

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

*Fiscal Year:* July 1, 2021 –  
June 30, 2022





**CITY OF KENAI, ALASKA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2022**

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# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**OF THE  
CITY OF KENAI, ALASKA**

**Year Ended June 30, 2022**

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

**Paul Ostrander  
City Manager**

**Prepared by  
Finance Department**

**Terry Eubank, CPA  
Finance Director**





March 31, 2023

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, 2022. 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, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2022, 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**

### **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 2022 fishing season had an 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, was legally challenged resulting in the amendment being remanded to the regulatory agency. Final resolution of this change in regulation could have a significant 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. 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 FY2022. 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. Higher than anticipated inflation especially in the energy sector were the main drivers of sales tax exceeding projections.

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 \$15.55 million in FY22 largely because of revenues received from the American Recovery Plan Act. A General Fund, Fund Balance of \$15.55 million represents approximately 86% 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, 2021. This was the 24<sup>th</sup> 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,



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Paul Ostrander, City Manager



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Terry A. Eubank, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Kenai  
Alaska**

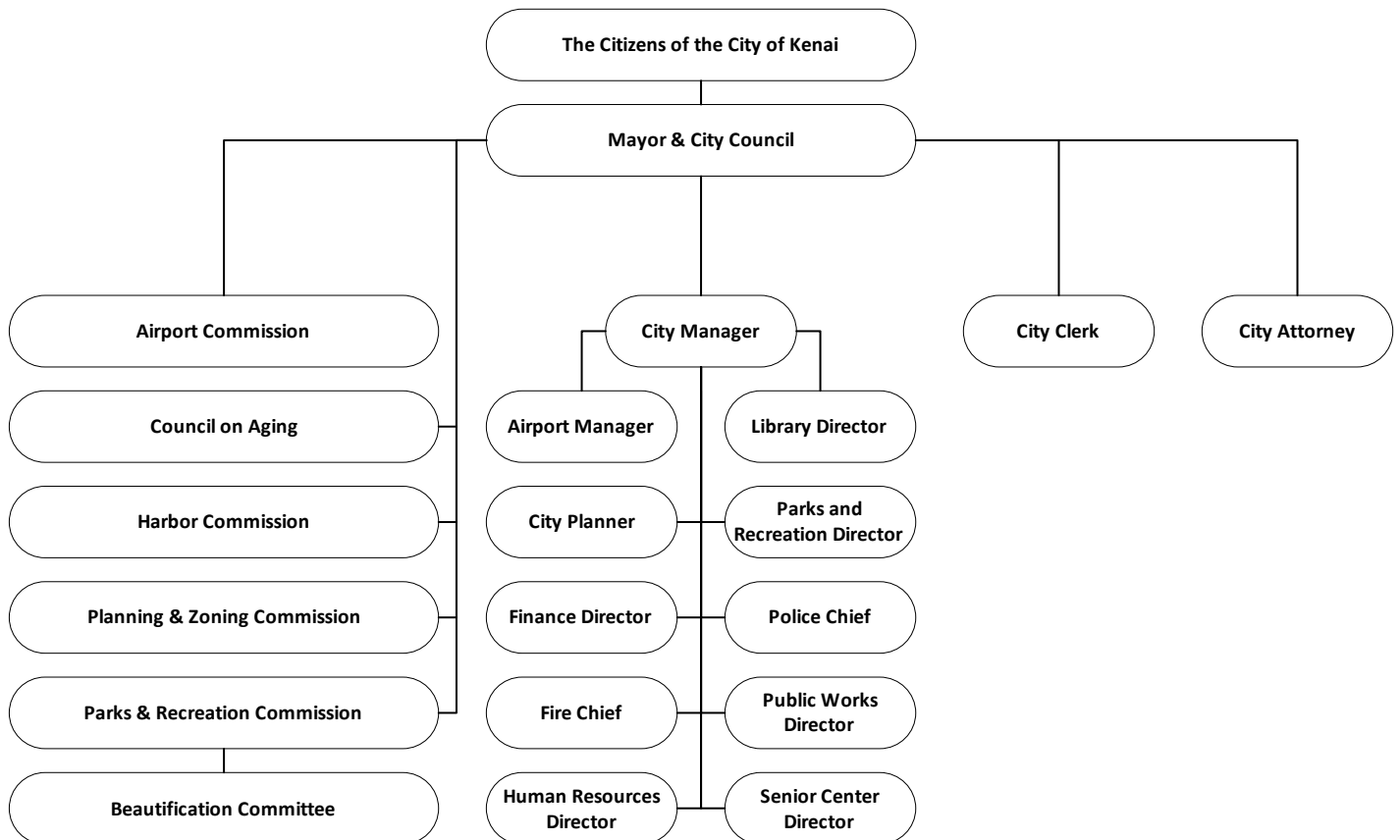
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*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.

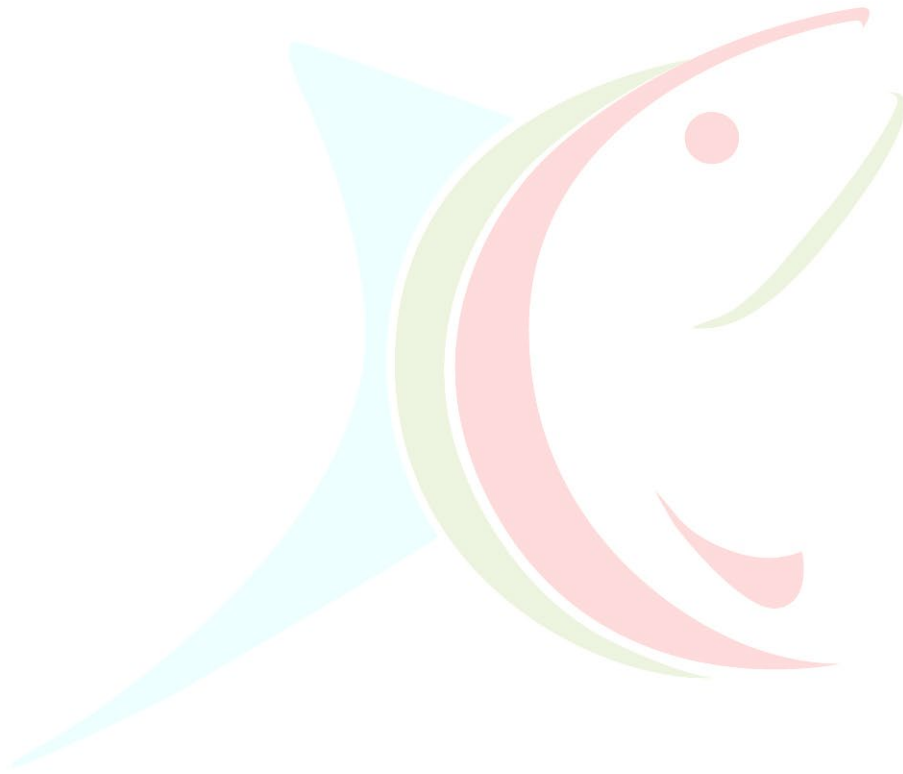
The City Council, together with appointed City officials, meets the first and third Wednesday of each month in the City Administration Building for regular Council sessions. In addition, numerous special meetings and work sessions are scheduled throughout the year. The Council, which consists of the 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.

	<b><u>City Council</u></b>	<b><u>Term Ends</u></b>
Mayor	Brian G. Gabriel, Sr.	2022
Council Members	Jim Glendening	2022
	Glenese Petty	2022
	Henry Knackstedt	2023
	Teea Winger	2023
	James Baisden	2024
	Deborah Sonuart	2024

### **City Administration**

City Manager	Paul Ostrander
Finance Director	Terry A. Eubank
Human Resource Director	Christine Cunningham
City Clerk	Shellie Saner
City Attorney	Scott Bloom
Police Chief	David Ross
Fire Chief	Tony Prior
Public Works Director	Scott Curtin
Librarian	Katja Wolfe
Parks & Recreation Director	Brad Walker
Airport Manager	Eland Conway
Senior Center Director	Kathy Romain

# AUDITOR REPORT



KENAI





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3601 C Street, Suite 600  
Anchorage, AK 99503

## **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 the City of Kenai, Alaska (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 J to the financial statements, in 2022 the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.



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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

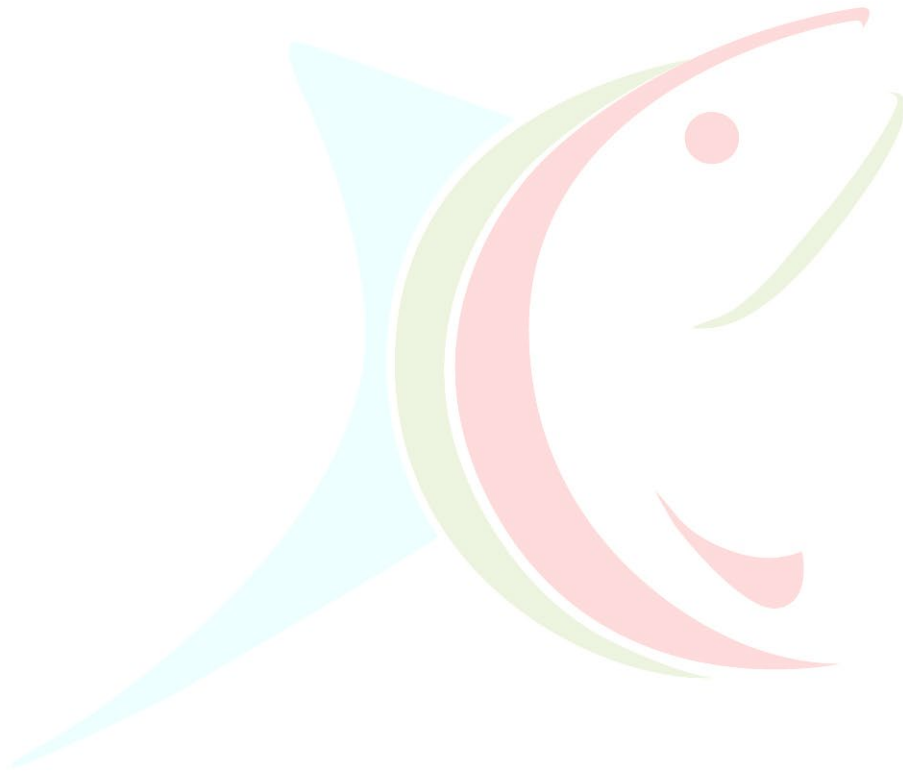
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 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  
March 31, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS



KENAI



## **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, 2022. 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 FY2022, the City of Kenai assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$208,751,661. Of this amount, unrestricted net position of \$23,430,637, 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 \$187,685. For the fiscal year ended June 30, 2022, governmental type activities net position increased by \$248,540 and business-type activities decreased by \$60,855.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$60,295,513, a decrease of \$1,525,229 from the prior year. Portions of the City's permanent fund, which cannot be spent, account for \$3.2 million of total fund balance. About \$55.6 million of the remaining fund balance is restricted, committed, or assigned. The remaining \$1.5 million is unassigned and available for spending.
- At the end of the current fiscal year, fund balance for the General Fund was \$15,545,157, an increase of \$1,103,655 from the prior year. Of this amount \$1,469,685 was unassigned and available for spending.
- The City has a long-term liability for compensated absences, general obligation debt, and net pension of \$1,010,470, \$850,000, and \$11,657,104, respectively.

### **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 Airport Special Revenue Fund, the Water & Sewer Special Revenue Fund, the Airport Improvement Capital Project Fund and the Airport Land Sales Permanent Fund. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

A budgetary comparison statement has been provided for the General, Airport Special Revenue, and Water & Sewer Special Revenue Funds to demonstrate compliance with the Fiscal Year (FY) 2022 budget.

#### **Proprietary funds.**

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

#### **Fiduciary funds.**

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

#### **Notes to the financial statements.**

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

**Required supplementary information.**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and accompanying notes. Budgetary comparison schedules for certain major funds; schedules of the City's net pension and OPEB obligation information and contributions; and accompanying notes can be found on pages 65-80 of this report.

**Other information.**

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

**Government-wide Financial Analysis.**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2022, the City's net position exceeded liabilities by \$208,751,661. By far the largest portion of the City's net position reflects its investment in capital assets.

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

	Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 78,550	\$ 68,059	\$ 968	\$ 887	\$ 79,518	\$ 68,946
Capital assets	<u>153,919</u>	<u>153,878</u>	<u>2,126</u>	<u>2,267</u>	<u>156,045</u>	<u>156,145</u>
Total assets	<u>232,469</u>	<u>221,937</u>	<u>3,094</u>	<u>3,154</u>	<u>235,563</u>	<u>225,091</u>
Deferred outflows of resources	<u>2,000</u>	<u>2,815</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,815</u>
Long-term liabilities outstanding	13,510	16,612	8	8	13,518	16,620
Other liabilities	<u>1,709</u>	<u>1,652</u>	<u>36</u>	<u>35</u>	<u>1,745</u>	<u>1,687</u>
Total liabilities	<u>15,219</u>	<u>18,264</u>	<u>44</u>	<u>43</u>	<u>15,263</u>	<u>18,307</u>
Deferred inflows of resources	<u>13,548</u>	<u>1,034</u>	<u>-</u>	<u>-</u>	<u>13,548</u>	<u>1,034</u>
Net position:						
Net investment in capital assets	153,069	152,943	2,126	2,267	155,195	155,210
Restricted:						
Nonexpendable	3,239	3,090	-	-	3,239	3,090
Airport purposes	26,213	30,435	-	-	26,213	30,435
Youth athletics	674	640	-	-	674	640
Unrestricted	<u>22,507</u>	<u>18,345</u>	<u>924</u>	<u>844</u>	<u>23,431</u>	<u>19,189</u>
Total net position	<u>\$205,702</u>	<u>\$205,453</u>	<u>\$3,050</u>	<u>\$3,111</u>	<u>\$208,752</u>	<u>\$208,564</u>

**Governmental activities.**

Governmental activities increased the City's net position by \$248,540 compared to \$9,716,001 in the prior year. The change in unrestricted investment earnings from \$6,526,926 in the prior year to a loss of \$4,356,554 is the primary cause of this change.

**Business-type activities.**

Business-type activities decreased the net position of the City by \$60,855. 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,745	\$ 6,228	\$ 447	\$ 432	\$ 8,192	\$ 6,660
Operating grants and contributions	2,474	9,317	3	4	2,477	9,321
Capital grants and contributions	4,353	3,711	-	-	4,353	3,711
General revenues:						
Property taxes	3,990	3,907	-	-	3,990	3,907
Sales taxes	9,192	8,561	-	-	9,192	8,561
Other	<u>(4,357)</u>	<u>6,527</u>	<u>(13)</u>	<u>-</u>	<u>(4,370)</u>	<u>6,527</u>
Total revenues	<u>23,397</u>	<u>38,251</u>	<u>437</u>	<u>436</u>	<u>23,834</u>	<u>38,687</u>
Expenses:						
General government	1,588	3,991	-	-	1,588	3,991
Public safety	8,148	8,183	-	-	8,148	8,183
Public works	2,959	3,138	-	-	2,959	3,138
Parks, recreation, and cultural	2,559	2,300	-	-	2,559	2,300
Water and sewer services	2,864	2,935	-	-	2,864	2,935
Airport	4,174	4,134	-	-	4,174	4,134
Interest on long-term debt	44	19	-	-	44	19
Social welfare services	812	3,836	-	-	812	3,836
Senior Housing	<u>-</u>	<u>-</u>	<u>498</u>	<u>491</u>	<u>498</u>	<u>491</u>
Total expenses	<u>23,148</u>	<u>28,536</u>	<u>498</u>	<u>491</u>	<u>23,646</u>	<u>29,027</u>
Increase (decrease) in net position	249	9,715	(61)	(55)	188	9,660
Net position, beginning	<u>205,453</u>	<u>195,738</u>	<u>3,111</u>	<u>3,166</u>	<u>208,564</u>	<u>198,904</u>
Net position, ending	<u>\$205,702</u>	<u>\$205,453</u>	<u>\$3,050</u>	<u>\$3,111</u>	<u>\$208,752</u>	<u>\$208,564</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.

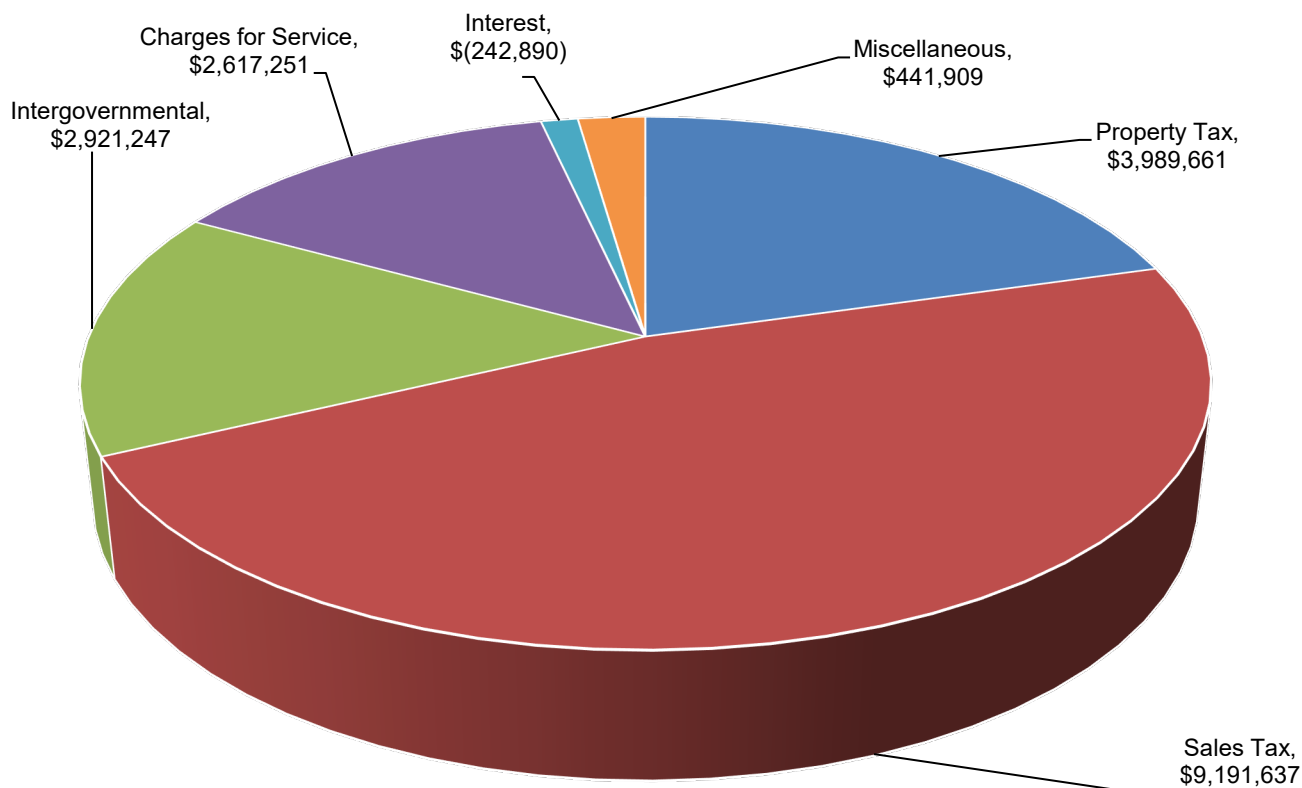


The total fund balance of governmental funds is \$60,295,513, which is down \$1,525,229 from last year. About \$1.5 million of fund balance is unassigned fund balance, which is available for spending at the City Council's discretion. The remainder of fund balance, \$58.8 million, is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending. Restricted is the largest portion of this; \$26.9 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 \$1,469,685, and total fund balance was \$15,545,157. Fund balance increased \$1,103,655 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 8.09% of total expenditures and transfers, while total fund balance represents 85.60% of that same amount.

General Fund expenditures increased \$2,643,224 or 19.97% over last year and \$3,012,609 or 23.41% over fiscal year 2020. 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 nearly four months of fiscal year 2020 and the first six months of fiscal year 2021 provided a significant amount of the savings which was not seen in FY22. General Fund revenues increased \$2,513,837 or 15.32% from last year. The primary revenue sources of the General Fund include property tax of \$3,989,661, sales tax of \$9,191,637, intergovernmental revenues of \$2,921,247, and charges to other funds of \$1,663,200. Sales tax revenue increased \$630,652 or 7.36% largely attributed to a strong local economy and the dramatic increase in gasoline prices in early 2022. Property taxes increased by \$82,680 or 2.12%. Current year property values increased 0.52% and the mill rate remained unchanged. Intergovernmental revenues increased \$1,984,936 or 211.99% from last year with receipt of \$1,889,619 of American Rescue Plan Act funds and a \$95,998 increase in State of Alaska Public Employees Retirement System on-behalf payments from the State of Alaska.

### General Fund Revenues



Tax revenues support General Fund operations exclusively and represent 51.20% of all governmental funds revenue. Other funds rely heavily on intergovernmental revenues, charges for services and investment earnings. Intergovernmental revenues decreased \$5,111,675 or 40.90% because of Coronavirus Aid, Relief, and Economic Security Act grant funds in the prior fiscal year. Investment earnings in governmental funds decreased \$10,836,972 or 166.11% from the prior year caused by a correction in the equity markets and Federal Reserve rate hikes to the overnight funds rate to combat soaring inflation. Capital projects funds and the senior services related funds are largely financed by grants from the federal, state and borough governments.

The Airport Special Revenue Fund accounts for the operation of the airport. Fund balance increased \$1,614,150 or 71.01%. Total revenues increased \$584,390 or 20.68%. Fund expenditures decreased by \$44,703 or 1.58%. \$1,684,996 which was previously transferred to forward fund capital projects was transferred back to the fund in FY22. FY22 transfers out included advance funding for design and engineering for reconstruction of the airport's main runway, \$831,833, \$500,000 for airfield marking rehabilitation and surface sealcoating, and \$185,000 for boiler replacement at the Airport Operations Facility. A significant portion of the \$831,833 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 \$605,639 or 31.03%. There was no change in water and sewer rates in FY22. Despite no change in rates, charges for service increased \$90,213 or 3.12% this year because of increased demand. Significant capital improvement projects funding continued in FY22 as transfers decreased \$250,615 or 14.15% over FY21 but were up \$450,000 or 42.05% over FY20. 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 31<sup>st</sup> to the Airport Special Revenue Fund to fund airport operations. Equity market correction and Federal Reserve interest rate hikes resulted in significant investment losses in FY22 of \$3,520,090. The FY22 transfer of \$1,025,736 to the Airport Special Revenue Fund for operations remained at 3.80% of the funds five-year average balance at December 31<sup>st</sup> and was \$55,814 or a 5.75% increase over the prior year.

The Airport Improvements Capital Project Fund accounts for capital improvement projects of the Kenai Municipal Airport. Projects are largely financed by grants from the Federal Aviation Administration. Current projects include completion of a remodel of the Airport's terminal building, purchase of airfield maintenance equipment, rehabilitation of the Airport owned, Alaska Regional Fire Training Center, construction of a new equipment and sand storage facility, design for reconstruction of the airport's main runway, and airfield drainage improvements. Fund balance decreased \$646,183 in FY22 as prior years funding was expended to complete projects. Changes in fund balance are anticipated in capital project funds as project funding, through transfers, and project expenditures do not always occur during the same fiscal year.

### **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 \$3,049,530 and unrestricted net position was \$923,218. Net position decreased \$60,855 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, expenditures and transfers, was amended by the City Council during the year by \$542,667. Supplemental funding included \$95,000 for the Kenai Waterfront Revitalization Study, \$63,000 for construction of the Kenai Community Dog Park, \$101,673 in supplemental funding for the Bryson Street Emergency Outfall Reconstruction Project, \$20,000 in supplemental funding for the Fire Department Flooring Replacement Project, \$25,709 for the purchase of Fire Department extrication equipment, \$70,100 for the purchase of Fire Department mobile radios, \$28,889 for the purchase of Police Department crime prevention tools and supplies, \$24,863 in supplemental funding for the Kenai Fine Arts Building Renovation project, \$22,300 for the purchase of library hold lockers, and \$91,133 in various minor appropriations. Actual revenues and transfers in were \$2,945,307 more than the final budget with the \$1,262,446 positive variance in general sales tax and \$1,875,414 positive variance in Federal Grants from receipt of American Rescue Plan Act funds which were used for revenue replacement.

The actual expenditures and transfers out were \$1,496,391 less than budgeted. The City typically does not spend the entire authorized appropriation. The variance this year was 7.61% of final budget compared to 21.31% last year. \$2,910,093, 69.36% of the FY21 lapse 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, 2022 the City's capital assets had a total net book value of \$156,044,928. Governmental activities totaled \$153,918,616 and business-type activities totaled \$2,126,312. Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 48-49 Section III. Detailed Notes on All Funds' E. Capital Assets. Major capital additions for FY22 included:

#### **New Facilities and Facility Improvements:**

Fire Training Center Improvements	\$4,761,949
Airport Terminal Improvements	14,461
City Dock Repairs	371,963
Kenai Fine Arts Building Improvements	144,097
Spur Highway Water Main Replacement	118,945
Bryson Street Storm Drain Outfall Rehabilitation	395,993
Animal Control Floor Refinishing	36,636
North and South Beach Vaulted Restrooms	<u>378,014</u>
Total New Facilities and Facility Improvements	<u>6,222,058</u>

#### **Equipment:**

Police Department Interview Room Equipment Replacement	9,976
Fire Department Life Pack Replacement	29,850
Fire Department Portable Radios	70,100
Fire Department Power Gurney	19,885
Fire Department Extrication Equipment	25,709
Police and Fire Mobile Radios	81,938
Communications Center Base Station Radio Replacement	411,911
Library Shelving	10,697
Parks and Recreation Mower	24,000
Airport Wide Area Mower	153,654
Airport Fire Training Center 3000 Gallon ARFF Truck	791,038
Airport Fire Training Center 1500 Gallon ARFF Truck	728,711
Senior Center Walk-in Cooler Mechanical Replacement	30,285

Equipment Replacement Moto Grader Replacement	319,948
Fleet Replacement Plan Vehicles (3 each)	134,320
Miscellaneous Other Equipment	<u>17,489</u>
Total Equipment	<u>2,859,511</u>
Land -	
Bluff Erosion Project Land Acquisition	<u>1,659</u>
Total Additions	<u>\$9,083,228</u>

#### **Debt administration.**

No new debt was issued by the City in FY22. At June 30, 2022, \$850,000 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 \$1,010,470 and Net Pension Liability of \$11,657,104. Additional information on the City's long-term liabilities can be found in the notes to the basic financial statements on pages 59-60.

#### **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 CY2021 stood at 7.3%, a decrease from 9.5% in CY2020. This compares to the CY2021 statewide average of 6.4%. 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 FY2022 was \$684,113. This contribution includes the difference between the actuarially determined rate of 30.11% and the City contribution rate of 22.00%.

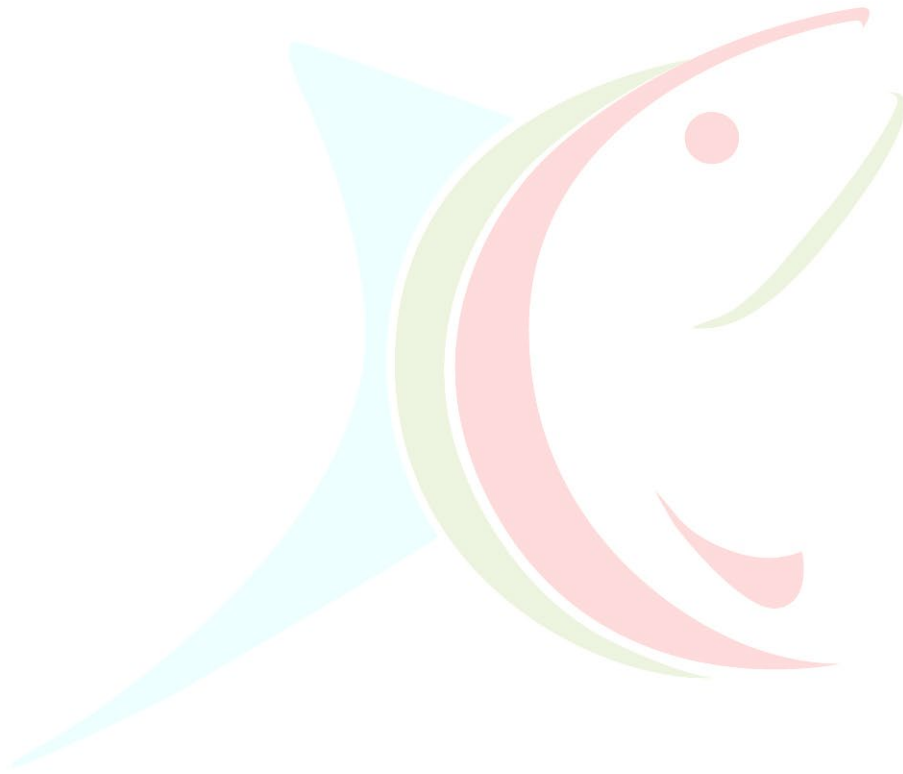
In setting the budget for FY2022, the City established goals, among them:

- 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.

#### **Requests for information.**

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

## BASIC FINANCIAL STATEMENTS



KENAI



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**CITY OF KENAI, ALASKA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>ASSETS</b>			
Equity in central treasury (cash and investments)	\$ 58,301,761	\$ 967,474	\$ 59,269,235
Receivables (net of allowances for uncollectibles)	7,300,904	-	7,300,904
Leases receivable	4,415,877	-	4,415,877
Net other postemployment benefit asset	8,511,167	-	8,511,167
Other assets	20,246	-	20,246
Land	6,319,560	274,500	6,594,060
Property and equipment in service	251,741,747	5,710,288	257,452,035
Accumulated depreciation	(107,814,567)	(3,869,221)	(111,683,788)
Construction in progress	3,671,876	10,745	3,682,621
Total assets	<u>232,468,571</u>	<u>3,093,786</u>	<u>235,562,357</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	1,698,175	-	1,698,175
Other postemployment benefits related	301,917	-	301,917
Total deferred outflows of resources	<u>2,000,092</u>	<u>-</u>	<u>2,000,092</u>
Total assets and deferred outflows of resources	<u>\$ 234,468,663</u>	<u>\$ 3,093,786</u>	<u>\$ 237,562,449</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 739,847	\$ 18,448	\$ 758,295
Accrued payroll and payroll liabilities	592,999	-	592,999
Unearned revenue	242,286	976	243,262
Other liabilities	130,098	17,100	147,198
Accrued interest	3,542	-	3,542
Long-term liabilities:			
Net pension liability - due in more than one year	11,657,104	-	11,657,104
Compensated absences:			
Due within one year	250,685	1,933	252,618
Due in more than one year	752,053	5,799	757,852
Long-term debt:			
Due within one year	90,000	-	90,000
Due in more than one year	760,000	-	760,000
Total liabilities	<u>15,218,614</u>	<u>44,256</u>	<u>15,262,870</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid licenses and fees	2,600	-	2,600
Prepaid property taxes	28,129	-	28,129
Leases	4,298,638	-	4,298,638
Pension related	4,648,593	-	4,648,593
Other postemployment benefits related	4,569,958	-	4,569,958
Total deferred inflows of resources	<u>13,547,918</u>	<u>-</u>	<u>13,547,918</u>

See accompanying notes to basic financial statements.



**CITY OF KENAI, ALASKA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 153,068,616	\$ 2,126,312	\$ 155,194,928
Restricted:			
Permanently restricted - nonexpendable -			
General Government Land Sales Permanent Fund	3,239,172	-	3,239,172
Airport purposes	26,213,430	-	26,213,430
Youth athletics	673,494	-	673,494
Unrestricted	<u>22,507,419</u>	<u>923,218</u>	<u>23,430,637</u>
Total net position	<u>205,702,131</u>	<u>3,049,530</u>	<u>208,751,661</u>
 Total liabilities, deferred inflows and net position	 <u><u>\$ 234,468,663</u></u>	 <u><u>\$ 3,093,786</u></u>	 <u><u>\$ 237,562,449</u></u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 1,588,224	\$ 938,557	\$ (127,167)	\$ -
Public safety	8,147,767	691,190	415,427	185,436
Public works	2,959,349	163,211	72,721	-
Parks, recreation, and cultural	2,558,915	634,563	93,882	1,889,619
Water and sewer services	2,863,872	3,154,664	182	-
Airport	4,173,644	2,015,076	1,377,398	1,660,120
Social welfare services	811,625	147,198	641,358	618,028
Interest on long-term debt	44,271	-	-	-
Total governmental activities	<u>23,147,667</u>	<u>7,744,459</u>	<u>2,473,801</u>	<u>4,353,203</u>
Business-type activities:				
Senior Housing	<u>498,507</u>	<u>446,881</u>	<u>3,421</u>	<u>-</u>
Total Government	<u>\$ 23,646,174</u>	<u>\$ 8,191,340</u>	<u>\$ 2,477,222</u>	<u>\$ 4,353,203</u>

General revenues:

Property taxes

Sales taxes

Unrestricted investment earnings (loss)

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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (776,834)	\$ -	\$ (776,834)
(6,855,714)	-	(6,855,714)
(2,723,417)	-	(2,723,417)
59,149	-	59,149
290,974	-	290,974
878,950	-	878,950
594,959	-	594,959
(44,271)	-	(44,271)
<u>(8,576,204)</u>	<u>-</u>	<u>(8,576,204)</u>
<u>-</u>	<u>(48,205)</u>	<u>(48,205)</u>
<u>(8,576,204)</u>	<u>(48,205)</u>	<u>(8,624,409)</u>
3,989,661	-	3,989,661
9,191,637	-	9,191,637
(4,356,554)	(12,650)	(4,369,204)
<u>8,824,744</u>	<u>(12,650)</u>	<u>8,812,094</u>
248,540	(60,855)	187,685
<u>205,453,591</u>	<u>3,110,385</u>	<u>208,563,976</u>
<u>\$ 205,702,131</u>	<u>\$ 3,049,530</u>	<u>\$ 208,751,661</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

<b>Major Governmental Funds</b>			
	<b>General</b>	<b>Airport Special Revenue</b>	<b>Water &amp; Sewer Special Revenue</b>
<b>ASSETS</b>			
Equity in central treasury (cash and investments)	\$ 12,730,675	\$ 3,635,194	\$ 1,404,408
Receivables (net of allowances for uncollectibles)	3,324,353	337,995	180,389
Leases receivable	724,883	3,663,464	-
Other assets	13,875	-	-
Due from other funds	619,999	-	-
Total assets	<u>\$ 17,413,785</u>	<u>\$ 7,636,653</u>	<u>\$ 1,584,797</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 232,055	\$ 45,044	\$ 90,603
Accrued payroll and payroll liabilities	514,147	30,264	26,994
Due to other funds	-	-	-
Unearned revenue	90,797	77,715	20,981
Other liabilities	21,098	4,800	100,200
Total liabilities	<u>858,097</u>	<u>157,823</u>	<u>238,778</u>
Deferred Inflows of resources:			
Special assessments receivable - unavailable	123,888	-	-
Ambulance billing receivable - unavailable	148,864	-	-
Land sales - unavailable	-	-	-
Leases related	707,050	3,591,588	-
Prepaid licenses and fees	2,600	-	-
Prepaid property taxes	28,129	-	-
Total deferred inflows of resources	<u>1,010,531</u>	<u>3,591,588</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	673,494	-	-
Committed	10,394,225	-	-
Assigned	3,007,753	3,887,242	1,346,019
Unassigned (deficit)	1,469,685	-	-
Total fund balances	<u>15,545,157</u>	<u>3,887,242</u>	<u>1,346,019</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,413,785</u>	<u>\$ 7,636,653</u>	<u>\$ 1,584,797</u>

See accompanying notes to basic financial statements.

**Major Governmental Funds**

<b>Airport Improvement Capital Project</b>	<b>Airport Land Sales Permenant</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 26,163,957	\$ 11,068,572	\$ 55,002,806
3,002,115	156,607	299,445	7,300,904
-	-	-	4,388,347
-	-	-	13,875
-	-	-	619,999
<u>\$ 3,002,115</u>	<u>\$ 26,320,564</u>	<u>\$ 11,368,017</u>	<u>\$ 67,325,931</u>
\$ 101,004	\$ 3,574	\$ 267,077	\$ 739,357
-	-	21,594	592,999
604,001	-	15,998	619,999
52,793	-	-	242,286
-	-	4,000	130,098
<u>757,798</u>	<u>3,574</u>	<u>308,669</u>	<u>2,324,739</u>
-	-	-	123,888
-	-	-	148,864
-	103,560	-	103,560
-	-	-	4,298,638
-	-	-	2,600
-	-	-	28,129
-	103,560	-	4,705,679
-	-	3,239,172	3,239,172
-	26,213,430	-	26,886,924
2,244,317	-	7,560,468	20,199,010
-	-	263,217	8,504,231
-	-	(3,509)	1,466,176
<u>2,244,317</u>	<u>26,213,430</u>	<u>11,059,348</u>	<u>60,295,513</u>
<u>\$ 3,002,115</u>	<u>\$ 26,320,564</u>	<u>\$ 11,368,017</u>	<u>\$ 67,325,931</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total fund balances for governmental funds		\$ 60,295,513
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.		151,296,819
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		376,312
The PERS ARHCT and ODD OPEB plans have been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the funds.		8,511,167
Certain changes in net pension and receivables are deferred rather than recognized immediately. These items are amortized over time -		
Deferred inflows of resources - leases		27,530
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	\$ (850,000)	
Net pension liability	(11,657,104)	
Compensated absences	(1,002,738)	
Accrued interest (net of related interest subsidy)	(3,542)	
	<u>                    </u>	(13,513,384)
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	1,698,175	
Deferred outflows of resources for other postemployment benefits	301,917	
Deferred inflows of resources for pensions	(4,648,593)	
Deferred inflows of resources for other postemployment benefits	(4,569,958)	
	<u>                    </u>	(7,218,459)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities statement of net position.		<u>5,926,633</u>
Net position of governmental activities		<u>\$ 205,702,131</u>

See accompanying notes to basic financial statements.

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**CITY OF KENAI, ALASKA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	<b>Major Governmental Funds</b>				
	<b>General</b>	<b>Airport Special Revenue</b>	<b>Water &amp; Sewer Special Revenue</b>	<b>Airport Improvement Capital Project</b>	<b>Airport Land Sales Permenant</b>
<b>Revenues:</b>					
Taxes	\$ 13,181,298	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	2,921,247	1,391,559	45,630	1,660,120	-
Charges for services	2,617,251	420,431	2,974,242	-	-
Investment loss	(242,890)	(33,781)	(69,134)	-	(3,520,090)
Miscellaneous revenues	441,909	1,630,735	19,810	114,200	324,501
<b>Total revenues</b>	<b>18,918,815</b>	<b>3,408,944</b>	<b>2,970,548</b>	<b>1,774,320</b>	<b>(3,195,589)</b>
<b>Expenditures:</b>					
Current:					
General government	3,648,253	-	-	-	-
Public safety	7,749,948	-	-	-	-
Public works	2,166,029	-	-	-	-
Parks, recreation, and cultural	2,099,554	-	-	-	-
Water and sewer services	-	-	2,203,490	-	-
Airport	-	2,973,693	-	-	-
Social welfare services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	214,775	-	-	2,267,340	-
<b>Total expenditures</b>	<b>15,878,559</b>	<b>2,973,693</b>	<b>2,203,490</b>	<b>2,267,340</b>	<b>-</b>
Excess of revenues over (under) expenditures	3,040,256	435,251	767,058	(493,020)	(3,195,589)
<b>Other financing sources (uses):</b>					
Transfers in	345,309	2,710,732	147,303	1,531,833	-
Transfers out	(2,281,910)	(1,531,833)	(1,520,000)	(1,684,996)	(1,025,736)
<b>Net other financing sources (uses)</b>	<b>(1,936,601)</b>	<b>1,178,899</b>	<b>(1,372,697)</b>	<b>(153,163)</b>	<b>(1,025,736)</b>
<b>Net changes in fund balances</b>	<b>1,103,655</b>	<b>1,614,150</b>	<b>(605,639)</b>	<b>(646,183)</b>	<b>(4,221,325)</b>
Fund balances - July 1	14,441,502	2,273,092	1,951,658	2,890,500	30,434,755
Fund balances - June 30	\$ 15,545,157	\$ 3,887,242	\$ 1,346,019	\$ 2,244,317	\$ 26,213,430

See accompanying notes to basic financial statements.



<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 13,181,298
1,366,646	7,385,202
446,582	6,458,506
(447,423)	(4,313,318)
<u>500,076</u>	<u>3,031,231</u>
 1,865,881	 25,742,919
 20,477	 3,668,730
255,347	8,005,295
89,464	2,255,493
173,351	2,272,905
20,643	2,224,133
-	2,973,693
1,000,560	1,000,560
 85,000	 85,000
44,625	44,625
<u>2,255,599</u>	<u>4,737,714</u>
 3,945,066	 27,268,148
 (2,079,185)	 (1,525,229)
 3,823,830	 8,559,007
<u>(514,532)</u>	<u>(8,559,007)</u>
 3,309,298	 -
 1,230,113	 (1,525,229)
<u>9,829,235</u>	<u>61,820,742</u>
<u>\$ 11,059,348</u>	<u>\$ 60,295,513</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Net changes in fund balances - total governmental funds \$ (1,525,229)

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	\$ 4,737,714	
Current year depreciation	<u>(4,706,961)</u>	
		30,753

The net effect of various transactions involving capital assets (i.e. sales trade-ins and donations is to decrease net position.) (113,286)

Special assessments, taxes, land sales, leases and ambulance services receivable reported in the governmental activities are not revenues of the current period using the flow of current financial resources basis. This is the decrease in other long-term assets. (33,000)

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 decrease in:

Compensated absences	39,440	
Bond interest payable	<u>354</u>	
		39,794

Repayment of the principal of long-term debt consumes current financial resources of governmental funds but does not have any effect on net position. 85,000

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

Net pension	(1,935,819)	
Other postemployment benefits	<u>3,143,681</u>	
		1,207,862

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. 556,646

Change in net position of governmental activities \$ 248,540

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Business-type Activities - Enterprise Fund <u>Congregate Housing</u>	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
<b>Current assets:</b>		
Equity in central treasury (cash and investments)	\$ 967,474	\$ 3,298,955
Deposits with others	-	6,371
Total current assets	<u>967,474</u>	<u>3,305,326</u>
<b>Noncurrent assets:</b>		
Land	274,500	-
Property and equipment in service, at cost:		
Buildings	5,710,288	-
Equipment	-	5,537,821
Total property and equipment in service	5,710,288	5,537,821
Less accumulated depreciation	<u>(3,869,221)</u>	<u>(2,921,685)</u>
Net property and equipment in service	1,841,067	2,616,136
Construction work in progress	10,745	5,661
Total noncurrent assets	<u>2,126,312</u>	<u>2,621,797</u>
<b>Total assets</b>	<u>\$ 3,093,786</u>	<u>\$ 5,927,123</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 18,448	\$ 490
Compensated absences - due within one year	1,933	-
Unearned revenue	976	-
Other liabilities	17,100	-
Total current liabilities	<u>38,457</u>	<u>490</u>
<b>Noncurrent liabilities -</b>		
Compensated absences - due in more than one year	<u>5,799</u>	<u>-</u>
Total liabilities	<u>44,256</u>	<u>490</u>
<b>NET POSITION</b>		
Investment in capital assets	2,126,312	2,621,797
Unrestricted	<u>923,218</u>	<u>3,304,836</u>
Total net position	<u>3,049,530</u>	<u>5,926,633</u>
<b>Total liabilities and net position</b>	<u>\$ 3,093,786</u>	<u>\$ 5,927,123</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, 2022**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	<u><b>Congregate Housing</b></u>	
<b>Operating revenues:</b>		
Rents and leases	\$ 445,806	\$ -
Other revenue	<u>1,075</u>	<u>3,695,088</u>
 Total operating revenues	 <u>446,881</u>	 <u>3,695,088</u>
<b>Operating expenses:</b>		
Personal services	73,565	-
Supplies	22,862	-
Utilities	77,599	-
Repair and maintenance	32,797	-
Insurance/benefits	15,515	2,819,255
Depreciation	140,446	251,840
Manager's fee	90,984	-
Miscellaneous	2,039	54,147
Expenses chargeable from other funds	<u>42,700</u>	<u>-</u>
 Total operating expenses	 <u>498,507</u>	 <u>3,125,242</u>
 Operating income (loss)	 <u>(51,626)</u>	 <u>569,846</u>
<b>Nonoperating revenues (expenses):</b>		
Intergovernmental grants	3,421	-
Gain on sale of capital assets	-	30,036
Investment loss	<u>(12,650)</u>	<u>(43,236)</u>
 Total nonoperating revenues (expenses)	 <u>(9,229)</u>	 <u>(13,200)</u>
 Change in net position	 (60,855)	 556,646
 Net position - July 1	 <u>3,110,385</u>	 <u>5,369,987</u>
 Net position - June 30	 <u>\$ 3,049,530</u>	 <u>\$ 5,926,633</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

	Business-type Activities - Enterprise Fund <b><u>Congregate Housing</u></b>	Governmental Activities - Internal Service Funds
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 448,765	\$ 373,117
Payments to suppliers	(241,328)	(2,873,436)
Payments to employees	(74,356)	-
Receipts (payments) for interfund services	<u>(42,700)</u>	<u>3,321,972</u>
Net cash provided by operating activities	<u>90,381</u>	<u>821,653</u>
<b>Cash flows from noncapital financing activities -</b>		
State grant	<u>3,421</u>	<u>-</u>
<b>Cash flows for capital and related financing activities:</b>		
Proceeds from sales of capital assets	-	50,465
Acquisition and construction of capital assets	<u>-</u>	<u>(395,346)</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(344,881)</u>
<b>Cash flows for investing activities -</b>		
Investment losses	<u>(12,650)</u>	<u>(43,236)</u>
Net increase in cash and cash equivalents	81,152	433,536
Cash and cash equivalents - July 1	<u>886,322</u>	<u>2,865,419</u>
Cash and cash equivalents - June 30	<u><u>\$ 967,474</u></u>	<u><u>\$ 3,298,955</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (51,626)	\$ 569,846
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	140,446	251,840
Accounts receivable	908	-
Accounts payable	468	(33)
Compensated absences	(791)	-
Unearned revenue	<u>976</u>	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 90,381</u></u>	<u><u>\$ 821,653</u></u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	<b>Total <u>Custodial Funds</u></b>
<b>ASSETS</b>	
Equity in central treasury (cash and investments)	\$ 1,302,975
Interest receivable	<u>2,522</u>
Total assets	<u><u>\$ 1,305,497</u></u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 166</u>
<b>NET POSITION</b>	
Restricted for organizations	<u>1,305,331</u>
Total liabilities and net position	<u><u>\$ 1,305,497</u></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, 2022**

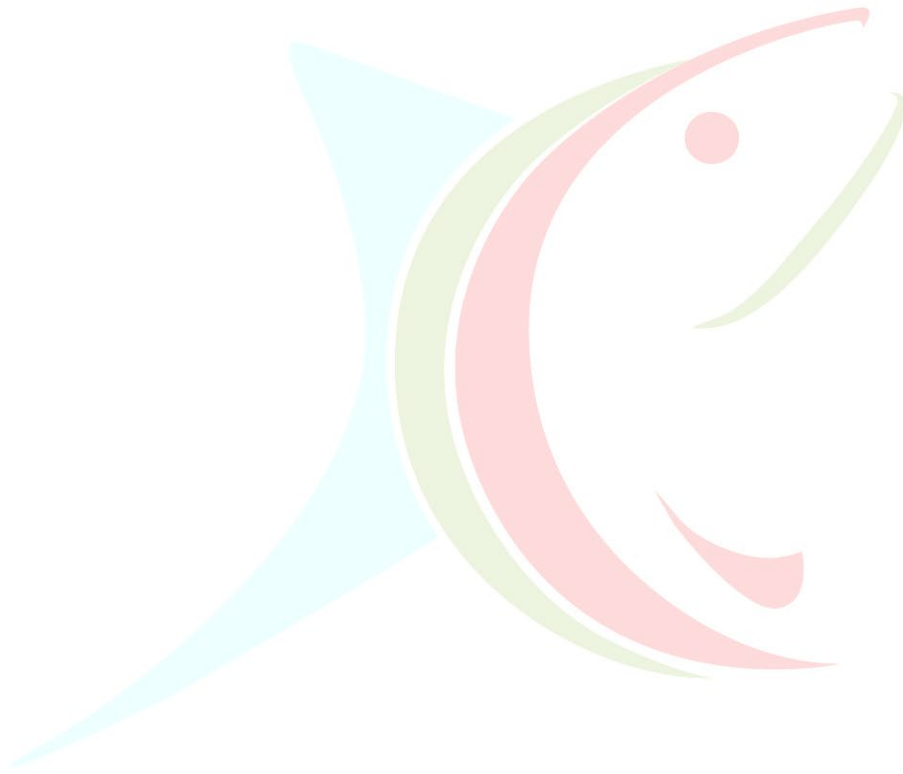
	<b><u>Total Custodial Funds</u></b>
<b>Additions:</b>	
Private donations	\$ 34,334
Investment income (loss)	(164,281)
Less investment management fees	<u>2,187</u>
Net investment loss	<u>(166,468)</u>
Total additions	<u>(132,134)</u>
<b>Deductions -</b>	
Payments to others	<u>6,334</u>
Total deductions	<u>6,334</u>
Net decrease in net position	(138,468)
Net position - July 1	<u>1,443,799</u>
Net position - June 30	<u>\$ 1,305,331</u>

See accompanying notes to basic financial statements.

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## NOTES TO BASIC FINANCIAL STATEMENTS



KENAI



**CITY OF KENAI, ALASKA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

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

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

**B. Government-wide and fund financial statements**

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

**C. Measurement focus and basis of accounting and financial statement presentation**

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

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

Taxes, charge for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible

to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Airport Special Revenue Fund accounts for activities of the airport except for land sales. It relies on 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 Improvement Capital Project Fund accounts for capital projects of the City's airport. The primary funding source is federal grants.

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

Additionally, the City reports the following fund types:

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services,

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**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. Leases**

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

At the commencement of the leases, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases where the stated interest rate is absent from the contracts. The lease term includes the noncancellable period of the lease, including any extension options that are reasonably intended to be exercised. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

##### **5. 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

## **6. 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.

## **7. 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.

## **8. 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.

## **9. 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.

## **10. 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.

## **11. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position 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, leases, and other unavailable revenues are reported in the governmental fund statements. Deferred inflows of resources consist of prepaid property taxes, leases, unavailable

revenues, and pension and OPEB related items in the government-wide statement of net position. Pension and 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 \$542,667. Supplemental funding included \$209,535 to provide funding or supplemental funding for capital improvement projects, \$179,302 for various grant funded expenditures, \$95,000 to perform a Kenai Waterfront Revitalization Study, \$25,709 for the purchase of fire department extrication equipment, \$13,000 for increased management fees at the Kenai Multipurpose Facility because of greater than projected usage, \$9,670 to provide the required local match to a federal grant to purchase public safety radios, \$8,450 to assist in the recruitment of a new City Clerk, and \$2,001 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, 2022 were:

	Airport Imp. Capital Project	Nonmajor Gov't Funds
Airfield snow removal equipment replacement	\$ 762,520	\$ -
Airport runway rehabilitation assessment	739,188	-
Airfield drainage improvements	333,950	-
Airport Sand Storage Facility construction	1,987,038	-
Fire Training Center rehabilitation	94,641	-
Dispatch Radio System Upgrade – Phase II	-	251,813
Well House #1 relocation	-	147,240
Water & Sewer masterplan and rate study	-	92,807
Wastewater Treatment Plant belt press replacement	-	372,005
Kenai bluff stabilization design	-	196,187
	<u>\$3,917,337</u>	<u>\$1,060,052</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;
- (j) Alternative Beta investments which, taken as a whole, attempt to mirror the characteristics or replicate the Wilshire Liquid Alternative Index; and
- (k) Cash allocation which, taken as a whole, 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. There are no limitations or restrictions on participant withdrawals from the AMLIP investment pool.

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 \$1,569,156 and a carrying value of \$1,367,148 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 \$9,683 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, 2022, 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	\$19,065,249	\$9,002,169	\$2,068,144	\$7,994,936
Wells Fargo Money Market	3,199,296	3,199,296	-	-
Certificates of Deposit	<u>5,116,835</u>	<u>2,455,609</u>	<u>1,953,215</u>	<u>708,011</u>
Total Investments at Fair Value Level	27,381,380	<u>\$14,657,074</u>	<u>\$4,021,359</u>	<u>\$8,702,947</u>
AMLIP *	<u>1,557,082</u>			
Total Central Treasury	<u>\$28,938,462</u>			

\* The City's investment in AMLIP is measured at net asset value, as of June 30, 2022. 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	\$ 5,086,181	16.84%
Investment Grade Corporate Bonds	2,085,781	6.96
High Yield Domestic Bonds	1,217,352	4.02
Wells Fargo Money Market	1,832,269	6.05
U.S. Equity Securities	10,734,277	35.51
International Securities	3,716,865	12.27
Infrastructure Equities	1,485,180	4.90
Alternative Beta Securities	3,533,084	11.66
Real Estate Equities	<u>543,668</u>	<u>1.79</u>
Total	<u>\$30,234,657</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, 2022.

	<u>Pooled Cash and Investments</u>	<u>Kenai Community Foundation</u>	<u>Kenai Senior Connection</u>	<u>Totals</u>
Bank deposits and cash on hand	\$ 1,399,091	\$ -	\$ -	\$ 1,399,091
Investments	<u>57,870,144</u>	<u>245,303</u>	<u>1,057,672</u>	<u>59,173,119</u>
	<u>\$59,269,235</u>	<u>\$245,303</u>	<u>\$1,057,672</u>	<u>\$60,572,210</u>

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

The fair values of the City's Airport & General Land Sales Funds fixed income investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Duration of a financial asset measures the sensitivity of the asset's price to changes in interest rates. The benchmark indices for the fixed income component of the fund is the Bloomberg Barclays US Aggregate Bond Index for the Investment Grade Domestic Bond component and the Bloomberg Barclays U.S. Corporate High Yield Very Liquid Bond Index for the High Yield Domestic Bond allocation. The indices allow for maturities greater than 1 year. At June 30, 2022 the index had an average duration of 6.44 while the fund's fixed income component had an average duration of 6.18.

**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, 2022.

<u>Asset Class</u>	<u>Benchmark Index</u>	<u>Target % Weighting</u>	<u>Actual % Weighting</u>
Cash	90-day US Treasury Bill	0-10%	6.05%
Fixed income:			
Investment Grade Domestic Bond	Bloomberg Barclays US Aggregate Bond Index	16-36	23.72
High Yield Domestic Bonds	Bloomberg Barclays U.S. Corporate High Yield Very Liquid Bond Index	0-8	4.03
Domestic Equity:			
Large-Cap domestic equities	Standard & Poor's 500 Index	12-32	21.50
Mid-Cap equities	Standard & Poor's 400 Mid-Cap Index	0-18	9.30
Small-Cap equities	Standard & Poor's 600 Small-Cap Index	0-10	4.71
International equities	Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) Index	4-16	7.46
International emerging markets	Morgan Stanley Capital International Emerging Market Index	0-10	4.83
Real-estate equities	Standard & Poor's US REIT Index	0-4	1.80
Infrastructure equities	STOXX Global Broad Infrastructure Index	0-10	4.91
Alternative Beta	Wilshire Liquid Alternatives Index	0-15	11.69
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, 2022 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, 2022, 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, 2022:

Investments Measured at Fair Value				
	<u>Fair Value</u>	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 2,686,262	\$ 2,686,262	\$ -	\$ -
U.S. Agencies	21,465,168	-	21,465,168	-
Corporate bonds	2,085,781	-	2,085,781	-
Certificates of deposit	5,116,835	-	5,116,835	-
Money market funds	5,031,565	5,031,565	-	-
Mutual funds	<u>21,230,426</u>	<u>21,230,426</u>	-	-
Total investment at fair value level	57,616,037	<u>\$28,948,253</u>	<u>\$28,667,784</u>	<u>\$ -</u>
AMLIP *	<u>1,557,082</u>			
Total Central Treasury & Land Sale Funds Investments	<u>\$59,173,119</u>			

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

\* The City's investment in AMLIP of \$1,557,082 is measured at net asset value, as of June 30, 2022 Management believe this value approximates fair value.

**B. Receivables**

Receivables at June 30, 2022, for the City's individual major funds and the nonmajor governmental funds in the aggregate are as follows:

	<u>General</u>	<u>Airport Special Revenue</u>	<u>Water &amp; Sewer Special Revenue</u>	<u>Airport Improvement Capital Project</u>	<u>Airport Land Sales Permanent</u>	<u>Nonmajor Governmental Funds</u>
Taxes	\$1,796,153	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,150,713	247,006	-	3,002,115	-	272,697
Customer and other	920,722	100,861	288,495	-	-	20,164
Special assessments	123,888	-	-	-	-	-
Land contracts	-	-	-	-	103,560	-
Accrued interest	<u>70,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,047</u>	<u>6,584</u>
Total receivables	4,062,167	347,867	288,495	3,002,115	156,607	299,445
Less allowances for uncollectibles	<u>(737,814)</u>	<u>(9,872)</u>	<u>(108,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$3,324,353</u>	<u>\$337,995</u>	<u>\$180,389</u>	<u>\$3,002,115</u>	<u>\$156,607</u>	<u>\$299,445</u>

**C. Leases Receivables**

During the current year, the City, as lessor, entered into several multiple-year lease agreements with third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used their incremental borrowing rate of 5% when there was no stated interest rate in the lease contract. The City received payments totaling \$553,850 for the fiscal year ended June 30, 2022. The City recognized \$310,208 in lease revenue and \$360,880 in interest revenue for the fiscal year ended June 30, 2022. As of June 30, 2022, the City's receivable for lease payments was \$4,388,347. The City recognized a deferred inflow of resource associated with the lease of \$4,298,638 on June 30, 2022, that will be recognized as revenue over the remainder of the lease terms.

The future principal and interest lease receipts as of June 30, 2022, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 143,288	\$ 325,180	\$ 468,468
2024	119,166	316,107	435,273
2025	123,186	306,914	430,100
2026	114,221	297,894	412,115
2027	120,070	289,044	409,114
2028-2032	627,669	1,298,287	1,925,956
2033-2037	347,914	1,122,136	1,470,050
2038-2042	395,830	995,299	1,391,129
2043-2047	350,199	859,297	1,209,496
2048-2052	383,963	721,284	1,105,247
2053-2057	379,726	578,254	957,980
2058-2062	386,640	422,225	808,865
2063-2067	376,757	274,332	651,089
2068-2072	150,132	177,568	327,700
2073-2077	189,990	113,010	303,000
2078-2082	123,064	43,616	166,680
2083-2087	31,061	16,939	48,000
2088-2090	<u>25,471</u>	<u>3,271</u>	<u>28,742</u>
Total	<u>\$4,388,347</u>	<u>\$8,160,657</u>	<u>\$12,549,004</u>

**D. Deferred Inflows of Resources, Deferred Outflows of Resources and Unearned Revenues**

Governmental funds report deferred inflows in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds report acquisitions of net 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, 2022, 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	\$ -	\$ -	\$ -	\$1,698,175	\$ 4,648,593	\$ -
Other postemployment benefits related	-	-	-	301,917	-	-
Special assessments receivable						
(General Fund)	-	123,888	-	-	-	-
Ambulance billing receivable (General Fund)	-	148,864	-	-	-	-
Land sales receivable (Airport						
Land Sales Permanent Fund)	-	103,560	-	-	-	-
Leases	-	4,298,638	-	-	4,298,638	-
Prepaid property tax (General Fund)	-	28,129	-	-	28,129	-
Prepaid licenses (General Fund)	-	2,600	-	-	2,600	-
Other postemployment benefits related	-	-	-	-	4,569,958	-
Prepaid rents & leases (General Fund)	-	-	79,314	-	-	79,314
Prepaid rents & leases (Airport Fund)	-	-	77,715	-	-	77,715
Prepaid water & sewer service	-	-	20,981	-	-	20,981
Grant funds received prior to meeting						
all eligibility requirements:						
General Fund	-	-	11,483	-	-	11,483
Airport Impr. Capital Project Fund	-	-	52,793	-	-	52,793
	<u>\$ -</u>	<u>\$4,705,679</u>	<u>\$242,286</u>	<u>\$2,000,092</u>	<u>\$13,547,918</u>	<u>\$242,286</u>

#### E. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,320,728	\$ 1,659	\$ (2,827)	\$ 6,319,560
Construction in progress	<u>7,623,704</u>	<u>2,902,037</u>	<u>(6,853,865)</u>	<u>3,671,876</u>
Total capital assets not being depreciated	<u>13,944,432</u>	<u>2,903,696</u>	<u>(6,856,692)</u>	<u>9,991,436</u>
Capital assets being depreciated:				
Buildings	89,073,196	5,737,405	-	94,810,601
Improvements other than buildings	60,362,074	-	-	60,362,074
Machinery and equipment	23,513,064	2,830,885	(1,404,663)	24,939,286
Infrastructure	<u>71,114,848</u>	<u>514,938</u>	<u>-</u>	<u>71,629,786</u>
Total capital assets being depreciated	<u>244,063,182</u>	<u>9,083,228</u>	<u>(1,404,663)</u>	<u>251,741,747</u>
Less accumulated depreciation for:				
Buildings	(27,272,063)	(1,776,970)	-	(29,049,033)
Improvements other than buildings	(29,222,657)	(1,501,638)	-	(30,724,295)
Machinery and equipment	(15,553,513)	(847,740)	1,273,777	(15,127,476)
Infrastructure	<u>(32,081,309)</u>	<u>(832,454)</u>	<u>-</u>	<u>(32,913,763)</u>
Total accumulated depreciation	<u>(104,129,542)</u>	<u>(4,958,802)</u>	<u>1,273,777</u>	<u>(107,814,567)</u>
Total capital assets being depreciated, net	<u>139,933,640</u>	<u>4,124,426</u>	<u>(130,886)</u>	<u>143,927,180</u>
Governmental activities capital assets, net	<u>\$ 153,878,072</u>	<u>\$ 7,028,122</u>	<u>\$ (6,987,578)</u>	<u>\$ 153,918,616</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, 2021	Increases	Decreases	Balance June 30, 2022
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 274,500	\$ -	\$ -	\$ 274,500
Construction in progress	10,745	-	-	10,745
Total capital assets not being depreciated	285,245	-	-	285,245
Capital assets being depreciated Buildings	5,710,288	-	-	5,710,288
Less accumulated depreciation for – Buildings	(3,728,775)	(140,446)	-	(3,869,221)
Total capital assets being depreciated, net	1,981,513	(140,446)	-	1,841,067
Business-type activities capital assets, net	\$ 2,266,758	\$ (140,446)	\$ -	\$ 2,126,312

Depreciation expense charged to each governmental function is as follows:

General government	\$ 96,584
Public safety	229,631
Public works	857,429
Parks, recreation and cultural	331,898
Water and sewer services	1,084,273
Airport	2,293,403
Social welfare services	65,584
	<u>\$ 4,958,802</u>

## F. 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, 2022 were determined in the June 30, 2020 actuarial valuations. The City’s contribution rates for the 2022 fiscal year were as follows:

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



In 2022, the City was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2020 to <u>June 30, 2021</u>	City Fiscal Year July 1, 2021 to <u>June 30, 2022</u>
Employer contributions (including DBUL)	\$1,101,645	\$1,127,512
Nonemployer contributions (on-behalf)	<u>734,961</u>	<u>684,113</u>
Total Contributions	<u>\$1,836,606</u>	<u>\$1,811,625</u>

In addition, employee contributions to the Plan totaled \$171,117 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, 2022, 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>2022</u>
City proportionate share of NPL	\$11,657,104
State's proportionate share of NPL associated with the City	<u>1,577,585</u>
Total Net Pension Liability	<u>\$13,234,689</u>

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The City'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, 2021 measurement date, the City's proportion was 0.31776 percent, which was an increase of 0.07022 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$4,193,104 and on-behalf revenue of \$2,262 for support provided by the State. At June 30, 2022, 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	\$ -	\$ (51,644)
Net difference between projected and actual earnings on pension plan investments	-	(4,596,949)
Changes in proportion and differences between City contributions and proportionate share of contributions	570,663	-
City contributions subsequent to the measurement date	<u>1,127,512</u>	<u>-</u>
Total Deferred Outflows and Deferred Inflows Related to Pensions	<u>\$1,698,175</u>	<u>\$ (4,648,593)</u>

The \$1,127,512 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	\$ (549,251)
2024	(1,052,981)
2025	(1,139,034)
2026	<u>(1,336,664)</u>
Total Amortization	<u>\$ (4,077,930)</u>

**Actuarial Assumptions**

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

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, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039.
Investment rate of / 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-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others.

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

**Long-Term Expected Rate of Return**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	28%	6.63%
Global ex-U.S. equity	19%	5.41%
Aggregate bonds	22%	0.76%

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### ***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City'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:

	<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 pension liability	0.31776%	\$17,265,794	\$11,657,104	\$6,945,084

### ***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. <https://drb.alaska.gov/docs/reports/>

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

### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2022 to cover a portion of the City's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by \$33,274.

**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, 2022, 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, 2022 were \$298,257 and \$477,210, 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. <https://drb.alaska.gov/docs/reports/>

**Employer Contribution Rates**

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

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

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

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

	<u>Measurement Period July 1, 2020 to June 30, 2021</u>	<u>City Fiscal Year July 1, 2021 to June 30, 2022</u>
Employer contributions – ARHCT	\$209,727	\$155,945
Employer contributions – RMP	71,241	63,827
Employer contributions – ODD	<u>26,773</u>	<u>27,554</u>
Total Contributions	<u>\$307,741</u>	<u>\$247,326</u>

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

At June 30, 2022, the City reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

City's proportionate share of NOA – ARHCT	\$8,186,916
City's proportionate share of NOA – RMP	103,035
City's proportionate share of NOA – ODD	<u>221,216</u>
Total City's Proportionate Share of Net OPEB Asset	<u>\$8,511,167</u>
State's proportionate share of the ARHCT NOA associated with the City	<u>1,073,049</u>
Total Net OPEB Asset	<u>\$9,584,216</u>

The total OPEB asset for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB asset as of that date. The City's proportion of the net OPEB 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, 2020 Measurement Date Employer <u>Proportion</u>	June 30, 2021 Measurement Date Employer <u>Proportion</u>	<u>Change</u>
City's proportionate share of the net OPEB liabilities (asset)			
ARHCT	0.24748%	0.31913%	0.07165%
RMP	0.38559%	0.38386%	(0.00173)%
ODD	0.53960%	0.50193%	(0.03767)%

For the year ended June 30, 2022, the City recognized OPEB expense (benefit) of \$(3,020,729). Of this amount, \$(372,308) was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<u>Plan</u>	<u>OPEB Expense (Benefit)</u>	<u>On-behalf Revenue</u>
ARHCT	\$(3,141,951)	\$(372,308)
RMP	97,746	-
ODD	<u>23,476</u>	<u>-</u>
Total	<u>\$(3,020,729)</u>	<u>\$(372,308)</u>

At June 30, 2022, 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	\$ -	\$ 7,661	\$ -	\$ 7,661
Changes in assumptions	-	32,025	-	32,025
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,142	13,763	14,905
City contributions subsequent to the measurement date	<u>155,945</u>	<u>63,827</u>	<u>27,554</u>	<u>247,326</u>
Total Deferred Outflows of Resources Related to OPEB Plans	<u>\$155,945</u>	<u>\$104,655</u>	<u>\$41,317</u>	<u>\$301,917</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	\$ (85,976)	\$ (4,899)	\$ (60,421)	\$ (151,296)
Changes in assumptions	(309,386)	(61,234)	(1,681)	(372,301)
Difference between projected and actual investment earnings	(3,831,039)	(92,179)	(35,473)	(3,958,691)
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>(70,124)</u>	<u>(1,567)</u>	<u>(15,979)</u>	<u>(87,670)</u>
Total Deferred Inflows of Resources Related to OPEB Plans	<u>\$(4,296,525)</u>	<u>\$(159,879)</u>	<u>\$(113,554)</u>	<u>\$(4,569,958)</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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>ARHCT</u>	<u>RMP</u>	<u>ODD</u>	<u>Total</u>
2023	\$(1,362,978)	\$(25,377)	\$(19,720)	\$(1,408,075)
2024	(882,275)	(25,420)	(19,697)	(927,392)
2025	(947,380)	(26,350)	(20,070)	(993,800)
2026	(1,103,892)	(29,287)	(21,253)	(1,154,432)
2027	-	(3,634)	(11,350)	(14,984)
Thereafter	-	(8,983)	(7,701)	(16,684)
Total Amortization	<u>\$(4,296,525)</u>	<u>\$(119,051)</u>	<u>\$(99,791)</u>	<u>\$(4,515,367)</u>

### ***Actuarial Assumptions***

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

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

Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
ODD Plan)	Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% 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, 2020 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, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

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

each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

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

#### ***Discount Rate***

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2021 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB 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	0.31913%	\$(5,354,120)	\$(8,186,916)	\$(10,539,342)
RMP	0.38386%	67,248	(103,035)	(231,650)
ODD	0.50193%	(211,825)	(221,216)	(228,695)

#### ***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	0.31913%	\$(10,814,723)	\$(8,186,916)	\$(5,015,838)
RMP	0.38386%	(250,060)	(103,035)	97,296
ODD	0.50193%	n/a	n/a	n/a



### ***OPEB Plan Fiduciary Net Position***

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

#### **4. Defined Contribution OPEB 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, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

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

In fiscal year 2022, the City contributed \$172,664 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

#### **G. Changes in Long-Term Obligations**

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

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due within</u> <u>one year</u>
Compensated absences	\$1,042,178	\$886,992	\$ 927,432	\$1,002,738	\$250,685
Advance refunding bonds	<u>935,000</u>	<u>-</u>	<u>85,000</u>	<u>850,000</u>	<u>90,000</u>
Total governmental activities	<u>\$1,977,178</u>	<u>\$886,992</u>	<u>\$1,012,432</u>	<u>\$1,852,738</u>	<u>\$340,685</u>

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

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due within</u> <u>one year</u>
Compensated absences	<u>\$8,523</u>	<u>\$3,521</u>	<u>\$4,312</u>	<u>\$7,732</u>	<u>\$1,933</u>

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

<u>Date of</u> <u>Issue</u>	<u>Issued</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Dates</u>	<u>Annual</u> <u>Installments</u>	<u>Outstanding</u> <u>June 30, 2022</u>
7/7/20	\$1,020	5.00	2020 - 2029	\$125 - \$131	\$850

Debt service requirements for the general obligation refunding bonds at June 30, 2022 are as follows:

<u>Governmental Activities</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 90,000	\$ 40,250
2024	95,000	35,625
2025	100,000	30,750
2026	105,000	25,625
2027	105,000	23,000
2028-2030	<u>355,000</u>	<u>27,375</u>
Total	<u>\$850,000</u>	<u>\$182,625</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 2021 Certified Main and Supplemental Tax Rolls for the City showed total taxable assessed for real and personal property of \$894,345,000, making the legal debt limit \$178,869,000 for the City.

#### **H. 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	\$ 15,998
Airport Improvements Capital Project Fund for short-term capital financing	<u>604,001</u>
	<u>\$619,999</u>

Transfers between funds were as follows:

From General Fund to:

Nonmajor governmental funds for capital costs	\$1,931,767
Nonmajor governmental funds for debt service	129,625
Nonmajor governmental funds for operational costs	<u>220,518</u>
Total from General Fund	2,281,910

From Airport Special Revenue Fund to -

Airport Improvements Capital Project Fund for capital costs	1,531,833
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From Water & Sewer Special Revenue Fund to -

Nonmajor governmental funds for capital costs	1,520,000
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From Airport Improvements Capital Project Fund to -

Airport Special Revenue Fund to return unexpended capital funds	1,684,996
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From Airport Land Sales Permanent Fund to -

Airport Special Revenue Fund for operating costs	1,025,736
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From nonmajor governmental funds to:

General Fund for operational costs	232,043
General Fund to return unexpended capital funds	113,266
Water & Sewer Special Revenue Fund to return unexpended capital funds	147,303
Nonmajor governmental funds for capital costs	<u>21,920</u>
Total from nonmajor governmental funds	<u>514,532</u>

Total transfers to other funds	<u>\$8,559,007</u>
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## I. Fund Balance Designations

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

	General	Airport Special Revenue	Water & Sewer Special Revenue	Airport Improvement Capital Project	Airport Land Sales Permanent	Nonmajor and Other Funds	Totals
Nonspendable – Permanent fund	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$3,239,172	\$3,239,172
Restricted							
Airport purposes	-	-	-	-	26,213,430	-	26,213,430
Athletics	673,494	-	-	-	-	-	673,494
Total restricted	673,494	-	-	-	26,213,430	-	26,886,924
Committed:							
General government							
Capital imp.	3,915,428	-	-	2,244,317	-	7,560,468	13,720,213
Budget stabilization	6,349,944	-	-	-	-	-	6,349,944
Encumbrances	128,853	-	-	-	-	-	128,853
Total committed	10,394,225	-	-	2,244,317	-	7,560,468	20,199,010
Assigned:							
Operational & capital contingency reserve	2,116,703	-	-	-	-	-	2,116,703
Compensated abs.	891,050	27,937	29,270	-	-	5,845	954,102
Airport operations	-	3,859,305	-	-	-	-	3,859,305
Water & sewer operations	-	-	1,316,749	-	-	-	1,316,749
Personal use fishery operations	-	-	-	-	-	257,372	257,372
Total assigned	3,007,753	3,887,242	1,346,019	-	-	263,217	8,504,231
Unassigned (deficit)	1,469,685	-	-	-	-	(3,509)	1,466,176
Total fund balances	\$15,545,157	\$3,887,242	\$1,346,019	\$2,244,317	\$26,213,430	\$11,059,348	\$60,295,513

## J. Change in Accounting Principle

In 2022, the City adopted the provisions of GASB Statement No. 87 *Leases*, which among other accounting and reporting criteria, requires the City to recognize the lease liability/asset (and related deferred inflow/outflow accounts), as of the beginning of the City's fiscal year. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The effect on beginning net position of adopting GASB 87 in the City's financial statements for the year ended June 30, 2022 is zero, since the balances for leases receivable and deferred inflow of resources related to leases are the same. As a result of the implementation of this statement, the City has recorded no opening balance adjustments.

## K. 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.

#### **L. 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.

#### **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 2022 reporting:

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

**GASB 89 – Accounting for Interest Costs Incurred before the End of a Construction Period** – 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. The City of Kenai has no projects in the construction phase where debt is a funding source.

**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. No action was required on this statement.

**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). The City did not identify any circumstances where IBOR was being used.

**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. No action was required on this statement.

**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. Implementation occurred for the year ended June 30, 2021 and the impacts on the City's financial statements as a result of early implementation of this pronouncement were 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 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 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.

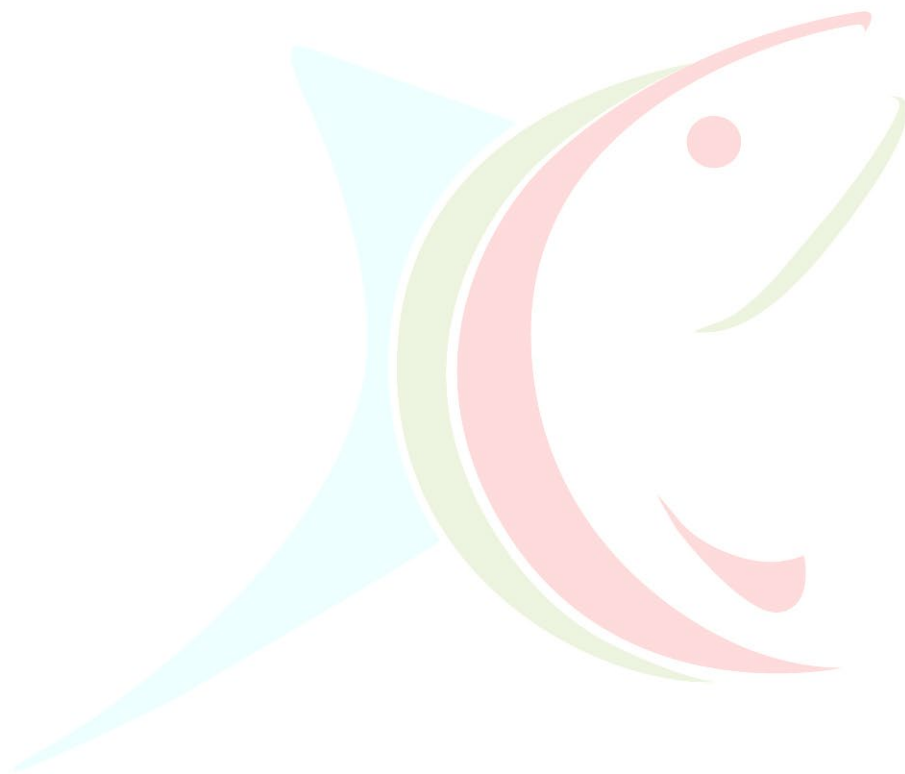
**GASB 99 – *Omnibus 2022*** – Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

**GASB 100 – *Accounting Changes and Error Corrections*** – an amendment of GASB Statement No. 62 – Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

**GASB 101 – *Compensated Absences*** – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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## REQUIRED SUPPLEMENTARY INFORMATION



# KENAI





**CITY OF KENAI, ALASKA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Taxes:				
General property	\$ 3,955,604	\$ 3,955,604	\$ 3,976,164	\$ 20,560
General sales	7,929,191	7,929,191	9,191,637	1,262,446
Penalty and interest on taxes	<u>10,000</u>	<u>10,000</u>	<u>13,497</u>	<u>3,497</u>
Total taxes	<u>11,894,795</u>	<u>11,894,795</u>	<u>13,181,298</u>	<u>1,286,503</u>
Intergovernmental revenues:				
Federal grants	13,425	136,020	2,011,434	1,875,414
Kenai Peninsula Borough	52,800	52,800	52,800	-
State of Alaska shared revenues:				
Marijuana licenses	2,500	2,500	2,000	(500)
Electric utility tax	30,000	30,000	28,793	(1,207)
Fish tax	75,000	75,000	61,709	(13,291)
Liquor licenses	20,000	20,000	20,900	900
Community Assistance	108,469	108,469	153,319	44,850
State of Alaska grants:				
Library grants	-	12,476	12,476	-
Fire grants	-	4,700	-	(4,700)
Police grants	-	-	2,546	2,546
PERS relief	<u>586,380</u>	<u>586,380</u>	<u>575,270</u>	<u>(11,110)</u>
Total intergovernmental revenues	<u>888,574</u>	<u>1,028,345</u>	<u>2,921,247</u>	<u>1,892,902</u>
Charges for services:				
Fees and charges:				
Ambulance fees	450,000	450,000	437,490	(12,510)
Multipurpose facility charges	130,000	143,000	143,877	877
Administrative and service fees	1,663,200	1,663,200	1,663,200	-
Other	<u>68,000</u>	<u>68,000</u>	<u>77,934</u>	<u>9,934</u>
Total fees and charges	<u>2,311,200</u>	<u>2,324,200</u>	<u>2,322,501</u>	<u>(1,699)</u>
Licenses and permits:				
Building permits	125,000	125,000	137,026	12,026
Animal control licenses and fees	91,500	91,500	82,575	(8,925)
Other	<u>7,000</u>	<u>7,000</u>	<u>8,363</u>	<u>1,363</u>
Total licenses and permits	<u>223,500</u>	<u>223,500</u>	<u>227,964</u>	<u>4,464</u>
Fines and forfeits:				
Court fines	45,000	45,000	57,635	12,635
Library fines	9,000	9,000	4	(8,996)
Other forfeitures	<u>33,500</u>	<u>62,389</u>	<u>9,147</u>	<u>(53,242)</u>
Total fines and forfeits	<u>87,500</u>	<u>116,389</u>	<u>66,786</u>	<u>(49,603)</u>
Total charges for services	<u>2,622,200</u>	<u>2,664,089</u>	<u>2,617,251</u>	<u>(46,838)</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>
<b>Revenues, continued:</b>				
Investment earnings (loss)	\$ 150,000	\$ 150,000	\$ (242,890)	\$ (392,890)
Miscellaneous revenues:				
Rents and leases	219,031	219,031	200,937	(18,094)
Lease interest	-	-	60,448	60,448
Oil and gas royalties	40,000	40,000	42,235	2,235
Special assessments	10,500	10,500	64,342	53,842
Other	76,100	88,742	73,947	(14,795)
Total miscellaneous revenues	<u>345,631</u>	<u>358,273</u>	<u>441,909</u>	<u>83,636</u>
<b>Total revenues</b>	<u>15,901,200</u>	<u>16,095,502</u>	<u>18,918,815</u>	<u>2,823,313</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Legislative:				
Personal services	51,793	51,793	51,764	29
Supplies	15,020	15,087	12,502	2,585
Other services and charges	135,926	135,926	114,488	21,438
Total legislative	<u>202,739</u>	<u>202,806</u>	<u>178,754</u>	<u>24,052</u>
City clerk:				
Personal services	256,822	265,272	250,594	14,678
Supplies	29,683	31,191	30,592	599
Other services and charges	43,730	47,756	39,462	8,294
Total city clerk	<u>330,235</u>	<u>344,219</u>	<u>320,648</u>	<u>23,571</u>
City attorney:				
Personal services	337,541	337,541	328,084	9,457
Supplies	1,994	2,002	1,769	233
Other services and charges	33,630	33,622	7,967	25,655
Total city attorney	<u>373,165</u>	<u>373,165</u>	<u>337,820</u>	<u>35,345</u>
City manager:				
Personal services	406,005	402,415	367,456	34,959
Supplies	3,088	4,249	3,889	360
Other services and charges	113,890	116,319	112,209	4,110
Total city manager	<u>522,983</u>	<u>522,983</u>	<u>483,554</u>	<u>39,429</u>
Human resources:				
Personal services	176,653	176,653	141,249	35,404
Supplies	6,738	6,152	5,884	268
Other services and charges	2,463	3,049	1,253	1,796
Total human resources	<u>185,854</u>	<u>185,854</u>	<u>148,386</u>	<u>37,468</u>
Finance:				
Personal services	714,083	714,083	699,440	14,643
Supplies	53,716	51,516	50,270	1,246
Other services and charges	76,600	78,800	77,705	1,095
Total finance	<u>844,399</u>	<u>844,399</u>	<u>827,415</u>	<u>16,984</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>
<b>Expenditures, continued:</b>				
<b>General government, continued:</b>				
Non-departmental:				
Personal services	\$ 597,155	\$ 597,155	\$ 562,383	\$ 34,772
Supplies	37,880	37,880	29,571	8,309
Other services and charges	637,807	633,771	468,120	165,651
Capital outlays	7,000	7,000	6,342	658
Total non-departmental	<u>1,279,842</u>	<u>1,275,806</u>	<u>1,066,416</u>	<u>209,390</u>
Planning and zoning:				
Personal services	223,762	223,762	198,322	25,440
Supplies	4,898	5,758	4,455	1,303
Other services and charges	62,980	62,120	9,139	52,981
Total planning and zoning	<u>291,640</u>	<u>291,640</u>	<u>211,916</u>	<u>79,724</u>
Safety:				
Supplies	1,100	1,100	196	904
Other services and charges	1,800	1,800	700	1,100
Total safety	<u>2,900</u>	<u>2,900</u>	<u>896</u>	<u>2,004</u>
Land administration:				
Supplies	640	640	-	640
Other services and charges	11,500	106,536	78,790	27,746
Total land administration	<u>12,140</u>	<u>107,176</u>	<u>78,790</u>	<u>28,386</u>
<b>Total general government</b>	<u>4,045,897</u>	<u>4,150,948</u>	<u>3,654,595</u>	<u>496,353</u>
<b>Public safety:</b>				
Police:				
Personal services	3,123,381	3,126,784	2,905,437	221,347
Supplies	116,634	168,497	138,398	30,099
Other services and charges	258,520	252,614	212,600	40,014
Capital outlays	-	10,071	9,976	95
Total police	<u>3,498,535</u>	<u>3,557,966</u>	<u>3,266,411</u>	<u>291,555</u>
Fire:				
Personal services	2,872,927	2,872,927	2,868,838	4,089
Supplies	88,172	98,490	87,600	10,890
Other services and charges	321,458	320,704	260,360	60,344
Capital outlays	50,000	146,709	146,444	265
Total fire	<u>3,332,557</u>	<u>3,438,830</u>	<u>3,363,242</u>	<u>75,588</u>
Communications:				
Personal services	841,681	841,681	780,751	60,930
Supplies	10,375	11,725	10,834	891
Other services and charges	50,028	48,678	45,980	2,698
Total communications	<u>902,084</u>	<u>902,084</u>	<u>837,565</u>	<u>64,519</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>
<b>Expenditures, continued:</b>				
<b>Public safety, continued:</b>				
Animal control:				
Personal services	\$ 312,130	\$ 312,130	\$ 301,509	\$ 10,621
Supplies	16,165	17,875	12,646	5,229
Other services and charges	132,513	131,394	124,995	6,399
Total animal control	<u>460,808</u>	<u>461,399</u>	<u>439,150</u>	<u>22,249</u>
<b>Total public safety</b>	<u>8,193,984</u>	<u>8,360,279</u>	<u>7,906,368</u>	<u>453,911</u>
<b>Public works:</b>				
Public works administration:				
Personal services	153,868	153,868	147,966	5,902
Supplies	4,468	5,662	4,995	667
Other services and charges	3,630	2,436	2,951	(515)
Total public works administration	<u>161,966</u>	<u>161,966</u>	<u>155,912</u>	<u>6,054</u>
Shop:				
Personal services	402,441	402,441	396,611	5,830
Supplies	148,301	165,501	164,757	744
Other services and charges	110,624	93,424	77,829	15,595
Total shop	<u>661,366</u>	<u>661,366</u>	<u>639,197</u>	<u>22,169</u>
Streets:				
Personal services	569,359	576,559	576,989	(430)
Supplies	124,600	120,850	120,828	22
Other services and charges	268,024	258,074	218,415	39,659
Capital outlays	-	6,500	6,500	-
Total streets	<u>961,983</u>	<u>961,983</u>	<u>922,732</u>	<u>39,251</u>
Dock:				
Personal services	34,542	34,542	26,478	8,064
Supplies	7,150	7,150	905	6,245
Other services and charges	23,301	23,301	11,282	12,019
Total dock	<u>64,993</u>	<u>64,993</u>	<u>38,665</u>	<u>26,328</u>
Buildings:				
Personal services	296,386	296,386	167,892	128,494
Supplies	33,365	34,865	24,746	10,119
Other services and charges	161,533	155,133	29,115	126,018
Total buildings	<u>491,284</u>	<u>486,384</u>	<u>221,753</u>	<u>264,631</u>
Street lighting -				
Other services and charges	<u>201,913</u>	<u>206,813</u>	<u>194,270</u>	<u>12,543</u>
<b>Total public works</b>	<u>2,543,505</u>	<u>2,543,505</u>	<u>2,172,529</u>	<u>370,976</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>
<b>Expenditures, continued:</b>				
<b>Parks, recreation, and cultural:</b>				
Library:				
Personal services	\$ 702,623	\$ 702,623	\$ 681,812	\$ 20,811
Supplies	44,030	58,220	52,611	5,609
Other services and charges	175,030	187,326	173,446	13,880
Capital outlays	14,500	36,800	21,514	15,286
Total library	<u>936,183</u>	<u>984,969</u>	<u>929,383</u>	<u>55,586</u>
Visitors center-				
Other services and charges	<u>146,843</u>	<u>146,843</u>	<u>136,163</u>	<u>10,680</u>
Parks, recreation & beautification:				
Personal services	689,249	689,249	610,860	78,389
Supplies	103,270	99,606	90,202	9,404
Other services and charges	352,887	365,887	354,459	11,428
Capital outlays	30,000	33,664	24,000	9,664
Total parks, recreation & beautification	<u>1,175,406</u>	<u>1,188,406</u>	<u>1,079,521</u>	<u>108,885</u>
<b>Total parks, recreation, and cultural</b>	<u>2,258,432</u>	<u>2,320,218</u>	<u>2,145,067</u>	<u>175,151</u>
<b>Total expenditures</b>	<u>17,041,818</u>	<u>17,374,950</u>	<u>15,878,559</u>	<u>1,496,391</u>
Excess of revenues over (under) expenditures	<u>(1,140,618)</u>	<u>(1,279,448)</u>	<u>3,040,256</u>	<u>4,319,704</u>
<b>Other financing sources (uses):</b>				
Transfers in	223,315	223,315	345,309	121,994
Transfers out	<u>(2,072,375)</u>	<u>(2,281,910)</u>	<u>(2,281,910)</u>	<u>-</u>
Net other financing sources (uses)	<u>(1,849,060)</u>	<u>(2,058,595)</u>	<u>(1,936,601)</u>	<u>121,994</u>
Net changes in fund balance	<u>\$ (2,989,678)</u>	<u>\$ (3,338,043)</u>	1,103,655	<u>\$ 4,441,698</u>
Fund balance - July 1			<u>14,441,502</u>	
Fund balance - June 30			<u>\$ 15,545,157</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 42,413	\$ 2,777,026	\$ 1,391,559	\$ (1,385,467)
Charge for services - landing fees	300,874	300,874	420,431	119,557
Investment earnings (loss)	35,000	35,000	(33,781)	(68,781)
Miscellaneous revenues:				
Rents and leases, including penalty and interest	1,021,330	1,021,330	1,151,104	129,774
Parking fees	200,000	200,000	224,144	24,144
Car rental commissions	120,000	120,000	140,025	20,025
Advertising commissions	12,000	12,000	27,796	15,796
Fuel flowage	15,000	15,000	10,035	(4,965)
Other	41,000	41,000	77,631	36,631
Total miscellaneous revenues	1,409,330	1,409,330	1,630,735	221,405
<b>Total revenues</b>	<u>1,787,617</u>	<u>4,522,230</u>	<u>3,408,944</u>	<u>(1,113,286)</u>
<b>Expenditures:</b>				
<b>Maintenance and operation:</b>				
Personal services	379,632	375,133	399,521	(24,388)
Supplies	238,110	240,251	209,815	30,436
Other services and charges	388,575	377,769	295,813	81,956
	1,006,317	993,153	905,149	88,004
Expenditures chargeable from other funds	945,700	945,700	945,700	-
Total maintenance and operation	<u>1,952,017</u>	<u>1,938,853</u>	<u>1,850,849</u>	<u>88,004</u>
<b>Administration:</b>				
Personal services	253,890	253,890	235,870	18,020
Supplies	1,640	1,864	2,263	(399)
Other services and charges	954,828	2,747,168	114,751	2,632,417
	1,210,358	3,002,922	352,884	2,650,038
Expenditures chargeable from other funds	60,600	60,600	60,600	-
Total administration	<u>1,270,958</u>	<u>3,063,522</u>	<u>413,484</u>	<u>2,650,038</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**

	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance With Final Budget</u></b>
<b>Expenditures, continued:</b>				
<b>Land:</b>				
Personal services	\$ 92,459	\$ 92,459	\$ 81,494	\$ 10,965
Supplies	27,000	26,500	25,913	587
Other services and charges	<u>76,653</u>	<u>75,595</u>	<u>45,854</u>	<u>29,741</u>
Total land	<u>196,112</u>	<u>194,554</u>	<u>153,261</u>	<u>41,293</u>
<b>Training facility -</b>				
Supplies	-	2,859	2,859	-
Other services and charges	<u>54,140</u>	<u>54,140</u>	<u>27,944</u>	<u>26,196</u>
Total training facility	<u>54,140</u>	<u>56,999</u>	<u>30,803</u>	<u>26,196</u>
<b>Terminal:</b>				
Personal services	211,261	211,261	142,067	69,194
Supplies	16,100	21,000	16,431	4,569
Other services and charges	<u>319,423</u>	<u>343,542</u>	<u>295,898</u>	<u>47,644</u>
	546,784	575,803	454,396	121,407
Expenditures chargeable from other funds	<u>70,900</u>	<u>70,900</u>	<u>70,900</u>	<u>-</u>
Total terminal	<u>617,684</u>	<u>646,703</u>	<u>525,296</u>	<u>121,407</u>
<b>Total expenditures</b>	<u>4,090,911</u>	<u>5,900,631</u>	<u>2,973,693</u>	<u>2,926,938</u>
Excess of revenues over (under) expenditures	<u>(2,303,294)</u>	<u>(1,378,401)</u>	<u>435,251</u>	<u>1,813,652</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,012,722	1,012,722	2,710,732	1,698,010
Transfers out	<u>(685,000)</u>	<u>(1,531,833)</u>	<u>(1,531,833)</u>	<u>-</u>
Net other financing sources (uses)	<u>327,722</u>	<u>(519,111)</u>	<u>1,178,899</u>	<u>1,698,010</u>
Net changes in fund balance	<u>\$ (1,975,572)</u>	<u>\$ (1,897,512)</u>	1,614,150	<u>\$ 3,511,662</u>
Fund balance - July 1			<u>2,273,092</u>	
Fund balance - June 30			<u>\$ 3,887,242</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Intergovernmental revenues -				
State grant	\$ 52,873	\$ 52,873	\$ 45,630	\$ (7,243)
Charges for services:				
Residential water	872,820	872,821	874,085	1,264
Commercial water	349,128	349,128	343,557	(5,571)
Residential sewer	1,245,428	1,245,429	1,235,894	(9,535)
Commercial sewer	484,901	484,901	480,088	(4,813)
Hook-up fees	3,315	3,318	7,762	4,444
Other	41,600	41,600	32,856	(8,744)
Total charges for services	<u>2,997,192</u>	<u>2,997,197</u>	<u>2,974,242</u>	<u>(22,955)</u>
Investment earnings (loss)	<u>12,480</u>	<u>12,480</u>	<u>(69,134)</u>	<u>(81,614)</u>
Miscellaneous revenues	<u>3,000</u>	<u>3,000</u>	<u>19,810</u>	<u>16,810</u>
<b>Total revenues</b>	<u>3,065,545</u>	<u>3,065,550</u>	<u>2,970,548</u>	<u>(95,002)</u>
<b>Expenditures:</b>				
<b>Water:</b>				
Personal services	326,759	326,759	274,210	52,549
Supplies	168,690	169,690	152,567	17,123
Other services and charges	<u>325,411</u>	<u>324,411</u>	<u>253,824</u>	<u>70,587</u>
	820,860	820,860	680,601	140,259
Expenditures chargeable from other funds	<u>102,500</u>	<u>102,500</u>	<u>102,500</u>	<u>-</u>
<b>Total water</b>	<u>923,360</u>	<u>923,360</u>	<u>783,101</u>	<u>140,259</u>
<b>Sewer:</b>				
Personal services	326,759	326,759	275,977	50,782
Supplies	41,720	42,720	12,935	29,785
Other services and charges	92,182	91,182	47,056	44,126
Capital outlays	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>
	484,661	484,661	335,968	148,693
Expenditures chargeable from other funds	<u>53,400</u>	<u>53,400</u>	<u>53,400</u>	<u>-</u>
<b>Total sewer</b>	<u>538,061</u>	<u>538,061</u>	<u>389,368</u>	<u>148,693</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>
<b>Expenditures - continued:</b>				
<b>Sewer treatment plant:</b>				
Personal services	\$ 473,359	\$ 473,359	\$ 434,533	\$ 38,826
Supplies	121,440	131,332	89,425	41,907
Other services and charges	<u>487,743</u>	<u>536,243</u>	<u>374,063</u>	<u>162,180</u>
	1,082,542	1,140,934	898,021	242,913
Expenditures chargeable from other funds	<u>133,000</u>	<u>133,000</u>	<u>133,000</u>	<u>-</u>
Total sewer treatment plant	<u>1,215,542</u>	<u>1,273,934</u>	<u>1,031,021</u>	<u>242,913</u>
 <b>Total expenditures</b>	 <u>2,676,963</u>	 <u>2,735,355</u>	 <u>2,203,490</u>	 <u>531,865</u>
Excess of revenues over expenditures	388,582	330,195	767,058	436,863
<b>Other financing sources (uses):</b>				
Transfers in	-	-	147,303	147,303
Transfers out	<u>-</u>	<u>(1,520,000)</u>	<u>(1,520,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(1,520,000)</u>	<u>(1,372,697)</u>	<u>147,303</u>
 Net changes in fund balance	 <u>\$ 388,582</u>	 <u>\$ (1,189,805)</u>	 (605,639)	 <u>\$ 584,166</u>
 Fund balance - July 1			 <u>1,951,658</u>	
 Fund balance - June 30			 <u>\$ 1,346,019</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>2022</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	0.31776%	0.24754%	0.22960%	0.25988%	0.25468%	0.30898%	0.26181%	0.18506%
City's proportionate share of the net pension liability	\$ 11,657,104	\$ 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	<u>1,577,585</u>	<u>6,046,118</u>	<u>4,992,668</u>	<u>3,738,518</u>	<u>4,904,181</u>	<u>2,174,127</u>	<u>3,401,936</u>	<u>7,550,147</u>
Total net pension liability	<u>\$ 13,234,689</u>	<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	\$ 8,462,834	\$ 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	137.74%	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	76.46%	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>2022</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	\$ 1,127,512	\$ 1,101,645	\$ 948,738	\$ 1,020,687	\$ 1,048,639	\$ 891,552	\$ 811,111	\$ 780,934
Contributions relative to the contractually required contributions	<u>1,127,512</u>	<u>1,101,645</u>	<u>948,738</u>	<u>1,020,687</u>	<u>1,048,639</u>	<u>891,552</u>	<u>811,111</u>	<u>780,934</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,407,454	\$ 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	13.41%	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.

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**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>2022</u>
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	
City's proportion of the net OPEB liability (asset)	0.31913%	0.24748%	0.22969%	0.25984%	0.25476%	0.38386%
City's proportionate share of the net OPEB liability (asset)	\$ (8,186,916)	\$ (1,120,744)	\$ 340,818	\$ 2,666,667	\$ 2,117,245	\$ (103,035)
State of Alaska proportionate share of the net OPEB liability (asset)	<u>(1,073,049)</u>	<u>(465,221)</u>	<u>135,484</u>	<u>773,478</u>	<u>801,210</u>	<u>-</u>
Total net OPEB liability (asset)	<u>\$ (9,259,965)</u>	<u>\$ (1,585,965)</u>	<u>\$ 476,302</u>	<u>\$ 3,440,145</u>	<u>\$ 2,918,455</u>	<u>\$ (103,035)</u>
City's covered payroll	\$ 2,831,344	\$ 3,137,494	\$ 3,311,701	\$ 3,629,421	\$ 3,646,870	\$ 5,631,491
City's proportionate share of the net OPEB liability (asset) as a percentage of payroll	-289.15%	-35.72%	10.29%	73.47%	58.06%	-1.83%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	135.54%	106.15%	98.13%	88.12%	89.91%	115.10%

**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>2022</u>
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	
Contractually required contributions	\$ 155,945	\$ 209,727	\$ 378,968	\$ 369,797	\$ 298,905	\$ 63,827
Contributions relative to the Contractually required contributions	<u>155,945</u>	<u>209,727</u>	<u>378,968</u>	<u>369,797</u>	<u>298,905</u>	<u>63,827</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,420,380	\$ 2,831,344	\$ 3,137,494	\$ 3,311,701	\$ 3,629,421	\$ 5,987,074
Contributions as a percentage of covered payroll	6.443%	7.407%	12.079%	11.166%	8.236%	1.066%

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
0.38559%	0.39578%	0.38325%	0.38843%	0.50193%	0.53960%	0.57178%	0.38325%	0.38843%
\$ 27,350	\$ 94,686	\$ 48,769	\$ 20,257	\$ (221,216)	\$ (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>\$ (221,216)</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	\$ 5,631,491	\$ 5,246,705	\$ 4,776,280	\$ 4,362,745	\$ 4,016,618
0.52%	1.98%	1.12%	0.50%	-3.93%	-2.80%	-2.90%	-1.71%	-1.37%
95.23%	83.17%	88.71%	93.98%	374.22%	283.80%	297.43%	270.62%	212.97%

RMP				ODD				
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 71,241	\$ 68,781	\$ 46,446	\$ 44,678	\$ 27,554	\$ 26,773	\$ 23,663	\$ 23,345	\$ 3,508
<u>71,241</u>	<u>68,781</u>	<u>46,446</u>	<u>44,678</u>	<u>27,554</u>	<u>26,773</u>	<u>23,663</u>	<u>23,345</u>	<u>3,508</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,631,491	\$ 5,246,705	\$ 4,776,280	\$ 4,362,745	\$ 5,987,074	\$ 5,631,491	\$ 4,016,618	\$ 4,776,280	\$ 4,362,745
1.265%	1.311%	0.972%	1.024%	0.460%	0.475%	0.589%	0.489%	0.080%

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## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



KENAI





**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-8. 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, 2022, the Plan measurement date is June 30, 2021.

***Changes in Assumptions:***

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

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

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

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

***Schedule of the City 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, 2022, the Plan measurement date is June 30, 2021.

***Changes in Assumptions:***

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

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the City will present only those years for which information is available.

***Schedule of the City 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.

**CARES Act Recovery Fund** – This fund accounts for the City's response to the COVID-19 Public Health Emergency. The primary source of revenue were grants the City received through the CARES Act.

**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.

**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.

## 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 31<sup>st</sup> of each year.



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**CITY OF KENAI, ALASKA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

ASSETS	Special Revenue			Capital Project	
	CARES Act Recovery	Personal Use Fishery	Senior Citizen	Parks and Recreation	Streets
Equity in central treasury (cash and investments)	\$ -	\$ 266,862	\$ 70,536	\$ 1,969,798	\$ 1,234,718
Intergovernmental receivables	-	-	14,421	5,899	-
Other accounts receivable, net	<u>15,998</u>	<u>-</u>	<u>4,166</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 15,998</u>	<u>\$ 266,862</u>	<u>\$ 89,123</u>	<u>\$ 1,975,697</u>	<u>\$ 1,234,718</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 3,645	\$ 67,038	\$ 42,625	\$ 19,130
Accrued payroll and payroll liabilities	-	-	21,594	-	-
Other liabilities	-	-	4,000	-	-
Due to General Fund	<u>15,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>15,998</u>	<u>3,645</u>	<u>92,632</u>	<u>42,625</u>	<u>19,130</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Committed	-	-	-	1,933,072	1,215,588
Assigned	-	263,217	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(3,509)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>-</u>	<u>263,217</u>	<u>(3,509)</u>	<u>1,933,072</u>	<u>1,215,588</u>
Total liabilities and fund balances	<u>\$ 15,998</u>	<u>\$ 266,862</u>	<u>\$ 89,123</u>	<u>\$ 1,975,697</u>	<u>\$ 1,234,718</u>

<u>Capital Project</u>		<u>Debt Service</u>	<u>Permanent</u>	
<u>Water and Sewer</u>	<u>Miscellaneous</u>	<u>Debt Service</u>	<u>General Government Land Sales</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 3,808,159	\$ 485,459	\$ -	\$ 3,233,040	\$ 11,068,572
-	252,377	-	-	272,697
-	-	-	6,584	26,748
<u>\$ 3,808,159</u>	<u>\$ 737,836</u>	<u>\$ -</u>	<u>\$ 3,239,624</u>	<u>\$ 11,368,017</u>
\$ 63,103	\$ 71,084	\$ -	\$ 452	\$ 267,077
-	-	-	-	21,594
-	-	-	-	4,000
-	-	-	-	15,998
<u>63,103</u>	<u>71,084</u>	<u>-</u>	<u>452</u>	<u>308,669</u>
-	-	-	3,239,172	3,239,172
3,745,056	666,752	-	-	7,560,468
-	-	-	-	263,217
-	-	-	-	(3,509)
<u>3,745,056</u>	<u>666,752</u>	<u>-</u>	<u>3,239,172</u>	<u>11,059,348</u>
<u>\$ 3,808,159</u>	<u>\$ 737,836</u>	<u>\$ -</u>	<u>\$ 3,239,624</u>	<u>\$ 11,368,017</u>

**CITY OF KENAI, ALASKA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue</u>			<u>Capital Project</u>	
	<u>CARES Act Recovery</u>	<u>Personal Use Fishery</u>	<u>Senior Citizen</u>	<u>Parks and Recreation</u>	<u>Streets</u>
<b>Revenues:</b>					
Intergovernmental revenues	\$ 83,382	\$ 2,394	\$ 575,005	\$ 5,899	\$ -
Charges for services	-	446,582	-	-	-
Investment earnings (loss)	4	(4,412)	-	-	-
Miscellaneous revenues	<u>87,543</u>	<u>-</u>	<u>237,221</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>170,929</u>	<u>444,564</u>	<u>812,226</u>	<u>5,899</u>	<u>-</u>
<b>Expenditures:</b>					
General government	20,477	-	-	-	-
Public safety	150,979	104,368	-	-	-
Water and sewer services	-	-	-	-	-
Social welfare services	-	-	1,036,253	-	-
Parks, recreation and cultural	-	173,351	-	293,774	-
Public works	-	83,565	-	-	480,488
Debt service:					
Principal	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>171,456</u>	<u>361,284</u>	<u>1,036,253</u>	<u>293,774</u>	<u>480,488</u>
Excess of revenues over (under) expenditures	(527)	83,280	(224,027)	(287,875)	(480,488)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	220,518	1,405,783	180,060
Transfers out	<u>-</u>	<u>(96,920)</u>	<u>-</u>	<u>(78,266)</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(96,920)</u>	<u>220,518</u>	<u>1,327,517</u>	<u>180,060</u>
Net changes in fund balances	(527)	(13,640)	(3,509)	1,039,642	(300,428)
Fund balances - July 1	<u>527</u>	<u>276,857</u>	<u>-</u>	<u>893,430</u>	<u>1,516,016</u>
Fund balances (deficit) - June 30	<u>\$ -</u>	<u>\$ 263,217</u>	<u>\$ (3,509)</u>	<u>\$ 1,933,072</u>	<u>\$ 1,215,588</u>



<u>Capital Project</u>		<u>Debt Service</u>	<u>Permanent</u>	
<u>Water and Sewer</u>	<u>Miscellaneous</u>	<u>Debt Service</u>	<u>General Government Land Sales</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 699,966	\$ -	\$ -	\$ 1,366,646
-	-	-	-	446,582
-	-	-	(443,015)	(447,423)
<u>175,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,076</u>
<u>175,312</u>	<u>699,966</u>	<u>-</u>	<u>(443,015)</u>	<u>1,865,881</u>
-	-	-	-	20,477
-	124,356	-	-	379,703
679,011	-	-	-	679,011
-	-	-	-	1,036,253
-	-	-	-	467,125
-	668,819	-	-	1,232,872
-	-	85,000	-	85,000
<u>-</u>	<u>-</u>	<u>44,625</u>	<u>-</u>	<u>44,625</u>
<u>679,011</u>	<u>793,175</u>	<u>129,625</u>	<u>-</u>	<u>3,945,066</u>
(503,699)	(93,209)	(129,625)	(443,015)	(2,079,185)
1,520,000	367,844	129,625	-	3,823,830
<u>(147,303)</u>	<u>(35,000)</u>	<u>-</u>	<u>(157,043)</u>	<u>(514,532)</u>
<u>1,372,697</u>	<u>332,844</u>	<u>129,625</u>	<u>(157,043)</u>	<u>3,309,298</u>
868,998	239,635	-	(600,058)	1,230,113
<u>2,876,058</u>	<u>427,117</u>	<u>-</u>	<u>3,839,230</u>	<u>9,829,235</u>
<u>\$ 3,745,056</u>	<u>\$ 666,752</u>	<u>\$ -</u>	<u>\$ 3,239,172</u>	<u>\$ 11,059,348</u>

**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, 2022**

	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance With Final Budget</u></b>
<b>Revenues:</b>			
Intergovernmental revenues -			
Federal grants	\$ 334,464	\$ 83,382	\$ (251,082)
Other	-	87,543	87,543
Investment earnings	-	4	4
<b>Total revenues</b>	<u>334,464</u>	<u>170,929</u>	<u>(163,535)</u>
<b>Expenditures:</b>			
<b>Public safety:</b>			
Personal services	-	122,276	(122,276)
Other services and charges	<u>314,514</u>	<u>28,703</u>	<u>285,811</u>
<b>Total public safety</b>	<u>314,514</u>	<u>150,979</u>	<u>163,535</u>
<b>General government:</b>			
Supplies	9,694	14,134	(4,440)
Other services and charges	<u>20,477</u>	<u>6,343</u>	<u>14,134</u>
<b>Total general government</b>	<u>30,171</u>	<u>20,477</u>	<u>9,694</u>
<b>Total expenditures</b>	<u>344,685</u>	<u>171,456</u>	<u>173,229</u>
Net changes in fund balance	<u>\$ (10,221)</u>	(527)	<u>\$ 9,694</u>
Fund balance - July 1		<u>527</u>	
Fund balance - June 30		<u>\$ -</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, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>			
Intergovernmental revenues - State grant	\$ 4,696	\$ 2,394	\$ (2,302)
Charges for services - Parking, camping, and boat launch	477,705	446,582	(31,123)
Investment earnings (loss)	<u>750</u>	<u>(4,412)</u>	<u>(5,162)</u>
<b>Total revenues</b>	<u>483,151</u>	<u>444,564</u>	<u>(38,587)</u>
<b>Expenditures:</b>			
<b>Public safety:</b>			
Personal services	35,000	34,573	427
Supplies	8,747	8,747	-
Other services and charges	<u>10,826</u>	<u>9,448</u>	<u>1,378</u>
	54,573	52,768	1,805
Expenditures chargeable from other funds	<u>51,600</u>	<u>51,600</u>	<u>-</u>
Total public safety	<u>106,173</u>	<u>104,368</u>	<u>1,805</u>
<b>Public works:</b>			
<b>Streets:</b>			
Personal services	28,382	19,734	8,648
Supplies	2,800	2,732	68
Other services and charges	<u>18,550</u>	<u>10,536</u>	<u>8,014</u>
	49,732	33,002	16,730
Expenditures chargeable from other funds	<u>3,600</u>	<u>3,600</u>	<u>-</u>
Total streets	<u>53,332</u>	<u>36,602</u>	<u>16,730</u>
<b>Dock:</b>			
Personal services	37,353	30,514	6,839
Supplies	1,900	1,849	51
Other services and charges	<u>6,777</u>	<u>8,300</u>	<u>(1,523)</u>
	46,030	40,663	5,367
Expenditures chargeable from other funds	<u>6,300</u>	<u>6,300</u>	<u>-</u>
Total dock	<u>52,330</u>	<u>46,963</u>	<u>5,367</u>
<b>Total public works</b>	<u>105,662</u>	<u>83,565</u>	<u>22,097</u>

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

<b>Expenditures, continued:</b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance With Final Budget</u></b>
<b>Parks, recreation and cultural:</b>			
Personal services	\$ 93,610	\$ 73,221	\$ 20,389
Supplies	19,639	9,497	10,142
Other services and charges	<u>87,189</u>	<u>65,933</u>	<u>21,256</u>
	<u>200,438</u>	<u>148,651</u>	<u>51,787</u>
Expenditures chargeable from other funds	<u>24,700</u>	<u>24,700</u>	<u>-</u>
Total parks, recreation and cultural	<u>225,138</u>	<u>173,351</u>	<u>51,787</u>
<b>Total expenditures</b>	<u>436,973</u>	<u>361,284</u>	<u>75,689</u>
Excess of revenues over expenditures	46,178	83,280	37,102
<b>Other financing uses -</b>			
Transfers out	<u>(75,000)</u>	<u>(96,920)</u>	<u>(21,920)</u>
Net changes in fund balance	<u>\$ (28,822)</u>	<u>(13,640)</u>	<u>\$ 15,182</u>
Fund balance - July 1		<u>276,857</u>	
Fund balance - June 30		<u>\$ 263,217</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, 2022**

	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance With Final Budget</u></b>
<b>Revenues:</b>			
Intergovernmental revenues:			
State grants	\$ 284,164	\$ 283,815	\$ (349)
Federal grants	20,000	121,969	101,969
Kenai Peninsula Borough grant	169,221	169,221	-
Total intergovernmental revenues	<u>473,385</u>	<u>575,005</u>	<u>101,620</u>
Miscellaneous revenues:			
Choice Waiver reimbursement	125,000	65,023	(59,977)
Rents and leases	13,000	5,531	(7,469)
Donations	167,000	141,664	(25,336)
Other	25,300	25,003	(297)
Total miscellaneous revenues	<u>330,300</u>	<u>237,221</u>	<u>(93,079)</u>
<b>Total revenues</b>	<u>803,685</u>	<u>812,226</u>	<u>8,541</u>
<b>Expenditures - social welfare services:</b>			
<b>Social services:</b>			
Personal services	158,185	152,701	5,484
Supplies	2,568	2,973	(405)
Other services and charges	29,301	22,301	7,000
	<u>190,054</u>	<u>177,975</u>	<u>12,079</u>
Expenditures chargeable from other funds	<u>48,778</u>	<u>48,778</u>	<u>-</u>
Total social services	<u>238,832</u>	<u>226,753</u>	<u>12,079</u>
<b>Congregate meals:</b>			
Personal services	129,238	123,974	5,264
Supplies	124,871	68,480	56,391
Other services and charges	17,640	13,680	3,960
Capital outlays	43,285	39,743	3,542
	<u>315,034</u>	<u>245,877</u>	<u>69,157</u>
Expenditures chargeable from other funds	<u>40,789</u>	<u>40,789</u>	<u>-</u>
Total congregate meals	<u>355,823</u>	<u>286,666</u>	<u>69,157</u>
<b>Home delivered meals:</b>			
Personal services	117,657	113,923	3,734
Supplies	110,276	110,067	209
Other services and charges	21,160	18,010	3,150
	<u>249,093</u>	<u>242,000</u>	<u>7,093</u>

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

	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance With Final Budget</u></b>
<b>Expenditures - social welfare services - continued:</b>			
Home delivered meals - continued:			
Expenditures chargeable from			
other funds	\$ 35,743	\$ 35,743	\$ -
Total home delivered meals	<u>284,836</u>	<u>277,743</u>	<u>7,093</u>
<b>Transportation:</b>			
Personal services	61,884	53,261	8,623
Supplies	6,318	6,615	(297)
Other services and charges	<u>20,523</u>	<u>17,008</u>	<u>3,515</u>
	88,725	76,884	11,841
Expenditures chargeable from			
other funds	<u>18,080</u>	<u>18,080</u>	<u>-</u>
Total transportation	<u>106,805</u>	<u>94,964</u>	<u>11,841</u>
<b>Choice Waiver:</b>			
Personal services	77,289	74,541	2,748
Supplies	37,935	33,382	4,553
Other services and charges	<u>22,083</u>	<u>17,394</u>	<u>4,689</u>
	137,307	125,317	11,990
Expenditures chargeable from			
other funds	<u>24,810</u>	<u>24,810</u>	<u>-</u>
Total Choice Waiver	<u>162,117</u>	<u>150,127</u>	<u>11,990</u>
<b>Total expenditures</b>	<u>1,148,413</u>	<u>1,036,253</u>	<u>112,160</u>
Excess of revenues over (under)			
expenditures	(344,728)	(224,027)	120,701
<b>Other financing sources -</b>			
Transfers in	<u>220,518</u>	<u>220,518</u>	<u>-</u>
Net changes in fund balance	<u>\$ (124,210)</u>	(3,509)	<u>\$ 120,701</u>
Fund balance - July 1		<u>-</u>	
Fund deficit - June 30		<u>\$ (3,509)</u>	

**CITY OF KENAI, ALASKA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures - debt service:</b>			
Principal	\$ 85,000	\$ 85,000	\$ -
Interest	<u>44,625</u>	<u>44,625</u>	<u>-</u>
<b>Total expenditures</b>	<u>129,625</u>	<u>129,625</u>	<u>-</u>
 Excess of revenues over (under) expenditures	 (129,625)	 (129,625)	 -
 <b>Other financing sources -</b>			
Transfers in	<u>129,625</u>	<u>129,625</u>	<u>-</u>
 Net changes in fund balance	 <u>\$ -</u>	 -	 <u>\$ -</u>
 Fund balance - July 1		 <u>-</u>	
 Fund balance - June 30		 <u>\$ -</u>	

CITY OF KENAI, ALASKA  
GENERAL GOVERNMENT LAND SALES PERMANENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues -</b>			
Investment earnings (loss)	\$ 218,608	\$ (443,015)	\$ (661,623)
<b>Other financing uses -</b>			
Transfers out	(157,043)	(157,043)	-
Net changes in fund balance	<u>\$ 61,565</u>	(600,058)	<u>\$ (661,623)</u>
Fund balance - July 1		<u>3,839,230</u>	
Fund balance - June 30		<u>\$ 3,239,172</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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>			
Investment earnings (loss)	\$ 1,740,938	\$ (3,520,090)	\$ (5,261,028)
Land sales	<u>-</u>	<u>324,501</u>	<u>324,501</u>
Total revenues	<u>1,740,938</u>	<u>(3,195,589)</u>	<u>(4,936,527)</u>
<b>Other financing uses -</b>			
Transfers out	<u>(1,025,736)</u>	<u>(1,025,736)</u>	<u>-</u>
Net changes in fund balance	<u>\$ 715,202</u>	<u>(4,221,325)</u>	<u>\$ (4,936,527)</u>
Fund balance - July 1		<u>30,434,755</u>	
Fund balance - June 30		<u><u>\$ 26,213,430</u></u>	

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# INTERNAL SERVICE FUNDS

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

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

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

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

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

A large, stylized logo for the City of Kenai. It features a large, light blue 'K' on the left, a large, light green 'E' in the center, and a large, light pink 'N' on the right. The letters are thick and blocky, with a slight shadow effect.

KENAI



**CITY OF KENAI, ALASKA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>Governmental Activities - Internal Service Funds</u>			<b>Total</b>
	<b><u>Equipment</u></b>	<b><u>Fleet</u></b>	<b><u>Employee Health</u></b>	<b><u>Internal Service</u></b>
<b>ASSETS</b>	<b><u>Replacement</u></b>	<b><u>Replacement</u></b>	<b><u>Care</u></b>	<b><u>Funds</u></b>
<b>Current assets:</b>				
Equity in central treasury (cash and investments)	\$ 1,385,756	\$ 527,652	\$ 1,385,547	\$ 3,298,955
Deposits with others	<u>-</u>	<u>-</u>	<u>6,371</u>	<u>6,371</u>
Total current assets	<u>1,385,756</u>	<u>527,652</u>	<u>1,391,918</u>	<u>3,305,326</u>
<b>Noncurrent assets:</b>				
Property and equipment in service, at cost -				
Equipment	3,989,507	1,548,314	-	5,537,821
Less accumulated depreciation	(1,712,010)	(1,209,675)	-	(2,921,685)
Construction in progress	<u>5,661</u>	<u>-</u>	<u>-</u>	<u>5,661</u>
Total noncurrent assets	<u>2,283,158</u>	<u>338,639</u>	<u>-</u>	<u>2,621,797</u>
<b>Total assets</b>	<b><u>\$ 3,668,914</u></b>	<b><u>\$ 866,291</u></b>	<b><u>\$ 1,391,918</u></b>	<b><u>\$ 5,927,123</u></b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ 490</u>
<b>NET POSITION</b>				
Investment in capital assets	2,283,158	338,639	-	2,621,797
Unrestricted	<u>1,385,756</u>	<u>527,652</u>	<u>1,391,428</u>	<u>3,304,836</u>
Total net position	<u>3,668,914</u>	<u>866,291</u>	<u>1,391,428</u>	<u>5,926,633</u>
<b>Total liabilities and net position</b>	<b><u>\$ 3,668,914</u></b>	<b><u>\$ 866,291</u></b>	<b><u>\$ 1,391,918</u></b>	<b><u>\$ 5,927,123</u></b>

**CITY OF KENAI, ALASKA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2022**

	Governmental Activities - Internal Service Funds			Total
	<u>Equipment Replacement</u>	<u>Fleet Replacement</u>	<u>Employee Health Care</u>	<u>Internal Service Funds</u>
<b>Operating revenues -</b>				
Other revenue	\$ 347,374	\$ 150,919	\$ 3,196,795	\$ 3,695,088
<b>Operating expenses:</b>				
Depreciation	190,321	61,519	-	251,840
Insurance/benefits	-	-	2,819,255	2,819,255
Administration	-	-	54,147	54,147
Total operating expenses	<u>190,321</u>	<u>61,519</u>	<u>2,873,402</u>	<u>3,125,242</u>
Operating income	157,053	89,400	323,393	569,846
<b>Nonoperating revenues (expenses):</b>				
Gain on sale of capital assets	20,571	9,465	-	30,036
Investment earnings (loss)	<u>(20,778)</u>	<u>(6,056)</u>	<u>(16,402)</u>	<u>(43,236)</u>
Total nonoperating revenues (expenses)	<u>(207)</u>	<u>3,409</u>	<u>(16,402)</u>	<u>(13,200)</u>
Changes in net position	156,846	92,809	306,991	556,646
Net position - July 1	<u>3,512,068</u>	<u>773,482</u>	<u>1,084,437</u>	<u>5,369,987</u>
Net position - June 30	<u>\$ 3,668,914</u>	<u>\$ 866,291</u>	<u>\$ 1,391,428</u>	<u>\$ 5,926,633</u>

**CITY OF KENAI, ALASKA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

	<u>Governmental Activities - Internal Service Funds</u>			<b>Total</b>
	<b><u>Equipment</u></b>	<b><u>Fleet</u></b>	<b><u>Employee Health</u></b>	<b><u>Internal Service</u></b>
	<b><u>Replacement</u></b>	<b><u>Replacement</u></b>	<b><u>Care</u></b>	<b><u>Funds</u></b>
<b>Cash flows from operating activities:</b>				
Receipts for interfund services	\$ 347,374	\$ 150,919	\$ 2,823,679	\$ 3,321,972
Receipts for services from others	-	-	373,117	373,117
Payments to suppliers	-	-	(2,873,436)	(2,873,436)
Net cash provided by operating activities	<u>347,374</u>	<u>150,919</u>	<u>323,360</u>	<u>821,653</u>
<b>Cash flows for capital and related financing activities:</b>				
Proceeds from sale of capital assets	41,000	9,465	-	50,465
Acquisition of capital assets	<u>(325,609)</u>	<u>(69,737)</u>	-	<u>(395,346)</u>
Net cash used by capital and related financing activities	<u>(284,609)</u>	<u>(60,272)</u>	-	<u>(344,881)</u>
<b>Cash flows for investing activities -</b>				
Investment losses	<u>(20,778)</u>	<u>(6,056)</u>	<u>(16,402)</u>	<u>(43,236)</u>
Net increase in cash and cash equivalents	41,987	84,591	306,958	433,536
Cash and cash equivalents - July 1	<u>1,343,769</u>	<u>443,061</u>	<u>1,078,589</u>	<u>2,865,419</u>
Cash and cash equivalents - June 30	<u>\$ 1,385,756</u>	<u>\$ 527,652</u>	<u>\$ 1,385,547</u>	<u>\$ 3,298,955</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 157,053	\$ 89,400	\$ 323,393	\$ 569,846
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	190,321	61,519	-	251,840
Accounts payable	-	-	(33)	(33)
Net cash provided by operating activities	<u>\$ 347,374</u>	<u>\$ 150,919</u>	<u>\$ 323,360</u>	<u>\$ 821,653</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.



# KENAI



**CITY OF KENAI, ALASKA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	<b><u>Kenai Senior Connection</u></b>	<b><u>Kenai Community Foundation</u></b>	<b><u>Total Custodial Funds</u></b>
<b>ASSETS</b>			
Equity in central treasury (cash and investments)	\$ 1,057,672	\$ 245,303	\$ 1,302,975
Interest receivable	<u>2,172</u>	<u>350</u>	<u>2,522</u>
Total assets	<u><u>\$ 1,059,844</u></u>	<u><u>\$ 245,653</u></u>	<u><u>\$ 1,305,497</u></u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 143</u>	<u>\$ 23</u>	<u>\$ 166</u>
<b>NET POSITION</b>			
Restricted for organizations	<u>1,059,701</u>	<u>245,630</u>	<u>1,305,331</u>
Total liabilities and net position	<u><u>\$ 1,059,844</u></u>	<u><u>\$ 245,653</u></u>	<u><u>\$ 1,305,497</u></u>

**CITY OF KENAI, ALASKA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR END JUNE 30, 2022**

	<b><u>Kenai Senior Connection</u></b>	<b><u>Kenai Community Foundation</u></b>	<b><u>Total Custodial Funds</u></b>
<b>Additions:</b>			
Private donations	\$ -	\$ 34,334	\$ 34,334
Investment income (loss)	(140,756)	(23,525)	(164,281)
Less investment management fees	<u>1,875</u>	<u>312</u>	<u>2,187</u>
Net investment loss	<u>(142,631)</u>	<u>(23,837)</u>	<u>(166,468)</u>
Total additions	<u>(142,631)</u>	<u>10,497</u>	<u>(132,134)</u>
<b>Deductions:</b>			
Payments to others	<u>-</u>	<u>6,334</u>	<u>6,334</u>
Total deductions	<u>-</u>	<u>6,334</u>	<u>6,334</u>
Net increase (decrease) in net position	(142,631)	4,163	(138,468)
Net position - July 1	<u>1,202,332</u>	<u>241,467</u>	<u>1,443,799</u>
Net position - June 30	<u>\$ 1,059,701</u>	<u>\$ 245,630</u>	<u>\$ 1,305,331</u>

# STATISTICAL SECTION

## CITY OF KENAI, ALASKA

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.

### Financial Trends

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

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

### Revenue Capacity

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

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

### Debt Capacity

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

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

### Demographic and Economic Information

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

Table XII	Demographic and Economic Statistics
Table XIII	Principal Employers

### Operating Information

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

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

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



## CITY OF KENAI, ALASKA

TABLE I

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 135,780	\$ 138,334	\$ 137,296	\$ 141,096	\$ 143,098	\$ 140,725	\$ 144,824	\$ 153,447	\$ 152,943	\$ 153,069
Nonspendable	2,690	2,912	2,888	2,943	3,050	3,130	3,296	2,941	3,091	3,239
Restricted	22,581	24,703	24,258	23,627	24,908	25,275	25,879	26,443	31,075	26,887
Unrestricted	18,333	16,834	8,810	8,188	6,718	4,792	5,847	12,907	18,345	22,507
Total governmental activities net position	\$ 179,384	\$ 182,783	\$ 173,252	\$ 175,854	\$ 177,774	\$ 173,922	\$ 179,846	\$ 195,738	\$ 205,454	\$ 205,702
Business-type activities:										
Net investment in capital assets	\$ 2,983	\$ 3,071	\$ 3,051	\$ 2,958	\$ 2,818	\$ 2,677	\$ 2,544	\$ 2,404	\$ 2,267	\$ 2,126
Unrestricted	525	469	419	474	507	570	680	761	843	924
Total business-type activities net position	\$ 3,508	\$ 3,540	\$ 3,470	\$ 3,432	\$ 3,325	\$ 3,247	\$ 3,224	\$ 3,165	\$ 3,110	\$ 3,050
Primary government:										
Net investment in capital assets	\$ 138,763	\$ 141,405	\$ 140,347	\$ 144,054	\$ 145,916	\$ 143,402	\$ 147,368	\$ 155,851	\$ 155,210	\$ 155,195
Nonspendable	2,690	2,912	26,599	2,943	27,330	27,723	28,433	2,941	3,091	3,239
Restricted	22,581	24,703	547	23,627	628	682	742	26,443	31,075	26,887
Unrestricted	18,858	17,303	9,229	8,662	7,225	5,362	6,527	13,668	19,188	23,431
Total primary government net position	\$ 182,892	\$ 186,323	\$ 176,722	\$ 179,286	\$ 181,099	\$ 177,169	\$ 183,070	\$ 198,903	\$ 208,564	\$ 208,752

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

**TABLE II**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 1,588,224
Public safety	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	8,147,767
Public works	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	2,959,349
Parks, recreation, and cultural	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	2,558,915
Water and sewer services	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	2,863,872
Airport	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	4,173,644
Interest on long-term debt	100,286	97,997	95,599	92,947	89,548	86,098	83,131	76,405	18,697	44,271
Social welfare services	735,695	764,903	683,025	876,393	887,260	791,140	711,220	2,611,090	3,836,108	811,625
Total governmental activities expenses	<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>	<u>23,147,667</u>
Business-type activities -										
Senior housing	417,368	436,635	454,429	425,986	497,633	475,300	455,468	491,298	491,858	498,507
Total primary government expenses	<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>	<u>\$ 23,646,174</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 746,088	\$ 423,213	\$ 421,241	\$ 346,625	\$ 991,000	\$ 479,150	\$ 571,269	\$ 1,147,003	\$ 274,409	\$ 938,557
Public safety	508,238	490,679	360,893	575,406	515,321	524,608	542,252	552,865	537,383	691,190
Public works	95,948	109,243	75,585	57,451	44,816	91,340	70,413	185,419	195,671	163,211
Parks, recreation, and cultural	373,406	584,368	670,565	680,232	698,805	657,627	492,815	531,178	676,279	634,563
Water and sewer services	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	3,154,664
Airport	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	2,015,076
Social welfare services	114,492	81,482	93,728	96,913	98,539	188,787	184,657	153,348	113,735	147,198
Operating grants and contributions	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	2,473,801
Capital grants and contributions	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	4,353,203
Total governmental activities program revenues	<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>	<u>14,571,463</u>



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

**TABLE II Continued**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-type activities:</b>										
Charges for services -										
Senior housing	326,940	346,435	365,450	382,330	386,708	394,318	408,188	402,475	431,967	446,881
Operating grants and contributions	7,900	4,940	16,482	2,077	1,780	1,153	1,995	3,008	3,895	3,421
Total business-type activities	334,840	351,375	381,932	384,407	388,488	395,471	410,183	405,483	435,862	450,302
Program revenues										
Total primary government program revenues	\$ 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	\$ 15,021,765
<b>Net (expenses)/revenue:</b>										
Governmental activities	\$ (11,347,660)	\$ (9,807,991)	\$ (12,538,770)	\$ (9,029,023)	\$ (11,058,591)	\$ (13,267,875)	\$ (7,113,556)	\$ 2,590,744	\$ (9,278,891)	\$ (8,576,204)
Business-type activities	(82,528)	(85,260)	(72,497)	(41,579)	(109,145)	(79,829)	(45,285)	(85,815)	(55,996)	(48,205)
Total primary government net expense	\$ (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)	\$ (8,624,409)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 3,989,661
Sales taxes	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	9,191,637
Investment earnings (loss)	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	(4,356,554)
Transfers	-	(112,044)	-	-	-	-	-	-	-	-
Total governmental activities	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	8,824,744
Business-type activities:										
Investment earnings (loss)	(1,826)	5,062	2,533	3,880	1,822	2,558	21,630	27,502	1,060	(12,650)
Transfers	-	112,044	-	-	(548)	-	-	-	-	-
Total business-type activities	(1,826)	117,106	2,533	3,880	1,274	2,558	21,630	27,502	1,060	(12,650)
Total primary government	\$ 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	\$ 8,812,094
<b>Changes in Net Position</b>										
Governmental activities	\$ 560,923	\$ 3,399,816	\$ (834,869)	\$ 2,602,022	\$ 1,921,037	\$ (792,606)	\$ 5,924,076	\$ 15,891,547	\$ 9,716,001	\$ 248,540
Business-type activities	(84,354)	31,846	(69,964)	(37,699)	(107,871)	(77,271)	(23,655)	(58,313)	(54,936)	(60,855)
Total primary government	\$ 476,569	\$ 3,431,662	\$ (904,833)	\$ 2,564,323	\$ 1,813,166	\$ (869,877)	\$ 5,900,421	\$ 15,833,234	\$ 9,661,065	\$ 187,685

**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>
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
2022	3,989,661	9,191,637	13,181,298

CITY OF KENAI, ALASKA

Table IV

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 408,534	\$ 480,238	\$ 546,706	\$ 588,937	\$ 628,599	\$ 682,068	\$ 741,748	\$ 811,030	\$ 640,115	\$ 673,494
Committed	521,790	409,746	409,746	409,746	6,840,662	6,976,762	7,116,039	6,047,560	8,392,252	10,394,225
Assigned	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	3,007,753
Unassigned	7,382,747	7,493,858	7,937,025	8,009,807	697,159	495,196	474,017	4,196,674	2,697,409	1,469,685
Total General Fund	\$ 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	\$ 15,545,157
All other governmental funds:										
Nonspendable -										
Permanent funds	\$ 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	\$ 3,239,172
Restricted -										
Airport purpose	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	26,213,430
Committed -										
Capital projects funds	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	9,804,785
Assigned -										
Special revenue funds	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	5,496,478
Unassigned -										
Special revenue funds	-	-	-	-	-	-	(26,729)	(13,293)	-	(3,509)
Total all other governmental funds	\$ 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	\$ 44,750,356

## CITY OF KENAI, ALASKA

Table V

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Property taxes	\$ 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	\$ 3,989,661
Sales tax	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	9,191,637
Intergovernmental	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	7,385,202
Investment earnings (loss)	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	(4,313,318)
Other revenues	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	9,489,737
Total revenues	<u>25,317,690</u>	<u>28,327,307</u>	<u>27,007,553</u>	<u>28,414,633</u>	<u>28,518,372</u>	<u>24,423,285</u>	<u>29,284,078</u>	<u>40,556,712</u>	<u>40,023,591</u>	<u>25,742,919</u>
<b>Expenditures</b>										
General government	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	3,668,730
Public safety	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	8,005,295
Public works	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	2,255,493
Parks, recreation and cultural	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	2,272,905
Water and sewer services	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	2,224,133
Airport	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	2,973,693
Social welfare services	831,976	849,376	952,239	940,602	858,100	883,273	877,762	2,808,809	4,024,201	1,000,560
Capital outlay	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	4,737,714
Debt service:										
Principal	75,000	80,000	80,000	85,000	85,000	90,000	95,000	95,000	85,000	85,000
Interest	100,848	98,598	96,198	93,798	90,398	86,998	83,398	77,704	43,775	44,625
Total expenditures	<u>23,711,944</u>	<u>27,630,052</u>	<u>26,600,093</u>	<u>27,945,613</u>	<u>26,015,950</u>	<u>23,378,626</u>	<u>28,401,596</u>	<u>37,186,767</u>	<u>30,313,645</u>	<u>27,268,148</u>
Excess of revenues over (under) expenditures	1,605,746	697,255	407,460	469,020	2,502,422	1,044,659	882,482	3,369,945	9,709,946	(1,525,229)
<b>Other financing sources (uses)</b>										
Transfers in	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	8,559,007
Proceeds from debt issuance	-	-	-	-	-	-	-	-	1,213,482	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	(1,194,409)	-
Transfers out	(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)	(8,559,007)
Total other financing sources (uses)	<u>-</u>	<u>(112,044)</u>	<u>(97,004)</u>	<u>-</u>	<u>(117,089)</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>19,073</u>	<u>-</u>
Net change in fund balances	\$ 1,605,746	\$ 585,211	\$ 310,456	\$ 469,020	\$ 2,385,333	\$ 1,444,659	\$ 882,482	\$ 3,369,945	\$ 9,729,019	\$ (1,525,229)
Debt service as a percentage of noncapital expenditures	0.84%	0.86%	0.75%	0.89%	0.89%	0.80%	0.86%	0.72%	0.50%	0.58%
Total non-capital expenditures	\$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	\$22,530,434

## 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>
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
2022	13,181,298	3,989,661	9,191,637

CITY OF KENAI, ALASKA

Table VII

TAXABLE SALES BY CATEGORY  
CURRENT FISCAL YEAR

Administrative & Waste Management	\$ 1,454,103
Agriculture, Forestry, Fishing & Hunting	48,206
Arts and Entertainment	1,481,132
Construction Contracting	1,185,407
Educational Services	439,499
Finance and Insurance	517,813
Guiding	1,607,250
Health Care and Social Assistance	27,107
Hotel/Motel/Bed & Breakfast	5,392,826
Information	2,178,660
Manufacturing	524,792
Mining/Quarrying	113,904
Other	875
Professional, Scientific and Technical Services	4,189,758
Public Administration	3,582,921
Rental Commercial Property	566,267
Rental Non-Residential Property	1,975,018
Rental Personal Property	1,056,947
Rental Residential Property	5,173,878
Rental of Self-storage & Miniwarehouses	747,105
Restaurant/Bar	19,165,261
Retail Trade	222,726,825
Services	5,621,417
Telecommunications	2,810,606
Transportation and Warehousing	429,289
Utilities	11,635,310
Wholesale Trade	3,918,861

**Total** **\$ 298,571,037**

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	
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
2022	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			
2013	\$ 1,775,000	0.51%	0.21%	\$ 245.95
2014	1,695,000	0.49%	0.21%	234.86
2015	1,615,000	0.43%	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	0.39%	0.16%	192.53
2019	1,260,000	0.34%	0.14%	180.03
2020	1,165,000	0.32%	0.13%	166.45
2021	935,000	0.25%	0.11%	125.94
2022	850,000	0.20%	0.10%	111.99

**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, 2022

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	\$ 850,000	100.00%	\$ 850,000
Overlapping debt: Kenai Peninsula Borough	25,650,000	10.56%	2,708,640
Central Peninsula Hospital	49,550,000	15.69%	7,774,395
Total overlapping debt	75,200,000		10,483,035
Total Direct and Overlapping	\$ 76,050,000		\$ 11,333,035

**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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$147,795	\$160,891	\$165,677	\$170,328	\$173,745	\$174,215	\$174,366	\$178,855	\$177,949	\$178,869
Total net debt applicable to limit	<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>	<u>850</u>
Legal debt margin	<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>	<u>\$178,019</u>

COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2022

Assessed value	\$ 894,345
Debt limit, 20% of assessed value	178,869
Total amount of debt applicable to debt limit	<u>850</u>
Legal debt margin	<u>\$ 178,019</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 (1)	School Enrollment (5)	Population (1)	Personal Income (amount expressed in thousands) (3)	Per Capita Personal Income (3)	Median Age (2)	School Enrollment (5)	Unemployment Rate (2)
2013	7,217	1,871	56,756	\$ 2,770,353	\$ 48,636	41.4	8,886	8.80%
2014	7,166	1,847	56,862	2,759,412	48,351	40.0	8,756	8.10%
2015	7,226	1,815	57,147	2,981,871	51,734	40.5	8,826	7.70%
2016	7,073	1,822	57,763	3,056,190	52,639	40.0	8,788	7.60%
2017	7,046	1,789	58,060	2,965,755	49,544	40.6	8,785	8.20%
2018	6,999	1,820	58,024	2,965,755	49,697	41.4	8,712	7.70%
2019	6,999	1,855	58,471	3,046,230	51,975	41.0	8,680	7.00%
2020	6,999	1,767	58,671	3,182,915	54,026	41.8	8,535	6.10%
2021	7,424	1,438	58,934	3,335,416	56,139	41.8	7,756	9.50%
2022	7,590	1,693	58,957	3,335,416	(4) 56,139	(4) 42.1	8,298	7.30%

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

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

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

(1) Alaska Department of Labor estimates as of July 1 of each year.

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

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

(4) Calendar year 2021 data currently unavailable from BEA.

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

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

**TABLE XIII**

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

CITY OF KENAI, ALASKA

TABLE XIV

FULL-TIME EQUIVALENT EMPLOYEES BY FUND  
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
City Clerk	1.50	1.50	1.50	1.50	1.60	2.00	2.00	2.00	2.00	2.00
City Manager	1.67	1.67	1.67	1.67	1.90	2.00	2.00	2.00	2.00	2.50
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	1.00	1.00	1.00	1.00
Finance	4.75	4.75	4.75	4.75	4.75	4.75	4.85	4.85	4.85	5.53
Non-Departmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70	0.30
Planning	2.08	2.00	2.00	2.00	1.75	1.70	1.70	1.70	1.70	1.70
Police	20.88	20.65	19.60	19.60	19.60	19.60	19.60	19.60	19.95	19.90
Fire	19.00	19.00	19.00	19.00	19.00	20.00	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	2.90	2.90	2.90	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public Works Administration	1.50	1.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.42
Maintenance	11.64	10.70	10.79	10.77	10.84	10.64	10.84	10.77	10.77	10.00
Library	8.45	8.10	8.10	8.10	8.10	8.10	7.65	7.65	8.00	8.12
Parks & Recreation	9.60	8.04	8.06	8.30	8.65	8.65	7.76	7.12	7.07	10.27
General Fund Total	93.97	90.81	89.87	90.69	91.19	92.44	92.40	91.69	93.04	96.74
Special Revenue Funds										
Personal Use Fishery	0.00	2.49	2.46	2.69	2.91	2.81	2.42	2.45	2.54	2.53
Water & Sewer Operations	6.76	7.76	7.76	7.76	7.76	7.76	8.05	8.05	8.05	8.39
Airport Operations	5.43	5.81	6.95	6.95	6.97	7.12	7.00	7.20	7.00	7.00
Senior Citizen Programs	6.97	7.43	7.35	7.35	7.28	7.28	7.28	7.21	6.04	6.68
Special Revenue Funds Total	19.16	23.49	24.52	24.75	24.92	24.97	24.75	24.91	23.63	24.60
Enterprise Fund										
Congregate Housing	0.35	0.45	0.45	0.45	0.52	0.52	0.52	0.62	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Internal Service Funds Total	0.50	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total All Funds	113.98	115.25	115.34	115.89	116.63	117.93	117.67	117.22	117.29	121.96

Source: The City of Kenai Finance Department.

CITY OF KENAI, ALASKA

TABLE XV

OPERATING INDICATORS BY FUNCTION  
LAST TEN CALENDAR YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Safety</b>										
Police Services:										
Police requests for service	8,297	8,314	8,197	7,840	7,926	8,330	9,194	8,313	6,512	7,210
Criminal arrests	1,138	1,041	924	813	784	934	909	1,208	717	524
Fire and Emergency Services:										
Number of calls responded to	1,212	1,153	1,226	1,384	1,568	1,440	1,479	1,564	1,291	1,441
Inspections	239	268	157	118	150	79	139	243	125	267
Animal Control:										
Total Calls	6,549	7,197	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total requests for service	N/A	N/A	564	437	448	341	328	251	497	506
Animals Handled	1,631	1,429	1,188	1,004	928	827	829	911	832	604
<b>Water and Wastewater</b>										
Water Production Avg gallons per day	943,764	875,427	812,756	760,000	711,000	710,000	717,000	703,000	695,000	695,000
Wastewater Treatment Avg. gallons per day	540,583	566,417	527,250	487,200	463,583	660,000	475,000	490,000	486,000	486,000
<b>Airport Passenger Enplanements</b>	101,995	103,751	100,929	102,126	93,612	93,844	92,127	95,004	32,431	67,844

\*\* 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	4	4	4	4	4
Recreation Center	1	1	1	1	1	1	1	1	1	1
Pedestrian Trails	6	6	6	6	6	6	6	6	6	6
Cross Country Ski Trails	1	1	1	1	1	1	1	1	1	1
Ice Rink	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments.