

City and Borough of Sitka

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2023

Photo credit: Don Kluting

City and Borough of Sitka, Alaska

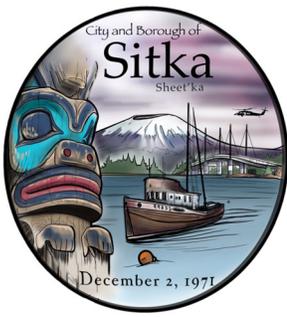
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City and Borough of Sitka, Alaska

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CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

January 12, 2024

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 annual comprehensive financial report of the City and Borough of Sitka, Alaska for the fiscal year ended June 30, 2023.

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 presented 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, 2023, 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, 2023. 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 published separately from the Annual Comprehensive Financial Report (ACFR).

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 rainforest in the world. Most of this rainforest 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 8,382. 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, a marijuana 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 the provision of electricity, water, wastewater treatment, solid waste disposal and recycling, harbor system moorage, 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 which is reported separately within the City and Borough of Sitka's financial statements. Additional information on the school district 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 on or before the end of each calendar year. Preliminary budget meetings begin early in the calendar year to seek Assembly input prior to releasing a draft budget. Once the draft budget has been released, any changes must be directed by the Assembly. 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). As long as expenditures do not exceed appropriations at the fund level, appropriations are considered to be in compliance. In practice, for budget management purposes the Administrator may move appropriations within a department. To move appropriations between funds or departments, assembly approval is required, however, even if a department within a fund is overbudget, as long as the fund as whole has not exceeded appropriations, it is considered to be in compliance. The only exception to this rule is that total amounts appropriated at the for salaries and benefits, travel and the acquisition of capital assets by a fund cannot be exceeded at the fund level. Note that while depreciation is budgeted, it is for management purposes only as appropriations apply only to outlays. Budget-to-actual comparisons are provided in this report for governmental funds including the General Fund, Permanent Fund, and well as all special revenue funds, debt service fund, and capital project fund. All of these funds have an annually adopted appropriation, (though capital appropriations do not lapse-the amount shown for the capital project fund is the FY23 appropriation).

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 has been decreasing over the past nine years, though that rate is slowing.

A significant post-pandemic increase in cruise ship tourism, combined with a strong independent traveler sector have led to significant increases in sales tax, the General Fund's most significant source of revenue.

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 City and Borough 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 central treasury investments is allocated monthly to participating funds based on their average monthly balance. Interest on investments held by the Permanent Fund is recognized only in the Permanent Fund and, due to differing asset allocations, returns may vary significantly.

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 FY2023, 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 have 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 the Teachers Retirement System (TRS). The School District has no obligations in connection with employee benefits offered through their plans 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.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City and Borough of Sitka for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the staff of the Finance Department. 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,


Melissa Haley
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City and Borough of Sitka
Alaska**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

City and Borough of Sitka, Alaska

Elected Officials

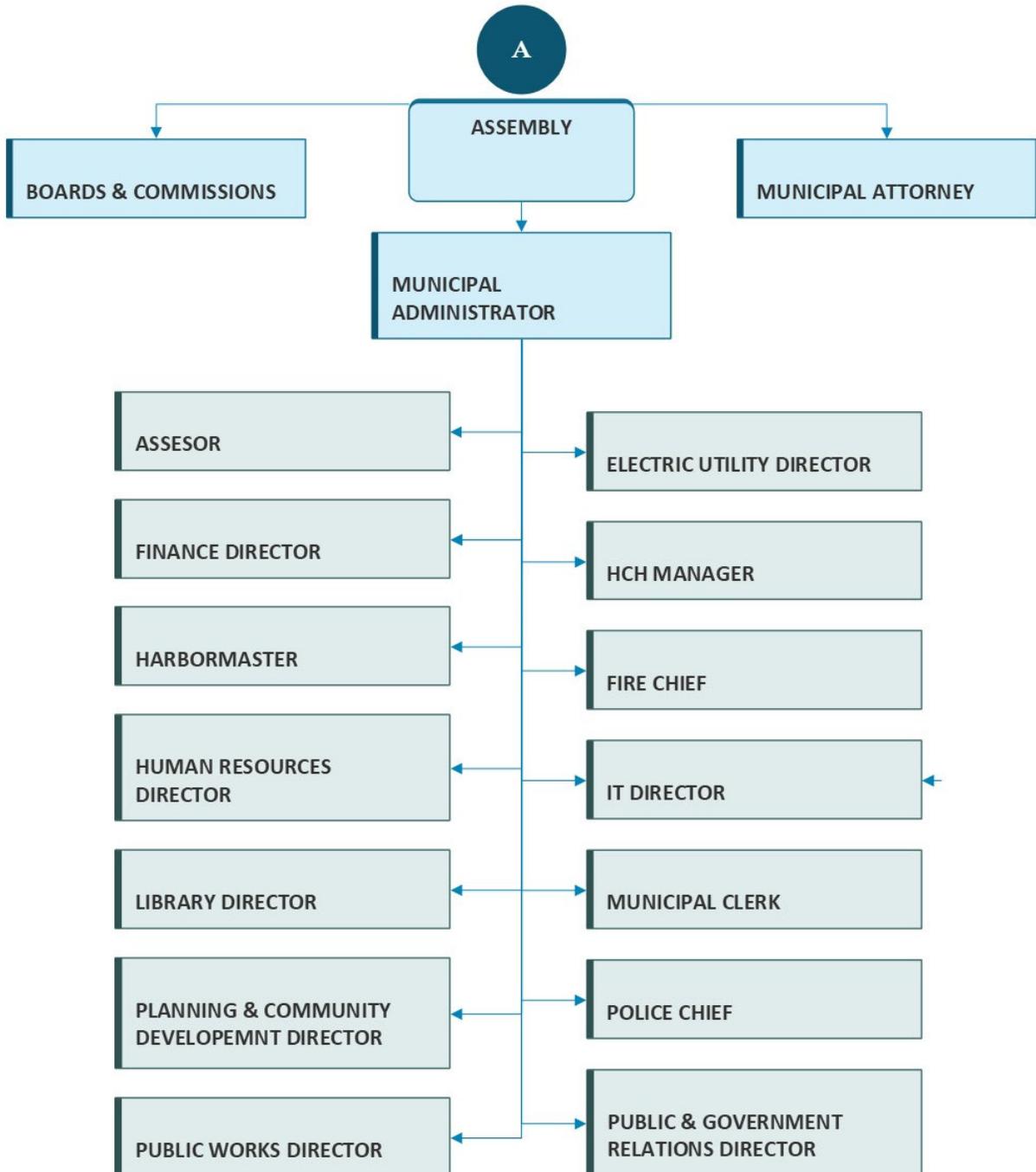
June 30, 2023

Name	Position
Steven Eisenbeisz	Mayor
Kevin Mosher	Deputy Mayor
Crystal Duncan	Vice-Deputy Mayor
Thor Christianson	Assembly Member
Chris Ystad	Assembly Member
Timothy Pike	Assembly Member
JJ Carlson	Assembly Member
John Leach	Municipal Administrator

City and Borough of Sitka, Alaska

Organization Chart

June 30, 2023





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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Sitka, Alaska (the City and Borough), as of and for the year ended June 30, 2023, 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.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough, as of June 30, 2023, and the respective changes in financial position, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Central Emergency Service Area Special Revenue Fund and the Land Trust Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Sitka School District (the School District), the discretely presented component unit. 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 the School District, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 9 to the financial statements, in 2023 the City and Borough adopted the provisions of Government Accounting Standards Board (GASB) Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City and Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024 on our consideration of the City and Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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'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 the City and Borough's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
January 16, 2024

Management's Discussion and Analysis

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

June 30, 2023

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, 2023. 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 III 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 \$414.3 million. Of this amount, \$87.6 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, the unassigned fund balance for the General Fund was \$6.5 million. Committed funds of \$11.4 million are also available to meet expenditures for the next fiscal year with varying levels of restrictions. The unassigned fund balance for the General Fund represented 23.1% of General Fund expenditures. This increases to 63.6% when committed funds are included.

Overview of the Financial Statements

The management's discussion and analysis provides 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 basic 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 education. The business-type activities of the City and Borough include the eight enterprise funds: electric, water, wastewater

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

treatment, solid waste disposal, harbor, airport terminal building, marine service center and Gary Paxton Industrial Park.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for 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 20 individual governmental funds. Information is presented separately for major governmental funds on the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Permanent Fund, and the Sitka Community Hospital Dedicated Fund. The remaining governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 17 nonmajor funds is presented in the Combining Balance Sheet, Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance, Nonmajor Governmental Funds.

Proprietary Funds

The 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, harbor system, and solid waste disposal services as provided to the local citizens. The City and Borough also uses enterprise funds to account for commercial activity within its airport terminal, cold storage facility, and 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 to account for the activities of its information technology systems, 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

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

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 fund financial statements provide separate information for the Electric, Water, Solid Waste, Wastewater, and Harbor Funds, which are the major funds of the City and Borough. The remaining three 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 Basic 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 basic 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 93. Required supplementary information, which includes budget and actual schedules for major funds as well as schedules detailing the City and Borough's proportionate share of pension and OPEB liabilities and assets, 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 \$414.3 million on June 30, 2023, compared to \$395.2 million on June 30, 2022. By far the largest portion of the City and Borough's net position (\$277.5 million) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The 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

City and Borough of Sitka's Net Position
June 30, 2023 and 2022
(in millions)

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$104.9	\$107.1	\$84.1	\$69.9	\$189.0	\$177.0
Capital assets	111.5	116.2	322.5	324.2	434.0	440.4
Total assets	216.4	223.3	406.6	394.1	623.0	617.4
Deferred outflows of resources	3.0	2.8	4.7	4.8	7.7	7.6
Long-term liabilities	17.5	17.4	168.2	171.8	185.7	189.2
Other liabilities	4.5	4.9	11.1	8.7	15.6	13.6
Total liabilities	22.0	22.3	179.3	180.5	201.3	202.8
Deferred inflows of resources	13.1	20.9	2.0	6.2	15.1	27.1
Total liabilities and deferred inflows	35.1	43.2	181.3	186.7	216.4	229.9
Net position:						
Net investment in capital assets	103.9	105.8	169.2	161.1	276.9	266.9
Restricted	38.1	37.9	2.6	8.8	49.8	46.7
Unrestricted	42.3	39.2	58.2	42.4	87.6	81.6
Total net position	\$184.3	\$182.9	\$230.0	\$212.3	\$414.3	\$395.2

Governmental Activities

Governmental activities increased the City and Borough’s net position by \$1.5 million. Key elements of this increase are listed below:

- Increases in sales tax, in part due to increased tourism, significantly increased revenues for the City and Borough. This additional revenue helped to offset significant General Fund investments in infrastructure for other funds as well as unanticipated capital repairs that were undertaken.

The net position for the City and Borough’s governmental activities is \$184.3 million, an increase of \$1.5 million. A substantial portion (56.4%) of the net position is invested in capital assets – an decrease of \$2.8 million from the prior fiscal year. The City and Borough uses these assets to provide services to the citizens.

The unrestricted net position of governmental activities was \$42.3 million as of June 30, 2023. The largest portion of the restricted net position is for the Permanent Fund (\$24.5 million).

Business-type Activities

Business-type activities increased the City and Borough’s net position by \$17.8 million. This compares to an increase of \$3.4 million for the year ended June 30, 2022. Key elements are listed below:

City and Borough of Sitka, Alaska
Management’s Discussion and Analysis

- Significant contributions from governmental activities to business-type activities also contributed. The General Fund contributed \$2.2 to match federal funding for a seaplane base (Harbor Fund) and a ballot initiative approved the transfer of \$8.1 million for the construction of a marine haul out facility (Gary Paxton Industrial Park Fund)

The net position for the City and Borough’s business-type activities is \$230.1 million. As with government-wide activities, a substantial portion (73.6%) 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 \$58.2 million as of June 30, 2023.

City and Borough of Sitka's Changes in Net Position
Years Ended June 30, 2023 and 2022

	(in millions)					
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$4.0	\$2.5	\$38.8	\$37.2	\$42.8	\$39.7
Operating grants and contributions	5.3	8.9	(0.1)	-	5.2	8.9
Capital grants and contributions	0.3	0.8	1.2	1.6	1.5	2.4
General revenues:						
Property tax	7.2	7.2	-	-	7.2	7.2
Sales and other taxes	22.9	18.5	-	-	22.9	18.5
Grants and contributions not restricted to specific programs	0.6	0.4	1.5	1.8	2.1	2.2
Unrestricted investment earnings	2.4	(4.3)	0.7	(1.4)	3.1	(5.7)
Other	-	-	-	(0.2)	-	(0.2)
Total revenues	42.7	34.0	42.1	39.0	84.8	73.0

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

City and Borough of Sitka's Changes in Net Position, continued
Years Ended June 30, 2023 and 2022

	(in millions)					
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Expenses:						
Administration	\$2.9	\$2.4	\$ -	\$ -	\$2.9	\$2.4
Public safety	5.7	5.9	-	-	5.7	5.9
Public works	6.2	5.9	-	-	6.2	5.9
Public services	4.3	0.5	-	-	4.3	0.5
Support	11.9	11.4	-	-	11.9	11.4
Interest on long-term debt	0.2	0.3	-	-	0.2	0.3
Electric	-	-	16.8	19.3	16.8	19.3
Solid waste disposal	-	-	4.6	5.0	4.6	5.0
Water	-	-	3.2	2.8	3.2	2.8
Wastewater treatment	-	-	3.6	3.5	3.6	3.5
Harbors	-	-	4.7	4.1	4.7	4.1
Nonmajor business-type	-	-	1.6	1.5	1.6	1.5
Total expenses	31.2	26.4	34.5	36.2	65.7	62.6
Increase (decrease) in net position before transfers	11.5	7.6	7.6	2.8	19.1	10.4
Transfers in (out)	(10.1)	(0.6)	10.1	0.6	-	-
Increase (decrease) in net position	1.4	7.0	17.7	3.4	0.0	19.1
Special Item , sale of hospital	-	6.9	-	-	-	6.9
Increase (decrease) in net position	1.4	13.9	17.8	3.4	19.3	17.3
Net position, beginning of year	182.9	169.0	212.3	208.9	395.2	377.9
Net position, end of year	\$184.3	\$182.9	\$230.0	\$212.3	\$414.3	\$395.2

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

- Charges for services have increased from FY2022. In particular both ambulance services and the jail services are now being compensated in a manner that comes closer to covering the true cost. Rate increases were implemented for all utilities and for the harbor system.
- Sales tax revenue showed a significant increase from the prior year. This was largely a result of increased cruise tourism as well as continued collection of sales tax on online sales. In addition, a new tax on marijuana products (dedicated to supporting school activities) began mid-year.
- A large unrealized loss on investments was recorded in FY2022 and was much improved this year.

City and Borough of Sitka, Alaska

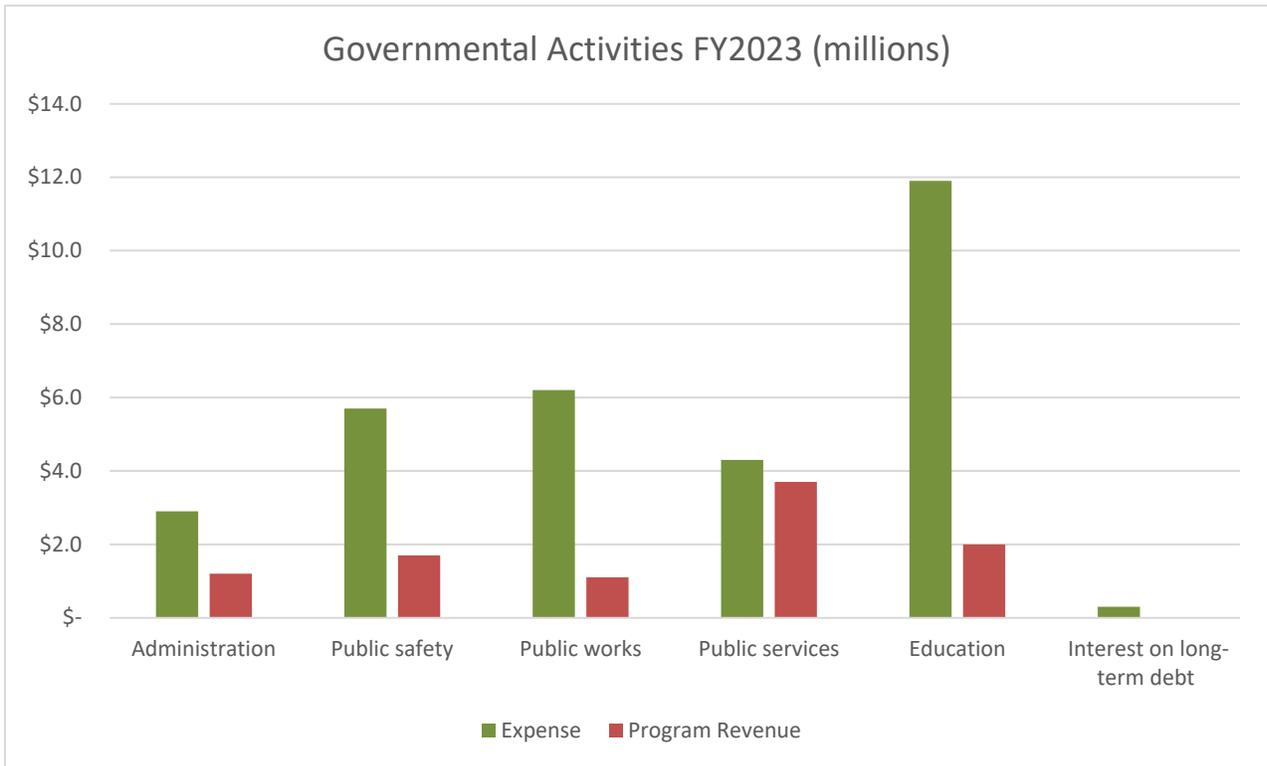
Management’s Discussion and Analysis

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

- The significant reduction in Net Pension Expense in FY2022, particularly for governmental funds (\$13.1 million total) resulted in a significant reduction in expenses recorded under public service so the prior year totals for public service were unusually low.
- For business-type activities continued strong demand for services, combined with rate increases resulted in increased charges for services of \$1.6 million.

Expenses and Program Revenues – Governmental Activities

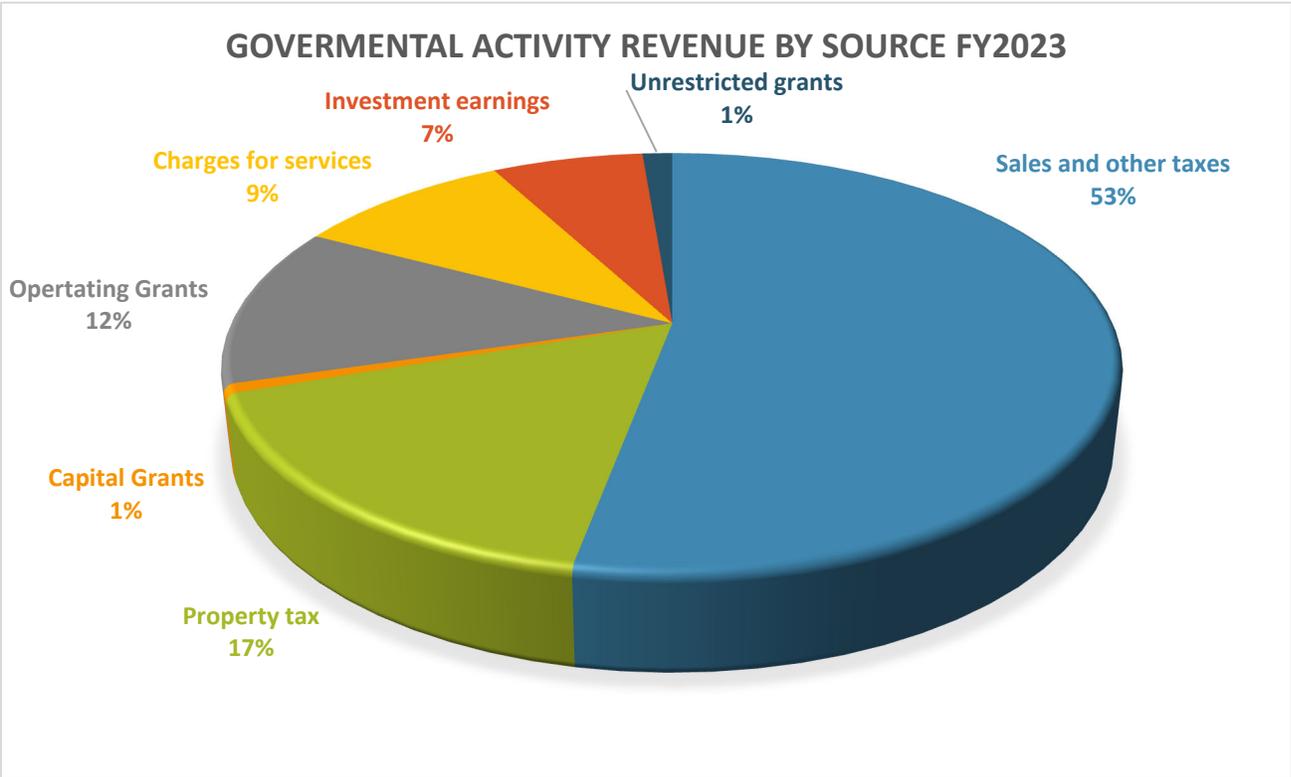
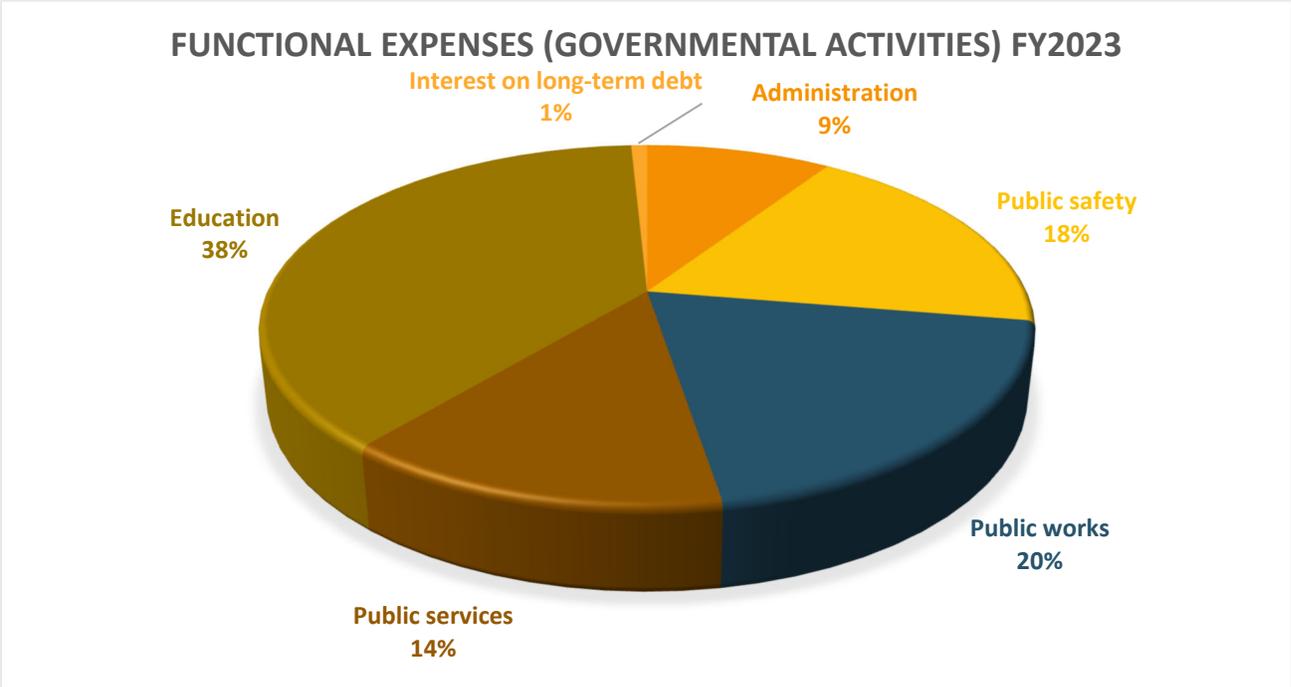
The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales, bed, and property taxes are considered general revenues and are therefore not included on this graph.



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
Management's Discussion and Analysis**



City and Borough of Sitka, Alaska

Management's Discussion and Analysis

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 \$79.3 million, an increase of \$1.3 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 (\$26.6 million), or has been restricted (\$9.9 million), committed (\$36.8 million) or assigned (\$3.4 million). The remainder of fund balance is unassigned (\$2.6 million) and is available for spending at the government's discretion.

Analysis of individual funds

The General Fund is the chief operating fund of the City and Borough. At the end of the current fiscal year, total fund balance was \$21.0 million and unassigned fund balance was \$6.5 million. Total fund balance increased by \$.8 million from the prior year. Key factors include:

- Strong sales tax receipts (\$19.3 million)
- General Fund investment in other funds, including providing a match of \$2.2 million for a federal grant supporting a new seaplane base.

Within the governmental funds, the Permanent Fund showed the most significant change in fund balance (-\$6.8 million). This loss in fund balance was due to the approval of a ballot initiative that freed up a portion of the fund balance for use to construct a marine haul out. Other major funds include the Sitka Community Hospital Dedicated Fund. The Community Hospital Dedicated Fund's fund balance increased by \$.5 million. While tobacco tax proceeds and revenue from the sale of the hospital continue to be the primary revenues to the fund, ongoing payments against PERS liabilities and continued expenditures related to the closure of the hospital mean the fund's fund balance is increasing, but slowly.

The Capital Project Fund's fund balance increased by \$4.0 million from the prior year, largely a result of a transfer into the fund from the General Fund for future appropriation.

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

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. The unrestricted net position of the eight enterprise funds at the end of the year was \$48.0 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.

In the City and Borough's proprietary funds, most funds' net position changed insignificantly from the prior year. The Harbor Fund and the Electric Fund, however, showed increases of \$4.7 million in net position and the Gary Paxton Industrial Park Fund saw an increase in net position of \$7.2 million. For the Harbor Fund this was largely the result of a continued rebound in the amount Raw Fish Tax remitted by the State, as well as substantial transfers in from other funds for large, federally funded capital projects that have a match requirement. For the Electric Fund, the higher than prior year net income is largely the result of lower operating expenses, largely due to staffing vacancies as well as a new analysis that resulted in an updated calculation for depreciation that lowered depreciation expense. Despite operating losses, the Gary Paxton Industrial Park Fund showed the most significant increase in net position due to the transfer in of capital from the Permanent Fund for the construction of a marine haul out.

General Fund Budgetary Highlights

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

- Per the Sitka Home Rule Charter, encumbered operating appropriations do not lapse at the end of the fiscal year and are rolled over into the following fiscal year's budget. The total amount of these encumbered operating appropriations for the General fund was \$.3 million.
- 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 increased by \$7.5 million (including transfers out).
- Variations from budgeted revenue to actual in the in the General Fund show that revenues exceeded the budget by \$5.0 million. As previously discussed, this was largely due to increased sales tax revenue, though federal funding, including American Rescue Plan Act funding (LATCF portion) was not budgeted.
- Variations from budgeted expenditures to actual in the General Fund show that expenditures were under budget by \$3.4 million. A significant reason for continuing to come well under budgeted expenditures is continued difficulties filling vacant positions.

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, 2023, amounts to \$434.81 million (net of accumulated depreciation), a decrease of \$6.2 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads and infrastructure, construction in progress, and right-to-use assets.

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

City and Borough of Sitka's Capital Assets
June 30, 2023 and 2022
(in millions, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and improvements	\$18.3	\$16.2	\$21.7	\$22.4	\$40.0	\$38.6
Buildings	61.7	65.1	9.5	10.1	71.2	75.2
Equipment	4.0	4.2	1.8	1.8	5.8	6.0
Infrastructure	25.9	26.7	-	-	25.9	26.7
Electric plant	-	-	190.5	195.0	190.5	195.0
Water plant	-	-	17.0	18.1	17.0	18.1
Wastewater treatment plant	-	-	25.2	25.3	25.2	25.3
Harbors	-	-	29.1	30.7	29.1	30.7
Lease assets	0.1	0.1	-	-	0.1	0.1
Subscription IT assets	-	-	0.1	-	0.1	-
Construction in progress	1.5	3.9	27.7	20.7	29.2	24.6
Total capital assets	<u>\$111.5</u>	<u>\$116.2</u>	<u>\$322.6</u>	<u>\$324.1</u>	<u>\$434.1</u>	<u>\$440.3</u>

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

- Completion of street reconstruction projects including water, wastewater, paving and storm water improvements.
- A significant, federally mandated project to provide secondary filtration of the City and Borough's water supply is nearing completion and has increased construction in progress levels over the past two years.
- Renovation of the City and Borough's wastewater treatment plant was completed.

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 Liabilities

At the end of the current fiscal year, the City and Borough had total outstanding long-term liabilities of \$194.8 million. Of this amount \$7.3 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, Alaska
Management’s Discussion and Analysis

City and Borough of Sitka's Long-term Liabilities
June 30, 2023 and 2022

	(in millions)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$7.3	\$9.5	\$0.0	\$0.0	\$7.3	\$9.5
Revenue bonds	-	-	127.1	131.7	127.1	131.7
State of Alaska revenue notes	0.2	0.2	39.2	38.7	39.4	38.9
Net pension liability	11.9	9.4	6.5	5.2	18.4	14.6
Other liabilities	1.5	0.8	1.2	1.1	2.7	1.9
Total outstanding debt	\$20.9	\$19.9	\$174.0	\$176.7	\$194.9	\$196.6

Additional information on the City and Borough’s long-term liabilities 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 FY2024, the City and Borough considered a number of issues with City and Borough-wide impact, among them:

- Implementation of a new strategic plan outlining community-led priorities for the next 5 years.
- The reality of the impacts of large increases in cruise ship passengers.
- The 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.
- Prioritization of investment in maintaining the City and Borough’s infrastructure by incorporating asset management and focusing on risk mitigation in prioritizing asset repair and maintenance.

All of these factors were considered in preparing the City and Borough’s budget for FY2024.

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 requests for additional 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

Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sitka School District
Assets and Deferred Outflows of Resources				
Assets				
Equity in central treasury	\$ 54,383,803	\$ 61,851,881	\$ 116,235,684	\$ -
Cash and equivalents	-	-	-	4,545,756
Receivables (net of allowance)	6,632,221	3,919,097	10,551,318	1,596,853
Internal balances	1,442,716	(1,442,716)	-	-
Inventories	-	2,148,202	2,148,202	-
Prepaid items	93,394	-	93,394	12,939
Leases receivable	3,415,894	1,708,846	5,124,740	-
Notes receivable (net of allowance)	9,581,498	24,554	9,606,052	-
Special assessments receivable	3,797	18,473	22,270	-
Water rights	-	46,966	46,966	-
Net OPEB asset	4,819,847	2,640,177	7,460,024	6,497,235
Restricted assets:				
Equity in central treasury	-	-	-	-
Deposits	-	175,427	175,427	-
Bond covenant accounts	-	9,035,760	9,035,760	-
Capital asset acquisition	-	3,974,673	3,974,673	-
Cash and investments	24,508,930	-	24,508,930	-
Interest receivable	62,338	-	62,338	-
Capital assets not being depreciated	12,710,258	32,078,575	44,788,833	-
Capital assets being depreciated, net	98,796,008	290,426,014	389,222,022	221,358
Total Assets	216,450,704	406,605,929	623,056,633	12,874,141
Deferred Outflows of Resources				
Deferred charge on refunding	167,753	3,356,269	3,524,022	-
OPEB related	543,750	260,183	803,933	808,392
Pension related	2,290,517	1,254,680	3,545,197	1,629,419
Total Deferred Outflows of Resources	3,002,020	4,871,132	7,873,152	2,437,811
Total Assets and Deferred Outflows of Resources	\$ 219,452,724	\$ 411,477,061	\$ 630,929,785	\$ 15,311,952

City and Borough of Sitka, Alaska
Statement of Net Position, continued
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sitka School District
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable and accrued liabilities	\$ 1,690,096	\$ 3,744,113	\$ 5,434,209	\$ 1,052,419
Unearned revenue	4,030	146,725	150,755	75,947
Accrued interest payable	38,733	1,352,316	1,391,049	-
Liabilities payable from restricted assets - deposits	-	175,427	175,427	-
Noncurrent liabilities				
Due within one year:				
Bonds and notes	2,097,310	5,407,610	7,504,920	-
Leases payable	34,215	12,146	46,361	-
Subscription IT liabilities payable	22,961	30,063	53,024	-
Compensated absences	610,618	183,908	794,526	146,132
Due in more than one year:				
Bonds, notes, and unamortized bond premium	5,415,646	160,846,165	166,261,811	-
Leases payable	25,287	-	25,287	-
Subscription IT liabilities payable	23,803	7,819	31,622	-
Compensated absences	137,889	184,372	322,261	-
Net pension liability	11,896,511	6,516,579	18,413,090	12,782,681
Landfill post-closure liability	-	664,711	664,711	-
Total Liabilities	21,997,099	179,271,954	201,269,053	14,057,179
Deferred Inflows of Resources				
Deferred charge on refunding	-	261,521	261,521	-
Deferred note receivable	9,119,015	-	9,119,015	-
Lease related	3,355,684	1,677,394	5,033,078	-
Prepaid property taxes	97,340	-	97,340	-
OPEB related	501,592	242,447	744,039	423,114
Pension related	302	-	302	266,466
Total Deferred Inflows of Resources	13,073,933	2,181,362	15,255,295	689,580
Net Position				
Net investment in capital assets	103,914,438	169,416,806	273,331,244	221,358
Restricted for:				
Permanent Fund - nonspendable	23,398,044	-	23,398,044	-
Permanent Fund - spendable	1,110,886	-	1,110,886	-
Debt service	6,428,896	-	6,428,896	-
Commercial passenger excise tax and other	2,365,051	-	2,365,051	-
Restricted for OPEB	4,819,847	2,640,177	7,460,024	-
Unrestricted	42,344,530	57,966,762	100,311,292	343,835
Total Net Position	184,381,692	230,023,745	414,405,437	565,193
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 219,452,724	\$ 411,477,061	\$ 630,929,785	\$ 15,311,952

See accompanying notes to 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 Unit
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District
<i>For the fiscal year ended June 30, 2023</i>								
Primary Government								
Governmental Activities								
Administration	\$ 2,897,151	\$ 513,189	\$ 685,553	\$ -	\$ (1,698,409)	\$ -	\$ (1,698,409)	\$ -
Public safety	5,709,874	1,825,096	(131,601)	-	(4,016,379)	-	(4,016,379)	-
Public works	6,167,119	525,901	242,808	292,972	(5,105,438)	-	(5,105,438)	-
Public services	4,254,290	1,174,179	2,503,527	-	(576,584)	-	(576,584)	-
Education	11,855,519	-	2,032,250	-	(9,823,269)	-	(9,823,269)	-
Interest on long-term debt	213,352	-	-	-	(213,352)	-	(213,352)	-
Total Governmental Activities	31,097,305	4,038,365	5,332,537	292,972	(21,433,431)	-	(21,433,431)	-
Business-type Activities								
Electric	16,788,392	20,899,556	(76,687)	-	-	4,034,477	4,034,477	-
Water	3,149,492	3,356,827	(7,779)	-	-	199,556	199,556	-
Wastewater treatment	3,603,382	4,169,621	(18,884)	-	-	547,355	547,355	-
Solid waste disposal	4,608,670	5,697,491	(4,043)	-	-	1,084,778	1,084,778	-
Harbor	4,706,012	3,426,068	(17,172)	1,028,405	-	(268,711)	(268,711)	-
Airport	765,246	775,925	-	2,282	-	12,961	12,961	-
Marine Service Center	168,229	273,186	-	-	-	104,957	104,957	-
Gary Paxton Industrial Park	630,665	203,262	-	188,425	-	(238,978)	(238,978)	-
Total Business-type Activities	34,420,088	38,801,936	(124,565)	1,219,112	-	5,476,395	5,476,395	-
Total Primary Government	\$ 65,517,393	\$ 42,840,301	\$ 5,207,972	\$ 1,512,084	\$ (21,433,431)	\$ 5,476,395	\$ (15,957,036)	\$ -

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

<i>For the fiscal year ended June 30, 2023</i>	Net Revenue (Expense) and Changes in Net Position							
	Program Revenues				Primary Government			Component Unit
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District
Total Primary Government	\$ 65,517,393	\$ 42,840,301	\$ 5,207,972	\$ 1,512,084	\$ (21,433,431)	\$ 5,476,395	\$ (15,957,036)	-
Component Unit								
Sitka School District							\$ (17,392,340)	
General Revenues								
Taxes:								
Real and personal property					7,191,735	-	7,191,735	-
Sales and bed					20,109,981	-	20,109,981	-
Commercial passenger excise tax					1,725,380	-	1,725,380	-
Tobacco and marijuana tax					972,581	-	972,581	-
Contributions from primary government					-	-	-	7,986,868
Grants and entitlements not restricted to specific purpose					573,550	1,451,832	2,025,382	13,068,785
Investment income					2,431,962	733,184	3,165,146	-
Transfers					(10,096,237)	10,096,237	-	-
Total General Revenues and Transfers					22,908,952	12,281,253	35,190,205	21,055,653
Change in Net Position					1,475,521	17,757,648	19,233,169	3,663,313
Net Position (Deficit), beginning					182,906,171	212,266,097	395,172,268	(3,098,120)
Net Position, ending					\$ 184,381,692	\$ 230,023,745	\$ 414,405,437	\$ 565,193

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Governmental Funds
Balance Sheet

	Major Funds					Total Governmental Funds
	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Special Revenue Fund	Nonmajor Governmental Funds		
<i>June 30, 2023</i>						
Assets						
Equity in central treasury	\$ 13,151,335	\$ -	\$ 2,636,146	\$ 30,746,518	\$ 46,533,999	
Receivables:						
Accounts	1,290,049	-	1,662	50	1,291,761	
Taxes	5,156,412	-	98,896	332,804	5,588,112	
Allowance for uncollectibles	(811,561)	-	-	-	(811,561)	
Interest	391,711	-	3,480,985	-	3,872,696	
Special assessments	-	-	-	3,797	3,797	
Federal and State of Alaska	45,219	-	-	29,639	74,858	
Leases	3,415,894	-	-	-	3,415,894	
Advances to other funds	3,125,552	-	-	2,697,000	5,822,552	
Prepaid items	6,087	-	-	-	6,087	
Notes receivable	-	-	9,119,015	462,483	9,581,498	
Restricted assets:	-	-	-	-	-	
Cash and investments	-	24,508,930	-	-	24,508,930	
Interest receivable	-	62,338	-	-	62,338	
Total Assets	\$ 25,770,698	\$ 24,571,268	\$ 15,336,704	\$ 34,272,291	\$ 99,950,961	
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 206,870	\$ 7,502	\$ -	\$ 140,359	\$ 354,731	
Other current liabilities	121,473	-	-	-	121,473	
Accrued payroll	932,551	-	-	-	932,551	
Deposits payable	35,845	-	-	-	35,845	
Advances from other funds	-	-	3,125,552	-	3,125,552	
Unearned revenue	4,030	-	-	-	4,030	
Total Liabilities	1,300,769	7,502	3,125,552	140,359	4,574,182	
Deferred Inflows of Resources						
Deferred assessments	-	-	-	3,797	3,797	
Prepaid property taxes	97,340	-	-	-	97,340	
Lease related	3,355,684	-	-	-	3,355,684	
Deferred notes and interest receivable	-	-	12,600,000	-	12,600,000	
Total Deferred Inflows of Resources	3,453,024	-	12,600,000	3,797	16,056,821	
Fund Balances						
Nonspendable	3,131,639	23,452,880	-	-	26,584,519	
Restricted	-	1,110,886	-	8,793,947	9,904,833	
Committed	11,383,908	-	3,447,742	21,922,041	36,753,691	
Assigned	-	-	-	3,412,147	3,412,147	
Unassigned (deficit)	6,501,358	-	(3,836,590)	-	2,664,768	
Total Fund Balances (Deficit)	21,016,905	24,563,766	(388,848)	34,128,135	79,319,958	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,770,698	\$ 24,571,268	\$ 15,336,704	\$ 34,272,291	\$ 99,950,961	

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

June 30, 2023

Total fund balances for governmental funds		\$ 79,319,958
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land	\$ 11,230,911	
Construction in progress	1,479,347	
Total capital assets not being depreciated	<u>12,710,258</u>	
Buildings	140,282,054	
Land improvements	11,017,979	
Infrastructure	55,914,162	
Equipment	6,367,581	
Right-to-use leased equipment	37,589	
Right-to-use leased space	33,336	
Accumulated depreciation	<u>(118,644,640)</u>	
Total depreciable capital assets, net of depreciation	<u>95,008,061</u>	107,718,319
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 of \$4,322,756, prepaid property taxes of \$97,340, and special assessments receivable of \$3,797.		4,423,893
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.		167,753
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	(6,897,506)	
Unamortized bond premium	(615,450)	
Net pension liability	(10,669,574)	
Leases payable	(35,051)	
Accrued interest payable	(38,733)	
Compensated absences	<u>(683,566)</u>	
Total long-term liabilities		(18,939,880)
Deferred outflows and deferred inflows of resources related to pension and other OPEB benefits are applicable to future periods and therefore are not reported in the funds.		
Deferred inflows related to pensions	(302)	
Deferred inflows related to other postemployment benefits	(455,945)	
Deferred outflows related to pensions	2,054,285	
Deferred outflows related to other postemployment benefits	<u>494,764</u>	
Total deferred pension and other postemployment items		2,092,802
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. This is the residual equity not reported above.		<u>9,598,847</u>
Total Net Position of Governmental Activities		\$ 184,381,692

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					Total Governmental Funds
	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Special Revenue Fund	Nonmajor Governmental Funds		
<i>For the fiscal year ended June 30, 2023</i>						
Revenues						
Taxes:						
Commercial passenger excise tax	\$ -	\$ -	\$ -	\$ 1,725,380	\$ 1,725,380	\$ 1,725,380
Real and personal property	7,191,735	-	-	-	-	7,191,735
Sales and bed	19,317,031	-	-	792,950	20,109,981	20,109,981
Tobacco and marijuana	-	-	846,827	125,754	972,581	972,581
State sources	779,906	-	-	1,532,250	2,312,156	2,312,156
Federal sources	3,971,788	-	-	292,972	4,264,760	4,264,760
Charges for services	2,123,116	-	-	-	2,123,116	2,123,116
Interfund services	2,861,120	-	-	-	2,861,120	2,861,120
Fines, forfeitures and penalties	46,202	-	-	-	46,202	46,202
Investment income	106,668	2,051,043	54,533	42,147	2,254,391	2,254,391
Uses of property	692,727	-	-	-	692,727	692,727
Licenses and permits	268,011	-	700	-	268,711	268,711
Hospital sale	-	-	700,000	-	700,000	700,000
Other	117,768	-	105,632	8,509	231,909	231,909
Total Revenues	37,476,072	2,051,043	1,707,692	4,519,962	45,754,769	45,754,769
Expenditures						
Current:						
Administration	6,603,398	33,090	-	-	6,636,488	6,636,488
Public safety	6,394,437	-	-	20,036	6,414,473	6,414,473
Public works	4,217,103	-	-	71	4,217,174	4,217,174
Public services	2,037,552	-	1,190,100	580,557	3,808,209	3,808,209
Education	8,818,868	-	-	-	8,818,868	8,818,868
Debt service:						
Principal	22,310	-	-	2,050,000	2,072,310	2,072,310
Interest	3,222	-	-	253,201	256,423	256,423
Lease assets	21,449	-	-	-	21,449	21,449
Capital outlay	15,159	-	-	1,958,377	1,973,536	1,973,536
Total Expenditures	28,133,498	33,090	1,190,100	4,862,242	34,218,930	34,218,930
Excess of Revenues Over (Under) Expenditures	9,342,574	2,017,953	517,592	(342,280)	11,535,839	11,535,839
Other Financing Sources (Uses)						
Transfers in	5,260,894	554,000	-	11,518,492	17,333,386	17,333,386
Transfers out	(13,826,436)	(9,374,779)	-	(4,363,653)	(27,564,868)	(27,564,868)
Net Other Financing Sources (Uses)	(8,565,542)	(8,820,779)	-	7,154,839	(10,231,482)	(10,231,482)
Net Change in Fund Balances	777,032	(6,802,826)	517,592	6,812,559	1,304,357	1,304,357
Fund Balances (Deficit), beginning	20,239,873	31,366,592	(906,440)	27,315,576	78,015,601	78,015,601
Fund Balances (Deficit), ending	\$ 21,016,905	\$ 24,563,766	\$ (388,848)	\$ 34,128,135	\$ 79,319,958	\$ 79,319,958

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, 2023

Net change in fund balances - total governmental funds		\$ 1,304,357
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	\$ 1,994,985	
Miscellaneous capital asset activities (disposals, etc.)	19,655	
Depreciation	<u>(6,699,864)</u>	(4,685,224)
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	<u>(3,508)</u>	(3,508)
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.		
		(102,046)
The issuance of long-term debt (bonds, notes payable, lease assets) 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 on bonds and notes	2,072,310	
Decrease in unamortized bond premium	114,673	
Leases issued	<u>(649)</u>	2,186,334
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest payable	6,495	
Increase in compensated absences	<u>(63,148)</u>	(56,653)
Changes related to net pension liability, net OPEB asset, and related deferred outflows and deferred inflows can increase or decrease net position.		
Pension related increase	1,374,240	
OPEB related increase	<u>1,200,576</u>	2,574,816
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. A portion of the net income of these activities is reported with governmental activities.		
		<u>257,445</u>
Change in Net Position of Governmental Activities		\$ 1,475,521

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2023	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors			
Assets and Deferred Outflows of Resources								
Current Assets								
Equity in central treasury	\$ 19,937,258	\$ 6,988,780	\$ 2,669,088	\$ 9,376,774	\$ 12,193,363	\$ 10,686,618	\$ 61,851,881	\$ 7,849,804
Receivables:								
Accounts	1,139,344	187,617	320,418	221,620	761,975	64,535	2,695,509	-
Allowance for uncollectibles	(248,129)	(59,110)	(117,586)	(77,696)	(560,728)	-	(1,063,249)	-
Federal and State of Alaska	242,882	163,950	-	3,297	1,874,427	2,281	2,286,837	-
Current portion:								
Leases receivable	68,025	-	-	-	-	39,214	107,239	-
Notes receivable	-	-	-	5,389	-	131	5,520	-
Inventories	1,760,304	259,965	-	127,933	-	-	2,148,202	-
Prepaid expenses	-	-	-	-	-	-	-	87,307
Total Current Assets	22,899,684	7,541,202	2,871,920	9,657,317	14,269,037	10,792,779	68,031,939	7,937,111
Noncurrent Assets								
Restricted assets:								
Equity in central treasury:								
Capital asset acquisition	-	-	-	-	-	3,974,673	3,974,673	-
Deposits	164,617	100	10,710	-	-	-	175,427	-
Bond covenant accounts	7,750,547	-	-	-	928,551	356,662	9,035,760	-
Leases receivable	1,562,793	-	-	-	-	38,814	1,601,607	-
Notes receivable	-	-	-	19,034	-	-	19,034	-
Special assessments receivable	-	-	-	18,473	-	-	18,473	-
Net OPEB asset	1,625,403	164,882	85,701	400,234	363,957	-	2,640,177	497,091
Water rights	23,483	23,483	-	-	-	-	46,966	-
Capital assets:								
Property, plant and equipment	311,244,384	46,905,365	7,878,806	70,150,191	53,456,268	28,480,928	518,115,942	14,022,591
Construction in progress	413,728	17,480,693	2,879,412	446,501	3,810,449	2,647,553	27,678,336	-
Less accumulated depreciation and amortization	(117,123,096)	(23,326,793)	(3,511,634)	(44,571,042)	(23,191,524)	(11,565,600)	(223,289,689)	(10,234,644)
Total Capital Assets, Net	194,535,016	41,059,265	7,246,584	26,025,650	34,075,193	19,562,881	322,504,589	3,787,947
Total Noncurrent Assets	205,661,859	41,247,730	7,342,995	26,463,391	35,367,701	23,933,030	340,016,706	4,285,038
Total Assets	228,561,543	48,788,932	10,214,915	36,120,708	49,636,738	34,725,809	408,048,645	12,222,149
Deferred Outflows of Resources								
Deferred charge on refunding	3,356,269	-	-	-	-	-	3,356,269	-
OPEB related	160,178	16,249	8,446	39,442	35,868	-	260,183	48,986
Pension related	772,433	78,356	40,728	190,201	172,962	-	1,254,680	236,232
Total Deferred Outflows of Resources	4,288,880	94,605	49,174	229,643	208,830	-	4,871,132	285,218
Total Assets and Deferred Outflows of Resources	\$ 232,850,423	\$ 48,883,537	\$ 10,264,089	\$ 36,350,351	\$ 49,845,568	\$ 34,725,809	\$ 412,919,777	\$ 12,507,367

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Net Position, continued

June 30, 2023	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors			
Liabilities, Deferred Inflows of Resources and Net Position								
Current Liabilities								
Accounts payable and accrued liabilities	\$ 396,745	\$ 793,470	\$ 1,383,095	\$ 98,459	\$ 423,669	\$ 648,675	\$ 3,744,113	\$ 245,496
Unearned revenue	61,022	9,533	15,629	11,256	49,285	-	146,725	-
Interest payable	297,184	369,223	-	465,772	147,845	72,292	1,352,316	-
Current portion:								
Revenue bonds	3,245,000	-	-	-	485,000	160,000	3,890,000	-
Notes payable	110,651	483,391	115,798	762,422	45,348	-	1,517,610	-
Leases payable	-	-	-	-	-	12,146	12,146	15,599
Subscription IT liabilities	30,063	-	-	-	-	-	30,063	22,961
Compensated absences	104,933	14,345	4,501	32,656	27,473	-	183,908	29,587
Total Current Liabilities	4,245,598	1,669,962	1,519,023	1,370,565	1,178,620	893,113	10,876,881	313,643
Noncurrent Liabilities								
Advances from other funds	-	-	2,697,000	-	-	-	2,697,000	-
Bonds, notes, and unamortized bond premiums	111,971,652	20,402,699	578,986	14,689,080	9,680,363	3,523,385	160,846,165	-
Payable from restricted assets - deposits	164,617	100	10,710	-	-	-	175,427	-
Leases payable	-	-	-	-	-	-	-	8,852
Subscription IT liabilities	7,819	-	-	-	-	-	7,819	23,803
Compensated absences	109,881	22,238	4,664	40,726	6,863	-	184,372	35,354
Net pension liability	4,011,879	406,968	211,531	987,870	898,331	-	6,516,579	1,226,937
Landfill post-closure liability	-	-	664,711	-	-	-	664,711	-
Total Noncurrent Liabilities	116,265,848	20,832,005	4,167,602	15,717,676	10,585,557	3,523,385	171,092,073	1,294,946
Total Liabilities	120,511,446	22,501,967	5,686,625	17,088,241	11,764,177	4,416,498	181,968,954	1,608,589
Deferred Inflows of Resources								
Deferred charge on refunding	188,300	-	-	-	73,221	-	261,521	-
Lease related	1,600,755	-	-	-	-	76,639	1,677,394	-
OPEB related	149,261	15,141	7,870	36,753	33,422	-	242,447	45,647
Total Deferred Inflows of Resources	1,938,316	15,141	7,870	36,753	106,643	76,639	2,181,362	45,647
Net Position								
Net investment in capital assets	89,948,152	19,412,341	5,658,405	10,523,250	24,321,502	19,553,156	169,416,806	3,716,732
Restricted for OPEB asset	1,625,403	164,882	85,701	400,234	363,957	-	2,640,177	497,091
Unrestricted	18,827,106	6,789,206	(1,174,512)	8,301,873	13,289,289	10,679,516	56,712,478	6,639,308
Total Net Position	110,400,661	26,366,429	4,569,594	19,225,357	37,974,748	30,232,672	228,769,461	10,853,131
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 232,850,423	\$ 48,883,537	\$ 10,264,089	\$ 36,350,351	\$ 49,845,568	\$ 34,725,809	\$ 228,769,461	\$ 12,507,367
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							1,254,284	
Net Position of Business-Type Activities							\$ 230,023,745	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Exhibit C-2

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

For the fiscal year ended June 30, 2023	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors			
Operating Revenues								
Charges for service	\$ 20,384,101	\$ 3,310,300	\$ 5,476,942	\$ 3,971,075	\$ 3,392,449	\$ 1,246,761	\$ 37,781,628	\$ 3,845,212
Other operating revenues	515,455	46,527	220,549	198,546	33,619	5,612	1,020,308	25,029
Total Operating Revenues	20,899,556	3,356,827	5,697,491	4,169,621	3,426,068	1,252,373	38,801,936	3,870,241
Operating Expenses								
Wages and benefits	3,485,732	368,225	185,343	859,844	903,164	-	5,802,308	1,040,239
Travel and training	18,961	5,704	3,028	3,546	5,883	-	37,122	7,608
Utilities and supplies	363,557	233,282	82,183	394,906	719,976	162,362	1,956,266	815,863
Repair and maintenance	142,892	199,505	1,379	59,743	64,122	181,357	648,998	285,667
Contracted/purchased services	611,563	35,132	3,564,656	81,650	132,772	181,173	4,606,946	385,141
Interdepartmental services	1,461,245	470,286	463,066	459,959	467,109	218,633	3,540,298	354,636
Insurance	1,178,363	80,868	6,266	51,230	93,535	49,691	1,459,953	129,404
Other	720,165	82,012	171,515	125,757	227,530	5,138	1,332,117	15,460
Depreciation and amortization	5,730,027	1,396,226	119,973	1,288,890	1,767,392	611,487	10,913,995	855,152
Total Operating Expenses	13,712,505	2,871,240	4,597,409	3,325,525	4,381,483	1,409,841	30,298,003	3,889,170
Income (Loss) from Operations	7,187,051	485,587	1,100,082	844,096	(955,415)	(157,468)	8,503,933	(18,929)
Nonoperating Revenues (Expenses)								
Investment income (loss)	504,207	(165,663)	78,928	143,866	108,165	95,798	765,301	145,454
Interest expense	(3,080,776)	(279,593)	(12,178)	(278,906)	(325,899)	(154,729)	(4,132,081)	(2,992)
Raw fish tax	-	-	-	-	1,451,832	-	1,451,832	-
State pension relief	(76,687)	(7,779)	(4,043)	(18,884)	(17,172)	-	(124,565)	(23,454)
Gain on sale of capital assets	-	-	-	-	-	188,425	188,425	-
Net Nonoperating Revenues (Expenses)	(2,653,256)	(453,035)	62,707	(153,924)	1,216,926	129,494	(1,851,088)	119,008
Income (Loss) Before Contributions and Transfers	4,533,795	32,552	1,162,789	690,172	261,511	(27,974)	6,652,845	100,079
Capital contributions	-	-	-	-	1,028,405	2,282	1,030,687	-
Transfers in	193,088	-	-	-	3,363,799	8,222,823	11,779,710	275,163
Transfers out	(57,630)	-	-	-	-	(1,625,843)	(1,683,473)	(139,918)
Change in Net Position	4,669,253	32,552	1,162,789	690,172	4,653,715	6,571,288	17,779,769	235,324
Net Position, beginning	105,731,408	26,333,877	3,406,805	18,535,185	33,321,033	23,661,384		10,617,807
Net Position, ending	\$ 110,400,661	\$ 26,366,429	\$ 4,569,594	\$ 19,225,357	\$ 37,974,748	\$ 30,232,672		\$ 10,853,131
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(22,121)	
Change in Net Position of Business-type Activities							\$ 17,757,648	

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	Water	Solid Waste Disposal	Wastewater	Harbors			
<i>For the fiscal year ended June 30, 2023</i>								
Cash Flows from Operating Activities								
Receipts from customers and users	\$ 20,708,447	\$ 3,347,549	\$ 5,762,022	\$ 4,173,479	\$ 3,411,984	\$ 1,259,128	\$ 38,662,609	\$ 3,870,465
Payments to suppliers	(3,432,596)	(645,084)	(3,699,690)	(695,545)	(1,251,307)	(585,911)	(10,310,133)	(1,599,326)
Payments for interfund services used	(1,461,245)	(470,286)	(463,066)	(459,959)	(467,109)	(218,633)	(3,540,298)	(354,636)
Payments to employees	(4,547,101)	(446,525)	(247,390)	(1,164,884)	(1,070,444)	-	(7,476,344)	(1,292,536)
Net cash flows from operating activities	11,267,505	1,785,654	1,351,876	1,853,091	623,124	454,584	17,335,834	623,967
Cash Flows from (for) Noncapital Financing Activities								
Raw fish tax received	-	-	-	-	1,451,832	-	1,451,832	-
Decrease in due to other funds	-	(467,333)	-	-	-	-	(467,333)	-
Transfers out	(57,630)	-	-	-	-	(1,625,843)	(1,683,473)	(139,918)
Transfers in	193,088	-	-	-	138,799	6,783	338,670	275,163
Notes and assessments receivable payments	-	-	-	7,228	-	9,605	16,833	-
Net cash flows from noncapital financing activities	135,458	(467,333)	-	7,228	1,590,631	(1,609,455)	(343,471)	135,245
Cash Flows from (for) Capital and Related Financing Activities								
Capital outlay	(1,171,301)	(2,102,050)	(1,713,650)	(407,730)	(1,881,322)	(886,898)	(8,162,951)	(764,881)
Interest paid	(3,516,743)	(61,769)	(12,178)	(175,646)	(411,633)	(182,987)	(4,360,956)	(2,992)
Sale of capital assets	-	-	-	-	-	554,000	554,000	-
Payments on bonds, notes, leases, and software assets	(3,283,238)	(415,147)	(115,799)	(570,194)	(510,348)	(166,545)	(5,061,271)	-
Government grants and loans	-	8,415,188	-	19,051	1,546,138	104,050	10,084,427	-
Receipts (repayment) of advances	-	-	(93,000)	-	-	-	(93,000)	-
Transfers in	-	-	-	-	3,225,000	8,216,040	11,441,040	-
Net cash flows from (for) capital and related financing activities	(7,971,282)	5,836,222	(1,934,627)	(1,134,519)	1,967,835	7,637,660	4,401,289	(767,873)
Cash Flows From Investing Activities								
Interest received	248,408	(165,663)	78,928	143,866	79,729	71,765	457,033	145,454
Net Increase (Decrease) in Cash and Cash Equivalents	3,680,089	6,988,880	(503,823)	869,666	4,261,319	6,554,554	21,850,685	136,793
Cash and Cash Equivalents, beginning	16,421,786	-	3,183,621	8,507,108	7,932,044	8,106,737	44,151,296	7,797,849
Cash and Cash Equivalents, ending	\$ 20,101,875	\$ 6,988,880	\$ 2,679,798	\$ 9,376,774	\$ 12,193,363	\$ 14,661,291	\$ 66,001,981	\$ 7,934,642

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	Water	Solid Waste Disposal	Wastewater	Harbors			
<i>For the fiscal year ended June 30, 2023</i>								
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities								
Income (loss) from operations	\$ 7,187,051	\$ 485,587	\$ 1,100,082	\$ 844,096	\$ (955,415)	\$ (157,468)	\$ 8,503,933	\$ (18,929)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:								
Depreciation and amortization	5,730,027	1,396,226	119,973	1,288,890	1,767,392	611,487	10,913,995	855,152
State pension relief	(76,687)	(7,779)	(4,043)	(18,884)	(17,172)	-	(124,565)	(23,454)
(Increase) decrease in assets and deferred outflows of resources:								
Accounts receivable (net)	(174,077)	(8,338)	65,404	5,170	(11,622)	4,242	(119,221)	224
Inventory	(267,113)	(26,063)	-	(6,614)	-	-	(299,790)	-
Prepaid expenses	-	-	-	-	-	-	-	(87,307)
Net OPEB asset	699,580	52,045	47,459	225,215	94,182	-	1,118,481	139,168
Leases receivable	66,679	-	-	-	-	324,255	390,934	-
Deferred outflows of resources related to OPEB	(72,463)	(8,065)	(3,422)	(15,846)	(18,583)	-	(118,379)	(24,982)
Deferred outflows of resources related to pensions	(24,708)	(8,591)	2,097	10,946	(25,623)	-	(45,879)	(31,608)
Increase (decrease) in liabilities and deferred inflows of resources:								
Accounts payable and accrued liabilities	(129,982)	17,482	139,751	27,901	(7,489)	(6,190)	41,473	127,124
Compensated absences	(31,070)	5,409	3,903	6,892	(5,269)	-	(20,135)	(19,433)
Unearned revenue	(771)	(940)	(1,128)	(1,312)	(2,462)	-	(6,613)	-
Net pension liability	808,125	108,049	28,041	126,021	267,030	-	1,337,266	350,190
Deferred inflows of resources related to OPEB	(1,086,560)	(100,165)	(62,910)	(295,698)	(210,097)	-	(1,755,430)	(292,551)
Deferred inflows of resources related to pensions	(1,277,586)	(119,203)	(73,172)	(343,686)	(251,748)	-	(2,065,395)	(349,627)
Deferred inflows of resources related to leases	(81,051)	-	-	-	-	(321,742)	(402,793)	-
Deposits	(1,889)	-	255	-	-	-	(1,634)	-
Landfill post-closure liability	-	-	(10,414)	-	-	-	(10,414)	-
Net Cash Flows from (for) Operating Activities	\$ 11,267,505	\$ 1,785,654	\$ 1,351,876	\$ 1,853,091	\$ 623,124	\$ 454,584	\$ 17,335,834	\$ 623,967
Cash on Statement of Net Position								
Equity in central treasury	\$ 19,937,258	\$ 6,988,780	\$ 2,669,088	\$ 9,376,774	\$ 12,193,363	\$ 10,686,618	\$ 61,851,881	\$ 7,849,804
Restricted for capital asset acquisition	-	-	-	-	-	3,974,673	3,974,673	-
Deposits	164,617	100	10,710	-	-	-	175,427	-
Cash and Cash Equivalents, ending	\$ 20,101,875	\$ 6,988,880	\$ 2,679,798	\$ 9,376,774	\$ 12,193,363	\$ 14,661,291	\$ 66,001,981	\$ 7,849,804
Capital expenditures included in accounts payable	\$ 328,495	\$ 760,834	\$ 893,395	\$ 50,898	\$ 398,310	\$ 645,529	\$ 3,077,461	\$ -

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Fiduciary Funds

Statement of Fiduciary Net Position

<i>June 30, 2023</i>	Rowe Trust Fund	Custodial Fund Cemetery Fund
Assets		
Restricted equity in central treasury	\$ 220,097	\$ 98,363
Net Position		
Restricted	\$ 220,097	\$ 98,363
Total Net Position	\$ 220,097	\$ 98,363

See accompanying notes to the basic financial statements.

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

<i>For the fiscal year ended June 30, 2023</i>	Rowe Trust Fund	Custodial Fund Cemetery Fund
Additions - investment income	\$ 4,113	\$ 1,871
Deductions - distributions	-	841
Net Increase in Fiduciary Net Position	4,113	1,030
Net Position, beginning	215,984	97,333
Net Position, ending	\$ 220,097	\$ 98,363

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements June 30, 2023

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 unit, an entity for which the government is considered to be financially accountable. The 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 unit. The Sitka School District (School District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the School District's governing board are elected by the voters. However, the School 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.

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

Sitka School District
P.O. Box 179
Sitka, Alaska 99835

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.

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 unit. 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 its legally separate component unit 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. 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 *Sitka Community Hospital Dedicated Special Revenue 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.

The *Water Enterprise Fund* records the activities of the City and Borough's water distribution and treatment 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. In FY2023 the Wastewater Enterprise Fund did not meet the criteria of a major fund, however it has been presented as a major fund for comparative purposes.

The *Harbors Enterprise Fund* records the activities of the City and Borough's harbor system.

Additionally, the government reports the following fund types:

Internal service funds account for information technology 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 Custodial 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 and other 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, Deferred Outflows, Liabilities, Deferred Inflows, 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 central treasury investments is allocated monthly to participating funds based on their average monthly balance. Interest on investments held by the Permanent Fund is recognized only in the Permanent Fund and, due to differing asset allocations, returns may vary significantly.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

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

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

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

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

Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the 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 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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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, water and wastewater systems. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures or expenses when consumed rather than when purchased.

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 and Solid Waste Funds. The amount is restricted in use as it is a deposit against an open account and is 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>
Right-to-use leased equipment	5-20
Utility plant in service	25-65
Buildings	20-50
Equipment	3-20
Land improvements	15-50
Infrastructure	5-40
Harbor	7-40

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

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

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

Deferred Outflows/Inflows of Resources - Deferred outflow of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflow of resources represent an acquisition of net assets that applies to future periods 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 not yet due, payments on assets leased out by the City and Borough but not yet due, prepaid property taxes, and 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 and assets, 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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

Restricted fund balance includes resources with constraints imposed by either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

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

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

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

Unrestricted net position (deficit) is all net position (deficit) that does not meet the definition of “net investment in capital assets” or “restricted net position”.

City and Borough of Sitka, Alaska

Notes to 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. 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 fifteen 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 operating expenditures are adopted at the fund level for all funds. The level at which operating expenditures cannot legally exceed appropriations is the fund level for the General Fund, Enterprise, and Internal Service Funds. Amounts appropriated for salaries and benefits, travel and the acquisition of capital assets may not be exceeded at the fund level. 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. Capital appropriations are made at the project level and capital expenditures cannot exceed project-level appropriations. Capital appropriations do not lapse until a project is complete, in addition to the new appropriations for FY2023, over \$21,500,000 in open appropriations from prior years remain. Appropriations for depreciation/amortization are not required, however estimates for depreciation/amortization are included in the budget. In addition, while budgeted, transfers between funds are not considered legal appropriations, as they are not an obligation external to the municipality. Finally, leased assets are budgeted as an expenditure, but are recorded under equipment acquisition to comply with GASB 87. Thus, while a fund may appear to have exceeded legal appropriations, when leased asset, depreciation and transfers are considered, no major fund exceeded its legal appropriations in FY2023.

Fund-level expenditures for the General Fund:

<i>Year ended June 30, 2023</i>	Original Budget	Final Budget	Actual	Variance
Personnel	\$ 15,024,405	\$ 14,908,405	\$ 12,356,235	\$ 2,552,170
Travel and Training	298,945	298,130	161,444	136,686
Other	16,239,792	16,328,874	15,615,819	713,055
Total Expenditures	\$ 31,563,142	\$ 31,535,409	\$ 28,133,498	\$ 3,401,911
Transfers between funds	5,601,911	13,098,993	13,826,436	(727,443)
Total expenditures and transfers	\$37,165,053	\$44,634,402	\$41,959,934	\$2,674,468

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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 budget for the School District is approved by its board. The School District budget is not approved by the Assembly. However, the Assembly determines the amount of funding to be made available from local sources for school purposes during its budget approval process.

3. Deposits and Investments

As of June 30, 2023, the City and Borough had the following investments:

Investment Type	Credit Rating	Fair Value
Investments subject to custodial credit risk:		
Corporate securities	AAA to AA-	\$ 1,794,067
Certificates of deposit	Unrated or P1	6,518,559
U.S. Treasury securities	AAA	75,446,492
External investment pool	Unrated	14,545,207
Exchange traded funds	Unrated	16,023,151
U.S. Agency securities	AAA to AA+	7,732,588
Money market funds	Unrated	11,161,043
Total Fair Value of Investments subject to Custodial Credit Risk		\$ 133,221,107

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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

As of June 30, 2023, 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	\$ -	\$ -	\$ 1,794,067	\$ -
Certificates of deposit	224,923	1,348,255	4,945,381	-
U.S. Treasury securities	10,375,340	18,920,435	39,234,691	-
U.S. Agency securities	-	972,184	5,671,591	594,263
Total Investments Subject to Interest Rate Risk	\$ 10,600,263	\$ 21,240,874	\$ 51,645,730	\$ 594,263

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>
U.S. Treasury securities	\$ 426,579	\$ 1,298,520	\$ 3,217,855	\$ 1,973,072
U.S. Agency securities	44	116,290	136,088	242,128
Total Investments Subject to Interest Rate Risk	\$ 426,623	\$ 1,414,810	\$ 3,353,943	\$ 2,215,200

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, 2023, the Permanent Fund's portfolio contained 55% equity securities and 45% cash and fixed income securities.

The City and Borough participates in an external investment pool. The pool is registered with the Securities and Exchange Commission. All of the participants of the pool are municipalities or other extension of local or state government within the State of Alaska. The funds in the 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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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, 2023.

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, 2023, the City and Borough had no concentrations exceeding five percent from any issuer, with the exception of the Alaska Municipal League Investment Pool (AMLIP) which is considered to have no credit risk and securities issued by the U.S. Government.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City and Borough's deposits may not be returned to it. It is the City and Borough's policy to mitigate this risk by requiring that all demand deposits be fully collateralized by securities held in the City and Borough's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2023, \$1,000,257 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$15,730,025 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 City and 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 City and Borough has the following recurring fair value measurements, which 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) as of June 30, 2023:

- U.S. government agency securities of \$7,732,588
- U.S. Treasury securities of \$75,466,492
- Corporate securities of \$1,794,067
- Certificates of deposits of \$6,518,559

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The City and Borough has investments in exchange traded funds of international and U.S. equities which are quoted in active markets (Level 1) totaling \$16,023,151. The City and Borough has investments in money market funds totaling \$11,161,043 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2023. The City and Borough's investment in AMLIP of \$14,545,207 is measured at net asset value, as of June 30, 2023. AMLIP's objective is to provide a safe, short-term investment option entities to maximize revenue to government. The pool's focus on both safety and liquidity mean that there are no restrictions on redemptions. Management believes that these values approximate fair value.

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		21,025,727
Carrying amount of investments		133,221,107
Total Cash and Investments		\$ 154,248,934
<hr/>		
Reported in the Statement of Net Position		
Equity in central treasury	\$	116,235,684
Equity in central treasury - restricted		175,427
Bond covenant accounts		9,035,760
Cash and investments - restricted		28,483,603
Reported in the Fiduciary Funds		318,460
Total Cash and Investments		\$ 154,248,934

At June 30, 2023, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$4,545,756. Amounts are insured at each financial institution by the Federal Deposit Insurance Corporation up to legal maximum. The School 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	\$ 1,290,049	\$ 1,662	\$ 50	\$ 1,291,761
Taxes	5,156,412	98,896	332,804	5,588,112
Interest	391,711	3,480,985	-	3,872,696
Special assessments	-	-	3,797	3,797
Federal and State of Alaska	45,219	-	29,639	74,858
Leases	3,415,894	-	-	3,415,894
Notes	-	9,119,015	462,483	9,581,498
Total receivables	10,299,285	12,700,558	828,773	23,828,616
Less allowance for doubtful accounts and notes	(811,561)	-	-	(811,561)
Net Total Receivables	\$ 9,487,724	\$ 12,700,558	\$ 828,773	\$ 23,017,055

	Electric Utility	Water	Solid Waste Disposal	Waste- water	Harbors	Nonmajor Enterprise	Total Enterprise Funds
Special assessments	\$ -	\$ -	\$ -	\$ 18,473	\$ -	\$ -	\$ 18,473
Federal and State	242,882	163,950	-	3,297	1,874,427	2,281	2,286,837
Accounts	1,139,344	187,617	320,418	221,620	761,975	64,535	2,695,509
Leases	1,630,818	-	-	-	-	78,028	1,708,846
Notes	-	-	-	24,423	-	131	24,554
Total receivables	3,013,044	351,567	320,418	267,813	2,636,402	144,975	6,734,219
Less allowance for doubtful accounts	(248,129)	(59,110)	(117,586)	(77,696)	(560,728)	-	(1,063,249)
Net Total Receivables	\$2,764,915	\$292,457	\$202,832	\$190,117	\$2,075,674	\$ 144,975	\$5,670,970

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:

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

<i>Description</i>	<i>Deferred Inflows</i>
Special assessments not yet due	\$ 3,797
Property taxes paid in advance	97,340
Leases	3,355,684
Notes receivable and interest not yet due	12,600,000
Totals for Governmental Funds	\$ 16,056,821

5. Capital Assets

Governmental Activities	Beginning Balance as restated (Note 17)	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$11,230,911	\$ -	\$ -	\$11,230,911
Construction in progress	3,929,774	1,958,377	(4,408,804)	1,479,347
Total capital assets not being depreciated	15,160,685	1,958,377	(4,408,804)	12,710,258
<i>Capital assets being depreciated or amortized:</i>				
Buildings	141,162,325	516,381	-	141,678,706
Land improvements	8,470,577	2,571,677	-	11,042,254
Infrastructure	54,716,640	1,221,895	-	55,938,535
Equipment	17,895,156	878,892	-	18,774,048
Right-to-use subscription IT assets	116,229	-	-	116,229
Right-to-use leased equipment	71,883	20,301	-	92,184
Right-to-use leased space	33,336	-	-	33,336
Total capital assets being depreciated or amortized	222,466,146	5,209,146	-	227,675,292
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	(76,059,089)	(3,916,837)	-	(79,975,926)
Land improvements	(3,482,695)	(521,586)	-	(4,004,281)
Infrastructure	(28,095,368)	(1,989,378)	-	(30,084,746)
Equipment	(13,658,835)	(1,052,336)	-	(14,711,171)
Right-to-use subscription IT assets	-	(35,034)	-	(35,034)
Right-to-use leased equipment	(21,799)	(28,733)	-	(50,532)
Right-to-use leased space	(6,482)	(11,112)	-	(17,594)
Total accumulated depreciation and amortization	(121,324,268)	(7,555,016)	-	(128,879,284)
Total capital assets being depreciated or amortized, net	101,141,878	(2,345,870)	-	98,796,008
Governmental Activities Capital Assets, net	\$116,302,563	\$(387,493)	\$(4,408,804)	\$111,506,266

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Business-Type Activities	Beginning Balance as restated (Note 17)	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,610,239	\$ -	(210,000)	\$ 4,400,239
Construction in progress	20,731,786	9,470,408	(2,523,858)	27,678,336
Total capital assets not being depreciated	25,342,025	9,470,408	(2,733,858)	32,078,575
<i>Capital assets being depreciated or amortized:</i>				
Buildings	21,685,997	78,699	(227,310)	21,537,386
Land improvements	23,668,663	-	-	23,668,663
Equipment	6,945,212	218,475	-	7,163,687
Harbors	50,756,213	117,537	-	50,873,750
Electric plant	303,886,122	1,054,276	-	304,940,398
Water plant	37,773,268	-	-	37,773,268
Wastewater treatment plant	66,570,883	1,085,779	-	67,656,662
Right-to-use subscription IT assets	67,105	-	-	67,105
Right-to-use leased land	34,784	-	-	34,784
Total capital assets being depreciated or amortized	511,388,247	2,554,766	(227,310)	513,715,703
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	(11,594,525)	(540,593)	71,735	(12,063,383)
Land improvements	(5,840,068)	(549,753)	-	(6,389,821)
Equipment	(5,146,692)	(260,262)	-	(5,406,954)
Harbors	(20,029,460)	(1,712,729)	-	(21,742,189)
Electric plant	(108,830,967)	(5,534,588)	-	(114,365,555)
Water plant	(19,695,620)	(1,084,044)	-	(20,779,664)
Wastewater treatment plant	(41,298,502)	(1,190,607)	-	(42,489,109)
Right-to-use subscription IT assets	-	(29,824)	-	(29,824)
Right-to-use leased land	(11,595)	(11,595)	-	(23,190)
Total accumulated depreciation and amortization	(212,447,429)	(10,913,995)	71,735	(223,289,689)
Total capital assets being depreciated or amortized, net	298,940,818	(8,359,229)	(155,575)	290,426,014
Business-type Activities Capital Assets, net	\$324,282,843	\$ 1,111,179	\$(2,889,433)	\$322,504,589

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

Governmental Activities

Administration	\$ 116,776
Public safety	295,993
Public works	2,558,602
Public services	691,842
Education	3,036,651
Capital assets held by internal service funds	855,152

Total Depreciation Expense - Governmental Activities \$ 7,555,016

Business-type Activities

Electric	\$ 5,730,027
Water	1,396,226
Wastewater treatment	1,288,890
Solid waste disposal	119,973
Harbors	1,767,392
Airport terminal building	179,561
Marine service center	30,770
Gary Paxton Industrial Park	401,156

Total Depreciation Expense - Business-type Activities \$ 10,913,995

6. Interfund Receivables, Payables and Transfers

Total Due To/From Other Funds \$ 550,495

Advances from/to other funds:

General Fund	Sitka Community Hospital Dedicated Fund	\$ 3,125,552
SE Economic Development Fund	Solid Waste Fund	2,697,000

Total Advances From/To Other Funds \$ 5,822,552

The Southeast 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 \$2,697,000 were outstanding. Generally, internal loans are made at an annual interest rate of 3%, though the loan made to the Solid Waste Fund was made at 0%. The term is usually set at 3 years but may vary.

The advance from the General Fund to the Sitka Community Hospital Dedicated Special Revenue Fund was to 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,

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

at the end of the fiscal year, a portion of the advance remains outstanding, with the expectation that it will be repaid upon release of funds in escrow.

Interfund Transfers

Within the City and Borough of Sitka, 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 and enterprise funds. Funds are also transferred from the General Fund to the School Debt Service Fund to cover debt payments. The Utility Subsidization Fund receives transfers from the General Fund and then the Utility Subsidization Fund transfers funds into the Electric Fund. Funding for tourism-related expenses is transferred to various funds from the Commercial Passenger Excise Tax fund. In addition, funds are transferred to the General Fund each year from the Permanent Fund for general support.

Transfers From:

Transfers To:	General	Permanent	Electric	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General	\$ -	\$1,193,739	\$ -	\$ 4,067,155	\$ -	\$ -	\$ 5,260,894
Permanent	-	-	-	-	554,000	-	554,000
Electric	-	-	-	193,088	-	-	193,088
Harbor	2,217,301	-	-	74,655	1,071,843	-	3,363,799
Nonmajor Governmental	11,413,574	-	-	-	-	104,918	11,518,492
Nonmajor Enterprise	-	8,181,040	-	6,783	-	35,000	8,222,823
Internal Service	195,561	-	57,630	21,972	-	-	275,163
Total Transfers Out	\$13,826,436	\$9,374,779	\$57,630	\$ 4,363,653	\$1,625,843	\$139,918	\$29,388,259

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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:

Governmental Activities	Interest Rates	Outstanding Amount
School renovation and additions:		
\$6,095,000 2015 Series One refinancing portion of 2005 Series A and 2008 Series Two School bonds, final payment due October 1, 2027	2.000% to 5.000%	\$2,380,000
\$2,775,000 2021 Series One refinancing portion of 2011 Series Two School Bonds, final payment due December 1, 2030	5.000%	2,320,000
\$3,515,000 2021 Series Two refinancing the balance of 2012 Series Two that refunded 2004 Series A School Bonds, final payment due December 1, 2024	.243% to .698%	2,005,000
Total General Obligation Bonds		\$6,705,000

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

<i>Year Ending June 30,</i>	Principal	Interest
2024	\$ 2,075,000	\$ 220,011
2025	1,310,000	185,736
2026	740,000	147,500
2027	780,000	70,875
2028	820,000	56,375
2029-2031	980,000	75,250
	\$ 6,705,000	\$ 755,747

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%	\$ 48,750
\$69,622, note payable for stormwater improvements, #783401	1.50%	34,811
\$740,000, note payable for Baranof Street Sewer Replacement, governmental portion of \$183,097, #783091	1.50%	108,945
Total State of Alaska, Department of Environmental Conservation Loans		\$ 192,506

Annual debt service requirements to maturity are as follows:

<i>Year Ending June 30,</i>	Principal	Outstanding Interest
2024	\$ 22,310	\$ 2,888
2025	22,310	2,553
2026	22,310	2,218
2027	22,310	1,747
2028	22,310	1,413
2029-2033	62,799	3,507
2034-2035	18,157	136
	\$ 192,506	\$ 14,462

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, 2023.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Revenue bonds outstanding at year end are as follows:

Business-type Activities	Interest Rates	Outstanding Amount
\$8,025,000, 2018 Series One Harbor bonds, final payment due February 1, 2038	5.00%	\$ 6,940,000
\$4,045,000, 2018 Series One Airport Terminal bonds, final payment due February 1, 2038	5.00%	3,470,000
\$25,550,000 2020 Series One refunding 2010 Series Electric bonds, final payment due December 1, 2030	5.00%	19,775,000
\$39,240,000 2021 Series Two refunding 2013 One Series Electric bonds, final payment due December 1, 2046	.243% to 3.128%	38,645,000
\$28,895,000 2021 Series Two refunding 2013 Three Series Electric bonds, final payment due December 1, 2048	.243% to 3.128%	28,395,000
\$19,110,000 2021 Series Two refunding 2014 Three Series Electric bonds, final payment due December 1, 2044	.243% to 3.128%	18,710,000
\$5,975,000 2021 Series Two refinancing of Alaska Energy Authority Electric loan, final payment due December 1, 2032	.243% to 2.222%	5,025,000
\$2,675,000 2021 Series Two refinancing of 2013 One Harbor bonds, final payment due December 1, 2032	.243% to 2.222%	2,575,000
Total Revenue Bonds		\$ 123,535,000

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

<i>Year Ending June 30,</i>	Principal	Interest
2024	\$ 3,890,000	\$ 3,934,415
2025	4,040,000	3,799,904
2026	4,180,000	3,654,259
2027	4,325,000	3,498,380
2028	4,480,000	3,332,115
2029-2033	25,500,000	13,936,646
2034-2038	27,485,000	10,028,194
2039-2043	25,545,000	5,773,407
2044-2048	22,215,000	1,756,607
2049	1,875,000	29,325
	\$ 123,535,000	\$ 49,743,252

As of June 30, 2023, the City and Borough had no authorized but unissued bonds.

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:		
\$987,157, for I and I #783011	1.50%	\$ 245,903
\$1,310,000, for wastewater treatment plant upgrades #783051	1.50%	218,894
\$565,000, for water system upgrades on Sawmill Creek Road #783061	1.50%	120,802
\$1,000,000, for harbor water distribution system upgrades #783071	1.50%	272,089
\$2,400,000, for Kimsham landfill closure #783081	1.50%	694,785
\$740,000, for Baranof Street sewer replacement - #783091	1.50%	185,502
\$1,400,000, for sewer system upgrades #783101	1.50%	431,514
\$1,000,000, for Japonski Island water distribution main #783151	1.50%	261,417
\$482,588 for Crescent Harbor lift station #783161	1.50%	375,060
\$3,170,000, for Whitcomb Heights subdivision water tank #783211	1.50%	950,918
\$308,000, for HPR/SMC Road intersection sewer replacement #783241	1.50%	122,479
\$1,455,081, for SMC Road sewer upgrade, Phase III - ARRA funding #783281	1.50%	77,203
\$297,791 for Monastery & Baranof Street water mains - #783301	1.50%	208,454
\$483,000, for SMC Road/HPR Intersection water line replacement #783311	1.50%	140,378
\$617,000, for water tank protection, #783341	1.50%	30,850
\$737,690 for Jeff Davis water main replacement #783371	1.50%	573,323
\$2,375,092 for Indian River temporary filtration #783381	1.50%	1,845,890
\$1,740,000, for Japonski Island sewer lift stations - #783391	1.50%	820,127
\$859,103, for Monastery Street sewer main replacement, #783401	1.50%	232,965
\$316,211 for Monastery & Baranof Street sewer mains - #783411	1.50%	221,348
\$1,520,000, for UV disinfection facility - #783431	1.50%	960,000
\$782,000, for Monastery Street water main replacement, #783441	1.50%	333,706
\$685,000, for Baranof Street water system replacement - #783501	1.50%	54,929
\$214,600 for Hollywood Way sewer main - #783511	1.50%	150,220
\$58,362, for Hollywood Way water main - #783521	1.50%	40,854
\$217,400, for Brady lift station #783231	1.50%	217,400
\$2,154,170, for Crescent and landfill lift stations #783161	1.50%	2,154,170
\$1,447,717, for Degroff Street sewer replacement #783121	1.50%	1,447,717
\$2,690,875, for wastewater treatment plant HVAC #783221	1.50%	2,690,875
\$1,733,750, for wastewater treatment plant rehabilitation project #783451	1.50%	1,733,750
\$1,352,100, for Degroff Street water replacement #783111	1.50%	1,352,100
Total notes payable for completed projects		\$ 19,165,622

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

	Interest Rate	Outstanding Amount
Uncompleted projects in draw down phase:		
\$2,154,170, for UV disinfection - #783481	1.50%	\$ 433,064
\$17,620,000 for critical secondary water supply - #783531	1.56%	15,398,149
\$5,079,500 for wastewater treatment plant rehab - #783461	1.50%	4,153,516
Total draw on notes yet to be finalized		\$19,984,729

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

<i>Year Ending June 30,</i>	Principal	Interest
2024	\$ 1,517,609	\$ 585,618
2025	1,521,199	264,720
2026	1,524,844	241,902
2027	1,453,379	215,526
2028	1,441,397	194,225
2029-2033	5,509,917	703,030
2034-2038	3,991,096	340,287
2039-2043	2,206,181	94,137
	\$ 19,165,622	\$ 2,639,445

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City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Changes in Long-term Liabilities

Governmental Activities	Beginning Balance as restated (Note 17)	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 8,755,000	\$ -	\$2,050,000	\$6,705,000	\$2,075,000
Issuance premiums	730,123	-	114,673	615,450	-
Total bonds payable	9,485,123	-	2,164,673	7,320,450	2,075,000
State of Alaska notes	214,816	-	22,310	192,506	22,310
Leases payable	74,226	20,301	35,025	59,502	34,215
Subscription IT liabilities	69,080	-	22,316	46,764	23,961
Compensated absences	704,792	594,999	551,284	748,506	610,618
Net pension liability	9,449,120	2,447,391	-	11,896,511	-
Governmental Activity Long-term Liabilities	\$19,997,157	\$3,062,691	\$2,795,608	\$20,264,240	\$2,765,104
Business-type Activities					
Bonds payable:					
Revenue bonds	127,300,000	-	3,765,000	123,535,000	\$3,890,000
Issuance premiums	4,379,149	-	810,729	3,568,420	-
Total bonds payable	131,679,149	-	4,575,729	127,103,420	3,890,000
State of Alaska notes payable	38,748,455	1,657,402	1,255,502	39,150,355	1,517,610
Leases	23,691	-	11,545	12,146	12,146
Compensated absences	388,415	151,518	171,653	368,280	183,908
Subscription IT liabilities	67,105	-	29,223	37,882	30,063
Landfill post-closure liability	675,125	-	10,414	664,711	-
Net pension liability	5,179,313	1,337,266	-	6,516,579	-
Business-type Activity Long-term Liabilities	\$176,761,253	\$3,146,186	\$6,054,066	\$173,853,373	\$5,633,727

For governmental activities, compensated absences, and pension 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. Leases

Lessee

The City and Borough of Sitka is a lessee for noncancellable leases of equipment as well as space in a building. The City and Borough recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City and Borough recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City and Borough initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City and Borough determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City and Borough uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City and Borough generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City and Borough is reasonably certain to exercise.

The City and Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The City and Borough is a lessor for noncancellable leases of land, space on electric poles, and space in the airport terminal and Marine Service Center buildings. The City and Borough recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund-level financial statements.

At the commencement of a lease, the City and Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Key estimates and judgments include how the City and Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City and Borough uses U.S. Treasury Yield Curve Semiannual Rate listed for July 1st of the fiscal year as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City and Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Leases Receivable

During the current fiscal year, the City and Borough leased General Fund land and tidelands, space on electric poles, airport building space, Marine Service Center (MSC) building space, and Gary Paxton Industrial Park (GPIP) land. The leases range for two to ninety-nine years and the City and Borough will receive annual payments listed in the table below. The City and Borough recognized lease revenue and interest revenue during the current fiscal year related to all leases as stated in the table below. As of June 30, 2023, the City and Borough receivable for lease payments is stated below. Also, the City and Borough has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources is listed below.

	Payment Amount	Lease Revenue	Lease Interest	Leases Receivable	Deferred Inflow
General Fund	\$ 309,160	\$ 237,666	\$ 71,494	\$ 3,415,894	\$ 3,355,684
Electric	100,020	66,679	33,341	1,630,818	1,600,755
Airport	39,875	38,813	1,062	32,017	31,387
MSC	279,316	276,313	3,003	-	-
GPIP	10,130	9,129	1,001	46,011	45,252

The City and Borough has entered into leases with airlines leasing space in Sitka's airport terminal as well as space leased by the Transportation Security Administration for security screening purposes which are classified as regulated leases and are therefore not within the scope of GASB Statement No. 87 - Leases. Total inflows of resources from regulated leases was \$389,884 for fiscal year 2023. Future minimum payments from regulated leases are expected for the next 3 fiscal years, and are expected to exceed \$10,000 annually.

Leases Payable

The City and Borough has multiple lease agreements ranging from five to twenty-seven years as lessee for the acquisition and use of postage machines, folding machines, voting machines, copiers, building space and land. The lease liability at the beginning of the fiscal year was \$97,917. As of June 30, 2023, the value of the lease liability was \$71,648. The City and Borough is required to make principal and interest payments of \$50,418. No new leases were entered into as of June 30, 2023. The leases have an implicit interest rate of 4% and any new leases will use the U.S. Treasury Yield Curve Semiannual Rate listed for July 1st of the fiscal year as the discount rate. The value of

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

the right-to-use asset as of the end of the current fiscal year was \$160,304 and had accumulated amortization of \$91,316.

	Initial Lease Liability	Value Lease Liability	Principal & Interest Payment	Value of Right-to-use Asset	Accumulated Amortization
Governmental Activities	\$ 74,226	\$ 59,502	\$ 38,135	\$ 125,520	\$ 68,126
Airport	23,691	12,146	12,283	34,784	23,190
Totals	\$ 97,917	\$ 71,648	\$ 50,418	\$ 160,304	\$ 91,316

The future principal and interest lease payments for the Governmental Activities as of June 30, 2023 are as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2024	\$ 34,215	\$ 1,750	\$ 35,965
2025	19,614	489	20,103
2026	5,673	107	5,780
Totals	59,502	2,346	61,847

The future principal and interest lease payments for the Airport as of June 30, 2023 are as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2024	\$ 12,143	\$ 310	\$ 12,456
Totals	12,146	310	12,456

9. Subscription IT Assets

The City and Borough of Sitka is party to 4 subscription-based information technology arrangements (SBITAs). The City and Borough recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the financial statements. The City and Borough recognizes subscription liabilities with an initial term greater than twelve months and an individual value of \$10,000 or more. For SBITAs with a maximum possible term of 12 months or less at commencement, the City and Borough recognizes expenses/expenditures based on the provisions of the arrangement.

At the commencement of a SBITA, the City and Borough initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term.

Key estimates and judgments related to SBITAs include how the City and Borough determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) subscription payments.

The City and Borough uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City and Borough has opted to use the U.S. Treasury Yield Curve Semi-annual Rate listed for July 1st of the fiscal year for the term of the SBITA. At July 1, 2022 this was determined to be 2.84% for a 2-year term and 2.85% for a 3-year term. The subscription term includes the noncancellable period during which the City and Borough has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if reasonably certain the City and Borough or vendor will exercise that option or to terminate if it is reasonably certain that the City and Borough or vendor will not exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The City and Borough monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

The City and Borough capitalized qualifying initial implementation costs of \$183,334 or more as part of the recording the initial subscription asset. Preliminary project stage outlays are expensed as included. Operation and additional implementation stage activities are expensed as incurred unless they meet specific capitalization criteria.

	Initial SBITA Liability	Value SBITA Liability	Principal & Interest Payment	Value of Right-to- use SBITA	Accumulated Amortization
Governmental Activities	\$ 69,080	\$ 46,764	\$ 23,995	\$ 116,229	\$ 35,034
Electric Fund	67,105	37,882	30,750	67,105	29,824
Total	\$ 136,185	\$ 84,646	\$ 54,745	\$ 183,334	\$ 64,858

The future principal and interest SBITA payments for Governmental Activities as of June 30, 2023 are as follows:

<i>Year ending June 30,</i>	Principal	Interest	Total
2024	\$ 22,961	\$ 1,034	\$ 23,995
2025	23,803	371	24,174
Total	\$ 46,764	\$ 1,405	\$ 48,169

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The future principal and interest SBITA payments for the Electric Fund as of June 30, 2023 are as follows:

<i>Year ending June 30,</i>	Principal	Interest	Total
2024	\$ 30,063	\$ 687	\$ 30,750
2025	7,819	38	7,857
Total	\$ 37,882	\$ 725	\$ 38,607

10. Restricted Assets

The balance of the restricted assets accounts in the enterprise funds at June 30, 2023 is as follows:

Customer deposits:	
Electric utility	\$ 164,617
Water fund	100
Solid waste disposal	10,710
Assets restricted for airport terminal capital asset acquisition	3,974,673
Investment with bond trustee pursuant to revenue bond covenants	9,035,760
Total Restricted Assets	\$ 13,185,860

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

11. 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 Fund	Nonmajor Funds	Totals
Nonspendable:					
Advances receivable	\$ 3,125,552	\$ -	\$ -	\$ -	\$ 3,125,552
Prepaid items	6,087	-	-	-	6,087
Home rule charter	-	23,452,880	-	-	23,452,880
Total nonspendable	3,131,639	23,452,880	-	-	26,584,519
Restricted:					
Sitka Public Library	-	-	-	273,820	273,820
Commercial passenger tax	-	-	-	2,091,231	2,091,231
Home rule charter	-	1,110,886	-	-	1,110,886
Debt service	-	-	-	6,428,896	6,428,896
Total restricted	-	1,110,886	-	8,793,947	9,904,833
Committed:					
Working capital reserve	7,796,969	-	-	-	7,796,969
Emergency reserve	2,000,000	-	-	-	2,000,000
E911 surcharge	695,268	-	-	-	695,268
SRS Title III	512,663	-	-	-	512,663
Hospital sale	379,008	-	3,447,742	-	3,826,750
SE economic development	-	-	-	3,444,354	3,444,354
Capital projects	-	-	-	18,477,687	18,477,687
Total committed	11,383,908	-	3,447,742	21,922,041	36,753,691
Assigned:					
Gary Paxton Industrial Park	\$ -	\$ -	-	\$ 338,810	\$ 338,810
Utility Cost subsidization	-	-	-	195,439	195,439
LID revolving	-	-	-	1,106,119	1,106,119
LID guaranty	-	-	-	267,016	267,016
Raw water sales	-	-	-	800,700	800,700
Visitor enhancement	-	-	-	429,304	429,304
Other small funds	-	-	-	274,759	274,759
Total Assigned	-	-	-	3,412,147	3,412,147
Unassigned (deficit)	6,501,358	-	(3,836,590)	-	2,664,768
Total Fund Balances (Deficit)	\$ 21,016,905	\$ 24,563,766	\$ (388,848)	\$ 34,128,135	\$ 79,319,958

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

12. Risk Management

The City and Borough is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and Borough carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City and Borough has not accrued a liability for claims and judgments at June 30, 2023 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 2023.

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

13. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

The Plan is included in an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at <https://drb.alaska.gov/docs/reports/#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. Peace/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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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.

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

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Peace 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.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the 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. This change results in a lower ARM Board Rates than previously adopted.

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, 2023 were determined in the June 30, 2021 actuarial valuations. The City and Borough's contribution rates for the 2023 fiscal year were as follows:

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.41%	-%
Total Contribution Rates	24.79%	2.79%

Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the City and Borough are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

In 2023, the City and Borough was credited with the following contributions to the pension plan:

	Measurement Period	City and Borough Fiscal Year
	July 1, 2021 to June 30, 2022	July 1, 2022 to June 30, 2023
Employer contributions (including DBUL)	\$ 2,921,160	\$ 3,018,761
Nonemployer contributions (on-behalf)	928,100	300,120
Total Contributions	\$ 3,849,260	\$ 3,318,881

In addition, employee contributions to the Plan totaled \$220,082 during the City and Borough’s fiscal year.

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

At June 30, 2023, the City and 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 City and Borough. The amount recognized by the City and Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the City and Borough were as follows:

City and Borough proportionate share of NPL	\$ 18,413,090
State’s proportionate share of NPL associated with the City and Borough	5,096,814
Total Net Pension Liability	\$ 23,509,904

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 and rolled forward to June 30, 2022 to calculate the net pension liability as of that date. The City and Borough’s proportion of the net pension liability was based on a projection of the City and Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2022 measurement date, the City and Borough’s proportion was 0.36126 percent, which was a decrease of 0.03750 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City and Borough recognized pension expense of \$4,222,772 and on-behalf revenue of \$332,951 for support provided by the State. At June 30, 2023, the City and Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 526,436	\$ -
City and Borough contributions subsequent to the measurement date	3,018,761	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 3,545,197	\$ -

The \$3,018,761 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 ending June 30, 2024. 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,

2024	\$	(62,586)
2025		(160,420)
2026		(385,106)
2027		1,134,548
Total Amortization	\$	526,436

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Investment rate of return 7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.

Mortality
Peace officer/firefighter Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Other See the experience study report dated July 15, 2022.

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.88%, for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	- %
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed from the prior measurement date. 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 City and Borough’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City and 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City and Borough’s proportionate share of the net pension liability	0.36126%	\$ 24,787,979	\$ 18,413,091	\$ 13,037,746

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the annual comprehensive financial report for PERS, and at the following website, as noted above. <https://drb.alaska.gov/docs/reports/#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 City and 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, 2023 to cover a portion of the City and Borough's employer match contributions. For the year ended June 30, 2023, forfeitures reduced pension expense by \$3,201.

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, 2023, the City and Borough was required to contribute 5% of covered salary into the Plan.

The City and Borough and employee contributions to PERS for pensions for the year ended June 30, 2023 were \$436,246 and \$697,994, respectively. The City and Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the City and 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 provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. 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 annual comprehensive financial report for PERS, at the following website <https://drb.alaska.gov/docs/reports/#pers>.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Employer Contribution Rates

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

Employer contribution rates for the year ended June 30, 2023 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

In 2023, the City and Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022	City and Borough Fiscal Year July 1, 2022 to June 30, 2023
Employer contributions - ARHCT	\$ 219,124	\$ -
Employer contributions - RMP	85,339	95,973
Employer contributions - ODD	29,787	31,709
Total Contributions	\$ 334,250	\$ 127,682

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

At June 30, 2023, the City and Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the City and Borough. The amount recognized by the City and Borough for its proportional share, the related State proportion, and the total were as follows:

City and Borough's proportionate share of NOA - ARHCT	\$ 7,058,522
City and Borough's proportionate share of NOA - RMP	175,168
City and Borough's proportionate share of NOA - ODD	226,334
Total City and Borough's Proportionate Share of Net OPEB Asset	\$ 7,460,024
State's proportionate share of the ARHCT NOA associated with the City and Borough	2,016,291
Total Net OPEB Asset	\$ 9,476,316

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The total OPEB asset for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The City and Borough's proportion of the net OPEB assets was based on a projection of the City and Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2021 Measurement Date Employer Proportion	June 30, 2022 Measurement Date Employer Proportion	Change
City and Borough's proportionate share of the net OPEB assets:			
ARHCT	0.40038%	0.35874%	(0.04164)%
RMP	0.47145%	0.50437%	0.03292 %
ODD	0.49503%	0.51630%	0.02127 %

For the year ended June 30, 2023, the City and Borough recognized OPEB expense (benefit) of \$(2,561,821). Of this amount, \$(684,920) was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (2,729,046)	\$ (684,920)
RMP	122,561	-
ODD	44,664	-
Total	\$ (2,561,821)	\$ (684,920)

At June 30, 2023, the City and 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>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 8,683	\$ -	\$ 8,683
Changes in assumptions	-	33,917	-	33,917
Difference between projected and actual investment earnings	400,457	24,985	7,665	433,107
Changes in proportion and differences between City and Borough contributions and proportionate share of contributions	115,981	3,634	80,929	200,544
City and Borough contributions subsequent to the measurement date	-	95,973	31,709	127,682
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 516,438	\$ 167,192	\$ 120,303	\$ 803,933

City and Borough of Sitka, Alaska

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<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (49,960)	\$ (6,883)	\$ (74,250)	\$ (131,093)
Changes in assumptions	(323,927)	(210,032)	(1,441)	(535,400)
Changes in proportion and differences between City and Borough contributions and proportionate share of contributions	-	(65,515)	(12,031)	(77,546)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (373,887)	\$ (282,430)	\$ (87,722)	\$ (744,039)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City and Borough contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2024. 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
2024	\$ (325,160)	\$ (37,665)	\$ 428	\$ (362,397)
2025	(140,440)	(38,888)	45	(179,283)
2026	(316,376)	(42,746)	(1,172)	(360,294)
2027	924,527	(8,950)	9,498	925,075
2028	-	(42,417)	2,070	(40,347)
Thereafter	-	(40,545)	(9,997)	(50,542)
Total Amortization	\$ 142,551	\$ (211,211)	\$ 872	\$ (67,788)

Actuarial Assumptions

The total OPEB asset for each plan for the measurement period ended June 30, 2022 was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.

City and Borough of Sitka, Alaska

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Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.25%, 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 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101%

City and Borough of Sitka, Alaska

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of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ARHCT and ODD Plans)

Deaths are assumed to result from occupational causes 35% of the time.

Participation (ARHCT)

100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

Other

See the experience study report dated July 15, 2022.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	-
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2022 was 7.25%. The discount rate used changed from the prior measurement date. 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 asset for each plan.

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

The following presents the City and Borough's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the City and Borough's proportionate share of the respective plan's net OPEB asset (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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City and Borough's proportionate share of the net OPEB asset (liability):				
ARHCT	0.35874%	\$ 4,193,781	\$ 7,058,523	\$ 9,460,866
RMP	0.50437%	\$ (32,219)	\$ 175,168	\$ 333,319
ODD	0.51630%	\$ 213,204	\$ 226,334	\$ 236,603

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

The following presents the City and Borough's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation reports as well as what the City and Borough's proportionate share of the respective plan's net OPEB asset (liability)

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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
City and Borough's proportionate share of the net OPEB asset (liability):				
ARHCT	0.35874%	\$ 9,743,474	\$ 7,058,523	\$ 3,852,174
RMP	0.50437%	\$ 335,037	\$ 175,168	\$ (67,102)
ODD	0.51630%	\$ n/a	\$ n/a	\$ n/a

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 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, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2023, the City and Borough contributed \$229,906 in DC OPEB costs. This amount has been recognized as expense/expenditures.

14. Contingencies

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

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The City and Borough's sewage treatment plant provides for primary treatment of waste. The City and Borough was operating under a five-year exemption, which expired in August 1994, from Environmental Protection Agency (EPA) regulations 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 permit in the near future which will require secondary filtration. The cost of upgrading the plant to secondary treatment at the expiration of the exemption would be approximately \$10 million. The cost of treating storm water is not presently estimable.

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

15. Subsequent Events

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 Sales Special Revenue Fund. Use of proceeds is restricted by code to be used to reimburse expenditures by other funds relating to the sale of bulk water, maintenance of the infrastructure and retention of water rights.

A loan of up to \$4 million was approved by USDA RUS in July of 2023. This loan will finance work undertaken on the Green Lake hydroelectric plant rehabilitation project.

16. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were considered, and if applicable, implemented by the City and for 2023 reporting:

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2023. 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 debt obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting. The City and Borough has no conduit debt obligations.

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). This pronouncement did not apply to the City and Borough of Sitka.

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.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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. The City and Borough of Sitka implemented this statement as of June 30, 2023 as detailed in Note 17.

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 100 - Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62 - Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - Compensated Absences - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Note 17. Implementation of New Accounting Pronouncements

The City and Borough has retroactively implemented GASB Statement Number 96, *Subscription-Based Information Technology (IT) Arrangements* (GASB 96) effective for the City and Borough's fiscal year beginning July 1, 2022. GASB 96 establishes a single model for accounting for use of subscription-based IT arrangements based on the foundational principle that they are financings of the right to use an underlying asset. Under GASB 96, a lessee is required to recognize a subscription IT liability and an intangible right-to-use asset, thereby enhancing the relevance and consistency of information about subscription-based IT arrangements activities.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The effects of reporting GASB 96 in the City and Borough's financial statements for the year ended June 30, 2023 is as follows:

	As Previously Reported	Effect of Adoption of GASB 96	As Restated
Assets:			
Governmental capital assets, net	\$ 116,186,334	\$ 116,229	\$ 116,302,563
Business-type capital assets, net	324,215,738	67,105	324,282,843
Total Assets	\$ 440,402,072	\$ 183,334	\$ 440,585,406
Liabilities:			
Governmental subscription IT liabilities	\$ -	\$ 69,080	\$ 69,080
Business-type subscription IT liabilities	-	67,105	67,105
Total Liabilities	\$ -	\$ 136,185	\$ 136,185

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Required Supplementary Information

City and Borough of Sitka, Alaska

General Fund

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

<i>For the fiscal year ended June 30, 2023</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes:				
Property taxes	\$ 7,321,141	\$ 7,321,141	\$ 7,191,735	\$ (129,406)
Sales taxes	15,668,226	15,668,226	19,317,031	3,648,805
Total taxes	22,989,367	22,989,367	26,508,766	3,519,399
State sources:				
Community Assistance	530,000	530,000	573,550	43,550
State PERS relief	503,985	503,985	173,906	(330,079)
State grants	7,000	7,000	7,000	-
Other	25,000	25,000	25,450	450
Total state sources	1,065,985	1,065,985	779,906	(286,079)
Federal sources:				
National Forest receipts	500,000	500,000	622,758	122,758
Payment in lieu of taxes	700,000	700,000	817,985	117,985
Pandemic relief and other federal grant:	1,085,072	1,085,072	2,531,045	1,445,973
Total federal sources	2,285,072	2,285,072	3,971,788	1,686,716
Charges for services:				
State jail contract	391,200	391,200	587,052	195,852
Ambulance fees	915,000	915,000	980,653	65,653
E911 surcharges	175,000	175,000	175,932	932
Jobbing	417,000	417,000	252,261	(164,739)
Other	33,700	33,700	127,218	93,518
Total charges for services	1,931,900	1,931,900	2,123,116	191,216
Interfund services	2,861,120	2,861,120	2,861,120	-
Fines, forfeitures and penalties	57,500	57,500	46,202	(11,298)
Investment income	300,000	300,000	106,668	(193,332)
Uses of property	673,000	673,000	692,727	19,727
Licenses and permits	195,300	195,300	268,011	72,711
Other	82,200	82,200	117,768	35,568
Total Revenues	\$ 32,441,444	\$ 32,441,444	\$ 37,476,072	\$ 5,034,628

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, 2023</i>	Original Budget	Final Budget	Actual	Variance
Expenditures				
Administration:				
Administration/Assembly	\$ 1,403,623	\$ 1,336,357	\$ 1,070,475	\$ 265,882
Legal	447,650	425,676	356,507	69,169
Municipal clerk	546,101	541,398	508,675	32,723
Finance	2,714,686	2,738,325	2,610,457	127,868
Assessing	444,017	446,357	425,295	21,062
Planning	581,534	579,034	473,790	105,244
General office and local grants	1,118,180	1,127,100	1,158,199	(31,099)
Total administration	7,255,791	7,194,247	6,603,398	590,849
Public safety:				
Police	5,346,829	5,353,647	3,862,803	1,490,844
Fire	2,195,310	2,184,220	2,116,062	68,158
Ambulance	457,995	466,656	387,776	78,880
Search and rescue	38,008	39,426	27,796	11,630
Total public safety	8,038,142	8,043,949	6,394,437	1,649,512
Public works:				
Administration	965,586	965,586	1,024,268	(58,682)
Engineering	633,790	637,625	460,731	176,894
Streets	1,762,514	1,781,959	1,341,779	440,180
Recreation	1,129,278	1,176,649	1,019,125	157,524
Building officials	457,916	435,430	371,200	64,230
Total public works	4,949,084	4,997,249	4,217,103	780,146
Public services:				
Library	1,271,534	1,272,197	1,156,592	115,605
Harrigan Centennial Hall	1,043,055	1,053,202	823,388	229,814
Senior Citizen Center	78,002	78,002	57,572	20,430
Total public services	2,392,591	2,403,401	2,037,552	365,849
Sitka School District	8,818,868	8,818,868	8,818,868	-

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, 2023</i>	Original Budget	Final Budget	Actual	Variance
Debt service:				
Lease assets	\$ -	\$ -	\$ 21,449	\$ (21,449)
Principal	22,311	22,311	22,310	1
Interest	17,355	17,355	3,222	14,133
Total Debt Service	39,666	39,666	46,981	(7,315)
Equipment acquisition	69,000	38,029	15,159	22,870
Total Expenditures	31,563,142	31,535,409	28,133,498	3,401,911
Excess of Revenues Over Expenditures	878,302	906,035	9,342,574	8,436,539
Other Financing Sources (Uses)				
Transfers in	5,104,041	5,104,041	5,260,894	156,853
Transfers out	(5,601,911)	(13,098,993)	(13,826,436)	(727,443)
Net Other Financing Sources (Uses)	(497,870)	(7,994,952)	(8,565,542)	(570,590)
Net Change in Fund Balance	\$ 380,432	\$ (7,088,917)	777,032	\$ 7,865,949
Fund Balance, beginning			<u>20,239,873</u>	
Fund Balance, ending			<u>\$ 21,016,905</u>	

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Permanent Fund

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

<i>For the fiscal year ended June 30, 2023</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Investment income	\$ 500,000	\$ 500,000	\$ 2,051,043	\$ 1,551,043
Expenditures				
Administration	68,000	68,000	33,090	34,910
Excess of Revenues Over Expenditures	432,000	432,000	2,017,953	1,585,953
Other Financing Sources (Uses)				
Transfers In	-	-	554,000	554,000
Transfers out	(1,193,739)	(9,374,779)	(9,374,779)	-
Net other Financing Sources (Uses)	(1,193,739)	(9,374,779)	(8,820,779)	554,000
Net Change in Fund Balance	\$ (761,739)	\$ (8,942,779)	(6,802,826)	\$ 2,139,953
Fund Balance, beginning			<u>31,366,592</u>	
Fund Balance, ending			<u>\$ 24,563,766</u>	

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Sitka Community Hospital Dedicated Special Revenue Fund

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

<i>For the fiscal year ended June 30, 2023</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Tobacco tax	\$ 968,000	\$ 968,000	\$ 846,827	\$ (121,173)
Proceeds from sale of hospital	700,000	700,000	700,000	-
Other	5,000	5,000	106,332	101,332
Investment income	106,668	2,051,043	54,533	(1,996,510)
Total Revenues	1,779,668	3,724,043	1,707,692	(2,016,351)
Expenditures				
Support				
Related to hospital personnel	1,354,000	1,354,000	1,149,686	(204,314)
IT charges	13,722	13,722	13,722	-
Contracted and other services	300,000	300,000	26,692	(273,308)
Total Expenditures	1,667,722	1,667,722	1,190,100	(477,622)
Net Change in Fund Balance	\$ 111,946	\$ 2,056,321	517,592	\$ (1,538,729)
Fund Deficit, beginning			(906,440)	
Fund Deficit, ending			\$ (388,848)	

See accompanying notes to Required Supplementary Information.

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

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.36126%	0.39876%	0.35950%	0.67845%	0.37989%	0.35743%	0.44663%	0.36213%	0.26956%
Borough's Proportionate Share of the Net Pension Liability	\$ 18,413,091	\$ 14,628,434	\$ 21,214,553	\$ 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	\$ 5,096,814	\$ 1,982,396	\$ 8,777,499	\$ 14,745,138	\$ 5,466,809	\$ 6,834,306	\$ 3,149,104	\$ 4,706,852	\$ 10,755,597
Total Net Pension Liability	\$ 23,509,905	\$ 16,610,830	\$ 29,992,052	\$ 51,885,094	\$ 24,343,860	\$ 25,171,929	\$ 28,114,194	\$ 22,270,442	\$ 23,328,244
Borough's Covered Payroll	\$ 11,690,114	\$ 10,875,152	\$ 11,138,275	\$ 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	157.51%	134.51%	190.47%	322.82%	170.74%	162.39%	236.58%	145.98%	117.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of City and Borough Contributions

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 3,018,761	\$ 2,921,160	\$ 2,720,378	\$ 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	\$ 3,018,761	\$ 2,921,160	\$ 2,720,378	\$ 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	\$ 12,300,227	\$ 11,690,114	\$ 10,875,152	\$ 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	24.54%	24.99%	25.01%	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 - ARHCT OPEB Plan
Schedule of the City and Borough's Proportionate Share of the Net OPEB Liability (Asset)

<i>Years Ended June 30,</i>	ARHCT					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.35874%	0.40038%	0.35940%	0.36786%	0.37992%	0.35470%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (7,058,522)	\$ (10,271,216)	\$ (1,627,572)	\$ 1,006,841	\$ 3,899,090	\$ 2,996,375
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,016,291)	\$ (1,346,930)	\$ (675,536)	\$ 399,917	\$ 1,132,039	\$ 1,117,195
Total Net OPEB Liability (Asset)	\$ (9,074,813)	\$ (11,618,146)	\$ (2,303,108)	\$ 1,406,758	\$ 5,031,129	\$ 4,113,570
Borough's Covered Payroll	\$ 3,413,371	\$ 3,670,783	\$ 4,681,486	\$ 4,838,102	\$ 4,862,791	\$ 5,282,931
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-206.79%	-279.81%	-34.77%	20.81%	80.18%	56.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%	88.12%	89.68%

Schedule of City and Borough Contributions

<i>Years Ended June 30,</i>	ARHCT					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ -	\$ 219,124	\$ 289,028	\$ 681,775	\$ 516,348	\$ 413,336
Contributions Relative to the Contractually Required Contribution	\$ -	\$ 219,124	\$ 289,028	\$ 681,775	\$ 516,348	\$ 413,336
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 3,303,170	\$ 3,413,371	\$ 3,670,783	\$ 4,681,486	\$ 4,838,102	\$ 4,862,791
Contributions as a Percentage of Covered Payroll	0.000%	6.420%	7.874%	14.563%	10.673%	8.500%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System - RMP OPEB Plan
Schedule of the City and Borough's Proportionate Share of the Net OPEB Liability (Asset)

<i>Years Ended June 30,</i>	RMP					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.50437%	0.47145%	0.45200%	1.12450%	0.54709%	0.54581%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (175,168)	\$ (126,546)	\$ 32,035	\$ 126,242	\$ 69,617	\$ 28,464
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net OPEB Liability (Asset)	\$ (175,168)	\$ (126,546)	\$ 32,035	\$ 126,242	\$ 69,617	\$ 28,464
Borough's Covered Payroll	\$ 7,922,961	\$ 6,865,641	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384	\$ 5,719,619
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.21%	-1.84%	0.53%	1.99%	1.12%	0.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of City and Borough Contributions

<i>Years Ended June 30,</i>	RMP					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 95,973	\$ 85,339	\$ 87,498	\$ 80,564	\$ 61,925	\$ 63,777
Contributions Relative to the Contractually Required Contribution	\$ 95,973	\$ 85,339	\$ 87,498	\$ 80,564	\$ 61,925	\$ 63,777
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 9,066,706	\$ 7,922,961	\$ 6,865,641	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384
Contributions as a Percentage of Covered Payroll	1.059%	1.077%	1.274%	1.325%	0.974%	1.030%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System - ODD OPEB Plan
Schedule of the City and Borough's Proportionate Share of the Net OPEB Liability (Asset)

<i>Years Ended June 30,</i>	ODD					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.51630%	0.49503%	0.46900%	1.05215%	0.54709%	0.54581%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (226,334)	\$ (218,177)	\$ (127,737)	\$ (140,060)	\$ (106,255)	\$ (77,445)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net OPEB Liability (Asset)	\$ (226,334)	\$ (218,177)	\$ (127,737)	\$ (140,060)	\$ (106,255)	\$ (77,445)
Borough's Covered Payroll	\$ 7,922,961	\$ 6,865,641	\$ 6,080,432	\$ 6,356,125	\$ 6,193,384	\$ 5,719,619
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.86%	-3.18%	-2.10%	-2.20%	-1.72%	-1.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	348.80%	374.22%	238.80%	297.43%	270.62%	212.97%

Schedule of City and Borough Contributions

<i>Years Ended June 30,</i>	ODD					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 31,709	\$ 29,787	\$ 26,406	\$ 20,549	\$ 23,586	\$ 7,852
Contributions Relative to the Contractually Required Contribution	\$ 31,709	\$ 29,787	\$ 26,406	\$ 20,549	\$ 23,586	\$ 7,852
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 9,066,706	\$ 7,922,961	\$ 6,865,641	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384
Contributions as a Percentage of Covered Payroll	0.350%	0.376%	0.385%	0.338%	0.371%	0.127%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information

1. Budgetary Comparison Schedules

The budgetary comparison schedules for major governmental funds are presented on the modified accrual basis of accounting. Annual budget operating expenditures are adopted at the fund level.

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, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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 the Borough's Contributions

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

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

These tables are presented based on the Plan measurement date. For June 30, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability (asset) for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30,

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information, continued

2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, 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.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Borough will present only those years for which information is available.

Schedule of the Borough's Contributions

These tables are 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.

Supplementary Information

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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.

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.

Southeast 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 Vessel Excise Tax-Accounts for commercial passenger excise taxes that are remitted by the State of Alaska

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

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

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 Activities-Accounts for proceeds from marijuana licenses and marijuana taxes, to be used for student travel and activities.

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

Capital Project Fund

Capital Project-Accounts for general governmental capital projects.

Debt Service Fund

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

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

<i>June 30, 2023</i>	Special Revenue Funds							
	Police Dept and Forfeitures	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Park Contingency	Commercial Passenger Vessel Excise Tax	LID Guaranty	LID Revolving
Assets								
Equity in central treasury	\$ 82,688	\$ 18,037	\$ 255,783	\$ 284,871	\$ 338,810	\$ 2,091,231	\$ 267,016	\$ 1,106,119
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	3,797
Federal and State of Alaska	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	2,697,000	-	-	-	-
Notes receivable	-	-	-	462,483	-	-	-	-
Total Assets	\$ 82,688	\$ 18,037	\$ 255,783	\$ 3,444,354	\$ 338,810	\$ 2,091,231	\$ 267,016	\$ 1,109,916
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources								
Deferred assessments	-	-	-	-	-	-	-	3,797
Fund Balances								
Restricted	-	18,037	255,783	-	-	2,091,231	-	-
Committed	-	-	-	3,444,354	-	-	-	-
Assigned	82,688	-	-	-	338,810	-	267,016	1,106,119
Total Fund Balances	82,688	18,037	255,783	3,444,354	338,810	2,091,231	267,016	1,106,119
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 82,688	\$ 18,037	\$ 255,783	\$ 3,444,354	\$ 338,810	\$ 2,091,231	\$ 267,016	\$ 1,109,916

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

<i>June 30, 2023</i>	Special Revenue Funds								Total Nonmajor Governmental Funds
	Raw Water Sales	Fisheries Enhance- ment	Pet Adoption	Visitor Enhance- ment	Student Activities	Utility Subsidization	Capital Project Fund	School Debt Service Fund	
Assets									
Equity in central treasury	\$ 800,650	\$ 3,359	\$ 46,698	\$ 156,492	\$ 82,022	\$ 195,439	\$ 18,604,783	\$ 6,412,520	\$ 30,746,518
Receivables:									
Taxes	-	-	-	272,812	59,992	-	-	-	332,804
Special assessments	-	-	-	-	-	-	-	-	3,797
Federal and State of Alaska	-	-	-	-	-	13,263	16,376	-	29,639
Accounts	50	-	-	-	-	-	-	-	50
Advances to other funds	-	-	-	-	-	-	-	-	2,697,000
Notes receivable	-	-	-	-	-	-	-	-	462,483
Total Assets	\$ 800,700	\$ 3,359	\$ 46,698	\$ 429,304	\$ 142,014	\$ 195,439	\$ 18,618,046	\$ 6,428,896	\$ 34,272,291
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,359	-	\$ 140,359
Deferred Inflows of Resources									
Deferred assessments	-	-	-	-	-	-	-	-	3,797
Fund Balances									
Restricted	-	-	-	-	-	-	-	6,428,896	8,793,947
Committed	-	-	-	-	-	-	18,477,687	-	21,922,041
Assigned	800,700	3,359	46,698	429,304	142,014	195,439	-	-	3,412,147
Total Fund Balances	800,700	3,359	46,698	429,304	142,014	195,439	18,477,687	6,428,896	34,128,135
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 800,700	\$ 3,359	\$ 46,698	\$ 429,304	\$ 142,014	\$ 195,439	\$ 18,618,046	\$ 6,428,896	\$ 34,272,291

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	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Park Contingency	Commercial Passenger Vessel Tax	LID Guaranty	LID Revolving
<i>For the fiscal year ended June 30, 2023</i>								
Revenues								
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marijuana taxes	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-	1,725,380	-	-
Investment income (loss)	(2)	337	4,754	4,672	6,740	14,858	5,241	21,876
Other	-	-	610	-	-	-	-	3,514
Total Revenues	(2)	337	5,364	4,672	6,740	1,740,238	5,241	25,390
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	71
Public services	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	71
Excess of Revenues Over (Under) Expenditures	(2)	337	5,364	4,672	6,740	1,740,238	5,241	25,319
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(210)	-	-	(5,495)	(6,783)	(1,005,065)	(5,346)	(22,137)
Net Other Financing Sources (Uses)	(210)	-	-	(5,495)	(6,783)	(1,005,065)	(5,346)	(22,137)
Net Change in Fund Balances	(212)	337	5,364	(823)	(43)	735,173	(105)	3,182
Fund Balances, beginning	82,900	17,700	250,419	3,445,177	338,853	1,356,058	267,121	1,102,937
Fund Balances, ending	\$ 82,688	\$ 18,037	\$ 255,783	\$ 3,444,354	\$ 338,810	\$ 2,091,231	\$ 267,016	\$ 1,106,119

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

For the fiscal year ended June 30, 2023	Special Revenue Funds							Total Nonmajor Governmental Funds	
	Raw Water Sales	Fisheries Enhanceme nt	Pet Adoption	Visitor Enhancemen t	Student Activities	Utility Subsidi- zation	Capital Project Fund		School Debt Service
Revenues									
Bed taxes	\$ -	\$ -	\$ -	\$ 792,950	\$ -	\$ -	\$ -	\$ -	\$ 792,950
Marijuana taxes	-	-	-	-	125,754	-	-	-	125,754
State sources	-	-	-	-	-	-	-	1,532,250	1,532,250
Federal sources	-	-	-	-	-	-	292,972	-	292,972
Commercial passenger excise tax	-	-	-	-	-	-	-	-	1,725,380
Investment income (loss)	14,914	641	1,031	2,294	597	(3,072)	20,446	(53,180)	42,147
Other	1,250	-	2,835	-	300	-	-	-	8,509
Total Revenues	16,164	641	3,866	795,244	126,651	(3,072)	313,418	1,479,070	4,519,962
Expenditures									
Current:									
Public safety	-	-	20,036	-	-	-	-	-	20,036
Public works	-	-	-	-	-	-	-	-	71
Public services	-	50,000	-	530,557	-	-	-	-	580,557
Debt service:									
Principal	-	-	-	-	-	-	-	2,050,000	2,050,000
Interest	-	-	-	-	-	-	-	253,201	253,201
Capital outlay	-	-	-	-	-	-	1,958,377	-	1,958,377
Total Expenditures	-	50,000	20,036	530,557	-	-	1,958,377	2,303,201	4,862,242
Excess of Revenues Over (Under) Expenditures	16,164	(49,359)	(16,170)	264,687	126,651	(3,072)	(1,644,959)	(824,131)	(342,280)
Other Financing Sources (Uses)									
Transfers in	-	42,301	-	-	-	356,400	8,791,950	2,327,841	11,518,492
Transfers out	-	-	-	-	-	(193,088)	(3,125,529)	-	(4,363,653)
Net Other Financing Sources (Uses)	-	42,301	-	-	-	163,312	5,666,421	2,327,841	7,154,839
Net Change in Fund Balances	16,164	(7,058)	(16,170)	264,687	126,651	160,240	4,021,462	1,503,710	6,812,559
Fund Balances, beginning	784,536	10,417	62,868	164,617	15,363	35,199	14,456,225	4,925,186	27,315,576
Fund Balances, ending	\$ 800,700	\$ 3,359	\$ 46,698	\$ 429,304	\$ 142,014	\$ 195,439	\$ 18,477,687	\$ 6,428,896	\$ 34,128,135

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NONMAJOR ENTERPRISE FUNDS

Gary Paxton Industrial Park-Accounts for industrial park owned by the municipality.

Airport-Accounts for municipally owned airport terminal.

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

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

<i>June 30, 2023</i>	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds Funds
Assets				
Current Assets				
Equity in central treasury	\$ 8,873,863	\$ 292,194	\$ 1,520,561	\$ 10,686,618
Receivables:				
Trade accounts receivable and other	4,812	42,560	17,163	64,535
Federal and State of Alaska	-	2,281	-	2,281
Current portion:				
Leases receivable	7,197	32,017	-	39,214
Note receivable	131	-	-	131
Total Current Assets	8,886,003	369,052	1,537,724	10,792,779
Noncurrent Assets				
Restricted assets:				
Equity in central treasury:				
Bond covenant accounts	-	356,662	-	356,662
Capital asset acquisition	-	3,974,673	-	3,974,673
Leases receivable	38,814	-	-	38,814
Capital assets:				
Property, plant and equipment	19,601,022	5,373,514	3,506,392	28,480,928
Construction in progress	313,497	2,137,751	196,305	2,647,553
Less accumulated depreciation and amortization	(4,255,153)	(3,916,949)	(3,393,498)	(11,565,600)
Total capital assets, net	15,659,366	3,594,316	309,199	19,562,881
Total Noncurrent Assets	15,698,180	7,925,651	309,199	23,933,030
Total Assets	\$ 24,584,183	\$ 8,294,703	\$ 1,846,923	\$ 34,725,809
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 131,264	\$ 516,643	\$ 768	\$ 648,675
Interest payable	-	72,292	-	72,292
Current portion:				
Revenue bonds	-	160,000	-	160,000
Leases payable	-	12,146	-	12,146
Total Current Liabilities	131,264	761,081	768	893,113
Noncurrent Liabilities				
Bonds, notes, and unamortized bond premiums	-	3,523,385	-	3,523,385
Total Liabilities	131,264	4,284,466	768	4,416,498
Deferred Inflows of Resources				
Lease related	45,252	31,387	-	76,639
Net Position				
Net investment in capital assets	15,528,914	3,715,324	308,918	19,553,156
Restricted for debt service	-	356,662	-	356,662
Unrestricted	8,878,753	(93,136)	1,537,237	10,322,854
Total Net Position	24,407,667	3,978,850	1,846,155	30,232,672
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 24,584,183	\$ 8,294,703	\$ 1,846,923	\$ 34,725,809

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, 2023</i>	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for service	\$ 197,650	\$ 775,925	\$ 273,186	\$ 1,246,761
Other operating revenues	5,612	-	-	5,612
Total Operating Revenues	203,262	775,925	273,186	1,252,373
Operating Expenses				
Utilities and supplies	14,742	152,107	(4,487)	162,362
Repair and maintenance	-	74,430	106,927	181,357
Contracted/purchased services	91,848	87,503	1,822	181,173
Interdepartmental services	98,742	95,436	24,455	218,633
Insurance	22,139	18,761	8,791	49,691
Other	2,196	2,942	-	5,138
Depreciation and amortization	401,156	179,561	30,770	611,487
Total Operating Expenses	630,823	610,740	168,278	1,409,841
Income (Loss) from Operations	(427,561)	165,185	104,908	(157,468)
Nonoperating Revenues (Expenses)				
Investment income (loss)	(161,814)	190,127	67,485	95,798
Interest expense	-	(154,729)	-	(154,729)
Gain on sale of capital assets	188,425	-	-	188,425
Net Nonoperating Revenues (Expenses)	26,611	35,398	67,485	129,494
Income (Loss) Before Contributions and Transfers	(400,950)	200,583	172,393	(27,974)
Capital contributions	-	2,282	-	2,282
Transfers in	8,187,823	-	35,000	8,222,823
Transfers out	(575,843)	-	(1,050,000)	(1,625,843)
Change in Net Position	7,211,030	202,865	(842,607)	6,571,288
Net Position, beginning	17,196,637	3,775,985	2,688,762	23,661,384
Net Position, ending	\$ 24,407,667	\$ 3,978,850	\$ 1,846,155	\$ 30,232,672

City and Borough of Sitka, Alaska

**Nonmajor Enterprise Funds
Combining Statement of Cash Flows**

	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds
<i>For the fiscal year ended June 30, 2023</i>				
Cash Flows from (for) Operating Activities				
Receipts from customers and users	210,257	782,689	266,182	1,259,128
Payments to suppliers	(131,736)	(341,609)	(112,566)	(585,911)
Payments for interfund services used	(98,742)	(95,436)	(24,455)	(218,633)
Net cash flows from operating activities	(20,221)	345,644	129,161	454,584
Cash Flows from (for) Noncapital Financing Activities				
Note receivable payments	9,605	-	-	9,605
Transfers in	6,783	-	-	6,783
Transfers out	(575,843)	-	(1,050,000)	(1,625,843)
Net cash flows from noncapital financing activities	(559,455)	-	(1,050,000)	(1,609,455)
Cash Flows for Capital and Related Financing Activities				
Capital outlay	(79,180)	(794,135)	(13,583)	(886,898)
Transfers in	8,181,040	-	35,000	8,216,040
Payments on bonds and lease assets	-	(166,545)	-	(166,545)
Government grants and loans	-	104,050	-	104,050
Sale of capital assets	554,000	-	-	554,000
Interest paid	-	(182,987)	-	(182,987)
Net cash flows for capital and related financing activities	8,655,860	(1,039,617)	21,417	7,637,660
Cash Flows From Investing Activities - Interest received	(161,814)	166,094	67,485	71,765
Net Increase (Decrease) in Cash and Cash Equivalents	7,914,370	(527,879)	(831,937)	6,554,554
Cash and Cash Equivalents, beginning	959,493	4,794,746	2,352,498	8,106,737
Cash and Cash Equivalents, ending	\$ 8,873,863	\$ 4,266,867	\$ 1,520,561	\$ 14,661,291
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities				
Income (loss) from operations	\$ (427,561)	\$ 165,185	\$ 104,908	\$ (157,468)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:				
Depreciation and amortization	401,156	179,561	30,770	611,487
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable (net)	7,284	6,695	(9,737)	4,242
Leases receivable	9,129	38,813	276,313	324,255
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	(811)	(5,866)	487	(6,190)
Deferred inflows of resources related to leases	(9,418)	(38,744)	(273,580)	(321,742)
Net Cash Flows from (for) Operating Activities	\$ (20,221)	\$ 345,644	\$ 129,161	\$ 454,584
Cash on Statement of Net Position				
Equity in central treasury	\$ 8,873,863	\$ 292,194	\$ 1,520,561	\$ 10,686,618
Restricted for capital asset acquisition	-	3,974,673	-	3,974,673
Cash and Cash Equivalents, ending	\$ 8,873,863	\$ 4,266,867	\$ 1,520,561	\$ 14,661,291
Capital expenditures included in accounts payable	\$ 130,452	\$ 514,796	\$ 281	\$ 645,529

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-Accounts for centralized IT services provided to municipal departments.

Central Garage-Accounts for centralized vehicle repair and maintenance.

Building Maintenance-Accounts for maintenance of all municipal buildings.

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Net Position

<i>June 30, 2023</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Equity in central treasury	\$ 560,700	\$ 6,479,493	\$ 809,611	\$ 7,849,804
Prepaid expenses	87,307	-	-	87,307
Total Current Assets	648,007	6,479,493	809,611	7,937,111
Noncurrent Assets				
Net OPEB asset	241,138	85,464	170,489	497,091
Capital assets:				
Property, plant and equipment	3,147,949	10,850,269	24,373	14,022,591
Less accumulated depreciation and amortization	(2,870,187)	(7,342,284)	(22,173)	(10,234,644)
Total capital assets, net	277,762	3,507,985	2,200	3,787,947
Total Noncurrent Assets	518,900	3,593,449	172,689	4,285,038
Total Assets	1,166,907	10,072,942	982,300	12,222,149
Deferred Outflows of Resources				
OPEB related	23,763	8,422	16,801	48,986
Pension related	114,595	40,615	81,022	236,232
Total Deferred Outflows of Resources	138,358	49,037	97,823	285,218
Total Assets and Deferred Outflows of Resources	\$ 1,305,265	10,121,979	\$ 1,080,123	\$ 12,507,367
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 159,900	\$ 43,672	\$ 41,924	\$ 245,496
Leases payable	15,599	-	-	15,599
Subscription IT liabilities	22,961	-	-	22,961
Compensated absences	17,597	-	11,990	29,587
Total Current Liabilities	216,057	43,672	53,914	313,643
Noncurrent Liabilities				
Leases payable	8,852	-	-	8,852
Subscription IT asset liabilities	23,803	-	-	23,803
Compensated absences	25,631	-	9,723	35,354
Net pension liability	595,184	210,945	420,808	1,226,937
Total Noncurrent Liabilities	653,470	210,945	430,531	1,294,946
Total Liabilities	869,527	254,617	484,445	1,608,589
Deferred Inflows of Resources				
OPEB related	22,143	7,848	15,656	45,647
Net Position				
Net investment in capital assets	206,547	3,507,985	2,200	3,716,732
Restricted for OPEB Asset	241,138	85,464	170,489	497,091
Unrestricted	(34,090)	6,266,065	407,333	6,639,308
Total Net Position	413,595	9,859,514	580,022	10,853,131
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,305,265	\$ 10,121,979	\$ 1,080,123	\$ 12,507,367

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, 2023</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Operating Revenues				
Charges for service	\$ 1,587,847	\$ 1,479,751	\$ 777,614	\$ 3,845,212
Other operating revenues	-	24,353	676	25,029
Total Operating Revenues	1,587,847	1,504,104	778,290	3,870,241
Operating Expenses				
Wages and benefits	534,887	144,917	360,435	1,040,239
Travel and training	7,084	210	314	7,608
Utilities and supplies	455,468	285,326	75,069	815,863
Repair and maintenance	178,686	87,233	19,748	285,667
Contracted/purchased services	239,132	9,817	136,192	385,141
Interdepartmental services	156,860	92,060	105,716	354,636
Insurance	20,980	108,424	-	129,404
Other	(16,424)	4,481	27,403	15,460
Depreciation and amortization	193,473	660,799	880	855,152
Total Operating Expenses	1,770,146	1,393,267	725,757	3,889,170
Income (Loss) from Operations	(182,299)	110,837	52,533	(18,929)
Nonoperating Revenues (Expenses)				
Investment income	18,791	108,504	18,159	145,454
Interest expense	(2,992)	-	-	(2,992)
State pension relief	(11,377)	(4,033)	(8,044)	(23,454)
Net Nonoperating Revenues (Expenses)	4,422	104,471	10,115	119,008
Income (Loss) Before Transfers	(177,877)	215,308	62,648	100,079
Transfers in	-	253,191	21,972	275,163
Transfers out	(104,918)	-	(35,000)	(139,918)
Change in Net Position	(282,795)	468,499	49,620	235,324
Net Position, beginning	696,390	9,391,015	530,402	10,617,807
Net Position, ending	\$ 413,595	\$ 9,859,514	\$ 580,022	\$ 10,853,131

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Cash Flows

<i>For the fiscal year ended June 30, 2023</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 1,587,847	\$ 1,504,328	\$ 778,290	\$ 3,870,465
Payments to suppliers	(844,566)	(492,006)	(262,754)	(1,599,326)
Payments for interfund services used	(156,860)	(92,060)	(105,716)	(354,636)
Payments to employees	(614,917)	(214,094)	(463,525)	(1,292,536)
Net cash flows from (for) operating activities	(28,496)	706,168	(53,705)	623,967
Cash Flows from (for) Noncapital Financing Activities				
Transfers from other funds	-	253,191	21,972	275,163
Transfers to other funds	(104,918)	-	(35,000)	(139,918)
Net cash flows from (for) noncapital financing activities	(104,918)	253,191	(13,028)	135,245
Cash Flows for Capital and Related Financing Activities				
Capital outlay	-	(764,881)	-	(764,881)
Payments on IT and lease assets	(84,838)	-	-	(84,838)
Interest paid	(2,992)	-	-	(2,992)
Net cash flows for capital and related financing activities	(87,830)	(764,881)	-	(852,711)
Cash Flows from Investing Activities				
Interest received	18,791	108,504	18,159	145,454
Net Increase (Decrease) in Cash and Cash Equivalents	(202,453)	302,982	(48,574)	51,955
Cash and Cash Equivalents, beginning	763,153	6,176,511	858,185	7,797,849
Cash and Cash Equivalents, ending	\$ 560,700	\$ 6,479,493	\$ 809,611	\$ 7,849,804
Reconciliation of Income (Loss) from Operations to Net				
Cash Flows from (for) Operating Activities				
Income (loss) from operations	\$ (182,299)	\$ 110,837	\$ 52,533	\$ (18,929)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Depreciation and amortization	193,473	660,799	880	855,152
State pension relief	(11,377)	(4,033)	(8,044)	(23,454)
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable (net)	-	224	-	224
Prepaid expenses	(87,307)	-	-	(87,307)
Net OPEB asset	50,666	33,953	54,549	139,168
Deferred outflows of resources related to OPEB	(12,754)	(3,917)	(8,311)	(24,982)
Deferred outflows of resources related to pensions	(20,749)	(2,210)	(8,649)	(31,608)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	127,667	3,485	(4,028)	127,124
Compensated absences	14,408	(18,114)	(15,727)	(19,433)
Net pension liability	193,087	46,391	110,712	350,190
Deferred inflows of resources related to OPEB	(132,963)	(55,627)	(103,961)	(292,551)
Deferred inflows of resources related to pensions	(160,348)	(65,620)	(123,659)	(349,627)
Net Cash Flows from (for) Operating Activities	\$ (28,496)	\$ 706,168	\$ (53,705)	\$ 623,967

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 and Borough's financial report relates to the services the City and Borough provides and the activities it performs. Tables 17-20

Source:

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

Table 1

City and Borough of Sitka, Alaska

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets	\$ 114,600,888	\$ 113,633,981	\$ 111,104,544	\$ 105,788,584	\$103,914,438
Restricted	23,357,825	26,651,153	30,301,141	37,915,955	38,122,724
Unrestricted	23,985,152	6,409,150	27,558,153	39,201,632	42,344,530
Total governmental activities net position	161,943,865	146,694,284	168,963,838	182,906,171	184,381,692
Business-type activities:					
Net investment in capital assets	149,892,960	163,674,646	163,517,555	167,898,962	169,228,506
Restricted	11,901,160	16,387,458	12,450,444	-	2,640,177
Unrestricted	42,848,761	28,218,057	32,948,528	44,367,135	58,155,062
Total business-type activities net position	204,642,881	208,280,161	208,916,527	212,266,097	230,023,745
Primary government:					
Net investment in capital assets	264,493,848	277,308,627	274,622,099	273,687,546	273,142,944
Restricted	35,258,985	43,038,611	42,751,585	37,915,955	40,762,901
Unrestricted	66,833,913	34,627,207	60,506,681	83,568,767	100,499,592
Total Primary Government Net Position	\$ 366,586,746	\$ 354,974,445	\$ 377,880,365	\$ 395,172,268	\$ 414,405,437

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 86,125,410	\$ 94,765,479	\$111,067,134	\$115,405,541	\$115,862,733
Restricted	25,924,835	32,149,739	27,567,141	27,067,460	27,776,873
Unrestricted	37,352,229	22,669,294	21,354,757	16,597,067	15,861,001
Total governmental activities net position	149,402,474	149,584,512	159,989,032	159,070,068	159,500,607
Business-type activities:					
Net investment in capital assets	156,196,702	164,836,448	171,259,337	170,051,853	167,321,108
Restricted	8,992,528	10,445,096	10,470,409	10,583,555	10,748,446
Unrestricted	25,943,451	33,109,400	28,987,128	27,954,746	27,082,561
Total business-type activities net position	191,132,681	208,390,944	210,716,874	208,590,154	205,152,115
Primary government:					
Net investment in capital assets	242,322,112	259,601,927	282,326,471	285,457,394	283,183,841
Restricted	34,917,363	42,594,835	38,037,550	37,651,015	38,525,319
Unrestricted	63,295,680	55,778,694	50,341,885	44,551,813	42,943,562
Total Primary Government Net Position	\$340,535,155	\$357,975,456	\$370,705,906	\$367,660,222	\$364,652,722

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

	Fiscal Year				
	2019	2020	2021	2022	2023
General Fund:					
Nonspendable	\$ 117,381	\$ 4,175,552	\$ 3,125,552	\$ 3,126,672	\$ 3,131,639
Restricted	-	-	-	-	-
Committed	9,924,505	9,494,699	10,408,352	10,611,079	11,383,908
Assigned	-	-	-	-	-
Unassigned	5,716,004	3,827,823	7,894,539	6,502,122	6,501,358
Total General Fund	\$ 15,757,890	\$ 17,498,074	\$ 21,428,443	\$ 20,239,873	\$ 21,016,905
All Other Governmental Funds:					
Nonspendable	\$ 5	\$ 22,487,510	\$ 26,506,715	\$ 32,962,853	\$ 23,452,880
Restricted	27,229,862	4,739,787	3,974,314	7,743,102	9,904,833
Committed	9,780,650	11,530,484	14,810,545	17,858,977	25,369,783
Assigned	3,679,829	3,206,425	3,132,738	2,864,811	3,412,147
Unassigned (deficit)	(5,187)	(6,536,801)	(3,058,975)	(3,654,015)	(3,836,590)
Total all other governmental funds	\$ 40,685,159	\$ 35,427,405	\$ 45,365,337	\$ 57,775,728	\$ 58,303,053
	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund:					
Nonspendable	\$ 394,229	\$ 1,825,359	\$ 1,657,883	\$ 988,403	\$ 625,913
Committed	7,762,442	8,295,203	8,460,152	9,206,808	10,262,266
Unassigned	8,234,138	4,889,171	4,420,827	3,977,938	4,171,993
Total General Fund	\$ 16,390,809	\$ 15,009,733	\$ 14,538,862	\$ 14,173,149	\$ 15,060,172
All other governmental funds:					
Nonspendable	\$ 2,883,234	\$ 56,681	\$ 69,015	\$ 5	\$ 5
Restricted	25,924,835	26,207,854	24,863,608	25,141,562	25,681,513
Committed	11,544,459	15,111,535	11,404,858	9,249,985	9,816,366
Assigned	2,434,379	2,387,729	3,580,527	3,344,825	3,705,160
Unassigned (deficit)	(4,686)	(4,785)	(5,167)	(5,187)	(5,187)
Total all other governmental funds	\$ 42,782,221	\$ 43,759,014	\$ 39,912,841	\$ 37,731,190	\$ 39,197,857

City and Borough of Sitka, Alaska

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Administration	\$ 2,258,018	\$ 2,078,240	\$ 2,388,505	\$ 2,715,896	\$ 2,461,842	\$ 3,386,382	\$ 2,119,817	\$ 3,274,729	\$ 2,432,815	\$ 2,897,151
Public safety	7,044,883	6,958,306	7,788,950	8,094,841	6,463,189	5,753,966	4,864,415	6,936,421	5,889,736	5,709,874
Public works	4,112,134	4,661,945	6,341,667	6,722,139	5,872,594	5,501,557	5,184,674	5,576,464	5,862,713	6,167,119
Public services	2,405,686	3,727,612	3,222,086	3,996,515	3,453,341	3,521,266	5,453,614	2,931,251	521,039	4,254,290
School and Hospital Support*	9,123,989	9,384,188	10,783,487	10,392,966	10,680,672	10,890,195	10,761,829	10,680,074	11,411,175	11,855,519
Interest on long-term debt	1,268,837	1,082,227	1,054,818	809,906	882,935	624,648	521,250	316,986	279,251	213,352
Total Governmental Activities	26,213,547	27,892,518	31,579,513	32,732,263	29,814,573	29,678,014	28,905,599	29,715,925	26,396,729	31,097,305
Business-type Activities										
Electric Utility	10,110,246	11,144,214	19,484,534	24,097,768	22,087,589	21,888,517	20,888,636	18,546,879	\$ 19,301,018	\$ 16,788,392
Water Utility	2,182,462	2,370,055	2,274,676	2,577,678	2,760,171	2,654,802	2,616,497	2,844,519	2,775,685	3,149,492
Waste water treatment	3,793,239	3,629,915	3,809,005	3,754,464	3,216,644	2,986,412	2,857,417	3,530,621	3,528,034	3,603,382
Solid waste disposal	3,464,859	3,344,737	3,882,003	4,519,678	4,881,503	4,564,504	4,467,101	4,809,527	4,995,697	4,608,670
Harbor	3,123,702	2,682,945	3,318,718	3,829,041	3,682,860	3,566,782	4,018,314	4,777,889	4,113,084	4,706,012
Other nonmajor business-type activities	1,404,174	1,693,904	1,467,365	1,221,382	2,650,641	1,465,345	1,599,200	1,495,646	1,550,144	1,564,140
Total Business-type Activities	24,078,682	24,865,770	34,236,301	40,000,011	39,279,408	37,126,362	36,447,165	36,005,081	36,263,662	34,420,088
Total Primary Government Expenses	\$ 50,292,229	\$ 52,758,288	\$ 65,815,814	\$ 72,732,274	\$ 69,093,981	\$ 66,804,376	\$ 65,352,764	\$ 65,721,006	\$ 62,660,391	\$ 65,517,393
Program Revenues										
Governmental Activities										
Charges for services										
Administration	\$ 302,118	\$ 377,681	\$ 330,066	\$ 595,703	\$ 318,388	\$ 295,686	\$ 323,746	\$ 1,450,700	\$ 480,458	\$ 513,189
Public safety	1,343,299	1,409,655	1,112,805	1,052,231	1,138,956	1,264,663	1,280,152	1,139,857	1,277,351	1,825,096
Public works	842,466	1,052,273	1,928,131	908,526	927,505	843,019	766,288	668,985	570,153	525,901
Public services	213,219	252,980	161,542	107,807	137,626	123,579	113,798	52,335	124,725	1,174,179
Operating grants and contributions	6,940,816	5,673,970	5,583,311	3,853,366	5,475,108	4,598,755	4,738,892	17,605,492	9,273,717	5,332,537
Capital grants and contributions	5,043,768	9,807,793	14,352,444	6,216,233	1,706,983	653,575	978,321	1,481,958	827,787	292,972
Total Governmental Activities Program Revenue:	14,685,686	18,574,352	23,468,299	12,733,866	9,704,566	7,779,277	8,201,197	22,399,327	12,554,191	9,663,874

City and Borough of Sitka, Alaska

Changes in Net Position, continued
Last Ten Fiscal Years

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type Activities										
Charges for services:										
Electric Utility	\$ 14,375,992	\$ 14,623,321	\$ 14,251,478	\$ 15,846,375	\$ 17,538,304	\$ 17,413,785	\$ 16,869,844	\$ 18,700,597	\$ 20,138,151	\$ 20,899,556
Water	1,890,385	2,093,200	2,237,501	2,279,025	2,379,826	2,870,002	2,859,554	2,908,401	3,148,766	3,356,827
Wastewater treatment	2,874,795	2,906,839	3,069,962	3,093,130	3,201,110	3,335,631	3,534,237	3,595,175	3,789,616	4,169,621
Solid waste disposal	3,088,777	3,067,855	3,252,472	4,013,653	4,060,430	4,534,163	4,699,159	4,928,391	5,772,618	5,697,491
Harbor	2,696,840	2,256,944	2,376,000	2,474,704	2,419,711	2,546,141	2,440,448	2,516,123	3,053,377	3,426,068
Other nonmajor business-type	1,389,285	973,890	879,756	830,846	756,068	1,109,092	1,163,980	1,036,270	1,332,328	1,252,373
Operating grants and contributions	1,157,936	881,120	901,570	727,495	773,249	1,047,231	951,675	416,554	26,441	(124,565)
Capital grants and contributions	24,285,814	15,250,445	6,844,390	5,184,520	4,777,742	141,148	4,417,109	1,932,044	1,594,814	1,219,112
Total Business-type Activities										
Program Revenues	51,759,824	42,053,614	33,813,129	34,449,748	35,906,440	32,997,193	36,936,006	36,033,555	38,856,111	39,896,483
Total Primary Government										
Program Revenues	66,445,510	60,627,966	57,281,428	47,183,614	45,611,006	40,776,470	45,137,203	58,432,882	51,410,302	49,560,357
Net Revenue (Expense)										
Governmental activities	(11,527,861)	(9,318,166)	(8,111,214)	(19,998,397)	(20,110,007)	(21,898,737)	(20,704,402)	(7,316,598)	(13,842,538)	(21,433,431)
Business-type activities	27,681,142	17,187,844	(423,172)	(5,550,263)	(3,372,968)	(4,129,169)	488,841	28,474	2,592,449	5,476,395
Total Primary Government Net Expense	\$ 16,153,281	\$ 7,869,678	\$ (8,534,386)	\$(25,548,660)	\$(23,482,975)	\$(26,027,906)	\$(20,215,561)	\$ (7,288,124)	\$(11,250,089)	\$(15,957,036)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 6,187,719	\$ 6,245,146	\$ 6,202,972	\$ 6,454,150	\$ 6,647,375	\$ 6,777,625	\$ 6,852,247	\$ 7,242,611	\$ 7,204,373	\$ 7,191,735
Sales and other taxes	10,466,361	10,983,577	11,712,840	12,779,601	13,887,701	15,096,448	13,960,613	14,989,797	18,538,164	22,807,942
Unrestricted grants and contributions	489,792	-	-	-	1,016,787	-	10,000	-	-	573,550
Investment earnings (loss)	4,705,061	1,368,824	1,098,031	2,186,968	1,838,439	2,667,299	2,080,495	6,217,663	(4,363,572)	2,431,962
Other	15,796	1,557,740	113,329	14	-	17,897	1,671,262	1,177,377	110,109	-
Transfers	14,299	(2,727,192)	(611,438)	(2,260,336)	(34,841)	(101,389)	(220,170)	(41,296)	(649,720)	(10,096,237)
Total Governmental Activities	21,879,028	17,428,095	18,515,734	19,160,397	23,355,461	24,457,880	24,354,447	29,586,152	20,839,354	22,908,952
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	855,702	1,752,179	1,451,832
Investment earnings	504,428	559,400	1,115,858	(120,678)	110,307	2,440,187	2,306,513	(289,106)	(1,644,777)	733,184
Other	-	43,664.00	142,013	330,561	62,659	(110,363)	-	-	-	-
Transfers	(14,299)	2,727,192	611,438	2,260,336	94,844	101,389	220,170	41,296	649,720	10,096,237
Total Business-type Activities	1,717,901	4,339,289	2,749,102	3,423,543	1,547,695	3,619,935	3,148,439	607,892	757,122	12,281,253
Total Primary Government	23,596,929	21,767,384	21,264,836	22,583,940	24,903,156	28,077,815	27,502,886	30,194,044	21,596,476	35,190,205
Special item, sale of hospital	-	-	-	-	-	-	(18,899,626)	-	6,945,516	-
Change in Net Position										
Governmental activities	10,351,167	8,109,929	10,404,520	(838,000)	3,245,454	2,559,143	(15,249,581)	22,269,554	13,942,332	1,475,521
Business-type activities	29,399,043	21,527,133	2,325,930	(2,126,720)	(1,825,273)	(509,234)	3,637,280	636,366	3,349,571	17,757,648
Total Primary Government	\$ 39,750,210	\$ 29,637,062	\$ 12,730,450	\$ (2,964,720)	\$ 1,420,181	\$ 2,049,909	\$(11,612,301)	\$ 22,905,920	\$ 17,291,903	\$ 19,233,169

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 16,351,095	\$ 17,071,383	\$ 17,697,462	\$ 18,924,241	\$ 20,129,961	\$ 21,874,073	\$ 20,812,860	\$ 22,232,408	\$ 25,742,537	\$ 29,999,677
State sources	9,384,209	15,088,635	17,218,068	8,810,809	4,952,257	4,056,169	2,222,438	1,085,248	5,602,137	2,312,156
Federal sources	2,560,281	3,057,734	2,813,097	1,525,182	2,330,840	1,446,483	2,340,356	17,510,579	4,175,587	4,264,760
Charges for services	2,029,484	2,150,939	2,748,192	1,643,371	1,751,934	1,758,868	1,668,135	1,326,334	1,403,587	2,123,116
Interfund services	3,584,990	2,807,749	2,870,628	2,750,429	2,855,203	2,695,448	2,663,479	2,705,560	2,784,694	2,861,120
Fines and forfeitures	97,102	118,679	85,245	71,293	46,773	60,572	55,730	45,401	63,199	46,202
Investment income (loss)	4,630,602	1,291,529	953,584	2,208,869	1,832,552	2,425,707	1,796,748	6,250,377	(4,250,060)	2,254,391
Uses of property	408,565	329,537	226,643	265,557	335,686	335,463	364,243	474,498	457,837	692,727
Licenses and permits	130,901	195,824	203,736	268,025	159,153	126,809	123,353	170,554	205,286	268,711
Other	971,084	827,062	387,895	419,254	441,192	268,265	1,959,575	2,286,627	1,295,740	931,909
Total Revenues	40,148,313	42,939,071	45,204,550	36,887,030	34,835,551	35,047,857	34,006,917	54,087,586	37,480,544	45,754,769
Expenditures										
Administration	5,202,321	5,439,736	4,750,036	4,863,965	4,906,870	5,993,080	5,159,126	5,547,373	6,032,660	6,636,488
Public safety	6,688,198	7,773,703	6,969,696	6,515,650	6,271,068	6,383,441	6,132,699	6,654,404	6,610,186	6,414,473
Public works	3,635,207	4,259,577	4,605,859	4,322,411	3,734,414	3,913,877	3,888,614	3,369,305	3,976,229	4,217,174
Public services	1,890,050	2,391,723	2,219,095	3,291,844	2,770,419	2,914,320	4,317,218	16,316,679	4,113,982	3,808,209
Support	7,067,034	6,896,830	7,650,465	7,177,703	7,294,014	7,524,879	7,511,994	7,581,311	8,364,200	8,818,868
Capital outlay	7,086,919	11,168,536	19,139,373	7,287,549	3,571,051	2,199,479	1,860,209	2,075,082	2,020,108	1,973,536
Debt service:										
Principal	2,398,231	2,483,231	2,578,831	2,717,310	2,802,310	2,902,310	2,177,310	1,872,309	2,017,310	2,072,310
Interest and fiscal charges	1,353,487	1,209,446	1,126,007	979,104	882,671	759,815	648,952	602,019	313,939	256,423
Lease assets	-	-	-	-	-	-	-	-	16,224	21,449
Total Expenditures	35,321,447	41,622,782	49,039,362	37,155,536	32,232,817	32,591,201	31,696,122	44,018,482	33,464,838	34,218,930
Excess of Revenues Over (Under) Expenditures	4,826,866	1,316,289	(3,834,812)	(268,506)	2,602,734	2,456,656	2,310,795	10,069,104	4,015,706	11,535,839
Other Financing Sources (Uses)										
Proceeds from sale of assets	-	1,052,256	22,334	-	-	-	-	-	-	-
Issuance of bonds - par	-	6,095,000	-	1,630,000	-	-	-	6,290,000	-	-
Issuance of bonds - premium	-	836,234	-	52,463	-	-	-	585,277	-	-
Payment to refund bonds	-	(6,876,762)	-	(1,662,944)	-	-	-	(6,818,469)	-	-
Lease assets	-	-	-	-	-	-	-	-	70,926	-
Transfers in	3,165,070	8,509,199	7,685,336	7,690,538	5,955,584	7,910,063	5,684,276	5,923,589	10,575,206	17,333,386
Transfers out	(3,333,862)	(11,336,499)	(8,189,902)	(9,988,915)	(6,204,628)	(8,181,699)	(6,029,240)	(6,111,570)	(11,621,056)	(27,564,868)
Net Other Financing Sources (Uses)	(168,792)	(1,720,572)	(482,232)	(2,278,858)	(249,044)	(271,636)	(344,964)	(131,173)	(974,924)	(10,231,482)
Special Item-sale of hospital	-	-	-	-	-	-	(1,553,032)	-	8,181,040	-
Net change in fund balances	\$ 4,658,074	\$ (404,283)	\$ (4,317,044)	\$ (2,547,364)	\$ 2,353,690	\$ 2,185,020	\$ 412,799	\$ 9,937,931	\$ 11,221,822	\$ 1,304,357
Debt service as a percentage of noncapital expenditure	13.3%	12.1%	12.4%	12.4%	12.9%	12.0%	9.5%	5.9%	7.4%	7.2%

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
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%
2021	901,626,400	234,464,000	68,053,670	25,678,080	1,178,465,990	0.006	1,398,738,889	84.25%
2022	919,894,900	575,856,600	50,232,540	370,017,140	1,175,966,900	0.006	1,258,472,608	93.44%
2023	928,992,200	582,740,900	56,380,040	379,547,200	1,188,565,940	0.006	1,331,802,778	89.24%

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)
2014	6.00
2015	6.00
2016	6.00
2017	6.00
2018	6.00
2019	6.00
2020	6.00
2021	6.00
2022	6.00
2023	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.

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	Tobacco Tax	Marijuana Tax	Total
2014	\$ 6,187,719	\$ 9,678,727	\$ 377,547	\$ 489,087	\$ -	\$ 15,543,311
2015	6,245,146	10,531,237	411,916	735,594	-	16,351,095
2016	6,202,972	11,087,495	472,900	490,353	-	16,335,789
2017	6,454,150	12,631,709	503,439	879,157	-	17,207,109
2018	6,647,375	13,309,207	543,697	850,876	-	20,500,279
2019	6,777,625	13,309,207	553,911	835,730	-	20,640,743
2020	6,852,247	12,139,374	398,187	806,706	-	19,389,808
2021	7,242,611	13,115,999	407,024	850,329	-	20,765,634
2022	7,204,373	16,365,714	669,958	886,947	-	24,240,045
2023	7,191,735	19,317,031	792,950	846,827	125,754	27,301,716

City and Borough of Sitka, Alaska

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Silver Bay Seafoods LLC	\$ 15,252,810	1	1.29%	\$ 5,454,712	7	0.55%
The North West Co (Intl) Inc	10,574,860	2	0.90%	13,428,543	1	1.36%
Scojo LLC	9,687,500	3	0.82%	7,115,400	5	0.72%
North Pacific Seafoods Inc	9,151,460	4	0.78%	9,932,773	2	1.00%
Seafood Producers Cooperative	8,570,200	5	0.73%	6,454,000	6	0.65%
Hames Corporation	7,185,600	6	0.61%	8,042,720	4	0.81%
Harbor Enterprises Inc	5,756,400	7	0.49%	8,894,083	3	0.90%
Sitka Residences LLC	5,705,120	8	0.48%			
Sitka Dock Company LLC	5,653,500	9	0.48%			
AK Preservation Sawmill Ltd. Partnership	5,435,700	10	0.46%			
ACS				5,374,070	8	0.54%
Halibut Point Marine Services, LLC				5,140,100	9	0.52%
Shee Atika Holdings				5,130,300	10	0.52%
Totals	<u>\$ 82,973,150</u>		<u>7.04%</u>	<u>\$ 74,966,701</u>		<u>7.57%</u>

Source: Assessing department

City and Borough of Sitka, Alaska

Property Tax Levies and Collection

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Amount	Percentage of Levy
		Amount Collected	Percentage of Levy			
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	98%	17,017	6,448,995	97.13%
2020	6,852,247	6,653,972	97%	61,613	6,715,585	98.01%
2021	7,242,611	7,075,478	98%	30,471	7,105,949	98.11%
2022	7,204,372	7,137,877	99%	55,327	7,193,204	99.84%
2023	7,191,735	7,119,818	99%	66,488	7,186,306	99.92%

City and Borough of Sitka, Alaska

**Sales Tax Receipts by Industry
Last Ten Fiscal Years**

Industry	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, Forestry and Fishing	\$ 20,094	\$ 18,137	\$ 19,297	\$ 17,100	\$ 27,629	\$ 18,032	\$ 49,882	\$ 61,700	\$ 25,768	\$ 27,274
Construction	221,446	201,145	205,887	234,360	301,566	324,984	277,465	384,018	422,258	394,732
Manufacturing	213,104	233,094	249,378	267,635	290,841	357,453	315,633	242,455	293,156	362,505
Transportation & Public Utilities	675,327	680,790	657,369	625,344	646,408	705,416	633,470	543,636	703,741	1,085,159
Wholesale Trade	53,877	54,145	70,273	80,346	90,818	101,752	105,103	103,411	115,791	119,285
Retail Trade	5,617,392	5,510,674	5,539,053	5,656,974	6,033,590	6,693,040	6,270,305	6,981,919	8,511,244	9,703,924
Finance, Insurance & Real Estate	307,149	325,567	378,274	420,778	519,460	550,615	496,964	604,223	686,930	768,141
Services	1,782,447	1,865,545	2,173,224	2,623,270	2,954,957	3,338,532	2,685,683	3,050,104	4,508,827	5,548,740
Government - Local	895,003	789,630	930,599	892,001	1,222,743	1,067,592	1,304,869	1,144,533	1,097,999	1,307,271
Total Sales Tax Receipts	\$ 9,785,839	\$ 9,678,727	\$ 10,223,354	\$ 10,817,808	\$ 12,088,012	\$ 13,157,416	\$ 12,139,374	\$ 13,115,999	\$ 16,365,714	\$ 19,317,031

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, Forestry and Fishing	\$ 4,354,707	\$ 3,601,207	\$ 3,535,452	\$ 2,324,843	\$ 6,609,809	\$ 4,949,809	\$ 5,207,417	\$ 4,082,892	\$ 2,694,549	\$ 4,606,591
Construction	157,611,922	141,721,383	100,767,547	75,389,002	63,216,057	53,360,114	65,750,238	75,866,736	89,006,186	126,535,665
Manufacturing	11,721,581	12,173,509	11,546,457	14,185,850	12,954,934	11,942,032	13,677,415	17,097,426	14,353,681	15,977,994
Transportation & Public Utilities	18,475,455	18,932,722	17,792,868	17,803,360	20,127,273	24,630,228	18,738,603	17,730,630	25,670,856	37,044,154
Wholesale Trade	20,061,339	21,112,181	20,867,486	21,127,561	20,800,885	20,116,767	19,068,825	18,728,238	22,413,151	23,629,747
Retail Trade	147,432,458	147,117,219	137,741,065	147,468,118	161,438,725	160,689,354	150,832,467	166,332,439	216,752,705	253,662,667
Finance, Insurance & Real Estate	24,564,111	22,925,923	17,877,973	17,511,353	4,419,534	17,746,257	16,948,680	19,640,817	22,179,232	23,165,623
Services	71,868,610	76,340,561	78,410,397	75,071,067	67,371,555	79,005,868	68,181,873	79,523,993	107,540,676	135,785,783
Government - Local	30,718,246	33,554,572	39,544,915	31,186,998	53,764,615	34,335,761	33,422,953	36,996,834	37,234,856	24,430,272
Total Gross Sales	\$ 486,808,429	\$ 477,479,277	\$ 428,084,160	\$ 402,068,152	\$ 410,703,387	\$ 406,776,190	\$ 391,828,471	\$ 436,000,005	\$ 537,845,892	\$ 644,838,496

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	Subscription IT Assets		Revenue Bonds and Unamortized Bond Premiums	Notes Payable	Subscription IT Assets	Leases			
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	-	548,852	131,844,815	28,077,978	-	-	174,561,880	28.05%	20,554
2021	11,438,815	237,126	-	235,991	136,341,834	30,254,623	-	-	178,508,389	28.24%	21,325
2022	9,485,123	214,816	-	74,226	131,679,149	38,748,455	-	23,691	180,225,460	28.93%	21,438
2023	7,320,450	192,506	46,764	59,502	127,103,420	39,150,355	37,882	12,146	173,923,025	27.25%	20,750

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
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	2,061,332	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
2021	11,438,815	837,712	10,601,103	0.76%	1,266
2022	9,485,123	4,925,186	4,559,937	0.36%	542
2023	7,320,450	1,110,886	6,209,564	0.47%	741

City and Borough of Sitka, Alaska
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
As of June 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt	\$ -	0%	\$ -
City and Borough of Sitka, Alaska	7,320,450	100%	7,320,450
Total direct and overlapping debt	\$ 7,320,450		\$ 7,320,450

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 Revenue Bonds										
Fiscal Year	Electric Revenue	Transfers		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
		Stabilization Fund	From Rate Fund							
2014	\$ 15,283,017	\$ -	-	\$ 8,538,616	\$ 6,744,401	\$ 1,845,000	\$ 3,781,252	\$ (581,094)	\$ 5,045,158	1.55
2015	16,078,019	2,006,696	-	9,028,272	9,056,443	1,915,000	5,815,392	(571,533)	7,158,859	1.10
2016	14,868,306	2,881,000	-	8,287,025	9,462,281	1,955,000	5,958,317	(574,328)	7,338,989	1.29
2017	16,336,780	1,582,681	-	8,747,944	9,171,517	2,035,000	5,878,517	(574,020)	7,339,497	1.25
2018	17,790,420	-	-	8,659,112	9,131,308	2,115,000	5,762,377	(575,663)	7,301,714	1.25
2019	18,945,919	-	-	8,349,335	10,596,584	2,175,000	5,729,072	(578,078)	7,325,994	1.45
2020	17,780,674	-	-	7,305,078	10,475,596	2,260,000	5,589,072	(578,078)	7,270,994	1.44
2021	18,863,385	-	-	7,375,780	11,487,605	2,212,966	2,574,725	(7,768)	4,779,923	2.40
2022	19,547,528	-	-	8,077,005	11,470,523	3,155,000	3,478,868	-	6,633,868	1.73
2023	20,899,556	-	-	(720,165)	21,619,721	3,145,000	3,516,743	-	6,661,743	3.25

Harbor Revenue Bonds										
Fiscal Year	Harbor Revenue	Transfers		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
		Stabilization Fund	From Rate Fund							
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
2021	3,366,853	-	-	2,342,276	1,024,577	380,000	438,726	-	818,726	1.25
2022	4,533,926	-	-	2,322,622	2,211,304	445,000	421,579	-	866,579	2.55
2023	3,100,167	-	-	(227,530)	3,327,697	465,000	411,633	-	876,633	3.80

Airport Terminal Revenue Bonds										
Fiscal Year	Airport Revenue	Transfers		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
		Stabilization Fund	From Rate Fund							
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
2021	612,485	168,000	-	391,636	388,849	140,000	165,126	-	305,126	1.27
2022	808,744	14,000	-	397,676	425,068	145,000	188,500	-	333,500	1.27
2023	775,925	-	-	(2,942)	778,867	155,000	182,987	-	337,987	2.30

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.

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
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%
2021	8,371	622,987	74,422	1,144	4.8%
2022	8,407	638,234	75,917	1,131	3.5%
2023	8,382	672,672	80,252	1,112	2.6%

Sources: Alaska Department of Labor and Workforce Development, BEA.gov; U.S. Census Bureau; State of Alaska, DEED (ADM) 2021 and forward, population and income data provided is for prior calendar year .

City and Borough of Sitka, Alaska

Principal Employers Current Year* and Nine Years Ago

Industry*	2021 (most current data available)			2014		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Educational services, health care, & social assistance	1,397	1	32%	1,572	1	33.7%
Retail trade	528	2	12.0%	366	4	7.8%
Public administration	482	3	10.9%	366	4	7.8%
Arts, entertainment, recreation, accommodation, & food services	324	4	7.3%	385	3	8.3%
Transportation, warehousing, & utilities	320	5	7.2%	291	7	6.2%
Agriculture, forestry, fishing, hunting, & mining	317	6	7.2%	441	2	9.5%
Construction	247	7	5.6%	364	6	7.8%
Manufacturing	220	8	5.0%	248	8	5.3%
Professional, scientific, management, administrative, & waste management services	213	9	4.8%	221	9	4.7%
Other services, except public administration	151	10	3.4%	212	10	4.5%
Finance, insurance, real estate, & rental/leasing	127	11	2.9%	100	11	2.1%
Information	56	12	1.3%	64	12	1.4%
Wholesale trade	32	13	0.7%	34	13	0.7%

*Data is no longer available for individual employers for the City and Borough of Sitka. For this reason employment is based on industry data.
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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
General Government	28	42	37	36	37	37	32	32	33	34	38
Public Safety:											
Police	33	28	33	32	31	31	30	30	29	33	33
Fire and Ambulance	10	10	10	10	9	9	9	9	9	10	11
Public Works	25	19	20	20	20	20	23	23	22	22	27
Public Services:											
Library	7	12	7	7	7	7	7	7	7	7	7
Centennial Building	4	4	4	4	4	4	5	5	5	5	5
Electric	27	28	26	26	25	25	25	25	25	26	26
Water	5	3	3	3	3	3	3	3	3	3	3
Wastewater Treatment	6	8	10	10	10	10	8	8	8	8	8
Solid Waste Disposal	2	2	2	-	-	-	3	3	3	3	3
Harbor	9	10	9	9	8	8	8	8	9	8	8
Airport	-	-	-	-	-	-	-	-	-	1	1
Sawmill Cove Industrial Park	-	1	-	-	-	-	-	-	-	-	-
Totals	156	167	161	157	154	154	153	153	153	160	170

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
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
2021	3,426	766	671	227	9	5,099
2022	3,454	794	713	225	9	5,195
2023	3,537	800	678	227	9	5,251

KwH Sold by Class Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
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	105,559,811
2018	43,233,448	35,709,803	2,883,829	25,241,700	-	107,068,780
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
2021	44,670,507	34,330,524	3,341,823	27,818,528	180,670	110,342,052
2022	44,444,087	38,627,447	3,385,759	29,703,341	184,224	116,344,858
2023	44,969,267	39,023,930	3,242,206	29,293,531	172,757	116,701,691

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

City and Borough of Sitka, Alaska
Operating Indicators by Function
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government-										
Building department transactions	209	240	196	208	197	157	133	186	227	197
Public Safety:										
Number of police officers	27	32	31	30	30	29	29	29	30	30
Number of paid firefighters	10	10	10	9	9	8	8	8	9	9
Arrests made (calendar year)	344	310	269	274	411	293	291	247	133	*
Ambulance emergency responses	873	987	1,260	1,260	1,227	1,336	1,310	1,074	1,433	1,345
Fire emergency responses	182	171	193	146	159	158	137	184	179	142
Public Works-										
Recreation permits issued	40	41	39	25	30	29	26	37	53	53
Public Services:										
Volumes in library collection	*	*	68,039	69,941	70,831	104,061	71,876	58,000	56,567	54,399
Number of events scheduled at Centenn	5	-	2	122	231	236	178	71	1,200	1,636
Water-										
New connections	18	23	17	22	12	14	14	23	34	28
Wastewater-										
New connections	18	21	18	20	13	14	17	20	35	27
Electric utility (see table 18)										
Marine Service Center-										
Cold storage tenants	2	2	2	2	1	2	2	2	2	2
Harbors-										
Active permanent moorage accounts	*	*	*	*	*	*	1,026	1,269	1,019	1,140
Airport terminal-										
Enplanements (for calendar year)	83,404	83,598	83,404	83,598	87,119	90,839	38,343	80,366	*	*

Sources: Various municipal departments, Federal Aviation Administration

* Information not available

City and Borough of Sitka, Alaska
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	23	23	24	24	24	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	109	109	109
Miles of trails	*	*	*	*	*	*	8	8	8	11
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	1	1	1
Number hydrants	*	*	*	*	*	*	450	450	450	450
Miles of water mains	*	*	*	*	*	*	48	48	48	48
Wastewater:										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations	*	*	*	*	*	*	78	78	78	78
Miles of sewer lines	*	*	*	*	*	*	40	40	40	40
Electric (see table 18):										
Dams and hydroelectric generation plants	2	2	2	2	2	2	2	2	2	2
Diesel plants	*	*	*	*	*	*	1	1	1	1
Miles of electricity distribution lines	*	*	*	*	*	*	155	155	155	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	27	27	27
Airport-										
Airport terminal buildings	1	1	1	1	1	1	1	1	1	1

Sources: Various municipal departments

* information not available