

CITY OF KENAI, ALASKA

ANNUAL

COMPREHENSIVE

FINANCIAL REPORT



Fiscal Year:

**July 1, 2022
– June 30, 2023**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**OF THE
CITY OF KENAI, ALASKA**

Year Ended June 30, 2023

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

**Terry Eubank
City Manager**

**Prepared by
Finance Department**

**David Swarner
Finance Director**

**CITY OF KENAI, ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

INTRODUCTION SECTION

Table of Contents	i
Letter of Transmittal	1
GFOA Certificate of Achievement	4
Organization Chart	5
List of Principal Officials	6

FINANCIAL SECTION

Auditor Report - Report of Independent Auditors	7
--	---

Management's Discussion and Analysis	11
---	----

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	24
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	26
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	32
Proprietary Funds:	
Statement of Net Position	33
Statement of Revenues, Expenses, and Changes in Net Position	34
Statement of Cash Flows	35
Fiduciary Funds:	
Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	37

Notes to Basic Financial Statements	39
--	----

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	69
Airport Special Revenue Fund	74
Water and Sewer Special Revenue Fund	76
Public Employees' Retirement System (PERS) - Pension Plan:	
Schedule of the City's Proportionate Share of the Net Pension Liability	78
Schedule of the City Contributions	78
Public Employees' Retirement System (PERS) – OPEB ARHCT Plan:	
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)	80
Schedule of the City Contributions	80
Public Employees' Retirement System (PERS) – OPEB RMP Plan:	
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)	81
Schedule of the City Contributions	81
Public Employees' Retirement System (PERS) – OPEB ODD Plan:	
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)	82
Schedule of the City Contributions	82

**CITY OF KENAI, ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

Notes to Required Supplementary Information	83
Supplementary Information	
Other Governmental Funds	
Nonmajor Governmental Funds:	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Cone Memorial Trust Special Revenue Fund	90
Personal Use Fishery Special Revenue Fund	91
Senior Citizen Special Revenue Fund	93
Debt Service Fund	95
General Government Land Sales Permanent Fund	96
Airport Land Sales Permanent Fund	97
Internal Service Funds	
Combining Statement of Net Position	99
Combining Statement of Revenues, Expenses and Changes in Net Position	100
Combining Statement of Cash Flows	101
Fiduciary Funds	
Statement of Fiduciary Net Position	103
Statement of Changes in Fiduciary Net Position	104
STATISTICAL SECTION	
Table I - Net Position by Component	105
Table II - Change in Net Position	106
Table III - Governmental Activities Tax Revenues by Source	108
Table IV - Fund Balances of Governmental Funds	109
Table V - Changes in Fund Balances of Governmental Funds	110
Table VI - General Governmental Tax Revenues by Source	111
Table VII - Taxable Sales by Category	112
Table VIII - Sales Tax Rates – Direct and Overlapping Governments	113
Table IX - Ratios of Outstanding Debt by Type	114
Table X - Computation of Direct and Overlapping Debt	114
Table XI - Legal Debt Margin Information	115
Table XII - Demographic and Economic Statistics	116
Table XIII - Principal Employers	117
Table XIV - Full-time Equivalent City Government Employees by Fund	118
Table XV - Operating Indicators by Function	119
Table XVI - Capital Asset Statistics by Function	120



March 29, 2024

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, 2023. 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, 2023 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, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of broader federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with certain legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Kenai

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

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

Budgetary Control

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

Factors Affecting Financial Condition

Economy

The primary private sector portions of Kenai's economy are oil and gas, commercial fishing, tourism and retail sales. The 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 2023 fishing season had an above average return of sockeye salmon to peninsula rivers. Chinook (King) salmon are a stock of concern for peninsula rivers and commercial salmon fishing was significantly restricted in Cook Inlet in an attempt to protect this stock. The commercial setnetting on the east side of the Cook Inlet was closed for the entire season for the first time in the history of the fishery. The drift gillnetters would have been restricted from the fishing season as well, except the U.S. District Court for the District of Alaska vacated the implementing regulations for Amendment 14 on June 21, 2022, making the rule no longer valid. Amendment 14 would have closed the Fisheries of the Exclusive Economic Zone Off Alaska impacting a large and traditional fishing area in Cook Inlet.

Tourism to Kenai continued its upward trend in FY23 and remains a vital component to the Kenai economy. 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. Kenai Municipal Airport is a gateway for tourist to the Kenai Peninsula and the City of Kenai, providing access to the City as a playground known by Alaskans as “The Best Place to Alaska”.

Sales tax is the largest revenue source for the City. Retail sales businesses generate the largest share of sales tax revenue. Sales tax revenues for the current fiscal year exceeded projections. While higher than anticipated inflation especially in the energy sector were the main drivers of sales tax exceeding projections, sales tax growth slowed in the last quarter of the fiscal year.

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

Long term financial planning

General Fund, fund balance remained virtually unchanged in FY23, decreasing slightly to \$15.48 million. A General Fund, Fund Balance of \$15.48 million represents approximately 81% 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, 2022. This was the 25th 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,



Terry A. Eubank, City Manager



David Swarner
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kenai
Alaska**

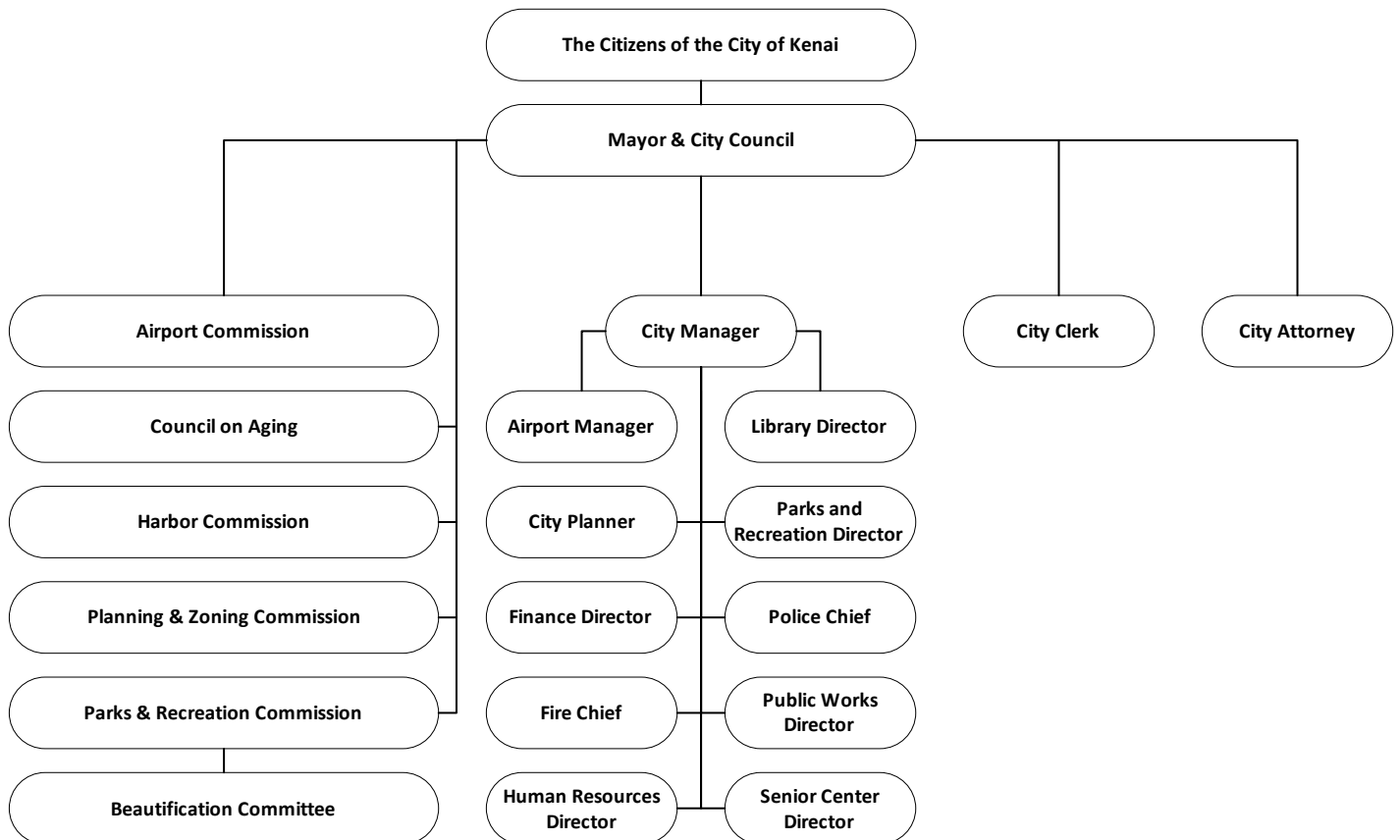
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Kenai Organization Chart



CITY OF KENAI, ALASKA ORGANIZATION AND PRINCIPAL CITY OFFICIALS

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

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

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

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

	<u>City Council</u>	<u>Term Ends</u>
Mayor	Brian G. Gabriel, Sr.	2025
Council Members	James Baisden	2024
	Deborah Sonuart	2024
	Victoria Askin	2025
	Alex Douthit	2025
	Phil Daniel	2026
	Henry Knackstedt	2026

City Administration

City Manager	Terry Eubank
Finance Director	Dave Swarner
Human Resource Director	Stephanie Randall
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	Tyler Best
Airport Manager	Derek Ables
Senior Center Director	Kathy Romain

AUDITOR REPORT



KENAI



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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

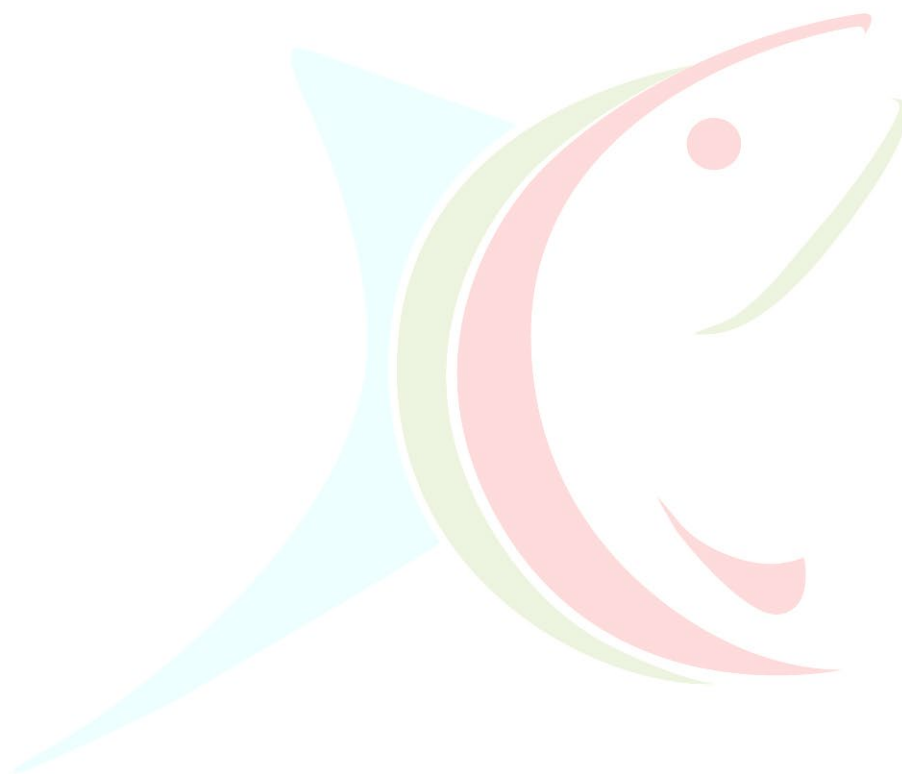
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
March 29, 2024

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, 2023. 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 FY2023, the City of Kenai assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$217,269,188. Of this amount, unrestricted net position of \$28,011,296, 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 \$8,517,527. For the fiscal year ended June 30, 2023, governmental type activities net position increased by \$8,542,460 and business-type activities decreased by \$24,933.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62,426,276, an increase of \$2,130,763 from the prior year. Portions of the City's permanent fund, which cannot be spent, account for \$3.5 million of total fund balance. About \$55.3 million of the remaining fund balance is restricted, committed, or assigned. The remaining \$3.6 million is unassigned and available for spending.
- At the end of the current fiscal year, fund balance for the General Fund was \$15,484,362, a decrease of \$60,795 from the prior year. Of this amount \$3,565,312 was unassigned and available for spending.
- The City has a long-term liability for compensated absences, general obligation debt, and net pension of \$1,127,337, \$760,000, and \$14,412,658, 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 welfare services. The City's only business-type activity is the operations of a congregate housing facility.

Fund financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Kenai can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two. Six of the City's governmental funds are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the major funds including: the General Fund, the Airport Special Revenue Fund, the Water & Sewer Special Revenue Fund, the Airport Improvement Capital Project Fund, Parks and Recreation 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) 2023 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 69-84 of this report.

Other information.

In addition to the basic financial statements and accompanying notes and required supplementary information and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with non-major funds are presented immediately after the required supplementary information. Also included are budget comparisons for 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, 2023, the City's net position exceeded liabilities by \$217,269,188. 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 79,352	\$ 78,550	\$ 1,067	\$ 968	\$ 80,419	\$ 79,518
Capital assets	<u>155,897</u>	<u>153,919</u>	<u>2,011</u>	<u>2,126</u>	<u>157,908</u>	<u>156,045</u>
Total assets	<u>235,249</u>	<u>232,469</u>	<u>3,078</u>	<u>3,094</u>	<u>238,326</u>	<u>235,563</u>
Deferred outflows of resources	<u>2,394</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,394</u>	<u>2,000</u>
Long-term liabilities outstanding	16,291	13,510	8	8	16,299	13,518
Other liabilities	<u>2,306</u>	<u>1,709</u>	<u>45</u>	<u>36</u>	<u>2,351</u>	<u>1,745</u>
Total liabilities	<u>18,597</u>	<u>15,219</u>	<u>53</u>	<u>44</u>	<u>18,650</u>	<u>15,263</u>
Deferred inflows of resources	<u>4,801</u>	<u>13,548</u>	<u>-</u>	<u>-</u>	<u>4,801</u>	<u>13,548</u>
Net position:						
Net investment in capital assets	155,138	153,069	2,011	2,126	157,149	155,195
Restricted:						
Nonexpendable	3,485	3,239	-	-	3,485	3,239
Airport purposes	27,148	26,213	-	-	27,148	26,213
Youth athletics	736	674	-	-	736	674
Senior services	741	-	-	-	741	-
Unrestricted	<u>26,997</u>	<u>22,507</u>	<u>1,014</u>	<u>924</u>	<u>28,011</u>	<u>23,431</u>
Total net position	<u>\$214,245</u>	<u>\$205,702</u>	<u>\$3,025</u>	<u>\$3,050</u>	<u>\$217,270</u>	<u>\$208,752</u>

Governmental activities.

Governmental activities increased the City's net position by \$8,542,460 compared to \$248,540 in the prior year. The change in unrestricted investment earnings from a loss of \$4,356,554 in the prior year to a gain of \$2,785,844 is the primary cause of this change.

Business-type activities.

Business-type activities decreased the net position of the City by \$24,933. Rental rates of the Congregate Housing Facility are insufficient to cover depreciation on the facility which was built primarily with grant funds. Absent rate adjustments for inflationary costs, 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8,177	\$ 7,745	\$ 467	\$ 447	\$ 8,644	\$ 8,192
Operating grants and contributions	2,570	2,474	1	3	2,571	2,477
Capital grants and contributions	2,725	4,353	-	-	2,725	4,353
General revenues:						
Property taxes	4,316	3,990	-	-	4,316	3,990
Sales taxes	9,818	9,192	-	-	9,818	9,192
Investment earnings	<u>2,786</u>	<u>(4,357)</u>	<u>17</u>	<u>(13)</u>	<u>2,803</u>	<u>(4,370)</u>
Total revenues	<u>30,392</u>	<u>23,397</u>	<u>485</u>	<u>437</u>	<u>30,877</u>	<u>23,834</u>
Expenses:						
General government	2,598	1,588	-	-	2,598	1,588
Public safety	6,369	8,148	-	-	6,369	8,148
Public works	2,677	2,959	-	-	2,677	2,959
Parks, recreation, and cultural	2,653	2,559	-	-	2,653	2,559
Water and sewer services	2,860	2,864	-	-	2,860	2,864
Airport	3,924	4,174	-	-	3,924	4,174
Interest on long-term debt	40	44	-	-	40	44
Social welfare services	728	812	-	-	728	812
Senior Housing	<u>-</u>	<u>-</u>	<u>510</u>	<u>498</u>	<u>510</u>	<u>498</u>
Total expenses	<u>21,849</u>	<u>23,148</u>	<u>510</u>	<u>498</u>	<u>22,359</u>	<u>23,646</u>
Increase (decrease) in net position	8,543	249	(25)	(61)	8,518	188
Net position, beginning	<u>205,702</u>	<u>205,453</u>	<u>3,050</u>	<u>3,111</u>	<u>208,752</u>	<u>208,564</u>
Net position, ending	<u>\$214,245</u>	<u>\$205,702</u>	<u>\$3,025</u>	<u>\$3,050</u>	<u>\$217,270</u>	<u>\$208,752</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.

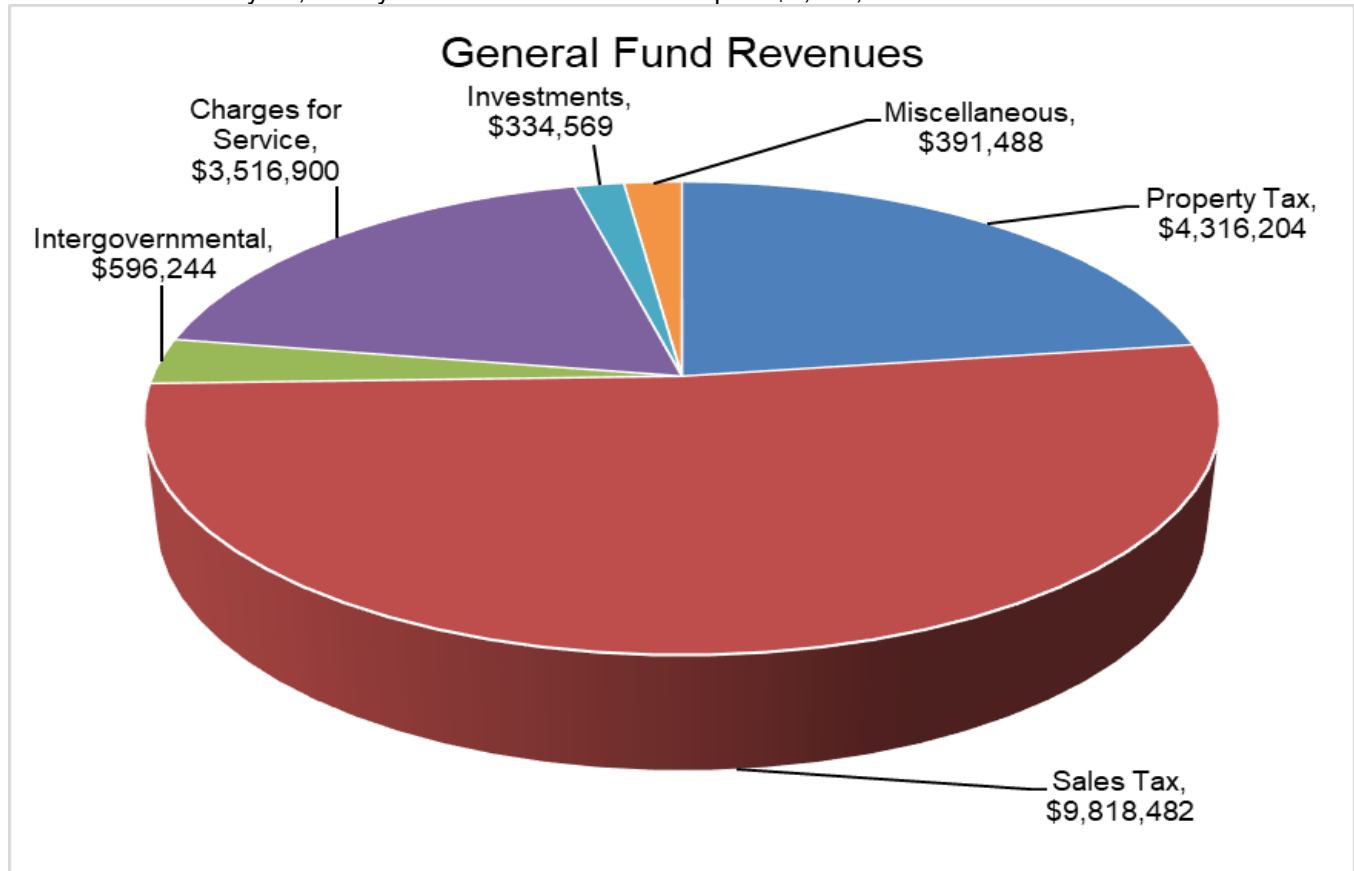
Governmental Funds.

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 \$62,426,276, which is up \$2,130,763 from last year. About \$3.6 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 non-spendable, restricted, committed or assigned to indicate that it is not available for new spending. Restricted is the largest portion of this; \$28.6 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 \$3,565,312, and total fund balance was \$15,484,362. Fund balance decreased \$60,795 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 18.63% of total expenditures and transfers, while total fund balance represents 80.91% of that same amount.

General Fund expenditures increased \$890,577 or 5.61% over last year and \$3,533,801 or 26.70% over fiscal year 2021. Utilization of Coronavirus Relief and Economic Security (CARES) Act grant funds for personnel costs substantially dedicated to responding to mitigating the impacts of the COVID-19 Public Health Emergency for the first six months of fiscal year 2021 provided a significant amount of the savings which was not seen in FY23. General Fund revenues increased \$55,072 or .29% from last year. The primary revenue sources of the General Fund include property tax of \$4,316,204, sales tax of \$9,818,482, intergovernmental revenues of \$596,244 and charges to other funds of \$1,845,000. Sales tax revenue increased \$626,845 or 6.82% largely attributed to a strong local economy and higher gasoline prices. Property taxes increased by \$326,543 or 8.18%. Current year property values increased 8.37% and the mill rate remained unchanged. Intergovernmental revenues decreased \$2,325,003 or 79.59% from last year, mainly attributed to the 2022 receipt of \$1,889,619 of American Rescue Plan Act funds.



Tax revenues support General Fund operations exclusively and represent 43.25% of all governmental funds revenue. Other funds rely heavily on intergovernmental revenues, charges for services and investment earnings. Intergovernmental revenues decreased \$2,385,161 or 32.30% because of Coronavirus Aid, Relief, and Economic Security Act grant funds in the prior fiscal year. Investment earnings in governmental funds increased \$7,037,055 from the prior year caused by a recovery in the equity markets from prior year losses. Capital projects funds and the senior services related funds are largely financed by grants from the federal, state and borough governments.

The Airport Special Revenue Fund accounts for the operations of the airport. Fund balance decreased \$777,419 or 20.00%. Total revenues increased \$101,692 or 2.98%. Fund expenditures increased by \$91,284 or 3.07%. FY23 transfers out included \$1,720,000 for two runway broom replacements, \$150,000 terminal surveillance camera/operations access control, \$100,000 terminal landscaping, \$96,875 project design for runway rehabilitation, \$74,722 FAA air traffic organization project support for runway rehabilitation, \$62,500 runway snow removal equipment, \$19,620 update of Disadvantage Business Enterprises (DBE) program under FAA Airport Improvement Program (AIP), \$18,750 apron crack seal and seal coating, and \$9,375 gate installation.

The Water & Sewer Special Revenue Fund accounts for the operations of the water and sewer utility of the City. Fund balance increased \$147,370 or 10.95%. There was a rate increase of 4.36% in FY22. Charges for service increased \$228,342 or 7.68% this year due to increased rates along with an increased demand. Significant capital improvement projects funding continued in FY23 as transfers decreased \$780,000 or 51.32% over FY22 and was down \$1,030,615 or 58.21% over FY21. Significant capital funding is anticipated in future years to ensure the utilities continued safe and efficient operation.

The Parks and Recreation Capital Project Fund accounts for capital improvement within the City's Parks, Recreational Center, Multipurpose Facility (Ice Rink), Visitor Center, Fine Arts Center, Cemetery, Personal Use Fishery and Trail Construction. Significant capital improvement projects in FY23 were the replacement of the roof and HVAC system on the Recreational Center \$980,604, roof replacement for the Visitor Center \$208,979, Green Strip Playground Equipment \$86,169, the establishment of a dog park \$76,854 and a slash disposal site to provide citizens a location to dispose of trees killed by spruce bark beetles \$24,396.

The Airport Land Sales Fund accounts for the investment of proceeds from the sale of airport lands originally deeded to the City by the federal government for operations of the airport. City code calls for the transfer of between 3.80% and 4.20% of the funds five-year average balance at December 31st to the Airport Special Revenue Fund to fund airport operations. Equity market improvements resulted in an investment gain in FY23 of \$1,953,426 compared to investment losses in FY22 of \$3,520,090. The FY23 transfer of \$1,028,478 to the Airport Special Revenue Fund for operations remained at 3.80% of the funds five-year average balance at December 31st and was \$2,742 or a .27% 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, construction of a new equipment and sand storage facility, design for reconstruction of the airport's main runway, and airfield drainage improvements. Fund balance increased \$1,883,205 in FY23 primarily due to the designation of airport funds for snow removal equipment \$1,791,875. 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 \$3,024,597 and unrestricted net position was \$1,013,889. Net position decreased \$24,933 for the year. Current revenues are simply insufficient to cover expenses. 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 and increased by the City Council during the year by \$885,298. Supplemental funding included \$274,000 for municipal road improvements, \$210,000 for Kenai Recreational Center Improvements, \$100,000 Visitor Center additional funding for roof replacement, \$50,000 for Storefront and Streetscape Improvements, \$50,000 for Street lighting repairs and maintenance, \$40,000 for Multi-Purpose Facility Management Services additional two months of ice availability, \$28,543 Fire Department Inflatable Rescue Boat, \$20,000 additional Utility cost for Multi-Purpose Facility, \$15,000 Fire Department Floor Refinish, and \$97,755 in various minor appropriations. Actual revenues and transfers in were \$285,852 more than the final budget while experiencing a significant decrease in Federal Grants of \$941,902 and building permits were down \$40,577 compared to FY22. The City also experienced an increase in ambulance fees of \$510,674. The increase in ambulance fees was due to receiving the initial reimbursements for FY20 and FY21 (\$330,273 and \$316,204 respectively) for Medicaid transports through the Supplemental Emergency Medical Transport (SEMT) program that was established by the State of Alaska with an effective date of August 31, 2019. The City experienced a positive variance in General Sales Tax of \$510,674, investments earnings of \$134,569 and general property tax of \$91,782.

The actual expenditures and transfers out were \$1,319,897 less than budgeted compared to \$1,496,391 less than budgeted in FY22. The City typically does not spend the entire authorized appropriation. The variance this year was 6.45% of final budget compared to 7.61% last year. While the overall budget increased by 3.88%, the overall expenditures increased 5.61% thus resulting in less of a cost savings compared to the prior year. Primary areas of variance to budget were \$105,590 lower in wages and \$57,961 lower in benefits due to extended vacancies for the Finance Director position along with a police officer, firefighter, dispatcher and an unfilled temp position for a grant writer. Leave usage was lower than projected by \$162,910, the majority being in Police (\$42,335) and Fire (\$58,920) associated with the vacancy factors. Building improvements were \$62,454 less than budget due to a number of projects that were not completed (\$28,000 Recreation Center flooring, \$19,000 Fire Department bathroom tile, \$10,000 Communications flooring) or under budget (\$4,354 Deck at Senior Center and \$1,100 Animal Control flooring). Grant Awards were \$53,229 under budget with the primary amount being \$50,000 for Storefront and Streetscaping for which none of the applicants had completed their projects. The Contingency Fund was under budget the full amount of \$44,085 as fortunately there was not a need for it in FY23. The Replacement fund was under budget \$31,928 as actual payments came in under the projected amounts for Fire (\$25,867) and Non-Department (\$6,061). Repairs and Maintenance was under budget by \$82,453, Buildings accounted for \$27,780 as the budget projection provided a \$6,000 increase from the original FY22 budget but the expected elevator maintenance and repair for the City did not materialize. Also the street light maintenance and repairs budget was increased by \$50,000 from the original FY22 budget but only experienced an increase of \$26,200 in actual expenditures.

Capital Assets and Debt Administration

Capital assets.

At June 30, 2023 the City's capital assets had a total net book value of \$157,908,187. Governmental activities totaled \$155,897,479 and business-type activities totaled \$2,010,708. Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 51. Major capital additions for FY23 included:

New Facilities and Facility Improvements:	
Parks & Rec Green Strip Playground	\$ 86,168
Airport KMA Sliding Gate	32,404
Animal Control Flooring Replacement	9,900
Congregate Housing Fire Control System Upgrade	7,256

Parks & Rec Corrosion Remediation Multi-use Facility	\$ 74,847
Fire Station #1 Flooring Replacement	65,658
Senior Center Deck	10,646
South Spruce Street Bypass Lane	24,579
Mission Ave Water Main Repairs	<u>169,970</u>
Total New Facilities and Facility Improvements	<u>481,428</u>
Equipment:	
Airport Larue T95 Snow Blower	779,055
Airport Oshkosh H-series Blower	112,210
Fire Department Physio Life Pak 15	28,148
Fire Department Inflatable Boat	6,899
Fire Department Tohatsu MFS40 Boat Motor	11,614
Library Hold Lockers	21,673
Library Quantum Scalar i3 Tape Storage	14,679
Parks & Rec Walk Behind Mower	10,728
Streets Non-Oscillating Scraper Blade	14,658
Cisco Server Replacements	37,967
Police Vehicle	30,000
Miscellaneous Other Equipment	<u>10,963</u>
Total Equipment	<u>1,078,594</u>
Total Additions	<u>\$1,560,022</u>

Debt administration.

No new debt was issued by the City in FY23. At June 30, 2023, \$760,000 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 \$1,127,337 and Net Pension Liability of \$14,412,658. Additional information on the City's long-term liabilities can be found in the notes to the basic financial statements on pages 63-64.

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 CY2022 stood at 4.5%, a decrease from 7.3% in CY2021. This compares to the CY2022 statewide average of 4.0%. 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 \$247,913. This contribution includes the difference between the actuarially determined rate of 24.79% and the City contribution rate of 22.00%.

In setting the budget for FY2023, the City established goals, among them:

- Submit a budget for consideration which maintains the City's current mill and sales tax rates.
- Propose salary schedule adjustments commensurate with inflation as measured by the Alaska Consumer Price Index for All Urban Consumers, second half over second half to the extent possible while meeting the City's Fund Balance Policy/Goals.
- Improve the sustainability of and maintain the quality of employee medical, dental and life insurance.
- Seek opportunities for efficiency by striving to reduce the cost of goods and services without negatively impacting operations.
- Compile a list of capital projects costing \$35,000 or more for Council adoption.

- Adjust rates, charges and fees in all funds commensurate with inflation as measured by the Alaska Consumer Price Index for All Urban Consumers, second half over second half. The monthly rents at Vintage Point should not increase more than \$35 per month over FY22 rates for existing tenants as of June 30, 2022.
- For the Airport, Water & Sewer, Personal Use Fishery, and Congregate Housing Funds, the proposed budget should project ending fund balance/retained earnings of at least 50% of the FY2022 budgeted expenditures net of any projected lapse and any use of fund balance should be for one-time capital purchases and not for recurring expenditures/expenses.
- Senior Citizen Fund fees and rates should be adjusted to a level sufficient to limit the increase in required transfer from the General Fund to no more than a 10% increase.

Requests for information.

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

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BASIC FINANCIAL STATEMENTS



KENAI

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CITY OF KENAI, ALASKA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in central treasury (cash and investments)	\$ 63,550,769	\$ 1,067,220	\$ 64,617,989
Receivables (net of allowances for uncollectibles)	5,553,255	-	5,553,255
Leases receivable	4,360,586	-	4,360,586
Net other postemployment benefits asset	5,867,883	-	5,867,883
Other assets	18,987	-	18,987
Land	6,319,560	274,500	6,594,060
Property and equipment in service	253,212,141	5,717,544	258,929,685
Accumulated depreciation	(112,729,569)	(4,009,667)	(116,739,236)
Construction in progress	9,095,347	28,331	9,123,678
Total assets	<u>235,248,959</u>	<u>3,077,928</u>	<u>238,326,887</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,796,875	-	1,796,875
Other postemployment benefits related	596,860	-	596,860
Total deferred outflows of resources	<u>2,393,735</u>	<u>-</u>	<u>2,393,735</u>
Total assets and deferred outflows of resources	<u>\$ 237,642,694</u>	<u>\$ 3,077,928</u>	<u>\$ 240,720,622</u>
LIABILITIES			
Accounts payable	\$ 1,390,095	\$ 23,286	\$ 1,413,381
Accrued payroll and payroll liabilities	283,754	-	283,754
Unearned revenue	129,118	4,174	133,292
Other liabilities	499,867	17,045	516,912
Accrued interest	3,167	-	3,167
Long-term liabilities:			
Net pension liability - due in more than one year	14,412,658	-	14,412,658
Compensated absences:			
Due within one year	279,628	2,207	281,835
Due in more than one year	838,883	6,619	845,502
Long-term debt:			
Due within one year	95,000	-	95,000
Due in more than one year	665,000	-	665,000
Total liabilities	<u>18,597,170</u>	<u>53,331</u>	<u>18,650,501</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid licenses and fees	2,300	-	2,300
Prepaid property taxes	135,595	-	135,595
Leases	4,123,543	-	4,123,543
Other postemployment benefits related	539,495	-	539,495
Total deferred inflows of resources	<u>4,800,933</u>	<u>-</u>	<u>4,800,933</u>

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	\$ 155,137,479	\$ 2,010,708	\$ 157,148,187
Restricted:			
Permanently restricted - nonexpendable -			
General Government Land Sales Permanent Fund	3,485,184	-	3,485,184
Airport purposes	27,147,869	-	27,147,869
Youth athletics	735,423	-	735,423
Senior services	741,229	-	741,229
Unrestricted	<u>26,997,407</u>	<u>1,013,889</u>	<u>28,011,296</u>
Total net position	<u>214,244,591</u>	<u>3,024,597</u>	<u>217,269,188</u>
 Total liabilities, deferred inflows of resources and net position	 <u><u>\$ 237,642,694</u></u>	 <u><u>\$ 3,077,928</u></u>	 <u><u>\$ 240,720,622</u></u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,598,494	\$ 434,201	\$ (67,208)	\$ -
Public safety	6,368,991	1,297,521	128,139	399,584
Public works	2,676,698	161,444	28,089	24,579
Parks, recreation, and cultural	2,652,907	674,711	37,627	138,975
Water and sewer services	2,860,093	3,208,382	(20,127)	-
Airport	3,924,452	2,179,969	1,226,603	1,914,757
Social welfare services	728,377	220,882	1,236,746	246,943
Interest on long-term debt	39,875	-	-	-
Total governmental activities	<u>21,849,887</u>	<u>8,177,110</u>	<u>2,569,869</u>	<u>2,724,838</u>
Business-type activities:				
Senior Housing	<u>510,086</u>	<u>466,641</u>	<u>1,314</u>	<u>-</u>
Total Government	<u>\$ 22,359,973</u>	<u>\$ 8,643,751</u>	<u>\$ 2,571,183</u>	<u>\$ 2,724,838</u>

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

See accompanying notes to basic financial statements.

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

Governmental Activities	Business-type Activities	Total
\$ (2,231,501)	\$ -	\$ (2,231,501)
(4,543,747)	-	(4,543,747)
(2,462,586)	-	(2,462,586)
(1,801,594)	-	(1,801,594)
328,162	-	328,162
1,396,877	-	1,396,877
976,194	-	976,194
(39,875)	-	(39,875)
<u>(8,378,070)</u>	<u>-</u>	<u>(8,378,070)</u>
<u>-</u>	<u>(42,131)</u>	<u>(42,131)</u>
<u>(8,378,070)</u>	<u>(42,131)</u>	<u>(8,420,201)</u>
4,316,204	-	4,316,204
9,818,482	-	9,818,482
2,785,844	17,198	2,803,042
<u>16,920,530</u>	<u>17,198</u>	<u>16,937,728</u>
8,542,460	(24,933)	8,517,527
205,702,131	3,049,530	208,751,661
<u>\$ 214,244,591</u>	<u>\$ 3,024,597</u>	<u>\$ 217,269,188</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

Major Governmental Funds			
	General	Airport Special Revenue	Water & Sewer Special Revenue
ASSETS			
Equity in central treasury (cash and investments)	\$ 14,555,676	\$ 2,280,061	\$ 1,469,143
Receivables (net of allowances for uncollectibles)	2,088,708	805,615	273,527
Leases receivable	682,083	3,644,231	-
Other assets	12,616	-	-
Due from other funds	60,162	-	-
Total assets	\$ 17,399,245	\$ 6,729,907	\$ 1,742,670
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 245,934	\$ 77,456	\$ 60,884
Accrued payroll and payroll liabilities	244,897	9,988	17,019
Due to other funds	-	-	-
Unearned revenue	57,172	41,159	30,787
Other liabilities	334,428	16,749	140,591
Total liabilities	882,431	145,352	249,281
Deferred inflows of resources:			
Special assessments receivable - unavailable	83,286	-	-
Ambulance billing receivable - unavailable	162,460	-	-
Land sales - unavailable	-	-	-
Leases related	648,811	3,474,732	-
Prepaid licenses and fees	2,300	-	-
Prepaid property taxes	135,595	-	-
Total deferred inflows of resources	1,032,452	3,474,732	-
Fund balances:			
Nonspendable	-	-	-
Restricted	735,423	-	-
Committed	8,392,252	-	-
Assigned	2,791,375	3,109,823	1,493,389
Unassigned	3,565,312	-	-
Total fund balances	15,484,362	3,109,823	1,493,389
Total liabilities, deferred inflows of resources and fund balances	\$ 17,399,245	\$ 6,729,907	\$ 1,742,670

See accompanying notes to basic financial statements.

Major Governmental Funds

Airport Improvement Capital Project	Parks and Recreation Capital Project	Airport Land Sales Permanent	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,762,460	\$ 1,673,136	\$ 27,079,573	\$ 9,617,518	\$ 59,437,567
1,783,020	98,785	165,982	337,618	5,553,255
-	-	-	-	4,326,314
-	-	-	-	12,616
-	-	-	-	60,162
<u>\$ 4,545,480</u>	<u>\$ 1,771,921</u>	<u>\$ 27,245,555</u>	<u>\$ 9,955,136</u>	<u>\$ 69,389,914</u>
\$ 417,958	\$ 329,163	\$ 3,617	\$ 254,472	\$ 1,389,484
-	-	-	11,850	283,754
-	-	-	60,162	60,162
-	-	-	-	129,118
-	-	-	8,099	499,867
<u>417,958</u>	<u>329,163</u>	<u>3,617</u>	<u>334,583</u>	<u>2,362,385</u>
-	-	-	-	83,286
-	-	-	-	162,460
-	-	94,069	-	94,069
-	-	-	-	4,123,543
-	-	-	-	2,300
-	-	-	-	135,595
-	-	94,069	-	4,601,253
-	-	-	3,485,184	3,485,184
-	-	27,147,869	741,229	28,624,521
4,127,522	1,442,758	-	5,175,459	19,137,991
-	-	-	218,681	7,613,268
-	-	-	-	3,565,312
<u>4,127,522</u>	<u>1,442,758</u>	<u>27,147,869</u>	<u>9,620,553</u>	<u>62,426,276</u>
<u>\$ 4,545,480</u>	<u>\$ 1,771,921</u>	<u>\$ 27,245,555</u>	<u>\$ 9,955,136</u>	<u>\$ 69,389,914</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, 2023**

Total fund balances for governmental funds		\$ 62,426,276
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.		153,260,891
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		339,815
The PERS ARHCT, RMP and ODD OPEB plans have been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the funds.		5,867,883
Certain changes in receivables are deferred rather than recognized immediately. These items are amortized over time -		
Deferred inflows of resources - leases		34,272
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	\$ (760,000)	
Net pension liability	(14,412,658)	
Compensated absences	(1,118,511)	
Accrued interest (net of related interest subsidy)	(3,167)	
		(16,294,336)
Deferred outflows and inflows of resources related to pension and other postemployment benefits are applicable to future periods and therefore, are not reported in the funds:		
Deferred outflows of resources for pensions	1,796,875	
Deferred outflows of resources for other postemployment benefits	596,860	
Deferred inflows of resources for other postemployment benefits	(539,495)	
		1,854,240
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.		6,755,550
Net position of governmental activities		<u>\$ 214,244,591</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, 2023**

	Major Governmental Funds			
	General	Airport Special Revenue	Water & Sewer Special Revenue	Airport Improvement Capital Project
Revenues:				
Taxes	\$ 14,134,686	\$ -	\$ -	\$ -
Intergovernmental revenues	596,244	1,249,807	18,073	1,914,757
Charges for services	3,516,900	365,551	3,202,584	-
Investment earnings	334,569	80,860	78,182	-
Miscellaneous revenues	391,488	1,814,418	5,798	8,100
Total revenues	18,973,887	3,510,636	3,304,637	1,922,857
Expenditures:				
Current:				
General government	3,443,404	-	-	-
Public safety	8,415,202	-	-	-
Public works	2,435,097	-	-	-
Parks, recreation, and cultural	2,316,341	-	-	-
Water and sewer services	-	-	2,417,267	-
Airport	-	3,064,977	-	288
Social welfare services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	159,092	-	-	2,290,920
Total expenditures	16,769,136	3,064,977	2,417,267	2,291,208
Excess of revenues over (under) expenditures	2,204,751	445,659	887,370	(368,351)
Other financing sources (uses):				
Transfers in	103,266	1,028,764	-	2,251,842
Transfers out	(2,368,812)	(2,251,842)	(740,000)	(286)
Net other financing sources (uses)	(2,265,546)	(1,223,078)	(740,000)	2,251,556
Net changes in fund balances	(60,795)	(777,419)	147,370	1,883,205
Fund balances - July 1	15,545,157	3,887,242	1,346,019	2,244,317
Fund balances - June 30	\$ 15,484,362	\$ 3,109,823	\$ 1,493,389	\$ 4,127,522

See accompanying notes to basic financial statements.

Major Governmental Funds			
Parks and Recreation Capital Project	Airport Land Sales Permanent	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 14,134,686
110,565	-	1,110,595	5,000,041
-	-	467,517	7,552,552
-	1,953,426	276,700	2,723,737
<u>27,324</u>	<u>9,491</u>	<u>1,004,963</u>	<u>3,261,582</u>
 137,889	 1,962,917	 2,859,775	 32,672,598
-	-	-	3,443,404
-	-	116,086	8,531,288
-	-	98,185	2,533,282
-	-	365,276	2,681,617
-	-	26,070	2,443,337
-	-	-	3,065,265
-	-	996,173	996,173
-	-	90,000	90,000
-	-	40,250	40,250
<u>1,388,203</u>	<u>-</u>	<u>2,879,004</u>	<u>6,717,219</u>
 1,388,203	 -	 4,611,044	 30,541,835
 (1,250,314)	 1,962,917	 (1,751,269)	 2,130,763
760,000	-	2,398,812	6,542,684
<u>-</u>	<u>(1,028,478)</u>	<u>(153,266)</u>	<u>(6,542,684)</u>
 760,000	 (1,028,478)	 2,245,546	 -
(490,314)	934,439	494,277	2,130,763
<u>1,933,072</u>	<u>26,213,430</u>	<u>9,126,276</u>	<u>60,295,513</u>
<u>\$ 1,442,758</u>	<u>\$ 27,147,869</u>	<u>\$ 9,620,553</u>	<u>\$ 62,426,276</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, 2023**

Net changes in fund balances - total governmental funds	\$ 2,130,763
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.

Expenditures for capital assets	\$ 6,717,219	
Current year depreciation	<u>(4,729,817)</u>	
		1,987,402

The net effect of various transactions involving capital assets (i.e. sales trade-ins and donations is to decrease net position.)	(23,330)
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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.	(29,755)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the (increase) decrease in:

Compensated absences	(115,773)	
Bond interest payable	<u>375</u>	
		(115,398)

Repayment of the principal of long-term debt consumes current financial resources of governmental funds but does not have any effect on net position.	90,000
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Changes related to net pension and other postemployment benefits liabilities and assets and related accounts can increase or decrease net position. This is the net increase in net position due to changes in net pension and other postemployment benefits liabilities, assets and the related deferred inflows and outflows:

Net pension	1,991,739	
Other postemployment benefits	<u>1,682,122</u>	
		3,673,861

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenue of Internal Service Fund activities is reported with governmental activities.	<u>828,917</u>
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Change in net position of governmental activities	<u><u>\$ 8,542,460</u></u>
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See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Business-type Activities - Enterprise Fund <u>Congregate Housing</u>	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Equity in central treasury (cash and investments)	\$ 1,067,220	\$ 4,113,202
Deposits with others	<u>-</u>	<u>6,371</u>
Total current assets	<u>1,067,220</u>	<u>4,119,573</u>
Noncurrent assets:		
Land	274,500	-
Property and equipment in service, at cost:		
Buildings	5,717,544	-
Equipment	<u>-</u>	<u>5,549,395</u>
Total property and equipment in service	5,717,544	5,549,395
Less accumulated depreciation	<u>(4,009,667)</u>	<u>(3,139,519)</u>
Net property and equipment in service	1,707,877	2,409,876
Construction work in progress	<u>28,331</u>	<u>226,712</u>
Total noncurrent assets	<u>2,010,708</u>	<u>2,636,588</u>
Total assets	<u>\$ 3,077,928</u>	<u>\$ 6,756,161</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 23,286	\$ 611
Compensated absences - due within one year	2,207	-
Unearned revenue	4,174	-
Other liabilities	<u>17,045</u>	<u>-</u>
Total current liabilities	<u>46,712</u>	<u>611</u>
Noncurrent liabilities -		
Compensated absences - due in more than one year	<u>6,619</u>	<u>-</u>
Total liabilities	<u>53,331</u>	<u>611</u>
NET POSITION		
Investment in capital assets	2,010,708	2,636,588
Unrestricted	<u>1,013,889</u>	<u>4,118,962</u>
Total net position	<u>3,024,597</u>	<u>6,755,550</u>
Total liabilities and net position	<u>\$ 3,077,928</u>	<u>\$ 6,756,161</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, 2023**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	<u>Congregate Housing</u>	
Operating revenues:		
Rents and leases	\$ 466,139	\$ -
Other revenue	<u>502</u>	<u>3,891,843</u>
 Total operating revenues	 <u>466,641</u>	 <u>3,891,843</u>
Operating expenses:		
Personal services	81,257	-
Supplies	13,329	-
Utilities	76,365	-
Repair and maintenance	29,172	-
Insurance/benefits	16,761	2,808,652
Depreciation	140,446	267,557
Manager's fee	101,706	-
Miscellaneous	4,050	55,069
Expenses chargeable from other funds	<u>47,000</u>	<u>-</u>
 Total operating expenses	 <u>510,086</u>	 <u>3,131,278</u>
 Operating income (loss)	 <u>(43,445)</u>	 <u>760,565</u>
Nonoperating revenues:		
Intergovernmental grants	1,314	-
Gain on sale of capital assets	-	6,245
Investment earnings	<u>17,198</u>	<u>62,107</u>
 Total nonoperating revenues	 <u>18,512</u>	 <u>68,352</u>
 Change in net position	 (24,933)	 828,917
 Net position - July 1	 <u>3,049,530</u>	 <u>5,926,633</u>
 Net position - June 30	 <u>\$ 3,024,597</u>	 <u>\$ 6,755,550</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	Business-type Activities - Enterprise Fund Congregate Housing	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ 469,839	\$ 369,182
Payments to suppliers	(236,600)	(2,863,600)
Payments to employees	(80,163)	-
Receipts (payments) for interfund services	(47,000)	3,522,661
Net cash provided by operating activities	<u>106,076</u>	<u>1,028,243</u>
Cash flows from noncapital financing activities -		
State grant	<u>1,314</u>	<u>-</u>
Cash flows for capital and related financing activities:		
Proceeds from sales of capital assets	-	6,245
Acquisition and construction of capital assets	(24,842)	(282,348)
Net cash used by capital and related financing activities	<u>(24,842)</u>	<u>(276,103)</u>
Cash flows from investing activities -		
Investment earnings	<u>17,198</u>	<u>62,107</u>
Net increase in cash and cash equivalents	99,746	814,247
Cash and cash equivalents - July 1	<u>967,474</u>	<u>3,298,955</u>
Cash and cash equivalents - June 30	<u>\$ 1,067,220</u>	<u>\$ 4,113,202</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (43,445)	\$ 760,565
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	140,446	267,557
Accounts payable	4,838	121
Compensated absences	1,094	-
Unearned revenue	3,198	-
Other liabilities	(55)	-
Net cash provided by operating activities	<u>\$ 106,076</u>	<u>\$ 1,028,243</u>

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>Total Custodial Funds</u>
ASSETS	
Equity in central treasury (cash and investments)	\$ 1,376,789
Interest receivable	<u>3,554</u>
Total assets	<u>\$ 1,380,343</u>
LIABILITIES	
Accounts payable	<u>\$ 178</u>
NET POSITION	
Restricted for organizations	<u>1,380,165</u>
Total liabilities and net position	<u>\$ 1,380,343</u>

See accompanying notes to basic financial statements.

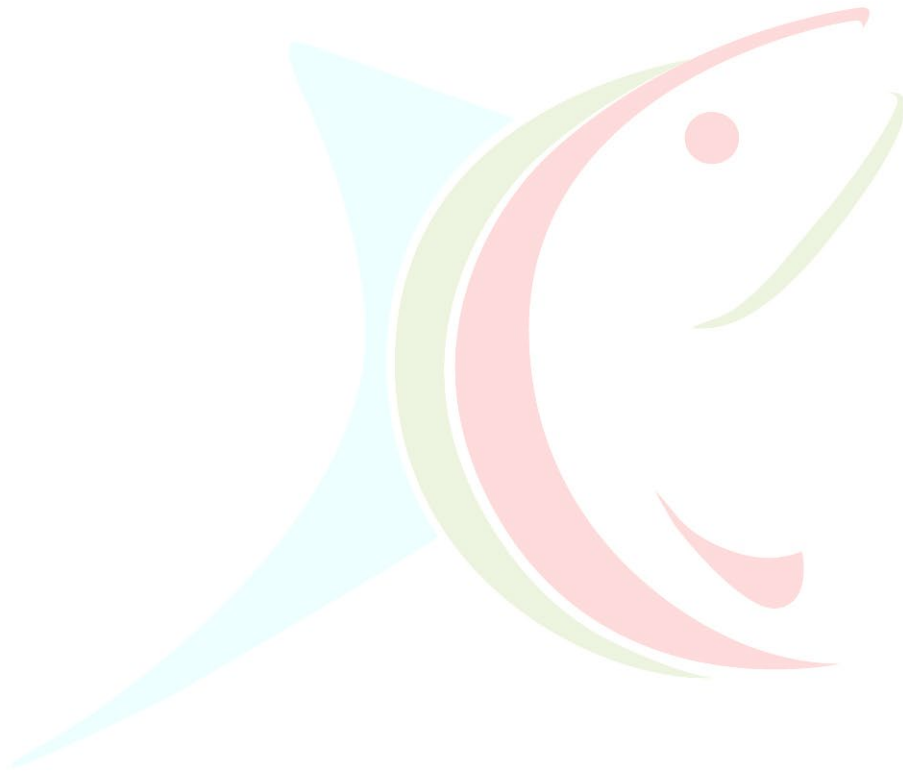
**CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	<u>Total Custodial Funds</u>
Additions:	
Private donations	\$ 21,785
Investment earnings	97,304
Less investment management fees	<u>2,053</u>
Net investment earnings	<u>95,251</u>
Total additions	<u>117,036</u>
Deductions -	
Payments to others	<u>42,202</u>
Net increase in net position	74,834
Net position - July 1	<u>1,305,331</u>
Net position - June 30	<u><u>\$ 1,380,165</u></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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The Water & 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 City elected to report this as a major fund to be consistent in reporting from year to year, since there are years in which it meets the major fund qualifications.

The Park and Recreation Capital Project Fund accounts for capital projects within the City's Parks, Recreational Center, Multipurpose Facility (Ice Rink), Visitor Center, Fine Arts Center, Cemetery, Personal Use Fishery and Trail Construction. The primary funding sources for this fund are the General Fund, state grants and donations. The City elected to report this as a major fund to be consistent in reporting from year to year, since there are years in which it meets the major fund qualifications.

The Airport Land Sales Permanent Fund accounts for sales of airport land. All proceeds from airport land sales are deposited into this account and invested. Annual transfers to the Airport Special Revenue Fund for operations is limited to 3.8% or 4.2% of the fund's balance at December 31st of each year. If the fund's market value at December 31st exceeds the fund's inflation adjusted 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, 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 multiple nonfinancial assets to third parties. The City recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements, where applicable.

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated

incremental borrowing rate as the discount rate for leases where the stated interest rate is absent from the contracts. The lease term includes the noncancellable period of the lease, including any extension options that are reasonably intended to be exercised. Lease receipts included in the measurement of the lease receivable 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 non-spendable and are neither restricted nor committed.

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

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

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

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

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 and the Congregate Housing Enterprise Fund, will be utilized to liquidate the pension and OPEB liabilities. The most significant, due to the fact that it has the largest payroll, is the General Fund.

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 and governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources for ambulance services, property taxes, special assessments, land sales, leases, and other unavailable revenues are reported in the governmental fund statements. Deferred inflows of resources consist of prepaid property taxes, leases, unavailable revenues, and OPEB related items in the government-wide statement of net position. OPEB related items are amortized resulting in a reduction of expense at a later date.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with 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 fund are annual budgets. Capital project fund budgets are project-length budgets. The Equipment Replacement and Fleet Replacement Funds, which are internal service funds, are not required to have a budget. The City Council approves all asset acquisitions for these funds by resolution.

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

Budgetary control (the level at which expenditures may not exceed budget) is maintained at the object class level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders 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 \$10,000. Other amendments, including supplemental appropriations, may be made by the City Council. The City Council authorized supplemental appropriations during the year in capital projects funds, special revenue funds and the General Fund. General Fund supplemental appropriations were \$885,298. Supplemental funding included \$599,000 to provide funding or supplemental funding for capital improvement

projects, \$74,787 for various grant funded expenditures, \$50,000 for Storefront and Streetscape Improvement Program, \$50,000 Street Lighting Repairs, \$40,000 for increased management fees at the Kenai Multipurpose Facility because of greater than projected usage, \$28,543 for an inflatable rescue boat for the Fire Department, \$20,000 for increased utility cost at the Kenai Multipurpose Facility driven in part by additional two months of summer ice while the Soldotna Sport Center was unavailable due to maintenance, and \$22,968 in various donations received for appropriation.

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

Significant encumbrances exceeding \$75,000 as of June 30, 2023 were:

	Airport Imp. Capital Project	Parks and Recreation Capital Project	Nonmajor Gov't Funds
Airport Runway Rehabilitation Project	\$ 649,458	\$ -	\$ -
Airfield Drainage Improvements	342,864	-	-
Airport Sand Storage Facility Construction	998,528	-	-
Fire Department Community Wildfire Protection	-	-	139,028
Dispatch Radio System Upgrade – Phase II	-	-	132,305
Mobile Radio Replacement	-	-	111,032
Wastewater Treatment Plant Sludge Press	-	-	271,708
Wastewater Treatment Plant Digester Blower	-	-	104,182
Recreation Center Expansion	-	532,727	-
	<u>\$1,990,850</u>	<u>\$ 532,727</u>	<u>\$ 758,255</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 City had no unfunded commitments to AMLIP. The City can redeem its investments in AMLIP in a daily basis with no prior notification.

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

The City maintains an interest-bearing checking account, which had a bank balance of \$1,437,940 and a carrying value of \$562,424 at year-end. The City also holds an account for collection of online and credit card payments for utilities with a balance of \$61,725 and cash on hand of \$2,279. These deposits are insured for the first \$250,000 and the balance is collateralized by securities held by a third-party custodian in the City's name.

As of June 30, 2023, the City had the following investments and maturities.

General Fund, Special Revenue Funds Congregate Housing Enterprise Fund, Capital Project Funds and Internal Service Funds 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. Treasury/Agencies	\$19,730,292	\$ 5,633,328	\$4,645,123	\$9,451,841
Wells Fargo Money Market	7,044,190	7,044,190	-	-
Certificates of Deposit	<u>4,308,164</u>	<u>2,676,224</u>	<u>940,959</u>	<u>690,981</u>
Total Investments at Fair Value Level	31,082,646	<u>\$15,353,742</u>	<u>\$5,586,082</u>	<u>\$10,142,822</u>
AMLIP *	<u>2,038,664</u>			
Total Central Treasury	<u>\$33,121,310</u>			

* The City's investment in AMLIP is measured at net asset value, as of June 30, 2023. Management believes this value approximates fair value.

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

<u>Investment</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasury/Agencies	\$ 6,584,843	20.42%
Investment Grade Corporate Bonds	2,418,585	7.50
Wells Fargo Money Market	909,684	2.82
Mutual Funds:		
High Yield Domestic Bonds	1,256,717	3.90
U.S. Equity Securities	11,947,409	37.05
International Securities	4,107,465	12.74
Infrastructure Equities	1,573,411	4.88
Alternative Beta Securities	2,867,157	8.89
Real Estate Equities	<u>581,769</u>	<u>1.80</u>
Total	<u>\$32,247,040</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, 2023.

	<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	\$ 626,428	\$ -	\$ -	\$ 626,428
Investments	<u>63,991,561</u>	<u>238,845</u>	<u>1,137,944</u>	<u>65,368,350</u>
	<u>\$64,617,989</u>	<u>\$238,845</u>	<u>\$1,137,944</u>	<u>\$65,994,778</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, 2023 the index had an average duration of 6.31 while the fund's fixed income component had an average duration of 6.17.

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, 2023.

<u>Asset Class</u>	<u>Benchmark Index</u>	<u>Target % Weighting</u>	<u>Actual % Weighting</u>
Cash	90-day US Treasury Bill	0-10%	2.82%
Fixed income:			
Investment Grade Domestic Bond	Bloomberg Barclays US Aggregate Bond Index	16-36	27.92
High Yield Domestic Bonds	Bloomberg Barclays U.S. Corporate High Yield Very Liquid Bond Index	0-8	3.90
Domestic Equity:			
Large-Cap domestic equities	Standard & Poor's 500 Index	12-32	22.47
Mid-Cap equities	Standard & Poor's 400 Mid-Cap Index	0-18	9.77
Small-Cap equities	Standard & Poor's 600 Small-Cap Index	0-10	4.81
International equities	Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) Index	4-16	7.95
International emerging markets	Morgan Stanley Capital International Emerging Market Index	0-10	4.79
Real-estate equities	Standard & Poor's US REIT Index	0-4	1.80
Infrastructure equities	STOXX Global Broad Infrastructure Index	0-10	4.88
Alternative Beta	Wilshire Liquid Alternatives Index	0-15	8.89
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, 2023 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, 2023, one portfolio security with a value of \$995,320 contains a call option. 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, 2023:

Investments Measured at Fair Value				
	Fair Value	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	\$ 6,423,498	\$ 6,423,498	\$ -	\$ -
U.S. Agencies	19,891,637	-	19,891,637	-
Corporate bonds	2,418,585	-	2,418,585	-
Certificates of deposit	4,308,164	-	4,308,164	-
Money market funds	7,953,874	7,953,874	-	-
Mutual funds	<u>22,333,928</u>	<u>22,333,928</u>	-	-
Total investments at fair value level	63,329,686	<u>\$36,711,300</u>	<u>\$26,618,386</u>	<u>\$ -</u>
AMLIP *	<u>2,038,664</u>			
Total Central Treasury & Land Sale Funds Investments	<u>\$65,368,350</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 \$2,038,664 is measured at net asset value, as of June 30, 2023. Management believes this value approximates fair value.

B. Receivables

Receivables at June 30, 2023, for the City's individual major funds and the nonmajor governmental funds in the aggregate are as follows:

	General	Airport Special Revenue	Water & Sewer Special Revenue	Airport Improvement Capital Project	Parks and Recreation Capital Project	Airport Land Sales Permanent	Nonmajor Governmental Funds
Taxes	\$ 1,595,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	76,740	719,161	-	1,783,020	98,785	-	303,331
Customer and other	966,621	93,962	293,072	-	-	-	23,052
Special assessments	83,286	-	-	-	-	-	-
Land contracts	-	-	-	-	-	94,069	-
Accrued interest	<u>156,821</u>	-	-	-	-	<u>71,913</u>	<u>11,235</u>
Total receivables	2,879,452	813,123	293,072	1,783,020	98,785	165,982	337,618
Less allowances for uncollectibles	<u>(790,744)</u>	<u>(7,508)</u>	<u>(19,545)</u>	-	-	-	-
Net receivables	<u>\$2,088,708</u>	<u>\$805,615</u>	<u>\$273,527</u>	<u>\$1,783,020</u>	<u>\$98,785</u>	<u>\$165,982</u>	<u>\$337,618</u>

C. Leases Receivable

During the current year, the City, as lessor, entered into several multiple-year lease agreements with third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used their incremental borrowing rate of 5% when there was no stated interest rate in the lease contract. The City received payments totaling \$506,573 for the fiscal year ended June 30, 2023. The City recognized \$267,904 in lease revenue and \$351,791 in interest revenue for the fiscal year ended June 30, 2023. As of June 30,

2023, the City's receivable for lease payments was \$4,326,312. Accrued interest receivable was included in the City's lease receivable in the Statement of Net Position of \$34,272, resulting in a balance of \$4,360,586. The City recognized a deferred inflow of resources associated with the lease of \$4,123,543 on June 30, 2023, that will be recognized as revenue over the remainder of the lease terms.

The future principal and interest lease payments to be received as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 132,248	\$ 341,132	\$ 473,380
2025	137,782	330,426	468,208
2026	130,478	319,744	450,222
2027	138,150	309,072	447,222
2028	130,681	298,2290	428,971
2029-2033	569,129	1,336,798	1,905,927
2034-2038	344,957	1,168,035	1,512,992
2039-2043	399,623	1,019,814	1,419,437
2044-2048	330,700	873,200	1,203,900
2049-2053	374,468	728,693	1,103,161
2054-2058	414,344	579,241	993,585
2059-2063	387,447	414,417	801,864
2064-2068	348,088	252,492	600,580
2069-2073	150,765	165,535	316,300
2074-2078	189,076	97,844	286,920
2079-2083	97,049	34,711	131,760
2084-2088	33,639	14,361	48,000
2089-2090	17,688	1,512	19,200
Total	<u>\$4,326,312</u>	<u>\$8,285,317</u>	<u>\$12,611,629</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 assets by the governmental funds that are applicable to a future reporting period as deferred inflows of resources and consumption of net assets that are applicable to a future period as deferred outflows. At June 30, 2023, 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:

	<u>Fund Level</u>			<u>Government Wide</u>		
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Unearned</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Unearned</u>
Pension related	\$ -	\$ -	\$ -	\$1,796,875	\$ -	\$ -
Other postemployment benefits related	-	-	-	596,860	-	-
Special assessments receivable (General Fund)	-	83,286	-	-	-	-
Ambulance billing receivable (General Fund)	-	162,460	-	-	-	-
Land sales receivable (Airport Land Sales Permanent Fund)	-	94,069	-	-	-	-
Leases	-	4,123,543	-	-	4,123,543	-
Prepaid property tax (General Fund)	-	135,595	-	-	135,595	-
Prepaid licenses (General Fund)	-	2,300	-	-	2,300	-
Other postemployment benefits related	-	-	-	-	539,495	-
Prepaid rents & leases (General Fund)	-	-	57,172	-	-	57,172
Prepaid rents & leases (Airport Fund)	-	-	41,159	-	-	41,159
Prepaid rents & leases (Congregate Housing)	-	-	4,174	-	-	4,174
Prepaid water & sewer service	-	-	30,787	-	-	30,787
	<u>\$ -</u>	<u>\$4,601,253</u>	<u>\$133,292</u>	<u>\$2,393,735</u>	<u>\$4,800,933</u>	<u>\$133,292</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,319,560	\$ -	\$ -	\$ 6,319,560
Construction in progress	<u>3,671,876</u>	<u>6,784,840</u>	<u>(1,361,369)</u>	<u>9,095,347</u>
Total capital assets not being depreciated	<u>9,991,436</u>	<u>6,784,840</u>	<u>(1,361,369)</u>	<u>15,414,907</u>
Capital assets being depreciated:				
Buildings	94,810,601	-	-	94,810,601
Improvements other than buildings	60,362,074	161,050	-	60,523,124
Machinery and equipment	24,939,286	1,197,167	(82,372)	26,054,081
Infrastructure	<u>71,629,786</u>	<u>194,549</u>	<u>-</u>	<u>71,824,335</u>
Total capital assets being depreciated	<u>251,741,747</u>	<u>1,552,766</u>	<u>(82,372)</u>	<u>253,212,141</u>
Less accumulated depreciation for:				
Buildings	(29,049,033)	(1,776,814)	-	(30,825,847)
Improvements other than buildings	(30,724,295)	(1,497,864)	-	(32,222,159)
Machinery and equipment	(15,127,476)	(934,839)	82,372	(15,979,943)
Infrastructure	<u>(32,913,763)</u>	<u>(787,857)</u>	<u>-</u>	<u>(33,701,620)</u>
Total accumulated depreciation	<u>(107,814,567)</u>	<u>(4,997,374)</u>	<u>82,372</u>	<u>(112,729,569)</u>
Total capital assets being depreciated, net	<u>143,927,180</u>	<u>(3,444,608)</u>	<u>-</u>	<u>140,482,572</u>
Governmental activities capital assets, net	\$ <u>153,918,616</u>	\$ <u>3,340,232</u>	\$ <u>(1,361,369)</u>	\$ <u>155,897,479</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, 2022	Increases	Decreases	Balance June 30, 2023
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 274,500	\$ -	\$ -	\$ 274,500
Construction in progress	<u>10,745</u>	<u>24,842</u>	<u>(7,256)</u>	<u>28,331</u>
Total capital assets not being depreciated	<u>285,245</u>	<u>24,842</u>	<u>(7,256)</u>	<u>302,831</u>
Capital assets being depreciated - Buildings	5,710,288	7,256	-	5,717,544
Less accumulated depreciation for Buildings	<u>(3,869,221)</u>	<u>(140,446)</u>	<u>-</u>	<u>(4,009,667)</u>
Total capital assets being depreciated, net	<u>1,841,067</u>	<u>(133,190)</u>	<u>-</u>	<u>1,707,877</u>
Business-type activities capital assets, net	\$ <u>2,126,312</u>	\$ <u>(108,348)</u>	\$ <u>(7,256)</u>	\$ <u>2,010,708</u>

Depreciation expense charged to each governmental function is as follows:

General government	\$ 104,337
Public safety	251,693
Public works	838,701
Parks, recreation and cultural	331,605
Water and sewer services	1,062,536
Airport	2,341,217
Social welfare services	<u>67,285</u>
	\$ <u>4,997,374</u>

F. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The City participates in the Alaska 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 <https://drb.alaska.gov/docs/reports/#pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the 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. Peace/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, 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 a DB agent-multiple employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation 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. Peace officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is

calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is 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, 2023 were determined in the June 30, 2021 actuarial valuations. The City's contribution rates for the 2023 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution – Pension	6.41%	-%
Total Contribution Rates	<u>24.79%</u>	<u>2.79%</u>

Alaska Statute 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the City are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer match amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2023, the City was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2021 to <u>June 30, 2022</u>	City Fiscal Year July 1, 2022 to <u>June 30, 2023</u>
Employer contributions (including DBUL)	\$1,127,512	\$1,384,812
Nonemployer contributions (on-behalf)	<u>684,113</u>	<u>247,913</u>
Total Contributions	<u>\$1,811,625</u>	<u>\$1,632,725</u>

In addition, employee contributions to the Plan totaled \$175,541 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, 2023, 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:

City proportionate share of NPL	\$14,412,658
State's proportionate share of NPL associated with the City	<u>3,987,974</u>
Total Net Pension Liability	<u>\$18,400,632</u>

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2022 measurement date, the City's proportion was 0.28278 percent, which was an decrease of 0.03498 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$1,047,986 and on-behalf revenue of \$260,516 for support provided by the State. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 412,063	\$ -
City contributions subsequent to the measurement date	<u>1,384,812</u>	<u>-</u>
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	<u>\$1,796,875</u>	<u>\$ -</u>

The \$1,384,812 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, 2024. 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,	
2024	\$ (48,989)
2025	(125,567)
2026	(301,438)
2027	<u>888,057</u>
Total Amortization	<u>\$ 412,063</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.

Allocation methodology	Amounts for the June 30, 2022 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. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality Peace officer / firefighter	Pre-commencement mortality rates were based upon the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All Others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Others	See the experience study report dated July 15, 2022.

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27%	+/-6%	6.51%
Global equity (non-U.S.)	18%	+/-4%	5.70%
Aggregate bonds	21%	+/-10%	0.31%
Opportunistic	6%	+/-4%	-%
Real assets	14%	+/-7%	3.71%
Private equity	14%	+/-6%	9.61%
Cash equivalents	-%	-%	(0.50)%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed 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 7.25%, 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 (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City's proportionate share of the net pension liability	0.28278%	\$19,402,536	\$14,412,658	\$10,205,162

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The 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 earlier. <https://drb.alaska.gov/docs/reports/#pers>.

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Non-vested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended

June 30, 2023 to cover a portion of the City's employer match contributions. For the year ended June 30, 2023, forfeitures reduced pension expense by \$0.

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, 2023, 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, 2023 were \$332,051 and \$531,281, respectively. The City contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

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

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

Employer Contribution Rates

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

Employer contribution rates for the year ended June 30, 2023 were as follows:

	<u>Other</u>	<u>Peace/Fire</u>
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	<u>0.30%</u>	<u>0.68%</u>
Total Contribution Rates	<u>1.40%</u>	<u>1.78%</u>

In 2023, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to <u>June 30, 2022</u>	City Fiscal Year July 1, 2022 to <u>June 30, 2023</u>
Employer contributions – ARHCT	\$155,945	\$ 1,564
Employer contributions – RMP	63,827	73,051
Employer contributions – ODD	<u>27,554</u>	<u>30,167</u>
Total Contributions	<u>\$247,326</u>	<u>\$104,782</u>

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

At June 30, 2023, the City reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

City's proportionate share of NOA – ARHCT	\$5,527,506
City's proportionate share of NOA – RMP	131,012
City's proportionate share of NOA – ODD	<u>209,365</u>
Total City's Proportionate Share of Net OPEB Asset	<u>\$5,867,883</u>
State's proportionate share of the ARHCT NOA associated with the City	<u>1,578,141</u>
Total Net OPEB Asset	<u>\$7,446,024</u>

The total OPEB asset for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions 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, 2021 Measurement Date Employer <u>Proportion</u>	June 30, 2022 Measurement Date Employer <u>Proportion</u>	<u>Change</u>
City's proportionate share of the net OPEB assets:			
ARHCT	0.31913%	0.28093%	(0.03820)%
RMP	0.38386%	0.37723%	(0.00663)%
ODD	0.50193%	0.47759%	(0.02434)%

For the year ended June 30, 2023, the City recognized OPEB expense (benefit) of \$(2,007,212). Of this amount, \$(536,084) 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	\$(2,138,277)	\$(536,084)
RMP	102,187	-
ODD	<u>28,878</u>	<u>-</u>
Total	<u>\$(2,007,212)</u>	<u>\$(536,084)</u>

At June 30, 2023, 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	\$ -	\$ 6,494	\$ -	\$ 6,494
Changes in assumptions	-	25,367	-	25,367
Difference between projected and actual investment earnings	313,595	18,686	7,090	339,371
Changes in proportion and differences between City contributions and proportionate share of contributions	103,207	902	16,737	120,846
City contributions subsequent to the measurement date	<u>1,564</u>	<u>73,051</u>	<u>30,167</u>	<u>104,782</u>
Total Deferred Outflows of Resources Related to OPEB Plans	<u>\$418,366</u>	<u>\$124,500</u>	<u>\$53,994</u>	<u>\$596,860</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	\$ (39,124)	\$ (5,148)	\$ (68,684)	\$ (112,956)
Changes in assumptions	(253,665)	(157,088)	(1,333)	(412,086)
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>-</u>	<u>(1,547)</u>	<u>(12,906)</u>	<u>(14,453)</u>
Total Deferred Inflows of Resources Related to OPEB Plans	<u>\$(292,789)</u>	<u>\$(163,783)</u>	<u>\$(82,923)</u>	<u>\$(539,495)</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 an increase in the net OPEB assets in the year ended June 30, 2024. 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>
2024	\$(242,249)	\$(18,920)	\$(12,877)	\$(274,046)
2025	(109,978)	(19,834)	(13,231)	(143,043)
2026	(247,753)	(22,720)	(14,358)	(284,831)
2027	723,993	2,488	(4,947)	721,534
2028	-	(23,949)	(6,724)	(30,673)
Thereafter	<u>-</u>	<u>(29,399)</u>	<u>(6,959)</u>	<u>(36,358)</u>
Total Amortization	<u>\$ 124,013</u>	<u>\$(112,334)</u>	<u>\$(59,096)</u>	<u>\$(47,417)</u>

Actuarial Assumptions

The total OPEB asset for each plan for the measurement period ended June 30, 2022 was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

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 officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 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	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All Others (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021

generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

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

(ARHCT and ODD Plans)

Deaths are assumed to result from occupational causes 35% of the time.

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.

Other

See the experience study report dated July 15, 2022.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27%	+/-6%	6.51%
Global ex-U.S. equity	18%	+/-4%	5.70%
Aggregate bonds	21%	+/-10%	0.31%
Opportunistic	6%	+/-4%	-%
Real assets	14%	+/-7%	3.71%
Private equity	14%	+/-6%	9.61%
Cash equivalents	-%	-%	(0.50)%

Discount Rate

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2022 was 7.25%. This discount rate used changed 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 Asset (Liability) to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the respective plan's net OPEB asset (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 (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City's proportionate share of the net OPEB asset (liability):				
ARHCT	0.28093%	\$3,284,136	\$5,527,506	\$7,408,772
RMP	0.37723%	(24,097)	131,012	249,296
ODD	0.47759%	197,220	209,365	218,864

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

The following presents the City's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>Proportional Share</u>	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset (liability):				
ARHCT	0.28093%	\$7,630,081	\$5,527,506	\$3,016,625
RMP	0.37723%	265,540	131,012	(50,187)
ODD	0.47759%	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.

(d) Defined Contribution OPEB Plan

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Contribution Rates

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of all employees of all employers in the plan”. As of July 1, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2023, the City contributed \$184,741 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, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>one year</u>
Compensated absences	\$1,002,738	\$970,143	\$ 854,370	\$1,118,511	\$279,628
Advance refunding bonds	<u>850,000</u>	<u>-</u>	<u>90,000</u>	<u>760,000</u>	<u>95,000</u>
Total governmental activities	<u>\$1,852,738</u>	<u>\$970,143</u>	<u>\$944,306</u>	<u>\$1,878,575</u>	<u>\$374,628</u>

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>one year</u>
Compensated absences	<u>\$7,732</u>	<u>\$6,892</u>	<u>\$5,796</u>	<u>\$8,826</u>	<u>\$2,207</u>

A summary of bonds payable (in thousands) at June 30, 2023, 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, 2023</u>
7/7/20	\$1,020	5.00	2020 - 2029	\$125 - \$131	\$760

Debt service requirements for the general obligation refunding bonds at June 30, 2023 are as follows:

	<u>Governmental Activities</u>	
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 95,000	\$ 35,625
2025	100,000	30,750
2026	105,000	25,625
2027	105,000	23,000
2028	110,000	17,750
2029-2030	<u>245,000</u>	<u>12,375</u>
Total	<u>\$760,000</u>	<u>\$145,125</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 2022 Certified Main and Supplemental Tax Rolls for the City showed total taxable assessed for real and personal property of \$969,225,240, making the legal debt limit \$193,845,048 for the City.

H. Interfund Receivables, Payables and Transfers

Amounts due from other funds are as follows:

Due to General Fund from nonmajor governmental funds short-term operating advances	<u>\$60,162</u>
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Transfers between funds were as follows:

From General Fund to:	
Parks and Recreation Capital Project Fund for capital costs	\$ 710,000
Nonmajor governmental funds for capital costs	1,287,000
Nonmajor governmental funds for debt service	130,250
Nonmajor governmental funds for operating costs	<u>241,562</u>
Total from General Fund	2,368,812

From Airport Special Revenue Fund to - Airport Improvement Capital Project Fund for capital costs	2,251,842
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From Water & Sewer Special Revenue Fund to - Nonmajor governmental funds for capital costs	740,000
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From Airport Improvement Capital Project Fund to - Airport Special Revenue Fund to return unexpended capital funds	286
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From Airport Land Sales Permanent Fund to - Airport Special Revenue Fund for operating costs	1,028,478
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From nonmajor governmental funds to:	
General Fund for operating costs	75,000
General Fund to return unexpended capital funds	28,266
Parks and Recreation Capital Project Fund for capital costs	<u>50,000</u>
Total from nonmajor governmental funds	<u>153,266</u>

Total transfers to other funds	<u>\$6,542,684</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	Parks & Rec Capital Project	Airport Land Sales Permanent	Nonmajor and Other Funds	Totals
Nonspendable :								
Permanent Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,485,184	\$ 3,485,184
Restricted:								
Airport purposes	-	-	-	-	-	27,147,869	-	27,147,869
Cone Memorial Trust	-	-	-	-	-	-	741,229	741,229
Athletics	735,423							735,423
Total Restricted	735,423	-	-	-	-	27,147,869	741,229	28,624,521
Committed:								
Capital Imp.	-	-	-	4,127,522	1,442,758	-	5,175,459	10,745,739
Budget stabilization	5,395,279	-	-	-	-	-	-	5,395,279
Subsequent years' expenditures	2,996,973	-	-	-	-	-	-	2,996,973
Total Committed	8,392,252	-	-	4,127,522	1,442,758	-	5,175,459	19,137,991
Assigned:								
Operational & capital contingency reserve	1,798,519	-	-	-	-	-	-	1,798,519
Compensated abs.	992,856	36,470	36,977	-	-	-	4,349	1,070,652
Airport operations	-	3,073,353	-	-	-	-	-	3,073,353
Water & Sewer operations	-	-	1,456,412	-	-	-	-	1,456,412
Personal use fishery operations	-	-	-	-	-	-	214,332	214,332
Total Assigned	2,791,375	3,109,823	1,493,389	-	-	-	218,681	7,613,268
Unassigned	3,565,312	-	-	-	-	-	-	3,565,312
Total Fund Balances	\$15,484,362	\$ 3,109,823	\$ 1,493,389	\$ 4,127,522	\$1,442,758	\$27,147,869	\$9,620,553	\$62,426,276

J. Risk Management

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

K. Contingencies

The City is involved in lawsuits arising in the ordinary course of operations, including actions commenced and claims asserted against it. Management of the City does not believe that the ultimate resolution of these lawsuits and claims will have any material effect on its financial position or results of operations, and therefore, no provision has been made in the accompanying financial statements.

L. New Accounting Pronouncements

The 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 of Kenai for the 2023 reporting:

GASB Statement No. 91 – Conduit Debt Obligations - Effective for year-end June 30, 2023. 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. The City does not have any current conduit debt, so no action was required on this Statement.

GASB Statement No. 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). The City does not have any current public-private or public-public partnership arrangements, so no action was required on this Statement.

GASB Statement No. 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. The City evaluated all of the subscription IT agreements and determined there was no material impact to the financial statements for FY23.

GASB Statement No. 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. The City evaluated the impact of this Statement and determined there was no material impact to the financial statements for FY23.

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

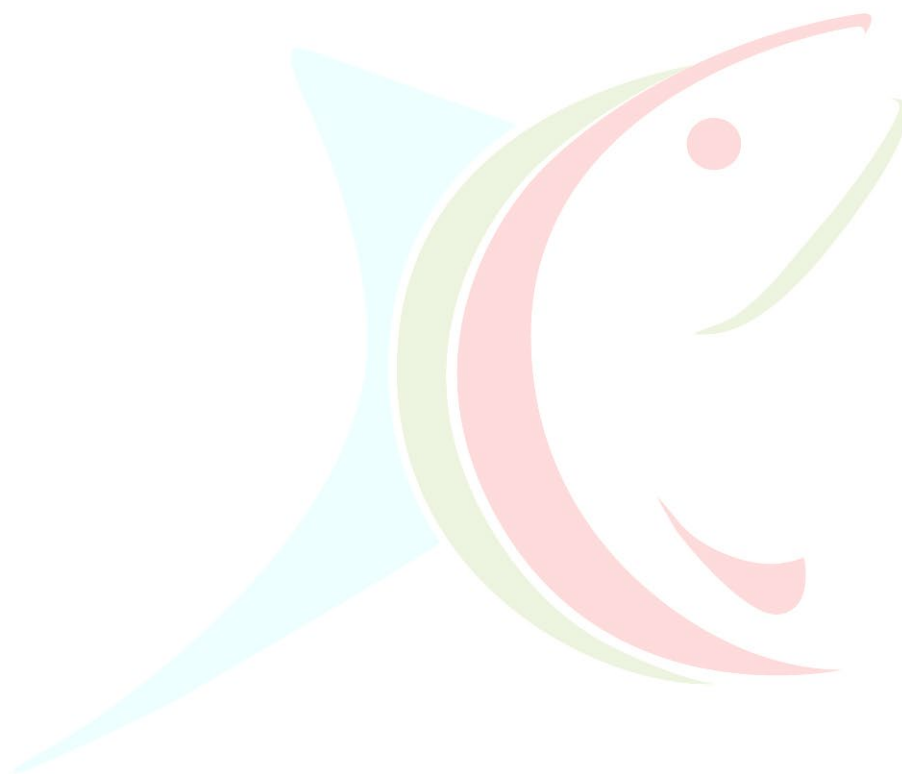
GASB Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62 – Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes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

GASB Statement No. 101 – Compensated Absences – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

GASB Statement No. 102 – Certain Risk Disclosures – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

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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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Taxes:				
General property	\$ 4,197,803	\$ 4,197,803	\$ 4,289,585	\$ 91,782
General sales	9,307,808	9,307,808	9,818,482	510,674
Penalty and interest on taxes	<u>10,000</u>	<u>10,000</u>	<u>26,619</u>	<u>16,619</u>
Total taxes	<u>13,515,611</u>	<u>13,515,611</u>	<u>14,134,686</u>	<u>619,075</u>
Intergovernmental revenues:				
Federal grants	954,483	985,336	43,434	(941,902)
Kenai Peninsula Borough	52,800	52,800	52,800	-
State of Alaska shared revenues:				
Marijuana licenses	2,500	2,500	-	(2,500)
Electric utility tax	30,000	30,000	28,648	(1,352)
Fish tax	50,000	50,000	35,646	(14,354)
Liquor licenses	20,000	20,000	16,950	(3,050)
Community Assistance	80,000	80,000	201,915	121,915
State of Alaska grants:				
Library grants	-	7,000	7,000	-
Fire grants	4,700	4,700	-	(4,700)
Police grants	-	-	2,546	2,546
PERS relief	<u>216,490</u>	<u>216,490</u>	<u>207,305</u>	<u>(9,185)</u>
Total intergovernmental revenues	<u>1,410,973</u>	<u>1,448,826</u>	<u>596,244</u>	<u>(852,582)</u>
Charges for services:				
Fees and charges:				
Ambulance fees	500,000	528,543	1,072,366	543,823
Multipurpose facility charges	163,000	163,000	157,575	(5,425)
Administrative and service fees	1,845,600	1,845,600	1,845,500	(100)
Other	<u>83,000</u>	<u>83,000</u>	<u>85,556</u>	<u>2,556</u>
Total fees and charges	<u>2,591,600</u>	<u>2,620,143</u>	<u>3,160,997</u>	<u>540,854</u>
Licenses and permits:				
Building permits	175,000	175,000	134,423	(40,577)
Animal control licenses and fees	89,000	89,000	96,261	7,261
Other	<u>7,500</u>	<u>7,500</u>	<u>7,260</u>	<u>(240)</u>
Total licenses and permits	<u>271,500</u>	<u>271,500</u>	<u>237,944</u>	<u>(33,556)</u>
Fines and forfeits:				
Court fines	45,000	45,000	83,648	38,648
Library fines	9,000	9,000	190	(8,810)
Other forfeitures	<u>22,000</u>	<u>52,000</u>	<u>34,121</u>	<u>(17,879)</u>
Total fines and forfeits	<u>76,000</u>	<u>106,000</u>	<u>117,959</u>	<u>11,959</u>
Total charges for services	<u>2,939,100</u>	<u>2,997,643</u>	<u>3,516,900</u>	<u>519,257</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues, continued:				
Investment earnings	\$ 200,000	\$ 200,000	\$ 334,569	\$ 134,569
Miscellaneous revenues:				
Rents and leases	235,811	235,811	171,599	(64,212)
Lease interest	-	-	55,272	55,272
Oil and gas royalties	40,000	40,000	50,215	10,215
Special assessments	10,500	10,500	34,571	24,071
Other	77,900	107,801	79,831	(27,970)
Total miscellaneous revenues	<u>364,211</u>	<u>394,112</u>	<u>391,488</u>	<u>(2,624)</u>
Total revenues	<u>18,429,895</u>	<u>18,556,192</u>	<u>18,973,887</u>	<u>417,695</u>
Expenditures:				
General government:				
Legislative:				
Personal services	51,773	51,773	51,773	-
Supplies	7,125	9,925	9,308	617
Other services and charges	111,881	109,081	93,556	15,525
Total legislative	<u>170,779</u>	<u>170,779</u>	<u>154,637</u>	<u>16,142</u>
City clerk:				
Personal services	292,516	292,516	284,492	8,024
Supplies	36,693	38,448	33,920	4,528
Other services and charges	63,530	61,775	34,492	27,283
Capital outlays	11,575	11,575	10,962	613
Total city clerk	<u>404,314</u>	<u>404,314</u>	<u>363,866</u>	<u>40,448</u>
City attorney:				
Personal services	354,887	354,887	347,469	7,418
Supplies	2,079	2,079	1,485	594
Other services and charges	35,050	35,050	13,257	21,793
Total city attorney	<u>392,016</u>	<u>392,016</u>	<u>362,211</u>	<u>29,805</u>
City manager:				
Personal services	481,464	481,464	416,526	64,938
Supplies	3,353	3,353	2,761	592
Other services and charges	92,600	92,600	84,275	8,325
Total city manager	<u>577,417</u>	<u>577,417</u>	<u>503,562</u>	<u>73,855</u>
Human resources:				
Personal services	156,789	156,789	131,653	25,136
Supplies	7,724	12,224	10,477	1,747
Other services and charges	4,820	4,820	4,162	658
Total human resources	<u>169,333</u>	<u>173,833</u>	<u>146,292</u>	<u>27,541</u>
Finance:				
Personal services	806,682	767,682	726,116	41,566
Supplies	43,145	43,145	39,646	3,499
Other services and charges	83,960	118,960	101,984	16,976
Total finance	<u>933,787</u>	<u>929,787</u>	<u>867,746</u>	<u>62,041</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures, continued:				
General government, continued:				
Non-departmental:				
Personal services	\$ 227,918	\$ 227,918	\$ 218,212	\$ 9,706
Supplies	43,305	56,731	46,485	10,246
Other services and charges	685,603	656,923	546,277	110,646
Capital outlays	20,000	19,327	14,681	4,646
Total non-departmental	<u>976,826</u>	<u>960,899</u>	<u>825,655</u>	<u>135,244</u>
Planning and zoning:				
Personal services	227,333	227,333	197,629	29,704
Supplies	4,988	6,460	5,708	752
Other services and charges	34,860	84,724	15,415	69,309
Total planning and zoning	<u>267,181</u>	<u>318,517</u>	<u>218,752</u>	<u>99,765</u>
Safety:				
Supplies	1,100	1,100	-	1,100
Other services and charges	2,100	2,100	1,550	550
Total safety	<u>3,200</u>	<u>3,200</u>	<u>1,550</u>	<u>1,650</u>
Land administration:				
Supplies	640	649	548	101
Other services and charges	29,138	29,129	24,227	4,902
Total land administration	<u>29,778</u>	<u>29,778</u>	<u>24,775</u>	<u>5,003</u>
Total general government	<u>3,924,631</u>	<u>3,960,540</u>	<u>3,469,046</u>	<u>491,494</u>
Public safety:				
Police:				
Personal services	3,273,359	3,288,464	3,174,445	114,019
Supplies	169,221	185,137	158,432	26,705
Other services and charges	253,517	244,717	225,858	18,859
Capital outlays	-	30,000	30,000	-
Total police	<u>3,696,097</u>	<u>3,748,318</u>	<u>3,588,735</u>	<u>159,583</u>
Fire:				
Personal services	3,121,927	3,121,927	3,050,696	71,231
Supplies	97,104	112,077	102,361	9,716
Other services and charges	335,962	337,249	289,208	48,041
Capital outlays	30,670	54,659	46,661	7,998
Total fire	<u>3,585,663</u>	<u>3,625,912</u>	<u>3,488,926</u>	<u>136,986</u>
Communications:				
Personal services	903,347	903,347	869,660	33,687
Supplies	11,575	11,575	10,211	1,364
Other services and charges	52,069	55,058	51,011	4,047
Total communications	<u>966,991</u>	<u>969,980</u>	<u>930,882</u>	<u>39,098</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Personal services	\$ 340,637	\$ 340,637	\$ 332,559	\$ 8,078
Supplies	19,031	22,819	21,458	1,361
Other services and charges	132,384	135,188	129,303	5,885
Total animal control	<u>492,052</u>	<u>498,644</u>	<u>483,320</u>	<u>15,324</u>
Total public safety	<u>8,740,803</u>	<u>8,842,854</u>	<u>8,491,863</u>	<u>350,991</u>
Public works:				
Public works administration:				
Personal services	165,593	165,593	160,841	4,752
Supplies	8,332	8,332	5,438	2,894
Other services and charges	4,585	4,585	3,327	1,258
Total public works administration	<u>178,510</u>	<u>178,510</u>	<u>169,606</u>	<u>8,904</u>
Shop:				
Personal services	432,770	439,970	435,528	4,442
Supplies	185,266	185,277	182,373	2,904
Other services and charges	111,526	104,326	80,654	23,672
Total shop	<u>729,562</u>	<u>729,573</u>	<u>698,555</u>	<u>31,018</u>
Streets:				
Personal services	623,733	632,433	629,212	3,221
Supplies	143,642	138,942	132,848	6,094
Other services and charges	257,554	253,554	194,949	58,605
Capital outlays	16,000	16,000	14,658	1,342
Total streets	<u>1,040,929</u>	<u>1,040,929</u>	<u>971,667</u>	<u>69,262</u>
Dock:				
Personal services	37,115	37,165	18,087	19,078
Supplies	7,150	7,150	1,290	5,860
Other services and charges	21,473	21,423	13,207	8,216
Total dock	<u>65,738</u>	<u>65,738</u>	<u>32,584</u>	<u>33,154</u>
Buildings:				
Personal services	299,328	299,328	290,509	8,819
Supplies	33,860	32,860	32,296	564
Other services and charges	90,274	91,274	50,724	40,550
Capital outlays	83,000	83,000	20,546	62,454
Total buildings	<u>506,462</u>	<u>506,462</u>	<u>394,075</u>	<u>112,387</u>
Street lighting -				
Other services and charges	<u>200,670</u>	<u>250,670</u>	<u>203,814</u>	<u>46,856</u>
Total public works	<u>2,721,871</u>	<u>2,771,882</u>	<u>2,470,301</u>	<u>301,581</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures, continued:				
Parks, recreation, and cultural:				
Library:				
Personal services	\$ 756,821	\$ 756,821	\$ 726,402	\$ 30,419
Supplies	29,040	51,866	43,982	7,884
Other services and charges	174,517	181,025	174,429	6,596
Capital outlays	11,484	10,857	10,856	1
Total library	<u>971,862</u>	<u>1,000,569</u>	<u>955,669</u>	<u>44,900</u>
Visitors center-				
Other services and charges	<u>147,717</u>	<u>147,717</u>	<u>147,631</u>	<u>86</u>
Parks, recreation & beautification:				
Personal services	752,817	752,817	731,812	21,005
Supplies	105,670	90,170	90,294	(124)
Other services and charges	350,735	439,155	401,792	37,363
Capital outlays	46,600	43,300	10,728	32,572
Total parks, recreation & beautification	<u>1,255,822</u>	<u>1,325,442</u>	<u>1,234,626</u>	<u>90,816</u>
Total parks, recreation, and cultural	<u>2,375,401</u>	<u>2,473,728</u>	<u>2,337,926</u>	<u>135,802</u>
Total expenditures	<u>17,762,706</u>	<u>18,049,004</u>	<u>16,769,136</u>	<u>1,279,868</u>
Excess of revenues over expenditures	<u>667,189</u>	<u>507,188</u>	<u>2,204,751</u>	<u>1,697,563</u>
Other financing sources (uses):				
Transfers in	235,109	235,109	103,266	(131,843)
Transfers out	<u>(1,809,841)</u>	<u>(2,408,841)</u>	<u>(2,368,812)</u>	<u>40,029</u>
Net other financing sources (uses)	<u>(1,574,732)</u>	<u>(2,173,732)</u>	<u>(2,265,546)</u>	<u>(91,814)</u>
Net changes in fund balance	<u>\$ (907,543)</u>	<u>\$ (1,666,544)</u>	<u>(60,795)</u>	<u>\$ 1,605,749</u>
Fund balance - July 1			<u>15,545,157</u>	
Fund balance - June 30			<u>\$ 15,484,362</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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Intergovernmental revenues	\$ 22,987	\$ 1,413,211	\$ 1,249,807	\$ (163,404)
Charges for services - landing fees	447,787	447,787	365,551	(82,236)
Investment earnings	35,000	35,000	80,860	45,860
Miscellaneous revenues:				
Rents and leases, including penalty and interest	1,125,797	1,158,606	1,291,402	132,796
Parking fees	297,143	297,143	215,983	(81,160)
Car rental commissions	128,600	128,600	186,928	58,328
Advertising commissions	28,000	28,000	19,086	(8,914)
Fuel flowage	31,250	31,250	16,322	(14,928)
Other	28,625	28,625	84,697	56,072
Total miscellaneous revenues	1,639,415	1,672,224	1,814,418	142,194
Total revenues	<u>2,145,189</u>	<u>3,568,222</u>	<u>3,510,636</u>	<u>(57,586)</u>
Expenditures:				
Maintenance and operation:				
Personal services	382,085	384,760	350,077	34,683
Supplies	243,199	235,699	164,763	70,936
Other services and charges	386,590	384,628	312,904	71,724
Capital outlays	6,000	6,000	-	6,000
	1,017,874	1,011,087	827,744	183,343
Expenditures chargeable from other funds	1,061,800	1,061,800	1,061,800	-
Total maintenance and operation	<u>2,079,674</u>	<u>2,072,887</u>	<u>1,889,544</u>	<u>183,343</u>
Administration:				
Personal services	252,736	252,821	240,269	12,552
Supplies	1,940	3,561	3,592	(31)
Other services and charges	1,411,504	1,409,772	16,609	1,393,163
	1,666,180	1,666,154	260,470	1,405,684
Expenditures chargeable from other funds	72,200	72,200	72,200	-
Total administration	<u>1,738,380</u>	<u>1,738,354</u>	<u>332,670</u>	<u>1,405,684</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**

Expenditures, continued:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Land:				
Personal services	\$ 94,907	\$ 95,244	\$ 81,917	\$ 13,327
Supplies	24,000	41,193	41,207	(14)
Other services and charges	49,259	48,754	42,032	6,722
Capital outlays	<u>20,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total land	<u>188,166</u>	<u>188,191</u>	<u>165,156</u>	<u>23,035</u>
Training facility:				
Supplies	(2,903)	38,935	30,668	8,267
Other services and charges	<u>77,184</u>	<u>106,038</u>	<u>78,038</u>	<u>28,000</u>
Total training facility	<u>74,281</u>	<u>144,973</u>	<u>108,706</u>	<u>36,267</u>
Terminal:				
Personal services	203,228	203,228	172,996	30,232
Supplies	22,500	29,736	24,343	5,393
Other services and charges	<u>334,190</u>	<u>333,740</u>	<u>288,162</u>	<u>45,578</u>
	559,918	566,704	485,501	81,203
Expenditures chargeable from other funds	<u>83,400</u>	<u>83,400</u>	<u>83,400</u>	<u>-</u>
Total terminal	<u>643,318</u>	<u>650,104</u>	<u>568,901</u>	<u>81,203</u>
Total expenditures	<u>4,723,819</u>	<u>4,794,509</u>	<u>3,064,977</u>	<u>1,729,532</u>
Excess of revenues over (under) expenditures	<u>(2,578,630)</u>	<u>(1,226,287)</u>	<u>445,659</u>	<u>1,671,946</u>
Other financing sources (uses):				
Transfers in	1,076,665	1,076,665	1,028,764	(47,901)
Transfers out	<u>(178,125)</u>	<u>(2,251,842)</u>	<u>(2,251,842)</u>	<u>-</u>
Net other financing sources (uses)	<u>898,540</u>	<u>(1,175,177)</u>	<u>(1,223,078)</u>	<u>(47,901)</u>
Net changes in fund balance	<u>\$ (1,680,090)</u>	<u>\$ (2,401,464)</u>	<u>(777,419)</u>	<u>\$ 1,624,045</u>
Fund balance - July 1			<u>3,887,242</u>	
Fund balance - June 30			<u>\$ 3,109,823</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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Intergovernmental revenues -				
State grant	\$ 18,950	\$ 18,950	\$ 18,073	\$ (877)
Charges for services:				
Residential water	939,259	940,507	967,052	26,545
Commercial water	372,154	372,586	351,024	(21,562)
Residential sewer	1,331,427	1,333,042	1,358,476	25,434
Commercial sewer	521,371	522,056	475,421	(46,635)
Hook-up fees	3,914	3,928	9,028	5,100
Other	30,462	30,462	41,583	11,121
Total charges for services	<u>3,198,587</u>	<u>3,202,581</u>	<u>3,202,584</u>	<u>3</u>
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>78,182</u>	<u>73,182</u>
Miscellaneous revenues	<u>3,000</u>	<u>3,000</u>	<u>5,798</u>	<u>2,798</u>
Total revenues	<u>3,225,537</u>	<u>3,229,531</u>	<u>3,304,637</u>	<u>75,106</u>
Expenditures:				
Water:				
Personal services	301,930	308,430	314,446	(6,016)
Supplies	189,241	234,241	187,506	46,735
Other services and charges	<u>320,083</u>	<u>313,213</u>	<u>280,291</u>	<u>32,922</u>
	811,254	855,884	782,243	73,641
Expenditures chargeable from other funds	<u>107,400</u>	<u>107,400</u>	<u>107,400</u>	<u>-</u>
Total water	<u>918,654</u>	<u>963,284</u>	<u>889,643</u>	<u>73,641</u>
Sewer:				
Personal services	301,930	308,730	313,666	(4,936)
Supplies	33,875	35,375	27,495	7,880
Other services and charges	<u>94,365</u>	<u>86,435</u>	<u>53,463</u>	<u>32,972</u>
	430,170	430,540	394,624	35,916
Expenditures chargeable from other funds	<u>59,200</u>	<u>59,200</u>	<u>59,200</u>	<u>-</u>
Total sewer	<u>489,370</u>	<u>489,740</u>	<u>453,824</u>	<u>35,916</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures - continued:				
Sewer treatment plant:				
Personal services	\$ 541,550	\$ 541,550	\$ 481,332	\$ 60,218
Supplies	123,411	135,411	99,519	35,892
Other services and charges	<u>478,428</u>	<u>478,428</u>	<u>355,849</u>	<u>122,579</u>
	1,143,389	1,155,389	936,700	218,689
Expenditures chargeable from other funds	<u>137,100</u>	<u>137,100</u>	<u>137,100</u>	<u>-</u>
Total sewer treatment plant	<u>1,280,489</u>	<u>1,292,489</u>	<u>1,073,800</u>	<u>218,689</u>
 Total expenditures	 <u>2,688,513</u>	 <u>2,745,513</u>	 <u>2,417,267</u>	 <u>328,246</u>
Excess of revenues over expenditures	537,024	484,018	887,370	403,352
Other financing uses -				
Transfers out	<u>-</u>	<u>(740,000)</u>	<u>(740,000)</u>	<u>-</u>
 Net changes in fund balance	 <u>\$ 537,024</u>	 <u>\$ (255,982)</u>	 147,370	 <u>\$ 403,352</u>
 Fund balance - July 1			 <u>1,346,019</u>	
 Fund balance - June 30			 <u>\$ 1,493,389</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.28278%	0.31776%	0.24754%	0.22960%	0.25988%
City's proportionate share of the net pension liability	\$ 14,412,658	\$ 11,657,104	\$ 14,607,516	\$ 12,568,996	\$ 12,913,450
State of Alaska proportionate share of the net pension liability	<u>3,987,974</u>	<u>1,577,585</u>	<u>6,046,118</u>	<u>4,992,668</u>	<u>3,738,518</u>
Total net pension liability	<u>\$ 18,400,632</u>	<u>\$ 13,234,689</u>	<u>\$ 20,653,634</u>	<u>\$ 17,561,664</u>	<u>\$ 16,651,968</u>
City's covered payroll	\$ 8,407,454	\$ 8,462,834	\$ 8,382,999	\$ 8,087,981	\$ 7,992,166
City's proportionate share of the net pension liability as a percentage of payroll	171.43%	137.74%	174.25%	155.40%	161.58%
Plan fiduciary net position as a percentage of the total pension liability	67.97%	76.46%	61.61%	63.42%	65.19%

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

<u>Years Ended June 30,</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 1,384,812	\$ 1,127,512	\$ 1,101,645	\$ 948,738	\$ 1,020,687
Contributions relative to the contractually required contributions	<u>1,384,812</u>	<u>1,127,512</u>	<u>1,101,645</u>	<u>948,738</u>	<u>1,020,687</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 9,176,906	\$ 8,407,454	\$ 8,462,834	\$ 8,382,999	\$ 8,087,981
Contributions as a percentage of covered payroll	15.09%	13.41%	13.02%	11.32%	12.62%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.25468%	0.30898%	0.26181%	0.18506%
\$ 13,165,767	\$ 17,270,846	\$ 12,697,944	\$ 8,631,519
<u>4,904,181</u>	<u>2,174,127</u>	<u>3,401,936</u>	<u>7,550,147</u>
<u>\$ 18,069,948</u>	<u>\$ 19,444,973</u>	<u>\$ 16,099,880</u>	<u>\$ 16,181,666</u>
\$ 7,663,488	\$ 4,180,200	\$ 4,415,909	\$ 4,739,928
171.80%	413.16%	287.55%	182.10%
63.37%	59.55%	63.96%	62.37%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,048,639	\$ 891,552	\$ 811,111	\$ 780,934
<u>1,048,639</u>	<u>891,552</u>	<u>811,111</u>	<u>780,934</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,992,166	\$ 7,663,488	\$ 4,180,200	\$ 4,415,909
13.12%	11.63%	19.40%	17.68%

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

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

<u>Years Ended June 30,</u>	<u>ARHCT</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.28093%	0.31913%	0.24748%	0.22969%	0.25984%	0.25476%
City's proportionate share of the net OPEB liability (asset)	\$ (5,527,506)	\$ (8,186,916)	\$ (1,120,744)	\$ 340,818	\$ 2,666,667	\$ 2,117,245
State of Alaska proportionate share of the net OPEB liability (asset)	(1,578,141)	(1,073,049)	(465,221)	135,484	773,478	801,210
Total net OPEB liability (asset)	<u>\$ (7,105,647)</u>	<u>\$ (9,259,965)</u>	<u>\$ (1,585,965)</u>	<u>\$ 476,302</u>	<u>\$ 3,440,145</u>	<u>\$ 2,918,455</u>
City's covered payroll	\$ 2,420,380	\$ 2,831,344	\$ 3,137,494	\$ 3,311,701	\$ 3,629,421	\$ 3,646,870
City's proportionate share of the net OPEB liability (asset) as a percentage of payroll	-228.37%	-289.15%	-35.72%	10.29%	73.47%	58.06%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	128.51%	135.54%	106.15%	98.13%	88.12%	89.91%

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

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

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

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

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

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

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

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

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

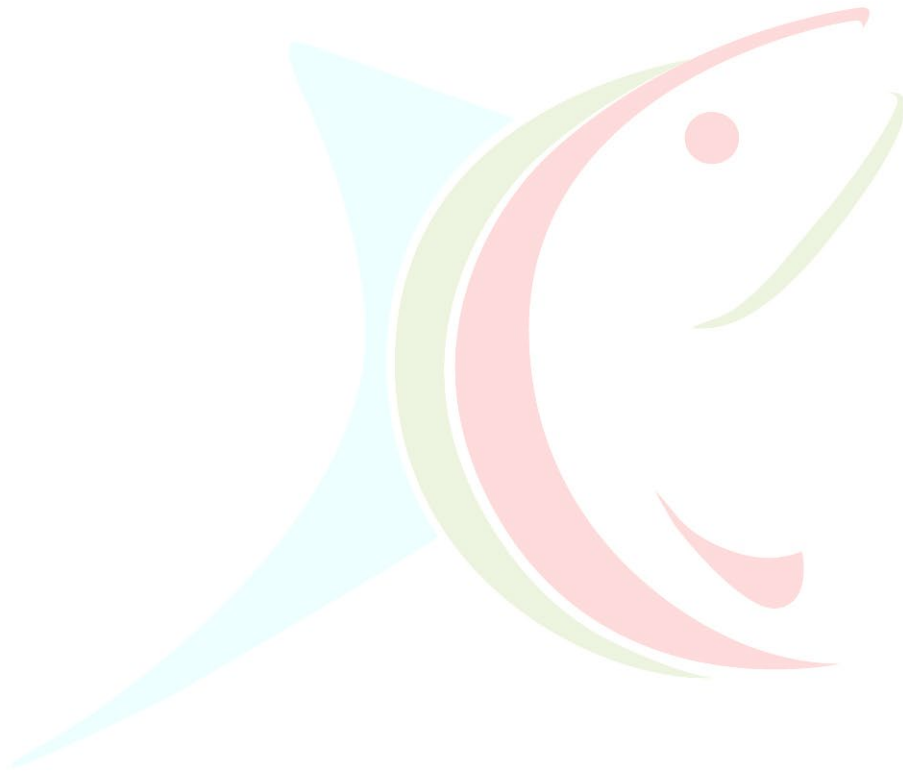
<u>Years Ended June 30,</u>	ODD					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.47759%	0.50193%	0.53960%	0.57178%	0.38325%	0.38843%
City's proportionate share of the net OPEB liability (asset)	\$ (209,365)	\$ (221,216)	\$ (147,094)	\$ (138,628)	\$ (74,435)	\$ (55,114)
State of Alaska proportionate share of the net OPEB liability (asset)	-	-	-	-	-	-
Total net OPEB liability (asset)	<u>\$ (209,365)</u>	<u>\$ (221,216)</u>	<u>\$ (147,094)</u>	<u>\$ (138,628)</u>	<u>\$ (74,435)</u>	<u>\$ (55,114)</u>
City's covered payroll	\$ 5,987,074	\$ 5,631,491	\$ 5,246,705	\$ 4,776,280	\$ 4,362,745	\$ 4,016,618
City's proportionate share of the net OPEB liability (asset) as a percentage of payroll	-3.50%	-3.93%	-2.80%	-2.90%	-1.71%	-1.37%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

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

<u>Years Ended June 30,</u>	ODD					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 30,167	\$ 27,554	\$ 26,773	\$ 23,663	\$ 23,345	\$ 3,508
Contributions relative to the contractually required contributions	<u>30,167</u>	<u>27,554</u>	<u>26,773</u>	<u>23,663</u>	<u>23,345</u>	<u>3,508</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,616,834	\$ 5,987,074	\$ 5,631,491	\$ 5,246,705	\$ 4,776,280	\$ 4,362,745
Contributions as a percentage of covered payroll	0.456%	0.460%	0.475%	0.451%	0.489%	0.080%

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

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 within each department of a fund by any amount and by transfers between departments of a fund in amounts less than \$10,000. Amendments between departments of a fund in excess of \$10,000 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, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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

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

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

These tables are presented based on the Plan measurement date. For June 30, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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 2022, the discount rate was lowered from 7.38% to 7.25%.

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

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

Schedule of the City Contributions

These tables are based on the City's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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

OTHER GOVERNMENTAL FUNDS

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

Special Revenue Funds

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

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

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

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

Capital Project Funds

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

Streets Fund – 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 Fund

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

General Government Land Sales Fund - 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 fund balance or calendar year actual earnings as measured at December 31st of each year.

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**CITY OF KENAI, ALASKA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

ASSETS	Special Revenue Funds			Capital Project Funds		
	Cone Memorial Trust	Personal Use Fishery	Senior Citizen	Streets	Water and Sewer	Miscellaneous
Equity in central treasury (cash and investments)	\$ 739,373	\$ 232,123	\$ -	\$ 2,189,887	\$ 2,408,410	\$ 571,355
Intergovernmental receivables	-	-	76,098	24,579	-	202,654
Other accounts receivable, net	1,955	-	23,052	-	-	-
Total assets	\$ 741,328	\$ 232,123	\$ 99,150	\$ 2,214,466	\$ 2,408,410	\$ 774,009
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 99	\$ 13,442	\$ 19,039	\$ 8,400	\$ 210,140	\$ 2,886
Accrued payroll and payroll liabilities	-	-	11,850	-	-	-
Other liabilities	-	-	8,099	-	-	-
Due to General Fund	-	-	60,162	-	-	-
Total liabilities	99	13,442	99,150	8,400	210,140	2,886
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	741,229	-	-	-	-	-
Committed	-	-	-	2,206,066	2,198,270	771,123
Assigned	-	218,681	-	-	-	-
Total fund balances	741,229	218,681	-	2,206,066	2,198,270	771,123
Total liabilities and fund balances	\$ 741,328	\$ 232,123	\$ 99,150	\$ 2,214,466	\$ 2,408,410	\$ 774,009

<u>Debt Service Fund</u>	<u>Permanent Fund</u>	
	General Government Land Sales	Total Nonmajor Governmental Funds
\$ -	\$ 3,476,370	\$ 9,617,518
-	-	303,331
-	9,280	34,287
<u>\$ -</u>	<u>\$ 3,485,650</u>	<u>\$ 9,955,136</u>
\$ -	\$ 466	\$ 254,472
-	-	11,850
-	-	8,099
-	-	60,162
-	466	334,583
-	3,485,184	3,485,184
-	-	741,229
-	-	5,175,459
-	-	218,681
-	3,485,184	9,620,553
<u>\$ -</u>	<u>\$ 3,485,650</u>	<u>\$ 9,955,136</u>

**CITY OF KENAI, ALASKA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds		
	Cone Memorial Trust	Personal Use Fishery	Senior Citizen
Revenues:			
Intergovernmental revenues	\$ -	\$ 694	\$ 468,453
Charges for services	-	467,517	-
Investment earnings	25,933	4,755	-
Miscellaneous revenues	<u>715,585</u>	<u>-</u>	<u>289,378</u>
Total revenues	<u>741,518</u>	<u>472,966</u>	<u>757,831</u>
Expenditures:			
General government	-	-	-
Public safety	-	114,046	-
Water and sewer services	-	-	-
Social welfare services	289	-	995,884
Parks, recreation and cultural	-	204,667	-
Public works	-	73,789	-
Debt service:			
Principal	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>289</u>	<u>392,502</u>	<u>995,884</u>
Excess of revenues over (under) expenditures	741,229	80,464	(238,053)
Other financing sources (uses):			
Transfers in	-	-	241,562
Transfers out	<u>-</u>	<u>(125,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(125,000)</u>	<u>241,562</u>
Net changes in fund balances	741,229	(44,536)	3,509
Fund balances - July 1	<u>-</u>	<u>263,217</u>	<u>(3,509)</u>
Fund balances - June 30	<u>\$ 741,229</u>	<u>\$ 218,681</u>	<u>\$ -</u>

Capital Project Funds			Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
Streets	Water and Sewer	Miscellaneous	Debt Service	General Government Land Sales	
\$ 24,579	\$ -	\$ 616,869	\$ -	\$ -	\$ 1,110,595
-	-	-	-	-	467,517
-	-	-	-	246,012	276,700
-	-	-	-	-	1,004,963
<u>24,579</u>	<u>-</u>	<u>616,869</u>	<u>-</u>	<u>246,012</u>	<u>2,859,775</u>
-	-	218	-	-	218
-	-	431,326	-	-	545,372
-	2,286,786	-	-	-	2,286,786
-	-	-	-	-	996,173
-	-	5,746	-	-	210,413
121,101	-	246,942	-	-	441,832
-	-	-	90,000	-	90,000
-	-	-	40,250	-	40,250
<u>121,101</u>	<u>2,286,786</u>	<u>684,232</u>	<u>130,250</u>	<u>-</u>	<u>4,611,044</u>
(96,522)	(2,286,786)	(67,363)	(130,250)	246,012	(1,751,269)
1,087,000	740,000	200,000	130,250	-	2,398,812
-	-	(28,266)	-	-	(153,266)
<u>1,087,000</u>	<u>740,000</u>	<u>171,734</u>	<u>130,250</u>	<u>-</u>	<u>2,245,546</u>
990,478	(1,546,786)	104,371	-	246,012	494,277
<u>1,215,588</u>	<u>3,745,056</u>	<u>666,752</u>	<u>-</u>	<u>3,239,172</u>	<u>9,126,276</u>
<u>\$ 2,206,066</u>	<u>\$ 2,198,270</u>	<u>\$ 771,123</u>	<u>\$ -</u>	<u>\$ 3,485,184</u>	<u>\$ 9,620,553</u>

CITY OF KENAI, ALASKA
CONE MEMORIAL TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Contributions from individuals	\$ -	\$ 715,585	\$ 715,585
Investment earnings	<u>-</u>	<u>25,933</u>	<u>25,933</u>
Total revenues	<u>-</u>	<u>741,518</u>	<u>741,518</u>
Expenditures -			
social welfare services			
Other services and charges	<u>-</u>	<u>289</u>	<u>(289)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ 741,229</u>	<u>\$ 741,229</u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		<u>\$ 741,229</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, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental revenues - State grant	\$ 1,270	\$ 694	\$ (576)
Charges for services - Parking, camping, and boat launch	485,301	467,517	(17,784)
Investment earnings	<u>750</u>	<u>4,755</u>	<u>4,005</u>
Total revenues	<u>487,321</u>	<u>472,966</u>	<u>(14,355)</u>
Expenditures:			
Public safety:			
Personal services	37,185	36,607	578
Other services and charges	<u>10,735</u>	<u>9,539</u>	<u>1,196</u>
	47,920	46,146	1,774
Expenditures chargeable from other funds	<u>67,900</u>	<u>67,900</u>	<u>-</u>
Total public safety	<u>115,820</u>	<u>114,046</u>	<u>1,774</u>
Public works:			
Streets:			
Personal services	28,524	14,829	13,695
Supplies	2,800	2,879	(79)
Other services and charges	<u>18,549</u>	<u>11,613</u>	<u>6,936</u>
	49,873	29,321	20,552
Expenditures chargeable from other funds	<u>4,600</u>	<u>4,600</u>	<u>-</u>
Total streets	<u>54,473</u>	<u>33,921</u>	<u>20,552</u>
Dock:			
Personal services	27,240	27,049	191
Supplies	1,800	1,276	524
Other services and charges	<u>7,374</u>	<u>4,843</u>	<u>2,531</u>
	36,414	33,168	3,246
Expenditures chargeable from other funds	<u>6,700</u>	<u>6,700</u>	<u>-</u>
Total dock	<u>43,114</u>	<u>39,868</u>	<u>3,246</u>
Total public works	<u>97,587</u>	<u>73,789</u>	<u>23,798</u>

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

Expenditures, continued:	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Parks, recreation and cultural:			
Personal services	\$ 88,060	\$ 75,036	\$ 13,024
Supplies	16,315	14,155	2,160
Other services and charges	<u>98,844</u>	<u>91,376</u>	<u>7,468</u>
	203,219	180,567	22,652
Expenditures chargeable from other funds	<u>24,100</u>	<u>24,100</u>	<u>-</u>
Total parks, recreation and cultural	<u>227,319</u>	<u>204,667</u>	<u>22,652</u>
Total expenditures	<u>440,726</u>	<u>392,502</u>	<u>48,224</u>
Excess of revenues over expenditures	46,595	80,464	33,869
Other financing uses -			
Transfers out	<u>(75,000)</u>	<u>(125,000)</u>	<u>(50,000)</u>
Net changes in fund balance	<u>\$ (28,405)</u>	<u>(44,536)</u>	<u>\$ (16,131)</u>
Fund balance - July 1		<u>263,217</u>	
Fund balance - June 30		<u>\$ 218,681</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, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental revenues:			
State grants	\$ 261,137	\$ 260,288	\$ (849)
Federal grants	20,000	22,022	2,022
Kenai Peninsula Borough grant	186,143	186,143	-
Total intergovernmental revenues	<u>467,280</u>	<u>468,453</u>	<u>1,173</u>
Miscellaneous revenues:			
Choice Waiver reimbursement	85,000	68,496	(16,504)
Rents and leases	10,000	7,398	(2,602)
Donations	197,000	213,299	16,299
Other	300	185	(115)
Total miscellaneous revenues	<u>292,300</u>	<u>289,378</u>	<u>(2,922)</u>
Total revenues	<u>759,580</u>	<u>757,831</u>	<u>(1,749)</u>
Expenditures - social welfare services:			
Social services:			
Personal services	150,921	149,415	1,506
Supplies	4,133	3,841	292
Other services and charges	26,025	19,934	6,091
	<u>181,079</u>	<u>173,190</u>	<u>7,889</u>
Expenditures chargeable from other funds	<u>46,363</u>	<u>46,363</u>	<u>-</u>
Total social services	<u>227,442</u>	<u>219,553</u>	<u>7,889</u>
Congregate meals:			
Personal services	53,477	55,765	(2,288)
Supplies	56,103	40,780	15,323
Other services and charges	18,354	16,514	1,840
	<u>127,934</u>	<u>113,059</u>	<u>14,875</u>
Expenditures chargeable from other funds	<u>16,957</u>	<u>16,957</u>	<u>-</u>
Total congregated meals	<u>144,891</u>	<u>130,016</u>	<u>14,875</u>
Home delivered meals:			
Personal services	247,229	247,316	(87)
Supplies	129,593	102,391	27,202
Other services and charges	43,418	32,222	11,196
	<u>420,240</u>	<u>381,929</u>	<u>38,311</u>

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures - social welfare services - continued:			
Home delivered meals - continued:			
Expenditures chargeable from			
other funds	\$ 77,370	\$ 77,370	\$ -
Total home delivered meals	<u>497,610</u>	<u>459,299</u>	<u>38,311</u>
Transportation:			
Personal services	64,513	55,708	8,805
Supplies	10,323	9,836	487
Other services and charges	<u>12,538</u>	<u>12,348</u>	<u>190</u>
	87,374	77,892	9,482
Expenditures chargeable from			
other funds	<u>19,691</u>	<u>19,691</u>	<u>-</u>
Total transportation	<u>107,065</u>	<u>97,583</u>	<u>9,482</u>
Choice Waiver:			
Personal services	43,223	41,736	1,487
Supplies	22,365	21,060	1,305
Other services and charges	<u>12,935</u>	<u>12,918</u>	<u>17</u>
	78,523	75,714	2,809
Expenditures chargeable from			
other funds	<u>13,719</u>	<u>13,719</u>	<u>-</u>
Total Choice Waiver	<u>92,242</u>	<u>89,433</u>	<u>2,809</u>
Total expenditures	<u>1,069,250</u>	<u>995,884</u>	<u>73,366</u>
Excess of revenues over (under)			
expenditures	(309,670)	(238,053)	71,617
Other financing sources -			
Transfers in	<u>281,591</u>	<u>241,562</u>	<u>(40,029)</u>
Net changes in fund balance	<u>\$ (28,079)</u>	3,509	<u>\$ 31,588</u>
Fund deficit - July 1		<u>(3,509)</u>	
Fund balance - June 30		<u>\$ -</u>	

**CITY OF KENAI, ALASKA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures - debt service:			
Principal	\$ 90,000	\$ 90,000	\$ -
Interest	<u>40,250</u>	<u>40,250</u>	<u>-</u>
Total expenditures	<u>130,250</u>	<u>130,250</u>	<u>-</u>
 Excess of revenues over (under) expenditures	 (130,250)	 (130,250)	 -
 Other financing sources -			
Transfers in	<u>130,250</u>	<u>130,250</u>	<u>-</u>
 Net changes in fund balance	 <u><u>\$ -</u></u>	 -	 <u><u>\$ -</u></u>
 Fund balance - July 1		 <u>-</u>	
 Fund balance - June 30		 <u><u>\$ -</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues -			
Investment earnings	\$ 233,680	\$ 246,012	\$ 12,332
Other financing uses -			
Transfers out	(160,109)	-	160,109
Net changes in fund balance	<u>\$ 73,571</u>	246,012	<u>\$ 172,441</u>
Fund balance - July 1		<u>3,239,172</u>	
Fund balance - June 30		<u>\$ 3,485,184</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Investment earnings	\$ 1,904,625	\$ 1,953,426	\$ 48,801
Land sales	<u>-</u>	<u>9,491</u>	<u>9,491</u>
Total revenues	<u>1,904,625</u>	<u>1,962,917</u>	<u>58,292</u>
Other financing uses -			
Transfers out	<u>(1,076,665)</u>	<u>(1,028,478)</u>	<u>48,187</u>
Net changes in fund balance	<u>\$ 827,960</u>	934,439	<u>\$ 106,479</u>
Fund balance - July 1		<u>26,213,430</u>	
Fund balance - June 30		<u>\$ 27,147,869</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 light blue shape on the left, a large red 'C' in the center, and a green shape on the right. Below the logo, the word 'KENAI' is written in large, light green, sans-serif capital letters.

KENAI

**CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities - Internal Service Funds</u>			Total
	<u>Equipment</u>	<u>Fleet</u>	<u>Employee Health</u>	<u>Internal Service</u>
ASSETS	<u>Replacement</u>	<u>Replacement</u>	<u>Care</u>	<u>Funds</u>
Current assets:				
Equity in central treasury (cash and investments)	\$ 1,679,499	\$ 468,584	\$ 1,965,119	\$ 4,113,202
Deposits with others	-	-	6,371	6,371
Total current assets	<u>1,679,499</u>	<u>468,584</u>	<u>1,971,490</u>	<u>4,119,573</u>
Noncurrent assets:				
Property and equipment in service, at cost -				
Equipment	4,050,804	1,498,591	-	5,549,395
Less accumulated depreciation	(1,917,299)	(1,222,220)	-	(3,139,519)
Construction in progress	-	226,712	-	226,712
Total noncurrent assets	<u>2,133,505</u>	<u>503,083</u>	<u>-</u>	<u>2,636,588</u>
Total assets	<u>\$ 3,813,004</u>	<u>\$ 971,667</u>	<u>\$ 1,971,490</u>	<u>\$ 6,756,161</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 611	\$ 611
NET POSITION				
Investment in capital assets	2,133,505	503,083	-	2,636,588
Unrestricted	<u>1,679,499</u>	<u>468,584</u>	<u>1,970,879</u>	<u>4,118,962</u>
Total net position	<u>3,813,004</u>	<u>971,667</u>	<u>1,970,879</u>	<u>6,755,550</u>
Total liabilities and net position	<u>\$ 3,813,004</u>	<u>\$ 971,667</u>	<u>\$ 1,971,490</u>	<u>\$ 6,756,161</u>

**CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

	Governmental Activities - Internal Service Funds			Total
	<u>Equipment Replacement</u>	<u>Fleet Replacement</u>	<u>Employee Health Care</u>	<u>Internal Service Funds</u>
Operating revenues -				
Other revenue	\$ 323,938	\$ 152,059	\$ 3,415,846	\$ 3,891,843
Operating expenses:				
Depreciation	205,289	62,268	-	267,557
Insurance/benefits	-	-	2,808,652	2,808,652
Administration	-	-	55,069	55,069
Total operating expenses	<u>205,289</u>	<u>62,268</u>	<u>2,863,721</u>	<u>3,131,278</u>
Operating income	118,649	89,791	552,125	760,565
Nonoperating revenues:				
Gain on sale of capital assets	-	6,245	-	6,245
Investment earnings	<u>25,441</u>	<u>9,340</u>	<u>27,326</u>	<u>62,107</u>
Total nonoperating revenues	<u>25,441</u>	<u>15,585</u>	<u>27,326</u>	<u>68,352</u>
Changes in net position	144,090	105,376	579,451	828,917
Net position - July 1	<u>3,668,914</u>	<u>866,291</u>	<u>1,391,428</u>	<u>5,926,633</u>
Net position - June 30	<u>\$ 3,813,004</u>	<u>\$ 971,667</u>	<u>\$ 1,970,879</u>	<u>\$ 6,755,550</u>

**CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

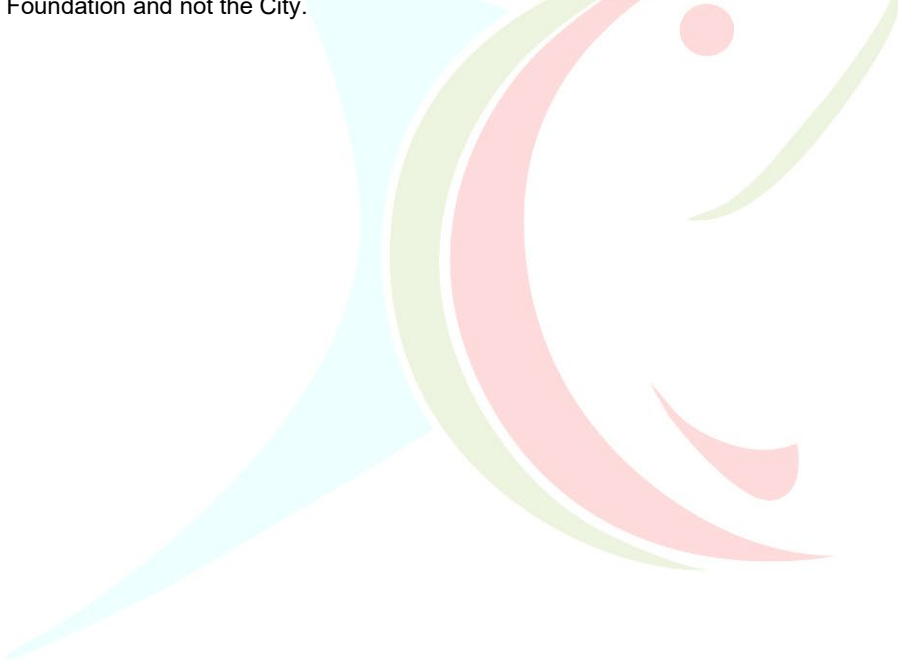
	<u>Governmental Activities - Internal Service Funds</u>			Total
	<u>Equipment</u>	<u>Fleet</u>	<u>Employee Health</u>	<u>Internal Service</u>
	<u>Replacement</u>	<u>Replacement</u>	<u>Care</u>	<u>Funds</u>
Cash flows from operating activities:				
Receipts for interfund services	\$ 323,938	\$ 152,059	\$ 3,046,664	\$ 3,522,661
Receipts for services from others	-	-	369,182	369,182
Payments to suppliers	-	-	(2,863,600)	(2,863,600)
Net cash provided by operating activities	<u>323,938</u>	<u>152,059</u>	<u>552,246</u>	<u>1,028,243</u>
Cash flows for capital and related financing activities:				
Proceeds from sale of capital assets	-	6,245	-	6,245
Acquisition of capital assets	<u>(55,636)</u>	<u>(226,712)</u>	<u>-</u>	<u>(282,348)</u>
Net cash used by capital and related financing activities	<u>(55,636)</u>	<u>(220,467)</u>	<u>-</u>	<u>(276,103)</u>
Cash flows from investing activities -				
Investment earnings	<u>25,441</u>	<u>9,340</u>	<u>27,326</u>	<u>62,107</u>
Net increase (decrease) in cash and cash equivalents	293,743	(59,068)	579,572	814,247
Cash and cash equivalents - July 1	<u>1,385,756</u>	<u>527,652</u>	<u>1,385,547</u>	<u>3,298,955</u>
Cash and cash equivalents - June 30	<u>\$ 1,679,499</u>	<u>\$ 468,584</u>	<u>\$ 1,965,119</u>	<u>\$ 4,113,202</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 118,649	\$ 89,791	\$ 552,125	\$ 760,565
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	205,289	62,268	-	267,557
Accounts payable	<u>-</u>	<u>-</u>	<u>121</u>	<u>121</u>
Net cash provided by operating activities	<u>\$ 323,938</u>	<u>\$ 152,059</u>	<u>\$ 552,246</u>	<u>\$ 1,028,243</u>

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FIDUCIARY FUNDS

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

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



KENAI

**CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Kenai Senior Connection</u>	<u>Kenai Community Foundation</u>	<u>Total Custodial Funds</u>
ASSETS			
Equity in central treasury (cash and investments)	\$ 1,137,944	\$ 238,845	\$ 1,376,789
Interest receivable	<u>3,061</u>	<u>493</u>	<u>3,554</u>
Total assets	<u>\$ 1,141,005</u>	<u>\$ 239,338</u>	<u>\$ 1,380,343</u>
LIABILITIES			
Accounts payable	<u>\$ 154</u>	<u>\$ 24</u>	<u>\$ 178</u>
NET POSITION			
Restricted for organizations	<u>1,140,851</u>	<u>239,314</u>	<u>1,380,165</u>
Total liabilities and net position	<u>\$ 1,141,005</u>	<u>\$ 239,338</u>	<u>\$ 1,380,343</u>

**CITY OF KENAI, ALASKA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	<u>Kenai Senior Connection</u>	<u>Kenai Community Foundation</u>	<u>Total Custodial Funds</u>
Additions:			
Private donations	\$ -	\$ 21,785	\$ 21,785
Investment earnings	82,939	14,365	97,304
Less investment management fees	<u>1,789</u>	<u>264</u>	<u>2,053</u>
Net investment earnings	<u>81,150</u>	<u>14,101</u>	<u>95,251</u>
Total additions	<u>81,150</u>	<u>35,886</u>	<u>117,036</u>
Deductions -			
Payments to others	<u>-</u>	<u>42,202</u>	<u>42,202</u>
Net increase (decrease) in net position	81,150	(6,316)	74,834
Net position - July 1	<u>1,059,701</u>	<u>245,630</u>	<u>1,305,331</u>
Net position - June 30	<u>\$ 1,140,851</u>	<u>\$ 239,314</u>	<u>\$ 1,380,165</u>

STATISTICAL SECTION

CITY OF KENAI, ALASKA

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

Table XII	Demographic and Economic Statistics
Table XIII	Principal Employers

Operating Information

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

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

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

CITY OF KENAI, ALASKA

TABLE I

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 138,334	\$ 137,296	\$ 141,096	\$ 143,098	\$ 140,725	\$ 144,824	\$ 153,447	\$ 152,943	\$ 153,069	\$ 155,138
Nonspendable	2,912	2,888	2,943	3,050	3,130	3,296	2,941	3,091	3,239	3,485
Restricted	24,703	24,258	23,627	24,908	25,275	25,879	26,443	31,075	26,887	28,625
Unrestricted	16,834	8,810	8,188	6,718	4,792	5,847	12,907	18,345	22,507	26,997
Total governmental activities net position	\$ 182,783	\$ 173,252	\$ 175,854	\$ 177,774	\$ 173,922	\$ 179,846	\$ 195,738	\$ 205,454	\$ 205,702	\$ 214,245
Business-type activities:										
Net investment in capital assets	\$ 3,071	\$ 3,051	\$ 2,958	\$ 2,818	\$ 2,677	\$ 2,544	\$ 2,404	\$ 2,267	\$ 2,126	\$ 2,011
Unrestricted	469	419	474	507	570	680	761	843	924	1,014
Total business-type activities net position	\$ 3,540	\$ 3,470	\$ 3,432	\$ 3,325	\$ 3,247	\$ 3,224	\$ 3,165	\$ 3,110	\$ 3,050	\$ 3,025
Primary government:										
Net investment in capital assets	\$ 141,405	\$ 140,347	\$ 144,054	\$ 145,916	\$ 143,402	\$ 147,368	\$ 155,851	\$ 155,210	\$ 155,195	\$ 157,149
Nonspendable	2,912	26,599	2,943	27,330	27,723	28,433	2,941	3,091	3,239	3,485
Restricted	24,703	547	23,627	628	682	742	26,443	31,075	26,887	28,625
Unrestricted	17,303	9,229	8,662	7,225	5,362	6,527	13,668	19,188	23,431	28,011
Total primary government net position	\$ 186,323	\$ 176,722	\$ 179,286	\$ 181,099	\$ 177,169	\$ 183,070	\$ 198,903	\$ 208,564	\$ 208,752	\$ 217,270

CITY OF KENAI, ALASKA

TABLE II

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,598,494
Public safety	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	6,368,991
Public works	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	2,676,698
Parks, recreation, and cultural	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	2,652,907
Water and sewer services	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	2,860,093
Airport	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	3,924,452
Interest on long-term debt	97,997	95,599	92,947	89,548	86,098	83,131	76,405	18,697	44,271	39,875
Social welfare services	764,903	683,025	876,393	887,260	791,140	711,220	2,611,090	3,836,108	811,625	728,377
Total governmental activities expenses	23,291,711	23,223,793	24,573,180	25,303,033	23,826,017	21,282,238	23,663,012	28,535,379	23,147,667	21,849,887
Business-type activities -										
Senior housing	436,635	454,429	425,986	497,633	475,300	455,468	491,298	491,858	498,507	510,086
Total primary government expenses	\$ 23,728,346	\$ 23,678,222	\$ 24,999,166	\$ 25,800,666	\$ 24,301,317	\$ 21,737,706	\$ 24,154,310	\$ 29,027,237	\$ 23,646,174	\$ 22,359,973
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 423,213	\$ 421,241	\$ 346,625	\$ 991,000	\$ 479,150	\$ 571,269	\$ 1,147,003	\$ 274,409	\$ 938,557	\$ 434,201
Public safety	490,679	360,893	575,406	515,321	524,608	542,252	552,865	537,383	691,190	1,297,521
Public works	109,243	75,585	57,451	44,816	91,340	70,413	185,419	195,671	163,211	161,444
Parks, recreation, and cultural	584,368	670,565	680,232	698,805	657,627	492,815	531,178	676,279	634,563	674,711
Water and sewer services	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	3,208,382
Airport	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	2,179,969
Social welfare services	81,482	93,728	96,913	98,539	188,787	184,657	153,348	113,735	147,198	220,882
Operating grants and contributions	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	2,569,869
Capital grants and contributions	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	2,724,838
Total governmental activities program revenues	13,483,720	10,685,023	15,544,157	14,244,442	10,558,142	14,168,682	26,253,756	19,256,488	14,571,463	13,471,817

CITY OF KENAI, ALASKA

TABLE II Continued

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services -										
Senior housing	\$ 346,435	\$ 365,450	\$ 382,330	\$ 386,708	\$ 394,318	\$ 408,188	\$ 402,475	\$ 431,967	\$ 446,881	\$ 466,641
Operating grants and contributions	4,940	16,482	2,077	1,780	1,153	1,995	3,008	3,895	3,421	1,314
Total business-type activities	351,375	381,932	384,407	388,488	395,471	410,183	405,483	435,862	450,302	467,955
Program revenues										
Total primary government	\$ 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	\$ 13,939,772
Program revenues										
Net (expenses)/revenue:										
Governmental activities	\$ (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)	\$ (8,378,070)
Business-type activities	(85,260)	(72,497)	(41,579)	(109,145)	(79,829)	(45,285)	(85,815)	(55,996)	(48,205)	(42,131)
Total primary government net expense	\$ (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)	\$ (8,420,201)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 4,316,204
Sales taxes	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	9,818,482
Investment earnings (loss)	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)	2,785,844
Transfers	(112,044)	-	-	-	-	-	-	-	-	-
Total governmental activities	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	16,920,530
Business-type activities:										
Investment earnings (loss)	5,062	2,533	3,880	1,822	2,558	21,630	27,502	1,060	(12,650)	17,198
Transfers	112,044	-	-	(548)	-	-	-	-	-	-
Total business-type activities	117,106	2,533	3,880	1,274	2,558	21,630	27,502	1,060	(12,650)	17,198
Total primary government	\$ 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	\$ 16,937,728
Changes in Net Position										
Governmental activities	\$ 3,399,816	\$ (834,869)	\$ 2,602,022	\$ 1,921,037	\$ (792,606)	\$ 5,924,076	\$ 15,891,547	\$ 9,716,001	\$ 248,540	\$ 8,542,460
Business-type activities	31,846	(69,964)	(37,699)	(107,871)	(77,271)	(23,655)	(58,313)	(54,936)	(60,855)	(24,933)
Total primary government	\$ 3,431,662	\$ (904,833)	\$ 2,564,323	\$ 1,813,166	\$ (869,877)	\$ 5,900,421	\$ 15,833,234	\$ 9,661,065	\$ 187,685	\$ 8,517,527

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>
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
2023	4,316,204	9,818,482	14,134,686

CITY OF KENAI, ALASKA

Table IV

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 480,238	\$ 546,706	\$ 588,937	\$ 628,599	\$ 682,068	\$ 741,748	\$ 811,030	\$ 640,115	\$ 673,494	\$ 735,423
Committed	409,746	409,746	409,746	6,840,662	6,976,762	7,116,039	6,047,560	8,392,252	10,394,225	8,392,252
Assigned	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	2,791,375
Unassigned	7,493,858	7,937,025	8,009,807	697,159	495,196	474,017	4,196,674	2,697,409	1,469,685	3,565,312
Total General Fund	<u>\$ 9,902,026</u>	<u>\$ 10,391,233</u>	<u>\$ 10,418,100</u>	<u>\$ 10,548,206</u>	<u>\$ 10,570,684</u>	<u>\$ 10,750,044</u>	<u>\$ 13,290,392</u>	<u>\$ 14,441,502</u>	<u>\$ 15,545,157</u>	<u>\$ 15,484,362</u>
All other governmental funds:										
Nonspendable -										
Permanent funds	\$ 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	\$ 3,485,184
Restricted:										
Airport purposes	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	27,147,869
Senior services	-	-	-	-	-	-	-	-	-	741,229
Total restricted	<u>24,223,069</u>	<u>23,711,029</u>	<u>23,037,659</u>	<u>24,280,015</u>	<u>24,592,355</u>	<u>25,138,086</u>	<u>25,631,649</u>	<u>30,434,755</u>	<u>26,213,430</u>	<u>27,889,098</u>
Committed -										
Capital projects funds	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	10,745,739
Assigned -										
Special revenue funds	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	4,821,893
Unassigned -										
Special revenue funds	-	-	-	-	-	(26,729)	(13,293)	-	(3,509)	-
Total all other governmental funds	<u>\$ 33,327,802</u>	<u>\$ 33,149,051</u>	<u>\$ 33,591,204</u>	<u>\$ 35,846,431</u>	<u>\$ 37,268,612</u>	<u>\$ 37,971,734</u>	<u>\$ 38,801,331</u>	<u>\$ 47,379,240</u>	<u>\$ 44,750,356</u>	<u>\$ 46,941,914</u>

CITY OF KENAI, ALASKA

Table V

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$ 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	\$ 4,316,204
Sales tax	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	9,818,482
Intergovernmental	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	5,000,041
Investment earnings (loss)	3,531,173	821,124	637,882	2,369,153	1,780,713	2,108,245	1,588,324	6,523,654	(4,313,318)	2,723,737
Other revenues	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	10,814,134
Total revenues	<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>	<u>32,672,598</u>
Expenditures										
General government	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	3,443,404
Public safety	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	8,531,288
Public works	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	2,533,282
Parks, recreation and cultural	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	2,681,617
Water and sewer services	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	2,443,337
Airport	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	3,065,265
Social welfare services	849,376	952,239	940,602	858,100	883,273	877,762	2,808,809	4,024,201	1,000,560	996,173
Capital outlay	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	6,717,219
Debt service:										
Principal	80,000	80,000	85,000	85,000	90,000	95,000	95,000	85,000	85,000	90,000
Interest	98,598	96,198	93,798	90,398	86,998	83,398	77,704	43,775	44,625	40,250
Total expenditures	<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>	<u>30,541,835</u>
Excess of revenues over (under) expenditures	697,255	407,460	469,020	2,502,422	1,044,659	882,482	3,369,945	9,709,946	(1,525,229)	2,130,763
Other financing sources (uses)										
Transfers in	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	6,542,684
Proceeds from debt issuance	-	-	-	-	-	-	-	1,213,482	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	(1,194,409)	-	-
Transfers out	(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)	(6,542,684)
Total other financing sources (uses)	<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>	<u>-</u>
Net change in fund balances	\$ 585,211	\$ 310,456	\$ 469,020	\$ 2,385,333	\$ 1,444,659	\$ 882,482	\$ 3,369,945	\$ 9,729,019	\$ (1,525,229)	\$ 2,130,763
Debt service as a percentage of noncapital expenditures	0.86%	0.75%	0.89%	0.89%	0.80%	0.86%	0.72%	0.50%	0.58%	0.55%
Total non-capital expenditures	\$ 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	\$ 23,824,616

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>
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
2023	14,134,686	4,316,204	9,818,482

CITY OF KENAI, ALASKA

Table VII

TAXABLE SALES BY CATEGORY
CURRENT FISCAL YEAR

Administrative & Waste Management	\$ 1,552,086
Agriculture, Forestry, Fishing & Hunting	33,671
Arts and Entertainment	1,580,907
Construction Contracting	1,237,931
Educational Services	993,557
Finance and Insurance	489,380
Guiding	1,030,554
Health Care and Social Assistance	19,969
Hotel/Motel/Bed & Breakfast	5,622,297
Information	1,884,441
Manufacturing	875,352
Mining/Quarrying	131,170
Other	12,543,718
Professional, Scientific and Technical Services	4,361,852
Public Administration	3,834,762
Rental Commercial Property	544,589
Rental Non-Residential Property	2,617,322
Rental Personal Property	1,223,776
Rental Residential Property	5,348,118
Restaurant/Bar	20,628,487
Retail Trade	229,014,906
Services	5,956,124
Telecommunications	2,678,326
Transportation and Warehousing	463,721
Wholesale Trade	<u>4,273,977</u>
Total	<u>\$ 308,940,993</u>

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	
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
2023	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			
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	0.19%	0.09%	111.99
2023	760,000	0.17%	0.08%	99.31

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, 2023

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	\$ 760,000	100.00%	\$ 760,000
Overlapping debt: Kenai Peninsula Borough	56,873,977	10.86%	6,176,514
Central Peninsula Hospital	44,238,581	16.19%	7,162,226
Total overlapping debt	101,112,558		13,338,740
Total Direct and Overlapping	\$ 101,872,558		\$ 14,098,740

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$160,891	\$165,677	\$170,328	\$173,745	\$174,215	\$174,366	\$178,855	\$177,949	\$178,869	\$193,845
Total net debt applicable to limit	<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>	<u>760</u>
Legal debt margin	<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>	<u>\$193,085</u>

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2022

Assessed value	\$ 969,225
Debt limit, 20% of assessed value	193,845
Total amount of debt applicable to debt limit	<u>760</u>
Legal debt margin	<u>\$ 193,085</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)
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	59,041	42.1	8,298	7.30%
2023	7,653	1,723	60,017	3,528,727	59,041 (4)	42.3	8,489	4.50%

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 2022 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 CITY GOVERNMENT EMPLOYEES BY FUND
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
City Clerk	1.50	1.50	1.50	1.60	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	1.67	1.67	1.67	1.90	2.00	2.00	2.00	2.00	2.50	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	1.00	1.00	1.00	1.00	1.00
Finance	4.75	4.75	4.75	4.75	4.75	4.85	4.85	4.85	5.53	5.32
Non-Departmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70	0.30	0.30
Planning	2.00	2.00	2.00	1.75	1.70	1.70	1.70	1.70	1.70	1.70
Police	20.65	19.60	19.60	19.60	19.60	19.60	19.60	19.95	19.90	20.15
Fire	19.00	19.00	19.00	19.00	20.00	20.00	20.00	20.00	20.00	19.00
Dispatch	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Animal Control	2.90	2.90	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public Works Administration	1.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.42	2.42
Maintenance	10.70	10.79	10.77	10.84	10.64	10.84	10.77	10.77	10.00	9.75
Library	8.10	8.10	8.10	8.10	8.10	7.65	7.65	8.00	8.12	8.12
Parks & Recreation	8.04	8.06	8.30	8.65	8.65	7.76	7.12	7.07	10.27	10.20
General Fund Total	90.81	89.87	90.69	91.19	92.44	92.40	91.69	93.04	96.74	95.46
Special Revenue Funds:										
Personal Use Fishery	2.49	2.46	2.69	2.91	2.81	2.42	2.45	2.54	2.53	2.54
Water & Sewer Operations	7.76	7.76	7.76	7.76	7.76	8.05	8.05	8.05	8.05	9.21
Airport Operations	5.81	6.95	6.95	6.97	7.12	7.00	7.20	7.00	7.00	7.20
Senior Citizen Programs	7.43	7.35	7.35	7.28	7.28	7.28	7.21	6.04	6.68	6.68
Special Revenue Funds Total	23.49	24.52	24.75	24.92	24.97	24.75	24.91	23.63	24.60	25.63
Enterprise Fund										
Congregate Housing	0.45	0.45	0.45	0.52	0.52	0.52	0.62	0.62	0.62	0.62
Internal Service Funds:										
Capital Project Management	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Internal Service Funds Total	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total All Funds	115.25	115.34	115.89	116.63	117.93	117.67	117.22	117.29	121.96	121.71

Source: The City of Kenai Finance Department.

CITY OF KENAI, ALASKA

TABLE XV

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police Services:										
Police requests for service	8,314	8,197	7,840	7,926	8,330	9,194	8,313	6,512	7,210	6,991
Criminal arrests	1,041	924	813	784	934	909	1,208	717	524	693
Fire and Emergency Services:										
Number of calls responded to	1,153	1,226	1,384	1,568	1,440	1,479	1,564	1,291	1,441	1,550
Inspections	268	157	118	150	79	139	243	125	267	209
Animal Control:										
Total Calls	7,197	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total requests for service	N/A	564	437	448	341	328	251	497	506	472
Animals Handled	1,429	1,188	1,004	928	827	829	911	832	604	467
Water and Wastewater										
Water Production Avg gallons per day	875,427	812,756	760,000	711,000	710,000	717,000	703,000	695,000	695,000	738,041
Wastewater Treatment Avg. gallons per day	566,417	527,250	487,200	463,583	660,000	475,000	490,000	486,000	486,000	514,000
Airport Passenger Enplanements	103,751	100,929	102,126	93,612	93,844	92,127	95,004	32,431	67,844	73,465

** 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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	10
Baseball and Softball Fields	8	8	8	8	8	8	8	8	8	8
Soccer Fields	6	6	6	6	4	4	4	4	4	4
Recreation Center	1	1	1	1	1	1	1	1	1	1
Pedestrian Trails	6	6	6	6	6	6	6	6	6	6
Cross Country Ski Trails	1	1	1	1	1	1	1	1	1	1
Ice Rink	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments.