is unable to determine the full impact that the CARES Act will have on the City and Borough’s financial condition, results of operations, or liquidity.

Required Supplementary Information

City and Borough of Sitka, Alaska

General Fund

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

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes:				
Property taxes	\$ 6,966,000	\$ 6,966,000	\$ 6,852,247	\$ (113,753)
Sales taxes	13,535,000	13,535,000	12,139,374	(1,395,626)
Total taxes	20,501,000	20,501,000	18,991,621	(1,509,379)
State sources:				
Community assistance	488,900	500,000	497,524	(2,476)
State PERS relief	257,384	257,384	418,563	161,179
State grants	63,000	63,000	7,000	(56,000)
Other	57,365	57,365	37,199	(20,166)
Total state sources	866,649	877,749	960,286	82,537
Federal sources:				
National Forest receipts	-	-	458,071	458,071
Payment in lieu of taxes	887,000	887,000	796,501	(90,499)
Federal grants	370,000	547,000	457,697	(89,303)
Total federal sources	1,257,000	1,434,000	1,712,269	278,269
Charges for services:				
State jail contract	359,000	391,000	391,524	524
Ambulance fees	342,000	270,000	457,302	187,302
E911 surcharges	180,000	180,000	176,299	(3,701)
Jobbing	705,000	705,000	614,974	(90,026)
Other	66,000	66,000	28,036	(37,964)
Total charges for services	1,652,000	1,612,000	1,668,135	56,135
Interfund services	2,663,479	2,663,479	2,663,479	-
Fines, forfeitures and penalties	47,000	47,000	55,730	8,730
Investment income	444,000	444,000	1,165,577	721,577
Uses of property	507,000	507,000	364,243	(142,757)
Licenses and permits	136,000	136,000	123,353	(12,647)
Other	79,000	79,000	257,993	178,993
Total Revenues	\$ 28,153,128	\$ 28,301,228	\$ 27,962,686	\$ (338,542)

City and Borough of Sitka, Alaska

General Fund

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

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Expenditures				
Administration:				
Administration/Assembly:				
Wages and benefits	\$ 713,357	\$ 576,357	\$ 396,765	\$ 179,592
Travel and training	46,075	46,075	24,517	21,558
Other	181,475	422,426	315,860	106,566
Total administration/assembly	940,907	1,044,858	737,142	307,716
Legal:				
Wages and benefits	312,125	312,125	321,426	(9,301)
Travel and training	3,000	3,000	1,093	1,907
Other	70,104	178,728	188,544	(9,816)
Total legal	385,229	493,853	511,063	(17,210)
Municipal clerk:				
Wages and benefits	280,388	280,388	271,191	9,197
Travel and training	8,975	8,975	4,356	4,619
Other	157,088	153,640	154,804	(1,164)
Total municipal clerk	446,451	443,003	430,351	12,652
Finance:				
Wages and benefits	1,478,774	1,478,774	1,553,845	(75,071)
Travel and training	12,575	13,275	6,908	6,367
Other	363,824	363,924	355,754	8,170
Total finance	1,855,173	1,855,973	1,916,507	(60,534)
Assessing:				
Wages and benefits	340,086	340,086	319,033	21,053
Travel and training	4,750	4,750	8,378	(3,628)
Other	81,535	107,938	74,847	33,091
Total assessing	426,371	452,774	402,258	50,516

City and Borough of Sitka, Alaska

General Fund

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

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Planning:				
Wages and benefits	\$ 237,531	\$ 237,531	\$ 208,214	\$ 29,317
Travel and training	4,250	4,250	1,734	2,516
Other	50,147	50,147	30,981	19,166
Total planning	291,928	291,928	240,929	50,999
General office and local grants	800,818	896,789	872,320	24,469
Total administration	5,146,877	5,479,178	5,110,570	368,608
Public safety:				
Police:				
Wages and benefits	3,519,053	3,519,053	3,021,281	497,772
Travel and training	60,300	60,300	28,541	31,759
Other	1,085,748	1,085,748	953,232	132,516
Total police	4,665,101	4,665,101	4,003,054	662,047
Fire:				
Wages and benefits	1,119,662	1,119,662	1,166,686	(47,024)
Travel and training	30,000	30,000	12,140	17,860
Other	612,986	626,131	616,637	9,494
Total fire	1,762,648	1,775,793	1,795,463	(19,670)
Ambulance:				
Wages and benefits	171,743	171,743	156,636	15,107
Travel and training	24,500	24,500	13,076	11,424
Other	139,677	142,013	133,227	8,786
Total ambulance	335,920	338,256	302,939	35,317
Search and rescue:				
Wages and benefits	5,686	5,686	6,241	(555)
Travel and training	7,000	7,000	-	7,000
Other	30,098	30,098	19,718	10,380
Total search and rescue	42,784	42,784	25,959	16,825
Total public safety	6,806,453	6,821,934	6,127,415	694,519

City and Borough of Sitka, Alaska

General Fund

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

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Public works:				
Administration:				
Wages and benefits	\$ 586,903	\$ 586,903	\$ 512,077	\$ 74,826
Travel and training	6,000	6,000	10	5,990
Other	117,742	117,742	118,608	(866)
Total administration	710,645	710,645	630,695	79,950
Engineering:				
Wages and benefits	962,022	962,022	826,992	135,030
Travel and training	5,000	5,000	1,707	3,293
Other	137,083	149,905	48,148	101,757
Total engineering	1,104,105	1,116,927	876,847	240,080
Streets:				
Wages and benefits	557,626	557,626	515,877	41,749
Travel and training	6,000	6,000	610	5,390
Other	957,462	1,103,742	852,060	251,682
Total streets	1,521,088	1,667,368	1,368,547	298,821
Recreation:				
Wages and benefits	347,473	347,473	365,404	(17,931)
Travel and training	2,142	2,142	375	1,767
Other	340,689	360,068	248,887	111,181
Total recreation	690,304	709,683	614,666	95,017
Building officials:				
Wages and benefits	212,978	212,978	227,774	(14,796)
Travel and training	12,600	12,600	12,577	23
Other	29,765	29,765	29,059	706
Total building officials	255,343	255,343	269,410	(14,067)
Total public works	4,281,485	4,459,966	3,760,165	699,801
Public services:				
Library:				
Wages and benefits	597,458	597,458	537,148	60,310
Travel and training	4,700	4,700	1,973	2,727
Other	356,381	352,820	339,446	13,374
Total library	958,539	954,978	878,567	76,411

City and Borough of Sitka, Alaska

General Fund

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

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Harrigan Centennial Hall:				
Wages and benefits	\$ 481,163	\$ 481,163	\$ 504,270	\$ (23,107)
Other	194,445	194,445	195,678	(1,233)
Total Harrigan Centennial Hall	675,608	675,608	699,948	(24,340)
Senior Citizen Center and COVID-19 relief	86,764	576,887	151,571	425,316
Total public services	1,720,911	2,207,473	1,730,086	477,387
Support:				
Sitka School District	7,285,700	7,514,735	7,511,994	2,741
Sitka Community Hospital	150,671	150,671	-	150,671
Total Support	7,436,371	7,665,406	7,511,994	153,412
Debt service:				
Principal	66,031	66,031	22,310	43,721
Interest	21,970	21,970	7,837	14,133
Total debt service	88,001	88,001	30,147	57,854
Equipment acquisition	56,000	328,361	278,390	49,971
Total Expenditures	25,536,098	27,050,319	24,548,767	2,501,552
Excess of Revenues Over Expenditures	1,261,409	1,250,909	3,413,919	2,163,010
Other Financing Sources (Uses)				
Transfers in	1,898,500	1,898,500	2,094,845	196,345
Transfers out	(4,396,637)	(8,046,365)	(3,768,580)	4,277,785
Net Other Financing Sources (Uses)	(2,498,137)	(6,147,865)	(1,673,735)	4,474,130
Net Change in Fund Balance	\$ (1,236,728)	\$ (4,896,956)	1,740,184	\$ 6,637,140
Fund Balance, beginning			15,757,890	
Fund Balance, ending			\$17,498,074	

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Sitka Community Hospital Dedicated Fund

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

Sitka Community Hospital Dedicated Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 971,500	\$ 971,500	\$ 2,405,576	\$ 1,434,076
Expenditures	890,500	5,166,052	2,058,385	3,107,667
Excess of Revenues Over (Under) Expenditures	<u>\$ 81,000</u>	<u>\$ (4,194,552)</u>	347,191	<u>\$ (1,673,591)</u>
Special item, sale of hospital			<u>(1,553,032)</u>	
Net Change in Fund Balance			<u>(1,205,841)</u>	
Fund Balance, beginning			<u>88,288</u>	
Fund Balance, ending			<u>\$ (1,117,553)</u>	

See accompanying notes to Required Supplementary Information.

