

KENAI PENINSULA BOROUGH  
ALASKA



ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR FISCAL YEAR  
ENDED JUNE 30, 2021

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**OF THE**

**KENAI PENINSULA BOROUGH  
ALASKA**

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021

**Charlie Pierce**  
BOROUGH MAYOR

PREPARED BY  
DEPARTMENT OF FINANCE

**Brandi Harbaugh**  
FINANCE DIRECTOR

**Sara Dennis**  
CONTROLLER

**Kenai Peninsula Borough, Alaska**  
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# Finance Department

144 N. Binkley Street, Soldotna, Alaska 99669 • (907) 714-2170 • (907) 714-2376

Charlie Pierce  
Borough Mayor

November 16, 2021

Honorable Members of the Assembly  
Citizens of the Kenai Peninsula Borough

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Kenai Peninsula (Borough) for the year ended June 30, 2021, which is submitted in accordance with Section 29.35.120 of Alaska Statutes and Borough code. These laws require that a complete set of financial statements be presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards in the United States of America and those standards applicable to audits performed in accordance with Government Auditing Standards by licensed independent certified public accountants.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Borough. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the Borough on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the Borough's financial activities have been included.

Management of the Borough is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Borough are protected from loss, theft or misuse and to ensure that sufficient, reliable, adequate accounting data is compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Borough's internal controls adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

In addition, the Borough maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Borough Assembly. The Borough also maintains an encumbrance system that is employed as an extension of formal budgetary integration in all fund types. Encumbrances for governmental type funds outstanding at fiscal year-end are reported as committed or assigned designations of fund balance depending on the process by which the amounts are encumbered.

The Borough'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 Borough for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Borough's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

As a recipient of federal grant awards, the Borough is required to undergo a single audit in conformance with Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The results of this single audit, including a schedule of expenditures of federal awards, and the independent auditor's reports on the Borough's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the Borough's separately issued single audit report.

As a recipient of state grant awards, the Borough is also required to undergo an audit in accordance with the provisions of Alaska State Regulation 2 AAC 45.010 and *Audit Guide and Compliance Supplement for State Single Audits*. A state financial assistance schedule, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs is included in a separately issued audit in accordance with the State of Alaska *Audit Guide and Compliance Supplement for State Single Audits*.

### **Profile of the Kenai Peninsula Borough**

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 square miles and is located in the south central part of the state of Alaska. The estimated population for the Borough is 58,934.

The Borough operates under an assembly-mayor form of government. Policy-making and legislative authority are vested in a governing assembly consisting of nine members. The assembly is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The mayor is the Borough's executive officer and is responsible for carrying out the policies and ordinances of the Borough, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The assembly and mayor are elected on a non-partisan basis. Assembly members serve three-year staggered terms, with 3 members elected each year, and are elected by district. The mayor is elected at-large and serves a three-year term.

The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class boroughs provide certain services on an areawide basis to all taxpayers. All other services must be approved by a majority of voters who are to receive the services. This gives taxpayers control over the type and level of services they receive and pay for. Currently, the Borough provides the following areawide services: assessment and collection of property taxes and sales tax collection for the Borough and cities within the Borough, planning, solid waste disposal, education, senior citizen funding, postsecondary education, 911 emergency communications, emergency management and general administrative services. Non-areawide services provided by the Borough include fire protection, hospital services, emergency medical and ambulance services, recreation, senior citizen funding, road maintenance, economic development, tourism promotion, and special assessment authority for utility extensions and road improvement districts. The Borough also has non-areawide port and harbor powers that are not currently exercised. Funding for the Borough, by order of financial significances, is provided from property tax, sales tax, federal revenue, state revenue, other sources and interest earnings.

The Borough is financially accountable for three legally separate discretely presented component units; the Kenai Peninsula Borough School District, Central Peninsula Hospital and South Peninsula Hospital, which are each reported separately within the Borough's financial statements.

## **Budgetary Control**

The annual budget serves as the foundation for the Borough's financial planning and control. All departments and service areas submit budgets to the mayor on or about February 20th. The mayor uses these requests for developing a proposed budget. The mayor submits his proposed budget to the assembly at the first regular assembly meeting in May. The assembly is required to hold public hearings on the proposed budget. The assembly is required by state statute to set the annual mill rate prior to June 15th. The budget is appropriated by fund, department, and object. The mayor is authorized to make transfers of unencumbered balances within funds, which then is reported to the Assembly on a monthly basis. Assembly action is required to transfer between funds and departments or other major budget classifications. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund, Nikiski Fire Service Area Special Revenue Fund and Road Service Area Special Revenue Fund, the comparisons are presented on pages 38-41 as part of the basic financial statements for the governmental funds. For other governmental funds, the comparisons start on page 104.

## **Local Economy**

The Borough economy is highly diverse. The five industry categories that have the most employment are local government, retail trade, leisure and hospitality, natural resources and healthcare. Together they represent most of the Borough's employment. That diversity allows the Borough to be more resilient to declines in any one industry. The Borough's economy has experienced consistent, gradual growth since the late 1980's. Boroughwide, the general government tax rate has decreased from a high of 8.59 mills in FY1996 to its current rate of 4.7 mills. The Borough also has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales in FY2021 were \$1.1 billion, a increase of 3.0% from the prior year but a 20% increase from FY2012. Sales tax revenue collections remaining consistent with that of FY2019 and FY2020 revenues. Sales tax continues to generate a substantial portion of the Borough's revenue; in FY2012, sales tax revenue represented 40% of total General Fund revenues; in FY2021, sales tax revenues also represented 42%.

Oil and gas continues to play a vital role in the Borough's economy, although the players have changed. Large national and multinational companies have been replaced by independents, which resulted in a resurgence in exploration and production. This has led to new wells in the Anchor Point and Kenai area, jackup rigs being used in Cook Inlet, along with increased exploration in other areas of the Borough, resulting in an increase in assessed value for oil and gas properties. Assessed values for oil and gas properties increased from \$699 million for FY2012, to \$1.5 billion in FY2021. During this same timeframe, oil production has increased from approximately 10,000 barrels per day to approximately 15,000 barrels per day. The impact to the Borough if the global reduction in the price of gas and oil continues is unknown at this time.

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 industry. In FY2021, the Covid-19 worldwide pandemic created temporary increases in unemployment across the nation and in the Borough as high as 15% in April 2021. Unemployment rates in the borough have come down to 7.9% currently and it is anticipated that unemployment rates will slowly recover and continue to decrease in 2022.

Fiscal Year	Unemployment Rate	Increase (Decrease)	Fiscal Year	Unemployment Rate	Increase (Decrease)
2014	8.40%	-0.20%	2018	8.30%	-0.20%
2015	7.70%	0.70%	2019	7.30%	-1.00%
2016	8.40%	0.70%	2020	6.30%	-1.00%
2017	8.50%	-0.10%	2021	7.90%	1.60%

*Data is provide by the State of Alaska, Department of Labor and Workforce Development, reflects the average for the prior 12 months as of December prior to the fiscal year end.*

### **Long-Term Financial Planning**

A significant measure of the Borough’s financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The Assembly takes the responsibility of being stewards of the public’s funds very seriously and has adopted the following General Fund reserve policy: reserve funds shall not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. The Borough has adopted financial policies that will ensure that the Borough maintains an appropriate fund balance in line with recommended best practices. The General Fund’s minimum fund balance assigned amount of \$16.1 million, which is equal to the required minimum fund balance reserve. Per the minimum fund balance policy, the Borough must bring the assigned minimum fund balance reserve amount in compliance within 3 years. The minimum fund balance assigned amount represents 22% of the General Fund operating expenditures (including transfers), leaving the Borough in a solid financial position to adequately prepare for the expected reductions in revenues caused by the changes in the property tax laws and the economic environment.

The Borough provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The system consists of three defined benefit (DB) Tiers, and one defined contribution (DC) Tier. The Borough pays its annual required contribution rates timely. The annual contribution rates have been capped at 22% of covered payroll for both DB and DC plans based on legislative action committing the State of Alaska to cover costs exceeding 22%. The legislature’s cap on local government contribution rates brings stability to the Borough’s retirement rates although it is important to note that a future State legislature can eliminate its contributions. The transition from an agent multiple-employer plan, to a cost-sharing multiple employer plan as of July 1, 2008, provided a single rate for all participating PERS employers, eliminating the previous methodology of assessing each employer its own rate. The Borough now shares in the pooled liability of the PERS plan.

Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75 require the Borough to recognize its proportionate share of the cost sharing plan’s net pension liability and net liability for other postemployment benefits (OPEB). This does not change the actual contributions by the employers, as those are based on Alaska Statutes. For additional detail, reference footnote J on pages 72-84 in the basic financial statements.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) is expected to award a Certificate of Achievement for Excellence in Financial Reporting to the Kenai Peninsula Borough for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020, however due to the pandemic the results are still pending. This will be the 42<sup>nd</sup> consecutive year the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized ACFR, whose contents conformed to program standards. This report satisfied 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 ACFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Borough received from the GFOA, the Distinguished Budget Presentation Award for FY2021 for publishing a budget document that meets the program criteria as a policy document, an operations guide, a financial plan and a communications device. This is the 28<sup>th</sup> year the Borough has received this award. The Borough also received from the GFOA for the 7<sup>th</sup> year, the Award for Outstanding Achievement for Popular Annual Financial Reporting. This award recognizes governments that successfully produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

The preparation of this report was made possible by the dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report. We also want to thank the finance department staff at the Kenai Peninsula Borough School District, the South Peninsula Hospital, and Central Peninsula Hospital for their assistance.

We also want to thank the members of the Borough Assembly for your interest and support in planning and conducting the financial operations of the Borough in a responsible and progressive manner.

Respectfully submitted,

*Charlie Pierce*

Charlie Pierce  
Borough Mayor

*Brandi Harbaugh*

Brandi Harbaugh, CPA, CPFO  
Finance Director

For the 42<sup>nd</sup> consecutive year, the Kenai Peninsula Borough has earned the highest form of recognition in the area of governmental accounting and financial reporting with an award-winning annual comprehensive financial report (ACFR). The Kenai Peninsula Borough was awarded a Certificate of Achievement for Excellence by the Governmental Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ended June 30, 2020.

According to the GFOA, the ACFR program was established in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive reports that demonstrate a spirit of transparency and full disclosure.

The Kenai Peninsula Borough believes that this Annual Comprehensive Financial Report continues to meet high standards required by the Certificate of Achievement Program and we are submitting it to the GFOA to determine its eligibility for another Certificate.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Kenai Peninsula Borough  
Alaska**

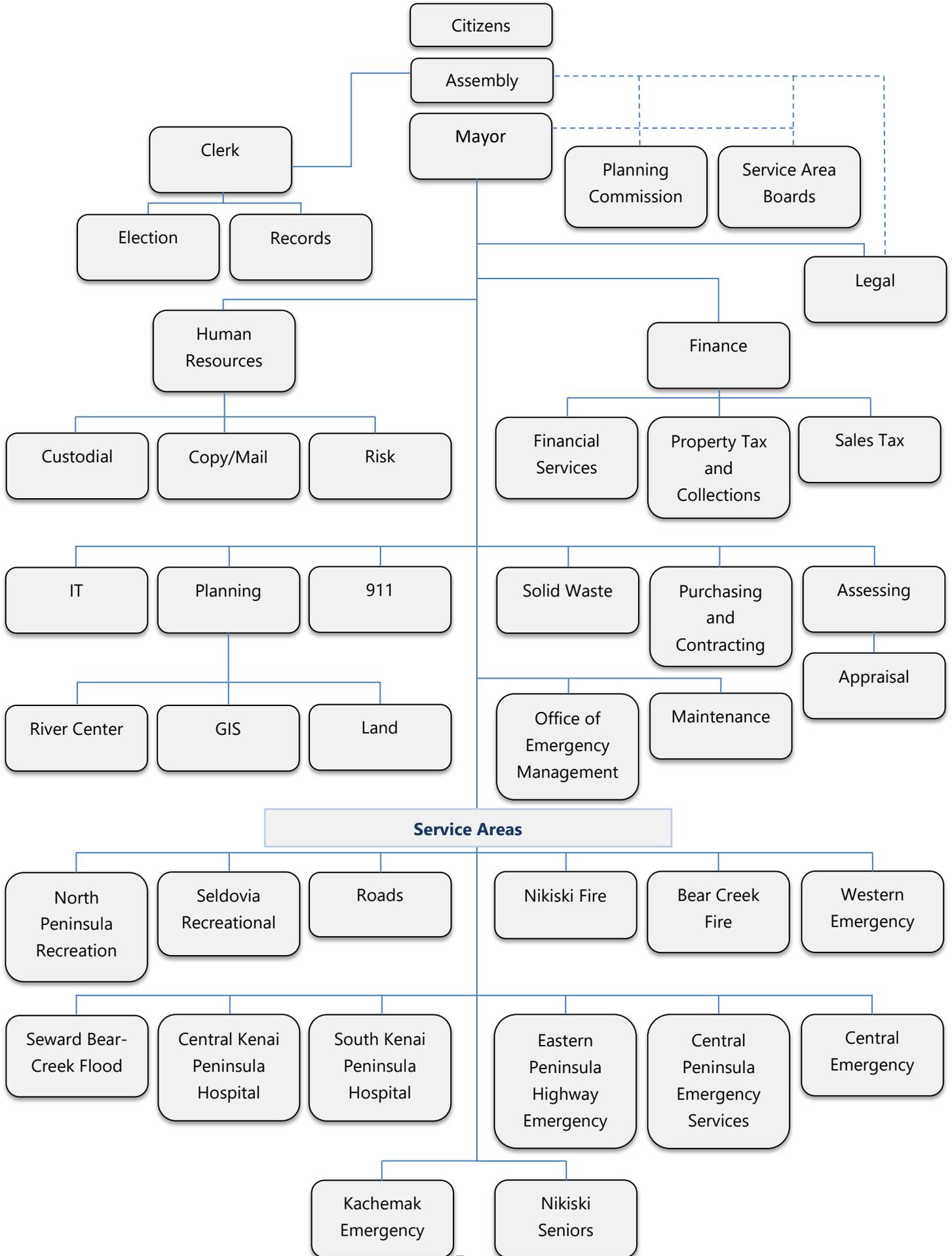
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# Kenai Peninsula Borough - Organizational Chart



# **KENAI PENINSULA BOROUGH**

## **List of Principal Officials**

### **Assembly Members**

Brent Hibbert	President
Brent Johnson	Vice President
Richard Derkevorkian	
Jesse Bjorkman	
Tyson Cox	
Bill Elam	
Kenn Carpenter	
Lane Chesley	
Willy Dunne	

The legislative power of the Kenai Peninsula Borough is vested in an assembly of nine members. This assembly meets in regular session the first and third Tuesday of most months in the Assembly Chambers located in the Borough Administration Building at 144 North Binkley Street, Soldotna, Alaska.

### **Administration**

Charlie Pierce	Borough Mayor
Aaron Rhoades	Chief of Staff
Brandi Harbaugh	Finance Director
Sean Kelley	Borough Attorney
Kim Saner	Director of Human Resources
Johni Blankenship	Borough Clerk
Brenda Ahlberg	Interim Emergency Management Senior Manager
Benjamin Hanson	Director of Information Technology
Adeena Wilcox	Borough Assessor
Melanie Aeschliman	Director of Planning
Samantha Lopez	River Center Manager
Tom Nelson	Director of Maintenance
Daniel Kort	Director of Solid Waste
John Hedges	Purchasing & Contracting Director
Dil Uhlin	Roads Director
Sovala Kisenia	Claims Manager

# KENAI PENINSULA BOROUGH

## Finance Department

### Finance Director

Brandi Harbaugh

### Division Managers

Sara Dennis  
Penny Pickarsky  
Jennifer Vanhooose  
Lauri Lingafelt

Controller  
Budget  
Property Tax  
Sales Tax

### Accounting Staff

Barbara Prestwick  
Tracy Davis  
Katherine Cooper  
DeRay Jones  
Nolan Scarlett  
Sarah Hostetter  
Rhonda Foster-Deskins  
Chad Friedersdorff  
Laura Herr

Misty Jenkins  
Amy Falk  
Samantha Ness  
Sydney Smith  
Hannah Medina  
Kathleen Simac  
Mercedes Berg  
Audra Winsmann

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**AUDITOR REPORT**



Tel: 907-278-8878  
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3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

Honorable Mayor and Borough Assembly  
Kenai Peninsula Borough  
Soldotna, Alaska

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, Alaska (the Borough), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough, as of June 30, 2021, and the respective changes in financial position, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the Nikiski Fire Service Area Special Revenue Fund, and the Road Service Area Special Revenue Fund 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 Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

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

### ***Responsibilities of Management for the Financial Statements***

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

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 Borough's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough'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 Borough's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of the Borough's proportionate share of the net pension and net OPEB liability or asset and Borough's contributions on pages 15 through 26 and 89 through 92, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules, capital asset schedules, Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of the Borough'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 Borough'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 Borough's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
November 16, 2021

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Kenai Peninsula Borough

### Management's Discussion and Analysis

This section of the Kenai Peninsula Borough (Borough) Annual Comprehensive Financial Report (ACFR) provides readers with a narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2021. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the Borough's financial activity, identify changes in the Borough's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Borough's transmittal letter (pages 1-5), the financial statements (pages 27-46) and the notes to the financial statements (pages 47-88).

#### **Financial Highlights**

- At the close of FY2021, the Kenai Peninsula Borough assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$262.3 million (net position). Of this amount, \$27.3 million (unrestricted net position) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors.
- The Borough's total net position increased \$17.7 million when compared to the net position at the beginning of the fiscal year.
- The Kenai Peninsula Borough has established a formal fund balance policy affecting the General Fund, annually budgeted special revenue funds and general government capital project funds. The policy sets both minimum and maximum levels.
- At the end of the current fiscal year, total fund balance for the General Fund was \$31 million, an increase of \$5 million from FY2020. The assigned and unassigned fund balance for FY2021, not including the amount that was budgeted for subsequent year expenditures, is \$8.5 million. This compares to the FY2020 amount of \$10.8 million. FY2021 represents 10.6% of the total General Fund expenditures and transfers balance, and compares to 12.7% as of June 30, 2020.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$98.7 million, an increase of \$4.7 million from the prior year. Much of this increase is associated with a positive variance in sales tax revenues of brick and mortar local sales tax collections of \$7 million and remotes sales tax collections of \$1 million.

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

This discussion and analysis serves as an introduction to the Borough's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

<u>Fund Type</u>	<u>Number of funds</u>
General Fund	1
Debt Service Funds	4
Capital Project Funds	12
Special Revenue Funds	18
<b>Total Governmental Funds</b>	<b>35</b>
<b>Total Internal Service Funds</b>	<b>4</b>
<b>Total Fiduciary Fund</b>	<b>1</b>

**Government-wide financial statements.** The basic financial statements include two kinds of statements that present different views of the Borough. The first two statements are government-wide financial statements that provide both long-term and short-term information about the overall finances of the Borough similar to a private-sector business. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

- The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be a bottom line for the Borough and its governmental activities and Component Units. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets, including infrastructure, and long-term obligations. Net position is the difference between the Borough's assets and deferred outflows of resources and its liabilities and deferred inflows of resources. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough is improving.
- The Statement of Activities reflects the expenses of a given function, which are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function.

Governmental activities are supported by taxes and intergovernmental revenues. The Borough's governmental activities include general government, solid waste, public safety, recreation, education, environmental protection, road and trail maintenance and health and social services.

The government-wide financial statements present not only the Borough itself, but also the following discretely presented components units of the Borough; Kenai Peninsula Borough School District, Central Peninsula Hospital, and South Peninsula Hospital. Financial information for these discrete component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 27-31 of this report.

The remaining statements are fund financial statements that focus on individual parts of the local government, reporting the Borough's operations in more detail than the government-wide 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 Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability.

All of the funds of the Borough can be divided into three categories:

**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 funds financial statements focus on the short-term view of the Borough's operations.

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 the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Borough maintains 35 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Solid Waste Capital Project Fund, Nikiski Fire Service Area Special Revenue Fund, Road Service Area Special Revenue Fund and Miscellaneous Grants Special Revenue Fund, which are considered major funds. The other 30 governmental funds are combined and shown as Other Governmental Funds on the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds are presented in the Combining Balance Sheet Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Capital Project Funds, Combining Balance Sheet Nonmajor Debt Service Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Project Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Debt Service Funds.

The basic governmental fund financial statements can be found on pages 32-41 of this report. Budgetary comparison statements for 12 special revenue funds and 4 debt service funds with annual budgets are provided on pages 104-115 and 127-130, respectively to demonstrate compliance with these budgets.

**Proprietary funds.** Internal service funds are an accounting device used to accumulate and allocate costs internally among the Borough's various functions. The Borough uses internal service funds to account for its risk management, compensated absences, health insurance, and equipment replacement programs. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. All of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 42-44 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Borough cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on pages 45-46 of this report.

**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. The notes to the financial statements can be found on pages 47-88 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information. The combining statements referred to earlier in connection with nonmajor governmental funds

can be found on pages 96-103, 118-123, 125-126 and internal service funds can be found on pages 131-133 of this report.

## **Government-wide Financial Analysis**

### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, net position at June 30, 2021 was \$262.3 million compared to \$244.5 million at June 30, 2020. By far the largest portion of the Borough's net position (73.9%) reflects its net investment in capital assets (e.g. land, buildings, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

During FY2021, governmental activities capital assets, net of accumulated depreciation of the Borough increased \$7.3 million. Current and other assets include \$127.8 million and \$115.0 million of cash and investments held for governmental activities at June 30, 2021 and 2020.

Kenai Peninsula Borough  
Summary of Net Position  
June 30, 2021 and 2020  
Governmental  
Activities  
(in millions)

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 147.7	\$ 134.5
Capital assets	<u>227.3</u>	<u>220.0</u>
Total assets	<u>375.0</u>	<u>354.5</u>
Deferred outflow of resources	<u>7.4</u>	<u>7.0</u>
Long-term debt outstanding	85.7	88.7
Other liabilities	<u>17.8</u>	<u>10.5</u>
Total liabilities	<u>103.5</u>	<u>99.2</u>
Deferred inflows of resources	<u>16.6</u>	<u>17.8</u>
Net position:		
Net investment in capital assets	193.5	183.5
Restricted	41.5	28.7
Unrestricted	<u>27.3</u>	<u>32.3</u>
Total net position	<u>\$ 262.3</u>	<u>\$ 244.5</u>

## Governmental Activities

Governmental activities increased the Borough's net position by \$17.7 million. This compares to an increase of \$18.1 million for the year ended June 30, 2020. Key elements of the change in net position for the year are as follows:

- U.S. Treasury CARES relief funding provided \$6.3 million for capital assets providing for better air quality and other needed COVID-19 mitigation measures across the Borough increasing the Borough's net position.
  - U.S. Treasury CARES relief funding provided \$3.9 million for educational expenditures of which 2.1 million was for presumptive educational expenditures related to COVID-19 and \$1.8 million for transportation costs and telephony. This reduced the General Fund local contribution to schools increasing the Borough's net position by 2.1 million.
  - Sales tax collections increased \$3.7 million over FY2020, due to an increase in brick and mortar local sales tax collections of \$1.9 as a result of positive recovery swings in retail trade, restaurant and bars, and utilities during the third and fourth quarters of the fiscal year. Remote sales tax collections also increased \$1.8 million over FY2020, allowing less property tax to be utilized for local school contributions and as a result increasing the borough's net position.
  - In FY2021 the Borough refinanced school and fire service area general obligation bonds, increasing the bond deferred loss on refunding by \$1.7 million and decreasing the unamortized bond premium by \$.5 million to be amortized over the remaining life of the bonds increasing the Borough's net position by \$2.2 million.
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## Summary of Changes in Net Position

The Borough's total revenues and expenses for governmental activities are reflected in the following chart:

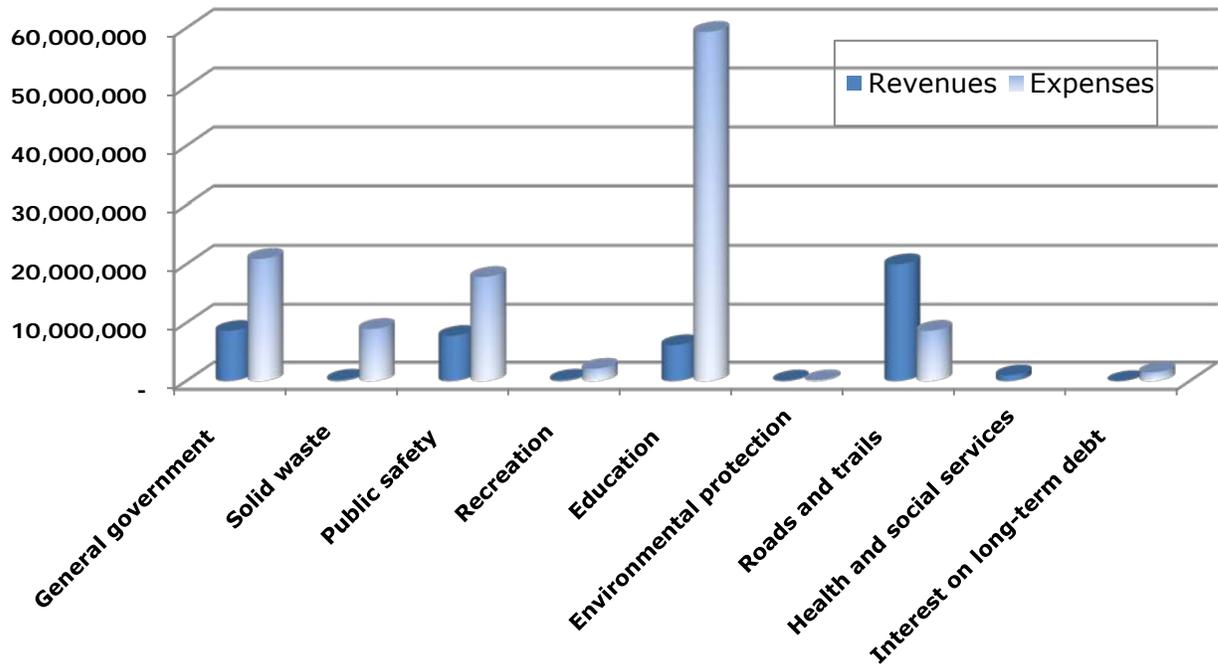
Kenai Peninsula Borough  
Changes in Net Position  
For Years Ended  
June 30, 2021 and 2020  
(in millions)

Governmental Activities

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4.1	\$ 2.1
Operating grants and contributions	33.8	10.5
Capital grants and contributions	6.3	4.1
General revenues:		
Property taxes	69.1	69.3
Sales taxes	36.3	33.0
Other	6.9	9.7
Total revenues	<u>156.5</u>	<u>128.7</u>
Expenses:		
General government	20.9	13.4
Solid waste	9.0	8.5
Public safety	17.9	18.3
Recreation	2.1	1.8
Environmental protection	0.1	0.1
Road and trails	8.6	8.1
Health and social services	20.0	
Education payments to component unit		
Kenai Peninsula Borough School District	47.9	52.5
Education other		
(debt service, capital projects, post-secondary)	11.5	7.0
Interest on long-term debt	.8	0.9
Total expenses	<u>138.8</u>	<u>110.6</u>
Increase (decrease) in net position	17.7	18.1
Net position, beginning of year	244.5	226.4
Prior period adjustment – GASB 84	<u>.1</u>	<u>-</u>
Net position, beginning of year, as restated	<u>244.6</u>	<u>226.4</u>
Net position, end of year, as restated	<u>\$ 262.3</u>	<u>\$ 244.5</u>

### Expenses and Program Revenues – Governmental Activities

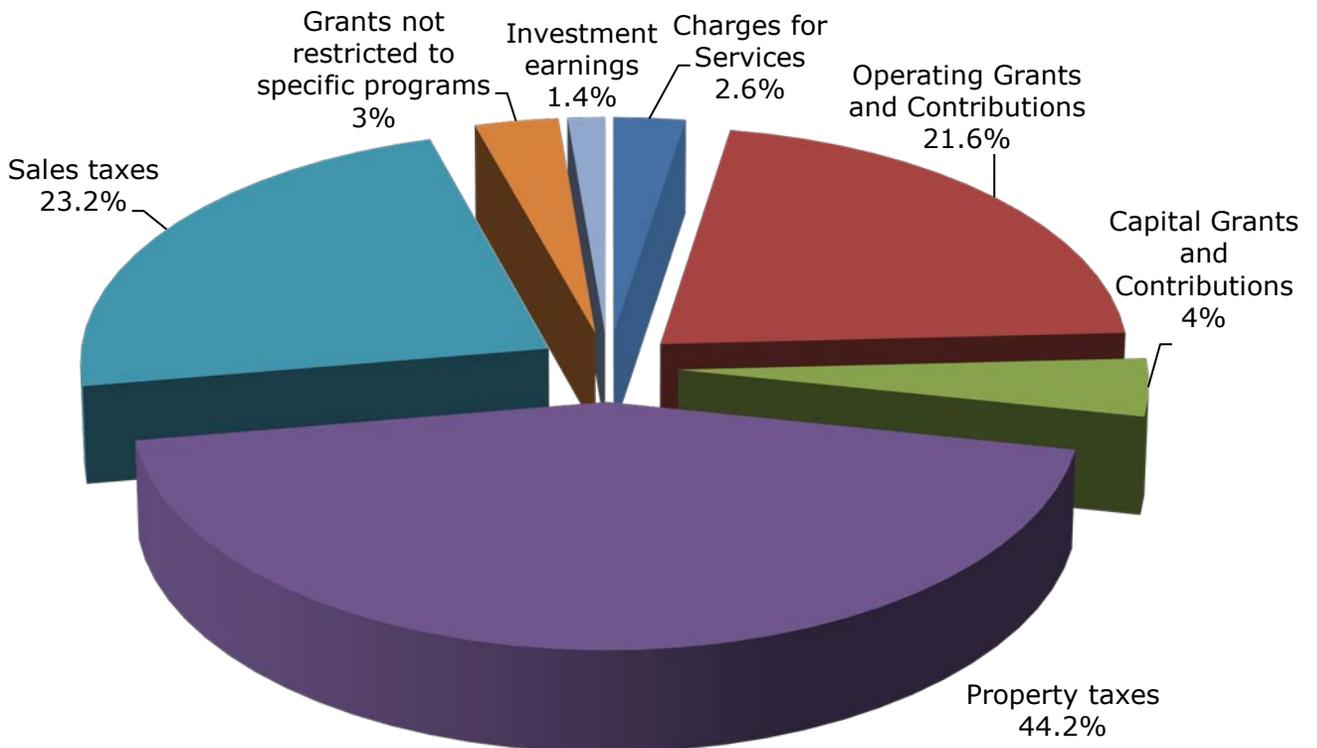
The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales and property taxes are considered general revenues and are therefore not included on this graph.



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## Revenues by Source – Governmental Activities

The graph shown below depicts all sources of revenues, both program and general.



## Financial Analysis of the Government's Funds

As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### **Governmental Funds**

The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. For example, did the Borough generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$98.7 million, an increase of \$4.7 million from the prior year. A portion of this amount is restricted to indicate it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period 2) or for other restricted purposes.

Discussion of selected individual governmental funds is as follows:

### General Fund (Major fund)

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, fund balance was \$31 million, an increase of \$5 million from the prior year. Expenditures and transfers out for the General Fund totaled \$79.9 million during the year, this compares to FY2020 expenditures and transfers out of \$85.5 million. Key factors in the increase of fund balance were increased sales tax collections, which because they are dedicated to educational funding, allowed less property tax collections to be provided for the local school funding contribution; along with a lapse of \$1.5 in personnel wages as a result of vacancies in 2021.

#### Nikiski Fire Service Area Special Revenue Fund (Major fund)

Fund balance in this service area increased \$615,832 in FY2021, compared to the FY2020 increase of \$558,666. The increase in fund balance for FY2021 was mostly due to available US Treasury grant funds for EMS personnel costs presumed to be significantly dedicated to mitigation and response of the COVID-19 public health emergency creating a lapse in the operational budgeted personnel wages of \$600,914.

#### Road Service Area Special Revenue Fund (Major fund)

Since FY2012 the Road Service Area has made an effort to grow fund balance due to the continued reduction of grant funds availability. Prior to FY2012 the service area depended on state grant funds to support capital projects, since then the grants have slowly declined, leaving the service area to support future capital projects with operating funds. For FY2021 the Service Area's fund balance decreased \$9,331 from FY2020, this minor change in fund balance was planned due to an increase in the annual transfer to the capital project fund in order to support the projects while receiving less grant funding.

#### Miscellaneous Grants Special Revenue Fund (Major fund)

Equity in central treasury and unearned grant funds in the Miscellaneous Grants Special Revenue Fund increased \$5.7 million as a result of receiving U.S. Treasury Coronavirus State and Local Recovery funds, these funds were not appropriated until Fall 2021. The Borough has designated the funds for solid waste leachate system rehabilitation, educational services, educational services pay-go infrastructure and bridges pay-go infrastructure.

#### Central Emergency Service Area Special Revenue Fund (Non-major fund)

Fund balance in this service area increased \$1.9 million in FY2021, compared to the FY2020 increase of \$1.5 million. The increase in fund balance for FY2021 was mostly due to available US Treasury grant funds for EMS personnel costs presumed to be significantly dedicated to mitigation and response of the COVID-19 public health emergency creating a lapse in the operational budgeted personnel wages of \$2 million.

#### Land Trust Investment Fund (LTIF) (Non-major fund)

Fund balance in this special revenue fund increased \$2 million or approximately 35%, compared to the FY2020 increase of \$381,073 primarily due to increased return on investments. The LTIF was created in FY19 to manage the financial assets related to borough lands for the long-term benefit of the borough residents.

#### Nikiski Fire Service Area Capital Project Fund (Non-major fund)

Fund balance in this capital project fund decreased \$2.7 million or approximately 70%, compared to the FY2020 increase of \$1.5 million primarily due to the completion of station 3 construction. The construction of station 3 utilized funds that had been accumulated over several fiscal years in order to pay for the project with local funds.

### **General Fund Budgetary Highlights**

During the year budgetary expenditures were decreased by \$821,101 and the transfers out were increased by \$592,685, including carryover encumbrances of \$469,259, in appropriations between the General Fund's original budget and the final amended budget. The primary reasons for amending the budget were as follows:

- The Assembly appropriated additional funds of \$201,792 to provide for the Clerk's Department ADA voting machines project.
- Appropriated \$180,000 to provide for design costs associated with the Homer High School Roof project.
- Appropriated \$14,060 in COVID-19 relief funds to cover unemployment funds being passed through the State of Alaska.
- Appropriated \$71,989 to fund solid waste leachate tank repair from the November 30, 2018 Cook Inlet earthquake.

- Appropriated \$651,920 in PERS on-behalf funding to the General Fund paid by the State of Alaska Department of Administration, Division of Retirement & Benefits on Behalf of the Kenai Peninsula Borough toward the Borough's Unfunded PERS Liability.

General Fund Final Budget to Actual Analysis

- General Fund actual revenues were \$6.4 million more than the final budget amounts. The most significant positive variance from the actual amounts to the final budget was in brick and mortar local sales tax for \$4.3 million and remote sales tax collections for \$1.8 million. These positive variances were a result of unanticipated remote sales tax collections and additional brick and mortar local sales tax receipts. Due to the unprecedented impacts of the COVID-19 pandemic, the Borough originally anticipated a reduction in sales tax revenues of 16% from FY2019 to FY2021. This was due to the FY2020 fourth quarter sales tax revenues reported at 16% lower than the FY2019 fourth quarter and the boroughwide closing of businesses during the budgetary process for FY2021. The Borough did experience a 16% reduction in sales tax receipts from FY2020 to FY2021 during the first quarter of FY2021 but then saw a gradual positive trend in sales tax collections as the fiscal year progressed.
- The General Fund actual expenditures and transfers out were \$5.2 million below final budget amounts. The most significant positive variances were in general government and transfers out. General Fund general government expenditures were \$2.3 million less than the final budget as a result of savings in personnel and services through vacancies, attrition. Transfers out were \$2.2 million less than the final budget because the local school contribution was reduced due to \$2.2 million in additional funding provided through U.S. Treasury grant funds.

**Capital Assets and Debt Administration**

**Capital Assets**

The Borough's investment in capital assets as of June 30, 2021 and June 30, 2020 amounts to \$227.3 million and \$220.0 million, respectively (net of accumulated depreciation.) This investment in capital assets includes land, buildings, machinery and equipment, roads, and infrastructure.

Major additions to capital assets during the current fiscal year included the following:

General Government	\$ 1.1 million
Recreation	\$ 1.1 million
Education facilities and Equipment	\$ 4.1 million
Fire and emergency services equipment	\$ 9.7 million

Kenai Peninsula Borough Capital Assets  
(in millions, net of depreciation)

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Land	\$ 71.1	\$ 71.2
Buildings	85.0	87.0
Improvements other than buildings	25.9	23.8
Machinery and equipment	15.9	10.7
Infrastructure	14.3	14.3
Construction in progress	<u>15.1</u>	<u>13.0</u>
Total governmental activities capital assets	<u>\$ 227.3</u>	<u>\$ 220.0</u>

Additional information on the Borough's capital assets can be found in Note E on page 65 of this report.

### Long-Term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$34.0 million, a decrease of \$3.6 million from June 30, 2020. This debt is bonded and backed by the full faith and credit of either the Borough or Service Areas of the Borough. Of the \$34.0 million in bonded debt, \$27.4 million was issued for school improvements. The State of Alaska may reimburse the Borough up to 70% of the principal and interest on these bonds. The schedule shown below does not include compensated absences, landfill closure/postclosure liability, net pension liability, or net OPEB liability.

	Governmental Activities (in millions)	
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 34.0	\$ 37.6

The Borough's discretely presented component units also have debt outstanding at the end of the year totaling \$68.6 million, not including premiums. Of that amount, \$21.4 million was bonded and backed by the full faith and credit of various Service Areas of the Borough. Additional information on the Borough's long-term debt can be found in note H on pages 69-71 of this report and table XII on page 155 and table XIII on page 156.

The Borough normally uses the Alaska Municipal Bond Bank (Bond Bank) to sell its bonds. The Bond Bank has a rating of A+ from S&P and A1 from Moody's.

### Economic Factors and the Next Year's Budget and Rates

The average unemployment in the Borough for CY2020 stood at 7.9%, while CY2020 increased from April to August 2020 as a result of the COVID-19 shutdown. A increase from the two prior years' rate of 6.7% in CY2019 and 7.3% for CY2018, this compares to the statewide average of 6.4%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work in the fishing and tourism industry in the Borough. The Borough's unemployment rate for the period January 2020 to June 2021 was down 1.2% when compared to the same period for 2020. This is expected to improve in CY2022, as communities and businesses recover from the COVID-19 shutdown.

In 2001, the Borough established a fund balance policy that recommends both minimum and maximum amounts of fund balances for both operating and capital project funds for the General Fund and Service Areas. 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 on-behalf payment made by the State for FY2021 was \$1,864,312, of which the Borough reports \$1,592,998 and its component unit the Kenai Peninsula Borough School District reports \$271,314 along with their PERS and TRS contributions, as part of the local in-kind contribution from the Borough to the School District. This contribution includes the difference between the actuarially determined rate of 30.85% and the Borough contribution rate of 22.00%.

In addition, as part of their FY2015 budget, the Alaska State Legislature passed House Bill 385 (HB 385), which paid down \$1 billion of the PERS defined benefits plan's unfunded liability (a closed plan). However, the bill also extended, by nine years, the amortization period over which employers would pay down the debt. By statute, the required employer contribution is 22% of the employee's wages, with the State paying the balance of the actuarially determined

amount. Under HB 385, the State's annual payments will be lower, but the total cost to employers will be much greater. For the Borough, an estimated additional \$14.5 million will be paid in retirement contributions for those additional nine years.

During fiscal year 2021, the State of Alaska was downgraded to an A+ rating from Standard & Poor's Ratings Services and a A1 credit rating from Moody's Ratings. Since fiscal year 2014 the State has been running declining unrestricted general fund deficits of approximately \$3 million to \$315 million per year due to low oil prices, expenditure levels and lack of new revenues.

In setting the budget for FY2022, the Borough considered a number of issues with Borough-wide impact, among them:

- Passing a FY2022 budget that balances General Fund expenditures with General Fund revenues.
- A sufficient level of funding necessary to meet the needs of Borough residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Borough's financial condition including compliance with the Borough's fund balance policy.
- The highest level of local educational funding that Borough's residents can reasonably afford and sustain.
- A high quality capital and operational maintenance program that ensures the continued use and economic value of Borough assets.
- The fiscal and economic impacts of the COVID-19 worldwide pandemic on the Kenai Peninsula Borough and the potential changes in revenue collection, budgetary shifts and community needs as a result of the pandemic. More discussion is provided on page 85, note M of the notes to the financial statements.
- In June 2021 the Borough was awarded \$11.4 million in U.S. Treasury Coronavirus State and Local Recovery funds of which \$5.7 million was advanced in June 2021. The Borough, through fall 2021 legislation, designated the funds for solid waste leachate system rehabilitation, educational services, educational services pay-go infrastructure and bridges pay-go infrastructure.

### **Request for Information**

This financial report is designed to provide a general overview of the Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance, Kenai Peninsula Borough, 144 N. Binkley, Soldotna, Alaska, 99669.

## **BASIC FINANCIAL STATEMENTS**

**Kenai Peninsula Borough**

Statement of Net Position

June 30, 2021

	<u>Primary Government</u>	<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Central Peninsula Hospital</u>	<u>South Peninsula Hospital</u>	<u>School District</u>
<b><u>Assets</u></b>				
Cash and short-term investments	\$ 7,902,265	\$ 44,647,379	\$ 23,990,124	\$ 11,935
Equity in central treasury	119,865,090	4,011,943	6,276,576	37,988,919
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	10,402,931	1,755	129,424	-
Accounts receivable	794,873	1,332,911	619,778	202,927
Patient receivables	-	30,194,497	13,106,310	
Land sale contracts receivable:				
Current	94,385	-	-	-
Due from other governments	1,574,010	-	-	4,812,461
Due from landowners	957,696	-	-	-
Prepays	100,735	3,788,735	654,007	1,272,067
Inventory	-	7,798,125	1,808,615	967,779
Land sale contracts receivable - long-term	1,036,290	-	-	
Net pension asset	-	-	8,600,712	
Net OPEB asset	3,184,978	-	-	12,064,688
Restricted assets:				
Equity in central treasury - unspent bond proceeds	1,804,908	941,658	23,838	-
Equity in central treasury - bond funds held in reserve	-	8,045,668	-	-
Equity in central treasury - Health Care	-	-	-	3,318,306
Assets whose use is limited:				
Cash and short-term investments	-	-	-	-
Equity in central treasury	-	53,895,633	10,359,499	-
Investments	-	891,346	26,543	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	71,056,576	3,667,813	1,281,436	-
Buildings	84,975,051	66,646,208	31,652,598	-
Improvements other than buildings	25,903,732	502,496	108,028	-
Machinery and equipment	15,863,097	41,678,104	8,313,130	2,856,362
Construction in progress	15,160,978	1,634,494	385,156	-
Infrastructure	14,293,745	-	-	-
Total assets	<u>374,971,340</u>	<u>269,678,765</u>	<u>107,335,774</u>	<u>63,495,444</u>
<b><u>Deferred Outflows of Resources</u></b>				
Unamortized deferred loss on refunding	800,981	565,137	426,177	-
Goodwill	-	-	29,000	-
Pension related	4,461,283	-	2,536,008	8,881,739
OPEB related	2,173,891	-	-	6,195,984
Total deferred outflows of resources	<u>7,436,155</u>	<u>565,137</u>	<u>2,991,185</u>	<u>15,077,723</u>

The accompanying notes are an integral part of the financial statements

**Kenai Peninsula Borough**  
Statement of Net Position, Continued  
June 30, 2021

	Primary Government	Component Units		
	Governmental Activities	Central Peninsula Hospital	South Peninsula Hospital	School District
<b><u>Liabilities</u></b>				
Accounts, contracts and retainage payable	\$ 5,139,098	\$ 4,559,790	\$ 4,064,171	\$ 1,527,104
Accrued payroll and payroll benefits	862,636	5,655,433	1,983,690	8,029,575
Claims payable	4,348,269	3,951,715	1,333,116	4,524,071
Due from landowners	957,696	-	-	-
Accrued interest	186,259	466,553	128,549	-
Unearned revenue	6,326,334	-	15,859	253,236
Noncurrent liabilities:				
Due within one year:				
Compensated absences	808,789	1,348,256	888,049	110,635
Landfill closure/postclosure	65,000	-	-	-
Long-term debt	4,170,000	7,871,681	1,715,895	-
Due in more than one year:				
Net pension liability	37,302,896	-	-	80,778,334
Net OPEB liability	66,522	-	-	62,525
Compensated absences	2,426,368	4,044,768	2,664,148	3,196,464
Landfill closure/postclosure	8,749,861	-	-	-
Long-term debt	32,121,668	52,059,309	10,991,737	-
Total liabilities	<u>103,531,396</u>	<u>79,957,505</u>	<u>23,785,214</u>	<u>98,481,944</u>
<b><u>Deferred Inflows of Resources</u></b>				
Prepaid property taxes	13,709,872	14,282	451,005	-
Pension related	285,525	-	3,104,615	3,674,512
OPEB related	2,555,128	-	-	5,702,442
Total deferred inflows of resources	<u>16,550,525</u>	<u>14,282</u>	<u>3,555,620</u>	<u>9,376,954</u>
<b><u>Net Position</u></b>				
Net investment in capital assets	193,567,400	55,704,920	29,485,248	2,856,362
Restricted:				
Hazard tree removal program	191,572	-	-	-
General government	8,385,078	-	-	-
Public safety	20,954,887	-	-	-
Recreation	1,507,222	-	-	-
Education	4,210,995	-	-	-
Solid waste	908,959	-	-	-
Roads	5,297,467	-	-	-
Student activities	-	-	-	3,356,079
Student Transportation	-	-	-	823,960
Home school carry over	-	-	-	1,282,585
Facilities maintenance	-	-	-	1,661,881
Hospital projects	-	11,493,412	63,366	-
Unrestricted	27,301,994	123,073,783	53,437,511	(39,266,598)
Total net position	<u>\$ 262,325,574</u>	<u>\$ 190,272,115</u>	<u>\$ 82,986,125</u>	<u>\$ (29,285,731)</u>

The accompanying notes are an integral part of the financial statements

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**Kenai Peninsula Borough**  
Statement of Activities  
For the Year Ended June 30, 2021

Function/Program Activities	<b>Program Revenues</b>			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 20,926,178	\$ 1,081,367	\$ 6,541,642	\$ 999,842
Solid waste	8,957,980	174,463	71,504	-
Public safety	17,842,692	2,824,622	3,629,024	1,311,204
Recreation	2,124,311	17,864	232,705	-
Education	59,345,848	-	3,138,071	3,043,585
Environmental protection	121,978	1,113	115,851	-
Roads and trails	8,632,062	-	52,514	936,201
Health and social services	20,016,966	-	20,016,966	-
Interest on long-term debt	835,767	-	-	-
Total primary government	<u>\$ 138,803,782</u>	<u>\$ 4,099,429</u>	<u>\$ 33,798,277</u>	<u>\$ 6,290,832</u>
<b>Component units -</b>				
Central Peninsula Hospital	\$ 188,550,514	\$ 191,290,982	\$ -	\$ -
South Peninsula Hospital	88,517,176	86,231,401	3,738,022	-
Kenai Peninsula Borough School District	148,372,896	64,761	23,238,213	-
Total component units	<u>\$ 425,440,586</u>	<u>\$ 277,587,144</u>	<u>\$ 26,976,235</u>	<u>\$ -</u>

**General revenues:**

Taxes:  
    Property taxes  
    Sales taxes  
Grants not restricted to specific programs  
Gain on extinguishment of PPP loan  
Investment earnings  
Payments from Kenai Peninsula Borough  
Payments from Kenai Peninsula Borough- CARES grant  
Miscellaneous  
Total general revenues

Change in net position (deficit)

Net position (deficit) at beginning of year  
Change in beginning net position -  
    Change in accounting principle GASB 84  
Net position at beginning of year - as restated

Net position (deficit) at end of year

**Net (Expense) Revenue and Changes in Net Position**

Primary Government Governmental Activities	Component Units		
	Central Peninsula Hospital	South Peninsula Hospital	School District
\$ (12,303,327)	\$ -	\$ -	\$ -
(8,712,013)	-	-	-
(10,077,842)	-	-	-
(1,873,742)	-	-	-
(53,164,192)	-	-	-
(5,014)	-	-	-
(7,643,347)	-	-	-
-	-	-	-
(835,767)	-	-	-
<u>(94,615,244)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	2,740,468	-	-
-	-	1,452,247	-
-	-	-	(125,069,922)
<u>-</u>	<u>2,740,468</u>	<u>1,452,247</u>	<u>(125,069,922)</u>
69,140,420	58,564	4,691,422	-
36,296,951	-	-	-
4,784,247	-	-	86,295,400
-	-	6,623,389	-
2,127,546	155,664	72,520	78,281
-	-	-	47,888,909
-	-	-	2,111,091
-	5,054,071	32,049	219,326
<u>112,349,164</u>	<u>5,268,299</u>	<u>11,419,380</u>	<u>136,593,007</u>
17,733,920	8,008,767	12,871,627	11,523,085
244,521,760	182,263,348	70,114,498	(44,135,495)
69,894	-	-	3,326,679
<u>244,591,654</u>	<u>182,263,348</u>	<u>70,114,498</u>	<u>(40,808,816)</u>
<u>\$ 262,325,574</u>	<u>\$ 190,272,115</u>	<u>\$ 82,986,125</u>	<u>\$ (29,285,731)</u>

The accompanying notes are an integral part of the financial statements

**Kenai Peninsula Borough**  
Governmental Funds  
Balance Sheet  
June 30, 2021

<u>Assets</u>	<u>General Fund</u>	<u>Solid Waste Capital Project Fund</u>	<u>Nikiski Fire Service Area Special Revenue Fund</u>
Cash and short-term investments	\$ 1,010	\$ -	\$ 612
Equity in central treasury	28,521,778	11,163,106	8,193,643
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	9,949,400	-	66,151
Accounts receivable	133,879	-	81,310
Land sale contracts receivable:			
Current	-	-	-
Due from other governments	949,076	-	14,799
Due from landowners	957,696	-	-
Due from other funds	148,985	-	-
Prepays	9,828	-	-
Land sale contracts receivable - Long-term	-	-	-
Restricted assets - Equity in central treasury - unspent bond proceeds	-	497,442	-
<b>Total assets</b>	<b>\$ 40,671,652</b>	<b>\$ 11,660,548</b>	<b>\$ 8,356,515</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>			
Liabilities:			
Accounts and retainage payable	1,439,928	1,363,917	31,263
Accrued payroll and payroll benefits	401,125	1,933	84,813
Due to other funds	-	-	-
Due to landowners	442,278	-	-
Unearned revenue	8,276	-	-
<b>Total liabilities</b>	<b>2,291,607</b>	<b>1,365,850</b>	<b>116,076</b>
Deferred inflows of resources:			
Prepaid property taxes	6,755,975	-	2,729,719
Property tax receivable - unavailable	639,964	-	61,584
Land sales - unavailable	-	-	-
<b>Total deferred inflows of resources</b>	<b>7,395,939</b>	<b>-</b>	<b>2,791,303</b>
Fund balances:			
Nonspendable:			
Prepays	9,828	-	-
Restricted:			
Landfill closure/postclosure costs	-	8,814,861	-
Hazard tree removal program	-	-	-
General government	91,000	-	-
Public safety	-	-	5,449,136
Recreation	-	-	-
Education	-	-	-
Solid Waste	-	908,959	-
Roads	-	-	-
Committed:			
Software upgrades	-	-	-
Building maintenance and upgrades	93,918	-	-
Public safety facilities and equipment	672,499	-	-
Recreational facility maintenance	-	-	-
Solid waste facilities	-	320,878	-
Road construction and upgrades	-	-	-
General government	347,464	-	-
Assigned:			
Subsequent year's expenditures	8,535,370	-	-
Minimum fund balance policy	16,126,797	250,000	-
General government	60	-	-
Unassigned	5,107,170	-	-
<b>Total fund balances</b>	<b>30,984,106</b>	<b>10,294,698</b>	<b>5,449,136</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 40,671,652</b>	<b>\$ 11,660,548</b>	<b>\$ 8,356,515</b>

The accompanying notes are an intergal part of the financial statements

Road Service Area Special Revenue Fund	Miscellaneous Grants Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,834,033	\$ 7,835,655
8,161,259	6,632,213	40,544,832	103,216,831
160,966	-	226,414	10,402,931
3,508	-	368,625	587,322
-	-	94,385	94,385
40,872	204,506	364,757	1,574,010
-	-	-	957,696
-	-	-	148,985
-	-	-	9,828
-	-	1,036,290	1,036,290
-	-	1,307,466	1,804,908
<u>\$ 8,366,605</u>	<u>\$ 6,836,719</u>	<u>\$ 51,776,802</u>	<u>\$ 127,668,841</u>
908,871	431,539	1,126,496	5,302,014
19,647	438	344,636	852,592
-	-	148,985	148,985
-	-	-	442,278
-	6,163,275	154,783	6,326,334
<u>928,518</u>	<u>6,595,252</u>	<u>1,774,900</u>	<u>13,072,203</u>
1,924,520	-	2,299,658	13,709,872
143,062	-	172,708	1,017,318
-	-	1,133,175	1,133,175
<u>2,067,582</u>	<u>-</u>	<u>3,605,541</u>	<u>15,860,365</u>
-	-	-	9,828
-	-	-	8,814,861
-	-	191,572	191,572
-	199,922	8,094,156	8,385,078
-	-	15,505,751	20,954,887
-	-	1,507,222	1,507,222
-	-	4,210,995	4,210,995
-	-	-	908,959
5,297,467	-	-	5,297,467
-	-	138,164	138,164
-	-	21,661	115,579
-	-	3,203,983	3,876,482
-	-	388,400	388,400
-	-	-	320,878
-	-	9,311,607	9,311,607
-	36,285	-	383,749
-	-	-	-
73,038	-	1,939,130	10,547,538
-	-	-	16,376,797
-	5,260	1,883,720	1,889,040
-	-	-	5,107,170
<u>5,370,505</u>	<u>241,467</u>	<u>46,396,361</u>	<u>98,736,273</u>
<u>\$ 8,366,605</u>	<u>\$ 6,836,719</u>	<u>\$ 51,776,802</u>	<u>\$ 127,668,841</u>

The accompanying notes are an intergal part of the financial statements

**Kenai Peninsula Borough**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2021

Fund balances - total governmental funds	\$	98,736,273
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		224,116,893
<p>The PERS ODD and ARHCT OPEB plans has been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the governmental funds.</p>		3,184,978
<p>Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
Bonds payable	\$ (34,040,000)	
Unamortized bond premium	(2,251,668)	
Accrued interest	(186,259)	
Unamortized deferred loss on refunding	800,981	
Landfill closure	(8,814,861)	
Net pension liability	(37,302,896)	
Net OPEB liability	<u>(66,522)</u>	(81,861,225)
<p>Deferred outflows of resources and deferred inflows of resources related to pension are applicable to future periods, and therefore are not reported in the governmental funds:</p>		
Deferred outflows for pensions	4,461,283	
Deferred inflows for pensions	<u>(285,525)</u>	4,175,758
<p>Deferred outflows of resources and deferred inflows of resources related to other post employment benefit (OPEB) are applicable to future periods, and therefore are not reported in the governmental funds:</p>		
Deferred outflows for OPEB	2,173,891	
Deferred inflows for OPEB	<u>(2,555,128)</u>	(381,237)
<p>Some of the Borough's receivables will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds.</p>		
Property taxes receivable	1,017,318	
Land sales contracts receivable	<u>1,133,175</u>	2,150,493
<p>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 reported with governmental activities in the statement of net position.</p>		<u>12,203,641</u>
Net position of governmental activities	\$	<u><u>262,325,574</u></u>

The accompanying notes are an intergal part of the financial statements

**Kenai Peninsula Borough**  
Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended June 30, 2021

	<b>General Fund</b>	<b>Solid Waste Capital Project Fund</b>	<b>Nikiski Fire Service Area Special Revenue Fund</b>
<b>Revenues:</b>			
Property taxes	\$ 41,595,891	\$ -	\$ 4,860,681
Sales tax	36,296,951	-	-
Intergovernmental:			
Federal	4,006,343	-	5,059
State	1,702,086	-	187,347
Investment earnings	482,165	24,386	20,058
Interest subsidy	-	-	-
Other revenues	864,121	-	310,713
Total revenues	<u>84,947,557</u>	<u>24,386</u>	<u>5,383,858</u>
<b>Expenditures:</b>			
General government	15,980,059	-	-
Solid waste	6,391,988	2,267,447	-
Public safety	791,791	-	4,310,748
Recreation	-	-	-
Education	48,736,349	-	-
Environmental protection	-	-	-
Roads and trails	-	-	-
Health & social services	-	-	-
Debt service:			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	<u>71,900,187</u>	<u>2,267,447</u>	<u>4,310,748</u>
Excess (deficiency) of revenues over expenditures	<u>13,047,370</u>	<u>(2,243,061)</u>	<u>1,073,110</u>
<b>Other financing sources (uses):</b>			
Refunding bonds issued	-	-	-
Premium on refunding bonds issued	-	-	-
Payments to refunded bond escrow agent	-	-	-
Transfers in	-	1,193,179	-
Transfers out	(8,037,779)	-	(457,278)
Net other financing sources (uses)	<u>(8,037,779)</u>	<u>1,193,179</u>	<u>(457,278)</u>
Net change in fund balances	5,009,591	(1,049,882)	615,832
Fund balances at beginning of year	25,904,621	11,344,580	4,833,304
Change in beginning fund balances - Change in accounting principle GASB 84	<u>69,894</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year - as restated	<u>25,974,515</u>	<u>11,344,580</u>	<u>4,833,304</u>
Fund balances at end of year	<u>\$ 30,984,106</u>	<u>\$ 10,294,698</u>	<u>\$ 5,449,136</u>

The accompanying notes are an integral part of the financial statements

**Kenai Peninsula Borough**  
Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances, Continued  
For the Year Ended June 30, 2021

	<b>Road Service Area Special Revenue Fund</b>	<b>Miscellaneous Grants Special Revenue Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Property taxes	\$ 8,539,580	\$ -	\$ 14,513,474	\$ 69,509,626
Sales tax	-	-	-	36,296,951
Intergovernmental:				
Federal	-	34,527,287	1,308,544	39,847,233
State	48,541	536,804	725,139	3,199,917
Investment earnings	21,408	1,974	1,541,945	2,091,936
Interest subsidy	-	-	94,115	94,115
Other revenues	17,864	1,113	4,384,187	5,577,998
Total revenues	<u>8,627,393</u>	<u>35,067,178</u>	<u>22,567,404</u>	<u>156,617,776</u>
<b>Expenditures:</b>				
General government	-	5,557,192	1,108,851	22,646,102
Solid waste	-	64,071	-	8,723,506
Public safety	-	3,723,302	16,215,924	25,041,765
Recreation	-	117,556	3,001,446	3,119,002
Education	-	6,077,467	3,607,898	58,421,714
Environmental protection	-	111,614	10,364	121,978
Roads and trails	6,336,724	-	2,327,137	8,663,861
Health & social services	-	20,016,966	-	20,016,966
Debt service:				
Principal	-	-	3,745,000	3,745,000
Interest and other	-	-	1,651,183	1,651,183
Total expenditures	<u>6,336,724</u>	<u>35,668,168</u>	<u>31,667,803</u>	<u>152,151,077</u>
Excess (deficiency) of revenues over expenditures	<u>2,290,669</u>	<u>(600,990)</u>	<u>(9,100,399)</u>	<u>4,466,699</u>
<b>Other financing sources (uses):</b>				
Refunding bonds issued	-	-	24,295,000	24,295,000
Premium on refunding bonds issued	-	-	1,828,075	1,828,075
Payments to refunded bond escrow agent	-	-	(25,961,719)	(25,961,719)
Transfers in	-	-	12,175,862	13,369,041
Transfers out	(2,300,000)	-	(2,573,984)	(13,369,041)
Net other financing sources (uses)	<u>(2,300,000)</u>	<u>-</u>	<u>9,763,234</u>	<u>161,356</u>
Net change in fund balances	(9,331)	(600,990)	662,835	4,628,055
Fund balances at beginning of year	5,379,836	842,457	45,733,526	94,038,324
Change in beginning fund balances - Change in accounting principle GASB 84	-	-	-	69,894
Fund balances at beginning of year - as restated	<u>5,379,836</u>	<u>842,457</u>	<u>45,733,526</u>	<u>94,108,218</u>
Fund balances at end of year	<u>\$ 5,370,505</u>	<u>\$ 241,467</u>	<u>\$ 46,396,361</u>	<u>\$ 98,736,273</u>

The accompanying notes are an integral part of the financial statements

**Kenai Peninsula Borough**  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of the Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ 4,628,055

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 are depreciated over their useful lives.

Expenditures for capital assets	\$ 17,296,101	
Less current year depreciation	<u>(10,594,274)</u>	6,701,827

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position. 217,247

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal redeemed on bond funding	24,060,000	
Refunding bonds issued	(24,295,000)	
Principal payments	3,745,000	
Net increase in bond premium	(227,563)	
Net increase in bond deferred loss on refunding	<u>583,073</u>	3,865,510

Certain revenues reported in the statement of activities are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues.

Decrease in property taxes unavailable	(369,206)	
Decrease in accrued interest subsidy	<u>(105,695)</u>	(474,901)

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.

Decrease in accrued interest	545,130	
Decrease in landfill closure cost	<u>699,131</u>	1,244,261

Changes related to net pension liability and related accounts can increase or decrease net position. This is the net increase in equity due to changes in net pension liability and the related deferred inflows and outflows. 271,273

Changes related to net OPEB liability, asset and related accounts can increase or decrease net position. This is the net increase in equity due to changes in net OPEB liability, asset and the related deferred inflows and outflows. 2,401,376

Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net position of internal service funds is reported with governmental activities. (1,120,728)

Change in net position of governmental activities \$ 17,733,920

**Kenai Peninsula Borough**  
 General Fund  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Property taxes	\$ 38,576,101	\$ 41,433,632	\$ 41,595,891	\$ 162,259
Sales tax	27,431,594	30,150,107	36,296,951	6,146,844
Intergovernmental	4,395,000	5,499,699	5,708,429	208,730
Investment earnings	354,913	354,913	482,165	127,252
Other	1,075,000	1,075,000	864,121	(210,879)
Total revenues	<u>71,832,608</u>	<u>78,513,351</u>	<u>84,947,557</u>	<u>6,434,206</u>
<b>Expenditures:</b>				
General government:				
Assembly:				
Personnel	1,009,834	992,027	932,569	59,458
Supplies	7,815	38,530	35,180	3,350
Services	542,793	622,437	539,100	83,337
Capital outlay	14,000	58,846	32,927	25,919
Total assembly	<u>1,574,442</u>	<u>1,711,840</u>	<u>1,539,776</u>	<u>172,064</u>
Mayor:				
Personnel	730,532	764,443	680,991	83,452
Supplies	3,100	4,221	2,254	1,967
Services	56,142	54,656	32,790	21,866
Capital outlay	1,150	3,015	2,880	135
Total mayor	<u>790,924</u>	<u>826,335</u>	<u>718,915</u>	<u>107,420</u>
Purchasing and contracting:				
Personnel	525,820	584,184	577,108	7,076
Supplies	8,816	8,816	3,629	5,187
Services	110,584	110,784	56,915	53,869
Capital outlay	3,723	3,523	3,099	424
Total purchasing and contracting	<u>648,943</u>	<u>707,307</u>	<u>640,751</u>	<u>66,556</u>
Human resources:				
Personnel	827,250	869,415	849,551	19,864
Supplies	22,223	24,410	21,783	2,627
Services	140,358	137,388	109,420	27,968
Capital outlay	10,852	12,207	11,106	1,101
Total human resources	<u>1,000,683</u>	<u>1,043,420</u>	<u>991,860</u>	<u>51,560</u>
Information technology:				
Personnel	1,685,730	1,764,608	1,595,124	169,484
Supplies	38,355	38,355	16,598	21,757
Services	348,985	347,005	288,600	58,405
Capital outlay	22,833	22,833	5,210	17,623
Total information technology	<u>2,095,903</u>	<u>2,172,801</u>	<u>1,905,532</u>	<u>267,269</u>
Legal:				
Personnel	813,864	853,819	819,380	34,439
Supplies	3,250	3,250	912	2,338
Services	301,001	301,002	105,421	195,581
Capital outlay	2,000	3,700	3,001	699
Total legal	<u>1,120,115</u>	<u>1,161,771</u>	<u>928,714</u>	<u>233,057</u>
Finance:				
Personnel	2,614,094	2,735,219	2,538,942	196,277
Supplies	16,120	16,088	13,089	2,999
Services	778,894	980,277	866,052	114,225
Capital outlay	6,619	12,555	10,181	2,374
Total finance	<u>3,415,727</u>	<u>3,744,139</u>	<u>3,428,264</u>	<u>315,875</u>

(Continued)

**Kenai Peninsula Borough**  
 General Fund  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual - continued  
 For the Year Ended June 30, 2021

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
General government expenditures, continued:				
Assessing:				
Personnel	\$ 2,899,776	\$ 3,023,296	\$ 2,564,043	\$ 459,253
Supplies	8,925	8,925	7,264	1,661
Services	423,179	417,329	309,699	107,630
Capital outlay	12,132	17,982	17,797	185
Total assessing	<u>3,344,012</u>	<u>3,467,532</u>	<u>2,898,803</u>	<u>568,729</u>
Planning:				
Personnel	1,389,856	1,450,882	1,236,374	214,508
Supplies	52,500	52,546	20,222	32,324
Services	308,077	304,024	215,456	88,568
Capital outlay	10,800	14,807	13,118	1,689
Total planning	<u>1,761,233</u>	<u>1,822,259</u>	<u>1,485,170</u>	<u>337,089</u>
Planning - River Center:				
Personnel	504,926	525,858	440,321	85,537
Supplies	10,600	10,600	5,354	5,246
Services	158,441	158,441	138,946	19,495
Capital outlay	2,000	2,000	1,981	19
Total planning - River Center	<u>675,967</u>	<u>696,899</u>	<u>586,602</u>	<u>110,297</u>
Economic development:				
Services	360,000	360,000	343,719	16,281
Total economic development	<u>360,000</u>	<u>360,000</u>	<u>343,719</u>	<u>16,281</u>
Non-departmental:				
Personnel	57,871	96,630	46,288	50,342
Supplies	-	20,500	5,549	14,951
Services	483,533	430,462	460,116	(29,654)
Total non-departmental	<u>541,404</u>	<u>547,592</u>	<u>511,953</u>	<u>35,639</u>
Total general government	<u>17,329,353</u>	<u>18,261,895</u>	<u>15,980,059</u>	<u>2,281,836</u>
Solid waste:				
Personnel	2,113,499	2,066,771	2,001,656	65,115
Supplies	375,237	363,429	304,496	58,933
Services	4,118,209	4,424,953	4,071,356	353,597
Capital outlay	8,122	88,824	14,480	74,344
Total solid waste	<u>6,615,067</u>	<u>6,943,977</u>	<u>6,391,988</u>	<u>551,989</u>
Public safety:				
Personnel	538,853	567,097	467,387	99,710
Supplies	30,142	30,361	26,339	4,022
Services	341,356	343,839	281,914	61,925
Capital outlay	22,832	22,832	16,151	6,681
Total public safety	<u>933,183</u>	<u>964,129</u>	<u>791,791</u>	<u>172,338</u>
Education:				
School District contributions	50,000,000	47,888,909	47,888,909	-
Post secondary education	849,848	847,440	847,440	-
Total education	<u>50,849,848</u>	<u>48,736,349</u>	<u>48,736,349</u>	<u>-</u>
Total expenditures	<u>75,727,451</u>	<u>74,906,350</u>	<u>71,900,187</u>	<u>3,006,163</u>
Excess (deficiency) of revenues over expenditures	<u>(3,894,843)</u>	<u>3,607,001</u>	<u>13,047,370</u>	<u>9,440,369</u>
<b>Other financing uses:</b>				
Transfers out	(9,641,655)	(10,234,340)	(8,037,779)	2,196,561
Net change in fund balance	(13,536,498)	(6,627,339)	5,009,591	11,636,930
Fund balance at beginning of year	20,915,095	19,261,982	25,904,621	6,642,639
Change in beginning fund balance -				
Change in accounting principle GASB 84	-	-	69,894	69,894
Fund balance at beginning of the year - as restated	<u>20,915,095</u>	<u>19,261,982</u>	<u>25,974,515</u>	<u>6,712,533</u>
Fund balance at end of year	<u>\$ 7,378,597</u>	<u>\$ 12,634,643</u>	<u>\$ 30,984,106</u>	<u>\$ 18,349,463</u>

The accompanying notes are an intergal part of the financial statements

**Kenai Peninsula Borough**  
Nikiski Fire Service Area Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 4,534,196	\$ 4,534,196	\$ 4,815,819	\$ 281,623
Motor vehicle tax	52,066	52,066	44,862	(7,204)
Intergovernmental:				
Federal	-	5,238	5,059	(179)
State	-	187,347	187,347	-
Investment earnings	77,000	77,000	20,058	(56,942)
Other revenues	340,000	340,000	310,713	(29,287)
Total revenues	<u>5,003,262</u>	<u>5,195,847</u>	<u>5,383,858</u>	<u>188,011</u>
<b>Expenditures:</b>				
Public safety:				
Personnel	3,524,645	3,699,356	3,098,442	600,914
Supplies	284,048	285,272	200,455	84,817
Services	936,910	939,154	732,138	207,016
Capital outlay	185,131	297,825	279,713	18,112
Total expenditures	<u>4,930,734</u>	<u>5,221,607</u>	<u>4,310,748</u>	<u>910,859</u>
Excess (deficiency) of revenues over expenditures	<u>72,528</u>	<u>(25,760)</u>	<u>1,073,110</u>	<u>1,098,870</u>
<b>Other financing uses:</b>				
Transfers out	<u>(457,278)</u>	<u>(457,278)</u>	<u>(457,278)</u>	<u>-</u>
Net change in fund balance	(384,750)	(483,038)	615,832	1,098,870
Fund balance at beginning of year	<u>4,833,304</u>	<u>4,833,304</u>	<u>4,833,304</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,448,554</u>	<u>\$ 4,350,266</u>	<u>\$ 5,449,136</u>	<u>\$ 1,098,870</u>

The accompanying notes are an intergal part of the financial statements

**Kenai Peninsula Borough**  
Road Service Area Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 7,843,763	\$ 7,843,763	\$ 8,415,682	\$ 571,919
Motor vehicle tax	144,314	144,314	123,898	(20,416)
Intergovernmental:				
State	-	48,541	48,541	-
Investment earnings	102,317	102,317	21,408	(80,909)
Other revenues	-	-	17,864	17,864
Total revenues	<u>8,090,394</u>	<u>8,138,935</u>	<u>8,627,393</u>	<u>488,458</u>
<b>Expenditures:</b>				
Roads and trails:				
Personnel	961,582	940,123	936,444	3,679
Supplies	68,050	68,271	60,851	7,420
Services	5,512,215	5,587,186	5,339,429	247,757
Capital outlay	5,250	-	-	-
Total expenditures	<u>6,547,097</u>	<u>6,595,580</u>	<u>6,336,724</u>	<u>258,856</u>
Excess of revenues over expenditures	<u>1,543,297</u>	<u>1,543,355</u>	<u>2,290,669</u>	<u>747,314</u>
<b>Other financing uses:</b>				
Transfers out	<u>(2,300,000)</u>	<u>(2,300,000)</u>	<u>(2,300,000)</u>	<u>-</u>
Net change in fund balance	(756,703)	(756,645)	(9,331)	747,314
Fund balance at beginning of year	<u>5,379,836</u>	<u>5,379,836</u>	<u>5,379,836</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,623,133</u>	<u>\$ 4,623,191</u>	<u>\$ 5,370,505</u>	<u>\$ 747,314</u>

The accompanying notes are an intergal part of the financial statements

**Kenai Peninsula Borough**  
Proprietary Funds  
Statement of Net Position  
June 30, 2021

	<b>Governmental Activities Internal Service Funds</b>
<b>Assets</b>	
Current assets:	
Cash and short-term investments	\$ 66,610
Equity in central treasury	<u>16,648,259</u>
	16,714,869
Other receivables	207,551
Prepays	<u>90,907</u>
Total current assets	<u>17,013,327</u>
Capital assets:	
Equipment	4,649,898
Less accumulated depreciation	<u>(1,513,612)</u>
Total capital assets (net of accumulated depreciation)	<u>3,136,286</u>
Total assets	<u>20,149,613</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts and contracts payable	352,502
Accrued payroll and payroll benefits	10,044
Claims payable	4,348,269
Compensated absences	<u>808,789</u>
Total current liabilities	5,519,604
Noncurrent liabilities - compensated absences	<u>2,426,368</u>
Total liabilities	<u>7,945,972</u>
<b>Net Position</b>	
Investment in capital assets	3,136,286
Unrestricted	<u>9,067,355</u>
Total net position	<u>\$ 12,203,641</u>

The accompanying notes are an intergal part of the financial statements

**Kenai Peninsula Borough**  
Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2021

	<u><b>Governmental Activities Internal Service Funds</b></u>
<b>Operating revenues:</b>	
Charges for sales and services	\$ 14,784,923
Intergovernmental:	
Federal	4,237
State	<u>27,590</u>
Total operating revenues	<u>14,816,750</u>
<b>Operating expenses:</b>	
Administrative services	2,918,332
Insurance premiums	2,912,440
Self-insured losses	9,636,904
Depreciation	<u>505,411</u>
Total operating expenses	<u>15,973,087</u>
Operating loss	<u>(1,156,337)</u>
<b>Non-operating revenues -</b>	
Investment earnings	<u>35,609</u>
Change in net position	(1,120,728)
Net position at beginning of year	<u>13,324,369</u>
Net position at end of year	<u><u>\$ 12,203,641</u></u>

The accompanying notes are an integral part of the financial statements

**Kenai Peninsula Borough**  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2021

	<b>Governmental Activities Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Receipts from interfund services provided	\$ 14,784,923
Payments to suppliers	(11,319,998)
Payments to employees	(2,184,179)
Other program revenue	31,827
Net cash provided by operating activities	1,312,573
<b>Cash flows for capital and related financing activities-</b>	
Purchase of capital assets	(1,202,622)
<b>Cash flows from investing activities-</b>	
Investment earnings	35,609
Net increase in cash and cash equivalents	145,560
Cash and cash equivalents at beginning of year	16,569,309
Cash and cash equivalents at end of year	\$ 16,714,869
Reconciliation of cash and cash equivalents to Statement of Net Position:	
Cash and short-term investments	66,610
Equity in central treasury	16,648,259
Cash and cash equivalents, end of year	\$ 16,714,869
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (1,156,337)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	505,411
Change in assets and liabilities:	
(Increase) decrease in other receivables	(127,940)
(Increase) decrease in prepaids	22,494
Increase (decrease) in accounts and contracts payable	294,378
Increase (decrease) in accrued payroll and payroll benefits	(6,639)
Increase (decrease) in claims payable	1,403,444
Increase (decrease) in compensated absences	377,762
Total adjustments	2,468,910
Net cash provided by operating activities	\$ 1,312,573

The accompanying notes are an intergal part of the financial statements

**Kenai Peninsula Borough**  
Fiduciary Fund  
Statement of Fiduciary Fund Net Position  
June 30, 2021

	<b>Custodial Fund</b>
<b><u>Assets</u></b>	
Equity in central treasury	\$ 478,900
Taxes receivable	<u>1,125,735</u>
Total assets	<u>\$ 1,604,635</u>
<b><u>Liabilities</u></b>	
Due to other governments	<u>1,345,594</u>
<b><u>Net Position</u></b>	
Restricted - Other governments	<u>\$ 259,041</u>

The accompanying notes are an integral part of the financial statements

**Kenai Peninsula Borough**  
 Fiduciary Fund  
 Statement of Changes Fiduciary Net Position  
 For the Year Ended June 30, 2021

	<b>Custodial Fund</b>
<b>Additions-</b>	
Tax collections for other governments	\$ 39,329,728
<b>Deductions-</b>	
Tax distributions to other governments	39,350,041
Net decrease in fiduciary net position	(20,313)
Net position at beginning of year	-
Change in beginning net position - Change in accounting principle GASB 84	279,354
Net position at beginning of the year - as restated	279,354
Net position at end of year	\$ 259,041

## INDEX TO NOTES

This is a summary of significant accounting policies and other notes to the financial statements necessary for adequate disclosure.

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**Kenai Peninsula Borough**  
Notes to Financial Statements  
June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Kenai Peninsula Borough (the Borough) have been prepared in conformity with generally accepted accounting principles (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 of the Borough's accounting policies are described below.

**A. Reporting Entity**

The Kenai Peninsula Borough was incorporated January 1, 1964, under the provisions of the State of Alaska Borough Act of 1961 as a second-class borough. The Borough operates under an elected nonpartisan Mayor-Assembly form of government. The Mayor is elected at-large for a three-year term. Legislative power is vested in the 9-member assembly with executive and administrative power vested with the Mayor. The Borough provides the following areawide services: assessment and collection of taxes for the Borough and cities within the Borough, planning and zoning, solid waste disposal, education, senior citizen funding, emergency management, 911 communications, post secondary education, and general administrative services. Non-areawide services provided by service areas include: hospital, fire protection, recreation, emergency medical and ambulance, senior citizen, and road maintenance and economic development. The Borough also provides tourism promotion, ports and harbor authority (not currently exercised), and special assessment authority for utility line extensions and road improvement districts on a non-areawide basis. As required by generally accepted accounting principles, these financial statements present the Kenai Peninsula Borough (the primary government) and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable.

**Discretely Presented Component Units**

The Borough is reporting three discrete component units, The Kenai Peninsula Borough School District (the School District), South Peninsula Hospital (SPH), and Central Peninsula Hospital (CPH). The School District, SPH and CPH are each discretely presented in a separate column in the basic financial statements to emphasize that they are legally separate from the Borough.

The School District is governed by an independently elected board; however the School District is fiscally dependent on the primary government because the Borough Assembly approves the total budget of the School District, approves the tax levy to support the budget, approves and pays any debt issuance and the Borough retains all ownership of real property. Complete financial statements of the School District can be obtained from the School District's Business Office at 148 N. Binkley, Soldotna, Alaska, 99669; phone number (907) 714-8888.

South Peninsula Hospital and Central Peninsula Hospital are each governed by independently elected boards; however, they are also fiscally dependent on the primary government because the Assembly approves the service area budget, approves the tax levy to support the budget and must approve any debt issuance. A financial benefit and burden relationship exists as well for both hospitals; the Borough is entitled to the hospital resources and assets as owners of the hospitals as well as an obligation to assume the debt of the organization, upon default. Separate financial statements can be obtained at South Peninsula Hospital, 4300 Bartlett, Homer, Alaska, 99603 and at Central Peninsula Hospital, 250 Hospital Place, Soldotna, Alaska, 99669.

On April 7, 2016, Central Peninsula Health Foundation (the Foundation), filed a certificate of amendment with the State of Alaska changing its nonprofit status to that of a supporting organization of Central Peninsula Hospital. The Hospital has paid various expenses on behalf of the Foundation, and leased employees to the Foundation to sustain its operations. The Foundation is reported as a blended component unit of the Hospital because it provides services and benefits almost exclusively for the Hospital.

## **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 of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Borough does not have any business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Borough cannot use these assets for its operations.

The statement of activities demonstrates the degree to which the direct expenses of a given function of governmental activities are offset by program revenues. Program revenues include: 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from, goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The remaining governmental funds are aggregated and reported as other governmental funds. The internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Borough's only fiduciary funds are its custodial funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Major revenues susceptible to accrual include sales tax and property taxes levied and due in the current year even though a portion of the taxes may be collected in the subsequent year. Penalty on sales taxes and interest on delinquent taxes are considered measurable when paid and are recognized as revenue at that time. Intergovernmental revenues received as reimbursement for specific purposes or projects are recognized in the period the expenditures are incurred. Intergovernmental

revenue received but not yet earned is recorded as unearned revenue. Property taxes received prior to the period for which they are used are recorded as deferred inflows of resources. In subsequent periods, when the Borough has legal claim to the resources, the deferred inflows are removed from the balance sheet and revenue is recognized. Revenue from land sale contracts receivable is deferred until the receivables are collected. Expenditures are recorded when the fund liability is incurred. The exceptions to this general rule are principal and interest on general long-term debt which is recognized when due and pensions, and other post-employment benefits.

The Borough reports the following major governmental funds:

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

The Solid Waste Capital Project Fund accounts for unspent bond proceeds, operating transfers in, interest earnings, and acquisition and construction of major capital facilities of the solid waste program. The Borough elected to report the Solid Waste Capital Project Fund as a major fund in FY2021 for reporting consistency.

The Nikiski Fire Service Area Special Revenue Fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Nikiski Fire Service Area.

The Road Service Area Special Revenue Fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Road Service Area.

The Miscellaneous Grants Special Revenue Fund is used to account for expenditures of miscellaneous grants received from the State of Alaska and the Federal Government. This fund does not adopt an annual budget, therefore no budget to actual statement is presented.

The Borough does not report solid waste activity as an enterprise fund due to the fact that the activity is substantially funded by the General Fund and only a small portion by user fees. Effective July 1, 2010, to comply with GASB 54 requirements, solid waste activity is being reported in the General Fund.

Additionally, the Borough reports the following fund types:

Internal Service Funds account for risk management, health insurance, and equipment replacement services provided to other departments on a cost reimbursement basis, and employee compensated leave.

The Fiduciary Fund account for tax collection services provided to other governments located within the Kenai Peninsula Borough.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. The Borough does not use an indirect cost allocation system.

#### **D. Assets, Liabilities, Deferred Outflows, Deferred Inflows, Fund Balance and Net Position**

##### **1. Deposits and Investments**

The Borough utilizes a central treasury to aggregate cash from all funds, the School District, CPH and SPH for cash management and investment purposes. Each fund has an account titled "equity in central treasury" which is the cash balance of that fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their average equity balance during the month. At June 30, 2021,

investments for the government, as well as for its component units, are reported at fair value. The Borough Code of Ordinances authorizes investment in obligations of the U. S. Treasury, its agencies and instrumentalities, bankers' acceptances of the fifty largest banks, investment grade corporate bonds, highly rated commercial paper, repurchase agreements, fully collateralized certificates of deposit, money market mutual funds, highly rated bonds and notes issued by a state or political subdivision thereof, and the Alaska Municipal League Investment Pool, Inc. The Borough ordinance places limitations on maturity of investments, and Borough investment procedures limit the level of investment type.

The Alaska Municipal League Investment Pool, Inc. (AMLIP) was created during 1993 under A.S. 37.23 and the Kenai Peninsula Borough Assembly passed an ordinance authorizing participation in the AMLIP. The AMLIP is a nonprofit corporation organized to manage, administer and invest funds of participating public entities.

"Cash and Short-Term Investments" is used to account for petty cash, cash held in bank accounts and investments for certain Borough Funds, School District Funds and Hospitals.

The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

For purposes of the statements of cash flows for the Internal Service Funds, the Borough has defined cash as the demand deposits and all investments maintained in the central treasury (regardless of maturity period), because the funds use the pool essentially as a demand deposit account.

## **2. Receivables and Payables**

All outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 1.4% of the current year personal property tax levy.

## **3. Inventories**

The Borough maintains custody of the maintenance inventory reported on the School District financial statements. These inventories consist of expendable supplies, to repair and maintain schools or other district locations. The cost of inventory items is included in expenditures when issued to schools from the central warehouse or issued for consumption.

## **4. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items. Prepaids are recognized when incurred and the expenditure is recorded in the period that is benefited using the consumption method.

## **5. Restricted Assets**

Restricted cash and investments are held in capital project funds and are restricted because their use is limited by bond covenant.

## 6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. The Borough has established a capitalization threshold of \$5,000. Only infrastructure assets acquired by the Borough after July 1, 1980, are reported. All purchased capital assets are valued at historical cost. Donated works of art and similar items are valued at their acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset. Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Infrastructure	10-50
Vehicles	7-10
Equipment	5-10

## 7. Compensated Absences

The Borough and Service Areas recognize a liability for the net amount of accrued vacation. Accumulated vacation may be received in cash, subject to certain restrictions. The obligation of accumulated unpaid personal leave amounts to \$3,235,157 at June 30, 2021. Of the total accumulated unpaid vacation at June 30, 2021, \$808,789 is expected to be paid out within one year; this is an increase of \$94,440 from June 30, 2020. An internal service fund, Employee Compensated Leave Fund, was established to account for resources accumulated to provide for compensated absences for the Borough's governmental activities. The Borough does not accrue a liability for non-vested sick leave, payable only in the event of employee absence due to illness. That amount is \$121,067 at June 30, 2021, a decrease of \$5,717 from June 30, 2020.

## 8. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued and any bond premium are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, is reported as debt service expenditures.

## 9. Fund Balances and Fund Balance Flow Assumptions

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 long-term receivables; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the four remaining 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 Borough Assembly, the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Assembly rescinds or modifies the commitment through the ordinance process, the same formal action used to create 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 Borough’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly has delegated the assignment ability to the Finance Director through Resolution 2011-067. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

When both restricted and unrestricted resources are available for use, it is the Borough’s policy to use restricted resources first, followed by committed, assigned and unassigned.

## **10. Minimum Fund Balance Policy**

In 2001, the Kenai Peninsula Borough Assembly established a formal fund balance policy affecting the General Fund, annually budgeted special revenue funds and general government capital project funds. The policy is established in the General Fund and Special Revenue Funds for the purpose of maintaining the Borough’s credit worthiness, providing liquidity and protecting essential Borough programs and requirements during periods of economic downturn or catastrophic loss. The policy sets both minimum and maximum levels and is reported as assigned fund balance; these commitments can only be changed or lifted by the Assembly taking the same formal action that imposed the constraint originally, which was approved by Resolution 2001-045 and later updated by Resolution 2017-031.

## **11. Net Position and Net Position Flow Assumptions**

Net position represents the residual interest in the Borough’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 include 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 Borough 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 Borough’s policy to consider restricted net position constraints and items before unrestricted net position is applied.

## 12. Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to futures period(s) and will not be recognized as an inflow of resources (revenues) until that time. In the government-wide statements, deferred outflows of resources of the Borough consist of deferred charges on debt refundings as well as certain pension and OPEB related accounts. Deferred inflows of resources reported on the government-wide statements consist of property taxes received in advance as well as certain pension and OPEB related accounts, while, deferred inflows of resources reported on the governmental balance sheet consist of prepaid property taxes, unavailable property taxes and land sales.

## 13. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the Borough's governmental funds. Encumbrances, if any, outstanding at year-end are reported as appropriate constraints of fund balance if they meet the criteria and definitions outlined in the fund balance section of these notes.

Significant encumbrances exceeding \$100,000 as of June 30, 2021 were:

<u>Description/Program</u>	<u>Major Funds</u>			<u>Nonmajor</u>
	<u>General Fund</u>	<u>Solid Waste Capital Project Fund</u>	<u>Misc Grant Special Revenue Fund</u>	<u>Other Gov't Funds</u>
Public Safety Facilities and equipment	\$ -	\$ -	\$ -	\$ 327,979
Hazard tree removal	-	-	-	93,013
Recreational facility upgrades	-	-	-	54,390
Educational facilities and equipment	-	-	-	427,603
General government activities	270,234	-	-	-
Roads/paths construction and upgrades	-	-	-	1,299,185
Solid waste facilities	-	320,878	-	-
Community assistance program	-	-	<u>126,022</u>	-
<b>Total</b>	<b><u>\$270,234</u></b>	<b><u>\$ 320,878</u></b>	<b><u>\$ 126,202</u></b>	<b><u>\$ 2,202,170</u></b>

## 14. Pensions and Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, 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.

## **15. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **16. Deferred Compensation Plan**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, available to all permanent Borough employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries.

## **II – Stewardship, Compliance and Accountability**

### **A. Budgetary Information**

The budgetary data presented in the financial statements is reflective of the following procedure:

Before May 15<sup>th</sup> of each year, the Borough Mayor submits to the Borough Assembly a proposed budget for the next fiscal year of the Borough. The Assembly then conducts public hearings to obtain taxpayer comment. These budgets are legally enacted by passage of an ordinance and the mill levies are established. Alaska law mandates that tax levies be adopted no later than midnight of June 14 each year.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except certain special revenue funds which are grant and project funded and capital project funds, which adopt project-length budgets. Special revenue funds that are not budgeted for are the Land Trust Investment Fund, Environmental Protection Programs Fund, Disaster Relief Fund, and Miscellaneous Grants Fund. All annual appropriations lapse at fiscal yearend.

Annual budgets are also adopted for the internal service funds. However, generally accepted accounting principles do not require the reporting of budgets for internal service funds, and budgetary comparisons are not included for these funds because the measurement focus is based upon determination of net income and financial position.

The legal level of control is at the fund level. The Mayor may transfer unencumbered balances within a fund, which is then reported to the Assembly on a monthly basis. Assembly action is required to transfer between funds, departments, or other major budget classification such as departmental divisions. After the initial introduction at any meeting of the Assembly of an ordinance, other than an emergency ordinance or one that adds to, amends, or repeals any provision in the Kenai Peninsula Borough Code, at least 13 days shall be allowed to pass before the public hearing and Assembly vote occurs. For ordinances that add to, amend, or repeal any provision in the Kenai Peninsula Borough Code, at least 25 days shall be allowed to pass before the public hearing and Assembly vote occurs. Emergency appropriations to meet public emergencies affecting life, health, welfare, or property may be made by the Assembly by ordinance without notice of public hearing. An emergency appropriation is effective for 60 days.

The Kenai Peninsula Borough School Board is required by Alaska law to adopt and submit their annual budget to the Kenai Peninsula Borough Assembly by May 1 of each year for approval by the Assembly of the total amount. Within 30 days after receipt of the School District budget, the Borough Assembly must determine the total amount of funds to be made available from local

sources for school purposes and must furnish the Board of Education with a statement of this amount.

### III – Detailed Notes on all Funds

#### A. Deposit and Investment Risk Disclosure

As of June 30, 2021, the Borough, School District, CPH and SPH’s investments were as follows:

<u>Investment Type</u>	<u>Fair Value*</u>	<u>Fixed Income Investment Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-3</u>	<u>3-5</u>
Central Treasury Unrestricted:				
Money Market Funds	\$ 9,038,184	\$ 9,038,184	\$ -	\$ -
Repurchase Agreements	24,954,735	24,954,735	-	-
Certificate of Deposit	747,420	-	747,420	-
U.S. Treasuries	19,886,600	-	8,099,228	11,787,372
U.S. Agencies	48,804,221	-	21,716,033	27,088,188
Asset-Backed Securities**	5,616,642	1,132,521	4,484,121	-
Municipal Bonds	24,256,389	5,421,688	3,977,736	14,856,965
Corporate Fixed Income Bonds	40,962,412	14,661,422	20,606,873	5,694,117
	<u>\$ 174,266,603</u>	<u>\$ 55,208,550</u>	<u>\$ 59,631,411</u>	<u>\$ 59,426,642</u>
Central Treasury–Restricted:				
Money Market Funds	1,730,173	1,730,173	-	-
Repurchase Agreements	24,408,150	24,408,150	-	-
AMLIP	5,301,894	5,301,894	-	-
U.S. Treasuries	25,650,485	25,650,485	-	-
U.S. Agencies	17,980,503	17,980,503	-	-
	<u>\$ 75,071,205</u>	<u>\$ 75,071,205</u>	<u>-</u>	<u>-</u>
Total Central Treasury Investments	<u>\$ 249,337,808</u>	<u>\$ 130,279,755</u>	<u>\$ 59,631,411</u>	<u>\$ 59,426,642</u>
Land Trust Investment Fund (LTIF):				
Money Market Funds	453,344	453,344	-	-
U.S. Fixed Income	1,700,622	1,700,622	-	-
TIPS	764,714	764,74	-	-
International Bonds	318,903	318,903	-	-
Total Central Treasury & LTIF Investments with maturity date	<u>\$ 252,575,391</u>	<u>\$ 133,517,338</u>	<u>\$ 59,631,411</u>	<u>\$ 59,426,642</u>
Land Trust Investment Fund with no maturity date (LTIF):				
Equities	3,811,439			
Alternatives/real assets	<u>745,117</u>			
Total LTIF Investments with no maturity date	<u>\$ 4,556,556</u>			
Total Central Treasury & LTIF Investments	<u>\$ 257,131,947</u>			

\*Market value plus accrued income.

\*\*Includes asset-backed securities, residential and commercial mortgage-backed securities.

The Borough has adopted a formal investment policy, which seeks the preservation of capital, maintaining a sufficient level of liquidity to meet cash flow requirements, and attaining a market rate of return while taking into account risk constraints.

The Land Trust Investment Fund "(LTIF)" was established through Ordinance 2018-29 in September 2018, KPB 5.20.080. A transfer of \$5,275,000 from the Land Trust Fund established the initial principal investment in the fund. The financial assets of the Land Trust Investment Fund are committed to preserve the value of land assets that are sold and to generate investment income to support and supplement the operating revenue of the Land Trust Fund and for other uses as determined by the Assembly.

**Fair Value Measurement:** The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Borough has the following recurring fair value measurements as of June 30, 2021:

**Investments Measured at Fair Value**

Investments by Fair Value Level	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	\$ 45,537,085	\$ 45,537,085	\$ -	\$ -
U.S. Agencies	66,784,724	-	66,784,724	-
Asset-Backed Securities	5,616,642	-	5,616,642	-
Municipal Bonds	24,256,389	-	24,256,389	-
Corporate Bonds	40,962,412	-	40,962,412	-
Certificate of Deposit	747,420	-	747,420	-
U.S. Fixed Income	1,700,622	1,700,622	-	-
TIPS	764,714	764,714	-	-
International Bonds	318,903	318,903	-	-
Equities Alternatives/real assets	3,811,439 745,117	3,811,439 745,117	-	-
Total Investments at fair value level	191,245,467	\$ 52,877,880	\$ 138,367,587	\$ -
AMLIP *	5,301,894			
Money Market Funds	11,221,701			
Repurchase Agreements	49,362,885			
Total Central Treasury and LTIF investments	<u>\$ 257,131,947</u>			

\* The Borough's investment in Repurchase Agreements, Money Market Funds and AMLIP are measured at amortized cost, as of June 30, 2021. Management believes these values approximate fair value.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The AMLIP is an external investment pool, which is rated AAAM by Standard and Poor's

Corporation 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.

**Interest Rate Risk:** To limit its interest rate risk the Borough’s investment policy recommends that a minimum of forty percent of the portfolio to be invested for one year or less and repurchase agreements shall not make up more than twenty percent of the portfolio. Investment maturities are limited as follows:

<u>Maturity</u>	<u>Target Maturity Level</u>	<u>Actual Investment</u>
One Year or Less	40%	54%
One to Three Years	30%	23%
Three to Five Years	30%	23%

The fair values of the Borough’s Land Trust Investment Fund fixed income investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Duration of a financial asset measures the sensitivity of the asset’s price to changes in interest rates. The benchmark index for the US fixed income component of the fund is the Bloomberg Barclays US Aggregate Bond Index or a substantially similar index for the benchmark. The index allows for maturities greater than 1 year. At June 30, 2021, the index had an average duration of 5.18 while the fund’s fixed income component had an average duration of 4.61.

**Option Risk:** Option risk is the risk that an investment’s issuer may exercise a right embedded in the investment—an embedded option. The Borough invests in securities issued by U.S. Government Agencies and highly rated corporate issuers that may contain call options or variable rate features. As of June 30, 2021, about \$31.5 million or 13.3% of the portfolio securities contain call options and about \$1.8 million or 0.8% of the portfolio securities have variable rate features. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore the Borough is exposed to the risk of having to reinvest at a lower interest rate. The securities are listed below at their earliest call dates. Three agency mortgage backed securities have a variable rate feature in which the rate remains fixed until a time when certain events could transpire. The coupon rate established at the time the security was structured is based on the blended rate of the underlying mortgage loans that were pooled together to make the security. The pool of loans contains underlying mortgages at different rates of interest. If a majority of the higher interest rate loans were paid off at a faster pace than the lower interest rate loans, to the point that the coupon rate of the security would no longer be able to support the stated blended rate of the underlying mortgage loans, then the coupon would be adjusted lower to reflect the lower income stream on the remaining mortgage loans. The adjustment, if it were to occur, would be relatively minor and is probably unlikely.

<u>Investment</u>	<u>Rate</u>	<u>Type of Option</u>	<u>Original Maturity</u>	<u>Next Call Date</u>
Wells Fargo Bank NA	3.45	Continuous	October 22, 2021	September 21, 2021
US Bank NA	3.45	Continuous	November 16, 2021	October 15, 2021
US Bank NA	1.80	Continuous	January 21, 2022	December 21, 2021
Johnson & Johnson	2.25	Continuous	March 3, 2022	February 3, 2022
Exxon Mobil Corporation	2.397	Continuous	March 6, 2022	January 6, 2022
US Bank NA	2.65	Continuous	May 23, 2022	April 22, 2022
Visa Inc	2.15	Continuous	September 15, 2022	August 15, 2022
Bank of America	2.50	Continuous	October 21, 2022	October 21, 2021
General Dynamics Corp	2.25	Continuous	November 15, 2022	August 15, 2022

**Option Risk: (continued)**

<u>Investment</u>	<u>Rate</u>	<u>Type of Option</u>	<u>Original Maturity</u>	<u>Next Call Date</u>
Chevron Corp	2.355	Continuous	December 5, 2022	September 5, 2022
Wal-Mart Stores Inc	2.35	Continuous	December 15, 2022	November 15, 2022
US Bank NA	1.95	Continuous	January 9, 2023	December 9, 2022
Apple Inc	2.85	Continuous	February 23, 2023	December 23, 2022
Bank United NA CD	0.25	Continuous	March 20, 2023	November 19, 2021
Microsoft Corp	2.875	Continuous	February 6, 2024	December 6, 2023
Wal-Mart Stores Inc	3.30	Continuous	April 22, 2024	January 22, 2024
Apple Inc	2.85	Continuous	May 11, 2024	March 11, 2024
Johnson & Johnson	0.55	Continuous	September 1, 2025	August 1, 2025
Microsoft Corp	3.125	Continuous	November 3, 2025	August 3, 2025
Federal National Mtg Assn	2.509%	Variable rate	July 25, 2022	n/a
Federal National Mtg Assn	3.320%	Variable rate	February 25, 2023	n/a
Federal National Mtg Assn	3.056%	Variable rate	June 25, 2024	n/a

**Concentration of Credit Risk:** The Borough's investment policy limits the amount that can be invested in a security based on the type. The Borough had three issuers in the U.S. Agencies investment type that represents 5% or more of the total investments other than explicitly guaranteed U.S. government securities. GASB Statement No. 40, "Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3" requires disclosure when 5% or more is invested in any one issuer. The three issuers in excess of 5% are as follows:

<u>Issuer</u>	<u>% of Portfolio</u>	<u>% of Investment Type</u>
Federal National Mortgage Association	16.01%	41.22% of US Agency
Federal Farm Credit Bank	6.24%	16.07% of US Agency
Federal Home Loan Bank	11.51%	29.63% of US Agency

The percentages of investment by type are as follows:

<u>Investment Type</u>	<u>Maximum Allowable % per Investment Policy</u>	<u>Maximum Maturity per Investment Policy</u>	<u>Actual % as of June 30, 2021</u>
U.S. Treasury Securities	100%	5 years	18.3%
U.S. Agencies	100%	5 years	29.1%
Corporate Bonds	50%	5 years	16.4%
Municipal Bonds	25%	5 years	9.7%
Repurchase agreements	20%	n/a	19.8%
Money Market Funds	20%	n/a	4.3%
AMLIP	20%	n/a	2.1%
Bankers' Acceptances	10%	3 years	0%
Commercial Paper	25%	270 days	0%

Term Repurchase Agreements and Certificates of Deposit:

7-day term or shorter	25%	n/a	0%
Greater than 7-day term	25%	3 years	.3%

The following is a list of asset classes allowed for the Land Trust Investment Fund, their benchmark index, their appropriate target weighting, minimum, maximum, and the actual weighting at June 30, 2021.

<u>Asset Class</u>	<u>Target % Weighting</u>	<u>Minimum % Weighting</u>	<u>Maximum</u>	<u>Actual % Weighting</u>
<b>FIXED INCOME</b>	<b>45%</b>			
Cash	5%	0%	10%	6.0%
U.S. Fixed Income	25%	15%	35%	21.8%
TIPS	10%	5%	15%	9.8%
International Bonds	5%	0%	10%	4.1%
<b>EQUITY</b>	<b>47%</b>			
U.S. Large-Cap Equity	22%	12%	32%	22.4%
U.S. Mid-Cap Equity	7%	0%	15%	7.6%
U.S. Small-Cap Equity	3%	0%	6%	3.2%
International Developed Equity	10%	5%	15%	10.4%
Emerging Markets Equity	5%	0%	10%	5.2%
<b>ALTERNATIVES</b>	<b>8%</b>			
Real Estate	2%	0%	5%	2.2%
Infrastructure	3%	0%	6%	4.0%
Commodities	3%	0%	6%	3.3%

**Credit Risk:** Alaska State Law does not have specific investment limitations. It is the Borough's policy to limit its investments to investment grade securities. Investment grade corporate bonds are defined as those with a rating of "triple B" or higher by a nationally recognized statistical rating organization (NRSROs). In the event an issuer of a corporate bond held in the portfolio having a remaining term to maturity of more than one year is downgraded to less than "triple B" by both Moody's and S&P, the security will be sold. Commercial paper must be rated "A" or P1 or higher by Moody's Investor's Service, Inc. and "A" or A1 or higher by Standard and Poor's Corporation at the time of purchase. Municipal bonds issued by states or political subdivisions must be rated "A" or P1 or higher by Moody's Investor's Services, Inc. and "A" or A1 or higher by Standard and Poor's Corporation.

As of June 30, 2021, the Borough's investments in money market funds, corporate bonds, municipal bonds, and U.S. Government agencies or instruments implicitly guaranteed by the U.S. Government were rated as follows:

<u>Moody's</u>		<u>S &amp; P</u>	
Aaa	57%	AAA	9%
Aa	13%	AA	62%
A	6%	A	5%
Not rated*	24%	Not Rated*	24%
	<u>100%</u>		<u>100%</u>

\*Collateralized

The Bloomberg Barclays US Aggregate Bond Index is utilized as the benchmark by the Borough's Land Trust Investment Fund investment policy, which requires investment in securities of investment grade or higher (rated Baa or higher by Moody's Investor Service or rated BBB or higher by Standard and Poor's). At June 30, 2021, all fixed income investments were rated BBB or better by Standard and Poor's.

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. To limit custodial credit risk, it is the Borough's policy to collateralize all monies deposited in excess of the FDIC limit. All pledged collateral for the Kenai Peninsula Borough must be held in a collateral custodian account of the Kenai Peninsula Borough under a formal tri-party agreement. Of the Borough's \$49.36 million in repurchase agreements at June 30, 2021, \$49.33 million of underlying securities are pledged to the Borough by the Bank. This collateral is owned by the Bank and held by the third-party custodian. The remaining balance of \$.03 million is in the Borough's overnight sweep account and the funds have not been posted to the Borough's bank account. When received, the funds will be collateralized. The Federal Deposit Insurance Corporation (FDIC) insures \$250,000.

Cash and short-term investment balances at June 30, 2021, consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and short-term investments held in central treasury:		
Checking accounts:		
Primary Government	\$ (593,362)	\$ 35,098
Discretely Presented Component Unit (School District)	(1,674,222)	-
Total cash and short-term investments held in central treasury	(2,267,584)	<u>35,098</u>
Other cash and investments:		
Checking and savings accounts:		
Primary Government	106,217	112,774
Cash on hand:		
Primary Government	<u>1,910</u>	-
Total other cash and short-term investments	<u>108,127</u>	<u>112,774</u>
Total cash and short-term investments	\$ (2,159,457)	\$ <u>147,872</u>

The following is a summary of equity in central treasury and investments at June 30, 2021:

General Fund (major fund)	\$ 28,521,778
Special revenue funds (major funds)	22,987,115
Special revenue funds	21,028,054
Capital projects funds (major fund)	11,163,106
Capital project funds	19,516,778
Capital project funds – Restricted (major fund)	497,442
Capital project funds – Restricted	1,307,466
Internal service funds	<u>16,648,259</u>
Total Governmental Activities equity in central treasury	\$ <u>121,669,998</u>
Fiduciary fund	\$ 478,900
<u>Discretely Presented Component Units</u>	
School District fiduciary funds	\$ 3,353,369
School District	38,013,141
Central Peninsula Hospital	4,011,943
Central Peninsula Hospital – Restricted assets	8,987,327
Central Peninsula Hospital – Assets whose use is limited	53,895,633
South Peninsula Hospital	6,276,576
South Peninsula Hospital – Restricted assets	23,838
South Peninsula Hospital – Assets whose use is limited	<u>10,359,499</u>
Total equity in central treasury	\$ <u>247,070,224</u>

The equity in central treasury consists of the following:

Cash and short-term investments	\$	(2,267,584)
Investments		<u>249,337,808</u>
	\$	<u>247,070,224</u>

Calculation of the net increase (decrease) in the fair value of investments-aggregate method:

Fair value at June 30, 2021	\$	249,337,808
Add: cost of investments sold/called/matured in FY2021		74,286,671
Less: cost of investments purchased in FY2021		(96,504,927)
Less: fair value at June 30, 2020		<u>(230,018,627)</u>
Change in fair value of investments	\$	<u>(2,899,075)</u>

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**B. Property Taxes**

The Borough bills and collects its own property taxes as well as those of the cities within the Borough. The taxes collected on behalf of the Borough cities are recorded in the Fiduciary Tax Custodial Fund. Beginning with FY1989, the Borough contracted with the State of Alaska for collection of the tax on motor vehicles. This contract allows the State to collect taxes according to a prescribed schedule of values at the time of registration of an individual's motorized vehicle. The State then remits to the Borough the total collections less an 8% service fee.

The Borough is permitted by state law to levy up to \$3.00 per \$100 of assessed valuation for general government services other than the payment of principal and interest on long-term debt. State law prohibits taxation that will result in tax revenues from all sources exceeding \$1,500 per year for each person residing within the municipal boundaries or upon value that, when combined with the value of property otherwise taxable by the Borough, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the State multiplied by the number of residents. The Borough is within these limits.

The Borough also collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 3%, while the city rates vary from 2% - 4.85%. The sales tax collections for Borough cities are recorded in the Custodial Fund.

**Property Tax Calendar**

Assessment date	January 1, 2020	Total taxes are due	October 15, 2020
Levy date	Not later than June 15, 2020	Penalties & interest added	October 17, 2020
Tax bills mailed	Not later than July 1, 2020	Lien date	April 15, 2021

Property taxes levied for the current year are recognized as revenues, even though a portion is collected in the period subsequent to the year end. The Borough's property tax collection records show that approximately 98% of the property taxes due were collected within 60 days after the due date. Assessed values are established by the Kenai Peninsula Borough assessor's office.

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**C. Receivables**

Receivables at June 30, 2021 for the government’s individual major funds and proprietary funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Major funds</u>				<u>Nonmajor</u>		<u>Total</u>
	<u>General</u>	<u>Nikiski Fire Service Area</u>	<u>Road Service Area</u>	<u>Miscellaneous Grants</u>	<u>Other Gov't Funds</u>	<u>Internal Service Funds</u>	
Taxes	\$ 9,989,903	\$ 66,443	\$ 163,542	\$ -	\$ 238,143	\$ -	\$ 10,458,031
Accounts and other receivables	133,879	81,310	3,508	-	368,625	207,551	794,873
Land sale contracts	-	-	-	-	1,130,675	-	1,130,675
Due from Landowners	957,696	-	-	-	-	-	957,696
Inter-governmental	<u>949,076</u>	<u>14,799</u>	<u>40,872</u>	<u>204,506</u>	<u>364,757</u>	<u>-</u>	<u>1,574,010</u>
Total receivables	12,030,554	162,552	207,922	204,506	2,102,200	207,551	14,915,285
Less allowance for uncollectibles	<u>(40,503)</u>	<u>(292)</u>	<u>(2,576)</u>	<u>-</u>	<u>(11,729)</u>	<u>-</u>	<u>(55,100)</u>
	\$ <u>11,990,051</u>	\$ <u>162,260</u>	\$ <u>205,346</u>	\$ <u>204,506</u>	\$ <u>2,090,471</u>	\$ <u>207,551</u>	\$ <u>14,860,185</u>

**City of Homer Note Receivable**

In FY2013, a loan agreement was executed between the Kenai Peninsula Borough and the City of Homer in the not-to-exceed amount of \$12.7 million to finance the design and construction of a natural gas distribution improvement project in the City of Homer. The loan was paid in full during FY21.

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

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds and the government-wide statements report unearned revenue in connection with resources that have been received, but not yet earned. The government-wide statements report deferred outflow of resources in connection with deferred losses on bond refundings. The government-wide statements also report deferred outflows of resources and deferred inflows of resources for pension and OPEB related items. At June 30, 2021, the various components of unearned revenue, deferred inflows, and deferred outflows of resources reported in the governmental funds and government-wide statements were as follows:

	<u>Government-Wide</u>			<u>Fund Level</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Unearned</u>	<u>Deferred Inflows</u>	<u>Unearned</u>
Unamortized deferred loss	\$ 800,981	\$ -	\$ -	\$ -	\$ -
Pension and OPEB related	6,635,174	2,840,653	-	-	-
Property taxes receivable (General Fund)	-	-	-	639,964	-
Prepaid property tax (General Fund)	-	6,755,975	-	6,755,975	-
Property taxes receivable (Nikiski Fire Service Area)	-	-	-	61,584	-
Prepaid property tax (Nikiski Fire Service Area)	-	2,729,719	-	2,729,719	-
Property taxes receivable (Road Service Area)	-	-	-	143,062	-
Prepaid property tax (Road Service Area)	-	1,924,520	-	1,924,520	-
Property taxes receivable (nonmajor gov't funds)	-	-	-	172,708	-
Prepaid property tax (nonmajor gov't funds)	-	2,299,658	-	2,299,658	-
Land sale receivables (nonmajor governmental funds)	-	-	-	1,133,175	-
Grant funds received prior to meeting all eligibility requirements (General Fund)	-	-	8,276	-	8,276
Grant funds received prior to meeting all eligibility requirements (Misc. Grants Special Revenue Fund)	-	-	6,163,275	-	6,163,275
Grant funds received prior to meeting all eligibility requirements (nonmajor governmental funds)	-	-	154,783	-	154,783
	<u>\$ 7,436,155</u>	<u>\$ 16,550,525</u>	<u>\$ 6,326,334</u>	<u>\$ 15,860,365</u>	<u>\$ 6,326,334</u>

## **E. Capital Assets**

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

<b>Governmental Activities:</b>	<b>Balance <u>July 1, 2020</u></b>	<b>Additions/ <u>Transfers</u></b>	<b>Deductions/ <u>Transfers</u></b>	<b>Balance <u>June 30, 2021</u></b>
Capital assets, not being depreciated:				
Land	\$ 71,226,716	\$ 153,451	\$ (323,591)	\$ 71,056,576
Construction in progress	<u>12,969,151</u>	<u>7,241,118</u>	<u>(5,049,291)</u>	<u>15,160,978</u>
Total capital assets, not being depreciated	<u>84,195,867</u>	<u>7,394,569</u>	<u>(5,372,882)</u>	<u>86,217,554</u>
Capital assets, being depreciated:				
Buildings	308,233,914	2,902,801	-	311,136,715
Improvements other than buildings	93,634,823	4,481,455	-	98,116,278
Machinery and equipment	44,658,705	8,422,342	(875,821)	52,205,226
Infrastructure	<u>19,808,945</u>	<u>506,560</u>	<u>-</u>	<u>20,315,505</u>
Total capital assets being depreciated	<u>466,336,387</u>	<u>16,313,158</u>	<u>(875,821)</u>	<u>481,773,724</u>
Less accumulated depreciation for:				
Buildings	(221,206,212)	(4,955,452)	-	(226,161,664)
Improvements other than buildings	(69,831,756)	(2,380,790)	-	(72,212,546)
Machinery and equipment	(33,982,389)	(3,235,561)	875,821	(36,342,129)
Infrastructure	<u>(5,493,878)</u>	<u>(527,882)</u>	<u>-</u>	<u>(6,021,760)</u>
Total accumulated depreciation	<u>(330,514,235)</u>	<u>(11,099,685)</u>	<u>875,821</u>	<u>(340,738,099)</u>
Total capital assets, being depreciated, net	<u>135,822,152</u>	<u>5,213,473</u>	<u>-</u>	<u>141,035,625</u>
Governmental activities capital assets, net	<u>\$ 220,018,019</u>	<u>\$ 12,608,042</u>	<u>\$ (5,372,882)</u>	<u>\$ 227,253,179</u>

Internal service funds serve the governmental funds. Accordingly, their capital assets are included as part of the above totals for governmental activities.

Depreciation expense was charged to functions/programs of the primary government as follows:

### **Governmental activities:**

General government	\$ 364,890
Solid waste facilities	1,726,056
Public safety	3,276,930
Recreation	199,187
Education	4,484,956
Roads and trails	542,255
Internal Service Funds	<u>505,411</u>
Total depreciation expense - governmental activities	<u>\$ 11,099,685</u>

**Construction commitments:**

The Borough has numerous active construction projects as of June 30, 2021. The projects include major repair of existing roads, improvement to school facilities and public safety facilities. At year end the Borough’s commitments with contractors are as follows:

<u>Projects</u>	<u>Remaining Commitments</u>	<u>Financing Sources</u>
Major repair of existing roads	\$ 1,299,185	Federal and state grants and local funding
Solid waste facilities	320,878	Federal and state grants and local funding
Educational facilities	427,603	Local funding
Fire and emergency facilities	33,562	Local funding
Recreational facilities	<u>54,390</u>	Local funding
Total	\$ <u>2,135,618</u>	

**F. Interfund Receivables, Payables and Transfers**

The General Fund made short term loans of \$54,870 to the Disaster Relief Fund and \$94,115 to the School Debt Service Fund to cover cash needs while awaiting reimbursement from the IRS for debt interest subsidy. As of June 30, 2021, the outstanding loans equaled \$957,696. Property landowners of the utility/road improvement districts then repay the amount that is borrowed over a 10-year period.

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major fund - General Fund	\$ 148,985	\$ -
Nonmajor governmental funds	<u>-</u>	<u>148,985</u>
Total	\$ <u>148,985</u>	\$ <u>148,985</u>

**Interfund Transfers**

Interfund transfers have been made in accordance with appropriating ordinances. The Borough collects a 3% sales tax and records the revenue in the General Fund. Sales tax, specifically dedicated to School District operations, and additional funds appropriated by the Assembly are transferred in monthly installments from the General Fund to the School District. The School District is a discretely presented component unit of the Borough and therefore the funding of \$47,888,909 was shown as an expenditures of the General Fund and not an interfund transfer.

Transfers between funds for the year ended June 30, 2021, were as follows:

	<b>Transfers In</b>		
	<b>Major Fund</b>		
	<b>Solid Waste Capital Project Fund</b>	<b>Nonmajor Gov't Funds</b>	<b>Total</b>
<b>Transfers Out:</b>			
General Fund	\$ 1,193,179	\$ 6,844,600	\$ 8,037,779
Nikiski Fire Service Area Special Revenue Fund	-	457,278	457,278
Road Service Area Special Revenue Fund	-	2,300,000	2,300,000
Nonmajor governmental funds	-	2,573,984	2,573,984
<b>Total</b>	<b>\$ 1,193,179</b>	<b>\$ 12,175,862</b>	<b>\$ 13,369,041</b>

Significant transfers were as follows:

- The General Fund transferred \$3,562,254 to the School Debt Service Fund to fund FY2021 debt service payments on bonds sold to finance construction of school facilities and capital maintenance, of which zero dollars were reimbursed by the State of Alaska.
- The General Fund transferred \$1,250,000 to the School Revenue Capital Projects Fund to fund capital maintenance on school facilities, \$1,064,750 to the Solid Waste Debt Service Fund to fund debt on solid waste facilities and \$245,340 to the Solid Waste Capital Projects Fund to fund capital maintenance projects on solid waste facilities.
- The Nikiski Fire Service Area Special Revenue Fund transferred \$400,000 to the Nikiski Fire Service Area Capital Project Fund to support fire equipment and facility maintenance capital projects.
- The Central Emergency Service Area Special Revenue Fund transferred \$600,000 to the Central Emergency Services Capital Project Fund to support fire equipment and facility maintenance capital projects.
- The Road Service Area Special Revenue Fund transferred \$2,300,000 to the Road Service Area Capital Project Fund to support road upgrades and major maintenance.

### **G. Risk Management**

The Kenai Peninsula Borough has established an office of Risk Management and a limited self-insurance program which is codified by Borough ordinance and administered by a Risk Management Committee. It is the responsibility of the Risk Management Committee to insure, self-insure or select appropriate retention levels and deductibles for the risks confronting the Kenai Peninsula Borough, its Service Areas, and the School District. All losses and claims are reported to the Risk Management office and are handled internally within the retentions and deductibles. New claims and outstanding claims are reviewed monthly with the Risk Management Committee and the Risk Manager. There were no material changes in the amounts of coverages, retentions or deductibles during the current fiscal year.

The greatest exposure to financial loss confronting the Kenai Peninsula Borough and School District would be in the areas of property loss, auto liability and general liability due to the number of properties and the fleet of vehicles owned and operated by the Borough and School District. The Borough also purchases several excess policies which provide coverage beyond what is included in

the package policy. The Borough purchased pollution liability coverage for incidents arising from Borough owned landfills effective July 1, 2016.

Insurers provide annual aggregate limits in excess of the retention level for the exposures of general liability, auto liability, public officials' liability, educational errors and omissions and ambulance attendants' professional liability. Insurance coverage for these various liability exposures are written on a combined policy form. Self-insured retention/deductible amounts and upper coverage limits of excess insurance for major coverages are as follows:

	<b>Self-Insured Retention (Deductible)</b>	<b>Upper Coverage Limits of Excess Insurance</b>
Auto & General Liability	\$ 250,000	\$ 15,000,000
Employers Liability	250,000	2,500,000
Workers' Compensation	250,000	Statutory Benefit
All-Risk Property:		
Buildings	\$ 100,000	\$ 1,266,839,071
Mobile Equipment	Variable	Actual Cash Value
Fire & EMS Apparatuses	Variable	Scheduled Value
Automobile	Variable	Actual Cash Value
Crime	1,000	\$500,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Kenai Peninsula Borough Insurance and Litigation Fund allocates the costs of insurance coverage on a proportionate share basis to the Borough, its Service Areas and the School District. In addition, an appropriate sum is charged for anticipated losses and claims that will be paid within the self-insured retention and deductible levels. The net position of the Fund is for future catastrophic losses.

	<b><u>2021</u></b>	<b><u>2020</u></b>
Beginning of fiscal year liability	\$ 2,144,825	\$ 2,290,132
Current year claims incurred and changes in estimates for claims incurred in prior years	2,567,374	1,461,210
Claims and expenses paid	<u>(1,393,930)</u>	<u>(1,606,517)</u>
End of fiscal year liability	\$ <u>3,318,269</u>	\$ <u>2,144,825</u>

Included above is a liability for incurred but not reported (IBNR) claims of \$893,906. Experience indicates those losses or claims do not go unreported for any significant length of time, therefore, the exposure to IBNR losses or claims is minimal.

In addition to the risk management issues listed above, the Borough maintains a health and medical benefit program, which covers all permanent employees working more than half-time. The Borough retains a major portion of the risk of this plan, and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss limits are \$200,000 for individual claims. Health and medical expenditures totaled \$8,097,616 for the year ended June 30, 2021, and consisted of paid claims, stop-loss premiums and administrative fees. Accruals were made based on estimates of health claims at year-end, including claims incurred but not reported.

Such accruals are accounted for in the Employee Health Insurance Internal Service Fund. A schedule of the changes in the healthcare claims liability for the two years ended June 30, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Health insurance claims liabilities, beginning of year	\$ 800,000	\$ 772,000
Current year claims incurred and changes in estimates for claims incurred in prior years	7,069,530	4,780,716
Claims and expenses paid	<u>(6,839,530)</u>	<u>(4,752,716)</u>
Health insurance claims liabilities, end of year	\$ <u>1,030,000</u>	\$ <u>800,000</u>

#### H. Long-term Liabilities

A summary of long-term liability activity for the year ended June 30, 2021 is as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
Areawide school bonds	\$29,625,000	\$ 23,470,000	\$25,700,000	\$27,395,000	\$2,725,000
Central Emergency Services bonds	4,125,000	-	390,000	3,735,000	410,000
Bear Creek Fire bonds	905,000	825,000	795,000	935,000	70,000
Solid Waste bonds	2,895,000	-	920,000	1,975,000	965,000
Compensated absences *	2,857,395	2,034,866	1,657,104	3,235,157	808,789
Net Pension Liability **	35,571,597	1,731,299	-	37,302,896	-
Net OPEB Liability **	1,190,402	-	1,123,880	66,522	-
Landfill closure / postclosure	<u>9,513,992</u>	<u>947,940</u>	<u>1,647,071</u>	<u>8,814,861</u>	<u>65,000</u>
Total governmental activities long-term liabilities	<u>\$86,683,386</u>	<u>\$ 29,009,105</u>	<u>\$32,233,055</u>	<u>\$83,459,436</u>	<u>\$5,043,789</u>
Unamortized premium on bonds:					
School bonds 2011 refunding				45,624	
School bonds 2014				129,676	
School bonds 2021 refunding				1,558,309	
CES bonds 2015 refunding				57,401	
CES bonds 2016				119,877	
CES bonds 2020				234,182	
Bear Creek Fire bonds 2013 project				10,829	
Solid Waste bonds 2017				<u>95,770</u>	
				<u>\$ 85,711,104</u>	

\* Based on an analysis of actual compensated absence expenditures/expense during fiscal year 2021, management estimates 25% of these balances will be used in FY2022. Therefore, 25% of the balance of accrued leave is classified as due within one year. Other long-term liabilities related to governmental activities such as accrued leave are generally liquidated by the General Fund.

\*\* Pension and other post-employment benefits are generally liquidated approximately 44% by the General Fund and 44% by public safety related special revenue funds, with 12% being liquidated by recreation and roads related special revenue funds.

The Kenai Peninsula Borough has issued general obligation bonds for acquisition and construction of schools, solid waste disposal and transfer facilities, and expansions to the two service area hospitals. The general obligation school and solid waste bonds pledge the full faith and credit of the Borough, while the Central Emergency Services and the Bear Creek Service Area bonds pledge the full faith and credit of the respective service area.

School Bonds. School bonds are issued for the construction and major maintenance of public schools in the Borough. Bonds are paid from the General Fund through the levy of property taxes plus funding from the State of Alaska, which partially reimburses the Borough for expenditures for school debt issues. Per AS 14.11.100, the State of Alaska shall reimburse the Borough up to 70% of the principal and interest payments on the School bonds. However due to vetos at the State level, the debt reimbursement program was reduced in FY20 and eliminated in FY21.

In August 2003, the Borough issued 20-year school bonds for the construction of a new middle school in Seward in the amount of \$14,700,000. In September 2011, the remaining debt was refunded leaving \$8,150,000 in principal to be amortized over the next 10 years with a final maturity date of September 2022.

In December 2010, the Borough issued 20-year school bonds in the amount of \$16,865,000. This was phase I of a two-phase project for roof replacement at various schools. Bonds were issued under the Buy America Bond Program. Under this program, bonds are issued as taxable and the Federal Government subsidizes the interest amount between the taxable portion and the rate that would have been in place if the bonds had been issued as tax exempt. The interest subsidy for FY2021 was \$94,115.

In July 2020 the Borough issued General Obligation School refunding bonds of \$8,970,000 to refinance \$10,430,000 of outstanding 2010 Buy America Bond Program school debt that resulted in a net present value of savings from cash flow of \$1,052,349.

In November 2013, the Borough issued 20-year school bonds in the amount of \$20,860,000. This was phase II of a two-phase project for roof replacement at various schools.

In June 2021 the Borough issued General Obligation School refunding bonds of \$14,500,000 to refinance \$12,890,000 of the \$14,790,000 in outstanding 2013 school debt that resulted in a net present value of savings from cash flow of \$1,459,148.

#### Central Emergency Service Area Bonds

In 2005, voters of the Central Emergency Service Area authorized the issuance of \$2,500,000 for the costs of planning, acquisition, designing, constructing, equipping and financing a fire station in Kasilof and renovating the fire station in the Funny River area. These bonds were issued in June 2006 in the amount of \$2,500,000. In October 2014, the Borough issued CES refunding bonds to refinance \$1.425 million of the outstanding debt that resulted in a net present value savings of \$116,196, the defeased debt was paid off in FY2016.

In October 2015, Service Area voters approved the issuance of bonds up to \$4.4 million for the purchase of emergency response vehicles, of which \$2.465 million was issued in February 2016 and \$1.335 million was issued in November 2019.

#### Bear Creek Fire Service Area Bonds

In 2007, voters of the Bear Creek Fire Service Area authorized the issuance of \$1,400,000 in bonds for design, construction, and equipping a Bear Creek Fire Service Area Public Safety Building. These bonds were issued in March 2013 in the amount of \$1,215,000. In June 2021, the Borough issued Bear Creek Fire SA refunding bonds to refinance \$1.425 million of the outstanding debt that resulted in a net present value savings of \$116,196, the defeased debt was paid off in FY2016. In June 2021, the Borough issued General Obligation Bear Creek Fire SA refunding bonds of \$825,000 to refinance \$740,000 of the \$850,000 in outstanding debt that resulted in a net present value of savings from cash flow of \$83,768.

#### Solid Waste Bonds

In 2016, Borough voters authorized the issuance of \$10,600,000 in bonds for planning, design, site preparation, constructing and equipping the solid waste disposal facilities, of which \$5,405,000 was issued in April 2017. The remaining balance is expected to be issued in 2022.

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

	<u>Amount Issued</u>	<u>Coupon Interest Rate</u>	<u>Effective Interest Rate</u>	<u>Maturity Dates</u>	<u>Annual Installments</u>	<u>Outstanding June 30, 2021</u>
<b>Governmental Activities:</b>						
<b>School bonds:</b>						
Issued 08-07-03	\$8,150	2.00 – 5.00	0.30 – 3.18	2003 - 2023	\$165 to 930	\$ 1,820
Issued 11-14-13	7,970	1.50 – 5.00	0.21 – 4.15	2014 - 2024	510 to 975	2,785
Issued 07-07-20	8,970	5.00	0.54 – 1.68	2020 - 2031	680 to 1,020	8,290
Issued 06-16-21	<u>14,500</u>	0.243 - 2.35	0.243 - 2.35	2021 - 2033	285 to 1,490	<u>14,500</u>
<b>Total school</b>	<u>39,590</u>					<u>27,395</u>
<b>Central Emergency Services bonds:</b>						
Issued 10-30-14	1,425	1.25 – 5.00	0.38 – 2.57	2006 - 2026	115 to 175	795
Issued 02-02-16	2,465	2.63 – 5.00	0.35 – 2.85	2016 - 2031	85 to 210	1,660
Issued 11-21-19	<u>1,335</u>	5.00	0.53 – 11.11	2021 - 2035	24 to 130	<u>1,280</u>
<b>Total CES bonds</b>	<u>5,225</u>					<u>3,735</u>
<b>Bear Creek Fire bonds</b>						
Issued 3-12-13	475	2.00 – 5.00	0.18 – 3.30	2014 - 2023	45 to 55	110
Issued 6-16-21	<u>825</u>	0.243 – 2.22	0.243 – 2.22	2022 - 2033	15 to 85	<u>825</u>
<b>Total Bear Creek bonds</b>	<u>1,300</u>					<u>935</u>
<b>Solid Waste bonds</b>						
Issued 4-27-17	<u>5,405</u>	4.00 – 5.00	0.96 – 3.93	2017 - 2023	800 to 1,010	<u>1,975</u>
<b>Total Governmental</b>	\$ <u>51,520</u>					\$ <u>34,040</u>

Debt service requirements for outstanding bonds at June 30, 2021 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest (Net of Interest Subsidy)</u>
2022	\$ 4,170,000	\$ 1,081,637	\$ 1,081,637
2023	4,335,000	899,368	899,368
2024	2,420,000	719,146	719,146
2025	2,500,000	633,266	633,266
2026	2,575,000	562,519	562,519
2027-2031	13,045,000	1,684,321	1,684,321
2032-2036	<u>4,995,000</u>	<u>202,658</u>	<u>202,658</u>
Total	\$ <u>34,040,000</u>	\$ <u>5,782,915</u>	\$ <u>5,782,915</u>

## **I. Commitments and Contingencies**

### **1. Loss Contingencies**

The Kenai Peninsula Borough, in the normal course of its activities, is involved in various claims and pending litigation. In the opinion of management and the Borough’s legal staff, the disposition of these matters is not expected to have a material adverse effect on the Borough’s financial statements.

### **2. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the appropriate fund.

## **J. Pension and Other Post Employment Benefits Plans**

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

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

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

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

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

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

#### **Historical Context and Special Funding Situation**

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a defined benefit agent-multiple employer plan to a defined benefit 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 (ARM). 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 Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

**Employee Contribution Rates**

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

**Employer and Other Contribution Rates**

There are several contribution rates associated with the pension contributions and 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 previously adopted.

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

Contribution rates for the year ended June 30, 2021 were determined in the June 30, 2019 actuarial valuations. The Borough’s contribution rates for the 2021 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	7.43%	4.27%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.85%</b>	<b>8.85%</b>

In 2021, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2019 to June 30, 2020	Borough Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions (including DBUL)	\$ 2,416,980	\$ 2,824,718
Nonemployer contributions (on-behalf)	1,446,442	1,864,312
<b>Total Contributions</b>	<b>\$ 3,863,422</b>	<b>\$ 4,689,030</b>

In addition, employee contributions to the Plan totaled \$488,111 during the Borough's fiscal year.

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

At June 30, 2021, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

	2021
Borough proportionate share of NPL	\$ 37,302,896
State's proportionate share of NPL associated with the Borough	15,435,315
<b>Total Net Pension Liability</b>	<b>\$ 52,738,211</b>

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2020 measurement date, the Borough's proportion was 0.63213 percent, which was a decrease of 0.01767 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Borough recognized pension expense of \$7,372,057 and on-behalf revenue of \$1,994,703 for support provided by the State. At June 30, 2021, the Borough 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
Difference between expected and actual experience	\$ 118,334	\$ -
Net difference between projected and actual earnings on pension plan investments	1,518,231	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(285,525)
Borough contributions subsequent to the measurement date	2,824,718	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 4,461,283</b>	<b>\$ (285,525)</b>

The \$2,824,718 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2022	\$ (140,359)
2023	533,918
2024	564,333
2025	393,148
<b>Total Amortization</b>	<b>\$ 1,351,040</b>

### Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.

Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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

### Long-Term Expected Rate of Return

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

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

## Discount Rate

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

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension liability	0.63213%	\$ 48,501,649	\$ 37,302,896	\$ 27,910,262

## 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 above. <http://doa.alaska.gov/dr/pers>.

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

## Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2021 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2021, forfeitures reduced pension expense by \$30,477.

### Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

### Employer Contribution Rate

For the year ended June 30, 2021, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2021 were \$717,340 and \$1,147,743, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

### (c) Defined Benefit OPEB Plans

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

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

### Employer Contribution Rate

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

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

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

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

	Measurement Period July 1, 2019 to June 30, 2020	Borough Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions – ARHCT	\$ 961,935	\$ 523,451
Employer contributions - RMP	167,294	182,205
Employer contributions - ODD	52,029	62,576
Nonemployer contributions (on-behalf)	-	-
<b>Total Contributions</b>	<b>\$ 1,181,258</b>	<b>\$ 768,232</b>

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

At June 30, 2021, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough’s proportionate share of NOA – ARHCT	\$ 2,861,549
Borough’s proportionate share of NOA – ODD	323,429
<b>Total Borough’s Proportionate Share of Net OPEB Asset</b>	<b>\$ 3,184,978</b>
State’s proportionate share of the ARHCT NOA associated with the Borough	1,187,104
<b>Total Net OPEB Asset</b>	<b>\$ 4,372,082</b>

At June 30, 2021, the Borough reported a liability for its proportionate share of the net OPEB liability (NOL) associated with the Borough’s participation in the RMP Plan. The amount recognized by the Borough for its proportionate share was \$(66,522).

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The Borough’s proportion of the net OPEB liabilities (asset) is based on a projection of the Borough’s long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
Borough’s proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.64972%	0.63189%	(0.01783)%
RMP	0.94610%	0.93785%	(0.00825)%
ODD	1.24167%	1.18646%	(0.05521)%

For the year ended June 30, 2021, the Borough recognized OPEB expense (benefit) of (\$1,628,841). Of this amount, \$(763,931) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

Plan	OPEB expense benefit	On-behalf revenue
ARHCT	\$ (2,053,944)	\$ (763,931)
RMP	343,679	-
ODD	81,424	-
<b>Total</b>	<b>\$ (1,628,841)</b>	<b>\$ (763,931)</b>

At June 30, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

Deferred Outflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 346	\$ -	\$ 346
Changes in assumptions	-	93,423	-	93,423
Difference between projected and actual investment earnings	1,148,130	29,786	11,093	1,189,009
Changes in proportion and differences between Borough contributions and proportionate share of contributions	108,383	251	14,247	122,881
Borough contributions subsequent to the measurement date	523,451	182,205	62,576	768,232
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 1,779,964</b>	<b>\$ 306,011</b>	<b>\$ 87,916</b>	<b>\$ 2,173,891</b>

Deferred Inflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (229,562)	\$ (14,295)	\$ (108,517)	\$ (352,374)
Changes in assumptions	(1,994,668)	(171,975)	(4,737)	(2,171,380)
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(2,084)	(29,290)	(31,374)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (2,224,230)</b>	<b>\$ (188,354)</b>	<b>\$ (142,544)</b>	<b>\$ (2,555,128)</b>

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	ARHCT	RMP	ODD	Total
2022	\$ (2,125,079)	\$ (7,638)	\$ (19,297)	\$ (2,152,014)
2023	408,669	(1,696)	(16,667)	390,306
2024	438,800	(1,801)	(16,613)	420,386
2025	309,893	(4,074)	(17,493)	288,326
2026	-	(11,249)	(20,291)	(31,540)
Thereafter	-	(38,090)	(26,843)	(64,933)
<b>Total Amortization</b>	<b>\$ (967,717)</b>	<b>\$ (64,548)</b>	<b>\$ (117,204)</b>	<b>\$ (1,149,469)</b>

### Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

Participation (ARHCT) 100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amounts included in the Normal Cost for administrative expenses 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 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the total OPEB liability (asset) for each plan as of June 30, 2020 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset) for each plan.

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough’s proportionate share of the net OPEB liability (asset):				
ARHCT	0.63189 %	\$ 2,985,968	\$ (2,861,549)	\$ (7,705,024)
RMP	0.93785 %	\$ 412,110	\$ 66,522	\$ (195,073)
ODD	1.18646 %	\$ (303,923)	\$ (323,429)	\$ (339,019)

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

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

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough’s proportionate share of the net OPEB liability (asset):				
ARHCT	0.63189 %	\$ (8,272,913)	\$ (2,861,549)	\$ 3,691,299
RMP	0.93785 %	\$ (233,412)	\$ 66,522	\$ 474,495
ODD	1.18646 %	\$ n/a	\$ n/a	\$ n/a

**OPEB Plan Fiduciary Net Position**

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

#### **(d) Defined Contribution OPEB Plans**

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan 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 Rate**

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of all employees of all employers in the plan". As of July 1, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,159 per year for each full-time employee, and \$1.38 per hour for part-time employees.

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

In fiscal year 2021, the Borough contributed \$413,368 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

#### **(e) School District Participation**

The School District also participates in the PERS postemployment benefits plans, along with separate but similar plans for educators, under the Teacher Retirement System (TRS) plan. Additional information about the School District's pension and postemployment benefit plans can be found in their separately issued financial statements.

#### **K. Landfill Closure and Postclosure Care Cost**

The Governmental Accounting Standards Board issued Statement 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", which establishes standards of accounting and financial reporting for municipal solid waste landfill closure and postclosure care costs that are required to be incurred by federal, state, or local laws or regulations. The Borough implemented this standard effective July 1, 1993.

State and Federal laws and regulations require the Borough to comply with the State of Alaska Solid Waste Management Regulations (18AAC 60). These regulations include placement of a final cover system on its landfills when they stop accepting waste. Additionally, the Borough must perform post closure care and monitoring functions at the sites for up to thirty years after closure. The Borough has five active landfills with landfill cells having remaining useful lives from 1 year to 20 years. The largest site has an active lined cell with a remaining expected life of two to four years. This site has land enough for a minimum of three additional cells, which will be developed as needed and will extend the landfill life by approximately 25 years. There are also three sites which are closed, that are being monitored as required by regulation. As of June 30, 2021 the Borough has a recorded liability of \$8,814,861 in the government-wide financial statements for closure and postclosure costs associated with its landfills. The liability for closure and postclosure care costs is based on landfill capacity used to date. This amount has been reported as restricted fund balance in the Solid Waste Capital Projects Fund and is based on what it would cost to perform all closure and postclosure care in 2021; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations. It is estimated the Borough will recognize another \$12 million in expense and liability between June 30, 2021 and the year 2040, the date the landfills are expected to reach capacity.

The Borough is required by state and federal laws and regulations to make certain financial assurances, public notice and record keeping, and reporting regarding this liability. The Borough has complied with these provisions. The Borough is committed to funding the annual increase in

the estimate of closure and postclosure care costs. Accounting for landfill operations is included in the General Fund and the closure and postclosure costs are accounted for in the Solid Waste Capital Projects Fund.

#### **L. Debt Issued Subsequent to Year End**

On July 7, 2021 the Borough issued \$900,000 in General Obligation School Refunding Bonds Series B. Proceeds of \$953,251 were used to refund the remaining principal of 2011 General Obligation Refunding Bonds and pay costs of issuance of \$5,484. The remaining \$4,409 of proceeds will be used to reduce the subsequent year's debt service for the newly issued refunding bonds. The refunding resulted in a cash flow savings of \$43,315 and an economic gain of \$34,125.

#### **M. Significant Events**

In late January 2020, the World Health Organization (WHO) announced a global health emergency regarding a new strain of virus called novel coronavirus (COVID-19). This virus originated from within China, and spread globally, including Alaska. The WHO declared this new strain creates extreme health risks as it spreads globally. Further, in March 2020, the WHO classified COVID-19 as a pandemic. The President of the United States declared a public health emergency and so did the governor of Alaska, subsequently closing businesses and other facilities throughout the state through required mandates. On March 16, 2020, the Borough Mayor declared a state of emergency to protect and preserve public health and safety of the Kenai Peninsula Borough.

Most Borough facilities and businesses reopened in 2020 with minimal restrictions and new measures were designed to preserve the health of patrons and the public.

The impact of the COVID-19 pandemic continues to evolve as of the date of this report. The pandemic continues to have impacts on the Borough's financial condition, liquidity, and operations however, the Borough Administration will continue to assess the effects as the pandemic evolves over the next fiscal year in areas such as operations, workforce, suppliers, customers, constituents, and overall financial condition.

Based on a review of period to date revenues posted through June 2021 and compared to the previous five years, the Borough projects a negative variance for general government revenues in fiscal year 2022. Some of those variances are:

- Sales Taxes continue to be slightly down from previous years' average due to fewer tourists and lower prices because of lower demand, however online sales tax collection increased because of more remote based sales.
- Recreation fee revenues are down and are expected to increase in the next 12 months as facilities open and changes in operations and facility updates reduce risk for patrons.
- Due to stimulus payments made in calendar year 2020 and 2021 and potentially not reoccurring in calendar year 2022, it is too early to know the impact on real, personal and oil property tax collections for upcoming fiscal years.
- Due to drastic interest rate fluctuations during the pandemic, the Borough's investments held in marketable securities could continue to be adversely impacted.

Uncertainties around the full impact of the COVID-19 pandemic still exist, but if it does continue through fiscal year 2022 and further; it could continue to adversely affect the Borough's future operations, financial position, and liquidity in fiscal year 2022 and future years.

#### **CARES Act Funding**

On March 27, 2020, the President signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. To date, the Borough has been awarded \$37,458,449 in CARES Act funds passed through the State of Alaska. The Borough has used those funds to help defray the costs of the

emergency response to the pandemic, absentee voting capabilities, rents and mortgage assistance as well as provide economic support to small businesses, nonprofit, volunteer and senior citizen agencies affected by the COVID-19 emergency, as directed by the US Treasury Department. CARES Act grants to the Borough as of this report date total \$37,458,449. Expenditures of these funds include:

Grants to small business/non-profits/senior centers	\$ 8,147,546
Single audit fees	14,000
Reimbursement of hospital Covid-19 related costs	700,000
Volunteer Fire and Emergency Assistance	291,739
Public safety - personnel costs substantially dedicated to COVID-19	3,681,610
Emergency disaster response, PPE, and personnel costs	1,798,356
Absentee vote by mail campaign	129,821
Remote meeting integration technology	95,951
Communication tower site development/Broadband	2,398,311
Retrofit and integration of Assembly chambers for remote meetings	624,376
School district response and preparedness	146,088
Retrofit of Borough facility for social distancing/HVAC ionization	2,962,694
Incident Management Team remote work capabilities and technology	66,839
Remote work kits for telework capabilities	115,772
Remote property assessment technology	375,492
911 dispatch backup answering technology	993,812
Communication and engineering analysis	67,481
Solid waste debris removal due to fire restrictions	116,807
Sub-grants to cities within the Borough	9,155,990
Housing relief assistance	1,646,956
KPBSD Pass through for transportation, telephony and general education	3,875,374
General administration of CARES funding	53,434
<b>Total Cares Act Funding</b>	<b>\$ 37,458,449</b>

**U.S. Treasury Coronavirus State and Local Recovery Funding**

In June 2021 the Borough was awarded \$11.4 million in U.S. Treasury Coronavirus State and Local Recovery funds of which \$5.7 million was advanced to the Borough in June 2021. In August 2021 the Borough, through Ordinance 2021-19-08, allocated the funds for solid waste leachate system rehabilitation, educational services, educational services pay-go infrastructure and bridges pay-go infrastructure as indicated below:

Educational Services	\$ 2,000,000
Educational Services – Pay-go infrastructure projects	2,903,341
Solid Waste Leachate system rehabilitation	6,000,000
Roads/Bridges – Pay-go infrastructure projects	500,000
<b>U.S. Treasury Coronavirus State and Local Recovery Funding</b>	<b>\$ 11,403,341</b>

**N. Change in Accounting Principle**

Net position and fund balance as of July 1, 2020, have been restated as follows for the implementation of GASB Statement 84, Fiduciary Activities.

	<b>Governmental Activities</b>	<b>General Fund</b>	<b>Total Governmental Funds</b>	<b>Fiduciary Funds - Custodial Fund</b>
Net Position/Fund balance as previously reported at June 30, 2020	\$ 244,521,760	\$ 25,904,621	\$ 94,038,324	\$ -
Prior period adjustment- implementation of GASB 84: Reclassification of agency fund activities	69,894	69,894	69,894	279,354
Net position/fund balance as restated, July 1, 2020	<u>\$ 244,591,654</u>	<u>\$ 25,974,515</u>	<u>\$ 94,108,218</u>	<u>\$ 279,354</u>

**O. New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) 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 Borough for 2021 reporting:

*GASB Statement No. 84 – Fiduciary Activities* – Effective for year-end June 30, 2021. This Statement addresses criteria for identifying and reporting fiduciary activities. The Borough assessed the fiduciary activities of the Borough and determined that Special Assessments are not considered fiduciary due to control of the assets and were reclassified into the General Fund along with a prior period adjustment. The Borough also determined that the taxes collected on behalf of the incorporated cities were custodial in nature and therefore remain in the fiduciary statements as of June 30, 2021.

*GASB Statement No. 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* – Effective for year-end June 30, 2021. This Statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria it has been determined that the hospitals are discretely presented component units and no equity interest is to be recorded.

*GASB Statement No. 98 – The Annual Comprehensive Financial Report – Effective for year-end June 30, 2022.* Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Borough early implemented this pronouncement for year-end June 30, 2021.

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

*GASB Statement No. 87 – Leases* – Effective for year-end June 30, 2022, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

*GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period* – Effective for year-end June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

*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.

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

*GASB Statement No. 93 – Replacement of Interbank Offered Rates* – The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

*GASB 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).

*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.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**Kenai Peninsula Borough**

Public Employees' Retirement System (PERS) - Pension Plan  
Schedule of the Borough's Proportionate Share of the Net Pension Liability and Schedule of Contributions

Years Ended June 30,	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.63213%	0.64980%	0.72606%	0.67218%	0.84370%	0.64737%	0.49259%
Borough's Proportionate Share of the Net Pension Liability	\$ 37,302,896	\$ 35,571,597	\$ 36,078,214	\$ 34,747,989	\$ 47,159,456	\$ 31,397,382	\$ 22,975,175
Net Pension Liability	15,435,315	14,124,547	10,447,307	12,947,803	5,944,748	8,410,497	19,950,761
State of Alaska Proportionate Share of the Net Pension Liability							
Total Net Pension Liability	\$ 52,738,211	\$ 49,696,144	\$ 46,525,521	\$ 47,695,792	\$ 53,104,204	\$ 39,807,879	\$ 42,925,936
Borough's Covered Payroll	21,126,817	20,788,636	20,619,173	20,700,085	20,679,828	20,712,790	12,061,924
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	176.57%	171.11%	174.97%	167.86%	228.05%	151.58%	190.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

**Schedule of Borough Contributions**

Years Ended June 30,	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 2,824,718	\$ 2,416,980	\$ 2,570,451	\$ 2,763,608	\$ 2,467,348	\$ 2,191,270	\$ 2,101,441
Contributions Relative to the Contractually Required Contribution	2,824,718	2,416,980	2,570,451	2,763,608	2,467,348	2,191,270	2,101,441
Contribution Deficiency (Excess)	-	-	-	-	-	-	-
Borough's Covered Payroll Contributions as a Percentage of Covered Payroll	13.21%	11.44%	12.36%	13.40%	11.92%	10.60%	10.15%

**Kenai Peninsula Borough**

Public Employees' Retirement System (PERS) - OPEB Plans  
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) and Schedule of Contributions

Years Ended June 30,	ARHCT					RMP					ODD		
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.63189%	0.64972%	0.72597%	0.67229%	0.93785%	0.94610%	0.95184%	0.95184%	0.96262%	1.18646%	1.24167%	0.95184%	0.96262%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,861,549)	\$ 964,057	\$ 7,450,537	\$ 5,679,234	\$ 66,522	\$ 226,345	\$ 121,122	\$ 50,201	\$ (323,429)	\$ (301,044)	\$ (184,866)	\$ (184,866)	\$ (136,586)
Net OPEB Liability (Asset)	(1,187,104)	383,278	2,162,286	2,117,541	-	-	-	-	-	-	-	-	-
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ (4,048,653)	\$ 1,347,335	\$ 9,612,823	\$ 7,796,775	\$ 66,522	\$ 226,345	\$ 121,122	\$ 50,201	\$ (323,429)	\$ (301,044)	\$ (184,866)	\$ (184,866)	\$ (136,586)
Borough's Covered Payroll	8,153,068	8,977,278	9,846,268	10,682,690	12,973,749	11,811,358	10,772,905	10,017,395	12,973,749	11,811,358	10,772,905	10,017,395	10,017,395
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-35.10%	10.74%	75.67%	53.16%	0.51%	1.92%	1.12%	0.50%	2.49%	-2.55%	-1.72%	-1.36%	-1.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	106.15%	98.13%	88.12%	89.91%	95.23%	83.17%	88.71%	93.98%	283.80%	297.43%	270.62%	212.97%	212.97%

**Schedule of Borough Contributions**

Years Ended June 30,	2021	2020	2019	2018	2017	2020	2019	2018	2017			
Contractually Required Contributions	\$ 523,451	\$ 961,935	\$ 922,927	\$ 785,385	\$ 182,205	\$ 167,294	\$ 111,028	\$ 110,961	\$ 62,576	\$ 50,697	\$ 12,282	
Contributions Relative to the Contractually Required Contribution	523,451	961,935	922,927	785,385	182,205	167,294	111,028	110,961	62,576	50,697	12,282	
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-	-	-
Borough's Covered Payroll	\$ 7,041,946	\$ 8,153,068	\$ 8,977,278	\$ 9,846,268	\$ 14,346,781	\$ 12,973,749	\$ 11,811,358	\$ 10,772,905	\$ 14,346,781	\$ 12,973,749	\$ 11,811,358	\$ 10,772,905
Contributions as a Percentage of Covered Payroll	7.433%	11.798%	10.281%	7.976%	1.270%	1.289%	0.940%	1.030%	0.436%	0.401%	0.429%	0.114%

**Kenai Peninsula Borough**  
Notes to Required Supplementary Information  
June 30, 2021

**1. Public Employees' Retirement System Pension Plan**

**Schedule of the Borough's Proportionate Share of the Net Pension Liability**

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

Changes in Assumptions:

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

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

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

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

**Schedule of Borough Contributions**

This table is based on the Borough'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 Borough will present only those years for which information is available.

**2. Public Employees' Retirement System OPEB Plans**

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

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

Changes in Assumptions:

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

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.

4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in 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 Borough will present only those years for which information is available.

#### **Schedule of Borough Contributions**

This table is based on the Borough'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 Borough will present only those years for which information is available.

NON-MAJOR GOVERNMENTAL FUNDS

**Kenai Peninsula Borough**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b><u>Assets</u></b>				
Cash and short-term investments	\$ 7,834,033	\$ -	\$ -	\$ 7,834,033
Equity in central treasury	21,028,054	19,516,778	-	40,544,832
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	226,414	-	-	226,414
Accounts receivable	367,468	1,157	-	368,625
Land sale contracts receivable-				
Current	94,385	-	-	94,385
Due from other governments	237,742	32,900	94,115	364,757
Land sale contracts receivable - long-term	1,036,290	-	-	1,036,290
Restricted assets - equity in central treasury - unspent bond proceeds	-	1,307,466	-	1,307,466
<b>Total assets</b>	<b>\$ 30,824,386</b>	<b>\$ 20,858,301</b>	<b>\$ 94,115</b>	<b>\$ 51,776,802</b>
 <b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts and retainage payable	321,343	805,153	-	1,126,496
Accrued payroll and payroll benefits	317,005	27,631	-	344,636
Due to General Fund	54,870	-	94,115	148,985
Unearned grant revenue	4,999	149,784	-	154,783
<b>Total liabilities</b>	<b>698,217</b>	<b>982,568</b>	<b>94,115</b>	<b>1,774,900</b>
 <b>Deferred inflows of resources:</b>				
Prepaid property taxes	2,299,658	-	-	2,299,658
Property tax receivable - unavailable	172,708	-	-	172,708
Land sales - unavailable	1,133,175	-	-	1,133,175
<b>Total deferred inflows of resources</b>	<b>3,605,541</b>	<b>-</b>	<b>-</b>	<b>3,605,541</b>
 <b>Fund balances:</b>				
<b>Restricted:</b>				
Hazard tree removal program	191,572	-	-	191,572
General government	8,094,156	-	-	8,094,156
Public safety	14,247,547	1,258,204	-	15,505,751
Recreation	1,507,222	-	-	1,507,222
Education	-	4,210,995	-	4,210,995
<b>Committed:</b>				
Software upgrades	-	138,164	-	138,164
Building maintenance and upgrades	-	21,661	-	21,661
Public safety facilities and equipment	-	3,203,983	-	3,203,983
Recreational facility maintenance	-	388,400	-	388,400
Road construction and upgrades	-	9,311,607	-	9,311,607
<b>Assigned:</b>				
Subsequent year's expenditures	596,411	1,342,719	-	1,939,130
General government	1,883,720	-	-	1,883,720
<b>Total fund balances</b>	<b>26,520,628</b>	<b>19,875,733</b>	<b>-</b>	<b>46,396,361</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 30,824,386</b>	<b>\$ 20,858,301</b>	<b>\$ 94,115</b>	<b>\$ 51,776,802</b>

**Kenai Peninsula Borough**  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2021

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
General property taxes	\$ 14,306,602	\$ -	\$ -	\$ 14,306,602
Motor vehicle tax	206,872	-	-	206,872
Intergovernmental:				
Federal	71,094	1,237,450	-	1,308,544
State	725,139	-	-	725,139
Investment earnings	1,496,313	45,632	-	1,541,945
Interest subsidy	-	-	94,115	94,115
Other revenues	4,259,467	124,720	-	4,384,187
Total revenues	21,065,487	1,407,802	94,115	22,567,404
 <b>Expenditures:</b>				
General government	985,890	122,961	-	1,108,851
Public safety	12,091,078	4,124,846	-	16,215,924
Recreation	1,975,269	1,026,177	-	3,001,446
Education	-	3,607,898	-	3,607,898
Environmental protection	10,364	-	-	10,364
Roads and trails	-	2,327,137	-	2,327,137
Debt service:				
Principal	-	-	3,745,000	3,745,000
Interest and other	-	-	1,651,183	1,651,183
Total expenditures	15,062,601	11,209,019	5,396,183	31,667,803
 Excess (deficiency) of revenues over expenditures				
	6,002,886	(9,801,217)	(5,302,068)	(9,100,399)
 <b>Other financing sources (uses):</b>				
Refunding bonds issued	-	24,286,159	8,841	24,295,000
Premium on refunding bonds issued	-	1,828,075	-	1,828,075
Payments to refunded bond escrow agent	-	(25,961,719)	-	(25,961,719)
Transfers in	1,301,819	5,580,816	5,293,227	12,175,862
Transfers out	(2,573,984)	-	-	(2,573,984)
Net other financing sources (uses)	(1,272,165)	5,733,331	5,302,068	9,763,234
 Net change in fund balances				
	4,730,721	(4,067,886)	-	662,835
 Fund balances at beginning of year				
	21,789,907	23,943,619	-	45,733,526
 Fund balances at end of year				
	\$ 26,520,628	\$ 19,875,733	\$ -	\$ 46,396,361

**Nonmajor Special Revenue Funds**  
**Pages 96-115**

Special revenue funds are used for specific revenues that are legally restricted to expenditures for a specific purpose.

**Bear Creek Fire Service Area** – This fund is used to account for operating expenditures of the Bear Creek Fire Service Area.

**Western Emergency Service Area** – This fund is used to account for operating expenditures of the Anchor Point Fire and Emergency Medical Service Area.

**Central Emergency Service Area** – This fund is used to account for operating expenditures of the Central Emergency Service Area.

**Kachemak Emergency Service Area** – This fund is used to account for operating expenditures of the Kachemak Emergency Service Area.

**Central Peninsula Emergency Medical Service Area** – This fund is used to account for operating expenditures of the Central Peninsula Emergency Medical Service Area.

**North Peninsula Recreation Service Area** – This fund is used to account for operating expenditures of the North Peninsula Recreation Service Area.

**Seldovia Recreational Service Area** – This fund is used to account for operating expenditures of the Seldovia Recreational Service Area.

**Eastern Peninsula Highway Emergency Service Area** – This fund is used to account for operating expenditures of the Eastern Peninsula Highway Emergency Service Area.

**Land Trust** – This fund is used to account for expenditures of the Land Trust Fund.

**Land Trust Investment** – This fund is used to account for the proceeds of the Borough land sales and the financial assets of the Land Trust Fund in excess of annual operating needs.

**Seward Bear Creek Flood Service Area** – This fund is used to account for operating expenditures of the Seward Bear Creek Flood Service Area.

**Environmental Protection Programs** – This fund is used to account for expenditures of the environmental protection programs.

**Disaster Relief** – This fund is used to account for expenditures of the Disaster Relief program.

**911 Communications** – This fund is used to account for expenditures of the Borough's 911 communications service.

**Nikiski Senior Service Area** – This fund is used to account for expenditures to provide services and programs to senior citizens within the service area.

**Kenai Peninsula Borough**  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2021

	<u>Bear Creek Fire Service Area</u>	<u>Western Emergency Service Area</u>	<u>Central Emergency Service Area</u>
<b><u>Assets</u></b>			
Cash and short-term investments	\$ 200	\$ 2,382	\$ 36,707
Equity in central treasury	801,209	1,686,436	8,998,519
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	16,317	27,538	118,325
Accounts receivable	-	50,484	179,457
Land sale contracts receivable- Current	-	-	-
Due from other governments	4,604	3,638	42,966
Land sale contracts receivable - long-term	-	-	-
Total assets	<u>\$ 822,330</u>	<u>\$ 1,770,478</u>	<u>\$ 9,375,974</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
Liabilities:			
Accounts and retainage payable	\$ 6,187	\$ 32,029	\$ 66,721
Accrued payroll and payroll benefits	4,301	30,414	146,094
Due to the General Fund	-	-	-
Unearned grant revenue	-	4,999	-
Total liabilities	<u>10,488</u>	<u>67,442</u>	<u>212,815</u>
Deferred inflows of resources:			
Prepaid property taxes	1,860	637,366	380,966
Property tax receivable - unavailable	15,517	22,071	99,435
Land sales - unavailable	-	-	-
Total deferred inflows of resources	<u>17,377</u>	<u>659,437</u>	<u>480,401</u>
Fund balances:			
Restricted:			
Hazard tree removal program	-	-	-
General government	-	-	-
Public safety	794,465	1,043,599	8,655,125
Recreation	-	-	-
Assigned:			
Subsequent year's expenditures	-	-	27,633
General government	-	-	-
Total fund balances	<u>794,465</u>	<u>1,043,599</u>	<u>8,682,758</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 822,330</u>	<u>\$ 1,770,478</u>	<u>\$ 9,375,974</u>

<u>Kachemak Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Seldovia Recreational Service Area</u>	<u>Eastern Peninsula Highway Emergency Service Area</u>
\$ 405	\$ -	\$ 200	\$ -	\$ -
917,982	310	2,517,590	126,725	822,112
25,470	94	24,190	4,177	-
15,245	-	-	-	-
-	-	-	-	-
8,114	-	5,481	89	-
-	-	-	-	-
<u>\$ 967,216</u>	<u>\$ 404</u>	<u>\$ 2,547,461</u>	<u>\$ 130,991</u>	<u>\$ 822,112</u>
\$ 28,972	\$ -	\$ 45,929	\$ 15,025	\$ 22,650
22,031	-	32,175	-	1,434
-	-	-	-	-
-	-	-	-	-
<u>51,003</u>	<u>-</u>	<u>78,104</u>	<u>15,025</u>	<u>24,084</u>
27,714	155	1,051,199	451	-
-	94	22,495	3,956	-
-	-	-	-	-
<u>27,714</u>	<u>249</u>	<u>1,073,694</u>	<u>4,407</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
877,312	155	-	-	798,028
-	-	1,395,663	111,559	-
11,187	-	-	-	-
-	-	-	-	-
<u>888,499</u>	<u>155</u>	<u>1,395,663</u>	<u>111,559</u>	<u>798,028</u>
<u>\$ 967,216</u>	<u>\$ 404</u>	<u>\$ 2,547,461</u>	<u>\$ 130,991</u>	<u>\$ 822,112</u>

**Kenai Peninsula Borough**  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet, continued  
 June 30, 2021

	<b>Land Trust</b>	<b>Land Trust Investment</b>	<b>Seward Bear Creek Flood Service Area</b>
<b><u>Assets</u></b>			
Cash and short-term investments	\$ -	\$ 7,794,139	\$ -
Equity in central treasury	2,377,340	-	786,256
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	-	-	6,467
Accounts receivable	3,485	-	-
Land sale contracts receivable:			
Current	94,385	-	-
Due from other governments	-	-	2,467
Land sale contracts receivable - long-term	1,036,290	-	-
Total assets	\$ 3,511,500	\$ 7,794,139	\$ 795,190
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
Liabilities:			
Accounts and retainage payable	\$ 49,018	\$ -	\$ 3,662
Accrued payroll and payroll benefits	12,559	-	3,943
Due to General Fund	-	-	-
Unearned grant revenue	-	-	-
Total liabilities	61,577	-	7,605
Deferred inflows of resources:			
Prepaid property taxes	-	-	1,195
Property tax receivable - unavailable	-	-	5,571
Land sales - unavailable	1,133,175	-	-
Total deferred inflows of resources	1,133,175	-	6,766
Fund balances:			
Restricted:			
Hazard tree removal program	-	-	-
General government	-	7,794,139	-
Public safety	-	-	763,019
Recreation	-	-	-
Assigned:			
Subsequent year's expenditures	433,028	-	17,800
General government	1,883,720	-	-
Total fund balances	2,316,748	7,794,139	780,819
Total liabilities, deferred inflows of resources and fund balances	\$ 3,511,500	\$ 7,794,139	\$ 795,190

<u>Environmental Protection Programs</u>	<u>Disaster Relief</u>	<u>911 Communications</u>	<u>Nikiski Senior Service Area</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,834,033
285,440	-	1,198,475	509,660	21,028,054
-	-	-	3,836	226,414
-	-	118,797	-	367,468
-	-	-	-	94,385
5,350	81,191	82,957	885	237,742
-	-	-	-	1,036,290
<u>\$ 290,790</u>	<u>\$ 81,191</u>	<u>\$ 1,400,229</u>	<u>\$ 514,381</u>	<u>30,824,386</u>
\$ 6,205	\$ 14,080	\$ 18,822	\$ 12,043	\$ 321,343
-	110	63,944	-	317,005
-	54,870	-	-	54,870
-	-	-	-	4,999
<u>6,205</u>	<u>69,060</u>	<u>82,766</u>	<u>12,043</u>	<u>698,217</u>
-	-	-	198,752	2,299,658
-	-	-	3,569	172,708
-	-	-	-	1,133,175
-	-	-	202,321	3,605,541
191,572	-	-	-	191,572
-	-	-	300,017	8,094,156
-	12,131	1,303,713	-	14,247,547
-	-	-	-	1,507,222
93,013	-	13,750	-	596,411
-	-	-	-	1,883,720
<u>284,585</u>	<u>12,131</u>	<u>1,317,463</u>	<u>300,017</u>	<u>26,520,628</u>
<u>\$ 290,790</u>	<u>\$ 81,191</u>	<u>\$ 1,400,229</u>	<u>\$ 514,381</u>	<u>\$ 30,824,386</u>

**Kenai Peninsula Borough**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2021

	<u>Bear Creek Fire Service Area</u>	<u>Western Emergency Service Area</u>	<u>Central Emergency Service Area</u>
<b>Revenues:</b>			
General property taxes	\$ 603,704	\$ 1,234,350	\$ 8,665,206
Motor vehicle tax	13,955	11,030	130,244
Intergovernmental:			
Federal	-	7,512	1,507
State	11,143	41,213	320,279
Investment earnings	2,094	3,751	24,860
Other revenues	52,715	146,414	788,315
Total revenues	<u>683,611</u>	<u>1,444,270</u>	<u>9,930,411</u>
<b>Expenditures:</b>			
General government	-	-	-
Public safety	327,013	1,268,305	6,714,644
Recreation	-	-	-
Environmental protection	-	-	-
Total expenditures	<u>327,013</u>	<u>1,268,305</u>	<u>6,714,644</u>
Excess (deficiency) of revenues over expenditures	<u>356,598</u>	<u>175,965</u>	<u>3,215,767</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	7,512
Transfers out	<u>(203,342)</u>	<u>(115,220)</u>	<u>(1,317,695)</u>
Net other financing sources (uses)	<u>(203,342)</u>	<u>(115,220)</u>	<u>(1,310,183)</u>
Net change in fund balances	153,256	60,745	1,905,584
Fund balances at beginning of year	<u>641,209</u>	<u>982,854</u>	<u>6,777,174</u>
Fund balances at end of year	<u>\$ 794,465</u>	<u>\$ 1,043,599</u>	<u>\$ 8,682,758</u>

<u>Kachemak Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Seldovia Recreational Service Area</u>	<u>Eastern Peninsula Highway Emergency Service Area</u>
\$ 1,184,957	\$ 7,667	\$ 1,822,210	\$ 58,217	\$ -
24,597	-	16,615	271	-
12,034	-	9,343	-	-
25,545	-	48,430	-	-
2,526	-	6,348	354	2,164
54,349	-	174,243	220	-
<u>1,304,008</u>	<u>7,667</u>	<u>2,077,189</u>	<u>59,062</u>	<u>2,164</u>
-	-	-	-	-
954,089	-	-	-	195,383
-	-	1,911,993	63,276	-
-	-	-	-	-
<u>954,089</u>	<u>-</u>	<u>1,911,993</u>	<u>63,276</u>	<u>195,383</u>
<u>349,919</u>	<u>7,667</u>	<u>165,196</u>	<u>(4,214)</u>	<u>(193,219)</u>
-	-	-	-	284,621
<u>(112,874)</u>	<u>(7,512)</u>	<u>(200,000)</u>	<u>-</u>	<u>(5,000)</u>
<u>(112,874)</u>	<u>(7,512)</u>	<u>(200,000)</u>	<u>-</u>	<u>279,621</u>
237,045	155	(34,804)	(4,214)	86,402
<u>651,454</u>	<u>-</u>	<u>1,430,467</u>	<u>115,773</u>	<u>711,626</u>
<u>\$ 888,499</u>	<u>\$ 155</u>	<u>\$ 1,395,663</u>	<u>\$ 111,559</u>	<u>\$ 798,028</u>

**Kenai Peninsula Borough**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances, continued  
 For the Year Ended June 30, 2021

	<u>Land Trust</u>	<u>Land Trust Investment</u>	<u>Seward Bear Creek Flood Service Area</u>	<u>Environmental Protection Programs</u>
<b>Revenues:</b>				
General property taxes	\$ -	\$ -	\$ 392,845	\$ -
Motor vehicle tax	-	-	7,478	-
Intergovernmental:				
Federal	-	-	-	5,350
State	34,334	-	8,441	-
Investment earnings	64,342	1,385,750	2,229	692
Other revenues	<u>1,571,095</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total revenues	<u>1,669,771</u>	<u>1,385,750</u>	<u>411,093</u>	<u>6,042</u>
<b>Expenditures:</b>				
General government	640,671	-	-	-
Public safety	-	-	339,314	-
Recreation	-	-	-	-
Environmental protection	-	-	-	10,364
Total expenditures	<u>640,671</u>	<u>-</u>	<u>339,314</u>	<u>10,364</u>
Excess (deficiency) of revenues over expenditures	<u>1,029,100</u>	<u>1,385,750</u>	<u>71,779</u>	<u>(4,322)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	612,341	-	-
Transfers out	<u>(612,341)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(612,341)</u>	<u>612,341</u>	<u>-</u>	<u>-</u>
Net change in fund balances	416,759	1,998,091	71,779	(4,322)
Fund balances at beginning of year	<u>1,899,989</u>	<u>5,796,048</u>	<u>709,040</u>	<u>288,907</u>
Fund balances at end of year	<u>\$ 2,316,748</u>	<u>\$ 7,794,139</u>	<u>\$ 780,819</u>	<u>\$ 284,585</u>

<u>Disaster Relief</u>	<u>911 Communications</u>	<u>Nikiski Senior Service Area</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 337,446	\$ 14,306,602
-	-	2,682	206,872
35,348	-	-	71,094
11,783	223,971	-	725,139
-	-	1,203	1,496,313
-	<u>1,472,016</u>	<u>-</u>	<u>4,259,467</u>
<u>47,131</u>	<u>1,695,987</u>	<u>341,331</u>	<u>21,065,487</u>
-	-	345,219	985,890
199,290	2,093,040	-	12,091,078
-	-	-	1,975,269
-	-	-	<u>10,364</u>
<u>199,290</u>	<u>2,093,040</u>	<u>345,219</u>	<u>15,062,601</u>
<u>(152,159)</u>	<u>(397,053)</u>	<u>(3,888)</u>	<u>6,002,886</u>
152,159	245,186	-	1,301,819
-	-	-	<u>(2,573,984)</u>
<u>152,159</u>	<u>245,186</u>	<u>-</u>	<u>(1,272,165)</u>
-	(151,867)	(3,888)	4,730,721
<u>12,131</u>	<u>1,469,330</u>	<u>303,905</u>	<u>21,789,907</u>
<u>\$ 12,131</u>	<u>\$ 1,317,463</u>	<u>\$ 300,017</u>	<u>\$ 26,520,628</u>

**Kenai Peninsula Borough**  
 Bear Creek Fire Service Area Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 558,907	\$ 558,907	\$ 603,704	\$ 44,797
Motor vehicle tax	16,221	16,221	13,955	(2,266)
Intergovernmental-				
State	-	11,143	11,143	-
Investment earnings	10,598	10,598	2,094	(8,504)
Other revenues	<u>63,616</u>	<u>63,616</u>	<u>52,715</u>	<u>(10,901)</u>
Total revenues	<u>649,342</u>	<u>660,485</u>	<u>683,611</u>	<u>23,126</u>
<b>Expenditures:</b>				
Public safety:				
Personnel	265,452	276,595	192,480	84,115
Supplies	27,947	27,947	6,803	21,144
Services	199,149	199,149	119,308	79,841
Capital outlay	<u>14,399</u>	<u>14,399</u>	<u>8,422</u>	<u>5,977</u>
Total expenditures	<u>506,947</u>	<u>518,090</u>	<u>327,013</u>	<u>191,077</u>
Excess (deficiency) of revenues over expenditures	<u>142,395</u>	<u>142,395</u>	<u>356,598</u>	<u>214,203</u>
<b>Other financing uses:</b>				
Transfers out	<u>(205,702)</u>	<u>(205,702)</u>	<u>(203,342)</u>	<u>2,360</u>
Net change in fund balance	(63,307)	(63,307)	153,256	216,563
Fund balance at beginning of year	<u>641,209</u>	<u>641,209</u>	<u>641,209</u>	<u>-</u>
Fund balance at end of year	<u>\$ 577,902</u>	<u>\$ 577,902</u>	<u>\$ 794,465</u>	<u>\$ 216,563</u>

**Kenai Peninsula Borough**

Western Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
General property taxes	\$ 1,154,736	\$ 1,154,736	\$ 1,234,350	\$ 79,614
Motor vehicle tax	12,182	12,182	11,030	(1,152)
Intergovernmental:				
Federal	-	12,509	7,512	(4,997)
State	-	41,213	41,213	-
Investment earnings	15,548	15,548	3,751	(11,797)
Other revenues	85,000	85,000	146,414	61,414
Total revenues	<u>1,267,466</u>	<u>1,321,188</u>	<u>1,444,270</u>	<u>123,082</u>
<b>Expenditures:</b>				
Public safety:				
Personnel	684,689	845,764	805,222	40,542
Supplies	87,050	111,698	93,650	18,048
Services	271,321	317,157	258,319	58,838
Capital outlay	129,996	123,911	111,114	12,797
Total expenditures	<u>1,173,056</u>	<u>1,398,530</u>	<u>1,268,305</u>	<u>130,225</u>
Excess (deficiency) of revenues over expenditures	<u>94,410</u>	<u>(77,342)</u>	<u>175,965</u>	<u>253,307</u>
<b>Other financing uses:</b>				
Transfers out	<u>(115,220)</u>	<u>(115,220)</u>	<u>(115,220)</u>	<u>-</u>
Net change in fund balance	(20,810)	(192,562)	60,745	253,307
Fund balance at beginning of year	<u>982,854</u>	<u>982,854</u>	<u>982,854</u>	<u>-</u>
Fund balance at end of year	<u>\$ 962,044</u>	<u>\$ 790,292</u>	<u>\$ 1,043,599</u>	<u>\$ 253,307</u>

**Kenai Peninsula Borough**  
Central Emergency Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 8,022,351	\$ 8,022,351	\$ 8,665,206	\$ 642,855
Motor vehicle tax	147,970	147,970	130,244	(17,726)
Intergovernmental:				
Federal	-	2,131	1,507	(624)
State	-	320,279	320,279	-
Investment earnings	96,851	96,851	24,860	(71,991)
Other revenues	846,000	846,000	788,315	(57,685)
Total revenues	<u>9,113,172</u>	<u>9,435,582</u>	<u>9,930,411</u>	<u>494,829</u>
<b>Expenditures:</b>				
Public safety:				
Personnel	6,853,349	7,179,793	5,138,880	2,040,913
Supplies	376,710	376,804	284,925	91,879
Services	1,402,831	1,361,314	1,173,928	187,386
Capital outlay	108,338	144,993	116,911	28,082
Total expenditures	<u>8,741,228</u>	<u>9,062,904</u>	<u>6,714,644</u>	<u>2,348,260</u>
Excess (deficiency) of revenues over expenditures	<u>371,944</u>	<u>372,678</u>	<u>3,215,767</u>	<u>2,843,089</u>
<b>Other financing sources (uses):</b>				
Transfers in	7,512	7,512	7,512	-
Transfers out	<u>(1,317,695)</u>	<u>(1,317,695)</u>	<u>(1,317,695)</u>	<u>-</u>
Net other financing sources (uses)	<u>(1,310,183)</u>	<u>(1,310,183)</u>	<u>(1,310,183)</u>	<u>-</u>
Net change in fund balance	(938,239)	(937,505)	1,905,584	2,843,089
Fund balance at beginning of year	<u>6,777,174</u>	<u>6,777,174</u>	<u>6,777,174</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,838,935</u>	<u>\$ 5,839,669</u>	<u>\$ 8,682,758</u>	<u>\$ 2,843,089</u>

**Kenai Peninsula Borough**  
Kachemak Emergency Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 1,100,618	\$ 1,100,618	\$ 1,184,957	\$ 84,339
Motor vehicle tax	28,370	28,370	24,597	(3,773)
Intergovernmental:				
Federal	-	12,034	12,034	-
State	-	25,545	25,545	-
Investment earnings	10,096	10,096	2,526	(7,570)
Other revenues	40,000	40,000	54,349	14,349
Total revenues	<u>1,179,084</u>	<u>1,216,663</u>	<u>1,304,008</u>	<u>87,345</u>
<b>Expenditures:</b>				
Public safety:				
Personnel	688,233	713,778	555,756	158,022
Supplies	106,000	104,000	67,016	36,984
Services	286,847	289,719	236,994	52,725
Capital outlay	100,000	111,161	94,323	16,838
Total expenditures	<u>1,181,080</u>	<u>1,218,658</u>	<u>954,089</u>	<u>264,569</u>
Excess (deficiency) of revenues over expenditures	<u>(1,996)</u>	<u>(1,995)</u>	<u>349,919</u>	<u>351,914</u>
<b>Other financing uses:</b>				
Transfers out	<u>(112,874)</u>	<u>(112,874)</u>	<u>(112,874)</u>	<u>-</u>
Net change in fund balance	(114,870)	(114,869)	237,045	351,914
Fund balance at beginning of year	<u>651,454</u>	<u>651,454</u>	<u>651,454</u>	<u>-</u>
Fund balance at end of year	<u>\$ 536,584</u>	<u>\$ 536,585</u>	<u>\$ 888,499</u>	<u>\$ 351,914</u>

**Kenai Peninsula Borough**

Central Peninsula Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
General property taxes	\$ 7,512	\$ 7,512	\$ 7,667	\$ 155
<b>Expenditures:</b>				
Public safety:	-	-	-	-
Excess (deficiency) of revenues over expenditures	7,512	7,512	7,667	155
<b>Other financing uses:</b>				
Transfers out	(7,512)	(7,512)	(7,512)	-
Net change in fund balance	-	-	155	155
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 155</u>

**Kenai Peninsula Borough**  
North Peninsula Recreation Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 1,719,519	\$ 1,719,519	\$ 1,822,210	\$ 102,691
Motor vehicle tax	19,284	19,284	16,615	(2,669)
Intergovernmental:				
Federal	-	12,383	9,343	-
State	-	48,430	48,430	-
Investment earnings	26,704	26,704	6,348	(20,356)
Other revenues	<u>235,340</u>	<u>235,340</u>	<u>174,243</u>	<u>(61,097)</u>
Total revenues	<u>2,000,847</u>	<u>2,061,660</u>	<u>2,077,189</u>	<u>15,529</u>
<b>Expenditures:</b>				
Recreation:				
Personnel	1,298,496	1,359,309	1,196,720	162,589
Supplies	136,632	136,632	109,551	27,081
Services	642,842	642,842	589,650	53,192
Capital outlay	<u>16,570</u>	<u>16,570</u>	<u>16,072</u>	<u>498</u>
Total expenditures	<u>2,094,540</u>	<u>2,155,353</u>	<u>1,911,993</u>	<u>243,360</u>
Excess (deficiency) of revenues over expenditures	<u>(93,693)</u>	<u>(93,693)</u>	<u>165,196</u>	<u>258,889</u>
<b>Other financing uses:</b>				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	(293,693)	(293,693)	(34,804)	258,889
Fund balance at beginning of year	<u>1,430,467</u>	<u>1,430,467</u>	<u>1,430,467</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,136,774</u></u>	<u><u>\$ 1,136,774</u></u>	<u><u>\$ 1,395,663</u></u>	<u><u>\$ 258,889</u></u>

**Kenai Peninsula Borough**  
Seldovia Recreational Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 56,420	\$ 56,420	\$ 58,217	\$ 1,797
Motor vehicle tax	295	295	271	(24)
Investment earnings	1,692	1,692	354	(1,338)
Other revenues	<u>1,050</u>	<u>1,050</u>	<u>220</u>	<u>(830)</u>
Total revenues	<u>59,457</u>	<u>59,457</u>	<u>59,062</u>	<u>(395)</u>
<b>Expenditures:</b>				
Recreation:				
Supplies	3,400	3,937	3,245	692
Services	53,598	50,179	46,376	3,803
Capital outlay	<u>6,500</u>	<u>13,882</u>	<u>13,655</u>	<u>227</u>
Total expenditures	<u>63,498</u>	<u>67,998</u>	<u>63,276</u>	<u>4,722</u>
Net change in fund balance	(4,041)	(8,541)	(4,214)	4,327
Fund balance at beginning of year	<u>115,773</u>	<u>115,773</u>	<u>115,773</u>	<u>-</u>
Fund balance at end of year	<u>\$ 111,732</u>	<u>\$ 107,232</u>	<u>\$ 111,559</u>	<u>\$ 4,327</u>

**Kenai Peninsula Borough**  
Eastern Peninsula Highway Emergency Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment earnings	\$ 11,144	\$ 11,144	\$ 2,164	\$ (8,980)
<b>Expenditures:</b>				
Public safety:				
Supplies	4,560	4,560	570	3,990
Services	338,102	336,602	177,372	159,230
Capital outlay	16,070	17,570	17,441	129
Total expenditures	<u>358,732</u>	<u>358,732</u>	<u>195,383</u>	<u>163,349</u>
Excess (deficiency) of revenues over expenditures	<u>(347,588)</u>	<u>(347,588)</u>	<u>(193,219)</u>	<u>154,369</u>
<b>Other financing sources (uses):</b>				
Transfers in	284,621	284,621	284,621	-
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>279,621</u>	<u>279,621</u>	<u>279,621</u>	<u>-</u>
Net change in fund balance	(67,967)	(67,967)	86,402	154,369
Fund balance at beginning of year	<u>711,626</u>	<u>711,626</u>	<u>711,626</u>	<u>-</u>
Fund balance at end of year	<u>\$ 643,659</u>	<u>\$ 643,659</u>	<u>\$ 798,028</u>	<u>\$ 154,369</u>

**Kenai Peninsula Borough**  
Land Trust Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental-				
State	\$ -	\$ 34,334	\$ 34,334	\$ -
Investment earnings	40,050	40,050	64,342	24,292
Payments on land contracts	500,000	500,000	1,203,960	703,960
Leases	140,000	140,000	148,236	8,236
Timber and gravel sales	100,000	100,000	77,060	(22,940)
Miscellaneous	85,000	85,000	141,839	56,839
Total revenues	<u>865,050</u>	<u>899,384</u>	<u>1,669,771</u>	<u>770,387</u>
<b>Expenditures:</b>				
General government:				
Personnel	626,042	650,776	511,499	139,277
Supplies	9,700	9,700	6,458	3,242
Services	234,177	243,777	118,190	125,587
Capital outlay	6,570	6,570	4,524	2,046
Total expenditures	<u>876,489</u>	<u>910,823</u>	<u>640,671</u>	<u>270,152</u>
Excess (deficiency) of revenues over expenditures	<u>(11,439)</u>	<u>(11,439)</u>	<u>1,029,100</u>	<u>1,040,539</u>
<b>Other financing uses:</b>				
Transfers out	<u>(500,000)</u>	<u>(612,341)</u>	<u>(612,341)</u>	<u>-</u>
Net change in fund balance	(511,439)	(623,780)	416,759	1,040,539
Fund balance at beginning of year	<u>1,899,989</u>	<u>1,899,989</u>	<u>1,899,989</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,388,550</u>	<u>\$ 1,276,209</u>	<u>\$ 2,316,748</u>	<u>\$ 1,040,539</u>

**Kenai Peninsula Borough**  
Seward Bear Creek Flood Service Area Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 353,785	\$ 353,785	\$ 392,845	\$ 39,060
Motor vehicle tax	9,044	9,044	7,478	(1,566)
Intergovernmental-				
State	-	8,441	8,441	-
Investment earnings	10,494	10,494	2,229	(8,265)
Other revenues	-	-	100	100
Total revenues	<u>373,323</u>	<u>381,764</u>	<u>411,093</u>	<u>29,329</u>
<b>Expenditures:</b>				
Public safety:				
Personnel	186,801	196,783	182,344	14,439
Supplies	7,700	6,333	4,890	1,443
Services	201,487	276,395	149,469	126,926
Capital outlay	<u>2,700</u>	<u>138,617</u>	<u>2,611</u>	<u>136,006</u>
Total expenditures	<u>398,688</u>	<u>618,128</u>	<u>339,314</u>	<u>278,814</u>
Net change in fund balance	(25,365)	(236,364)	71,779	308,143
Fund balance at beginning of year	<u>709,040</u>	<u>709,040</u>	<u>709,040</u>	<u>-</u>
Fund balance at end of year	<u>\$ 683,675</u>	<u>\$ 472,676</u>	<u>\$ 780,819</u>	<u>\$ 308,143</u>

**Kenai Peninsula Borough**

911 Communications Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
911 service fee	\$ 1,611,000	\$ 1,611,000	\$ 1,472,016	\$ (138,984)
Intergovernmental-				
State	<u>115,000</u>	<u>221,985</u>	<u>223,971</u>	<u>1,986</u>
Total revenues	<u>1,726,000</u>	<u>1,832,985</u>	<u>1,695,987</u>	<u>(136,998)</u>
<b>Expenditures:</b>				
Public safety:				
Personnel	2,105,625	2,320,279	1,489,397	830,882
Supplies	19,000	19,000	9,886	9,114
Services	668,579	672,779	568,087	104,692
Capital outlay	<u>37,905</u>	<u>37,905</u>	<u>25,670</u>	<u>12,235</u>
Total expenditures	<u>2,831,109</u>	<u>3,049,963</u>	<u>2,093,040</u>	<u>956,923</u>
Excess (deficiency) of revenues over expenditures	<u>(1,105,109)</u>	<u>(1,216,978)</u>	<u>(397,053)</u>	<u>819,925</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>945,186</u>	<u>1,057,055</u>	<u>245,186</u>	<u>(811,869)</u>
Net change in fund balance	(159,923)	(159,923)	(151,867)	8,056
Fund balance at beginning of year	<u>1,469,330</u>	<u>1,469,330</u>	<u>1,469,330</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,309,407</u>	<u>\$ 1,309,407</u>	<u>\$ 1,317,463</u>	<u>\$ 8,056</u>

**Kenai Peninsula Borough**

Nikiski Senior Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
General property taxes	\$ 317,068	\$ 317,068	\$ 337,446	\$ 20,378
Motor vehicle tax	3,112	3,112	2,682	(430)
Investment earnings	<u>5,840</u>	<u>5,840</u>	<u>1,203</u>	<u>(4,637)</u>
Total revenues	<u>326,020</u>	<u>326,020</u>	<u>341,331</u>	<u>15,311</u>
<b>Expenditures:</b>				
General government:				
Services	<u>345,219</u>	<u>345,219</u>	<u>345,219</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(19,199)</u>	<u>(19,199)</u>	<u>(3,888)</u>	<u>15,311</u>
Fund balance at beginning of year	<u>303,905</u>	<u>303,905</u>	<u>303,905</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 284,706</u></u>	<u><u>\$ 284,706</u></u>	<u><u>\$ 300,017</u></u>	<u><u>\$ 15,311</u></u>

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**Nonmajor Capital Project Funds**  
**Pages 118-123**

Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**School Revenue** – This fund is used to account for acquisition and construction of school facilities funded by the Borough.

**Bond Fund** – This fund is used to account for all school projects funded with bond proceeds.

**General Government** – This fund is used to account for acquisition and construction of major capital facilities for the general government.

**Road Service Area** – This fund is used to account for acquisition and construction of major capital facilities of the Road Service Area.

**Nikiski Fire Service Area** – This fund is used to account for acquisition and construction of major capital facilities of the Nikiski Fire Service Area.

**Bear Creek Fire Service Area** – This fund is used to account for acquisition and construction of major capital facilities of the Bear Creek Fire Service Area.

**Central Emergency Service Area** – This fund is used to account for acquisition and construction of major capital facilities of the Central Emergency Service Area.

**Western Emergency Service Area** – This fund is used to account for acquisition and construction of major capital facilities of the Western Emergency Service Area.

**Kachemak Emergency Service Area** – This fund is used to account for acquisition and construction of major capital facilities of the Kachemak Emergency Service Area.

**911 Communications** – This fund is used to account for acquisition and construction of major capital facilities of the 911 Communications.

**North Peninsula Recreation Service Area** – This fund is used to account for acquisition and construction of major capital facilities of the North Peninsula Recreation Service Area.

**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 June 30, 2021

	<b>School Revenue</b>	<b>Bond Fund</b>	<b>General Government</b>	<b>Road Service Area</b>
<b><u>Assets</u></b>				
Equity in central treasury	\$ 3,090,461	\$ 361,318	\$ 1,064,152	\$ 9,967,207
Accounts receivable	1,157	-	-	-
Due from other governments	-	-	-	32,900
Restricted assets - equity in central treasury - unspent bond proceeds	-	1,293,484	-	-
<b>Total assets</b>	<b>\$ 3,091,618</b>	<b>\$ 1,654,802</b>	<b>\$ 1,064,152</b>	<b>\$ 10,000,107</b>
 <b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	220,651	139,862	100,816	274,653
Accrued payroll and payroll benefits	24,699	429	-	1,072
Unearned grant revenue	149,784	-	-	-
<b>Total liabilities</b>	<b>395,134</b>	<b>140,291</b>	<b>100,816</b>	<b>275,725</b>
Fund balances:				
Restricted:				
Education	2,696,484	1,514,511	-	-
Public safety	-	-	681,011	-
Committed:				
Software upgrades	-	-	138,164	-
Building maintenance and upgrades	-	-	21,661	-
Public safety facilities and equipment	-	-	-	-
Recreational facility maintenance	-	-	-	-
Road construction and upgrades	-	-	-	9,311,607
Assigned:				
Subsequent year's expenditures	-	-	122,500	412,775
<b>Total fund balances</b>	<b>2,696,484</b>	<b>1,514,511</b>	<b>963,336</b>	<b>9,724,382</b>
<b>Total liabilities and fund balances</b>	<b>\$3,091,618</b>	<b>\$1,654,802</b>	<b>\$ 1,064,152</b>	<b>\$ 10,000,107</b>

<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Western Emergency Service Area</u>	<u>Kachemak Emergency Service Area</u>
\$ 1,144,724	\$ 574,404	\$ 2,196,249	\$ 322,709	\$ 171,020
-	-	-	-	-
-	-	-	-	-
-	-	13,982	-	-
<u>\$ 1,144,724</u>	<u>\$ 574,404</u>	<u>\$ 2,210,231</u>	<u>\$ 322,709</u>	<u>\$ 171,020</u>
20,655	8,100	9,517	503	1,155
731	-	-	443	-
-	-	-	-	-
<u>21,386</u>	<u>8,100</u>	<u>9,517</u>	<u>946</u>	<u>1,155</u>
-	-	-	-	-
-	566,304	-	-	-
-	-	-	-	-
-	-	-	-	-
905,422	-	1,917,790	210,906	169,865
-	-	-	-	-
-	-	-	-	-
217,916	-	282,924	110,857	-
<u>1,123,338</u>	<u>566,304</u>	<u>2,200,714</u>	<u>321,763</u>	<u>169,865</u>
<u>\$ 1,144,724</u>	<u>\$ 574,404</u>	<u>\$ 2,210,231</u>	<u>\$ 322,709</u>	<u>\$ 171,020</u>

(Continued)

**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet, continued  
 June 30, 2021

	<u>911 Communications</u>	<u>North Peninsula Recreation Service Area</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b><u>Assets</u></b>			
Equity in central treasury	\$ 10,889	\$ 613,645	\$ 19,516,778
Accounts receivable	-	-	1,157
Due from other governments	-	-	32,900
Restricted assets - equity in central treasury - unspent bond proceeds	-	-	1,307,466
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 10,889</u>	<u>\$ 613,645</u>	<u>\$ 20,858,301</u>
 <b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts and retainage payable	-	29,241	805,153
Accrued payroll and payroll benefits	-	257	27,631
Unearned grant revenue	-	-	149,784
Total liabilities	<hr/>	<hr/>	<hr/>
	-	29,498	982,568
 Fund balances:			
Restricted:			
Education	-	-	4,210,995
Public safety	10,889	-	1,258,204
Committed:			
Software upgrades	-	-	138,164
Building maintenance and upgrades	-	-	21,661
Public safety facilities and equipment	-	-	3,203,983
Recreational facility maintenance	-	388,400	388,400
Road construction and upgrades	-	-	9,311,607
Assigned:			
Subsequent year's expenditures	-	195,747	1,342,719
Total fund balances	<hr/>	<hr/>	<hr/>
	10,889	584,147	19,875,733
Total liabilities and fund balances	<u>\$ 10,889</u>	<u>\$ 613,645</u>	<u>\$ 20,858,301</u>

**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2021

	<u>School Revenue</u>	<u>Bond Fund</u>	<u>General Government</u>	<u>Road Service Area</u>
<b>Revenues:</b>				
Intergovernmental -				
Federal	\$ -	\$ -	\$ -	\$ 936,201
Investment earnings	-	275	-	24,050
Other revenues	104,189	-	-	-
Total revenues	<u>104,189</u>	<u>275</u>	<u>-</u>	<u>960,251</u>
<b>Expenditures:</b>				
General government	-	-	122,961	-
Public safety	-	-	-	-
Recreation	-	-	-	-
Education	2,195,014	1,412,884	-	-
Roads and trails	-	-	-	2,327,137
Total expenditures	<u>2,195,014</u>	<u>1,412,884</u>	<u>122,961</u>	<u>2,327,137</u>
Excess (deficiency) of revenues over expenditures	<u>(2,090,825)</u>	<u>(1,412,609)</u>	<u>(122,961)</u>	<u>(1,366,886)</u>
<b>Other financing sources:</b>				
Refunding bonds issued	-	23,463,519	-	-
Premium on refunding bonds issued	-	1,828,075	-	-
Payments to refunded bond escrow aqe	-	(25,150,998)	-	-
Transfers in	1,250,000	180,000	350,816	2,300,000
Total other financing sources	<u>1,250,000</u>	<u>320,596</u>	<u>350,816</u>	<u>2,300,000</u>
Net change in fund balances	(840,825)	(1,092,013)	227,855	933,114
Fund balances at beginning of year	<u>3,537,309</u>	<u>2,606,524</u>	<u>735,481</u>	<u>8,791,268</u>
Fund balances at end of year	<u>\$ 2,696,484</u>	<u>\$ 1,514,511</u>	<u>\$ 963,336</u>	<u>\$ 9,724,382</u>

(Continued)

**Kenai Peninsula Borough**  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances, continued  
 For the Year Ended June 30, 2021

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>
<b>Revenues:</b>			
Intergovernmental -			
Federal	\$ 60,608	\$ -	\$ 240,641
Investment earnings	10,054	1,409	4,601
Other revenues	-	-	20,531
Total revenues	<u>70,662</u>	<u>1,409</u>	<u>265,773</u>
<b>Expenditures:</b>			
General government	-	-	-
Public safety	3,170,981	33,520	843,410
Recreation	-	-	-
Education	-	-	-
Roads and trails	-	-	-
Total expenditures	<u>3,170,981</u>	<u>33,520</u>	<u>843,410</u>
Excess (deficiency) of revenues over expenditures	<u>(3,100,319)</u>	<u>(32,111)</u>	<u>(577,637)</u>
<b>Other financing sources:</b>			
Refunding bonds issued	-	822,640	-
Premium on refunding bonds issued	-	-	-
Payments to refunded bond escrow agent	-	(810,721)	-
Transfers in	400,000	100,000	600,000
Total other financing sources	<u>400,000</u>	<u>111,919</u>	<u>600,000</u>
Net change in fund balances	(2,700,319)	79,808	22,363
Fund balances at beginning of year	<u>3,823,657</u>	<u>486,496</u>	<u>2,178,351</u>
Fund balances at end of year	<u>\$ 1,123,338</u>	<u>\$ 566,304</u>	<u>\$ 2,200,714</u>

<u>Western Emergency Service Area</u>	<u>Kachemak Emergency Service Area</u>	<u>911 Communications</u>	<u>North Peninsula Recreation Service Area</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,237,450
725	472	-	4,046	45,632
-	-	-	-	124,720
<u>725</u>	<u>472</u>	<u>-</u>	<u>4,046</u>	<u>1,407,802</u>
-	-	-	-	122,961
18,476	58,459	-	-	4,124,846
-	-	-	1,026,177	1,026,177
-	-	-	-	3,607,898
-	-	-	-	2,327,137
<u>18,476</u>	<u>58,459</u>	<u>-</u>	<u>1,026,177</u>	<u>11,209,019</u>
<u>(17,751)</u>	<u>(57,987)</u>	<u>-</u>	<u>(1,022,131)</u>	<u>(9,801,217)</u>
-	-	-	-	24,286,159
-	-	-	-	1,828,075
-	-	-	-	(25,961,719)
<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>200,000</u>	<u>5,580,816</u>
<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>200,000</u>	<u>5,733,331</u>
82,249	42,013	-	(822,131)	(4,067,886)
<u>239,514</u>	<u>127,852</u>	<u>10,889</u>	<u>1,406,278</u>	<u>23,943,619</u>
<u>\$ 321,763</u>	<u>\$ 169,865</u>	<u>\$ 10,889</u>	<u>\$ 584,147</u>	<u>\$ 19,875,733</u>

**Nonmajor Debt Service Funds**  
**Pages 125-130**

**School** – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities of the general government, including schools.

**Solid Waste** – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities and acquisition of equipment for the Solid Waste Program.

**Bear Creek Fire Service Area** – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities and purchase of fire-fighting equipment of the Bear Creek Fire Service Area.

**Central Emergency Services** – This fund is used to account for payments associated with general obligation bonds for construction of capital facilities and purchase of fire-fighting equipment of the Central Emergency Services Service Area.

**Kenai Peninsula Borough**  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 June 30, 2021

	<u>General Government</u>		<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Services</u>	<u>Total Nonmajor Debt Service Funds</u>
	<u>School</u>	<u>Solid Waste</u>			
<b><u>Assets-</u></b>					
Due from the other governments	\$ 94,115	\$ -	\$ -	\$ -	\$ 94,115
<b><u>Liabilities and Fund Balances</u></b>					
Liabilities-					
Due to General Fund	94,115	-	-	-	94,115
Fund balances	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 94,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,115</u>

**Kenai Peninsula Borough**  
 Nonmajor Debt Service Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended June 30, 2021

	<u>General Government</u>		<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Services</u>	<u>Total Nonmajor Debt Service Funds</u>
	<u>School</u>	<u>Solid Waste</u>			
<b>Revenues-</b>					
Interest subsidy	\$ 94,115	\$ -	\$ -	\$ -	\$ 94,115
<b>Expenditures:</b>					
Debt service:					
Principal	2,380,000	920,000	55,000	390,000	3,745,000
Interest and other	1,282,850	144,750	42,520	181,063	1,651,183
Total expenditures	<u>3,662,850</u>	<u>1,064,750</u>	<u>97,520</u>	<u>571,063</u>	<u>5,396,183</u>
Deficiency of revenues over expenditures	<u>(3,568,735)</u>	<u>(1,064,750)</u>	<u>(97,520)</u>	<u>(571,063)</u>	<u>(5,302,068)</u>
<b>Other financing sources:</b>					
Refunding bonds issued	6,481	-	2,360	-	8,841
Transfers in	<u>3,562,254</u>	<u>1,064,750</u>	<u>95,160</u>	<u>571,063</u>	<u>5,293,227</u>
Total other financing sources	<u>3,568,735</u>	<u>1,064,750</u>	<u>97,520</u>	<u>571,063</u>	<u>5,302,068</u>
Net change in fund balances	-	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Kenai Peninsula Borough**  
School Debt Service Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest subsidy	\$ 245,714	\$ 245,714	\$ 94,115	\$ (151,599)
<b>Expenditures:</b>				
Debt service:				
Principal	2,515,000	2,515,000	2,380,000	135,000
Interest and other	1,484,969	1,484,969	1,282,850	202,119
Total expenditures	3,999,969	3,999,969	3,662,850	337,119
Deficiency of revenues over expenditures	(3,754,255)	(3,754,255)	(3,568,735)	185,520
<b>Other financing sources:</b>				
Refunding bonds issued	-	-	6,481	6,481
Transfers in	3,754,255	3,754,255	3,562,254	(192,001)
Total other financing sources	3,754,255	3,754,255	3,568,735	(185,520)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**Kenai Peninsula Borough**  
Solid Waste Debt Service Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	920,000	920,000	920,000	-
Interest and other	<u>144,750</u>	<u>144,750</u>	<u>144,750</u>	<u>-</u>
Total expenditures	<u>1,064,750</u>	<u>1,064,750</u>	<u>1,064,750</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(1,064,750)</u>	<u>(1,064,750)</u>	<u>(1,064,750)</u>	<u>-</u>
<b>Other financing sources:</b>				
Transfers in	<u>1,064,750</u>	<u>1,064,750</u>	<u>1,064,750</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Kenai Peninsula Borough**  
 Bear Creek Fire Service Area Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	55,000	55,000	55,000	-
Interest and other	42,520	42,520	42,520	-
Total expenditures	<u>97,520</u>	<u>97,520</u>	<u>97,520</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(97,520)</u>	<u>(97,520)</u>	<u>(97,520)</u>	<u>-</u>
<b>Other financing sources:</b>				
Refunding bonds issued	-	-	2,360	2,360
Transfers in	97,520	97,520	95,160	(2,360)
Total other financing sources	<u>97,520</u>	<u>97,520</u>	<u>97,520</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Kenai Peninsula Borough**  
 Central Emergency Services Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	390,000	390,000	390,000	-
Interest and other	<u>181,063</u>	<u>181,063</u>	<u>181,063</u>	<u>-</u>
Total expenditures	<u>571,063</u>	<u>571,063</u>	<u>571,063</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(571,063)</u>	<u>(571,063)</u>	<u>(571,063)</u>	<u>-</u>
<b>Other financing sources:</b>				
Transfers in	<u>571,063</u>	<u>571,063</u>	<u>571,063</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**INTERNAL SERVICE FUNDS**

**INTERNAL SERVICE  
FUNDS**

**Kenai Peninsula Borough**  
Internal Service Funds  
Combining Statement of Net Position  
June 30, 2021

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Employee Compensated Leave</u>	<u>Equipment Replacement</u>	<u>Total Internal Service Funds</u>
<b><u>Assets</u></b>					
Current assets:					
Cash and short term investments	\$ 66,610	\$ -	\$ -	\$ -	\$ 66,610
Equity in central treasury	7,067,443	4,157,773	3,205,012	2,218,031	16,648,259
Other receivables	-	207,551	-	-	207,551
Prepays	34,250	56,657	-	-	90,907
Total current assets	<u>7,168,303</u>	<u>4,421,981</u>	<u>3,205,012</u>	<u>2,218,031</u>	<u>17,013,327</u>
Capital assets:					
Equipment	32,645	-	-	4,617,253	4,649,898
Less accumulated depreciation	<u>(6,529)</u>	<u>-</u>	<u>-</u>	<u>(1,507,083)</u>	<u>(1,513,612)</u>
Total capital assets (net of accumulated depreciation)	<u>26,116</u>	<u>-</u>	<u>-</u>	<u>3,110,170</u>	<u>3,136,286</u>
Total assets	<u>7,194,419</u>	<u>4,421,981</u>	<u>3,205,012</u>	<u>5,328,201</u>	<u>20,149,613</u>
<b><u>Liabilities</u></b>					
Current liabilities:					
Accounts and contracts payable	21,412	276,067	-	55,023	352,502
Accrued payroll and payroll benefits	10,044	-	-	-	10,044
Claims payable	3,318,269	1,030,000	-	-	4,348,269
Compensated absences	7,536	-	801,253	-	808,789
Total current liabilities	<u>3,357,261</u>	<u>1,306,067</u>	<u>801,253</u>	<u>55,023</u>	<u>5,519,604</u>
Noncurrent liabilities - compensated absences	<u>22,609</u>	<u>-</u>	<u>2,403,759</u>	<u>-</u>	<u>2,426,368</u>
Total liabilities	<u>3,379,870</u>	<u>1,306,067</u>	<u>3,205,012</u>	<u>55,023</u>	<u>7,945,972</u>
<b><u>Net Position</u></b>					
Investment in capital assets	26,116	-	-	3,110,170	3,136,286
Unrestricted	<u>3,788,433</u>	<u>3,115,914</u>	<u>-</u>	<u>2,163,008</u>	<u>9,067,355</u>
Total net position	<u>\$ 3,814,549</u>	<u>\$ 3,115,914</u>	<u>\$ -</u>	<u>\$ 5,273,178</u>	<u>\$ 12,203,641</u>

**Kenai Peninsula Borough**  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2021

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Employee Compensated Leave</u>	<u>Equipment Replacement</u>	<u>Total Internal Service Funds</u>
<b>Operating revenues:</b>					
Charges for sales and services	\$ 4,652,940	\$ 7,527,829	\$ 2,021,434	\$ 582,720	\$14,784,923
Intergovernmental:					
Federal	4,237	-	-	-	4,237
State	27,590	-	-	-	27,590
Total operating revenues	<u>4,684,767</u>	<u>7,527,829</u>	<u>2,021,434</u>	<u>582,720</u>	<u>14,816,750</u>
<b>Operating expenses:</b>					
Administrative services	676,173	220,725	2,021,434	-	2,918,332
Insurance premiums	2,105,079	807,361	-	-	2,912,440
Self-insured losses	2,567,374	7,069,530	-	-	9,636,904
Depreciation	6,529	-	-	498,882	505,411
Total operating expenses	<u>5,355,155</u>	<u>8,097,616</u>	<u>2,021,434</u>	<u>498,882</u>	<u>15,973,087</u>
Operating income (loss)	<u>(670,388)</u>	<u>(569,787)</u>	<u>-</u>	<u>83,838</u>	<u>(1,156,337)</u>
<b>Non-operating revenues -</b>					
Investment earnings	<u>16,065</u>	<u>11,824</u>	<u>-</u>	<u>7,720</u>	<u>35,609</u>
Change in net position	(654,323)	(557,963)	-	91,558	(1,120,728)
Net position at beginning of year	<u>4,468,872</u>	<u>3,673,877</u>	<u>-</u>	<u>5,181,620</u>	<u>13,324,369</u>
Net position at end of year	<u>\$ 3,814,549</u>	<u>\$ 3,115,914</u>	<u>\$ -</u>	<u>\$ 5,273,178</u>	<u>\$12,203,641</u>

**Kenai Peninsula Borough**  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2021

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Employee Compensated Leave</u>	<u>Equipment Replacement</u>	<u>Total Internal Service Funds</u>
<b>Cash flows from operating activities:</b>					
Receipts for interfund services provided	\$ 4,652,940	\$ 7,527,829	\$ 2,021,434	\$ 582,720	\$ 14,784,923
Payments to suppliers	(3,589,760)	(7,730,238)	-	-	(11,319,998)
Payments to employees	(549,667)	-	(1,634,512)	-	(2,184,179)
Other program revenue	31,827	-	-	-	31,827
Net cash provided (used) by operating activities	<u>545,340</u>	<u>(202,409)</u>	<u>386,922</u>	<u>582,720</u>	<u>1,312,573</u>
<b>Cash flows for capital and related financing activities-</b>					
Purchase of capital assets	-	-	-	(1,202,622)	(1,202,622)
<b>Cash flows from investing activities-</b>					
Investment earnings	16,065	11,824	-	7,720	35,609
Net increase (decrease) in cash and cash equivalents	561,405	(190,585)	386,922	(612,182)	145,560
Cash and cash equivalents at beginning of year	6,572,648	4,348,358	2,818,090	2,830,213	16,569,309
Cash and cash equivalents at end of year	<u>\$ 7,134,053</u>	<u>\$ 4,157,773</u>	<u>\$ 3,205,012</u>	<u>\$ 2,218,031</u>	<u>\$ 16,714,869</u>
Reconciliation of cash and cash equivalents to Statement of Net Position:					
Cash and short-term investments	\$ 66,610	\$ -	\$ -	\$ -	\$ 66,610
Equity in central treasury	7,067,443	4,157,773	3,205,012	2,218,031	16,648,259
Cash and cash equivalents, end of year	<u>\$ 7,134,053</u>	<u>\$ 4,157,773</u>	<u>\$ 3,205,012</u>	<u>\$ 2,218,031</u>	<u>\$ 16,714,869</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (670,388)	\$ (569,787)	\$ -	\$ 83,838	\$ (1,156,337)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	6,529	-	-	498,882	505,411
Change in assets and liabilities:					
(Increase) decrease in other receivables	33,243	(161,183)	-	-	(127,940)
(Increase) decrease in prepaids	-	22,494	-	-	22,494
Increase (decrease) in accounts and contracts payable	18,311	276,067	-	-	294,378
Increase (decrease) in accrued payroll and payroll benefits	(6,639)	-	-	-	(6,639)
Increase (decrease) in claims payable	1,173,444	230,000	-	-	1,403,444
Increase (decrease) in compensated absences	(9,160)	-	386,922	-	377,762
Total adjustments	<u>1,215,728</u>	<u>367,378</u>	<u>386,922</u>	<u>498,882</u>	<u>2,468,910</u>
Net cash provided (used) by operating activities	<u>\$ 545,340</u>	<u>\$ (202,409)</u>	<u>\$ 386,922</u>	<u>\$ 582,720</u>	<u>\$ 1,312,573</u>

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**FIDUCIARY FUND**

**Kenai Peninsula Borough**  
Fiduciary Fund  
Statement of Fiduciary Net Position  
June 30, 2021

	<u>Custodial Fund</u>
<b><u>Assets:</u></b>	
Equity in central treasury	\$ 478,900
Taxes receivable for other governments	<u>1,125,735</u>
Total assets	<u>1,604,635</u>
<b><u>Liabilities -</u></b>	
Due to other governments	<u>1,345,594</u>
<b><u>Net Position</u></b>	
Restricted - Other governments	<u>\$ 259,041</u>

**Kenai Peninsula Borough**  
 Fiduciary Fund  
 Statement of Changes Fiduciary Net Position  
 For the Year Ended June 30, 2021

	<b>Custodial Fund</b>
<b>Additions-</b>	
Tax collections for other governments	\$ 39,329,728
<b>Deductions-</b>	
Tax distributions to other governments	39,350,041
Net decrease in fiduciary net position	(20,313)
Net position at beginning of year	-
Change in beginning net position - Change in accounting principle GASB 84	279,354
Net position at beginning of year - as restated	279,354
Net position at end of year	\$ 259,041

**CAPITAL ASSETS**

**Kenai Peninsula Borough**

Capital Assets Used in the Operation of Governmental Funds

Schedules by Source<sup>(1)</sup>

June 30, 2021

Governmental funds capital assets:	
Land	\$ 71,056,576
Buildings	311,136,715
Improvements other than buildings	98,116,278
Machinery and equipment	47,555,329
Infrastructure	20,315,505
Construction in progress	15,160,978
	<hr/>
Total governmental funds capital assets	<u>\$ 563,341,381</u>
Investments in governmental funds capital assets by source:	
General obligation bonds	\$ 284,492,310
State and federal grants	72,641,820
Federal revenue sharing	3,139,741
General Fund revenue	50,840,937
Special revenue funds	83,369,814
Contributed capital	270,503
Dedicated lands	126,058
Donations	68,460,198
	<hr/>
Total governmental funds capital assets	<u>\$ 563,341,381</u>

<sup>(1)</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included with governmental activities in the statement of net position.

**Kenai Peninsula Borough**  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes by Function and Activity<sup>(1)</sup>  
 For the Year Ended June 30, 2021

<b><u>Function and Activity</u></b>	<b>Governmental Funds Capital Assets <u>June 30, 2020</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Governmental Funds Capital Assets <u>June 30, 2021</u></b>
General government	\$ 78,068,216	\$ 1,301,081	\$ 427,758	\$ 78,941,539
Senior citizens	274,451	-	-	274,451
Public safety:				
Fire protection and emergency				
medical	57,399,852	13,008,927	5,102,957	65,305,822
Emergency communications	9,742,418	1,396,536	239,987	10,898,967
Total public safety	67,142,270	14,405,463	5,342,944	76,204,789
Solid waste facilities	55,993,458	743,491	118,060	56,618,889
Road maintenance:				
Maintenance	251,345	6,499	33,635	224,209
Roads	19,709,193	506,560	-	20,215,753
Total road maintenance	19,960,538	513,059	33,635	20,439,962
Recreation	11,773,838	1,121,385	26,420	12,868,803
Schools	313,878,490	4,506,366	391,908	317,992,948
Total governmental funds capital assets	\$ 547,091,261	\$ 22,590,845	\$ 6,340,725	\$ 563,341,381

<sup>(1)</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included with governmental activities in the statement of net position.

**Kenai Peninsula Borough**  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity<sup>(1)</sup>  
 June 30, 2021

	<u>Land</u>	<u>Buildings</u>	<u>Buildings Other Than</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government:							
Administration building	\$ -	\$ 2,702,657	\$ 2,414,054	\$ 3,437,156	\$ -	\$ 319,581	\$ 8,873,448
Maintenance	203,609	1,392,155	33,538	2,430,408	-	-	4,059,710
Areawide	64,037,934	-	-	-	-	-	64,037,934
Kenai River Center	-	1,875,593	39,476	55,378	-	-	1,970,447
Total general government	64,241,543	5,970,405	2,487,068	5,922,942	-	319,581	78,941,539
Senior citizens	-	243,800	-	30,651	-	-	274,451
Public safety:							
Fire protection and emergency medical:							
Nikiski Fire service area	49,172	7,518,414	630,213	7,664,858	-	5,047,644	20,910,301
Bear Creek Fire service area	17,211	6,713,034	130,271	1,498,252	-	-	8,358,768
Western Emergency service area	108,507	4,493,536	419,283	4,038,484	-	78,139	9,137,949
Central Emergency service area	493,936	4,347,827	2,126,458	13,481,700	-	533,369	20,983,290
Kachemak Emergency service area	127,270	2,637,114	24,200	3,043,249	-	56,903	5,888,736
Eastern Peninsula Highway Emergency service area	-	-	-	26,778	-	-	26,778
Total fire protection and emergency medical	796,096	25,709,925	3,330,425	29,753,321	-	5,716,055	65,305,822
Emergency communications:							
Central Peninsula Emergency Services communication center	-	-	19,738	1,177,505	-	-	1,197,243
Emergency warning systems 911 Backup Dispatch Center	-	4,838,523	1,743,013	2,130,764	-	-	8,712,300
Total communications	-	4,838,523	317,091	672,333	-	-	989,424
	-	4,838,523	2,079,842	3,980,602	-	-	10,898,967
Total public safety	796,096	30,548,448	5,410,267	33,733,923	-	5,716,055	76,204,789
Solid waste facilities	2,908,687	3,186,499	38,766,329	6,276,999	-	5,480,375	56,618,889
Road maintenance	-	-	-	224,209	20,215,753	-	20,439,962
Recreation:							
North Peninsula Recreation service area	145,640	8,513,465	2,529,948	470,373	-	1,209,377	12,868,803

(Continued)

**Kenai Peninsula Borough**  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity, continued <sup>(1)</sup>  
 June 30, 2021

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction In Progress	Total
School district:							
Central office and warehouse	\$ -	\$ 1,791,905	\$ 627,175	\$ -	\$ -	\$ -	\$ 2,419,080
Schools:							
Outside cities:							
Anchor Point/Middle/Junior high	205,102	-	-	-	-	-	205,102
Central Peninsula Elementary	-	-	36,690	-	-	-	36,690
Chapman Elementary	8,500	2,597,653	625,286	-	-	-	3,231,439
Cooper Landing	-	1,034,989	173,389	-	-	-	1,208,378
Tebughna	-	2,531,213	152,551	-	-	-	2,683,764
English Bay	-	2,447,908	230,577	-	-	-	2,678,485
Hope Elementary	3,000	2,523,867	586,523	-	-	-	3,113,390
Kalifornsky Beach	258,803	4,884,108	336,104	-	-	-	5,479,015
McNeil Canyon	-	4,953,680	721,105	23,646	-	-	5,698,431
Moose Pass	28,154	901,766	68,404	-	-	-	998,324
Nanwalek	-	1,104,529	-	126,919	-	-	1,231,448
Nikiski Elementary							
Nikiski Elementary	22,378	3,696,639	674,084	-	-	-	4,393,101
Nikiski High	-	22,872,128	4,849,794	5,000	-	-	27,726,922
Nikolaevsk	51,282	4,923,106	412,796	72,801	-	-	5,459,985
Nimlichik	16,399	5,869,344	553,472	66,098	99,752	-	6,605,065
North Star Elementary	-	6,076,014	1,456,787	10,789	-	-	7,543,590
Port Graham	400	2,101,880	132,307	-	-	-	2,234,587
Skyview High	-	22,039,127	3,774,997	-	-	-	25,814,124
Sterling	7,450	3,744,355	748,927	34,127	-	-	4,534,859
Tustumena	8,001	7,883,965	395,280	43,849	-	-	8,331,095
Voznesenka	19,556	150,000	16,400	34,155	-	-	220,111
Total outside cities	629,025	102,336,271	15,945,473	417,384	99,752	-	119,427,905
Homer:							
West Homer Elementary	322,028	11,332,823	166,499	-	-	-	11,821,350
Paul Banks Elementary	23,971	2,589,112	739,908	6,143	-	-	3,359,134
High School	400,913	27,402,340	7,150,103	75,450	-	1,302,797	36,331,603
Junior High	17,024	3,197,028	823,568	-	-	-	4,037,620
High School Addition	29,177	2,598,949	103,555	-	-	-	2,731,681
Flex School	63,248	481,150	-	-	-	-	524,398
Total Homer	856,361	47,581,402	8,983,633	81,593	-	1,302,797	58,805,786

(Continued)

**Kenai Peninsula Borough**  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity continued <sup>(1)</sup>  
 June 30, 2021

	Land	Improvements				Construction In Progress	Total
		Buildings	Buildings Other Than	Equipment	Infrastructure		
<b>Kenai:</b>							
Elementary II	\$ 137,941	\$ 2,614,381	\$ 124,105	\$ -	\$ -	\$ -	2,876,427
Mountain View Elementary	-	5,892,103	1,451,925	67,213	-	-	7,411,241
Sears Elementary	41,575	1,709,394	886,800	19,585	-	-	2,657,354
Junior High	60,499	4,057,399	855,049	5,990	-	-	4,978,937
High School	129,517	17,976,192	5,352,157	51,056	-	-	23,508,922
Vocational High	40,000	509,655	273,921	-	-	-	823,576
Arts and Crafts Building	-	118,341	-	-	-	-	118,341
<b>Total Kenai</b>	<b>409,532</b>	<b>32,877,465</b>	<b>8,943,957</b>	<b>143,844</b>	<b>-</b>	<b>-</b>	<b>42,374,798</b>
<b>Seldovia:</b>							
Susan B. English	27,953	3,711,152	1,005,119	-	-	-	4,744,224
Shop Building	1,000	2,557,944	-	5,168	-	-	2,564,112
Boys & Girls Club	-	-	-	-	-	-	-
<b>Total Seldovia</b>	<b>28,953</b>	<b>6,269,096</b>	<b>1,005,119</b>	<b>5,168</b>	<b>-</b>	<b>-</b>	<b>7,308,336</b>
<b>Seward:</b>							
Elementary II	235,000	6,601,586	984,672	40,000	-	-	7,861,258
Middle	346,295	14,656,471	526,338	-	-	-	15,529,104
Jr. High/High School	182,596	12,722,087	2,252,668	51,421	-	-	15,208,772
<b>Total Seward</b>	<b>763,891</b>	<b>33,980,144</b>	<b>3,763,678</b>	<b>91,421</b>	<b>-</b>	<b>-</b>	<b>38,599,134</b>
<b>Soldotna:</b>							
Elementary	270,048	5,820,271	1,364,229	-	-	-	7,454,548
Redoubt Elementary	-	4,151,522	669,978	40,000	-	1,132,793	5,994,293
Multipurpose Room	-	316,186	-	-	-	-	316,186
Junior High	5,900	7,638,741	1,963,918	-	-	-	9,608,559
High School	900	16,273,933	4,569,561	71,484	-	-	20,915,878
<b>Total Soldotna</b>	<b>276,848</b>	<b>34,200,653</b>	<b>8,567,686</b>	<b>111,484</b>	<b>-</b>	<b>1,132,793</b>	<b>44,289,464</b>
<b>Other areawide:</b>							
Areawide pool/water projects	-	611,839	1,070,907	45,338	-	-	1,728,084
Portable classrooms	-	3,025,323	15,038	-	-	-	3,040,361
Total other areawide	-	3,637,162	1,085,945	45,338	-	-	4,768,445
<b>Total school district</b>	<b>2,964,610</b>	<b>262,674,098</b>	<b>48,922,666</b>	<b>896,232</b>	<b>99,752</b>	<b>2,435,590</b>	<b>317,992,948</b>
<b>Total governmental funds capital assets</b>	<b>\$ 71,056,576</b>	<b>\$ 311,136,715</b>	<b>\$ 98,116,278</b>	<b>\$ 47,555,329</b>	<b>\$ 20,315,505</b>	<b>\$ 15,160,978</b>	<b>\$ 563,341,381</b>

<sup>(1)</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included with governmental activities in the statement of net position.

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# Kenai Peninsula Borough

## STATISTICAL TABLES

This part of the Kenai Peninsula Borough'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 Borough's overall financial health.

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

**Kenai Peninsula Borough**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

TABLE I

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$224,040	\$221,588	\$218,646	\$208,238	\$197,331	\$192,353	\$185,045	\$180,187	\$183,545	\$193,567
Restricted	21,595	13,703	13,594	26,675	16,224	21,681	20,764	23,893	28,659	41,456
Unrestricted	30,959	42,758	46,742	15,675	26,182	11,563	10,062	22,343	32,318	27,302
Total governmental activities net position	<u>\$276,594</u>	<u>\$278,049</u>	<u>\$278,982</u>	<u>\$250,588</u>	<u>\$239,737</u>	<u>\$225,597</u>	<u>\$215,871</u>	<u>\$226,423</u>	<u>\$244,522</u>	<u>\$262,325</u>

**Kenai Peninsula Borough**  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 17,886,287	\$ 18,131,325	\$ 17,735,043	\$ 18,173,307
Solid waste	7,784,525	7,903,125	7,192,764	7,740,270
Public safety	17,974,573	18,440,219	19,447,827	19,257,277
Recreation	1,884,148	2,421,002	2,209,306	2,350,050
Education	57,206,138	59,159,828	60,833,417	59,732,399
Environmental protection	2,047,058	1,053,278	858,013	664,142
Roads and trails	12,447,099	10,682,102	9,899,171	9,890,591
Health & social services	-	-	-	-
Interest on long-term debt	1,445,013	1,375,115	1,761,142	2,013,946
Total governmental activities expenses	<u>118,674,841</u>	<u>119,165,994</u>	<u>119,936,683</u>	<u>119,821,982</u>
Total primary government expenses	<u>\$ 118,674,841</u>	<u>\$ 119,165,994</u>	<u>\$ 119,936,683</u>	<u>\$ 119,821,982</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	1,162,154	1,645,436	1,005,815	266,672
Solid waste	817,272	1,456,190	1,083,996	917,181
Public safety	2,245,443	2,234,481	2,337,286	2,659,677
Recreation	220,883	224,667	220,838	98,987
Environmental protection	-	-	-	-
Operating grants and contributions	7,285,211	6,656,208	8,201,468	7,472,614
Capital grants and contributions	9,727,105	17,845,053	14,915,979	6,770,240
Total governmental activities program revenues:	<u>21,458,068</u>	<u>30,062,035</u>	<u>27,765,382</u>	<u>18,185,371</u>
Net (expenses)/revenue				
Total primary government net expense	<u>\$ (97,216,773)</u>	<u>\$ (89,103,959)</u>	<u>\$ (92,171,301)</u>	<u>\$ (101,636,611)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Taxes:				
Property taxes	50,485,761	52,664,077	54,724,582	54,888,191
Sales taxes	28,385,150	29,664,629	30,277,599	30,138,426
Unrestricted grants and contributions	7,102,607	7,309,264	6,364,283	6,465,467
Investment earnings	2,072,921	596,346	1,671,191	1,772,756
Miscellaneous	116,156	400,698	66,609	(434,213)
Total governmental activities	<u>88,162,595</u>	<u>90,635,014</u>	<u>93,104,264</u>	<u>92,830,627</u>
Total primary government	<u>88,162,595</u>	<u>90,635,014</u>	<u>93,104,264</u>	<u>92,830,627</u>
<b>Changes in net position</b>				
Total primary government	<u>\$ (9,054,178)</u>	<u>\$ 1,531,055</u>	<u>\$ 932,963</u>	<u>\$ (8,805,984)</u>

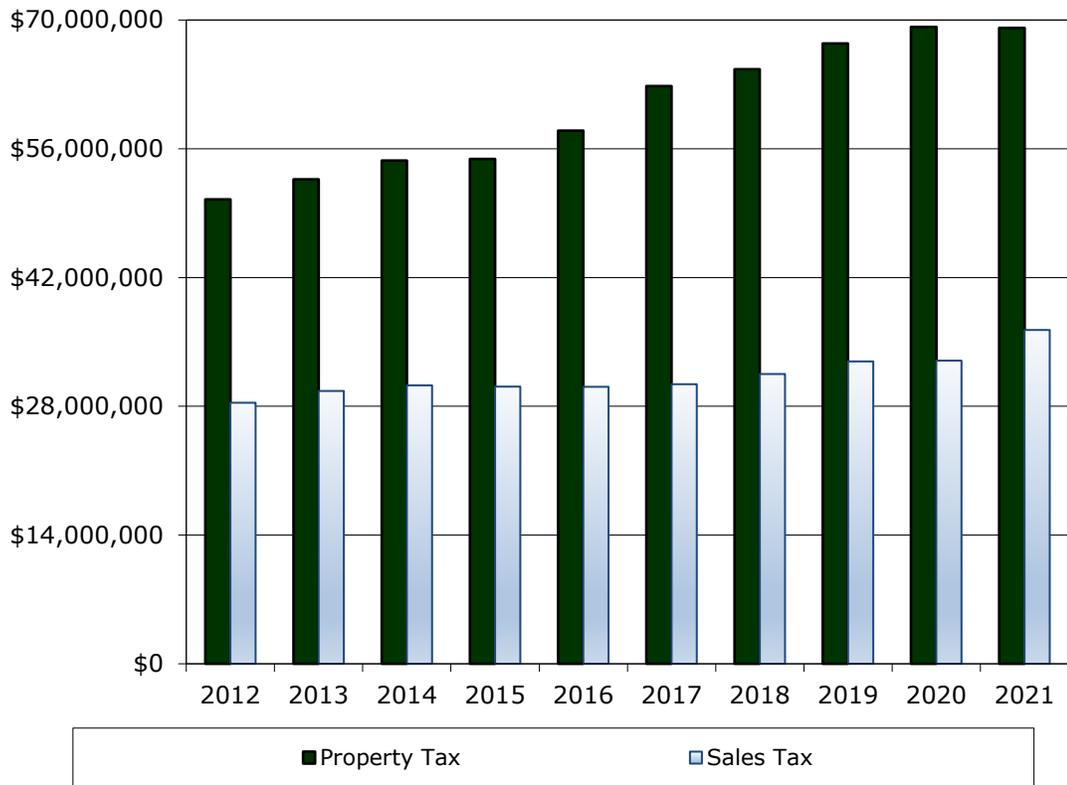
TABLE II

	2016	2017	2018	2019	2020	2021
\$	20,559,083	\$ 23,188,963	\$ 18,439,842	\$ 15,500,286	\$ 13,410,337	\$ 20,926,178
	8,677,985	8,829,329	8,325,450	8,272,259	8,408,895	8,957,980
	21,594,305	23,412,776	19,380,150	18,866,550	18,333,972	17,842,692
	3,530,357	2,542,184	2,231,711	2,050,199	1,809,603	2,124,311
	62,863,887	59,079,957	59,060,286	57,563,709	59,521,703	59,345,848
	403,631	442,520	185,072	2,448	93,319	121,978
	9,392,961	11,127,855	9,577,712	11,078,936	8,127,563	8,632,062
	-	-	-	-	-	20,016,966
	1,904,390	1,800,979	2,015,867	1,736,718	910,714	835,767
	<u>128,926,599</u>	<u>130,424,563</u>	<u>119,216,090</u>	<u>115,071,105</u>	<u>110,616,106</u>	<u>138,803,782</u>
\$	<u>128,926,599</u>	<u>\$ 130,424,563</u>	<u>\$ 119,216,090</u>	<u>\$ 115,071,105</u>	<u>\$ 110,616,106</u>	<u>\$ 138,803,782</u>
	461,057	353,496	329,028	188,185	131,543	1,081,367
	760,751	667,220	572,220	609,889	552,666	174,463
	2,793,476	2,679,640	2,785,209	2,813,500	1,205,721	2,824,622
	202,485	208,106	223,280	239,054	181,248	17,864
	-	-	-	-	-	1,113
	8,237,806	7,144,132	5,853,881	5,515,029	10,517,880	33,798,277
	8,648,345	5,754,897	4,210,264	4,990,655	4,124,258	6,290,832
	<u>21,103,920</u>	<u>16,807,491</u>	<u>13,973,882</u>	<u>14,356,312</u>	<u>16,713,316</u>	<u>44,188,538</u>
\$	<u>(107,822,679)</u>	<u>(113,617,072)</u>	<u>(105,242,208)</u>	<u>(100,714,793)</u>	<u>(93,902,790)</u>	<u>(94,615,244)</u>
	57,972,995	62,797,386	64,639,093	67,455,393	69,258,098	69,140,420
	30,116,611	30,400,062	31,508,914	32,878,673	32,964,904	36,296,951
	6,477,531	5,227,887	6,302,634	5,879,756	5,377,220	4,784,247
	2,374,089	989,550	1,399,250	4,937,225	4,368,749	2,127,546
	30,619	62,129	20,325	115,210	32,928	-
	<u>96,971,845</u>	<u>99,477,014</u>	<u>103,870,216</u>	<u>111,266,257</u>	<u>112,001,899</u>	<u>112,349,164</u>
	<u>96,971,845</u>	<u>99,477,014</u>	<u>103,870,216</u>	<u>111,266,257</u>	<u>112,001,899</u>	<u>112,349,164</u>
\$	<u>(10,850,834)</u>	<u>(14,140,058)</u>	<u>(1,371,992)</u>	<u>\$ 10,551,464</u>	<u>\$ 18,099,109</u>	<u>\$ 17,733,920</u>

**Kenai Peninsula Borough**  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

TABLE III

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2012	50,485,761	28,385,150	78,870,911
2013	52,664,077	29,664,629	82,328,706
2014	54,724,582	30,277,599	85,002,181
2015	54,888,191	30,138,426	85,026,617
2016	57,972,995	30,116,611	88,089,606
2017	62,797,386	30,400,062	93,197,448
2018	64,639,093	31,508,914	96,148,007
2019	67,455,393	32,878,673	100,334,066
2020	69,258,098	32,964,904	102,223,002
2021	69,140,420	36,296,951	105,437,371



**Kenai Peninsula Borough**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 198,063	\$ 6,944,837	\$ 8,879,666	\$ 11,345,210	\$ 5,298,396	\$ 4,103,792	\$ 3,582,332	\$ 3,041,560	\$ 2,469,391	\$ 9,828
Restricted	-	70,000	105,020	90,000	51,000	145,178	71,000	81,000	91,000	91,000
Committed	373,867	638,937	243,157	458,748	292,830	671,004	351,388	230,095	1,616,385	1,113,881
Assigned	15,407,886	15,326,705	14,658,934	16,244,676	20,136,610	18,314,053	16,486,079	20,520,399	21,727,845	29,769,397
Unassigned	5,486,767	330,506	994,595	-	-	-	2,309,200	3,029,557	-	-
Total General Fund	<u>\$ 21,466,583</u>	<u>\$ 23,310,985</u>	<u>\$ 24,881,372</u>	<u>\$ 28,138,634</u>	<u>\$ 25,778,836</u>	<u>\$ 23,234,027</u>	<u>\$ 22,799,999</u>	<u>\$ 26,902,611</u>	<u>\$ 25,904,621</u>	<u>\$ 30,984,106</u>
All other governmental funds										
Nonspendable										
Special revenue funds	1,045,538	3,661	1,500	44	-	-	321,224	-	-	-
Capital projects funds	-	-	-	-	-	61,269	76,404	-	-	-
Restricted										
Special revenue funds	10,385,968	11,279,700	13,460,361	14,937,097	12,962,247	11,432,855	16,929,008	19,324,767	25,046,038	34,987,022
Capital projects funds	16,659,200	8,508,355	22,479,158	16,946,646	9,307,381	17,030,044	11,542,908	13,216,449	13,036,394	15,193,019
Committed										
Special revenue funds	575,377	344,964	79,393	59,091	3,913,421	3,505,646	169,485	5,606,781	5,836,703	36,285
Capital projects funds	6,565,219	9,856,833	11,034,193	11,262,666	14,768,598	9,486,348	11,694,769	18,649,469	17,043,108	13,384,693
Assigned										
Special revenue funds	4,006,915	6,309,208	6,582,069	7,136,273	7,577,509	9,582,406	6,864,042	3,175,750	1,962,763	2,553,169
Capital projects funds	841,612	580,535	145,464	-	1,628,556	908,474	5,227,885	637,472	5,208,697	1,597,979
Unassigned	(51,378)	(23,364)	-	(171,444)	(446,428)	(230,362)	-	-	-	-
Capital projects funds	-	-	-	-	(120,646)	(34,887)	-	-	-	-
Total all other governmental funds	<u>\$ 40,028,451</u>	<u>\$ 36,859,892</u>	<u>\$ 53,782,138</u>	<u>\$ 50,170,373</u>	<u>\$ 49,590,638</u>	<u>\$ 51,741,793</u>	<u>\$ 52,825,725</u>	<u>\$ 60,610,688</u>	<u>\$ 68,133,703</u>	<u>\$ 67,752,167</u>

The Kenai Peninsula Borough developed an Unreserved Fund Balance policy in 2001. This policy provides guidelines regarding minimum and maximum levels of unreserved fund balance for the Borough's General Fund and Service Areas' operating and capital project funds. The policy requires that the following items should be considered when establishing an acceptable level of fund balance: working capital requirements, operating contingencies to include revenue volatility and unexpected expenditures, and future capital expansion. The policy also established that if a fund balance was outside the acceptable range, the subsequent year's budget must include a five-year plan of action to achieve compliance with the acceptable range.

**Kenai Peninsula Borough**  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

TABLE V

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Property taxes	\$ 50,230,334	\$ 52,916,285	\$ 54,570,598	\$ 54,662,814	\$ 58,007,099	\$ 62,326,564	\$ 64,917,778	\$ 67,401,394	\$ 69,211,282	\$ 69,509,626
Sales tax	28,385,150	29,664,629	30,277,598	30,138,426	30,116,611	30,400,062	31,508,914	32,878,673	32,964,904	36,296,951
Intergovernmental	22,716,818	31,294,288	28,613,640	25,393,552	19,436,158	15,105,570	14,202,678	15,868,702	15,088,413	43,047,150
Investment earnings	1,895,316	581,394	1,740,079	1,681,379	2,164,886	940,993	1,036,028	4,161,434	4,162,690	2,186,051
Other revenues	5,153,172	6,844,468	5,253,525	7,029,745	5,683,236	4,843,547	5,327,417	5,418,807	5,775,129	5,577,998
<b>Total revenues</b>	<b>108,380,790</b>	<b>121,301,064</b>	<b>120,455,440</b>	<b>118,905,916</b>	<b>115,407,990</b>	<b>113,616,736</b>	<b>116,992,815</b>	<b>125,729,010</b>	<b>127,202,418</b>	<b>156,617,776</b>
<b>Expenditures:</b>										
General government	17,740,213	17,962,124	17,615,805	21,276,848	18,429,713	17,082,168	18,534,018	16,919,254	16,732,177	21,498,452
Solid waste	5,739,959	4,843,412	1,833,477	6,789,061	6,170,953	4,223,429	5,763,798	5,793,668	6,280,741	8,013,555
Public safety	16,517,524	16,268,117	18,829,271	19,456,359	17,784,143	20,025,282	16,886,820	17,756,267	18,798,989	15,325,747
Recreation	1,536,689	1,982,994	1,745,588	2,234,204	3,180,795	1,873,562	2,056,124	1,971,605	1,728,227	2,024,037
Education	51,524,574	51,447,909	52,695,845	53,038,298	57,934,516	49,987,995	54,004,116	51,575,438	54,679,660	54,307,256
Environmental protection	2,048,151	1,052,619	909,596	665,071	404,895	442,520	187,172	2,448	93,319	121,978
Roads and trails	11,252,663	10,273,390	9,494,678	9,693,517	8,758,384	9,574,530	9,103,129	10,726,111	7,855,182	8,150,802
Health & social services	9,144,780	15,221,756	17,672,292	3,262,122	5,495,777	12,763,943	4,381,133	3,420,506	10,796,258	20,016,966
Capital outlay	3,340,000	3,515,000	2,770,000	3,390,000	2,645,000	2,795,000	3,440,000	3,575,000	3,705,000	3,745,000
Debt service	1,613,560	1,469,468	1,380,830	2,397,295	2,084,980	2,093,414	2,253,547	2,101,138	1,988,663	1,651,183
Interest and other (1) (2)	120,458,113	124,036,789	124,947,382	122,202,775	122,889,156	120,861,843	116,609,867	113,841,435	122,638,216	152,151,077
<b>Total expenditures</b>	<b>(12,077,323)</b>	<b>(2,735,725)</b>	<b>(4,491,942)</b>	<b>(3,296,859)</b>	<b>(7,481,166)</b>	<b>(7,245,107)</b>	<b>382,948</b>	<b>11,887,575</b>	<b>4,564,202</b>	<b>4,466,699</b>
Excess of revenues over (under) expenditures	8,150,000	1,215,000	20,860,000	1,425,000	2,465,000	5,405,000	-	-	1,335,000	24,295,000
<b>Other financing sources (uses)</b>										
Bonds issued	1,284,121	196,568	2,124,575	245,693	330,138	627,505	-	-	276,196	1,828,075
Premium on bonds issued	(9,352,308)	-	-	(1,648,963)	-	-	-	-	-	(25,861,719)
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	8,166,490	8,429,925	8,043,061	9,505,521	9,700,383	11,590,201	15,085,853	18,729,547	17,066,481	13,369,041
Transfers in	(8,166,490)	(8,429,925)	(8,043,061)	(9,505,521)	(9,700,383)	(11,590,201)	(15,085,853)	(18,729,547)	(17,066,481)	(13,369,041)
Transfers out	81,813	1,411,568	22,984,575	21,730	4,541,633	6,851,454	266,956	-	1,960,823	261,356
<b>Net other financing sources (uses)</b>	<b>\$ (11,995,510)</b>	<b>\$ (1,324,157)</b>	<b>\$ 18,492,633</b>	<b>\$ (3,275,129)</b>	<b>\$ (2,939,533)</b>	<b>\$ (393,653)</b>	<b>\$ 649,904</b>	<b>\$ 11,887,575</b>	<b>\$ 6,525,025</b>	<b>\$ 4,728,055</b>
<b>Net change in fund balances</b>	<b>4.45%</b>	<b>4.58%</b>	<b>3.87%</b>	<b>4.87%</b>	<b>4.03%</b>	<b>4.32%</b>	<b>5.09%</b>	<b>5.12%</b>	<b>5.07%</b>	<b>4.00%</b>
GO Debt service as a percentage of noncapital expenditures										
<b>Total non-capital expenditures</b>	<b>111,313,333</b>	<b>108,815,033</b>	<b>107,275,090</b>	<b>118,940,653</b>	<b>117,393,379</b>	<b>113,230,306</b>	<b>111,897,488</b>	<b>110,899,403</b>	<b>111,841,958</b>	<b>134,854,976</b>

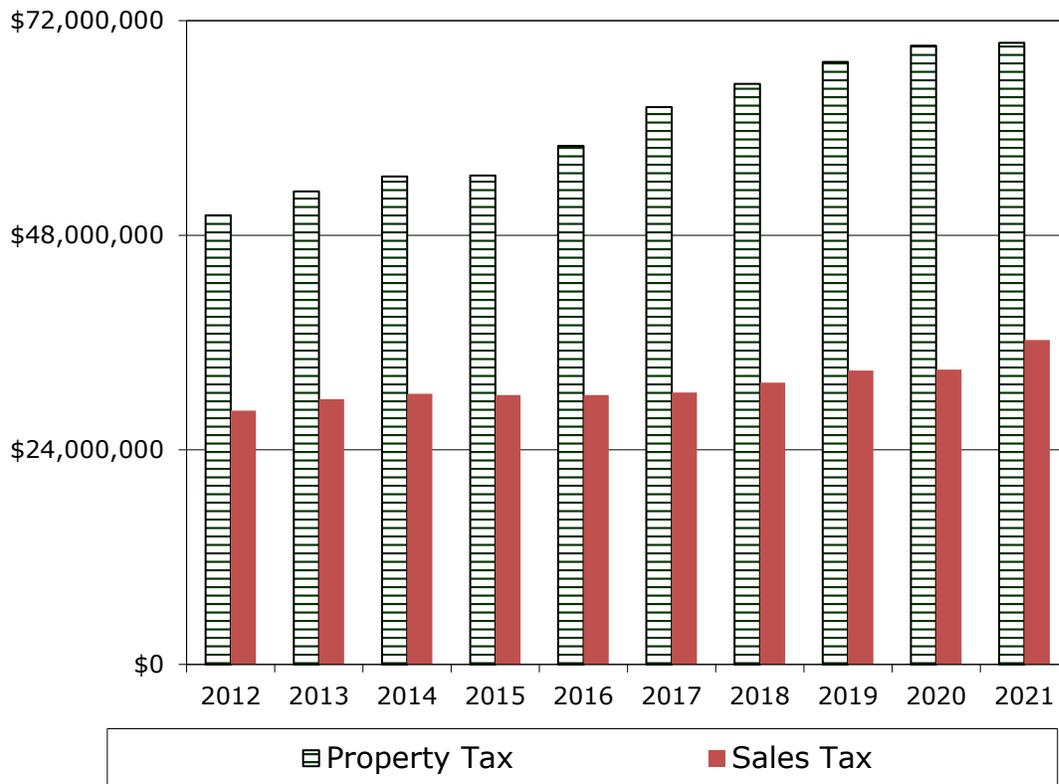
(1) 2012 includes \$81,813 in bond issuance costs.

(2) 2015 includes \$21,730 in bond issuance costs.

**Kenai Peninsula Borough**  
 General Government Significant Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

TABLE VI

Fiscal Year	Property Tax	Sales Tax	Total
2012	\$ 50,230,334	\$ 28,385,150	\$ 78,615,484
2013	52,916,285	29,664,629	82,580,914
2014	54,570,598	30,277,598	84,848,196
2015	54,662,814	30,138,426	84,801,240
2016	58,007,099	30,116,611	88,123,710
2017	62,326,564	30,400,062	92,726,626
2018	64,917,778	31,508,914	96,426,692
2019	67,401,394	32,878,673	100,280,067
2020	69,211,282	32,964,904	102,176,186
2021	69,509,626	36,296,951	105,806,577



**Kenai Peninsula Borough**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

TABLE VII

Fiscal Year	Total estimated actual value of property less mandatory federal and state	Assessed Values (1)				Tax Exempt Values (1)		Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
		Real	Oil & Gas	Personal Property	Real	Personal				
2012	\$ 7,137,074	\$ 6,180,464	\$ 698,991	\$ 257,619	\$ 472,878	\$ 30,955	\$ 6,633,241	4.50	92.94%	
2013	7,269,011	6,172,547	810,065	286,399	520,490	32,511	6,716,010	4.50	92.39%	
2014	7,484,667	6,202,494	989,766	292,407	492,565	31,906	6,960,196	4.50	92.99%	
2015	7,797,117	6,330,106	1,142,158	324,853	826,802	32,999	6,937,316	4.50	88.97%	
2016	8,189,366	6,625,363	1,224,525	339,478	876,982	33,986	7,278,398	4.50	88.88%	
2017	8,752,156	6,915,818	1,467,353	368,985	902,055	34,392	7,815,709	4.50	89.30%	
2018	9,172,335	7,342,187	1,468,599	361,549	998,047	33,842	8,140,446	4.50	88.75%	
2019	9,232,906	7,355,511	1,518,606	358,789	1,008,085	34,792	8,190,029	4.70	88.70%	
2020	9,523,733	7,606,558	1,563,998	353,177	1,055,143	34,914	8,433,676	4.70	88.55%	
2021	9,614,464	7,762,088	1,493,429	358,947	1,094,461	35,444	8,484,559	4.70	88.25%	

(1) Assessed values and Tax exempt values represent only those values/exemptions provided by the Borough. It does not include those values/exemptions provided by federal or state requirements.

(2) Increase in real property exempt amount due to increase of residential exemption from \$20,000 to \$50,000 in FY15.

**Source:** Data is provided by the Kenai Peninsula Borough's Assessing Department. Does not include federal and state exempt property.

**Kenai Peninsula Borough**  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

TABLE VIII

Fiscal Year	Borough wide		Overlapping Rates (2)											
	General Fund		City of Homer		City of Kachemak		City of Kenai		City of Seldovia		City of Seward		City of Soldotna	
	Maximum rate (1)	Approved rate (1)	Operating Districts (3)	Special Districts (4)										
2012	8.40	4.50	4.50	2.30	1.00	2.30	3.85	0.02	4.60	0.75	3.12	0.50	0.65	2.67
2013	8.40	4.50	4.50	2.30	1.00	2.30	3.85	0.02	4.60	0.75	3.12	0.50	0.65	2.67
2014	8.40	4.50	4.50	2.30	1.00	2.30	4.35	0.02	4.60	0.75	3.12	0.50	0.50	2.67
2015	8.33	4.50	4.50	2.30	1.00	2.30	4.35	0.01	4.60	0.75	3.12	0.75	0.50	2.66
2016	8.17	4.50	4.50	2.30	1.00	2.30	4.35	0.01	4.60	0.75	3.12	0.75	0.50	2.66
2017	8.29	4.50	4.50	2.30	1.00	2.30	4.35	0.01	7.50	0.75	3.12	0.75	0.50	2.73
2018	8.30	4.50	4.50	2.30	1.00	2.30	4.35	0.01	7.50	0.75	3.12	0.75	0.50	2.61
2019	8.30	4.70	4.70	2.30	1.00	2.30	4.35	0.01	7.50	0.75	3.84	0.75	0.50	2.86
2020	8.45	4.70	4.70	2.30	1.00	2.30	4.35	0.01	7.50	0.75	3.84	0.75	0.50	2.86
2021	8.56	4.70	4.70	2.24	2.00	2.24	4.35	0.01	7.50	0.75	3.84	0.75	0.50	2.86

(1) The Borough's General Fund maximum mill rate and approved rate.

(2) Overlapping rates are those of the first class cities located within the Borough. The mill rates shown consist of two components: the mill rate for the operating entity and the mill rate for special districts, which include fire and emergency response, higher education, and local support for hospitals.

**Sources:**

(3) Data provided from Kenai Peninsula Borough's resolution approving the mill rates for each respective year.

(4) Data provided by the City Clerk's Office for each respective City.

**Kenai Peninsula Borough**  
Principal Property Taxpayers  
Current and Nine Years Ago

TABLE IX

<b>Taxpayer</b>	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	(1)			(1)		
Hilcorp	\$ 871,702,280	1	10.27%	\$ -	-	-
Tesoro Alaska	198,226,623	2	2.34%	321,276,064	1	4.84%
Harvest Alaska	191,459,960	3	2.26%	-	-	-
Bluecrest Energy, Inc	135,632,260	4	1.60%	-	-	-
Cook Inlet Natural Gas Storage Alaska, LLC	100,281,225	5	1.18%	-	-	-
Furie Operating Alaska, LLC	96,097,570	6	1.13%	-	-	-
Alaska Pipeline	70,236,131	7	0.83%	23,538,862	9	0.35%
Cook Inlet Energy	67,171,790	8	0.79%	-	-	-
ACS	60,238,564	9	0.71%	83,432,332	5	1.26%
Enstar Natural Gas	47,669,663	10	0.56%	-	-	-
Unocal	-		-	195,968,980	2	2.95%
Conoco Phillips	-		-	179,561,870	3	2.71%
Marathon Oil	-		-	138,887,280	4	2.09%
XTO Energy Inc	-		-	51,626,800	6	0.78%
Kenai Kachemak Pipeline	-		-	28,577,530	7	0.43%
WAL-Mart Real Estate Business Trust	-		-	27,056,400	8	0.41%
BP Exploration	-		-	23,297,413	10	0.35%
	<b>\$ 1,838,716,066</b>		<b>21.67%</b>	<b>\$ 1,073,223,531</b>		<b>16.17%</b>

(1) **Source:** Data is provided by the Kenai Peninsula Borough's Assessing Department.

**Kenai Peninsula Borough**  
 Taxable Sales by Line of Business  
 Fiscal Year 2021

TABLE X

<u>Line of Business</u>	<u>2021</u>
RETAIL TRADE	\$ 576,452,765
RESTAURANT/BAR	103,852,624
UTILITIES	87,685,978
HOTEL/MOTEL/B & B	63,263,577
GUIDING	50,492,195
REMOTE SALES TAX	59,632,567
SERVICES	40,323,021
WHOLESALE TRADE	26,042,458
RENTAL RESIDENTAL PROPERTY	23,796,128
INFORMATION	22,228,433
PUBLIC ADMINISTRATION	21,586,146
PROFESSIONAL, SCIENTIFIC	19,669,233
CONSTRUCTION CONTRACTING	14,736,642
TELECOMMUNICATION	11,456,817
MANUFACTURING	10,032,389
ADMINISTRATIVE, WASTE MANG	8,588,519
RENTAL NON-RESIDENTAL PROPERTY	7,824,176
MINING/QUARRYING	5,770,635
TRANSPORTATION & WAREHSE	5,697,845
ARTS AND ENTERTAINMENT	5,005,750
RENTAL PERSONAL PROPERTY	3,479,448
AGRICULTURE, FORESTRY, FISHING	3,468,846
RENTAL SELF-STORAGE & MINI	3,179,378
RENTAL COMMERCIAL PROPERTY	2,837,994
EDUCATIONAL SERVICES	2,327,245
FINANCE AND INSURANCE	1,292,609
HEALTHCARE & SOCIAL ASST	873,624
OTHER	22,580
	<u>\$ 1,181,619,622</u>

Source: Data is provided by the Kenai Peninsula Borough's Finance Department, Sales Tax Division.

**Kenai Peninsula Borough**  
Property Tax Levies and Collections  
General Fund  
Last Ten Fiscal Years

TABLE XI

Fiscal Year	Total Tax Levy for Fiscal Year	Collected in the Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$30,419,493	\$29,946,804	\$ 1	\$ 467,436	\$30,414,240	99.983%
2013	30,823,497	30,382,636	98.570%	432,510	30,815,146	99.973%
2014	31,750,392	31,332,596	98.684%	408,584	31,741,180	99.971%
2015	31,685,014	31,142,025	98.286%	533,148	31,675,173	99.969%
2016	33,108,951	32,410,590	97.891%	687,592	33,098,182	99.967%
2017	35,591,917	35,157,568	98.780%	418,511	35,576,079	99.956%
2018	37,068,282	36,645,827	98.860%	400,072	37,045,899	99.940%
2019	38,941,185	38,535,145	98.957%	365,278	38,900,423	99.895%
2020	40,079,402	39,607,678	98.823%	309,659	39,917,337	99.596%
2021	40,380,465	39,981,984	99.013%	-	39,981,984	99.013%

**Kenai Peninsula Borough**  
Ratios of Outstanding Debt by Type and Per Capita  
Last Ten Fiscal Years

TABLE XII

Fiscal Year	Governmental Activities		Total	General Bonded Debt as a Percentage of Total Personal Income (3)	General Bonded Debt as a Percentage of Estimated Actual Value of Taxable Property (4)(area wide)	Service Areas		
	General Obligation Bonds (Area-Wide) (Net of Premiums/ Discounts/ Adjustments)	General Obligation Bonds (Service Area) (Net of Premiums/ Discounts/ Adjustments)				Area-Wide	Central Emergency Services	Bear Creek Fire Service
2012	\$ 32,016,568	\$ 1,975,000	\$ 33,991,568	1.29%	0.48%	568	88	-
2013	27,899,830	3,279,111	31,178,941	1.13%	0.43%	492	83	793
2014	48,107,552	3,124,283	51,231,835	1.86%	0.68%	846	78	770
2015	44,631,585	3,102,979	47,734,564	1.60%	0.61%	781	68	744
2016	41,928,618	5,671,350	47,599,968	1.56%	0.58%	726	158	714
2017	45,138,506	5,367,557	50,506,063	1.70%	0.58%	777	150	685
2018	41,706,478	4,978,766	46,685,244	1.57%	0.51%	719	138	656
2019	38,159,450	4,569,975	42,729,425	1.46%	0.46%	653	126	623
2020	33,949,621	5,624,485	39,574,106	1.23%	0.42%	579	168	590
2021	31,199,379	5,092,289	36,291,668	1.13%	0.38%	529	152	610

Note: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.  
(1) Other Governmental Fund-type debt is for the Central Emergency Services Service Area and is debt of the Service Area not the Primary Government.  
(2) Due to overlapping taxing jurisdictions, the Debt Per Capita of the Area-Wide must be combined with each overlapping Service Area to determine the total Debt Per Capita within each Tax Code Area.  
(3) Personal income data is provided by the Bureau of Economic Analysis, <http://www.bea.gov>.  
(4) Assessed values and Tax exempt values represent only those values/exemptions provided by the Borough. It does not include those values/exemptions provided by federal or state requirements.  
Population data can be found in Table XIV

**Kenai Peninsula Borough**  
 Computation of Direct and Overlapping Debt  
 Last Ten Fiscal Years

TABLE XIII

	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	Net Debt Outstanding
Kenai Peninsula Borough:			
Education and Solid Waste Debt	\$ 29,370,000	100%	\$ 29,370,000
Service Area Debt <sup>(1)</sup>			
Central Emergency Service Area	3,735,000	100%	3,735,000
Bear Creek Fire Service Area	935,000	100%	935,000
Total	<u>34,040,000</u>		<u>34,040,000</u>
Cities within Borough:			
Homer	6,315,000	100%	6,315,000
Kenai	935,000	100%	935,000
Seldovia	-	100%	-
Seward	27,420,000	100%	27,420,000
Soldotna <sup>(2)</sup>	3,269,399	100%	3,269,399
Total	<u>37,939,399</u>		<u>37,939,399</u>
Total Direct and Overlapping Debt	<u>\$ 71,979,399</u>		<u>\$ 71,979,399</u>

(1) General obligation debt repaid through general property taxes of the Service Area.

(2) Net Debt includes loans and bonds.

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**Kenai Peninsula Borough**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

TABLE XIV

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**NO DEBT LIMIT IS MANDATED BY LAW**

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**Kenai Peninsula Borough**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

TABLE XV

Fiscal Year	Population (1)	Personal Income - Borough (in thousands) (3)	Per Capita Personal Income - Borough (3)	Per Capita Personal Income - Alaska (3)	Median Age (2)	School Enrollment (5)	Unemployment Rate (2)	Number of Employed (2)
2012	56,369	\$ 2,627,069	\$ 46,600	\$ 51,405	40.6	8,922	9.70%	24,675
2013	56,756	2,770,353	48,636	52,638	41.4	8,886	8.80%	25,003
2014	56,862	2,759,412	48,351	51,416	40.0	8,756	8.10%	25,592
2015	57,147	2,981,871	51,734	54,582	40.5	8,826	7.70%	25,759
2016	57,763	3,056,190	52,639	56,147	40.0	8,788	7.60%	25,480
2017	58,060	2,965,755	49,544	55,674	40.6	8,785	8.20%	24,811
2018	58,024	2,965,755	49,697	56,042	41.4	8,712	7.70%	24,551
2019	58,471	2,919,104	52,015	57,179	41.0	8,680	6.90%	24,384
2020	58,671	3,221,300	54,870	64,780	41.8	8,535	6.00%	24,383
2021	58,934	3,221,300 (4)	54,870 (4)	64,780 (4)	41.8	7,756	9.10%	23,948

**Sources:**

- (1) Alaska Department of Labor estimates as of July 1 of each fiscal 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.
- (4) Calendar year 2020 data currently unavailable from BEA.
- (5) Information provided from the Kenai Peninsula Borough School District.

**Kenai Peninsula Borough**  
Principal Employers  
Current and Nine Years Ago

TABLE XVI

<u>Employer</u>	<u>2021 *</u> <u>Rank</u>	<u>2012 *</u> <u>Rank</u>
-----------------	------------------------------	------------------------------

\* The State of Alaska passed legislation that prevents disclosure of employer ranking and or the number of employees for each employer.

**Kenai Peninsula Borough**  
Full-time Equivalent Borough Government Employees by Function  
Last Ten Fiscal Years

TABLE XVII

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General government:</b>										
Assembly	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	6.00
Mayor	4.00	5.00	5.00	6.00	6.00	6.00	5.00	4.50	4.50	4.25
Purchasing and Contracting *	10.00	11.00	12.00	14.00	14.00	10.00	9.00	8.00	8.00	8.00
Office of Emergency Mgmt	4.00	4.00	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00
HR	7.60	7.60	7.55	7.55	7.55	7.50	7.50	7.50	7.50	7.75
IT	11.00	11.00	11.50	11.50	11.50	11.50	11.50	11.50	11.50	12.00
Legal	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	22.00	22.00	22.00	22.00	22.00	22.00	22.00	21.50	21.50	21.50
Assessing	22.00	22.00	22.00	22.00	22.00	22.00	22.00	24.00	24.00	23.00
Planning	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.75	12.75	11.25
River Center	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
<b>Total</b>	<b>110.10</b>	<b>112.10</b>	<b>113.80</b>	<b>115.80</b>	<b>115.55</b>	<b>111.50</b>	<b>109.50</b>	<b>109.25</b>	<b>109.25</b>	<b>106.75</b>
<b>Fire and Emergency Services:</b>										
Nikiski Fire	20.00	20.00	20.00	20.75	21.75	21.75	21.75	21.25	21.00	23.00
Bear Creek Fire	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
EPHESA	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50
Western Emergency Services	2.50	2.50	2.50	3.50	4.00	4.00	4.00	5.00	5.00	9.00
Central Emergency Services	38.50	42.00	42.00	41.00	39.00	41.00	41.00	44.00	44.00	48.00
Kachemak	3.50	3.50	4.00	4.00	4.00	4.00	4.00	5.00	5.00	7.00
911 Communications	11.25	11.25	11.75	12.25	12.50	12.50	13.00	13.00	13.00	16.00
Seward Bear Creek Flood	0.75	0.75	0.75	0.75	0.75	0.75	1.50	1.50	1.50	1.50
Recreation	14.25	14.65	14.65	14.65	14.65	14.65	14.65	14.65	14.65	14.65
Roads	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.40	6.50	6.50
Land Trust Fund	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Solid Waste	20.00	21.00	17.00	17.00	17.00	15.50	15.50	15.50	15.50	15.50
Risk Management	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>Total</b>	<b>239.35</b>	<b>246.25</b>	<b>244.95</b>	<b>248.20</b>	<b>247.70</b>	<b>244.15</b>	<b>243.90</b>	<b>247.55</b>	<b>246.40</b>	<b>258.90</b>
Positions controlled by the Kenai Peninsula Borough but reported as part of in-kind expenditures for the Kenai Peninsula Borough School District	45.30	46.30	46.30	46.30	46.30	46.30	46.30	46.30	46.30	45.75

\* Purchasing and Contracting combined in 2016

Source: Data is provided by the Kenai Peninsula Borough's Human Resources Department

**Kenai Peninsula Borough**  
Operating Indicators by Function  
Last Ten Fiscal Years

TABLE XVIII

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government- 911 calls answered	21,834	21,831	26,364	27,239	28,165	27,022	26,370	24,482	24,611	24,900
Fire and emergency services: **										
Number of calls responded to:										
Nikiski	926	902	842	919	959	995	1,022	1,070	870	1,032
Bear Creek	132	119	136	139	143	178	141	136	119	137
WESA	235	250	197	263	214	218	279	269	283	578
CES	1,815	1,729	1,770	2,039	2,824	2,593	2,591	2,473	2,646	2,848
Kachemak	139	197	216	219	236	218	203	242	276	287
Landfills-										
Refuse collected (tons)	67,015	58,207	63,261	62,309	59,885	57,698	58,619	57,426	59,419	60,760

Note: With the exception of 911 calls, indicators are not available for the general government functions.

\*\* Fire and Emergency Services indices are as of December 31 of the prior calendar year

Sources: Various Kenai Peninsula Borough department's and service area's performance measures.

**Kenai Peninsula Borough**  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

TABLE XIX

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire and emergency services:										
Number of Stations:										
Nikiski	4	4	4	4	4	4	4	4	4	5
Bear Creek	1	1	1	1	1	1	1	1	1	1
WESA	2	2	2	2	2	2	2	2	2	3
CES	8	8	8	8	8	8	8	8	8	8
Kachemak	1	1	1	2	2	2	2	2	2	2
Landfills:										
Number of municipal waste landfills	8	8	8	8 (1)	8	8	8	8	8	8
Number of transfer facilities/sites	12	12	13	13	13	13	13	13	13	13
Recreation-										
Number of facilities	9	9	9	9	9	9	9	9	9	9
Roads-										
Miles of roads maintained	636	638	640	640	641	645	646	648	648	648

(1) Homer and Seward landfills are no longer accepting municipal waste but are still accepting inert waste.

Note: No capital asset indicators are available for the general government functions.

For the fire and emergency service stations listed above, these represent both manned and unmanned stations.  
**Sources:** Various Kenai Peninsula Borough department's and service area's performance measures.

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SINGLE AUDIT

**Kenai Peninsula Borough**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor / Program or Cluster Title</u>	<u>Grant Number</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifier Number</u>	<u>Award Amount</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of the Interior</u>					
U.S. Bureau of Land Management: Payments in Lieu of Taxes	2021 SEC 6901/6902	15.226	N/A	\$ 3,353,970	\$ 3,353,970
U.S. Fish and Wildlife Service: National Wildlife Refuge Fund	N/A	15.659	FY2021	22,905	22,905
Total U.S. Department of the Interior					<u>3,376,875</u>
<u>U.S. Department of Homeland Security</u>					
Passed through Alaska Department of Military & Veterans Affairs: Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Earthquake) Homeland Security Grant Program: 2018 State Homeland Security Program Regional Mass Care Planning; 2019 AK Shield Exercise; Dispatch Equipment 2019 State Homeland Security Program Cybersecurity Vulnerability Assessment 2020 State Homeland Security Program Siren Upgrades; Incident Management Team Exercise; EMS Air Compressor Total Assistance Listing 97.067	FEMA-3410-EM  EMW-2018-SS-00045-S01 EMW-2019-SS-00031-S01 EMW-2020-SS-00012-S01	97.036  97.067 97.067 97.067	DR-4413-AK  20SHSP-GY18 20SHSP-GY19 20SHSP-GY20	413,103  50,480 64,794 221,493	35,348  11,539 330 49,400
Emergency Management Performance Grant	EMS-2020-EP-00001-S01	97.042	20EMPG-GY20	161,548	161,548
Passed through City of Kenai Assistance to Firefighters - SCBA Equipment (CES & Nikiski Fire) Total U.S. Department of Homeland Security	EMW-2018-FR-00456	97.044	MOA	872,727	284,100
<u>U.S. Department of Transportation:</u> Highway Planning and Construction Cluster Extend Kenai Spur Hwy-North Road	DTFH7017E30003	20.205	N/A	5,563,801	936,200
<u>U.S. Department of Housing and Urban Development:</u> Passed through Alaska Department of Commerce, Community, & Economic Dev. Community Development Block Grant/State's program and Non-entitlement Grants in Hawaii (CDBG) Funny River Fire Station #5 - Pumper/Tanker Purchase	B-18-DC-02-0001	14.228	18-CDBG-05	487,500	17,149

(continued)

**Kenai Peninsula Borough**

Schedule of Expenditures of Federal Awards - continued  
Year Ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor / Program or Cluster Title</u>	<u>Grant Number</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifier Number</u>	<u>Award Amount</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of the Treasury:</u>					
Passed through Alaska Department of Commerce, Community & Economic Development					
* Coronavirus Relief Fund, COVID-19 Federal Declared Disaster	[1] 20-CRF-099	21.019	FY21	\$ 37,458,449	\$ 34,273,131
Passed through Alaska Department of Labor & Workforce Development					
Coronavirus Relief Fund, COVID-19 Federal Declared Disaster		21.019	FY21	38,908	38,908
Passed through Alaska Department of Labor & Workforce Development					
Coronavirus Relief Fund, COVID-19 Federal Declared Disaster		21.027	FY21	4,638	<u>4,638</u>
Total U.S. Department of the Treasury					<u>34,316,677</u>
<u>U.S. Department of Health &amp; Human Services:</u>					
Passed through Alaska Department of Health & Human Services					
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	NU50CK000509	93.323	C0621-570-H	2,037,530	<u>192,887</u>
<u>U.S. Department of Agriculture:</u>					
Passed through Alaska Department of Commerce, Community & Economic Dev.					
Forest Service Schools and Roads Cluster -					
Schools and Roads - Grants to States	FY2021	10.665	N/A	448,009	<u>448,009</u>
Passed through Alaska Department of Natural Resources:					
Division of Forestry					
Cooperative Forestry Assistance:					
Kenai Peninsula Borough Community Wildfire Protection Plans Grant	2018-DG11100106-810	10.664	DNR 399170	103,366	5,349
Western Emergency Service Area					
Volunteer Fire Assistance Grant	N/A	10.664	2020 VFA	7,500	7,500
Kachemak Emergency Service Area					
Volunteer Fire Assistance Grant	N/A	10.664	2020 VFA	7,048	7,048
Volunteer Fire Assistance Grant	N/A	10.664	2021 VFA	4,986	4,986
Nikiski Fire Service Area					
Volunteer Fire Assistance Grant	N/A	10.664	2021 VFA	4,626	<u>4,626</u>
Total Assistance Listing 10.664					<u>29,509</u>
Total U.S. Department of Agriculture					<u>477,518</u>
<b>Total Expenditures of Federal Awards</b>					<u><u>\$ 39,859,571</u></u>

\* Federal Major Program

[1] \$18,129,601 of U.S. Department of the Treasury, Coronavirus Relief Fund award was provided to sub recipients.

Additional information on federal major programs and the Single Audit Report are available through a separately bound document.

**Kenai Peninsula Borough**

Schedule of State Financial Assistance

Year Ended June 30, 2021

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>Total State Expenditures</u>
Alaska Department of Commerce, Community & Economic Development:			
Shared Fisheries Business Tax		\$ 1,118	\$ 1,118
Fish Resource Landing Tax		3,113	3,113
* Community Assistance Program - Borough	FY21	312,893	312,893
Community Revenue Sharing - Anchor Point: Anchor Point Public Library	[ 1 ] FY14	4,540	1,512
Community Revenue Sharing - Ninilchik: Ninilchik Community Library	[ 1 ] FY15	4,040	1,961
Community Assistance Program - Clam Gulch: Caribou Hills Cabin Hoppers	[ 1 ] FY18	15,789	1,660
Community Assistance Program - Diamond Ridge: Kachemak Nordic Ski Club	[ 1 ] FY18	6,366	538
Community Assistance Program - Diamond Ridge: Homer Cycling Club	[ 1 ] FY18	538	538
Community Assistance Program - Diamond Ridge: Snomads Snowmachine Club, Inc	[ 1 ] FY18	2,286	538
Community Assistance Program - Diamond Ridge: Kachemak Ski Club	[ 1 ] FY18	6,710	538
Total Diamond Ridge Community Assistance Program			<u>2,152</u>
Community Assistance Program - Seldovia Village: Seldovia Village Tribe	[ 1 ] FY19	15,789	15,789
Community Assistance Program - Nanwalek: Native Village of Nanwalek	[ 1 ] FY19	15,789	15,789
Community Assistance Program - Diamond Ridge: Kachemak Nordic Ski Club	[ 1 ] FY19	4,126	255
Community Assistance Program - Diamond Ridge: Homer Cycling Club	[ 1 ] FY19	3,412	255
Community Assistance Program - Diamond Ridge: Snomads Snowmachine Club, Inc	[ 1 ] FY19	4,126	255
Community Assistance Program - Diamond Ridge: Kachemak Ski Club	[ 1 ] FY19	4,126	255
Total Diamond Ridge Community Assistance Program			<u>1,020</u>
Community Assistance Program - Fritz Creek: McNeil Canyon Community Council	[ 1 ] FY19	5,263	233
Community Assistance Program - Fritz Creek: Kachemak Nordic Ski Club	[ 1 ] FY19	5,263	1,316
Community Assistance Program - Fritz Creek: Snomads Snowmachine Club, Inc	[ 1 ] FY19	5,263	1,316
Total Fritz Creek Community Assistance Program			<u>2,865</u>
Community Assistance Program - Diamond Ridge: Homer Cycling Club	[ 1 ] FY20	4,834	4,007
Community Assistance Program - Diamond Ridge: Snomads Snowmachine Club, Inc	[ 1 ] FY20	3,060	1,122
Total Diamond Ridge Community Assistance Program			<u>5,129</u>
Community Assistance Program - Fritz Creek: Snomads Snowmachine Club, Inc	[ 1 ] FY20	7,895	4,590
Community Assistance Program - Hope: Hope, Inc.	[ 1 ] FY20	15,789	15,789
Community Assistance Program - Lowell Point: Lowell Point Community Council	[ 1 ] FY20	15,789	15,789

(continued)

**Kenai Peninsula Borough**

Schedule of State Financial Assistance - continued

Year Ended June 30, 2021

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>Total State Expenditures</u>
<u>Alaska Department of Commerce, Community &amp; Economic Development continued:</u>			
Community Assistance Program - Seldovia Village: Seldovia Village Tribe	[ 1 ]	\$ 15,789	\$ 15,789
Community Assistance Program - Anchor Point: Anchor Point Public Library, Inc.	[ 1 ]	5,263	5,263
Community Assistance Program - Anchor Point: Anchor Point Senior Citizens, Inc.	[ 1 ]	5,263	5,263
Community Assistance Program - Anchor Point: Anchor Point Food Pantry	[ 1 ]	5,263	5,263
Total Anchor Point Community Assistance Program			<u>15,789</u>
Community Assistance Program - Cohoe: Kasilof Public Library	[ 1 ]	7,894	7,894
Community Assistance Program - Cohoe: Boys & Girls Club of the Kenai Peninsula	[ 1 ]	7,895	7,895
Total Kasilof Community Assistance Program			<u>15,789</u>
Community Assistance Program - Cooper Landing: Cooper Landing Community Club	[ 1 ]	15,789	15,789
Community Assistance Program - Crown Point: Moose Pass Volunteer Fire Department	[ 1 ]	15,789	15,789
Community Assistance Program - Diamond Ridge: Kachemak Nordic Ski Club	[ 1 ]	3,060	3,060
Community Assistance Program - Diamond Ridge: Homer Cycling Club	[ 1 ]	4,834	4,834
Community Assistance Program - Diamond Ridge: Snomads Snowmachine Club, Inc	[ 1 ]	3,060	3,060
Community Assistance Program - Diamond Ridge: Kachemak Ski Club	[ 1 ]	4,835	4,835
Total Diamond Ridge Community Assistance Program			<u>15,789</u>
Community Assistance Program - Fritz Creek: Kachemak Nordic Ski Club	[ 1 ]	7,894	7,894
Community Assistance Program - Fritz Creek: Snomads Snowmachine Club, Inc	[ 1 ]	7,895	7,895
Total Fritz Creek Community Assistance Program			<u>15,789</u>
Community Assistance Program - Funny River: Funny River Chamber of Commerce	[ 1 ]	15,789	15,789
Community Assistance Program - Hope: Hope Inc.	[ 1 ]	15,789	15,789
Community Assistance Program - Kachemak Selo: Village of Kachemak Selo, Inc.	[ 1 ]	15,789	15,789
Community Assistance Program - Kalifornsky Beach: Love Inc. of the Kenai Peninsula	[ 1 ]	3,947	3,947
Community Assistance Program - Kalifornsky Beach: Kenai Peninsula Food Bank, Inc.	[ 1 ]	3,947	3,947
Community Assistance Program - Peninsula Spay Neuter Fund (Bridges)	[ 1 ]	3,948	3,948
Community Assistance Program - Kalifornsky Beach: Tsalteshi Trails Association	[ 1 ]	3,947	3,947
Total Kasilof Community Assistance Program			<u>15,789</u>
Community Assistance Program - Kasilof: Cohoe Cemetery Association	[ 1 ]	7,894	7,894
Community Assistance Program - Lowell Point: Lowell Point Community Council, Inc.	[ 1 ]	15,789	15,789

(continued)

**Kenai Peninsula Borough**

Schedule of State Financial Assistance - continued  
Year Ended June 30, 2021

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>Total State Expenditures</u>
Community Assistance Program - Moose Pass: Moose Pass Chamber of Commerce	[ 1 ] FY21	\$ 15,789	\$ 2,331
Community Assistance Program - Nikiski: North Peninsula Community Council, Inc.	[ 1 ] FY21	7,894	7,894
Community Assistance Program - Nikiski: Nikiski Senior Citizens, Inc	[ 1 ] FY21	7,895	7,895
Total Nikiski Community Assistance Program			<u>15,789</u>
Community Assistance Program - Nikolaevsk: Nikolaevsk Community Council	[ 1 ] FY21	15,789	15,789
Community Assistance Program - Ninilchik: Kenai Peninsula Fair Association	[ 1 ] FY21	4,615	4,615
Community Assistance Program - Ninilchik: Ninilchik Community Library	[ 1 ] FY21	4,615	4,615
Community Assistance Program - Ninilchik: Ninilchik Student Saturday Lunch Program (Bridges)	[ 1 ] FY21	1,943	1,943
Community Assistance Program - Ninilchik: Ninilchik Senior Citizens	[ 1 ] FY21	4,615	4,615
Total Ninilchik Community Assistance Program			<u>15,788</u>
Community Assistance Program - Port Graham: Port Graham Village Council	[ 1 ] FY21	15,789	15,789
Community Assistance Program - Primrose: Moose Pass Volunteer Fire Department	[ 1 ] FY21	15,789	15,789
Community Assistance Program - Salamatof: Alaska Children's Institute for the Performing Arts	[ 1 ] FY21	15,789	15,789
Community Assistance Program - Sterling: Rural Alaska Community Action Program	[ 1 ] FY21	5,263	5,263
Community Assistance Program - Sterling: Sterling Area Senior Citizens	[ 1 ] FY21	5,263	5,263
Community Assistance Program - Sterling: Sterling Community Club	[ 1 ] FY21	5,263	5,263
Total Sterling Community Assistance Program			<u>15,789</u>
Community Assistance Program - Tyonek: Boys & Girls Club of Southcentral Alaska	[ 1 ] FY21	15,789	15,789
Community Assistance Program - Voznesenka: Voznesenka Community Council	[ 1 ] FY21	15,789	15,789
Total Community Revenue Sharing/Community Assistance Program			<u>738,731</u>
Marijuana Application Review Fees	FY21	19,300	19,300
* Seward Bear Creek Flood Mitigation Projects	15-DC-090	500,000	110,501
Total Alaska Department of Commerce, Community & Economic Development			<u>872,763</u>

(continued)

**Kenai Peninsula Borough**

Schedule of State Financial Assistance - continued  
Year Ended June 30, 2021

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>Total State Expenditures</u>
<u>Alaska Department of Revenue:</u>			
Commercial Passenger Vessel Tax - Homer	[ 1 ] FY20	\$ 35,445	\$ 35,445
* Commercial Passenger Vessel Tax - Seward	[ 1 ] FY20	577,195	577,195
* Electric & Telephone Cooperative	FY21	152,786	152,786
Fish Tax - Reduction of FY20 Estimated Receivable	FY20	(54,847)	(54,847)
* Fish Tax (Estimated Receivable)	FY21	525,000	525,000
Total Alaska Department of Revenue			<u>1,235,579</u>
<u>Alaska Department of Education &amp; Early Development:</u>			
School Debt Reimbursement	N/A	1,991	1,991
<u>Alaska Department of Administration:</u>			
* Division of Retirement & Benefits PERS Relief	FY21 HB205	1,864,312	1,864,312
<u>Alaska Department of Military &amp; Veteran Affairs:</u>			
Passed Through the Alaska Division of Homeland Security & Emergency Management			
November 2018 Cook Inlet Earthquake Federal Declared Disaster	DR-4413-AK	129,095	11,783
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u><u>\$ 3,986,428</u></u>

\* State Major Program  
[ 1 ] Entire amount of grant passed through to entity identified above

The accompanying notes are an integral part of the financial statements

## Kenai Peninsula Borough, Alaska

### Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

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#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Borough under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **3. Indirect Cost Rate**

The Borough has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Kenai Peninsula Borough, Alaska

Notes to the Schedule of State Financial Assistance

Year Ended June 30, 2021

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**1. Major Program Notation**

\* Denotes a major program.

**2. Basis of Presentation**

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of the Borough under programs of the State of Alaska for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

**3. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.