



# 2025

## POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year ended June 30, 2025



907-283-8200 // [www.kenai.city](http://www.kenai.city) // 210 Fidalgo Avenue, Kenai, AK 99611



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, 2025. 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](http://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](mailto:teubank@kenai.city)

**Dave Swarner**

*Finance Director*

[dswarner@kenai.city](mailto: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 for the fiscal year ending June 30, 2025 (July 1, 2024 – June 30, 2025). It reflects the City's commitment to responsible financial management and the investments we're making to protect, grow, and strengthen Kenai.

During this fiscal year, construction began on the long-awaited Bluff Stabilization Project, protecting homes, infrastructure, and cultural resources while opening the door to future investment in Old Town Kenai.

We advanced 22 capital projects across the City, including airport, park, and utility improvements. More than \$4 million in grants funded upgrades to the Water Treatment Pumphouse and Wastewater Treatment Plant.

Sales tax revenues continued to grow, marking 32 straight quarters of year-over-year gains. The property tax mill rate has remained unchanged since 2015, while we continued to provide high-quality services without raising the mill rate.

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

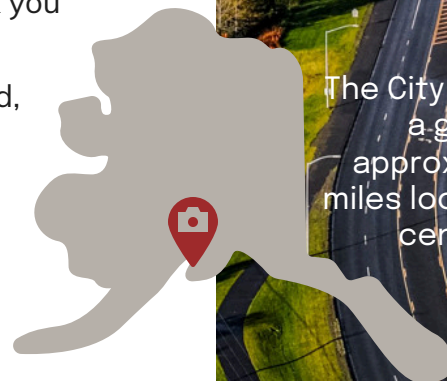
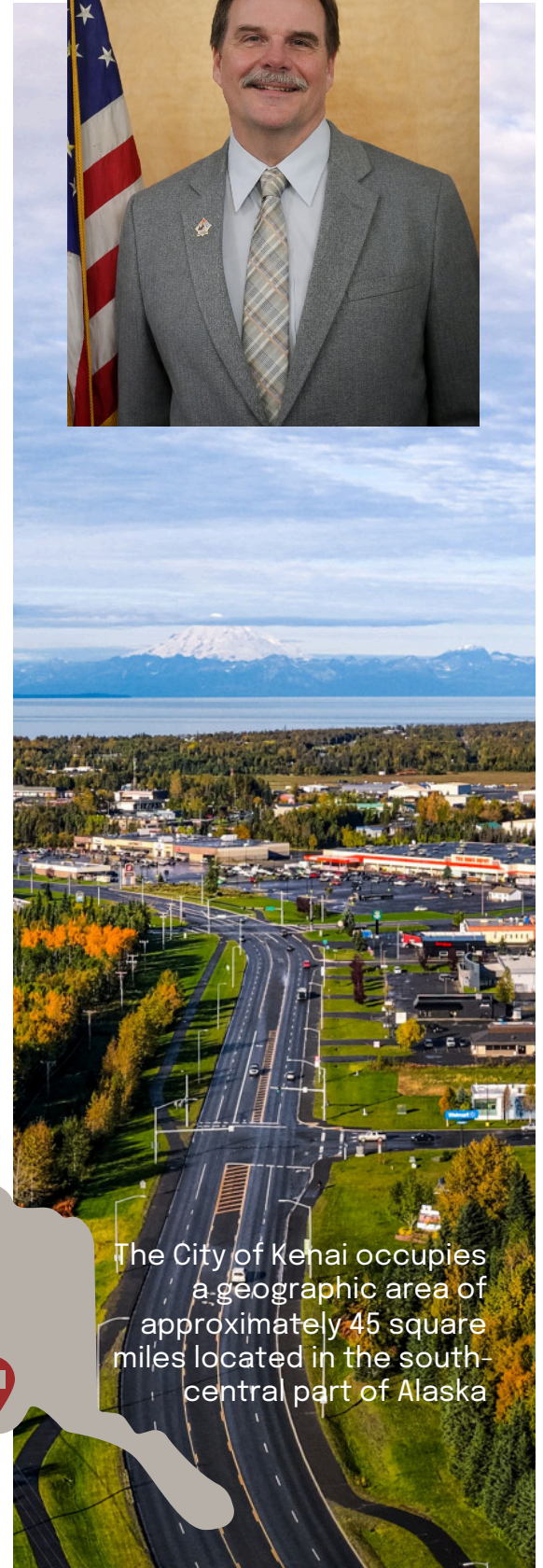
Additional highlights include continued growth at the Kenai Airport, where passenger traffic increased for a second year. The City also held its first live land sale auction, successfully selling all 11 parcels. Meanwhile, storefront improvement grants are helping local businesses thrive.

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,  
Henry Knackstedt  
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

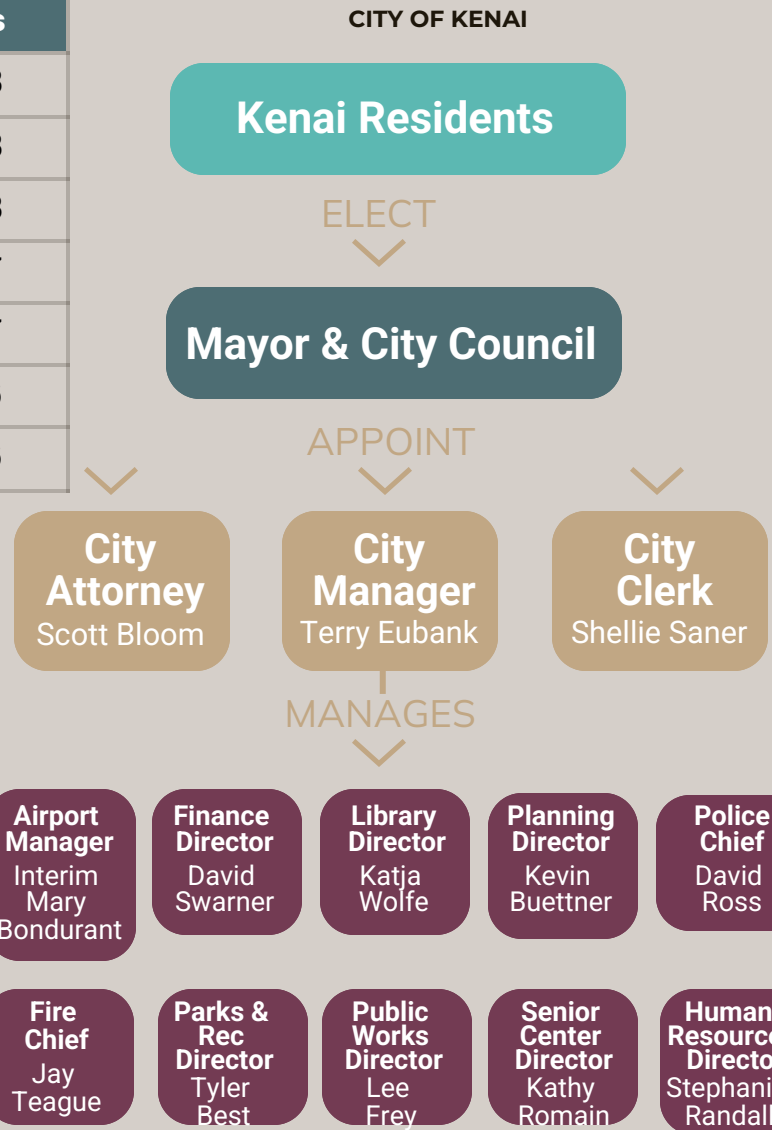
The City was incorporated in 1960 as a home rule city and its charter was adopted May 20, 1963.

## 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
Henry Knackstedt (Mayor)	2028
Victoria Askin (Vice Mayor)	2028
Bridget Grieme	2028
Deborah Sounart	2027
Sovala Kisena	2027
Glenese Pettey	2026
Phil Daniel	2026

## ORGANIZATIONAL CHART



## 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.

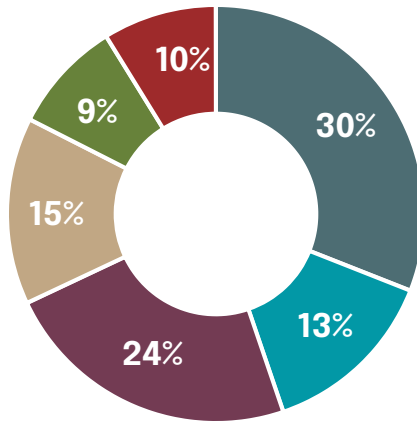
# FINANCIAL INFORMATION

## GOVERNMENTAL FUND REVENUES

Below is a comparison of funds received for the last three fiscal years. Fiscal year 2025 is shown in the chart below.

	FY2023	FY2024	FY2025	
Sales Tax	\$9,818,482	\$9,975,032	\$10,497,334	
Property Tax	\$4,316,204	\$4,440,189	\$4,540,042	
Charges for Service	\$7,552,552	\$7,470,194	\$8,430,520	
Interest	\$2,723,737	\$4,663,935	\$5,161,064	
Intergovernmental	\$5,000,041	\$2,801,726	\$3,002,999	
Misc	\$3,261,582	\$2,834,620	\$3,399,863	
<b>Total Revenues</b>	<b>\$32,672,598</b>	<b>\$32,185,696</b>	<b>\$35,031,822</b>	

### FY25 REVENUES



Sales tax is the City's largest source of revenue for government operations, making up about 30% of total revenue. It increased by \$522,302 (5.24%) compared to last year. Charges for service increased \$960,326 (12.86%) due to receiving two years of Supplemental Emergency Medical Transport (SEMT) in a single fiscal year and an increase in Water & Sewer service fees. Revenue from other government sources – known as intergovernmental revenue increased by \$201,273 (7.19%) due to state funding related to the Kenai Bluff Erosion Capital Project. Meanwhile, investment earnings rose by \$497,129 (10.66%) due to strong performance in equity markets.



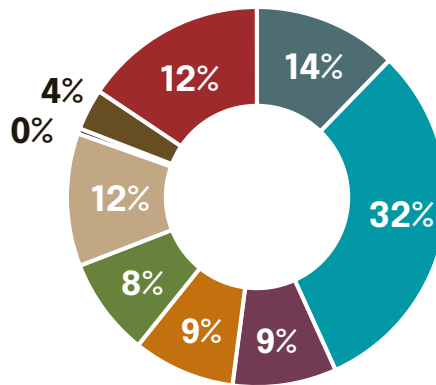
# FINANCIAL INFORMATION

## GOVERNMENTAL FUND EXPENDITURES

Below is a comparison of the City's expenditures for the last three fiscal years. Fiscal year 2025 is shown in the chart below.

	FY2023	FY2024	FY2025	
General Government	\$3,443,404	\$3,598,275	\$4,016,993	
Public Safety	\$8,531,288	\$9,094,442	\$9,464,980	
Public Works	\$2,533,282	\$2,601,495	\$2,680,622	
Parks & Recreation/ Library	\$2,681,617	\$2,547,543	\$2,630,365	
Water & Sewer Services	\$2,443,337	\$2,455,206	\$2,569,825	
Airport	\$3,065,265	\$3,323,473	\$3,310,965	
Debt Service	\$130,250	\$130,625	\$130,750	
Senior Services	\$996,173	\$1,031,102	\$1,062,876	
Capital Outlay	\$6,717,219	\$4,582,844	\$3,658,244	
Total Expenditures	\$30,541,835	\$29,365,005	\$29,525,620	

### FY25 EXPENDITURES



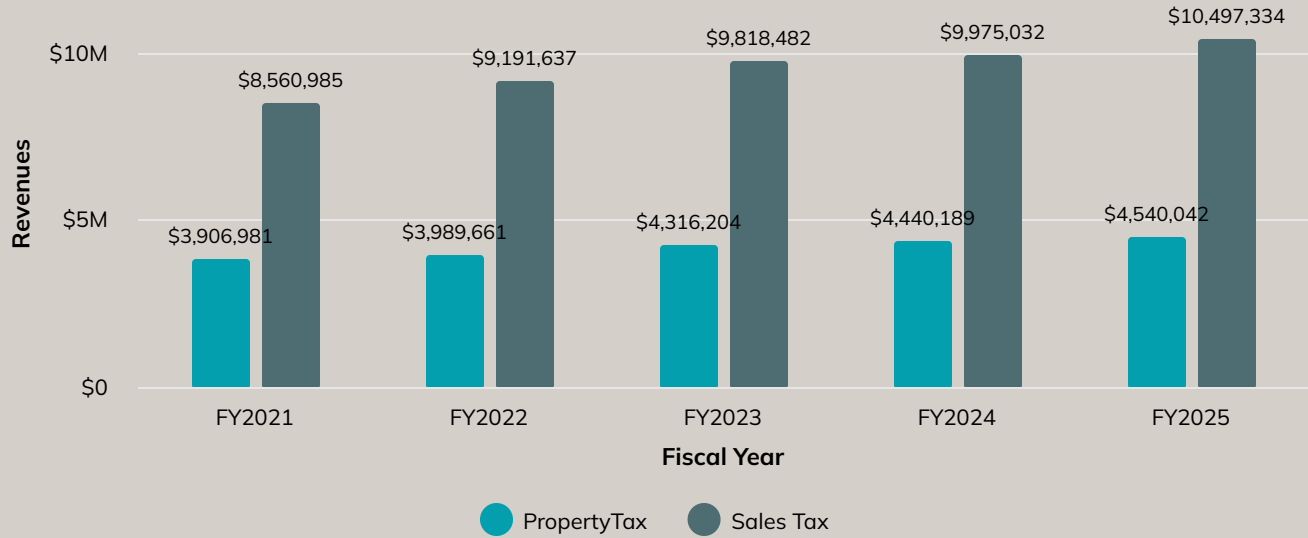
What each of the above categories include:



- 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 (FY2021 – FY2025)



	Taxing Entity	Mill Rate	Tax
	Kenai Peninsula Borough <small>*After \$50,000 primary residence exemption</small>	4.30 mills	\$1,290.00
	City of Kenai	4.35 mills	\$1,522.50
	Central Peninsula Hospital	.01 mills	\$ 3.50
	<b>FY25 Total</b>	<b>8.66 mills</b>	<b>\$2,816.00</b>

## MILL RATES

Property taxes in Kenai are based on the value of real and personal property. Each year, the City sets a mill rate in combination with the assessed value of property, which determines how much tax is owed. For fiscal year 2025, the rate was 4.35 mills, meaning \$4.35 in tax for every \$1,000 of assessed property value. The table above shows property taxes paid in Kenai based on a \$350,000 home.

The Kenai Peninsula Borough is responsible for assessments, tax billing and tax collections 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.

# 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 (FY25)	\$35,031,822
Total Expenditures (FY25)	\$29,525,620
Net Change in Fund Balance – Excess of Revenues Over/Under Expenditures (During FY25)	\$ 5,506,202
Beginning Fund Balance July 1, 2024	\$65,246,966
Ending Fund Balance June 30, 2025	\$70,753,168




## HOW THE FUND BALANCE IS DISTRIBUTED:

 **NONEXPENDABLE**  
\$5,965,015

Not available for spending

- \$1.95M in prepaid Kenai Bluff Stabilization Project costs
- \$4.0M in the Land Sales Permanent Fund

 **RESTRICTED**  
\$33,123,250


Legally restricted for specific use

- \$31.3M in Airport Land Sales Permanent Fund
- \$958K in Tamara Cone Testamentary Trust
- \$908K related to Daubenspeck Property

 **COMMITTED**  
\$17,933,001


Set aside by City Council

- \$9.54M for Capital Projects
- \$6.6M for Budget Stabilization
- \$1.73M reserved for next fiscal year

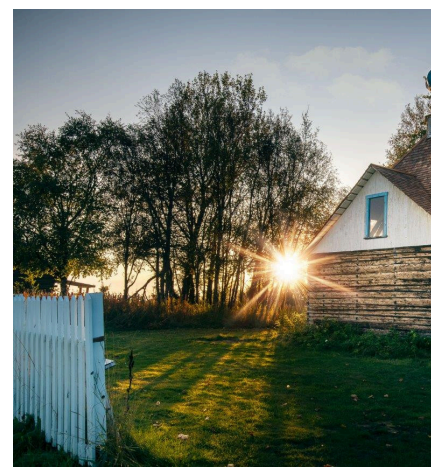
 **ASSIGNED**  
\$9,248,654

Designated by management for:

- \$2.9M in General Fund (Operations & Capital Projects and Compensated Absences)
- \$3.0M in Airport Special Revenue Fund (Airport Ops)
- \$3.0M in Water & Sewer Fund (Water & Sewer Ops)

 **UNASSIGNED**  
\$4,483,248

Represents the portion of total fund balance that has not been set aside or restricted for a specific purpose, which is available for general use

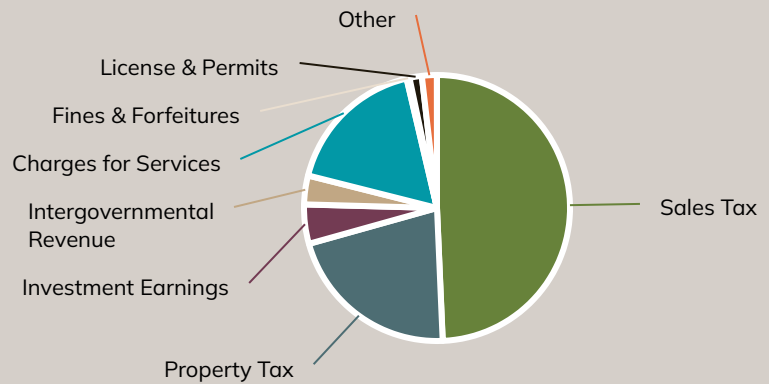


# THE GENERAL FUND

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 2025

Sales Tax	\$10,497,334
Property Tax	\$4,540,042
Intergovernmental Revenue	\$745,058
Investment Earnings	\$1,017,824
Charges for Services	\$3,701,533
Fines and Forfeitures	\$75,182
License & Permits	\$317,293
Other	\$388,012
<b>Total General Fund Revenues</b>	<b>\$21,282,278</b>



## FUND BALANCE OF GENERAL FUND

Total Revenues (FY25)	\$21,282,278
Total Expenditures (FY25)	\$18,264,306
Excess of Revenues Over (Under) Expenditures	\$3,017,972
Transfer In/Out	(\$803,861)
Net Change in Fund Balance (During FY25)	\$2,214,111
Beginning Fund Balance July 1, 2024	\$16,474,836
Ending Fund Balance June 30, 2025	<b>\$18,688,947</b>

### WHAT'S IN EACH CATEGORY?

**Sales Taxes (49.33%)**  
Main source of General Fund revenue

**Property Taxes (21.33%)**  
Collected on real and personal property and oil and gas property taxes

**Intergovernmental Revenue (3.5%)**  
Grants from federal, state, and borough agencies

**Charges for Services (17.39%)**  
Fees for ambulance, Multipurpose Facility, Rec Center, dock rentals, cemetery, and contractor licenses and permits

**Fines and Forfeitures (.35%)**  
Court and library fines, and other forfeitures

**Licenses & Permits (1.49%)**  
Includes building permits and animal control licenses

**Other Revenues (1.83%)**  
Rents, lease interest, oil & gas royalties, and special assessments

## HOW THE FUND BALANCE IS DISTRIBUTED:



**RESTRICTED**  
\$908,059 related to the Daubenspeck Property



**COMMITTED**  
\$6,657,271 for budget stabilization and \$1,734,981 set aside for next fiscal year

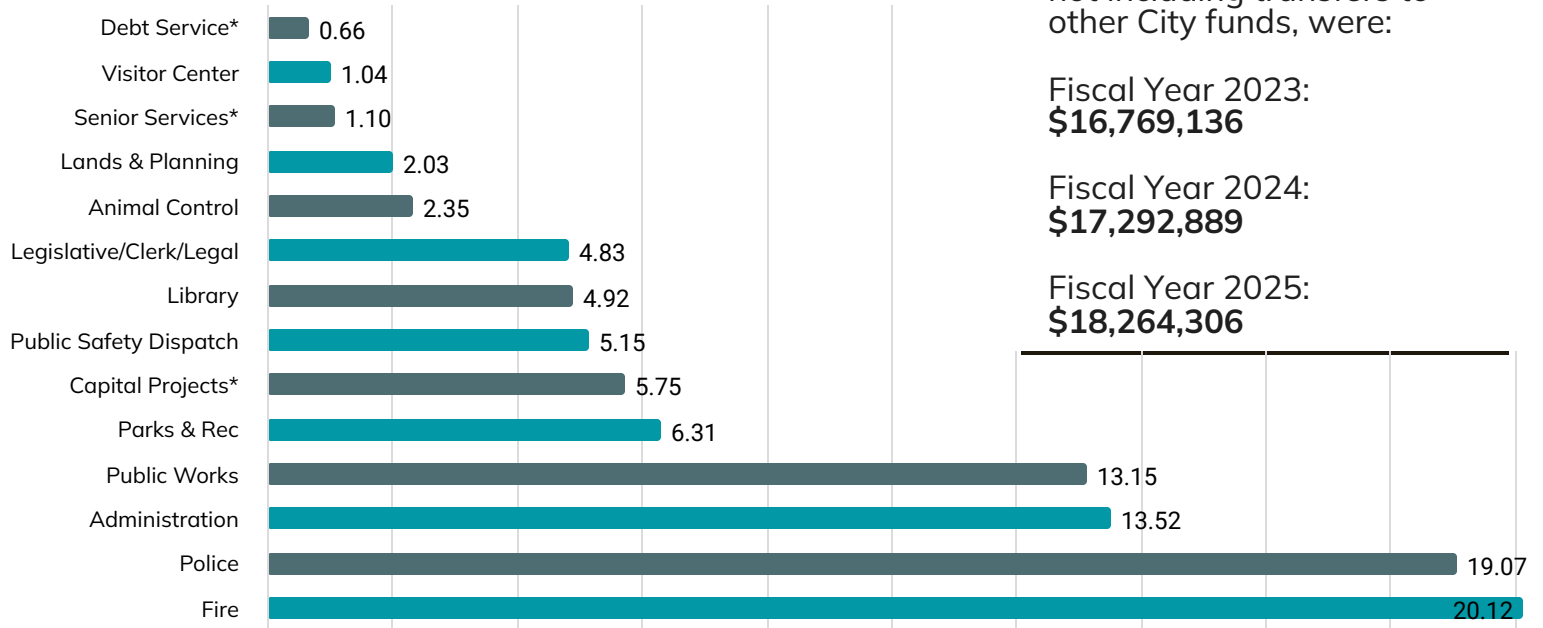


**ASSIGNED**  
\$2,901,928 for operations, capital projects, and compensated absences



**UNASSIGNED**  
\$6,486,708 in the General Fund

# GENERAL FUND EXPENDITURES BY DEPARTMENT FOR FY2025



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

Fiscal Year 2023:  
**\$16,769,136**

Fiscal Year 2024:  
**\$17,292,889**

Fiscal Year 2025:  
**\$18,264,306**

\*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 FY25 Annual Comprehensive Financial Report, available on the City's website at [www.kenai.city](http://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!

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](http://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](https://www.facebook.com/cityofkenai)
- Kenai Animal Shelter: [@kenaianimalshelter](https://www.facebook.com/kenaianimalshelter)
- Kenai Fire Department: [@kenaifiredepartment](https://www.facebook.com/kenaifiredepartment)
- Kenai Police Department: [@kenaipolice](https://www.facebook.com/kenaipolice)
- Kenai Community Library: [@kenailibrary](https://www.facebook.com/kenailibrary)
- Kenai Parks & Recreation: [@kenaiparksandrec](https://www.facebook.com/kenaiparksandrec)
- Kenai Senior Center: [@kenaiseniorecenter](https://www.facebook.com/kenaiseniorecenter)
- Kenai Municipal Airport: [@kenaiairport](https://www.facebook.com/kenaiairport)

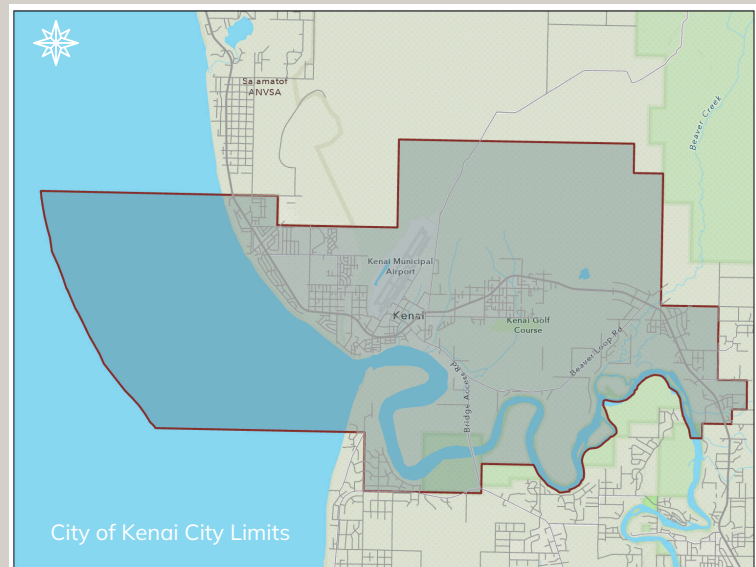
## ELECTIONS

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](http://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.





PRST STD  
US POSTAGE  
**PAID**  
PERMIT 200  
KENAI,  
AK

City of Kenai  
210 Fidalgo Avenue  
Kenai, AK 99611



<b>Kenai Municipal Airport</b> 305 North Willow Street 907-283-7951	<b>Kenai Police Dept</b> 107 S. Willow Street 907-283-7879	<b>Kenai Senior Center</b> 361 Senior Court 907-283-4156	<b>Kenai Community Library</b> 163 Main St Loop 907-283-4378	<b>Parks &amp; Recreation</b> 227 Caviar Street 907-283-8262
<b>Kenai Animal Control</b> 510 North Willow Street 907-335-5271	<b>Kenai Fire Dept</b> 105 S. Willow Street 907-283-7666	<b>Public Works</b> 210 Fidalgo Avenue 907-283-8236	<b>City Hall</b> 210 Fidalgo Avenue 907-283-8200	<b>EMERGENCIES:</b> <b>DIAL 911</b>