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

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.67845%	0.37989%	0.35743%	0.44663%	0.36213%	0.26956%
Borough's Proportionate Share of the Net Pension Liability	\$ 37,139,956	\$ 18,877,051	\$ 18,337,623	\$ 24,965,090	\$ 17,563,590	\$ 12,572,647
State of Alaska Proportionate Share of the Net Pension Liability	\$ 14,745,138	\$ 5,466,809	\$ 6,834,306	\$ 3,149,104	\$ 4,706,852	\$ 10,755,597
Total Net Pension Liability	\$ 51,885,094	\$ 24,343,860	\$ 25,171,929	\$ 28,114,194	\$ 22,270,442	\$ 23,328,244
Borough's Covered Payroll	\$ 11,504,799	\$ 11,056,175	\$ 11,292,193	\$ 10,552,272	\$ 12,031,717	\$ 10,738,358
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	322.82%	170.74%	162.39%	236.58%	145.98%	117.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of Borough Contributions

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 2,342,989	\$ 1,433,032	\$ 1,450,093	\$ 1,274,776	\$ 1,142,815	\$ 1,123,981
Contributions Relative to the Contractually Required Contribution	\$ 2,342,989	\$ 1,433,032	\$ 1,450,093	\$ 1,274,776	\$ 1,142,815	\$ 1,123,981
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 11,138,275	\$ 11,504,799	\$ 11,056,175	\$ 11,292,193	\$ 10,552,272	\$ 12,031,717
Contributions as a Percentage of Covered Payroll	21.04%	12.46%	13.12%	11.29%	10.83%	9.34%

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 (Asset)

<i>Years Ended June 30,</i>	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.33141%	0.37992%	0.35470%	1.12450%	0.54709%	0.54581%	1.05215%	0.54709%	0.54581%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,006,841	\$ 3,899,090	\$ 2,996,375	\$ 269,026	\$ 69,617	\$ 28,464	\$ (255,094)	\$ (106,255)	\$ (77,445)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	399,917	1,132,039	1,117,195	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ 1,406,758	\$ 5,031,129	\$ 4,113,570	\$ 269,026	\$ 69,617	\$ 28,464	\$ (255,094)	\$ (106,255)	\$ (77,445)
Borough's Covered Payroll	4,838,102	4,862,791	5,282,931	6,356,125	6,193,384	5,719,619	6,356,125	6,193,384	5,719,619
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	20.81%	80.18%	56.72%	4.23%	1.12%	0.50%	-4.01%	-1.72%	-1.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	98.13%	88.12%	89.68%	83.17%	88.71%	93.98%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

<i>Years Ended June 30,</i>	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually Required Contributions	\$ 1,401,441	\$ 516,348	\$ 413,336	\$ 223,348	\$ 61,925	\$ 63,777	\$ (94,485)	\$ 23,586	\$ 7,852
Contributions Relative to the Contractually Required Contribution	\$ 1,401,441	\$ 516,348	\$ 413,336	\$ 223,348	\$ 61,925	\$ 63,777	\$ (94,485)	\$ 23,586	\$ 7,852
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 4,681,486	\$ 4,838,102	\$ 4,862,791	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384
Contributions as a Percentage of Covered Payroll	29.936%	10.673%	8.500%	3.673%	0.974%	1.030%	-1.554%	0.371%	0.127%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information June 30, 2020

1. Budgetary Comparison Schedule - General Fund and Sitka Community Hospital Dedicated Fund

The budgetary comparison schedule is presented on the modified accrual basis of accounting.

2. Public Employees' Retirement System Pension Plan

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, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

In 2020, the discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

Schedule of Borough Contributions

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.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

3. Public Employees' Retirement System OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information, continued

Changes in Assumptions:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated.
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Changes in Methods:

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

Schedule of Borough Contributions

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.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

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Supplementary Information

City and Borough of Sitka, Alaska

Major Governmental Funds

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

Permanent Fund

<i>June 30, 2020</i>	Budget	Actual	Variance
Revenues	\$ 730,941	\$ 245,652	\$ (485,289)
Total Revenues	730,941	245,652	(485,289)
Expenditures	55,000	48,556	6,444
Total Expenditures	55,000	48,556	6,444
Other Financing Sources (Uses)			
Transfers In	180,941	180,941	-
Transfer Out	(1,447,500)	(1,447,500)	-
Net Other Financing Sources (Uses)	(1,266,559)	(1,266,559)	-
Change in Fund Balance	\$ (590,618)	(1,069,463)	\$ (478,845)
Fund Balance, beginning		<u>23,963,427</u>	
Fund Balance, ending		<u>\$ 22,893,964</u>	

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to be used for particular purposes.

Police Dept and Forfeitures - Accounts for the proceeds related to the property seized by the local Police Department, or Federal and State agencies.

State Homeland Security Grant - Accounts for proceeds of from grant through Homeland Security.

Library Building - Accounts for donations given specifically for use on the Sitka Public Library building.

Library Donation - Accounts for donations given for purposes of supporting the Sitka Public Library.

SE Economic Development - Accounts for funding dedicated to local economic development.

Gary Paxton Park Contingency - Accounts for funding dedicated to environmental mitigation of former pulp mill site.

Commercial Passenger Excise Tax - Accounts for commercial passenger excise taxes that are remitted by the state of Alaska

LID Revolving - Accounts for funding of and for local improvement district projects.

LID Guaranty - Accounts for funds dedicated to providing a guarantee for debt service for bond issuances relating to LIDs.

CARES Act - to track revenue passed through the State to provide COVID-19 pandemic relief.

Raw Water Sales - Accounts for funding related to the development of and revenue from the sale of bulk water from Blue Lake.

Fisheries Enhancement - Accounts for funding dedicated to enhancing local fisheries.

Pet Adoption - Accounts for donations to support adoption of pets.

Visitor Enhancement - Accounts for revenues from bed tax to be used to encourage tourism.

Student Travel - Accounts for proceeds from marijuana licenses, to be used for student travel.

Utility Subsidization - Accounts for funds appropriated to be use in support of Utility Subsidization Program.

Capital Project Fund

Capital Project - accounts for general governmental capital projects.

Debt Service Fund

School Bond Debt Service - Accounts for general obligation bonds and dedicated revenue streams relating to building and renovating school buildings.

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

Combining Balance Sheet

<i>June 30, 2020</i>	Police Dept and Forfeitures	State Homeland Security Grant	Library Building	Library Donation	SE Economic Development	Gary Paxton Park Contingency	Commercial Passenger Excise Tax	LID Guaranty	LID Revolving
Assets									
Equity in central treasury	\$ 9,290	\$ 585	\$ 18,516	\$ 267,795	\$ 2,621,387	\$ 640,311	\$ 1,120,594	\$ 285,283	\$ 1,172,696
Receivables:									
Taxes	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	12,828
Federal and State of Alaska	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	473,856	-	-	-	-
Prepaid items	5	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	514,145	-	-	-	-
Total Assets	\$ 9,295	\$ 585	\$ 18,516	\$ 267,795	\$ 3,609,388	\$ 640,311	\$ 1,120,594	\$ 285,283	\$ 1,185,524
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-	-
Due to other funds	-	5,772	-	-	-	-	-	-	-
Total Liabilities	-	5,772	-	-	-	-	-	-	-
Deferred Inflows of Resources									
Deferred assessments	-	-	-	-	-	-	-	-	12,827
Fund Balances (Deficit)									
Nonspendable	5	-	-	-	-	-	-	-	-
Restricted	-	-	18,516	267,795	-	-	1,120,594	-	-
Committed	-	-	-	-	3,609,388	-	-	-	-
Assigned	9,290	-	-	-	-	640,311	-	285,283	1,172,697
Unassigned (deficit)	-	(5,187)	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	9,295	(5,187)	18,516	267,795	3,609,388	640,311	1,120,594	285,283	1,172,697
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 9,295	\$ 585	\$ 18,516	\$ 267,795	\$ 3,609,388	\$ 640,311	\$ 1,120,594	\$ 285,283	\$ 1,185,524

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet, continued

	Special Revenue funds								Total	
	CARES Act	Raw Water Sales	Fisheries Enhance-ment	Pet Adoption	Visitor Enhance-ment	Student Travel	Utility Subsidization	Capital Project	School Debt Service Fund	Nonmajor Governmental Funds
<i>June 30, 2020</i>										
Assets										
Equity in central treasury	\$ 6,819,196	\$ 856,483	\$ 1,371	\$ 78,301	\$ 17,421	\$ 10,504	\$ 105,125	\$ 7,252,598	\$ 1,861,559	\$ 23,139,015
Receivables:										
Taxes	-	-	-	-	39,639	-	-	-	-	39,639
Special assessments	-	-	-	-	-	-	-	-	-	12,828
Federal and State of Alaska	-	-	-	-	-	-	-	559,094	14,633	573,727
Accounts	125	-	-	-	-	-	-	-	-	125
Advances to other funds	-	-	-	-	-	-	-	-	-	473,856
Prepaid items	-	-	-	-	-	-	-	-	-	5
Notes receivable	-	-	-	-	-	-	-	-	-	514,145
Total Assets	\$ 6,819,321	\$ 856,483	\$ 1,371	\$ 78,301	\$ 57,060	\$ 10,504	\$ 105,125	\$ 7,811,692	\$ 1,876,192	\$ 24,753,340
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324,288	\$ -	\$ 324,288
Unearned revenue	6,819,090	10,000	-	-	-	-	-	-	-	6,829,090
Due to other funds	-	-	-	-	-	-	-	-	-	5,772
Total Liabilities	6,819,090	10,000	-	-	-	-	-	324,288	-	7,159,150
Deferred Inflows of Resources										
Deferred assessments	-	-	-	-	-	-	-	-	-	12,827
Fund Balances (Deficit)										
Nonspendable	-	-	-	-	-	-	-	-	-	5
Restricted	231	-	-	-	-	-	-	-	1,876,192	3,283,328
Committed	-	-	-	-	-	-	-	7,487,404	-	11,096,792
Assigned	-	846,483	1,371	78,301	57,060	10,504	105,125	-	-	3,206,425
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	(5,187)
Total Fund Balances (Deficit)	231	846,483	1,371	78,301	57,060	10,504	105,125	7,487,404	1,876,192	17,581,363
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 6,819,321	\$ 856,483	\$ 1,371	\$ 78,301	\$ 57,060	\$ 10,504	\$ 105,125	\$ 7,811,692	\$ 1,876,192	\$ 24,753,340

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	Commercial Passenger Excise Tax	LID Guaranty	LID Revolving
<i>For the fiscal year ended June 30, 2020</i>									
Revenues									
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-	-	615,545	-	-
Investment income (loss)	160	-	769	11,104	131,345	26,641	39,245	11,870	51,846
Other	-	-	-	3,013	52,400	-	-	-	8,495
Total Revenues	160	-	769	14,117	183,745	26,641	654,790	11,870	60,341
Expenditures									
Current:									
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	90,000	-	33
Public services	-	-	-	874	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	874	-	-	90,000	-	33
Excess of Revenues Over (Under) Expenditures	160	-	769	13,243	183,745	26,641	564,790	11,870	60,308
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(40,003)	(11,812)	(13,790)	(5,263)	(21,523)
Net Other Financing Sources (Uses)	-	-	-	-	(40,003)	(11,812)	(13,790)	(5,263)	(21,523)
Net Change in Fund Balances	160	-	769	13,243	143,742	14,829	551,000	6,607	38,785
Fund Balances (Deficit), beginning	9,135	(5,187)	17,747	254,552	3,465,646	625,482	569,594	278,676	1,133,912
Fund Balances (Deficit), ending	\$ 9,295	\$ (5,187)	\$ 18,516	\$ 267,795	\$ 3,609,388	\$ 640,311	\$ 1,120,594	\$ 285,283	\$ 1,172,697

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

Special Revenue Funds, continued

For the fiscal year ended June 30, 2020	CARES Act	Raw Water Sales	Fisheries Enhance-ment	Pet Adoption	Visitor Enhancement	Student Travel Fund	Utility Subsidization	Capital Projects Fund	School Debt Service	Total Nonmajor Governmental Funds
Revenues										
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ 398,187	\$ -	\$ -	\$ -	\$ -	\$ 398,187
State sources	-	-	-	-	-	3,000	-	350,234	908,918	1,262,152
Federal sources	-	-	-	-	-	-	-	628,087	-	628,087
Commercial passenger excise tax	-	-	-	-	-	-	-	-	-	615,545
Investment income (loss)	231	35,733	164	1,399	942	175	5,338	25,424	59,013	401,399
Other	-	1,200	-	17,612	4,913	-	-	-	-	87,633
Total Revenues	231	36,933	164	19,011	404,042	3,175	5,338	1,003,745	967,931	3,393,003
Expenditures										
Current:										-
Public safety	-	-	-	5,284	-	-	-	-	-	5,284
Public works	-	-	38,416	-	-	-	-	-	-	128,449
Public services	-	-	-	-	527,873	-	-	-	-	528,747
Debt service:										
Principal	-	-	-	-	-	-	-	-	2,155,000	2,155,000
Interest	-	-	-	-	-	-	-	-	641,115	641,115
Capital outlay	-	-	-	-	-	-	-	1,581,819	-	1,581,819
Total Expenditures	-	-	38,416	5,284	527,873	-	-	1,581,819	2,796,115	5,040,414
Excess of Revenues Over (Under) Expenditures	231	36,933	(38,252)	13,727	(123,831)	3,175	5,338	(578,074)	(1,828,184)	(1,647,411)
Other Financing Sources (Uses)										
Transfers in	-	-	38,182	-	-	-	-	2,090,474	1,279,834	3,408,490
Transfers out	-	(30,000)	-	-	(80,000)	-	(270,769)	(340,000)	-	(813,160)
Net Other Financing Sources (Uses)	-	(30,000)	38,182	-	(80,000)	-	(270,769)	1,750,474	1,279,834	2,595,330
Net Change in Fund Balances	231	6,933	(70)	13,727	(203,831)	3,175	(265,431)	1,172,400	(548,350)	947,919
Fund Balances (Deficit), beginning	-	839,550	1,441	64,574	260,891	7,329	370,556	6,315,004	2,424,542	16,633,444
Fund Balances (Deficit), ending	\$ 231	\$ 846,483	\$ 1,371	\$ 78,301	\$ 57,060	\$ 10,504	\$ 105,125	\$ 7,487,404	\$ 1,876,192	\$ 17,581,363

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>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 6,000	\$ 6,000	\$ 160	\$ (5,840)
Expenditures	5,900	5,600	-	5,600
Net change in fund balance	<u>\$ 100</u>	<u>\$ 400</u>	160	<u>\$ (240)</u>
Fund Balance, beginning			<u>9,135</u>	
Fund Balance, ending			<u>\$ 9,295</u>	

Homeland Security Grant Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
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>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 372	\$ 372	\$ 769	\$ 397
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	<u>\$ 372</u>	<u>\$ 372</u>	769	<u>\$ 397</u>
Fund Balance, beginning			<u>17,747</u>	
Fund Balance, ending			<u>\$ 18,516</u>	

Library Donation Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 5,000	\$ 5,200	\$ 14,117	\$ 8,917
Expenditures	5,000	5,000	874	4,126
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 200</u>	13,243	<u>\$ 13,043</u>
Fund Balance, beginning			<u>254,552</u>	
Fund Balance, ending			<u>\$ 267,795</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>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 103,700	\$ 103,700	\$ 183,745	\$ 80,045
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	103,700	103,700	183,745	80,045
Other Financing Uses- transfers out	(93,100)	(93,100)	(40,003)	53,097
Net Change in Fund Balance	<u>\$ (93,100)</u>	<u>\$ (93,100)</u>	143,742	<u>\$ 133,142</u>
Fund Balance, beginning			<u>3,465,646</u>	
Fund Balance, ending			<u>\$ 3,609,388</u>	

Gary Paxton Industrial Park Contingency Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 13,200	\$ 13,200	\$ 26,641	\$ 13,441
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	13,200	13,200	26,641	13,441
Other Financing Uses- transfers out	(13,200)	(13,200)	(11,812)	1,388
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	14,829	<u>\$ 14,829</u>
Fund Balance, beginning			<u>625,482</u>	
Fund Balance, ending			<u>\$ 640,311</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

Commercial Passenger Excise Tax Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Budget	Final Budget	Actual	Variance
Revenues	\$ 457,000	\$ 457,000	\$ 654,790	\$ 197,790
Expenditures	151,200	151,200	90,000	61,200
Excess of Revenues Over Expenditures	305,800	305,800	564,790	136,590
Other Financing Uses- transfers out	-	-	(13,790)	(13,790)
Net Change in Fund Balance	<u>\$ 305,800</u>	<u>\$ 305,800</u>	551,000	<u>\$ 122,800</u>
Fund Balance, beginning			<u>569,594</u>	
Fund Balance, ending			<u>\$ 1,120,594</u>	

Local Improvement District Revolving Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Budget	Final Budget	Actual	Variance
Revenues	\$ 23,000	\$ 23,000	\$ 60,341	\$ 37,341
Expenditures	500	500	33	467
Excess of Revenues Over Expenditures	22,500	22,500	60,308	36,874
Other Financing Uses- Transfers out	(23,000)	(23,000)	(21,523)	1,477
Net Change in Fund Balance	(500)	(500)	38,785	39,285
Fund Balance, beginning			<u>1,133,912</u>	
Fund Balance, ending			<u>\$ 1,172,697</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

Local Improvement District Guaranty Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Budget	Final Budget	Actual	Variance
Revenues	\$ 5,500	\$ 5,500	\$ 11,870	\$ 6,370
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	5,500	5,500	11,870	6,370
Other Financing Uses- transfers out	(5,500)	(5,500)	(5,263)	237
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,607	<u>\$ 6,607</u>
Fund Balance, beginning			<u>278,676</u>	
Fund Balance, ending			<u>\$ 285,283</u>	

Raw Water Sales Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Budget	Final Budget	Actual	Variance
Revenues	\$ 18,000	\$ 18,000	\$ 36,933	\$ 18,933
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	18,000	18,000	36,933	18,933
Other Financing Uses- transfers out	(30,000)	(30,000)	(30,000)	-
Net Change in Fund Balance	<u>\$ (12,000)</u>	<u>\$ (12,000)</u>	6,933	<u>\$ 18,933</u>
Fund Balance, beginning			<u>839,550</u>	
Fund Balance, ending			<u>\$ 846,483</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

Fisheries Enhancement Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 164	\$ 164
Expenditures	36,000	38,417	38,416	1
Excess of Revenues Under Expenditures	(36,000)	(38,417)	(38,252)	163
Other Financing Sources- transfers in	36,000	36,000	38,182	2,182
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,417)</u>	<u>(70)</u>	<u>\$ 2,347</u>
Fund Balance, beginning			<u>1,441</u>	
Fund Balance, ending			<u>\$ 1,371</u>	

Pet Adoption Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Budget	Final Budget	Actual	Variance
Revenues	\$ 900	\$ 900	\$ 19,011	\$ 18,111
Expenditures	900	10,900	5,284	5,616
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>13,727</u>	<u>\$ 23,727</u>
Fund Balance, beginning			<u>64,574</u>	
Fund Balance, ending			<u>\$ 78,301</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

Bed Tax/Visitor Enhancement Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Budget	Final Budget	Actual	Variance
Revenues	\$ 535,000	\$ 535,000	\$ 404,042	\$ (130,958)
Expenditures	545,200	545,200	527,873	17,327
Excess of Revenues Under Expenditures	(10,200)	(10,200)	(123,831)	(148,285)
Other Financing Uses- transfers out	(80,000)	(80,000)	(80,000)	-
Net Change in Fund Balance	<u>\$ (90,200)</u>	<u>\$ (90,200)</u>	(203,831)	<u>\$ (113,631)</u>
Fund Balance, beginning			<u>260,891</u>	
Fund Balance, ending			<u>\$ 57,060</u>	

Student Travel Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 2,500	\$ 2,500	\$ 3,175	\$ 675
Expenditures	2,500	2,500	-	2,500
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	3,175	<u>\$ 3,175</u>
Fund Balance, beginning			<u>7,329</u>	
Fund Balance, ending			<u>\$ 10,504</u>	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

Utility Subsidization Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 5,338	\$ 5,338
Expenditures	-	-	-	-
Excess of Revenues Under Expenditures	-	-	5,338	5,338
Other Financing Uses- transfers out	(161,543)	(161,543)	(270,769)	(109,226)
Net Change in Fund Balance	<u>\$ (161,543)</u>	<u>\$ (161,543)</u>	(265,431)	<u>\$ (103,888)</u>
Fund Balance, beginning			<u>370,556</u>	
Fund Balance, ending			<u>\$ 105,125</u>	

CARES Act Special Revenue Fund

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 231	\$ 231
Expenditures	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	231	<u>\$ 231</u>
Fund Balance, beginning			<u>-</u>	
Fund Balance, ending			<u>\$ 231</u>	

City and Borough of Sitka, Alaska

Capital Projects Fund

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

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 60,000	\$ 257,596	\$ 1,003,745	\$ 746,149
Expenditures	1,962,474	1,626,206	1,581,819	44,387
Other Financing Sources (Uses)				
Transfers in	1,902,474	2,090,474	2,090,474	-
Transfers out	(340,000)	(340,000)	(340,000)	-
Net Other Financing Sources (Uses)	1,562,474	1,750,474	1,750,474	-
Net Change in Fund Balance	<u>\$ (340,000)</u>	<u>\$ 381,864</u>	1,172,400	<u>\$ 701,762</u>
Fund Balance, beginning			<u>6,315,004</u>	
Fund Balance, ending			<u>\$ 7,487,404</u>	

City and Borough of Sitka, Alaska

School Bond Debt Service Fund

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

<i>For the fiscal year ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 10,000	\$ 910,000	\$ 967,931	\$ 57,931
Expenditures	2,796,115	2,796,115	2,796,115	-
Excess of Revenues Under Expenditures	(2,786,115)	(1,886,115)	(1,828,184)	57,931
Other Financing Sources- transfers in	1,482,933	1,482,933	1,279,834	(203,099)
Change in Fund Balance	\$ (1,303,182)	\$ (403,182)	(548,350)	\$ (145,168)
Fund Balance, beginning			<u>2,424,542</u>	
Fund Balance, ending			<u>\$ 1,876,192</u>	

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NONMAJOR ENTERPRISE FUNDS

Water Fund - Accounts for municipally owned water infrastructure and deliver.

Gary Paxton Industrial Park Fund - Accounts for industrial park owned by the City and Borough.

Airport - Accounts for municipally owned airport terminal.

Marine Service Center - Accounts for cold storage building owned and operated by the City and Borough.

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds
Combining Statement of Net Position

June 30, 2020	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
Assets					
Current Assets					
Equity in central treasury	\$ 3,957,114	\$ 762,686	\$ 5,288,128	\$ 2,196,920	\$ 12,204,848
Receivables:					
Trade accounts receivable and other	217,739	46,772	114,614	20,785	399,910
Allowance for uncollectables	(34,367)	-	-	-	(34,367)
Federal and State of Alaska	284,954	-	51,841	-	336,795
Current portion of note receivable	-	8,649	-	-	8,649
Inventories	244,521	-	-	-	244,521
Prepaid expenses	-	-	12,283	-	12,283
Total Current Assets	4,669,961	818,107	5,466,866	2,217,705	13,172,639
Noncurrent Assets					
Equity in central treasury					
Bond covenant accounts	-	-	345,440	-	345,440
Notes receivable	-	19,319	-	-	19,319
Net OPEB asset	2,810	-	-	-	2,810
Water rights	23,483	-	-	-	23,483
Capital assets:					
Property, plant and equipment	46,832,623	20,038,332	5,206,983	3,506,392	75,584,330
Construction in progress	621,713	-	460,348	118,077	1,200,138
Less accumulated depreciation	(19,164,797)	(3,080,810)	(3,386,207)	(3,300,522)	(28,932,336)
Total capital assets, net of accumulated depreciation	28,289,539	16,957,522	2,281,124	323,947	47,852,132
Total Noncurrent Assets	28,315,832	16,976,841	2,626,564	323,947	48,243,184
Total Assets	32,985,793	17,794,948	8,093,430	2,541,652	61,415,823
Deferred Outflows of Resources					
Deferred Outflows of Resources related to OPEB	31,625	-	-	-	31,625
Deferred Outflows of Resources related to pensions	63,372	-	-	-	63,372
Total Deferred Outflows of Resources	94,997	-	-	-	94,997
Total Assets and Deferred Outflows of Resources	\$ 33,080,790	\$ 17,794,948	\$ 8,093,430	\$ 2,541,652	\$ 61,510,820
Liabilities and Net Position					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 118,302	\$ 254	\$ 40,285	\$ 4,999	\$ 163,840
Interest payable	50,518	-	81,459	-	131,977
Unearned revenue	7,114	-	-	-	7,114
Current portion:					
Revenue bonds	-	-	140,000	-	140,000
Notes payable	413,896	-	-	-	413,896
Compensated absences	11,310	-	-	-	11,310
Total Current Liabilities	601,140	254	261,744	4,999	868,137
Noncurrent Liabilities					
Advances from other funds	-	49,782	-	-	49,782
Bonds, notes, and unamortized bond premiums	6,516,139	-	4,061,901	-	10,578,040
Compensated Absences	16,966	-	-	-	16,966
Net other postemployment benefits liability	12,399	-	-	-	12,399
Net pension liability	364,008	-	-	-	364,008
Total Noncurrent Liabilities	6,909,512	49,782	4,061,901	-	11,021,195
Total Liabilities	7,510,652	50,036	4,323,645	4,999	11,889,332
Deferred Inflows of Resources					
Deferred Inflows of Resources related to OPEB	15,727	-	-	-	15,727
Deferred Inflows of Resources related to pensions	21,264	-	-	-	21,264
Total Deferred Inflows of Resources	36,991	-	-	-	36,991
Net Position					
Net investment in capital assets	21,359,504	16,957,522	2,281,124	323,947	40,922,097
Restricted for capital asset acquisition	-	-	4,201,901	-	4,201,901
Restricted for debt service	-	-	345,440	-	345,440
Unrestricted (deficit)	4,173,643	787,390	(3,058,680)	2,212,706	4,115,059
Total Net Position	25,533,147	17,744,912	3,769,785	2,536,653	49,584,497
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 33,080,790	\$ 17,794,948	\$ 8,093,430	\$ 2,541,652	\$ 61,510,820

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>For the fiscal year ended June 30, 2020</i>	Water	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
Operating Revenues					
Charges for service	\$ 2,825,099	\$ 187,901	\$ 721,015	\$ 255,064	\$ 3,989,079
Other operating revenues	34,455	-	-	-	34,455
Total Operating Revenues	2,859,554	187,901	721,015	255,064	4,023,534
Operating Expenses					
Wages and benefits	282,051	-	-	-	282,051
Travel and training	4,131	-	-	-	4,131
Utilities	100,401	17,505	112,024	3,119	233,049
Repair and maintenance	50,436	470	68,938	66,753	186,597
Contracted/purchased services	36,984	96,623	82,006	940	216,553
Interdepartmental services	512,474	70,122	111,013	18,931	712,540
Other	207,044	56,518	23,305	5,136	292,003
Depreciation and amortization	1,352,697	434,014	170,299	31,560	1,988,570
Total Operating Expenses	2,546,218	675,252	567,585	126,439	3,915,494
Income (Loss) from Operations	313,336	(487,351)	153,430	128,625	108,040
Nonoperating Revenues (Expenses)					
Investment income	165,893	33,104	119,685	90,973	409,655
Interest expense	(98,832)	(3,236)	(244,140)	-	(346,208)
State PERS relief	19,631	-	-	-	19,631
Net Nonoperating Revenues (Expenses)	86,692	29,868	(124,455)	90,973	83,078
Income (Loss) Before Contributions and Transfers	400,028	(457,483)	28,975	219,598	191,118
Capital contributions	-	-	42,917	-	42,917
Transfers in	-	41,812	-	-	41,812
Transfers out	-	(11,237)	-	-	(11,237)
Change in Net Position	400,028	(426,908)	71,892	219,598	264,610
Net Position, beginning	25,133,119	18,171,820	3,697,893	2,317,055	49,319,887
Net Position, ending	\$ 25,533,147	\$ 17,744,912	\$ 3,769,785	\$ 2,536,653	\$ 49,584,497

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds
Combining Statement of Cash Flows

	Gary Paxton Industrial			Marine Service Center	Total Nonmajor Enterprise Funds
<i>For the fiscal year ended June 30, 2020</i>	Water	Park	Airport		
Cash Flows from (for) Operating Activities					
Receipts from customers and users	\$ 2,954,562	\$ 166,105	\$ 620,179	\$ 310,493	\$ 4,051,339
Payments to suppliers	(312,882)	(179,737)	(256,528)	(70,949)	(820,096)
Payments for interfund services used	(512,474)	(70,122)	(111,013)	(18,931)	(712,540)
Payments to employees	(369,130)	-	-	-	(369,130)
Net cash flows from (for) operating activities	1,760,076	(83,754)	252,638	220,613	2,149,573
Cash Flows from (for) Noncapital Financing Activities					
Transfers from other funds	-	41,812	-	-	41,812
Transfers to other funds	-	(11,237)	-	-	(11,237)
Net cash flows from (for) noncapital financing activities	-	30,575	-	-	30,575
Cash Flows for Capital and Related Financing Activities					
Capital outlay	(904,001)	(27,370)	10,355	(102,668)	(1,023,684)
Interest paid	(98,832)	(3,236)	(265,165)	-	(367,233)
Payments on bonds and notes payable	(433,965)	-	(135,000)	-	(568,965)
Government grants and loans for construction received	556,836	-	42,917	-	599,753
Receipts (repayment) of advances	-	(49,782)	-	-	(49,782)
Net cash flows for capital and related financing activities	(879,962)	(80,388)	(346,893)	(102,668)	(1,409,911)
Cash Flows From Investing Activities - Interest received	165,893	33,104	119,685	90,973	409,655
Net Increase (Decrease) in Cash and Cash Equivalents	1,046,007	(100,463)	25,430	208,918	1,179,892
Cash and Cash Equivalents, beginning	2,911,107	863,149	5,262,698	1,988,002	11,024,956
Cash and Cash Equivalents, ending	\$ 3,957,114	\$ 762,686	\$ 5,288,128	\$ 2,196,920	\$ 12,204,848
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities					
Income (loss) from operations	\$ 313,336	\$ (487,351)	\$ 153,430	\$ 128,625	\$ 108,040
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:					
Depreciation and amortization	1,352,697	434,014	170,299	31,560	1,988,570
State PERS relief	19,631	-	-	-	19,631
Prepayments	-	-	-	-	-
(Increase) decrease in assets and deferred outflows of resources:					
Accounts receivable (net)	87,894	(21,796)	(100,836)	55,429	20,691
Inventory	(20,623)	-	-	-	(20,623)
Prepaid expenses	-	-	(1,080)	-	(1,080)
Net OPEB asset	(2,810)	-	-	-	(2,810)
Deferred outflow of resources related to OPEB	(3,229)	-	-	-	(3,229)
Deferred outflow of resources related to pensions	(25,797)	-	-	-	(25,797)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable and accrued liabilities	106,737	(8,621)	30,825	4,999	133,940
Unearned revenue	7,114	-	-	-	7,114
Compensated absences	922	-	-	-	922
Net other postemployment benefit liability	(69,436)	-	-	-	(69,436)
Net pension liability	9,708	-	-	-	9,708
Deferred inflows of resources related to OPEB	(19,155)	-	-	-	(19,155)
Deferred inflows of resources related to pensions	3,087	-	-	-	3,087
Net Cash Flows from (for) Operating Activities	\$ 1,760,076	\$ (83,754)	\$ 252,638	\$ 220,613	\$ 2,149,573

INTERNAL SERVICE FUNDS

The City and Borough of Sitka's internal service funds account for the provision of services by one department to other municipal departments. These include:

Information Technology Fund - Accounts for centralized IT services provided to municipal departments.

Central Garage Fund - Accounts for centralized vehicle repair and maintenance.

Building Maintenance Fund - Accounts for maintenance of all municipal buildings.

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Net Position

<i>June 30, 2020</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Equity in central treasury	\$ 434,923	\$ 5,255,716	\$ 1,321,982	\$ 7,012,621
Noncurrent Assets				
Net OPEB asset	3,739	1,710	2,907	8,356
Capital assets:				
Property, plant and equipment	2,977,125	9,533,184	32,459	12,542,768
Construction in progress	-	470	-	470
Less accumulated depreciation	(2,214,132)	(5,932,738)	(27,618)	(8,174,488)
Total capital assets, net of accumulated depreciation	762,993	3,600,916	4,841	4,368,750
Total Noncurrent Assets	766,732	3,602,626	7,748	4,377,106
Total Assets	1,201,655	8,858,342	1,329,730	11,389,727
Deferred Outflows of Resources				
Deferred outflows of resources related to OPEB	42,077	19,245	32,718	94,040
Deferred outflows of resources related to pensions	84,316	38,564	65,561	188,441
Total Deferred Outflows of Resources	126,393	57,809	98,279	282,481
Total Assets and Deferred Outflows of Resources	\$ 1,328,048	8,916,151	\$ 1,428,009	\$ 11,672,208
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 22,824	\$ 80,556	\$ 9,061	\$ 112,441
Compensated absences	11,484	5,377	12,994	29,855
Total Current Liabilities	34,308	85,933	22,055	142,296
Noncurrent Liabilities				
Advances from other funds	235,538	50,000	-	285,538
Compensated absences	17,225	8,065	19,491	44,781
Net OPEB liability	16,497	7,545	12,828	36,870
Net pension liability	484,306	221,509	376,582	1,082,397
Total Noncurrent Liabilities	753,566	287,119	408,901	1,449,586
Total Liabilities	787,874	373,052	430,956	1,591,882
Deferred Inflows of Resources				
Deferred inflows of resources related to OPEB	20,925	9,570	16,270	46,765
Deferred inflows of resources related to pensions	28,292	12,940	21,999	63,231
Net Position				
Net investment in capital assets	527,455	3,550,916	4,841	4,083,212
Unrestricted (deficit)	(36,498)	4,969,673	953,943	5,887,118
Total Net Position	490,957	8,520,589	958,784	9,970,330
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,328,048	\$ 8,916,151	\$ 1,428,009	\$ 11,672,208

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>For the fiscal year ended June 30, 2020</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Operating Revenues				
Charges for service	\$ 1,540,800	\$ 1,728,859	\$ 515,842	\$ 3,785,501
Other operating revenues	653	52,919	-	53,572
Total Operating Revenues	1,541,453	1,781,778	515,842	3,839,073
Operating Expenses				
Wages and benefits	424,348	242,882	392,997	1,060,227
Travel and training	641	-	-	641
Utilities	229,092	43,448	1,400	273,940
Repair and maintenance	135,234	65,103	10,257	210,594
Contracted/purchased services	163,014	284,236	125,898	573,148
Interdepartmental services	101,141	92,680	114,412	308,233
Other	113,892	548	46,027	160,467
Depreciation and amortization	240,464	568,665	878	810,007
Total Operating Expenses	1,407,826	1,297,562	691,869	3,397,257
Income (Loss) from Operations	133,627	484,216	(176,027)	441,816
Nonoperating Revenues (Expenses)				
Investment income	16,392	214,292	53,993	284,677
Interest expense	(10,599)	(5,000)	-	(15,599)
State PERS relief	26,118	11,946	20,309	58,373
Gain on sale of capital assets	-	3,551	-	3,551
Net Nonoperating Revenues (Expenses)	31,911	224,789	74,302	331,002
Income (Loss) Before Transfers	165,538	709,005	(101,725)	772,818
Transfers in	24,791	60,000	40,003	124,794
Change in Net Position	190,329	769,005	(61,722)	897,612
Net Position, beginning	300,628	7,751,584	1,020,506	9,072,718
Net Position, ending	\$ 490,957	\$ 8,520,589	\$ 958,784	\$ 9,970,330

