

# City and Borough of Sitka

## Annual Comprehensive Financial Report

*For the fiscal year ended June 30, 2022*

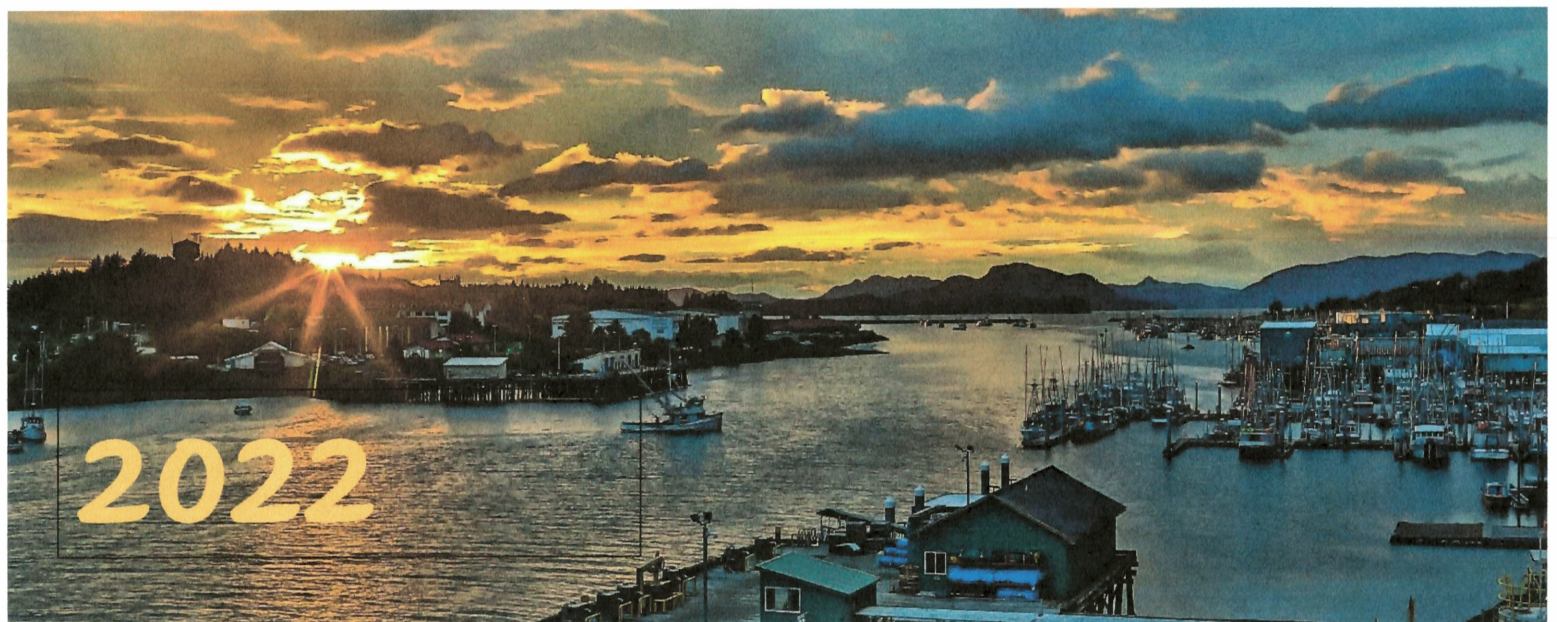
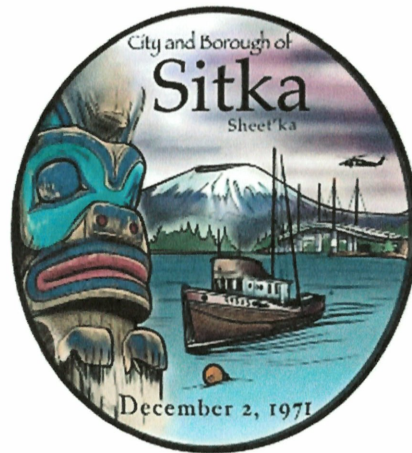


Photo credit: Don Kluting

# City and Borough of Sitka, Alaska

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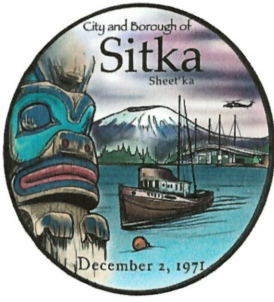
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# CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

February 8, 2023

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, 2022.

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, 2022, 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, 2022. 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 8,371. The City and Borough of Sitka is empowered to levy a property tax on both real and personal properties located within its boundaries. The City and Borough of Sitka also levies a sales tax on sales within the City and Borough, a transient room tax, and an excise tax on tobacco product sales within the City and Borough.

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

The City and Borough of Sitka provides a full range of services, including police and fire protection; ambulance service; the construction and maintenance of streets and other infrastructure; recreational facilities and cultural events. Other services include 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 all funds for which an appropriated annual budget has been adopted.

### **Factors Affecting Financial Condition**

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

Local economy. The City and Borough of Sitka's principal economic base is commercial fishing, fish processing, health care, government, tourism, and related businesses. The estimated population for the City and Borough is 8,371 and has been slowly decreasing over the past nine years.

Due to the impact of the coronavirus pandemic, sales tax collections, the City and Borough of Sitka's most significant source of revenue, have fallen short of previous expectations and rather than growing at a rate of 9% are only now returning to pre-pandemic levels. The Municipality joined the Alaska Remote Sellers Commission in FY2022, which has helped to lessen the impact of the decrease in revenue from sales tax receipts that resulted from a significant decrease in tourism due to the pandemic.

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

Cash management policies and practices. The City and Borough of Sitka utilizes a central treasury to aggregate cash from all funds except the component units listed herein, for cash management and investment purposes. Interest income on 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 FY2022, the Municipality continued a limited risk management program for workers' compensation. Various controls techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims and other potential losses.

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

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

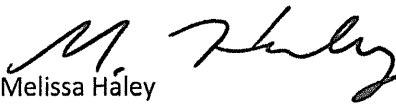
Additional information on pension arrangements and postemployment benefits can be found in the Required Supplementary Information and in the Notes to the Basic Financial Statements.

### **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, 2021

*Christopher P. Morill*

Executive Director/CEO

# City and Borough of Sitka, Alaska

## Elected Officials

*June 30, 2022*

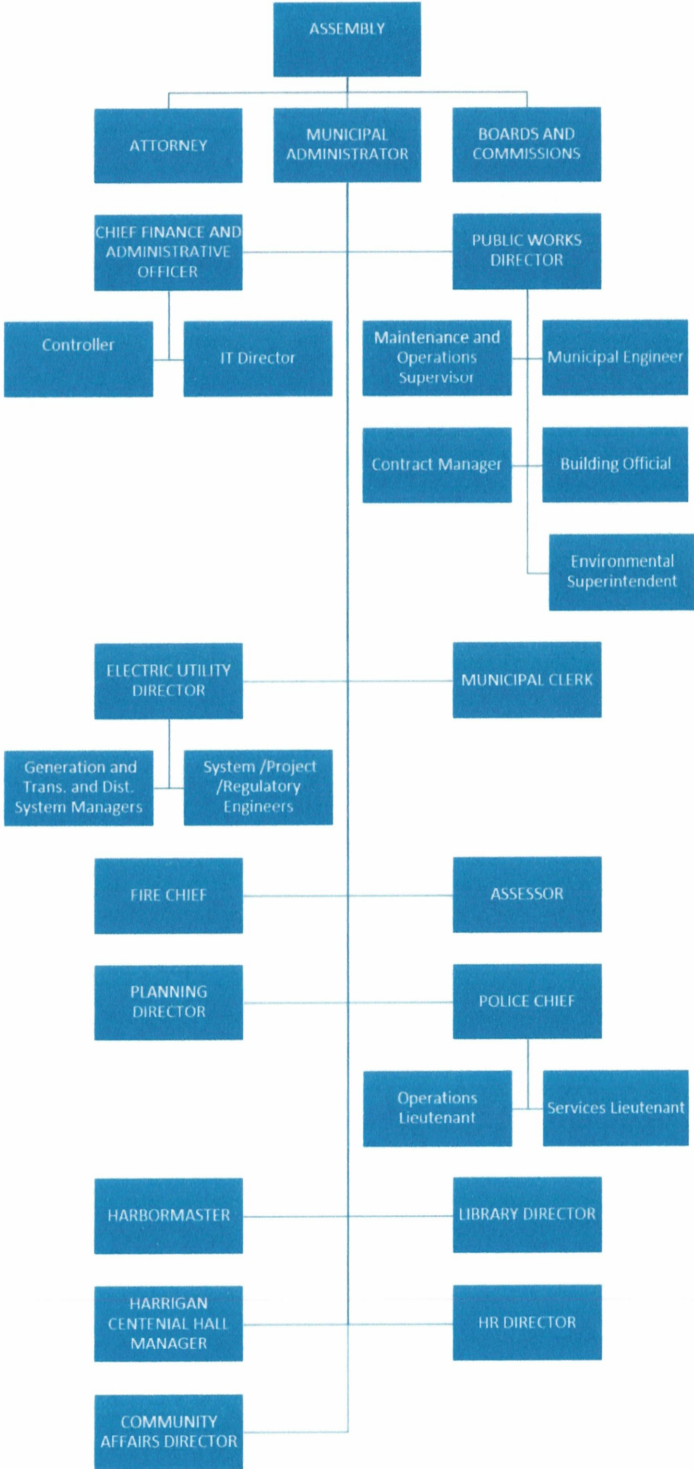
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Name	Position
Steven Eisenbeisz	Mayor
Kevin Knox	Deputy Mayor
Kevin Mosher	Vice-Deputy Mayor
Thor Christianson	Assembly Member
Crystal Duncan	Assembly Member
Rebecca Himschoot	Assembly Member
David Miller	Assembly Member
John Leach	Municipal Administrator



# City and Borough of Sitka, Alaska

## Organization Chart June 30, 2022





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www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

## Independent Auditor's Report

Honorable Mayor and Borough Assembly  
City and Borough of Sitka, Alaska  
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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough of Sitka (the City and Borough), as of and for the year ended June 30, 2022, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 17 to the financial statements, in 2022 the City and Borough adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 98, *The Annual Comprehensive Financial Report*, GASB Statement Number 87, *Leases*, and the GASB Statement Number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Our opinions are not modified with respect to these matters.

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

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

### ***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 statement 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 *management's discussion and analysis, budgetary comparison schedules, and the schedules of the City and Borough's proportionate share of the net pensions and net OPEB liability or asset and the City and Borough's contributions on pages 6 through 17 and 84 through 87* 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 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, as well as the introductory and statistical sections, 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 GAAS. 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023 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, LLP*

Anchorage, Alaska  
February 8, 2023

## **Management's Discussion and Analysis**

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# City and Borough of Sitka, Alaska

## Management's Discussion and Analysis

### June 30, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page II of this report.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the City and Borough exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$395.2 million. Of this amount, \$79.7 million (unrestricted net position) is legally unreserved and may therefore be used to meet the City and Borough's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6.5 million. Committed funds of \$10.6 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 24.1% of General Fund expenditures. This increases to 63.4% 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 the specific activities or objectives. The City and Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the City and Borough can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the City and Borough operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City and Borough maintains 20 individual governmental funds. Information is presented separately for major governmental funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Permanent Fund, Sitka Community Hospital Dedicated Fund and the School Debt Service 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 16 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, sewer 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

# **City and Borough of Sitka, Alaska**

## **Management's Discussion and Analysis**

governmental and business-type functions while assets and liabilities have been included within the governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the Electric, Solid Waste, Water, 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 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 \$395.2 million on June 30, 2022, compared to \$377.9 million on June 30, 2021. By far the largest portion of the City and Borough's net position (\$266.9 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, 2022 and 2021**  
(in millions)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$107.1	\$85.9	\$69.9	\$61.5	\$177.0	\$147.3
Capital assets	116.2	122.7	324.2	322.5	440.4	445.2
Total assets	<u>223.2</u>	<u>208.6</u>	<u>394.1</u>	<u>384.0</u>	<u>617.4</u>	<u>592.6</u>
Deferred outflows of resources	<u>2.8</u>	<u>4.2</u>	<u>4.8</u>	<u>5.7</u>	<u>7.6</u>	<u>9.9</u>
Long-term liabilities	17.4	23.8	171.7	170.3	189.1	194.1
Other liabilities	4.9	4.4	8.7	9.9	13.6	14.4
Total liabilities	<u>22.3</u>	<u>28.3</u>	<u>180.4</u>	<u>180.2</u>	<u>202.7</u>	<u>208.5</u>
Deferred inflows of resources	<u>20.9</u>	<u>15.6</u>	<u>6.2</u>	<u>0.6</u>	<u>27.1</u>	<u>16.1</u>
Total liabilities and deferred inflows	<u>43.1</u>	<u>43.8</u>	<u>186.7</u>	<u>180.8</u>	<u>229.8</u>	<u>224.6</u>
Net position:						
Net investment in capital assets	105.8	111.1	161.1	163.5	266.9	274.6
Restricted	37.9	30.3	8.8	12.5	46.7	42.8
Unrestricted	39.2	27.6	42.4	32.9	81.6	60.5
Total net position	<u>\$182.9</u>	<u>\$169.0</u>	<u>\$212.3</u>	<u>\$208.9</u>	<u>\$395.2</u>	<u>\$377.9</u>

**Governmental Activities**

Governmental activities increased the City and Borough's net position by \$13.9. Key elements of this increase are listed below:

- An item with significant impact on net position is the reduction of the net pension liability related to the former Sitka Community Hospital. This shows a negative pension expense of \$4.7 million.
- The municipality sold the assets of the former Sitka Community Hospital, which resulted in an extra \$8.2 million which was added to the Permanent fund.

The net position for the City and Borough's governmental activities is \$182.9 million, an increase of \$13.9 million. A substantial portion (57.8%) of the net position is invested in capital assets – a decrease of \$5.3 million from the prior fiscal year. The City and Borough uses these assets to provide services to the citizens.

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

The unrestricted net position of the governmental activities was \$38.4 million as of June 30, 2022. The largest portion of the restricted net position is for the Permanent Fund (\$31.4 million).

**Business-type Activities**

Business-type activities increased the City and Borough's net position by \$3.4 million. This compares to an increase of \$0.6 million for the year ended June 30, 2021. Key elements are listed below:

- Net capital assets increased by \$2.4 million. Much of the capital funding was from debt, resulting in an increase to long-term liabilities.
- Continued growth in charges for services has also contributed to increase in net position.

The net position for the City and Borough's business-type activities is \$212.3 million. As with government-wide activities, a substantial portion (75.9%) 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 \$42.4 million as of June 30, 2022.

**City and Borough of Sitka's Changes in Net Position**  
**Years Ended June 30, 2022 and 2021**  
(in millions)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$2.5	\$3.3	\$37.2	\$33.7	\$39.7	\$37.0
Operating grants and contributions	9.3	17.6	-	0.4	8.9	18.0
Capital grants and contributions	0.8	1.5	1.6	1.9	2.4	3.4
General revenues:						
Property tax	7.2	7.2	-	-	7.2	7.2
Sales and other taxes	18.5	15.0	-	-	18.5	15.0
Grants and contributions not restricted to specific programs	-	-	1.8	0.9	2.2	0.9
Unrestricted investment earnings	(4.4)	6.2	(1.4)	(0.3)	(5.7)	5.9
Other	0.1	1.2	(.2)	-	(0.2)	1.2
<b>Total revenues</b>	<b>34.0</b>	<b>52.0</b>	<b>39.0</b>	<b>36.6</b>	<b>73.0</b>	<b>88.6</b>

**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, 2022 and 2021**  
(in millions)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Expenses:</b>						
Administration	\$2.4	\$3.3	\$ -	\$ -	\$2.4	\$3.3
Public safety	5.9	6.9	-	-	5.9	6.9
Public works	5.9	5.6	-	-	5.9	5.6
Public services	0.5	2.9	-	-	0.5	2.9
Education	11.4	10.7	-	-	11.4	10.7
Interest on long-term debt	0.3	0.3	-	-	0.3	0.3
Electric	-	-	19.3	18.5	19.3	18.5
Solid waste disposal	-	-	5.0	4.8	5.0	4.8
Water	-	-	2.8	2.8	2.8	2.8
Wastewater treatment	-	-	3.5	3.5	3.5	3.5
Harbors	-	-	4.1	4.8	4.1	4.8
Nonmajor business-type	-	-	1.5	1.5	1.5	1.5
<b>Total expenses</b>	<u>26.4</u>	<u>29.7</u>	<u>36.2</u>	<u>36.0</u>	<u>62.6</u>	<u>65.7</u>
Increase (decrease) in net position before transfers	7.6	22.3	2.8	0.6	10.4	22.9
Transfers in (out)	(0.6)	-	0.6	-	-	-
Increase in net position	7.0	22.3	3.4	0.6	10.4	22.9
<b>Special Item, sale of hospital assets</b>	6.9	-	-	-	6.9	-
Increase in net position	13.9	22.3	3.4	0.6	17.3	22.9
Net position, beginning of year	<u>169.0</u>	<u>146.7</u>	<u>208.9</u>	<u>208.3</u>	<u>377.9</u>	<u>355.0</u>
Net position, end of year	<u>\$182.9</u>	<u>\$169.0</u>	<u>\$212.3</u>	<u>\$208.9</u>	<u>\$395.2</u>	<u>\$377.9</u>

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

- In FY2021, the City and Borough received CARES Act pandemic relief funding of \$14.0 million, so the FY2021 to FY2022 comparison should factor in the lack of this funding supporting governmental activities.
- Sales tax revenue showed a significant increase from the prior year. This was largely a result of increased cruise tourism in the Spring of 2022 as well as continued collection of sales tax on online sales.
- Mark-to-market adjustments for FY2022 resulted in a significant unrealized loss that is factored into investment revenue.



## City and Borough of Sitka, Alaska

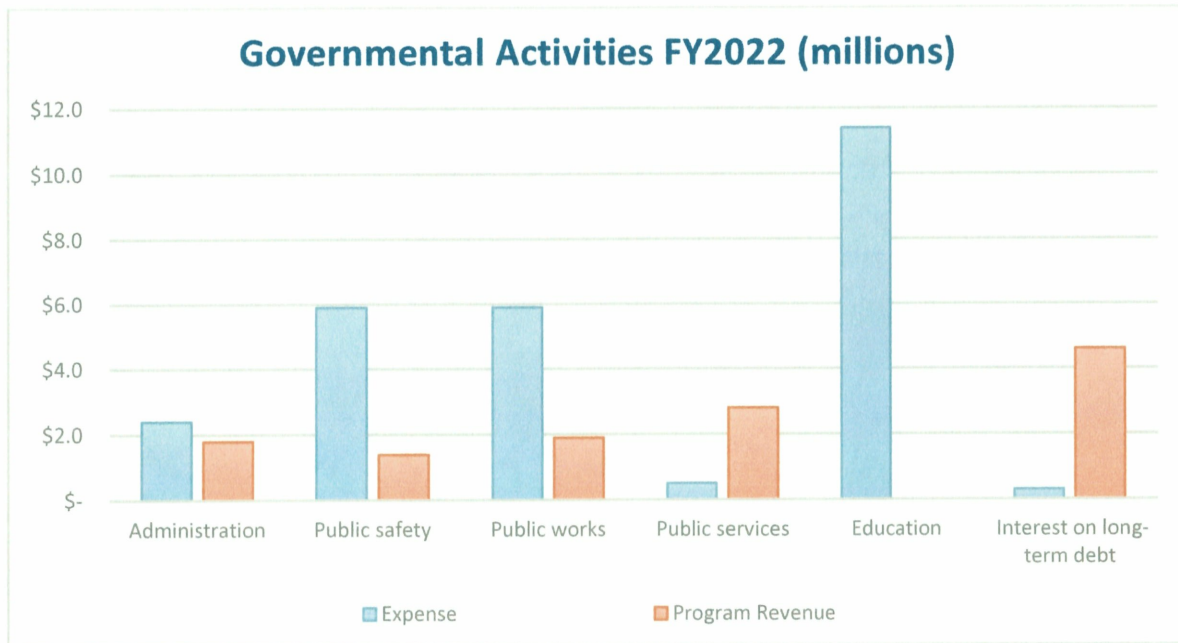
### Management’s Discussion and Analysis

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

- The significant reduction in Net Pension Expense in FY2021, particularly for governmental funds (\$13.1 million total) resulted in a significant reduction in expenses recorded under public service, offsetting what otherwise would have been a much higher level of expense due to the pandemic relief programs funded through the CARES Act. In FY2022, OPEB and Pension Expense was -\$7 million for governmental funds.
- For enterprise funds continued strong demand for services, combined with rate increases resulted in increased charges for services of \$3.5 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.

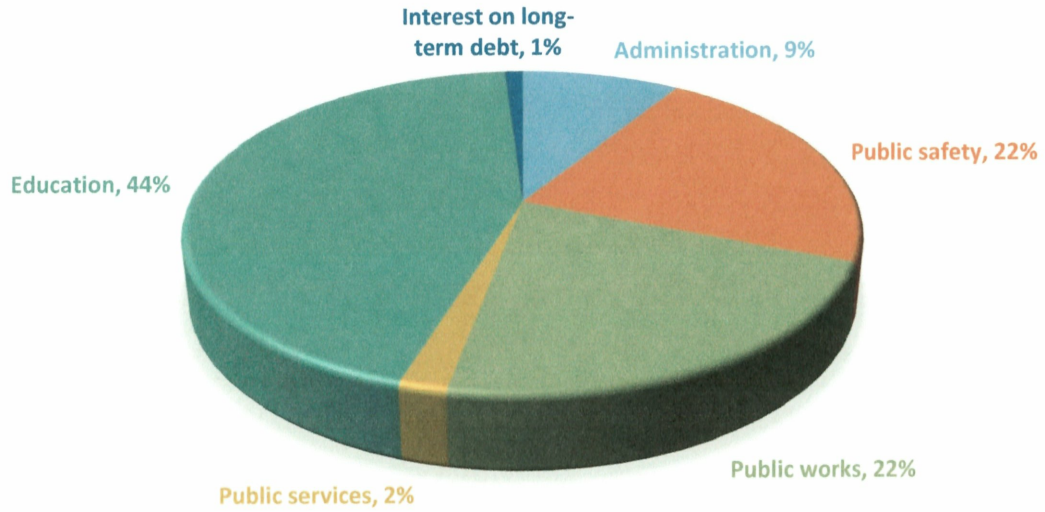


#### Revenues and Expenses by Source – Governmental Activities

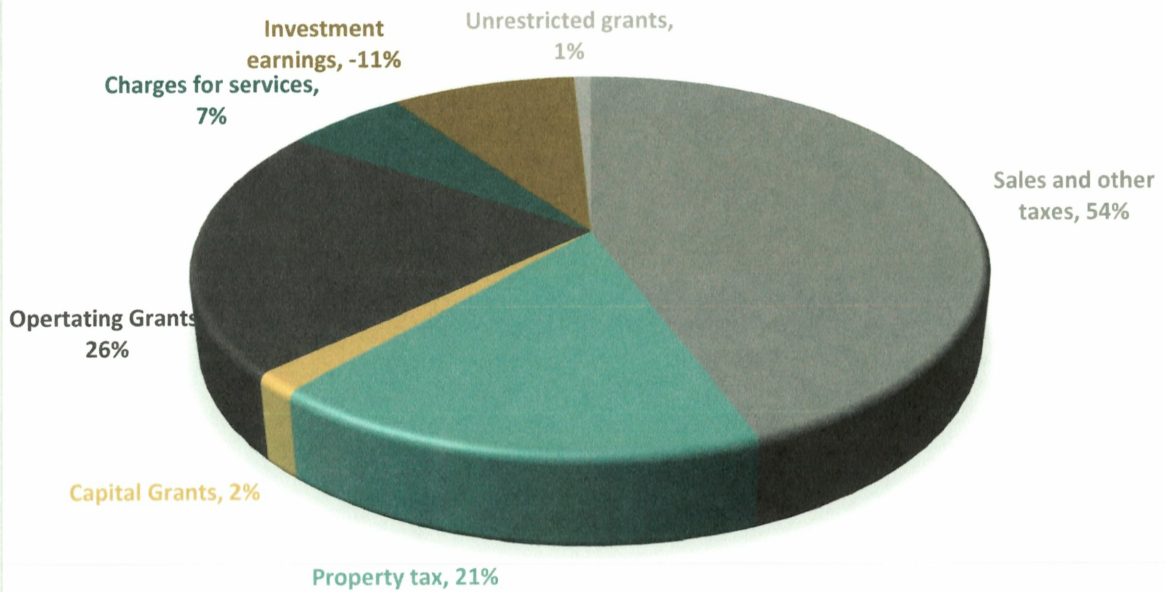
The following graphs depict all sources of revenues shown as a percentage of total governmental revenues and functional expenses, also shown as percentage of total expense.

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

**FUNCTIONAL EXPENSES (GOVERNMENTAL ACTIVITIES)**  
**FY2022**



**GOVERNMENTAL REVENUE BY SOURCE FY2022**



# 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 \$78.0 million, an increase of \$11.2 million compared to the prior year. A portion of this amount is reserved to indicate it is not available to new spending because it is nonspendable, or has been restricted, committed or assigned (\$36.1, \$7.7, \$28.5, and \$2.9 million respectively). The remainder of fund balance is unassigned (\$2.8 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 \$20.2 million and unassigned fund balance was \$6.5 million. Total fund balance decreased by \$1.2 million from the prior year. Key factors include:

- A recovery from prior year pandemic impacts to sales tax receipts (\$3.5 million)
- During the pandemic, the City and Borough greatly reduced capital spending, at the end of FY2022, \$5 million was transferred out of the General Fund to the Public Infrastructure Sinking Fund for investment in future infrastructure repair.

Within the governmental funds, the School Debt Service fund showed the most significant increase (\$4.1 million). This was due to the restoration of full debt service reimbursement by the State of Alaska. Other major funds include the Permanent Fund and the Sitka Community Hospital Dedicated Fund. The Permanent Fund saw an increase to its fund balance of \$3.8 million, which was possible despite a significant unrealized loss on investments, as the proceeds from the sale of the former Sitka Community Hospital assets were transferred into the fund per Charter. The Community Hospital Dedicated Fund's fund balance increased by \$.1 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 expense related to the closure of the hospital mean the fund's fund balance improved very little.

The Capital Project Fund's fund balance increased by \$5.0 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. Unrestricted net position of the eight enterprise funds at the end of the year was \$40.1 million. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City and Borough's business-type activities.

In the City and Borough's proprietary funds, most fund's net position changed insignificantly from the prior year. The Harbor Fund, however, showed an increase in net position of \$1.6 million, largely the result of strong demand as well as improved Raw Fish Tax remitted by the State. The Gary Paxton Industrial Park Fund showed the most significant decrease in net position of \$.2 million, largely due to operating expenses exceeding operating revenue, which is not unexpected as much of the park's property has been sold.

### General Fund Budgetary Highlights

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

- Per the Sitka Home Rule Charter, encumbered operating appropriations do not lapse at the end of the fiscal year and are added into the following fiscal year's budget through a supplemental budget ordinance. The amount of these encumbered operating appropriations was \$.2 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 were increased by the net amount of \$4.1 million.
- Variations from budgeted revenue to actual in the in the General Fund show that revenues exceeded the budget by \$6.2 million. As previously discussed, this was largely due to increased sales tax revenue, though federal funding, including American Rescue Plan Act funding was not budgeted.
- Variations from budgeted expenditures to actual in the General Fund show that expenditures were under budget by \$1.5 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, 2022, amounts to \$440.4 million (net of accumulated depreciation), a decrease of \$4.8 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads and infrastructure.

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

**City and Borough of Sitka's Capital Assets**  
**June 30, 2022 and 2021**  
**(in millions, net of depreciation)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Land and improvements	\$16.2	\$16.8	\$22.4	\$23.0	\$38.6	\$39.8
Buildings	65.1	70.4	10.1	10.7	75.2	81.1
Equipment	4.2	4.3	1.8	1.9	6.0	6.2
Infrastructure	26.7	27.4	-	-	26.7	27.4
Electric plant	-	-	195.0	194.4	195.0	194.4
Water plant	-	-	18.1	19.2	18.1	19.2
Wastewater treatment plant	-	-	25.3	15.6	25.3	15.6
Harbors	-	-	30.7	31.8	30.7	31.8
Right-to-use leased assets	0.1	-	-	-	0.1	-
Construction in progress	3.9	3.8	20.7	25.9	24.6	29.7
Total capital assets	<u>\$116.2</u>	<u>\$122.7</u>	<u>\$324.2</u>	<u>\$322.5</u>	<u>\$440.4</u>	<u>\$445.2</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.
- The first phase of a significant rehabilitation project for the Green Lake Hydro Plant was completed.
- 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 Debt**

At the end of the current fiscal year, the City and Borough had total debt outstanding of \$193.8 million. Of this amount \$10.8 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 Outstanding Debt**  
**June 30, 2022 and 2020**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
General obligation bonds	\$9.5	\$11.4	\$ -	\$ -	\$ 9.5	\$ 11.4
Revenue bonds	-	-	131.7	136.3	131.7	136.3
State of Alaska revenue notes	0.2	0.2	38.7	30.3	39.0	30.5
Net pension liability	9.4	13.7	5.2	7.5	14.6	21.2
Other debt	0.8	1.0	1.1	1.1	1.9	2.1
<b>Total outstanding debt</b>	<b>\$19.9</b>	<b>\$26.3</b>	<b>\$176.7</b>	<b>\$175.2</b>	<b>\$196.7</b>	<b>\$201.5</b>

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

**Economic Factors and the Next Year's Budget and Rates**

In setting the budgets for FY2023, the City and Borough considered a number of issues with City and Borough-wide impact, among them:

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

All of these factors were considered in preparing the City and Borough's budget for FY2023.

**Request for Information**

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



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## **Basic Financial Statements**

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**City and Borough of Sitka, Alaska**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		Total	Component Unit
	Governmental	Business-Type		Sitka School
	Activities	Activities		District
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Equity in central treasury	\$ 43,129,248	\$ 37,336,851	\$ 80,466,099	\$ -
Cash and equivalents	-	-	-	4,782,012
Receivables (net of allowance)	9,801,473	11,183,146	20,984,619	1,323,339
Internal balances	1,980,928	(1,980,928)	-	-
Inventories	-	1,848,412	1,848,412	-
Prepaid items	1,120	-	1,120	-
Leases receivable	3,635,649	2,099,781	5,735,430	-
Notes receivable (net of allowance)	10,268,909	39,548	10,308,457	-
Special assessments receivable	7,305	20,312	27,617	-
Water rights	-	46,966	46,966	-
Net pension asset	-	-	-	10,595,906
Net OPEB asset	6,857,280	3,758,658	10,615,938	-
Restricted assets:				
Equity in central treasury	-	176,961	176,961	-
Bond covenant accounts	-	8,740,561	8,740,561	-
Capital asset acquisition	-	6,637,484	6,637,484	-
Cash and investments	31,307,116	-	31,307,116	-
Interest receivable	62,760	-	62,760	-
Capital assets not being depreciated	15,160,685	25,342,025	40,502,710	-
Capital assets being depreciated, net	101,025,649	298,873,713	399,899,362	288,960
<b>Total Assets</b>	<b>223,238,122</b>	<b>394,123,490</b>	<b>617,361,612</b>	<b>16,990,217</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	269,799	3,465,329	3,735,128	-
OPEB related	341,626	141,804	483,430	480,807
Pension related	2,205,332	1,208,801	3,414,133	1,387,930
<b>Total Deferred Outflows of Resources</b>	<b>2,816,757</b>	<b>4,815,934</b>	<b>7,632,691</b>	<b>1,868,737</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 226,054,879</b>	<b>\$ 398,939,424</b>	<b>\$ 624,994,303</b>	<b>\$ 18,858,954</b>

**City and Borough of Sitka, Alaska**  
**Statement of Net Position, continued**  
**June 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sitka School District
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,293,694	\$ 2,364,376	\$ 4,658,070	\$ 1,085,670
Unearned revenue	6,402	153,338	159,740	156,698
Accrued interest payable	45,228	1,056,045	1,101,273	-
Liabilities payable from restricted assets - deposits	-	176,961	176,961	-
<b>Noncurrent liabilities</b>				
Due within one year:				
Bonds and notes	2,072,310	4,737,627	6,809,937	-
Leases payable	34,992	11,545	46,537	-
Compensated absences	437,022	192,249	629,271	-
Due in more than one year:				
Bonds, notes, and unamortized bond premium	7,627,629	165,689,977	173,317,606	-
Compensated absences	267,770	196,166	463,936	142,004
Net pension liability	9,449,120	5,179,313	14,628,433	8,825,828
Leases payable	39,234	12,146	51,380	-
Landfill post-closure liability	-	675,125	675,125	-
<b>Total Liabilities</b>	<b>22,273,401</b>	<b>180,444,868</b>	<b>202,718,269</b>	<b>10,210,200</b>
<b>Deferred Inflows of Resources</b>				
Deferred charge on refunding	-	85,000	85,000	-
Deferred note receivable	9,787,565	-	9,787,565	-
Lease related	3,604,097	2,080,187	5,684,284	-
OPEB related	3,715,850	1,997,877	5,713,727	5,038,222
Pension related	3,767,795	2,065,395	5,833,190	6,708,652
<b>Total Deferred Inflows of Resources</b>	<b>20,875,307</b>	<b>6,228,459</b>	<b>27,103,766</b>	<b>11,746,874</b>
<b>Net Position</b>				
Net investment in capital assets	106,681,968	167,898,962	274,580,930	288,960
<b>Restricted for:</b>				
Permanent Fund - nonspendable	30,172,853	-	30,172,853	-
Permanent Fund - spendable	1,193,739	-	1,193,739	-
Debt service	4,925,186	-	4,925,186	-
Commercial passenger excise tax and other	1,624,177	-	1,624,177	-
<b>Unrestricted</b>	<b>38,308,248</b>	<b>44,367,135</b>	<b>82,675,383</b>	<b>(3,387,080)</b>
<b>Total Net Position</b>	<b>182,906,171</b>	<b>212,266,097</b>	<b>395,172,268</b>	<b>(3,098,120)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 226,054,879</b>	<b>\$ 398,939,424</b>	<b>\$ 624,994,303</b>	<b>\$ 18,858,954</b>

*See accompanying notes to basic financial statements.*

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

	<u>Net Revenue (Expense) and Changes in Net Position</u>							
	<u>Program Revenues</u>				<u>Primary Government</u>			<u>Component Unit</u>
	<u>Expenses</u>	<u>Fees, Fines, &amp; Charges for Services</u>	<u>Operating Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Sitka School District</u>
<i>For the fiscal year ended June 30, 2022</i>								
<b>Primary Government</b>								
<b>Governmental Activities</b>								
Administration	\$ 2,432,814	\$ 480,458	\$ 905,204	\$ -	\$ (1,047,152)	\$ -	\$ (1,047,152)	\$ -
Public safety	5,889,736	1,277,351	3,924	142,596	(4,465,865)	-	(4,465,865)	-
Public works	5,862,713	570,153	647,641	685,191	(3,959,728)	-	(3,959,728)	-
Public services	521,040	124,725	2,695,714	-	2,299,399	-	2,299,399	-
Education	11,411,175	-	4,609,571	-	(6,801,604)	-	(6,801,604)	-
Interest on long-term debt	279,251	-	-	-	(279,251)	-	(279,251)	-
<b>Total Governmental Activities</b>	<b>26,396,729</b>	<b>2,452,687</b>	<b>8,862,054</b>	<b>827,787</b>	<b>(14,254,201)</b>	<b>-</b>	<b>(14,254,201)</b>	<b>-</b>
<b>Business-type Activities</b>								
Electric	19,301,018	20,138,151	26,057	-	-	863,190	863,190	-
Water	2,775,685	3,148,766	58	416,212	-	789,351	789,351	-
Wastewater treatment	3,528,034	3,789,616	167	-	-	261,749	261,749	-
Solid waste disposal	4,995,697	5,772,618	36	-	-	776,957	776,957	-
Harbor	4,113,084	3,053,377	123	1,088,380	-	28,796	28,796	-
Airport	735,140	795,443	-	90,222	-	150,525	150,525	-
Marine Service Center	152,851	275,517	-	-	-	122,666	122,666	-
Gary Paxton Industrial Park	662,153	261,368	-	-	-	(400,785)	(400,785)	-
<b>Total Business-type Activities</b>	<b>36,263,662</b>	<b>37,234,856</b>	<b>26,441</b>	<b>1,594,814</b>	<b>-</b>	<b>2,592,449</b>	<b>2,592,449</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 62,660,391</b>	<b>\$ 39,687,543</b>	<b>\$ 8,888,495</b>	<b>\$ 2,422,601</b>	<b>\$ (14,254,201)</b>	<b>\$ 2,592,449</b>	<b>\$ (11,661,752)</b>	<b>\$ -</b>

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

<i>For the fiscal year ended June 30, 2022</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
<b>Total Primary Government</b>	\$ 62,660,391	\$ 39,687,543	\$ 8,888,495	\$ 2,422,601	\$ (14,254,201)	\$ 2,592,449	\$ (11,661,752)	-
<b>Component Unit</b>								
Sitka School District							\$ (17,279,447)	
<b>General Revenues</b>								
Taxes:								
Real and personal property					7,204,373	-	7,204,373	-
Sales and bed					17,035,672	-	17,035,672	-
Commercial passenger excise tax					615,545	-	615,545	-
Tobacco tax					886,947	-	886,947	-
Contributions from primary government					-	-	-	7,424,930
Grants and entitlements not restricted to specific purpose					411,663	1,752,179	2,163,842	12,828,231
Net Investment loss					(4,250,060)	(1,473,501)	(5,723,561)	-
Other					(3,402)	(171,277)	(174,679)	-
<b>Transfers</b>					(649,720)	649,720	-	-
<b>Total General Revenues and Transfers</b>					21,251,018	757,121	22,008,139	20,253,161
<b>Special item, gain on sale of hospital property (see note 15)</b>					6,945,516	-	6,945,516	-
<b>Change in Net Position</b>					13,942,333	3,349,570	17,291,903	2,973,714
<b>Net Position (Deficit), beginning</b>					168,963,838	208,916,527	377,880,365	(6,071,834)
<b>Net Position (Deficit), ending</b>					\$ 182,906,171	\$ 212,266,097	\$ 395,172,268	\$ (3,098,120)

*See accompanying notes to the basic financial statements.*

**City and Borough of Sitka, Alaska**  
**Governmental Funds**  
**Balance Sheet**

Exhibit B-1

	Major Funds						Total Governmental Funds
	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Special Revenue Fund	School Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds	
<i>June 30, 2022</i>							
<b>Assets</b>							
Equity in central treasury	\$ 13,069,318	\$ -	\$ 2,197,891	\$ 874,362	\$ 19,189,828	\$ 35,331,399	
Receivables:							
Accounts	1,518,942	-	10,451	-	100	1,529,493	
Taxes	4,728,921	-	86,263	-	247,788	5,062,972	
Allowance for uncollectibles	(1,169,576)	-	-	-	-	(1,169,576)	
Interest	165,332	-	3,512,435	-	-	3,677,767	
Special assessments	-	-	-	-	7,305	7,305	
Federal and State of Alaska	43,917	-	-	4,050,824	118,287	4,213,028	
Leases	3,635,649	-	-	-	-	3,635,649	
Due from other funds	550,495	-	-	-	-	550,495	
Advances to other funds	3,125,552	-	-	-	2,790,000	5,915,552	
Prepaid items	1,120	-	-	-	-	1,120	
Notes receivable	-	-	9,787,565	-	481,344	10,268,909	
Restricted assets:							
Cash and investments	-	31,307,116	-	-	-	31,307,116	
Interest receivable	-	62,760	-	-	-	62,760	
<b>Total Assets</b>	<b>\$ 25,669,670</b>	<b>\$ 31,369,876</b>	<b>\$ 15,594,605</b>	<b>\$ 4,925,186</b>	<b>\$ 22,834,652</b>	<b>\$ 100,393,989</b>	
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 623,871	\$ 3,284	\$ 49,460	\$ -	\$ 353,795	\$ 1,030,410	
Other current liabilities	-	-	26,033	-	-	26,033	
Accrued payroll	1,073,772	-	-	-	-	1,073,772	
Deposits payable	45,107	-	-	-	-	45,107	
Due to other funds	-	-	-	-	83,162	83,162	
Advances from other funds	-	-	3,125,552	-	-	3,125,552	
Unearned revenue	6,402	-	-	-	-	6,402	
<b>Total Liabilities</b>	<b>1,749,152</b>	<b>3,284</b>	<b>3,201,045</b>	<b>-</b>	<b>436,957</b>	<b>5,390,438</b>	
<b>Deferred Inflows of Resources</b>							
Deferred assessments	-	-	-	-	7,305	7,305	
Prepaid property taxes	76,548	-	-	-	-	76,548	
Lease related	3,604,097	-	-	-	-	3,604,097	
Deferred notes receivable	-	-	13,300,000	-	-	13,300,000	
<b>Total Deferred Inflows of Resources</b>	<b>3,680,645</b>	<b>-</b>	<b>13,300,000</b>	<b>-</b>	<b>7,305</b>	<b>16,987,950</b>	
<b>Fund Balances</b>							
Nonspendable	3,126,672	30,172,853	-	-	-	33,299,525	
Restricted	-	1,193,739	-	4,925,186	1,624,177	7,743,102	
Committed	10,611,079	-	2,747,575	-	17,901,402	31,260,056	
Assigned	-	-	-	-	2,864,811	2,864,811	
Unassigned (deficit)	6,502,122	-	(3,654,015)	-	-	2,848,107	
<b>Total Fund Balances (Deficit)</b>	<b>20,239,873</b>	<b>31,366,592</b>	<b>(906,440)</b>	<b>4,925,186</b>	<b>22,390,390</b>	<b>78,015,601</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 25,669,670</b>	<b>\$ 31,369,876</b>	<b>\$ 15,594,605</b>	<b>\$ 4,925,186</b>	<b>\$ 22,834,652</b>	<b>\$ 100,393,989</b>	

*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, 2022

Total fund balances for governmental funds		\$ 78,015,601
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land	\$ 11,230,911	
Construction in progress	<u>3,929,774</u>	
Total capital assets not being depreciated	<u>15,160,685</u>	
Buildings	139,765,673	
Land improvements	8,446,302	
Infrastructure	54,692,267	
Equipment	6,253,570	
Right-to-use leased equipment	17,288	
Right-to-use leased space	33,336	
Accumulated depreciation	<u>(111,944,777)</u>	
Total depreciable capital assets, net of depreciation	<u>97,263,659</u>	112,424,344
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 \$6,221,022, prepaid property taxes of \$76,548, and special assessments receivable of \$7,305.		
		6,304,875
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.		
		269,799
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	(8,969,816)	
Unamortized bond premium	(730,123)	
Net pension liability	(8,572,373)	
Leases payable	(34,402)	
Accrued interest payable	(45,228)	
Compensated absences	<u>(620,418)</u>	
Total long-term liabilities	<u>(18,972,360)</u>	(18,972,360)
Certain changes in net pension and other postemployment benefits liabilities and assets are deferred rather than recognized immediately. These items are amortized over time.		
Deferred inflows related to pensions	(3,418,168)	
Deferred inflows related to other postemployment benefits	(3,377,652)	
Deferred outflows related to pensions	2,000,708	
Deferred outflows related to other postemployment benefits	<u>317,622</u>	
Total deferred pension and other postemployment items	<u>(4,477,490)</u>	(4,477,490)
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>9,341,402</u>
<b>Total Net Position of Governmental Activities</b>		<b>\$ 182,906,171</b>

*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	School Debt Service Fund	Nonmajor Governmental Funds		
<i>For the fiscal year ended June 30, 2022</i>							
<b>Revenues</b>							
Taxes:							
Commercial passenger excise tax	\$ -	\$ -	\$ -	\$ -	\$ 615,545	\$ 615,545	\$ 615,545
Real and personal property	7,204,373	-	-	-	-	-	7,204,373
Sales and bed	16,365,714	-	-	-	669,958	669,958	17,035,672
Tobacco	-	-	886,947	-	-	-	886,947
State sources	989,809	-	-	4,609,571	2,757	2,757	5,602,137
Federal sources	3,490,453	-	-	-	685,134	685,134	4,175,587
Charges for services	1,403,587	-	-	-	-	-	1,403,587
Interfund services	2,784,694	-	-	-	-	-	2,784,694
Fines, forfeitures and penalties	63,199	-	-	-	-	-	63,199
Investment income (loss)	(742,859)	(3,198,333)	21,386	(39,509)	(290,745)	(290,745)	(4,250,060)
Uses of property	457,837	-	-	-	-	-	457,837
Licenses and permits	205,286	-	-	-	-	-	205,286
Hospital sale	-	-	723,392	-	-	-	723,392
Other	278,356	-	110,109	-	183,883	183,883	572,348
<b>Total Revenues</b>	<b>32,500,449</b>	<b>(3,198,333)</b>	<b>1,741,834</b>	<b>4,570,062</b>	<b>1,866,532</b>	<b>1,866,532</b>	<b>37,480,544</b>
<b>Expenditures</b>							
Current:							
Administration	6,021,557	11,103	-	-	-	-	6,032,660
Public safety	6,586,671	-	-	-	23,515	23,515	6,610,186
Public works	3,957,089	-	-	-	19,140	19,140	3,976,229
Public services	1,947,367	-	1,674,236	-	492,379	492,379	4,113,982
Education	8,364,200	-	-	-	-	-	8,364,200
Debt service:							
Principal	22,310	-	-	1,995,000	-	-	2,017,310
Interest	6,055	-	-	307,884	-	-	313,939
Leased assets	16,224	-	-	-	-	-	16,224
Capital outlay	76,725	-	-	-	1,943,383	1,943,383	2,020,108
<b>Total Expenditures</b>	<b>26,998,198</b>	<b>11,103</b>	<b>1,674,236</b>	<b>2,302,884</b>	<b>2,478,417</b>	<b>2,478,417</b>	<b>33,464,838</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>5,502,251</b>	<b>(3,209,436)</b>	<b>67,598</b>	<b>2,267,178</b>	<b>(611,885)</b>	<b>(611,885)</b>	<b>4,015,706</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	1,660,243	-	-	1,820,296	7,094,667	7,094,667	10,575,206
Transfers out	(8,421,990)	(1,145,554)	-	-	(2,053,512)	(2,053,512)	(11,621,056)
Leases	70,926	-	-	-	-	-	70,926
<b>Net Other Financing Sources (Uses)</b>	<b>(6,690,821)</b>	<b>(1,145,554)</b>	<b>-</b>	<b>1,820,296</b>	<b>5,041,155</b>	<b>5,041,155</b>	<b>(974,924)</b>
<b>Special Item - sale of hospital property</b>	<b>-</b>	<b>8,181,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,181,040</b>
<b>Net Change in Fund Balances</b>	<b>(1,188,570)</b>	<b>3,826,050</b>	<b>67,598</b>	<b>4,087,474</b>	<b>4,429,270</b>	<b>4,429,270</b>	<b>11,221,822</b>
<b>Fund Balances (Deficit), beginning</b>	<b>21,428,443</b>	<b>27,540,542</b>	<b>(974,038)</b>	<b>837,712</b>	<b>17,961,120</b>	<b>17,961,120</b>	<b>66,793,779</b>
<b>Fund Balances (Deficit), ending</b>	<b>\$ 20,239,873</b>	<b>\$ 31,366,592</b>	<b>\$ (906,440)</b>	<b>\$ 4,925,186</b>	<b>\$ 22,390,390</b>	<b>\$ 22,390,390</b>	<b>\$ 78,015,601</b>

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, 2022*

Net change in fund balances - total governmental funds		\$ 11,221,822
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives.		
Capital outlay	\$ 2,036,332	
Disposal of Sitka Community Hospital assets	(1,235,524)	
Miscellaneous capital asset activities (disposals, etc.)	197,110	
Depreciation	<u>(6,980,526)</u>	(5,982,608)
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	(2,499)	
Decrease in prepaid property taxes	<u>(638)</u>	(3,137)
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.		
		(116,814)
The issuance of long-term debt (bonds, notes payable, leased 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	2,017,310	
Increase in unamortized bond premium	(107,757)	
Leases issued	<u>34,402</u>	1,943,955
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	20,636	
Decrease in compensated absences	38,973	
Changes in net pension liabilities and related deferred outflows and inflows of resources	4,131,520	
Changes in net OPEB liabilities, assets and related deferred outflows and inflows of resources	<u>2,329,994</u>	6,521,123
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>357,992</u>
<b>Change in Net Position of Governmental Activities</b>		<u><b>\$ 13,942,333</b></u>

*See accompanying notes to the basic financial statements.*

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

June 30, 2022	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Water	Wastewater	Harbors			
<b>Assets and Deferred Outflows of Resources</b>								
<b>Current Assets</b>								
Equity in central treasury	\$ 16,255,280	\$ 383,166	\$ -	\$ 8,507,108	\$ 7,932,044	\$ 4,259,253	\$ 37,336,851	\$ 7,797,849
Receivables:								
Accounts	965,375	375,262	177,987	223,283	811,509	55,708	2,609,124	224
Allowance for uncollectibles	(248,237)	(107,026)	(57,818)	(74,189)	(595,265)	-	(1,082,535)	-
Federal and State of Alaska	242,882	-	6,936,211	7,874	2,365,541	104,049	9,656,557	-
Current portion:								
Leases receivable	66,679	-	-	-	-	322,182	388,861	-
Notes receivable	-	-	-	-	-	8,649	8,649	-
Inventories	1,493,191	-	233,902	121,319	-	-	1,848,412	-
<b>Total Current Assets</b>	<b>18,775,170</b>	<b>651,402</b>	<b>7,290,282</b>	<b>8,785,395</b>	<b>10,513,829</b>	<b>4,749,841</b>	<b>50,765,919</b>	<b>7,798,073</b>
<b>Noncurrent Assets</b>								
<b>Restricted assets:</b>								
Equity in central treasury:								
Capital asset acquisition	-	2,790,000	-	-	-	3,847,484	6,637,484	-
Deposits	166,506	10,455	-	-	-	-	176,961	-
Bond covenant accounts	7,494,748	-	-	-	900,115	345,698	8,740,561	-
Leases receivable	1,630,818	-	-	-	-	80,102	1,710,920	-
Notes receivable	-	-	-	29,812	-	1,087	30,899	-
Special assessments receivable	-	-	-	20,312	-	-	20,312	-
Net OPEB asset	2,324,983	133,160	216,927	625,449	458,139	-	3,758,658	636,259
Water rights	23,483	-	23,483	-	-	-	46,966	-
Capital assets:								
Property, plant and equipment	309,941,445	7,856,170	46,905,365	69,050,131	53,338,731	28,839,539	515,931,381	13,141,481
Construction in progress	298,029	359,030	15,557,879	1,303,065	1,844,081	1,369,702	20,731,786	-
Less accumulated depreciation	(111,393,069)	(3,391,661)	(21,930,567)	(43,282,152)	(21,424,132)	(11,025,848)	(212,447,429)	(9,379,492)
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>198,846,405</b>	<b>4,823,539</b>	<b>40,532,677</b>	<b>27,071,044</b>	<b>33,758,680</b>	<b>19,183,393</b>	<b>324,215,738</b>	<b>3,761,989</b>
<b>Total Noncurrent Assets</b>	<b>210,486,943</b>	<b>7,757,154</b>	<b>40,773,087</b>	<b>27,746,617</b>	<b>35,116,934</b>	<b>23,457,764</b>	<b>345,338,499</b>	<b>4,398,248</b>
<b>Total Assets</b>	<b>229,262,113</b>	<b>8,408,556</b>	<b>48,063,369</b>	<b>36,532,012</b>	<b>45,630,763</b>	<b>28,207,605</b>	<b>396,104,418</b>	<b>12,196,321</b>
<b>Deferred Outflows of Resources</b>								
Deferred charge on refunding	3,465,329	-	-	-	-	-	3,465,329	-
OPEB related	87,715	5,024	8,184	23,596	17,285	-	141,804	24,004
Pension related	747,725	42,825	69,765	201,147	147,339	-	1,208,801	204,624
<b>Total Deferred Outflows of Resources</b>	<b>4,300,769</b>	<b>47,849</b>	<b>77,949</b>	<b>224,743</b>	<b>164,624</b>	<b>-</b>	<b>4,815,934</b>	<b>228,628</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 233,562,882</b>	<b>\$ 8,456,405</b>	<b>\$ 48,141,318</b>	<b>\$ 36,756,755</b>	<b>\$ 45,795,387</b>	<b>\$ 28,207,605</b>	<b>\$ 400,920,352</b>	<b>\$ 12,424,949</b>

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

June 30, 2022	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Water	Wastewater	Harbors			
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>								
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	\$ 346,494	\$ 413,977	\$ 955,325	\$ 234,792	\$ 228,574	\$ 185,214	\$ 2,364,376	\$ 118,372
Unearned revenue	61,793	16,757	10,473	12,568	51,747	-	153,338	-
Interest payable	306,400	-	151,399	362,512	160,213	75,521	1,056,045	-
Due to other funds	-	-	467,333	-	-	-	467,333	-
<b>Current portion:</b>								
Revenue bonds	3,145,000	-	-	-	385,000	185,000	3,715,000	-
Notes payable	109,015	115,798	415,147	337,319	45,348	-	1,022,627	-
Leases payable	-	-	-	-	-	11,545	11,545	15,373
Compensated absences	135,236	2,105	12,470	26,596	15,842	-	192,249	33,750
<b>Total Current Liabilities</b>	<b>4,103,938</b>	<b>548,637</b>	<b>2,012,147</b>	<b>973,787</b>	<b>886,724</b>	<b>457,280</b>	<b>8,982,513</b>	<b>167,495</b>
<b>Noncurrent Liabilities</b>								
Advances from other funds	-	2,790,000	-	-	-	-	2,790,000	-
Bonds, notes, and unamortized bond premiums	116,051,415	694,784	19,243,162	15,669,903	10,352,299	3,678,414	165,689,977	-
Payable from restricted assets - deposits	166,506	10,455	-	-	-	-	176,961	-
Leases payable	-	-	-	-	-	12,146	12,146	24,451
Compensated absences	110,648	3,157	18,704	39,894	23,763	-	196,166	50,624
Net pension liability	3,203,754	183,490	298,919	861,849	631,301	-	5,179,313	876,747
Landfill post-closure liability	-	675,125	-	-	-	-	675,125	-
<b>Total Noncurrent Liabilities</b>	<b>119,532,323</b>	<b>4,357,011</b>	<b>19,560,785</b>	<b>16,571,646</b>	<b>11,007,363</b>	<b>3,690,560</b>	<b>174,719,688</b>	<b>951,822</b>
<b>Total Liabilities</b>	<b>123,636,261</b>	<b>4,905,648</b>	<b>21,572,932</b>	<b>17,545,433</b>	<b>11,894,087</b>	<b>4,147,840</b>	<b>183,702,201</b>	<b>1,119,317</b>
<b>Deferred Inflows of Resources</b>								
Deferred charge on refunding	-	-	-	-	85,000	-	85,000	-
Lease related	1,681,806	-	-	-	-	398,381	2,080,187	-
OPEB related	1,235,821	70,780	115,306	332,451	243,519	-	1,997,877	338,198
Pension related	1,277,586	73,172	119,203	343,686	251,748	-	2,065,395	349,627
<b>Total Deferred Inflows of Resources</b>	<b>4,195,213</b>	<b>143,952</b>	<b>234,509</b>	<b>676,137</b>	<b>580,267</b>	<b>398,381</b>	<b>6,228,459</b>	<b>687,825</b>
<b>Net Position</b>								
Net investment in capital assets	90,352,790	3,797,825	19,934,297	10,878,314	23,595,422	19,340,314	167,898,962	3,761,989
Restricted for debt service	-	-	-	-	-	-	-	-
Unrestricted	15,378,618	(391,020)	6,399,580	7,656,871	9,725,611	4,321,070	43,090,730	6,855,818
<b>Total Net Position</b>	<b>105,731,408</b>	<b>3,406,805</b>	<b>26,333,877</b>	<b>18,535,185</b>	<b>33,321,033</b>	<b>23,661,384</b>	<b>210,989,692</b>	<b>10,617,807</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 233,562,882</b>	<b>\$ 8,456,405</b>	<b>\$ 48,141,318</b>	<b>\$ 36,756,755</b>	<b>\$ 45,795,387</b>	<b>\$ 28,207,605</b>		<b>\$ 12,424,949</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							1,276,405	
<b>Net Position of Business-Type Activities</b>							<b>\$ 212,266,097</b>	

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, 2022	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Water	Wastewater	Harbors			
<b>Operating Revenues</b>								
Charges for service	\$ 19,391,270	\$ 5,771,593	\$ 3,104,517	\$ 3,603,803	\$ 2,603,179	\$ 1,320,316	\$ 35,794,678	\$ 3,836,544
Other operating revenues	746,881	1,025	44,249	185,813	450,198	12,012	1,440,178	52,621
<b>Total Operating Revenues</b>	<b>20,138,151</b>	<b>5,772,618</b>	<b>3,148,766</b>	<b>3,789,616</b>	<b>3,053,377</b>	<b>1,332,328</b>	<b>37,234,856</b>	<b>3,889,165</b>
<b>Operating Expenses</b>								
Wages and benefits	3,744,213	176,526	306,188	1,063,759	676,817	-	5,967,503	926,562
Travel and training	20,368	3,420	10,505	2,250	195	-	36,738	10,552
Utilities	130,894	46,269	106,410	253,687	578,928	181,379	1,297,567	317,574
Repair and maintenance	168,456	13,095	37,706	107,125	62,032	151,045	539,459	299,519
Contracted/purchased services	722,049	3,638,839	36,752	96,369	180,747	180,902	4,855,658	801,630
Interdepartmental services	1,362,889	811,804	510,943	675,369	451,916	192,574	4,005,495	293,073
Other	1,928,136	159,904	229,588	(32,599)	371,987	68,246	2,725,262	179,311
Depreciation and amortization	8,250,133	147,596	1,396,777	1,159,828	1,489,219	620,911	13,064,464	871,274
<b>Total Operating Expenses</b>	<b>16,327,138</b>	<b>4,997,453</b>	<b>2,634,869</b>	<b>3,325,788</b>	<b>3,811,841</b>	<b>1,395,057</b>	<b>32,492,146</b>	<b>3,699,495</b>
<b>Income (Loss) from Operations</b>	<b>3,811,013</b>	<b>775,165</b>	<b>513,897</b>	<b>463,828</b>	<b>(758,464)</b>	<b>(62,729)</b>	<b>4,742,710</b>	<b>189,670</b>
<b>Nonoperating Revenues (Expenses)</b>								
Investment income (loss)	(616,680)	(99,808)	(19,752)	(312,090)	(271,753)	(153,418)	(1,473,501)	(284,788)
Interest expense	(3,034,416)	(13,912)	(149,521)	(213,311)	(314,143)	(159,949)	(3,885,252)	(3,533)
Raw fish tax	-	-	-	-	1,752,179	-	1,752,179	-
State PERS relief	622	36	58	167	123	-	1,006	172
Other federal sources	25,435	-	-	-	-	-	25,435	-
Gain on sale of capital assets	-	-	-	-	-	-	-	2,800
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(3,625,039)</b>	<b>(113,684)</b>	<b>(169,215)</b>	<b>(525,234)</b>	<b>1,166,406</b>	<b>(313,367)</b>	<b>(3,580,133)</b>	<b>(285,349)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>185,974</b>	<b>661,481</b>	<b>344,682</b>	<b>(61,406)</b>	<b>407,942</b>	<b>(376,096)</b>	<b>1,162,577</b>	<b>(95,679)</b>
Capital contributions	-	-	416,212	-	1,088,380	90,222	1,594,814	-
Transfers in	67,368	210,000	-	-	90,978	304,234	672,580	696,130
Transfers out	(570)	-	-	-	-	(22,290)	(22,860)	(300,000)
<b>Change in Net Position</b>	<b>252,772</b>	<b>871,481</b>	<b>760,894</b>	<b>(61,406)</b>	<b>1,587,300</b>	<b>(3,930)</b>	<b>3,407,111</b>	<b>300,451</b>
<b>Net Position, beginning</b>	<b>105,478,636</b>	<b>2,535,324</b>	<b>25,572,983</b>	<b>18,596,591</b>	<b>31,733,733</b>	<b>23,665,314</b>		<b>10,317,356</b>
<b>Net Position, ending</b>	<b>\$ 105,731,408</b>	<b>\$ 3,406,805</b>	<b>\$ 26,333,877</b>	<b>\$ 18,535,185</b>	<b>\$ 33,321,033</b>	<b>\$ 23,661,384</b>		<b>\$ 10,617,807</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(57,541)	
<b>Change in Net Position of Business-type Activities</b>							<b>\$ 3,349,570</b>	

See accompanying notes to the basic financial statements.

## City and Borough of Sitka, Alaska

Proprietary Funds  
Statement of Cash Flows

	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Water	Wastewater	Harbors			
<i>For the fiscal year ended June 30, 2022</i>								
<b>Cash Flows from (for) Operating Activities</b>								
Receipts from customers and users	\$ 20,171,535	\$ 5,734,358	\$ 3,151,826	\$ 3,816,872	\$ 2,643,271	\$ 1,320,973	\$ 36,838,835	\$ 3,888,942
Payments to suppliers	(3,807,474)	(4,245,558)	(612,745)	(463,484)	(1,189,576)	(570,087)	(10,888,924)	(1,534,251)
Payments for interfund services used	(1,362,889)	(811,804)	(510,943)	(675,369)	(451,916)	(192,574)	(4,005,495)	(293,073)
Payments to employees	(4,348,935)	(239,972)	(393,797)	(1,324,206)	(925,273)	-	(7,232,183)	(1,127,960)
<b>Net cash flows from operating activities</b>	<b>10,652,237</b>	<b>437,024</b>	<b>1,634,341</b>	<b>1,353,813</b>	<b>76,506</b>	<b>558,312</b>	<b>14,712,233</b>	<b>933,658</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>								
Other federal sources	25,435	-	-	-	-	-	25,435	-
Raw fish tax received	-	-	-	-	1,752,179	-	1,752,179	-
Receipts (repayment) of advances and interfund payables	-	-	467,333	-	-	-	467,333	(117,769)
Transfers to other funds	(570)	-	-	-	-	(22,290)	(22,860)	(300,000)
Transfers from other funds	67,368	210,000	-	-	90,978	304,234	672,580	696,130
Notes receivable payments	-	-	-	1,941	-	9,275	11,216	-
<b>Net cash flows from noncapital financing activities</b>	<b>92,233</b>	<b>210,000</b>	<b>467,333</b>	<b>1,941</b>	<b>1,843,157</b>	<b>291,219</b>	<b>2,905,883</b>	<b>278,361</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>								
Capital outlay	(1,464,246)	(271,563)	(10,227,031)	(835,463)	(1,397,928)	(549,361)	(14,745,592)	(526,221)
Interest paid	(3,447,933)	(13,912)	(67,987)	(213,892)	(389,291)	(188,500)	(4,321,515)	(3,533)
Other sources	-	-	416,212	-	-	-	416,212	-
Payments on bonds, notes payable, and leased assets	(3,397,516)	(115,798)	(433,966)	(336,074)	(440,348)	(116,082)	(4,839,784)	-
Government grants and loans for construction received	-	-	5,772,437	449,485	385,030	5,500	6,612,452	-
Receipts (repayment) of advances	-	2,790,000	-	-	-	-	2,790,000	-
Special assessments received	-	-	-	8,059	-	-	8,059	-
<b>Net cash flows from (for) capital and related financing activities</b>	<b>(8,309,695)</b>	<b>2,388,727</b>	<b>(4,540,335)</b>	<b>(927,885)</b>	<b>(1,842,537)</b>	<b>(848,443)</b>	<b>(14,080,168)</b>	<b>(529,754)</b>
<b>Cash Flows From Investing Activities</b>								
Interest received	(616,680)	(99,808)	(19,752)	(312,090)	(271,753)	(153,418)	(1,473,501)	(284,788)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,818,095</b>	<b>2,935,943</b>	<b>(2,458,413)</b>	<b>115,779</b>	<b>(194,627)</b>	<b>(152,330)</b>	<b>2,064,447</b>	<b>397,477</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>14,603,691</b>	<b>247,678</b>	<b>2,458,413</b>	<b>8,391,329</b>	<b>8,126,671</b>	<b>8,259,067</b>	<b>42,086,849</b>	<b>7,400,372</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 16,421,786</b>	<b>\$ 3,183,621</b>	<b>\$ -</b>	<b>\$ 8,507,108</b>	<b>\$ 7,932,044</b>	<b>\$ 8,106,737</b>	<b>\$ 44,151,296</b>	<b>\$ 7,797,849</b>

## City and Borough of Sitka, Alaska

Proprietary Funds  
Statement of Cash Flows, continued

	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Solid Waste Disposal	Water	Wastewater	Harbors			
<i>For the fiscal year ended June 30, 2022</i>								
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities</b>								
Income (loss) from operations	\$ 3,811,013	\$ 775,165	\$ 513,897	\$ 463,828	\$ (758,464)	\$ (62,729)	\$ 4,742,710	\$ 189,670
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:								
Depreciation and amortization	8,250,133	147,596	1,396,777	1,159,828	1,489,219	620,911	13,064,464	871,274
State PERS relief	622	36	58	167	123	-	1,006	172
(Increase) decrease in assets and deferred outflows of resources:								
Accounts receivable (net)	(25,751)	(60,126)	(9,508)	14,688	(404,298)	10,364	(474,631)	(223)
Inventory	(3,708)	-	288	5,083	-	-	1,663	-
Net OPEB asset	(1,955,815)	(109,180)	(179,713)	(516,271)	(420,925)	-	(3,181,904)	(531,819)
Leases receivable	(1,697,497)	-	-	-	-	(402,284)	(2,099,781)	-
Deferred outflows of resources related to OPEB	179,983	12,365	18,802	55,573	9,702	-	276,425	51,729
Deferred outflows of resources related to pensions	168,495	16,689	22,596	69,817	55,152	-	332,749	54,580
Increase (decrease) in liabilities and deferred inflows of resources:								
Accounts payable and accrued liabilities	(833,863)	(349,489)	(192,072)	(41,735)	4,313	(12,206)	(1,425,052)	34,511
Compensated absences	50,707	(1,224)	(2,351)	1,748	(2,343)	-	46,537	7,662
Unearned revenue	53,458	16,757	12,568	12,568	(5,808)	(17,816)	71,727	-
Leases payable	-	-	-	-	-	23,691	23,691	39,824
Net other postemployment benefits liability	(6,737)	(438)	(679)	(1,993)	(679)	-	(10,526)	(1,907)
Net pension liability	(1,257,988)	(106,328)	(150,852)	(457,673)	(354,774)	-	(2,327,615)	(385,505)
Deferred inflows of resources related to OPEB	938,425	51,462	85,327	244,499	213,540	-	1,533,253	254,063
Deferred inflows of resources related to pensions	1,277,586	73,172	119,203	343,686	251,748	-	2,065,395	349,627
Deferred inflows of resources related to leases	1,681,806	-	-	-	-	398,381	2,080,187	-
Deposits	21,368	5,109	-	-	-	-	26,477	-
Landfill post-closure liability	-	(34,542)	-	-	-	-	(34,542)	-
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 10,652,237</b>	<b>\$ 437,024</b>	<b>\$ 1,634,341</b>	<b>\$ 1,353,813</b>	<b>\$ 76,506</b>	<b>\$ 558,312</b>	<b>\$ 14,712,233</b>	<b>\$ 933,658</b>
<b>Cash on Statement of Net Position</b>								
Equity in central treasury	\$ 16,255,280	\$ 383,166	\$ -	\$ 8,507,108	\$ 7,932,044	\$ 4,259,253	\$ 37,336,851	\$ 7,797,849
Restricted for capital asset acquisition	-	2,790,000	-	-	-	3,847,484	6,637,484	-
Deposits	166,506	10,455	-	-	-	-	176,961	-
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 16,421,786</b>	<b>\$ 3,183,621</b>	<b>\$ -</b>	<b>\$ 8,507,108</b>	<b>\$ 7,932,044</b>	<b>\$ 8,106,737</b>	<b>\$ 44,151,296</b>	<b>\$ 7,797,849</b>
<b>Capital expenditures included in accounts payable</b>	<b>\$ 148,262</b>	<b>\$ 215,132</b>	<b>\$ 940,071</b>	<b>\$ 185,508</b>	<b>\$ 195,726</b>	<b>\$ 149,156</b>	<b>\$ 1,833,855</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements.

**City and Borough of Sitka, Alaska**

**Fiduciary Funds**

**Statement of Fiduciary Net Position**

<i>June 30, 2022</i>	Rowe Trust Fund	Custodial Fund Cemetery Fund
<b>Assets</b>		
Restricted equity in central treasury	\$ 215,984	\$ 97,333
<b>Net Position</b>		
Net Position	\$ 215,984	\$ 97,333

*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, 2022</i>	Custodial Fund	
	Rowe Trust Fund	Cemetery Fund
<b>Additions - investment income (loss)</b>	\$ (9,778)	\$ (3,621)
<b>Deductions - distributions</b>	-	1,250
<b>Net Decrease in Fiduciary Net Position</b>	(9,778)	(4,871)
<b>Net Position, beginning</b>	225,762	102,204
<b>Net Position, ending</b>	\$ 215,984	\$ 97,333

*See accompanying notes to the basic financial statements.*

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

June 30, 2022

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### 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

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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 *School Debt Service Fund* accounts for the debt service payments on school bonds and as well as debt service reimbursement from the state of Alaska and the 1% seasonal sales tax dedicated to repaying debt service on school bonds.

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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The City and Borough reports the following major proprietary funds:

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

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

The *Water Enterprise Fund* records the activities of the City and Borough's water distribution and treatment activities.

The *Wastewater Enterprise Fund* records the activities of the City and Borough's wastewater collection and treatment activities. In FY2022 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 management information systems, central garage and building maintenance services provided to other departments of the government on a cost reimbursement basis.

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

The *Sitka Cemetery 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

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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

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**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:

<u>Assets</u>	<u>Years</u>
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

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

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

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

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

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*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

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### 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 sixteen special revenue funds that adopt annual budgets.

No later than sixty days before the end of the current fiscal year, the City and Borough Administrator presents to the City and Borough Assembly a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the projected means to finance them. Public hearings are conducted not less than one week before the final adoption of the budget to obtain taxpayer comments. No later than June 20<sup>th</sup> 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 FY2022, 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 expense, 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 FY2022.

Fund-level expenditures for the General Fund:

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
Personnel	\$ 12,871,070	\$ 13,024,945	\$ 12,191,057	\$ 833,888
Travel and Training	270,967	273,482	161,444	112,038
Other	14,815,903	15,154,975	14,645,697	509,278
<b>Total Expenditures</b>	<b>\$ 27,957,940</b>	<b>\$ 28,453,402</b>	<b>\$ 26,998,198</b>	<b>\$1,455,204</b>

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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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, 2022, 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-	\$ 1,838,069
Municipal securities	AAA to A+	2,363,985
Certificates of deposit	Unrated or P1	3,848,258
U.S. Treasury securities	AAA	64,140,498
External investment pool	Unrated	4,128,469
Exchange traded funds	Unrated	19,706,431
U.S. Agency securities	AAA to AA+	5,535,356
Money market funds	Unrated	9,173,035
Total Fair Value of Investments subject to Custodial Credit Risk		\$ 110,734,101

#### *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, 2022, 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>&gt;5 years</i>
Corporate securities	\$ -	\$ -	\$ 1,838,069	\$ -
Municipal securities	1,859,282	-	-	-
Certificates of deposit	3,624,324	223,934	-	-
U.S. Treasury securities	10,272,022	14,155,450	31,160,613	-
U.S. Agency securities	997,160	-	3,739,977	449,128
<b>Total Investments Subject to Interest Rate Risk</b>	<b>\$ 16,752,788</b>	<b>\$ 14,379,384</b>	<b>\$ 36,738,659</b>	<b>\$ 449,128</b>

*Permanent Fund*

<i>Investment type</i>	<i>Less Than 1 Year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>&gt;5 years</i>
Municipal securities	504,703	-	-	-
U.S. Treasury securities	247,570	1,326,862	3,892,878	3,085,103
U.S. Agency securities	-	133	256,657	92,302
<b>Total Investments Subject to Interest Rate Risk</b>	<b>\$ 752,273</b>	<b>\$ 1,326,995</b>	<b>\$ 4,149,535</b>	<b>\$ 3,177,405</b>

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, 2022, the Permanent Fund's portfolio contained 63% equity securities and 37% cash and fixed income securities.

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

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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### *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, 2022.

### *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, 2022, the City and Borough had no concentrations exceeding five percent from any issuer, with the exception of AMLIP which is considered to have no credit risk and securities issued by the 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, 2022, \$1,176,426 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$11,875,634 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, 2022:

- U.S. government agency securities of \$5,535,356
- U.S. treasury securities of \$64,140,498
- Corporate securities of \$1,838,069
- Municipal securities of \$2,363,985
- Certificate of deposits of \$3,848,258

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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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 \$19,706,430. The City and Borough has investments in money market funds totaling \$9,173,035 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2022. The City and Borough's investment in AMLIP of \$4,128,469 is measured at net asset value, as of June 30, 2022. 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:

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Cash on hand	\$	2,100
Carrying amount of deposits		16,905,337
Carrying amount of investments		110,734,101
<b>Total Cash and Investments</b>		<b>\$ 127,641,538</b>
<hr/>		
<b>Reported in the Statement of Net Position</b>		
Equity in central treasury	\$	87,103,583
Equity in central treasury - restricted		176,961
Bond covenant accounts		8,740,561
Cash and investments - restricted		31,307,116
Reported in the Fiduciary Funds		313,317
<b>Total Cash and Investments</b>		<b>\$ 127,641,538</b>

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At June 30, 2022, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$4,782,012. 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	School Debt Service	Nonmajor Governmental	Total Governmental Funds
Accounts	\$ 1,518,942	\$ 10,451	\$ -	\$ 100	\$ 1,529,493
Taxes	4,728,921	86,263	-	247,788	5,062,972
Interest	165,332	3,512,435	-	-	3,677,767
Special assessments	-	-	-	7,305	7,305
Federal and State	43,917	-	4,050,824	118,287	4,213,028
Leases	3,635,649	-	-	-	3,635,649
Notes	-	9,787,565	-	481,344	10,268,909
<b>Total receivables</b>	<b>10,092,761</b>	<b>13,396,714</b>	<b>4,050,824</b>	<b>854,824</b>	<b>28,395,123</b>
Less allowance for doubtful accounts and notes	(1,169,576)	-	-	-	(1,169,576)
<b>Net Total Receivables</b>	<b>\$ 8,923,185</b>	<b>\$13,396,714</b>	<b>\$ 4,050,824</b>	<b>\$ 854,824</b>	<b>\$ 27,225,547</b>

	Electric Utility	Solid Waste Disposal	Water	Waste- water	Harbors	Nonmajor Enterprise	Total Enterprise Funds
Special assessments	\$ -	\$ -	\$ -	\$ 20,312	\$ -	\$ -	\$ 20,312
Federal and State	242,882	-	6,936,211	7,874	2,365,541	104,049	9,656,557
Accounts	965,375	375,262	177,987	223,283	811,509	55,708	2,609,124
Leases	1,697,497	-	-	-	-	402,284	2,099,781
Notes	-	-	-	29,812	-	9,736	39,548
<b>Total receivables</b>	<b>2,905,754</b>	<b>375,262</b>	<b>7,114,198</b>	<b>281,281</b>	<b>3,177,050</b>	<b>571,777</b>	<b>14,425,322</b>
Less allowance for doubtful accounts	(248,237)	(107,026)	(57,818)	(74,189)	(595,265)	-	(1,082,535)
<b>Net Total Receivables</b>	<b>\$ 2,657,517</b>	<b>\$ 268,236</b>	<b>\$ 7,056,380</b>	<b>\$ 207,092</b>	<b>\$ 2,581,785</b>	<b>\$ 571,777</b>	<b>\$13,342,787</b>

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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

<i>Description</i>	<i>Deferred Inflows</i>
Special assessments not yet due	\$ 7,305
Property taxes paid in advance	76,548
Leases	3,604,097
Notes receivable and interest not yet due	13,300,000
<b>Totals for Governmental Funds</b>	<b>\$ 16,987,950</b>

### 5. Capital Assets

<b>Governmental Activities</b>	Beginning Balance as restated (Note 17)	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,319,511	\$ -	\$ (88,600)	\$ 11,230,911
Construction in progress	3,762,846	1,943,382	(1,776,454)	3,929,774
<b>Total capital assets not being depreciated</b>	<b>15,082,357</b>	<b>1,943,382</b>	<b>(1,865,054)</b>	<b>15,160,685</b>
<i>Capital assets being depreciated:</i>				
Buildings	143,497,856	5,358	(2,340,889)	141,162,325
Land improvements	8,524,553	24,999	(78,975)	8,470,577
Infrastructure	53,648,097	1,076,629	(8,086)	54,716,640
Equipment	17,953,224	1,047,566	(1,105,634)	17,895,156
Right-to-use leased equipment	71,833	-	-	71,883
Right-to-use leased space	-	33,336	-	33,336
<b>Total capital assets being depreciated</b>	<b>223,695,613</b>	<b>2,187,888</b>	<b>(3,533,584)</b>	<b>222,349,917</b>
<i>Less accumulated depreciation for:</i>				
Buildings	(73,042,134)	(4,354,969)	1,338,014	(76,059,089)
Land improvements	(3,059,830)	(457,118)	34,253	(3,482,695)
Infrastructure	(26,186,425)	(1,917,029)	8,086	(28,095,368)
Equipment	(13,670,066)	(1,094,403)	1,105,634	(13,658,835)
Right-to-use leased equipment	-	(21,799)	-	(21,799)
Right-to-use leased space	-	(6,482)	-	(6,482)
<b>Total accumulated depreciation</b>	<b>(115,958,455)</b>	<b>(7,851,800)</b>	<b>2,485,987</b>	<b>(121,324,268)</b>
<b>Total capital assets being depreciated, net</b>	<b>107,737,158</b>	<b>(5,663,912)</b>	<b>(1,047,597)</b>	<b>101,025,649</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$122,819,515</b>	<b>\$(3,720,530)</b>	<b>\$(2,912,651)</b>	<b>\$116,186,334</b>

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

<b>Business-Type Activities</b>	Beginning Balance as restated (Note 17)	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,610,239	\$ -	\$ -	\$ 4,610,239
Construction in progress	25,914,771	14,745,592	(19,928,577)	20,731,786
<b>Total capital assets not being depreciated</b>	<b>30,525,010</b>	<b>14,745,592</b>	<b>(19,928,577)</b>	<b>25,342,025</b>
<i>Capital assets being depreciated or amortized:</i>				
Buildings	21,685,997	-	-	21,685,997
Land improvements	23,668,663	-	-	23,668,663
Equipment	7,205,033	133,321	(393,142)	6,945,212
Harbors	50,424,034	332,179	-	50,756,213
Electric plant	295,106,788	8,779,334	-	303,886,122
Water plant	37,773,268	-	-	37,773,268
Wastewater treatment plant	55,887,140	10,683,743	-	66,570,883
Right-to-use leased land	34,784	-	-	34,784
<b>Total capital assets being depreciated</b>	<b>491,785,707</b>	<b>19,928,577</b>	<b>(393,142)</b>	<b>511,321,142</b>
<i>Less accumulated depreciation for:</i>				
Buildings	(11,014,340)	(580,185)	-	(11,594,525)
Land improvements	(5,290,315)	(549,753)	-	(5,840,068)
Equipment	(5,294,195)	(245,639)	393,142	(5,146,692)
Harbors	(18,594,406)	(1,692,116)	257,062	(20,029,460)
Electric plant	(100,741,168)	(8,089,799)	-	(108,830,967)
Water plant	(18,611,025)	(1,084,595)	-	(19,695,620)
Wastewater treatment plant	(40,230,659)	(1,067,843)	-	(41,298,502)
<i>Less accumulated amortization for:</i>				
Right-to-use leased land	-	(11,595)	-	(11,595)
<b>Total accumulated depreciation and amortization</b>	<b>(199,776,108)</b>	<b>(13,321,525)</b>	<b>650,204</b>	<b>(212,447,429)</b>
<b>Total capital assets being depreciated, net</b>	<b>292,009,599</b>	<b>6,607,052</b>	<b>257,062</b>	<b>298,873,713</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 322,534,609</b>	<b>\$ 21,352,644</b>	<b>\$ (19,671,515)</b>	<b>\$ 324,215,738</b>



## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

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

**Governmental Activities:**

Administration	\$ 102,216
Public safety	338,123
Public works	2,405,736
Public services	1,087,476
Support	3,046,975
Capital assets held by internal service funds	871,274

**Total Depreciation Expense - Governmental Activities** **\$ 7,851,800**

**Business-type Activities:**

Electric	\$ 8,250,133
Water	1,396,777
Wastewater treatment	1,159,828
Solid waste disposal	147,596
Harbors	1,746,280
Airport terminal building	179,821
Marine service center	30,992
Gary Paxton Industrial Park	410,098

**Total Depreciation Expense - Business-type Activities** **\$ 13,321,525**

### 6. Interfund Receivables, Payables and Transfers

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General Fund	Visitor Enhancement Fund	\$ 83,162
General Fund	Water	467,333
<b>Total Due To/From Other Funds</b>		<b>\$ 550,495</b>
Advances from/to other funds:		
General Fun	Sitka Community Hospital Dedicated Fund	\$ 3,125,552
SE Economic Development Fund	Solid Waste Fund	2,790,000
<b>Total Advances From/To Other Funds</b>		<b>\$ 5,915,552</b>

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

Amounts due between the General Fund and nonmajor governmental funds and the Water Fund result from negative equity in the central treasury because expenditures are made prior to the receipt of revenue, as in the case of funds that account for the activity of reimbursable grants for both capital and noncapital expenditures. Transfers are made from the General Fund once the fund has positive equity in the central treasury. Until the transfer is made, the fund has a negative equity in the central treasury.

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 \$2,790,000 were outstanding. Generally, internal loans are made at an annual 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, 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

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

#### Transfers From:

<b>Transfers To:</b>	General	Permanent	Electric	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General	\$ -	\$1,145,554	\$ -	\$ 514,689	\$ -	\$ -	\$ 1,660,243
School Debt Service	1,820,296	-	-	-	-	-	1,820,296
Electric Utility	-	-	-	67,368	-	-	67,368
Solid Waste Disposal	210,000	-	-	-	-	-	210,000
Harbors	41,097	-	-	27,591	22,290	-	90,978
Nonmajor Governmental	6,110,097	-	570	684,000	-	300,000	7,094,667
Nonmajor Enterprise	-	-	-	304,234	-	-	304,234
Internal Service	240,500	-	-	455,630	-	-	696,130
<b>Total Transfers Out</b>	<b>\$8,421,990</b>	<b>\$1,145,554</b>	<b>\$ 570</b>	<b>\$ 2,053,512</b>	<b>\$ 22,290</b>	<b>\$ 300,000</b>	<b>\$ 11,943,916</b>

# 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:

<b>Governmental Activities</b>	<b>Interest Rates</b>	<b>Outstanding Amount</b>
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%	\$2,800,000
\$2,775,000 2021 Series One refinancing portion of 2011 Series Two School Bonds, final payment due December 1, 2030	5.00%	2,550,000
\$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%	3,405,000
<b>Total General Obligation Bonds</b>		<b>\$8,755,000</b>

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

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>
2023	\$ 2,050,000	\$ 253,201
2024	2,075,000	220,011
2025	1,310,000	185,736
2026	740,000	147,500
2027	780,000	70,875
2028-2031	1,800,000	131,625
	<b>\$ 8,755,000</b>	<b>\$ 1,008,948</b>

## 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%	\$ 58,500
\$69,622, note payable for stormwater improvements, #783401	1.50%	38,292
\$740,000, note payable for Baranof Street Sewer Replacement, governmental portion of \$183,097, #783091	1.50%	118,024
<b>Total State of Alaska, Department of Environmental Conservation Loans</b>		<b>\$ 214,816</b>

Annual debt service requirements to maturity are as follows:

<i>Year Ending June 30,</i>	Principal	Outstanding Interest
2023	\$ 22,310	\$ 3,222
2024	22,310	2,888
2025	22,310	2,553
2026	22,310	2,218
2027	22,310	1,413
2028-2032	72,549	4,595
2033-2035	30,717	461
	<b>\$ 214,816</b>	<b>\$ 17,350</b>

#### 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, 2022.

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

Revenue bonds outstanding at year end are as follows:

<b>Business-type Activities</b>	Interest Rates	Outstanding Amount
\$3,955,000, 2013 Series One Harbor bonds, final payment due August 1, 2022	2.00% to 5.00%	\$ 185,000
\$8,025,000, 2018 Series One Harbor bonds, final payment due February 1, 2038	5.00%	7,170,000
\$4,045,000, 2018 Series One Airport Terminal bonds, final payment due February 1, 2038	5.00%	3,625,000
\$25,550,000 2020 Series One refunding 2010 Series Electric bonds, final payment due December 1, 2030	5.00%	21,745,000
\$39,240,000 2021 Series Two refunding 2013 One Series Electric bonds, final payment due December 1, 2046	.243% to 3.128%	38,920,000
\$28,895,000 2021 Series Two refunding 2013 Three Series Electric bonds, final payment due December 1, 2048	.243% to 3.128%	28,630,000
\$19,110,000 2021 Series Two refunding 2014 Three Series Electric bonds, final payment due December 1, 2044	.243% to 3.128%	18,900,000
\$5,975,000 2021 Series Two refinancing of Alaska Energy Authority Electric loan, final payment due December 1, 2032	.243% to 2.222%	5,500,000
\$2,675,000 2021 Series Two refinancing of 2013 One Harbor bonds, final payment due December 1, 2032	.243% to 2.222%	2,625,000
<b>Total Revenue Bonds</b>		<b>\$127,300,000</b>

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

<i>Year Ending June 30,</i>	Principal	Interest
2023	\$ 3,765,000	\$ 3,986,388
2024	3,890,000	3,859,059
2025	4,040,000	3,727,275
2026	4,180,000	3,585,782
2027	4,325,000	3,498,380
2028-2032	24,415,000	14,806,289
2033-2037	27,210,000	10,828,820
2038-2042	25,955,000	6,596,793
2043-2047	25,825,000	2,507,952
2048-2049	3,695,000	116,440
	<b>\$127,300,000</b>	<b>\$53,513,178</b>

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

As of June 30, 2022, the City and Borough had no authorized but unissued bonds.

### 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%	\$ 295,260
\$1,310,000, for wastewater treatment plant upgrades #783051	1.50%	289,712
\$565,000, for water system upgrades on Sawmill Creek Road #783061	1.50%	147,707
\$1,000,000, for harbor water distribution system upgrades #783071	1.50%	317,437
\$2,400,000, for Kimsham landfill closure #783081	1.50%	810,583
\$740,000, project for Baranof Street sewer Replacement - #783091	1.50%	200,960
\$1,400,000, for sewer system upgrades #783101	1.50%	479,461
\$1,000,000, for Japonski Island water distribution main #783151	1.50%	294,094
\$482,588 project for Crescent Harbor lift station #783161	1.50%	397,211
\$3,170,000, for Whitcomb Heights Subdivision water tank #783211	1.50%	1,109,404
\$308,000, for HPR/SMC Road Intersection sewer replacement #783241	1.50%	136,088
\$1,455,081, for SMC Road sewer upgrade, Phase III - ARRA Funding #783281	1.50%	85,782
\$297,791 project for Monastery & Baranof Street water mains - #783301	1.50%	223,343
\$483,000, for SMC Road/HPR Intersection water line replacement #783311	1.50%	155,975
\$617,000, for water tank protection, #783341	1.50%	33,935
\$737,690 project for Jeff Davis water main replacement #783371	1.50%	607,183
\$2,375,092 project for Indian River temporary filtration #783381	1.50%	1,954,905
\$1,740,000, project for Japonski Island sewer lift stations - #783391	1.50%	888,471
\$859,103, for Monastery Street sewer Main replacement, #783401	1.50%	256,261
\$316,211 project for Monastery & Baranof Street sewer mains - #783411	1.50%	237,158
\$1,520,000, project for UV disinfection facility - #783431	1.50%	1,040,000
\$782,000, for Monastery Street water main replacement, #783441	1.50%	367,077
\$685,000, project for Baranof Street water system replacement - #783501	1.50%	59,507
\$214,600 project for Hollywood Way sewer main - #783511	1.50%	160,950
\$58,362 project for Hollywood Way water main - #783521	1.50%	43,772
Total notes payable for completed projects		\$ 10,592,236

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

	Interest Rate	Outstanding Amount
Uncompleted projects in draw down phase:		
\$1,352,100 for DeGross Street water improvements - #783111	1.50%	\$ 1,352,100
\$1,463,700 for DeGross Street sewer improvements - #783121	1.50%	1,447,717
\$217,400 for Brady Street lift station upgrades #783321	1.50%	217,400
\$1,825,000 for wastewater treatment plant rehab - #783451	1.50%	1,825,000
\$2,154,170, for Channel, Lake and Monastery lift station upgrades - #783361	1.50%	2,154,169
\$2,154,170, for UV disinfection - #783481	1.50%	423,733
\$17,620,000 for critical secondary water supply - #783531	1.56%	13,764,558
\$4,657,500 for wastewater treatment plant rehab - #783221	1.52%	2,832,500
\$5,079,500 for wastewater treatment plant rehab - #783461	1.50%	4,139,042
<b>Total draw on notes yet to be finalized</b>		<b>\$ 28,156,219</b>

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

<i>Year Ending June 30,</i>	Principal	Interest
2023	\$ 1,000,317	\$ 154,833
2024	1,003,854	141,963
2025	1,007,445	129,041
2026	1,011,089	116,066
2027	890,796	103,037
2028-2032	3,221,951	323,201
2033-2037	1,693,644	115,936
2038-2039	763,140	11,069
	<b>\$ 10,592,236</b>	<b>\$ 1,095,146</b>

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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	\$10,750,000	\$ -	\$ 1,995,000	\$ 8,755,000	\$ 2,050,000
Issuance premiums	688,815	41,308	-	730,123	-
<b>Total bonds payable</b>	<b>11,438,815</b>	<b>41,308</b>	<b>1,995,000</b>	<b>9,485,123</b>	<b>2,050,000</b>
State of Alaska notes	237,126	-	22,310	214,816	22,310
Leases payable	341,210	-	266,984	74,226	14,725
Compensated absences	736,103	650,898	682,209	704,792	437,022
Net OPEB liability	21,509	-	21,509	-	-
Net pension liability	13,707,624	-	4,258,504	9,449,120	-
<b>Governmental Activity Long-term Liabilities</b>	<b>\$26,482,387</b>	<b>\$ 692,206</b>	<b>\$ 7,246,516</b>	<b>\$ 19,928,077</b>	<b>\$ 2,524,057</b>

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$131,045,000	\$ -	\$ 3,745,000	\$127,300,000	\$ 3,715,000
Issuance premiums	5,296,834	-	917,685	4,379,149	-
<b>Total bonds payable</b>	<b>136,341,834</b>	<b>-</b>	<b>4,662,685</b>	<b>131,679,149</b>	<b>3,715,000</b>
State of Alaska notes payable	30,254,624	9,512,972	1,019,141	38,748,455	1,000,317
Leases payable	34,784	-	11,093	23,691	11,545
Compensated absences	341,878	409,356	362,819	388,415	192,249
Landfill post-closure liability	709,667	-	34,542	675,125	-
Net OPEB liability	10,526	-	10,526	-	-
Net pension liability	7,506,928	-	2,327,615	5,179,313	-
<b>Business-type Activity Long-term Liabilities</b>	<b>\$175,200,241</b>	<b>\$9, 922,328</b>	<b>\$ 8,428,421</b>	<b>\$176,694,148</b>	<b>\$ 4,919,111</b>

<b>Entity Combined Long-term Liabilities</b>	<b>\$201,682,628</b>	<b>\$10,614,534</b>	<b>\$15, 674,937</b>	<b>\$196,622,225</b>	<b>\$ 7,443,168</b>
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For governmental activities, compensated absences, pension liability, and OPEB liability are generally liquidated by the governmental or internal service fund in which they were incurred.



# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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### 8. Leases

#### Lessee

The City and Borough 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 \$5,000 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, airport terminal space, and Marine Service Center space. 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 its estimated incremental borrowing rate 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 leases 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.

### Lease 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. There are no agreements as a lessee or lessor that include sale-leaseback or lease-leaseback provision or contain subleases. 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, 2022, 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 term. As of June 30, 2022, the balance of the deferred inflow of resources is listed below.

		Payment Amount	Lease Revenue	Lease Interest	Lease Receivable	Deferred Inflow
General Fund	\$	244,596	\$ 178,651	\$ 65,945	\$ 3,635,649	\$ 3,604,097
Electric		100,020	65,360	34,660	1,697,497	1,681,806
Airport		39,875	38,045	1,830	70,830	70,131
MSC		279,315	270,846	8,469	276,314	273,580
GPIP		57,910	56,197	1,713	55,140	54,670

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 \$320,633 for fiscal year 2022. Future minimum payments from regulated leases are expected for the next 3 fiscal years, and are not expected to exceed \$10,000 annually.

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# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

### Lease 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. An initial lease liability was recorded in the amount of \$140,003 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$97,917. The City and Borough is required to make principal and interest payments of \$46,487. The leases have an implicit interest rate of 4%. The value of the right-to-use asset as of the end of the current fiscal year was \$100,127 and had accumulated amortization of \$39,876.

	Initial Lease Liability	Value Lease Liability	Principal & Interest Payment	Value of Right-to-use Asset	Accumulated Amortization
General Fund	\$ 105,219	\$ 74,226	\$ 34,204	\$ 76,938	\$ 28,281
Airport	34,784	23,691	12,283	23,189	11,595
<b>Totals</b>	<b>\$ 140,003</b>	<b>\$ 97,917</b>	<b>\$ 46,487</b>	<b>\$ 100,127</b>	<b>\$ 39,876</b>

The future principal and interest lease payments for the General Fund as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 14,725	\$ 2,413	\$ 17,138
2024	34,615	1,750	36,365
2025	19,614	489	20,103
2026	5,272	107	5,379
<b>Totals</b>	<b>\$ 74,226</b>	<b>\$ 4,759</b>	<b>\$ 78,985</b>

The future principal and interest lease payments for the Airport as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 11,545	\$ 737	\$ 12,282
2024	12,016	267	12,283
2025	130	43	173
<b>Totals</b>	<b>\$ 23,691</b>	<b>\$ 1,047</b>	<b>\$ 24,738</b>

### 9. Restricted Assets

The balance of the restricted assets accounts in the enterprise funds at June 30, 2022 is as follows:

Customer deposits:	
Electric utility	\$ 166,506
Solid waste disposal	10,455
Investment with bond trustee pursuant to revenue bond covenants	8,740,561
<b>Total Restricted Assets</b>	<b>\$ 8,917,522</b>

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

### 10. Fund Balances

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

	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Fund	School Debt Service Fund	Nonmajor Funds	Totals
<b>Nonspendable:</b>						
Advances receivable	\$ 3,125,552	\$ -	\$ -	\$ -	\$ -	\$ 3,125,552
Prepaid Items	1,120	-	-	-	-	1,120
Home rule charter	-	30,172,853	-	-	-	30,172,853
<b>Total nonspendable</b>	<b>3,126,672</b>	<b>30,172,853</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,299,525</b>
<b>Restricted:</b>						
Sitka Public Library	-	-	-	-	268,119	268,119
Commercial passenger tax	-	-	-	-	1,356,058	1,356,058
Home rule charter	-	1,193,739	-	-	-	1,193,739
Debt service	-	-	-	4,925,186	-	4,925,186
<b>Total restricted</b>	<b>-</b>	<b>1,193,739</b>	<b>-</b>	<b>4,925,186</b>	<b>1,624,177</b>	<b>7,743,102</b>
<b>Committed:</b>						
Working capital reserve	7,154,409	-	-	-	-	7,154,409
Emergency reserve	2,000,000	-	-	-	-	2,000,000
E911 surcharge	565,018	-	-	-	-	565,018
SRS Title III	512,663	-	-	-	-	512,663
Hospital sale	378,989	-	2,747,575	-	-	3,126,564
SE economic development	-	-	-	-	3,445,177	3,445,177
Capital projects	-	-	-	-	14,456,225	14,456,225
<b>Total committed</b>	<b>10,611,079</b>	<b>-</b>	<b>2,747,575</b>	<b>-</b>	<b>17,901,402</b>	<b>31,260,056</b>
<b>Assigned:</b>						
Gary Paxton Industrial Park	-	-	-	-	338,853	338,853
Utility Cost subsidization	-	-	-	-	35,199	35,199
LID revolving	-	-	-	-	1,102,937	1,102,937
LID guaranty	-	-	-	-	267,121	267,121
Raw water sales	-	-	-	-	784,536	784,536
Visitor enhancement	-	-	-	-	164,617	164,617
Other small funds	-	-	-	-	171,548	171,548
<b>Total Assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,864,811</b>	<b>2,864,811</b>
<b>Unassigned (deficit)</b>	<b>6,502,122</b>	<b>-</b>	<b>(3,654,015)</b>	<b>-</b>	<b>-</b>	<b>2,848,107</b>
<b>Total Fund Balances (Deficit)</b>	<b>\$20,239,873</b>	<b>\$ 31,366,592</b>	<b>\$ (906,440)</b>	<b>\$ 4,925,186</b>	<b>\$ 22,390,390</b>	<b>\$ 78,015,601</b>

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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### 11. Risk Management

The City and Borough is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and Borough carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City and Borough has not accrued a liability for claims and judgments at June 30, 2022 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 2022.

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.

### 12. 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 a comprehensive annual 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/>. 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

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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.

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

Contribution rates for the year ended June 30, 2022 were determined in the June 30, 2020 actuarial valuations. The City and Borough's contribution rates for the 2022 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.11%</b>	<b>8.11%</b>

In 2022, the City and Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2020 to June 30, 2021	City and Borough Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions (including DBUL)	\$ 2,720,378	\$ 2,921,160
Nonemployer contributions (on-behalf)	919,665	928,100
<b>Total Contributions</b>	<b>\$ 3,640,043</b>	<b>\$ 3,849,260</b>

In addition, employee contributions to the Plan totaled \$229,279 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, 2022, 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	\$ 14,628,434
State's proportionate share of NPL associated with the City and Borough	1,982,396
<b>Total Net Pension Liability</b>	<b>\$ 16,610,830</b>

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 measurement date, the City and Borough's proportion was 0.39876 percent, which was an increase of 0.03926 from its proportion measured as of June 30, 2020.

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

For the year ended June 30, 2022, the City and Borough recognized pension benefit of \$1,038,998 and on-behalf revenue of \$2,842 for support provided by the State. For the year ended June 30, 2022, the City and Borough recognized pension benefit includes \$4,230,132 associated with SCH. At June 30, 2022, the City and Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (64,807)
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on pension plan investments	-	(5,768,685)
Changes in proportion and differences between City and Borough contributions and proportionate share of contributions	493,274	-
City and Borough contributions subsequent to the measurement date	2,921,160	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 3,414,434</b>	<b>\$ (5,833,492)</b>

At June 30, 2022, the City and Borough's reported deferred outflows of resources related to pension includes \$302 associated with Sitka Community Hospital (SCH).

The \$2,921,160 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, 2023. 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,*

2023		\$ (912,100)
2024		(1,321,380)
2025		(1,429,367)
2026		(1,677,371)
2027		-
Thereafter		-
<b>Total Amortization</b>		<b>\$ (5,340,218)</b>



# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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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 officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 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.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others.

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The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

#### *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change 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 7.38%, 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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City and Borough's proportionate share of the net pension liability	0.39876%	\$ 21,666,748	\$ 14,628,434	\$ 8,715,347

**City and Borough of Sitka, Alaska**  
**Notes to the Basic Financial Statements**

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***Pension Plan Fiduciary Net Position***

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

***(b) Defined Contribution (DC) Pension Plan***

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website <https://drb.alaska.gov/docs/reports/>.

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, 2022 to cover a portion of the City and Borough's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by zero.

***Employee Contribution Rate***

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

***Employer Contribution Rate***

For the year ended June 30, 2022, 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, 2022 were \$398,778 and \$638,044, respectively. The City and Borough contribution amount was recognized as pension expense/expenditures.

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

***(c) Defined Benefit OPEB Plans***

As part of its participation in PERS, the 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 comprehensive annual financial report for PERS, at the following website <https://drb.alaska.gov/docs/reports/>.

***Employer Contribution Rate***

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

Employer contribution rates for the year ended June 30, 2022 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability Benefits	0.31%	0.68%
<b>Total Contribution Rates</b>	<b>7.84%</b>	<b>8.21%</b>

In 2022, the City and Borough was credited with the following contributions to the OPEB plans:

	Measurement Period	City and Borough
	July 1, 2020	Fiscal Year
	to	July 1, 2021
	June 30, 2021	to
		June 30, 2022
Employer contributions - ARHCT	\$ 289,028	\$ 219,124
Employer contributions - RMP	87,498	85,339
Employer contributions - ODD	26,406	29,787
Nonemployer contributions (on-behalf)	-	-
<b>Total Contributions</b>	<b>\$ 402,932</b>	<b>\$ 334,250</b>

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

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

At June 30, 2022, the City 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. 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	\$ 10,271,216
City and Borough's proportionate share of NOA - RMP	(126,546)
City and Borough's proportionate share of NOA - ODD	218,177
<b>Total City and Borough's Proportionate Share of Net OPEB Asset</b>	<b>\$ 10,362,847</b>
<hr/>	
State's proportionate share of the ARHCT NOA associated with the City and Borough	1,346,930
<b>Total Net OPEB Asset</b>	<b>\$ 11,709,777</b>

The total OPEB liabilities for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB assets as of that date. The City and Borough's proportion of the net OPEB assets is 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, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
City and Borough's proportionate share of the net OPEB assets:			
ARHCT	0.35940%	0.40038%	0.04098%
RMP	0.45164%	0.47145%	0.01981%
ODD	0.46859%	0.49503%	0.02644%

For the year ended June 30, 2022, the City and Borough recognized OPEB expense of \$3,737,961. Of this amount, \$467,334 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. For the year ended June 30, 2022, the City and Borough recognized OPEB expense includes 149,095 associated with SCH. OPEB expense and on-behalf revenue is listed by plan in the table below:

Plan	OPEB expense	On-behalf revenue
ARHCT	\$ (3,893,912)	\$ (467,334)
RMP	(114,411)	-
ODD	(41,540)	-
<b>Total</b>	<b>\$ (3,737,961)</b>	<b>\$ (467,334)</b>

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

At June 30, 2022, 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	\$ -	\$ 9,409	\$ -	\$ 9,409
Changes in assumptions	-	39,333	-	39,333
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between City and Borough contributions and proportionate share of contributions	-	2,921	97,516	100,437
City and Borough contributions subsequent to the measurement date	219,124	85,339	29,787	334,250
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 219,124</b>	<b>\$ 137,002</b>	<b>\$ 127,303</b>	<b>\$ 483,429</b>

At June 30, 2022, the City and Borough reported deferred outflows of resources for RMP and ODD related to OPEB includes \$465 and \$82,456, respectively, associated with SCH.

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (107,864)	\$ (6,017)	\$ (59,591)	\$ (173,472)
Changes in assumptions	(388,152)	(75,206)	(1,658)	(465,016)
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	(4,806,380)	(113,213)	(34,985)	(4,954,578)
Changes in proportion and differences between City and Borough contributions and proportionate share of contributions	(32,999)	(78,575)	(9,087)	(120,661)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (5,335,395)</b>	<b>\$ (273,011)</b>	<b>\$ (105,321)</b>	<b>\$ (5,713,727)</b>

At June 30, 2021, the City and Borough reported deferred inflows of resources for RMP and ODD related to OPEB includes \$(68,776) and \$(2,155), respectively, associated with SCH.

## City and Borough of Sitka, Alaska

### Notes to the Basic Financial Statements

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 a reduction in the net OPEB assets in the year ending June 30, 2023. 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
2023	\$ (1,654,999)	\$ (43,755)	\$ (3,675)	\$ (1,702,429)
2024	(1,106,893)	(43,808)	(3,652)	(1,154,353)
2025	(1,188,572)	(44,951)	(4,020)	(1,237,543)
2026	(1,384,930)	(48,558)	(5,187)	(1,438,675)
2027	-	(16,969)	5,052	(11,917)
Thereafter	-	(23,307)	3,677	(19,630)
<b>Total Amortization</b>	<b>\$ (5,335,394)</b>	<b>\$ (221,348)</b>	<b>\$ (7,805)</b>	<b>\$ (5,564,547)</b>

#### ***Actuarial Assumptions***

The total OPEB liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.75% for all others.
Allocation methodology	Amounts for the June 30, 2021 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	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of 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.

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The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. 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.

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**City and Borough of Sitka, Alaska**  
**Notes to the Basic Financial Statements**

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***Long-Term Expected Rate of Return***

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 was 7.38%. This discount rate used did not change 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 liability for each plan.

***Sensitivity of the Net OPEB Asset 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 7.38%, as well as what the City and Borough's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<i>Proportional Share</i>	<i>1% Decrease (6.38%)</i>	<i>Current Discount Rate (7.38%)</i>	<i>1% Increase (8.38%)</i>
City and Borough's proportionate share of the net OPEB asset:				
ARHCT	0.40038%	\$ (6,717,221)	\$ (10,271,216)	\$ (13,222,544)
RMP	0.47145%	\$ 82,593	\$ 126,546	\$ (284,510)
ODD	0.49503%	\$ (208,915)	\$ (218,177)	\$ (225,553)

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

### ***Sensitivity of the Net OPEB Asset 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 2020 actuarial valuation reports as well as what the City and Borough's proportionate share of the respective plan's net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City and Borough's proportionate share of the net OPEB asset:				
ARHCT	0.40038%	\$ (13,568,034)	\$ (10,271,216)	\$ (6,292,816)
RMP	0.47145%	\$ (307,121)	\$ 126,546	\$ 119,498
ODD	0.49503%	\$ 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, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

### ***Annual Postemployment Healthcare Cost***

In fiscal year 2022, the City and Borough contributed \$227,205 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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### 13. 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.

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

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

### 14. Sale of Former Sitka Community Hospital Assets

On April 25, 2022, the City and Borough sold the land and building (including contents) of the former Sitka Community Hospital to the Southeast Alaska Regional Health Consortium (SEARHC), which previously purchased the business from the City and Borough in FY2019. The City and Borough received \$8,250,000 of which \$8,181,040 (the sale less expenses associated with the sale) was deposited to the Permanent Fund, as required by Charter. Prior to the sale, the net book value of the capital assets sold was \$1,235,524 resulting in a gain on the sale of \$6,945,516.

### 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 ballot measure that proposed to use the proceeds of the sale of the Sitka Community Hospital land and building to fund a marine haul out passed decisively in October of 2022. The proceeds of the sale (\$8,181,040) will be transferred from the Permanent Fund into a capital project in Gary Paxton Industrial Park Fund.

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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### 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 implemented by the City and Borough or the Sitka School District for 2022 reporting:

*GASB Statement No. 87 - Leases* - Effective for year-end June 30, 2022, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The City and Borough adopted this pronouncement effective June 30, 2022 which resulted in the recognition of lease receivables, deferred inflows of resources, right of use assets, and related lease liabilities as of the beginning of the period.

*GASB Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* - Effective for year-end June 30, 2022. This Statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria. At present, the City and Borough does not hold any majority equity interest in legally separate organizations.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). 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. 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 obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

*GASB Statement No. 93 - Replacement of Interbank Offered Rates* - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This pronouncement does not pertain to the City and Borough's operations.

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

# City and Borough of Sitka, Alaska

## Notes to the Basic Financial Statements

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

### Note 17. New Accounting Pronouncements

The City and Borough has retroactively implemented GASB Statement Number 87, *Leases* (GASB 87) effective for the City and Borough's fiscal year beginning July 1, 2021. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

The effects of reporting GASB 87 in the City and Borough's financial statements for the year ended June 30, 2022 is as follows:

	As Previously Reported	Effect of Adoption of GASB 87	As Restated
<b>Assets</b>			
Governmental leases receivable	\$ -	\$ 3,635,649	\$ 3,635,649
Business-type leases receivable	-	2,099,781	2,099,781
Governmental capital assets, net	122,747,632	71,883	122,819,515
Business-type capital assets, net	322,499,825	34,784	322,534,609
<b>Total assets</b>	<b>445,247,457</b>	<b>5,842,097</b>	<b>451,089,554</b>
<b>Liabilities</b>			
Lease payable governmental	235,991	105,219	341,210
Lease payable business-type	-	34,784	34,784
<b>Total liabilities</b>	<b>235,991</b>	<b>140,003</b>	<b>375,994</b>
<b>Deferred inflows of resources</b>			
Governmental lease related	-	3,604,097	3,604,097
Business-type lease related	-	2,080,187	2,080,187
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>5,684,284</b>	<b>5,684,284</b>
<b>Opening Net Position</b>	<b>\$ 445,011,466</b>	<b>\$ 17,810</b>	<b>\$ 445,029,276</b>

## Required Supplementary Information

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## 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, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 6,924,300	\$ 6,924,300	\$ 7,204,373	\$ 280,073
Sales taxes	11,730,971	11,730,971	16,365,714	4,634,743
<b>Total taxes</b>	<b>18,655,271</b>	<b>18,655,271</b>	<b>23,570,087</b>	<b>4,914,816</b>
State sources:				
Community Assistance	415,199	415,199	411,663	(3,536)
State PERS relief	400,000	400,000	543,871	143,871
State grants	7,000	7,000	7,000	-
Other	30,445	30,445	27,275	(3,170)
<b>Total state sources</b>	<b>852,644</b>	<b>852,644</b>	<b>989,809</b>	<b>137,165</b>
Federal sources:				
National Forest receipts	600,000	600,000	647,308	47,308
Payment in lieu of taxes	800,000	800,000	877,397	77,397
Federal grants	101,000	101,000	1,965,748	1,864,748
<b>Total federal sources</b>	<b>1,501,000</b>	<b>1,501,000</b>	<b>3,490,453</b>	<b>1,989,453</b>
Charges for services:				
State jail contract	391,200	391,200	391,194	(6)
Ambulance fees	425,000	425,000	501,436	76,436
E911 surcharges	180,000	180,000	167,347	(12,653)
Jobbing	363,500	363,500	322,151	(41,349)
Other	34,000	34,000	21,459	(12,541)
<b>Total charges for services</b>	<b>1,393,700</b>	<b>1,393,700</b>	<b>1,403,587</b>	<b>9,887</b>
Interfund services	2,784,694	2,784,694	2,784,694	-
Fines, forfeitures and penalties	54,000	54,000	63,199	9,199
Investment income (loss)	300,000	300,000	(742,859)	(1,042,859)
Uses of property	399,400	399,400	457,837	58,437
Licenses and permits	133,450	133,450	205,286	71,836
Other	225,900	225,900	278,356	52,456
<b>Total Revenues</b>	<b>\$ 26,300,059</b>	<b>\$ 26,300,059</b>	<b>\$ 32,500,449</b>	<b>\$ 6,200,390</b>

## 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, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Expenditures</b>				
<b>Administration:</b>				
Administration/Assembly	\$ 1,268,741	\$ 1,244,134	\$ 1,069,194	\$ 174,940
Legal	413,108	399,602	399,132	470
Municipal clerk	463,272	455,872	493,450	(37,578)
Finance	2,389,648	2,360,894	2,376,009	(15,115)
Assessing	438,275	438,275	388,837	49,438
Planning	282,953	282,953	267,549	15,404
General office and local grants	974,763	1,022,650	1,027,386	(4,736)
<b>Total administration</b>	<b>6,230,760</b>	<b>6,204,380</b>	<b>6,021,557</b>	<b>182,823</b>
<b>Public safety:</b>				
Police	4,948,237	4,977,192	4,382,138	595,054
Fire	1,910,455	1,940,315	1,855,966	84,349
Ambulance	405,377	396,933	327,307	69,626
Search and rescue	37,094	35,676	21,260	14,416
<b>Total public safety</b>	<b>7,301,163</b>	<b>7,350,116</b>	<b>6,586,671</b>	<b>763,445</b>
<b>Public works:</b>				
Administration	738,210	738,210	882,966	(144,756)
Engineering	837,411	892,645	647,512	245,133
Streets	1,375,889	1,464,454	1,324,154	140,300
Recreation	719,091	783,016	795,763	(12,747)
Building officials	333,677	333,677	306,694	26,983
<b>Total public works</b>	<b>4,004,278</b>	<b>4,212,002</b>	<b>3,957,089</b>	<b>254,913</b>
<b>Public services:</b>				
Library	1,071,260	1,070,307	1,076,121	(5,814)
Harrigan Centennial Hall	740038	1006156	787137	219019
Senior Citizen Center	97866	97866	84109	13757
<b>Total public services</b>	<b>1,909,164</b>	<b>2,174,329</b>	<b>1,947,367</b>	<b>226,962</b>
<b>Sitka School District</b>	<b>8,364,150</b>	<b>8,364,150</b>	<b>8,364,200</b>	<b>(50)</b>



## 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, 2022</i>	Original Budget	Final Budget	Actual	Variance
Debt service				
Leased assets	\$ -	\$ -	\$ 16,224	\$ (16,224)
Principal	64,828	64,828	22,310	42,518
Interest	20,097	20,097	6,055	14,042
	84,925	84,925	44,589	40,336
Equipment acquisition	63,500	63,500	76,725	(13,225)
<b>Total Expenditures</b>	<b>27,957,940</b>	<b>28,453,402</b>	<b>26,998,198</b>	<b>1,455,204</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,261,409</b>	<b>1,250,909</b>	<b>5,502,251</b>	<b>4,251,342</b>
<b>Other Financing Sources (Uses)</b>				
Leases	-	-	70,926	70,926
Transfers in	1,168,054	1,702,055	1,660,243	(41,812)
Transfers out	(4,396,637)	(8,046,365)	(8,421,990)	(375,625)
<b>Net Other Financing Sources (Uses)</b>	<b>(3,228,583)</b>	<b>(6,344,310)</b>	<b>(6,690,821)</b>	<b>(346,511)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,967,174)</b>	<b>\$ (5,093,401)</b>	<b>(1,188,570)</b>	<b>\$ 3,904,831</b>
Fund Balance, beginning			21,428,443	
Fund Balance, ending			<u>\$ 20,239,873</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, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Tobacco tax	\$ 833,000	\$ 833,000	\$ 886,947	\$ 53,947
Proceeds from sale of hospital	700,000	700,000	723,392	23,392
Other	-	-	110,109	110,109
Investment income	15,000	15,000	21,386	6,386
<b>Total Revenues</b>	<b>\$ 1,548,000</b>	<b>\$ 1,548,000</b>	<b>\$ 1,741,834</b>	<b>\$ 193,834</b>
<b>Expenditures</b>				
Related to hospital personnel	1,340,000	1,340,000	1,332,294	(7,706)
Insurance	46,798	46,798	42,293	(4,505)
Contracted and other services	64,521	319,071	299,649	(19,422)
<b>Total Expenditures</b>	<b>1,451,319</b>	<b>1,705,869</b>	<b>1,674,236</b>	<b>(31,633)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 96,681</b>	<b>\$ (157,869)</b>	<b>67,598</b>	<b>\$ 225,467</b>
<b>Fund Deficit, beginning</b>			<b>(974,038)</b>	
<b>Fund Deficit, ending</b>			<b>\$ (906,440)</b>	

*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,	2022	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	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	\$ 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	\$ 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	\$ 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	\$ 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	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	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,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 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	\$ 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	\$ 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	24.99%	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)**

Years Ended June 30,	ARHCT				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.00400%	0.00359%	0.00331%	0.37992%	0.35470%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (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)	\$ (1,346,930)	\$ (675,536)	\$ 399,917	\$ 1,132,039	\$ 1,117,195
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (11,618,146)</b>	<b>\$ (2,303,108)</b>	<b>\$ 1,406,758</b>	<b>\$ 5,031,129</b>	<b>\$ 4,113,570</b>
Borough's Covered Payroll	\$ 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	-279.81%	-34.77%	20.81%	80.18%	56.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	98.13%	88.12%	89.68%

**Schedule of City and Borough Contributions**

Years Ended June 30,	ARHCT				
	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	\$ 3,413,371	\$ 3,670,783	\$ 4,681,486	\$ 4,838,102	\$ 4,862,791
Contributions as a Percentage of Covered Payroll	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)

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.00471%	0.00452%	1.12450%	0.54709%	0.54581%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (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)	\$ (126,546)	\$ 32,035	\$ 126,242	\$ 69,617	\$ 28,464
Borough's Covered Payroll	\$ 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	-1.84%	0.53%	1.99%	1.12%	0.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.10%	95.23%	83.17%	88.71%	93.98%

## Schedule of City and Borough Contributions

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 85,339	\$ 87,498	\$ 80,564	\$ 61,925	\$ 63,777
Contributions Relative to the Contractually Required Contribution	\$ 85,339	\$ 87,498	\$ 80,564	\$ 61,925	\$ 63,777
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 7,922,961	\$ 6,865,641	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384
Contributions as a Percentage of Covered Payroll	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)**

Years Ended June 30,	ODD				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.00495%	0.46900%	1.05215%	0.54709%	0.54581%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (218,177)	\$ (127,737)	\$ (140,060)	\$ (106,255)	\$ (77,445)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (218,177)</b>	<b>\$ (127,737)</b>	<b>\$ (140,060)</b>	<b>\$ (106,255)</b>	<b>\$ (77,445)</b>
Borough's Covered Payroll	\$ 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	-3.18%	-2.10%	-2.20%	-1.72%	-1.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	374.22%	238.80%	297.43%	270.62%	212.97%

**Schedule of City and Borough Contributions**

Years Ended June 30,	ODD				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 29,787	\$ 26,406	\$ 20,549	\$ 23,586	\$ 7,852
Contributions Relative to the Contractually Required Contribution	\$ 29,787	\$ 26,406	\$ 20,549	\$ 23,586	\$ 7,852
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 7,922,961	\$ 6,865,641	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384
Contributions as a Percentage of Covered Payroll	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**  
**June 30, 2022**

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**1. Public Employees' Retirement System Pension Plan**

***Schedule of the City's Proportionate Share of the Net Pension Liability***

This table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

*Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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

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 City will present only those years for which information is available.

***Schedule of the City's Contributions***

This table is based on the City'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 City will present only those years for which information is available.

## City and Borough of Sitka, Alaska

### Notes to Required Supplementary Information, continued

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#### 2. Public Employees' Retirement System OPEB Plans

##### *Schedule of the City's Proportionate Share of the Net OPEB Asset and Liability*

This table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

##### *Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. 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 2020, the discount rate was lowered from 8% to 7.38%.

In 2020, 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 largest projected subsidies to offset the cost of prescription drug coverage.

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

##### *Schedule of the City's Contributions*

This table is based on the City'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 City will present only those years for which information is available.



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## 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.

**CARES Act**-Accounts for residual activity from CARES Act relief funding.

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

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

### Capital Project Fund

**Capital Project**-Accounts for general governmental capital projects.

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

<i>June 30, 2022</i>	Special Revenue Funds							
	Police Dept and Forfeitures	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Park Contingency	Commercial Passenger Excise Tax	LID Guaranty	LID Revolving
<b>Assets</b>								
Equity in central treasury	\$ 82,900	\$ 17,700	\$ 250,419	\$ 173,833	\$ 338,853	\$ 1,356,058	\$ 267,121	\$ 1,102,937
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	7,305
Federal and State of Alaska Accounts	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	2,790,000	-	-	-	-
Notes receivable	-	-	-	481,344	-	-	-	-
<b>Total Assets</b>	<b>\$ 82,900</b>	<b>\$ 17,700</b>	<b>\$ 250,419</b>	<b>\$ 3,445,177</b>	<b>\$ 338,853</b>	<b>\$ 1,356,058</b>	<b>\$ 267,121</b>	<b>\$ 1,110,242</b>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>								
Deferred assessments	-	-	-	-	-	-	-	7,305
<b>Fund Balances</b>								
Restricted	-	17,700	250,419	-	-	1,356,058	-	-
Committed	-	-	-	3,445,177	-	-	-	-
Assigned	82,900	-	-	-	338,853	-	267,121	1,102,937
<b>Total Fund Balances</b>	<b>82,900</b>	<b>17,700</b>	<b>250,419</b>	<b>3,445,177</b>	<b>338,853</b>	<b>1,356,058</b>	<b>267,121</b>	<b>1,102,937</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 82,900</b>	<b>\$ 17,700</b>	<b>\$ 250,419</b>	<b>\$ 3,445,177</b>	<b>\$ 338,853</b>	<b>\$ 1,356,058</b>	<b>\$ 267,121</b>	<b>\$ 1,110,242</b>

## City and Borough of Sitka, Alaska

Nonmajor Governmental Funds  
Combining Balance Sheet, continued

June 30, 2022	Special Revenue Funds							Total Nonmajor Governmental Funds
	Raw Water Sales	Fisheries Enhance- ment	Pet Adoption	Visitor Enhance- ment	Student Travel	Utility Subsidization	Capital Project Fund	
<b>Assets</b>								
Equity in central treasury	\$ 784,436	\$ 10,417	\$ 62,868	\$ -	\$ 15,363	\$ 35,199	\$ 14,691,724	\$ 19,189,828
Receivables:								
Taxes	-	-	-	247,788	-	-	-	247,788
Special assessments	-	-	-	-	-	-	-	7,305
Federal and State of Alaska Accounts	100	-	-	-	-	-	118,287	118,287
Advances to other funds	-	-	-	-	-	-	-	2,790,000
Notes receivable	-	-	-	-	-	-	-	481,344
<b>Total Assets</b>	<b>\$ 784,536</b>	<b>\$ 10,417</b>	<b>\$ 62,868</b>	<b>\$ 247,788</b>	<b>\$ 15,363</b>	<b>\$ 35,199</b>	<b>\$ 14,810,011</b>	<b>\$ 22,834,652</b>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ 353,786	\$ 353,795
Due to other funds	-	-	-	83,162	-	-	-	83,162
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,171</b>	<b>-</b>	<b>-</b>	<b>353,786</b>	<b>436,957</b>
<b>Deferred Inflows of Resources</b>								
Deferred assessments	-	-	-	-	-	-	-	7,305
<b>Fund Balances</b>								
Restricted	-	-	-	-	-	-	-	1,624,177
Committed	-	-	-	-	-	-	14,456,225	17,901,402
Assigned	784,536	10,417	62,868	164,617	15,363	35,199	-	2,864,811
<b>Total Fund Balances</b>	<b>784,536</b>	<b>10,417</b>	<b>62,868</b>	<b>164,617</b>	<b>15,363</b>	<b>35,199</b>	<b>14,456,225</b>	<b>22,390,390</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 784,536</b>	<b>\$ 10,417</b>	<b>\$ 62,868</b>	<b>\$ 247,788</b>	<b>\$ 15,363</b>	<b>\$ 35,199</b>	<b>\$ 14,810,011</b>	<b>\$ 22,834,652</b>

**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	CARES Act	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Park Contingency	Commercial Passenger Excise Tax	LID Guaranty	LID Revolving	
<i>For the fiscal year ended June 30, 2022</i>										
<b>Revenues</b>										
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-	-	615,545	-	-	-
Investment income (loss)	(297)	-	(656)	(9,411)	(17,200)	(13,923)	(45,710)	(9,922)	(40,176)	-
Other	-	-	-	24,826	-	-	-	-	-	2,612
<b>Total Revenues</b>	(297)	-	(656)	15,415	(17,200)	(13,923)	569,835	(9,922)	(37,564)	
<b>Expenditures</b>										
Current:										
Public safety	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	19,128	-	12	-
Public services	-	(1,990)	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	(1,990)	-	-	-	-	19,128	-	12	
<b>Excess of Revenues Over (Under) Expenditures</b>	(297)	1,990	(656)	15,415	(17,200)	(13,923)	550,707	(9,922)	(37,576)	
<b>Other Financing Sources (Uses)</b>										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(1,990)	-	(35,000)	(7,925)	(274,234)	(829,175)	(2,314)	(9,544)	-
<b>Net Other Financing Sources (Uses)</b>	-	(1,990)	-	(35,000)	(7,925)	(274,234)	(829,175)	(2,314)	(9,544)	
<b>Net Change in Fund Balances</b>	(297)	-	(656)	(19,585)	(25,125)	(288,157)	(278,468)	(12,236)	(47,120)	
<b>Fund Balances (Deficit), beginning</b>	83,197	-	18,356	270,004	3,470,302	627,010	1,634,526	279,357	1,150,057	
<b>Fund Balances, ending</b>	\$ 82,900	\$ -	\$ 17,700	\$ 250,419	\$ 3,445,177	\$ 338,853	\$ 1,356,058	\$ 267,121	\$ 1,102,937	

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

<i>For the fiscal year ended June 30, 2022</i>	Special Revenue Funds							Total Nonmajor Governmental Funds
	Raw Water Sales	Fisheries Enhancement	Pet Adoption	Visitor Enhancement	Student Travel	Utility Subsidi- zation	Capital Project Fund	
<b>Revenues</b>								
Bed taxes	\$ -	\$ -	\$ -	\$ 669,958	\$ -	\$ -	\$ -	\$ 669,958
State sources	-	-	-	-	2,700	-	57	2,757
Federal sources	-	-	-	-	-	-	685,134	685,134
Commercial passenger excise tax	-	-	-	-	-	-	-	615,545
Investment income (loss)	(29,354)	(308)	592	(4,078)	121	(1,518)	(118,905)	(290,745)
Other	1,150	-	12,699	-	-	-	142,596	183,883
<b>Total Revenues</b>	<b>(28,204)</b>	<b>(308)</b>	<b>13,291</b>	<b>665,880</b>	<b>2,821</b>	<b>(1,518)</b>	<b>708,882</b>	<b>1,866,532</b>
<b>Expenditures</b>								
Current:								
Public safety	-	-	23,515	-	-	-	-	23,515
Public works	-	-	-	-	-	-	-	19,140
Public services	-	30,600	-	463,769	-	-	-	492,379
Capital outlay	-	-	-	-	-	-	1,943,383	1,943,383
<b>Total Expenditures</b>	<b>-</b>	<b>30,600</b>	<b>23,515</b>	<b>463,769</b>	<b>-</b>	<b>-</b>	<b>1,943,383</b>	<b>2,478,417</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(28,204)</b>	<b>(30,908)</b>	<b>(10,224)</b>	<b>202,111</b>	<b>2,821</b>	<b>(1,518)</b>	<b>(1,234,501)</b>	<b>(611,885)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	570	41,097	-	-	-	39,000	7,014,000	7,094,667
Transfers out	(30,000)	-	-	-	-	(67,368)	(795,962)	(2,053,512)
<b>Net Other Financing Sources (Uses)</b>	<b>(29,430)</b>	<b>41,097</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,368)</b>	<b>6,218,038</b>	<b>5,041,155</b>
<b>Net Change in Fund Balances</b>	<b>(57,634)</b>	<b>10,189</b>	<b>(10,224)</b>	<b>202,111</b>	<b>2,821</b>	<b>(29,886)</b>	<b>4,983,537</b>	<b>4,429,270</b>
<b>Fund Balances (Deficit), beginning</b>	<b>842,170</b>	<b>228</b>	<b>73,092</b>	<b>(37,494)</b>	<b>12,542</b>	<b>65,085</b>	<b>9,472,688</b>	<b>17,961,120</b>
<b>Fund Balances (Deficit), ending</b>	<b>\$ 784,536</b>	<b>\$ 10,417</b>	<b>\$ 62,868</b>	<b>\$ 164,617</b>	<b>\$ 15,363</b>	<b>\$ 35,199</b>	<b>\$ 14,456,225</b>	<b>\$ 22,390,390</b>



## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

#### Police Department and Forfeitures Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 1,000	\$ 1,000	\$ (297)	\$ (1,297)
<b>Expenditures</b>	50,000	50,000	-	50,000
<b>Net Change in Fund Balance</b>	<u>\$ (49,000)</u>	<u>\$ (49,000)</u>	(297)	<u>\$ 48,703</u>
<b>Fund Balance, beginning</b>			<u>83,197</u>	
<b>Fund Balance, ending</b>			<u>\$ 82,900</u>	

#### CARES Act Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ -	\$ -	\$ -	-
<b>Expenditures</b>	-	-	(1,990)	1,990
<b>Excess of Revenues Over Expenditures</b>	-	-	1,990	1,990
<b>Other Financing Uses</b>				
Transfers out	-	-	(1,990)	(1,990)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance, beginning</b>			<u>-</u>	
<b>Fund Balance, ending</b>			<u>\$ -</u>	

## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

#### Library Building Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 500	\$ 500	\$ (656)	\$ (1,156)
<b>Expenditures</b>	1,000	1,000	-	1,000
<b>Net Change in Fund Balance</b>	<u>\$ (500)</u>	<u>\$ (500)</u>	(656)	<u>\$ (156)</u>
<b>Fund Balance, beginning</b>			<u>18,356</u>	
<b>Fund Balance, ending</b>			<u>\$ 17,700</u>	

#### Library Donation Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 4,000	\$ 4,000	\$ 15,415	\$ 11,415
<b>Expenditures</b>	-	-	-	-
<b>Other Financing Uses</b>				
Transfers out	(35,000)	(35,000)	(35,000)	-
<b>Net Change in Fund Balance</b>	<u>\$ (31,000)</u>	<u>\$ (31,000)</u>	(19,585)	<u>\$ 11,415</u>
<b>Fund Balance, beginning</b>			<u>270,004</u>	
<b>Fund Balance, ending</b>			<u>\$ 250,419</u>	

## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

##### Southeast Economic Development Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 50,000	\$ 50,000	\$ (17,200)	\$ (67,200)
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	50,000	50,000	(17,200)	(67,200)
<b>Other Financing Uses</b>				
Transfers out	(50,000)	(2,840,000)	(7,925)	2,832,075
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (2,790,000)</u>	(25,125)	<u>\$ 2,764,875</u>
Fund Balance, beginning			<u>3,470,302</u>	
Fund Balance, ending			<u>\$ 3,445,177</u>	

##### Gary Paxton Park Contingency Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 11,000	\$ 11,000	\$ (13,923)	\$ (24,923)
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	11,000	11,000	(13,923)	(24,923)
<b>Other Financing Uses</b>				
Transfers out	(281,000)	(281,000)	(274,234)	6,766
<b>Net Change in Fund Balance</b>	<u>\$ (270,000)</u>	<u>\$ (270,000)</u>	(288,157)	<u>\$ (18,157)</u>
Fund Balance, beginning			<u>627,010</u>	
Fund Balance, ending			<u>\$ 338,853</u>	

## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

##### Commercial Passenger Excise Tax Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 12,000	\$ 12,000	\$ 569,835	\$ 557,835
<b>Expenditures</b>	125,000	125,000	19,128	105,872
<b>Excess of Revenues Over (Under) Expenditures</b>	(113,000)	(113,000)	550,707	663,707
<b>Other Financing Uses</b>				
Transfers out	(15,000)	(1,028,971)	(829,175)	199,796
<b>Net Change in Fund Balance</b>	<u>\$ (128,000)</u>	<u>\$ (1,141,971)</u>	(278,468)	<u>\$ 863,503</u>
<b>Fund Balance, beginning</b>			<u>1,634,526</u>	
<b>Fund Balance, ending</b>			<u>\$ 1,356,058</u>	

##### Local Improvement District Revolving Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 24,000	\$ 24,000	\$ (37,564)	\$ (61,564)
<b>Expenditures</b>	300	300	12	288
<b>Excess of Revenues Over (Under) Expenditures</b>	23,700	23,700	(37,576)	(61,276)
<b>Other Financing Uses</b>				
Transfers out	(18,000)	(18,000)	(9,544)	8,456
<b>Net Change in Fund Balance</b>	<u>\$ 5,700</u>	<u>\$ 5,700</u>	(47,120)	<u>\$ (52,820)</u>
<b>Fund Balance, beginning</b>			<u>1,150,057</u>	
<b>Fund Balance, ending</b>			<u>\$ 1,102,937</u>	

## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

##### Local Improvement District Guaranty Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 6,000	\$ 6,000	\$ (9,922)	\$ (15,922)
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	6,000	6,000	(9,922)	(15,922)
<b>Other Financing Uses</b>				
Transfers out	(6,000)	(6,000)	(2,314)	3,686
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	(12,236)	<u>\$ (12,236)</u>
Fund Balance, beginning			<u>279,357</u>	
Fund Balance, ending			<u>\$ 267,121</u>	

##### Raw Water Sales Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 11,500	\$ 11,500	\$ (28,204)	\$ (39,704)
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	11,500	11,500	(28,204)	(39,704)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	570	570
Transfers out	(30,000)	(30,000)	(30,000)	-
<b>Net Other Financing Sources (Uses)</b>	(30,000)	(30,000)	(29,430)	570
<b>Net Change in Fund Balance</b>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	(57,634)	<u>\$ (39,134)</u>
Fund Balance, beginning			<u>842,170</u>	
Fund Balance, ending			<u>\$ 784,536</u>	

## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

##### Fisheries Enhancement Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ (308)	\$ (308)
Expenditures	30,600	30,600	30,600	-
Excess of Revenues Over (Under) Expenditures	(30,600)	(30,600)	(30,908)	(308)
Other Financing Sources				
Transfers in	30,600	30,600	41,097	10,497
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	10,189	<u>\$ 10,189</u>
Fund Balance, beginning			<u>228</u>	
Fund Balance, ending			<u>\$ 10,417</u>	

##### Pet Adoption Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 4,750	\$ 4,750	\$ 13,291	\$ 8,541
Expenditures	15,000	25,000	23,515	1,485
Net Change in Fund Balance	<u>\$ (10,250)</u>	<u>\$ (20,250)</u>	(10,224)	<u>\$ 10,026</u>
Fund Balance, beginning			<u>73,092</u>	
Fund Balance, ending			<u>\$ 62,868</u>	

## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

##### Visitor Enhancement Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 486,000	\$ 486,000	\$ 665,880	\$ 179,880
<b>Expenditures</b>	464,489	464,489	463,769	720
<b>Net Change in Fund Balance</b>	<u>\$ 21,511</u>	<u>\$ 21,511</u>	202,111	<u>\$ 180,600</u>
Fund Balance (Deficit), beginning			<u>(37,494)</u>	
Fund Balance, ending			<u>\$ 164,617</u>	

##### Student Travel Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 2,700	\$ 2,700	\$ 2,821	\$ 121
<b>Expenditures</b>	10,500	10,500	-	10,500
<b>Net Change in Fund Balance</b>	<u>\$ (7,800)</u>	<u>\$ (7,800)</u>	2,821	<u>\$ 10,621</u>
Fund Balance, beginning			<u>12,542</u>	
Fund Balance, ending			<u>\$ 15,363</u>	

## City and Borough of Sitka, Alaska

### Nonmajor Governmental Funds

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

#### Utility Subsidization Special Revenue Fund

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ -	\$ -	\$ (1,518)	\$ (1,518)
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	(1,518)	(1,518)
<b>Other Financing Sources (Uses)</b>				
Transfers In	39,000	39,000	39,000	-
Transfers out	(72,000)	(72,000)	(67,368)	4,632
<b>Net Other Financing Sources (Uses)</b>	(33,000)	(33,000)	(28,368)	4,632
<b>Net Change in Fund Balance</b>	<u>\$ (33,000)</u>	<u>\$ (33,000)</u>	(29,886)	<u>\$ 3,114</u>
<b>Fund Balance, beginning</b>			<u>65,085</u>	
<b>Fund Balance, ending</b>			<u>\$ 35,199</u>	



## City and Borough of Sitka, Alaska

### Capital Projects Fund

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

<i>For the fiscal year ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>	\$ 129,000	\$ 304,724	\$ 708,882	\$ 404,158
<b>Expenditures</b>	464,000	2,044,747	1,943,383	101,364
<b>Excess of Revenues Over (Under) Expenditures</b>	(335,000)	(1,740,023)	(1,234,501)	505,522
<b>Other Financing Sources (Uses)</b>				
Transfers in	335,000	6,735,000	7,014,000	279,000
Transfers out	-	-	(795,962)	(795,962)
<b>Net Other Financing Sources (Uses)</b>	335,000	6,735,000	6,218,038	(516,962)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 4,994,977</u>	4,983,537	<u>\$ (11,440)</u>
<b>Fund Balance, beginning</b>			<u>9,472,688</u>	
<b>Fund Balance, ending</b>			<u>\$ 14,456,225</u>	

## **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**

Exhibit G-1

<i>June 30, 2022</i>	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Enterprise Funds Funds
<b>Assets</b>				
<b>Current Assets</b>				
Equity in central treasury	\$ 959,493	\$ 947,262	\$ 2,352,498	\$ 4,259,253
Receivables:				
Trade accounts receivable and other	12,096	36,186	7,426	55,708
Federal and State of Alaska	-	104,049	-	104,049
Current portion:				
Leases receivable	7,055	38,813	276,314	322,182
Note receivable	8,649	-	-	8,649
Inventories	-	-	-	-
<b>Total Current Assets</b>	<b>987,293</b>	<b>1,126,310</b>	<b>2,636,238</b>	<b>4,749,841</b>
<b>Noncurrent Assets</b>				
Equity in central treasury				
Bond covenant accounts	-	345,698	-	345,698
Capital asset acquisition	-	3,847,484	-	3,847,484
Leases receivable	48,085	32,017	-	80,102
Notes receivable	1,087	-	-	1,087
Capital assets:				
Property, plant and equipment	20,038,332	5,294,815	3,506,392	28,839,539
Construction in progress	130,587	1,056,675	182,440	1,369,702
Less accumulated amortization and depreciation	(3,925,732)	(3,737,388)	(3,362,728)	(11,025,848)
<b>Total capital assets, net of accumulated depreciation</b>	<b>16,243,187</b>	<b>2,614,102</b>	<b>326,104</b>	<b>19,183,393</b>
<b>Total Noncurrent Assets</b>	<b>16,292,359</b>	<b>6,839,301</b>	<b>326,104</b>	<b>23,457,764</b>
<b>Total Assets</b>	<b>\$ 17,279,652</b>	<b>\$ 7,965,611</b>	<b>\$ 2,962,342</b>	<b>\$ 28,207,605</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 28,345	\$ 156,869	\$ -	\$ 185,214
Interest payable	-	75,521	-	75,521
Current portion:				
Revenue bonds	-	185,000	-	185,000
Leases payable	-	11,545	-	11,545
<b>Total Current Liabilities</b>	<b>28,345</b>	<b>428,935</b>	<b>-</b>	<b>457,280</b>
<b>Noncurrent Liabilities</b>				
Bonds, notes, and unamortized bond premiums	-	3,678,414	-	3,678,414
Leases payable	-	12,146	-	12,146
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>3,690,560</b>	<b>-</b>	<b>3,690,560</b>
<b>Total Liabilities</b>	<b>28,345</b>	<b>4,119,495</b>	<b>-</b>	<b>4,147,840</b>
<b>Deferred Inflows of Resources</b>				
Lease related	54,670	70,131	273,580	398,381
<b>Total Deferred Inflows of Resources</b>	<b>54,670</b>	<b>70,131</b>	<b>273,580</b>	<b>398,381</b>
<b>Net Position</b>				
Net investment in capital assets	16,243,187	2,771,023	326,104	19,340,314
Restricted for debt service	-	-	-	-
Unrestricted (deficit)	953,450	1,004,962	2,362,658	4,321,070
<b>Total Net Position</b>	<b>17,196,637</b>	<b>3,775,985</b>	<b>2,688,762</b>	<b>23,661,384</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 17,279,652</b>	<b>\$ 7,965,611</b>	<b>\$ 2,962,342</b>	<b>\$ 28,207,605</b>

## 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, 2022</i>	Gary Paxton Industrial Park	Airport	Marine Service Center	Total Nonmajor Funds
<b>Operating Revenues</b>				
Charges for service	\$ 259,655	\$ 793,613	\$ 267,048	\$ 1,320,316
Other operating revenues	1,713	1,830	8,469	12,012
<b>Total Operating Revenues</b>	<b>261,368</b>	<b>795,443</b>	<b>275,517</b>	<b>1,332,328</b>
<b>Operating Expenses</b>				
Utilities	28,773	137,749	14,857	181,379
Repair and maintenance	-	74,563	76,482	151,045
Contracted/purchased services	97,521	81,782	1,599	180,902
Interdepartmental services	83,336	87,757	21,481	192,574
Other	44,502	15,825	7,919	68,246
Depreciation and amortization	410,098	179,821	30,992	620,911
<b>Total Operating Expenses</b>	<b>664,230</b>	<b>577,497</b>	<b>153,330</b>	<b>1,395,057</b>
<b>Income (Loss) from Operations</b>	<b>(402,862)</b>	<b>217,946</b>	<b>122,187</b>	<b>(62,729)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	(34,451)	(31,995)	(86,972)	(153,418)
Interest expense	-	(159,949)	-	(159,949)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(34,451)</b>	<b>(191,944)</b>	<b>(86,972)</b>	<b>(313,367)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(437,313)</b>	<b>26,002</b>	<b>35,215</b>	<b>(376,096)</b>
Capital contributions	-	90,222	-	90,222
Transfers in	304,234	-	-	304,234
Transfers out	(22,290)	-	-	(22,290)
<b>Change in Net Position</b>	<b>(155,369)</b>	<b>116,224</b>	<b>35,215</b>	<b>(3,930)</b>
<b>Net Position, beginning</b>	<b>17,352,006</b>	<b>3,659,761</b>	<b>2,653,547</b>	<b>23,665,314</b>
<b>Net Position, ending</b>	<b>\$ 17,196,637</b>	<b>\$ 3,775,985</b>	<b>\$ 2,688,762</b>	<b>\$ 23,661,384</b>

## 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, 2022</i>				
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 250,973	\$ 794,744	\$ 275,256	\$ 1,320,973
Payments to suppliers	(144,201)	(277,515)	(148,371)	(570,087)
Payments for interfund services used	(83,336)	(87,757)	(21,481)	(192,574)
<b>Net cash flows from operating activities</b>	<b>23,436</b>	<b>429,472</b>	<b>105,404</b>	<b>558,312</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Note receivable payments	9,275			9,275
Transfers from other funds	304,234	-	-	304,234
Transfers to other funds	(22,290)	-	-	(22,290)
<b>Net cash flows from noncapital financing activities</b>	<b>291,219</b>	<b>-</b>	<b>-</b>	<b>291,219</b>
<b>Cash Flows for Capital and Related Financing Activities</b>				
Capital outlay	(130,587)	(404,991)	(13,783)	(549,361)
Interest paid	-	(188,500)	-	(188,500)
Payments on bonds, notes payable, and leased assets	-	(116,082)	-	(116,082)
Government grants and loans for construction received	-	5,500	-	5,500
<b>Net cash flows for capital and related financing activities</b>	<b>(130,587)</b>	<b>(704,073)</b>	<b>(13,783)</b>	<b>(848,443)</b>
<b>Cash Flows From Investing Activities - Investment loss</b>	<b>(34,451)</b>	<b>(31,995)</b>	<b>(86,972)</b>	<b>(153,418)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>149,617</b>	<b>(306,596)</b>	<b>4,649</b>	<b>(152,330)</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>809,876</b>	<b>5,101,342</b>	<b>2,347,849</b>	<b>8,259,067</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 959,493</b>	<b>\$ 4,794,746</b>	<b>\$ 2,352,498</b>	<b>\$ 8,106,737</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities</b>				
Income (loss) from operations	\$ (402,862)	\$ 217,946	\$ 122,187	\$ (62,729)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:				
Depreciation and amortization	410,098	179,821	30,992	620,911
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable (net)	(2,995)	-	13,359	10,364
Leases receivable	(55,140)	(70,830)	(276,314)	(402,284)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	26,595	8,713	(47,514)	(12,206)
Unearned revenue	(6,930)	-	(10,886)	(17,816)
Leases payable	-	23,691	-	23,691
Deferred inflows of resources related to leases	54,670	70,131	273,580	398,381
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 23,436</b>	<b>\$ 429,472</b>	<b>\$ 105,404</b>	<b>\$ 558,312</b>

## 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, 2022</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Equity in central treasury	\$ 763,153	\$ 6,176,511	\$ 858,185	\$ 7,797,849
Accounts receivable	-	224	-	224
<b>Total Current Assets</b>	<b>763,153</b>	<b>6,176,735</b>	<b>858,185</b>	<b>7,798,073</b>
<b>Noncurrent Assets</b>				
Net OPEB asset	291,804	119,417	225,038	636,259
Capital assets:				
Property, plant and equipment	3,031,720	10,085,388	24,373	13,141,481
Less accumulated depreciation	(2,676,714)	(6,681,485)	(21,293)	(9,379,492)
Total capital assets, net of accumulated depreciation	355,006	3,403,903	3,080	3,761,989
<b>Total Noncurrent Assets</b>	<b>646,810</b>	<b>3,523,320</b>	<b>228,118</b>	<b>4,398,248</b>
<b>Total Assets</b>	<b>1,409,963</b>	<b>9,700,055</b>	<b>1,086,303</b>	<b>12,196,321</b>
<b>Deferred Outflows of Resources</b>				
OPEB related	11,009	4,505	8,490	24,004
Pension related	93,846	38,405	72,373	204,624
<b>Total Deferred Outflows of Resources</b>	<b>104,855</b>	<b>42,910</b>	<b>80,863</b>	<b>228,628</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,514,818</b>	<b>9,742,965</b>	<b>\$ 1,167,166</b>	<b>\$ 12,424,949</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 32,233	\$ 40,187	\$ 45,952	\$ 118,372
Leases payable	15,373	-	-	15,373
Compensated absences	11,528	7,246	14,976	33,750
<b>Total Current Liabilities</b>	<b>59,134</b>	<b>47,433</b>	<b>60,928</b>	<b>167,495</b>
<b>Noncurrent Liabilities</b>				
Leases payable	24,451	-	-	24,451
Compensated absences	17,292	10,868	22,464	50,624
Net OPEB liability	-	-	-	-
Net pension liability	402,097	164,554	310,096	876,747
<b>Total Noncurrent Liabilities</b>	<b>443,840</b>	<b>175,422</b>	<b>332,560</b>	<b>951,822</b>
<b>Total Liabilities</b>	<b>502,974</b>	<b>222,855</b>	<b>393,488</b>	<b>1,119,317</b>
<b>Deferred Inflows of Resources</b>				
OPEB related	155,106	63,475	119,617	338,198
Pension related	160,348	65,620	123,659	349,627
<b>Total Deferred Outflows of Resources</b>	<b>315,454</b>	<b>129,095</b>	<b>243,276</b>	<b>687,825</b>
<b>Net Position</b>				
Net investment in capital assets	315,182	3,403,903	3,080	3,722,165
Unrestricted	381,208	5,987,112	527,322	6,895,642
<b>Total Net Position</b>	<b>696,390</b>	<b>9,391,015</b>	<b>530,402</b>	<b>10,617,807</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,514,818</b>	<b>\$ 9,742,965</b>	<b>\$ 1,167,166</b>	<b>\$ 12,424,949</b>

## 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, 2022</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
<b>Operating Revenues</b>				
Charges for service	\$ 1,483,402	\$ 1,702,070	\$ 651,072	\$ 3,836,544
Other operating revenues	-	24,213	28,408	52,621
<b>Total Operating Revenues</b>	<b>1,483,402</b>	<b>1,726,283</b>	<b>679,480</b>	<b>3,889,165</b>
<b>Operating Expenses</b>				
Wages and benefits	386,400	188,287	351,875	926,562
Travel and training	8,068	2,484	-	10,552
Utilities	267,446	49,211	917	317,574
Repair and maintenance	187,345	95,126	17,048	299,519
Contracted/purchased services	305,502	322,287	173,841	801,630
Interdepartmental services	92,407	90,491	110,175	293,073
Other	122,183	3,822	53,306	179,311
Depreciation and amortization	196,414	673,980	880	871,274
<b>Total Operating Expenses</b>	<b>1,565,765</b>	<b>1,425,688</b>	<b>708,042</b>	<b>3,699,495</b>
<b>Income (Loss) from Operations</b>	<b>(82,363)</b>	<b>300,595</b>	<b>(28,562)</b>	<b>189,670</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	(26,978)	(224,348)	(33,462)	(284,788)
Interest expense	(3,533)	-	-	(3,533)
State PERS relief	78	32	62	172
Gain on sale of capital assets	-	2,800	-	2,800
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(30,433)</b>	<b>(221,516)</b>	<b>(33,400)</b>	<b>(285,349)</b>
<b>Income (Loss) Before Transfers</b>	<b>(112,796)</b>	<b>79,079</b>	<b>(61,962)</b>	<b>(95,679)</b>
Transfers in	381,706	296,787	17,637	696,130
Transfers out	-	-	(300,000)	(300,000)
<b>Change in Net Position</b>	<b>268,910</b>	<b>375,866</b>	<b>(344,325)</b>	<b>300,451</b>
<b>Net Position, beginning</b>	<b>427,480</b>	<b>9,015,149</b>	<b>874,727</b>	<b>10,317,356</b>
<b>Net Position, ending</b>	<b>\$ 696,390</b>	<b>\$ 9,391,015</b>	<b>\$ 530,402</b>	<b>\$ 10,617,807</b>



## City and Borough of Sitka, Alaska

Internal Service Funds  
Combining Statement of Cash Flows

<i>For the fiscal year ended June 30, 2022</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
<b>Cash Flows from (for) Operating Activities</b>				
Receipts from customers and users	\$ 1,483,402	\$ 1,726,060	\$ 679,480	\$ 3,888,942
Payments to suppliers	(858,780)	(458,959)	(216,512)	(1,534,251)
Payments for interfund services used	(92,407)	(90,491)	(110,175)	(293,073)
Payments to employees	(501,500)	(209,539)	(416,921)	(1,127,960)
<b>Net cash flows from (for) operating activities</b>	<b>30,715</b>	<b>967,071</b>	<b>(64,128)</b>	<b>933,658</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>				
Repayments of advance	(117,769)	-	-	(117,769)
Other federal sources	-	-	-	-
Transfers from other funds	381,706	296,787	17,637	696,130
Transfers to other funds	-	-	(300,000)	(300,000)
<b>Net cash flows from (for) noncapital financing activities</b>	<b>263,937</b>	<b>296,787</b>	<b>(282,363)</b>	<b>278,361</b>
<b>Cash Flows for Capital and Related Financing Activities</b>				
Capital outlay	(54,595)	(471,626)	-	(526,221)
Interest paid	(3,533)	-	-	(3,533)
<b>Net cash flows for capital and related financing activities</b>	<b>(58,128)</b>	<b>(471,626)</b>	<b>-</b>	<b>(529,754)</b>
<b>Cash Flows for Investing Activities</b>				
Investment loss	(26,978)	(224,348)	(33,462)	(284,788)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>209,546</b>	<b>567,884</b>	<b>(379,953)</b>	<b>397,477</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>553,607</b>	<b>5,608,627</b>	<b>1,238,138</b>	<b>7,400,372</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 763,153</b>	<b>\$ 6,176,511</b>	<b>\$ 858,185</b>	<b>\$ 7,797,849</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities</b>				
Income (loss) from operations	\$ (82,363)	\$ 300,595	\$ (28,562)	\$ 189,670
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Depreciation and amortization	196,414	673,980	880	871,274
State PERS relief	78	32	62	172
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable (net)	-	(223)	-	(223)
Net OPEB asset	(242,018)	(101,566)	(188,235)	(531,819)
Deferred outflows of resources related to OPEB	25,093	8,439	18,197	51,729
Deferred outflows of resources related to pensions	29,716	5,898	18,966	54,580
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	(8,060)	13,971	28,600	34,511
Compensated absences	(2,789)	2,744	7,707	7,662
Leases payable	39,824	-	-	39,824
Net OPEB liability	(909)	(326)	(672)	(1,907)
Net pension liability	(199,618)	(51,188)	(134,699)	(385,505)
Deferred inflows of resources related to OPEB	114,999	49,095	89,969	254,063
Deferred inflows of resources related to pensions	160,348	65,620	123,659	349,627
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 30,715</b>	<b>\$ 967,071</b>	<b>\$ (64,128)</b>	<b>\$ 933,658</b>

## Statistical Section

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### **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.

## City and Borough of Sitka, Alaska

**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 115,862,733	\$ 114,600,888	\$ 113,633,981	\$ 111,104,543	\$ 105,788,584
Restricted	27,776,873	23,357,825	26,651,153	30,481,029	37,915,955
Unrestricted	15,861,001	23,985,152	6,409,150	27,378,266	39,201,632
<b>Total governmental activities net assets</b>	<b>159,500,607</b>	<b>161,943,865</b>	<b>146,694,284</b>	<b>168,963,838</b>	<b>182,906,171</b>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	167,321,108	149,892,960	163,674,646	163,706,810	158,310,947
Restricted	10,748,446	11,901,160	16,387,458	12,450,444	12,588,045
Unrestricted	27,082,561	42,848,761	28,218,057	32,759,270	41,367,106
<b>Total business-type activities net assets</b>	<b>205,152,115</b>	<b>204,642,881</b>	<b>208,280,161</b>	<b>208,916,524</b>	<b>212,266,098</b>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	283,183,841	264,493,848	277,308,627	274,811,353	264,099,531
Restricted	38,525,319	35,258,985	43,038,611	42,931,473	50,504,000
Unrestricted	42,943,562	66,833,913	34,627,207	60,137,536	80,568,738
<b>Total Primary Government Net Assets</b>	<b>\$ 364,652,722</b>	<b>\$ 366,586,746</b>	<b>\$ 354,974,445</b>	<b>\$ 377,880,362</b>	<b>\$ 395,172,269</b>

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 81,140,841	\$ 86,125,410	\$ 94,765,479	\$ 111,067,134	\$ 115,405,541
Restricted	28,969,693	25,924,835	32,149,739	27,567,141	27,067,460
Unrestricted	28,940,773	37,352,229	22,669,294	21,354,757	16,597,067
<b>Total governmental activities net assets</b>	<b>139,051,307</b>	<b>149,402,474</b>	<b>149,584,512</b>	<b>159,989,032</b>	<b>159,070,068</b>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	103,467,052	156,196,702	164,836,448	171,259,337	170,051,853
Restricted	7,359,839	8,992,528	10,445,096	10,470,409	10,583,555
Unrestricted	50,906,747	25,943,451	33,109,400	28,987,128	27,954,746
<b>Total business-type activities net assets</b>	<b>161,733,638</b>	<b>191,132,681</b>	<b>208,390,944</b>	<b>210,716,874</b>	<b>208,590,154</b>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	184,607,893	242,322,112	259,601,927	282,326,471	285,457,394
Restricted	36,329,532	34,917,363	42,594,835	38,037,550	37,651,015
Unrestricted	79,847,520	63,295,680	55,778,694	50,341,885	44,551,813
<b>Total Primary Government Net Assets</b>	<b>\$ 300,784,945</b>	<b>\$ 340,535,155</b>	<b>\$ 357,975,456</b>	<b>\$ 370,705,906</b>	<b>\$ 367,660,222</b>

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

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>General Fund:</b>					
Nonspendable	\$ 625,913	\$ 117,381	\$ 4,175,552	\$ 3,125,552	\$ 3,126,672
Restricted	-	-	-	-	-
Committed	10,262,266	9,924,505	9,494,699	10,408,352	10,611,079
Assigned	-	-	-	-	-
Unassigned	4,171,993	5,716,004	3,827,823	7,894,539	6,502,122
<b>Total General Fund</b>	<b>\$ 15,060,172</b>	<b>\$ 15,757,890</b>	<b>\$ 17,498,074</b>	<b>\$ 21,428,443</b>	<b>\$ 20,239,873</b>
<b>All Other Governmental Funds:</b>					
Nonspendable	5	5	22,487,510	26,506,715	32,962,853
Restricted	25,681,513	27,229,862	4,739,787	3,974,314	7,743,102
Committed	9,816,366	9,780,650	11,530,484	14,810,545	17,858,977
Assigned	3,705,160	3,679,829	3,206,425	3,132,738	2,864,811
Unassigned	(5,187)	(5,187)	(6,536,801)	(3,058,975)	(3,654,015)
<b>Total all other governmental funds</b>	<b>\$ 39,197,857</b>	<b>\$ 40,685,159</b>	<b>\$ 35,427,405</b>	<b>\$ 45,365,337</b>	<b>\$ 57,775,728</b>
	Fiscal Year				
	2013	2014	2015	2016	2017
<b>General Fund:</b>					
Nonspendable	\$ 49,486	\$ 394,229	\$ 1,825,359	\$ 1,657,883	\$ 988,403
Restricted	520,742	-	-	-	-
Committed	7,904,460	7,762,442	8,295,203	8,460,152	9,206,808
Assigned	-	-	-	-	-
Unassigned	5,843,192	8,234,138	4,889,171	4,420,827	3,977,938
<b>Total General Fund</b>	<b>\$ 14,317,880</b>	<b>\$ 16,390,809</b>	<b>\$ 15,009,733</b>	<b>\$ 14,538,862</b>	<b>\$ 14,173,149</b>
<b>All other governmental funds:</b>					
Nonspendable	2,743,313	2,883,234	56,681	69,015	5
Restricted	28,343,985	25,924,835	26,207,854	24,863,608	25,141,562
Committed	6,727,368	11,544,459	15,111,535	11,404,858	9,249,985
Assigned	2,391,820	2,434,379	2,387,729	3,580,527	3,344,825
Unassigned	(8,870)	(4,686)	(4,785)	(5,167)	(5,187)
<b>Total all other governmental funds</b>	<b>\$ 40,197,616</b>	<b>\$ 42,782,221</b>	<b>\$ 43,759,014</b>	<b>\$ 39,912,841</b>	<b>\$ 37,731,190</b>

## City and Borough of Sitka, Alaska

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental Activities</b>										
Administration	\$ 1,724,076	\$ 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
Public safety	6,827,712	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
Public works	5,450,632	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
Public services	2,007,427	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
School and Hospital Support*	9,054,114	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
Interest on long-term debt	1,376,917	1,268,837	1,082,227	1,054,818	809,906	882,935	624,648	521,250	316,986	279,251
<b>Total governmental activities</b>	<b>26,440,878</b>	<b>26,213,547</b>	<b>27,892,518</b>	<b>31,579,513</b>	<b>32,732,263</b>	<b>29,814,573</b>	<b>29,678,014</b>	<b>28,905,599</b>	<b>29,715,925</b>	<b>26,396,729</b>
<b>Business-type Activities</b>										
Electric Utility	10,981,793	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
Water Utility	2,204,600	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
Waste water treatment	3,563,643	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
Solid waste disposal	3,319,109	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
Harbor	2,444,728	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
Other nonmajor business-type activities	1,270,621	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
<b>Total business-type Activities</b>	<b>23,784,494</b>	<b>24,078,682</b>	<b>24,865,770</b>	<b>34,236,301</b>	<b>40,000,011</b>	<b>39,279,408</b>	<b>37,126,362</b>	<b>36,447,165</b>	<b>36,005,081</b>	<b>36,263,662</b>
<b>Total Primary Government Expenses</b>	<b>\$ 50,225,372</b>	<b>\$ 50,292,229</b>	<b>\$ 52,758,288</b>	<b>\$ 65,815,814</b>	<b>\$ 72,732,274</b>	<b>\$ 69,093,981</b>	<b>\$ 66,804,376</b>	<b>\$ 65,352,764</b>	<b>\$ 65,721,006</b>	<b>\$ 62,660,391</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
Administration	\$ 290,450	\$ 302,118	\$ 377,681	\$ 330,066	\$ 595,703	\$ 318,388	\$ 295,686	\$ 323,746	\$ 1,450,700	\$ 480,458
Public safety	729,406	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
Public works	988,231	842,466	1,052,273	1,928,131	908,526	927,505	843,019	766,288	668,985	570,153
Public services	502,571	213,219	252,980	161,542	107,807	137,626	123,579	113,798	52,335	124,725
Operating grants and contributions	5,979,832	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
Capital grants and contributions	8,177,359	5,043,768	9,807,793	14,352,444	6,216,233	1,706,983	653,575	978,321	1,481,958	827,787
<b>Total Governmental Activities Program Revenue</b>	<b>16,667,849</b>	<b>14,685,686</b>	<b>18,574,352</b>	<b>23,468,299</b>	<b>12,733,866</b>	<b>9,704,566</b>	<b>7,779,277</b>	<b>8,201,197</b>	<b>22,399,327</b>	<b>12,554,191</b>

Table 3 (Continued)

## City and Borough of Sitka, Alaska

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-type Activities</b>										
Charges for services:										
Electric Utility	\$ 12,077,554	\$ 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
Water Utility	1,561,830	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
Wastewater treatment	2,434,969	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
Solid waste disposal	2,988,758	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
Harbor	1,912,463	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
Other nonmajor business-type	1,264,837	1,389,285	973,890	879,756	830,846	756,068	1,109,092	1,163,980	1,036,270	1,332,328
Operating grants and contributions	2,411,944	1,157,936	881,120	901,570	727,495	773,249	1,047,231	951,675	416,554	26,441
Capital grants and contributions	17,934,438	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
<b>Total Business-type Activities</b>										
<b>Program Revenues</b>	42,586,793	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
<b>Total Primary Government</b>										
<b>Program Revenues</b>	59,254,642	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
<b>Net Revenue (Expense)</b>										
Governmental activities	(9,773,029)	(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)
Business-type activities	18,802,299	27,681,142	17,187,844	(423,172)	(5,550,263)	(3,372,968)	(4,129,169)	-488,841	28,474	2,592,449
<b>Total Primary Government Net Expense</b>	\$ 9,029,270	\$ 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)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Taxes										
Property taxes	\$ 6,095,558	\$ 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
Sales and other taxes	9,583,108	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
Unrestricted grants and contributions	470,415	489,792	-	-	-	1,016,787	-	10,000	-	-
Investment earnings (loss)	2,243,289	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)
Other	1,252,000	15,796	1,557,740	113,329	14	-	17,897	1,671,262	1,177,377	110,109
Transfers	(395,675)	14,299	(2,727,192)	(611,438)	(2,260,336)	(34,841)	(101,389)	(220,170)	(41,296)	(649,720)
<b>Total Governmental Activities</b>	19,248,695	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
<b>Business-type Activities</b>										
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
Investment earnings	494,317	504,428	559,400	1,115,858	(120,678)	110,307	2,440,187	2,306,513	(289,106)	(1,644,777)
Other	95,671	-	43,664.00	142,013	330,561	62,659	(110,363)	-	-	-
Transfers	395,675	(14,299)	2,727,192	611,438	2,260,336	94,844	101,389	220,170	41,296	649,720
<b>Total Business-type Activities</b>	985,663	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
<b>Total Primary Government</b>	20,234,358	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
<b>Special Item, sale of hospital</b>	-	-	-	-	-	-	-	(18,899,626)	-	6,945,516
<b>Change In Net Position</b>										
Governmental activities	9,475,666	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
Business-type activities	19,787,962	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
<b>Total Primary Government</b>	\$ 29,263,628	\$ 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

Table 4

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$ 15,543,311	\$ 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
State sources	9,207,616	9,384,209	15,088,635	17,218,068	8,810,809	4,952,257	4,056,169	2,222,438	1,085,248	7,622,245
Federal sources	2,132,222	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
Charges for services	1,839,516	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
Interfund services	2,693,860	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
Fines and forfeitures	103,541	97,102	118,679	85,245	71,293	46,773	60,572	55,730	45,401	63,199
Investment income	2,262,808	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)
Uses of property	788,961	408,565	329,537	226,643	265,557	335,686	335,463	364,243	474,498	457,837
Licenses and permits	177,221	130,901	195,824	203,736	268,025	159,153	126,809	123,353	170,554	205,286
Other	1,023,994	971,084	827,062	387,895	419,254	441,192	268,265	1,959,575	2,286,627	1,295,740
<b>Total Revenues</b>	<b>35,773,050</b>	<b>40,148,313</b>	<b>42,939,071</b>	<b>45,204,550</b>	<b>36,887,030</b>	<b>34,835,551</b>	<b>35,047,857</b>	<b>34,006,917</b>	<b>54,087,586</b>	<b>39,500,652</b>
<b>Expenditures</b>										
Administration	4,632,192	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
Public safety	6,552,240	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
Public works	3,746,518	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
Public services	1,792,692	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
Support	6,402,944	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
Capital outlay	10,112,520	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
Debt service:										
Principal	2,449,860	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
Interest and fiscal charges	1,317,335	1,353,487	1,209,446	1,126,007	979,104	882,671	759,815	648,952	602,019	313,939
Leased assets	-	-	-	-	-	-	-	-	-	16,224
<b>Total Expenditures</b>	<b>37,006,301</b>	<b>35,321,447</b>	<b>41,622,782</b>	<b>49,039,362</b>	<b>37,155,536</b>	<b>32,232,817</b>	<b>32,591,201</b>	<b>31,696,122</b>	<b>44,018,482</b>	<b>33,464,838</b>
<b>Excess (Deficit) of Revenues Over (Under)</b>										
Expenditures	(1,233,251)	4,826,866	1,316,289	(3,834,812)	(268,506)	2,602,734	2,456,656	2,310,795	10,069,104	6,035,814
<b>Other Financing Sources (Uses)</b>										
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)	-
Leases	-	-	-	-	-	-	-	-	-	70,926
Transfers in	6,021,580	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
Transfers out	(6,664,709)	(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)
<b>Net Other Financing Sources (Uses)</b>	<b>(643,129)</b>	<b>(168,792)</b>	<b>(1,720,572)</b>	<b>(482,232)</b>	<b>(2,278,858)</b>	<b>(249,044)</b>	<b>(271,636)</b>	<b>(344,964)</b>	<b>(131,173)</b>	<b>(974,924)</b>
<b>Special Item-sale of hospital</b>										
	-	-	-	-	-	-	-	(1,553,032)	-	8,181,040
<b>Net change in fund balances</b>	<b>\$ (1,876,380)</b>	<b>\$ 4,658,074</b>	<b>\$ (404,283)</b>	<b>\$ (4,317,044)</b>	<b>\$ (2,547,364)</b>	<b>\$ 2,353,690</b>	<b>\$ 2,185,020</b>	<b>\$ 412,799</b>	<b>\$ 9,937,931</b>	<b>\$ 13,241,930</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.0%</b>	<b>13.3%</b>	<b>12.1%</b>	<b>12.4%</b>	<b>12.4%</b>	<b>12.9%</b>	<b>12.0%</b>	<b>9.5%</b>	<b>5.9%</b>	<b>7.4%</b>

**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
2013	\$ 772,425,015	\$ 189,487,200	\$ 146,333,667	\$ 107,179,098	\$1,001,066,784	0.006	\$ 1,162,987,200	86.08%
2014	785,165,365	205,160,659	153,247,454	112,286,978	1,031,286,500	0.006	1,195,055,878	86.30%
2015	761,395,448	189,935,700	148,629,600	14,587,081	1,085,373,667	0.006	1,195,498,800	90.79%
2016	682,904,400	292,673,300	60,709,500	77,348,300	958,938,900	0.006	1,245,005,400	77.02%
2017	751,808,201	322,203,499	57,307,441	81,338,900	1,049,980,241	0.006	1,318,435,400	79.64%
2018	869,636,600	262,276,100	56,307,441	103,355,100	1,084,865,041	0.006	1,284,593,700	84.45%
2019	896,558,900	251,270,800	57,532,700	97,144,300	1,108,218,100	0.006	1,222,215,256	90.67%
2020	830,119,100	430,511,300	54,170,370	201,563,000	1,113,237,770	0.006	1,335,015,956	83.39%
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%

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)
2013	6.00
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

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	Total
2013	\$ 6,095,558	\$ 9,785,829	\$ 354,158	\$ 16,235,545
2014	6,187,719	9,678,727	377,547	16,243,993
2015	6,245,146	10,531,237	411,916	17,188,299
2016	6,202,972	11,087,495	472,900	17,763,367
2017	6,454,150	12,631,709	503,439	19,589,298
2018	6,647,375	13,309,207	543,697	20,500,279
2019	6,777,625	13,309,207	553,911	20,640,743
2020	6,852,247	12,139,374	398,187	19,389,808
2021	7,242,611	13,115,999	407,024	20,765,634
2022	7,204,373	16,365,714	669,958	24,240,045

## City and Borough of Sitka, Alaska

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SCOJO, LLC	\$ 15,265,300	1	1.30%	\$ 5,454,712	7	0.55%
Silver Bay Seafoods	15,227,810	2	1.29%	13,428,543	1	1.36%
The North West Company (INTL), Inc	10,881,190	3	0.92%	7,115,400	4	0.72%
North Pacific Seafoods	9,151,460	4	0.78%	6,495,300	5	0.66%
Seafood Producers Cooperative	8,760,900	5	0.74%	6,454,000	6	0.65%
Harbor Enterprises Inc. (dba Petro Marine)	8,414,000	6	0.71%	8,042,720	3	0.81%
Hames Corporation	7,186,200	7	0.61%	8,894,083	2	0.90%
Sitka Residences, LLC	5,790,280	8	0.49%			
Sitka Dock Company, LLC	5,607,800	9	0.48%			
AK Preservation Sawmill Ltd	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>\$ 91,720,640</u>		<u>7.78%</u>	<u>\$ 71,529,228</u>		<u>7.23%</u>

Source: Assessing department

Table 9

**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			
2013	5,957,735	5,893,452	99%	28,682	5,922,134	99.40%
2014	5,901,738	5,842,721	99%	58,017	5,900,738	99.98%
2015	6,283,300	6,146,746	98%	38,488	6,185,234	98.44%
2016	6,194,742	6,145,132	99%	29,616	6,174,748	99.68%
2017	6,337,187	6,300,105	99%	32,806	6,332,911	99.93%
2018	6,440,090	6,300,105	98%	110,484	6,410,589	99.54%
2019	6,639,822	6,431,978	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%

Table 10

## City and Borough of Sitka, Alaska

Sales Tax Receipts by Industry  
Last Ten Fiscal Years

Industry	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, Forestry and Fishing	\$ 23,634	\$ 20,094	\$ 18,137	\$ 19,297	\$ 17,100	\$ 27,629	\$ 18,032	\$ 49,882	\$ 61,700	\$ 25,768
Construction	166,960	221,446	201,145	205,887	234,360	301,566	324,984	277,465	384,018	422,258
Manufacturing	346,702	213,104	233,094	249,378	267,635	290,841	357,453	315,633	242,455	293,156
Transportation & Public Utilities	692,582	675,327	680,790	657,369	625,344	646,408	705,416	633,470	543,636	703,741
Wholesale Trade	57,666	53,877	54,145	70,273	80,346	90,818	101,752	105,103	103,411	115,791
Retail Trade	5,141,931	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
Finance, Insurance & Real Estate	297,556	307,149	325,567	378,274	420,778	519,460	550,615	496,964	604,223	686,930
Services	1,604,007	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
Government - Local	762,558	895,003	789,630	930,599	892,001	1,222,743	1,067,592	1,304,869	1,144,533	1,097,999
<b>Total Sales Tax Receipts</b>	<b>\$ 9,093,596</b>	<b>\$ 9,785,839</b>	<b>\$ 9,678,727</b>	<b>\$ 10,223,354</b>	<b>\$ 10,817,808</b>	<b>\$ 12,088,012</b>	<b>\$ 13,157,416</b>	<b>\$ 12,139,374</b>	<b>\$ 13,115,999</b>	<b>\$ 16,365,714</b>

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, Forestry and Fishing	\$ 3,676,800	\$ 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
Construction	91,354,782	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
Manufacturing	13,495,858	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
Transportation & Public Utilities	18,653,208	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
Wholesale Trade	18,266,103	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
Retail Trade	137,469,327	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
Finance, Insurance & Real Estate	22,787,879	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
Services	62,679,023	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
Government - Local	26,735,836	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
<b>Total Gross Sales</b>	<b>\$ 395,118,816</b>	<b>\$ 486,808,429</b>	<b>\$ 477,479,277</b>	<b>\$ 428,084,160</b>	<b>\$ 402,068,152</b>	<b>\$ 410,703,387</b>	<b>\$ 406,776,189</b>	<b>\$ 391,828,471</b>	<b>\$ 436,000,005</b>	<b>\$ 537,845,892</b>

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	Capital Leases	Revenue Bonds and Unamortized Bond Premiums	Notes Payable	Capital Leases			
2013	31,020,000	146,250	-	85,285,000	20,860,822	-	137,312,072	35.85%	11,287
2014	28,635,000	202,641	-	108,940,000	20,625,388	-	158,403,029	47.80%	15,116
2015	25,990,000	189,410	-	123,215,000	25,812,083	-	175,206,493	54.24%	17,411
2016	23,435,000	347,676	-	121,120,000	23,846,352	-	168,749,028	28.97%	19,081
2017	20,745,000	326,365	-	118,940,000	24,451,388	-	164,462,753	29.78%	18,625
2018	19,239,611	304,055	-	124,958,042	24,463,067	-	168,964,775	30.60%	19,446
2019	16,159,576	281,745	-	135,001,553	25,163,176	-	176,606,050	30.92%	20,424
2020	13,830,800	259,435	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	180,201,769	28.93%	21,435

**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
2013	31,020,000	2,028,544	28,991,456	2.54%	3,273
2014	28,635,000	1,958,072	26,676,928	2.49%	3,191
2015	25,990,000	2,527,635	23,462,365	2.23%	2,932
2016	23,435,000	2,448,740	20,986,260	1.96%	2,373
2017	17,965,000	1,921,775	16,043,225	1.88%	2,353
2018	17,965,000	2,061,333	15,903,667	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

**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	9,774,165	100%	9,774,165
<b>Total direct and overlapping debt</b>	<b>\$ 9,774,165</b>		<b>\$ 9,774,165</b>

**Legal Debt Margin**

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



## City and Borough of Sitka, Alaska

Pledged Revenue Coverage  
Last Ten Fiscal Years

Electric and Water Revenue Bonds and Revenue Notes										
Fiscal Year	Electric Revenue	Transfers		Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total Coverage	
		Stabilization Fund	Rate From							
2013	\$12,569,950	\$ -		\$6,739,139	\$5,830,811	\$1,770,000	\$2,296,332	\$(616,507)	\$3,449,825	1.37
2014	15,283,017	-		8,538,616	6,744,401	1,845,000	3,781,252	(581,094)	5,045,158	1.55
2015	16,078,019	2,006,696		9,028,272	9,056,443	1,915,000	5,815,392	(571,533)	7,158,859	1.10
2016	14,868,306	2,881,000		8,287,025	9,462,281	1,955,000	5,958,317	(574,328)	7,338,989	1.29
2017	16,336,780	1,582,681		8,747,944	9,171,517	2,035,000	5,878,517	(574,020)	7,339,497	1.25
2018	17,790,420	-		8,659,112	9,131,308	2,115,000	5,762,377	(575,663)	7,301,714	1.25
2019	18,945,919	-		8,349,335	10,596,584	2,175,000	5,729,072	(578,078)	7,325,994	1.45
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

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	Rate From							
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	401,425	-	846,425	2.61

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	Rate From							
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

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 (,000s)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2013	9,048	544,138	60,139	1,313	6.2%
2014	9,001	562,568	62,501	1,338	6.2%
2015	8,883	569,807	64,146	1,342	6.2%
2016	8,844	582,407	65,853	1,276	5.5%
2017	8,830	552,206	62,537	1,315	3.9%
2018	8,689	571,261	65,745	1,256	4.6%
2019	8,647	622,344	71,972	1,244	4.1%
2020	8,493	632,219	74,440	1,187	6.2%
2021	8,371	622,987	74,422	1,144	4.8%
2022	8,407	638,234	75,917	1,131	3.1%

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)			2013		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Educational services, health care, & social assistance	1,397	1	32%	1,741	1	37.0%
Retail trade	528	2	12.0%	421	2	8.9%
Public administration	482	3	10.9%	324	5	6.9%
Arts, entertainment, recreation, accommodation, & food services	324	4	7.3%	375	3	8.0%
Transportation, warehousing, & utilities	320	5	7.2%	231	8	4.9%
Agriculture, forestry, fishing, hunting, & mining	317	6	7.2%	372	4	7.9%
Construction	247	7	5.6%	296	7	6.3%
Manufacturing	220	8	5.0%	227	9	4.8%
Professional, scientific, management, administrative, & waste management services	213	9	4.8%	306	6	6.5%
Other services, except public administration	151	10	3.4%	192	10	4.1%
Finance, insurance, real estate, & rental/leasing	127	11	2.9%	101	11	2.1%
Information	56	12	1.3%	78	12	1.7%
Wholesale trade	32	13	0.7%	40	13	0.9%

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

Source: U.S. Census Bureau

Table 17

## 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
General Government	28	42	37	36	37	37	32	32	33	34
Public Safety:										
Police	33	28	33	32	31	31	30	30	29	30
Fire and Ambulance	10	10	10	10	9	9	9	9	9	10
Public Works	25	19	20	20	20	20	23	23	22	22
Public Services:										
Library	7	12	7	7	7	7	7	7	7	7
Centennial Building	4	4	4	4	4	4	5	5	5	5
Electric	27	28	26	26	25	25	25	25	25	26
Water	5	3	3	3	3	3	3	3	3	3
Waste Water Treatment	6	8	10	10	10	10	8	8	8	8
Solid Waste Disposal	2	2	2	-	-	-	3	3	3	3
Harbor	9	10	9	9	8	8	8	8	9	8
Sawmill Cove Industrial Park	-	1	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>156</b>	<b>167</b>	<b>161</b>	<b>157</b>	<b>154</b>	<b>154</b>	<b>153</b>	<b>153</b>	<b>153</b>	<b>156</b>

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
2013	2,060	473	314	199	12	3,058
2014	2,258	504	377	204	12	3,355
2015	2,479	560	441	212	14	3,706
2016	2,795	609	546	216	14	4,180
2017	3,242	702	693	219	15	4,871
2018	3,393	729	697	224	12	5,055
2019	3,383	716	611	221	12	4,943
2020	3,375	713	545	220	-	4,853
2021	3,426	766	671	227	9	5,099
2022	3,454	794	713	225	9	5,195

### KwH Sold by Class Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
2013	47,628,760	32,043,016	3,217,737	22,800,432	5,465,385	111,155,330
2014	45,078,244	35,544,622	2,543,603	24,265,723	307,163	107,739,355
2015	44,212,841	34,167,788	2,763,428	24,607,071	316,260	106,067,388
2016	42,197,620	33,626,191	2,539,114	25,004,771	305,889	103,673,585
2017	43,416,551	33,732,672	3,051,624	25,059,205	299,759	105,559,811
2018	43,233,448	35,709,803	2,883,829	25,241,700	-	107,068,781
2019	40,426,853	33,377,855	2,496,564	27,116,718	-	103,417,990
2020	42,771,637	34,243,336	2,780,405	27,553,740	-	107,349,118
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

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

Table 19

**City and Borough of Sitka, Alaska**

**Operating Indicators by Function  
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Building department transactions	201	209	240	196	208	197	157	133	186	227
Public Safety										
Number of police officers	32	27	32	31	30	30	29	29	29	30
Number of paid firefighters	10	10	10	10	9	9	8	8	8	9
Arrests made (calendar year)	356	344	310	269	274	411	293	291	247	*
Ambulance emergency responses	1,013	873	987	1,260	1,260	1,227	1,336	1,310	1,074	1,433
Fire emergency responses	173	182	171	193	146	159	158	137	184	179
Public Works										
Recreation permits issued	21	40	41	39	25	30	29	26	37	53
Public Services										
Volumes in library collection	*	*	*	68,039	69,941	70,831	104,061	71,876	58,000	56,567
Number of events scheduled at Centennial Hall	118	5	-	2	122	231	236	178	71	1,200
Water										
New connections	19	18	23	17	22	12	14	14	23	34
Wastewater										
New connections	16	18	21	18	20	13	14	17	20	35
Electric utility (see table 18)										
Marine Service Center										
Cold storage tenants	2	2	2	2	2	1	2	2	2	2
Harbors										
Active permanent moorage accounts	*	*	*	*	*	*	*	1,026	1,269	1,019
Airport terminal										
Enplanements (for calendar year)	81,019	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

Table 20

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
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
<b>Public Works</b>										
Number of public works buildings	1	1	1	1	1	1	1	1	1	1
Number of park and recreation facilities	25	25	25	25	23	23	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
Miles of trails	*	*	*	*	*	*	*	8	8	8
<b>Public Services</b>										
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
<b>Water</b>										
UV disinfection plant	-	-	-	-	1	1	1	1	1	1
Number hydrants	*	*	*	*	*	*	*	450	450	450
Miles of water mains	*	*	*	*	*	*	*	48	48	48
<b>Wastewater</b>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations	*	*	*	*	*	*	*	78	78	78
Miles of sewer lines	*	*	*	*	*	*	*	40	40	40
<b>Electric (see table 18)</b>										
Dams and hydroelectric generation plants	2	2	2	2	2	2	2	2	2	2
Diesel plants	*	*	*	*	*	*	*	1	1	1
Miles of electricity distribution lines	*	*	*	*	*	*	*	155	155	155
<b>Harbors</b>										
Number of harbor facilities	7	7	7	7	7	7	7	7	7	7
<b>Marine Service Center</b>										
Cold storage facility	1	1	1	1	1	1	1	1	1	1
<b>Industrial Park</b>										
Acreage under active management	*	*	*	*	*	*	*	27	27	27
<b>Airport</b>										
Airport terminal buildings	1	1	1	1	1	1	1	1	1	1

Sources: Various municipal departments  
\* Information not available