

CITY OF KENAI, ALASKA ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year:

**July 1, 2020 –
June 30, 2021**

**CITY OF KENAI, ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR-ENDED JUNE 30, 2021**

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**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
CITY OF KENAI, ALASKA
Year Ended June 30, 2021**

Brian G. Gabriel, Sr.
Mayor

Paul Ostrander
City Manager

Prepared by
Finance Department

Terry A. Eubank, CPA
Finance Director



December 1, 2021

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, 2021. 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, LLP, 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, 2021 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, 2021, 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 budget transfers within a fund for amounts less than \$5,000. Council action is required for transfers between funds, for transfers exceeding \$5,000 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

COVID-19 Public Health Emergency

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. On March 11, 2020, Alaska Governor Mike Dunleavy issued a Declaration of Public Health Disaster Emergency. The first confirmed case of COVID-19 was diagnosed in Alaska on March 12, 2020. On March 13, 2020, the President of the United States issued a Proclamation declaring a National Emergency. On March 18, 2020, the Kenai City Manager declared a local disaster emergency. On the same day, the Kenai City Council extended the emergency declaration for 90 days and subsequently extended the emergency through June 30, 2021.

In subsequent months, the State of Alaska has extended emergency declarations and issued/refined emergency orders to allow for the closure and measured expansion of economic and social activities within the state. Travel mandates were imposed, and restrictions have been modified to allow for more travelers to enter the state for work, commerce, tourism, and other purposes. City facilities, businesses, recreational, cultural, and civic facilities have reopened with some restrictions and new measures designed to preserve the health of the public.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, the full magnitude of the public health emergency and its effect on the City's future are indeterminable. To date the City has maintained its excellent financial condition and continued to provide its services to its residents.

Economy

The primary private sector portions of Kenai's economy are oil and gas, commercial fishing, tourism and retail sales. The future holds challenges for oil and gas in the Cook Inlet region. Oil and natural gas exploration and development in Cook Inlet are likely to slow with the elimination of state of Alaska tax credits coupled with the current market price for these commodities. The proposed gas pipeline from the North Slope to Cook Inlet 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.

The proposed Pebble Mine, which is across Cook Inlet from Kenai, continues to be in the news for its world class prospects for copper, gold and molybdenum. Permitting for the project has been problematic and faces significant hurdles in the future, however if the mine is permitted, Kenai's airport and local businesses will benefit.

Commercial fishing continues its cyclical cycles in terms of production. The 2021 fishing season had a low average return of sockeye salmon to peninsula rivers. Coho 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 result was a historically large escapement of sockeye salmon in the Kenai River despite the overall run size. In addition to this conflict between salmon species, on November 4, 2021 The Fisheries of the Exclusive Economic Zone Off Alaska; Cook Inlet Salmon Amendment 14 was published in the National Register by the National Oceanic and Atmospheric Administration. Amendment 14 closed to commercial salmon fishing a large and traditional fishing area in Cook Inlet. Amendment 14, if it successfully survives legal challenge, will have a significantly negative impact on the commercial fishing industry in Cook Inlet and the City of Kenai.

Tourism to Kenai was at historical levels this fiscal year despite the COVID-19 public health emergency. The unique dipnet fishery 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. The City is a playground for Alaskans, known as "The Best Place to Alaska", a fact that was proven again in FY2021. Tourism is expected to remain a vital component of the Kenai economy.

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 the current fiscal year exceeded projections that were heavily influenced by anticipated impacts of the COVID-19 public health emergency.

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 asset is its land holdings for which new lease and sale policies are being developed to encourage economic growth.

Long term financial planning

General Fund, fund balance increased to \$14.44 million in FY21 largely because of revenues received from the Coronavirus Relief and Economic Security (CARES) Act. A General Fund, Fund Balance of \$14.44 million represents approximately 93% of one year's 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.

Award

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kenai for its annual comprehensive

financial report for the fiscal year ended June 30, 2019. This was the 23rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Paul Ostrander, City Manager



Terry A. Eubank, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kenai
Alaska**

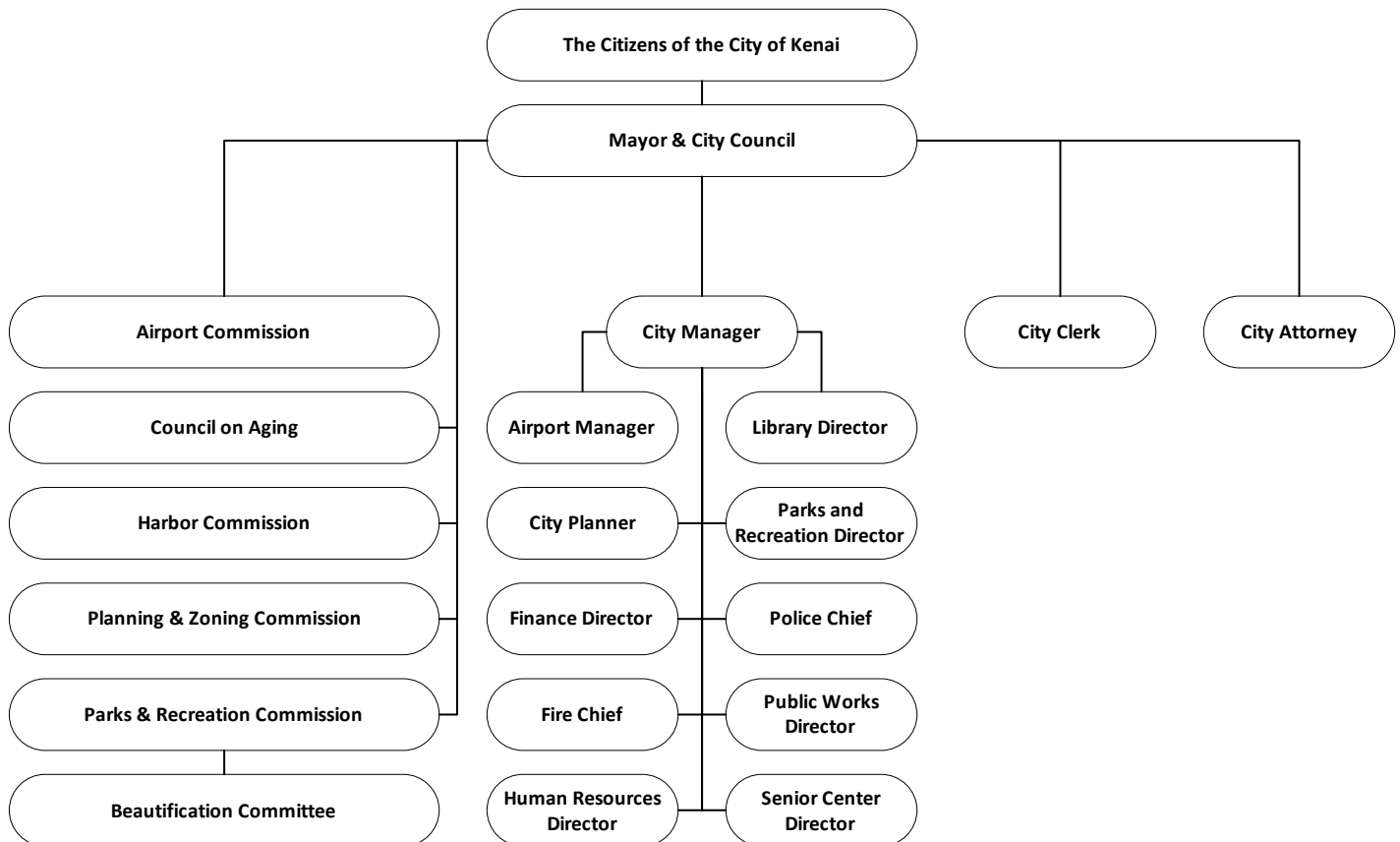
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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>City Council</u>	<u>Term Ends</u>
Mayor	Brian G. Gabriel, Sr.	2022
Council Members	Robert Molloy	2021
	Victoria Askin	2021
	Jim Glendening	2022
	Glenese Petty	2022
	Henry Knackstedt	2023
	Teea Winger	2023

City Administration

City Manager	Paul Ostrander
Finance Director	Terry A. Eubank
Human Resource Director	Sandra (Stormy) Brown
City Clerk	Jamie Heinz
City Attorney	Scott Bloom
Police Chief	David Ross
Fire Chief	Tony Prior
Public Works Director	Scott Curtin
Librarian	Katja Wolfe
Parks & Recreation Director	Robert Frates
Airport Manager	Mary Bondurant
Senior Center Director	Kathy Romain

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AUDITOR REPORT



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3601 C Street, Suite 600
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Independent Auditor's Report

Honorable Mayor and 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 City of Kenai, Alaska (the City), as of and for the year ended June 30, 2021, 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 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, 2021, 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.

Emphasis of Matter

As discussed in Note M to the financial statements, in 2021 the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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.

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

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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 within one year after the date that the financial statements are issued or available to be issued.

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'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the 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 on pages 13 through 21 and 69 through 84 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who

considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 fund financial statements and schedules, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund financial statements and schedules are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 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, LLP

Anchorage, Alaska
December 1, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Kenai, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City of Kenai for the fiscal year ended June 30, 2021. 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 FY2021, the City of Kenai assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$208,563,976. Of this amount, unrestricted net position of \$19,188,616, 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 \$9,661,065. For the fiscal year ended June 30, 2021, governmental type activities net position increased by \$9,716,001 and business-type activities decreased by \$54,936.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$61,820,742, an increase of \$9,729,019 from the prior year. Portions of the City's permanent fund, which cannot be spent, account for \$3.1 million of total fund balance. About \$56.0 million of the remaining fund balance is restricted, committed, or assigned. The remaining \$2.7 million is unassigned and available for spending.
- At the end of the current fiscal year, fund balance for the General Fund was \$14,441,502, an increase of \$1,151,110 from the prior year. Of this amount \$2,697,409 was unassigned and available for spending.
- The City has a long-term liability for compensated absences, general obligation debt, net pension, and net other post-employment benefits (OPEB) of \$1,050,701, \$935,000, \$14,607,516, and \$27,350, respectively. General obligation bonds were originally issued on March 11, 2010 for an addition to the City's library. On July 7, 2020 these bonds were subject to an advanced refunding that produced a cash flow savings of \$132,171 and an economic gain of \$119,680. The advance refunding bonds have ten-year maturity, maturing in December 1, 2029, and a true interest cost of 1.29%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Kenai's basic financial statements. The City of Kenai'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 of Kenai include general government, public safety, public works, parks, recreation and cultural, airport, water and sewer, and social 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 fund balance sheet and the governmental fund 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 fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds including: the General Fund, the CARES Act Recovery Special Revenue Fund, the Airport Special Revenue Fund, the Water & Sewer Special Revenue 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, CARES Act Recovery Special Revenue, Airport Special Revenue, and Water & Sewer Special Revenue Funds to demonstrate compliance with the Fiscal Year (FY) 2021 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 fund 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. The City implemented GASB Statement No. 84 in fiscal year 2021 which resulted in

the restatement of beginning Net Position. Additional information is available in Note I of the accompanying Notes to Basic Financial Statements.

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 69-84 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 governmental funds other than the General, CARES Act Recovery Special Revenue, Airport Special Revenue, and Water & Sewer Special Revenue 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, 2021, the City's net position exceeded liabilities by \$208,563,976. 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)					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 68,059	\$ 57,363	\$ 887	\$ 820	\$ 68,946	\$ 58,183
Capital assets	<u>153,878</u>	<u>154,612</u>	<u>2,267</u>	<u>2,404</u>	<u>156,145</u>	<u>157,016</u>
Total assets	<u>221,937</u>	<u>211,975</u>	<u>3,154</u>	<u>3,224</u>	<u>225,091</u>	<u>215,199</u>
Deferred outflows of resources	<u>2,815</u>	<u>2,518</u>	<u>-</u>	<u>-</u>	<u>2,815</u>	<u>2,518</u>
Long-term liabilities outstanding	16,612	15,174	8	7	16,620	15,181
Other liabilities	<u>1,652</u>	<u>2,339</u>	<u>35</u>	<u>51</u>	<u>1,687</u>	<u>2,390</u>
Total liabilities	<u>18,264</u>	<u>17,513</u>	<u>43</u>	<u>58</u>	<u>18,307</u>	<u>17,571</u>
Deferred inflows of resources	<u>1,034</u>	<u>1,242</u>	<u>-</u>	<u>-</u>	<u>1,034</u>	<u>1,242</u>
Net position:						
Net investment in capital assets	152,943	153,447	2,267	2,404	155,210	155,851
Restricted:						
Nonexpendable	3,090	2,941	-	-	3,090	2,941
Airport purposes	30,435	25,632	-	-	30,435	25,632
Youth athletics	640	811	-	-	640	811
Unrestricted	<u>18,345</u>	<u>12,907</u>	<u>844</u>	<u>762</u>	<u>19,189</u>	<u>13,669</u>
Total net position	<u>\$205,453</u>	<u>\$195,738</u>	<u>\$3,111</u>	<u>\$3,166</u>	<u>\$208,564</u>	<u>\$198,904</u>

Governmental activities.

Governmental activities increased the City's net position by \$9,716,001. Governmental fund balance grew by \$9,729,019, very close to the change in the City's net position.

Business-type activities.

Business-type activities decreased the net position of the City by \$54,936. Rental rates of the Congregate Housing Facility are insufficient to cover depreciation on the facility which was built primarily with grant funds. Absent a rate increase, future 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 Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,228	\$ 7,242	\$ 432	\$ 402	\$ 6,660	\$ 7,644
Operating grants and contributions	9,317	6,562	4	3	9,321	6,565
Capital grants and contributions	3,711	12,450	-	-	3,711	12,450
General revenues:						
Property taxes	3,907	3,955	-	-	3,907	3,955
Sales taxes	8,561	7,691	-	-	8,561	7,691
Other	<u>6,527</u>	<u>1,654</u>	<u>-</u>	<u>27</u>	<u>6,527</u>	<u>1,681</u>
Total revenues	<u>38,251</u>	<u>39,554</u>	<u>436</u>	<u>432</u>	<u>38,687</u>	<u>39,986</u>
Expenses:						
General government	3,991	2,473	-	-	3,991	2,473
Public safety	8,183	7,089	-	-	8,183	7,089
Public works	3,138	2,843	-	-	3,138	2,843
Parks, recreation, and cultural	2,300	2,279	-	-	2,300	2,279
Water and sewer services	2,935	2,735	-	-	2,935	2,735
Airport	4,134	3,556	-	-	4,134	3,556
Interest on long-term debt	19	76	-	-	19	76
Social welfare services	3,836	2,611	-	-	3,836	2,611
Senior Housing	<u>-</u>	<u>-</u>	<u>491</u>	<u>490</u>	<u>491</u>	<u>490</u>
Total expenses	<u>28,536</u>	<u>23,662</u>	<u>491</u>	<u>490</u>	<u>29,027</u>	<u>24,152</u>
Increase (decrease) in net position	9,715	15,892	(55)	(58)	9,660	15,834
Net position beginning	<u>195,738</u>	<u>179,846</u>	<u>3,166</u>	<u>3,224</u>	<u>198,904</u>	<u>183,070</u>
Net position ending	<u>\$205,453</u>	<u>\$195,738</u>	<u>\$3,111</u>	<u>\$3,166</u>	<u>\$208,564</u>	<u>\$198,904</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.

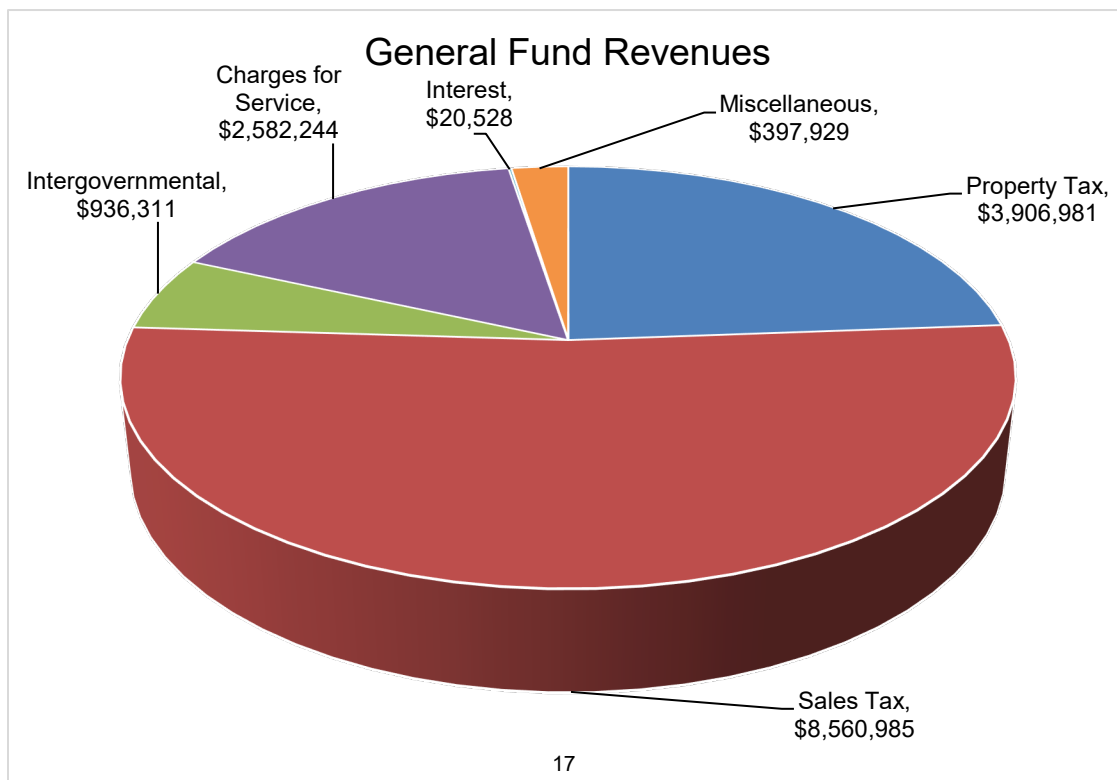
Governmental Funds.

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 \$61,820,742, which is up \$9,729,019 from last year. About \$2.7 million of fund balance is unassigned fund balance, which is available for spending at the City Council's discretion. The remainder of fund balance, \$59.1 million, is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending. Restricted is the largest portion of this; \$31.1 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 \$2,697,409, and total fund balance was \$14,441,502. Fund balance increased \$1,151,110 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 17.41% of total expenditures and transfers, while total fund balance represents 93.22% of that same amount.

General Fund expenditures increased \$369,385 or 2.87% over last year but \$1,283,765 less than fiscal year 2019. Utilization of Coronavirus Relief and Economic Security (CARES) Act grant funds for personnel costs substantially dedicated to responding to mitigating the impacts of the COVID-19 Public Health Emergency for the first six months of the year provided a significant amount of the savings. General Fund revenues increased \$392,049 or 2.45% from last year. The primary revenue sources of the General Fund include property tax of \$3,899,278, sales tax of \$8,560,985, intergovernmental revenues of \$936,311, and charges to other funds of \$1,681,100. Sales tax revenue increased \$870,069 or 11.31% largely attributed the reopening of the local economy from the COVID-19 shutdowns. Property taxes decreased by \$46,342 or 1.17%. Current year property values decreased 0.51% and the mill rate remained unchanged. Intergovernmental revenues decreased \$75,594 or 7.47% from last year despite a \$132,436 or 27.63% increase in State of Alaska Public Employees Retirement System (PERS) on-behalf funding. State of Alaska Community Assistance and police grants were down \$96,742, 55.56% and \$106,393, 100% respectively.



Tax revenues support General Fund operations exclusively and represent 31.15% of all governmental funds revenue. Other funds rely heavily on intergovernmental revenues, charges for services and investment earnings. Intergovernmental revenues decreased \$5,692,412 or 31.30% because of large Airport Improvement Program grants from the Federal Aviation Administration in the prior fiscal year. Investment earnings in governmental funds increased \$4,935,330 or 310.72% from the prior year. Excellent performance in equity markets resulted in higher investment earnings in FY21 despite historically low short-term interest rates. Capital projects funds and the senior services related funds are largely financed by grants from the federal, state and borough governments.

The CARES Act Recovery Special Revenue Fund was used to account for the City's response to the COVID-19 Public Health Emergency and grant funds received through the CARES Act. Expenditures in this fund consist largely of grants to local businesses and not-for-profits to assist in the economic harm resulting from the COVID-19 Public Health Emergency and the government issued protective orders that resulted in a virtual shutdown of the US economy. Personnel cost for the City's first responders, police, fire and dispatchers, who were substantially dedicated to responding to and mitigating the impacts of the COVID-19 Public Health Emergency were a significant expenditure of the fund.

The Airport Special Revenue Fund accounts for the operation of the airport. Fund balance decreased \$1,250,027 or 35.48%. Total revenues increased \$131,743 or 4.89%. Fund expenditures increased by \$205,099 or 7.29%. FY21 transfers included advance funding for the purchase of airfield snow removal equipment, \$800,000, for construction of a new sand storage and equipment facility, \$729,931, for design and engineering for reconstruction of the airport's main runway, \$255,700, and for design and engineering to correct airfield drainage issues, \$299,230. A significant portion of the \$2,084,861 provided as advanced funding will be returned to the Airport Special Revenue Fund once Airport Improvement Grants are awarded from the Federal Aviation Administration.

The Water & Sewer Special Revenue Fund accounts for the operations of the water and sewer utility of the City. Fund balance decreased \$1,007,038. There was no change in water and sewer rates in FY21. Despite no change in rates, charges for service decreased \$66,781 or 2.26% this year because of decreased demand. Significant capital improvement projects were funded in FY21 as transfers increased \$700,615 or 65.48% over FY20 and are up \$1,660,215 or 1,503.82% over FY19. Significant capital funding is anticipated in future years to ensure the utilities continued safe and efficient operation.

The Airport Land Sales 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 31st to the Airport Special Revenue Fund to fund airport operations. Strong equity returns in FY21 resulted in solid returns that were \$4,955,170 or a 615.12% increase over the prior year. The FY21 transfer of \$969,922 to the Airport Special Revenue Fund for operations remained at 3.80% of the funds five-year average balance at December 31st and was \$41,671 or a 4.49% increase.

Proprietary Funds.

The City of Kenai 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 of Kenai 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, 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 are presented in the proprietary fund financial statements.

At year-end, Congregate Housing Fund net position totaled \$3,110,385 and unrestricted net position was \$843,627. Net position decreased \$54,936 for the year. Current revenues are simply insufficient to cover expenses –

especially considering depreciation. It is anticipated that net position will decline in future years without an increase in tenant rents.

General Fund Budgetary Highlights

The General Fund appropriations budget was amended by the City Council during the year by \$2,775,617. Supplemental funding included \$1,565,000 to fund the City's FY21 Capital Improvement Plan which was not funded at the time of budget adoption because of concerns regarding the COVID-19 Pandemic and its impacts on the City's revenues, \$5,157 for higher than budgeted insurance costs, \$797,500 for business grants and economic stimulus programs to lessen the local economic impact of the COVID-19 Pandemic, \$10,000 for an increase in the contract for facility management services at the Kenai Visitor Center, \$50,000 increase for fees related to collection of online sales tax, \$216,560 of restricted fund balance was appropriated for construction of a pedestrian pathway, \$15,000 for increased management fees at the Kenai Multipurpose Facility because of greater than projected usage, \$108,262 for various grant funded expenditures, and \$8,138 in various minor appropriations. Actual revenues and transfers in were \$1,223,425 more than the final budget with the \$1,444,226 positive variance in general sales tax, a \$124,641 positive variance in building permit fees, and a negative \$151,438 variance in ambulance fees accounting for most of the overall variance.

The actual expenditures and transfers out were \$4,195,896 less than budgeted. The City typically does not spend the entire authorized appropriation. The variance this year was 21.31% of final budget compared to 19.17% last year. \$2,910,093 and \$2,005,477, 69.36% and 61.92% of the FY21 and FY20 lapse respectively, occurred as a result of personnel cost for the City's first responders, police, fire and dispatchers, who were substantially dedicated to responding to and mitigating the impacts of the COVID-19 Public Health Emergency being charged to the CARES Act Recovery Fund rather than General Fund Departments.

Capital Assets and Debt Administration

Capital assets.

At June 30, 2021 the City's capital assets had a total net book value of \$156,144,830. Governmental activities totaled \$153,878,072 and business-type activities totaled \$2,266,758. Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 51-52 Section III. Detailed Notes on All Funds' D. Capital Assets. Major capital additions for FY21 included:

New Facilities and Facility Improvements:	
FAA Flight Service Station Upgrades	\$ 219,657
Airport Terminal Improvements	539,613
Senior Center Improvements	32,660
City Shop Pad Expansion	10,331
Facility Occupancy Counters	123,849
Kenai Recreation Center Improvements	<u>85,336</u>
Total New Facilities and Facility Improvements	1,011,446
Equipment:	
Phone Server Replacement	6,939
City Hall Copier Replacement	12,415
Dispatch Call Recorder	15,512
Automatic External Defibrillator and Training Manikin	10,929
Fire Department Power Gurney	19,885
Fire Department Station Alerting	48,477
Fire Department Self Contained Breathing Apparatus	134,400
Airport Loader	264,097
Recreation Center Treadmill Replacement	6,384
Event Tents (5 each)	31,191
Historical Cabins Security Cameras	14,829
Senior Center Range Replacement	15,800
Senior Center Kitchen Equipment	9,941
Water & Sewer Lab Equipment	5,766
Sewer Treatment Plant Sludge Pump Replacement	107,047
Water & Sewer System SCADA Improvements	57,088

Equipment continued:	
Fleet Replacement Plan Vehicles (2 each)	83,072
Miscellaneous Other Equipment	\$ 1,643
Total Equipment	845,415
Land:	
Bluff Erosion Project Land Acquisition	10,775
Airport Runway Protection Area Land Acquisition	16,618
Total Land	27,393
Total Additions	<u>\$1,884,254</u>

Debt administration.

On July 7, 2020 the City issued \$1,020,000 in 2020 General Purpose Advanced Refunding Bonds Series One. Proceeds were deposited in an irrevocable trust to provide for the repayment of the City's Kenai Community Library general obligation bond on their call date of July 29, 2020. The refunding resulted in a cash flow savings of \$132,171 and an economic gain of \$119,680. No other new debt was issued by the City in FY21. At June 30, 2021 \$935,000 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 \$1,050,701 and Net Pension Liability of \$14,607,516. Additional information on the City's long-term liabilities can be found in the notes to the basic financial statements on pages 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 CY2020 stood at 9.1%. An increase from the two prior years' rate of 6.0% in CY2019 and 6.9% for CY2018, this compares to the CY2020 statewide average of 7.8%. 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 FY2021 was \$734,961. This contribution includes the difference between the actuarially determined rate of 30.85% and the City contribution rate of 22.00%.

In setting the budget for FY2021, the City established goals, among them:

- To pay for all recurring expenditures with recurring revenues and to use nonrecurring revenues for non-recurring expenditures.
- It is important that a positive undesignated fund balance and a positive cash balance be shown in all governmental funds at the end of each fiscal year.
- When deficits appear to be forthcoming within a fiscal year, spending during the fiscal year should be reduced sufficiently to create a positive undesignated fund balance and a positive cash balance.
- The budget should be structured so that users can readily establish the relationship between expenditures and the achievement of service objectives.
- Individual department budget submissions must be prepared with the basic assumption that current tax rates will be maintained.
- The budget will provide for adequate maintenance of capital plant and equipment and for its orderly replacement.
- The fiscal and economic impacts of the Covid-19 Public Health Emergency on the City and the potential changes in revenue collection, budgetary shifts and community needs as a result of the emergency. More discussion is provided on page 65, note L of the notes to the financial statements.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF KENAI, ALASKA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in central treasury (cash and investments)	\$ 60,982,665	\$ 886,322	\$ 61,868,987
Receivables (net of allowances for uncollectibles)	5,788,787	908	5,789,695
Net other postemployment benefit asset	1,267,838	-	1,267,838
Other assets	19,440	-	19,440
Land	6,320,728	274,500	6,595,228
Property and equipment in service	244,063,182	5,710,288	249,773,470
Accumulated depreciation	(104,129,542)	(3,728,775)	(107,858,317)
Construction in progress	7,623,704	10,745	7,634,449
Total assets	<u>221,936,802</u>	<u>3,153,988</u>	<u>225,090,790</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,935,813	-	1,935,813
Other postemployment benefits related	878,848	-	878,848
Total deferred outflows of resources	<u>2,814,661</u>	<u>-</u>	<u>2,814,661</u>
Total assets and deferred outflows of resources	<u>\$ 224,751,463</u>	<u>\$ 3,153,988</u>	<u>\$ 227,905,451</u>
LIABILITIES			
Accounts payable	\$ 721,498	\$ 17,980	\$ 739,478
Accrued payroll and payroll liabilities	509,697	-	509,697
Unearned revenue	294,748	-	294,748
Other liabilities	122,393	17,100	139,493
Accrued interest	3,896	-	3,896
Long-term liabilities:			
Net pension liability - due in more than one year	14,607,516	-	14,607,516
Net OPEB liability - due in more than one year	27,350	-	27,350
Compensated absences:			
Due within one year	260,544	2,131	262,675
Due in more than one year	781,634	6,392	788,026
Long-term debt:			
Due within one year	85,000	-	85,000
Due in more than one year	850,000	-	850,000
Total liabilities	<u>18,264,276</u>	<u>43,603</u>	<u>18,307,879</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid licenses and fees	2,380	-	2,380
Prepaid property taxes	11,325	-	11,325
Other postemployment benefits related	1,019,891	-	1,019,891
Total deferred inflows of resources	<u>1,033,596</u>	<u>-</u>	<u>1,033,596</u>

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	\$ 152,943,072	\$ 2,266,758	\$ 155,209,830
Restricted:			
Permanently restricted - nonexpendable -			
General Government Land Sales Permanent Fund	3,090,660	-	3,090,660
Airport purposes	30,434,755	-	30,434,755
Youth athletics	640,115	-	640,115
Unrestricted	<u>18,344,989</u>	<u>843,627</u>	<u>19,188,616</u>
Total net position	<u>205,453,591</u>	<u>3,110,385</u>	<u>208,563,976</u>
 Total liabilities, deferred inflows and net position	 <u>\$ 224,751,463</u>	 <u>\$ 3,153,988</u>	 <u>\$ 227,905,451</u>

See accompanying notes to basic financial statements.

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**CITY OF KENAI, ALASKA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,991,258	\$ 274,409	\$ 667,629	\$ -
Public safety	8,183,280	537,383	3,388,474	816,157
Public works	3,137,533	195,671	81,507	411,761
Parks, recreation, and cultural	2,300,189	676,279	77,809	288,902
Water and sewer services	2,934,336	2,889,606	55,712	-
Airport	4,133,978	1,540,764	1,256,542	2,019,674
Social welfare services	3,836,108	113,735	3,789,475	174,999
Interest on long-term debt	18,697	-	-	-
Total governmental activities	<u>28,535,379</u>	<u>6,227,847</u>	<u>9,317,148</u>	<u>3,711,493</u>
Business-type activities:				
Senior Housing	<u>491,858</u>	<u>431,967</u>	<u>3,895</u>	<u>-</u>
Total Government	<u>\$ 29,027,237</u>	<u>\$ 6,659,814</u>	<u>\$ 9,321,043</u>	<u>\$ 3,711,493</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**

Governmental Activities	Business-type Activities	Total
\$ (3,049,220)	\$ -	\$ (3,049,220)
(3,441,266)	-	(3,441,266)
(2,448,594)	-	(2,448,594)
(1,257,199)	-	(1,257,199)
10,982	-	10,982
683,002	-	683,002
242,101	-	242,101
(18,697)	-	(18,697)
<u>(9,278,891)</u>	<u>-</u>	<u>(9,278,891)</u>
<u>-</u>	<u>(55,996)</u>	<u>(55,996)</u>
<u>(9,278,891)</u>	<u>(55,996)</u>	<u>(9,334,887)</u>
3,906,981	-	3,906,981
8,560,985	-	8,560,985
6,526,926	1,060	6,527,986
<u>18,994,892</u>	<u>1,060</u>	<u>18,995,952</u>
9,716,001	(54,936)	9,661,065
<u>195,737,590</u>	<u>3,165,321</u>	<u>198,902,911</u>
<u>\$ 205,453,591</u>	<u>\$ 3,110,385</u>	<u>\$ 208,563,976</u>

**CITY OF KENAI, ALASKA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021**

	Major Governmental Funds		
	General	CARES Act Recovery Special Revenue	Airport Special Revenue
ASSETS			
Equity in central treasury (cash and investments)	\$ 13,196,807	\$ -	\$ 2,281,181
Receivables (net of allowances for uncollectibles)	2,262,827	99,403	198,246
Other assets	13,069	-	-
Due from other funds	14,478	-	-
Total assets	<u>\$ 15,487,181</u>	<u>\$ 99,403</u>	<u>\$ 2,479,427</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 178,478	\$ 1,016	\$ 70,857
Accrued payroll and payroll liabilities	445,203	-	20,443
Due to other funds	-	14,478	-
Unearned revenue	79,214	83,382	113,350
Other liabilities	22,048	-	1,685
Total liabilities	<u>724,943</u>	<u>98,876</u>	<u>206,335</u>
Deferred Inflows of resources:			
Special assessments receivable - unavailable	177,120	-	-
Ambulance billing receivable - unavailable	123,197	-	-
Land sales - unavailable	6,714	-	-
Prepaid licenses and fees	2,380	-	-
Prepaid property taxes	11,325	-	-
Total deferred inflows of resources	<u>320,736</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	640,115	-	-
Committed	8,392,252	-	-
Assigned	2,711,726	527	2,273,092
Unassigned (deficit)	2,697,409	-	-
Total fund balances	<u>14,441,502</u>	<u>527</u>	<u>2,273,092</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,487,181</u>	<u>\$ 99,403</u>	<u>\$ 2,479,427</u>

See accompanying notes to basic financial statements.

Major Governmental Funds

Water & Sewer Special Revenue	Airport Land Sales Permenant Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,958,185	\$ 30,375,915	\$ 10,305,158	\$ 58,117,246
229,807	192,578	2,805,926	5,788,787
-	-	-	13,069
-	-	-	14,478
<u>\$ 2,187,992</u>	<u>\$ 30,568,493</u>	<u>\$ 13,111,084</u>	<u>\$ 63,933,580</u>
\$ 96,384	\$ 3,927	\$ 370,313	\$ 720,975
24,488	-	19,563	509,697
-	-	-	14,478
18,802	-	-	294,748
96,660	-	2,000	122,393
<u>236,334</u>	<u>3,927</u>	<u>391,876</u>	<u>1,662,291</u>
-	-	-	177,120
-	-	-	123,197
-	129,811	-	136,525
-	-	-	2,380
-	-	-	11,325
-	129,811	-	450,547
-	-	3,090,660	3,090,660
-	30,434,755	-	31,074,870
-	-	8,603,121	16,995,373
1,951,658	-	1,025,427	7,962,430
-	-	-	2,697,409
<u>1,951,658</u>	<u>30,434,755</u>	<u>12,719,208</u>	<u>61,820,742</u>
<u>\$ 2,187,992</u>	<u>\$ 30,568,493</u>	<u>\$ 13,111,084</u>	<u>\$ 63,933,580</u>

**CITY OF KENAI, ALASKA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021**

Total fund balances for governmental funds	\$ 61,820,742
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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.	151,379,352
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	436,842
--	---------

The PERS ARHCT and ODD OPEB plans have funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the funds.	1,267,838
--	-----------

Some liabilities, including bonds payable, 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	\$ (935,000)	
Net pension liability	(14,607,516)	
Net other postemployment benefits liability	(27,350)	
Compensated absences	(1,042,178)	
Accrued interest (net of related interest subsidy)	<u>(3,896)</u>	
		(16,615,940)

Certain changes in net pension and OPEB liabilities are deferred rather than recognized immediately. These items are amortized over time:

Deferred outflows of resources for pensions	1,935,813	
Deferred outflows of resources for other postemployment benefits	878,848	
Deferred inflows of resources for other postemployment benefits	<u>(1,019,891)</u>	
		1,794,770

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.

Net position of governmental activities	<u>\$ 205,453,591</u>
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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, 2021**

	Major Governmental Funds			
		CARES Act		
	General	Recovery Special Revenue	Airport Special Revenue	Water & Sewer Special Revenue
Revenues:				
Taxes	\$ 12,467,966	\$ -	\$ -	\$ -
Intergovernmental revenues	936,311	6,309,388	1,278,200	52,403
Charges for services	2,582,244	-	262,661	2,884,029
Investment earnings	20,528	327	2,935	5,702
Miscellaneous revenues	397,929	125,903	1,280,758	5,665
	<u>16,404,978</u>	<u>6,435,618</u>	<u>2,824,554</u>	<u>2,947,799</u>
Total revenues				
Expenditures:				
Current:				
General government	4,151,170	114,083	-	-
Public safety	4,628,212	2,989,610	-	-
Public works	2,347,809	-	-	-
Parks, recreation, and cultural	2,060,210	-	-	-
Water and sewer services	-	-	-	2,198,170
Airport	-	-	3,001,223	-
Social welfare services	-	3,132,070	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	47,934	199,528	17,173	9,548
	<u>13,235,335</u>	<u>6,435,291</u>	<u>3,018,396</u>	<u>2,207,718</u>
Total expenditures				
Excess of revenues over (under) expenditures	3,169,643	327	(193,842)	740,081
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	238,143	-	1,075,573	23,496
Transfers out	(2,256,676)	-	(2,131,758)	(1,770,615)
	<u>(2,018,533)</u>	<u>-</u>	<u>(1,056,185)</u>	<u>(1,747,119)</u>
Net other financing sources (uses)				
Net changes in fund balances	1,151,110	327	(1,250,027)	(1,007,038)
Fund balances - July 1	13,290,392	200	3,523,119	2,958,696
Fund balances - June 30	<u>\$ 14,441,502</u>	<u>\$ 527</u>	<u>\$ 2,273,092</u>	<u>\$ 1,951,658</u>

See accompanying notes to basic financial statements.

Airport Land Sales Permenant Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 12,467,966
-	3,920,575	12,496,877
-	510,893	6,239,827
5,760,734	733,428	6,523,654
12,294	472,718	2,295,267
<u>5,773,028</u>	<u>5,637,614</u>	<u>40,023,591</u>
-	-	4,265,253
-	79,278	7,697,100
-	86,216	2,434,025
-	203,528	2,263,738
-	-	2,198,170
-	-	3,001,223
-	892,131	4,024,201
-	85,000	85,000
-	43,775	43,775
-	4,026,977	4,301,160
<u>-</u>	<u>5,416,905</u>	<u>30,313,645</u>
5,773,028	220,709	9,709,946
-	1,020,000	1,020,000
-	(1,000,927)	(1,000,927)
-	6,199,988	7,537,200
<u>(969,922)</u>	<u>(408,229)</u>	<u>(7,537,200)</u>
<u>(969,922)</u>	<u>5,810,832</u>	<u>19,073</u>
4,803,106	6,031,541	9,729,019
<u>25,631,649</u>	<u>6,687,667</u>	<u>52,091,723</u>
<u>\$ 30,434,755</u>	<u>\$ 12,719,208</u>	<u>\$ 61,820,742</u>

**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, 2021**

Net changes in fund balances - total governmental funds		\$ 9,729,019
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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	\$ 4,301,160	
Current year depreciation	<u>(4,489,383)</u>	
		(188,223)

The net effect of various transactions involving capital assets (i.e. sales trade-ins and donations is to decrease net position.	(404,093)
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Special assessments, taxes, land sales 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.	(199,296)
--	-----------

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 Absense	\$ (38,136)	
Bond interest payable	<u>6,005</u>	
		(32,131)

Repayment of the principal of long-term debt consumes current financial resources of governmental funds but does not have any effect on net position.	230,000
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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 (decrease) outflows:

Net pension	\$ (947,378)	
Other postemployment benefits	<u>941,828</u>	
		(5,550)

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.	<u>586,275</u>
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Change in net position of governmental activities	<u>\$ 9,716,001</u>
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See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Business-type Activities - Enterprise Fund Congregate Housing	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in central treasury (cash and investments)	\$ 886,322	\$ 2,865,419
Deposits with others	-	6,371
Accounts receivable	908	-
Total current assets	<u>887,230</u>	<u>2,871,790</u>
Noncurrent assets:		
Land	274,500	-
Property and equipment in service, at cost:		
Buildings	5,710,288	-
Equipment	<u>-</u>	<u>5,330,296</u>
Total property and equipment in service	5,710,288	5,330,296
Less accumulated depreciation	<u>(3,728,775)</u>	<u>(2,896,159)</u>
Net property and equipment in service	1,981,513	2,434,137
Construction work in progress	<u>10,745</u>	<u>64,583</u>
Total noncurrent assets	<u>2,266,758</u>	<u>2,498,720</u>
Total assets	<u><u>\$ 3,153,988</u></u>	<u><u>\$ 5,370,510</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable operating activities	\$ 17,980	\$ 523
Accounts payable capital and related financing activities	-	-
Unearned revenue	-	-
Other liabilities	<u>17,100</u>	<u>-</u>
Total current liabilities	<u>35,080</u>	<u>523</u>
Noncurrent liabilities - compensated absences	<u>8,523</u>	<u>-</u>
Total liabilities	<u>43,603</u>	<u>523</u>
NET POSITION		
Investment in capital assets	2,266,758	2,498,720
Unrestricted	<u>843,627</u>	<u>2,871,267</u>
Total net position	<u>3,110,385</u>	<u>5,369,987</u>
Total liabilities and net position	<u><u>\$ 3,153,988</u></u>	<u><u>\$ 5,370,510</u></u>

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, 2021**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	<u>Congregate Housing</u>	
Operating revenues:		
Rents and leases	\$ 431,967	\$ -
Other revenue	<u>-</u>	<u>3,434,697</u>
 Total operating revenues	 <u>431,967</u>	 <u>3,434,697</u>
Operating expenses:		
Personal services	77,193	-
Supplies	10,151	-
Utilities	87,105	-
Repair and maintenance	40,403	-
Insurance/benefits	11,806	2,551,975
Depreciation	140,446	263,618
Manager's fee	85,623	-
Miscellaneous	1,831	55,352
Expenses chargeable from other funds	<u>37,300</u>	<u>-</u>
 Total operating expenses	 <u>491,858</u>	 <u>2,870,945</u>
 Operating income (loss)	 <u>(59,891)</u>	 <u>563,752</u>
Nonoperating revenues:		
Intergovernmental grants	3,895	-
Gain on sale of capital assets	-	19,251
Investment earnings	<u>1,060</u>	<u>3,272</u>
 Total nonoperating revenues	 <u>4,955</u>	 <u>22,523</u>
 Change in net position	 (54,936)	 586,275
 Net position - July 1	 <u>3,165,321</u>	 <u>4,783,712</u>
 Net position - June 30	 <u>\$ 3,110,385</u>	 <u>\$ 5,369,987</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Fund Congregate Housing	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ 441,126	\$ 323,583
Payments to suppliers	(253,291)	(2,615,390)
Payments to employees	(75,693)	-
Receipts (payments) for interfund services	(37,300)	3,111,114
Net cash provided by operating activities	<u>74,842</u>	<u>819,307</u>
Cash flows from noncapital financing activities -		
State grant	<u>3,895</u>	<u>-</u>
Cash flows for capital and related financing activities:		
Proceeds from sales of capital assets	-	46,864
Acquisition and construction of capital assets	(3,558)	(149,680)
Net cash used by capital and related financing activities	<u>(3,558)</u>	<u>(102,816)</u>
Cash flows from investing activities -		
Investment earnings received	<u>1,060</u>	<u>3,272</u>
Net increase in cash and cash equivalents	76,239	719,763
Cash and cash equivalents - July 1	<u>810,083</u>	<u>2,145,656</u>
Cash and cash equivalents - June 30	<u>\$ 886,322</u>	<u>\$ 2,865,419</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (59,891)	\$ 563,752
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Deposits with others	-	5,000
Depreciation	140,446	263,618
Accounts receivable	9,261	-
Accounts payable	(368)	(13,063)
Compensated absences	1,500	-
Unearned revenue	(102)	-
Other liabilities	(16,004)	-
Net cash provided by operating activities	<u>\$ 74,842</u>	<u>\$ 819,307</u>

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY FUNDS NET POSITION
JUNE 30, 2021

	<u>Total Custodial Funds</u>
ASSETS	
Equity in central treasury (cash and investments)	\$ 1,440,887
Interest receivable	<u>2,912</u>
Total assets	<u>\$ 1,443,799</u>
NET POSITION	
Restricted for organizations	<u>\$ 1,443,799</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2021**

	<u>Total Custodial Funds</u>
Additions:	
Private donations	\$ 17,101
Investment earnings	261,597
Less investment management fees	<u>2,024</u>
Net investment earnings	<u>259,573</u>
Total additions	<u>276,674</u>
Deductions -	
Payments to others	<u>1,359</u>
Net increase in fiduciary net position	275,315
Net position at beginning of year	-
Change in beginning net position -	
Change in accounting principal GASB 84	<u>1,168,484</u>
Net position at beginning year - as restated	<u>1,168,484</u>
Net position at end of year	<u>\$ 1,443,799</u>

See accompanying notes to basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF KENAI, ALASKA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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 CARES Act Recovery Special Revenue Fund accounts for activities of the City in response to the COVID-19 Public Health Emergency. Primary funding sources are federal grants and investment earnings.

The Airport Special Revenue Fund accounts for activities of the airport except for land sales. It relies on user fees and investment earnings to finance operations.

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

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 is limited to 3.8% or 4.2% of the fund's balance at December 31st of each year. If the fund's market value at December 31st exceeds the fund's inflation adjusted principle 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 Fund – 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 will be 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 Fund – the City utilizes this fund 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.

Use of accounting estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

D. Assets, deferred outflows of resources, liabilities and 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 of Kenai 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, and the Equipment Replacement Internal Service Fund is 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. 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, and capital assets received in a service concession agreement 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
Building improvements	25
Water and sewer infrastructure	50

Street infrastructure	30
Heavy equipment	20
Other equipment	10
Office equipment	5

5. 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.

6. 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.

7. 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 nonspendable 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 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 nonspendable 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.

8. 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 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.

9. 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, 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.

10. 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 financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 and other unavailable revenues are reported in the governmental fund statements. Deferred inflows of resources consist of prepaid property taxes, 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 accounting principles generally accepted in the United States of America 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 funds 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 which 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 \$5,000. 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 \$2,775,617. Supplemental funding included \$1,565,000 to fund the City's FY21 Capital Improvement Plan which was not funded at the time of budget adoption because of concerns regarding the COVID-19 Pandemic and its impacts on the City's revenues, \$5,157 for higher than budgeted insurance costs, \$797,500 for business grants and economic stimulus programs to lessen the local economic impact of the COVID-19 Pandemic, \$10,000 for an increase in the contract for facility management services at the Kenai Visitor Center, \$50,000 increase for fees related to collection of online sales tax, \$216,560 of restricted fund balance was appropriated for construction of a pedestrian pathway, \$15,000 for increased management fees at the Kenai Multipurpose Facility because of greater than projected usage, \$108,262 for various grant funded expenditures, and \$8,138 in various minor appropriations.

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 reappropriated and honored during the subsequent year.

Significant encumbrances exceeding \$75,000 as of June 30, 2021 were:

	Airport Imp. Capital Project	Nonmajor Gov't Funds
Airfield snow removal equipment replacement	\$ 762,520	\$ -
Fire Training Center aircraft firefighting vehicle replacement	1,519,749	-
Fire Training Center rehabilitation	262,687	-
Airport runway rehabilitation assessment	138,810	-
Airfield drainage improvements	384,834	-
Airport Sand Storage Facility construction	1,972,934	-
Well House #1 relocation	-	243,172
Water & Sewer masterplan and rate study	-	185,575
Wastewater Treatment Plant belt press replacement	-	420,542
Bryson Street stormwater outfall repair	-	201,645
Kenai bluff stabilization design	-	722,765
	<u>\$5,041,534</u>	<u>\$1,773,699</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 exchange traded funds;
- (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 exchange traded funds;
- (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 exchange traded funds;
- (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 exchange traded funds;
- (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 exchange traded funds;
- (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 exchange traded funds;
- (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 exchange traded funds (ETFs). 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; and
- (j) Cash allocation which, taken as a whole, attempt 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 which 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 AML pool are approximately equal to fair value.

The fair value of the City's investments at year-end are 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 Wells Fargo Trust Department, and are recorded in its internal records in the City's name in accordance with a safekeeping agreement. Wells Fargo is not a counterparty to security transactions.

The City maintains an interest-bearing checking account, which had a bank balance of \$765,234 and a carrying value of \$764,995 at year-end. The City also holds a \$20,000 certificate of deposit, an account for collection of online and credit card payments for utilities with a balance of \$18,457 and cash on hand of \$2,260. 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, 2021, the City had the following investments and maturities.

General City investments:

<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. Agencies	\$11,959,117	\$4,035,180	\$4,368,045	\$3,555,892
Wells Fargo Money Market	5,579,836	5,579,836	-	-
Certificates of Deposit	<u>8,343,903</u>	<u>2,977,608</u>	<u>2,519,698</u>	<u>2,846,597</u>
Total Investments at Fair Value Level	25,882,856	<u>\$12,592,624</u>	<u>\$6,887,743</u>	<u>\$6,402,489</u>
AMLIP *	<u>1,427,922</u>			
Total Central Treasury	<u>\$27,310,778</u>			

* The City's investment in AMLIP is measured at net asset value, as of June 30, 2021, Management believes this value approximates fair value.

General Government and Airport Land Sales Funds' investments:

<u>Investment</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasury/Agencies	\$ 5,749,997	16.34%
Corporate Bonds	3,299,395	9.37
Wells Fargo Money Market	2,190,056	6.22
U.S. Equity Securities	14,401,842	40.92
International Securities	7,312,667	20.78
Infrastructure Equities	1,465,887	4.17
Real Estate Equities	<u>773,540</u>	<u>2.20</u>
Total	<u>\$35,193,384</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, 2021.

	<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	\$ 805,712	\$ -	\$ -	\$ 805,712
Investments	<u>61,063,275</u>	<u>241,064</u>	<u>1,199,823</u>	<u>62,504,162</u>
	<u>\$61,868,987</u>	<u>\$241,064</u>	<u>\$1,199,823</u>	<u>\$63,309,874</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 index for the fixed income component of the fund is the Bloomberg Barclays US Aggregate Bond Index. The index

allows for maturities greater than 1 year. At June 30, 2021 the index had an average duration of 6.58 while the fund's fixed income component had an average duration of 6.38.

Concentration Risk. The City's general investment policy places no limit on the amount that can be invested in any one issuer. The portfolio has no issuer with more than 5% of the total portfolio.

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, 2021.

<u>Asset Class</u>	<u>Benchmark Index</u>	<u>Target % Weighting</u>	<u>Actual % Weighting</u>
Cash	90-day US Treasury Bill	0-10%	6.22%
Fixed income	Bloomberg Barclays US Aggregate Bond Index	20-45	25.72
Large-Cap domestic equities	Standard & Poor's 500 Index	17-27	22.23
International equities	Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) Index	7-17	12.47
Mid-Cap equities	Standard & Poor's 400 Mid-Cap Index	7-17	12.41
Small-Cap equities	Standard & Poor's 600 Small-Cap Index	0-11	6.28
International emerging markets	Morgan Stanley Capital International Emerging Market Index	0-13	8.31
Real-estate equities	Standard & Poor's US REIT Index	0-5	2.20
Infrastructure equities	STOXX Global Broad Infrastructure Index	0-6	4.16
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 portfolio at year-end are rated Aaa 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, 2021 all fixed income investments were rated BBB or better by 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, 2021, none of the portfolio securities contain call options. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore the City would be exposed to the risk of having to reinvest at a lower interest rate if it had any 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, 2021:

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)
US Treasuries	\$ 2,754,345	\$ 2,754,345	\$ -	\$ -
US Agencies	14,954,769	-	14,954,769	-
Corporate bonds	3,299,395	-	3,299,395	-
Certificates of deposit	8,343,903	-	8,343,902	-
Money market funds	7,769,892	7,769,893	-	-
Mutual funds	<u>23,953,936</u>	<u>23,953,936</u>	-	-
Total investment at fair value level	61,076,240	<u>34,478,174</u>	<u>26,598,066</u>	-
AMLIP *	<u>1,427,922</u>			
Total Central Treasury & Land Sale Funds Investments	<u>\$62,504,162</u>	<u>\$34,478,174</u>	<u>\$26,598,066</u>	<u>\$ -</u>

US 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. US Agencies, corporate bonds, and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Mortgage backed securities classified in Level 2 of the fair value hierarchy are valued using a market approach that uses benchmark yield curves.

* The City's investment in AMLIP of \$1,427,922 is measured at net asset value, as of June 30, 2021 Management believe this value approximates fair value.

B. Receivables

Receivables at June 30, 2021, for the City's individual major funds and the nonmajor governmental funds in the aggregate are as follows:

	General	CARES Act Recovery Special Revenue	Airport Special Revenue	Water & Sewer Special Revenue	Airport Land Sales Permanent	Nonmajor Governmental Funds
Taxes	\$1,789,435	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,873		147,051	-	-	2,792,766
Customer and other	836,058	99,403	60,884	322,425	-	5,220
Special assessments	177,120	-	-	-	-	-
Land contracts	6,714	-	-	-	129,811	-
Accrued interest	<u>80,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,767</u>	<u>7,940</u>
Total receivables	2,930,733	99,403	207,935	322,425	192,578	2,805,926
Less allowances for uncollectibles	<u>(667,906)</u>	<u>-</u>	<u>(9,689)</u>	<u>(92,618)</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$2,262,827</u>	<u>\$99,403</u>	<u>\$198,246</u>	<u>\$229,807</u>	<u>\$192,578</u>	<u>\$2,805,926</u>

C. 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 position by the governmental funds that are applicable to a future reporting period as deferred inflows of resources and consumption of net position that are applicable to a future period as deferred outflows. At June 30, 2021, 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 Outflows	Deferred Inflows	Unearned	Deferred Outflows	Deferred Inflows	Unearned
Pension related	\$ -	\$ -	\$ -	\$1,935,813	\$ -	\$ -
Other postemployment benefits related	-	-	-	878,848	-	-
Special assessments receivable (General Fund)	-	177,120	-	-	-	-
Ambulance billing receivable (General Fund)	-	123,197	-	-	-	-
Land sales receivable (General Fund)	-	6,714	-	-	-	-
Land sales receivable (Airport Land Sales Permanent Fund)	-	129,811	-	-	-	-
Prepaid property tax (General Fund)	-	11,325	-	-	11,325	-
Prepaid licenses (General Fund)	-	2,380	-	-	2,380	-
Other postemployment benefits related	-	-	-	-	1,019,891	-
Prepaid rents & leases (General Fund)	-	-	78,214	-	-	78,214
Prepaid rents & leases (Airport Fund)	-	-	113,350	-	-	113,350
Prepaid water & sewer service	-	-	18,802	-	-	18,802
Grant funds received prior to meeting all eligibility requirements:						
General Fund	-	-	1,000	-	-	1,000
CARES Act Recovery Fund	-	-	83,382	-	-	83,382
	<u>\$ -</u>	<u>\$450,547</u>	<u>\$294,748</u>	<u>\$2,814,661</u>	<u>\$1,033,596</u>	<u>\$294,748</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,293,335	\$ 27,393	\$ -	\$ 6,320,728
Construction in progress	5,461,478	3,755,625	(1,593,399)	7,623,704
Total capital assets not being depreciated	<u>11,754,813</u>	<u>3,783,018</u>	<u>(1,593,399)</u>	<u>13,944,432</u>
Capital assets being depreciated:				
Buildings	88,078,273	994,923	-	89,073,196
Improvements other than buildings	60,345,551	16,523	-	60,362,074
Machinery and equipment	23,099,090	845,346	(431,372)	23,513,064
Infrastructure	71,114,848	-	-	71,114,848
Total capital assets being depreciated	<u>242,637,762</u>	<u>1,856,792</u>	<u>(431,372)</u>	<u>244,063,182</u>
Less accumulated depreciation for:				
Buildings	(25,621,163)	(1,650,900)	-	(27,272,063)
Improvements other than buildings	(27,721,128)	(1,501,529)	-	(29,222,657)
Machinery and equipment	(15,211,304)	(746,304)	404,095	(15,553,513)
Infrastructure	(31,227,041)	(854,268)	-	(32,081,309)
Total accumulated depreciation	<u>(99,780,636)</u>	<u>(4,753,001)</u>	<u>404,095</u>	<u>(104,129,542)</u>
Total capital assets being depreciated, net	<u>142,857,126</u>	<u>2,896,209</u>	<u>(27,277)</u>	<u>139,933,640</u>
Governmental activities capital assets, net	<u>\$154,611,939</u>	<u>\$ 886,809</u>	<u>\$(1,620,676)</u>	<u>\$ 153,878,072</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, 2020	Increases	Decreases	Balance June 30, 2021
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 274,500	\$ -	\$ -	\$ 274,500
Construction in progress	7,256	3,489	-	10,745
Total capital assets not being depreciated	<u>281,756</u>	<u>3,489</u>	<u>-</u>	<u>285,245</u>
Capital assets being depreciated – Buildings	5,710,219	69	-	5,710,288
Less accumulated depreciation for – Buildings	<u>(3,588,329)</u>	<u>(140,446)</u>	<u>-</u>	<u>(3,728,775)</u>
Total capital assets being depreciated, net	<u>2,121,890</u>	<u>(140,377)</u>	<u>-</u>	<u>1,981,513</u>
Business-type activities capital assets, net	<u>\$ 2,403,646</u>	<u>\$ (136,888)</u>	<u>\$ -</u>	<u>\$ 2,266,758</u>

Depreciation expense charged to each governmental function is as follows:

General government	\$ 92,271
Public safety	193,424
Public works	876,529
Parks, recreation and cultural	317,968
Water and sewer services	1,079,565
Airport	2,123,505
Social welfare services	<u>69,739</u>
	<u>\$ 4,753,001</u>

E. Pension and Other Postemployment Benefits Plans

1. Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded “on-behalf” contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board. 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. Police 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 healthcare 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% of eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in 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 fund 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, 2021 were determined in the June 30, 2019 actuarial valuations. The City’s contribution rates for the 2021 fiscal year were as follows:

	Employer Effective <u>Rate</u>	ARM Board Adopted <u>Rate</u>	State Contribution <u>Rate</u>
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	<u>7.43%</u>	<u>4.27%</u>	<u>-%</u>
Total Contribution Rates	<u>22.00%</u>	<u>30.85%</u>	<u>8.85%</u>

In 2021, the City was credited with the following contribution to the pension plan.

	Measurement Period July 1, 2019 to <u>June 30, 2020</u>	City Fiscal Year July 1, 2020 to <u>June 30, 2021</u>
Employer contributions (including DBUL)	\$ 948,738	\$1,101,645
Nonemployer contributions (on-behalf)	<u>578,418</u>	<u>734,961</u>
Total Contributions	<u>\$1,527,156</u>	<u>\$1,745,606</u>

In addition, employee contributions to the Plan totaled \$198,398 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, 2021, 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 net pension liability that was associated with the City were as follows:

	<u>2021</u>
City proportionate share of NPL	\$14,607,516
State's proportionate share of NPL associated with the City	<u>6,046,118</u>
Total Net Pension Liability	<u>\$20,653,634</u>

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date. The City's proportion of the net pension liability 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, 2020 measurement date, the City's proportion was 0.24754 percent, which was a increase of 0.017940 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$3,932,033 and on-behalf revenue of \$781,339 for support provided by the State. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Difference between expected and actual experience	\$ 46,339	\$ -
Net difference between projected and actual earnings on pension plan investments	594,527	-
Changes in proportion and differences between City contributions and proportionate share of contributions	193,302	-
City contributions subsequent to the measurement date	<u>1,101,645</u>	<u>-</u>
Total Deferred Outflows and Deferred Inflows Related to Pensions	<u>\$1,935,813</u>	<u>\$ -</u>

The \$1,101,645 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2021. 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,	
2022	\$ 250,148
2023	209,078
2024	220,988
2025	<u>153,954</u>
Total Amortization	<u>\$834,168</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary Increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on age and service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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

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 2.36%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	26%	6.24%
Global ex-U.S. equity	18%	6.67%
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01%

Real assets	13%	3.82%
Private equity	11%	10.00%
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. 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 net pension liability calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City's proportionate share of the net pension liability	0.24754%	\$18,992,858	\$14,607,516	\$10,929,435

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

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the City contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2021 to cover a portion of the City's employer match contributions. For the year ended June 30, 2021, forfeitures reduced pension expense by \$10,036.

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, 2021, 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, 2021 were \$280,470 and \$448,766, 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 above. <http://doa.alaska.gov/drb/pers>.

Employer Contribution Rate

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

Employer contribution rates for the year ended June 30, 2021 were as follows:

	<u>Other</u>	<u>Police/Fire</u>
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.27%	1.27%
Occupational Death and Disability Benefits	<u>0.31%</u>	<u>0.70%</u>
Total Contribution Rates	<u>1.58%</u>	<u>1.97%</u>

In 2021, the City was credited with the following contributions to the OPEB plans:

	<u>Measurement Period July 1, 2019 to June 30, 2020</u>	<u>City Fiscal Year July 1, 2020 to June 30, 2021</u>
Employer contributions – ARHCT	\$378,968	\$209,727
Employer contributions – RMP	68,781	71,241
Employer contributions – ODD	<u>23,663</u>	<u>26,773</u>
Total Contributions	<u>\$471,412</u>	<u>\$307,741</u>

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

At June 30, 2021, 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	\$1,120,744
City's proportionate share of NOA – ODD	<u>147,094</u>
Total City's Proportionate Share of Net OPEB Asset	<u>\$1,267,838</u>
State's proportionate share of the ARHCT NOA associated with the City	<u>465,221</u>
Total Net OPEB Asset	<u>\$1,733,059</u>

At June 30, 2021, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) associated with the City's participation in the RMP Plan. The amount recognized by the City for its proportionate share was \$27,350.

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The City's proportion of the net OPEB liabilities (asset) is 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, 2019 Measurement Date Employer <u>Proportion</u>	June 30, 2020 Measurement Date Employer <u>Proportion</u>	<u>Change</u>
City's proportionate share of the net OPEB liabilities (asset)			
ARHCT	0.22969%	0.24748%	0.01779%
RMP	0.39578%	0.38559%	(0.01019)%
ODD	0.57178%	0.53960%	(0.03218)%

For the year ended June 30, 2021, the City recognized OPEB expense of \$(634,117). Of this amount, \$(299,382) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<u>Plan</u>	<u>OPEB Expenses</u>	<u>On-behalf Revenue</u>
ARHCT	\$(708,674)	\$(299,382)
RMP	66,510	-
ODD	<u>8,047</u>	<u>-</u>
Total	<u>\$(634,117)</u>	<u>\$(299,382)</u>

At June 30, 2021, 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	\$ -	\$ 142	\$ -	\$ 142
Changes in assumptions	-	38,410	-	38,410
Difference between projected and actual investment earnings	449,672	12,246	5,045	466,963
Changes in proportion and differences between City contributions and proportionate share of contributions	55,214	1,383	8,995	65,592
City contributions subsequent to the measurement date	<u>209,727</u>	<u>71,241</u>	<u>26,773</u>	<u>307,741</u>
Total Deferred Outflows of Resources Related to OPEB Plans	<u>\$714,613</u>	<u>\$123,422</u>	<u>\$40,813</u>	<u>\$878,848</u>
<u>Deferred Inflows of Resources</u>	<u>ARHCT</u>	<u>RMP</u>	<u>ODD</u>	<u>Total</u>
Difference between expected and actual experience	\$(89,909)	\$(5,877)	\$(49,353)	\$(145,139)
Changes in assumptions	(781,255)	(70,706)	(2,154)	(854,115)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(1,585)	(19,052)	(20,637)
Total Deferred Inflows of Resources Related to OPEB Plans	<u>\$(871,164)</u>	<u>\$(78,168)</u>	<u>\$(70,559)</u>	<u>\$(1,019,891)</u>

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2022. 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>
2022	\$(819,536)	\$(3,019)	\$(9,301)	\$(831,856)
2023	160,058	(576)	(8,105)	151,377
2024	171,859	(619)	(8,081)	163,159
2025	121,341	(1,553)	(8,481)	111,307
2026	-	(4,503)	(9,753)	(14,256)
Thereafter	-	(15,717)	(12,798)	(28,515)
Total Amortization	<u>\$(366,278)</u>	<u>\$(25,987)</u>	<u>\$(56,519)</u>	<u>\$(448,784)</u>

Actuarial Assumptions

The total OPEB liability (asset) for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary Increases	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.75% for all others

Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amounts included in the Normal Cost for administrative expenses were updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected 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 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	26%	6.24%
Global ex-U.S. equity	18%	6.67%
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01%
Real assets	13%	3.82%
Private equity	11%	10.00%
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total OPEB liability (asset) for each plan as of June 30, 2020 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position or 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 (asset) for each plan.

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>Proportional Share</u>	<u>1% Decrease (6.38%)</u>	<u>Current Discount Rate (7.38%)</u>	<u>1% Increase (8.38%)</u>
City's proportionate share of the net OPEB liability (asset)				
ARHCT	0.24748%	\$1,169,474	\$(1,120,744)	\$(3,017,722)
RMP	0.38559%	169,434	27,350	(80,202)
ODD	0.53960%	(138,223)	(147,094)	(154,184)

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<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 liability (asset)				
ARHCT	0.24748%	\$(3,240,140)	\$(1,120,744)	\$1,445,721
RMP	0.38559%	(95,965)	27,350	195,083
ODD	0.53960%	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.

3. Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan is established under AS 39.30.300. 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, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,159 per year for each full-time employee, and \$1.38 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2021, the City contributed \$166,324 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

F. Changes in Long-Term Obligations

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within one year
Compensated absences	\$1,004,042	\$ 914,838	\$ 876,702	\$1,042,178	\$260,544
Library expansion bonds	1,165,000	-	1,165,000	-	-
Advance refunding bonds	-	1,020,000	85,000	935,000	85,000
Total governmental activities	<u>\$2,169,042</u>	<u>\$1,934,838</u>	<u>\$2,126,702</u>	<u>\$1,977,178</u>	<u>\$345,544</u>

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within one year
Compensated absences	<u>\$7,023</u>	<u>\$4,654</u>	<u>\$3,154</u>	<u>\$8,523</u>	<u>\$2,131</u>

In July 2020, the City issued \$1,020,000 in Advance Refunding Bonds, 2020 Series One. Proceeds of the new bonds were placed in an irrevocable trust to provide for the repayment of the City's Kenai Community Library general obligation bonds on their call date of July 29, 2020. The refunding resulted in a cash flow savings of \$132,171 and an economic gain of \$119,680. At June 30, 2021 there was no defeased balance of general obligation bonds remaining to be paid by the escrow agent.

A summary of bonds payable (in thousands) at June 30, 2021, is as follows:

Date of <u>Issue</u>	<u>Issued</u>	Interest <u>Rate</u>	Maturity <u>Dates</u>	Annual <u>Installments</u>	Outstanding <u>June 30, 2021</u>
7/7/20	\$1,020	5.00	2020 - 2029	\$125 - \$131	\$935

Debt service requirements for the general obligation refunding bonds at June 30, 2021 are as follows:

<u>Governmental Activities</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 85,000	\$ 44,625
2023	90,000	40,250
2024	95,000	35,625
2025	100,000	30,750
2026	105,000	25,625
2027-2030	<u>460,000</u>	<u>47,750</u>
Total	<u>\$935,000</u>	<u>\$224,625</u>

Remaining unissued are \$2,000,000 in general obligation bonds 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 2020 Certified Main and Supplemental Tax Rolls for the City showed total taxable assessed for real and personal property of \$889,742,633, making the legal debt limit \$177,948,527 for the City.

G. Interfund Receivables, Payables and Transfers

Amounts due from other funds are as follows:

Due to General Fund from -	
CARES Act Recovery Special Revenue Fund for short-term operational financing	\$ <u>14,478</u>

Transfers between funds were as follows:

From General Fund to:	
Nonmajor governmental funds for capital costs	\$1,956,207
Nonmajor governmental funds for debt service	114,906
Nonmajor governmental funds for operational costs	<u>185,563</u>
Total from General Fund	2,256,676
From Airport Special Revenue Fund to -	
Nonmajor governmental funds for capital costs	2,131,758
From Water & Sewer Special Revenue Fund to -	
Nonmajor governmental funds for capital costs	1,770,615
From Airport Land Sales Permanent Fund to -	
Airport Special Revenue Fund for operating costs	969,922
From nonmajor governmental funds to:	
General Fund for operational costs	195,750
General Fund to return unexpended capital funds	42,393
Airport Special Revenue Fund to return unexpended capital funds	105,651
Water & Sewer Special Revenue Fund to return unexpended capital funds	23,496
Nonmajor governmental funds for capital costs	38,724
Nonmajor governmental funds to return unexpended capital funds	<u>2,215</u>
Total from nonmajor governmental funds	<u>408,229</u>
Total transfers to other funds	<u>\$7,537,200</u>

H. 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	CARES Act Recovery Special Revenue	Airport Special Revenue	Water & Sewer Special Revenue	Airport Land Sales Permanent Fund	Nonmajor and Other Funds	Totals
Nonspendable – Permanent fund	\$ _____ -	_____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$3,090,660	\$3,090,660
Restricted							
Airport purposes	-	-	-	-	30,434,755	-	30,434,755
Athletics	640,115	-	-	-	-	-	640,115
Total restricted	640,115	-	-	-	30,434,755	-	31,074,870
Committed:							
General Government							
Capital Imp.	-	-	-	-	-	8,603,121	8,603,121
Budget stabilization	5,395,279	-	-	-	-	-	5,395,279
Subsequent years expenditures	2,996,973	-	-	-	-	-	2,996,973
Total committed	8,392,252	-	-	-	-	8,603,121	16,995,373
Assigned:							
Operational & capital contingency reserve	1,798,519	-	-	-	-	-	1,798,519
Compensated abs.	913,207	-	39,251	41,294	-	3,079	996,831
COVID-19 Recovery	-	527	-	-	-	-	527
Airport operations	-	-	2,233,841	-	-	-	2,233,841
Water & sewer operations	-	-	-	1,910,364	-	-	1,910,364
General Government Operations	-	-	-	-	-	748,570	748,570
Personal use fishery operations	-	-	-	-	-	273,778	273,778
Total assigned	2,711,726	527	2,273,092	1,951,658	-	1,025,427	7,962,430
Unassigned	2,697,409	-	-	-	-	-	2,697,409
Total fund balances	\$14,441,502	527	\$2,273,092	\$1,951,658	\$30,434,755	\$12,719,208	\$61,820,742

I. Change in Accounting Principle

In 2021, the City adopted the provisions of GASB Statement No. 84 *Fiduciary Activities*, which among other accounting and reporting criteria, requires the City to address criteria for identifying and reporting fiduciary activities, as of the beginning of the City's fiscal year. The City has determined the Kenai Senior Connection and Kenai Community Foundation Agency Funds reported in 2020 will now be reported as Custodial Funds. As a result of the implementation of this statement, the City has recorded opening balance adjustments to reflect opening balance (fiduciary activity net position) and net position as follows:

	Opening net position as originally presented	Change in accounting principle adjustment	Opening net position, as restated
Fiduciary Funds:			
Kenai Senior Connection	\$ -	\$ 978,753	\$ 978,753
Kenai Community Foundation	-	189,731	189,731
Total Fiduciary Funds	\$ -	\$1,168,484	\$1,168,484

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. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. On March 11, 2020, Alaska Governor Mike Dunleavy issued a Declaration of Public Health Disaster Emergency. The first confirmed case of COVID-19 was diagnosed in Alaska on March 12, 2020. On March 13, 2020, the President of the United States issued a Proclamation declaring a National Emergency. On March 18, 2020, the Kenai City Manager declared a local disaster emergency. On the same day, the Kenai City Council extended the emergency declaration for 90 days and subsequently extended the emergency through December 31, 2020.

At June 30, 2021 the State of Alaska and Kenai City Council emergency declarations have expired. City facilities, businesses, recreational, cultural, and civic facilities have reopened. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, the full magnitude of the public health emergency and its effect on the City’s future revenues, liquidity, and future operations is uncertain. City management continues to assess the effects of the public health emergency on the City’s ongoing operations, workforce, suppliers, customers, constituents, and overall financial condition. To date, the City successfully deployed telework opportunities to most of its workforce; however, many functions, including police, fire, dispatch, and public works, require employees at work to be performed. In these departments, various mitigation steps have been taken to reduce the possibility of large-scale infection. These steps have proven successful with minimal City staff testing positive as of the date of this report and the City maintaining its services to residents.

Management continues to monitor, with the assistance of the State of Alaska, this public health emergency by utilizing its Incident Management Team. The team meets weekly and more often as situations arise. With good management, hardworking and dedicated employees, and the City’s excellent financial position, management feels the City is in a strong position to address uncertainties as they arise and resume normal operations after the public health emergency.

M. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the City for 2021 reporting:

GASB 84 – Fiduciary Activities - Effective for year-end June 30, 2021. This Statement addresses criteria for identifying and reporting fiduciary activities. The City assessed the fiduciary activities of the City and determined that the Kenai Senior Connection and Kenai Community Foundation are to remain custodial fiduciary funds as of June 30, 2021 due to control of the assets and that the assets are for the benefit of others and the City does not have administrative involvement or direct financial involvement with the assets.

GASB 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61 – Effective for year-end June 30, 2021. This Statement addresses accounting and financial reporting for a majority

equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria. After analysis it was determined the City has no equity interest in legally separate organizations thus requiring no implementation.

GASB 98 – The Annual Comprehensive Financial Report -Effective for year-end June 30, 2022. Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The impacts on the City's financial statements as a result of implementing this pronouncement is considered minimal.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB 87 – Leases – Effective for year-end June 30, 2022, with earlier application encouraged – This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 89 – Interest Costs – Effective for year-end June 30, 2022, with earlier application encouraged – This Statement's objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB 91 – Conduit Debt Obligations - Effective for year-end June 30, 2023, with earlier application encouraged – This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB 92 - Omnibus 2020 – Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB 93 – Replacement of Interbank Offered Rates – The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB 96 – Subscription-Based Information Technology Arrangements – Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible

asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This Statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF KENAI, ALASKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Taxes:				
General property	\$ 3,967,338	\$ 3,967,338	\$ 3,899,278	\$ (68,060)
General sales	7,116,759	7,116,759	8,560,985	1,444,226
Penalty and interest on taxes	<u>10,000</u>	<u>10,000</u>	<u>7,703</u>	<u>(2,297)</u>
Total taxes	<u>11,094,097</u>	<u>11,094,097</u>	<u>12,467,966</u>	<u>1,373,869</u>
Intergovernmental revenues:				
Federal grants	-	67,778	54,353	(13,425)
Kenai Peninsula Borough	52,800	52,800	52,800	-
State of Alaska shared revenues:				
Marijuana licenses	2,500	2,500	2,400	(100)
Electric utility tax	30,000	30,000	28,219	(1,781)
Fish tax	100,000	100,000	78,883	(21,117)
Liquor licenses	25,000	25,000	11,900	(13,100)
Community Assistance	76,068	76,068	77,374	1,306
State of Alaska grants:				
Library grants	-	8,000	7,985	(15)
Fire grants	-	10,689	10,689	-
PERS relief	<u>634,517</u>	<u>634,517</u>	<u>611,708</u>	<u>(22,809)</u>
Total intergovernmental revenues	<u>920,885</u>	<u>1,007,352</u>	<u>936,311</u>	<u>(71,041)</u>
Charges for services:				
Fees and charges:				
Ambulance fees	500,000	500,000	348,562	(151,438)
Multipurpose facility charges	130,000	145,000	163,210	18,210
Administrative and service fees	1,681,100	1,681,100	1,681,100	-
Other	<u>13,500</u>	<u>13,500</u>	<u>8,709</u>	<u>(4,791)</u>
Total fees and charges	<u>2,324,600</u>	<u>2,339,600</u>	<u>2,201,581</u>	<u>(138,019)</u>
Licenses and permits:				
Building permits	70,000	70,000	194,641	124,641
Animal control licenses and fees	91,500	91,500	85,816	(5,684)
Other	<u>7,000</u>	<u>7,000</u>	<u>9,925</u>	<u>2,925</u>
Total licenses and permits	<u>168,500</u>	<u>168,500</u>	<u>290,382</u>	<u>121,882</u>
Fines and forfeits:				
Court fines	45,000	45,000	54,292	9,292
Library fines	9,000	9,000	1,013	(7,987)
Other forfeitures	<u>33,500</u>	<u>55,295</u>	<u>34,976</u>	<u>(20,319)</u>
Total fines and forfeits	<u>87,500</u>	<u>109,295</u>	<u>90,281</u>	<u>(19,014)</u>
Total charges for services	<u>2,580,600</u>	<u>2,617,395</u>	<u>2,582,244</u>	<u>(35,151)</u>

See accompanying independent auditor's report and 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>
Revenues, continued:				
Investment earnings	\$ 150,000	\$ 150,000	\$ 20,528	\$ (129,472)
Miscellaneous revenues:				
Rents and leases	219,811	219,811	242,097	22,286
Oil and gas royalties	40,000	40,000	44,553	4,553
Special assessments	10,500	10,500	740	(9,760)
Other	76,100	91,018	110,539	19,521
Total miscellaneous revenues	<u>346,411</u>	<u>361,329</u>	<u>397,929</u>	<u>36,600</u>
Total revenues	<u>15,091,993</u>	<u>15,230,173</u>	<u>16,404,978</u>	<u>1,174,805</u>
Expenditures:				
General government:				
Legislative:				
Personal services	51,791	51,791	51,790	1
Supplies	4,620	5,259	5,053	206
Other services and charges	107,203	106,564	86,272	20,292
Total legislative	<u>163,614</u>	<u>163,614</u>	<u>143,115</u>	<u>20,499</u>
City clerk:				
Personal services	235,519	235,519	226,175	9,344
Supplies	25,298	26,798	26,162	636
Other services and charges	45,600	44,100	31,143	12,957
Total city clerk	<u>306,417</u>	<u>306,417</u>	<u>283,480</u>	<u>22,937</u>
City attorney:				
Personal services	313,700	313,700	310,710	2,990
Supplies	2,240	2,392	1,556	836
Other services and charges	35,940	35,788	10,909	24,879
Total city attorney	<u>351,880</u>	<u>351,880</u>	<u>323,175</u>	<u>28,705</u>
City manager:				
Personal services	377,903	377,903	341,378	36,525
Supplies	3,018	3,018	2,113	905
Other services and charges	61,160	62,960	55,255	7,705
Total city manager	<u>442,081</u>	<u>443,881</u>	<u>398,746</u>	<u>45,135</u>
Human resources:				
Personal services	167,933	171,432	169,696	1,736
Supplies	6,853	6,853	5,491	1,362
Other services and charges	2,438	2,438	1,689	749
Total finance	<u>177,224</u>	<u>180,723</u>	<u>176,876</u>	<u>3,847</u>
Finance:				
Personal services	692,407	692,407	654,368	38,039
Supplies	44,746	44,746	37,561	7,185
Other services and charges	22,695	70,295	51,037	19,258
Total finance	<u>759,848</u>	<u>807,448</u>	<u>742,966</u>	<u>64,482</u>

See accompanying independent auditor's report and 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>
Expenditures, continued:				
General government, continued:				
Non-departmental:				
Personal services	\$ 658,599	\$ 657,099	\$ 608,638	\$ 48,461
Supplies	26,018	28,418	22,312	6,106
Other services and charges	545,699	563,413	474,706	88,707
Capital outlays	26,150	26,150	18,036	8,114
Pass-through grants	-	771,000	771,000	-
Total non-departmental	<u>1,256,466</u>	<u>2,046,080</u>	<u>1,894,692</u>	<u>151,388</u>
Planning and zoning:				
Personal services	203,736	203,736	189,620	14,116
Supplies	5,550	5,550	4,069	1,481
Other services and charges	<u>21,360</u>	<u>21,360</u>	<u>8,466</u>	<u>12,894</u>
Total planning and zoning	<u>230,646</u>	<u>230,646</u>	<u>202,155</u>	<u>28,491</u>
Safety:				
Supplies	1,100	1,100	-	1,100
Other services and charges	<u>18,050</u>	<u>18,050</u>	<u>890</u>	<u>17,160</u>
Total safety	<u>19,150</u>	<u>19,150</u>	<u>890</u>	<u>18,260</u>
Land administration:				
Personal services	-	-	-	-
Supplies	640	640	-	640
Other services and charges	<u>14,073</u>	<u>14,073</u>	<u>3,111</u>	<u>10,962</u>
Total land administration	<u>14,713</u>	<u>14,713</u>	<u>3,111</u>	<u>11,602</u>
Total general government	<u>3,722,039</u>	<u>4,564,552</u>	<u>4,169,206</u>	<u>395,346</u>
Public safety:				
Police:				
Personal services	3,027,286	3,038,576	1,563,541	1,475,035
Supplies	101,585	116,618	108,632	7,986
Other services and charges	255,739	249,939	204,404	45,535
Capital outlays	<u>15,512</u>	<u>15,512</u>	<u>15,512</u>	<u>-</u>
Total police	<u>3,400,122</u>	<u>3,420,645</u>	<u>1,892,089</u>	<u>1,528,556</u>
Fire:				
Personal services	2,868,814	2,871,558	1,539,728	1,331,830
Supplies	82,770	101,641	91,975	9,666
Other services and charges	307,727	308,247	242,252	65,995
Capital outlays	<u>-</u>	<u>10,929</u>	<u>10,929</u>	<u>-</u>
Total fire	<u>3,259,311</u>	<u>3,292,375</u>	<u>1,884,884</u>	<u>1,407,491</u>
Communications:				
Personal services	835,885	835,885	417,683	418,202
Supplies	8,875	8,875	7,036	1,839
Other services and charges	<u>42,075</u>	<u>42,075</u>	<u>32,814</u>	<u>9,261</u>
Total communications	<u>886,835</u>	<u>886,835</u>	<u>457,533</u>	<u>429,302</u>

See accompanying independent auditor's report and 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>
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Personal services	\$ 301,477	\$ 301,477	\$ 290,151	\$ 11,326
Supplies	16,190	17,211	14,406	2,805
Other services and charges	127,430	127,430	115,590	11,840
Total animal control	<u>445,097</u>	<u>446,118</u>	<u>420,147</u>	<u>25,971</u>
Total public safety	<u>7,991,365</u>	<u>8,045,973</u>	<u>4,654,653</u>	<u>3,391,320</u>
Public works:				
Public works administration:				
Personal services	188,198	189,919	243,495	(53,576)
Supplies	4,468	5,368	3,773	1,595
Other services and charges	3,790	2,890	(60,608)	63,498
Total public works administration	<u>196,456</u>	<u>198,177</u>	<u>186,660</u>	<u>11,517</u>
Shop:				
Personal services	395,650	395,650	394,296	1,354
Supplies	148,901	148,901	147,330	1,571
Other services and charges	102,276	102,276	53,506	48,770
Total shop	<u>646,827</u>	<u>646,827</u>	<u>595,132</u>	<u>51,695</u>
Streets:				
Personal services	652,051	652,051	644,471	7,580
Supplies	124,800	119,946	102,763	17,183
Other services and charges	291,994	296,848	246,778	50,070
Total streets	<u>1,068,845</u>	<u>1,068,845</u>	<u>994,012</u>	<u>74,833</u>
Dock:				
Personal services	31,827	31,827	17,370	14,457
Supplies	7,150	7,150	1,845	5,305
Other services and charges	23,255	23,255	12,941	10,314
Total dock	<u>62,232</u>	<u>62,232</u>	<u>32,156</u>	<u>30,076</u>
Buildings:				
Personal services	289,012	286,112	263,408	22,704
Supplies	34,365	34,365	28,154	6,211
Other services and charges	83,900	86,800	68,630	18,170
Total buildings	<u>407,277</u>	<u>407,277</u>	<u>360,192</u>	<u>47,085</u>
Street lighting -				
Other services and charges	<u>192,183</u>	<u>192,183</u>	<u>179,657</u>	<u>12,526</u>
Total public works	<u>2,573,820</u>	<u>2,575,541</u>	<u>2,347,809</u>	<u>227,732</u>

See accompanying independent auditor's report and 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>
Expenditures, continued:				
Parks, recreation, and cultural:				
Library:				
Personal services	\$ 671,928	\$ 669,676	\$ 639,722	\$ 29,954
Supplies	23,651	23,907	17,716	6,191
Other services and charges	167,437	181,425	164,648	16,777
Total library	<u>863,016</u>	<u>875,008</u>	<u>822,086</u>	<u>52,922</u>
Visitors center:				
Supplies	-	-	327	(327)
Other services and charges	133,981	144,991	138,895	6,096
Total visitors center	<u>133,981</u>	<u>144,991</u>	<u>139,222</u>	<u>5,769</u>
Parks, recreation & beautification:				
Personal services	523,848	530,648	501,013	29,635
Supplies	94,920	90,720	81,538	9,182
Other services and charges	488,068	534,722	516,351	18,371
Capital outlays	10,264	10,264	3,457	6,807
Total parks, recreation & beautification	<u>1,117,100</u>	<u>1,166,354</u>	<u>1,102,359</u>	<u>63,995</u>
Total parks, recreation, and cultural	<u>2,114,097</u>	<u>2,186,353</u>	<u>2,063,667</u>	<u>122,686</u>
Total expenditures	<u>16,401,321</u>	<u>17,372,419</u>	<u>13,235,335</u>	<u>4,137,084</u>
Excess of revenues over (under) expenditures	<u>(1,309,328)</u>	<u>(2,142,246)</u>	<u>3,169,643</u>	<u>5,311,889</u>
Other financing sources (uses):				
Transfers in	189,523	189,523	238,143	48,620
Transfers out	<u>(510,969)</u>	<u>(2,315,488)</u>	<u>(2,256,676)</u>	<u>58,812</u>
Net other financing uses	<u>(321,446)</u>	<u>(2,125,965)</u>	<u>(2,018,533)</u>	<u>107,432</u>
Net changes in fund balance	<u>\$ (1,630,774)</u>	<u>\$ (4,268,211)</u>	1,151,110	<u>\$ 5,419,321</u>
Fund balance - July 1			13,290,392	
Fund balance - June 30			<u>\$ 14,441,502</u>	

See accompanying independent auditor's report and notes to required supplementary information.

**CITY OF KENAI, ALASKA
CARES ACT RECOVERY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Intergovernmental revenues -				
Federal grants	\$ -	\$ 6,719,755	\$ 6,309,388	\$ (410,367)
Other	-	50,000	125,903	75,903
Investment earnings	-	127	327	200
Total revenues	<u>-</u>	<u>6,769,882</u>	<u>6,435,618</u>	<u>(334,264)</u>
Expenditures:				
Social welfare services -				
Supplies	-	-	15,367	(15,367)
Other services and charges	1,995,832	3,210,003	3,106,673	103,330
Total social welfare services	<u>1,995,832</u>	<u>3,210,003</u>	<u>3,156,673</u>	<u>53,330</u>
Public safety:				
Personal services	-	23,500	2,954,860	(2,931,360)
Supplies	-	-	2,861	(2,861)
Other services and charges	494,523	3,236,321	31,889	3,204,432
Capital outlays	-	-	19,885	(19,885)
Total Public Safety	<u>494,523</u>	<u>3,259,821</u>	<u>3,009,495</u>	<u>250,326</u>
General government:				
Personal services	-	-	78,446	(78,446)
Supplies	-	9,694	95,926	(86,232)
Other services and charges	1,153,390	300,259	7,034	293,225
Capital outlays	-	-	87,717	(87,717)
Total General Government	<u>1,153,390</u>	<u>309,953</u>	<u>269,123</u>	<u>40,830</u>
Total expenditures	<u>3,643,745</u>	<u>6,779,777</u>	<u>6,435,291</u>	<u>344,486</u>
Net changes in fund balance	<u>\$ (3,643,745)</u>	<u>\$ (9,895)</u>	327	<u>\$ 10,222</u>
Fund balance - July 1			200	
Fund balance - June 30			<u>\$ 527</u>	

See accompanying independent auditor's report and 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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Intergovernmental revenues	\$ 55,254	\$ 2,216,252	\$ 1,278,200	\$ (938,052)
Charge for services - landing fees	300,874	300,874	262,661	(38,213)
Investment earnings	35,000	35,000	2,935	(32,065)
Miscellaneous revenues:				
Rents and leases, including penalty and interest	903,060	903,060	968,891	65,831
Parking fees	200,000	200,000	110,442	(89,558)
Car rental commissions	120,000	120,000	133,306	13,306
Advertising commissions	12,000	12,000	20,897	8,897
Fuel flowage	15,000	15,000	9,589	(5,411)
Other	41,000	41,000	37,633	(3,367)
Total miscellaneous revenues	1,291,060	1,291,060	1,280,758	(10,302)
Total revenues	<u>1,682,188</u>	<u>3,843,186</u>	<u>2,824,554</u>	<u>(1,018,632)</u>
Expenditures:				
Maintenance and operation:				
Personal services	371,583	395,492	371,213	24,279
Supplies	223,910	281,354	215,052	66,302
Other services and charges	332,594	329,991	327,814	2,177
	928,087	1,006,837	914,079	92,758
Expenditures chargeable from other funds	946,600	946,600	946,600	-
Total maintenance and operation	<u>1,874,687</u>	<u>1,953,437</u>	<u>1,860,679</u>	<u>92,758</u>
Administration:				
Personal services	255,112	283,489	261,541	21,948
Supplies	1,640	1,640	1,547	93
Other services and charges	41,310	2,164,314	17,866	2,146,448
Capital outlays	1,200	1,200	555	645
	299,262	2,450,643	281,509	2,169,134
Expenditures chargeable from other funds	59,200	59,200	59,200	-
Total administration	<u>358,462</u>	<u>2,509,843</u>	<u>340,709</u>	<u>2,169,134</u>

See accompanying independent auditor's report and 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**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures, continued:				
Land:				
Personal services	\$ 82,512	\$ 82,512	\$ 76,604	\$ 5,908
Supplies	21,200	21,200	20,873	327
Other services and charges	70,750	75,585	59,430	16,155
Capital outlays	-	26,300	24,491	1,809
Total land	<u>174,462</u>	<u>205,597</u>	<u>181,398</u>	<u>24,199</u>
Training facility -				
Other services and charges	<u>38,475</u>	<u>38,475</u>	<u>29,487</u>	<u>8,988</u>
Terminal:				
Personal services	207,039	207,039	203,389	3,650
Supplies	18,300	20,318	20,162	156
Other services and charges	341,468	341,468	310,733	30,735
Capital outlays	<u>31,000</u>	<u>31,000</u>	<u>3,039</u>	<u>27,961</u>
	597,807	599,825	537,323	62,502
Expenditures chargeable from other funds	<u>68,800</u>	<u>68,800</u>	<u>68,800</u>	<u>-</u>
Total terminal	<u>666,607</u>	<u>668,625</u>	<u>606,123</u>	<u>62,502</u>
Total expenditures	<u>3,112,693</u>	<u>5,375,977</u>	<u>3,018,396</u>	<u>2,357,581</u>
Excess of revenues over (under) expenditures	<u>(1,430,505)</u>	<u>(1,532,791)</u>	<u>(193,842)</u>	<u>1,338,949</u>
Other financing sources (uses):				
Transfers in	955,050	955,050	1,075,573	120,523
Transfers out	-	(2,131,758)	(2,131,758)	-
Net other financing sources (uses)	<u>955,050</u>	<u>(1,176,708)</u>	<u>(1,056,185)</u>	<u>120,523</u>
Net changes in fund balance	<u>\$ (475,455)</u>	<u>\$ (2,709,499)</u>	<u>(1,250,027)</u>	<u>\$ 1,459,472</u>
Fund balance - July 1			<u>3,523,119</u>	
Fund balance - June 30			<u>\$ 2,273,092</u>	

See accompanying independent auditor's report and 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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Intergovernmental revenues -				
State grant	\$ 55,288	\$ 55,288	\$ 52,403	\$ (2,885)
Charges for services:				
Residential water	872,820	872,821	858,205	(14,616)
Commercial water	349,128	349,128	332,906	(16,222)
Residential sewer	1,245,428	1,245,429	1,214,219	(31,210)
Commercial sewer	484,901	484,901	474,577	(10,324)
Hook-up fees	3,187	3,188	4,141	953
Other	41,600	41,600	(19)	(41,619)
Total charges for services	<u>2,997,064</u>	<u>2,997,067</u>	<u>2,884,029</u>	<u>(113,038)</u>
Investment earnings	12,480	12,480	5,702	(6,778)
Miscellaneous revenues	<u>3,000</u>	<u>3,000</u>	<u>5,665</u>	<u>2,665</u>
Total revenues	<u>3,067,832</u>	<u>3,067,835</u>	<u>2,947,799</u>	<u>(120,036)</u>
Expenditures - water and sewer services:				
Water:				
Personal services	317,841	318,151	290,705	27,446
Supplies	155,140	155,040	124,309	30,731
Other services and charges	296,584	296,374	252,224	44,150
Capital outlays	<u>27,050</u>	<u>1,050</u>	<u>486</u>	<u>564</u>
	796,615	770,615	667,724	102,891
Expenditures chargeable from other funds	<u>105,300</u>	<u>105,300</u>	<u>105,300</u>	<u>-</u>
Total water	<u>901,915</u>	<u>875,915</u>	<u>773,024</u>	<u>102,891</u>
Sewer:				
Personal services	317,874	318,184	288,425	29,759
Supplies	32,770	32,721	11,589	21,132
Other services and charges	77,460	77,199	49,490	27,709
Capital outlays	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>
	452,104	452,104	349,504	102,600
Expenditures chargeable from other funds	<u>56,700</u>	<u>56,700</u>	<u>56,700</u>	<u>-</u>
Total sewer	<u>508,804</u>	<u>508,804</u>	<u>406,204</u>	<u>102,600</u>

See accompanying independent auditor's report and 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>
Expenditures - continued:				
Sewer treatment plant:				
Personal services	\$ 434,013	\$ 440,453	\$ 432,899	\$ 7,554
Supplies	127,180	120,366	80,276	40,090
Other services and charges	486,250	492,624	354,594	138,030
Capital outlays	<u>25,000</u>	<u>19,000</u>	<u>11,221</u>	<u>7,779</u>
	1,072,443	1,072,443	878,990	193,453
Expenditures chargeable from other funds	<u>149,500</u>	<u>149,500</u>	<u>149,500</u>	<u>-</u>
Total sewer treatment plant	<u>1,221,943</u>	<u>1,221,943</u>	<u>1,028,490</u>	<u>193,453</u>
 Total expenditures	 <u>2,632,662</u>	 <u>2,606,662</u>	 <u>2,207,718</u>	 <u>398,944</u>
Excess of revenues over expenditures	435,170	461,173	740,081	278,908
Other financing sources (uses):				
Transfers in	-	-	23,496	23,496
Transfers out	<u>-</u>	<u>(1,770,615)</u>	<u>(1,770,615)</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(1,770,615)</u>	<u>(1,747,119)</u>	<u>23,496</u>
 Net changes in fund balance	 <u>\$ 435,170</u>	 <u>\$ (1,309,442)</u>	 (1,007,038)	 <u>\$ 302,404</u>
 Fund balance - July 1			 <u>2,958,696</u>	
 Fund balance - June 30			 <u>\$ 1,951,658</u>	

See accompanying independent auditor's report and 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

<u>Years Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.24754%	0.22960%	0.25988%	0.25468%	0.30898%	0.26181%	0.18506%
City's proportionate share of the net pension liability	\$ 14,607,516	\$ 12,568,996	\$ 12,913,450	\$ 13,165,767	\$ 17,270,846	\$ 12,697,944	\$ 8,631,519
State of Alaska proportionate share of the net pension liability	6,046,118	4,992,668	3,738,518	4,904,181	2,174,127	3,401,936	7,550,147
Total net pension liability	<u>\$ 20,653,634</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>	<u>\$ 16,181,666</u>
City's covered payroll	\$ 8,382,999	\$ 8,087,981	\$ 7,992,166	\$ 7,663,488	\$ 4,180,200	\$ 4,415,909	\$ 4,739,928
City's proportionate share of the net pension liability as a percentage of payroll	174.25%	155.40%	161.58%	171.80%	413.16%	287.55%	182.10%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

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

<u>Years Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,101,645	\$ 948,738	\$ 1,020,687	\$ 1,048,639	\$ 891,552	\$ 811,111	\$ 780,934
Contributions relative to the							
Contractually required contributions	1,101,645	948,738	1,020,687	1,048,639	891,552	811,111	780,934
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,462,834	\$ 8,382,999	\$ 8,087,981	\$ 7,992,166	\$ 7,663,488	\$ 4,180,200	\$ 4,415,909
Contributions as a percentage of Covered payroll	13.02%	11.32%	12.62%	13.12%	11.63%	19.40%	17.68%

See accompanying independent auditor's report and notes to required supplementary information.

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

<u>Years Ended June 30,</u>	<u>ARHCT</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.24748%	0.22969%	0.25984%	0.25476%
City's proportionate share of the net OPEB liability (asset)	\$ (1,120,744)	\$ 340,818	\$ 2,666,667	\$ 2,117,245
State of Alaska proportionate share of the net OPEB liability (asset)	<u>(465,221)</u>	<u>135,484</u>	<u>773,478</u>	<u>801,210</u>
Total net OPEB liability (asset)	<u><u>\$ (1,585,965)</u></u>	<u><u>\$ 476,302</u></u>	<u><u>\$ 3,440,145</u></u>	<u><u>\$ 2,918,455</u></u>
City's covered payroll	\$ 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	-35.72%	10.29%	73.47%	58.06%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	106.15%	98.13%	88.12%	89.91%

CITY OF KENAI, ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - OPEB PLANS
SCHEDULE OF THE CITY CONTRIBUTIONS

<u>Years Ended June 30,</u>	<u>ARHCT</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 209,727	\$ 378,968	\$ 369,797	\$ 298,905
Contributions relative to the Contractually required contributions	<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	\$ 2,831,344	\$ 3,137,494	\$ 3,311,701	\$ 3,629,421
Contributions as a percentage of Covered payroll	7.41%	12.08%	11.17%	8.24%

See accompanying independent auditor's report and notes to required supplementary information.

RMP				ODD			
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
0.38559%	0.39578%	0.38325%	0.38843%	0.53960%	0.57178%	0.38325%	0.38843%
\$ 27,350	\$ 94,686	\$ 48,769	\$ 20,257	\$ (147,094)	\$ (138,628)	\$ (74,435)	\$ (55,114)
-	-	-	-	-	-	-	-
<u>\$ 27,350</u>	<u>\$ 94,686</u>	<u>\$ 48,769</u>	<u>\$ 20,257</u>	<u>\$ (147,094)</u>	<u>\$ (138,628)</u>	<u>\$ (74,435)</u>	<u>\$ (55,114)</u>
\$ 5,246,705	\$ 4,776,280	\$ 4,362,745	\$ 4,016,618	\$ 5,246,705	\$ 4,776,280	\$ 4,362,745	\$ 4,016,618
0.52%	1.98%	1.12%	0.50%	-2.80%	-2.90%	-1.71%	-1.37%
95.23%	83.17%	88.71%	93.98%	283.80%	297.43%	270.62%	212.97%

RMP				ODD			
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 71,241	\$ 68,781	\$ 46,446	\$ 44,678	\$ 26,773	\$ 23,663	\$ 23,345	\$ 3,508
71,241	68,781	46,446	44,678	26,773	23,663	23,345	3,508
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,631,491	\$ 3,646,870	\$ 4,776,280	\$ 4,362,745	\$ 5,631,491	\$ 4,016,618	\$ 4,776,280	\$ 4,362,745
1.27%	1.89%	0.97%	1.02%	0.48%	0.59%	0.49%	0.08%

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

I. BUDGETARY COMPARISON SCHEDULES

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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, enterprise funds and the Employee Health Care Internal Service Fund are annual budgets. Capital project fund budgets are project-length budgets. The Equipment Replacement and Fleet Management Funds, which are internal service funds, are not required to have budgets. 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 which 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 \$5,000. Amendments within a fund in excess of \$5,000 may be made by the City Council with the passage of a resolution. All new appropriations are authorized by an appropriating ordinance that amends the annual budget.

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 in Note 1-D-7. These commitments will be reappropriated and honored during the subsequent year.

II. 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, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

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

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

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

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

Schedule of City 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.

III. PUBLIC EMPLOYEES' RETIREMENT SYSTEM OPEB PLANS

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

This table is presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in the largest 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 City 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.

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.

Parks and Recreation Fund - to account for capital improvements to City parks and recreation facilities. Financing is primarily from General Fund transfers and state grants.

Streets Fund – to account 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 Improvements Fund – to account for capital improvements to the Kenai Municipal Airport terminal remodel, asphalt repair and reservation project, rehabilitation of the Airport owned Alaska Regional Fire Training Center and the design for the construction of a new sand and snow removal equipment building.

Water & Sewer Fund – to account 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 - to account 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.

New City Shop Construction Fund – to account for the project to construct a new heavy equipment warm storage facility. Financing is primarily by state grants.

Debt Service Fund

Debt Service Fund – to account 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 Funds

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 - to account 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 funds balance or calendar year actual earnings as measured at December 31st of each year.

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**CITY OF KENAI, ALASKA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2021**

ASSETS	Special Revenue		Capital Project		
	Personal Use Fishery	Senior Citizen	Parks and Recreation	Streets	Airport Improvements
Equity in central treasury (cash and investments)	\$ 279,727	\$ 13,037	\$ 888,718	\$ 1,511,706	\$ 472,969
Intergovernmental receivables	-	42,186	26,995	79,274	2,475,239
Other accounts receivable, net	-	5,220	-	-	-
Total assets	<u>\$ 279,727</u>	<u>\$ 60,443</u>	<u>\$ 915,713</u>	<u>\$ 1,590,980</u>	<u>\$ 2,948,208</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,870	\$ 38,880	\$ 22,283	\$ 74,964	\$ 57,708
Accrued payroll and payroll liabilities	-	19,563	-	-	-
Other liabilities	-	2,000	-	-	-
Total liabilities	<u>2,870</u>	<u>60,443</u>	<u>22,283</u>	<u>74,964</u>	<u>57,708</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Committed	-	-	893,430	1,516,016	2,890,500
Assigned	<u>276,857</u>	-	-	-	-
Total fund balances (deficit)	<u>276,857</u>	<u>-</u>	<u>893,430</u>	<u>1,516,016</u>	<u>2,890,500</u>
Total liabilities and fund balances	<u>\$ 279,727</u>	<u>\$ 60,443</u>	<u>\$ 915,713</u>	<u>\$ 1,590,980</u>	<u>\$ 2,948,208</u>

Capital Project			Debt Service	Permanent	Total
Water and Sewer	Miscellaneous	New City Shop Construction	Debt Service	General Government Land Sales	Nonmajor Governmental Funds
\$ 2,941,775	\$ 365,439	\$ -	\$ -	\$ 3,831,787	\$ 10,305,158
-	169,072	-	-	-	2,792,766
-	-	-	-	7,940	13,160
<u>\$ 2,941,775</u>	<u>\$ 534,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,839,727</u>	<u>\$ 13,111,084</u>
\$ 65,717	\$ 107,394	\$ -	\$ -	\$ 497	\$ 370,313
-	-	-	-	-	19,563
-	-	-	-	-	2,000
<u>65,717</u>	<u>107,394</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>391,876</u>
-	-	-	-	3,090,660	3,090,660
2,876,058	427,117	-	-	-	8,603,121
-	-	-	-	748,570	1,025,427
<u>2,876,058</u>	<u>427,117</u>	<u>-</u>	<u>-</u>	<u>3,839,230</u>	<u>12,719,208</u>
<u>\$ 2,941,775</u>	<u>\$ 534,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,839,727</u>	<u>\$ 13,111,084</u>

**CITY OF KENAI, ALASKA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	<u>Special Revenue</u>		<u>Capital Project</u>	
	<u>Personal</u>			
	<u>Use</u>	<u>Senior</u>	<u>Parks and</u>	
	<u>Fishery</u>	<u>Citizen</u>	<u>Recreation</u>	<u>Streets</u>
Revenues:				
Intergovernmental revenues	\$ 3,969	\$ 489,192	\$ 37,890	\$ 373,076
Charges for services	510,893	-	-	-
Investment earnings	469	-	-	-
Miscellaneous revenues	-	255,960	-	-
Total revenues	<u>515,331</u>	<u>745,152</u>	<u>37,890</u>	<u>373,076</u>
Expenditures:				
Public safety	79,278	-	-	-
Water and sewer services	-	-	-	-
Airport	-	-	-	-
Social welfare services	-	917,422	-	-
Parks, recreation and cultural	187,793	-	55,031	-
Public works	86,216	-	-	373,620
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>353,287</u>	<u>917,422</u>	<u>55,031</u>	<u>373,620</u>
Excess of revenues over (under)				
expenditures	162,044	(172,270)	(17,141)	(544)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	2,215	185,563	552,983	1,116,560
Transfers out	(88,724)	-	(2,215)	(7,921)
Net other financing sources (uses)	<u>(86,509)</u>	<u>185,563</u>	<u>550,768</u>	<u>1,108,639</u>
Net changes in fund balances	75,535	13,293	533,627	1,108,095
Fund balances - July 1	<u>201,322</u>	<u>(13,293)</u>	<u>359,803</u>	<u>407,921</u>
Fund balances (deficit) - June 30	<u>\$ 276,857</u>	<u>\$ -</u>	<u>\$ 893,430</u>	<u>\$ 1,516,016</u>

Capital Project				Debt Service	Permanent	Total
Airport Improvements	Water and Sewer	Miscellaneous	New City Shop Construction	Debt Service	General Government Land Sales	Nonmajor Governmental Funds
\$ 1,995,183	\$ -	\$ 1,010,526	\$ -	\$ 10,739	\$ -	\$ 3,920,575
-	-	-	-	-	-	510,893
-	-	-	-	-	732,959	733,428
-	-	216,758	-	-	-	472,718
<u>1,995,183</u>	<u>-</u>	<u>1,227,284</u>	<u>-</u>	<u>10,739</u>	<u>732,959</u>	<u>5,637,614</u>
-	-	-	-	-	-	79,278
-	238,934	-	-	-	-	238,934
2,042,067	-	-	-	-	-	2,042,067
-	-	-	-	-	-	917,422
-	-	-	-	15,943	-	258,767
-	-	1,291,826	-	-	-	1,751,662
-	-	-	-	85,000	-	85,000
-	-	-	-	43,775	-	43,775
<u>2,042,067</u>	<u>238,934</u>	<u>1,291,826</u>	<u>-</u>	<u>144,718</u>	<u>-</u>	<u>5,416,905</u>
(46,884)	(238,934)	(64,542)	-	(133,979)	732,959	220,709
-	-	-	-	1,020,000	-	1,020,000
-	-	-	-	(1,000,927)	-	(1,000,927)
2,131,758	1,770,615	325,388	-	114,906	-	6,199,988
(105,651)	(23,496)	(9,803)	(24,669)	-	(145,750)	(408,229)
<u>2,026,107</u>	<u>1,747,119</u>	<u>315,585</u>	<u>(24,669)</u>	<u>133,979</u>	<u>(145,750)</u>	<u>5,810,832</u>
1,979,223	1,508,185	251,043	(24,669)	-	587,209	6,031,541
<u>911,277</u>	<u>1,367,873</u>	<u>176,074</u>	<u>24,669</u>	<u>-</u>	<u>3,252,021</u>	<u>6,687,667</u>
<u>\$ 2,890,500</u>	<u>\$ 2,876,058</u>	<u>\$ 427,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,839,230</u>	<u>\$ 12,719,208</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental revenues - State grant	\$ 5,688	\$ 3,969	\$ (1,719)
Charge for services - Parking, camping, and boat launch	432,075	510,893	78,818
Investment earnings	<u>750</u>	<u>469</u>	<u>(281)</u>
Total revenues	<u>438,513</u>	<u>515,331</u>	<u>76,818</u>
Expenditures:			
Public safety:			
Personal services	35,026	32,986	2,040
Supplies	8,747	-	8,747
Other services and charges	<u>708</u>	<u>692</u>	<u>16</u>
	44,481	33,678	10,803
Expenditures chargeable from other funds	<u>45,600</u>	<u>45,600</u>	<u>-</u>
Total public safety	<u>90,081</u>	<u>79,278</u>	<u>10,803</u>
Public works:			
Streets:			
Personal services	24,288	19,495	4,793
Supplies	2,800	1,101	1,699
Other services and charges	<u>14,814</u>	<u>10,631</u>	<u>4,183</u>
	41,902	31,227	10,675
Expenditures chargeable from other funds	<u>4,900</u>	<u>4,900</u>	<u>-</u>
Total streets	<u>46,802</u>	<u>36,127</u>	<u>10,675</u>
Dock:			
Personal services	\$ 38,163	\$ 34,609	\$ 3,554
Supplies	1,900	1,257	643
Other services and charges	<u>7,178</u>	<u>9,223</u>	<u>(2,045)</u>
	47,241	45,089	2,152
Expenditures chargeable from other funds	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total dock	<u>52,241</u>	<u>50,089</u>	<u>2,152</u>
Total public works	<u>99,043</u>	<u>86,216</u>	<u>12,827</u>

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

Expenditures, continued:	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Parks, recreation and cultural:			
Personal services	113,471	84,015	29,456
Supplies	4,900	2,056	2,844
Other services and charges	91,894	74,814	17,080
Capital outlays	450	208	242
	<u>210,715</u>	<u>161,093</u>	<u>49,622</u>
Expenditures chargeable from other funds	<u>26,700</u>	<u>26,700</u>	<u>-</u>
Total parks, recreation and cultural	<u>237,415</u>	<u>187,793</u>	<u>49,622</u>
Total expenditures	<u>426,539</u>	<u>353,287</u>	<u>73,252</u>
Excess of revenues over expenditures	11,974	162,044	150,070
Other financing sources (uses):			
Transfers in	-	2,215	2,215
Transfers out	<u>(50,000)</u>	<u>(88,724)</u>	<u>(38,724)</u>
Net other financing sources (uses)	<u>(50,000)</u>	<u>(86,509)</u>	<u>(36,509)</u>
Net changes in fund balance	<u>\$ (38,026)</u>	75,535	<u>\$ 113,561</u>
Fund balance - July 1		<u>201,322</u>	
Fund balance - June 30		<u>\$ 276,857</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental revenues:			
State grants	\$ 263,363	\$ 259,786	\$ (3,577)
Federal grants	20,000	60,185	40,185
Kenai Peninsula Borough grant	169,221	169,221	-
Total intergovernmental revenues	<u>452,584</u>	<u>489,192</u>	<u>36,608</u>
Miscellaneous revenues:			
Choice Waiver reimbursement	125,000	109,725	(15,275)
Rents and leases	13,000	9,088	(3,912)
Donations	155,000	104,639	(50,361)
Other	32,800	32,508	(292)
Total miscellaneous revenues	<u>325,800</u>	<u>255,960</u>	<u>(69,840)</u>
Total revenues	<u>778,384</u>	<u>745,152</u>	<u>(33,232)</u>
Expenditures - social welfare services:			
Social services:			
Personal services	115,622	89,854	25,768
Supplies	2,746	2,256	490
Other services and charges	22,872	17,761	5,111
	<u>141,240</u>	<u>109,871</u>	<u>31,369</u>
Expenditures chargeable from other funds	<u>38,700</u>	<u>38,700</u>	<u>-</u>
Total social services	<u>179,940</u>	<u>148,571</u>	<u>31,369</u>
Congregate meals:			
Personal services	128,094	122,736	5,358
Supplies	88,438	59,152	29,286
Other services and charges	23,985	18,118	5,867
Capital outlays	18,000	9,491	8,509
	<u>258,517</u>	<u>209,497</u>	<u>49,020</u>
Expenditures chargeable from other funds	<u>47,800</u>	<u>47,800</u>	<u>-</u>
Total congregate meals	<u>306,317</u>	<u>257,297</u>	<u>49,020</u>
Home delivered meals:			
Personal services	119,387	115,990	3,397
Supplies	102,622	89,708	12,914
Other services and charges	22,820	16,896	5,924
Capital outlays	16,000	15,800	200
	<u>260,829</u>	<u>238,394</u>	<u>22,435</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>
Expenditures - social welfare services - continued:			
Home delivered meals - continued:			
Expenditures chargeable from			
other funds	\$ 42,100	\$ 42,100	\$ -
Total home delivered meals	<u>302,929</u>	<u>280,494</u>	<u>22,435</u>
Transportation:			
Personal services	57,035	42,922	14,113
Supplies	6,416	3,811	2,605
Other services and charges	<u>15,228</u>	<u>11,592</u>	<u>3,636</u>
	78,679	58,325	20,354
Expenditures chargeable from			
other funds	<u>21,900</u>	<u>21,900</u>	<u>-</u>
Total transportation	<u>100,579</u>	<u>80,225</u>	<u>20,354</u>
Choice Waiver:			
Personal services	76,607	74,127	2,480
Supplies	44,497	34,474	10,023
Other services and charges	<u>22,293</u>	<u>17,234</u>	<u>5,059</u>
	143,397	125,835	17,562
Expenditures chargeable from			
other funds	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Choice Waiver	<u>168,397</u>	<u>150,835</u>	<u>17,562</u>
Total expenditures	<u>1,058,162</u>	<u>917,422</u>	<u>140,740</u>
Excess of revenues over (under)			
expenditures	(279,778)	(172,270)	107,508
Other financing sources -			
Transfers in	<u>217,762</u>	<u>185,563</u>	<u>(32,199)</u>
Net changes in fund balance	<u>\$ (62,016)</u>	13,293	<u>\$ 75,309</u>
Fund deficit - July 1		<u>(13,293)</u>	
Fund balance - June 30		<u>\$ -</u>	

**CITY OF KENAI, ALASKA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues - intergovernmental	\$ 30,493	10,739	\$ (19,754)
Expenditures - debt service:			
Other services and charges	15,943	15,943	-
Principal	100,000	85,000	15,000
Interest	74,946	43,775	31,171
Total expenditures	190,889	144,718	46,171
 Excess of revenues over (under) expenditures	 (160,396)	 (133,979)	 26,417
Other financing sources (uses):			
Proceeds from debt issuance	18,878	1,020,000	1,001,122
Payments to refunded bond escrow agent	-	(1,000,927)	(1,194,409)
Transfers in	141,518	114,906	(26,612)
Net other financing sources (uses)	160,396	133,979	(219,899)
 Net changes in fund balance	 \$ -	 -	 \$ -
 Fund balance - July 1		 -	
 Fund balance - June 30		 \$ -	

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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues -			
Investment earnings	\$ 200,557	\$ 732,959	\$ 532,402
Other financing uses -			
Transfers out	(145,750)	(145,750)	-
Net changes in fund balance	<u>\$ 54,807</u>	587,209	<u>\$ 532,402</u>
Fund balance - July 1		<u>3,252,021</u>	
Fund balance - June 30		<u>\$ 3,839,230</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Investment earnings	\$ 1,511,032	\$ 5,760,734	\$ 4,249,702
Land sales	<u>-</u>	<u>12,294</u>	<u>12,294</u>
Total revenues	<u>1,511,032</u>	<u>5,773,028</u>	<u>4,261,996</u>
Other financing uses -			
Transfers out	<u>(969,922)</u>	<u>(969,922)</u>	<u>-</u>
Net changes in fund balance	<u>\$ 541,110</u>	4,803,106	<u>\$ 4,261,996</u>
Fund balance - July 1		<u>25,631,649</u>	
Fund balance - June 30		<u>\$ 30,434,755</u>	

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 Funds departments on a cost-reimbursement basis.

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

**CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities - Internal Service Funds</u>			Total
	<u>Equipment</u>	<u>Fleet</u>	<u>Employee Health</u>	<u>Internal Service</u>
ASSETS	<u>Replacement</u>	<u>Replacement</u>	<u>Care</u>	<u>Funds</u>
Current assets:				
Equity in central treasury (cash and investments)	\$ 1,343,769	\$ 443,061	\$ 1,078,589	\$ 2,865,419
Deposits with others	-	-	6,371	6,371
Total current assets	<u>1,343,769</u>	<u>443,061</u>	<u>1,084,960</u>	<u>2,871,790</u>
Noncurrent assets:				
Property and equipment in service, at cost -				
Equipment	3,873,844	1,456,452	-	5,330,296
Less accumulated depreciation	(1,705,545)	(1,190,614)	-	(2,896,159)
Construction in progress	-	64,583	-	64,583
Total noncurrent assets	<u>2,168,299</u>	<u>330,421</u>	<u>-</u>	<u>2,498,720</u>
Total assets	<u>\$ 3,512,068</u>	<u>\$ 773,482</u>	<u>\$ 1,084,960</u>	<u>\$ 5,370,510</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 523	\$ 523
NET POSITION				
Investment in capital assets	2,168,299	330,421	-	2,498,720
Unrestricted	<u>1,343,769</u>	<u>443,061</u>	<u>1,084,437</u>	<u>2,871,267</u>
Total net position	<u>3,512,068</u>	<u>773,482</u>	<u>1,084,437</u>	<u>5,369,987</u>
Total liabilities and net position	<u>\$ 3,512,068</u>	<u>\$ 773,482</u>	<u>\$ 1,084,960</u>	<u>\$ 5,370,510</u>

CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds			Total
	<u>Equipment</u> <u>Replacement</u>	<u>Fleet</u> <u>Replacement</u>	<u>Employee Health</u> <u>Care</u>	<u>Internal Service</u> <u>Funds</u>
Operating revenues -				
Other revenue	\$ 326,559	\$ 147,821	\$ 2,960,317	\$ 3,434,697
Operating expenses:				
Depreciation	201,372	62,246	-	263,618
Insurance/benefits	-	-	2,551,975	2,551,975
Administration	-	-	55,352	55,352
Total operating expenses	<u>201,372</u>	<u>62,246</u>	<u>2,607,327</u>	<u>2,870,945</u>
Operating income	125,187	85,575	352,990	563,752
Nonoperating revenues:				
Gain on sale of capital assets	4,055	15,196	-	19,251
Investment earnings	<u>1,924</u>	<u>86</u>	<u>1,262</u>	<u>3,272</u>
Total nonoperating revenues	<u>5,979</u>	<u>15,282</u>	<u>1,262</u>	<u>22,523</u>
Income before capital contributions	131,166	100,857	354,252	586,275
Other financing sources (uses) -				
Transfer from/(to) Other funds	<u>(400,000)</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Changes in net position	(268,834)	500,857	354,252	586,275
Net position - July 1	<u>3,780,902</u>	<u>272,625</u>	<u>730,185</u>	<u>4,783,712</u>
Net position - June 30	<u>\$ 3,512,068</u>	<u>\$ 773,482</u>	<u>\$ 1,084,437</u>	<u>\$ 5,369,987</u>

**CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	<u>Governmental Activities - Internal Service Funds</u>			Total
	<u>Equipment</u>	<u>Fleet</u>	<u>Employee Health</u>	<u>Internal Service</u>
	<u>Replacement</u>	<u>Replacement</u>	<u>Care</u>	<u>Funds</u>
Cash flows from operating activities:				
Receipts for interfund services	\$ 326,559	\$ 147,821	\$ 2,636,734	\$ 3,111,114
Receipts for services from others	-	-	323,583	323,583
Payments to suppliers	(13,077)	-	(2,602,313)	(2,615,390)
Net cash provided by operating activities	<u>313,482</u>	<u>147,821</u>	<u>358,004</u>	<u>819,307</u>
Cash flows from capital and related financing activities:				
Transfer from/(to) Other Funds	(400,000)	400,000	-	-
Proceeds from sale of capital assets	4,055	42,809	-	46,864
Acquisition of capital assets	(2,025)	(147,655)	-	(149,680)
Net cash provided by (used by) capital and related financing activities	<u>(397,970)</u>	<u>295,154</u>	<u>-</u>	<u>(102,816)</u>
Cash flows from investing activities -				
Investment earnings received	<u>1,924</u>	<u>86</u>	<u>1,262</u>	<u>3,272</u>
Net increase (decrease) in cash and cash equivalents	(82,564)	443,061	359,266	719,763
Cash and cash equivalents - July 1	<u>1,426,333</u>	<u>-</u>	<u>719,323</u>	<u>2,145,656</u>
Cash and cash equivalents - June 30	<u>\$ 1,343,769</u>	<u>\$ 443,061</u>	<u>\$ 1,078,589</u>	<u>\$ 2,865,419</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 125,187	\$ 85,575	\$ 352,990	\$ 563,752
Adjustments to reconcile operating income to net cash provided by operating activities:				
Deposits with others	-	-	5,000	5,000
Depreciation	201,372	62,246	-	263,618
Accounts payable	(13,077)	-	14	(13,063)
Net cash provided by operating activities	<u>\$ 313,482</u>	<u>\$ 147,821</u>	<u>\$ 358,004</u>	<u>\$ 819,307</u>

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Fiduciary Funds

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 awards are made by the Foundation and not the City.

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.

**CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY FUNDS NET POSITION
JUNE 30, 2021**

	<u>Kenai Senior Connection</u>	<u>Kenai Community Foundation</u>	<u>Total Custodial Funds</u>
ASSETS			
Equity in central treasury (cash and investments)	\$ 1,199,823	\$ 241,064	\$ 1,440,887
Interest receivable	<u>2,509</u>	<u>403</u>	<u>2,912</u>
Total assets	<u>\$ 1,202,332</u>	<u>\$ 241,467</u>	<u>\$ 1,443,799</u>
NET POSITION			
Restricted for organizations	<u>\$ 1,202,332</u>	<u>\$ 241,467</u>	<u>\$ 1,443,799</u>

CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY REVENUES NET POSITION
Year Ended June 30, 2021

	Kenai Senior Connection	Kenai Community Foundation	Total Custodial Funds
Additions:			
Private donations	\$ -	\$ 17,101	\$ 17,101
Investment earnings	225,323	36,274	261,597
Less investment management fees	<u>1,744</u>	<u>280</u>	<u>2,024</u>
Net investment earnings	<u>223,579</u>	<u>35,994</u>	<u>259,573</u>
 Total additions	 <u>223,579</u>	 <u>53,095</u>	 <u>276,674</u>
 Deductions -			
Payments to others	<u>-</u>	<u>1,359</u>	<u>1,359</u>
 Net increase in fiduciary net position	 223,579	 51,736	 275,315
 Net position at beginning of year	 -	 -	 -
Change in beginning net position -			
Change in accounting principal GASB 84	<u>978,753</u>	<u>189,731</u>	<u>1,168,484</u>
Net position at beginning of year - as restated	<u>978,753</u>	<u>189,731</u>	<u>1,168,484</u>
 Net position at end of year	 <u>\$ 1,202,332</u>	 <u>\$ 241,467</u>	 <u>\$ 1,443,799</u>

CITY OF KENAI, ALASKA

Statistical Section

This part of the City of Kenai's comprehensive annual 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.

Contents:

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 comprehensive annual 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 136,834	\$ 135,780	\$ 138,334	\$ 137,296	\$ 141,096	\$ 143,098	\$ 140,725	\$ 144,824	\$ 153,447	\$ 152,943
Nonspendable	2,557	2,690	2,912	2,888	2,943	3,050	3,130	3,296	2,941	3,091
Restricted	21,313	22,581	24,703	24,258	23,627	24,908	25,275	25,879	26,443	31,075
Unrestricted	18,118	18,333	16,834	8,810	8,188	6,718	4,792	5,847	12,907	18,345
Total governmental activities net position	\$ 178,822	\$ 179,384	\$ 182,783	\$ 173,252	\$ 175,854	\$ 177,774	\$ 173,922	\$ 179,846	\$ 195,738	\$ 205,454
Business-type activities:										
Net investment in capital assets	\$ 3,110	\$ 2,983	\$ 3,071	\$ 3,051	\$ 2,958	\$ 2,818	\$ 2,677	\$ 2,544	\$ 2,404	\$ 2,267
Unrestricted	483	525	469	419	474	507	570	680	761	843
Total business-type activities net position	\$ 3,593	\$ 3,508	\$ 3,540	\$ 3,470	\$ 3,432	\$ 3,325	\$ 3,247	\$ 3,224	\$ 3,165	\$ 3,110
Primary government:										
Net investment in capital assets	\$ 139,944	\$ 138,763	\$ 141,405	\$ 140,347	\$ 144,054	\$ 145,916	\$ 143,402	\$ 147,368	\$ 155,851	\$ 155,210
Nonspendable	2,557	2,690	2,912	26,599	2,943	27,330	27,723	28,433	2,941	3,091
Restricted	21,313	22,581	24,703	547	23,627	628	682	742	26,443	31,075
Unrestricted	18,601	18,858	17,303	9,229	8,662	7,225	5,362	6,527	13,668	19,188
Total primary government net position	\$ 182,415	\$ 182,892	\$ 186,323	\$ 176,722	\$ 179,286	\$ 181,099	\$ 177,169	\$ 183,070	\$ 198,903	\$ 208,564

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

TABLE II

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 2,206,779	\$ 2,439,331	\$ 2,276,930	\$ 4,097,380	\$ 2,801,225	\$ 2,748,439	\$ 2,099,053	\$ 2,274,910	\$ 2,472,944	\$ 3,991,258
Public safety	6,923,478	7,227,242	7,290,465	5,899,643	8,245,995	8,566,917	7,105,250	6,404,703	7,089,487	8,183,280
Public works	2,978,015	3,239,199	3,393,308	3,666,985	3,377,640	3,445,146	3,171,355	2,869,590	2,843,272	3,137,533
Parks, recreation, and cultural	2,188,839	2,462,796	2,630,547	2,355,007	2,828,177	2,946,836	4,087,141	2,459,644	2,279,505	2,300,189
Water and sewer services	2,382,284	3,465,896	2,711,305	2,237,426	2,832,563	2,900,224	2,919,777	2,917,208	2,734,796	2,934,336
Airport	3,520,577	4,071,061	4,126,256	4,188,728	3,518,240	3,718,663	3,566,203	3,561,832	3,555,513	4,133,978
Interest on long-term debt	101,973	100,286	97,997	95,599	92,947	89,548	86,098	83,131	76,405	18,697
Social welfare services	688,467	735,695	764,903	683,025	876,393	887,260	791,140	711,220	2,611,090	3,836,108
Total governmental activities expenses	<u>20,990,412</u>	<u>23,741,506</u>	<u>23,291,711</u>	<u>23,223,793</u>	<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>
Business-type activities -										
Senior housing	<u>437,943</u>	<u>417,368</u>	<u>436,635</u>	<u>454,429</u>	<u>425,986</u>	<u>497,633</u>	<u>475,300</u>	<u>455,468</u>	<u>491,298</u>	<u>491,858</u>
Total primary government expenses	<u>\$ 21,428,355</u>	<u>\$ 24,158,874</u>	<u>\$ 23,728,346</u>	<u>\$ 23,678,222</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 395,389	\$ 746,088	\$ 423,213	\$ 421,241	\$ 346,625	\$ 991,000	\$ 479,150	\$ 571,269	\$ 1,147,003	\$ 274,409
Public safety	511,855	508,238	490,679	360,893	575,406	515,321	524,608	542,252	552,865	537,383
Public works	88,904	95,948	109,243	75,585	57,451	44,816	91,340	70,413	185,419	195,671
Parks, recreation, and cultural	308,624	373,406	584,368	670,565	680,232	698,805	657,627	492,815	531,178	676,279
Water and sewer services	1,862,807	2,193,650	2,296,383	2,485,588	2,612,383	2,766,181	2,857,191	2,864,820	2,956,313	2,889,606
Airport	1,728,173	1,793,571	1,881,848	1,977,259	1,993,493	2,013,421	1,914,438	2,018,547	1,715,419	1,540,764
Social welfare services	109,051	114,492	81,482	93,728	96,913	98,539	188,787	184,657	153,348	113,735
Operating grants and contributions	2,715,647	3,018,480	2,816,810	2,175,350	2,015,450	1,473,514	1,462,609	1,156,177	6,562,230	9,317,148
Capital grants and contributions	4,986,606	3,549,973	4,799,694	2,424,814	7,166,204	5,642,845	2,382,392	6,267,732	12,449,981	3,711,493
Total governmental activities program revenues	<u>12,707,056</u>	<u>12,393,846</u>	<u>13,483,720</u>	<u>10,685,023</u>	<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>

Business-type activities:												
Charges for services -												
Senior housing	322,355	326,940	346,435	365,450	382,330	386,708	394,318	408,188	402,475	431,967		
Operating grants and contributions	23,189	7,900	4,940	16,482	2,077	1,780	1,153	1,995	3,008	3,895		
Total business-type activities												
program revenues	345,544	334,840	351,375	381,932	384,407	388,488	395,471	410,183	405,483	435,862		
Total primary government												
program revenues	\$ 13,052,600	\$ 12,728,686	\$ 13,835,095	\$ 11,066,955	\$ 15,928,564	\$ 14,632,930	\$ 10,953,613	\$ 14,578,865	\$ 26,659,239	\$ 19,692,350		
Net (expenses)/revenue:												
Governmental activities	\$ (8,283,356)	\$ (11,347,660)	\$ (9,807,991)	\$ (12,538,770)	\$ (9,029,023)	\$ (11,068,591)	\$ (13,267,875)	\$ (7,113,556)	\$ 2,590,744	\$ (9,278,891)		
Business-type activities	(92,399)	(82,528)	(85,280)	(72,497)	(41,579)	(109,145)	(79,829)	(45,285)	(85,815)	(55,996)		
Total primary government net expense	\$ (8,375,755)	\$ (11,430,188)	\$ (9,893,251)	\$ (12,611,267)	\$ (9,070,602)	\$ (11,167,736)	\$ (13,347,704)	\$ (7,158,841)	\$ 2,504,929	\$ (9,334,887)		
General Revenues and Other												
Changes in Net Position												
Governmental activities:												
Taxes:												
Property taxes	\$ 2,657,670	\$ 2,898,103	\$ 3,155,662	\$ 3,656,927	\$ 3,782,538	\$ 3,919,797	\$ 3,868,445	\$ 3,890,087	\$ 3,955,484	\$ 3,906,981		
Sales taxes	6,576,657	6,587,575	6,669,426	7,257,451	7,247,938	6,715,501	6,854,253	7,159,094	7,690,916	8,560,985		
Investment earnings	250,920	2,422,905	3,494,763	789,523	600,569	2,344,330	1,752,571	1,988,451	1,654,403	6,526,926		
Transfers	-	-	(112,044)	-	-	-	-	-	-	-		
Total governmental activities	9,485,247	11,908,583	13,207,807	11,703,901	11,631,045	12,979,628	12,475,269	13,037,632	13,300,803	18,994,892		
Business-type activities:												
Investment earnings (loss)	2,436	(1,826)	5,062	2,533	3,880	1,822	2,558	21,630	27,502	1,060		
Insurance settlement	24,012	-	-	-	-	-	-	-	-	-		
Transfers	-	-	112,044	-	-	(548)	-	-	-	-		
Total business-type activities	26,448	(1,826)	117,106	2,533	3,880	1,274	2,558	21,630	27,502	1,060		
Total primary government	\$ 9,511,695	\$ 11,906,757	\$ 13,324,913	\$ 11,706,434	\$ 11,634,925	\$ 12,980,902	\$ 12,477,827	\$ 13,059,262	\$ 13,328,305	\$ 18,995,952		
Changes in Net Position												
Governmental activities	\$ 1,201,891	\$ 560,923	\$ 3,399,816	\$ (834,869)	\$ 2,602,022	\$ 1,921,037	\$ (792,606)	\$ 5,924,076	\$ 15,891,547	\$ 9,716,001		
Business-type activities	(65,951)	(84,354)	31,846	(69,964)	(37,699)	(107,871)	(77,271)	(23,655)	(58,313)	(54,936)		
Total primary government	\$ 1,135,940	\$ 476,569	\$ 3,431,662	\$ (904,833)	\$ 2,564,323	\$ 1,813,166	\$ (869,877)	\$ 5,900,421	\$ 15,833,234	\$ 9,661,065		

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>
2012	\$2,657,670	\$6,576,657	\$9,234,327
2013	2,898,103	6,587,575	9,485,678
2014	3,155,662	6,669,426	9,825,088
2015	3,656,927	7,257,451	10,914,378
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

CITY OF KENAI, ALASKA

Table IV

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Restricted	\$ 329,164	\$ 408,534	\$ 480,238	\$ 546,706	\$ 588,937	\$ 628,599	\$ 682,068	\$ 741,748	\$ 811,030	\$ 640,115
Committed	1,021,790	521,790	409,746	409,746	409,746	6,840,662	6,976,762	7,116,039	6,047,560	8,392,252
Assigned	1,464,159	1,580,579	1,518,184	1,497,756	1,409,610	2,381,786	2,416,658	2,418,240	2,235,128	2,711,726
Unassigned	9,130,415	7,382,747	7,493,858	7,937,025	8,009,807	697,159	495,196	474,017	4,196,674	2,697,409
Total General Fund	\$ 11,945,528	\$ 9,893,650	\$ 9,902,026	\$ 10,391,233	\$ 10,418,100	\$ 10,548,206	\$ 10,570,684	\$ 10,750,044	\$ 13,290,392	\$ 14,441,502
All other governmental funds:										
Nonspendable -										
Permanent funds	\$ 2,557,158	\$ 2,689,648	\$ 2,912,111	\$ 2,888,444	\$ 2,942,775	\$ 3,049,939	\$ 3,129,977	\$ 3,295,590	\$ 2,941,284	\$ 3,090,660
Restricted -										
Airport purpose	20,983,776	22,172,431	24,223,069	23,711,029	23,037,659	24,280,015	24,592,355	25,138,086	25,631,649	30,434,755
Committed -										
Capital projects funds	516,440	2,531,665	743,653	901,298	1,082,505	1,166,183	1,629,604	2,724,676	3,247,617	8,603,121
Assigned -										
Special revenue funds	5,035,969	5,357,223	5,448,969	5,648,280	6,528,265	7,350,294	7,916,676	6,840,111	6,994,074	5,250,704
Unassigned -										
Special revenue funds	-	-	-	-	-	-	-	(26,729)	(13,293)	-
Total all other governmental funds	\$ 29,093,343	\$ 32,750,967	\$ 33,327,802	\$ 33,149,051	\$ 33,591,204	\$ 35,846,431	\$ 37,268,612	\$ 37,971,734	\$ 38,801,331	\$ 47,379,240

CITY OF KENAI, ALASKA

Table V

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property taxes	\$ 2,638,783	\$ 2,913,634	\$ 3,162,530	\$ 3,656,927	\$ 3,782,539	\$ 3,919,797	\$ 3,868,445	\$ 3,890,087	\$ 3,955,484	\$ 3,906,981
Sales tax	6,576,657	6,587,575	6,669,426	7,257,451	7,247,938	6,715,501	6,854,253	7,159,094	7,690,916	8,560,985
Intergovernmental	7,670,929	6,562,328	7,600,928	7,240,144	8,762,416	6,895,935	3,510,430	7,608,596	18,189,289	12,496,877
Investment earnings	256,981	2,427,873	3,531,173	821,124	637,862	2,369,153	1,780,713	2,108,245	1,588,324	6,523,654
Other revenues	6,355,818	6,826,280	7,363,250	8,031,907	7,983,878	8,617,986	8,409,444	8,518,056	9,132,699	8,535,094
Total revenues	23,499,168	25,317,690	28,327,307	27,007,553	28,414,633	28,518,372	24,423,285	29,284,078	40,556,712	40,023,591
Expenditures										
General government	2,701,605	3,160,484	3,034,793	5,178,312	2,715,814	2,512,819	2,347,583	2,891,363	3,220,941	4,265,253
Public safety	6,441,968	6,536,153	6,841,495	6,998,803	7,101,552	6,788,149	7,192,453	7,212,082	8,242,987	7,697,100
Public works	2,334,315	2,315,206	2,422,442	2,476,275	2,436,744	2,307,400	2,441,352	2,335,187	2,391,729	2,434,025
Parks, recreation and cultural	1,931,141	2,163,100	2,166,132	2,250,921	2,341,086	2,359,780	2,310,273	2,304,232	2,227,725	2,263,738
Water and sewer services	1,940,343	1,969,470	2,149,174	2,458,500	2,137,926	2,023,546	2,238,358	2,303,487	2,162,148	2,198,170
Airport	2,575,613	2,617,762	2,587,591	2,885,425	2,553,045	2,632,491	2,654,943	2,724,590	2,802,076	3,001,223
Social welfare services	791,214	831,976	849,376	952,239	940,602	858,100	883,273	877,762	2,808,809	4,024,201
Capital outlay	6,922,939	3,941,945	7,400,451	3,223,420	7,540,046	6,358,267	3,133,393	7,574,495	13,157,648	4,301,160
Debt service										
Principal	75,000	75,000	80,000	80,000	85,000	85,000	90,000	95,000	95,000	85,000
Interest	102,348	100,848	98,598	96,198	93,798	90,398	86,998	83,398	77,704	43,775
Total expenditures	25,816,486	23,711,944	27,630,052	26,600,093	27,945,613	26,015,950	23,378,626	28,401,596	37,186,767	30,313,645
Excess of revenues over (under) expenditures	(2,317,318)	1,605,746	697,255	407,460	469,020	2,502,422	1,044,659	882,482	3,369,945	9,709,946
Other financing sources (uses)										
Transfers in	1,646,262	3,809,797	2,049,993	2,322,377	2,083,474	2,568,441	3,199,172	4,058,527	3,779,235	7,537,200
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	1,213,482
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(1,194,409)
Transfers out	(1,646,262)	(3,809,797)	(2,162,037)	(2,419,381)	(2,083,474)	(2,685,530)	(2,799,172)	(4,058,527)	(3,779,235)	(7,537,200)
Total other financing sources (uses)	-	-	(112,044)	(97,004)	-	(117,089)	400,000	-	-	19,073
Net change in fund balances	\$ (2,317,318)	\$ 1,605,746	\$ 585,211	\$ 310,456	\$ 469,020	\$ 2,385,333	\$ 1,444,659	\$ 882,482	\$ 3,369,945	\$ 9,729,019
Debt service as a percentage of noncapital expenditures	0.94%	0.84%	0.86%	0.75%	0.89%	0.89%	0.80%	0.86%	0.72%	0.50%
Total non-capital expenditures	\$ 18,904,637	\$ 21,029,279	\$ 20,769,980	\$ 23,611,368	\$ 20,078,084	\$ 19,657,683	\$ 22,047,321	\$ 20,827,101	\$ 24,029,119	\$ 26,012,485

CITY OF KENAI, ALASKA

TABLE VI

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

<u>Fiscal Year Ended June 30</u>	<u>Total Taxes</u>	<u>Property Taxes</u>	<u>Sales Tax</u>
2012	\$9,215,440	\$2,638,783	\$6,576,657
2013	9,501,209	2,913,634	6,587,575
2014	9,831,956	3,162,530	6,669,426
2015	10,914,378	3,656,927	7,257,451
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

CITY OF KENAI, ALASKA

Table VII

TAXABLE SALES BY CATEGORY
CURRENT FISCAL YEAR

Administrative, Waste Management,	\$ 1,161,304
Agriculture, Forestry, Fishing & Hunting	151,553
Arts and Entertainment	829,287
Construction Contracting	1,188,708
Educational Services	348,464
Finance and Insurance	459,447
Guiding	998,933
Health Care and Social Assistance	60,462
Hotel/Motel/Bed & Breakfast	4,367,966
Information	3,261,856
Management of Companies	609,300
Manufacturing	96,772
Mining/Quarrying	5,468
Professional, Scientific and Technical Services	4,974,683
Public Administration	3,499,502
Rental Commercial Property	513,249
Rental Non-Residential Property	1,478,797
Rental Personal Property	986,174
Rental Residential Property	4,987,310
Rental of Self-storage & Miniwarehouses	602,341
Restaurant/Bar	18,310,614
Retail Trade	202,743,870
Services	5,396,979
Telecommunications	2,966,833
Transportation and Warehousing	2,212,142
Utilities	11,754,821
Wholesale Trade	3,659,410

Total **\$ 277,626,245**

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	
2012	3.00 %	3.00 %		6.00 %
2013	3.00	3.00		6.00
2014	3.00	3.00		6.00
2015	3.00	3.00		6.00
2016	3.00	3.00		6.00
2017	3.00	3.00		6.00
2018	3.00	3.00		6.00
2019	3.00	3.00		6.00
2020	3.00	3.00		6.00
2021	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			
2012	\$ 1,850,000	0.64%	0.28%	\$ 256.30
2013	1,775,000	0.51%	0.21%	245.95
2014	1,695,000	0.46%	0.21%	234.86
2015	1,615,000	0.42%	0.19%	223.78
2016	1,530,000	0.39%	0.18%	202.17
2017	1,445,000	0.35%	0.17%	186.57
2018	1,355,000	0.37%	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	0.26%	0.11%	125.94

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, 2021

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	\$ 935,000	100.00%	\$ 935,000
Overlapping debt: Kenai Peninsula Borough	29,370,000	10.49%	3,080,913
Central Peninsula Hospital	56,639,000	15.50%	8,779,045
Total overlapping debt	86,009,000		11,859,958
Total Direct and Overlapping	\$ 86,944,000		\$ 12,794,958

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$131,890	\$147,795	\$160,891	\$165,677	\$170,328	\$173,745	\$174,215	\$174,366	\$178,855	\$177,949
Total net debt applicable to limit	<u>1,850</u>	<u>1,775</u>	<u>1,695</u>	<u>1,615</u>	<u>1,530</u>	<u>1,445</u>	<u>1,355</u>	<u>1,260</u>	<u>1,165</u>	<u>935</u>
Legal debt margin	<u>\$130,040</u>	<u>\$146,020</u>	<u>\$159,196</u>	<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>

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2021

Assessed value	\$ 889,743
Debt limit, 20% of assessed value	177,949
Total amount of debt applicable to debt limit	<u>935</u>
Legal debt margin	<u>\$177,014</u>

CITY OF KENAI, ALASKA

TABLE XII

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

City of Kenai		For the Kenai Peninsula Borough (A)						
Fiscal Year	Population	School Enrollment	Personal Income	Personal Income (amount expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (1)
2012	7,108	1,831		\$ 2,680,425	\$ 47,731	40.6	9,083	8.00%
2013	7,217	1,871		2,770,796	48,012	41.4	9,065	7.40%
2014	7,166	1,847		2,917,537	51,828	40.5	8,932	7.30%
2015	7,226	1,815		2,917,537	52,737	40.5	8,974	7.20%
2016	7,073	1,822		2,965,755	50,691	40.5	8,935	7.90%
2017	7,046	1,789		2,917,537	52,639	40.5	8,939	7.40%
2018	6,999	1,820		2,917,537	52,639	40.5	8,895	7.10%
2019	6,999	1,855		2,917,537	52,639	40.5	8,881	6.00%
2020	6,999	1,767		3,044,611	52,015	40.8	8,725	13.40%
2021	7,424	1,438		3,221,300	54,870	40.8	7,990	9.10%

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) Data is provided by the State of Alaska Department of Labor and is the average rate for the previous calendar year.

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 EMPLOYEES BY FUND
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
City Clerk	1.50	1.50	1.50	1.50	1.50	1.60	2.00	2.00	2.00	2.00
City Manager	1.50	1.67	1.67	1.67	1.67	1.90	2.00	2.00	2.00	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	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Finance	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.85	4.85	4.85
Non-Departmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70
Planning	2.00	2.08	2.00	2.00	2.00	1.75	1.70	1.70	1.70	1.70
Police	20.88	20.88	20.65	19.60	19.60	19.60	19.60	19.60	19.60	19.95
Fire	19.00	19.00	19.00	19.00	19.00	19.00	20.00	20.00	20.00	20.00
Dispatch	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Animal Control	2.80	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.00	3.00
Public Works Administration	1.50	1.50	1.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance	11.64	11.64	10.70	10.79	10.77	10.84	10.64	10.84	10.77	10.77
Library	7.88	8.45	8.10	8.10	8.10	8.10	8.10	7.65	7.65	8.00
Parks & Recreation	7.61	9.60	8.04	8.06	8.30	8.65	8.65	7.76	7.12	7.07
General Fund Total	91.06	93.97	90.81	89.87	90.69	91.19	92.44	92.40	91.69	93.04
Special Revenue Funds										
Personal Use Fishery	0.00	0.00	2.49	2.46	2.69	2.91	2.81	2.42	2.45	2.54
Water & Sewer Operations	6.76	6.76	7.76	7.76	7.76	7.76	7.76	8.05	8.05	8.05
Airport Operations	5.18	5.43	5.81	6.95	6.95	6.97	7.12	7.00	7.20	7.00
Senior Citizen Programs	6.85	6.97	7.43	7.35	7.35	7.28	7.28	7.28	7.21	6.04
Special Revenue Funds Total	18.79	19.16	23.49	24.52	24.75	24.92	24.97	24.75	24.91	23.63
Enterprise Fund										
Congregate Housing	0.35	0.35	0.45	0.45	0.45	0.52	0.52	0.52	0.62	0.62
Internal Service Fund										
Employee Health Care	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Project Management	0.50	0.50	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00
Internal Service Funds Total	0.50	0.50	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00
Total All Funds	110.70	113.98	115.25	115.34	115.89	116.63	117.93	117.67	117.22	117.29

Source: The City of Kenai Finance Department.

CITY OF KENAI, ALASKA

TABLE XV

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police Services:										
Police requests for service	7,665	8,297	8,314	8,197	7,840	7,926	8,330	9,194	8,313	6,512
Criminal arrests	894	1,138	1,041	924	813	784	934	909	1,208	717
Fire and Emergency Services:										
Number of calls responded to	1,328	1,212	-	1,226	1,384	1,568	1,440	1,479	1,564	1,291
Inspections	319	239	268	157	118	150	79	139	243	125
Animal Control:										
Total Calls	6,695	6,549	7,197	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total requests for service	N/A	N/A	N/A	564	437	448	341	328	251	497
Animals Handled	1,673	1,631	1,429	1,188	1,004	928	827	829	911	832
Water and Wastewater										
Water Production Avg gallons per day	961,564	943,764	875,427	812,756	760,000	711,000	710,000	717,000	703,000	695,000
Wastewater Treatment Avg. gallons per day	470,417	540,583	566,417	527,250	487,200	463,583	660,000	475,000	490,000	486,000
Airport Passenger Enplanements	94,010	101,995	103,751	100,929	102,126	93,612	93,844	92,127	95,004	32,431

** During 2014 the shelter lost the ability to track total calls but began tracking calls for service. Calls for service will be reported in future years.

Source: Various City Departments.

CITY OF KENAI, ALASKA

TABLE XVI

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	9	9	9
Baseball and Softball Fields	8	8	8	8	8	8	8	8	8	8
Soccer Fields	6	6	6	6	6	6	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.