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>For the fiscal year ended June 30, 2020</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 1,541,453	\$ 1,781,778	\$ 515,842	\$ 3,839,073
Payments to suppliers	(631,032)	(333,486)	(193,466)	(1,157,984)
Payments for interfund services used	(101,141)	(92,680)	(114,412)	(308,233)
Payments to employees	(474,443)	(225,648)	(376,314)	(1,076,405)
Net cash flows from (for) operating activities	334,837	1,129,964	(168,350)	1,296,451
Cash Flows from (for) Noncapital Financing Activities				
Advances (repayments of advances)	(117,769)	(50,000)	-	(167,769)
Transfers from other funds	24,791	60,000	40,003	124,794
Net cash flows from (for) noncapital financing activities	(92,978)	10,000	40,003	(42,975)
Cash Flows for Capital and Related Financing Activities				
Capital outlay	(304,757)	(425,914)	-	(730,671)
Interest paid	(10,599)	(5,000)	-	(15,599)
Net cash flows for capital and related financing activities	(315,356)	(430,914)	-	(746,270)
Cash Flows from (for) Investing Activities				
Interest received	16,392	214,292	53,993	284,677
Net Increase (Decrease) in Cash and Cash Equivalents	(57,105)	923,342	(74,354)	791,883
Cash and Cash Equivalents, beginning	492,028	4,332,374	1,396,336	6,220,738
Cash and Cash Equivalents, ending	\$ 434,923	\$ 5,255,716	\$ 1,321,982	\$ 7,012,621
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities				
Income (loss) from operations	\$ 133,627	\$ 484,216	\$ (176,027)	\$ 441,816
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Depreciation and amortization	240,464	568,665	878	810,007
State PERS relief	26,118	11,946	20,309	58,373
(Increase) decrease in assets and deferred outflows of resources:				
Net OPEB asset	(3,739)	(1,710)	(2,907)	(8,356)
Deferred outflows of resources related to OPEB	(7,573)	(2,293)	(5,067)	(14,933)
Deferred outflows of resources related to pensions	(27,221)	(21,999)	(34,741)	(83,961)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	14,580	61,559	(6,977)	69,162
Compensated absences	13,555	3,436	14,556	31,547
Net other postemployment liability	(77,334)	(35,404)	(60,366)	(173,104)
Net pension liability	26,304	57,946	81,380	165,630
Deferred inflows of resources related to OPEB	(17,462)	(7,044)	(13,067)	(37,573)
Deferred inflows of resources related to pensions	13,518	10,646	13,679	37,843
Net Cash Flows from (for) Operating Activities	\$ 334,837	\$ 1,129,964	\$ (168,350)	\$ 1,296,451

City and Borough of Sitka, Alaska

Agency Funds

Statement of Changes in Fiduciary Assets and Liabilities

<i>For the fiscal year ended June 30, 2020</i>	Balance at July 1, 2019	Increase	Decrease	Balance at June 30, 2020
Sitka Cemetery Agency Fund				
Assets				
Restricted equity in central treasury	\$ 102,960	\$ 2,110	\$ -	\$ 105,070
Liabilities				
Due to Sitka Cemetery Association	\$ 102,960	\$ 2,110	\$ -	\$ 105,070

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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 17-20

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				
	2016	2017	2018	2019	2020
Governmental activities:					
Invested in capital assets, net of related debt	\$ 111,067,134	\$ 115,405,541	\$ 115,862,733	\$ 114,600,888	\$ 113,633,980
Restricted	27,567,141	27,067,460	27,776,873	23,357,825	26,651,153
Unrestricted	21,354,757	16,597,067	15,861,001	23,985,152	6,409,151
Total governmental activities net assets	159,989,032	159,070,068	159,500,607	161,943,865	146,694,284
Business-type activities:					
Invested in capital assets, net of related debt	171,259,337	170,051,853	167,321,108	149,892,960	163,674,646
Restricted	10,470,409	10,583,555	10,748,446	11,901,160	16,387,458
Unrestricted	28,987,128	27,954,746	27,082,561	42,848,761	28,218,057
Total business-type activities net assets	210,716,874	208,590,154	205,152,115	204,642,881	208,280,161
Primary government:					
Invested in capital assets, net of related debt	282,326,471	285,457,394	283,183,841	264,493,848	276,906,572
Restricted	38,037,550	37,651,015	38,525,319	35,258,985	43,038,611
Unrestricted	50,341,885	44,551,813	42,943,562	66,833,913	28,218,057
Total Primary Government Net Assets	\$ 370,705,906	\$ 367,660,222	\$ 364,652,722	\$ 366,586,746	\$ 354,974,445

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
Invested in capital assets, net of related debt	\$ 84,221,307	\$ 69,758,706	\$ 81,140,841	\$ 86,125,410	\$ 94,765,479
Restricted	33,185,178	28,065,049	28,969,693	25,924,835	32,149,739
Unrestricted	31,105,881	31,751,885	28,940,773	37,352,229	22,669,294
Total governmental activities net assets	148,512,366	129,575,640	139,051,307	149,402,474	149,584,512
Business-type activities:					
Invested in capital assets, net of related debt	89,514,065	89,725,575	103,467,052	156,196,702	164,836,448
Restricted	7,917,319	3,495,431	7,359,839	8,992,528	10,445,096
Unrestricted	47,488,067	48,724,671	50,906,747	25,943,451	33,109,400
Total business-type activities net assets	144,919,451	141,945,677	161,733,638	191,132,681	208,390,944
Primary government:					
Invested in capital assets, net of related debt	173,735,372	159,484,281	184,607,893	242,322,112	259,601,927
Restricted	41,102,497	31,560,480	36,329,532	34,917,363	42,594,835
Unrestricted	78,593,948	80,476,556	79,847,520	63,295,680	55,778,694
Total Primary Government Net Assets	\$ 293,431,817	\$ 271,521,317	\$ 300,784,945	\$ 340,535,155	\$ 357,975,456

City and Borough of Sitka, Alaska

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 1,657,883	\$ 988,403	\$ 625,913	\$ 117,381	\$ 4,175,552
Restricted	-	-	-	-	-
Committed	8,460,152	9,206,808	10,262,266	9,924,505	9,494,699
Assigned	-	-	-	-	-
Unassigned	4,420,827	3,977,938	4,171,993	5,716,004	3,827,823
Total General Fund	\$ 14,538,862	\$ 14,173,149	\$ 15,060,172	\$ 15,757,890	\$ 17,498,074
All Other Governmental Funds:					
Nonspendable	69,015	5	5	5	21,437,510
Restricted	24,863,608	25,141,562	25,681,513	27,229,862	4,739,787
Committed	11,404,858	9,249,985	9,816,366	9,780,650	12,444,137
Assigned	3,580,527	3,344,825	3,705,160	3,679,829	3,206,425
Unassigned	(5,167)	(5,187)	(5,187)	(5,187)	(2,470,085)
Total all other governmental funds	\$ 39,912,841	\$ 37,731,190	\$ 39,197,857	\$ 40,685,159	\$ 39,357,774
	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 3,935,798	\$ 225	\$ 49,486	\$ 394,229	\$ 1,825,359
Restricted	2,087,478	522,444	520,742	-	-
Committed	1,205,833	9,987,028	7,904,460	7,762,442	8,295,203
Assigned	-	-	-	-	-
Unassigned	4,332,784	3,075,401	5,843,192	8,234,138	4,889,171
Total General Fund	\$ 11,561,893	\$ 13,585,098	\$ 14,317,880	\$ 16,390,809	\$ 15,009,733
All other governmental funds:					
Nonspendable	1,758,633	1,855,781	2,743,313	2,883,234	56,681
Restricted	43,700,167	29,036,455	28,343,985	25,924,835	26,207,854
Committed	312,039	8,933,726	6,727,368	11,544,459	15,111,535
Assigned	2,584,104	3,016,000	2,391,820	2,434,379	2,387,729
Unassigned	(52,986)	(35,725)	(8,870)	(4,686)	(4,785)
Total all other governmental funds	\$ 48,301,957	\$ 42,806,237	\$ 40,197,616	\$ 42,782,221	\$ 43,759,014

Table 3

City and Borough of Sitka, Alaska

Changes in Net Position

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Administration	\$ 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	\$ 2,119,817
Public safety	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	4,864,415
Public works	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	5,184,674
Public services	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	5,453,614
School and Hospital Support*	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	10,761,829
Interest on long-term debt	1,420,066	1,329,359	1,376,917	1,268,837	1,082,227	1,054,818	809,906	882,935	624,648	521,250
Total governmental activities	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	28,905,599
Business-type Activities										
Electric Utility	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	20,888,636
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	2,616,497
Waste water treatment	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	2,857,417
Solid waste disposal	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	4,467,101
Harbor	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	4,018,314
Other nonmajor business-type activities	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	1,599,200
Total business-type Activities	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	36,447,165
Total Primary Government Expenses	\$ 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	\$ 65,352,764
Program Revenues										
Governmental activities										
Charges for services										
Administration	\$ 420,194	\$ 713,129	\$ 290,450	\$ 302,118	\$ 377,681	\$ 330,066	\$ 595,703	\$ 318,388	\$ 295,686	\$ 323,746
Public safety	737,414	763,278	729,406	1,343,299	1,409,655	1,112,805	1,052,231	1,138,956	1,264,663	1,280,152
Public works	730,766	855,816	988,231	842,466	1,052,273	1,928,131	908,526	927,505	843,019	766,288
Public services	178,638	248,229	502,571	213,219	252,980	161,542	107,807	137,626	123,579	113,798
Operating grants and contributions	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	4,738,892
Capital grants and contributions	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	978,321
Total Governmental Activities										
Program Revenues	11,455,331	9,449,474	16,667,849	14,685,686	18,574,352	23,468,299	12,733,866	9,704,566	7,779,277	8,201,197

Table 3 (Continued)

City and Borough of Sitka, Alaska

Changes in Net Position, continued

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type Activities										
Charges for services:										
Electric Utility	\$ 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	\$ 16,869,844
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	2,859,554
Wastewater treatment	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	3,534,237
Solid waste disposal	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	4,699,159
Harbor	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	2,440,448
Other nonmajor business-type	973,501	934,857	1,264,837	1,389,285	973,890	879,756	830,846	756,068	1,109,092	1,163,980
Operating grants and contributions	1,490,571	2,322,441	2,411,944	1,157,936	881,120	901,570	727,495	773,249	1,047,231	951,675
Capital grants and contributions	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	4,417,109
Total Business-type Activities										
Program Revenues	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	36,936,006
Total Primary Government										
Program Revenues	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	45,137,203
Net Revenue (Expense)										
Governmental activities	(14,112,893)	(16,738,963)	(9,773,029)	(11,527,861)	(9,318,166)	(8,111,214)	(19,998,397)	(20,110,007)	(21,898,737)	(20,704,402)
Business-type activities	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)	488,841
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)	\$ (20,215,561)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 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	\$ 6,852,247
Sales and other taxes	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	13,960,613
Unrestricted grants and contributions	443,682	470,436	470,415	489,792	-	-	-	1,016,787	-	10,000
Investment earnings (loss)	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	2,080,495
Other	1,269,274	1,252,000	1,252,000	15,796	1,557,740	113,329	14	-	17,897	1,671,262
Transfers	(2,998,672)	(1,316,642)	(395,675)	14,299	(2,727,192)	(611,438)	(2,260,336)	(34,841)	(101,389)	(220,170)
Total Governmental Activities	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	24,354,447
Business-type Activities										
Unrestricted grants and contributions	-	-	-	1,227,772	1,009,033	879,793	953,324	1,279,885	1,188,722	621,756
Investment earnings	799,620	1,413,015	494,317	504,428	559,400	1,115,858	(120,678)	110,307	2,440,187	2,306,513
Other	(169,100)	-	95,671	-	43,664	142,013	330,561	62,659	(110,363)	-
Transfers	2,998,672	1,316,642	395,675	(14,299)	2,727,192	611,438	2,260,336	94,844	101,389	220,170
Total Business-type Activities	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	3,148,439
Total Primary Government	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	27,502,886
Special item, sale of hospital	-	-	-	-	-	-	-	-	-	(18,899,626)
Change in Net Position										
Governmental activities	4,675,928	1,546,142	9,475,666	10,351,167	8,109,929	10,404,520	(838,000)	3,245,454	2,559,143	(15,249,581)
Business-type activities	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)	3,637,280
Total Primary Government	\$ 27,341,836	\$ 7,008,762	\$ 29,263,628	\$ 39,750,210	\$ 29,637,062	\$ 12,730,450	\$ (2,964,720)	\$ 1,420,181	\$ 2,049,909	\$ (11,612,301)

* Electric and Water Utilities reported as one entity until split apart in FY2012, no hospital support after FY2019

Table 4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 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	\$ 20,812,860
State sources	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	2,222,438
Federal sources	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	2,340,356
Charges for services	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	1,668,135
Interfund services	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	2,663,479
Fines and forfeitures	138,697	125,112	103,541	97,102	118,679	85,245	71,293	46,773	60,572	55,730
Investment income	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	1,796,748
Uses of property	579,670	834,309	788,961	408,565	329,537	226,643	265,557	335,686	335,463	364,243
Licenses and permits	140,371	223,422	177,221	130,901	195,824	203,736	268,025	159,153	126,809	123,353
Other	514,866	645,879	1,023,994	971,084	827,062	387,895	419,254	441,192	268,265	1,959,575
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	35,047,857	34,006,917
Expenditures										
Administration	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	5,159,126
Public safety	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	6,132,699
Public works	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	3,888,614
Public services	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	4,317,218
Support	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	7,511,994
Capital outlay	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	1,860,209
Debt service:										
Principal	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	2,177,310
Interest and fiscal charges	1,450,183	1,375,318	1,317,335	1,353,487	1,209,446	1,126,007	979,104	882,671	759,815	648,952
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	32,591,201	31,696,122
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)	2,456,656	2,310,795
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	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	5,684,276
Transfers out	(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)	(6,029,240)
Net Other Financing Sources (Uses)	5,085,178	(143,112)	(162,881)	(168,792)	(1,720,572)	(482,232)	(2,278,858)	(249,044)	(271,636)	(344,964)
Special Item-sale of hospital	-	-	-	-	-	-	-	-	-	(1,553,032)
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)	\$ 2,185,020	\$ 412,799
Debt service as a percentage of noncapital expenditures	11.3%	16.8%	15.2%	12.5%	15.3%	16.5%	8.9%	11.0%	12.0%	9.5%

Table 5

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
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%
2020	830,119,100	430,511,300	54,170,370	201,563,000	1,113,237,770	0.006	1,335,015,956	83.39%

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.

Source: Assessing department

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)
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
2020	6.00

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

There are no overlapping property tax rates.

Table 7

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
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
2020		6,852,247		12,139,374		398,187	19,389,808

Table 8

City and Borough of Sitka, Alaska

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Silver Bay Seafoods	\$ 16,362,000	1	1.47%	\$ 10,920,937	1	1.16%
SCOJO, LLC	10,831,120	2	0.97%	5,471,518	8	0.58%
North Pacific Seafoods	9,626,400	3	0.86%	9,403,825	3	1.00%
Seafood Producers Cooperative	9,410,790	4	0.85%	6,454,000	7	0.69%
The North West Company (INTL), Inc	7,234,400	5	0.65%	7,115,217	6	0.76%
Hames Corporation	7,050,300	6	0.63%	7,855,938	5	0.83%
Halibut Point Marine Services, LLC	6,310,100	7	0.57%			
Sitka Residences, LLC	5,834,100	8	0.52%			
Harbor Enterprises Inc. (dba Petro Marine)	5,524,700	9	0.50%	7,949,700	4	0.84%
AK Preservation Sawmill Ltd	5,435,700	10	0.49%			
Alaska Arts Southeast				10,181,000	2	1.08%
Snowden Group, LLC				5,393,500	9	0.57%
Shee Atika Holdings				4,329,000	10	0.46%
Totals	<u>\$ 83,619,610</u>		<u>7.51%</u>	<u>\$ 75,074,635</u>		<u>7.97%</u>

Source: assessing department

City and Borough of Sitka, Alaska
Property Tax Levies and Collections
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			
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%
2020	6,852,247	6,653,972	97%	61,613	6,715,585	98.01%

Table 10

City and Borough of Sitka, Alaska

Sales Tax Receipts by Industry
Last Ten Fiscal Years

Industry	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, Forestry and Fishing \$	23,758	\$ 23,626	\$ 23,634	\$ 20,094	\$ 18,137	\$ 19,297	\$ 17,100	\$ 27,629	\$ 18,032	\$ 49,882
Construction	112,806	130,943	166,960	221,446	201,145	205,887	234,360	301,566	324,984	277,465
Manufacturing	332,598	318,827	346,702	213,104	233,094	249,378	267,635	290,841	357,453	315,633
Transportation & Public Utilities	747,953	681,166	692,582	675,327	680,790	657,369	625,344	646,408	705,416	633,470
Wholesale Trade	68,586	61,743	57,666	53,877	54,145	70,273	80,346	90,818	101,752	105,103
Retail Trade	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	6,270,305
Finance, Insurance & Real Estate	247,223	252,158	297,556	307,149	325,567	378,274	420,778	519,460	550,615	496,964
Services	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	2,685,683
Government - Local	543,385	722,471	762,558	895,003	789,630	930,599	892,001	1,222,743	1,067,592	1,304,869
Total Sales Tax Receipts	\$ 8,503,838	\$ 8,804,619	\$ 9,093,596	\$ 9,785,839	\$ 9,678,727	\$ 10,223,354	\$ 10,817,807	\$ 12,088,012	\$ 13,157,418	\$ 12,139,374

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, Forestry and Fishing \$	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	\$ 5,207,417
Construction	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	65,750,238
Manufacturing	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	13,677,415
Transportation & Public Utilities	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	18,738,603
Wholesale Trade	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	19,068,825
Retail Trade	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	150,832,467
Finance, Insurance & Real Estate	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	16,948,680
Services	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	68,181,873
Government - Local	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	33,422,953
Total Gross Sales	\$ 366,459,195	\$ 390,377,278	\$ 395,118,816	\$ 486,808,429	\$ 477,479,277	\$ 428,084,160	\$ 402,068,152	\$ 410,703,387	\$ 406,776,189	\$ 391,828,471

Source: Finance department

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			
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%	19,446
2019	16,159,576	281,745	135,001,553	25,163,176	176,606,050	30.92%	20,424
2020	13,830,800	259,435	131,844,815	28,077,978	174,013,028	27.96%	20,489

Table 12

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
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%	1,588
2020	13,830,800	1,876,192	11,954,608	0.90%	1,408

City and Borough of Sitka, Alaska
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
As of June 30, 2020

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 Revenue	Transfers From Rate Stabilization Fund	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
2011	\$ 13,688,856	\$ -	\$ 7,967,421	\$ 5,721,435	\$ 2,709,411	\$ 1,738,453	\$ -	\$ 4,447,864	112%
2012	12,253,636	-	7,919,275	4,334,361	1,394,689	2,337,567	(615,829)	3,116,427	129%
2013	12,569,950	-	6,739,139	5,830,811	1,770,000	2,296,332	(616,507)	3,449,825	137%
2014	15,283,017	-	8,538,616	6,744,401	1,845,000	3,781,252	(581,094)	5,045,158	155%
2015	16,078,019	2,006,696	9,028,272	9,056,443	1,915,000	5,815,392	(571,533)	7,158,859	110%
2016	14,868,306	2,881,000	8,287,025	9,462,281	1,955,000	5,958,317	(574,328)	7,338,989	129%
2017	16,336,780	1,582,681	8,747,944	9,171,517	2,035,000	5,878,517	(574,020)	7,339,497	125%
2018	17,790,420	-	8,659,112	9,131,308	2,115,000	5,762,377	(575,663)	7,301,714	125%
2019	18,945,919	-	8,349,335	10,596,584	2,175,000	5,729,072	(578,078)	7,325,994	145%
2020	17,780,674	-	7,305,078	10,475,596	2,260,000	5,589,072	(578,078)	7,270,994	144%

Harbor Revenue Bonds									
Fiscal Year	Harbor Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage	
2014	\$ 3,860,198	\$ 2,454,160	\$ 1,406,038	\$ 115,000	\$ 157,728	\$ -	\$ 272,728	5.16	
2015	3,819,584	2,170,161	1,649,423	135,000	175,700	-	310,700	5.31	
2016	3,538,828	1,994,660	1,544,168	140,000	170,300	-	310,300	4.98	
2017	3,780,767	2,257,502	1,523,265	145,000	164,700	-	309,700	4.92	
2018	3,560,392	2,265,140	1,295,252	150,000	115,571	-	265,571	4.88	
2019	3,236,489	2,013,743	1,222,746	390,836	219,623	-	610,459	2.00	
2020	3,594,462	2,087,608	1,506,854	365,000	527,983	-	892,983	1.69	

Airport Terminal Revenue Bonds									
Fiscal Year	Airport Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage	
2019	\$ 899,200	\$ 374,840	\$ 524,360	\$ -	\$ 43,839	\$ -	\$ 43,839	11.96	
2020	840,700	397,286	443,414	135,000	199,438	-	334,438	1.33	

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
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%
2020	8,493	632,219	74,440	1,187	6.2%

Sources: Alaska Department of Labor and Workforce Development, BEA.gov; U.S. Census Bureau; Sitka School District, population and income data provided is for prior calendar year .

City and Borough of Sitka, Alaska

Principal Employers Government Current Year* and Seven Years Ago

Industry*	2019 (most current data available)			2011		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Educational services, health care, & social assistance	1,422	1	31%	1,621	1	33.5%
Retail trade	511	2	11.0%	481	2	9.9%
Arts, entertainment, recreation, accommodation, & food services	443	3	9.6%	301	8	6.2%
Public administration	441	4	9.5%	375	4	7.8%
Agriculture, forestry, fishing, hunting, & mining	433	5	9.4%	395	3	8.2%
Transportation, warehousing, & utilities	320	6	6.9%	354	6	7.3%
Manufacturing	242	7	5.2%	217	9	4.5%
Professional, scientific, management, administrative, & waste management services	224	8	4.8%	369	5	7.6%
Construction	221	9	4.8%	329	7	6.8%
Other services, except public administration	154	10	3.3%	181	10	3.7%
Finance, insurance, real estate, & rental/leasing	130	11	2.8%	95	11	2.0%
Information	64	12	1.4%	52	13	1.1%
Wholesale trade	24	13	0.5%	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.

Source: 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	29	29	28	42	37	36	37	37	32	32
Public Safety:										
Police	33	33	33	28	33	32	31	31	30	30
Fire and Ambulance	10	10	10	10	10	10	9	9	9	9
Public Works	25	25	25	19	20	20	20	20	23	23
Public Services:										
Library	7	7	7	12	7	7	7	7	7	7
Centennial Building	4	4	4	4	4	4	4	4	5	5
Electric	25	25	27	28	26	26	25	25	25	25
Water	5	5	5	3	3	3	3	3	3	3
Waste Water Treatment	6	6	6	8	10	10	10	10	8	8
Solid Waste Disposal	2	2	2	2	2	-	-	-	3	3
Harbor	9	9	9	10	9	9	8	8	8	8
Sawmill Cove Industrial Park	1	1	-	1	-	-	-	-	-	-
Totals	156	156	156	167	161	157	154	154	152	152

Source: Personnel list as approved in the adopted annual budget

City and Borough of Sitka, Alaska

Active Electrical Customers Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
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
2020	3,375	713	545	220	-	4,853

KwH Sold by Class Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
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
2020	42,771,637	34,243,336	2,780,405	27,553,740	-	107,349,118

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

Table 19

City and Borough of Sitka, Alaska

Operating Indicators by Function

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Building department transactions	182	196	201	209	240	196	208	197	157	133
Public Safety										
Number of police officers	32	32	32	27	32	31	30	30	29	29
Number of paid firefighters	10	10	10	10	10	10	9	9	8	8
Arrests made (calendar year)	401	404	356	344	310	269	274	411	293	*
Ambulance emergency responses	970	987	1,013	873	987	1,260	1,260	1,227	1,336	*
Fire emergency responses	164	205	173	182	171	193	146	159	158	*
Public Works										
Recreation permits issued	*	*	21	40	41	39	25	30	29	26
Public Services										
Volumes in library collection	*	*	*	*	*	68,039	69,941	70,831	104,061	71,876
Number of events scheduled at Centennial Hall	138	146	118	5	-	2	122	231	236	178
Water										
New connections	3	14	19	18	23	17	22	12	14	14
Wastewater										
New connections	6	17	16	18	21	18	20	13	14	17
Electric utility (see table 18)										
Marine Service Center										
Cold storage tenants	2	2	2	2	2	2	2	1	2	2
Harbors										
Active permanent moorage accounts	*	*	*	*	*	*	*	*	*	1,026
Airport terminal										
Enplanements (for calendar year)	67,989	72,027	81,019	83,404	83,598	83,404	83,598	87,119	90,839	*

Sources: Various municipal departments, Federal Aviation Administration

* Information not available

Table 20

City and Borough of Sitka, Alaska

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Number of public works buildings	1	1	1	1	1	1	1	1	1	1
Number of park and recreation facilities	25	25	25	25	25	25	23	23	24	24
Miles of paved streets	25	25	25	25	25	25	25	25	25	25
Miles of unpaved streets	5	5	5	5	5	5	5	5	5	5
Acres of park lands	*	*	*	*	*	*	*	*	*	109
Miles of trails	*	*	*	*	*	*	*	*	*	8
Public Services										
Number of library facilities	1	1	1	1	1	1	1	1	1	1
Number of meeting halls and community centers	2	2	2	2	2	2	2	2	2	2
Water										
UV disinfection plant	-	-	-	-	-	-	1	1	1	1
Number hydrants	*	*	*	*	*	*	*	*	*	450
Miles of water mains	*	*	*	*	*	*	*	*	*	48
Wastewater										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations	*	*	*	*	*	*	*	*	*	78
Miles of sewer lines	*	*	*	*	*	*	*	*	*	40
Electric (see table 18)										
Dams and hydroelectric generation plants	2	2	2	2	2	2	2	2	2	2
Diesel plants	*	*	*	*	*	*	*	*	*	1
Miles of electricity distribution lines	*	*	*	*	*	*	*	*	*	155
Harbors										
Number of harbor facilities	7	7	7	7	7	7	7	7	7	7
Marine Service Center										
Cold storage facility	1	1	1	1	1	1	1	1	1	1
Industrial Park										
Acreage under active management	*	*	*	*	*	*	*	*	*	27
Airport										
Airport terminal buildings	1	1	1	1	1	1	1	1	1	1

Sources: Various municipal departments

* information not available