

2024

POPULAR ANNUAL FINANCIAL **REPORT**

For the Fiscal Year ended June 30, 2024

Dave Swarner

Finance Director

dswarner@kenai.city



Dear Residents of the City of Kenai,

We are honored to share the City of Kenai's first Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024. This report reflects our commitment to transparency, accountability, and responsible stewardship of public resources. It is intended to provide you with a clear, accessible overview of the City's financial health, and to help you better understand how your local government works to serve and strengthen our community.



We are honored to serve you and committed to making our City's finances clear, accessible, and accountable to the people of Kenai.

The information in this report is drawn from the City's Annual Comprehensive Financial Report (ACFR), prepared in accordance with Generally Accepted Accounting Principles (GAAP). While the ACFR provides detailed financial data, this PAFR summarizes key points—revenues, expenditures, and overall financial position—in a more accessible format, along with context to help explain how public funds are used to support services and projects that matter to you.

We are grateful for your continued trust and engagement. If you would like to learn more, the full ACFR is available at the Kenai Library and online at www.kenai.city. We welcome your questions, feedback, and ideas—your voice helps shape our work and our future.

Terry Eubank

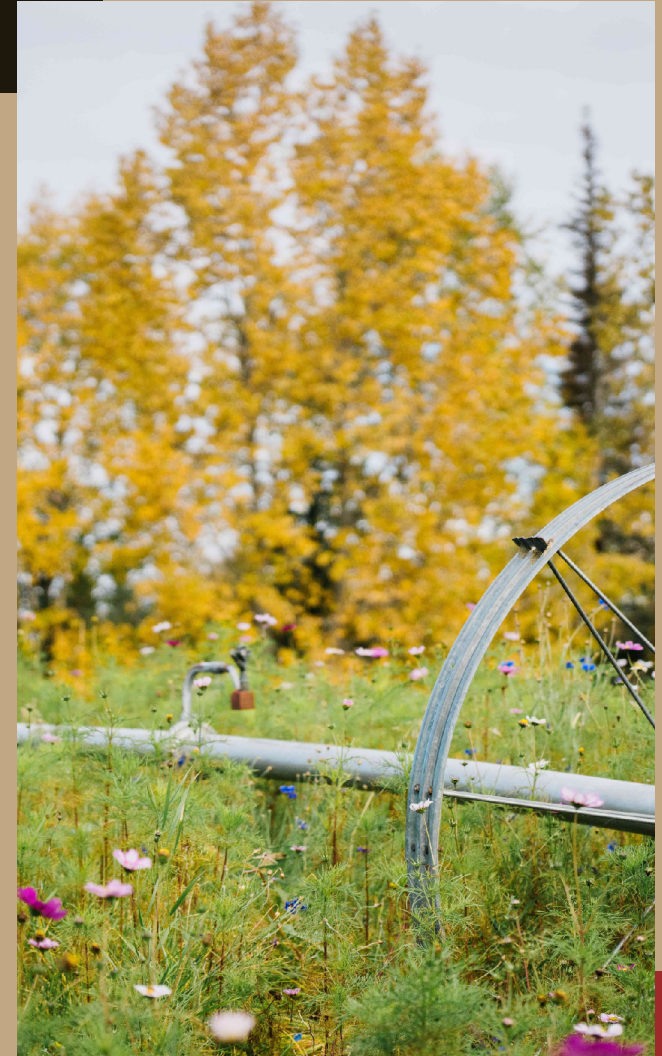
City Manager

teubank@kenai.city

Dave Swarner

Finance Director

dswarner@kenai.city





LETTER FROM THE MAYOR

Dear Kenai Residents,

Thank you for taking the time to read this year's Popular Annual Financial Report. It reflects our commitment to responsible financial management and the investments we're making to protect, grow, and strengthen Kenai.

This year marks the start of construction on the long-awaited Bluff Stabilization Project, protecting homes, infrastructure, and cultural resources while opening the door to future investment in Old Town.

We advanced 22 capital projects across the City, including airport, park, and utility improvements. Over \$4 million in grants will fund upgrades to the Water Treatment Pumphouse and Wastewater Treatment Plant this summer.

Sales tax revenues continue to grow, with 30 straight quarters of year-over-year gains. The property tax mill rate has remained unchanged since 2015, while we continue to provide high-quality services without raising the mill rate.

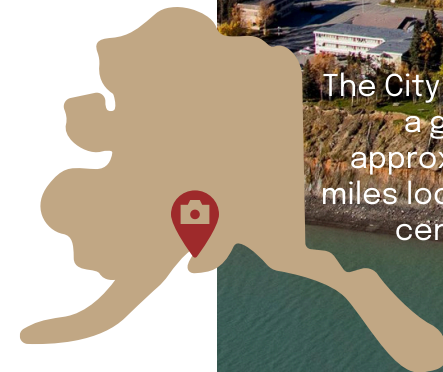
Public safety remains our largest investment. We welcomed new Fire Chief Jay Teague, replaced two ambulances, expanded spruce bark beetle mitigation, and launched a police drone program to support search and rescue. Calls for police service have dropped 15% over the past two years.

Additional highlights include continued growth at the Kenai Airport, where passenger traffic increased for a second year. The City also held its first live land sale auction, successfully selling all 11 parcels. Meanwhile, storefront improvement grants are helping local businesses thrive.

Community services remain at the heart of Kenai. The Library hosted 170 programs, the Senior Center served nearly 35,000 meals, and the Recreation Center welcomed 40,000 visits.

Every step forward is a shared achievement. Thank you to our City Council, staff, and the people of Kenai. Together, we're building a stronger, more connected, and more resilient community.

Sincerely,
Brian Gabriel
Mayor, City of Kenai



The City of Kenai occupies a geographic area of approximately 45 square miles located in the south-central part of Alaska



HOME RULE CITY

The City was incorporated in 1960 as a home rule city and its charter was adopted May 20, 1963.

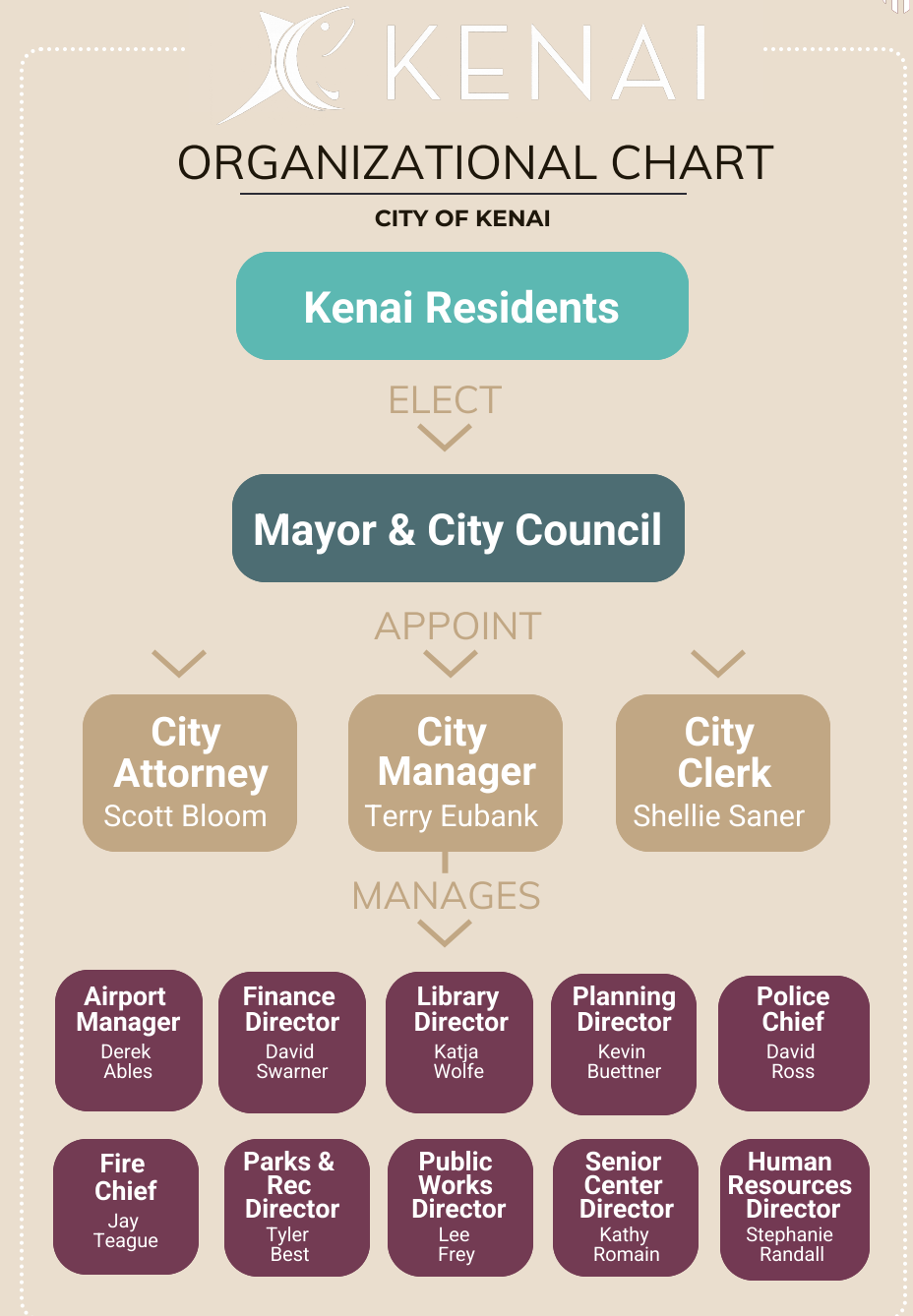
MAYOR & CITY COUNCIL

The City of Kenai has a council-manager form of government. Voters elect six council members and a mayor, all on a non-partisan basis. The Council sets policies, passes local laws, and appoints the city manager, attorney, and clerk. Council members serve staggered three-year terms, with two elected each year. The mayor also serves a three-year term.

Current Kenai City Council	Term Ends
Brian Gabriel (Mayor)	2025
Henry Knackstedt (Vice Mayor)	2026
Deborah Sounart	2027
Victoria Askin	2025
Alex Douthit	2025
Phil Daniel	2026
Sovala Kisena	2027

CITY MANAGER & DEPARTMENTS

The city manager, appointed by the Council, serves as the City's chief executive officer. The manager carries out City policies, manages daily operations, and hires department heads.



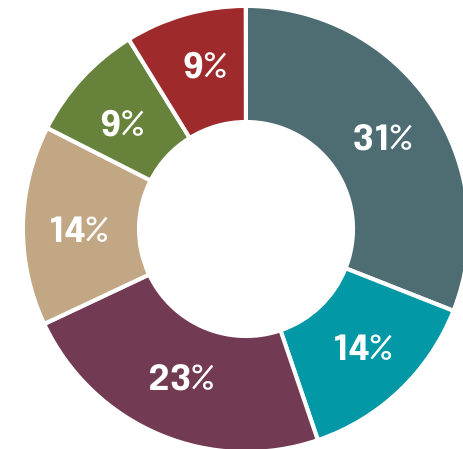
FINANCIAL INFORMATION

GOVERNMENTAL FUND REVENUES

Below is a comparison of funds received for the last three fiscal years. Fiscal year 2024 is shown in the chart to the right.

	FY2022	FY2023	FY2024
Sales Tax	\$9,191,637	\$9,818,482	\$9,975,032
Property Tax	\$3,989,661	\$4,316,204	\$4,440,189
Charges for Service	\$6,458,506	\$7,552,552	\$7,470,194
Interest	(4,313,318)	\$2,723,737	\$4,663,935
Intergovernmental	\$7,385,202	\$5,000,041	\$2,801,726
Misc	\$3,031,231	\$3,261,582	\$2,834,620
Total Revenues	\$25,742,919	\$32,672,598	\$32,185,696

FY24 REVENUES



Sales tax is the City's largest source of revenue for government operations, making up about 31% of total revenue. It increased by \$156,550 (1.6%) compared to last year. Revenue from other government sources—known as intergovernmental revenue—decreased by \$2.2 million (45%) as federal funding from the American Rescue Plan Act (ARPA) tapered off. Meanwhile, investment earnings rose by \$1.94 million (71%) due to strong performance in equity markets.



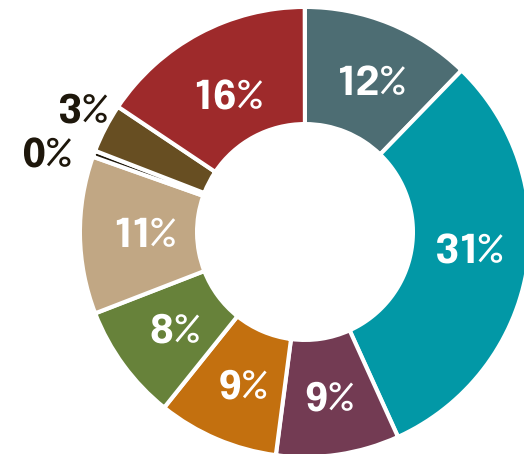
FINANCIAL INFORMATION

GOVERNMENTAL FUND EXPENDITURES

Below is a comparison of the City's expenditures for the last three fiscal years. Fiscal year 2024 is shown in the chart to the right.

	FY2022	FY2023	FY2024
General Government	\$3,668,730	\$3,443,404	\$3,598,275
Public Safety	\$8,005,295	\$8,531,288	\$9,094,442
Public Works	\$2,255,493	\$2,533,282	\$2,601,495
Parks & Recreation/ Library	\$2,272,905	\$2,681,617	\$2,547,543
Water & Sewer Services	\$2,224,133	\$2,443,337	\$2,455,206
Airport	\$2,973,693	\$3,065,265	\$3,323,473
Debt Service	\$129,625	\$130,250	\$130,625
Senior Services	\$1,000,560	\$996,173	\$1,031,102
Capital Outlay	\$4,737,714	\$6,717,219	\$4,582,844
Total Expenditures	\$27,268,148	\$30,541,835	\$29,365,005

FY24 EXPENDITURES



What each of the above categories include:



General Government

Administrative departments: Mayor & Council, City Manager, Clerk, Attorney, Finance, Information Technology (IT), Human Resources (HR), Planning & Zoning, Safety, and Land Administration.



Public Safety

Police, Fire, Animal Control, and Dispatch Communications.



Public Works

Street and facility maintenance, City Dock, shop operations, and streetlights.



Parks & Recreation

Rec Center, Ice Rink, Library, Visitors Center, parks and grounds, and recreation programs.



Water & Sewer Services

Operations and maintenance of City water and sewer systems.



Airport

Administration, operations, land, maintenance, terminal, and training facility.



Debt Service

Payments on the City's library building bond.



Senior Services

Meals, transportation, social services, and senior center operations.



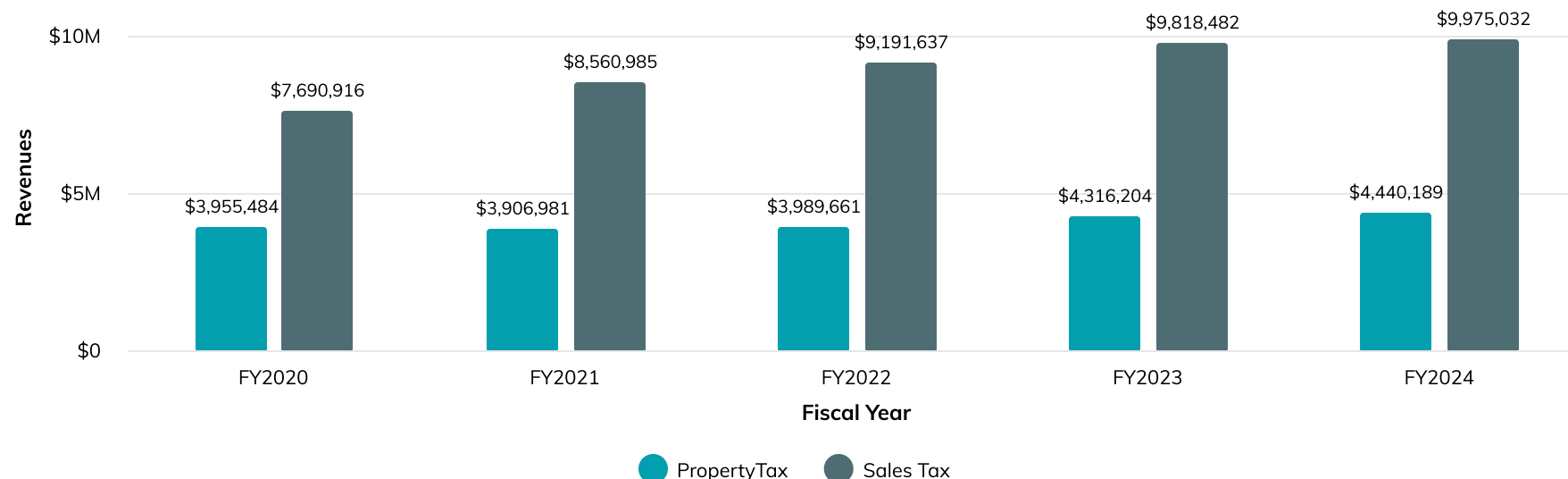
Capital Outlay

Major equipment, buildings, and infrastructure improvements

LOCAL TAX REVENUES

The City levies a 3% sales tax, which is applied to the first \$500 of each separate sale. Property Tax revenues are based on a mill rate levy that is set annually by the City Council. The City has not raised the mill rate since 2015.

TAX REVENUE (FY2020 - FY2024)



MILL RATES

Property taxes in Kenai are based on the value of real and personal property. Each year, the City sets a mill rate, which determines how much tax is owed. For fiscal year 2024, the rate was 4.35 mills, meaning \$4.35 in tax for every \$1,000 of assessed property value. The table to the right shows property taxes paid in Kenai based on a \$350,000 home.

The Kenai Peninsula Borough handles billing and collection for the City. Property taxes are billed on July 1 and can be paid in two equal installments—due September 15 and November 15—or in one full payment on October 15.

Taxing Entity	Mill Rate	Tax
 Kenai Peninsula Borough *After \$50,000 primary residence exemption	4.30 mills	\$1,290.00*
 City of Kenai	4.35 mills	\$1,522.50
Central Peninsula Hospital	.01 mills	\$ 3.50
FY24 Total	8.66 mills	\$2,816.00

INTERGOVERNMENTAL REVENUES

The City receives intergovernmental revenues, or grants, from the Borough, State, and Federal agencies. Generally grant revenues fund capital projects or help to reduce specific operating costs.

FUND BALANCE OF GOVERNMENT FUNDS

Fund Balance is the money left after the City's annual revenues and expenses are accounted for. It starts with last year's ending balance, then increases if revenues are "Over" expenses or decreases if expenses are "Under" revenues. This Net Change adjusts the beginning balance to get the current year's ending Fund Balance.

Total Revenues (FY24)	\$32,185,696
Total Expenditures (FY24)	\$29,365,005
Net Change in Fund Balance – Excess of Revenues Over/Under Expenditures (During FY24)	\$2,820,691
Beginning Fund Balance July 1, 2023	\$62,426,276
Ending Fund Balance June 30, 2024	\$65,246,967



HOW THE FUND BALANCE IS DISTRIBUTED:



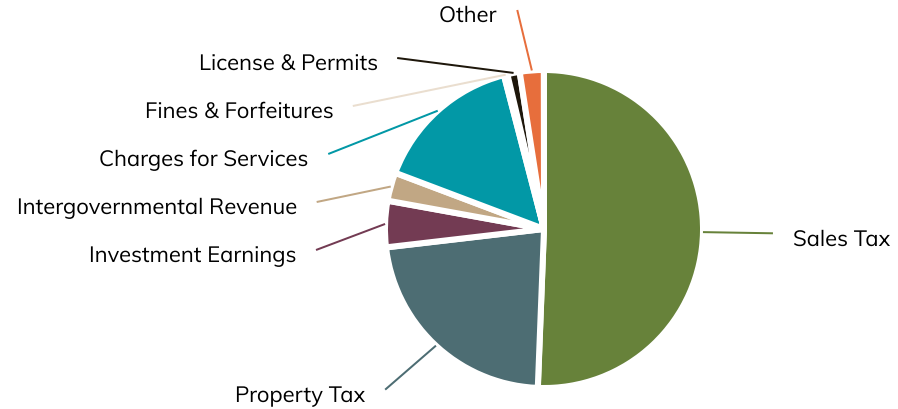
NOTE: A \$2,333,400 advance payment for the Kenai Bluff Stabilization Project caused a temporary \$788,670 deficit in the unassigned fund balance. Without this prepaid expense, the unassigned balance would have been \$1,544,730. The deficit will clear as the funds are used.

THE GENERAL FUND

The General Fund is the City's main operating fund, supported by sales tax, property tax, and service charges. It funds services such as police, fire, medical response, animal control, permitting, inspections, street maintenance and lighting, recreation, cultural events, administration, debt service, and capital projects.

GENERAL FUND REVENUES FOR FISCAL YEAR 2024

Sales Tax	\$9,975,032
Property Tax	\$4,440,189
Intergovernmental Revenue	\$572,699
Investment Earnings	\$923,861
Charges for Services	\$2,993,375
Fines and Forfeitures	\$71,047
License & Permits	\$247,752
Other	\$479,891



FUND BALANCE OF GENERAL FUND

Total Revenues (FY24)	\$19,703,846
Total Expenditures (FY24)	\$17,292,889
Excess of Revenues Over (Under) Expenditures	\$2,410,957
Transfer In/Out	(\$1,420,483)
Net Change in Fund Balance (During FY24)	\$990,474
Beginning Fund Balance July 1, 2023	\$15,484,362
Ending Fund Balance June 30, 2024	\$16,474,836

WHAT'S IN EACH CATEGORY?

Sales Taxes (50.62%)

Main source of General Fund revenue

Property Taxes (22.53%)

Collected on real and personal property and oil and gas property taxes

Intergovernmental Revenue (2.91%)

Grants from federal, state, and borough agencies

Charges for Services (15.19%)

Fees for ambulance, Multipurpose Facility, Rec Center, dock rentals, cemetery, and contractor licenses and permits

Fines and Forfeitures (.36%)

Court and library fines, and other forfeitures

Licenses & Permits (1.26%)

Includes building permits and animal control licenses

Other Revenues (2.44%)

Rents, lease interest, oil & gas royalties, and special assessments

HOW THE FUND BALANCE IS DISTRIBUTED:



RESTRICTED

\$824,433 related to the Daubenspeck Property



COMMITTED

\$6,713,386 for budget stabilization and \$4,078,264 set aside for next fiscal year



ASSIGNED

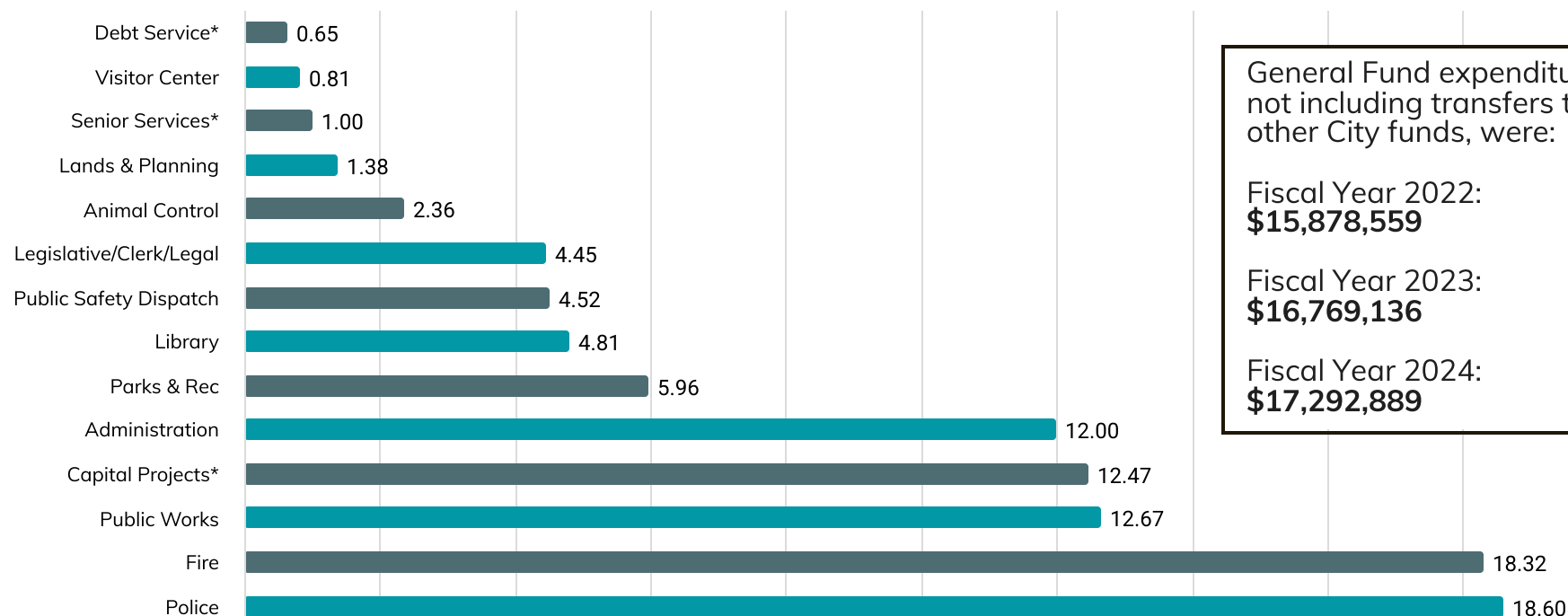
\$3,305,616 for operations, capital projects, and compensated absences



UNASSIGNED

\$1,553,137 in the General Fund

GENERAL FUND EXPENDITURES BY DEPARTMENT FOR FY2024



General Fund expenditures, not including transfers to other City funds, were:

Fiscal Year 2022:
\$15,878,559

Fiscal Year 2023:
\$16,769,136

Fiscal Year 2024:
\$17,292,889

*Departments noted with an asterisk represent expenditures of General Fund dollars used in Debt, Senior Citizen, and Capital Project funds. Administration includes City Manager, HR, Finance and Non-Departmental. Public Works includes Public Works Administration, Shop, Streets, Dock, Buildings, and Street Light Maintenance.

FINANCIAL OUTLOOK

Overall, the projection for the economy of Kenai is optimistic. Kenai is situated in a beautiful area with abundant land and natural resources, an accommodative business climate, and a stable population base. The City's greatest assets are its land holdings for which new lease and sale policies have been developed to encourage economic growth and the Kenai Municipal Airport, the traveling hub for the Kenai Peninsula.

For additional detail please see the City's FY24 Annual Comprehensive Financial Report, available on the City's website at www.kenai.city

CITY HIGHLIGHTS & HOW TO STAY CONNECTED

CITY HIGHLIGHTS

We're proud to announce the highlights of our year!



Kenai Bluff Stabilization Project underway!



The City donated land to support the Boys and Girls Club and Trumvirate Theatre.



In December, the City held its first live public Land Sale Auction—and it was a success!

WEBSITE & SOCIAL MEDIA

The City's website, www.kenai.city, makes it easy to stay informed and access services. You can:

- Pay utility bills
- Apply for jobs
- View meeting agendas and recordings
- Research public records
- Contact City Council and staff

The homepage features the latest City news, and the site is mobile-friendly for easy access anytime, anywhere.

Follow us on Facebook for updates on events, services, and opportunities.



City of Kenai:
@cityofkenai
 Kenai Animal Shelter:
@kenaianimalshelter
 Kenai Fire Department:
@kenaifiredepartment
 Kenai Police Department:
@kenaipolice
 Kenai Community Library:
@kenailibrary
 Kenai Parks & Recreation:
@kenaiparksandrec
 Kenai Senior Center:
@kenaiseniorcenter
 Kenai Municipal Airport:
@kenaiairport

ELECTIONS

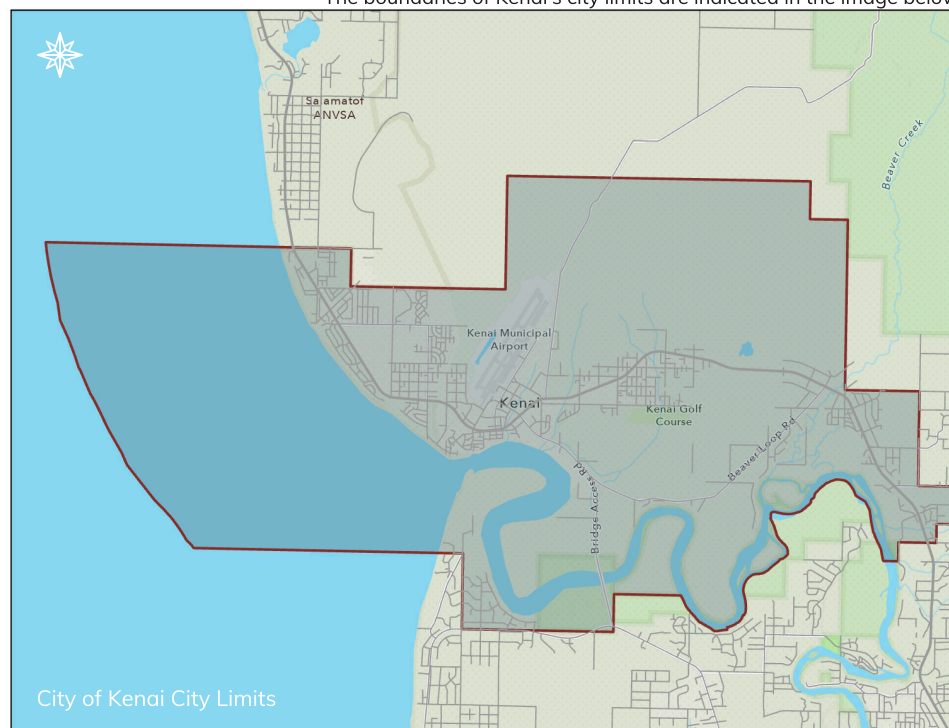
The regular City election is held annually on the on the first Tuesday of October. The terms of office are three years but are overlapping so the City is provided with a continuity of knowledge in City business and legislative matters.



BOARDS & COMMISSIONS

City boards and commissions help shape local policy and decisions. Each one is made up of seven volunteer members. Members are appointed for three-year terms, nominated by the Mayor, and confirmed by the City Council based on applications submitted to the City Clerk. To learn more or apply, visit www.kenai.city

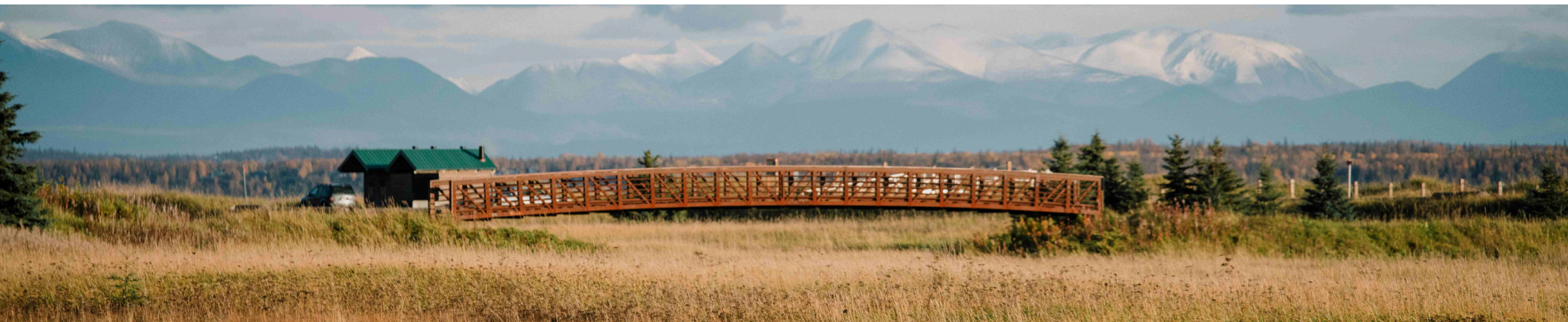
The City of Kenai encompasses an area of approximately 35 square miles. The boundaries of Kenai's city limits are indicated in the image below.





City of Kenai
210 Fidalgo Avenue
Kenai, AK 99611

PRST STD
US POSTAGE
PAID
PERMIT 200
KENAI,
AK



Kenai Municipal Airport
305 North Willow Street
907-283-7951

Kenai Animal Control
510 North Willow Street
907-335-5271

City Hall
210 Fidalgo Avenue
907-283-8200

Public Works
210 Fidalgo Avenue
907-283-8236

Kenai Police Department
107 S. Willow Street
907-283-7879

Kenai Community Library
163 Main St Loop
907-283-4378

Parks & Recreation
227 Caviar Street
907-283-8262

Kenai Senior Center
361 Senior Court
907-283-4156

Kenai Fire Department
105 S. Willow Street
907-283-7666

EMERGENCIES:
DIAL 911