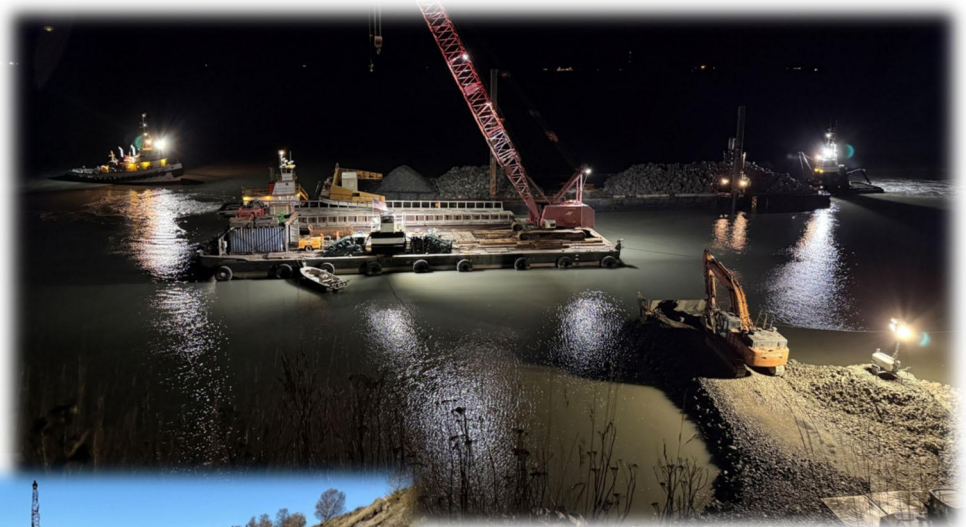


# **CITY OF KENAI, ALASKA ANNUAL COMPREHENSIVE FINANCIAL REPORT**



**Fiscal Year:  
July 1, 2024 – June 30, 2025**



# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**OF THE  
CITY OF KENAI, ALASKA**

**Year Ended June 30, 2025**

**Brian G. Gabriel, Sr.  
Mayor**

**Terry Eubank  
City Manager**

**Prepared by  
Finance Department**

**David Swarner  
Finance Director**

**KENAI**



**CITY OF KENAI, ALASKA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2025**

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**CITY OF KENAI, ALASKA  
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January 30, 2026

Honorable Mayor Brian Gabriel,  
City Council Members and Citizens of  
the City of Kenai, Alaska

In accordance with Section 29.35.120 of the Alaska Statutes and the City Charter, we are pleased to submit the Annual Comprehensive Financial Report for the year ended June 30, 2025. The financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and audited in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, by licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Kenai. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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 misstatements. 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's financial statements have been audited by BDO USA P.C., a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025 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 there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. 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 was part of broader federally and state mandated "Single Audit" designed to meet the special needs of federal and state 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 compliance with certain legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City's separately issued Single Audit Reports.

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's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the City of Kenai**

The City was incorporated in 1960 as a home rule city and its charter was adopted May 20, 1963. The City occupies a geographic area of approximately 45 square miles located in the south-central part of the state of Alaska. Major city services include police, fire, ambulance, airport, street maintenance, recreation, parks, building inspection, water and sewer, dock, cemetery and library. Funding for the City's General Fund, by order of financial significance, is provided from sales tax, property tax, charges for services, intergovernmental revenue, other sources and interest earnings. Other funds rely on charges for services, interest earnings, grants and other sources.

The City operates under a council - manager form of government. Policy-making and legislative authority are vested in a governing council consisting of six members and the mayor. The city manager, attorney and clerk are appointed by the council. The council and mayor are elected on a non-partisan basis. Council members serve three-year staggered terms, with 2 members elected each year and are elected at large. The mayor is elected at large and serves a three-year term. The city manager is the City's chief executive officer and is responsible for carrying out the policies and ordinances of the City, for overseeing the day-to-day operations of the government and for hiring the heads of the various departments.

## **Budgetary Control**

The annual budget serves as the foundation for the City's financial planning and control. All departments submit budgets to the city manager on or about the last Monday in February. The city manager uses these requests for developing a proposed budget. The city manager submits the proposed budget to the council at or around the first regular council meeting in April. The council is required to hold public hearings on the proposed budget and generally adopts the budget by ordinance at the first meeting in June. The city manager is authorized to make unlimited budget transfers within a department of a fund and up to \$10,000 between departments of a fund. Council action is required for transfers between funds, for transfers exceeding \$10,000 and for new appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted.

## **Factors Affecting Financial Condition**

### **Economy**

The primary private sector portions of Kenai's economy are oil and gas, commercial fishing, tourism and retail sales. The repurposing of the existing liquified natural gas (LNG) terminal in Nikiski will provide certainty to the Southcentral Alaska gas market while meeting the needs of Railbelt utilities. Railbelt utilities are a group of interconnected electric utilities primarily along the Alaska Railroad. Interest in oil and natural gas exploration and development in Cook Inlet is increasing with the announcement of the rejuvenation of the LNG terminal. Support for the proposed gas pipeline from the North Slope to Cook Inlet is gaining momentum and would greatly enhance the long-term viability of the areas industrial complex. The state of Alaska is working with the gas producers and other interested entities to develop a gas pipeline, but when a gas line will be built is not known at this time.

Commercial fishing continues its cyclical cycles in terms of production. The 2025 fishing season had an above average return of sockeye salmon to peninsula rivers. Chinook (King) salmon are a stock of concern for peninsula rivers and commercial salmon fishing was significantly restricted in Cook Inlet in an attempt to protect this stock. The commercial set netting on the east side of the Cook Inlet was closed for the entire season for the second time in the history of the fishery.

Tourism to Kenai continued its upward trend in FY25 and remains a vital component to the Kenai economy. The largest personal use dipnet fishery occurs at the mouth of the Kenai River, where tens of thousands of Alaskans catch a year's supply of sockeye salmon in July, makes Kenai a busy and very popular place. Accessible beaches, beautiful scenery, fishing and abundant historic sites all make Kenai a great destination for tourists on the Kenai Peninsula. Kenai Municipal Airport is a gateway for tourist to the Kenai Peninsula and the City of Kenai, providing access to the City as a playground known by Alaskans as "The Place We Alaska".

Sales tax is the largest revenue source for the City. Retail sales businesses generate the largest share of sales tax revenue. Sales tax revenues for FY25 exceeded projections and reflected stable growth, increasing by 3.30% compared to FY24.

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.

**Long term financial planning**

General Fund's fund balance increased to 18.69 million in FY25, primarily attributed to the timing of FY23 and FY24 Supplemental Emergency Medical Transport (SEMT) Medicaid fund receipts, stable sales tax performance, an increase in the PERS on-behalf funding from 3.10% in FY24 to 4.76% in FY25, and investment earnings. A General Fund, Fund Balance of \$18.69 million represents approximately 96% of one years of expenditures and transfers to other funds. This healthy fund balance provides options for the City and generates interest income that can be used for operations. The City is in compliance with its fund balance policy which was implemented in FY17. The policy established a target range of fund balance with required adjustment periods should fund balance exceed or drop below the targeted range.

One of the long-term financial challenges facing the City is the loss of state funding for major capital improvement projects. Kenai, like all Alaska communities, benefited from a history of state grants for the construction of City facilities and infrastructure. With the decline in oil and gas revenues by the state of Alaska, such grants are very unlikely in the near future and the City will have to find creative ways to construct new and maintain its existing facilities and infrastructure. The City's excellent financial condition is a tremendous asset in meeting this challenge.

The City is actively pursuing economic development opportunities and the long-term financial outlook is positive.

**Acknowledgment**

The preparation of this Annual Comprehensive Financial Report in a timely manner was accomplished with the efficient and dedicated service of the entire staff of the Finance Department. Due credit should also be given to the City Council for their efforts in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

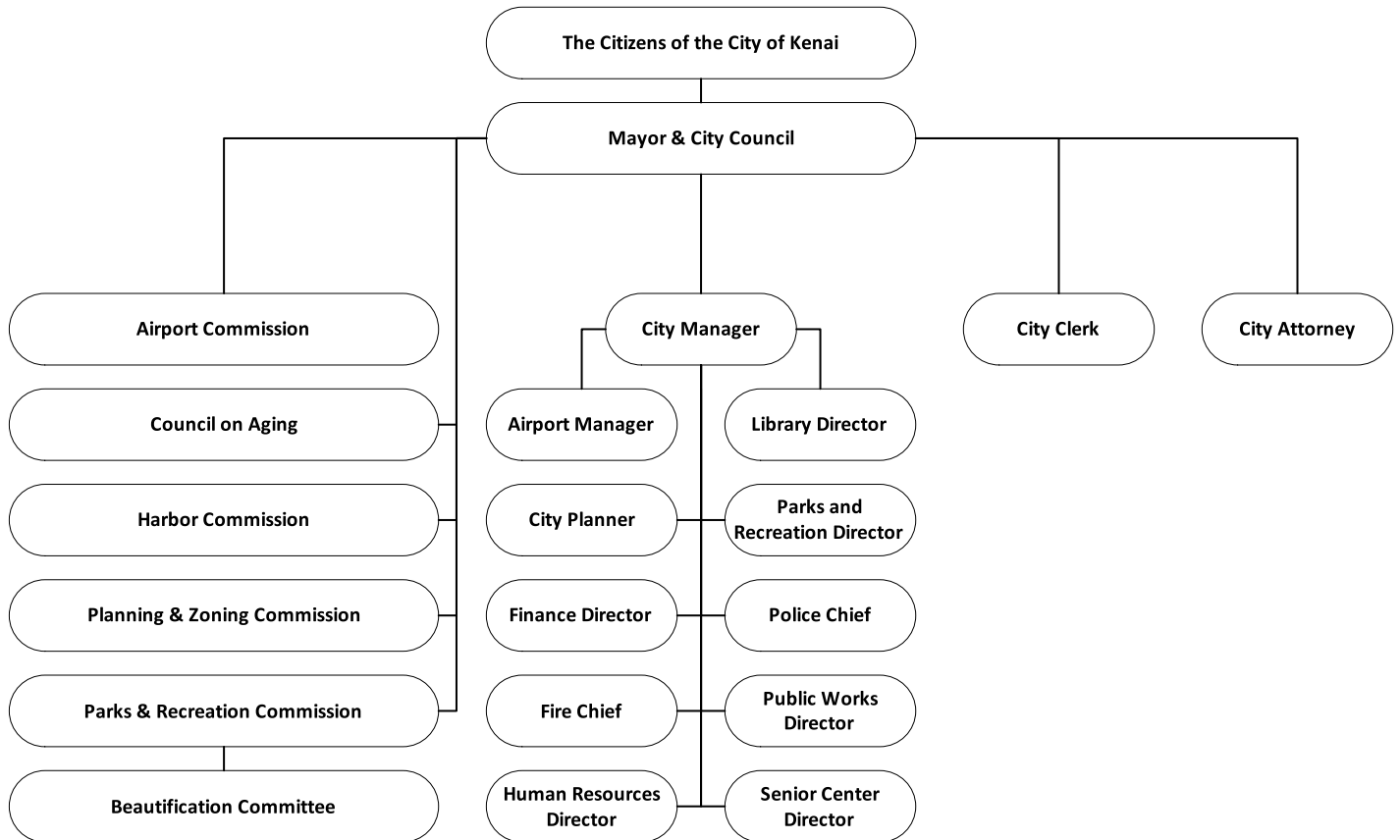


Terry A. Eubank, City Manager



David Swarner  
Finance Director

# City of Kenai Organization Chart



**CITY OF KENAI, ALASKA  
ORGANIZATION AND PRINCIPAL CITY OFFICIALS**

Kenai was founded in 1791. It is located south of Anchorage on Cook Inlet in the Central Kenai Peninsula. The City is 161 highway miles from Anchorage. By air, Kenai is three hours from Seattle and thirty minutes from Anchorage.

Kenai was the site of the first major Alaskan oil strike in 1957 and has served as a center for exploration and production since that time. Commercial fishing and processing contribute to the economy.

Kenai adopted the Council Manager form of government in 1963 and has been operating under this form since that time.

The City Council, together with appointed City officials, meets the first and third Wednesday of each month in the City Administration Building for regular Council sessions. In addition, numerous special meetings and work sessions are scheduled throughout the year. The Council, which consists of the Mayor and six council members, is elected at large and on a non-partisan basis. Annual elections are held in October. The terms of office are three years but are overlapping so that the City is provided with a continuity of knowledge in City business and legislative matters.

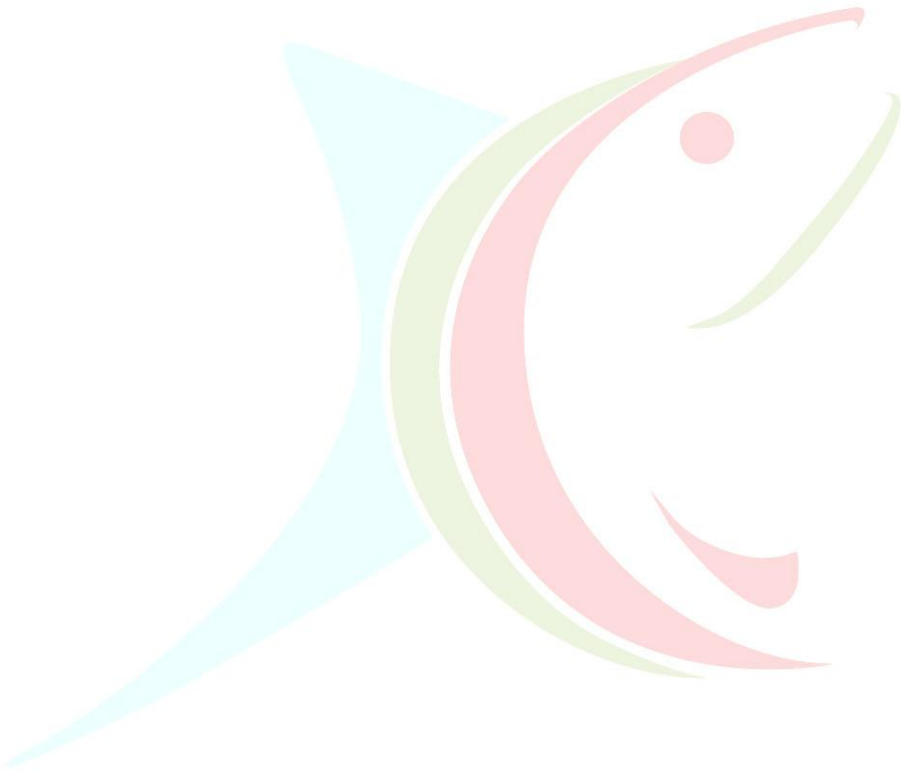
	<u><b>City Council</b></u>	<u><b>Term Ends</b></u>
Mayor	Brian G. Gabriel, Sr.	2025
Council Members	Victoria Askin	2025
	Alex Douthit	2025
	Phil Daniel	2026
	Henry Knackstedt	2026
	Sovala Kisena	2027
	Deborah Sonuart	2027

**City Administration**

City Manager	Terry Eubank
Finance Director	Dave Swarner
Human Resource Director	Stephanie Randall
City Clerk	Shellie Saner
Planning & Zoning Director	Kevin Buettner
City Attorney	Scott Bloom
Police Chief	David Ross
Fire Chief	Jay Teague
Public Works Director	Lee Frey
Librarian	Katja Wolfe
Parks & Recreation Director	Tyler Best
Airport Manager	Derek Ables
Senior Center Director	Kathy Romain

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# AUDITOR REPORT



KENNAI





## **Independent Auditor's Report**

Honorable Mayor and Members of the City Council  
City of Kenai, Alaska  
Kenai Alaska

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kenai, Alaska (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, 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.

#### ***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 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.

#### ***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'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 of Kenai'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's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the schedules of the City's proportionate share of the net pension and net OPEB liability or asset and City's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

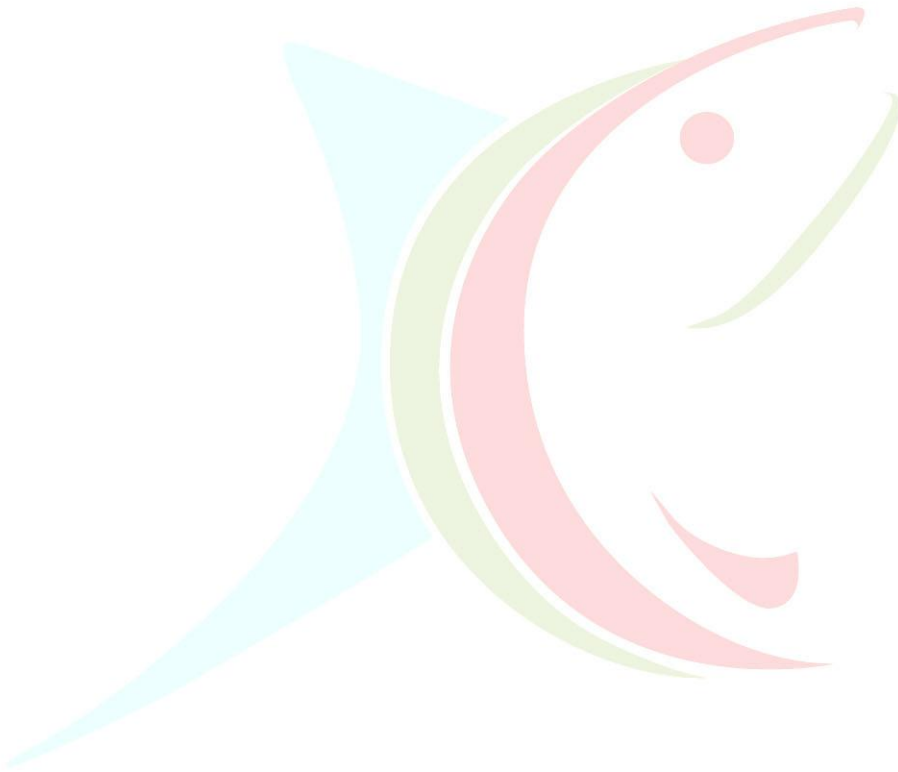
In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other 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'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's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska  
January 30, 2026

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# MANAGEMENT'S DISCUSSION AND ANALYSIS



KENAI



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

As management of the City of Kenai (the City), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Financial Highlights**

- At the close of FY2025, the City assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$226,961,238. Of this amount, unrestricted net position of \$26,703,602 may be used to meet the government's ongoing obligations to citizens and creditors. A significant portion of this legally unrestricted amount has been designated for specific purposes.
- The City's total net position increased by \$4,724,306. For the fiscal year ended June 30, 2025, governmental type activities net position increased by \$4,747,203 and business-type activities decreased by \$22,897.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70,753,168, an increase of \$5,506,202 from the prior year. Prepaids and portions of the City's permanent fund, which cannot be spent, account for \$5,965,015 million of total fund balance. About \$60.3 million of the remaining fund balance is restricted, committed, or assigned. The remaining \$4,483,248 million is unassigned and available for spending.
- At the end of the current fiscal year, fund balance for the General Fund was \$18,688,947, an increase of \$2,214,111 from the prior year.
- The City has a long-term liability for compensated absences, general obligation debt, and net pension of \$1,215,577, \$565,000, and \$14,278,378, respectively.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the City's activities:

- *Government-wide financial statements* provide both short-term and long-term information about the City's overall financial condition in a summary format.
- *Fund financial statements* focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Kenai's finances in a manner similar to a business enterprise. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position – the difference between the City's assets and deferred outflows and its liabilities and deferred inflows - is one way to measure the City's financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. There are other non-financial factors, such as the condition of facilities, roads, and other infrastructure that should be considered in the evaluation of overall financial condition.

The statement of activities presents information showing how a government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks, recreation and cultural, airport, water and sewer, and social welfare services. The City's only business-type activity is the operations of a congregate housing facility.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Kenai 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 fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements. 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 governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two. Five of the City's governmental funds are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the major funds including: the General Fund, the Airport Special Revenue Fund, the Water & Sewer Special Revenue Fund, the Kenai Bluff Erosion Capital Project Fund, and the Airport Land Sales Permanent Fund. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

A budgetary comparison statement has been provided for the General, Airport Special Revenue, and Water & Sewer Special Revenue Funds to demonstrate compliance with the Fiscal Year (FY) 2025 budget.

### **Proprietary funds**

The City of Kenai maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the Congregate Housing Facility. Information for this fund is presented in the proprietary statement of net position and the proprietary statement of revenues, expenses, and changes in net position. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City of Kenai uses internal service funds to account for the purchase of heavy equipment that is primarily used by the General Fund, for the purchase of fleet vehicles used by the General and Senior Citizen Special Revenue Funds, and for the cost of managing employee health care. Because these services predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government-wide financial statements but are presented separately in the proprietary fund financial statements.

### **Fiduciary funds**

Through a management agreement, the City manages the donations of the Kenai Community Foundation and Kenai Senior Connection, 501(c)(3) not-for-profit entities, whose purpose is to support the Kenai Senior Center, museums, parks and recreation, music, fine arts, library, and historic purposes within Kenai's city limits. The City's sole purpose is management of the Foundations' donations; all decisions regarding Foundation awards are made by the Foundations and not the City.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and accompanying notes. Budgetary comparison schedules for certain major funds; schedules of the City’s net pension and OPEB obligation information and contributions; and accompanying notes can be found on pages 67-82 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes and required supplementary information and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with non-major funds are presented immediately after the required supplementary information. Also included are budget comparisons for some of the nonmajor governmental funds.

**Government-wide financial analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. At June 30, 2025, the City’s net position exceeded liabilities by \$226,961,238. By far the largest portion of the City’s net position reflects its investment in capital assets.

The following table provides a summary of the City’s net position (minor arithmetic differences are due to rounding):

	Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 90,300	\$ 85,406	\$ 748	\$ 736	\$ 91,048	\$ 86,142
Capital assets, net	155,170	155,620	2,309	2,415	157,479	158,035
Total assets	<u>245,470</u>	<u>241,026</u>	<u>3,057</u>	<u>3,151</u>	<u>248,527</u>	<u>244,177</u>
Deferred outflows of resources	2,107	2,357	-	-	2,107	2,357
Long-term liabilities outstanding	15,644	15,362	6	5	15,650	15,367
Other liabilities	3,878	4,453	43	115	3,921	4,568
Total liabilities	<u>19,522</u>	<u>19,815</u>	<u>49</u>	<u>120</u>	<u>19,571</u>	<u>19,935</u>
Deferred inflows of resources	4,101	4,362	-	-	4,101	4,362
Net position:						
Invested in capital assets net of related debt	154,605	154,955	2,309	2,415	156,914	157,370
Restricted:						
Nonexpendable	4,017	3,699	-	-	4,017	3,699
Airport purposes	31,257	28,889	-	-	31,257	28,889
Net other postemployment benefits	6,204	6,746	-	-	6,204	6,746
Youth athletics	908	825	-	-	908	825
Senior Services	958	865	-	-	958	865
Unrestricted	26,004	23,227	699	616	26,703	23,843
Total net position	<u>\$ 223,953</u>	<u>\$ 219,206</u>	<u>\$ 3,008</u>	<u>\$ 3,031</u>	<u>\$226,961</u>	<u>\$ 222,237</u>

**Governmental activities**

Governmental activities increased the City’s net position by \$4,747,203 compared to \$4,961,380 in the prior year. The decrease in the change in net position was mainly due to public safety expenditures of \$10,110,075, which increased over the prior year’s amount of \$8,235,779. Investment earnings were \$5,413,762 in the current year over the prior year’s 4,663,9358, operating grants and contributions were up in the current year at \$1,768,482, compared to \$1,244,753 in the prior year, and public safety revenues were \$1,729,709 in the current year, which increased over the prior year’s amount of \$1,118,823.

**Business-type activities**

Business-type activities decreased the net position of the City by \$22,897. The primary drivers were the \$17,714 increase in repairs and maintenance and the \$14,510 increase in depreciation offset by \$4,150 decreases in supplies and \$4,168 decrease in utilities as compared to FY24. Rental rates of the Congregate Housing Facility are insufficient to cover depreciation on the facility, which was built primarily with grant funds. Absent rate adjustments for inflationary costs, continued declines in net position are expected.

**Changes in net position**

The City’s total revenues and expenses for governmental and business-type activities are reflected in the following table (minor arithmetic differences are due to rounding):

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 10,107	\$ 8,411	\$ 511	\$ 487	\$ 10,618	\$ 8,898
Operating grants and contributions	1,769	1,245	3	2	1,772	1,247
Capital grants and contributions	1,864	1,582	-	-	1,864	1,582
General revenues:						
Property taxes	4,540	4,440	-	-	4,540	4,440
Sales taxes	10,497	9,975	-	-	10,497	9,975
Other	5,414	4,888	32	51	5,446	4,939
Total revenues	<u>34,191</u>	<u>30,541</u>	<u>546</u>	<u>540</u>	<u>34,737</u>	<u>31,081</u>
Expenses:						
General government	3,926	3,227	-	-	3,926	3,227
Public safety	10,110	8,236	-	-	10,110	8,236
Public works	3,466	2,829	-	-	3,466	2,829
Parks, recreation, and cultural	3,087	2,952	-	-	3,087	2,952
Water and sewer services	3,347	3,031	-	-	3,347	3,031
Airport	4,491	4,426	-	-	4,491	4,426
Interest on long-term debt	30	35	-	-	30	35
Social welfare services	987	844	-	-	987	844
Senior Housing	-	-	569	534	569	534
Total expenses	<u>29,444</u>	<u>25,580</u>	<u>569</u>	<u>-</u>	<u>30,013</u>	<u>26,114</u>
Increase (decrease) in net position	4,747	4,961	(23)	6	4,724	4,967
Net position, beginning	219,206	214,245	3,031	3,025	222,237	217,270
Net position ending	<u>\$ 223,953</u>	<u>\$ 219,206</u>	<u>\$ 3,008</u>	<u>\$ 3,031</u>	<u>\$ 226,961</u>	<u>\$ 222,237</u>

### Financial Analysis of the City's Funds

The City of Kenai uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

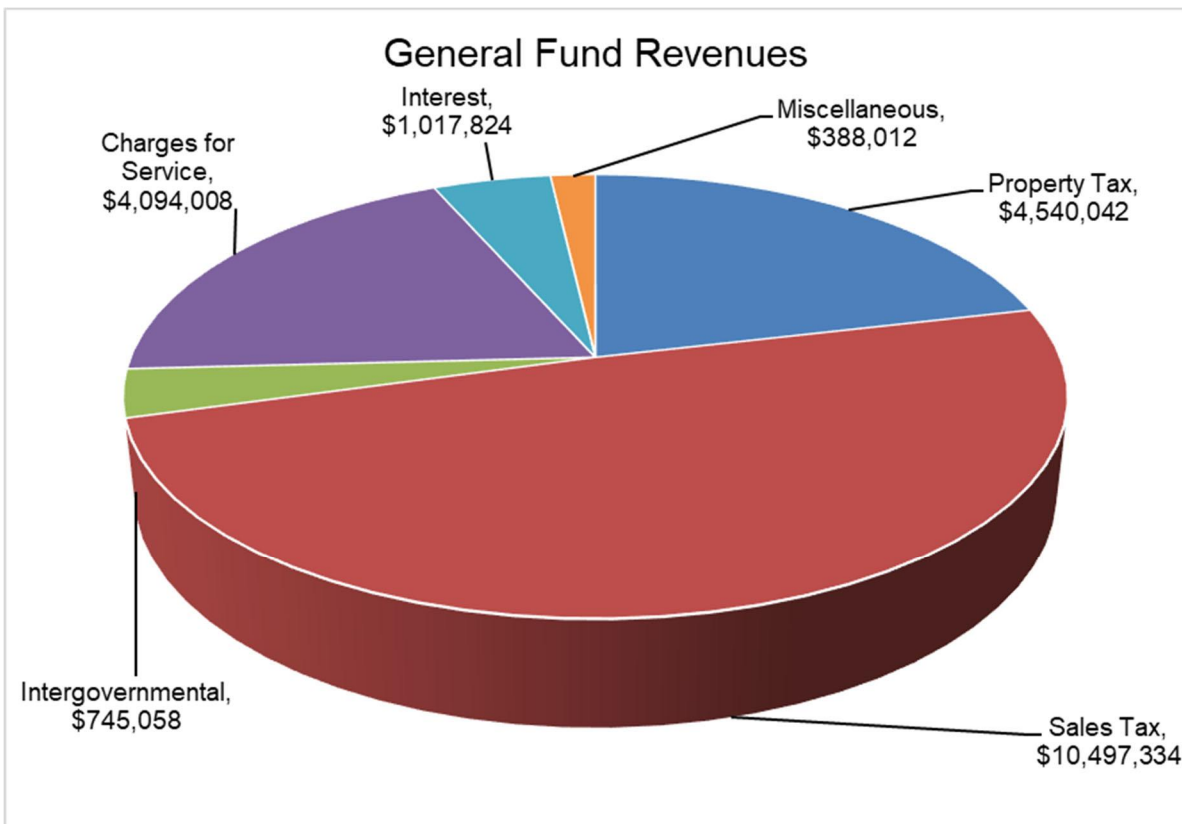
#### Governmental Funds

The purpose of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The total fund balance of governmental funds is \$70,753,168, which is up \$5,506,202 from last year. About \$4,483,248 million of fund balance is unassigned fund deficit, which is available for spending at the City Council's discretion. The remainder of fund balance, \$66.3 million, is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending. Restricted is the largest portion of this; \$33.1 million is restricted for airport purposes and athletics.

The General Fund is the chief operating fund of the City of Kenai. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,486,708, and total fund balance was \$18,688,947. Fund balance increased \$2,214,111 in the current year. The City's reserves remain healthy and stable. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 33.43% of total expenditures and transfers, while total fund balance represents 96.31% of that same amount.

General Fund expenditures increased \$971,417 or 5.62% over last year and \$1,495,170 or 8.92% over fiscal year 2023. General Fund revenues increased \$1,578,432 or 8.01% from last year. The primary revenue sources of the General Fund include property tax of \$4,540,042, sales tax of \$10,497,334, intergovernmental revenues of \$745,058, and charges to other funds of \$1,834,200. Sales tax revenue increased \$522,302 or 5.24% largely attributed to the stability of the local economy and gasoline prices. Property taxes increased by \$86,358 or 1.95%. Current-year property values increased 1.87% and the mill rate remained unchanged.



Tax revenues support General Fund operations exclusively and represent 42.92% of all governmental funds revenue. Other funds rely heavily on intergovernmental revenues, charges for services, and investment earnings. Investment earnings in governmental funds increased \$497,129 from the prior year due to strong returns in equity markets. Capital projects funds and the senior services related funds are largely financed by grants from the federal, state and borough governments.

The Airport Special Revenue Fund accounts for the operations of the airport. Fund balance increased \$287,069 or 10.25%. Total revenues decreased \$204,345 or 7.43%. Fund expenditures decreased by \$18,125 or 0.54%. FY25 transfers out of \$43,237 was for airport master plan projects.

The Water & Sewer Special Revenue Fund accounts for the operations of the water and sewer utility of the City. Fund balance increased \$1,002,654 or 4.46%. There was a rate increase of 5.0% in FY23. Charges for service increased \$180,966 or 5.59% this year due to increased rates. Significant capital improvement projects funding continued in FY25 as transfers decreased \$27,581 or 4.06% over FY24 and was down \$87,611 or 11.84% over FY23. FY25 transfer out included \$552,389 for lift station improvements and \$100,000 wastewater treatment plant operations building replacement design. Significant capital funding is anticipated in future years to ensure the utilities continued safe and efficient operation.

Kenai Bluff Erosion Capital Project accounts for \$10,500,000 in State grants designated for the Kenai Bluff Erosion Capital Project to stabilize the bluff along the ocean front of Kenai. The project is being managed by the US Army Corps Engineers. The City has prepaid the US Army Corps Engineers \$1,948,489 for the project along with \$712,389 year to date (\$546,239 in FY25 and \$166,148 in prior years) on the project.

The Airport Land Sales Permanent Fund accounts for the investment of proceeds from the sale of airport lands originally deeded to the City by the federal government for operations of the airport. City code calls for the transfer of between 3.80% and 4.20% of the funds five-year average balance at December 31<sup>st</sup> to the Airport Special Revenue Fund to fund airport operations. Equity market improvements resulted in an investment gain in FY25 of \$3,065,564 compared to investment gain in FY24 of \$2,794,019. The FY25 transfer of \$1,094,116 to the Airport Special Revenue Fund for operations remained at 3.80% of the funds five-year average balance at December 31<sup>st</sup> and was \$28,498 or a 2.67% increase over the prior year.

### **Proprietary Funds**

The City 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 Congregate Housing Fund is the only enterprise fund. It is reported in the proprietary fund financial statements and as a business-type activity in the government-wide financial statements. Internal service funds are used to accumulate and allocate costs among the City's various functions. The City utilizes three internal service funds. The Equipment Replacement Fund is used to account for the purchase of equipment costing more than \$50,000. The Equipment Replacement Fund charges the user departments in the General Fund such that the General Fund reimburses the Equipment Replacement Fund for the replacement value of the asset over its useful life. The Fleet Replacement Fund is used to account for the purchase of General and Senior Center Special Revenue Funds fleet vehicles. User departments will be billed for the replacement cost of vehicles they are utilizing. The Employee Health Care Fund accounts for the costs of providing employee health care and charges each fund based on the number of employees eligible for coverage. Because the services of the Equipment Replacement, the Fleet Replacement, and the Employee Health Care Funds substantially benefit only governmental rather than business-type functions, its activity has been included within governmental activities in the government-wide financial statements but they are presented in the proprietary fund financial statements.

At year-end, Congregate Housing Fund net position totaled \$3,008,064 and unrestricted net position was \$698,887. Net position decreased \$22,897 for the year. Current revenues are simply insufficient to cover expenses. It is anticipated that net position will continue to decline in future years without an increase in tenant rents.

### **General Fund Budgetary Highlights**

The General Fund appropriations budget, expenditures, and transfers were amended and increased by the City Council during the year by \$318,238. Supplemental funding included \$85,000 in overtime for firefighters, \$56,996 for Public Works assistant director position, \$37,226 Lilac lane road project, \$28,000 donation to Parks & Rec, \$27,250 land auction services, \$22,000 audit services, \$15,000 land survey services, \$14,850 donations to Library,

\$14,348 High Intensity Drug Trafficking Areas (HDITA) grant for police, \$8,250 in grants for the Library, \$4,907 AMLJIA grant for ballistic vest, \$2,505 in grants to animal control, and \$1,906 in donations to animal control. Actual revenues and transfers in were \$1,815,301 more than the final budget. The City experienced an increase in ambulance fees of \$617,237 compared to FY24. Ambulance fees were \$686,181 above budget due to receiving both the FY23 (\$525,672) and FY24 (\$454,983) of the Supplemental Emergency Medical Transport (SEMT) Medicaid reimbursement program in FY25. The SEMT program that was established by the State of Alaska with an effective date of August 31, 2019. The City experienced an increase in the PERS on-behalf funding of \$125,135 as the on-behalf rate increased from 3.10% in FY24 to 4.76% in FY25. The City received \$77,819 from the Pacific States Marine Fisheries Commission (PSMFC) as part of the 2018 and 2020 Copper River and Prince William Sound salmon disasters as well as the 2018 East Side Set Gillnet (ESSN) and 2020 Upper Cook Inlet (UCI) salmon disasters. The City experienced a positive variance in sales tax of \$455,912, investments earnings of \$93,963, property taxes of \$86,358, and building permits of \$48,075 compared to FY24.

The actual expenditures and transfers out were \$1,326,465 less than budgeted compared to \$1,675,131 less than budgeted in FY24. The City typically does not spend the entire authorized appropriation. The variance this year was 6.72% of final budget compared to 8.12% last year. While the overall budget increased, the overall expenditures increased 5.23% thus resulting in less of a cost savings compared to the prior year. Primary areas of variance to budget were \$215,395 lower in wages and \$77,418 lower in benefits due to extended vacancies for a planning director, police officers, firefighters, dispatcher, animal control officers, and equipment operator. Leave usage was lower than projected by \$60,070, the majority being in Police (\$20,820) and Fire (\$14,927) associated with the vacancy factors. Professional services were lower than projected by \$110,293, the majority being \$40,960 land appraisal services under projected cost, \$19,003 for a cybersecurity managed and detected response service, and \$9,011 classification/salary study under projected cost. Grant Awards were \$56,320 under budget with the primary amount being \$43,046 for Storefront and Streetscaping for which applicants had not completed their projects. The Contingency Fund was under budget by \$81,667 as fortunately there was little need for it in FY25. Insurance costs were \$36,061 and utility costs were \$76,209 less than projected. Operating supplies were \$97,721 less than budget due to primarily the Shop miscellaneous parts \$44,879. Repair and Maintenance was \$61,994 less than budget, \$27,820 street lighting repairs and equipment maintenance lower than projected. Parks construction project \$25,750 for fencing at the Little League Baseball field was not completed.

### Capital Assets

At June 30, 2025, the City's capital assets had a total net book value of \$157,478,831. Governmental activities totaled \$155,169,654 and business-type activities totaled \$2,309,177. Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 49-50. Major capital additions for FY25 included:

New Buildings and Building Improvements:	
Airport Sand Storage Building	\$ 3,065,725
Parks & Rec Kenai Rec Center Roof, HVAC & Flooring	1,731,740
Public Works Willow Street Repaving	999,649
Public Works Lilac Street Reconstruction	744,200
Congregate Housing Boiler Replacement	583,744
Public Works Misc Roadway Repairs	290,066
Public Works First Avenue Roadway Repairs	216,554
Airport Terminal Landscaping	<u>138,970</u>
Total New Facilities and Facility Improvements	<u>7,770,648</u>
Equipment:	
Fire Department Ambulances (2)	514,861
Police Vehicles (6)	360,852
Parks & Rec Ventrac Tractor & Attachments	60,233
Fire Department NoFoam Portable System	33,408
Public Works Caterpillar remanufactured Grader Engine	30,924
Communications Konica Minolta Bizhub 650I Copy Machine	14,283
Public Works Drone	12,265
Miscellaneous Other Equipment	<u>24,887</u>
Total Equipment	<u>1,051,713</u>
Total Additions	<u>\$ 8,822,361</u>

## **Debt Administration**

No new debt was issued by the City in FY25. At June 30, 2025, \$565,000 of General Purpose Advanced Refunding bonds remained outstanding. Remaining authorized but unissued are \$2,000,000 of Bluff Erosion Control bonds.

There are long-term liabilities for compensated absences totaling \$1,215,577 and Net Pension Liability of \$14,278,378. Additional information on the City's long-term liabilities can be found in the notes to the basic financial statements on pages 61-62.

## **Economic factors and next year's budget**

Unemployment data is not available for the City; however, the average unemployment for the Kenai Peninsula Borough for current year (CY) 2024 stood at 5.2%, an increase from 4.7% in FY2023. This compares to the FY2024 statewide average of 4.9%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate. Much of this due to the seasonality of work in the fishing and tourism industries of the Borough.

In 2017, the City established a fund balance policy that establishes minimum and maximum amounts of fund balances for the General Fund. These levels are reviewed on an annual basis and the policy requires that fund balances exceeding the maximum or fund balances less than the minimum come back into compliance within 3 years. This is assessed each fiscal year as part of the budgetary process.

In addition, the Alaska legislature provided funding for Public Employees' Retirement System (PERS) cost in excess of 22%, which was paid directly to PERS. The total City of Kenai on-behalf payment made by the State for FY2025 was \$426,759. This contribution includes the difference between the actuarially determined rate of 26.76% and the City contribution rate of 22.00%.

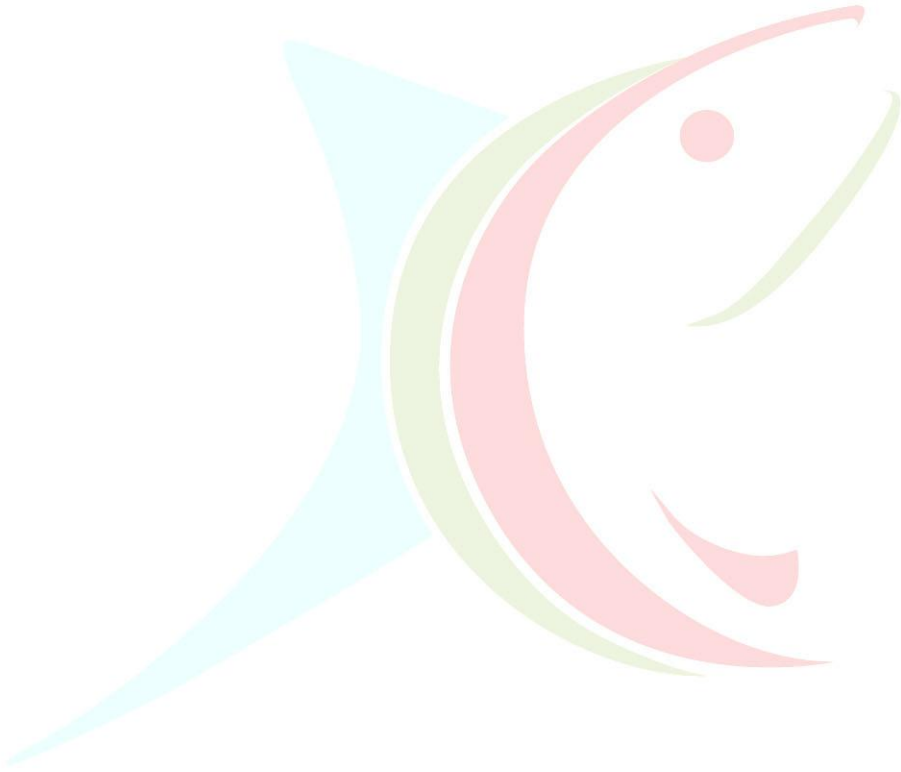
In setting the budget for FY2025, the City established goals, among them:

- Submit a budget for consideration that maintains the City's current mill and sales tax rates.
- Review the City's salary schedule and pay plan, utilizing the employee compensation and classification study, to ensure it provides appropriate compensation to employees comparable to other places of public employment. Incorporate adjustments necessary to the salary schedule and pay plan to address any pay inequities caused by misclassification of positions or those needed for the City to be a competitive public employer.
- Review the health, dental, and life insurance benefits to improve the sustainability and quality of coverage.
- Seek opportunities for efficiency by striving to reduce the cost of goods and services without negatively impacting operations.
- Compile a list of capital projects costing \$35,000 or more for Council adoption.
- Adjust rates, charges, and fees in all funds commensurate with inflation as measured by the Alaska Consumer Price Index for All Urban Consumers, second half over second half. The monthly rents at Vintage Point should not increase more than \$50 per month over FY24 rates for existing tenants as of June 30, 2024.
- For the Airport, Water & Sewer, Personal Use Fishery, and Congregate Housing Funds, the proposed budget should project ending fund balance/retained earnings of at least 50% of the FY2024 budgeted expenditures net of any projected lapse and any use of fund balance should be for one-time capital purchases and not for recurring expenditures/expenses.
- Senior Citizen Fund fees and rates should be adjusted to a level sufficient to limit the increase in required transfer from the General Fund to no more than a 10% increase.

## **Requests for information**

This financial report is designed to provide a general overview of the City of Kenai's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, City of Kenai, 210 Fidalgo Avenue, Kenai, Alaska 99611.

# BASIC FINANCIAL STATEMENTS



KENAI



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**CITY OF KENAI, ALASKA  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in central treasury (cash and investments)	\$ 73,725,924	\$ 747,403	\$ 74,473,327
Receivables (net of allowances for uncollectibles)	4,237,836	959	4,238,795
Leases receivable	4,149,984	-	4,149,984
Prepays	1,948,489	-	1,948,489
Restricted assets - net other postemployment benefits asset	6,204,029	-	6,204,029
Other assets	33,416	-	33,416
Land	6,331,687	274,500	6,606,187
Property and equipment in service	260,218,692	6,323,380	266,542,072
Accumulated depreciation	(120,744,570)	(4,305,648)	(125,050,218)
Construction in progress	<u>9,363,845</u>	<u>16,945</u>	<u>9,380,790</u>
<b>Total assets</b>	<u><b>245,469,332</b></u>	<u><b>3,057,539</b></u>	<u><b>248,526,871</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	1,652,202	-	1,652,202
Other postemployment benefits related	<u>455,291</u>	<u>-</u>	<u>455,291</u>
<b>Total deferred outflows of resources</b>	<u><b>2,107,493</b></u>	<u><b>-</b></u>	<u><b>2,107,493</b></u>
<b>Total assets and deferred outflows of resources</b>	<u><b>\$ 247,576,825</b></u>	<u><b>\$ 3,057,539</b></u>	<u><b>\$ 250,634,364</b></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 782,871	\$ 16,269	\$ 799,140
Accrued payroll and payroll liabilities	312,174	-	312,174
Unearned revenue	2,092,964	6,403	2,099,367
Other liabilities	281,094	18,790	299,884
Accrued interest	2,354	-	2,354
Long-term liabilities:			
Net pension liability - due in more than one year	14,278,378	-	14,278,378
Compensated absences:			
Due within one year	301,891	2,003	303,894
Due in more than one year	905,673	6,010	911,683
Long-term debt:			
Due within one year	105,000	-	105,000
Due in more than one year	<u>460,000</u>	<u>-</u>	<u>460,000</u>
<b>Total liabilities</b>	<u><b>19,522,399</b></u>	<u><b>49,475</b></u>	<u><b>19,571,874</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid licenses and fees	2,400	-	2,400
Prepaid property taxes	72,510	-	72,510
Leases	3,811,481	-	3,811,481
Other postemployment benefits related	<u>214,861</u>	<u>-</u>	<u>214,861</u>
<b>Total deferred inflows of resources</b>	<u><b>4,101,252</b></u>	<u><b>-</b></u>	<u><b>4,101,252</b></u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 154,604,654	\$ 2,309,177	\$ 156,913,831
Restricted:			
Permanently restricted - nonexpendable -			
General Government Land Sales Permanent Fund	4,016,526	-	4,016,526
Airport purposes	31,257,256	-	31,257,256
Net other postemployment benefits	6,204,029	-	6,204,029
Youth athletics	908,059	-	908,059
Senior services	957,935	-	957,935
Unrestricted	<u>26,004,715</u>	<u>698,887</u>	<u>26,703,602</u>
Total net position	<u>223,953,174</u>	<u>3,008,064</u>	<u>226,961,238</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 247,576,825</u>	<u>\$ 3,057,539</u>	<u>\$ 250,634,364</u>

**CITY OF KENAI, ALASKA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 3,925,449	\$ 1,109,273	\$ 418,417	\$ 494,728
Public safety	10,110,075	1,729,709	485,105	169,524
Public works	3,466,526	267,899	91,428	46,644
Parks, recreation, and cultural	3,087,053	736,874	80,195	196,386
Water and sewer services	3,346,591	3,796,562	68,459	-
Airport	4,491,486	2,220,263	54,486	905,424
Social welfare services	986,515	246,815	570,392	51,511
Interest on long-term debt	30,333	-	-	-
Total governmental activities	<u>29,444,028</u>	<u>10,107,395</u>	<u>1,768,482</u>	<u>1,864,217</u>
Business-type activities:				
Senior Housing	<u>568,982</u>	<u>510,867</u>	<u>2,603</u>	<u>-</u>
Total Government	<u>\$ 30,013,010</u>	<u>\$ 10,618,262</u>	<u>\$ 1,771,085</u>	<u>\$ 1,864,217</u>

General revenues:  
Property taxes  
Sales taxes  
Unrestricted investment earnings  
Total general revenues  
Change in net position  
Net position - beginning  
Net position - ending

See accompanying notes to basic financial statements.

**Net (Expenses) Revenues and  
Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,903,031)	\$ -	\$ (1,903,031)
(7,725,737)	-	(7,725,737)
(3,060,555)	-	(3,060,555)
(2,073,598)	-	(2,073,598)
518,430	-	518,430
(1,311,313)	-	(1,311,313)
(117,797)	-	(117,797)
(30,333)	-	(30,333)
<u>(15,703,935)</u>	<u>-</u>	<u>(15,703,935)</u>
-	(55,512)	(55,512)
<u>(15,703,935)</u>	<u>(55,512)</u>	<u>(15,759,447)</u>
4,540,042	-	4,540,042
10,497,334	-	10,497,334
<u>5,413,762</u>	<u>32,615</u>	<u>5,446,377</u>
<u>20,451,138</u>	<u>32,615</u>	<u>20,483,753</u>
4,747,203	(22,897)	4,724,306
<u>219,205,971</u>	<u>3,030,961</u>	<u>222,236,932</u>
<u>\$ 223,953,174</u>	<u>\$ 3,008,064</u>	<u>\$ 226,961,238</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2025**

	<b>Major Governmental Funds</b>		
	<b>General</b>	<b>Airport Special Revenue</b>	<b>Water &amp; Sewer Special Revenue</b>
<b>ASSETS</b>			
Equity in central treasury (cash and investments)	\$ 17,033,702	\$ 2,927,943	\$ 2,850,408
Receivables (net of allowances for uncollectibles)	2,423,570	72,544	360,338
Leases receivable	652,870	3,469,653	-
Other assets	27,045	-	-
Prepaid	-	-	-
Due from other funds	87,294	-	-
<b>Total assets</b>	<b>\$ 20,224,481</b>	<b>\$ 6,470,140</b>	<b>\$ 3,210,746</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 161,437	\$ 91,572	\$ 105,855
Accrued payroll and payroll liabilities	271,837	24,202	7,664
Due to other funds	-	-	-
Unearned revenue	2,146	41,948	24,849
Other liabilities	163,072	3,031	109,370
<b>Total liabilities</b>	<b>598,492</b>	<b>160,753</b>	<b>247,738</b>
Deferred inflows of resources:			
Special assessments receivable - unavailable	95,806	-	-
Ambulance billing receivable - unavailable	175,950	-	-
Land sales - unavailable	-	-	-
Leases related	590,376	3,221,105	-
Prepaid licenses and fees	2,400	-	-
Prepaid property taxes	72,510	-	-
<b>Total deferred inflows of resources</b>	<b>937,042</b>	<b>3,221,105</b>	<b>-</b>
Fund balances:			
Nonexpendable	-	-	-
Restricted	908,059	-	-
Committed	8,392,252	-	-
Assigned	2,901,928	3,088,282	2,963,008
Unassigned (deficit)	6,486,708	-	-
<b>Total fund balances</b>	<b>18,688,947</b>	<b>3,088,282</b>	<b>2,963,008</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 20,224,481</b>	<b>\$ 6,470,140</b>	<b>\$ 3,210,746</b>

See accompanying notes to basic financial statements.

<b>Kenai Bluff Erosion Capital Project</b>	<b>Airport Land Sales Permanent</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 31,180,081	\$ 14,312,361	\$ 68,304,495
115,666	151,262	1,114,456	4,237,836
-	-	-	4,122,523
-	-	-	27,045
1,948,489	-	-	1,948,489
-	-	-	87,294
<u>\$ 2,064,155</u>	<u>\$ 31,331,343</u>	<u>\$ 15,426,817</u>	<u>\$ 78,727,682</u>
\$ 28,372	\$ 4,456	\$ 386,831	\$ 778,523
-	-	8,471	312,174
87,294	-	-	87,294
1,948,489	-	75,532	2,092,964
-	-	5,030	280,503
<u>2,064,155</u>	<u>4,456</u>	<u>475,864</u>	<u>3,551,458</u>
-	-	-	95,806
-	-	-	175,950
-	69,631	195,278	264,909
-	-	-	3,811,481
-	-	-	2,400
-	-	-	72,510
<u>-</u>	<u>69,631</u>	<u>195,278</u>	<u>4,423,056</u>
1,948,489	-	4,016,526	5,965,015
-	31,257,256	957,935	33,123,250
-	-	9,540,749	17,933,001
-	-	295,436	9,248,654
<u>(1,948,489)</u>	<u>-</u>	<u>(54,971)</u>	<u>4,483,248</u>
<u>-</u>	<u>31,257,256</u>	<u>14,755,675</u>	<u>70,753,168</u>
<u>\$ 2,064,155</u>	<u>\$ 31,331,343</u>	<u>\$ 15,426,817</u>	<u>\$ 78,727,682</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2025**

Total fund balances for governmental funds		\$ 70,753,168
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 are not reported in the funds.		151,905,908
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		536,665
The PERS ARHCT, RMP and ODD OPEB plans have been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the funds.		6,204,029
Certain changes in receivables are deferred rather than recognized immediately. These items are amortized over time - Deferred inflows of resources - leases		27,461
Some liabilities, including bonds payable, net pension liabilities, interest payable on bonds (net of related interest subsidy), and compensated absences are not payable in the current period so they are not reported in the funds.		
Bonds payable	\$ (565,000)	
Net pension liability	(14,278,378)	
Compensated absences	(1,207,564)	
Accrued interest (net of related interest subsidy)	<u>(2,354)</u>	
		(16,053,296)
Deferred outflows and inflows of resources related to pension and other postemployment benefits are applicable to future periods and therefore, are not reported in the funds:		
Deferred outflows of resources for pensions	1,652,202	
Deferred outflows of resources for other postemployment benefits	455,291	
Deferred inflows of resources for other postemployment benefits	<u>(214,861)</u>	
		1,892,632
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities statement of net position.		<u>8,686,607</u>
Net position of governmental activities		<u>\$ 223,953,174</u>

See accompanying notes to basic financial statements.

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**CITY OF KENAI, ALASKA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2025**

	<b>Major Governmental Funds</b>		
	<b>General</b>	<b>Airport Special Revenue</b>	<b>Water &amp; Sewer Special Revenue</b>
<b>Revenues:</b>			
Taxes	\$ 15,037,376	\$ -	\$ -
Intergovernmental revenues	745,058	27,540	31,019
Charges for services	4,094,008	382,293	3,449,362
Investment earnings	1,017,824	299,351	256,882
Miscellaneous revenues	388,012	1,837,971	347,199
 Total revenues	 21,282,278	 2,547,155	 4,084,462
<b>Expenditures:</b>			
Current:			
General government	4,015,443	-	-
Public safety	9,199,970	-	-
Public works	2,620,887	-	-
Parks, recreation, and cultural	2,372,822	-	-
Water and sewer services	-	-	2,569,674
Airport	-	3,310,965	-
Social welfare services	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	55,184	-	14,911
 Total expenditures	 18,264,306	 3,310,965	 2,584,585
Excess of revenues over (under) expenditures	3,017,972	(763,810)	1,499,877
<b>Other financing sources (uses):</b>			
Transfers in	336,869	1,094,116	155,166
Transfers out	(1,140,730)	(43,237)	(652,389)
 Net other financing sources (uses)	 (803,861)	 1,050,879	 (497,223)
 Net change in fund balances	 2,214,111	 287,069	 1,002,654
Fund balances - July 1	16,474,836	2,801,213	1,960,354
Fund balances - June 30	\$ 18,688,947	\$ 3,088,282	\$ 2,963,008

See accompanying notes to basic financial statements.

**Major Governmental Funds**

<b>Kenai Bluff Erosion Capital Project</b>	<b>Airport Land Sales Permanent</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 15,037,376
546,239	-	1,653,143	3,002,999
-	-	504,857	8,430,520
-	3,065,564	521,443	5,161,064
-	397,077	429,604	3,399,863
<u>546,239</u>	<u>3,462,641</u>	<u>3,109,047</u>	<u>35,031,822</u>
-	-	1,550	4,016,993
-	-	265,010	9,464,980
-	-	59,735	2,680,622
-	-	257,543	2,630,365
-	-	151	2,569,825
-	-	-	3,310,965
-	-	1,062,876	1,062,876
-	-	100,000	100,000
-	-	30,750	30,750
<u>546,239</u>	<u>-</u>	<u>3,041,910</u>	<u>3,658,244</u>
<u>546,239</u>	<u>-</u>	<u>4,819,525</u>	<u>29,525,620</u>
-	3,462,641	(1,710,478)	5,506,202
-	-	1,681,190	3,267,341
<u>-</u>	<u>(1,094,116)</u>	<u>(336,869)</u>	<u>(3,267,341)</u>
<u>-</u>	<u>(1,094,116)</u>	<u>1,344,321</u>	<u>-</u>
-	2,368,525	(366,157)	5,506,202
<u>-</u>	<u>28,888,731</u>	<u>15,121,832</u>	<u>65,246,966</u>
<u>\$ -</u>	<u>\$ 31,257,256</u>	<u>\$ 14,755,675</u>	<u>\$ 70,753,168</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

Net changes in fund balances - total governmental funds \$ 5,506,202

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, in the statement of activities the cost of those assets is allocated over their estimated useful lives.

Expenditures for capital assets	\$ 3,658,244	
Current year depreciation	<u>(4,779,345)</u>	
		(1,121,101)

Special assessments, taxes, land sales, leases and ambulance services receivable reported in the governmental activities are not revenues of the current period using the flow of current financial resources basis. This is the decrease in other long-term assets. 184,264

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. This is the amount of the (increase) decrease in:

Compensated absences	(42,149)	
Bond interest payable	<u>417</u>	
		(41,732)

Repayment of the principal of long-term debt consumes current financial resources of governmental funds but does not have any effect on net position. 100,000

Changes related to net pension and other postemployment benefits liabilities and assets and related accounts can increase or decrease net position. This is the net increase in net position due to changes in net pension and other postemployment benefits liabilities, assets and the related deferred inflows and outflows:

Net pension	(558,628)	
Other postemployment benefits	<u>(301,691)</u>	
		(860,319)

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenue of Internal Service Fund activities is reported with governmental activities. 979,889

Change in net position of governmental activities \$ 4,747,203

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
	<b><u>Congregate Housing</u></b>	
<b>ASSETS</b>		
<b>Current assets:</b>		
Equity in central treasury (cash and investments)	\$ 747,403	\$ 5,421,429
Deposits with others	-	6,371
Accounts receivable	959	-
Total current assets	<u>748,362</u>	<u>5,427,800</u>
<b>Noncurrent assets:</b>		
Land	274,500	-
Property and equipment in service, at cost:		
Buildings	6,323,380	-
Equipment	-	6,907,304
Total property and equipment in service	6,323,380	6,907,304
Less accumulated depreciation	<u>(4,305,648)</u>	<u>(3,969,706)</u>
Net property and equipment in service	2,017,732	2,937,598
Construction work in progress	16,945	326,148
Total noncurrent assets	<u>2,309,177</u>	<u>3,263,746</u>
<b>Total assets</b>	<b><u>\$ 3,057,539</u></b>	<b><u>\$ 8,691,546</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 16,269	\$ 4,939
Compensated absences - due within one year	2,003	-
Unearned revenue	6,403	-
Other liabilities	18,790	-
Total current liabilities	<u>43,465</u>	<u>4,939</u>
<b>Noncurrent liabilities:</b>		
Compensated absences - due in more than one year	<u>6,010</u>	-
Total liabilities	<u>49,475</u>	<u>4,939</u>
<b>NET POSITION</b>		
Investment in capital assets	2,309,177	3,263,746
Unrestricted	<u>698,887</u>	<u>5,422,861</u>
Total net position	<u>3,008,064</u>	<u>8,686,607</u>
<b>Total liabilities and net position</b>	<b><u>\$ 3,057,539</u></b>	<b><u>\$ 8,691,546</u></b>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 YEAR ENDED JUNE 30, 2025**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	<b>Congregate Housing</b>	
<b>Operating revenues:</b>		
Rents and leases	\$ 508,310	\$ -
Other revenue	<u>2,557</u>	<u>3,795,196</u>
Total operating revenues	<u>510,867</u>	<u>3,795,196</u>
<b>Operating expenses:</b>		
Personal services	100,554	-
Supplies	11,316	-
Utilities	73,668	-
Repair and maintenance	47,191	-
Insurance/benefits	25,881	2,708,328
Depreciation	155,245	299,105
Manager's fee	111,960	-
Miscellaneous	4,367	60,572
Expenses chargeable from other funds	<u>38,800</u>	<u>-</u>
Total operating expenses	<u>568,982</u>	<u>3,068,005</u>
Operating income (loss)	<u>(58,115)</u>	<u>727,191</u>
<b>Nonoperating revenues:</b>		
Intergovernmental grants	2,603	-
Investment earnings	<u>32,615</u>	<u>252,698</u>
Total nonoperating revenues	<u>35,218</u>	<u>252,698</u>
Changes in net position	(22,897)	979,889
Net position - July 1	<u>3,030,961</u>	<u>7,706,718</u>
Net position - June 30	<u>\$ 3,008,064</u>	<u>\$ 8,686,607</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2025**

	Business-type Activities - Enterprise Fund <b>Congregate Housing</b>	Governmental Activities - Internal Service Funds
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 515,290	\$ 351,118
Payments to suppliers	(351,889)	(2,771,975)
Payments to employees	(99,269)	-
Receipts (payments) for interfund services	(38,800)	3,444,078
Net cash provided by operating activities	25,332	1,023,221
<b>Cash flows from noncapital financing activities:</b>		
State grant	2,603	-
Net cash provided by noncapital financing activities	2,603	-
<b>Cash flows for capital and related financing activities:</b>		
Financing Activities	-	(851)
Acquisition and construction of capital assets	(49,594)	(969,750)
Net cash used by capital and related financing activities	(49,594)	(970,601)
<b>Cash flows from investing activities:</b>		
Investment earnings	32,615	252,698
Net increase (decrease) in cash and cash equivalents	10,956	305,318
Cash and cash equivalents - July 1	736,447	5,116,111
Cash and cash equivalents - June 30	\$ 747,403	\$ 5,421,429
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (58,115)	\$ 727,191
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	155,245	299,105
Miscellaneous expense	-	1,442
Accounts receivable	(941)	-
Accounts payable	(79,296)	(4,517)
Compensated absences	1,285	-
Unearned revenue	5,364	-
Other liabilities	1,790	-
Net cash provided by operating activities	\$ 25,332	\$ 1,023,221

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2025

	<b><u>Total Custodial Funds</u></b>
<b>ASSETS</b>	
Equity in central treasury (cash and investments)	\$ 1,641,231
Interest receivable	<u>4,345</u>
<b>Total assets</b>	<b>\$ <u>1,645,576</u></b>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 209</u>
<b>NET POSITION</b>	
Restricted for organizations	<u>1,645,367</u>
<b>Total liabilities and net position</b>	<b>\$ <u>1,645,576</u></b>

See accompanying notes to basic financial statements.

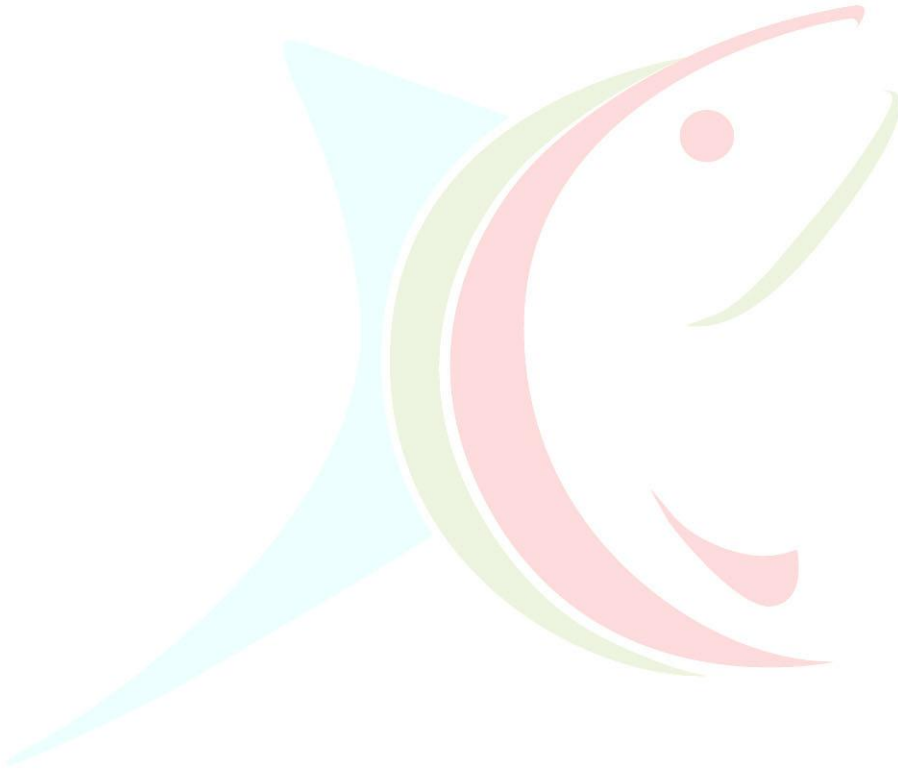
CITY OF KENAI, ALASKA  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 YEAR ENDED JUNE 30, 2025

	<u>Total Custodial Funds</u>
<b>Additions:</b>	
Investment earnings	164,239
Less investment management fees	<u>2,464</u>
Net investment earnings	<u>161,775</u>
Total additions	<u>161,775</u>
<b>Deductions -</b>	
Payments to others	<u>36,997</u>
Net increase in fiduciary net position	124,778
Net position - July 1	<u>1,520,589</u>
Net position - June 30	<u>\$ 1,645,367</u>

See accompanying notes to basic financial statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS



KENAI



**CITY OF KENAI, ALASKA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Kenai (City) was formed by a Home Rule Charter on May 20, 1963 under the provisions of Alaska Statute, Title 29, as amended. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, animal control, and 911 communications), public improvements, airport, dock facility, water and sewer, library, senior citizen, recreation, parks, planning and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles of the government are described below.

**B. 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 activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues along with user fees, are reported separately from the *business-type activities*, which rely to a significant extent on fees and charges for support. The effect of any interfund activity, for the most part, has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a 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 charges to customers or applicants who use, purchase, or directly benefit from the goods, services or privileges provided by a given segment or function and includes restricted grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as *general revenues*. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements, the fiduciary activities are not included.

**C. Measurement Focus and Basis of Accounting and Financial Statement Presentation**

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar programs are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position is reported as restricted when constraints placed on the net position is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Governmental fund type 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 in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end, except for reimbursement-type grants, in which revenue is considered available if collected within 180 days after year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, compensated absences, pensions, and other post-employment benefits are recorded only when payment is due.

Taxes, charge for services, and interest 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 assessment receivables 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 reports the following major governmental funds:

The General Fund is the City'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 Airport Special Revenue Fund accounts for activities of the airport except for land sales. It relies on intergovernmental revenue, user fees and investment earnings to finance operations.

The Water and Sewer Special Revenue Fund accounts for activities of the City's water and sewer utility. It relies on user fees to finance operations.

The Kenai Bluff Erosion Capital Project accounts for the capital project to stabilize the bluff along the ocean front of Kenai. The primary funding source for this fund is state grants.

The Airport Land Sales Permanent Fund accounts for sales of airport land. All proceeds from airport land sales are deposited into this account and invested. Annual transfers to the Airport Special Revenue Fund for operations are limited to 3.8% or 4.2% of the fund's balance at December 31<sup>st</sup> of each year. If the fund's market value at December 31<sup>st</sup> exceeds the fund's inflation adjusted principal balance, the allowable transfer is 4.2% and if it does not, the allowable transfer is 3.8%.

Additionally, the City reports the following fund types:

*Enterprise Fund* - the Congregate Housing Fund accounts for the activities of the senior housing project. Primary funding source is rents from its tenants.

*Internal Service Funds* – the Equipment Replacement Fund, Fleet Replacement Fund and Employee Health Care Fund are internal service funds. The Equipment Replacement Fund accounts for the purchase of equipment costing more than \$50,000 that will be used by General Fund departments on a cost-reimbursement basis. The Fleet Replacement Fund is used to account for the purchase of fleet vehicles used by departments of the General and Senior Citizen Fund on a cost-reimbursable basis. The Employee Health Care Fund accounts for the cost of providing health and life insurance to the employees of all City funds.

*Fiduciary Funds* – the City utilizes this fund type to account for the resources invested by the City, under management agreements, for the Kenai Community Foundation and Kenai Senior Connection. The Kenai Community Foundation is a not-for-profit organization devoted to supporting museums, parks and recreation, music, fine arts, library, and historic purposes within Kenai's city limits. Kenai Senior Connection is a not-for-profit organization devoted to supporting the operations of the Kenai Senior Center.

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 City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 enterprise fund and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund 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 non-operating revenues and expenses.

#### **D. Use of Accounting Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position**

##### **1. Cash and cash equivalents**

The City maintains a central treasury for most of its cash and cash equivalents, which is utilized by all funds. For the purposes of these financial statements, the City considers highly liquid investments that are readily convertible to cash, with an original maturity of three months or less, to be cash equivalents.

Investment income is recorded in the General Fund, except that interest earned on cash held in the Water and Sewer Special Revenue Fund (including cash in water and sewer related capital project funds), the Airport Special Revenue Fund (including cash in the Airport Land Sales Permanent Fund and airport related capital project funds), the Congregate Housing Enterprise Fund, Employee Health Care Internal Service Fund, Personal Use Fishery Special Revenue Fund, Cone Memorial Trust Special Revenue Fund, Kenai Community Foundation and Kenai Senior Connection Fiduciary Funds, and the Fleet and Equipment Replacement Internal Service Funds are recorded in these funds.

##### **2. Receivables and payables**

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

##### **3. Restricted assets**

Monies or other resources, the use of which is restricted by legal or contractual requirements are recorded as restricted assets.

##### **4. Property taxes**

Property taxes are assessed on real and personal property. Mill rates are established annually by City resolution. The mill rate for the fiscal year 2024 was 4.35 mills. The Kenai Peninsula Borough bills and collects property taxes on behalf of the City. Taxes are levied on July 1 of each year and are due in either two equal installments on September 15 and November 15, or one installment on October 15.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are recorded as a receivable when billed. Uncollected property tax not received soon after year-end, in excess of the estimated uncollectible portion, is deferred.

##### **5. Leases**

The City has leased multiple nonfinancial assets to third parties. The City recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements, where applicable.

At the commencement of the leases, the City 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.

Key estimates and judgments include how the City 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 uses its estimated incremental borrowing rate as the discount rate for leases where the stated interest rate is absent from the contracts. The lease term includes the noncancellable period of the lease, including any extension options that are reasonably intended to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**6. Prepaid items**

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items. Prepaids are recognized when incurred and the expenditure is recorded in the period that is benefited using the consumption method.

**7. 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 City as assets with an initial, individual cost of more than \$5,000. All infrastructure assets, including those acquired prior to June 30, 1980, are reported. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items are recorded at acquisition value rather than fair 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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings costing more than \$50,000	50
Buildings costing less than \$50,000	25
Improvements other than buildings	25
Water and sewer infrastructure	50
Street infrastructure	30
Machinery and heavy equipment	20
Other equipment	10
Office equipment	5

**8. Compensated absences**

It is the City’s policy to permit employees to accumulate earned but unused vacation benefits. The City makes annual appropriations for the amount of leave expected to be used, which is available to employees at essentially their discretion. Each employee is allowed to accumulate up to 80 days of annual leave at the end of a calendar year, with any excess accumulation paid in cash in the following January. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations or in situations where the leave is used but not yet paid. Most funds, except the capital project funds, will be utilized to liquidate the liability for compensated absences. The most significant, due to the fact that it has the largest payroll, is the General Fund.

**9. Long-term obligations**

In the government-wide and proprietary fund type 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. In the fund financial statements, governmental fund types recognize long-term debt obligations only when due.

## **10. Fund balances**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

**Restricted fund balance.** This classification reflects the constraints imposed on resources 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.** These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned fund balance.** This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but that are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes by resolution. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

**Unassigned fund balance.** This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The City has established a General Fund, Fund Balance Policy. This policy sets a minimum and maximum value for fund balance. A budget stabilization reserve is established equal to a risk adjusted three months of expenditures and operating transfers. When combined, the budget stabilization reserve and other fund balance commitments of Council equals the General Fund’s minimum level of fund balance. If fund balance drops below this minimum, Council must adopt a plan to achieve the minimum level within three years inclusive of the current budget year.

In addition to a budget stabilization reserve, the Fund Balance Policy establishes an Operational and Capital Contingency Reserve equal to a risk-adjusted one month of budgeted General Fund expenditures and transfers. The combination of the budget stabilization reserve, other fund balance commitments of Council, and the operational and capital contingency reserve equals the maximum level of fund balance. If fund balance exceeds this maximum, Council must adopt a plan to achieve the maximum level within three years inclusive of the current budget year.

## **11. Net position and net position flow assumptions**

Net position represents the residual interest in the City’s assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted position and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or

regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Sometimes the City will fund outlays for a purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

## **12. Pensions and other postemployment benefits (OPEB)**

For purposes of measuring the net liabilities, assets, deferred outflows of resources and deferred inflows of resources related to pensions 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. Most funds, except the capital project funds and the Congregate Housing Enterprise Fund, will be utilized to liquidate the pension and OPEB liabilities. The most significant, due to the fact that it has the largest payroll, is the General Fund.

## **13. Deferred outflows/inflows of resources**

In addition to assets, the statement of the net position reports a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources consist of pension and OPEB related items. These items are amortized resulting in additional expense in future periods.

In addition to liabilities, the statement of net position and governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows 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 (revenue) until that time. Deferred inflows of resources for ambulance services, property taxes, special assessments, land sales, leases, and other unavailable revenues are reported in the governmental fund statements. Deferred inflows of resources consist of prepaid property taxes, leases, unavailable revenues, and OPEB related items in the government-wide statement of net position. OPEB related items are amortized resulting in a reduction of expense at a later date.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary information**

Annual budgets are adopted on a basis consistent with GAAP for all governmental fund types, except the capital project funds which adopt project-length budgets. All annual appropriations lapse at a fiscal year end.

Budgets for the general fund, special revenue funds, debt service funds, permanent funds and enterprise fund are annual budgets. Capital project fund budgets are project-length budgets. The Equipment Replacement and Fleet Replacement Funds, which are internal service funds, are not required to have a budget. The City Council approves all asset acquisitions for these funds by resolution.

Annual budgets must be submitted to the City Council by the City Manager during or prior to the sixth week preceding the first day of each fiscal year. The City Council must adopt an annual budget and set the tax rates not later than the tenth day of June for the following fiscal year.

Budgetary control (the level at which expenditures may not exceed budget) is maintained at the object class level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders that would result in an overrun of object class balances are not released until additional appropriations are made available.

Amendments to appropriations may be made by the city administration by transfers within a fund in amounts less than \$10,000. Other amendments, including supplemental appropriations, may be made by the City Council. The City Council authorized supplemental appropriations during the year in capital projects funds, special revenue funds and the General Fund. General Fund supplemental appropriations were \$318,238. Supplemental funding included \$85,000 for firefighter overtime due to vacancies, \$56,996 for changes in Public Works staffing, \$37,226 to provide funding or supplemental funding for capital improvement projects, \$44,756 for various donations received for appropriation, \$30,010 for various grant funded expenditures, \$27,250 for land auction services, \$22,000 for increases in audit cost, and \$15,000 for land survey cost.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above. These commitments will be re-appropriated and honored during the subsequent year.

Significant encumbrances exceeding \$75,000 as of June 30, 2025 were:

	Airport Imp. <u>Capital Project</u>	Nonmajor <u>Gov't Funds</u>
Airport Training Center Building Rehab Project	\$ 369,127	\$ -
Airfield Drainage Improvements	321,849	-
Airport Master Plan	254,168	-
Airport Equipment - Loader	769,983	-
Airport Equipment – Plow Truck and Sander	119,924	-
Equipment Replacement Fund – Ambulances (2)	-	504,988
Fleet Replacement Fund – Transit Vans (2)	-	135,700
	<u>\$ 1,835,051</u>	<u>\$ 640,688</u>

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and investments

The City maintains a central treasury that is available for use by all funds. Each fund type's portion of the central treasury is displayed on the balance sheet or statement of net position as "Equity in Central Treasury" unless there is a deficit which is then shown as "Due to Other Funds".

At year-end, all of the City's bank deposits were either insured or collateralized with securities held by the City's agent in the City's name.

The City's general investment policy authorizes investment in: (a) obligations of the United States or an agency or instrumentality of the United States; (b) certificates of deposit with banks and savings and loan associations; (c) repurchase agreements; (d) money market mutual funds consisting primarily of obligations of the United States or an agency or instrumentality of the United States, or repurchase agreements collateralized with such obligations; and (e) the Alaska Municipal League Investment Pool (AMLIP). Generally, investment maturities cannot exceed five years from the date of purchase. Repurchase agreements must be collateralized with United States government obligations. Certificates of deposit must be insured or collateralized with obligations of the United States or its agencies or instrumentalities. Collateral must be held by a third-party trustee.

The City's Airport Land Sales Permanent Fund investment policy authorizes investment in:

- (a) Corporate obligations of investment grade quality as recognized by a nationally recognized rating organization;
- (b) Domestic Equities, which, taken as a whole, attempt to mirror the characteristics or replicate the Standard & Poor's 500 Index or another index of similar characteristics, including both mutual funds and exchange-traded funds (ETF's);
- (c) Domestic Equities, which, taken as a whole, attempt to replicate the Standard & Poor's 400 Mid-Cap Index or another index of similar characteristics, including both mutual funds and ETF's;

- (d) Domestic Equities, which, taken as a whole, attempt to replicate the Standard & Poor's 600 Small-Cap Index or another index of similar characteristics, including both mutual funds and ETF's;
- (e) International Equities, which, taken as a whole, attempt to replicate the Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) Index or another index of similar characteristics, including both mutual funds and ETF's;
- (f) Equities, which, taken as a whole, attempt to replicate the universe of domestic real-estate investment trusts as represented by the Standard & Poor's U.S. REIT composite index or another index of similar characteristics, including both mutual funds and ETF's;
- (g) Emerging Market Equities, which, taken as a whole, attempt to replicate the Morgan Stanley Capital International Emerging Markets Index or another index of similar characteristics including both mutual funds and ETF's;
- (h) Global infrastructure equities which, taken as a whole, attempt to replicate the STOXX Global Broad Infrastructure Index, or a substantially similar index, including both mutual funds and ETF's;
- (i) Domestic bonds, which, taken as a whole, attempt to mirror the characteristics or replicate the Bloomberg Barclays U.S. Aggregate Bond Index or another index of similar characteristics and approved by resolution of the Council as a component of the annual Land Sale Permanent Funds Asset Allocation Plan, including individual securities, mutual funds and ETF's (ETF's). Repurchase agreements must be collateralized with United States government obligations. Certificates of deposit must be insured or collateralized with obligations of the United States or its agencies or instrumentalities;
- (j) Alternative Beta investments, which, taken as a whole, attempt to mirror the characteristics or replicate the Wilshire Liquid Alternative Index; and
- (k) Cash allocation, which, taken as a whole, attempts to mirror the characteristics or replicate the Citi Group 90 Day T-Bill Index.

The Alaska Municipal League Investment Pool (AMLIP) is an external investment pool that is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. The values of investments in the AMLIP are approximately equal to fair value. There are no limitations or restrictions on participant withdrawals from the AMLIP investment pool. The City had no unfunded commitments to AMLIP. The City can redeem its investments in AMLIP in a daily basis with no prior notification.

The fair value of the City's investments at year-end is shown below. All of the City's remaining investments are in the category of least risk and include investments that are insured or registered in the City's name, or securities that are held by the City or its agent in the City's name. All of the United States treasury bills, treasury notes, and United States agency securities are held in a custodial account in the Principal Financial Trust Department, and are recorded in its internal records in the City's name in accordance with a safekeeping agreement. Principal Financial is not a counterparty to security transactions.

The City maintains an interest-bearing checking account, which had a bank balance of \$1,344,919 and a carrying value of \$1,091,986 at year-end. The City also holds an account for collection of online and credit card payments for utilities with a balance of \$7,434 and cash on hand of \$2,279. These deposits are insured for the first \$250,000 and the balance is collateralized by securities held by a third-party custodian in the City's name.

As of June 30, 2025 the City had the General Fund, Special Revenue Funds, Congregate Housing Enterprise Fund, Capital Project Funds and Internal Service Funds City investments and maturities as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
U.S. Treasury/Agencies	\$31,706,406	\$ 11,744,201	\$11,415,399	\$8,546,806
Money Market Fund	1,643,304	1,643,304	-	-
Certificates of Deposit	<u>730,215</u>	<u>244,740</u>	<u>-</u>	<u>485,475</u>
Total Investments at Fair Value Level	34,079,925	<u>\$13,632,245</u>	<u>\$11,415,399</u>	<u>\$9,032,281</u>
AMLIP *	<u>3,559,151</u>			
Total Central Treasury	<u>\$37,639,076</u>			

\* The City's investment in AMLIP is measured at net asset value, as of June 30, 2025. Management believes this value approximates fair value.

General Government Land Sales and Airport Land Sales Permanent Funds, Cone Memorial Trust Fund and Fiduciary Funds' investments:

<u>Investment</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasury/Agencies	\$ 7,315,096	19.61%
Investment Grade Corporate Bonds	2,078,653	5.57
Money Market Fund	1,381,624	3.70
Mutual Funds:		
High Yield Domestic Bonds	1,468,896	3.94
U.S. Equity Securities	13,992,204	37.51
International Securities	4,845,035	12.99
Infrastructure Equities	1,845,942	4.95
Alternative Beta Securities	3,664,647	9.82
Real Estate Equities	714,313	1.91
Total	<u>\$37,306,410</u>	<u>100.00%</u>

The following is a reconciliation of the City's deposit and investment balances to the financial statements at June 30, 2025.

	<u>Pooled Cash and Investments</u>	<u>Kenai Community Foundation</u>	<u>Kenai Senior Connection</u>	<u>Totals</u>
Bank deposits and cash on hand	\$ 1,163,843	\$ 5,229	\$ -	\$ 1,169,072
Investments	73,309,484	244,741	1,391,261	74,945,486
	<u>\$74,473,327</u>	<u>\$249,970</u>	<u>\$1,391,261</u>	<u>\$76,114,558</u>

*Interest Rate Risk.* The fair values of the City's general fixed-income investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. The City manages interest rate risk by requiring specific percentages of the portfolio to be invested within certain time periods and the policy limits the longest maturity to five years. The policy requires 20% of the portfolio to be invested for less than one year and no more than 30% of the portfolio can be invested longer than two years.

The fair values of the City's Airport & General Land Sales Funds fixed income investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Duration of a financial asset measures the sensitivity of the asset's price to changes in interest rates. The benchmark indices for the fixed income component of the fund is the Bloomberg Barclays US Aggregate Bond Index for the Investment Grade Domestic Bond component and the Bloomberg Barclays U.S. Corporate High Yield Very Liquid Bond Index for the High Yield Domestic Bond allocation. The indices allow for maturities greater than 1 year. At June 30, 2025 the aggregate index had an average duration of 6.06 while the fund's fixed income component had an average duration of 6.05.

*Concentration Risk.* The City's general investment policy places no limit on the amount that can be invested in any one issuer. For concentration risk in the Permanent Fund & Fiduciary Fund Portfolio – There are four positions noted with greater than 5% exposure: ISHARES Core MSCI EAFE ETF = 6.90%, ISHARES CORE MSCI EMERGING MARKETS = 5.10%, ISHARES CORE S&P MID-CAP ETF = 10.0%, SPDR S&P 500 ETF TRUST = 22.4%.

The City's Land Sale Funds, consisting of the General Government and Airport Land Sales Permanent Funds, investment policy places no limits on the amount that can be invested in any one issuer but rather establishes limits by asset class. The following is a list of asset classes allowed, their benchmark index, their appropriate target weighting, and the actual weighting at June 30, 2025.

<u>Asset Class</u>	<u>Benchmark Index</u>	<u>Target % Weighting</u>	<u>Actual % Weighting</u>
Cash	90-day US Treasury Bill	0-10%	3.71%
Fixed income:			
Investment Grade Domestic Bond	Bloomberg Barclays US Aggregate Bond Index	16-36	25.28
High Yield Domestic Bonds	Bloomberg Barclays U.S. Corporate High Yield Very Liquid Bond Index	0-8	3.95
Domestic Equity:			
Large-Cap domestic equities	Standard & Poor's 500 Index	12-32	22.42
Mid-Cap equities	Standard & Poor's 400 Mid-Cap Index	0-18	10.02
Small-Cap equities	Standard & Poor's 600 Small-Cap Index	0-10	5.02
International equities	Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) Index	4-16	7.88
International emerging markets	Morgan Stanley Capital International Emerging Market Index	0-10	5.07
Real-estate equities	Standard & Poor's US REIT Index	0-4	1.91
Infrastructure equities	STOXX Global Broad Infrastructure Index	0-10	4.93
Alternative Beta	Wilshire Liquid Alternatives Index	0-15	9.81
Total			<u>100.00%</u>

*Credit Risk.* The City's general investment policy specifies the types of investments that can be purchased. The intent of this is to limit the credit risk, or the risk that the issuer of the investment securities purchased will default at maturity of the investment. The City may invest only in obligations of the United States government, its instrumentalities and agencies; insured or collateralized certificates of deposit; savings accounts; collateralized repurchase agreements; money market funds; and the State investment pool. Credit risk is effectively limited by limiting the eligible investment options. All of the U.S. Agency securities in the Custody portfolio as of June 20, 2025 are rated Aa1 by Moody's Investors Service and AA+ by Standard and Poor's.

The Bloomberg Barclays US Aggregate Bond Index is utilized as the benchmark by the City's Permanent Fund investment policy, which requires investment in securities of investment grade or higher (rated Baa or higher by Moody's Investor Service or rated BBB or higher by Standard and Poor's). At June 30, 2025 all fixed-income investments were rated BBB or better by both Moody's Investor Service and Standard and Poor's.

*Option Risk.* Option risk is the risk that an investment's issuer may exercise a right embedded in the investment—an embedded option. The City invests in securities issued by U.S. Government Agencies that may contain call options. As of June 30, 2025, the Custody account contained seven securities representing 15.9% of the portfolio that contained call options. Additionally, this account contained seven mortgage pool securities representing 10.8% of the portfolio that may be prepaid in part or in whole at any time. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore the City is exposed to the risk of having to reinvest at a lower interest rate due to its callable securities.

*Fair Value Measurement.* The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2025:

Investments Measured at Fair Value				
Fair Value Measurement Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 26,587,983	\$ 26,587,983	\$ -	\$ -
U.S. Agencies	12,433,519	-	12,433,519	-
Corporate bonds	2,078,653	-	2,078,653	-
Certificates of deposit	730,215	-	730,215	-
Money market funds	3,024,928	3,024,928	-	-
Mutual funds	<u>26,531,037</u>	<u>26,531,037</u>	-	-
Total investments at fair value level	71,386,335	<u>\$56,143,948</u>	<u>\$15,242,387</u>	<u>\$ -</u>
AMLIP *	<u>3,559,151</u>			
Total Central Treasury & Land Sale Funds Investments	<u>\$74,945,486</u>			

U.S. Treasuries, money market funds, and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Agencies, corporate bonds, and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

\* The City's investment in AMLIP of \$3,559,151 is measured at net asset value, as of June 30, 2025. Management believes this value approximates fair value.

## B. Receivables

Receivables at June 30, 2025 for the City's individual major funds and the nonmajor governmental funds in the aggregate are as follows:

	General	Airport Special Revenue	Water & Sewer Special Revenue	Kenai Erosion Bluff Capital Project	Airport Land Sales Permanent	Nonmajor Governmental Funds	Total Governmental Funds
Taxes	\$1,813,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,813,358
Intergovernmental	39,933	4,633	-	115,666	-	776,143	936,375
Customer and other	983,250	75,758	376,001	-	-	129,758	1,564,767
Special assessments	95,806	-	-	-	-	-	95,806
Land contracts	-	-	-	-	69,631	195,464	265,095
Accrued interest	<u>285,541</u>	-	-	-	<u>81,631</u>	<u>13,091</u>	<u>380,263</u>
Total receivables	3,217,888	80,391	376,001	115,666	151,262	1,114,456	\$5,055,664
Less allowances for uncollectibles	<u>(794,318)</u>	<u>(7,847)</u>	<u>(15,663)</u>	-	-	-	<u>(817,828)</u>
Net receivables	<u>\$2,423,570</u>	<u>\$72,544</u>	<u>\$360,338</u>	<u>\$115,666</u>	<u>\$151,262</u>	<u>\$1,114,456</u>	<u>\$4,237,836</u>

## C. Leases receivable

During the current year, the City, as lessor, entered into several multiple-year lease agreements with third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used their incremental borrowing rate of 5% when there was no stated interest rate in the lease contract. The City received payments totaling \$466,856 for the fiscal year ended June 30, 2025. The City recognized \$217,179 in lease revenue and \$326,949 in interest revenue for the fiscal year ended June 30, 2025. As of June 30, 2025, the City's receivable for lease payments was \$4,122,523. Accrued interest receivable was included in the City's lease receivable in the statement of net position of \$27,461, resulting in a balance of \$4,149,984. The City recognized a deferred inflow of resources associated with the lease of \$3,811,481 on June 30, 2025, that will be recognized as revenue over the remainder of the lease terms.

**D. Deferred inflows of resources, deferred outflows of resources, and unearned revenues**

Governmental funds report deferred inflows in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds report acquisitions of net assets by the governmental funds that are applicable to a future reporting period as deferred inflows of resources and consumption of net assets that are applicable to a future period as deferred outflows. At June 30, 2025, the various components of unearned revenue, deferred inflows of resources, and deferred outflows of resources reported at the fund level and the government-wide level were as follows:

	Fund Level		Government Wide		
	Deferred Inflows	Unearned	Deferred Outflows	Deferred Inflows	Unearned
Pension related	\$ -	\$ -	\$1,652,202	\$ -	\$ -
Other postemployment benefits related	-	-	455,291	-	-
Special assessments receivable (General Fund)	95,806	-	-	-	-
Ambulance billing receivable (General Fund)	175,950	-	-	-	-
Land sales receivable (Airport Land Sales Permanent Fund)	69,631	-	-	-	-
Land sales receivable (General Land Sales Fund)	195,278	-	-	-	-
Leases	3,811,481	-	-	3,811,481	-
Prepaid property tax (General Fund)	72,510	-	-	72,510	-
Prepaid licenses (General Fund)	2,400	-	-	2,400	-
Other postemployment benefits related	-	-	-	214,861	-
Prepaid rents & leases (General Fund)	-	2,146	-	-	2,146
Prepaid rents & leases (Airport Fund)	-	41,948	-	-	41,948
Prepaid rents & leases (Congregate Housing)	-	6,403	-	-	6,403
Deferred revenue (Kenai Bluff Erosion)	-	1,948,489	-	-	1,948,489
Deferred revenue (NonMajor Funds)	-	75,532	-	-	75,532
Prepaid water & sewer service	-	24,849	-	-	24,849
	<u>\$4,423,056</u>	<u>\$2,099,367</u>	<u>\$2,107,493</u>	<u>\$4,101,252</u>	<u>\$2,099,367</u>

## E. Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,331,687	\$ -	\$ -	\$ 6,331,687
Construction in progress	<u>12,974,467</u>	<u>3,914,298</u>	<u>(7,524,920)</u>	<u>9,363,845</u>
Total capital assets, not being depreciated	<u>19,306,154</u>	<u>3,914,298</u>	<u>(7,524,920)</u>	<u>15,695,532</u>
Capital assets, being depreciated:				
Buildings	95,081,227	4,797,465	-	99,878,692
Improvements other than buildings	60,603,828	138,970	-	60,742,798
Machinery and Equipment	24,470,685	1,051,713	-	25,522,398
Infrastructure	<u>71,824,335</u>	<u>2,250,469</u>	<u>-</u>	<u>74,074,804</u>
Total capital assets being depreciated	<u>251,980,075</u>	<u>8,238,617</u>	<u>-</u>	<u>260,218,692</u>
Less accumulated depreciation for:				
Buildings	(32,522,194)	(1,753,930)	-	(34,276,124)
Improvements other than buildings	(33,730,445)	(1,531,644)	-	(35,262,089)
Machinery and equipment	(14,936,067)	(965,402)	-	(15,901,469)
Infrastructure	<u>(34,477,414)</u>	<u>(827,474)</u>	<u>-</u>	<u>(35,304,888)</u>
Total accumulated depreciation	<u>(115,666,120)</u>	<u>(5,078,450)</u>	<u>-</u>	<u>(120,744,570)</u>
Total capital assets, being depreciated, net	<u>136,313,955</u>	<u>3,160,167</u>	<u>-</u>	<u>139,474,122</u>
Governmental activities, capital assets, net	<u>\$155,620,109</u>	<u>\$ 7,074,465</u>	<u>\$ (7,524,920)</u>	<u>\$ 155,169,654</u>

The Internal Service Funds serve the governmental funds; therefore, their capital assets are included as part of the above totals for governmental activities.

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 274,500	\$ -	\$ -	\$ 274,500
Construction in progress	<u>551,095</u>	<u>49,594</u>	<u>(583,744)</u>	<u>16,945</u>
Total capital assets not being depreciated	<u>825,595</u>	<u>49,594</u>	<u>-</u>	<u>291,445</u>
Capital assets being depreciated - Buildings	5,739,636	583,744	-	6,323,380
Less accumulated depreciation for Buildings	<u>(4,150,403)</u>	<u>(155,245)</u>	<u>-</u>	<u>(4,305,648)</u>
Total capital assets being depreciated, net	<u>1,589,233</u>	<u>428,499</u>	<u>-</u>	<u>2,017,372</u>
Business-type activities capital assets, net	<u>\$ 2,414,828</u>	<u>\$ 478,093</u>	<u>\$ (583,744)</u>	<u>\$ 2,309,177</u>

Depreciation expense charged to each governmental function is as follows:

General government	\$ 76,177
Public safety	336,651
Public works	892,543
Parks, recreation and cultural	404,928
Water and sewer services	993,259
Airport	2,306,604
Social welfare services	<u>68,288</u>
	\$ <u>5,078,450</u>

## **F. Pension and other postemployment benefits plans**

### **(a) Defined Benefit (DB) Pension Plan**

#### ***General Information About the Plan***

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

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

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the 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, Cost-of-Living Adjustment (COLA) adjustments, and 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 that statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV DC 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 recorded the related on-behalf contributions as revenue and expense or expenditure 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 are referred to as the Defined Benefit Unfunded Liability (DBUL) contribution.

*ARM Board Adopted Rate:* This is the rate formally adopted by the ARM 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 that ends in 2039. This change results in lower ARM Board Rates than those previously adopted.

*State Contribution Rate:* This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary funds and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Contribution rates for the year ended June 30, 2025 were determined in the June 30, 2023 actuarial valuations. The City's contribution rates for the 2025 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	20.03%	4.76%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution – Pension	<u>6.73%</u>	<u>-%</u>
<b>Total Contribution Rates</b>	<u><b>26.76%</b></u>	<u><b>4.76%</b></u>

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

In 2025, the City was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2023 to <u>June 30, 2024</u>	City Fiscal Year July 1, 2024 to <u>June 30, 2025</u>
Employer contributions (including DBUL)	\$1,491,437	\$1,514,751
Nonemployer contributions (on-behalf)	<u>276,706</u>	<u>426,759</u>
<b>Total Contributions</b>	<b><u>\$1,768,143</u></b>	<b><u>\$1,941,510</u></b>

In addition, employee contributions to the Plan totaled \$168,603 during the City's fiscal year.

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

At June 30, 2025, the City 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. The amount recognized by the City for its proportional share, the related State proportion, and the total portion of the NPL that was associated with the City were as follows:

City proportionate share of NPL	\$14,278,378
State's proportionate share of NPL associated with the City	<u>5,337,152</u>
<b>Total NPL</b>	<b><u>\$19,615,530</u></b>

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the NPL as of that date. The City's proportion of the NPL was based on a projection of the City'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, 2024 measurement date, the City's proportion was 0.26034%, which was a decrease of 0.00816 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of \$2,937,399 and on-behalf revenue of \$857,909 for support provided by the State. At June 30, 2025, the City 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
Net difference between projected and actual earnings on pension plan investments	\$ 137,451	\$ -
City contributions subsequent to the measurement date	<u>1,514,751</u>	<u>-</u>
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b><u>\$1,652,202</u></b>	<b><u>\$ -</u></b>

The \$1,514,751 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 NPL in the year ended June 30, 2026. 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, 2026	\$ (382,687)
2027	712,436
2028	(105,164)
2029	<u>(87,134)</u>
<b>Total Amortization</b>	<b><u>\$ 137,451</u></b>

### **Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

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 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 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 2025 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	
Peace officer / firefighter	Pre-commencement mortality rates were based upon the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June

30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the pension plan’s target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	26%	+/-6%	5.48%
Global equity (non-U.S.)	17%	+/-4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/-10%	2.10%
Multi-asset	8%	+/-4%	-%
Real assets	14%	+/-7%	4.63%
Private equity	14%	+/-7%	8.84%
Cash equivalents	-%	-%	0.77%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. 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’s proportionate share of the NPL calculated using the discount rate of 7.25%, as well as what the City’s proportionate share of the NPL 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:

	<u>Proportional Share</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City’s proportionate share of the net pension liability	0.26034%	\$19,020,144	\$14,278,378	\$10,265,708

**Pension Plan Fiduciary Net Position**

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

**2. 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 ARM Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

This Plan is included in the annual comprehensive financial report for PERS, and at the following website, as noted earlier. <https://drb.alaska.gov/docs/reports/#pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other non-employer contributions. In addition, actual remittances to the PERS system require that the City 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. Non-vested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2025 to cover a portion of the City’s employer match contributions. For the year ended June 30, 2025, forfeitures reduced pension expense by \$14,213.

**Employee Contribution Rate**

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual’s account.

**Employer Contribution Rate**

For the year ended June 30, 2025, the City was required to contribute 5.0% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended June 30, 2025 were \$380,400 and \$608,904, respectively. The City contribution amount was recognized as pension expense/expenditures.

**3. Defined Benefit OPEB Plans**

As part of its participation in PERS, the City participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the annual comprehensive financial report for PERS, at the following website, as noted earlier. <https://drb.alaska.gov/docs/reports/#pers>.

**Employer Contribution Rates**

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

Employer contribution rates for the year ended June 30, 2025 were as follows:

	<u>Other</u>	<u>Peace/Fire</u>
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	0.83%	0.83%
Occupational Death and Disability	<u>0.24%</u>	<u>0.69%</u>
<b>Total Contribution Rates</b>	<u>1.07%</u>	<u>1.52%</u>

In 2025, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2023 to June 30, 2024	City Fiscal Year July 1, 2024 to June 30, 2025
Employer contributions – ARHCT	\$ 25	\$ 1,069
Employer contributions – RMP	71,808	63,214
Employer contributions – ODD	<u>32,540</u>	<u>33,230</u>
<b>Total Contributions</b>	<b><u>\$104,373</u></b>	<b><u>\$ 97,513</u></b>

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

At June 30, 2025, 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 for its proportional share, the related State proportion, and the total were as follows:

City's proportionate share of NOA – ARHCT	\$5,746,996
City's proportionate share of NOA – RMP	173,936
City's proportionate share of NOA – ODD	<u>283,097</u>
<b>Total City's Proportionate Share of Net OPEB Asset</b>	<b><u>\$6,204,029</u></b>
State's proportionate share of the ARHCT NOA associated with the City	<u>2,134,859</u>
<b>Total Net OPEB Asset</b>	<b><u>\$8,338,888</u></b>

The total OPEB asset for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the NOA as of that date. The City's proportion of the NOA was based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2023 Measurement Date Employer <u>Proportion</u>	June 30, 2024 Measurement Date Employer <u>Proportion</u>	<u>Change</u>
City's proportionate share of the net OPEB assets:			
ARHCT	0.26790%	0.26097%	(0.00693)%
RMP	0.38954%	0.37313%	(0.01641)%
ODD	0.49246%	0.47420%	(0.01826)%

For the year ended June 30, 2025, the City recognized OPEB expense (benefit) of \$502,279. Of this amount, \$83,951 was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue are listed by plan in the table below:

<u>Plan</u>	<u>OPEB Expense (benefit)</u>	<u>On- behalf Revenue</u>
ARHCT	\$ 488,947	\$ 83,951
RMP	22,103	-
ODD	<u>(8,771)</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 502,279</u></b>	<b><u>\$ 83,951</u></b>

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<u>Deferred Outflows of Resources</u>	<u>ARHCT</u>	<u>RMP</u>	<u>ODD</u>	<u>Total</u>
Difference between expected and actual experience	\$ 3,113	\$ 4,378	\$ -	\$ 7,491
Changes in assumptions	154,298	58,858	-	213,156
Net difference between projected and actual investment earnings	87,516	2,454	904	90,874
Changes in proportion and differences between City contributions and proportionate share of contributions	27,214	2,467	16,576	46,257
City contributions subsequent to the measurement date	<u>1,069</u>	<u>63,214</u>	<u>33,230</u>	<u>97,513</u>
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b><u>\$273,210</u></b>	<b><u>\$ 131,371</u></b>	<b><u>\$50,710</u></b>	<b><u>\$ 455,291</u></b>
<u>Deferred Inflows of Resources</u>	<u>ARHCT</u>	<u>RMP</u>	<u>ODD</u>	<u>Total</u>
Difference between expected and actual experience	\$ -	\$ (19,330)	\$(66,318)	\$ (84,648)
Changes in assumptions	-	(116,928)	(701)	(117,629)
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>-</u>	<u>(1,433)</u>	<u>(10,151)</u>	<u>(11,584)</u>
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b><u>\$ -</u></b>	<b><u>\$(137,691)</u></b>	<b><u>\$(77,170)</u></b>	<b><u>\$(214,861)</u></b>

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date will be recognized as an increase in the NOAs in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>ARHCT</u>	<u>RMP</u>	<u>ODD</u>	<u>Total</u>
2026	\$(138,432)	\$(24,155)	\$(19,278)	\$(181,865)
2027	579,652	779	(9,937)	570,494
2028	(92,906)	(25,372)	(11,686)	(129,964)
2029	(76,173)	(17,657)	(9,198)	(103,028)
2030	-	(9,800)	(5,862)	(15,662)
Thereafter	<u>-</u>	<u>6,671</u>	<u>(3,729)</u>	<u>2,942</u>
<b>Total Amortization</b>	<b><u>\$ 272,141</u></b>	<b><u>\$(69,534)</u></b>	<b><u>\$(59,690)</u></b>	<b><u>\$ 142,917</u></b>

### **Actuarial Assumptions**

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024:

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 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 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 2025 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5% Initial trend rates are from FY 2025 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupation causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational

improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All Others  
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

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

Participation (ARHCT)

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

Peace officer/firefighter

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

All others

25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT

and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

**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 OPEB 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 2.39% for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	26%	+/-6%	5.48%
Global equity (non U.S.)	17%	+/-4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/-10%	2.10%
Multi-asset	8%	+/-4%	-%
Real assets	14%	+/-7%	4.63%
Private equity	14%	+/-7%	8.84%
Cash equivalents	-%	-%	0.77%

**Discount Rate**

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2024 was 7.25%. 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 that meets State statutes. Based on those assumptions, the fiduciary net position for 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 (Liability) to Changes in the Discount Rate**

The following presents the City’s proportionate share of the NOA calculated using the discount rate of 7.25%, as well as what the City’s proportionate share of the respective plan’s NOA 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:

	<u>Proportional Share</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City’s proportionate share of the net OPEB asset:				
ARHCT	0.26097%	\$3,638,909	\$5,746,996	\$7,520,996
RMP	0.37313%	(30,130)	173,936	329,909
ODD	0.47420%	265,907	283,097	296,569

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

The following presents the City’s proportionate share of the NOA calculated using the healthcare cost trend rates as summarized in the 2023 actuarial valuation reports as well as what the City’s proportionate share of the respective plan’s NOA (liability) 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:

	<u>Proportional Share</u>	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset (liability):				
ARHCT	0.26097%	\$7,723,526	\$5,746,996	\$3,399,013
RMP	0.37313%	350,495	173,936	(62,970)
ODD	0.47420%	n/a	n/a	n/a

**OPEB Plan Fiduciary Net Position**

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

**4. Defined Contribution OPEB Plan**

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 Rates**

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, 2024, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,387 per year for each full-time employee, and \$1.53 per hour for part-time employees.

**Annual Postemployment Healthcare Cost**

In fiscal year 2025, the City contributed \$203,325 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

**G. Changes in long-term obligations**

Activity in long-term liabilities in governmental activities is as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due within one year</u>
Compensated absences	\$ 1,165,415	\$1,062,826	\$ 1,020,677	\$ 1,207,564	\$301,891
Net pension liability	13,922,381	355,997	-	14,278,378	-
Advance refunding bonds	<u>665,000</u>	<u>-</u>	<u>100,000</u>	<u>565,000</u>	<u>105,000</u>
Total governmental activities	<u>\$15,752,796</u>	<u>\$1,418,823</u>	<u>\$ 1,120,677</u>	<u>\$16,050,942</u>	<u>\$406,891</u>

Activity in long-term liabilities in business-type activities is as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due within one year</u>
Compensated absences	<u>\$6,728</u>	<u>\$7,516</u>	<u>\$6,231</u>	<u>\$8,013</u>	<u>\$2,003</u>

A summary of bonds payable at June 30, 2025, is as follows:

<u>Date of Issue</u>	<u>Issued</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Annual Installments</u>	<u>Outstanding June 30, 2025</u>
7/7/20	\$1,020,000	5.00	2020 – 2029	\$125,000 - \$131,000	\$565,000

Debt service requirements for the general obligation refunding bonds at June 30, 2025 are as follows:

<u>Governmental Activities</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	105,000	25,625	130,625
2027	105,000	20,375	125,375
2028	110,000	15,000	125,000
2029	120,000	9,250	129,250
2030	<u>125,000</u>	<u>3,125</u>	<u>128,125</u>
Total	<u>\$ 565,000</u>	<u>\$73,375</u>	<u>\$ 638,375</u>

The City has an unissued general obligation of \$2,000,000 authorized by City voters for the City's Kenai River Bluff Erosion Project.

The City has a legal debt limit equal to twenty percent of the assessed value of all real and personal property in the City. The 2024 Certified Main and Supplemental Tax Rolls for the City showed total taxable assessed for real and personal property of \$1,025,749,864, making the legal debt limit \$205,149,973 for the City.

**H. Interfund receivables, payables, and transfers**

Amounts due from other funds are as follows-

Due to General Fund from Kenai Bluff Erosion Capital Project for short-term operating advances	<u>\$ 87,294</u>
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Transfers between funds were as follows:

From General Fund to:	
Nonmajor governmental funds for capital costs	\$ 792,513
Nonmajor governmental funds for debt service	130,750
Nonmajor governmental funds for operating costs	<u>217,467</u>
Total from General Fund	1,140,730
From Airport Special Revenue Fund to -	
Nonmajor governmental funds for capital costs	43,237
From Water & Sewer Special Revenue Fund to -	
Nonmajor governmental funds for capital costs	497,223
Water & Sewer Special Revenue Fund to return unexpended capital funds	<u>155,166</u>
	652,389
From Airport Land Sales Permanent Fund to -	
Airport Special Revenue Fund for operating costs	1,094,116
From nonmajor governmental funds to:	
General Fund for operating costs	228,684
General Fund to return unexpended capital funds	<u>108,185</u>
Total from nonmajor governmental funds	<u>336,869</u>
Total transfers to other funds	<u>\$3,267,341</u>

## I. Fund balance designations

Pursuant to GASB Statement Number 54, fund balances reported for the major funds and the nonmajor funds in the aggregate on the governmental funds' balance sheet are subject to the following constraints:

	General	Kenai Bluff				Nonmajor and Other Funds	Totals
		Airport Special Revenue	Water & Sewer Special Revenue	Erosion Capital Project	Airport Land Sales Permanent		
<b>Nonspendable</b>							
Prepays	\$ -	\$ -	\$ -	\$1,948,489	\$ -	\$ -	\$ 1,948,489
Permanent Fund	-	-	-	-	-	4,016,526	4,016,526
<b>Total Nonspendable</b>	-	-	-	1,948,489	-	4,016,526	5,965,015
<b>Restricted:</b>							
Airport purposes	-	-	-	-	31,257,256	-	31,257,256
Cone Memorial Trust	-	-	-	-	-	957,935	957,935
Athletics	908,059	-	-	-	-	-	908,059
<b>Total Restricted</b>	908,059	-	-	-	31,257,256	957,935	33,123,250
<b>Committed:</b>							
Capital Improvement	-	-	-	-	-	9,540,749	9,540,749
Budget stabilization	5,395,279	-	-	-	-	-	5,395,279
Capital improvement plan reserve	2,996,973	-	-	-	-	-	2,996,973
<b>Total Committed</b>	8,392,252	-	-	-	-	9,540,749	17,933,001
<b>Assigned:</b>							
Operational & capital contingency reserve	1,798,519	-	-	-	-	-	1,798,519
Compensated abs.	1,103,409	26,499	27,655	-	-	-	1,157,563
Airport operations	-	3,061,783	-	-	-	-	3,061,783
Water & Sewer operations	-	-	2,935,353	-	-	-	2,935,353
Personal use fishery operations	-	-	-	-	-	295,436	295,436
<b>Total Assigned</b>	2,901,928	3,088,282	2,963,008	-	-	295,436	9,248,654
Unassigned	6,486,708	-	-	(1,948,489)	-	(54,971)	4,483,248
<b>Total Fund Balances</b>	<b>\$18,688,947</b>	<b>\$ 3,088,282</b>	<b>\$ 2,963,008</b>	<b>-</b>	<b>\$31,257,256</b>	<b>\$ 14,755,675</b>	<b>\$ 70,753,168</b>

## J. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; environmental contamination; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or Citywide activities being accounted for in the General Fund. The City purchases commercial insurance to transfer a substantial portion of the above risks of loss. Property insurance is purchased to provide coverage for buildings and heavy equipment, generally with deductibles of \$25,000. Various liability insurance policies are purchased to provide protection against torts, injuries, and errors and omissions. Most liability policies are written with low or zero deductibles. In addition to the deductibles on insurance policies, the City retains risk of loss related to certain potential liabilities and property damages. These include environmental liabilities, employment discrimination, and vehicle property losses. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The City analyzes potential losses on a case-by-case basis to determine amounts that should be accrued or disclosed in the financial statements.

## K. Contingencies

The City is involved in lawsuits arising in the ordinary course of operations, including actions commenced and claims asserted against it. Management of the City does not believe that the ultimate resolution of these

lawsuits and claims will have any material effect on its financial position or results of operations, and therefore, no provision has been made in the accompanying financial statements.

#### **L. New accounting pronouncements**

The GASB has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the City for the 2025 reporting:

*GASB Statement No. 101 – Compensated Absences* – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025. The city evaluated the impact of this Statement and determined there was not material impact to the financial statements for FY25.

*GASB Statement No. 102 – Certain Risk Disclosures* – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The city evaluated the impact of this Statement and determined there was not material impact to the financial statements for FY25.

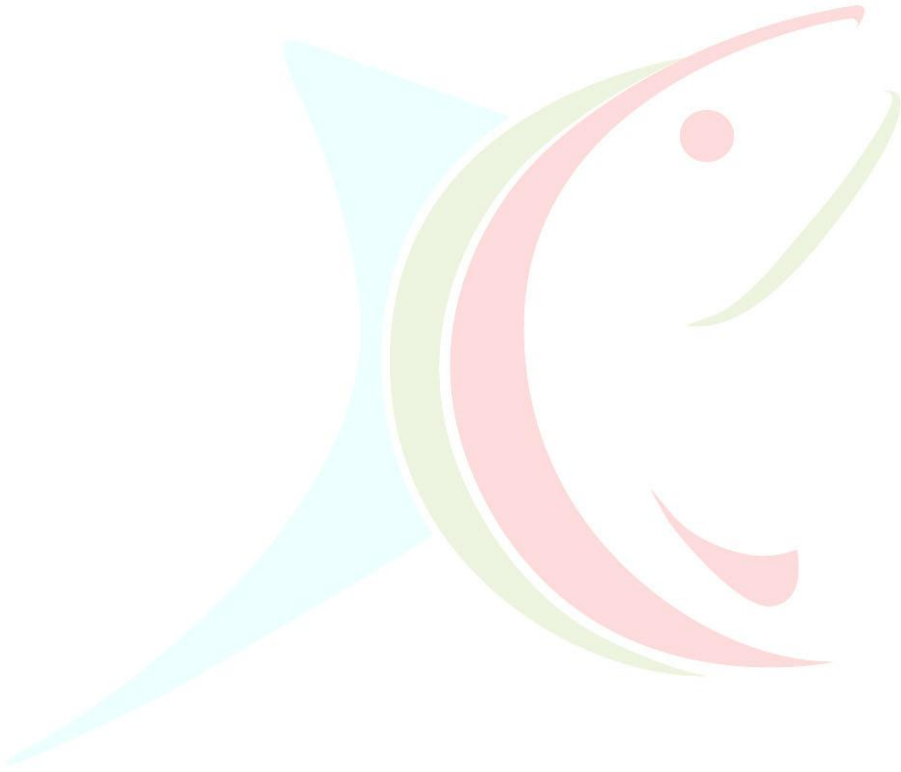
The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

*GASB Statement No. 103 – Financial Reporting Model Improvements* – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

*GASB Statement No. 104 – Disclosure of Certain Capital Assets* – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosures requirements will improve consistency and comparability between governments.

*GASB Statement No. 105 – Subsequent Events* – Effective for year-end June 30, 2027. Earlier application is encouraged. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



KENAI



**CITY OF KENAI, ALASKA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Taxes:				
General property	\$ 4,467,109	\$ 4,467,109	\$ 4,514,635	\$ 47,526
General sales	10,073,705	10,073,705	10,497,334	423,629
Penalty and interest on taxes	<u>10,000</u>	<u>10,000</u>	<u>25,407</u>	<u>15,407</u>
Total taxes	<u>14,550,814</u>	<u>14,550,814</u>	<u>15,037,376</u>	<u>486,562</u>
Intergovernmental revenues:				
Federal grants	-	(762)	103,829	104,591
Kenai Peninsula Borough	52,800	52,800	52,800	-
State of Alaska shared revenues:				
Marijuana licenses	2,500	2,500	3,500	1,000
Electric utility tax	29,000	29,000	28,495	(505)
Fish tax	17,500	17,500	568	(16,932)
Liquor licenses	17,000	17,000	21,625	4,625
Community Assistance	175,745	175,745	166,905	(8,840)
State of Alaska grants:				
Library grants	-	7,000	7,000	-
Police grants	-	14,348	3,819	(10,529)
PERS relief	<u>405,385</u>	<u>405,385</u>	<u>356,517</u>	<u>(48,868)</u>
Total intergovernmental revenues	<u>699,930</u>	<u>720,516</u>	<u>745,058</u>	<u>24,542</u>
Charges for services:				
Fees and charges:				
Ambulance fees	875,000	875,000	1,561,181	686,181
Multipurpose facility charges	120,000	120,000	141,642	21,642
Administrative and service fees	1,834,200	1,834,200	1,834,200	-
Other	<u>88,600</u>	<u>88,600</u>	<u>164,510</u>	<u>75,910</u>
Total fees and charges	<u>2,917,800</u>	<u>2,917,800</u>	<u>3,701,533</u>	<u>783,733</u>
Licenses and permits:				
Building permits	140,000	140,000	203,699	63,699
Animal control licenses and fees	93,795	93,795	100,821	7,026
Other	<u>8,100</u>	<u>8,100</u>	<u>12,773</u>	<u>4,673</u>
Total licenses and permits	<u>241,895</u>	<u>241,895</u>	<u>317,293</u>	<u>75,398</u>
Fines and forfeits:				
Court fines	50,000	50,000	74,214	24,214
Library fines	100	100	533	433
Other forfeitures	<u>24,100</u>	<u>24,100</u>	<u>435</u>	<u>(23,665)</u>
Total fines and forfeits	<u>74,200</u>	<u>74,200</u>	<u>75,182</u>	<u>982</u>
Total charges for services	<u>3,233,895</u>	<u>3,233,895</u>	<u>4,094,008</u>	<u>860,113</u>

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL, continued**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues, continued:</b>				
Investment earnings	\$ 475,000	\$ 475,000	\$ 1,017,824	\$ 542,824
Miscellaneous revenues:				
Rents and leases	231,870	231,870	175,612	(56,258)
Lease interest	-	-	52,727	52,727
Oil and gas royalties	47,000	47,000	37,541	(9,459)
Special assessments	10,500	10,500	3,014	(7,486)
Other	74,650	124,031	119,118	(4,913)
Total miscellaneous revenues	<u>364,020</u>	<u>413,401</u>	<u>388,012</u>	<u>(25,389)</u>
<b>Total revenues</b>	<u>19,323,659</u>	<u>19,393,626</u>	<u>21,282,278</u>	<u>1,888,652</u>
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Legislative:</b>				
Personal services	51,768	51,768	51,787	(19)
Supplies	12,690	12,690	6,836	5,854
Other services and charges	129,300	151,300	122,337	28,963
Total legislative	<u>193,758</u>	<u>215,758</u>	<u>180,960</u>	<u>34,798</u>
<b>City clerk:</b>				
Personal services	323,571	323,571	298,515	25,056
Supplies	29,045	29,045	23,016	6,029
Other services and charges	42,470	42,470	27,606	14,864
Total city clerk	<u>395,086</u>	<u>395,086</u>	<u>349,137</u>	<u>45,949</u>
<b>City attorney:</b>				
Personal services	418,259	418,259	401,074	17,185
Supplies	2,325	2,325	1,512	813
Other services and charges	33,150	33,150	19,389	13,761
Total city attorney	<u>453,734</u>	<u>453,734</u>	<u>421,975</u>	<u>31,759</u>
<b>City manager:</b>				
Personal services	445,008	445,008	434,511	10,497
Supplies	3,230	3,230	2,277	953
Other services and charges	61,500	62,000	52,643	9,357
Total city manager	<u>509,738</u>	<u>510,238</u>	<u>489,431</u>	<u>20,807</u>
<b>Human resources:</b>				
Personal services	173,908	173,908	166,738	7,170
Supplies	6,876	6,876	7,126	(250)
Other services and charges	34,510	34,510	22,802	11,708
Total human resources	<u>215,294</u>	<u>215,294</u>	<u>196,666</u>	<u>18,628</u>
<b>Finance:</b>				
Personal services	809,933	809,933	807,097	2,836
Supplies	67,930	68,730	59,025	9,705
Other services and charges	141,825	141,025	117,268	23,757
Total finance	<u>1,019,688</u>	<u>1,019,688</u>	<u>983,390</u>	<u>36,298</u>

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL, continued**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures, continued:</b>				
<b>General government, continued:</b>				
<b>Non-departmental:</b>				
Personal services	\$ 421,192	\$ 421,192	\$ 361,152	\$ 60,040
Supplies	53,250	80,480	72,187	8,293
Other services and charges	746,443	717,980	561,307	156,673
Capital outlays	<u>4,632</u>	<u>4,632</u>	<u>-</u>	<u>4,632</u>
Total non-departmental	<u>1,225,517</u>	<u>1,224,284</u>	<u>994,646</u>	<u>229,638</u>
<b>Planning and zoning:</b>				
Personal services	323,255	321,755	291,503	30,252
Supplies	12,970	13,760	12,509	1,251
Other services and charges	<u>46,170</u>	<u>34,912</u>	<u>25,029</u>	<u>9,883</u>
Total planning and zoning	<u>382,395</u>	<u>370,427</u>	<u>329,041</u>	<u>41,386</u>
<b>Safety:</b>				
Supplies	1,100	1,100	383	717
Other services and charges	<u>2,400</u>	<u>2,400</u>	<u>2,418</u>	<u>(18)</u>
Total safety	<u>3,500</u>	<u>3,500</u>	<u>2,801</u>	<u>699</u>
<b>Land administration:</b>				
Supplies	200	200	-	200
Other services and charges	93,200	147,306	67,396	79,910
Capital outlays	<u>-</u>	<u>113</u>	<u>-</u>	<u>113</u>
Total land administration	<u>93,400</u>	<u>147,619</u>	<u>67,396</u>	<u>80,223</u>
<b>Total general government</b>	<u>4,492,110</u>	<u>4,555,628</u>	<u>4,015,443</u>	<u>540,185</u>
<b>Public safety:</b>				
<b>Police:</b>				
Personal services	3,482,936	3,497,284	3,406,226	91,058
Supplies	159,290	164,903	139,570	25,333
Other services and charges	<u>263,243</u>	<u>263,243</u>	<u>210,464</u>	<u>52,779</u>
Total police	<u>3,905,469</u>	<u>3,925,430</u>	<u>3,756,260</u>	<u>169,170</u>
<b>Fire:</b>				
Personal services	3,384,911	3,469,911	3,423,972	45,939
Supplies	119,188	135,851	127,608	8,243
Other services and charges	421,728	426,528	413,727	12,801
Capital outlays	<u>21,463</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fire	<u>3,947,290</u>	<u>4,032,290</u>	<u>3,965,307</u>	<u>66,983</u>
<b>Communications:</b>				
Personal services	953,792	953,792	943,766	10,026
Supplies	27,470	11,470	8,484	2,986
Other services and charges	58,160	58,160	47,892	10,268
Capital outlays	<u>-</u>	<u>16,000</u>	<u>14,283</u>	<u>1,717</u>
Total communications	<u>1,039,422</u>	<u>1,039,422</u>	<u>1,014,425</u>	<u>24,997</u>

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL, continued**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures, continued:</b>				
<b>Public safety, continued:</b>				
<b>Animal control:</b>				
Personal services	\$ 340,606	\$ 340,606	\$ 318,051	\$ 22,555
Supplies	19,345	22,344	20,991	1,353
Other services and charges	<u>139,718</u>	<u>140,424</u>	<u>124,936</u>	<u>15,488</u>
Total animal control	<u>499,669</u>	<u>503,374</u>	<u>463,978</u>	<u>39,396</u>
<b>Total public safety</b>	<u>9,391,850</u>	<u>9,500,516</u>	<u>9,199,970</u>	<u>300,546</u>
<b>Public works:</b>				
<b>Public works administration:</b>				
Personal services	191,878	248,874	242,225	6,649
Supplies	7,432	6,432	5,559	873
Other services and charges	<u>4,585</u>	<u>5,585</u>	<u>3,079</u>	<u>2,506</u>
Total public works administration	<u>203,895</u>	<u>260,891</u>	<u>250,863</u>	<u>10,028</u>
<b>Shop:</b>				
Personal services	433,904	433,904	423,865	10,039
Supplies	195,640	195,640	143,140	52,500
Other services and charges	118,718	118,718	96,654	22,064
Capital outlays	<u>31,380</u>	<u>31,380</u>	<u>30,925</u>	<u>455</u>
Total shop	<u>779,642</u>	<u>779,642</u>	<u>694,584</u>	<u>85,058</u>
<b>Streets:</b>				
Personal services	705,605	705,605	611,349	94,256
Supplies	154,970	143,620	133,779	9,841
Other services and charges	<u>299,000</u>	<u>310,350</u>	<u>280,338</u>	<u>30,012</u>
Total streets	<u>1,159,575</u>	<u>1,159,575</u>	<u>1,025,466</u>	<u>134,109</u>
<b>Dock:</b>				
Personal services	37,293	37,293	19,347	17,946
Supplies	6,550	6,550	4,615	1,935
Other services and charges	<u>19,846</u>	<u>19,846</u>	<u>15,418</u>	<u>4,428</u>
Total dock	<u>63,689</u>	<u>63,689</u>	<u>39,380</u>	<u>24,309</u>
<b>Buildings:</b>				
Personal services	330,852	330,852	312,984	17,868
Supplies	50,935	50,935	25,387	25,548
Other services and charges	<u>95,764</u>	<u>95,764</u>	<u>73,755</u>	<u>22,009</u>
Total buildings	<u>477,551</u>	<u>477,551</u>	<u>412,126</u>	<u>65,425</u>
<b>Street lighting:</b>				
Other services and charges	<u>237,097</u>	<u>237,097</u>	<u>198,468</u>	<u>38,629</u>
<b>Total public works</b>	<u>2,921,449</u>	<u>2,978,445</u>	<u>2,620,887</u>	<u>357,558</u>

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL, continued**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures, continued:</b>				
<b>Parks, recreation, and cultural:</b>				
<b>Library:</b>				
Personal services	\$ 801,417	\$ 801,417	\$ 761,396	\$ 40,021
Supplies	23,017	33,580	28,953	4,627
Other services and charges	<u>185,984</u>	<u>198,521</u>	<u>179,276</u>	<u>19,245</u>
Total library	<u>1,010,418</u>	<u>1,033,518</u>	<u>969,625</u>	<u>63,893</u>
<b>Visitors center:</b>				
Supplies	10,500	11,233	10,866	367
Other services and charges	<u>198,953</u>	<u>198,953</u>	<u>193,752</u>	<u>5,201</u>
Total visitors center	<u>209,453</u>	<u>210,186</u>	<u>204,618</u>	<u>5,568</u>
<b>Parks, recreation &amp; beautification:</b>				
Personal services	797,764	797,764	806,343	(8,579)
Supplies	105,480	133,480	120,155	13,325
Other services and charges	379,127	353,377	317,289	36,088
Capital outlays	<u>11,476</u>	<u>37,226</u>	<u>9,976</u>	<u>27,250</u>
Total parks, recreation & beautification	<u>1,293,847</u>	<u>1,321,847</u>	<u>1,253,763</u>	<u>68,084</u>
<b>Total parks, recreation, and cultural</b>	<u>2,513,718</u>	<u>2,565,551</u>	<u>2,428,006</u>	<u>137,545</u>
<b>Total expenditures</b>	<u>19,319,127</u>	<u>19,600,140</u>	<u>18,264,306</u>	<u>1,335,834</u>
Excess of revenues over (under) expenditures	<u>4,532</u>	<u>(206,514)</u>	<u>3,017,972</u>	<u>3,224,486</u>
<b>Other financing sources (uses):</b>				
Transfers in	226,278	343,831	336,869	(6,962)
Transfers out	<u>(1,094,136)</u>	<u>(1,131,362)</u>	<u>(1,140,730)</u>	<u>(9,368)</u>
Net other financing sources (uses)	<u>(867,858)</u>	<u>(787,531)</u>	<u>(803,861)</u>	<u>(16,330)</u>
Net change in fund balance	<u>\$ (863,326)</u>	<u>\$ (994,045)</u>	2,214,111	<u>\$ 3,208,156</u>
Fund balance - July 1			<u>16,474,836</u>	
Fund balance - June 30			<u>\$ 18,688,947</u>	

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
AIRPORT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 37,700	\$ 37,700	\$ 27,540	\$ (10,160)
Charges for services - landing fees	<u>384,855</u>	<u>384,855</u>	<u>382,293</u>	<u>(2,562)</u>
Investment earnings	<u>120,000</u>	<u>120,000</u>	<u>299,351</u>	<u>179,351</u>
Miscellaneous revenues:				
Rents and leases, including penalty and interest	1,272,925	1,272,925	1,151,965	(120,960)
Parking fees	225,000	225,000	303,543	78,543
Car rental commissions	185,000	185,000	184,691	(309)
Advertising commissions	28,000	28,000	32,384	4,384
Fuel flowage	17,000	17,000	16,325	(675)
Other	<u>218,000</u>	<u>178,000</u>	<u>149,063</u>	<u>(28,937)</u>
Total miscellaneous revenues	<u>1,945,925</u>	<u>1,905,925</u>	<u>1,837,971</u>	<u>(67,954)</u>
<b>Total revenues</b>	<u>2,488,480</u>	<u>2,448,480</u>	<u>2,547,155</u>	<u>98,675</u>
<b>Expenditures:</b>				
<b>Maintenance and operation:</b>				
Personal services	422,354	422,354	344,486	77,868
Supplies	251,480	245,480	139,230	106,250
Other services and charges	<u>457,004</u>	<u>463,004</u>	<u>399,121</u>	<u>63,883</u>
	1,130,838	1,130,838	882,837	248,001
Expenditures chargeable from other funds	<u>1,094,800</u>	<u>1,094,800</u>	<u>1,094,800</u>	<u>-</u>
Total maintenance and operation	<u>2,225,638</u>	<u>2,225,638</u>	<u>1,977,637</u>	<u>248,001</u>
<b>Administration:</b>				
Personal services	250,378	250,378	246,242	4,136
Supplies	3,040	3,040	2,031	1,009
Other services and charges	<u>60,952</u>	<u>60,952</u>	<u>82,086</u>	<u>(21,134)</u>
	314,370	314,370	330,359	(15,989)
Expenditures chargeable from other funds	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>	<u>-</u>
Total administration	<u>378,370</u>	<u>378,370</u>	<u>394,359</u>	<u>(15,989)</u>

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
AIRPORT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL, continued**

<b>Expenditures, continued:</b>	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance With Final Budget</u></b>
<b>Land:</b>				
Personal services	\$ 106,117	\$ 106,117	\$ 85,872	\$ 20,245
Supplies	60,000	60,000	42,874	17,126
Other services and charges	58,761	58,761	37,940	20,821
Total land	<u>224,878</u>	<u>224,878</u>	<u>166,686</u>	<u>58,192</u>
<b>Training facility:</b>				
Supplies	2,000	2,500	1,231	1,269
Other services and charges	166,237	165,737	164,667	1,070
Total training facility	<u>168,237</u>	<u>168,237</u>	<u>165,898</u>	<u>2,339</u>
<b>Terminal:</b>				
Personal services	218,057	218,057	210,354	7,703
Supplies	21,650	21,650	14,791	6,859
Other services and charges	391,766	379,066	319,440	59,626
Capital outlays	-	(27,300)	-	-
Total terminal	<u>631,473</u>	<u>591,473</u>	<u>544,585</u>	<u>74,188</u>
Expenditures chargeable from other funds	<u>61,800</u>	<u>61,800</u>	<u>61,800</u>	<u>-</u>
Total terminal	<u>693,273</u>	<u>653,273</u>	<u>606,385</u>	<u>74,188</u>
<b>Total expenditures</b>	<u>3,690,396</u>	<u>3,650,396</u>	<u>3,310,965</u>	<u>366,731</u>
Excess of revenues over (under) expenditures	<u>(1,201,916)</u>	<u>(1,201,916)</u>	<u>(763,810)</u>	<u>438,106</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,090,387	1,090,387	1,094,116	3,729
Transfers out	(25,817)	(43,237)	(43,237)	-
Net other financing sources (uses)	<u>1,064,570</u>	<u>1,047,150</u>	<u>1,050,879</u>	<u>3,729</u>
Net change in fund balance	<u>\$ (137,346)</u>	<u>\$ (154,766)</u>	287,069	<u>\$ 441,835</u>
Fund balance - July 1			<u>2,801,213</u>	
Fund balance - June 30			<u>\$ 3,088,282</u>	

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
WATER AND SEWER SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Intergovernmental revenues -				
State grant	\$ 35,719	\$ 35,719	\$ 31,019	\$ (4,700)
Charges for services:				
Residential water	1,044,170	1,044,170	1,020,510	(23,660)
Commercial water	402,293	402,293	392,540	(9,753)
Residential sewer	1,464,918	1,464,918	1,452,174	(12,744)
Commercial sewer	543,598	543,598	524,536	(19,062)
Hook-up fees	10,297	10,297	15,689	5,392
Other	(6,552)	(6,552)	43,913	50,465
Total charges for services	<u>3,458,724</u>	<u>3,458,724</u>	<u>3,449,362</u>	<u>(9,362)</u>
Investment earnings	<u>75,000</u>	<u>75,000</u>	<u>256,882</u>	<u>181,882</u>
Miscellaneous revenues	<u>5,000</u>	<u>5,000</u>	<u>347,199</u>	<u>342,199</u>
<b>Total revenues</b>	<u>3,574,443</u>	<u>3,574,443</u>	<u>4,084,462</u>	<u>510,019</u>
<b>Expenditures:</b>				
<b>Water:</b>				
Personal services	404,285	404,285	357,017	47,268
Supplies	178,320	213,320	194,829	18,491
Other services and charges	376,976	341,976	309,908	32,068
Capital outlays	72,500	72,500	14,911	57,589
	<u>1,032,081</u>	<u>1,032,081</u>	<u>876,665</u>	<u>155,416</u>
Expenditures chargeable from other funds	<u>112,400</u>	<u>112,400</u>	<u>112,400</u>	<u>-</u>
Total water	<u>1,144,481</u>	<u>1,144,481</u>	<u>989,065</u>	<u>155,416</u>
<b>Sewer:</b>				
Personal services	398,798	398,798	357,160	41,638
Supplies	31,250	31,250	12,574	18,676
Other services and charges	93,359	93,359	54,108	39,251
Capital outlays	172,500	172,500	-	172,500
	<u>695,907</u>	<u>695,907</u>	<u>423,842</u>	<u>272,065</u>
Expenditures chargeable from other funds	<u>65,600</u>	<u>65,600</u>	<u>65,600</u>	<u>-</u>
Total sewer	<u>761,507</u>	<u>761,507</u>	<u>489,442</u>	<u>272,065</u>

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
WATER AND SEWER SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL, continued**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures - continued:</b>				
<b>Sewer treatment plant:</b>				
Personal services	\$ 443,599	\$ 443,599	\$ 442,470	\$ 1,129
Supplies	137,690	137,690	85,634	52,056
Other services and charges	536,905	536,905	459,074	77,831
Capital outlays	-	-	-	-
	<u>1,118,194</u>	<u>1,118,194</u>	<u>987,178</u>	<u>131,016</u>
Expenditures chargeable from other funds	<u>118,900</u>	<u>118,900</u>	<u>118,900</u>	<u>-</u>
Total sewer treatment plant	<u>1,237,094</u>	<u>1,237,094</u>	<u>1,106,078</u>	<u>131,016</u>
<b>Total expenditures</b>	<u>3,143,082</u>	<u>3,143,082</u>	<u>2,584,585</u>	<u>558,497</u>
Excess of revenues over (under) expenditures	431,361	431,361	1,499,877	1,068,516
<b>Other financing sources (uses):</b>				
Transfers in	-	155,166	155,166	-
Transfers out	<u>(622,390)</u>	<u>(652,389)</u>	<u>(652,389)</u>	<u>-</u>
<b>Net other financing sources (uses)</b>	<u>(622,390)</u>	<u>(497,223)</u>	<u>(497,223)</u>	<u>-</u>
Net change in fund balance	<u>\$ (191,029)</u>	<u>\$ (65,862)</u>	1,002,654	<u>\$ 1,068,516</u>
Fund balance - July 1			<u>1,960,354</u>	
Fund balance - June 30			<u>\$ 2,963,008</u>	

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - PENSION PLAN  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

<b><u>Years Ended June 30,</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
City's proportion of the net pension liability	2.60340%	0.26850%	0.28278%	0.31776%	0.24754%
City's proportionate share of the net pension liability	\$ 14,278,378	\$ 13,922,381	\$ 14,412,658	\$ 11,657,104	\$ 14,607,516
State of Alaska proportionate share of the net pension liability	<u>5,337,152</u>	<u>4,641,160</u>	<u>3,987,974</u>	<u>1,577,585</u>	<u>6,046,118</u>
Total net pension liability	<u>\$ 19,615,530</u>	<u>\$ 18,563,541</u>	<u>\$ 18,400,632</u>	<u>\$ 13,234,689</u>	<u>\$ 20,653,634</u>
City's covered payroll	\$ 9,737,798	\$ 9,176,906	\$ 8,407,454	\$ 8,462,834	\$ 8,382,999
City's proportionate share of the net pension liability as a percentage of payroll	146.63%	151.71%	171.43%	137.74%	174.25%
Plan fiduciary net position as a percentage of the total pension liability	67.81%	68.23%	67.97%	76.46%	61.61%

**CITY OF KENAI, ALASKA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - PENSION PLAN  
SCHEDULE OF THE CITY'S CONTRIBUTIONS**

<b><u>Years Ended June 30,</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Contractually required contributions	\$ 1,514,751	\$ 1,491,437	\$ 1,384,812	\$ 1,127,512	\$ 1,101,645
Contributions relative to the contractually required contributions	<u>1,514,751</u>	<u>1,491,437</u>	<u>1,384,812</u>	<u>1,127,512</u>	<u>1,101,645</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 9,966,972	\$ 9,737,798	\$ 9,176,906	\$ 8,407,454	\$ 8,462,834
Contributions as a percentage of covered payroll	15.20%	15.32%	15.09%	13.41%	13.02%

See accompanying notes to required supplementary information.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.22960%	0.25988%	0.25468%	0.30898%	0.26181%
\$ 12,568,996	\$ 12,913,450	\$ 13,165,767	\$ 17,270,846	\$ 12,697,944
<u>4,992,668</u>	<u>3,738,518</u>	<u>4,904,181</u>	<u>2,174,127</u>	<u>3,401,936</u>
<u>\$ 17,561,664</u>	<u>\$ 16,651,968</u>	<u>\$ 18,069,948</u>	<u>\$ 19,444,973</u>	<u>\$ 16,099,880</u>
\$ 8,087,981	\$ 7,992,166	\$ 7,663,488	\$ 4,180,200	\$ 4,415,909
155.40%	161.58%	171.80%	413.16%	287.55%
63.42%	65.19%	63.37%	59.55%	63.96%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 948,738	\$ 1,020,687	\$ 1,048,639	\$ 891,552	\$ 811,111
<u>948,738</u>	<u>1,020,687</u>	<u>1,048,639</u>	<u>891,552</u>	<u>811,111</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,382,999	\$ 8,087,981	\$ 7,992,166	\$ 7,663,488	\$ 4,180,200
11.32%	12.62%	13.12%	11.63%	19.40%

See accompanying notes to required supplementary information.

**CITY OF KENAI, ALASKA**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - OPEB ARHCT PLAN**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

<u>Years Ended June 30,</u>	ARHCT							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.26097%	0.26790%	0.28093%	0.31913%	0.24748%	0.22969%	0.25984%	0.02548%
City's proportionate share of the net OPEB liability (asset)	\$ (5,746,996)	\$ (6,164,106)	\$ (5,527,506)	\$ (8,186,916)	\$ (1,120,744)	\$ 340,818	\$ 2,666,667	\$ 2,117,245
State of Alaska proportionate share of the net OPEB liability (asset)	<u>(2,134,859)</u>	<u>(2,075,377)</u>	<u>(1,578,141)</u>	<u>(1,073,049)</u>	<u>(465,221)</u>	<u>135,484</u>	<u>773,478</u>	<u>801,210</u>
Total net OPEB liability (asset)	<u>\$ (7,881,855)</u>	<u>\$ (8,239,483)</u>	<u>\$ (7,105,647)</u>	<u>\$ (9,259,965)</u>	<u>\$ (1,585,965)</u>	<u>\$ 476,302</u>	<u>\$ 3,440,145</u>	<u>\$ 2,918,455</u>
City's covered payroll	\$ 2,618,338	\$ 2,560,073	\$ 2,420,380	\$ 2,831,344	\$ 3,137,494	\$ 3,311,701	\$ 3,629,421	\$ 3,646,870
City's proportionate share of the net OPEB liability (asset) as a percentage of payroll	-219.49%	-240.78%	-228.37%	-289.15%	-35.72%	10.29%	73.47%	58.06%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	130.59%	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.91%

**CITY OF KENAI, ALASKA**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - OPEB ARHCT PLAN**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**

<u>Years Ended June 30,</u>	ARHCT							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,069	\$ 25	\$ 1,564	\$ 155,945	\$ 209,727	\$ 378,968	\$ 369,797	\$ 298,905
Contributions relative to the contractually required contributions	<u>1,069</u>	<u>25</u>	<u>1,564</u>	<u>155,945</u>	<u>209,727</u>	<u>378,968</u>	<u>369,797</u>	<u>298,905</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,373,678	\$ 2,618,338	\$ 2,560,073	\$ 2,420,380	\$ 2,831,344	\$ 3,137,494	\$ 3,311,701	\$ 3,629,421
Contributions as a percentage of covered payroll	0.045%	0.001%	0.061%	6.443%	7.407%	12.079%	11.166%	8.236%

**CITY OF KENAI, ALASKA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - OPEB RMP PLAN  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

<u>Years Ended June 30,</u>	<u>RMP</u>							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.37313%	0.38954%	0.37723%	0.38386%	0.38559%	0.39578%	0.38325%	0.38843%
City's proportionate share of the net OPEB liability (asset)	\$ (173,936)	\$ (184,969)	\$ (131,012)	\$ (103,035)	\$ 27,350	\$ 94,686	\$ 48,769	\$ 20,257
State of Alaska proportionate share of the net OPEB liability (asset)	-	-	-	-	-	-	-	-
Total net OPEB liability (asset)	<u>\$ (173,936)</u>	<u>\$ (184,969)</u>	<u>\$ (131,012)</u>	<u>\$ (103,035)</u>	<u>\$ 27,350</u>	<u>\$ 94,686</u>	<u>\$ 48,769</u>	<u>\$ 20,257</u>
City's covered payroll	\$ 7,119,460	\$ 6,616,834	\$ 5,987,074	\$ 5,631,491	\$ 5,246,705	\$ 4,776,280	\$ 4,362,745	\$ 4,016,618
City's proportionate share of the net OPEB liability (asset) as a percentage of payroll	-2.44%	-2.80%	-2.19%	-1.83%	0.52%	1.98%	1.12%	0.50%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	119.87%	124.29%	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

**CITY OF KENAI, ALASKA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - OPEB RMP PLAN  
SCHEDULE OF THE CITY'S CONTRIBUTIONS**

<u>Years Ended June 30,</u>	<u>RMP</u>							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 63,214	\$ 71,808	\$ 73,051	\$ 63,827	\$ 71,241	\$ 68,781	\$ 46,446	\$ 44,678
Contributions relative to the Contractually required contributions	<u>63,214</u>	<u>71,808</u>	<u>73,051</u>	<u>63,827</u>	<u>71,241</u>	<u>68,781</u>	<u>46,446</u>	<u>44,678</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 7,593,294	\$ 7,119,460	\$ 6,616,834	\$ 5,987,074	\$ 5,631,491	\$ 5,246,705	\$ 4,776,280	\$ 4,362,745
Contributions as a percentage of covered payroll	0.832%	1.009%	1.104%	1.066%	1.265%	1.311%	0.972%	1.024%

**CITY OF KENAI, ALASKA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - OPEB ODD PLAN  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

<u>Years Ended June 30,</u>	<u>ODD</u>							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.47420%	0.49246%	0.47759%	0.50193%	0.53960%	0.57178%	0.38325%	0.38843%
City's proportionate share of the net OPEB liability (asset)	\$ (283,097)	\$ (252,650)	\$ (209,365)	\$ (221,216)	\$ (147,094)	\$ (138,628)	\$ (74,435)	\$ (55,114)
State of Alaska proportionate share of the net OPEB liability (asset)	-	-	-	-	-	-	-	-
Total net OPEB liability (asset)	<u>\$ (283,097)</u>	<u>\$ (252,650)</u>	<u>\$ (209,365)</u>	<u>\$ (221,216)</u>	<u>\$ (147,094)</u>	<u>\$ (138,628)</u>	<u>\$ (74,435)</u>	<u>\$ (55,114)</u>
City's covered payroll	\$ 9,737,798	\$ 9,176,906	\$ 8,407,454	\$ 8,382,999	\$ 8,087,981	\$ 8,087,981	\$ 7,992,166	\$ 7,663,488
City's proportionate share of the net OPEB liability (asset) as a percentage of payroll	-2.91%	-2.75%	-2.49%	-2.61%	-1.75%	-1.71%	-93.00%	-72.00%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	346.81%	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

**CITY OF KENAI, ALASKA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - OPEB ODD PLAN  
SCHEDULE OF THE CITY'S CONTRIBUTIONS**

<u>Years Ended June 30,</u>	<u>ODD</u>							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 33,230	\$ 32,540	\$ 30,167	\$ 27,554	\$ 26,773	\$ 23,663	\$ 23,345	\$ 3,508
Contributions relative to the contractually required contributions	<u>33,230</u>	<u>32,540</u>	<u>30,167</u>	<u>27,554</u>	<u>26,773</u>	<u>23,663</u>	<u>23,345</u>	<u>3,508</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 9,966,972	\$ 9,737,798	\$ 9,176,906	\$ 8,407,454	\$ 8,462,834	\$ 8,382,999	\$ 8,087,981	\$ 7,992,166
Contributions as a percentage of covered payroll	0.333%	0.334%	0.329%	0.328%	0.316%	0.282%	0.289%	0.044%

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**



KENNAI



**CITY OF KENAI, ALASKA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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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, 2025, the Plan measurement date is June 30, 2024.

*Changes in Assumptions:*

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

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

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

***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.

**CITY OF KENAI, 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 Liability (Asset)***

These tables are presented based on the Plan measurement date. For June 30, 2025, the Plan measurement date is June 30, 2024.

*Changes in Assumptions:*

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the 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.

# OTHER GOVERNMENTAL FUNDS

This section includes the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, for the Airport Land Sales Permanent Fund, which is a major fund, as well as the Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. It also includes a Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for each nonmajor governmental fund that adopted an annual budget.

## Special Revenue Funds

Special Revenue Funds are used for specific revenues that are legally restricted to expenditures for a specific purpose.

**Cone Memorial Trust Fund** – This fund accounts for the proceeds received from the Tamara Diane Cone Testamentary Trust. Trust language requires the funds be used for the use and benefit of the Kenai Senior Center.

**Personal Use Fishery Fund** – This fund accounts for the activities responding to the State of Alaska Personal Use Fishery where thousands of Alaskans harvest salmon at the mouth of the Kenai River. The primary source of revenue is from user fees. Activities include public safety, parks, recreation and culture, and public works.

**Senior Citizen Fund** - This fund accounts for the activities of the Senior Citizen Title III Grant Program which is substantially financed by intergovernmental revenues. Activities include social services and a nutrition program.

## Capital Project Funds

Capital Project Funds are established to account for the resources expended to acquire assets of a relatively permanent nature. These funds evolved from the need for special accounting for bond proceeds, grants and contributions for the acquisition of capital assets. Capital Project Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of capital projects fund revenue, that their requirements regarding the use of the revenue were fully satisfied.

**Streets Fund** – This fund accounts for capital improvements to City streets, sidewalks, curbs and gutters, or street lighting systems. Financing is primarily by state grants and transfers from the General Fund.

**Airport Improvement Fund** – This fund accounts for capital projects of the City's airport. The primary funding source is federal grants.

**Parks and Recreation Fund** – This fund accounts for capital projects within the City's Parks, Recreation Center, Multipurpose Facility (Ice Rink), Visitor Center, Fine Arts Center, Cemetery, Personal Use Fishery, and Trail Construction. The primary funding sources for this fund are the General Fund, state grants and donations.

**Water & Sewer Fund** – This fund accounts for capital improvements to the City's water and sewer system. Financing is primarily by federal and state grants and transfers from the Water and Sewer Special Revenue Fund.

**Miscellaneous Fund** – This fund accounts for capital projects which do not fit in one of the other fund categories. These projects are generally smaller projects, which may be funded through transfers from other funds or by state or federal grants.

## Debt Service Fund

**Debt Service Fund** – This fund accounts for the accumulation of monies for payment of advance refunding bonds issued in 2020 for the advance refunding of general obligation bonds issued for the 2010 expansion of the Kenai Community Library.

## Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used.

**General Government Land Sales Fund** – This fund accounts for the proceeds of general government land sales, including principal and interest on long-term notes. By City Charter, the principal cannot be spent. Interest revenue is transferred to the General Fund in the amount of 5% of the fund balance or calendar year actual earnings as measured at December 31<sup>st</sup> of each year.



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**CITY OF KENAI, ALASKA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2025**

<b>ASSETS</b>	<b>Special Revenue Funds</b>		
	<b>Cone Memorial Trust</b>	<b>Personal Use Fishery</b>	<b>Senior Citizen</b>
Equity in central treasury (cash and investments)	\$ 955,538	\$ 314,679	\$ (125,496)
Intergovernmental receivables	-	-	15,217
Other accounts receivable, net	2,515	-	129,758
<b>Total assets</b>	<b>\$ 958,053</b>	<b>\$ 314,679</b>	<b>\$ 19,479</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 118	\$ 19,243	\$ 45,024
Accrued payroll and payroll liabilities	-	-	8,471
Other liabilities	-	-	5,030
Unearned revenue	-	-	15,925
Total liabilities	118	19,243	74,450
Deferred inflows of resources:			
Land sales unavailable	-	-	-
Fund balances:			
Nonspendable	-	-	-
Restricted	957,935	-	-
Committed	-	-	-
Assigned	-	295,436	-
Unassigned (deficit)	-	-	(54,971)
Total fund balances	957,935	295,436	(54,971)
<b>Total liabilities and fund balances</b>	<b>\$ 958,053</b>	<b>\$ 314,679</b>	<b>\$ 19,479</b>

<b>Capital Project Funds</b>					<b>Debt Service Fund</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Streets</b>	<b>Airport Improvement</b>	<b>Parks and Recreation</b>	<b>Water and Sewer</b>	<b>Miscellaneous</b>	<b>Debt Service</b>	<b>General Government Land Sales</b>	
\$ 1,229,125	\$ 3,467,349	\$ 974,419	\$ 2,767,042	\$ 723,941	\$ -	\$ 4,005,764	\$ 14,312,361
16,267	603,177	21,769	-	119,713	-	-	776,143
-	-	-	-	-	-	206,040	338,313
<u>\$ 1,245,392</u>	<u>\$ 4,070,526</u>	<u>\$ 996,188</u>	<u>\$ 2,767,042</u>	<u>\$ 843,654</u>	<u>\$ -</u>	<u>\$ 4,211,804</u>	<u>\$ 15,426,817</u>
\$ 35,368	\$ 160,978	\$ 74,275	\$ 16,501	\$ 35,324	\$ -	\$ -	\$ 386,831
-	-	-	-	-	-	-	8,471
-	-	-	-	-	-	-	5,030
-	59,607	-	-	-	-	-	75,532
<u>35,368</u>	<u>220,585</u>	<u>74,275</u>	<u>16,501</u>	<u>35,324</u>	<u>-</u>	<u>-</u>	<u>475,864</u>
-	-	-	-	-	-	195,278	195,278
-	-	-	-	-	-	4,016,526	4,016,526
-	-	-	-	-	-	-	957,935
1,210,024	3,849,941	921,913	2,750,541	808,330	-	-	9,540,749
-	-	-	-	-	-	-	295,436
-	-	-	-	-	-	-	(54,971)
<u>1,210,024</u>	<u>3,849,941</u>	<u>921,913</u>	<u>2,750,541</u>	<u>808,330</u>	<u>-</u>	<u>4,016,526</u>	<u>14,755,675</u>
<u>\$ 1,245,392</u>	<u>\$ 4,070,526</u>	<u>\$ 996,188</u>	<u>\$ 2,767,042</u>	<u>\$ 843,654</u>	<u>\$ -</u>	<u>\$ 4,211,804</u>	<u>\$ 15,426,817</u>

**CITY OF KENAI, ALASKA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2025**

	<u>Special Revenue Funds</u>		
	<u>Cone Memorial Trust</u>	<u>Personal Use Fishery</u>	<u>Senior Citizen</u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ -	\$ 1,104	\$ 445,635
Charges for services	-	504,857	-
Investment earnings	92,679	25,066	-
Miscellaneous revenues	-	-	353,210
<b>Total revenues</b>	<u>92,679</u>	<u>531,027</u>	<u>798,845</u>
<b>Expenditures:</b>			
General government	-	-	-
Public safety	-	120,245	-
Water and sewer services	-	-	-
Social welfare services	-	-	1,062,876
Parks, recreation and cultural	-	229,688	-
Public works	-	59,735	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>409,668</u>	<u>1,062,876</u>
Excess of revenues over (under) expenditures	92,679	121,359	(264,031)
<b>Other financing sources (uses):</b>			
Transfers in	-	-	217,467
Transfers out	-	(75,000)	-
Net other financing sources (uses)	<u>-</u>	<u>(75,000)</u>	<u>217,467</u>
Net change in fund balances	92,679	46,359	(46,564)
Fund balances (deficits) - July 1	<u>865,256</u>	<u>249,077</u>	<u>(8,407)</u>
Fund balances (deficits) - June 30	<u>\$ 957,935</u>	<u>\$ 295,436</u>	<u>\$ (54,971)</u>

Capital Project Funds					Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
Streets	Airport Improvement	Parks and Recreation	Water and Sewer	Miscellaneous	Debt Service	General Government Land Sales	
\$ 46,644	\$ 905,424	\$ 109,571	\$ -	\$ 144,765	\$ -	\$ -	\$ 1,653,143
-	-	-	-	-	-	-	504,857
-	-	-	-	-	-	403,698	521,443
-	-	8,997	-	-	-	67,397	429,604
<u>46,644</u>	<u>905,424</u>	<u>118,568</u>	<u>-</u>	<u>144,765</u>	<u>-</u>	<u>471,095</u>	<u>3,109,047</u>
-	-	-	-	1,550	-	-	1,550
-	-	-	-	144,765	-	-	265,010
-	-	-	151	-	-	-	151
-	-	-	-	-	-	-	1,062,876
-	-	27,855	-	-	-	-	257,543
-	-	-	-	-	-	-	59,735
-	-	-	-	-	100,000	-	100,000
-	-	-	-	-	30,750	-	30,750
<u>793,445</u>	<u>1,517,277</u>	<u>276,282</u>	<u>297,384</u>	<u>157,522</u>	<u>-</u>	<u>-</u>	<u>3,041,910</u>
<u>793,445</u>	<u>1,517,277</u>	<u>304,137</u>	<u>297,535</u>	<u>303,837</u>	<u>130,750</u>	<u>-</u>	<u>4,819,525</u>
(746,801)	(611,853)	(185,569)	(297,535)	(159,072)	(130,750)	471,095	(1,710,478)
422,889	43,237	169,625	497,223	199,999	130,750	-	1,681,190
(108,185)	-	-	-	-	-	(153,684)	(336,869)
<u>314,704</u>	<u>43,237</u>	<u>169,625</u>	<u>497,223</u>	<u>199,999</u>	<u>130,750</u>	<u>(153,684)</u>	<u>1,344,321</u>
(432,097)	(568,616)	(15,944)	199,688	40,927	-	317,411	(366,157)
<u>1,642,121</u>	<u>4,418,557</u>	<u>937,857</u>	<u>2,550,853</u>	<u>767,403</u>	<u>-</u>	<u>3,699,115</u>	<u>15,121,832</u>
<u>\$ 1,210,024</u>	<u>\$ 3,849,941</u>	<u>\$ 921,913</u>	<u>\$ 2,750,541</u>	<u>\$ 808,330</u>	<u>\$ -</u>	<u>\$ 4,016,526</u>	<u>\$ 14,755,675</u>

**CITY OF KENAI, ALASKA  
PERSONAL USE FISHERY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>			
Intergovernmental revenues - State grant	\$ 1,861	\$ 1,104	\$ (757)
Charges for services - Parking, camping, and boat launch	481,538	504,857	23,319
Investment earnings	<u>5,000</u>	<u>25,066</u>	<u>20,066</u>
<b>Total revenues</b>	<u>488,399</u>	<u>531,027</u>	<u>42,628</u>
<b>Expenditures:</b>			
<b>Public safety:</b>			
Personal services	39,043	37,987	1,056
Other services and charges	<u>14,938</u>	<u>958</u>	<u>13,980</u>
	53,981	38,945	15,036
Expenditures chargeable from other funds	<u>81,300</u>	<u>81,300</u>	<u>-</u>
Total public safety	<u>135,281</u>	<u>120,245</u>	<u>15,036</u>
<b>Public works:</b>			
<b>Streets:</b>			
Personal services	20,250	12,355	7,895
Supplies	2,800	1,857	943
Other services and charges	<u>12,752</u>	<u>7,728</u>	<u>5,024</u>
	35,802	21,940	13,862
Expenditures chargeable from other funds	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Total streets	<u>39,302</u>	<u>25,440</u>	<u>13,862</u>
<b>Dock:</b>			
Personal services	30,783	24,568	6,215
Supplies	1,430	70	1,360
Other services and charges	<u>6,132</u>	<u>5,657</u>	<u>475</u>
	38,345	30,295	8,050
Expenditures chargeable from other funds	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total dock	<u>42,345</u>	<u>34,295</u>	<u>8,050</u>
Total public works	<u>81,647</u>	<u>59,735</u>	<u>21,912</u>

**CITY OF KENAI, ALASKA  
PERSONAL USE FISHERY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL, continued**

<b>Expenditures, continued:</b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance With Final Budget</u></b>
<b>Parks, recreation and cultural:</b>			
Personal services	\$ 89,584	\$ 65,728	\$ 23,856
Supplies	28,250	25,219	3,031
Other services and charges	<u>106,234</u>	<u>116,941</u>	<u>(10,707)</u>
	224,068	207,888	16,180
Expenditures chargeable from other funds	<u>21,800</u>	<u>21,800</u>	<u>-</u>
Total parks, recreation and cultural	<u>245,868</u>	<u>229,688</u>	<u>16,180</u>
<b>Total expenditures</b>	<u>462,796</u>	<u>409,668</u>	<u>53,128</u>
Excess of revenues over (under) expenditures	25,603	121,359	95,756
<b>Other financing uses:</b>			
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (49,397)</u>	46,359	<u>\$ 95,756</u>
Fund balance - July 1		<u>249,077</u>	
Fund balance - June 30		<u>\$ 295,436</u>	

**CITY OF KENAI, ALASKA**  
**CONE MEMORIAL TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2025**

	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>		
Investment earnings	<u>92,679</u>	<u>92,679</u>
<b>Total revenues</b>	<u>92,679</u>	<u>92,679</u>
<b>Expenditures:</b>		
<b>Social welfare services</b>		
Other services and charges	<u>-</u>	<u>-</u>
Net change in fund balance	92,679	<u>\$ 92,679</u>
Fund balance - July 1	<u>865,256</u>	
Fund balance - June 30	<u>\$ 957,935</u>	

**CITY OF KENAI, ALASKA  
 SENIOR CITIZEN SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>			
<b>Intergovernmental revenues:</b>			
State grants	\$ 306,567	\$ 237,724	\$ (68,843)
Federal grants	22,000	21,768	(232)
Kenai Peninsula Borough grant	186,143	186,143	-
Total intergovernmental revenues	<u>514,710</u>	<u>445,635</u>	<u>(69,075)</u>
<b>Miscellaneous revenues:</b>			
Choice Waiver reimbursement	80,000	106,395	26,395
Rents and leases	10,000	9,688	(312)
Donations	245,150	234,017	(11,133)
Other	4,538	3,110	(1,428)
Total miscellaneous revenues	<u>339,688</u>	<u>353,210</u>	<u>13,522</u>
<b>Total revenues</b>	<u>854,398</u>	<u>798,845</u>	<u>(55,553)</u>
<b>Expenditures - social welfare services:</b>			
<b>Social services:</b>			
Personal services	155,049	157,238	(2,189)
Supplies	3,256	3,499	(243)
Other services and charges	30,470	29,787	683
	188,775	190,524	(1,749)
Expenditures chargeable from other funds	<u>44,117</u>	<u>44,117</u>	<u>-</u>
Total social services	<u>232,892</u>	<u>234,641</u>	<u>(1,749)</u>
<b>Congregate meals:</b>			
Personal services	110,613	104,362	6,251
Supplies	40,476	37,545	2,931
Other services and charges	46,127	23,198	22,929
	197,216	165,105	32,111
Expenditures chargeable from other funds	<u>29,177</u>	<u>29,177</u>	<u>-</u>
Total congregat meals	<u>226,393</u>	<u>194,282</u>	<u>32,111</u>
<b>Home delivered meals:</b>			
Personal services	205,922	220,799	(14,877)
Supplies	139,313	135,374	3,939
Other services and charges	37,001	34,798	2,203
	<u>382,236</u>	<u>390,971</u>	<u>(8,735)</u>

**CITY OF KENAI, ALASKA  
 SENIOR CITIZEN SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL, continued**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures - social welfare services - continued:</b>			
<b>Home delivered meals - continued:</b>			
Expenditures chargeable from			
other funds	\$ 59,141	\$ 59,141	\$ -
Total home delivered meals	<u>441,377</u>	<u>450,112</u>	<u>(8,735)</u>
<b>Transportation:</b>			
Personal services	80,371	75,464	4,907
Supplies	6,544	6,053	491
Other services and charges	<u>16,612</u>	<u>13,562</u>	<u>3,050</u>
	103,527	95,079	8,448
Expenditures chargeable from			
other funds	<u>27,069</u>	<u>27,069</u>	<u>-</u>
Total transportation	<u>130,596</u>	<u>122,148</u>	<u>8,448</u>
<b>Choice Waiver:</b>			
Personal services	45,295	26,190	19,105
Supplies	22,092	18,105	3,987
Other services and charges	<u>10,307</u>	<u>9,602</u>	<u>705</u>
	77,694	53,897	23,797
Expenditures chargeable from			
other funds	<u>7,796</u>	<u>7,796</u>	<u>-</u>
Total Choice Waiver	<u>85,490</u>	<u>61,693</u>	<u>23,797</u>
<b>Total expenditures</b>	<u>1,116,748</u>	<u>1,062,876</u>	<u>53,872</u>
Excess of revenues over (under)			
expenditures	(262,350)	(264,031)	(1,681)
<b>Other financing sources -</b>			
Transfers in	<u>217,467</u>	<u>217,467</u>	<u>-</u>
Net change in fund balance	<u>\$ (44,883)</u>	<u>(46,564)</u>	<u>\$ (1,681)</u>
Fund deficit - July 1		<u>(8,407)</u>	
Fund deficit - June 30		<u>\$ (54,971)</u>	

**CITY OF KENAI, ALASKA**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures - debt service:</b>			
Principal	\$ 100,000	\$ 100,000	\$ -
Interest	<u>30,750</u>	<u>30,750</u>	<u>-</u>
<b>Total expenditures</b>	<u>130,750</u>	<u>130,750</u>	<u>-</u>
 Excess of revenues over (under) expenditures	 (130,750)	 (130,750)	 -
<b>Other financing sources:</b>			
Transfers in	<u>130,750</u>	<u>130,750</u>	<u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 -	 <u>\$ -</u>
 Fund balance - July 1		 <u>-</u>	
 Fund balance - June 30		 <u>\$ -</u>	

**CITY OF KENAI, ALASKA**  
**GENERAL GOVERNMENT LAND SALES PERMANENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>			
Investment earnings	\$ 213,926	\$ 403,698	\$ 189,772
Land sales	<u>-</u>	<u>67,397</u>	<u>67,397</u>
Total revenues	<u>213,926</u>	<u>471,095</u>	<u>257,169</u>
 Excess of revenues over expenditures	 213,926	 471,095	 257,169
<b>Other financing uses:</b>			
Transfers out	<u>(151,278)</u>	<u>(153,684)</u>	<u>(2,406)</u>
 Net change in fund balance	 <u>\$ 62,648</u>	 317,411	 <u>\$ 254,763</u>
 Fund balance - July 1		 <u>3,699,115</u>	
 Fund balance - June 30		 <u>\$ 4,016,526</u>	

**CITY OF KENAI, ALASKA  
 AIRPORT LAND SALES PERMANENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>			
Investment earnings	\$ 1,665,560	\$ 3,065,564	\$ 1,400,004
Land sales	<u>-</u>	<u>397,077</u>	<u>397,077</u>
Total revenues	<u>1,665,560</u>	<u>3,462,641</u>	<u>1,797,081</u>
 <b>Other financing uses:</b>			
Transfers out	<u>(1,090,387)</u>	<u>(1,094,116)</u>	<u>(3,729)</u>
 Net change in fund balance	<u>\$ 575,173</u>	2,368,525	<u>\$ 1,793,352</u>
 Fund balance - July 1		<u>28,888,731</u>	
 Fund balance - June 30		<u>\$ 31,257,256</u>	

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## INTERNAL SERVICE FUNDS

This section includes the Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows for the Internal Service Funds.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

**Equipment Replacement Fund** – This fund accounts for the purchase of equipment costing more than \$50,000 that will be used by the General Fund departments on a cost-reimbursement basis.

**Fleet Replacement Fund** – This fund accounts for the purchase of fleet vehicles that will be used by the General and Senior Citizen Special Revenue Funds' departments on a cost-reimbursement basis.

**Employee Health Care Fund** – This fund accounts for the cost of administering and providing healthcare to all eligible City employees. Charges to City departments are on a cost-reimbursement basis.



KENNAI



**CITY OF KENAI, ALASKA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2025**

	<b>Governmental Activities - Internal Service Funds</b>			<b>Total Internal Service Funds</b>
	<b>Equipment Replacement</b>	<b>Fleet Replacement</b>	<b>Employee Health Care</b>	
<b>ASSETS</b>				
<b>Current assets:</b>				
Equity in central treasury (cash and investments)	\$ 1,926,673	\$ 441,049	\$ 3,053,707	\$ 5,421,429
Deposits with others	<u>-</u>	<u>-</u>	<u>6,371</u>	<u>6,371</u>
Total current assets	<u>1,926,673</u>	<u>441,049</u>	<u>3,060,078</u>	<u>5,427,800</u>
<b>Noncurrent assets:</b>				
Property and equipment in service, at cost:				
Equipment	5,133,658	1,773,646	-	6,907,304
Less accumulated depreciation	(2,718,821)	(1,250,885)	-	(3,969,706)
Construction in progress	<u>64,275</u>	<u>261,873</u>	<u>-</u>	<u>326,148</u>
Total noncurrent assets	<u>2,479,112</u>	<u>784,634</u>	<u>-</u>	<u>3,263,746</u>
<b>Total assets</b>	<b><u>\$ 4,405,785</u></b>	<b><u>\$ 1,225,683</u></b>	<b><u>\$ 3,060,078</u></b>	<b><u>\$ 8,691,546</u></b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 4,348	\$ 4,348
Accounts payable capital and related financing activities	<u>148</u>	<u>443</u>	<u>-</u>	<u>591</u>
Total current liabilities	<u>148</u>	<u>443</u>	<u>4,348</u>	<u>4,939</u>
<b>NET POSITION</b>				
Investment in capital assets	2,479,112	784,634	-	3,263,746
Unrestricted	<u>1,926,525</u>	<u>440,606</u>	<u>3,055,730</u>	<u>5,422,861</u>
Total net position	<u>4,405,637</u>	<u>1,225,240</u>	<u>3,055,730</u>	<u>8,686,607</u>
<b>Total liabilities and net position</b>	<b><u>\$ 4,405,785</u></b>	<b><u>\$ 1,225,683</u></b>	<b><u>\$ 3,060,078</u></b>	<b><u>\$ 8,691,546</u></b>

**CITY OF KENAI, ALASKA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2025**

	<u>Governmental Activities - Internal Service Funds</u>			<u>Total Internal Service Funds</u>
	<u>Equipment Replacement</u>	<u>Fleet Replacement</u>	<u>Employee Health Care</u>	
<b>Operating revenues:</b>				
Other revenue	\$ 457,191	\$ 153,990	\$ 3,184,015	\$ 3,795,196
<b>Operating expenses:</b>				
Depreciation	238,131	60,974	-	299,105
Insurance/benefits	-	-	2,708,328	2,708,328
Miscellaneous	1,101	341	-	1,442
Administration	-	-	59,130	59,130
Total operating expenses	<u>239,232</u>	<u>61,315</u>	<u>2,767,458</u>	<u>3,068,005</u>
Operating income	217,959	92,675	416,557	727,191
<b>Nonoperating revenues:</b>				
Investment earnings	<u>86,162</u>	<u>29,794</u>	<u>136,742</u>	<u>252,698</u>
Change in net position	304,121	122,469	553,299	979,889
Net position - July 1	<u>4,101,516</u>	<u>1,102,771</u>	<u>2,502,431</u>	<u>7,706,718</u>
Net position - June 30	<u>\$ 4,405,637</u>	<u>\$ 1,225,240</u>	<u>\$ 3,055,730</u>	<u>\$ 8,686,607</u>

**CITY OF KENAI, ALASKA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2025**

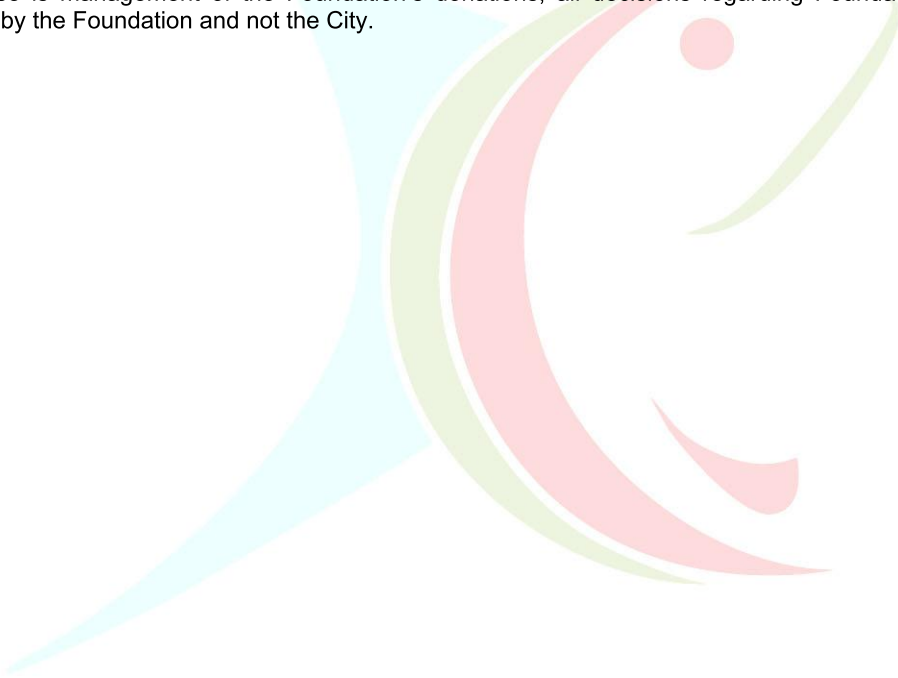
	<u>Governmental Activities - Internal Service Funds</u>			<u>Total Internal Service Funds</u>
	<u>Equipment Replacement</u>	<u>Fleet Replacement</u>	<u>Employee Health Care</u>	
<b>Cash flows from operating activities:</b>				
Receipts for interfund services	\$ 457,191	\$ 153,990	\$ 2,832,897	\$ 3,444,078
Receipts for services from others	-	-	351,118	351,118
Payments to suppliers	-	-	(2,771,975)	(2,771,975)
Net cash provided by operating activities	<u>457,191</u>	<u>153,990</u>	<u>412,040</u>	<u>1,023,221</u>
<b>Cash flows for capital and related financing activities:</b>				
Financing activities	(953)	102	-	(851)
Acquisition of capital assets	(578,713)	(391,037)	\$ -	(969,750)
Net cash used by capital and related financing activities	<u>(579,666)</u>	<u>(390,935)</u>	<u>-</u>	<u>(970,601)</u>
<b>Cash flows from investing activities:</b>				
Investment earnings	86,162	29,794	136,742	252,698
Net increase in cash and cash equivalents	(36,313)	(207,151)	548,782	305,318
Cash and cash equivalents - July 1	<u>1,962,986</u>	<u>648,200</u>	<u>2,504,925</u>	<u>5,116,111</u>
Cash and cash equivalents - June 30	<u>\$ 1,926,673</u>	<u>\$ 441,049</u>	<u>\$ 3,053,707</u>	<u>\$ 5,421,429</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 217,959	\$ 92,675	\$ 416,557	\$ 727,191
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	238,131	60,974	-	299,105
Miscellaneous expense	1,101	341	-	1,442
Accounts payable	-	-	(4,517)	(4,517)
Net cash provided by operating activities	<u>\$ 457,191</u>	<u>\$ 153,990</u>	<u>\$ 412,040</u>	<u>\$ 1,023,221</u>

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# FIDUCIARY FUNDS

**Kenai Senior Connection** - Through a management agreement, the City manages the donations of the Kenai Senior Connection, a 501(c)(3) not-for-profit entity, whose purpose is to support senior citizen activities within Kenai's city limits. The City's sole purpose is management of the Connection's donations; all decisions regarding the Connection's awards are made by the Connection and not the City.

**Kenai Community Foundation** - Through a management agreement, the City manages the donations of the Kenai Community Foundation, a 501(c)(3) not-for-profit entity, whose purpose is to support museums, parks and recreation, music, fine arts, library, and historic purposes within Kenai's city limits. The City's sole purpose is management of the Foundation's donations; all decisions regarding Foundation's awards are made by the Foundation and not the City.



KENAI



**CITY OF KENAI, ALASKA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2025**

	<b><u>Kenai Senior Connection</u></b>	<b><u>Kenai Community Foundation</u></b>	<b><u>Total Custodial Funds</u></b>
<b>ASSETS</b>			
Equity in central treasury (cash and investments)	\$ 1,391,261	\$ 249,970	\$ 1,641,231
Interest receivable	<u>3,695</u>	<u>650</u>	<u>4,345</u>
<b>Total assets</b>	<b><u>\$ 1,394,956</u></b>	<b><u>\$ 250,620</u></b>	<b><u>\$ 1,645,576</u></b>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 174</u>	<u>\$ 35</u>	<u>\$ 209</u>
<b>NET POSITION</b>			
Restricted for organizations	<u>1,394,782</u>	<u>250,585</u>	<u>1,645,367</u>
<b>Total liabilities and net position</b>	<b><u>\$ 1,394,956</u></b>	<b><u>\$ 250,620</u></b>	<b><u>\$ 1,645,576</u></b>

**CITY OF KENAI, ALASKA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2025**

	<b>Kenai Senior Connection</b>	<b>Kenai Community Foundation</b>	<b>Total Custodial Funds</b>
<b>Additions:</b>			
Investment earnings	\$ 137,598	\$ 26,641	\$ 164,239
Less investment management fees	<u>2,052</u>	<u>412</u>	<u>2,464</u>
Net investment earnings	<u>135,546</u>	<u>26,229</u>	<u>161,775</u>
 Total additions	 <u>135,546</u>	 <u>26,229</u>	 <u>161,775</u>
<b>Deductions:</b>			
Payments to others	<u>-</u>	<u>36,997</u>	<u>36,997</u>
 Net increase in fiduciary net position	 135,546	 (10,768)	 124,778
 Net position - July 1	 <u>1,259,236</u>	 <u>261,353</u>	 <u>1,520,589</u>
 Net position - June 30	 <u>\$ 1,394,782</u>	 <u>\$ 250,585</u>	 <u>\$ 1,645,367</u>

# STATISTICAL SECTION

## CITY OF KENAI, ALASKA

This part of the City of Kenai's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Table I	Net Position by Component
Table II	Change in Net Position
Table III	Governmental Activities Tax Revenues by Source
Table IV	Fund Balances of Governmental Funds
Table V	Changes in Fund Balances of Governmental Funds
Table VI	General Governmental Tax Revenues by Source

### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.

Table VII	Taxable Sales by Category
Table VIII	Sales Tax Rates – Direct and Overlapping Governments

### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Table IX	Ratio of Outstanding Debt by Type
Table X	Computation of Direct and Overlapping Debt
Table XI	Legal Debt Margin Information

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Table XII	Demographic and Economic Statistics
Table XIII	Principal Employers

### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

Table XIV	Full-time Equivalent City Government Employees by Fund
Table XV	Operating Indicators by Function
Table XVI	Capital Asset Statistics by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



CITY OF KENAI, ALASKA

TABLE I

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(AMOUNTS EXPRESSED IN THOUSANDS)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 141,096	\$ 143,098	\$ 140,725	\$ 144,824	\$ 153,447	\$ 152,943	\$ 153,069	\$ 155,138	\$ 154,955	\$ 154,605
Restricted - nonexpendable	2,943	3,050	3,130	3,296	2,941	3,091	3,239	3,485	3,699	4,017
Restricted - expendable	23,627	24,908	25,275	25,879	26,443	31,075	26,887	28,625	38,793	39,327
Unrestricted	8,188	6,718	4,792	5,847	12,907	18,345	22,507	26,997	865	26,004
<b>Total governmental activities net position</b>	<b>\$ 175,854</b>	<b>\$ 177,774</b>	<b>\$ 173,922</b>	<b>\$ 179,846</b>	<b>\$ 195,738</b>	<b>\$ 205,454</b>	<b>\$ 205,702</b>	<b>\$ 214,245</b>	<b>\$ 198,312</b>	<b>\$ 223,953</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 2,958	\$ 2,818	\$ 2,677	\$ 2,544	\$ 2,404	\$ 2,267	\$ 2,126	\$ 2,011	\$ 2,415	\$ 2,309
Unrestricted	474	507	570	680	761	843	924	1,014	-	699
<b>Total business-type activities net position</b>	<b>\$ 3,432</b>	<b>\$ 3,325</b>	<b>\$ 3,247</b>	<b>\$ 3,224</b>	<b>\$ 3,165</b>	<b>\$ 3,110</b>	<b>\$ 3,050</b>	<b>\$ 3,025</b>	<b>\$ 2,415</b>	<b>\$ 3,008</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 144,054	\$ 145,916	\$ 143,402	\$ 147,368	\$ 155,851	\$ 155,210	\$ 155,195	\$ 157,149	\$ 157,370	\$ 156,914
Restricted - nonexpendable	2,943	27,330	27,723	28,433	2,941	3,091	3,239	3,485	3,699	4,017
Restricted - expendable	23,627	628	682	742	26,443	31,075	26,887	28,625	38,793	39,327
Unrestricted	8,662	7,225	5,362	6,527	13,668	19,188	23,431	28,011	865	26,703
<b>Total primary government net position</b>	<b>\$ 179,286</b>	<b>\$ 181,099</b>	<b>\$ 177,169</b>	<b>\$ 183,070</b>	<b>\$ 198,903</b>	<b>\$ 208,564</b>	<b>\$ 208,752</b>	<b>\$ 217,270</b>	<b>\$ 200,727</b>	<b>\$ 226,961</b>

**CITY OF KENAI, ALASKA**  
**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

**TABLE II**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,801,225	\$ 2,748,439	\$ 2,099,053	\$ 2,274,910	\$ 2,472,944	\$ 3,991,258	\$ 1,588,224	\$ 2,598,494	\$ 3,227,258	\$ 3,925,449
Public safety	8,245,995	8,566,917	7,105,250	6,404,703	7,089,487	8,183,280	8,147,767	6,368,991	8,235,779	10,110,075
Public works	3,377,640	3,445,146	3,171,355	2,869,590	2,843,272	3,137,533	2,959,349	2,676,698	2,829,267	3,466,526
Parks, recreation, and cultural	2,828,177	2,946,836	4,087,141	2,459,644	2,279,505	2,300,189	2,558,915	2,652,907	2,952,217	3,087,053
Water and sewer services	2,832,563	2,900,224	2,919,777	2,917,208	2,734,796	2,934,336	2,863,872	2,860,093	3,030,827	3,346,591
Airport	3,518,240	3,718,663	3,566,203	3,561,832	3,555,513	4,133,978	4,173,644	3,924,452	4,425,896	4,491,486
Interest on long-term debt	92,947	89,548	86,098	83,131	76,405	18,697	44,271	39,875	843,860	986,515
Social welfare services	876,393	887,260	791,140	711,220	2,611,090	3,836,108	811,625	728,377	35,229	30,333
Total governmental activities expenses	<u>24,573,180</u>	<u>25,303,033</u>	<u>23,826,017</u>	<u>21,282,238</u>	<u>23,663,012</u>	<u>28,535,379</u>	<u>23,147,667</u>	<u>21,849,887</u>	<u>25,580,333</u>	<u>29,444,028</u>
Business-type activities:										
Senior housing	425,986	497,633	475,300	455,468	491,298	491,858	498,507	510,086	534,126	568,982
Total primary government expenses	<u>\$ 24,999,166</u>	<u>\$ 25,800,666</u>	<u>\$ 24,301,317</u>	<u>\$ 21,737,706</u>	<u>\$ 24,154,310</u>	<u>\$ 29,027,237</u>	<u>\$ 23,646,174</u>	<u>\$ 22,359,973</u>	<u>\$ 26,114,459</u>	<u>\$ 30,013,010</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 346,625	\$ 991,000	\$ 479,150	\$ 571,269	\$ 1,147,003	\$ 274,409	\$ 938,557	\$ 434,201	\$ 552,170	\$ 1,109,273
Public safety	575,406	515,321	524,608	542,252	552,865	537,383	691,190	1,297,521	1,118,823	1,729,709
Public works	57,451	44,816	91,340	70,413	185,419	195,671	163,211	161,444	189,814	267,899
Parks, recreation, and cultural	680,232	698,805	657,627	492,815	531,178	676,279	634,563	674,711	682,888	736,874
Water and sewer services	2,612,383	2,766,181	2,857,191	2,864,820	2,956,313	2,889,606	3,154,664	3,208,382	3,360,921	3,796,562
Airport	1,993,493	2,013,421	1,914,438	2,018,547	1,715,419	1,540,764	2,015,076	2,179,969	2,277,265	2,220,263
Social welfare services	96,913	98,539	188,787	184,657	153,348	113,735	147,198	220,882	229,827	246,815
Operating grants and contributions	2,015,450	1,473,514	1,462,609	1,156,177	6,562,230	9,317,148	2,473,801	2,569,869	1,244,753	1,768,482
Capital grants and contributions	7,166,204	5,642,845	2,382,392	6,267,732	12,449,981	3,711,493	4,353,203	2,724,838	1,581,813	1,864,217
Total governmental activities program revenues	<u>15,544,157</u>	<u>14,244,442</u>	<u>10,558,142</u>	<u>14,168,682</u>	<u>26,253,756</u>	<u>19,256,488</u>	<u>14,571,463</u>	<u>13,471,817</u>	<u>11,238,274</u>	<u>13,740,094</u>

CITY OF KENAI, ALASKA

TABLE II Continued

CHANGE IN NET POSITION, continued  
LAST TEN FISCAL YEARS  
(ACCURAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Business-type activities:</b>										
Charges for services:										
Senior housing	\$ 382,330	\$ 386,708	\$ 394,318	\$ 408,188	\$ 402,475	\$ 431,967	\$ 446,881	\$ 466,641	\$ 486,548	\$ 510,867
Operating grants and contributions	2,077	1,780	1,153	1,995	3,008	3,895	3,421	1,314	-	2,603
Total business-type activities	384,407	388,488	395,471	410,183	405,483	435,862	450,302	467,955	486,548	513,470
Total primary government program revenues	\$ 15,928,564	\$ 14,632,930	\$ 10,953,613	\$ 14,578,865	\$ 26,659,239	\$ 19,692,350	\$ 15,021,765	\$ 13,939,772	\$ 11,724,822	\$ 14,253,564
Net (expenses)/revenue:										
Governmental activities	\$ (9,029,023)	\$ (11,058,591)	\$ (13,267,875)	\$ (7,113,556)	\$ 2,590,744	\$ (9,278,891)	\$ (8,576,204)	\$ (8,378,070)	\$ (14,342,059)	\$ (15,703,935)
Business-type activities	(41,579)	(109,145)	(79,829)	(45,285)	(85,815)	(55,996)	(48,205)	(42,131)	486,548	(55,512)
Total primary government net expense	\$ (9,070,602)	\$ (11,167,736)	\$ (13,347,704)	\$ (7,158,841)	\$ 2,504,929	\$ (9,334,887)	\$ (8,624,409)	\$ (8,420,201)	\$ (13,855,511)	\$ (15,759,447)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 3,782,538	\$ 3,919,797	\$ 3,868,445	\$ 3,890,087	\$ 3,955,484	\$ 3,906,981	\$ 3,989,661	\$ 4,316,204	\$ 4,440,189	\$ 4,540,042
Sales taxes	7,247,938	6,715,501	6,854,253	7,159,094	7,690,916	8,560,985	9,191,637	9,818,482	9,975,032	10,497,334
Investment earnings (loss)	600,569	2,344,330	1,752,571	1,968,451	1,654,403	6,526,926	(4,356,554)	2,785,844	4,888,218	5,413,762
Total governmental activities	11,631,045	12,979,628	12,475,269	13,037,632	13,300,803	18,994,892	8,824,744	16,920,530	19,303,439	20,451,138
Business-type activities:										
Investment earnings (loss)	3,880	1,822	2,558	21,630	27,502	1,060	(12,650)	17,198	52,254	32,615
Transfers	-	(548)	-	-	-	-	-	-	-	-
Total business-type activities	3,880	1,274	2,558	21,630	27,502	1,060	(12,650)	17,198	52,254	32,615
Total primary government	\$ 11,634,925	\$ 12,980,902	\$ 12,477,827	\$ 13,059,262	\$ 13,328,305	\$ 18,995,952	\$ 8,812,094	\$ 16,937,728	\$ 19,355,693	\$ 20,483,753
<b>Changes in Net Position</b>										
Governmental activities	\$ 2,602,022	\$ 1,921,037	\$ (792,606)	\$ 5,924,076	\$ 15,891,547	\$ 9,716,001	\$ 248,540	\$ 8,542,460	\$ 4,961,380	\$ 4,747,203
Business-type activities	(37,699)	(107,871)	(77,271)	(23,655)	(58,313)	(54,936)	(60,855)	(24,933)	538,802	(22,897)
Total primary government	\$ 2,564,323	\$ 1,813,166	\$ (869,877)	\$ 5,900,421	\$ 15,833,234	\$ 9,661,065	\$ 187,685	\$ 8,517,527	\$ 5,500,182	\$ 4,724,306

CITY OF KENAI, ALASKA

Table III

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2016	\$ 3,782,538	\$ 7,247,938	\$ 11,030,476
2017	3,919,797	6,715,501	10,635,298
2018	3,868,445	6,854,253	10,722,698
2019	3,890,087	7,159,094	11,049,181
2020	3,955,484	7,690,916	11,646,400
2021	3,906,981	8,560,985	12,467,966
2022	3,989,661	9,191,637	13,181,298
2023	4,316,204	9,818,482	14,134,686
2024	4,440,189	9,975,032	14,415,221
2025	4,540,042	10,497,334	15,037,376

CITY OF KENAI, ALASKA

Table IV

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Restricted	\$ 588,937	\$ 628,599	\$ 682,068	\$ 741,748	\$ 811,030	\$ 640,115	\$ 673,494	\$ 735,423	\$ 824,433	\$ 908,059
Committed	409,746	6,840,662	6,976,762	7,116,039	6,047,560	8,392,252	10,394,225	8,392,252	10,791,650	8,392,252
Assigned	1,409,610	2,381,786	2,416,658	2,418,240	2,235,128	2,711,726	3,007,753	2,791,375	3,305,616	2,901,928
Unassigned	8,009,807	697,159	495,196	474,017	4,196,674	2,697,409	1,469,685	3,565,312	1,553,137	6,486,708
Total General Fund	\$ 10,418,100	\$ 10,548,206	\$ 10,570,684	\$ 10,750,044	\$ 13,290,392	\$ 14,441,502	\$ 15,545,157	\$ 15,484,362	\$ 16,474,836	\$ 18,688,947
All other governmental funds:										
Nonspendable:										
Prepays	-	-	-	-	-	-	-	-	2,333,400	1,948,489
Permanent funds	\$ 2,942,775	\$ 3,049,939	\$ 3,129,977	\$ 3,295,590	\$ 2,941,284	\$ 3,090,660	\$ 3,239,172	\$ 3,485,184	\$ 3,699,115	\$ 4,016,526
Total Nonspendable	\$ 2,942,775	\$ 3,049,939	\$ 3,129,977	\$ 3,295,590	\$ 2,941,284	\$ 3,090,660	\$ 3,239,172	\$ 3,485,184	\$ 6,032,515	\$ 5,965,015
Restricted:										
Airport purposes	23,037,659	24,280,015	24,592,355	25,138,086	25,631,649	30,434,755	26,213,430	27,147,869	28,888,731	31,257,256
Senior services	-	-	-	-	-	-	-	741,229	865,256	957,935
Total restricted	23,037,659	24,280,015	24,592,355	25,138,086	25,631,649	30,434,755	26,213,430	27,889,098	29,753,987	32,215,191
Committed:										
Capital projects funds	1,082,505	1,166,183	1,629,604	2,724,676	3,247,617	8,603,121	9,804,785	10,745,739	10,316,792	9,540,749
Assigned:										
Special revenue funds	6,528,265	7,350,294	7,916,676	6,840,111	6,994,074	5,250,704	5,496,478	4,821,893	5,010,644	6,346,726
Unassigned :										
Capital projects funds	-	-	-	-	-	-	-	-	(2,333,400)	(1,948,489)
Special revenue funds	-	-	-	(26,729)	(13,293)	-	(3,509)	-	(8,407)	(54,971)
Total all other governmental funds	\$ 33,591,204	\$ 35,846,431	\$ 37,268,612	\$ 37,971,734	\$ 38,801,331	\$ 47,379,240	\$ 44,750,356	\$ 46,941,914	\$ 48,772,131	\$ 52,064,221

CITY OF KENAI, ALASKA

Table V

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Property taxes	\$ 3,782,539	\$ 3,919,797	\$ 3,868,445	\$ 3,890,087	\$ 3,955,484	\$ 3,906,981	\$ 3,989,661	\$ 4,316,204	\$ 4,440,189	\$ 4,540,042
Sales tax	7,247,938	6,715,501	6,854,253	7,159,094	7,690,916	8,560,985	9,191,637	9,818,482	9,975,032	10,497,334
Intergovernmental	8,762,416	6,895,935	3,510,430	7,608,596	18,189,289	12,496,877	7,385,202	5,000,041	2,801,726	3,002,999
Investment earnings (loss)	637,862	2,369,153	1,780,713	2,108,245	1,588,324	6,523,654	(4,313,318)	2,723,737	4,663,935	5,161,064
Other revenues	7,983,878	8,617,986	8,409,444	8,518,056	9,132,699	8,535,094	9,489,737	10,814,134	10,304,814	11,830,383
<b>Total revenues</b>	<u>28,414,633</u>	<u>28,518,372</u>	<u>24,423,285</u>	<u>29,284,078</u>	<u>40,556,712</u>	<u>40,023,591</u>	<u>25,742,919</u>	<u>32,672,598</u>	<u>32,185,696</u>	<u>35,031,822</u>
<b>Expenditures</b>										
General government	2,715,814	2,512,819	2,347,583	2,891,363	3,220,941	4,265,253	3,668,730	3,443,404	3,598,275	4,016,994
Public safety	7,101,552	6,788,149	7,192,453	7,212,082	8,242,987	7,697,100	8,005,295	8,531,288	9,094,442	9,464,979
Public works	2,436,744	2,307,400	2,441,352	2,335,187	2,391,729	2,434,025	2,255,493	2,533,282	2,601,495	2,680,622
Parks, recreation and cultural	2,341,086	2,359,780	2,310,273	2,304,232	2,227,725	2,263,738	2,272,905	2,681,617	2,547,543	2,630,365
Water and sewer services	2,137,926	2,023,546	2,238,358	2,303,487	2,162,148	2,198,170	2,224,133	2,443,337	2,455,206	2,569,825
Airport	2,553,045	2,632,491	2,654,943	2,724,590	2,802,076	3,001,223	2,973,693	3,065,265	3,323,473	3,310,965
Social welfare services	940,602	858,100	883,273	877,762	2,808,809	4,024,201	1,000,560	996,173	1,031,102	1,062,876
Capital outlay	7,540,046	6,358,267	3,133,393	7,574,495	13,157,648	4,301,160	4,737,714	6,717,219	4,582,844	3,658,244
Debt service:										
Principal	85,000	85,000	90,000	95,000	95,000	85,000	85,000	90,000	95,000	100,000
Interest	93,798	90,398	86,998	83,398	77,704	43,775	44,625	40,250	35,625	30,750
<b>Total expenditures</b>	<u>27,945,613</u>	<u>26,015,950</u>	<u>23,378,626</u>	<u>28,401,596</u>	<u>37,186,767</u>	<u>30,313,645</u>	<u>27,268,148</u>	<u>30,541,835</u>	<u>29,365,005</u>	<u>29,525,620</u>
Excess of revenues over (under) expenditures	469,020	2,502,422	1,044,659	882,482	3,369,945	9,709,946	(1,525,229)	2,130,763	2,820,691	5,506,202
<b>Other financing sources (uses)</b>										
Transfers in	2,083,474	2,568,441	3,199,172	4,058,527	3,779,235	7,537,200	8,559,007	6,542,684	4,486,283	4,486,283
Proceeds from debt issuance	-	-	-	-	-	1,213,482	-	-	-	-
Payments to refunded bond escrow agent	-	-	(2,799,172)	(4,058,527)	(3,779,235)	(1,194,409)	-	-	-	-
Transfers out	(2,083,474)	(2,685,530)	(2,799,172)	(4,058,527)	(3,779,235)	(7,537,200)	(8,559,007)	(6,542,684)	(4,486,283)	(3,267,341)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(117,089)</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>19,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,218,942</u>
<b>Net change in fund balances</b>	<u>\$ 469,020</u>	<u>\$ 2,385,333</u>	<u>\$ 1,444,659</u>	<u>\$ 882,482</u>	<u>\$ 3,369,945</u>	<u>\$ 9,729,019</u>	<u>\$ (1,525,229)</u>	<u>\$ 2,130,763</u>	<u>\$ 2,820,691</u>	<u>\$ 6,725,144</u>
Debt service as a percentage of noncapital expenditures	0.89%	0.89%	0.80%	0.86%	0.72%	0.50%	0.58%	0.55%	0.53%	0.51%
Total non-capital expenditures	\$ 20,078,084	\$ 19,657,683	\$ 22,047,321	\$ 20,827,101	\$ 24,029,119	\$ 26,012,485	\$ 22,530,434	\$ 23,824,616	\$ 24,782,161	\$ 25,867,374

CITY OF KENAI, ALASKA

TABLE VI

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended <u>June 30</u>	Total <u>Taxes</u>	Property <u>Taxes</u>	Sales <u>Tax</u>
2016	\$ 11,030,477	\$ 3,782,539	\$ 7,247,938
2017	10,635,298	3,919,797	6,715,501
2018	10,722,698	3,868,445	6,854,253
2019	11,049,181	3,890,087	7,159,094
2020	11,646,400	3,955,484	7,690,916
2021	12,467,966	3,906,981	8,560,985
2022	13,181,298	3,989,661	9,191,637
2023	14,134,686	4,316,204	9,818,482
2024	14,415,221	4,440,189	9,975,032
2025	15,037,376	4,540,042	10,497,334

CITY OF KENAI, ALASKA

Table VII

TAXABLE SALES BY CATEGORY  
CURRENT FISCAL YEAR

Administrative & Waste Management	\$ 1,504,559
Agriculture, Forestry, Fishing & Hunting	26,622
Arts and Entertainment	1,732,078
Construction Contracting	1,144,976
Educational Services	1,188,010
Finance and Insurance	193,058
Guiding	518,735
Health Care and Social Assistance	10,199
Hotel/Motel/Bed & Breakfast	6,120,786
Information	2,324,478
Manufacturing	1,268,041
Mining/Quarrying	435,203
Other	11,178,788
Professional, Scientific and Technical Services	4,067,544
Public Administration	4,202,300
Rental Commercial Property	405,077
Rental Non-Residential Property	1,713,638
Rental Personal Property	1,941,291
Rental Residential Property	6,366,044
Restaurant/Bar	2,595,169
Retail Trade	242,406,095
Services	6,139,683
Telecommunications	1,995,880
Transportation and Warehousing	501,887
Wholesale Trade	<u>2,808,682</u>
<b>Total</b>	<b><u>\$ 302,788,823</u></b>

City direct sales tax rate 3.00%

**Source:** The Kenai Peninsula Borough Sales Tax Department.

CITY OF KENAI, ALASKA

TABLE VIII

SALES TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

Fiscal Year	City of Kenai	Overlapping Rates		Total
		Kenai	Peninsula Borough	
2016	3.00	3.00	3.00	6.00
2017	3.00	3.00	3.00	6.00
2018	3.00	3.00	3.00	6.00
2019	3.00	3.00	3.00	6.00
2020	3.00	3.00	3.00	6.00
2021	3.00	3.00	3.00	6.00
2022	3.00	3.00	3.00	6.00
2023	3.00	3.00	3.00	6.00
2024	3.00	3.00	3.00	6.00
2024	3.00	3.00	3.00	6.00
2025	3.00	3.00	3.00	6.00

Source: The Kenai Peninsula Borough Sales Tax Department.

CITY OF KENAI, ALASKA

TABLE IX

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities	Estimated Percentage of Personal Income *	Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita **
	General Obligation Bonds			
2016	\$ 1,530,000	0.39%	0.18%	\$ 202.17
2017	1,445,000	0.35%	0.17%	186.57
2018	1,355,000	0.39%	0.16%	192.53
2019	1,260,000	0.34%	0.14%	180.03
2020	1,165,000	0.32%	0.13%	166.45
2021	935,000	0.25%	0.11%	125.94
2022	850,000	0.19%	0.09%	111.99
2023	760,000	0.17%	0.08%	99.31
2024	665,000	0.14%	0.07%	87.24
2025	565,000	0.12%	0.06%	74.72

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* Personal income is estimated by using Kenai Peninsula Borough income to calculate per capita income and total income for City of Kenai.

\*\* Population data can be found on Table XII.

CITY OF KENAI, ALASKA

TABLE X

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2025

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to this Governmental Unit (1)	City of Kenai's Share of Debt
Direct debt:			
City of Kenai, Alaska	\$ 565,000	100.00%	\$ 565,000
Overlapping debt:			
Kenai Peninsula Borough	50,532,630	10.53%	5,321,086
Central Peninsula Hospital	35,595,911	13.95%	4,965,630
Total overlapping debt	86,128,541		10,286,716
Total Direct and Overlapping	\$ 86,693,541		\$ 10,851,716

**Source:** The Kenai Peninsula Borough.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Kenai.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed property values by those of the Borough.

CITY OF KENAI, ALASKA

TABLE XI

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(AMOUNTS EXPRESSED IN THOUSANDS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$165,677	\$170,328	\$173,745	\$174,215	\$ 174,366	\$178,855	\$177,949	\$178,869	\$193,845	\$201,394	\$205,150
Total net debt applicable to limit	1,615	1,530	1,445	1,355	1,260	1,165	935	850	760	665	565
Legal debt margin	<u>\$ 164,062</u>	<u>\$ 168,798</u>	<u>\$ 172,300</u>	<u>\$ 172,860</u>	<u>\$ 173,106</u>	<u>\$ 177,690</u>	<u>\$ 177,014</u>	<u>\$ 178,019</u>	<u>\$ 193,085</u>	<u>\$ 200,729</u>	<u>\$ 204,585</u>

COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2025

Assessed value	\$ 1,025,750
Debt limit, 20% of assessed value	205,150
Total amount of debt applicable to debt limit	<u>565</u>
Legal debt margin	<u>\$ 204,585</u>

CITY OF KENAI, ALASKA

TABLE XII

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	City of Kenai		For the Kenai Peninsula Borough (A)						
	Population (1)	School Enrollment (5)	Population (1)	Personal Income (amount expressed in thousands) (3)	Per Capita Personal Income (3)	Median Age (2)	School Enrollment (5)	Unemployment Rate (2)	
2016	7,073	1,822	57,763	\$ 2,873,397	\$ 49,371	40.0	8,788	7.60%	
2017	7,046	1,789	58,060	2,898,700	49,780	40.6	8,785	8.20%	
2018	6,999	1,820	58,024	3,007,832	51,687	41.4	8,712	7.70%	
2019	6,999	1,855	58,471	3,153,444	53,952	41.0	8,680	7.00%	
2020	6,999	1,767	58,671	3,287,660	55,778	42.5	8,535	6.10%	
2021	7,424	1,438	58,799	3,541,782	59,083	42.8	7,756	9.50%	
2022	7,395	1,693	59,047	3,662,719	60,430	43.0	8,298	7.30%	
2023	7,506	1,744	60,006	3,798,985	62,052	42.9	8,489	4.50%	
2024	7,623	1,754	61,003	3,798,985	62,052	43.2	8,401	4.70%	
2025	7,562	1,720	59,843	3,798,985	62,052	41.5	8,264	4.70%	

**Sources:** The Bureau of Economic Analysis, the State of Alaska and the Kenai Peninsula Borough.

**Note:** Information for prior years is revised yearly until a census is completed.

(A) Data for the City of Kenai is not available, but should be comparable to this data which is for the Kenai Peninsula Borough.

(1) Alaska Department of Labor estimates as of July 1 of each year. Some prior fiscal years have been updated to match updated statistical reported information.

(2) Data is provided by the State of Alaska Department of Labor and is the annual rate for 12 months ending December of the prior calendar year. The Alaska Department of Labor amends every month the unemployment rate data for the previous month and again at the end of every calendar year. Some prior fiscal years have been updated to match updated statistical reported information.

(3) Data is provided by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) and is for the 12-month period ending December of the prior calendar year. Some prior fiscal years have been updated to match updated statistical reported information.

(4) Calendar year 2024 & 2025 data currently unavailable from BEA. Some prior fiscal years have been updated to match updated statistical reported information.

(5) Information provided from the Kenai Peninsula Borough School District.

**CITY OF KENAI, ALASKA**  
**KENAI AREA PRINCIPAL EMPLOYERS**

**TABLE XIII**

With a 2009 change in Alaska Statute, specific employer information is no longer available.

CITY OF KENAI, ALASKA

TABLE XIV

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUND  
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
City clerk	1.50	1.60	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City manager	1.67	1.90	2.00	2.00	2.00	2.00	2.50	2.50	2.50	2.00
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Human resources	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	4.75	4.75	4.75	4.85	4.85	4.85	5.53	5.32	5.32	5.32
Non-departmental	0.00	0.00	0.00	0.00	0.00	0.70	0.30	0.30	0.30	0.30
Planning	2.00	1.75	1.70	1.70	1.70	1.70	1.70	1.70	2.20	2.50
Police	19.60	19.60	19.60	19.60	19.60	19.95	19.90	20.15	19.90	19.90
Fire	19.00	19.00	20.00	20.00	20.00	20.00	20.00	19.00	19.00	19.00
Dispatch	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Animal control	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public works administration	2.00	2.00	2.00	2.00	2.00	2.00	2.42	2.42	2.42	2.42
Maintenance	10.77	10.84	10.64	10.84	10.77	10.77	10.00	9.75	9.87	10.55
Library	8.10	8.10	8.10	7.65	7.65	8.00	8.12	8.12	8.12	8.12
Parks & recreation	8.30	8.65	8.65	7.76	7.12	7.07	10.27	10.20	10.96	10.96
General Fund Total	90.69	91.19	92.44	92.40	91.69	93.04	96.74	95.46	96.59	97.07
Special Revenue Funds:										
Personal use fishery	2.69	2.91	2.81	2.42	2.45	2.54	2.53	2.54	2.35	2.35
Water & sewer operations	7.76	7.76	7.76	8.05	8.05	8.05	8.05	9.21	8.23	8.23
Airport operations	6.95	6.97	7.12	7.00	7.20	7.00	7.00	7.20	7.20	7.20
Senior citizen programs	7.35	7.28	7.28	7.28	7.21	6.04	6.68	6.68	6.58	6.58
Special Revenue Funds Total	24.75	24.92	24.97	24.75	24.91	23.63	24.26	25.63	24.36	24.36
Enterprise Fund										
Congregate housing	0.45	0.52	0.52	0.52	0.62	0.62	0.62	0.62	0.70	0.70
Internal Service Funds:										
Capital project management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Internal service funds total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total All Funds	115.89	116.63	117.93	117.67	117.22	117.29	121.96	121.71	121.65	122.13

Source: The City of Kenai Finance Department.

CITY OF KENAI, ALASKA

TABLE XV

OPERATING INDICATORS BY FUNCTION  
LAST TEN CALENDAR YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Function</b>										
<b>Public Safety</b>										
Police services:										
Police requests for service	7,840	7,926	8,330	9,194	8,313	6,512	7,210	6,991	6,558	5,968
Criminal arrests	813	784	934	909	1,208	717	524	693	611	368
Fire and emergency services:										
Number of calls responded to	1,384	1,568	1,440	1,479	1,564	1,291	1,441	1,550	1,597	1,540
Inspections	118	150	79	139	243	125	267	209	171	269
Animal control:										
Total requests for service	437	448	341	328	251	497	506	472	541	439
Animals handled	1,004	928	827	829	911	832	604	467	523	394
<b>Water and Wastewater</b>										
Water production avg gallons per day	760,000	711,000	710,000	717,000	703,000	695,000	695,000	738,041	705,989	675,317
Wastewater treatment avg. gallons per day	487,200	463,583	660,000	475,000	490,000	486,000	486,000	514,000	527,000	527,000
<b>Airport Passenger Enplanements</b>	102,126	93,612	93,844	92,127	95,004	32,431	67,844	73,465	71,605	75,449

Source: Various City Departments.

CITY OF KENAI, ALASKA

TABLE XVI

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Miles of streets:	62	62	62	62	62	62	62	62	62	62
Miles of sewer:										
Storm	10	10	10	10	10	10	10	10	10	10
Sanitary	68	68	68	68	68	68	68	68	68	68
Fire protection:										
Number of stations	2	2	2	2	2	2	2	2	2	2
Police protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Recreation:										
Number of facilities:										
Parks	9	9	9	9	9	9	9	10	10	10
Baseball and softball fields	8	8	8	8	8	8	8	8	8	8
Soccer fields	6	6	4	4	4	4	4	4	4	4
Recreation center	1	1	1	1	1	1	1	1	1	1
Pedestrian trails	6	6	6	6	6	6	6	6	6	6
Cross country ski trails	1	1	1	1	1	1	1	1	1	1
Ice rink	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments.