

KENAI PENINSULA BOROUGH
ALASKA



Sarah Hostetter

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR FISCAL YEAR
ENDED JUNE 30, 2023

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

**KENAI PENINSULA BOROUGH
ALASKA**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Peter A. Micciche
BOROUGH MAYOR

PREPARED BY
DEPARTMENT OF FINANCE

Brandi Harbaugh
FINANCE DIRECTOR

Sara Dennis
CONTROLLER

Kenai Peninsula Borough, Alaska
Annual Comprehensive Financial Report
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Finance Department

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Peter A. Micciche
Borough Mayor

December 22, 2023

Citizens of the Kenai Peninsula Borough and Honorable Members of the Assembly:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Kenai Peninsula (Borough) for the year ended June 30, 2023, 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, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Borough's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity

with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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 60,017.

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 significance, is provided from property tax, sales tax, federal revenue, other sources, state revenue, 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 government-wide 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, Central Emergency Service Area and Land Trust 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 106.

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 FY2024 rate of 4.3 mills. The Borough also has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales in FY2023 were \$1.54 billion, an increase of 5% from the prior year. Sales tax continues to generate a substantial portion of the Borough's revenue; in FY2013, sales tax revenue represented 40% of total General Fund revenues; in FY2023, sales tax revenues represented 44%.

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 \$990 million for FY2014, to \$1.57 billion in FY2024. During this same timeframe, oil production for the borough has decreased from approximately 4.1 million barrels annually to approximately 3 million barrels

annually. Since 1988, oil production for the Borough has decreased from 15.9 million barrels annually to 3 million barrels annually. 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 FY2020 and FY2021, the Covid-19 worldwide pandemic created temporary increases in unemployment across the nation and in the Borough as high as 17.2% in April 2020. Unemployment rates in the Borough have come down to 4.0% as of July 2023 and it is anticipated that unemployment rates will slowly recover and continue to decrease in 2023.

Calendar Year	Unemployment Rate	Increase (Decrease)	Calendar Year	Unemployment Rate	Increase (Decrease)
2015	7.60%	-0.10%	2019	6.30%	-0.80%
2016	8.20%	0.60%	2020	9.60%	3.30%
2017	7.70%	-0.50%	2021	7.30%	-2.30%
2018	7.10%	-0.60%	2022	4.50%	-2.80%

Data is provided by the *State of Alaska, Department of Labor and Workforce Development*, and reflects the average for the prior 12 months as of December.

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 18.3 million 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 K on pages 73-85 in the basic financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded 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, 2022. This is the 44th 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 FY2023 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 29th year the Borough has received this award. The Borough also received from the GFOA for the 9th 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 Borough Finance Department. 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. Due credit should also be given to the members of the Borough Assembly for your support in planning and conducting the financial operations of the Borough in a responsible manner.

We want to thank the public for their interest in the Kenai Peninsula Borough's financial activities and hope this report will be helpful.

Respectfully submitted,



Peter A. Micciche
Borough Mayor

Brandi Harbaugh

Brandi Harbaugh, CPA, CPFO
Finance Director

For the 44th 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, 2022.

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**

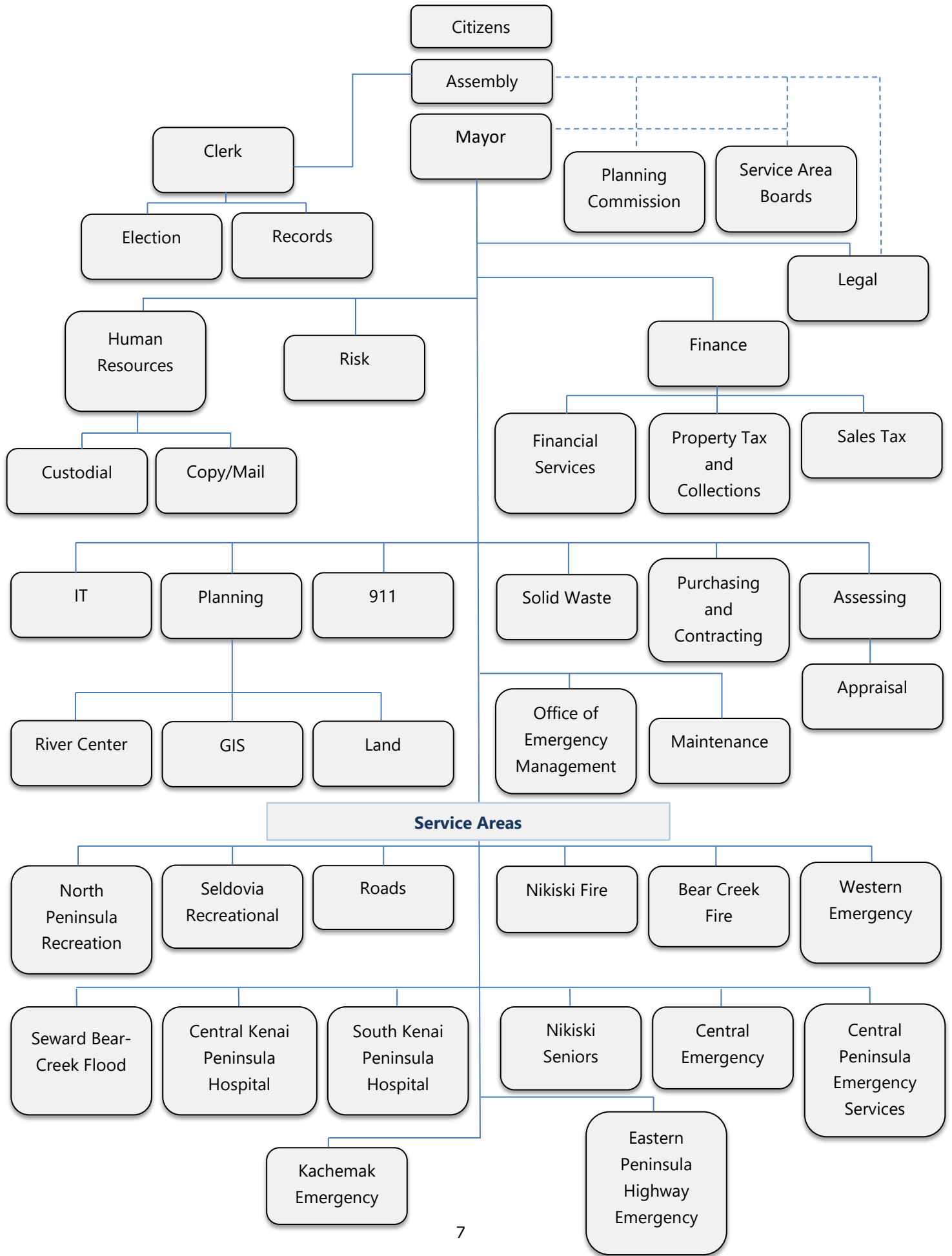
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Kenai Peninsula Borough - Organizational Chart



KENAI PENINSULA BOROUGH

List of Principal Officials

Assembly Members

Brent Johnson	President
Tyson Cox	Vice President
Brent Hibbert	
Richard Derkevorkian	
Peter Ribbens	
Bill Elam	
Cindy Ecklund	
Lane Chesley	
Mike Tupper	

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.

Borough Administration

Borough Mayor	Peter A. Micciche
Chief of Staff	Vacant
Finance Director	Brandi Harbaugh
Borough Attorney	Sean Kelley
Director of Human Resources	Justen Huff
Borough Clerk	Michele Turner
Emergency Management Senior Manager	Brenda Ahlberg
911 Operations Manager	Tammy Goggia-Cockrell
Director of Information Technology	Benjamin Hanson
Borough Assessor	Adeena Wilcox
Director of Planning	Robert Ruffner
River Center Manager	Samantha Lopez
Land Management Manager	Marcus Mueller
Director of Maintenance	Tom Nelson
Director of Solid Waste	Lee Frey
Purchasing & Contracting Director	John Hedges
Roads Director	Scott Griebel
Risk Manager	Sovala Kisena
Director of North Peninsula Recreation Service Area	Eric Eleton
Fire Chief - Central Emergency Services	Roy Browning
Fire Chief - Nikiski Fire Service Area	Trent Burnett
Fire Chief - Western Emergency Services	Jon Marsh
Fire Chief - Bear Creek Fire Service Area	Richard Brackin
Fire Chief - Kachemak Emergency Services	Robert Ciccarella

KENAI PENINSULA BOROUGH

Finance Department

Finance Director

Brandi Harbaugh

Division Managers

Sara Dennis
Chad Friedersdorff
Nolan Scarlett
Lauri Lingafelt

Controller
Budget
Property Tax
Sales Tax

Accounting Staff

Lori Johnson
Tracy Davis
Kathleen Simac
DeRay Jones
Tiffany Boardman
Sarah Hostetter
Audra Winsmann
Sabrina Gibbs

Misty Jenkins
Brittany Carter
Miranda Boehmler
Sydney Smith
Renae Hawkes
Kathy Trinh
Christina Griffith
Bryce Cross

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AUDITOR REPORT



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3601 C Street, Suite 600
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Independent Auditor's Report

Honorable Mayor and 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, 2023, 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 referred to above 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, 2023, and the respective changes in financial position, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Central Emergency Service Area Special Revenue Fund and the Land Trust 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 Note III.F to the financial statements, in 2023 the Borough adopted the provisions of Government Accounting Standards Board (GASB) Statement Number 96, *Subscription-Based Information Technology Arrangements*. 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 for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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



Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 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, P.C.

Anchorage, Alaska
December 22, 2023

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, 2023. 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 FY2023, the Kenai Peninsula Borough assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$317.2 million (net position). Of this amount, \$19.9 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 \$30.8 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 \$44.3 million, a decrease of \$844,477 from FY2022. The assigned and unassigned fund balance for FY2023, not including the amount related to minimum fund balance policy, is \$24.7 million. This compares to the FY2022 amount of \$35.4 million. The FY2023 balance represents 25.4% of the total General Fund expenditures and transfers balance, and compares to 41.5% as of June 30, 2022.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$179.5 million, an increase of \$60.5 million from the prior year. Most of this increase is associated with the issuance of general obligation bonds with associated premiums of \$50.6 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

Total Governmental Funds	35
Total Internal Service Funds	4
Total Fiduciary Fund	1

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 component 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, School Capital Project Fund, Central Emergency Services Special Revenue Fund, Miscellaneous Grant Special Revenue Fund and Land Trust 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 106-117 and 130-133, 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 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 98-105, 120-125, 128-129 and internal service funds can be found on pages 136-138 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, 2023 was \$317.2 million compared to \$286.4 million at June 30, 2022. By far the largest portion of the Borough's net position (58.3%) 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 FY2023, governmental activities capital assets, net of accumulated depreciation of the Borough increased \$6.3 million. Current and other assets include \$220.4 million and \$143.8 million of cash and investments held for governmental activities at June 30, 2023 and 2022.

Kenai Peninsula Borough
Summary of Net Position
June 30, 2023 and 2022
Governmental
Activities
(in millions)

	<u>2023</u>	<u>2022</u>
Current and other assets	\$257.6	\$194.4
Capital assets	<u>227.4</u>	<u>221.1</u>
Total assets	<u>485.0</u>	<u>415.5</u>
Deferred outflow of resources	<u>6.9</u>	<u>5.8</u>
Long-term debt outstanding	123.6	72.8
Other liabilities	<u>29.7</u>	<u>20.1</u>
Total liabilities	<u>153.3</u>	<u>92.9</u>
Deferred inflows of resources	<u>21.4</u>	<u>42.0</u>
Net position:		
Net investment in capital assets	201.0	191.2
Restricted	96.3	35.2
Unrestricted	<u>19.9</u>	<u>60.0</u>
Total net position	<u>\$ 317.2</u>	<u>\$ 286.4</u>

Governmental Activities

Governmental activities increased the Borough's net position by \$30.8 million. This compares to an increase of \$24.0 million for the year ended June 30, 2022. Key elements of the change in net position for the year are as follows:

- Issued general obligation bonds for \$44.52 million with \$6.1 million in premiums; of which the majority remains in fund balance to be spent in subsequent years on the applicable school and emergency service bond projects.
 - In FY2022 the State of Alaska implemented the "SEMT" program that provides supplemental funding to rural areas of Alaska for emergency medical transports. This program has a two-year lapse in time between submittal and final audit by the State Department of Health. Due to the uncertainty of audit results, we have recorded this on a cash basis; increasing emergency service ambulance revenue by \$2.1 million in FY23, compared to \$0.5 million in FY2022.
 - The Borough recorded \$9.5 million in pension and OPEB expense in FY2023 reducing net position; compared to \$4.0 million in FY2022.
 - The Borough had \$59.4 million in educational expenses, including local contribution, school capital and general obligation debt service in FY2023, an increase of \$3.1 million from FY2022. The increase was mainly made up of \$2.6 million in added local contribution and additional spending in capital projects.
 - The Borough spent \$23.1 million on public safety in FY2023, an increase of \$7.3 million from \$23.7 million in FY2022. A significant portion of this increase was due to the addition of three emergency personnel for approximately \$450,000, Central Emergency Service expended about \$1.5 million more in FY2023 on their new fire station, in FY2023 Western Emergency Service acquired land increasing capital expenditures \$736,679. The remainder of the public safety increase was related to the pension and OPEB expenses of \$4.5 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:

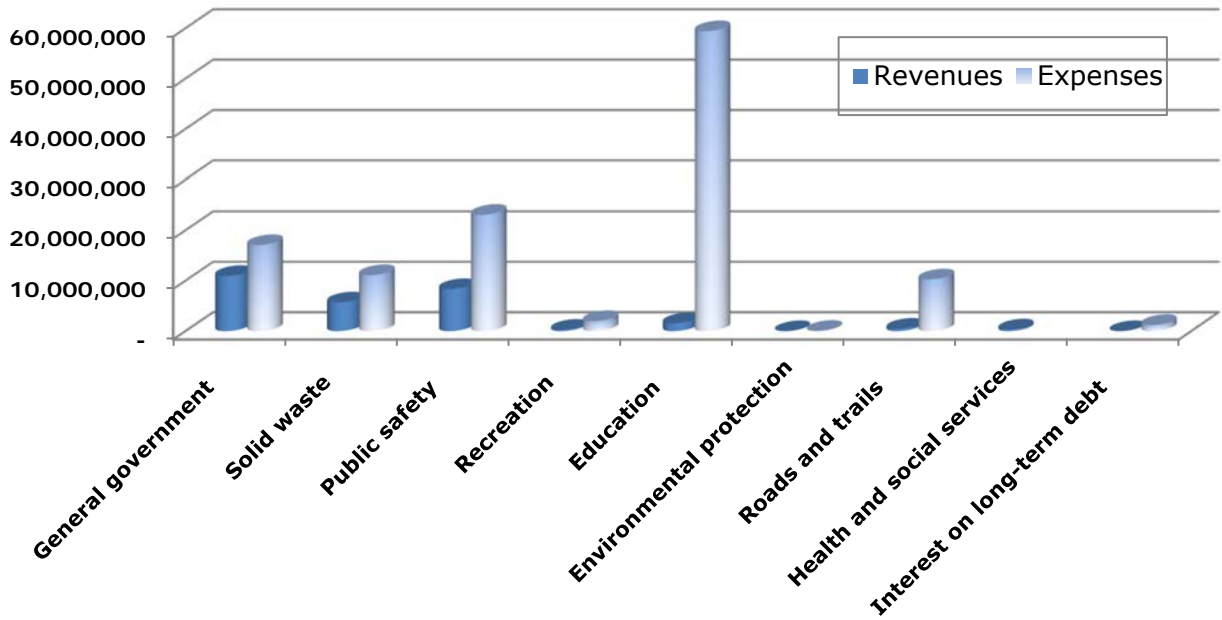
Kenai Peninsula Borough
Changes in Net Position
For Years Ended
June 30, 2023 and 2022
(in millions)

Governmental Activities

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 10.4	\$ 12.7
Operating grants and contributions	10.3	10.8
Capital grants and contributions	6.9	1.9
General revenues:		
Property taxes	72.9	70.3
Sales taxes	42.7	45.0
Other	<u>11.9</u>	<u>1.5</u>
Total revenues	<u>155.1</u>	<u>142.2</u>
Expenses:		
General government	17.2	15.7
Solid waste	11.1	9.3
Public safety	22.9	23.7
Recreation	2.0	2.1
Environmental protection	0.1	0.1
Road and trails	10.3	9.8
Health and social services	0.1	0.5
Education payments to component unit		
Kenai Peninsula Borough School District	52.6	48.0
Education other		
(debt service, capital projects, post-secondary)	6.8	8.3
Interest on long-term debt	<u>1.2</u>	<u>0.6</u>
Total expenses	<u>124.3</u>	<u>118.1</u>
Increase (decrease) in net position	30.8	24.1
Net position, beginning of year	<u>286.4</u>	<u>262.3</u>
Net position, end of year	<u>\$ 317.2</u>	<u>\$ 286.4</u>

Expenses and Program Revenues – Governmental Activities

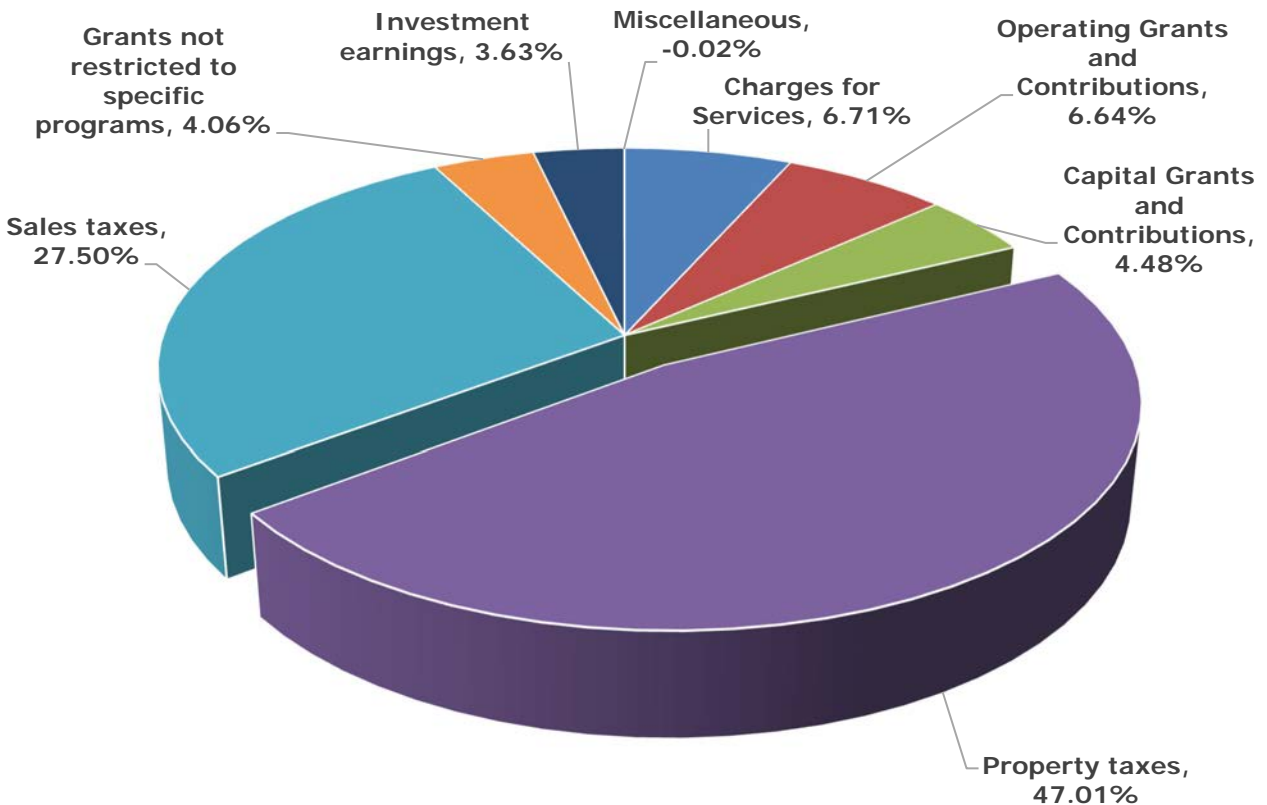
The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales and property taxes are considered general revenues and are therefore not included on this graph.



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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 \$179.5 million, an increase of \$60.5 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 \$44.3 million, a decrease of \$844,477 from the prior year. Expenditures and transfers out for the General Fund totaled \$97.6 million during the year, this compares to FY2022 expenditures and transfers out of \$85.3 million. The ordinarily anticipated \$7.4 million use of fund balance was primarily offset by \$5.0 million in lapsed budget due to position vacancies, available budget for projects yet to be completed and an

increase to investment earnings and state and federal receipts of \$2.6 million above the original budget.

Solid Waste Capital Project Fund

Fund balance in this capital project fund increased \$2.3 million compared to the FY2022 increase of \$575,765 primarily due to receipt of an award from the Environmental Protection Agency and an increase to the closure post closure liability of \$1.3 million.

Land Trust Special Revenue Fund (Major fund)

Fund balance in this special revenue fund decreased \$3.7 million compared to the FY2022 increase of \$3.7 million primarily due to a large transfer of land sales to the Land Trust Investment Fund of \$4.6 million. The land sales are by borough code required to be deposited into the Land Trust Investment Fund (LTIF) after the close of the fiscal year. In August 2022, \$4.565 million was transferred from the Land Trust Fund to the LTIF, reducing fund balance to the required amount per the minimum fund balance policy.

General Fund Budgetary Highlights

During the year budgetary expenditures were increased by \$3.6 million and the transfers out were increased by \$8.3 million, including carryover encumbrances of \$329,826, in appropriations between the General Fund's original budget and the final amended budget. The primary reasons for amending the budget were as follows:

- Increased transfer to Solid Waste Capital Projects Fund for leachate project by \$4,200,000. \$3.36 million of the \$4.2 million was provided as interim funding for an anticipated grant from the Environmental Protection Agency (EPA), which was received subsequent to year end and the transfer was not needed.
- The General Fund transferred an additional \$580,000 to provide for landfill projects at Nanwalek and Central Peninsula Landfill.
- \$987,500 in remaining project funds were rolled from FY2022 to FY2023 increasing the amended transfers out budget to be used on radio, communication and SCBA's for public safety.
- \$658,169 in supplemental funds were appropriated from the General Fund for various general government facility improvements in FY2023 such as a server replacement, roof repair, snow removal and boiler replacement.
- A supplemental appropriation from the General Fund for \$441,667 was provided to support the first debt service interest payment for the new education bonds.

General Fund Final Budget to Actual Analysis

- General Fund actual revenues were \$2.8 million more than the final budget amounts. The most significant positive variance from the actual amounts to the final budget was in investment earnings and intergovernmental revenues. Investment earnings increased in FY2023 as the market rates improved significantly on the shorter end of the yield curve providing for positive yields in FY2023 as compared to FY2022. The other increase was related to state and federal grants recognized in solid waste, general government and public safety.
- The General Fund actual expenditures and transfers out were \$6.5 million below final budget amounts. The most significant positive variances were \$3.36 million in lapsed transfer to the Solid Waste Capital Project Fund due to the receipt of an EPA grant and budgets across the entire general government due to multiple long-term vacancies throughout the year, lapsed contractual service budgets due to efficiencies in use of funds and some projects that were unable to be completed in FY2023, along with project length funds that remain unspent as of June 30, 2023.

Capital Assets and Debt Administration

Capital Assets

The Borough's investment in capital assets as of June 30, 2023 and June 30, 2022 amounts to \$227.4 million and \$221.1 million, respectively (net of accumulated depreciation and amortization.) 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:

Education facilities and equipment	\$	1.8 million
Fire and emergency services equipment	\$	5.0 million
Solid waste	\$	6.0 million

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

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Land	\$ 75.8	\$ 69.8
Buildings	82.2	82.2
Improvements other than buildings	23.7	25.7
Machinery and equipment	15.5	15.8
Infrastructure	13.9	13.8
Right-to-use leased building/equipment	0.1	-
Subscription IT arrangements	0.2	-
Construction in progress	16	13.8
Total governmental activities capital assets	<u>\$ 227.4</u>	<u>\$ 221.1</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 \$70.1 million, a increase of \$40.3 million from June 30, 2022. This debt is bonded and backed by the full faith and credit of either the Borough or Service Areas of the Borough. Of the \$70.1 million in bonded debt, \$51.8 million was issued for school improvements. The State of Alaska may reimburse the Borough up to 70% of the principal and interest on \$21.8 million of 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>2023</u>	<u>2022</u>
General obligation bonds	\$ 70.1	\$ 29.8

The Borough's discretely presented component units also have debt outstanding at the end of the year totaling \$50.8 million, not including premiums. Of that amount, \$15.1 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 I on pages 70-72 of this report and table XII on page 157 and table XIII on page 158.

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 CY2022 stood at 4.5%. This decreased from CY2020 by 2.8%, this compares to the statewide average of 4.0%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work in the fishing and tourism industry in the Borough. The Borough's unemployment rate for the period January 2022 to June 2023 was down 1.5% when compared to the same period for 2022.

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 FY2023 was \$692,103, of which the Borough reports \$582,113 and its component unit the Kenai Peninsula Borough School District reports \$99,151 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 24.79% 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.

The State of Alaska Bond Bank has an excellent loan record and has received an A+ rating from Standard & Poor's Global 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 FY2024, the Borough considered a number of issues with Borough-wide impact, among them:

- Passing an FY2024 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.
- 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, cyber security, educational services, educational services pay-go infrastructure and bridges pay-go infrastructure. These projects are ongoing and are expected to be completed in FY2025.

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, 2023

	Primary Government	Component Units		
	Governmental Activities	Central Peninsula Hospital	South Peninsula Hospital	School District
<u>Assets</u>				
Cash and short-term investments	\$ 13,174,874	\$ 57,379,760	\$ 26,124,541	\$ 11,935
Equity in central treasury	156,697,193	6,507,397	8,502,601	38,641,389
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	9,017,195	1,772	89,661	-
Accounts receivable	1,066,027	2,476,168	366,977	162,179
Patient receivables	-	31,675,232	15,033,187	-
Leases receivable	4,796,553	4,821,146	-	-
Land sale contracts receivable:				
Current	165,372	-	-	-
Delinquent	4,224	-	-	-
Due from other governments	4,625,900	-	-	7,434,198
Due from landowners	408,902	-	-	-
Prepays	154,654	2,886,578	737,230	1,128,837
Inventory	-	8,893,820	2,130,033	1,182,095
Land sale contracts receivable - long-term	1,648,808	-	-	-
Net pension asset	-	-	3,559,619	-
Net OPEB asset	15,279,562	-	-	38,894,888
Restricted assets:				
Equity in central treasury - unspent bond proceeds	50,534,461	964,751	23,254	-
Equity in central treasury - bond funds held in reserve	-	8,373,649	-	-
Assets whose use is limited:				
Cash and short-term investments	-	42,362	-	-
Equity in central treasury	-	66,251,079	8,269,184	-
Investments	-	1,329,275	23,321	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	75,840,396	4,820,477	1,182,683	-
Buildings	82,163,813	56,568,128	31,831,171	-
Improvements other than buildings	23,754,505	2,156,671	193,655	-
Machinery and equipment	15,424,276	39,961,295	5,749,950	2,577,143
Construction in progress	15,998,567	1,476,636	1,254,244	-
Infrastructure	13,865,705	1,177,000	-	-
Right-to-use leased buildings/equipment	88,148	3,352,903	2,077,504	-
Subscription IT arrangements	277,277	4,999,233	1,087,628	-
Total assets	484,986,412	306,115,332	108,236,443	90,032,664
<u>Deferred Outflows of Resources</u>				
Unamortized deferred loss on refunding	609,304	106,560	287,119	-
Goodwill	-	4,722,357	5,000	-
Pension related	4,861,559	-	5,864,259	9,285,485
OPEB related	1,435,141	-	-	4,765,680
Total deferred outflows of resources	6,906,004	4,828,917	6,156,378	14,051,165

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Statement of Net Position, Continued
June 30, 2023

	Primary Government	Component Units		
	Governmental Activities	Central Peninsula Hospital	South Peninsula Hospital	School District
<u>Liabilities</u>				
Accounts, contracts and retainage payable	\$ 7,084,107	\$ 7,060,174	\$ 2,423,631	\$ 741,617
Accrued payroll and payroll benefits	1,171,227	2,688,243	2,844,068	8,413,929
Claims payable	3,078,760	3,450,683	1,647,793	3,582,618
Due to landowners	1,030,577	-	-	-
Accrued interest	295,021	268,655	100,216	-
Unearned revenue	11,422,937	-	74,840	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	913,716	1,398,590	960,900	348,506
Landfill closure/postclosure	812,885	-	-	-
Leases payable	35,329	821,233	525,396	-
Subscription IT liabilities	126,204	1,716,662	488,650	-
Long-term debt	3,750,000	6,635,000	1,850,000	-
Due in more than one year:				
Net pension liability	37,458,187	-	-	77,464,748
Net OPEB liability	-	-	-	-
Compensated absences	2,741,146	4,195,770	2,882,701	3,806,169
Landfill closure/postclosure	9,753,107	-	-	-
Leases payable	55,133	2,597,608	1,891,705	-
Subscription IT liabilities	-	2,098,521	460,247	-
Long-term debt	73,532,770	37,603,581	7,004,368	-
Total liabilities	153,261,106	70,534,720	23,154,515	94,357,587
<u>Deferred Inflows of Resources</u>				
Prepaid property taxes	15,314,556	15,785	495,208	-
Pension related	-	-	74,795	1,463,398
OPEB related	1,441,587	-	-	2,680,135
Lease related	4,633,523	4,781,401	-	-
Total deferred inflows of resources	21,389,666	4,797,186	570,003	4,143,533
<u>Net Position</u>				
Net investment in capital assets	201,057,016	68,564,751	31,466,842	2,577,143
Restricted:				
Hazard tree removal program	244,809	-	-	-
General government	16,788,708	-	-	-
Public safety	36,139,633	-	-	-
Recreation	1,718,417	-	-	-
Education	34,280,981	-	-	456,686
Solid waste	5,414	-	-	-
Roads	7,144,216	-	-	-
Student activities	-	-	-	3,613,454
Student transportation	-	-	-	565,370
Home school carry over	-	-	-	1,191,814
Facilities maintenance	-	-	-	1,724,298
Hospital projects	-	12,089,326	55,488	-
Unrestricted (deficit)	19,862,450	154,958,266	59,145,973	(4,546,056)
Total net position	\$ 317,241,644	\$ 235,612,343	\$ 90,668,303	\$ 5,582,709

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, 2023

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 17,182,619	\$ 2,027,300	\$ 8,920,927	\$ -
Solid waste	11,116,739	664,960	1,381	5,029,835
Public safety	22,870,531	7,423,331	919,541	-
Recreation	2,001,987	286,927	(15,732)	-
Education	59,414,729	-	-	1,560,885
Environmental protection	66,841	-	-	-
Roads and trails	10,267,127	335	(17,236)	354,099
Health and social services	81,223	-	485,316	-
Interest on long-term debt	1,221,270	-	-	-
Total primary government	\$ 124,223,066	\$ 10,402,853	\$ 10,294,197	\$ 6,944,819
Component units				
Central Peninsula Hospital	\$ 223,758,609	\$ 244,573,517	\$ -	\$ 47,673
South Peninsula Hospital	110,793,354	107,694,885	292,367	-
Kenai Peninsula Borough School District	145,212,867	826,356	35,357,348	-
Total component units	\$ 479,764,830	\$ 353,094,758	\$ 35,649,715	\$ 47,673

General revenues:

Taxes:

Property taxes

Sales taxes

Grants not restricted to specific programs

Investment earnings (loss)

Payments from Kenai Peninsula Borough

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 96

Net position at beginning of year - as restated

Net position (deficit) at end of year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position				
<u>Primary Government</u>	<u>Component Units</u>			
<u>Governmental</u>	<u>Central Peninsula</u>	<u>South Peninsula</u>	<u>School</u>	
<u>Activities</u>	<u>Hospital</u>	<u>Hospital</u>	<u>District</u>	
\$ (6,234,392)	\$ -	\$ -	\$ -	-
(5,420,563)	-	-	-	-
(14,527,659)	-	-	-	-
(1,730,792)	-	-	-	-
(57,853,844)	-	-	-	-
(66,841)	-	-	-	-
(9,929,929)	-	-	-	-
404,093	-	-	-	-
(1,221,270)	-	-	-	-
<u>(96,581,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	20,862,581	-	-	-
-	-	(2,806,102)	-	-
-	-	-	(109,029,163)	-
<u>-</u>	<u>20,862,581</u>	<u>(2,806,102)</u>	<u>(109,029,163)</u>	<u>-</u>
72,905,357	88,403	4,933,781	-	-
42,650,831	-	-	-	-
6,291,952	-	-	77,883,395	-
5,634,615	1,976,044	556,445	466,388	-
-	-	-	52,564,284	-
(27,652)	183,229	6,572	132,902	-
<u>127,455,103</u>	<u>2,247,676</u>	<u>5,496,798</u>	<u>131,046,969</u>	<u>-</u>
30,873,906	23,110,257	2,690,696	22,017,806	-
286,367,738	212,517,103	87,855,280	(16,435,097)	-
-	(15,017)	122,327	-	-
<u>286,367,738</u>	<u>212,502,086</u>	<u>87,977,607</u>	<u>(16,435,097)</u>	<u>-</u>
<u>\$ 317,241,644</u>	<u>\$ 235,612,343</u>	<u>\$ 90,668,303</u>	<u>\$ 5,582,709</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Governmental Funds
Balance Sheet
June 30, 2023

Assets	General Fund	Central Emergency Service Area Special Revenue Fund	Land Trust Special Revenue Fund
Cash and short-term investments	\$ 1,060	\$ 12,450	\$ -
Equity in central treasury	45,500,890	8,844,344	2,434,989
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	8,553,350	118,801	-
Leases receivable	370,919	57,362	3,258,667
Accounts receivable	234,881	273,065	2,740
Land sale contracts receivable:			
Current	-	-	165,372
Delinquent	-	-	4,224
Due from other governments	1,100,522	26,227	26,037
Due from landowners	408,902	-	-
Due from other funds	56,485	-	-
Prepays	74,736	-	-
Land sale contracts receivable - Long-term	-	-	1,648,808
Restricted assets - Equity in central treasury - unspent bond proceeds	-	-	-
Total assets	<u>\$ 56,301,745</u>	<u>\$ 9,332,249</u>	<u>\$ 7,540,837</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts and retainage payable	2,567,113	66,337	167,934
Accrued payroll and payroll benefits	474,116	264,554	16,818
Due to other funds	-	-	-
Due to landowners	1,030,577	-	-
Unearned revenue	3,194	16,928	-
Total liabilities	<u>4,075,000</u>	<u>347,819</u>	<u>184,752</u>
Deferred inflows of resources:			
Prepaid property taxes	6,942,368	496,715	-
Property taxes receivable - unavailable	571,138	101,429	-
Lease related	363,036	55,473	3,153,299
Land sales - unavailable	-	-	1,818,404
Total deferred inflows of resources	<u>7,876,542</u>	<u>653,617</u>	<u>4,971,703</u>
Fund balances:			
Nonspendable:			
Prepays	74,736	-	-
Restricted:			
Landfill closure/postclosure costs	-	-	-
Hazard tree removal program	-	-	-
General government	-	-	1,850,740
Public safety	-	7,706,125	-
Recreation	-	-	-
Education	-	-	-
Health and social services	-	-	-
Solid waste facilities	-	-	-
Road construction and upgrades	-	-	-
Roads	-	-	-
Committed:			
Software upgrades	-	-	-
Building maintenance and upgrades	48,969	-	-
Public safety facilities and equipment	301,037	-	-
Recreational facility maintenance	-	-	-
School maintenance and upgrades	-	-	-
Solid waste facilities	399,632	-	-
Road construction and upgrades	-	-	-
General government	445,621	-	-
Assigned:			
Subsequent year's expenditures	-	624,688	533,642
Minimum fund balance policy	18,335,192	-	-
General government	193,727	-	-
Unassigned	24,551,289	-	-
Total fund balances	<u>44,350,203</u>	<u>8,330,813</u>	<u>2,384,382</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 56,301,745</u>	<u>\$ 9,332,249</u>	<u>\$ 7,540,837</u>

The accompanying notes are an integral part of the financial statements.

Miscellaneous Grants Special Revenue Fund	School Bond Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 12,893,070	\$ 12,906,580
7,968,792	913,916	71,992,710	137,655,641
-	-	345,091	9,017,242
-	-	1,109,605	4,796,553
6,455	34,570	443,705	995,416
-	-	-	165,372
-	-	-	4,224
712,508	-	2,760,606	4,625,900
-	-	-	408,902
-	-	646,708	703,193
-	-	-	74,736
-	-	-	1,648,808
-	34,223,357	16,311,104	50,534,461
<u>\$ 8,687,755</u>	<u>\$ 35,171,843</u>	<u>\$ 106,502,599</u>	<u>\$ 223,537,028</u>
1,189,595	120,772	2,882,055	6,993,806
1,715	995	396,367	1,154,565
-	-	703,193	703,193
-	-	-	1,030,577
6,300,577	-	5,102,238	11,422,937
<u>7,491,887</u>	<u>121,767</u>	<u>9,083,853</u>	<u>21,305,078</u>
-	-	7,875,473	15,314,556
-	-	321,927	994,494
-	-	1,061,715	4,633,523
-	-	-	1,818,404
-	-	<u>9,259,115</u>	<u>22,760,977</u>
-	-	-	74,736
-	-	10,565,992	10,565,992
-	-	244,809	244,809
802,011	-	13,987,802	16,640,553
-	-	28,853,212	36,559,337
-	-	1,718,417	1,718,417
-	34,246,012	34,969	34,280,981
161,555	-	-	161,555
-	-	5,414	5,414
-	-	5,017,013	5,017,013
-	-	2,277,203	2,277,203
-	-	138,164	138,164
-	-	1,901,941	1,950,910
-	-	5,017,309	5,318,346
-	-	1,075,033	1,075,033
-	804,064	8,050,701	8,854,765
-	-	2,264,390	2,664,022
-	-	5,763,077	5,763,077
-	-	-	445,621
232,302	-	1,244,185	2,634,817
-	-	-	18,335,192
-	-	-	193,727
-	-	-	24,551,289
<u>1,195,868</u>	<u>35,050,076</u>	<u>88,159,631</u>	<u>179,470,973</u>
<u>\$ 8,687,755</u>	<u>\$ 35,171,843</u>	<u>\$ 106,502,599</u>	<u>\$ 223,537,028</u>

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2023

Fund balances - total governmental funds		\$	179,470,973
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			224,881,842
Some of the Borough's prepaids are related to Subscription IT arrangements and are reclassified to assets in the government-wide statements.			(11,667)
The ARHCT, RMP and ODD OPEB plans have been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the governmental funds.			15,279,562
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:			
Bonds payable	\$	(70,055,000)	
Leases payable		(43,595)	
Subscription IT liabilities		(126,204)	
Unamortized bond premium		(7,227,770)	
Accrued interest		(295,021)	
Unamortized deferred loss on refunding		609,304	
Landfill closure		(10,565,992)	
Net pension liability		<u>(37,458,187)</u>	(125,162,465)
Deferred outflows of resources related to pension are applicable to future periods, and therefore are not reported in the governmental funds:			
Deferred outflows for pensions			4,861,559
Deferred outflows of resources and deferred inflows of resources related to other post employment benefits (OPEB) are applicable to future periods, and therefore are not reported in the governmental funds:			
Deferred outflows for OPEB		1,435,141	
Deferred inflows for OPEB		<u>(1,441,587)</u>	(6,446)
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:			
Property taxes receivable		994,494	
Land sales contracts receivable		<u>1,818,404</u>	2,812,898
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.			<u>15,115,388</u>
Net position of governmental activities		\$	<u><u>317,241,644</u></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
For the Year Ended June 30, 2023

	General Fund	Central Emergency Service Area Special Revenue Fund	Land Trust Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property taxes	\$ 41,868,816	\$ 9,336,313	\$ -
Sales taxes	42,650,831	-	-
Intergovernmental:			
Federal	4,525,637	18,554	-
State	4,744,751	150,917	9,140
Investment earnings	1,978,700	239,063	300,972
Other revenues	997,144	2,058,382	1,706,047
Total revenues	<u>96,765,879</u>	<u>11,803,229</u>	<u>2,016,159</u>
 Expenditures:			
General government	18,137,672	-	1,113,465
Solid waste	8,693,695	-	-
Public safety	779,592	9,533,470	-
Recreation	-	-	-
Education	53,399,046	-	-
Environmental protection	-	-	-
Roads and trails	-	-	-
Health and social services	-	-	-
Debt service:			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	<u>81,010,005</u>	<u>9,533,470</u>	<u>1,113,465</u>
 Excess (deficiency) of revenues over expenditures	<u>15,755,874</u>	<u>2,269,759</u>	<u>902,694</u>
 Other financing sources (uses):			
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Transfers in	-	7,346	-
Transfers out	<u>(16,600,351)</u>	<u>(2,055,037)</u>	<u>(4,565,000)</u>
Net other financing sources (uses)	<u>(16,600,351)</u>	<u>(2,047,691)</u>	<u>(4,565,000)</u>
 Net change in fund balances	(844,477)	222,068	(3,662,306)
 Fund balances at beginning of year	<u>45,194,680</u>	<u>8,108,745</u>	<u>6,046,688</u>
 Fund balances at end of year	<u>\$ 44,350,203</u>	<u>\$ 8,330,813</u>	<u>\$ 2,384,382</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 20, 2023

	Miscellaneous Grants Special Revenue Fund	School Bond Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ 21,676,800	\$ 72,881,929
Sales taxes	-	-	-	42,650,831
Intergovernmental:				
Federal	2,132,641	-	7,229,906	13,906,738
State	1,038,153	-	358,059	6,301,020
Investment earnings	173,113	607,673	2,106,059	5,405,580
Other revenues	124,715	-	5,920,731	10,807,019
Total revenues	<u>3,468,622</u>	<u>607,673</u>	<u>37,291,555</u>	<u>151,953,117</u>
Expenditures:				
General government	1,913,211	-	621,960	21,786,308
Solid waste	-	-	6,138,449	14,832,144
Public safety	620,427	-	18,066,781	29,000,270
Recreation	138,961	-	2,072,246	2,211,207
Education	-	321,684	3,706,819	57,427,549
Environmental protection	66,841	-	-	66,841
Roads and trails	-	-	10,737,712	10,737,712
Health and social services	81,223	-	-	81,223
Debt service:				
Principal	-	-	4,305,000	4,305,000
Interest and other	-	-	1,555,552	1,555,552
Total expenditures	<u>2,820,663</u>	<u>321,684</u>	<u>47,204,519</u>	<u>142,003,806</u>
Excess (deficiency) of revenues over expenditures	<u>647,959</u>	<u>285,989</u>	<u>(9,912,964)</u>	<u>9,949,311</u>
Other financing sources (uses):				
Bonds issued	-	30,000,000	14,520,000	44,520,000
Premium on bonds issued	-	4,087,915	1,978,201	6,066,116
Transfers in	180,786	-	29,749,736	29,937,868
Transfers out	-	-	(6,717,480)	(29,937,868)
Net other financing sources (uses)	<u>180,786</u>	<u>34,087,915</u>	<u>39,530,457</u>	<u>50,586,116</u>
Net change in fund balances	828,745	34,373,904	29,617,493	60,535,427
Fund balances at beginning of year	<u>367,123</u>	<u>676,172</u>	<u>58,542,138</u>	<u>118,935,546</u>
Fund balances at end of year	<u>\$ 1,195,868</u>	<u>\$ 35,050,076</u>	<u>\$ 88,159,631</u>	<u>\$ 179,470,973</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, 2023

Net change in fund balances - total governmental funds \$ 60,535,427

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays and lease activity as expenditures and revenues. However, in the statement of activities, the cost of those assets are depreciated over their useful lives.

Expenditures for capital assets	\$ 21,505,448	
Less current year depreciation and amortization expense	<u>(11,615,946)</u>	9,889,502

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position. (2,657,476)

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:

Bonds issued	(44,520,000)	
Principal payments	4,305,000	
Net increase in bond premium	(5,494,821)	
Net decrease in bond deferred loss on refunding	(94,323)	
Net decrease in long-term leases payable	15,366	
Net increase in subscription IT liabilities	<u>(137,871)</u>	(45,926,649)

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.

Increase in unavailable property taxes receivable		23,430
---	--	--------

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.

Increase in accrued interest	(142,690)	
Increase in landfill closure cost	<u>(1,299,126)</u>	(1,441,816)

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. 3,317,563

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. 4,772,032

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. 2,361,893

Change in net position of governmental activities \$ 30,873,906

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
 General Fund
 Statement of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 41,380,127	\$ 41,380,127	\$ 41,868,816	\$ 488,689
Sales tax	39,308,500	43,000,000	42,650,831	(349,169)
Intergovernmental	7,694,113	8,305,591	9,270,388	964,797
Investment earnings (loss)	366,493	364,493	1,978,700	1,614,207
Other	865,000	865,000	997,144	132,144
Total revenues	<u>89,614,233</u>	<u>93,915,211</u>	<u>96,765,879</u>	<u>2,850,668</u>
Expenditures:				
General government:				
Assembly:				
Personnel	1,097,684	1,281,050	965,101	315,949
Supplies	12,315	16,477	8,434	8,043
Services	628,996	781,254	657,395	123,859
Capital outlay	4,000	4,000	1,578	2,422
Total assembly	<u>1,742,995</u>	<u>2,082,781</u>	<u>1,632,508</u>	<u>450,273</u>
Mayor:				
Personnel	1,029,051	1,027,372	563,934	463,438
Supplies	6,050	7,250	4,861	2,389
Services	73,653	81,653	49,097	32,556
Capital outlay	5,600	6,400	3,045	3,355
Total mayor	<u>1,114,354</u>	<u>1,122,675</u>	<u>620,937</u>	<u>501,738</u>
Purchasing and contracting:				
Personnel	574,724	590,665	531,047	59,618
Supplies	6,216	8,166	6,610	1,556
Services	115,319	111,170	65,770	45,400
Capital outlay	13,900	19,599	18,425	1,174
Total purchasing and contracting	<u>710,159</u>	<u>729,600</u>	<u>621,852</u>	<u>107,748</u>
Human resources:				
Personnel	1,004,437	1,032,151	932,517	99,634
Supplies	23,306	23,120	21,126	1,994
Services	235,573	245,759	157,567	88,192
Capital outlay	18,332	18,332	13,669	4,663
Total human resources	<u>1,281,648</u>	<u>1,319,362</u>	<u>1,124,879</u>	<u>194,483</u>
Information technology:				
Personnel	1,962,216	1,872,917	1,530,041	342,876
Supplies	38,355	38,355	30,270	8,085
Services	410,539	525,539	445,988	79,551
Capital outlay	47,833	56,631	51,941	4,690
Total information technology	<u>2,458,943</u>	<u>2,493,442</u>	<u>2,058,240</u>	<u>435,202</u>
Legal:				
Personnel	863,142	884,225	854,318	29,907
Supplies	3,250	3,135	1,725	1,410
Services	182,137	968,650	458,031	510,619
Capital outlay	2,000	4,440	3,496	944
Total legal	<u>1,050,529</u>	<u>1,860,450</u>	<u>1,317,570</u>	<u>542,880</u>
Finance:				
Personnel	2,824,285	2,852,055	2,703,950	148,105
Supplies	14,200	14,830	12,533	2,297
Services	1,305,257	1,382,650	1,128,022	254,628
Capital outlay	8,934	14,221	13,412	809
Total finance	<u>4,152,676</u>	<u>4,263,756</u>	<u>3,857,917</u>	<u>405,839</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
 General Fund
 Statement of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual - continued
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government expenditures, continued:				
Assessing:				
Personnel	\$ 2,837,819	\$ 2,879,166	\$ 2,663,506	\$ 215,660
Supplies	9,415	9,415	5,719	3,696
Services	393,458	399,693	316,533	83,160
Capital outlay	20,041	26,276	20,922	5,354
Total assessing	<u>3,260,733</u>	<u>3,314,550</u>	<u>3,006,680</u>	<u>307,870</u>
Planning:				
Personnel	2,073,039	2,068,041	1,900,775	167,266
Supplies	48,900	67,902	31,101	36,801
Services	702,411	937,377	646,653	290,724
Capital outlay	40,325	224,294	42,330	181,964
Total planning	<u>2,864,675</u>	<u>3,297,614</u>	<u>2,620,859</u>	<u>676,755</u>
Economic development:				
Services	475,000	549,878	422,716	127,162
Total economic development	<u>475,000</u>	<u>549,878</u>	<u>422,716</u>	<u>127,162</u>
Non-departmental:				
Personnel	50,000	54,537	13,500	41,037
Supplies	-	22,150	20,955	1,195
Services	348,933	677,553	819,059	(141,506)
Total non-departmental	<u>398,933</u>	<u>754,240</u>	<u>853,514</u>	<u>(99,274)</u>
Total general government	<u>19,510,645</u>	<u>21,788,348</u>	<u>18,137,672</u>	<u>3,650,676</u>
Solid waste:				
Personnel	2,961,556	2,813,150	2,717,788	95,362
Supplies	501,400	719,325	681,543	37,782
Services	4,762,406	5,507,374	5,035,468	471,906
Capital outlay	14,000	460,975	258,896	202,079
Total solid waste	<u>8,239,362</u>	<u>9,500,824</u>	<u>8,693,695</u>	<u>807,129</u>
Public safety:				
Personnel	567,041	615,780	497,180	118,600
Supplies	25,980	25,980	13,845	12,135
Services	426,628	431,628	267,572	164,056
Capital outlay	4,370	4,370	995	3,375
Total public safety	<u>1,024,019</u>	<u>1,077,758</u>	<u>779,592</u>	<u>298,166</u>
Education:				
School District contributions	52,564,284	52,564,284	52,564,284	-
Post secondary education	892,732	892,732	834,762	57,970
Total education	<u>53,457,016</u>	<u>53,457,016</u>	<u>53,399,046</u>	<u>57,970</u>
Total expenditures	<u>82,231,042</u>	<u>85,823,946</u>	<u>81,010,005</u>	<u>4,813,941</u>
Excess (deficiency) of revenues over expenditures	<u>7,383,191</u>	<u>8,091,265</u>	<u>15,755,874</u>	<u>7,664,609</u>
Other financing uses:				
Transfers out	<u>(14,794,223)</u>	<u>(23,090,137)</u>	<u>(16,600,351)</u>	<u>6,489,786</u>
Net change in fund balance	(7,411,032)	(14,998,872)	(844,477)	14,154,395
Fund balance at beginning of year	45,194,680	45,194,680	45,194,680	-
Fund balance at end of year	<u>\$ 37,783,648</u>	<u>\$ 30,195,808</u>	<u>\$ 44,350,203</u>	<u>\$ 14,154,395</u>

The accompanying notes are an integral part of the financial statements.

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 9,202,486	\$ 9,202,486	\$ 9,217,840	\$ 15,354
Motor vehicle tax	129,394	129,394	118,473	(10,921)
Intergovernmental:				
Federal	-	35,482	18,554	(16,928)
State	-	153,955	150,917	(3,038)
Investment earnings (loss)	161,391	161,391	239,063	77,672
Other revenues	<u>846,000</u>	<u>846,000</u>	<u>2,058,382</u>	<u>1,212,382</u>
Total revenues	<u>10,339,271</u>	<u>10,528,708</u>	<u>11,803,229</u>	<u>1,274,521</u>
Expenditures:				
Public safety:				
Personnel	8,025,744	8,148,442	7,423,162	725,280
Supplies	477,828	490,343	373,776	116,567
Services	1,568,185	1,594,804	1,360,925	233,879
Capital outlay	<u>362,154</u>	<u>393,259</u>	<u>375,607</u>	<u>17,652</u>
Total expenditures	<u>10,433,911</u>	<u>10,626,848</u>	<u>9,533,470</u>	<u>1,093,378</u>
Excess (deficiency) of revenues over expenditures	<u>(94,640)</u>	<u>(98,140)</u>	<u>2,269,759</u>	<u>2,367,899</u>
Other financing sources (uses):				
Transfers in	7,346	7,346	7,346	-
Transfers out	<u>(1,802,771)</u>	<u>(2,056,538)</u>	<u>(2,055,037)</u>	<u>1,501</u>
Net other financing sources (uses)	<u>(1,795,425)</u>	<u>(2,049,192)</u>	<u>(2,047,691)</u>	<u>1,501</u>
Net change in fund balance	(1,890,065)	(2,147,332)	222,068	2,369,400
Fund balance at beginning of year	<u>8,108,745</u>	<u>8,108,745</u>	<u>8,108,745</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 6,218,680</u></u>	<u><u>\$ 5,961,413</u></u>	<u><u>\$ 8,330,813</u></u>	<u><u>\$ 2,369,400</u></u>

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Land Trust Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State	\$ -	\$ 9,140	\$ 9,140	\$ -
Investment earnings (loss)	91,306	91,306	300,972	209,666
Other revenues:				
Payments on land contracts	1,500,000	1,500,000	1,230,761	(269,239)
Leases	220,000	220,000	241,270	21,270
Timber and gravel sales	106,078	106,078	94,177	(11,901)
Miscellaneous	107,000	107,000	139,839	32,839
Total revenues	2,024,384	2,033,524	2,016,159	(17,365)
Expenditures:				
General government:				
Personnel	798,552	759,852	570,602	189,250
Supplies	9,900	9,900	4,009	5,891
Services	525,098	641,648	427,064	214,584
Capital outlay	126,000	126,000	111,790	14,210
Total expenditures	1,459,550	1,537,400	1,113,465	423,935
Excess (deficiency) of revenues over expenditures	564,834	496,124	902,694	406,570
Other financing uses:				
Transfers in	464,850	464,850	-	(464,850)
Transfers out	(2,267,130)	(4,565,000)	(4,565,000)	-
Net other financing sources (uses)	(1,802,280)	(4,100,150)	(4,565,000)	(464,850)
Net change in fund balance	(1,237,446)	(3,604,026)	(3,662,306)	(58,280)
Fund balance at beginning of year	6,046,688	6,046,688	6,046,688	-
Fund balance at end of year	\$ 4,809,242	\$ 2,442,662	\$ 2,384,382	\$ (58,280)

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Proprietary Funds
Statement of Net Position
June 30, 2023

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and short-term investments	\$ 268,294
Equity in central treasury	19,041,552
Other receivables	70,564
Prepays	<u>91,585</u>
Total current assets	<u>19,471,995</u>
Capital assets:	
Equipment	5,033,450
Right-to-use leased building	54,176
Less accumulated depreciation and amortization	<u>(2,556,781)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>2,530,845</u>
Total assets	<u>22,002,840</u>
Liabilities	
Current liabilities:	
Accounts and contracts payable	90,301
Accrued payroll and payroll benefits	16,662
Claims payable	3,078,760
Compensated absences	913,715
Leases payable	<u>26,476</u>
Total current liabilities	<u>4,125,914</u>
Noncurrent liabilities:	
Compensated absences	2,741,147
Leases payable	<u>20,391</u>
Total noncurrent liabilities	<u>2,761,538</u>
Total liabilities	<u>6,887,452</u>
Net Position	
Net Investment in capital assets	2,483,978
Unrestricted	<u>12,631,410</u>
Total net position	<u>\$ 15,115,388</u>

The accompanying notes are an integral 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, 2023

	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for sales and services	\$ 18,448,453
Intergovernmental:	
State	9,062
Total operating revenues	18,457,515
 Operating expenses:	
Administrative services	3,565,138
Insurance premiums	3,503,716
Self-insured losses	8,217,291
Depreciation and amortization	814,295
Total operating expenses	16,100,440
 Operating income	2,357,075
 Non operating revenues:	
Investment earnings (loss)	229,033
Gain (loss) on disposal of assets	(224,215)
Total non operating revenues	4,818
 Change in net position	2,361,893
 Net position at beginning of year	12,753,495
 Net position at end of year	\$ 15,115,388

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, 2023

	<u>Governmental Activities Internal Service Funds</u>
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 18,448,453
Payments to suppliers	(12,155,423)
Payments to employees	(2,788,515)
Other program revenue	9,062
Net cash provided by operating activities	<u>3,513,577</u>
Cash flows for capital and related financing activities-	
Purchase of capital assets	<u>(552,849)</u>
Cash flows from investing activities-	
Investment earnings (loss)	<u>229,033</u>
Net increase in cash and cash equivalents	3,189,761
Cash and cash equivalents at beginning of year	<u>16,120,085</u>
Cash and cash equivalents at end of year	<u><u>\$ 19,309,846</u></u>
Reconciliation of cash and cash equivalents to Statement of Net Position:	
Cash and short-term investments	268,294
Equity in central treasury	19,041,552
Cash and cash equivalents, end of year	<u><u>\$ 19,309,846</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 2,357,075</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	814,295
Change in assets and liabilities:	
(Increase) decrease in other receivables	(63,140)
(Increase) decrease in prepaids	8,176
Increase (decrease) in accounts and contracts payable	(53,859)
Increase (decrease) in accrued payroll and payroll benefits	1,075
Increase (decrease) in claims payable	35,533
Increase (decrease) in compensated absences	421,731
Increase (decrease) in leases payable	(7,309)
Total adjustments	<u>1,156,502</u>
Net cash provided by operating activities	<u><u>\$ 3,513,577</u></u>

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Custodial Fiduciary Fund
Statement of Fiduciary Fund Net Position
June 30, 2023

Assets

Equity in central treasury	\$ 452,732
Taxes receivable	<u>1,032,371</u>
Total assets	<u>1,485,103</u>

Liabilities

Due to other governments	<u>1,190,171</u>
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Net Position

Restricted - Other governments	<u><u>\$ 294,932</u></u>
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The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Custodial Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

Additions-	
Tax collections for other governments	\$ 50,028,960
Deductions-	
Tax distributions to other governments	<u>50,020,193</u>
Net increase in fiduciary net position	<u>8,767</u>
Net position at beginning of year	<u>286,165</u>
Net position at end of year	<u><u>\$ 294,932</u></u>

The accompanying notes are an integral part of the financial statements.

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, 2023

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.

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 organizations, 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 fund is its Custodial Fiduciary Fund, which is reported using the accrual basis of accounting.

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 Central Emergency Service Area Special Revenue Fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues – ambulance fees, and operating expenditures for the Central Emergency Service Area. The Borough elected to report this fund as a major fund in FY2023 as it was close to the major threshold and will continue to see large transfers into capital and debt service funds due to construction of a new station.

The Land Trust Special Revenue Fund accounts for revenues and expenditures of the Land Trust Fund. These revenues include lease revenue from Borough owned land, land sales, land use permits or agreements, and interest earnings.

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.

The School Bond Capital Project Fund is used to account for all school capital projects funded with bond proceeds.

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 accounts 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, 2022, 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 Alaska Statute 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, 2023 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
Right-to-use leased buildings	10-50
Improvements other than buildings	10-50
Infrastructure	10-50
Vehicles	7-10
Subscription Based IT Arrangements	5-10
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 for accumulated unpaid personal leave amounts to \$3,654,862 at June 30, 2023. Of the total accumulated unpaid vacation at June 30, 2023, \$913,716 is expected to be paid out within one year. 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 \$42,171 at June 30, 2023, a decrease of \$24,136 from June 30, 2022.

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 assets 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 assets that applies to future 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, OPEB, and lease related accounts, while deferred inflows of resources reported on the governmental balance sheet consist of prepaid property taxes and revenues related to 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, 2023 were:

Description/Program	Major Funds			Nonmajor Funds	
	General Fund	Land Trust Special Revenue Fund	Miscellaneous Grants Special Revenue Fund	School Bond Capital Project Fund	Other Gov't Funds
Public safety facilities and equipment	\$ -	\$ -	\$ 132,925	\$ -	\$ 1,728,522
Recreational facility upgrades	-	-	47,314	-	-
Educational facilities and equipment	-	-	-	375,053	2,073,362
General government activities	338,496	13,400	27,552	-	584,296
Roads/paths construction and upgrades	-	-	-	-	1,330,572
Solid waste facilities	-	-	-	-	829,078
Community assistance program	-	-	473,357	-	-
Total	<u>\$338,496</u>	<u>\$ 13,400</u>	<u>\$ 681,148</u>	<u>\$ 375,053</u>	<u>\$ 6,545,830</u>

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. The Plan does not meet the definition of a pension plan under current accounting guidance and does not meet the reporting criteria for inclusion as a fiduciary fund.

17. Leases

The Borough has lessee and lessor relationships regarding buildings, towers, and land. The Borough recognizes lease related liabilities in the government-wide financial statements as capital assets; and in internal service funds.

For lessee relationships, at the commencement of a lease, the Borough initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made and subsequently amortized on a straight-line basis over its useful life. For lessor relationships, at the commencement of a lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. The deferred inflow of resources is initially measured as the lease receivable amount, and subsequently recognized as revenue over the life of the lease term. The Borough does not consider leasing activities to be a significant component of its principal ongoing operations.

The Borough bases these amounts on the discount rate used, lease term, and lease payments/receipts. The Borough uses an incremental borrowing rate as the discount rate. The lease term is the noncancellable term of the lease, and the lease payments/receipts are composed of fixed payments to the lessor or payments received from the lessee. The Borough determines if a lease is recognizable based on materiality levels of the fund the lease belongs to.

18. Subscription-Based Information Technology Arrangements

The Borough has subscription-based information technology arrangements (SBITAs). The Borough recognizes a subscription liability and an intangible right-to-use asset (IT subscription asset) in the government-wide financial statements. The governmental funds report current expenditures in the fund level statement of revenues, expenditures and changes in fund balance. The Borough recognizes subscription liabilities based on materiality of the fund the SBITA belongs to and whether the SBITA is for 12 months or more.

At the commencement of a SBITA, the Borough initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less

any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

The Borough uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Borough uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period during which the Borough has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if the Borough is reasonably certain it will exercise that option.

II – Stewardship, Compliance and Accountability

A. Budgetary Information

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

Before May 15th 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, 2023, 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:				
Principal Money Market Funds	\$ 6,004,148	\$ 6,004,148	\$ -	\$ -
Repurchase Agreements	26,952,307	26,952,307	-	-
Certificates of Deposit	732,015	732,015	-	-
U.S. Treasuries	55,413,779	-	32,733,750	22,680,029
U.S. Agencies	48,348,360	-	37,640,874	10,707,486
Asset-Backed Securities**	1,189,889	-	186,004	1,003,885
Municipal Bonds	27,638,086	2,116,287	23,321,206	2,200,593
Commercial Paper	959,540	959,540	-	-
Corporate Fixed Income Bonds	48,578,925	14,986,985	32,624,634	967,306
	<u>\$ 215,817,049</u>	<u>\$ 51,751,282</u>	<u>\$ 126,506,468</u>	<u>\$ 37,559,299</u>
Central Treasury–Restricted:				
BNY Bond Reserve Accounts	6,902,830	6,902,830	-	-
Repurchase Agreements	275,190	275,190	-	-
AMLIP	59,511,496	59,511,496	-	-
U.S. Agencies	66,400,009	37,532,942	28,867,067	-
	<u>\$ 133,089,525</u>	<u>\$ 104,222,458</u>	<u>\$ 28,867,067</u>	<u>-</u>
Total Central Treasury Investments	<u>\$ 348,906,574</u>	<u>\$ 155,973,740</u>	<u>\$ 155,373,535</u>	<u>\$ 37,559,299</u>
Land Trust Investment Fund (LTIF):				
Money Market Funds	245,831	245,831	-	-
U.S. Fixed Income	3,029,938	3,029,938	-	-
TIPS	432,992	432,992	-	-
International Bonds	658,129	658,129	-	-
Total Central Treasury & LTIF Investments with maturity date	<u>\$ 353,273,464</u>	<u>\$ 160,340,630</u>	<u>\$ 155,373,535</u>	<u>\$ 37,559,299</u>
Land Trust Investment Fund with no maturity date (LTIF):				
Equities	6,047,147			
Alternatives/real assets	2,469,868			
Total LTIF Investments with no maturity date	<u>\$ 8,517,015</u>			
Total Central Treasury & LTIF Investments	<u>\$ 361,790,479</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, KP 5.20.080. Contributions of \$10,146,777 have been made since the

inception of 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, 2023:

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	\$ 55,413,779	\$ 55,413,779	\$ -	\$ -
U.S. Agencies	114,748,369	-	114,748,369	-
Asset-Backed Securities	1,189,889	-	1,189,889	-
Municipal Bonds	27,638,086	-	27,638,086	-
Commercial Paper	959,540	-	959,540	-
Corporate Bonds	48,578,925	-	48,578,925	-
Certificates of Deposit	732,015	-	732,015	-
U.S. Fixed Income	3,029,938	3,029,938	-	-
TIPS	432,992	432,992	-	-
International Bonds	658,129	658,129	-	-
Equities	6,047,147	6,047,147	-	-
Alternatives/real assets	2,469,868	2,469,868	-	-
Total Investments at fair value level	261,898,677	\$ 68,051,853	\$ 193,846,824	\$ -
AMLIP *	59,511,496			
Money Market Funds	13,152,809			
Repurchase Agreements	27,227,497			
Total Central Treasury and LTIF investments	<u>\$ 361,790,479</u>			

* The Borough's investment in Repurchase Agreements, Money Market Funds and AMLIP are measured at amortized cost, as of June 30, 2023. 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 AAA 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%	45%
One to Three Years	30%	44%
Three to Five Years	30%	11%

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 U.S. fixed income component of the fund is the Bloomberg U.S. Aggregate Bond Index or a substantially similar index for the benchmark. The index allows for maturities greater than 1 year. At June 30, 2023, the index had an average duration of 6.3 while the fund’s U.S. fixed income component had an average duration of 6.3.

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, 2023, about \$58.1 million or 20.7% of the portfolio securities contain call options and about \$0.2 million or 0.1% 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>
Fed Farm Credit Bk	0.27	Continuous	October 12, 2023	Jul 1, 2023
JP Morgan Chase	3.80	Semi-Annual	October 13, 2023	September 13, 2023
Fed Home Ln Bk	4.50	Quarterly	October 27, 2023	Jul 27, 2023
JP Morgan Chase	3.90	Quarterly	November 15, 2023	August 15, 2023
Fed Home Ln Bk	3.55	Quarterly	November 17, 2023	August 17, 2023
Fed Home Ln Bk	3.25	Quarterly	November 22, 2023	August 22, 2023
Fed Home Ln Bk	0.50	Quarterly	November 24, 2023	August 24, 2023
Fed Home Ln Bk	0.625	Quarterly	November 28, 2023	August 28, 2023
Fed Farm Credit Bk	5.00	Continuous	December 7, 2023	Jul 1, 2023
JP Morgan Chase	5.00	Quarterly	December 15, 2023	September 14, 2023
Fed Home Ln Bk	3.75	Quarterly	December 19, 2023	September 19, 2023
US Bancorp	3.375	One Time	February 5, 2024	January 5, 2024

<u>Investment</u>	<u>Rate</u>	<u>Type of Option</u>	<u>Original Maturity</u>	<u>Next Call Date</u>
Federal National Mtg Assn	5.125	One Time	February 9, 2024	August 9, 2023
Fed Home Ln Bk	3.625	Quarterly	February 28, 2024	August 28, 2023
Fed Home Ln Bk	4.00	Quarterly	March 28, 2024	September 28, 2023
Fed Home Ln Bk	4.60	Quarterly	September 30, 2024	September 30, 2023
Hawaii State GO	4.75	Semi-Annual	October 1, 2024	October 1, 2023
Fed Home Ln Mtg Corp	5.08	Quarterly	October 25, 2024	Jul 25, 2023
Microsoft Corp	2.70	Continuous	February 12, 2025	August 12, 2024
Pepsico Inc	2.25	One Time	March 19, 2025	February 19, 2025
Precision Castparts Corp	3.25	Continuous	June 15, 2025	March 15, 2025
Johnson & Johnson	0.55	Continuous	September 1, 2025	August 1, 2025
Automatic Data Processing	3.375	Continuous	September 15, 2025	June 15, 2025
Microsoft Corp	3.125	Continuous	November 3, 2025	August 3, 2025
Bank of New York Mellon	5.224	Discrete	November 21, 2025	November 21, 2024
Visa Inc.	3.15	Continuous	December 14, 2025	September 14, 2025
Berkshire Hathaway Inc	3.125	Continuous	March 15, 2026	December 15, 2025
Walmart Inc.	4.00	Continuous	April 15, 2026	March 15, 2026
Apple Inc.	4.421	Continuous	May 8, 2026	May 8, 2024
Bank of New York Mellon	5.148	Discrete	May 22, 2026	May 22, 2025
Johnson & Johnson	2.90	Continuous	January 15, 2028	October 15, 2027
Federal National Mtg Assn	3.056%	Floating 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	13.77%	30.59% of US Agency
Federal Farm Credit Bank	6.80%	15.11% of US Agency
Federal Home Loan Bank	19.94%	44.29% 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, 2023</u>
U.S. Treasury Securities	100%	5 years	15.9%
U.S. Agencies	100%	5 years	33.2%
Corporate Bonds	50%	5 years	13.9%
Municipal Bonds	25%	5 years	7.9%
Repurchase Agreements	20%	n/a	7.8%
Money Market Funds	20%	n/a	3.7%
AMLIP	20%	n/a	17.1%
Bankers' Acceptances	10%	3 years	0.0%
Commercial Paper	25%	270 days	0.3%

Term Repurchase Agreements and Certificates of Deposit:

7-day term or shorter	25%	n/a	0.0%
Greater than 7-day term	25%	3 years	0.2%

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, 2023.

<u>Asset Class</u>	<u>Target % Weighting</u>	<u>Minimum % Weighting</u>	<u>Maximum % Weighting</u>	<u>Actual % Weighting</u>
FIXED INCOME	27%			
Cash	2%	0%	10%	1.9%
U.S. Fixed Income	18%	8%	28%	23.5%
TIPS	2%	0%	10%	3.4%
International Bonds	5%	0%	10%	5.1%
EQUITY	52%			
High Yield	5%	0%	10%	0.0%
U.S. Large-Cap Equity	22%	12%	32%	22.5%
U.S. Mid-Cap Equity	10%	5%	15%	9.8%
U.S. Small-Cap Equity	5%	0%	10%	4.8%
International Equity	6%	0%	12%	6.0%
Emerging Markets Equity	4%	0%	8%	3.8%
ALTERNATIVES	21%			
Real Estate	3%	0%	6%	2.7%
Infrastructure	5%	0%	10%	4.9%
Commodities	3%	0%	6%	2.7%
Alternative Beta	10%	0%	15%	8.9%

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, 2023, 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 & P</u>	
Aaa	65%	AAA	24%
Aa	11%	AA	34%
A	5%	A	4%
Not rated*	19%	Not Rated*	38%
	<u>100%</u>		<u>100%</u>

*Collateralized

A blend of the Barclays U.S. Aggregate Bond Index, the Bloomberg 1-5 Year Government Credit Index, the Bloomberg U.S. High Yield Very Liquid Index, the Bloomberg 0-5 Year TIPS Index, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index, and the Citigroup 3-month Treasury Bill Index are utilized as the benchmark for the fixed income allocation at each asset class's target weighting, per Kenai Peninsula Borough Resolution 2021-079.

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 \$27.23 million in repurchase agreements at June 30, 2023, \$27.15 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 \$0.08 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, 2023, 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	\$ (1,489,196)	\$ 79,665
Discretely Presented Component Unit (School District)	<u>(2,199,688)</u>	<u>-</u>
Total cash and short-term investments held in central treasury	<u>(3,688,884)</u>	<u>79,665</u>
Other cash and investments:		
Primary Government -		
Checking and savings accounts	289,009	328,472
Cash on hand	1,960	-
Short-term investments	<u>12,883,905</u>	<u>12,567,901</u>
Total other cash and short-term investments	<u>\$ 13,174,874</u>	<u>12,896,373</u>

The following is a summary of equity in central treasury and investments at June 30, 2023:

General Fund (major fund)	\$ 45,500,890
Special revenue funds (major funds)	19,248,125
Special revenue funds	24,900,938
Capital projects funds (major fund)	913,916
Capital project funds	47,091,772
Capital project funds – Restricted (major fund)	34,223,357
Capital project funds – Restricted	16,311,104
Internal service funds	<u>19,041,552</u>
Total Governmental Activities equity in central treasury	\$ <u>207,231,654</u>
Fiduciary fund	\$ <u>452,732</u>
<u>Discretely Presented Component Units</u>	
School District	\$ 38,641,389
Central Peninsula Hospital	6,507,397
Central Peninsula Hospital – Restricted assets	9,338,400
Central Peninsula Hospital – Assets whose use is limited	66,251,079
South Peninsula Hospital	8,502,601
South Peninsula Hospital – Restricted assets	23,254
South Peninsula Hospital – Assets whose use is limited	<u>8,269,184</u>
Total equity in central treasury	\$ <u>345,217,690</u>

The equity in central treasury consists of the following:

Cash and short-term investments	\$ (3,688,884)
Investments	<u>348,906,574</u>
	<u>\$ 345,217,690</u>

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

Fair value at June 30, 2023	\$ 348,906,574
Add: cost of investments sold/called/matured in FY2023	78,187,246
Less: cost of investments purchased in FY2023	(144,396,276)
Less: fair value at June 30, 2022	<u>(282,710,491)</u>
Change in fair value of investments	<u>\$ (12,947)</u>

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 Custodial Fiduciary 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% - 6.5%. The sales tax collections for Borough cities are recorded in the Custodial Fiduciary Fund.

Property Tax Calendar

Assessment date	January 1, 2022	Total taxes are due	October 15, 2022
Levy date	Not later than June 15, 2022	Penalties & interest added	October 17, 2022
Tax bills mailed	Not later than July 1, 2022	Lien date	April 15, 2023

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.

C. Receivables

Receivables at June 30, 2023 for the government’s individual major funds, proprietary funds, and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Major Funds					Nonmajor Funds		
	General	Central Emergency Service Area Special Revenue	Land Trust Special Revenue	Miscellaneous Grants Special Revenue	School Bond Capital Project	Other Gov't Funds	Internal Service Funds	Total
Taxes	\$ 8,588,982	\$122,734	\$ -	\$ -	\$ -	\$ 353,589	\$ -	\$9,065,305
Accounts and other receivables	234,881	273,065	2,740	6,455	34,570	443,752	70,564	1,065,980
Leases receivable	370,919	57,362	3,258,667	-	-	1,109,605	-	4,796,553
Land sale contracts	-	-	1,818,404	-	-	-	-	1,818,404
Due from landowners	408,902	-	-	-	-	-	-	408,902
Intergovern -mental	<u>1,100,522</u>	<u>26,227</u>	<u>26,037</u>	<u>712,508</u>	<u>-</u>	<u>2,760,606</u>	<u>-</u>	<u>4,625,900</u>
Total receivables	10,704,206	479,388	5,105,848	718,963	34,570	4,667,505	70,564	21,781,044
Less allowance for uncollectibles	<u>(35,632)</u>	<u>(3,933)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,498)</u>	<u>-</u>	<u>(48,063)</u>
	<u>\$10,668,574</u>	<u>\$ 475,455</u>	<u>\$ 5,105,848</u>	<u>\$ 718,963</u>	<u>\$ 34,570</u>	<u>\$4,659,007</u>	<u>\$ 70,564</u>	<u>\$21,732,981</u>

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; as well as lease related items. At June 30, 2023, 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 Pension and OPEB related	\$ 609,304 6,296,700	\$ - 1,441,587	\$ - -	\$ - -	\$ - -
Property taxes receivable:					
General Fund	-	-	-	571,138	-
Central Emergency Service Area	-	-	-	101,429	-
Nonmajor gov't funds				321,927	
Prepaid property tax:					
General Fund	-	6,942,368	-	6,942,368	-
Central Emergency Service Area	-	496,715	-	496,715	-
Nonmajor gov't funds	-	7,875,473	-	7,875,473	-
Lease Related:					
General Fund	-	363,036	-	363,036	-
Central Emergency Service Area	-	55,473	-	55,473	-
Land Trust Special Revenue Fund	-	3,153,299	-	3,153,299	-
Nonmajor gov't funds	-	1,061,715	-	1,061,715	-
Land sales receivable:					
Land Trust Special Revenue Fund	-	-	-	1,818,404	-
Grant funds received prior to meeting all eligibility requirements:					
General Fund	-	-	3,194	-	3,194
Central Emergency Service Area	-	-	16,928	-	16,928
Miscellaneous Grant Special Revenue Fund	-	-	6,300,577	-	6,300,577
Nonmajor gov't funds	-	-	5,102,238	-	5,102,238
	<u>\$ 6,906,004</u>	<u>\$21,389,666</u>	<u>\$11,422,937</u>	<u>\$22,760,977</u>	<u>\$ 11,422,937</u>

E. Capital Assets

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

Governmental Activities:	Balance July 1, 2022	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 69,830,444	\$ 6,109,127	\$ (99,175)	\$ 75,840,396
Construction in progress	<u>13,745,330</u>	<u>9,052,037</u>	<u>(6,798,800)</u>	<u>15,998,567</u>
Total capital assets, not being depreciated	<u>83,575,774</u>	<u>15,161,164</u>	<u>(6,897,975)</u>	<u>91,838,963</u>
Capital assets, being depreciated/amortized:				
Buildings	313,146,565	4,843,474	-	317,990,039
Right-to-use leased building	90,567	54,176	(30,612)	114,131
Subscription IT arrangements	-	469,838	-	469,838
Improvements other than buildings	100,583,069	975,869	-	101,558,938
Machinery and equipment	53,808,866	3,667,814	(1,881,104)	55,595,576
Infrastructure	<u>20,315,505</u>	<u>643,586</u>	<u>-</u>	<u>20,959,091</u>
Total capital assets being depreciated	<u>487,944,572</u>	<u>10,654,757</u>	<u>(1,911,716)</u>	<u>496,687,613</u>
Less accumulated depreciation and amortization for:				
Buildings	(230,990,945)	(4,835,281)	-	(235,826,226)
Right-to-use leased building	(32,998)	(23,597)	30,612	(25,983)
Subscription IT arrangements	-	(192,561)	-	(192,561)
Improvements other than buildings	(74,912,841)	(2,891,592)	-	(77,804,433)
Machinery and equipment	(37,975,107)	(3,947,688)	1,751,495	(40,171,300)
Infrastructure	<u>(6,553,864)</u>	<u>(539,522)</u>	<u>-</u>	<u>(7,093,386)</u>
Total accumulated depreciation and amortization	<u>(350,465,755)</u>	<u>(12,430,241)</u>	<u>1,782,107</u>	<u>(361,113,889)</u>
Total capital assets, being depreciated and amortized, net	<u>137,478,817</u>	<u>(1,775,484)</u>	<u>(129,609)</u>	<u>135,573,724</u>
Governmental activities capital assets, net	<u>\$ 221,054,591</u>	<u>\$ 13,385,680</u>	<u>\$ (7,027,584)</u>	<u>\$ 227,412,687</u>

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

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

Governmental activities:

General government	\$ 655,259
Solid waste facilities	1,738,348
Public safety	3,824,135
Recreation	270,033
Education	4,567,839
Roads and trails	560,332
Internal Service Funds	<u>814,295</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 12,430,241</u>

Construction commitments:

The Borough has numerous active construction projects as of June 30, 2023. 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	\$ 1,330,572	Federal and state grants and local funding
Solid waste facilities	813,802	Federal grants and local funding
Educational facilities	2,438,500	Federal and state grants and local funding
Fire and emergency facilities	1,057,951	Local funding
General government facilities	466,699	Local funding
Recreational facilities	<u>95,872</u>	Local funding
Total	\$ <u>6,203,396</u>	

F. Leases and Subscription-Based Information Technology Arrangements (SBITAS)

Leases receivable:

In FY2023, the Borough had 33 active leases in which the Borough was the lessor, including tower leases, land leases and building leases. Lessor activities are not the Borough’s primary function. The Borough recognized \$514,355 in lease revenue and \$213,626 in interest revenue related to these leases in FY2023. As of June 30, 2023 the Borough’s receivable for these leases was \$4,796,554. Also, the Borough shows a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources was \$4,633,523.

Leases payable:

In FY2023, the Borough had three active leases in which the Borough was the lessee, including a tower lease and two building leases, one of which matured during FY2023. The Borough recognized an initial lease liability totaling \$54,176 during the current year. The value of the right-to-use assets at the end of the current fiscal year net of accumulated amortization totals \$88,148.

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 35,329	\$ 1,811	\$ 37,139
2025	29,714	737	30,451
2026	9,811	309	10,120
2027	10,319	105	10,424
2028	5,289	-	5,289
Totals	<u>\$ 90,462</u>	<u>\$ 2,962</u>	<u>\$ 93,423</u>

SBITAs:

In FY2023, the Borough had five active SBITAs. The Borough recognized an initial liability totaling \$469,838 during the current year. The value of the IT assets at the end of the current fiscal year net of accumulated amortization totals \$277,277.

The future principal and interest payments as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 126,204	\$ 2,178	\$ 128,382

G. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2023 is as follows:

The General Fund has made a short-term loan of \$56,485 to the Disaster Relief Fund to cover cash needs while awaiting reimbursement from State and Federal granting agencies. In 2022, the Borough Assembly approved an interfund loan from the Land Trust Investment Fund to the Western Emergency Service Area for \$736,679 to purchase land adjacent to the existing fire station. As of June 30, 2023, the amount outstanding was \$646,708.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 56,485	\$ -
Nonmajor governmental funds	<u>646,708</u>	<u>703,193</u>
Total	\$ <u>703,193</u>	\$ <u>703,193</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 \$48,000,000 was shown as an expenditure of the General Fund and not an interfund transfer.

Transfers between funds for the year ended June 30, 2023, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>Major Funds</u>			<u>Total</u>
	<u>Central Emergency Service Area</u>	<u>Miscellaneous Grants Special Revenue Fund</u>	<u>Other Gov't Funds</u>	
General Fund	\$ -	\$ 180,786	\$ 16,419,565	\$ 16,600,351
Central Emergency Service Area	-	-	2,055,037	2,055,037
Land Trust Special Revenue Fund	-	-	4,565,000	4,565,000
Nonmajor governmental funds	<u>7,346</u>	<u>-</u>	<u>6,710,134</u>	<u>6,717,480</u>
Total	<u>\$ 7,346</u>	<u>\$ 180,786</u>	<u>\$ 29,749,736</u>	<u>\$ 29,937,868</u>

Significant transfers were as follows:

- The General Fund transferred \$3,931,900 to the School Debt Service Fund to fund FY2023 debt service payments on bonds sold to finance construction of school facilities and capital maintenance, of which \$2,442,113 was reimbursed by the State of Alaska. The General Fund also transferred \$976,061 in PILT dollars to capital emergency services funds as follows: Nikiski Fire Service Area \$258,727, Central Emergency Service Area \$342,914, Bear Creek Fire Service Area \$10,105, Western Emergency Service Area \$175,000, Kachemak Emergency Service Area \$175,000, General Government \$14,315.
- The General Fund transferred \$5,250,000 to the School Revenue Capital Projects Fund to fund capital maintenance on school facilities, \$833,970 to the Solid Waste Debt Service Fund to fund debt on solid waste facilities and \$3,455,450 to the Solid Waste Capital

Projects Fund to fund capital maintenance projects on solid waste facilities.

- The Central Emergency Service Area Special Revenue Fund transferred \$1,140,000 to the Central Emergency Service Area Capital Project Fund to support fire equipment and facility maintenance capital projects and \$783,829 to the Central Emergency Services Debt Service Fund.
- The Road Service Area Special Revenue Fund transferred \$2,600,000 to the Road Service Area Capital Project Fund to support road upgrades and major maintenance.

H. 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 the Risk Manager and a Risk Management Committee. It is the responsibility of the Risk Manager and the Risk Management Committee to insure, self-insure and select appropriate retention levels and deductibles for the risks confronting the Kenai Peninsula Borough, its Service Areas and the School District. All losses, or claims, are reported to the Office of Risk Management and are handled internally within the retention levels and deductibles, and all new and outstanding claims are reviewed monthly with the Risk Management Committee and the Risk Manager.

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 as well as 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 professional liability. Insurance coverage for these various liability exposures are written on a combined policy form. There were no material changes in the amounts of coverages, retentions or deductibles during the current fiscal year.

Self-insured retention/deductible amounts and upper coverage limits of excess insurance for major coverages are as follows:

	Self-Insured Retention (Deductible)	Upper Coverage Limits of Excess Insurance
Auto & General Liability	\$ 300,000	\$ 15,000,000
Employers Liability	\$ 250,000	\$ 2,500,000
Workers’ Compensation	\$ 250,000	Statutory Benefit
All-Risk Property:		
Buildings	\$ 100,000	\$ 1,584,006,830
Mobile Equipment	\$ 5,000	Actual Cash Value
Fire & EMS Apparatuses	\$ 10,000	Scheduled Value
Automobile	\$ 10,000	Actual Cash Value
Crime	\$ 1,000	\$ 500,000

Claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five 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.

	<u>2023</u>	<u>2022</u>
Beginning of fiscal year liability	\$ 2,279,900	\$ 3,318,269
Current year claims incurred and changes in estimates for claims incurred in prior years	1,686,823	936,809
Claims and expenses paid	<u>(1,516,369)</u>	<u>(1,975,178)</u>
End of fiscal year liability	\$ <u>2,450,354</u>	\$ <u>2,279,900</u>

Included above is a liability for incurred but not reported (IBNR) claims of \$382,550. 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 \$7,449,122 for the year ended June 30, 2023, 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, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
Health insurance claims liabilities, beginning of year	\$ 763,327	\$ 1,030,000
Current year claims incurred and changes in estimates for claims incurred in prior years	6,530,468	6,321,991
Claims and expenses paid	<u>(6,665,389)</u>	<u>(6,588,664)</u>
Health insurance claims liabilities, end of year	\$ <u>628,406</u>	\$ <u>763,327</u>

I. Long-term Liabilities

A summary of long-term liability activity for the year ended June 30, 2023 is as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Areawide school bonds	\$24,640,000	\$ 30,000,000	\$ 2,795,000	\$ 51,845,000	\$2,875,000
Central Emergency Services bonds	3,325,000	14,520,000	430,000	17,415,000	800,000
Bear Creek Fire bonds	865,000	-	70,000	795,000	75,000
Solid Waste bonds	1,010,000	-	1,010,000	-	-
Leases payable	58,961	54,176	22,675	90,462	35,329
Subscription IT liabilities	-	469,838	343,634	126,204	126,204
Compensated absences *	3,233,131	2,713,207	2,291,476	3,654,862	913,716
Net Pension Liability **	28,746,099	8,712,088	-	37,458,187	-
Landfill closure / postclosure	<u>9,266,866</u>	<u>1,365,450</u>	<u>66,324</u>	<u>10,565,992</u>	<u>812,885</u>
Total governmental activities long-term liabilities***	<u>\$71,145,057</u>	<u>\$ 57,834,759</u>	<u>\$7,029,109</u>	<u>\$121,950,707</u>	<u>\$5,638,134</u>
Unamortized premium on bonds:					
School bonds 2011 refunding	21,649	-	21,649	-	
School bonds 2014	59,734	-	44,607	15,127	
School bonds 2014 refunding	1,280,713	-	253,875	1,026,838	
School bonds 2023	-	3,987,012	-	3,987,012	
Solid Waste bonds 2017	32,405	-	32,405	-	
Bear Creek bonds 2013	3,610	-	3,610	-	
CES bonds 2015 refunding	37,294	-	16,003	21,291	
CES bonds 2016	92,649	-	21,702	70,947	
CES bonds 2020	204,895	-	27,703	177,192	
CES bonds 2023	-	<u>1,929,363</u>	-	<u>1,929,363</u>	
	<u>\$72,878,006</u>	<u>\$63,751,134</u>	<u>\$7,450,663</u>	<u>\$129,178,477</u>	

* Based on an analysis of actual compensated absence expenditures/expense during fiscal year 2022, management estimates 25% of these balances will be used in FY2023. Therefore, 25% of the balance of compensated absences is classified as due within one year. Other long-term liabilities related to governmental activities such as compensated absences 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.

*** Total is restated from FY2022 to include Leases Payable.

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.

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 July 2021, the Borough issued General Obligation School refunding bonds of \$900,000 to refinance \$930,000 of the \$1,820,000 in outstanding debt that resulted in a net present value of savings from cash flow of \$43,315.

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.

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.

In October 2022, the Borough voters authorized \$65.55 million in 20-year school bonds for planning, designing, site preparations, construction, acquiring, renovating, installing, and equipping educational capital improvement projects throughout the Borough. The first phase of the bonds were issued in February 2023 in the amount of \$30 million and will have final maturity in 2043. Phase two is anticipated to be issued in spring 2024. These bonds are not eligible for the State of Alaska Debt Reimbursement program due to the moratorium currently in place.

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.

In October 2022, Service Area voters approved the issuance of bonds up to \$16.5 million in bonds for design, construction and equipping Central Emergency Service Station 1. These bonds were issued in February 2023 in the amount of \$14.52 million and will have final maturity in 2043.

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 2026.

A summary of bonds payable (in thousands) at June 30, 2023 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, 2023</u>
Governmental Activities:						
School bonds:						
Issued 11-14-13	\$ 20,860	1.50 – 5.00	0.21 – 4.15	2014 - 2024	\$ 510 to 975	\$ 975
Issued 07-07-20	8,970	5.00	0.54 – 1.68	2020 - 2031	680 to 1,020	6,930
Issued 06-16-21	14,500	0.243 - 2.35	0.24 - 2.35	2021 - 2033	285 to 1,490	13,940
Issued 02-14-23	<u>30,000</u>	5.00	0.32 - 8.26	2023 - 2043	895 to 2,315	<u>30,000</u>
Total school	<u>74,330</u>					<u>51,845</u>
Central Emergency Services bonds:						
Issued 10-30-14	1,425	1.25 – 5.00	0.38 – 2.57	2006 - 2026	115 to 175	500
Issued 02-02-16	2,465	2.63 – 5.00	0.35 – 2.85	2016 - 2031	85 to 210	1,250
Issued 11-21-19	1,335	5.00	0.53 – 11.11	2021 - 2035	24 to 130	1,145
Issued 02-14-23	<u>14,520</u>	5.00	0.32 – 8.26	2023 - 2043	435 to 870	<u>14,520</u>
Total CES bonds	<u>19,745</u>					<u>17,415</u>
Bear Creek Fire bonds						
Issued 6-16-21	<u>825</u>	0.243 – 2.22	0.243 – 2.22	2022 - 2033	15 to 85	<u>795</u>
Total Governmental	<u>\$ 94,900</u>					<u>\$ 70,055</u>

Debt service requirements for outstanding bonds at June 30, 2023 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,750,000	\$ 2,911,896
2025	3,895,000	2,757,891
2026	4,045,000	2,615,619
2027	4,010,000	2,470,090
2028	4,150,000	2,319,851
2029-2033	20,765,000	9,097,890
2034-2038	13,865,000	5,500,648
2039-2043	<u>15,575,000</u>	<u>2,024,875</u>
Total	<u>\$ 70,055,000</u>	<u>\$ 29,698,760</u>

J. 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.

K. Pension and Other Postemployment 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 <https://drb.alaska.gov/docs/reports/#pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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

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

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a 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 Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The 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, 2023 were determined in the June 30, 2021 actuarial valuations. The Borough's contribution rates for the 2023 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plan:		
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.41%	-%
Total Contribution Rates	24.79%	2.79%

In 2023, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2021 to June 30, 2022	Borough Fiscal Year July 1, 2022 to June 30, 2023
Employer contributions (including DBUL)	\$ 3,074,122	\$ 3,790,617
Nonemployer contributions (on-behalf)	1,854,373	692,103
Total Contributions	\$ 4,928,495	\$ 4,482,720

In addition, employee contributions to the Plan totaled \$432,327 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, 2023, 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:

	2023
Borough proportionate share of NPL	\$ 37,458,187
State's proportionate share of NPL associated with the Borough	10,368,053
Total Net Pension Liability	\$ 47,826,240

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 to calculate the net pension liability as of that date. The 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, 2022 measurement date, the Borough's proportion was 0.73493 percent, which was a decrease of (0.04866) from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Borough recognized pension expense of \$4,941,085 and on-behalf revenue of \$677,297 for support provided by the State. At June 30, 2023, 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
Net difference between projected and actual earnings on pension plan investments	\$ 1,070,942	\$ -
Borough contributions subsequent to the measurement date	3,790,617	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 4,861,559	\$ -

The \$3,790,617 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2024	\$ (127,320)
2025	(326,346)
2026	(783,430)
2027	2,308,038
Total Amortization	\$ 1,070,942

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.5% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.88% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

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

Other See the experience study report dated July 15, 2022.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	.31 %
Opportunistic	6%	+/- 4%	- %
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Borough’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough’s proportionate share of the net pension liability	0.73493%	\$ 50,426,772	\$ 37,458,187	\$ 26,522,995

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

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other 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, 2023 to cover a portion of the Borough’s employer match contributions. For the year ended June 30, 2023, forfeitures reduced pension expense by \$62,285.

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, 2023, 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, 2023 were \$967,543 and \$1,548,067, 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. <https://drb.alaska.gov/docs/reports/#pers>.

Employer Contribution Rates

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

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

	Other	Police/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	.68%
Total Contribution Rates	1.40%	1.78%

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

	Measurement Period July 1, 2021 to June 30, 2022	Borough Fiscal Year July 1, 2022 to June 30, 2023
Employer contributions - ARHCT	\$ 390,312	\$ 97
Employer contributions - RMP	178,626	212,857
Employer contributions - ODD	73,074	83,743
Total Contributions	\$ 642,012	\$ 296,697

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

At June 30, 2023, 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	\$ 14,357,678
Borough's proportionate share of NOA – RMP	366,651
Borough's proportionate share of NOA – ODD	555,233
Total Borough's Proportionate Share of Net OPEB Asset	\$ 15,279,562
State's proportionate share of the ARHCT NOA associated with the Borough	4,103,769
Total Net OPEB Asset	\$ 19,383,331

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets are 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, 2021 Measurement Date Employer Proportion	June 30, 2022 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB assets:			
ARHCT	0.78702%	0.72972%	(0.05730)%
RMP	0.98174%	1.05572%	0.07398 %
ODD	1.17317%	1.26656%	0.09339 %

For the year ended June 30, 2023, the Borough recognized OPEB expense (benefit) of (\$5,569,086). Of this amount, \$(1,394,021) was recorded as 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	\$ (5,939,773)	\$ (1,394,021)
RMP	295,387	-
ODD	75,300	-
Total	\$ (5,569,086)	\$ (1,394,021)

At June 30, 2023, 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	\$ -	\$ 18,175	\$ -	\$ 18,175
Changes in assumptions	-	70,992	-	70,992
Difference between projected and actual investment earnings	814,563	52,296	18,803	885,662
Changes in proportion and differences between Borough contributions and proportionate share of contributions	144,567	7,364	11,684	163,615
Borough contributions subsequent to the measurement date	97	212,857	83,743	296,697
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 959,227	\$ 361,684	\$ 114,230	\$ 1,435,141

Deferred Inflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (101,624)	\$ (14,408)	\$ (182,148)	\$ (298,180)
Changes in assumptions	(658,895)	(439,626)	(3,536)	(1,102,057)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(1,458)	(39,892)	(41,350)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (760,519)	\$ (455,492)	\$ (225,576)	\$ (1,441,587)

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 assets in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	ARHCT	RMP	ODD	Total
2024	\$ (752,753)	\$ (51,960)	\$ (39,175)	\$ (843,888)
2025	(285,667)	(54,519)	(40,115)	(380,301)
2026	(643,538)	(62,595)	(43,102)	(749,235)
2027	1,880,569	8,154	(17,884)	1,870,839
2028	-	(65,465)	(24,733)	(90,198)
Thereafter	-	(80,280)	(30,080)	(110,360)
Total Amortization	\$ 198,611	\$ (306,665)	\$ (195,089)	\$ (303,143)

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 8.5% to 3.85% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.85% for all others.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled

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

All Others
(ARHCT and RMP Plans)

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

(ODD Plan)

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

(ARHCT and ODD Plans)

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

Participation (ARHCT)

100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

Other

See the experience study report dated July 15, 2022.

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

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	.31 %
Opportunistic	6%	+/- 4%	- %
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2022 was 7.25%. This discount rate used changed from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position 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 for each plan.

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

The following presents the Borough's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the Borough's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough's proportionate share of the net OPEB asset (liability):				
ARHCT	0.72972 %	\$ 8,530,532	\$ 14,357,678	\$ 19,244,262
RMP	1.05572 %	\$ (67,439)	\$ 366,651	\$ 697,682
ODD	1.26656 %	\$ 523,025	\$ 555,233	\$ 580,425

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

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

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough’s proportionate share of the net OPEB asset (liability):				
ARHCT	0.72972 %	\$ 19,819,112	\$ 14,357,678	\$ 7,835,673
RMP	1.05572 %	\$ 743,141	\$ 366,651	\$ (140,453)
ODD	1.26656 %	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, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2023, the Borough contributed \$547,859 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.

L. 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 postclosure 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, with 40 percent of capacity used to date. 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, 2023, the Borough has a recorded liability of \$10,565,992 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 2023; 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 \$17.6 million in expense and liability between June 30, 2023 and the year 2053, 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.

M. Change in Accounting Principle

The Borough’s Component Units currently have subscription-based information technology software arrangements (SBITA). In 2023, the Borough adopted the provisions of GASB Statement No. 96 *Subscription Based Information Technology Arrangements*, which, among other accounting and reporting criteria, requires the Borough to recognize the SBITA liability/asset (and related deferred inflow/outflow accounts), as of the beginning of the Borough’s fiscal year. As a result of the implementation of this statement, and because some of its component units report using comparative statements, the Borough has recorded an opening balance adjustment for the affected component units to reflect opening balance liabilities and related accounts and to increase (decrease) opening net position as follows:

<u>Component Unit</u>	<u>Opening net position, as originally presented</u>	<u>Change in accounting principle adjustment (Note F)</u>	<u>Opening net position, as restated after change in accounting principle</u>
Central Peninsula Hospital	\$22,517,103	\$ (15,017)	\$212,433,517
South Peninsula Hospital	87,855,280	122,327	87,977,607

N. 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 2023 reporting:

GASB Statement No. 91 – *Conduit Debt Obligations* – Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting. The Borough does not have any current conduit debt, so no action was required on this statement.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and also provide guidance for accounting and financial reporting for availability payment arrangements (APA). The Borough does not have exchange or exchange like public-private or public-public partnerships or service concession agreements, so no action was required on this statement.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The Borough did discovery of all subscription IT agreements and used materiality policies to determine whether they applied to GASB 96, then accounted for those that qualified accordingly.

GASB Statement No. 99 – *Omnibus 2022* – Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024. The Borough did discovery of all subscription IT agreements and used materiality policies to determine whether they applied to GASB 96, then accounted for those that qualified accordingly.

The GASB has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB Statement No. 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. 100 – *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62 – Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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

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REQUIRED SUPPLEMENTARY INFORMATION

Kenai Peninsula Borough

Public Employees' Retirement System - Pension Plan

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

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.73493%	0.78359%	0.63213%	0.64980%	0.72606%	0.67218%	0.84370%	0.64737%	0.49259%
Borough's Proportionate Share of the Net Pension Liability	\$ 37,458,187	\$ 28,746,099	\$ 37,302,896	\$ 35,571,597	\$ 36,078,214	\$ 34,747,989	\$ 47,159,456	\$ 31,397,382	\$ 22,975,175
State of Alaska Proportionate Share of the Net Pension Liability	10,368,053	3,893,248	15,435,315	14,124,547	10,447,307	12,947,803	5,944,748	8,410,497	19,950,761
Total Net Pension Liability	\$ 47,826,240	\$ 32,639,347	\$ 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	\$ 22,732,223	\$ 21,388,726	\$ 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	164.78%	134.40%	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	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of Borough Contributions

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 3,790,617	\$ 3,074,122	\$ 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	3,790,617	3,074,122	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	14.93%	13.52%	13.21%	11.44%	12.36%	13.40%	11.92%	10.60%	10.15%

See accompanying notes to Required Supplementary Information.

Kenai Peninsula Borough

Public Employees' Retirement System - ARHCT OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.72972%	0.78702%	0.63189%	0.64972%	0.72597%	0.67229%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (14,357,678)	\$ (20,189,899)	\$ (2,861,549)	\$ 964,057	\$ 7,450,537	\$ 5,679,234
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(4,103,769)	(2,644,701)	(1,187,104)	383,278	2,162,286	2,117,541
Total Net OPEB Liability (Asset)	\$ (18,461,447)	\$ (22,834,600)	\$ (4,048,653)	\$ 1,347,335	\$ 9,612,823	\$ 7,796,775
Borough's Covered Payroll	\$ 6,041,838	\$ 7,041,946	\$ 8,153,068	\$ 8,977,278	\$ 9,846,268	\$ 10,682,690
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-237.64%	-286.71%	-35.10%	10.74%	75.67%	53.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%	88.12%	89.91%

Schedule of Borough Contributions

Years Ended June 30,	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 97	\$ 390,312	\$ 523,451	\$ 961,935	\$ 922,927	\$ 785,385
Contributions Relative to the Contractually Required Contribution	97	390,312	523,451	961,935	922,927	785,385
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 6,030,513	\$ 6,041,838	\$ 7,041,946	\$ 8,153,068	\$ 8,977,278	\$ 9,846,268
Contributions as a Percentage of Covered Payroll	0.002%	6.460%	7.433%	11.798%	10.281%	7.976%

See accompanying notes to Required Supplementary Information.

Kenai Peninsula Borough

Public Employees' Retirement System - RMP OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	1.05572%	0.98174%	0.93785%	0.94610%	0.95184%	0.96262%
Borough's Proportionate Share of the Net OPEB Liability (Asset) State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ (366,651) \$	\$ (263,520) \$	\$ 66,522 \$	\$ 226,345 \$	\$ 121,122 \$	\$ 50,201
Total Net OPEB Liability (Asset)	\$ (366,651) \$	\$ (263,520) \$	\$ 66,522 \$	\$ 226,345 \$	\$ 121,122 \$	\$ 50,201
Borough's Covered Payroll	\$ 16,690,385 \$	\$ 14,346,781 \$	\$ 12,973,749 \$	\$ 11,811,358 \$	\$ 10,772,905 \$	\$ 10,017,395
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.20%	-1.84%	0.51%	1.92%	1.12%	0.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of Borough Contributions

Years Ended June 30,	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 212,857 \$	\$ 178,626 \$	\$ 182,205 \$	\$ 167,294 \$	\$ 111,028 \$	\$ 110,961
Contributions Relative to the Contractually Required Contribution	212,857	178,626	182,205	167,294	111,028	110,961
Contribution Deficiency (Excess)	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ - \$	\$ -
Borough's Covered Payroll	\$ 19,362,886 \$	\$ 16,690,385 \$	\$ 14,346,781 \$	\$ 12,973,749 \$	\$ 11,811,358 \$	\$ 10,772,905
Contributions as a Percentage of Covered Payroll	1.099%	1.070%	1.270%	1.289%	0.940%	1.030%

See accompanying notes to Required Supplementary Information.

Kenai Peninsula Borough

Public Employees' Retirement System - ODD OPEB Plan

Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	1.26656%	1.17317%	1.18646%	1.24167%	0.95184%	0.96260%
Borough's Proportionate Share of the Net OPEB Liability (Asset) State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ (555,233)	\$ (517,050)	\$ (323,429)	\$ (301,044)	\$ (184,866)	\$ (136,586)
Total Net OPEB Liability (Asset)	\$ (555,233)	\$ (517,050)	\$ (323,429)	\$ (301,044)	\$ (184,866)	\$ (136,586)
Borough's Covered Payroll	\$ 16,690,385	\$ 14,346,781	\$ 12,973,749	\$ 11,811,358	\$ 10,772,905	\$ 10,017,395
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-3.33%	-3.60%	-2.49%	-2.55%	-1.72%	-1.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

Years Ended June 30,	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 83,743	\$ 73,074	\$ 62,576	\$ 52,029	\$ 50,697	\$ 12,282
Contributions Relative to the Contractually Required Contribution	83,743	73,074	62,576	52,029	50,697	12,282
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 19,362,886	\$ 16,690,385	\$ 14,346,781	\$ 12,973,749	\$ 11,811,358	\$ 10,772,905
Contributions as a Percentage of Covered Payroll	0.432%	0.438%	0.436%	0.401%	0.429%	0.114%

See accompanying notes to Required Supplementary Information.

Kenai Peninsula Borough
Notes to Required Supplementary Information
June 30, 2023

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, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

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

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

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

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

Schedule of the Borough's 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

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

Changes in Assumptions:

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

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

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

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

Schedule of the Borough's Contributions

These tables are 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.

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NON MAJOR GOVERNMENTAL FUNDS

Kenai Peninsula Borough
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and short-term investments	\$ 12,893,070	\$ -	\$ 12,893,070
Equity in central treasury	24,900,938	47,091,772	71,992,710
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	345,091	-	345,091
Leases receivable	1,109,605	-	1,109,605
Accounts receivable	435,863	7,842	443,705
Due from other governments	517,619	2,242,987	2,760,606
Due from other funds	646,708	-	646,708
Restricted assets - equity in central treasury - unspent bond proceeds	-	16,311,104	16,311,104
Total assets	\$ 40,848,894	\$ 65,653,705	\$ 106,502,599
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	931,393	1,950,662	2,882,055
Accrued payroll and payroll benefits	383,698	12,669	396,367
Due to other funds	703,193	-	703,193
Unearned grant revenue	45,608	5,056,630	5,102,238
Total liabilities	2,063,892	7,019,961	9,083,853
Deferred inflows of resources:			
Prepaid property taxes	7,875,473	-	7,875,473
Property tax receivable - unavailable	321,927	-	321,927
Lease related	1,061,715	-	1,061,715
Total deferred inflows of resources	9,259,115	-	9,259,115
Fund balances:			
Restricted:			
Landfill closure/postclosure costs	-	10,565,992	10,565,992
Solid waste facilities	-	5,414	5,414
Roads construction and upgrades	-	5,017,013	5,017,013
Hazard tree removal program	244,809	-	244,809
General government	13,800,582	187,220	13,987,802
Public safety	11,431,703	17,421,509	28,853,212
Recreation	1,371,906	346,511	1,718,417
Education	-	34,969	34,969
Roads	2,277,203	-	2,277,203
Committed:			
Software upgrades	-	138,164	138,164
Building maintenance and upgrades	-	1,901,941	1,901,941
Public safety facilities and equipment	-	5,017,309	5,017,309
Recreational facility maintenance	-	1,075,033	1,075,033
School maintenance and upgrades	-	8,050,701	8,050,701
Solid waste facilities	-	2,264,390	2,264,390
Road construction and upgrades	-	5,763,077	5,763,077
Assigned:			
Subsequent year's expenditures	399,684	844,501	1,244,185
Total fund balances	29,525,887	58,633,744	88,159,631
Total liabilities, deferred inflows of resources and fund balances	\$ 40,848,894	\$ 65,653,705	\$ 106,502,599

Kenai Peninsula Borough
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2023

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Property taxes	\$ 21,442,779	\$ -	\$ -	\$ 21,442,779
Motor vehicle tax	234,021	-	-	234,021
Intergovernmental:				
Federal	375,739	6,854,167	-	7,229,906
State	267,503	90,556	-	358,059
Investment earnings (loss)	1,360,345	744,184	1,530	2,106,059
Other revenues	5,912,793	7,938	-	5,920,731
Total revenues	<u>29,593,180</u>	<u>7,696,845</u>	<u>1,530</u>	<u>37,291,555</u>
Expenditures:				
General government	358,361	263,599	-	621,960
Solid waste	-	6,138,449	-	6,138,449
Public safety	13,941,210	4,125,571	-	18,066,781
Recreation	2,026,329	45,917	-	2,072,246
Education	-	3,706,819	-	3,706,819
Roads and trails	7,236,010	3,501,702	-	10,737,712
Debt service:				
Principal	-	-	4,305,000	4,305,000
Interest and other	-	-	1,555,552	1,555,552
Total expenditures	<u>23,561,910</u>	<u>17,782,057</u>	<u>5,860,552</u>	<u>47,204,519</u>
Excess (deficiency) of revenues over expenditures	<u>6,031,270</u>	<u>(10,085,212)</u>	<u>(5,859,022)</u>	<u>(9,912,964)</u>
Other financing sources (uses):				
Bonds issued	-	14,520,000	-	14,520,000
Premium on bonds issued	-	1,978,201	-	1,978,201
Transfers in	5,139,423	18,751,291	5,859,022	29,749,736
Transfers out	<u>(6,492,480)</u>	<u>(225,000)</u>	-	<u>(6,717,480)</u>
Net other financing sources (uses)	<u>(1,353,057)</u>	<u>35,024,492</u>	<u>5,859,022</u>	<u>39,530,457</u>
Net change in fund balances	4,678,213	24,939,280	-	29,617,493
Fund balances at beginning of year	<u>24,847,674</u>	<u>33,694,464</u>	-	<u>58,542,138</u>
Fund balances at end of year	<u>\$ 29,525,887</u>	<u>\$ 58,633,744</u>	<u>\$ -</u>	<u>\$ 88,159,631</u>

Nonmajor Special Revenue Funds
Pages 98-117

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

Nikiski Fire Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Nikiski Fire Service Area.

Bear Creek Fire Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Bear Creek Fire Service Area.

Western Emergency Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Anchor Point Fire and Emergency Medical Service Area.

Kachemak Emergency Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Kachemak Emergency Service Area.

Central Peninsula Emergency Medical Service Area – This fund accounts for operating expenditures of the Central Peninsula Emergency Medical Service Area.

North Peninsula Recreation Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues – recreational fees, and operating expenditures the North Peninsula Recreation Service Area.

Seldovia Recreational Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues – recreational fees, and operating expenditures of the Seldovia Recreational Service Area.

Eastern Peninsula Highway Emergency Service Area – This fund accounts for operating expenditures of the Eastern Peninsula Highway Emergency Service Area.

Road Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues, and operating expenditures of the Road Service Area.

Land Trust Investment – This fund accounts 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 accounts for property taxes, intergovernmental revenues, interest earnings, other revenues, and operating expenditures of the Seward Bear Creek Flood Service Area.

Environmental Protection Programs – This fund accounts 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 intergovernmental revenues, interest earnings, other revenues – dispatch and call for service fees, and operating expenditures of the Borough's 911 communications service.

Nikiski Senior Service Area – This fund is used to account for property taxes, interest earnings and operating 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, 2023

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Western Emergency Service Area</u>
<u>Assets</u>			
Cash and short-term investments	\$ 4,216	\$ 200	\$ 2,126
Equity in central treasury	9,110,689	721,949	1,684,912
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	82,775	12,366	29,320
Leases receivable	471,414	319,334	318,857
Accounts receivable	136,122	3,461	88,263
Due from other governments	8,483	2,797	244,836
Due from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,813,699</u>	<u>\$ 1,060,107</u>	<u>\$ 2,368,314</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	\$ 51,571	\$ 11,450	\$ 36,879
Accrued payroll and payroll benefits	129,739	8,663	43,585
Due to other funds	-	-	646,708
Unearned grant revenue	11,953	7,082	13,274
Total liabilities	<u>193,263</u>	<u>27,195</u>	<u>740,446</u>
Deferred inflows of resources:			
Prepaid property taxes	3,013,785	5,585	756,442
Property taxes receivable - unavailable	71,504	10,500	26,056
Leases related	454,146	304,012	303,557
Total deferred inflows of resources	<u>3,539,435</u>	<u>320,097</u>	<u>1,086,055</u>
Fund balances:			
Restricted:			
Hazard tree removal program	-	-	-
General government	-	-	-
Public safety	5,876,093	641,293	541,813
Recreation	-	-	-
Roads	-	-	-
Assigned:			
Subsequent year's expenditures	204,908	71,522	-
Total fund balances	<u>6,081,001</u>	<u>712,815</u>	<u>541,813</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,813,699</u>	<u>\$ 1,060,107</u>	<u>\$ 2,368,314</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>
\$ 2,423 926,898	\$ - 905	\$ 200 2,954,671	\$ - 143,218	\$ - 714,371
15,114 - 13,613 6,193 -	53 - - - -	35,665 - 2,343 4,399 -	1,879 - - 63 -	- - - - -
<u>\$ 964,241</u>	<u>\$ 958</u>	<u>\$ 2,997,278</u>	<u>\$ 145,160</u>	<u>\$ 714,371</u>
\$ 36,337 32,038 - 13,299 81,674	\$ - - - - -	\$ 33,176 41,597 - - 74,773	\$ 2,751 - - - 2,751	\$ 17,621 1,819 - - 19,440
12,859 14,932 - 27,791	61 53 - 114	1,625,645 42,661 - 1,668,306	214 1,668 - 1,882	- - - -
- - 778,163 - -	- - 500 - -	- - 1,254,199 -	- - 117,707 -	- - 694,931 -
76,613 854,776	344 844	- 1,254,199	22,820 140,527	- 694,931
<u>\$ 964,241</u>	<u>\$ 958</u>	<u>\$ 2,997,278</u>	<u>\$ 145,160</u>	<u>\$ 714,371</u>

Kenai Peninsula Borough
 Nonmajor Special Revenue Funds
 Combining Balance Sheet, continued
 June 30, 2023

	Road Service Area	Land Trust Investment	Seward Bear Creek Flood Service Area
<u>Assets</u>			
Cash and short-term investments	\$ -	\$ 12,883,905	\$ -
Equity in central treasury	5,109,720	18,321	852,243
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	156,748	-	6,046
Leases receivable	-	-	-
Accounts receivable	6,839	-	-
Due from other governments	24,566	-	169,290
Due from other funds	-	646,708	-
	-	646,708	-
Total assets	\$ 5,297,873	\$ 13,548,934	\$ 1,027,579
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	\$ 688,650	\$ -	\$ 14,251
Accrued payroll and payroll benefits	29,901	-	2,293
Due to other funds	-	-	-
Unearned grant revenue	-	-	-
	718,551	-	16,544
Total liabilities	718,551	-	16,544
Deferred inflows of resources:			
Prepaid property taxes	2,157,840	-	4,513
Property taxes receivable - unavailable	144,279	-	5,392
Leases related	-	-	-
	2,302,119	-	9,905
Total deferred inflows of resources	2,302,119	-	9,905
Fund balances:			
Restricted:			
Hazard tree removal program	-	-	-
General government	-	13,548,934	-
Public safety	-	-	1,001,130
Recreation	-	-	-
Roads	2,277,203	-	-
Assigned:			
Subsequent year's expenditures	-	-	-
	2,277,203	13,548,934	1,001,130
Total fund balances	2,277,203	13,548,934	1,001,130
Total liabilities, deferred inflows of resources and fund balances	\$ 5,297,873	\$ 13,548,934	\$ 1,027,579

<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>
\$ -	\$ -	\$ -	\$ -	\$ 12,893,070
244,809	-	1,868,805	549,427	24,900,938
-	-	-	5,125	345,091
-	-	-	-	1,109,605
-	-	185,222	-	435,863
-	56,485	-	507	517,619
-	-	-	-	646,708
<u>\$ 244,809</u>	<u>\$ 56,485</u>	<u>\$ 2,054,027</u>	<u>\$ 555,059</u>	<u>40,848,894</u>
\$ -	\$ -	\$ 38,707	\$ -	\$ 931,393
-	-	94,063	-	383,698
-	56,485	-	-	703,193
-	-	-	-	45,608
-	<u>56,485</u>	<u>132,770</u>	-	<u>2,063,892</u>
-	-	-	298,529	7,875,473
-	-	-	4,882	321,927
-	-	-	-	1,061,715
-	-	-	<u>303,411</u>	<u>9,259,115</u>
244,809	-	-	-	244,809
-	-	-	251,648	13,800,582
-	-	1,897,780	-	11,431,703
-	-	-	-	1,371,906
-	-	-	-	2,277,203
-	-	23,477	-	399,684
<u>244,809</u>	-	<u>1,921,257</u>	<u>251,648</u>	<u>29,525,887</u>
<u>\$ 244,809</u>	<u>\$ 56,485</u>	<u>\$ 2,054,027</u>	<u>\$ 555,059</u>	<u>\$ 40,848,894</u>

Kenai Peninsula Borough
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended June 30, 2023

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Western Emergency Service Area</u>
Revenues:			
Property taxes	\$ 4,755,439	\$ 724,746	\$ 2,135,051
Motor vehicle tax	38,269	12,686	14,880
Intergovernmental:			
Federal	16,064	7,361	123,857
State	98,874	39,750	53,094
Investment earnings (loss)	148,864	23,719	38,865
Other revenues	<u>1,291,521</u>	<u>128,856</u>	<u>372,959</u>
Total revenues	<u>6,349,031</u>	<u>937,118</u>	<u>2,738,706</u>
Expenditures:			
General government	-	-	-
Public safety	5,281,538	621,441	2,208,227
Recreation	-	-	-
Roads and trails	-	-	-
Total expenditures	<u>5,281,538</u>	<u>621,441</u>	<u>2,208,227</u>
Excess (deficiency) of revenues over expenditures	<u>1,067,493</u>	<u>315,677</u>	<u>530,479</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>(395,200)</u>	<u>(385,437)</u>	<u>(922,798)</u>
Net other financing sources (uses)	<u>(395,200)</u>	<u>(385,437)</u>	<u>(922,798)</u>
Net change in fund balances	672,293	(69,760)	(392,319)
Fund balances at beginning of year	<u>5,408,708</u>	<u>782,575</u>	<u>934,132</u>
Fund balances at end of year	<u>\$ 6,081,001</u>	<u>\$ 712,815</u>	<u>\$ 541,813</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>
\$ 1,753,420	\$ 8,190	\$ 2,507,071	\$ 65,610	\$ -
27,936	-	19,843	284	-
10,803	-	-	-	-
45,323	-	16,790	-	-
31,246	-	40,283	2,840	13,048
194,946	-	372,822	2,070	-
<u>2,063,674</u>	<u>8,190</u>	<u>2,956,809</u>	<u>70,804</u>	<u>13,048</u>
-	-	-	-	-
1,577,318	-	-	-	221,675
-	-	1,971,430	54,899	-
-	-	-	-	-
<u>1,577,318</u>	<u>-</u>	<u>1,971,430</u>	<u>54,899</u>	<u>221,675</u>
<u>486,356</u>	<u>8,190</u>	<u>985,379</u>	<u>15,905</u>	<u>(208,627)</u>
-	-	-	-	178,338
<u>(505,699)</u>	<u>(7,346)</u>	<u>(1,041,950)</u>	<u>-</u>	<u>(10,050)</u>
<u>(505,699)</u>	<u>(7,346)</u>	<u>(1,041,950)</u>	<u>-</u>	<u>168,288</u>
(19,343)	844	(56,571)	15,905	(40,339)
<u>874,119</u>	<u>-</u>	<u>1,310,770</u>	<u>124,622</u>	<u>735,270</u>
<u>\$ 854,776</u>	<u>\$ 844</u>	<u>\$ 1,254,199</u>	<u>\$ 140,527</u>	<u>\$ 694,931</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, 2023

	<u>Road Service Area</u>	<u>Land Trust Investment</u>	<u>Seward Bear Creek Flood Service Area</u>
Revenues:			
Property taxes	\$ 8,725,456	\$ -	\$ 436,193
Motor vehicle tax	110,892	-	6,943
Intergovernmental:			
Federal	-	-	125,820
State	16,427	-	44,721
Investment earnings (loss)	111,964	923,332	17,643
Other revenues	<u>17,188</u>	<u>-</u>	<u>-</u>
Total revenues	<u>8,981,927</u>	<u>923,332</u>	<u>631,320</u>
 Expenditures:			
General government	-	-	-
Public safety	-	-	418,896
Recreation	-	-	-
Roads and trails	<u>7,236,010</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,236,010</u>	<u>-</u>	<u>418,896</u>
Excess (deficiency) of revenues over expenditures	<u>1,745,917</u>	<u>923,332</u>	<u>212,424</u>
 Other financing sources (uses):			
Transfers in	-	4,565,000	-
Transfers out	<u>(2,600,000)</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(2,600,000)</u>	<u>4,565,000</u>	<u>-</u>
Net change in fund balances	(854,083)	5,488,332	212,424
Fund balances at beginning of year	<u>3,131,286</u>	<u>8,060,602</u>	<u>788,706</u>
Fund balances at end of year	<u>\$ 2,277,203</u>	<u>\$ 13,548,934</u>	<u>\$ 1,001,130</u>

<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>
\$ -	\$ -	\$ -	\$ 331,603	\$ 21,442,779
-	-	-	2,288	234,021
-	91,834	-	-	375,739
-	(91,644)	44,168	-	267,503
3,053	-	-	5,488	1,360,345
-	-	3,532,431	-	5,912,793
<u>3,053</u>	<u>190</u>	<u>3,576,599</u>	<u>339,379</u>	<u>29,593,180</u>
-	-	-	358,361	358,361
-	190	3,611,925	-	13,941,210
-	-	-	-	2,026,329
-	-	-	-	7,236,010
<u>-</u>	<u>190</u>	<u>3,611,925</u>	<u>358,361</u>	<u>23,561,910</u>
<u>3,053</u>	<u>-</u>	<u>(35,326)</u>	<u>(18,982)</u>	<u>6,031,270</u>
-	-	396,085	-	5,139,423
-	-	(624,000)	-	(6,492,480)
-	-	(227,915)	-	(1,353,057)
3,053	-	(263,241)	(18,982)	4,678,213
<u>241,756</u>	<u>-</u>	<u>2,184,498</u>	<u>270,630</u>	<u>24,847,674</u>
<u>\$ 244,809</u>	<u>\$ -</u>	<u>\$ 1,921,257</u>	<u>\$ 251,648</u>	<u>\$ 29,525,887</u>

Kenai Peninsula Borough
Nikiski Fire Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 4,754,020	\$ 4,754,020	\$ 4,755,439	\$ 1,419
Motor vehicle tax	44,469	44,469	38,269	(6,200)
Intergovernmental:				
Federal	-	28,017	16,064	(11,953)
State	-	100,393	98,874	(1,519)
Investment earnings (loss)	103,779	103,779	148,864	45,085
Other revenues	<u>340,000</u>	<u>340,000</u>	<u>1,291,521</u>	<u>951,521</u>
Total revenues	<u>5,242,268</u>	<u>5,370,678</u>	<u>6,349,031</u>	<u>978,353</u>
Expenditures:				
Public safety:				
Personnel	4,235,702	4,304,838	3,993,170	311,668
Supplies	335,521	332,521	250,507	82,014
Services	1,057,508	1,084,858	886,347	198,511
Capital outlay	<u>137,466</u>	<u>172,390</u>	<u>151,514</u>	<u>20,876</u>
Total expenditures	<u>5,766,197</u>	<u>5,894,607</u>	<u>5,281,538</u>	<u>613,069</u>
Excess (deficiency) of revenues over expenditures	<u>(523,929)</u>	<u>(523,929)</u>	<u>1,067,493</u>	<u>1,591,422</u>
Other financing uses:				
Transfers out	<u>(358,200)</u>	<u>(395,200)</u>	<u>(395,200)</u>	<u>-</u>
Net change in fund balance	(882,129)	(919,129)	672,293	1,591,422
Fund balance at beginning of year	<u>5,408,708</u>	<u>5,408,708</u>	<u>5,408,708</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,526,579</u>	<u>\$ 4,489,579</u>	<u>\$ 6,081,001</u>	<u>\$ 1,591,422</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 718,803	\$ 718,803	\$ 724,746	\$ 5,943
Motor vehicle tax	13,796	13,796	12,686	(1,110)
Intergovernmental:				
Federal	-	14,443	7,361	(7,082)
State	-	39,750	39,750	-
Investment earnings (loss)	14,919	14,919	23,719	8,800
Other revenues	<u>102,582</u>	<u>102,582</u>	<u>128,856</u>	<u>26,274</u>
Total revenues	<u>850,100</u>	<u>904,293</u>	<u>937,118</u>	<u>32,825</u>
Expenditures:				
Public safety:				
Personnel	416,291	421,855	382,482	39,373
Supplies	25,518	25,518	13,419	12,099
Services	195,974	239,970	186,401	53,569
Capital outlay	<u>6,486</u>	<u>48,252</u>	<u>39,139</u>	<u>9,113</u>
Total expenditures	<u>644,269</u>	<u>735,595</u>	<u>621,441</u>	<u>114,154</u>
Excess (deficiency) of revenues over expenditures	<u>205,831</u>	<u>168,698</u>	<u>315,677</u>	<u>146,979</u>
Other financing uses:				
Transfers out	<u>(385,437)</u>	<u>(385,437)</u>	<u>(385,437)</u>	<u>-</u>
Net change in fund balance	(179,606)	(216,739)	(69,760)	146,979
Fund balance at beginning of year	<u>782,575</u>	<u>782,575</u>	<u>782,575</u>	<u>-</u>
Fund balance at end of year	<u>\$ 602,969</u>	<u>\$ 565,836</u>	<u>\$ 712,815</u>	<u>\$ 146,979</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, 2023

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 2,134,832	\$ 2,134,832	\$ 2,135,051	\$ 219
Motor vehicle tax	10,664	10,664	14,880	4,216
Intergovernmental:				
Federal	-	151,433	123,857	(27,576)
State	-	53,094	53,094	-
Investment earnings (loss)	18,235	18,235	38,865	20,630
Other revenues	<u>157,000</u>	<u>160,950</u>	<u>372,959</u>	<u>212,009</u>
Total revenues	<u>2,320,731</u>	<u>2,529,208</u>	<u>2,738,706</u>	<u>209,498</u>
Expenditures:				
Public safety:				
Personnel	1,512,563	1,536,679	1,564,693	(28,014)
Supplies	135,805	139,896	122,499	17,397
Services	380,928	401,739	361,927	39,812
Capital outlay	<u>129,854</u>	<u>295,496</u>	<u>159,108</u>	<u>136,388</u>
Total expenditures	<u>2,159,150</u>	<u>2,373,810</u>	<u>2,208,227</u>	<u>165,583</u>
Excess (deficiency) of revenues over expenditures	<u>161,581</u>	<u>155,398</u>	<u>530,479</u>	<u>375,081</u>
Other financing uses:				
Transfers out	<u>(230,519)</u>	<u>(279,078)</u>	<u>(922,798)</u>	<u>(643,720)</u>
Net change in fund balance	(68,938)	(123,680)	(392,319)	(268,639)
Fund balance at beginning of year	<u>934,132</u>	<u>934,132</u>	<u>934,132</u>	<u>-</u>
Fund balance at end of year	<u>\$ 865,194</u>	<u>\$ 810,452</u>	<u>\$ 541,813</u>	<u>\$ (268,639)</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,745,549	\$ 1,745,549	\$ 1,753,420	\$ 7,871
Motor vehicle tax	24,316	24,316	27,936	3,620
Intergovernmental:				
Federal	-	24,101	10,803	(13,298)
State	-	46,842	45,323	(1,519)
Investment earnings (loss)	17,366	17,366	31,246	13,880
Other revenues	40,000	40,000	194,946	154,946
Total revenues	<u>1,827,231</u>	<u>1,898,174</u>	<u>2,063,674</u>	<u>165,500</u>
Expenditures:				
Public safety:				
Personnel	1,223,076	1,238,661	1,054,322	184,339
Supplies	136,772	144,022	113,320	30,702
Services	312,633	332,100	268,553	63,547
Capital outlay	123,385	152,026	141,123	10,903
Total expenditures	<u>1,795,866</u>	<u>1,866,809</u>	<u>1,577,318</u>	<u>289,491</u>
Excess (deficiency) of revenues over expenditures	<u>31,365</u>	<u>31,365</u>	<u>486,356</u>	<u>454,991</u>
Other financing uses:				
Transfers out	<u>(414,394)</u>	<u>(505,699)</u>	<u>(505,699)</u>	<u>-</u>
Net change in fund balance	(383,029)	(474,334)	(19,343)	454,991
Fund balance at beginning of year	<u>874,119</u>	<u>874,119</u>	<u>874,119</u>	<u>-</u>
Fund balance at end of year	<u>\$ 491,090</u>	<u>\$ 399,785</u>	<u>\$ 854,776</u>	<u>\$ 454,991</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 7,758	\$ 7,758	\$ 8,190	\$ 432
Expenditures:				
Public safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	7,758	7,758	8,190	432
Other financing uses:				
Transfers out	(7,346)	(7,346)	(7,346)	-
Net change in fund balance	412	412	844	432
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 412</u>	<u>\$ 412</u>	<u>\$ 844</u>	<u>\$ 432</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 2,525,115	\$ 2,525,115	\$ 2,507,071	\$ (18,044)
Motor vehicle tax	16,470	16,470	19,843	3,373
Intergovernmental -				
State	-	16,790	16,790	-
Investment earnings (loss)	21,589	21,589	40,283	18,694
Other revenues	<u>235,340</u>	<u>235,340</u>	<u>372,822</u>	<u>137,482</u>
Total revenues	<u>2,798,514</u>	<u>2,815,304</u>	<u>2,956,809</u>	<u>141,505</u>
Expenditures:				
Recreation:				
Personnel	1,424,436	1,447,516	1,234,566	212,950
Supplies	146,727	140,437	97,492	42,945
Services	737,541	737,541	621,804	115,737
Capital outlay	<u>26,967</u>	<u>26,967</u>	<u>17,568</u>	<u>9,399</u>
Total expenditures	<u>2,335,671</u>	<u>2,352,461</u>	<u>1,971,430</u>	<u>381,031</u>
Excess (deficiency) of revenues over expenditures	<u>462,843</u>	<u>462,843</u>	<u>985,379</u>	<u>522,536</u>
Other financing uses:				
Transfers out	<u>(700,000)</u>	<u>(1,041,950)</u>	<u>(1,041,950)</u>	<u>-</u>
Net change in fund balance	(237,157)	(579,107)	(56,571)	522,536
Fund balance at beginning of year	<u>1,310,770</u>	<u>1,310,770</u>	<u>1,310,770</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,073,613</u>	<u>\$ 731,663</u>	<u>\$ 1,254,199</u>	<u>\$ 522,536</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 64,218	\$ 64,218	\$ 65,610	\$ 1,392
Motor vehicle tax	265	265	284	19
Investment earnings (loss)	2,223	2,223	2,840	617
Other revenues	<u>1,050</u>	<u>1,050</u>	<u>2,070</u>	<u>1,020</u>
Total revenues	<u>67,756</u>	<u>67,756</u>	<u>70,804</u>	<u>3,048</u>
Expenditures:				
Recreation:				
Personnel	-	75	75	-
Supplies	5,000	6,595	3,699	2,896
Services	55,239	53,645	48,509	5,136
Capital outlay	<u>4,000</u>	<u>3,924</u>	<u>2,616</u>	<u>1,308</u>
Total expenditures	<u>64,239</u>	<u>64,239</u>	<u>54,899</u>	<u>9,340</u>
Net change in fund balance	3,517	3,517	15,905	12,388
Fund balance at beginning of year	<u>124,622</u>	<u>124,622</u>	<u>124,622</u>	<u>-</u>
Fund balance at end of year	<u>\$ 128,139</u>	<u>\$ 128,139</u>	<u>\$ 140,527</u>	<u>\$ 12,388</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings (loss)	\$ 12,886	\$ 12,886	\$ 13,048	\$ 162
Expenditures:				
Public safety:				
Supplies	1,893	1,893	-	1,893
Services	332,127	332,127	221,675	110,452
Total expenditures	334,020	334,020	221,675	112,345
Excess (deficiency) of revenues over expenditures	(321,134)	(321,134)	(208,627)	112,507
Other financing sources (uses):				
Transfers in	178,338	178,338	178,338	-
Transfers out	(10,050)	(10,050)	(10,050)	-
Net other financing sources (uses)	168,288	168,288	168,288	-
Net change in fund balance	(152,846)	(152,846)	(40,339)	112,507
Fund balance at beginning of year	735,270	735,270	735,270	-
Fund balance at end of year	\$ 582,424	\$ 582,424	\$ 694,931	\$ 112,507

Kenai Peninsula Borough
Road Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 8,728,223	\$ 8,728,223	\$ 8,725,456	\$ (2,767)
Motor vehicle tax	122,539	122,539	110,892	(11,647)
Intergovernmental:				
Federal	-	150,000	-	(150,000)
State	-	16,427	16,427	-
Investment earnings (loss)	62,983	62,983	111,964	48,981
Other revenues	-	5,317	17,188	11,871
Total revenues	<u>8,913,745</u>	<u>9,085,489</u>	<u>8,981,927</u>	<u>(103,562)</u>
Expenditures:				
Roads and trails:				
Personnel	1,099,190	1,015,617	998,301	17,316
Supplies	65,255	76,962	74,082	2,880
Services	6,178,051	6,271,661	6,159,163	112,498
Capital outlay	8,875	158,875	4,464	154,411
Total expenditures	<u>7,351,371</u>	<u>7,523,115</u>	<u>7,236,010</u>	<u>287,105</u>
Excess (deficiency) of revenues over expenditures	<u>1,562,374</u>	<u>1,562,374</u>	<u>1,745,917</u>	<u>183,543</u>
Other financing uses:				
Transfers out	<u>(2,300,000)</u>	<u>(2,600,000)</u>	<u>(2,600,000)</u>	<u>-</u>
Net change in fund balance	(737,626)	(1,037,626)	(854,083)	183,543
Fund balance at beginning of year	<u>3,131,286</u>	<u>3,131,286</u>	<u>3,131,286</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,393,660</u>	<u>\$ 2,093,660</u>	<u>\$ 2,277,203</u>	<u>\$ 183,543</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 423,082	\$ 423,082	\$ 436,193	\$ 13,111
Motor vehicle tax	7,430	7,430	6,943	(487)
Intergovernmental:				
Federal	-	125,819	125,820	1
State	-	44,721	44,721	-
Investment earnings (loss)	<u>11,592</u>	<u>11,592</u>	<u>17,643</u>	<u>6,051</u>
Total revenues	<u>442,104</u>	<u>612,644</u>	<u>631,320</u>	<u>18,676</u>
Expenditures:				
Public safety:				
Personnel	212,744	238,536	190,852	47,684
Supplies	6,100	7,408	5,787	1,621
Services	238,081	564,331	210,690	353,641
Capital outlay	<u>16,821</u>	<u>16,821</u>	<u>11,567</u>	<u>5,254</u>
Total expenditures	<u>473,746</u>	<u>827,096</u>	<u>418,896</u>	<u>408,200</u>
Net change in fund balance	(31,642)	(214,452)	212,424	426,876
Fund balance at beginning of year	<u>788,706</u>	<u>788,706</u>	<u>788,706</u>	<u>-</u>
Fund balance at end of year	<u>\$ 757,064</u>	<u>\$ 574,254</u>	<u>\$ 1,001,130</u>	<u>\$ 426,876</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
911 service fee	\$ 3,575,670	\$ 3,575,670	\$ 3,529,731	\$ (45,939)
Intergovernmental-				
State	-	44,168	44,168	-
Other revenues	-	-	2,700	2,700
Total revenues	<u>3,575,670</u>	<u>3,619,838</u>	<u>3,576,599</u>	<u>(43,239)</u>
Expenditures:				
Public safety:				
Personnel	3,072,378	3,104,824	2,946,986	157,838
Supplies	16,750	18,447	11,699	6,748
Services	667,622	679,088	646,074	33,014
Capital outlay	3,985	9,169	7,166	2,003
Total expenditures	<u>3,760,735</u>	<u>3,811,528</u>	<u>3,611,925</u>	<u>199,603</u>
Excess (deficiency) of revenues over expenditures	<u>(185,065)</u>	<u>(191,690)</u>	<u>(35,326)</u>	<u>156,364</u>
Other financing sources (uses):				
Transfers in	396,085	396,085	396,085	-
Transfers out	<u>(624,000)</u>	<u>(624,000)</u>	<u>(624,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>(227,915)</u>	<u>(227,915)</u>	<u>(227,915)</u>	<u>-</u>
Net change in fund balance	(412,980)	(419,605)	(263,241)	156,364
Fund balance at beginning of year	<u>2,184,498</u>	<u>2,184,498</u>	<u>2,184,498</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,771,518</u>	<u>\$ 1,764,893</u>	<u>\$ 1,921,257</u>	<u>\$ 156,364</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, 2023

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Property taxes	\$ 331,463	\$ 331,463	\$ 331,603	\$ 140
Motor vehicle tax	2,659	2,659	2,288	(371)
Investment earnings (loss)	<u>4,563</u>	<u>4,563</u>	<u>5,488</u>	<u>925</u>
Total revenues	<u>338,685</u>	<u>338,685</u>	<u>339,379</u>	<u>694</u>
Expenditures:				
General government:				
Services	345,219	345,219	320,219	25,000
Capital outlay	<u>37,910</u>	<u>45,000</u>	<u>38,142</u>	<u>6,858</u>
Total expenditures	<u>383,129</u>	<u>390,219</u>	<u>358,361</u>	<u>31,858</u>
Net change in fund balance	(44,444)	(51,534)	(18,982)	32,552
Fund balance at beginning of year	<u>270,630</u>	<u>270,630</u>	<u>270,630</u>	<u>-</u>
Fund balance at end of year	<u>\$ 226,186</u>	<u>\$ 219,096</u>	<u>\$ 251,648</u>	<u>\$ 32,552</u>

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Nonmajor Capital Projects Funds
Pages 120-125

Capital projects 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.

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

Solid Waste – This fund is used to account for acquisition and construction of major capital facilities and equipment for the Solid Waste.

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, 2023

	<u>School Revenue</u>	<u>General Government</u>	<u>Solid Waste</u>
<u>Assets</u>			
Equity in central treasury	\$ 11,308,600	\$ 3,113,499	\$ 13,600,961
Accounts receivable	7,842	-	-
Due from other governments	-	-	2,159,280
Restricted assets - equity in central treasury - unspent bond proceeds	-	-	4,044
Total assets	<u>\$ 11,316,442</u>	<u>\$ 3,113,499</u>	<u>\$ 15,764,285</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	761,668	10,039	504,343
Accrued payroll and payroll benefits	1,180	729	4,257
Unearned grant revenue	2,467,924	-	2,082,471
Total liabilities	<u>3,230,772</u>	<u>10,768</u>	<u>2,591,071</u>
Fund balances:			
Restricted:			
Landfill closure/postclosure costs	-	-	10,565,992
Education	34,969	-	-
Solid waste facilities	-	-	5,414
Roads	-	-	-
General government	-	187,220	-
Public safety	-	-	-
Recreation	-	-	-
Committed:			
Software upgrades	-	138,164	-
Building maintenance and upgrades	-	1,901,941	-
Public safety facilities and equipment	-	875,406	-
Recreational facility maintenance	-	-	-
School maintenance and upgrades	8,050,701	-	-
Solid waste facilities	-	-	2,264,390
Road construction and upgrades	-	-	-
Assigned:			
Subsequent year's expenditures	-	-	337,418
Total fund balances	<u>8,085,670</u>	<u>3,102,731</u>	<u>13,173,214</u>
Total liabilities and fund balances	<u>\$ 11,316,442</u>	<u>\$ 3,113,499</u>	<u>\$ 15,764,285</u>

<u>Road Service Area</u>	<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>
\$ 11,841,260	\$ 828,702	\$ 708,038	\$ 3,042,246	\$ 108,236
-	-	-	-	-
83,707	-	-	-	-
-	-	-	16,307,060	-
<u>\$ 11,924,967</u>	<u>\$ 828,702</u>	<u>\$ 708,038</u>	<u>\$ 19,349,306</u>	<u>\$ 108,236</u>
635,142	9,424	-	928	7,361
3,500	-	-	2,772	-
<u>506,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,144,877</u>	<u>9,424</u>	<u>-</u>	<u>3,700</u>	<u>7,361</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,017,013	-	-	-	-
-	-	-	-	-
-	310,803	-	16,607,409	15,358
-	-	-	-	-
-	-	-	-	-
-	192,700	516,730	2,738,197	85,517
-	-	-	-	-
-	-	-	-	-
5,763,077	-	-	-	-
-	315,775	191,308	-	-
<u>10,780,090</u>	<u>819,278</u>	<u>708,038</u>	<u>19,345,606</u>	<u>100,875</u>
<u>\$ 11,924,967</u>	<u>\$ 828,702</u>	<u>\$ 708,038</u>	<u>\$ 19,349,306</u>	<u>\$ 108,236</u>

(Continued)

Kenai Peninsula Borough
 Nonmajor Capital Projects Funds
 Combining Balance Sheet, continued
 June 30, 2023

	<u>Kachemak Emergency Service Area</u>	<u>911 Communications</u>	<u>North Peninsula Recreation Service Area</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets</u>				
Equity in central treasury	\$ 505,183	\$ 610,864	\$ 1,424,183	\$ 47,091,772
Accounts receivable	-	-	-	7,842
Due from other governments	-	-	-	2,242,987
Restricted assets - equity in central treasury - unspent bond proceeds	-	-	-	16,311,104
Total assets	<u>\$ 505,183</u>	<u>\$ 610,864</u>	<u>\$ 1,424,183</u>	<u>\$ 65,653,705</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts and retainage payable	18,099	1,250	2,408	1,950,662
Accrued payroll and payroll benefits	-	-	231	12,669
Unearned grant revenue	-	-	-	5,056,630
Total liabilities	<u>18,099</u>	<u>1,250</u>	<u>2,639</u>	<u>7,019,961</u>
Fund balances:				
Restricted:				
Landfill closure/postclosure costs	-	-	-	10,565,992
Education	-	-	-	34,969
Solid waste facilities	-	-	-	5,414
Roads	-	-	-	5,017,013
General government	-	-	-	187,220
Public safety	-	487,939	-	17,421,509
Recreation	-	-	346,511	346,511
Committed:				
Software upgrades	-	-	-	138,164
Building maintenance and upgrades	-	-	-	1,901,941
Public safety facilities and equipment	487,084	121,675	-	5,017,309
Recreational facility maintenance	-	-	1,075,033	1,075,033
School maintenance and upgrades	-	-	-	8,050,701
Solid waste facilities	-	-	-	2,264,390
Road construction and upgrades	-	-	-	5,763,077
Assigned:				
Subsequent year's expenditures	-	-	-	844,501
Total fund balances	<u>487,084</u>	<u>609,614</u>	<u>1,421,544</u>	<u>58,633,744</u>
Total liabilities and fund balances	<u>\$ 505,183</u>	<u>\$ 610,864</u>	<u>\$ 1,424,183</u>	<u>\$ 65,653,705</u>

Kenai Peninsula Borough
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2023

	<u>School Revenue</u>	<u>General Government</u>	<u>Solid Waste</u>	<u>Road Service Area</u>
Revenues:				
Intergovernmental:				
Federal	\$ 1,470,233	\$ -	\$ 5,029,835	\$ 354,099
State	90,556	-	-	-
Investment earnings (loss)	-	-	180,915	186,991
Other revenues	7,938	-	-	-
Total revenues	<u>1,568,727</u>	<u>-</u>	<u>5,210,750</u>	<u>541,090</u>
Expenditures:				
General government	-	263,599	-	-
Solid waste	-	-	6,138,449	-
Public safety	-	-	-	-
Recreation	-	-	-	-
Education	3,706,819	-	-	-
Roads and trails	-	-	-	3,501,702
Total expenditures	<u>3,706,819</u>	<u>263,599</u>	<u>6,138,449</u>	<u>3,501,702</u>
Excess (deficiency) of revenues over expenditures	<u>(2,138,092)</u>	<u>(263,599)</u>	<u>(927,699)</u>	<u>(2,960,612)</u>
Other financing sources (uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	5,250,000	1,658,161	3,455,450	2,600,000
Transfers out	-	-	(225,000)	-
Net other financing sources (uses)	<u>5,250,000</u>	<u>1,658,161</u>	<u>3,230,450</u>	<u>2,600,000</u>
Net change in fund balances	3,111,908	1,394,562	2,302,751	(360,612)
Fund balances at beginning of year	<u>4,973,762</u>	<u>1,708,169</u>	<u>10,870,463</u>	<u>11,140,702</u>
Fund balances at end of year	<u>\$ 8,085,670</u>	<u>\$ 3,102,731</u>	<u>\$ 13,173,214</u>	<u>\$ 10,780,090</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, 2023

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>
Revenues:			
Intergovernmental:			
Federal	\$ -	\$ -	\$ -
State	-	-	-
Investment earnings (loss)	14,165	12,067	325,911
Other revenues	-	-	-
Total revenues	<u>14,165</u>	<u>12,067</u>	<u>325,911</u>
Expenditures:			
General government	-	-	-
Solid waste	-	-	-
Public safety	538,365	50,802	1,965,874
Recreation	-	-	-
Education	-	-	-
Roads and trails	-	-	-
Total expenditures	<u>538,365</u>	<u>50,802</u>	<u>1,965,874</u>
Excess (deficiency) of revenues over expenditures	<u>(524,200)</u>	<u>(38,735)</u>	<u>(1,639,963)</u>
Other financing sources (uses):			
Bonds issued	-	-	14,520,000
Premium on bonds issued	-	-	1,978,201
Transfers in	595,727	300,105	1,482,914
Transfers out	-	-	-
Net other financing sources (uses)	<u>595,727</u>	<u>300,105</u>	<u>17,981,115</u>
Net change in fund balances	71,527	261,370	16,341,152
Fund balances at beginning of year	<u>747,751</u>	<u>446,668</u>	<u>3,004,454</u>
Fund balances at end of year	<u>\$ 819,278</u>	<u>\$ 708,038</u>	<u>\$ 19,345,606</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>
\$ -	\$ -	\$ -	\$ -	\$ 6,854,167
-	-	-	-	90,556
(2,146)	7,625	-	18,656	744,184
-	-	-	-	7,938
<u>(2,146)</u>	<u>7,625</u>	<u>-</u>	<u>18,656</u>	<u>7,696,845</u>
-	-	-	-	263,599
-	-	-	-	6,138,449
1,191,941	353,314	25,275	-	4,125,571
-	-	-	45,917	45,917
-	-	-	-	3,706,819
-	-	-	-	3,501,702
<u>1,191,941</u>	<u>353,314</u>	<u>25,275</u>	<u>45,917</u>	<u>17,782,057</u>
<u>(1,194,087)</u>	<u>(345,689)</u>	<u>(25,275)</u>	<u>(27,261)</u>	<u>(10,085,212)</u>
-	-	-	-	14,520,000
-	-	-	-	1,978,201
1,076,679	666,305	624,000	1,041,950	18,751,291
-	-	-	-	(225,000)
<u>1,076,679</u>	<u>666,305</u>	<u>624,000</u>	<u>1,041,950</u>	<u>35,024,492</u>
(117,408)	320,616	598,725	1,014,689	24,939,280
<u>218,283</u>	<u>166,468</u>	<u>10,889</u>	<u>406,855</u>	<u>33,694,464</u>
<u>\$ 100,875</u>	<u>\$ 487,084</u>	<u>\$ 609,614</u>	<u>\$ 1,421,544</u>	<u>\$ 58,633,744</u>

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Nonmajor Debt Service Funds
Pages 128-133

Debt service funds are used to accumulate funds for payment of general obligation bonds issued for construction, improvements, and equipping of public facilities throughout the Borough and for debt issued for the purchase of equipment.

School – This fund is used to account for payments associated with general obligation bonds for construction of school capital facilities.

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 firefighting equipment of the Central Emergency Services Service Area.

Kenai Peninsula Borough
 Nonmajor Debt Service Funds
 Combining Balance Sheet
 June 30, 2023

	<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>			
<u>Assets</u>					
Due from the other governments	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Liabilities and Fund Balances</u>					
Fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kenai Peninsula Borough
 Nonmajor Debt Service Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended June 30, 2023

	<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>			
Revenues					
Investment earnings (loss)	\$ -	\$ 1,530	\$ -	\$ -	\$ 1,530
Expenditures:					
Debt service:					
Principal	2,795,000	1,010,000	70,000	430,000	4,305,000
Interest and other	1,136,900	50,500	14,323	353,829	1,555,552
Total expenditures	<u>3,931,900</u>	<u>1,060,500</u>	<u>84,323</u>	<u>783,829</u>	<u>5,860,552</u>
Deficiency of revenues over expenditures	<u>(3,931,900)</u>	<u>(1,058,970)</u>	<u>(84,323)</u>	<u>(783,829)</u>	<u>(5,859,022)</u>
Other financing sources:					
Transfers in	<u>3,931,900</u>	<u>1,058,970</u>	<u>84,323</u>	<u>783,829</u>	<u>5,859,022</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, 2023

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	2,795,000	2,795,000	2,795,000	-
Interest and other	693,733	1,135,400	1,136,900	(1,500)
Total expenditures	3,488,733	3,930,400	3,931,900	(1,500)
Deficiency of revenues over expenditures	(3,488,733)	(3,930,400)	(3,931,900)	(1,500)
Other financing sources:				
Transfers in	3,488,733	3,930,400	3,931,900	1,500
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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings (loss)	\$ -	\$ -	\$ 1,530	\$ 1,530
Expenditures:				
Debt service:				
Principal	1,010,750	1,010,750	1,010,000	750
Interest and other	50,500	50,500	50,500	-
Total expenditures	<u>1,061,250</u>	<u>1,061,250</u>	<u>1,060,500</u>	<u>750</u>
Deficiency of revenues over expenditures	<u>(1,061,250)</u>	<u>(1,061,250)</u>	<u>(1,058,970)</u>	<u>(2,280)</u>
Other financing sources:				
Transfers in	<u>1,061,250</u>	<u>1,061,250</u>	<u>1,058,970</u>	<u>(2,280)</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
 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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	70,000	70,000	70,000	-
Interest and other	14,323	14,323	14,323	-
Total expenditures	<u>84,323</u>	<u>84,323</u>	<u>84,323</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(84,323)</u>	<u>(84,323)</u>	<u>(84,323)</u>	<u>-</u>
Other financing sources:				
Transfers in	<u>84,323</u>	<u>84,323</u>	<u>84,323</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, 2023

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	431,500	431,500	430,000	1,500
Interest and other	140,063	353,830	353,829	1
Total expenditures	571,563	785,330	783,829	1,501
Deficiency of revenues over expenditures	(571,563)	(785,330)	(783,829)	1,501
Other financing sources:				
Transfers in	571,563	785,330	783,829	(1,501)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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INTERNAL SERVICE FUNDS

Internal Service Funds
Pages 136-138

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.

Insurance and Litigation – This fund accounts for revenues and expenses related to insurance and litigation for the Borough.

Employee Health Insurance – This fund accounts for revenues and expenses related to employee health insurance coverage.

Employee Compensated Leave – This fund accounts for revenues and expenses for employee compensated leave liability.

Equipment Replacement – This fund accounts for revenue and expenses for equipment replacements for various Borough departments.

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Net Position
June 30, 2023

	<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>
Assets					
Current assets:					
Cash and short term investments	\$ 68,294	\$ 200,000	\$ -	\$ -	\$ 268,294
Equity in central treasury	7,240,085	5,667,311	3,618,525	2,515,631	19,041,552
Other receivables	37,007	33,557	-	-	70,564
Prepays	34,250	57,335	-	-	91,585
Total current assets	<u>7,379,636</u>	<u>5,958,203</u>	<u>3,618,525</u>	<u>2,515,631</u>	<u>19,471,995</u>
Capital assets:					
Equipment	32,645	-	-	5,000,805	5,033,450
Right-to-use leased building	54,176	-	-	-	54,176
Less accumulated depreciation and amortization	<u>(27,121)</u>	<u>-</u>	<u>-</u>	<u>(2,529,660)</u>	<u>(2,556,781)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>59,700</u>	<u>-</u>	<u>-</u>	<u>2,471,145</u>	<u>2,530,845</u>
Total assets	<u>7,439,336</u>	<u>5,958,203</u>	<u>3,618,525</u>	<u>4,986,776</u>	<u>22,002,840</u>
Liabilities					
Current liabilities:					
Accounts and contracts payable	13,827	74,674	-	1,800	90,301
Accrued payroll and payroll benefits	16,662	-	-	-	16,662
Claims payable	2,450,354	628,406	-	-	3,078,760
Compensated absences	9,084	-	904,631	-	913,715
Lease payable	26,476	-	-	-	26,476
Total current liabilities	<u>2,516,403</u>	<u>703,080</u>	<u>904,631</u>	<u>1,800</u>	<u>4,125,914</u>
Noncurrent liabilities:					
Compensated absences	27,253	-	2,713,894	-	2,741,147
Lease payable	20,391	-	-	-	20,391
Total noncurrent liabilities	<u>47,644</u>	<u>-</u>	<u>2,713,894</u>	<u>-</u>	<u>2,761,538</u>
Total liabilities	<u>2,564,047</u>	<u>703,080</u>	<u>3,618,525</u>	<u>1,800</u>	<u>6,887,452</u>
Net Position					
Net investment in capital assets	12,833	-	-	2,471,145	2,483,978
Unrestricted	4,862,456	5,255,123	-	2,513,831	12,631,410
Total net position	<u>\$ 4,875,289</u>	<u>\$ 5,255,123</u>	<u>\$ -</u>	<u>\$ 4,984,976</u>	<u>\$ 15,115,388</u>

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023

	<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>
Operating revenues:					
Charges for sales and services	\$ 5,779,181	\$ 9,172,325	\$ 2,680,681	\$ 816,266	\$18,448,453
Intergovernmental - State	<u>9,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,062</u>
Total operating revenues	<u>5,788,243</u>	<u>9,172,325</u>	<u>2,680,681</u>	<u>816,266</u>	<u>18,457,515</u>
Operating expenses:					
Administrative services	699,767	184,690	2,680,681	-	3,565,138
Insurance premiums	2,769,752	733,964	-	-	3,503,716
Self-insured losses	1,686,823	6,530,468	-	-	8,217,291
Depreciation and amortization	<u>14,063</u>	<u>-</u>	<u>-</u>	<u>800,232</u>	<u>814,295</u>
Total operating expenses	<u>5,170,405</u>	<u>7,449,122</u>	<u>2,680,681</u>	<u>800,232</u>	<u>16,100,440</u>
Operating income (loss)	<u>617,838</u>	<u>1,723,203</u>	<u>-</u>	<u>16,034</u>	<u>2,357,075</u>
Non operating revenues:					
Investment earnings (loss)	114,084	76,149	-	38,800	229,033
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,215)</u>	<u>(224,215)</u>
Total non operating revenues	<u>114,084</u>	<u>76,149</u>	<u>-</u>	<u>(185,415)</u>	<u>4,818</u>
Change in net position	731,922	1,799,352	-	(169,381)	2,361,893
Net position at beginning of year	<u>4,143,367</u>	<u>3,455,771</u>	<u>-</u>	<u>5,154,357</u>	<u>12,753,495</u>
Net position at end of year	<u>\$ 4,875,289</u>	<u>\$ 5,255,123</u>	<u>\$ -</u>	<u>\$ 4,984,976</u>	<u>\$15,115,388</u>

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

	Insurance and Litigation	Employee Health Insurance	Employee Compensated Leave	Equipment Replacement	Total Internal Service Funds
Cash flows from operating activities:					
Receipts for interfund services provided	\$ 5,779,181	\$ 9,172,325	\$ 2,680,681	\$ 816,266	\$ 18,448,453
Payments to suppliers	(4,538,796)	(7,616,627)	-	-	(12,155,423)
Payments to employees	(525,551)	-	(2,262,964)	-	(2,788,515)
Other program revenue	9,062	-	-	-	9,062
Net cash provided (used) by operating activities	<u>723,896</u>	<u>1,555,698</u>	<u>417,717</u>	<u>816,266</u>	<u>3,513,577</u>
Cash flows for capital and related financing activities-					
Purchase of capital assets	-	-	-	(552,849)	(552,849)
Cash flows from investing activities-					
Investment earnings (loss)	114,084	76,149	-	38,800	229,033
Net increase (decrease) in cash and cash equivalents	837,980	1,631,847	417,717	302,217	3,189,761
Cash and cash equivalents at beginning of year	6,470,399	4,235,464	3,200,808	2,213,414	16,120,085
Cash and cash equivalents at end of year	<u>\$ 7,308,379</u>	<u>\$ 5,867,311</u>	<u>\$ 3,618,525</u>	<u>\$ 2,515,631</u>	<u>\$ 19,309,846</u>
Reconciliation of cash and cash equivalents to Statement of Net Position:					
Cash and short-term investments	\$ 68,294	\$ 200,000	\$ -	\$ -	\$ 268,294
Equity in central treasury	7,240,085	5,667,311	3,618,525	2,515,631	19,041,552
Cash and cash equivalents, at end of year	<u>\$ 7,308,379</u>	<u>\$ 5,867,311</u>	<u>\$ 3,618,525</u>	<u>\$ 2,515,631</u>	<u>\$ 19,309,846</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 617,838	\$ 1,723,203	\$ -	\$ 16,034	\$ 2,357,075
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expense	14,063	-	-	800,232	814,295
Change in assets and liabilities:					
(Increase) decrease in other receivables	(29,583)	(33,557)	-	-	(63,140)
(Increase) decrease in prepaids	-	8,176	-	-	8,176
Increase (decrease) in accounts and contracts payable	(49,106)	(4,753)	-	-	(53,859)
Increase (decrease) in accrued payroll and payroll benefits	3,525	(2,450)	-	-	1,075
Increase (decrease) in claims payable	170,454	(134,921)	-	-	35,533
Increase (decrease) in compensated absences	4,014	-	417,717	-	421,731
Increase (decrease) in lease payable	(7,309)	-	-	-	(7,309)
Total adjustments	<u>106,058</u>	<u>(167,505)</u>	<u>417,717</u>	<u>800,232</u>	<u>1,156,502</u>
Net cash provided (used) by operating activities	<u>\$ 723,896</u>	<u>\$ 1,555,698</u>	<u>\$ 417,717</u>	<u>\$ 816,266</u>	<u>\$ 3,513,577</u>

Supplemental disclosure of noncash information

Capital asset acquired with lease payable \$54,176

CAPITAL ASSETS

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule by Source⁽¹⁾

June 30, 2023

Governmental funds capital assets:	
Land	\$ 75,840,396
Buildings	317,990,039
Right-to-use leased buildings	59,955
Subscription IT assets	469,838
Improvements other than buildings	101,558,938
Machinery and equipment	50,562,126
Infrastructure	20,959,091
Construction in progress	<u>15,998,567</u>
Total governmental funds capital assets	<u>\$ 583,438,950</u>
Investments in governmental funds capital assets by source:	
General obligation bonds	\$ 286,532,327
State and federal grants	79,014,806
Federal revenue sharing	3,139,741
General Fund revenue	56,327,984
Special revenue funds	86,401,270
Contributed capital	270,503
Dedicated lands	126,058
Donations	<u>71,626,261</u>
Total governmental funds capital assets	<u>\$ 583,438,950</u>

⁽¹⁾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⁽¹⁾
 For the Year Ended June 30, 2023

<u>Function and Activity</u>	Governmental Funds Capital Assets June 30, 2022	Additions	Deletions	Governmental Funds Capital Assets June 30, 2023
General government	\$ 77,751,345	\$ 5,728,461	\$ 337,974	\$ 83,141,832
Senior citizens	274,451	-	-	274,451
Public safety:				
Fire protection and emergency				
medical	66,954,846	4,478,301	922,697	70,510,450
Emergency communications	10,936,905	447,436	611,175	10,773,166
Total public safety	77,891,751	4,925,737	1,533,872	81,283,616
Solid waste facilities	56,486,680	5,949,889	130,754	62,305,815
Road maintenance:				
Maintenance	186,423	79,030	64,929	200,524
Roads	20,215,753	643,586	-	20,859,339
Total road maintenance	20,402,176	722,616	64,929	21,059,863
Recreation	13,301,144	151,558	27,503	13,425,199
Schools	320,144,276	1,803,898	-	321,948,174
Total governmental funds capital assets	\$ 566,251,823	\$ 19,282,159	\$ 2,095,032	\$ 583,438,950

⁽¹⁾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⁽¹⁾
 June 30, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Right-to-use Leased Buildings</u>	<u>Subscription IT Assets</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government:									
Administration building	\$ -	\$ 2,702,657	\$ -	\$ 469,838	\$ 2,414,054	\$ 3,699,148	\$ -	\$ 280,186	\$ 9,565,883
Maintenance	203,609	1,392,155	-	-	33,538	2,601,715	-	-	4,231,017
Areawide	67,312,203	-	-	-	-	-	-	-	67,312,203
Kenai River Center	-	1,875,593	-	-	39,476	107,647	-	10,013	2,032,729
Total general government	67,515,812	5,970,405	-	469,838	2,487,068	6,408,510	-	290,199	83,141,832
Senior citizens	-	243,800	-	-	-	30,651	-	-	274,451
Public safety:									
Fire protection, emergency medical and flood mitigation:									
Nikiski Fire service area	49,172	12,361,888	59,955	-	895,805	8,249,512	-	56,324	21,672,656
Bear Creek Fire service area	17,211	6,713,034	-	-	130,271	1,562,670	-	396,225	8,819,411
Western Emergency service area	845,185	4,493,536	-	-	666,396	5,550,879	-	-	11,555,996
Central Emergency service area	1,266,210	4,347,827	-	-	2,126,458	13,237,726	-	845,483	21,823,704
Kachemak Emergency service area	127,270	2,637,114	-	-	51,071	3,743,519	-	-	6,558,974
Eastern Peninsula Highway Emergency service area	-	-	-	-	-	70,210	-	-	70,210
Seward Bear Creek Flood service area	599	-	-	-	-	8,900	-	-	9,499
Total fire protection, emergency medical and flood mitigation	2,305,647	30,553,399	59,955	-	3,870,001	32,423,416	-	1,298,032	70,510,450
Emergency communications:									
Emergency operations center	-	4,838,523	-	-	639,896	830,733	-	2,854	6,312,006
Emergency warning systems	-	-	-	-	-	1,100,073	-	337,274	1,437,347
911-Soldotna dispatch center	-	-	-	-	1,122,855	911,534	-	-	2,034,389
911-Backup dispatch center	-	-	-	-	317,091	672,333	-	-	989,424
Total emergency communications	-	4,838,523	-	-	2,079,842	3,514,673	-	340,128	10,773,166
Total public safety	2,305,647	35,391,922	59,955	-	5,949,843	35,938,089	-	1,638,160	81,283,616
Solid waste facilities	2,908,687	3,186,499	-	-	39,388,780	6,420,095	-	10,401,754	62,305,815
Road maintenance	-	-	-	-	-	200,524	20,859,339	-	21,059,863
Recreation:									
North Peninsula Recreation service area	145,640	8,513,465	-	-	3,960,584	673,025	-	132,485	13,425,199

Kenai Peninsula Borough
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity, continued⁽¹⁾
 June 30, 2023

School district:	Land	Buildings	Right-to-use Leased Buildings	Subscription IT Assets	Improvements Other Than Buildings	Equipment	Infrastructure	Construction In Progress	Total
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	-	-	731,591	-	-	-	3,337,744
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
Kachemak Selo	-	-	-	-	-	-	-	245,866	245,866
McNeil Canyon	-	4,953,680	-	-	721,105	23,646	-	-	5,698,431
Moose Pass	28,154	901,766	-	-	68,404	-	-	-	998,324
Nanwalek	-	1,981,586	-	-	-	126,919	-	-	2,108,505
Nikiski Elementary	22,378	3,696,639	-	-	674,084	-	-	-	4,393,101
Nikiski High	-	22,872,128	-	-	4,849,794	-	-	-	27,721,922
Nikolaevsk	51,282	4,923,106	-	-	412,796	72,801	-	-	5,459,985
Nimilichik	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 Middle	-	22,039,127	-	-	3,774,997	-	-	-	25,814,124
Sterling Elementary	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	103,213,328	-	-	16,051,778	412,384	99,752	245,866	120,652,133
Homer:									
West Homer Elementary	322,028	11,332,823	-	-	166,499	-	-	100,852	11,922,202
Paul Banks Elementary	23,971	2,589,112	-	-	739,908	6,143	-	-	3,359,134
High School	400,913	27,402,340	-	-	7,893,795	75,450	-	3,189,251	38,961,749
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	461,150	-	-	-	-	-	-	524,398
Total Homer	856,361	47,581,402	-	-	9,727,325	81,593	-	3,290,103	61,536,784

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity continued⁽¹⁾
June 30, 2023

	Land	Right-to-use			Subscriptions	IT Assets	Improvements			Construction	Total
		Buildings	Leased Buildings	Buildings			Other Than Buildings	Equipment	Infrastructure		
Kenai:											
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
Total Kenai	409,532	32,877,465	-	-	-	8,943,957	143,844	-	-	-	42,374,798
Seldovia:											
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
Total Seldovia	28,953	6,269,096	-	-	-	1,005,119	5,168	-	-	-	7,308,336
Seward:											
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
Total Seward	763,891	33,980,144	-	-	-	3,763,678	91,421	-	-	-	38,599,134
Soldotna:											
Elementary	270,048	5,820,271	-	-	-	1,364,229	-	-	-	-	7,454,548
Redoubt Elementary	-	5,284,315	-	-	-	669,978	40,000	-	-	-	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
Total Soldotna	276,848	35,333,446	-	-	-	8,567,686	111,484	-	-	-	44,289,464
Other areawide:											
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
Total school district	2,964,610	264,683,948	-	-	-	49,772,663	891,232	99,752	3,535,969	321,948,174	
Total governmental funds capital assets	\$ 75,840,396	\$ 317,990,039	\$ 59,955	\$ 469,838	\$ 101,558,939	\$ 50,562,126	\$ 20,959,091	\$ 15,998,567	\$ 583,438,950		

⁽¹⁾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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These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time.		
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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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets										
Restricted	\$218,646	\$208,238	\$197,331	\$192,353	\$185,045	\$180,187	\$183,545	\$193,567	\$191,148	\$201,057
Unrestricted	13,594	26,675	16,224	21,681	20,764	23,893	28,659	41,456	35,203	96,322
Total governmental activities net position	46,742	15,675	26,182	11,563	10,062	22,343	32,318	27,302	60,017	19,862
	<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>	<u>\$286,368</u>	<u>\$317,241</u>

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

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 17,735,043	\$ 18,173,307	\$ 20,559,083	\$ 23,188,963
Solid waste	7,192,764	7,740,270	8,677,985	8,829,329
Public safety	19,447,827	19,257,277	21,594,305	23,412,776
Recreation	2,209,306	2,350,050	3,530,357	2,542,184
Education	60,833,417	59,732,399	62,863,887	59,079,957
Environmental protection	858,013	664,142	403,631	442,520
Roads and trails	9,899,171	9,890,591	9,392,961	11,127,855
Health & social services	-	-	-	-
Interest on long-term debt	1,761,142	2,013,946	1,904,390	1,800,979
Total governmental activities expenses	<u>119,936,683</u>	<u>119,821,982</u>	<u>128,926,599</u>	<u>130,424,563</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	1,005,815	266,672	461,057	353,496
Solid waste	1,083,996	917,181	760,751	667,220
Public safety	2,337,286	2,659,677	2,793,476	2,679,640
Recreation	220,838	98,987	202,485	208,106
Roads and trails	-	-	-	-
Environmental protection	-	-	-	-
Operating grants and contributions	8,201,468	7,472,614	8,237,806	7,144,132
Capital grants and contributions	14,915,979	6,770,240	8,648,345	5,754,897
Total governmental activities program revenues:	<u>27,765,382</u>	<u>18,185,371</u>	<u>21,103,920</u>	<u>16,807,491</u>
Net (expenses)/revenue				
Total primary government net expense	<u>\$ (92,171,301)</u>	<u>\$ (101,636,611)</u>	<u>\$ (107,822,679)</u>	<u>\$ (113,617,072)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	54,724,582	54,888,191	57,972,995	62,797,386
Sales taxes	30,277,599	30,138,426	30,116,611	30,400,062
Unrestricted grants and contributions	6,364,283	6,465,467	6,477,531	5,227,887
Investment earnings (loss)	1,671,191	1,772,756	2,374,089	989,550
Miscellaneous	66,609	(434,213)	30,619	62,129
Total governmental activities	<u>93,104,264</u>	<u>92,830,627</u>	<u>96,971,845</u>	<u>99,477,014</u>
Changes in net position				
Total primary government	<u>\$ 932,963</u>	<u>\$ (8,805,984)</u>	<u>\$ (10,850,834)</u>	<u>\$ (14,140,058)</u>

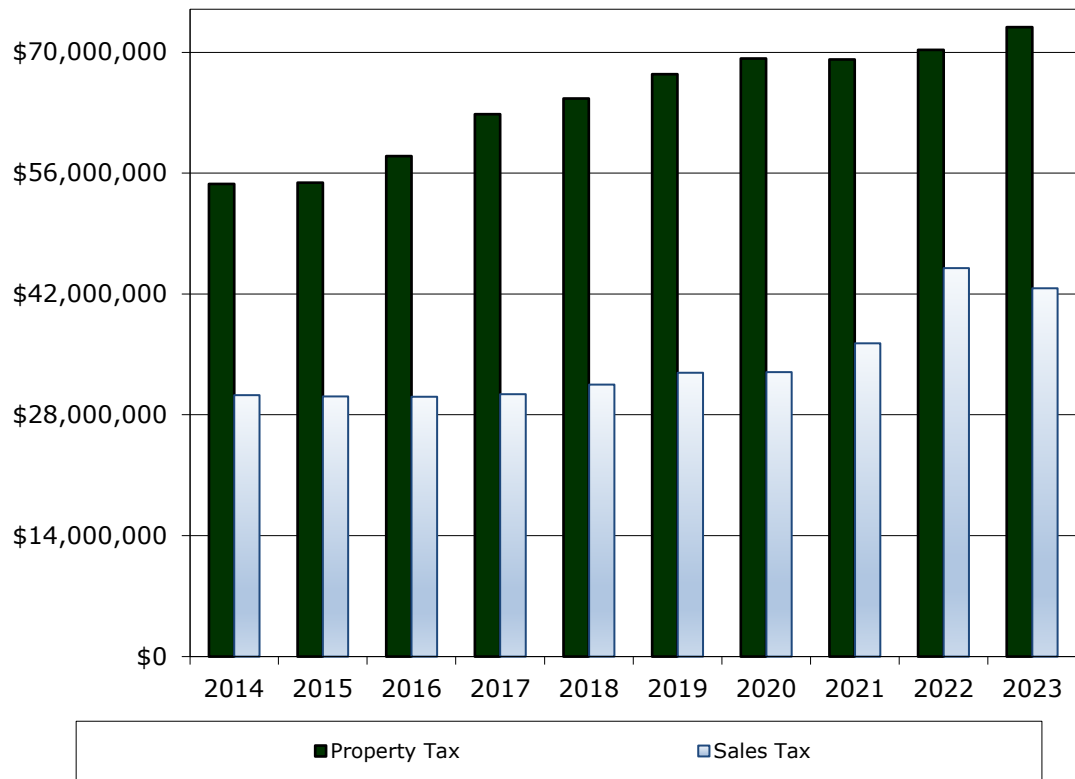
TABLE II

	2018	2019	2020	2021	2022	2023
\$	18,439,842	\$ 15,500,286	\$ 13,410,337	\$ 20,926,178	\$ 15,766,123	\$ 17,182,619
	8,325,450	8,272,259	8,408,895	8,957,980	9,283,086	11,116,739
	19,380,150	18,866,550	18,333,972	17,842,692	23,664,792	22,870,531
	2,231,711	2,050,199	1,809,603	2,124,311	2,122,768	2,001,987
	59,060,286	57,563,709	59,521,703	59,345,848	56,311,889	59,414,729
	185,072	2,448	93,319	121,978	111,963	66,841
	9,577,712	11,078,936	8,127,563	8,632,062	9,775,372	10,267,127
	-	-	-	20,016,966	509,348	81,223
	2,015,867	1,736,718	910,714	835,767	584,576	1,221,270
	<u>119,216,090</u>	<u>115,071,105</u>	<u>110,616,106</u>	<u>138,803,782</u>	<u>118,129,917</u>	<u>124,223,066</u>
	329,028	188,185	131,543	1,081,367	5,920,368	2,027,300
	572,220	609,889	552,666	174,463	598,975	664,960
	2,785,209	2,813,500	1,205,721	2,824,622	5,926,616	7,423,331
	223,280	239,054	181,248	17,864	287,161	286,927
	-	-	-	-	8,157	335
	-	-	-	1,113	-	-
	5,853,881	5,515,029	10,517,880	33,798,277	10,826,153	10,294,197
	4,210,264	4,990,655	4,124,258	6,290,832	1,845,985	6,944,819
	<u>13,973,882</u>	<u>14,356,312</u>	<u>16,713,316</u>	<u>44,188,538</u>	<u>25,413,415</u>	<u>27,641,869</u>
	<u>\$ (105,242,208)</u>	<u>\$ (100,714,793)</u>	<u>\$ (93,902,790)</u>	<u>\$ (94,615,244)</u>	<u>\$ (92,716,502)</u>	<u>\$ (96,581,197)</u>
	64,639,093	67,455,393	69,258,098	69,140,420	70,283,994	72,905,357
	31,508,914	32,878,673	32,964,904	36,296,951	44,988,984	42,650,831
	6,302,634	5,879,756	5,377,220	4,784,247	5,384,526	6,291,952
	1,399,250	4,937,225	4,368,749	2,127,546	(3,898,838)	5,634,615
	20,325	115,210	32,928	-	-	(27,652)
	<u>103,870,216</u>	<u>111,266,257</u>	<u>112,001,899</u>	<u>112,349,164</u>	<u>116,758,666</u>	<u>127,455,103</u>
	<u>\$ (1,371,992)</u>	<u>\$ 10,551,464</u>	<u>\$ 18,099,109</u>	<u>\$ 17,733,920</u>	<u>\$ 24,042,164</u>	<u>\$ 30,873,906</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>
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
2022	70,283,994	44,988,984	115,272,978
2023	72,905,357	42,650,831	115,556,188



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

TABLE IV

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 8,879,666	\$ 11,345,210	\$ 5,298,396	\$ 4,103,792	\$ 3,582,332	\$ 3,041,560	\$ 2,469,391	\$ 9,828	\$ 35,558	\$ 74,736
Restricted	105,020	90,000	51,000	145,178	71,000	81,000	91,000	91,000	84,930	-
Committed	243,157	458,748	292,830	671,004	351,388	230,095	1,616,385	1,113,881	1,097,558	1,195,259
Assigned	14,658,934	16,244,676	20,136,610	18,314,053	16,486,079	20,520,399	21,727,845	24,662,227	24,662,227	18,528,919
Unassigned	994,595	-	-	-	2,309,200	3,029,557	-	5,107,170	19,314,407	24,551,289
Total General Fund	\$ 24,881,372	\$ 28,138,634	\$ 25,778,836	\$ 23,234,027	\$ 22,799,999	\$ 26,902,611	\$ 25,904,621	\$ 30,984,106	\$ 45,194,680	\$ 44,350,203
All other governmental funds:										
Nonspendable:										
Special revenue funds	1,500	44	-	-	321,224	-	-	-	37,451	-
Capital projects funds	-	-	-	61,269	76,404	-	-	-	-	-
Restricted:										
Special revenue funds	13,460,361	14,937,097	12,962,247	11,432,855	16,929,008	19,324,767	25,046,038	34,987,022	29,902,419	39,646,634
Capital projects funds	22,479,158	16,946,646	9,307,381	17,030,044	11,542,908	13,216,449	13,036,394	15,193,019	14,445,009	67,824,640
Committed:										
Special revenue funds	79,393	59,091	3,913,421	3,505,646	169,485	5,606,781	5,836,703	36,285	18,929,330	-
Capital projects funds	11,034,193	11,262,666	14,768,598	9,486,348	11,694,769	18,649,469	17,043,108	13,384,693	-	25,014,679
Assigned:										
Special revenue funds	6,582,069	7,136,273	7,577,509	9,582,406	6,864,042	3,175,750	1,962,763	2,553,169	9,430,360	1,790,316
Capital projects funds	145,464	-	1,628,556	908,474	5,227,885	637,472	5,208,697	1,597,979	996,297	844,501
Unassigned:										
Special revenue funds	-	(171,444)	(446,428)	(230,362)	-	-	-	-	-	-
Capital projects funds	-	-	(120,646)	(34,887)	-	-	-	-	-	-
Total all other governmental funds	\$ 53,782,138	\$ 50,170,373	\$ 49,590,638	\$ 51,741,793	\$ 52,825,725	\$ 60,610,688	\$ 68,133,703	\$ 67,752,167	\$ 73,740,866	\$ 135,120,770

The Kenai Peninsula Borough developed an unrestricted Fund Balance policy in 2001. This policy provides guidelines regarding minimum and maximum levels of unrestricted 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

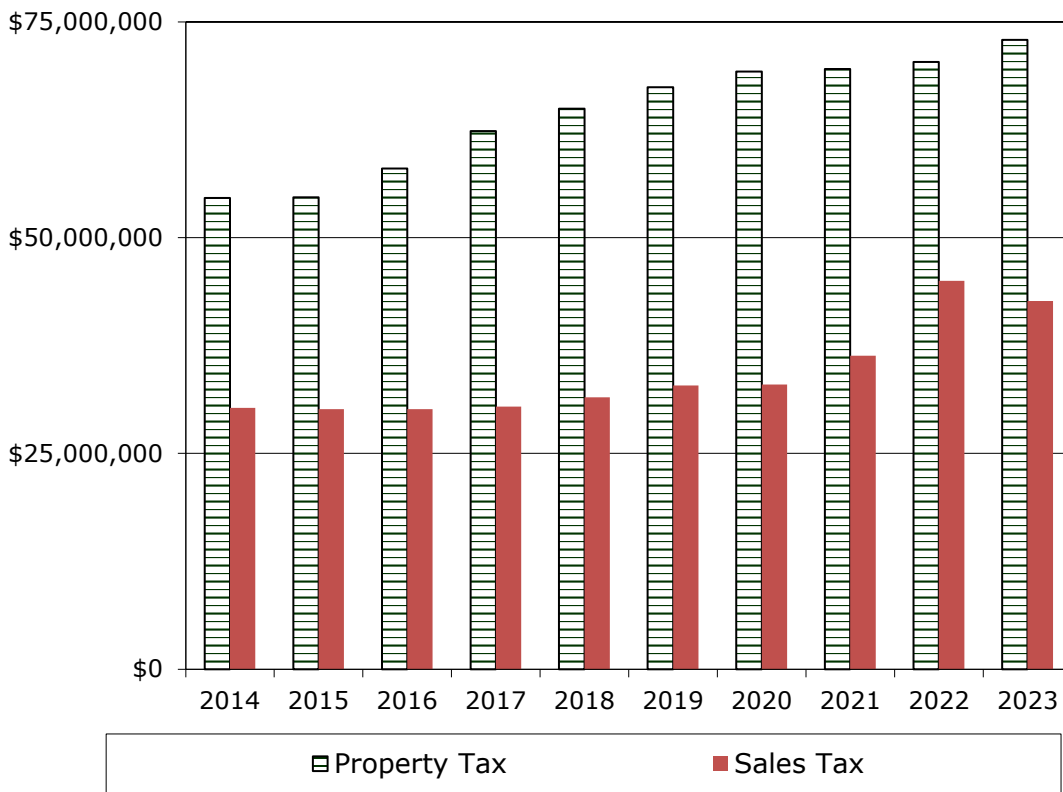
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$ 54,662,814	\$ 54,662,814	\$ 58,007,099	\$ 62,326,564	\$ 64,917,778	\$ 67,401,394	\$ 69,211,282	\$ 69,509,626	\$ 70,330,249	\$ 72,881,929
Sales tax	30,138,426	30,138,426	30,116,611	30,400,062	31,508,914	32,878,673	32,964,904	36,296,951	44,988,984	42,650,831
Intergovernmental	25,393,552	25,393,552	19,436,158	15,105,570	14,202,678	15,868,702	15,088,413	43,047,150	19,467,481	20,207,758
Investment earnings (loss)	1,681,379	1,681,379	2,164,886	940,993	1,036,028	4,161,434	4,162,690	2,186,051	(3,494,216)	5,405,580
Other revenues	7,029,745	7,029,745	5,683,236	4,843,547	5,327,417	5,418,807	5,775,129	5,577,998	12,831,123	10,807,019
Total revenues	118,905,916	118,905,916	115,407,990	113,616,736	116,992,815	125,729,010	127,202,418	156,617,776	144,123,621	151,953,117
Expenditures:										
General government	17,615,805	21,276,848	18,429,713	17,082,168	18,534,018	16,919,254	16,732,177	21,498,452	18,223,642	20,637,941
Solid waste	1,833,477	6,789,061	6,170,953	4,223,429	5,763,798	5,793,668	6,280,741	8,013,555	7,597,986	345,702
Public safety	18,829,271	19,456,359	17,784,143	20,025,282	16,886,830	17,756,267	18,798,989	15,325,747	23,406,280	25,952,354
Recreation	1,745,588	2,234,204	3,180,795	1,873,562	2,056,124	1,971,605	1,728,227	2,024,037	2,123,999	2,059,649
Education	52,695,845	53,038,298	57,934,516	49,987,995	54,004,116	51,575,438	54,679,660	54,307,256	52,281,069	55,517,346
Environmental protection	909,596	665,071	404,895	442,520	187,172	2,448	93,319	121,978	113,041	66,841
Roads and trails	9,494,678	9,693,517	8,758,384	9,574,530	9,103,129	10,726,111	7,855,182	8,150,802	9,439,230	10,015,096
Health & social services	-	-	-	-	-	-	-	20,016,966	509,348	81,223
Capital outlay	17,672,292	3,262,122	5,495,777	12,763,943	4,381,133	3,420,506	10,796,258	17,296,101	5,946,353	21,467,100
Debt service	2,770,000	3,390,000	2,645,000	2,795,000	3,440,000	3,575,000	3,705,000	3,745,000	4,170,000	4,305,000
Principal	1,380,830	2,397,295	2,084,980	2,093,414	2,253,547	2,101,138	1,968,663	1,651,183	1,079,762	1,555,552
Interest and other (1)	124,947,382	122,202,775	122,889,156	120,861,843	116,609,867	113,841,435	122,638,216	152,151,077	124,890,710	142,003,804
Total expenditures	(6,041,466)	(3,296,859)	(7,481,166)	(7,245,107)	382,948	11,887,575	4,564,202	4,466,699	19,232,911	9,949,313
Excess of revenues over (under) expenditures	20,860,000	1,425,000	2,465,000	5,405,000	-	-	1,335,000	24,295,000	900,000	44,520,000
Other financing sources (uses)										
Bonds issued	2,124,575	245,693	330,138	627,505	-	-	276,196	1,828,075	63,144	6,066,116
Premium on bonds issued	-	(1,648,963)	-	-	-	-	-	(25,861,719)	(953,251)	-
Payment to escrow agent	-	-	-	-	-	-	-	-	956,469	-
Insurance proceeds	-	-	1,746,495	818,949	266,956	-	349,627	-	-	-
Transfers in	8,043,061	9,505,521	9,700,383	11,590,201	15,085,853	18,729,547	17,066,481	13,369,041	20,272,528	29,937,868
Transfers out	(8,043,061)	(9,505,521)	(9,700,383)	(11,590,201)	(15,085,853)	(18,729,547)	(17,066,481)	(13,369,041)	(20,272,528)	(29,937,868)
Net other financing sources (uses)	22,984,575	21,730	4,541,633	6,851,454	266,956	-	1,960,823	261,356	966,362	50,586,116
Net change in fund balances	\$ 16,943,109	\$ (3,275,129)	\$ (2,939,533)	\$ (393,653)	\$ 649,904	\$ 11,887,575	\$ 6,525,025	\$ 4,728,055	\$ 20,199,273	\$ 60,535,429
GO Debt service as a percentage of noncapital expenditures	4.54%	3.97%	4.84%	4.10%	5.22%	5.20%	4.74%	4.00%	4.41%	4.86%
Total non-capital expenditures	109,725,626	104,530,483	119,627,034	115,366,066	108,978,330	109,129,056	119,696,184	134,854,976	118,944,357	120,536,704

(1) 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
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
2022	70,330,249	44,988,984	115,319,233
2023	72,881,929	42,650,831	115,532,760



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

Fiscal Year	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	Real	Personal			
2014	\$6,202,494	\$ 989,766	\$ 292,407	\$ 492,565	\$ 31,906			\$6,960,196	4.50	92.99%
2015	6,330,106	1,142,158	324,853	826,802	32,999			6,937,316	4.50	88.97%
2016	6,625,363	1,224,525	339,478	876,982	33,986	(2)		7,278,398	4.50	88.88%
2017	6,915,818	1,467,353	368,985	902,055	34,392			7,815,709	4.50	89.30%
2018	7,315,915	1,468,600	361,551	971,774	33,843			8,140,449	4.50	89.00%
2019	7,355,512	1,518,606	358,789	1,008,086	34,792			8,190,029	4.70	88.70%
2020	7,606,558	1,563,998	353,177	1,055,143	34,914			8,433,676	4.70	88.55%
2021	7,762,088	1,493,429	358,947	1,094,461	35,444			8,484,559	4.70	88.25%
2022	7,840,659	1,421,416	361,131	1,120,268	34,829			8,468,109	4.70	88.00%
2023	8,277,859	1,501,174	366,105	1,187,524	35,727			8,921,887	4.50	87.94%

Total estimated actual value of property less mandatory federal and state exemptions (1)

(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 (4)	Special (3)	Operating (4)	Special (3)	Operating (4)	Special (3)	Operating (4)	Special (3)	Operating (4)	Special (3)	Operating (4)	Special (3)	Operating (4)	Special (3)	Operating (4)	Special (3)		
2014	8.40	4.50	4.50	0.00	4.50	2.30	1.00	2.30	4.35	0.02	4.60	0.75	3.12	0.50	0.50	0.50	2.67			
2015	8.33	4.50	4.50	0.00	4.50	2.30	1.00	2.30	4.35	0.01	4.60	0.75	3.12	0.75	0.50	0.50	2.66			
2016	8.17	4.50	4.50	0.00	4.50	2.30	1.00	2.30	4.35	0.01	4.60	0.75	3.12	0.75	0.50	0.50	2.66			
2017	8.29	4.50	4.50	0.00	4.50	2.30	1.00	2.30	4.35	0.01	7.50	0.75	3.12	0.75	0.50	0.50	2.73			
2018	8.30	4.50	4.50	0.00	4.50	2.30	1.00	2.30	4.35	0.01	7.50	0.75	3.12	0.75	0.50	0.50	2.61			
2019	8.30	4.70	4.70	0.00	4.50	2.30	1.00	2.30	4.35	0.01	7.50	0.75	3.84	0.75	0.50	0.50	2.86			
2020	8.45	4.70	4.70	0.00	4.50	2.24	2.00	2.24	4.35	0.01	7.50	0.75	3.84	0.75	0.50	0.50	2.86			
2021	8.56	4.70	4.70	0.00	4.50	2.24	2.00	2.24	4.35	0.01	7.50	0.75	3.84	0.75	0.50	0.50	2.86			
2022	8.40	4.70	4.70	0.00	4.50	2.24	2.00	2.24	4.35	0.01	7.50	0.75	3.84	0.75	0.50	0.50	2.86			
2023	8.40	4.50	4.50	0.00	4.50	2.24	2.00	2.24	4.35	0.01	7.50	0.75	3.84	0.75	0.50	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

	2023			2014		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value
<u>Taxpayer</u>						
Hilcorp	936,641,310		10.50%	255,265,400	1	3.67%
Harvest Alaska	211,253,940		2.37%	-		-
Tesoro Alaska	140,550,258		1.58%	182,078,255	3	2.62%
Bluecrest Energy	118,451,430		1.33%	-		-
Cook Inlet Natural Gas Storage Alaska LLC	99,064,910		1.11%	120,238,430	5	1.73%
Furie Operating Alaska LLC	81,747,510		0.92%	-		-
Alaska Pipeline	70,212,016		0.79%	48,762,486	8	0.70%
ACS	55,534,505		0.62%	82,455,260	6	1.18%
Enstar Natural Gas	49,947,792		0.56%	-		-
Cook Inlet Energy LLC	41,372,440		0.46%	32,411,100	10	0.47%
Kenai Offshore Ventures, LLC	-		-	40,241,590	9	0.58%
Marathon Oil Co.	-		-	132,805,710	4	1.91%
ConocoPhillips Inc	-		-	231,748,541	2	3.33%
XTO Energy INC	-		-	59,551,440	7	0.86%
	\$ 1,804,776,111		20.24%	\$ 1,185,558,212		17.05%

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

Kenai Peninsula Borough
 Taxable Sales by Line of Business
 Fiscal Year 2023

TABLE X

<u>Line of Business</u>	<u>2023</u>
RETAIL TRADE	\$ 705,142,474
RESTAURANT/BAR	141,469,120
REMOTE SALES	118,198,337
HOTEL/MOTEL/B & B	114,245,608
GUIDING LAND & WATER	90,242,384
UTILITIES	89,833,776
SERVICES	49,331,762
WHOLESALE TRADE	31,324,469
RENTAL RESIDENTIAL PROPERTY	29,244,664
PUBLIC ADMINISTRATION	23,033,804
PROFESSIONAL, SCIENTIFIC	21,279,751
INFORMATION	17,636,826
CONSTRUCTION CONTRACTING	16,086,152
MANUFACTURING	12,885,823
RENTAL NON-RESIDENTIAL PRO	11,738,235
ADMINISTRATIVE, WASTE MANAGEMENT	11,386,419
TELECOMMUNICATION	11,290,596
TRANSPORTATION & WAREHOUSE	9,578,214
ARTS AND ENTERTAINMENT	8,974,023
MINING/QUARRYING	6,671,685
RENTAL SELF-STORAGE AND MINI STORAGE	4,138,312
RENTAL PERSONAL PROPERTY	4,104,610
AGRICULTURE, FORESTRY, FI	3,964,565
RENTAL COMMERCIAL PROPERT	3,587,831
EDUCATIONAL SERVICES	3,107,696
HEALTHCARE & SOCIAL ASSISTANCE	1,411,685
FINANCE AND INSURANCE	1,224,170
	<u><u>\$ 1,541,132,991</u></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
2014	\$ 31,799,730	\$ 31,332,596	98.531%	\$ 457,924	\$ 31,790,520	99.971%
2015	31,685,014	31,142,025	98.286%	533,709	31,675,734	99.971%
2016	33,188,070	32,410,590	97.657%	767,438	33,178,028	99.970%
2017	35,591,917	35,157,568	98.780%	421,653	35,579,221	99.964%
2018	37,068,282	36,645,827	98.860%	407,862	37,053,689	99.961%
2019	38,941,185	38,535,145	98.957%	387,254	38,922,399	99.952%
2020	40,079,402	39,607,678	98.823%	447,543	40,055,221	99.940%
2021	40,380,466	39,981,984	99.013%	373,457	40,355,441	99.938%
2022	40,286,872	39,872,556	98.972%	322,068	40,194,624	99.771%
2023	40,639,876	40,225,559	98.981%	-	40,225,559	98.981%

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)	General Bonded Debt Per Capita (1) (2)		
	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 Area
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	1.40%	0.46%	653	126	623
2020	33,949,621	5,624,485	39,574,106	1.24%	0.42%	579	168	590
2021	31,199,379	5,092,289	36,291,668	1.09%	0.38%	529	152	610
2022	27,044,501	4,528,448	31,572,949	0.89%	0.33%	459	135	564
2023	56,873,977	20,408,793	77,282,770	2.19%	0.76%	948	721	519

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 Bear Creek Fire Service Area is debt of the Service Area and 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>, prior years may be updated as more data becomes available.

(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 XV

Kenai Peninsula Borough
Computation of Direct and Overlapping Debt

TABLE XIII

	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	Net Debt Outstanding
Kenai Peninsula Borough:			
Education Debt	\$ 56,873,977	100%	\$ 56,873,977
Service Area Debt ⁽¹⁾			
Central Emergency Service Area	19,613,793	100%	19,613,793
Bear Creek Fire Service Area	795,000	100%	795,000
Total	77,282,770		77,282,770
 Cities within Borough:			
Homer	5,550,000	100%	5,550,000
Kenai	760,000	100%	760,000
Seldovia	-	100%	-
Seward	32,180,000	100%	32,180,000
Soldotna ⁽²⁾	11,604,481	100%	11,604,481
Total	50,094,481		50,094,481
 Total Direct and Overlapping Debt	\$ 127,377,251		\$ 127,377,251

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

(2) Net Debt includes loans and bonds.

Kenai Peninsula Borough
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE XIV

NO DEBT LIMIT IS MANDATED BY LAW

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)
2014	56,862	\$ 2,770,353	\$ 48,351	\$ 51,416	40.0	8,756	8.10%	25,463
2015	57,147	2,759,412	51,734	54,582	40.5	8,826	7.70%	25,712
2016	57,763	2,981,871	52,639	56,147	40.0	8,788	7.60%	25,470
2017	58,060	3,056,190	49,544	55,674	40.6	8,785	8.20%	24,906
2018	58,024	2,965,755	49,697	56,042	41.4	8,712	7.70%	24,745
2019	58,471	2,965,755	51,975	59,871	41.0	8,680	7.10%	24,690
2020	58,671	3,046,230	54,026	61,742	41.8	8,535	6.30%	24,843
2021	58,934	3,182,915	56,139	62,756	41.8	7,756	9.60%	24,111
2022	58,957	3,528,727	59,041	65,813	42.1	8,298	7.30%	25,747
2023	60,017	3,528,727 (4)	59,041 (4)	65,813 (4)	42.3	8,489	4.50%	26,918

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. Some prior fiscal years have been updated to match updated statistical reported information.
- (4) Calendar year 2022 data currently unavailable from BEA.
- (5) Information provided from the Kenai Peninsula Borough School District.

Kenai Peninsula Borough
Principal Employers
Current and Nine Years Ago

TABLE XVI

<u>Employer</u>	<u>2023 *</u> <u>Rank</u>	<u>2014 *</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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Assembly	5.50	5.50	5.50	5.50	5.50	5.50	5.50	6.00	6.00	7.00
Mayor	5.00	6.00	6.00	6.00	5.00	4.50	4.50	4.25	4.25	6.00
Purchasing and Contracting *	12.00	14.00	14.00	10.00	9.00	8.00	8.00	8.00	8.00	9.00
Office of Emergency Mgmt	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
HR	7.50	7.50	7.50	7.50	7.50	7.50	7.00	7.50	7.75	8.50
IT	11.50	11.50	11.50	11.50	11.50	11.50	11.50	12.00	12.00	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	21.50	21.50	21.50	21.50	22.00
Assessing	22.00	22.00	22.00	22.00	22.00	24.00	24.00	23.00	21.00	22.00
Planning	13.00	13.00	13.00	13.00	13.00	12.75	12.75	11.25	11.25	11.00
River Center	6.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Total	113.75	115.75	115.50	111.50	109.50	109.25	108.75	106.50	104.75	110.50
Fire and Emergency Services:										
Nikiski Fire	20.00	20.75	21.75	21.75	21.75	21.25	21.00	21.00	25.00	25.00
Bear Creek Fire	1.50	1.50	1.50	1.50	1.00	1.50	1.50	1.50	1.50	2.50
EPHESA	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50
Western Emergency Services	2.50	3.50	4.00	4.00	4.00	5.00	5.00	10.00	10.00	10.00
Central Emergency Services	42.00	41.00	39.00	41.00	41.00	44.00	44.00	44.00	48.00	48.00
Kachemak	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	7.00	9.00
911 Communications	11.75	12.25	12.50	12.50	13.00	13.00	16.00	16.00	23.00	23.00
Seward Bear Creek Flood	0.75	0.75	0.75	0.75	1.50	1.50	1.50	1.50	1.50	1.75
Recreation	16.30	16.70	16.65	16.65	16.65	16.50	16.50	16.50	17.00	16.75
Roads	8.00	8.00	8.00	8.00	8.00	7.40	6.50	6.50	5.90	6.75
Land Trust Fund	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.75	6.00
Solid Waste	17.00	17.00	17.00	15.50	15.50	15.50	15.50	15.50	20.00	21.00
Risk Management	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.00
Total	246.55	250.20	249.65	246.15	245.40	249.40	250.75	253.25	272.90	286.75
Positions controlled by the Kenai Peninsula Borough but reported as part of in-kind expenditures for the Kenai Peninsula Borough School District	46.25	46.25	46.25	46.25	46.25	45.85	44.75	45.75	46.60	50.00

* Purchasing and Contracting combined in 2016
Source: Data is provided by the Kenai Peninsula Borough's Human Resources Department and is subject to change based on staffing changes throughout each year.

Kenai Peninsula Borough
Operating Indicators by Function
Last Ten Fiscal Years

TABLE XVIII

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government- 911 calls answered	26,364	27,239	28,165	27,022	26,370	24,482	24,611	24,900	25,272	21,526
Fire and emergency services: **										
Number of calls responded to:										
Nikiski	842	919	959	995	1,022	1,070	870	1,001	1,007	1,210
Bear Creek	136	139	143	178	141	136	119	133	111	127
WESA	197	263	214	218	279	269	283	562	596	556
CES	1,770	2,039	2,824	2,593	2,591	2,473	2,646	2,743	3,169	3,250
Kachemak	216	219	236	218	203	242	276	235	235	302
Landfills- Refuse collected (tons)	63,261	62,309	59,885	57,698	58,619	57,426	59,419	60,760	63,290	61,418

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire and emergency services:										
Number of Stations:										
Nikiski	4	4	4	4	4	4	4	5	5	5
Bear Creek	1	1	1	1	1	1	1	1	1	1
WESA	2	2	2	2	2	2	2	3	3	3
CES	8	8	8	8	8	8	8	8	8	8
Kachemak	1	2	2	2	2	2	2	2	2	2
Landfills:										
Number of municipal waste landfills	8	8 (1)	8	8	8	8	8	8	8	8
Number of transfer facilities/sites	13	13	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	640	640	641	645	646	648	648	648	651	650

(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.

SINGLE AUDIT

Kenai Peninsula Borough
Detailed Schedule of Expenditures of Federal Awards ^[1]
Year Ended June 30, 2023

<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.S. Department of the Interior U.S. Bureau of Land Management: Payments in Lieu of Taxes	2023 SEC 6901/6902	15.226	N/A	\$ 3,634,007	\$ 3,634,007
U.S. Fish and Wildlife Service: National Wildlife Refuge Fund - Revenue Sharing	FY2023	15.659	N/A	26,656	26,656
Partners for Fish and Wildlife - Stream Table Purchase	F21AC01280	15.631	N/A	6,517	6,517
Total U.S. Department of the Interior					<u>3,667,180</u>
U.S. Department of Homeland Security Western Emergency Services Staffing for Adequate Fire & Emergency Response Passed through Alaska Department of Military & Veterans Affairs: Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Landslide): Emergency Protective Measures (FY22 Seward Landslide) Emergency Protective Measures and Permanent Work (2013 Japanese Creek Flood) Total Assistance Listing 97.036	EMW-2018-FF-00203	97.083	N/A	255,855	94,748
Homeland Security Grant Program: 2020 State Homeland Security Grant Program- Siren Upgrades; Incident Management Team Exercise; EMS Air Compressor	FEMA-4661-DR	97.036	AK-22-285	91,834	91,834
2022 State Homeland Security Grant Program- Siren Upgrades; Incident Management Team Exercise; EMS Air Compressor Total Assistance Listing 97.067	FEMA-4161-DR	97.036	AK-00030	531,535	212,802
Passed through Alaska Department of Commerce, Community & Economic Development Community Assistance Program State Support Services Element (CAP-SSE)	EMW-2020-SS-00012-S01	97.067	20SHSP-GY20	452,537	325,664
Emergency Management Performance Grants	EMW-2022-SS-00034-S01	97.067	22SHSP-GY22	441,000	39,521
Total U.S. Department of Homeland Security					<u>965,561</u>
U.S. Environmental Protection Agency: * Congressionally Mandated Projects - Kenai Peninsula Borough Central Peninsula Landfill Leachate Volume Reduction Project	EMS-2022-CA-00009	97.023	CAP22	992	992
Passed through Kenai Watershed Forum- Environmental Education Grants Program - Adopt-a-Stream Program	EMS-2022-EP-00004-S01	97.042	22EMPG-GY22	200,000	200,000
Passed through Alaska Department of Environmental Conservation Division of Water- Performance Partnership Grants - EPA Clean Water Act Sec 319 Nonpoint Source Management Kenai River Rain Garden	02125701	66.202	N/A	3,360,000	2,159,280
Total U.S. Environmental Protection Agency	NE-01J179701	66.951	KWF2023	4,791	3,834
U.S. Department of the Treasury * COVID-19 Coronavirus State & Local Fiscal Recovery Funds (ARPA)	00184605	66.605	ACWA-23-02	29,488	4,968
Passed through Alaska Office of Management & Budget: COVID-19 Coronavirus Relief Fund Additional FY21 Fish tax received 11/15/21. Funded using ARPA/CSLFRF funds. COVID-19 Coronavirus Relief Fund Commercial Passenger Vessel Tax - FY21 City of Homer and City of Seward COVID-19 Coronavirus Relief Fund Commercial Passenger Vessel Tax - FY22 City of Homer and City of Seward Total Assistance Listing 21.019	FY2021	21.027	N/A	11,403,341	4,340,787
Total U.S. Department of the Treasury					<u>1,238,295</u>
					<u>5,579,082</u>
					(continued)

Kenai Peninsula Borough

Detailed Schedule of Expenditures of Federal Awards ^[1] - continued
Year Ended June 30, 2023

<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 Health & 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	\$ 334,233
Immunization Cooperative Agreements - Healthy & Equitable Communities Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Healthcare Crises - Healthy & Equitable Communities Injury Prevention and Control Research and State and Community Based Programs - Integration of Technology to Enhance Linkage to Care SUD Treatment	N/A	93.268	C0622-584-M	412,944	80,084
	N/A	93.391	C0622-584-M	412,944	80,084
	N/A	93.136	OD2A	15,000	15,000
Total U.S. Department of Health and Human Services					<u>509,401</u>
<u>U.S. Department of Commerce</u>					
National Oceanic and Atmospheric Administration	NA22NWS4670012	11.467	N/A	61,000	1,850
Meteorologic and Hydologic Modernization Development - Tsunami Hazard Mitigation					
<u>U.S. Department of Transportation</u>					
Highway Planning and Construction	DTFH7017E30003	20.205	N/A	5,563,801	354,099
Extend Kenai Spur Hwy-North Road					
<u>U.S. Department of Agriculture</u>					
National Resources Conservation Service	NR213A750001C032	10.935	N/A	89,997	34,899
Urban Agriculture and Innovative Production - Community Compost & Food Waste Recovery Program					
Passed through Alaska Department of Commerce, Community & Economic Dev. Forest Service Schools and Roads Cluster - Schools and Roads - Grants to States	FY2023	10.665	821035	600,714	600,714
<u>Passed through Alaska Department of Natural Resources</u>					
Division of Forestry					
Cooperative Forestry Assistance:					
Western Emergency Service Area	N/A	10.664	2023 VFA	5,000	5,000
Volunteer Fire Assistance Grant					
Bear Creek Fire Service Area	N/A	10.664	2023 VFA	4,371	4,371
Volunteer Fire Assistance Grant					
Central Emergency Service Area	N/A	10.664	2023 VFA	4,210	4,210
Volunteer Fire Assistance Grant					
Volunteer Fire Assistance Grant	N/A	10.664	2024 VFA	5,331	2,902
Kachemak Emergency Service Area					
Volunteer Fire Assistance Grant	N/A	10.664	2023 VFA	4,981	4,981
Nikiski Fire Service Area					
Volunteer Fire Assistance Grant	N/A	10.664	2023 VFA	4,406	4,406
Total Assistance Listing 10.664					<u>25,870</u>
Total U.S. Department of Agriculture					<u>661,483</u>
Total Expenditures of Federal Awards					\$ 13,906,738

* Federal Major Program

[1] Except where noted, no other funds were provided to recipients

[2] Federal funds of \$2,738 are passed through to the City of Homer and \$577,195 are passed through to the City of Seward

[3] Federal funds of \$35,445 are passed through to the City of Homer and \$577,195 are passed through to the City of Seward

The accompanying notes are an integral part of this schedule.

Kenai Peninsula Borough

Notes to the Detailed Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Kenai Peninsula Borough, Alaska (the Borough) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in greater detail than 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 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

Detailed Schedule of State Financial Assistance

Year Ended June 30, 2023

<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		\$ 3,648	\$ 3,648
Fish Resource Landing Tax		8,639	8,639
Community Assistance Program - Borough	FY23	894,402	894,402
Girdwood Sub-Grant to KPB Rescue Departments for Extraction Equipment	FY23	150,859	150,859
Community Assistance Program - Clam Gulch: Caribou Hills Cabin Hoppers	FY18	15,789	3,065
Community Assistance Program - Nikiski: North Peninsula Community Council, Inc.	[1]		
Community Assistance Program - Clam Gulch: Caribou Hills Cabin Hoppers	FY19	7,894	1,601
Community Assistance Program - Clam Gulch: Caribou Hills Cabin Hoppers	FY20	15,789	8,165
Community Assistance Program - Nikiski: North Peninsula Community Council, Inc.	FY20	7,894	7,894
Community Assistance Program - K Beach: Love Inc. of the Kenai Peninsula	FY20	3,947	3,947
Community Assistance Program - Bear Creek: Bear Creek Volunteer Fire Department	FY21	15,789	15,789
Community Assistance Program - Bear Creek: Bear Creek Volunteer Fire Department	FY22	15,789	15,789
Community Assistance Program - Crown Point: Moose Pass Volunteer Fire Department	FY22	15,789	15,789
Community Assistance Program - Diamond Ridge: Homer Cycling Club	FY22	4,835	3,728
Community Assistance Program - Hope: Hope, Inc.	FY22	15,789	1,020
Community Assistance Program - Nikiski: North Peninsula Community Council	FY22	7,894	7,894
Community Assistance Program - Primrose: Moose Pass Volunteer Fire Department	FY22	15,789	15,789
Community Assistance Program - Seldovia Village: Seldovia Village Tribe	FY22	15,789	15,789
Community Assistance Program - Anchor Point: Anchor Point Public Library, Inc.	FY23	5,016	5,016
Community Assistance Program - Anchor Point: Anchor Point Senior Citizens, Inc.	FY23	5,016	5,016
Community Assistance Program - Anchor Point: Anchor Point VFW Post 10221	FY23	5,016	5,016
Community Assistance Program - Anchor Point: Anchor Kings Wrestling	FY23	5,016	5,016
Community Assistance Program - Anchor Point: Anchor Point Food Pantry	FY23	5,016	5,016
Total Anchor Point Community Assistance Program		<u>25,080</u>	
Community Assistance Program - Cohoe: Boys & Girls Club of the Kenai Peninsula	FY23	29,291	29,291
Community Assistance Program - Cooper Landing: Cooper Landing Community Club	FY23	18,942	18,942
Community Assistance Program - Crown Point: Moose Pass Volunteer Fire Department	FY23	16,875	16,875

(continued)

Kenai Peninsula Borough

Detailed Schedule of State Financial Assistance - continued

Year Ended June 30, 2023

<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, continued			
Community Assistance Program - Diamond Ridge: Kachemak Nordic Ski Club	[1]	\$ 4,666	\$ 4,666
Community Assistance Program - Diamond Ridge: Homer Cycling Club	[1]	4,666	1,082
Community Assistance Program - Diamond Ridge: Snomads Snowmachine Club, Inc.	[1]	4,666	4,666
Community Assistance Program - Diamond Ridge: Kachemak Ski Club	[1]	4,666	4,666
Community Assistance Program - Diamond Ridge: Homer Trails Association	[1]	4,666	4,666
Community Assistance Program - Diamond Ridge: Kachemak Emergency Services Member Assn.	[1]	4,666	4,666
Total Diamond Ridge Community Assistance Program		<u>24,412</u>	
Community Assistance Program - Fritz Creek: Kachemak Nordic Ski Club	[1]	9,106	9,106
Community Assistance Program - Fritz Creek: Snomads Snowmachine Club, Inc.	[1]	9,106	9,106
Community Assistance Program - Fritz Creek: Kachemak Emergency Services Member Assn.	[1]	9,107	9,107
Total Fritz Creek Community Assistance Program		<u>27,319</u>	
Community Assistance Program - Funny River: Funny River Community Association	[1]	25,912	25,912
Community Assistance Program - Hope: Hope, Inc.	[1]	17,261	17,261
Community Assistance Program - Kachemak Selo: Village of Kachemak Selo, Inc.	[1]	17,876	3,840
Community Assistance Program - Kalifornsky Beach: Love Inc. of the Kenai Peninsula	[1]	23,430	23,430
Community Assistance Program - Kalifornsky Beach: Kenai Peninsula Food Bank, Inc.	[1]	23,430	23,430
Community Assistance Program - Kalifornsky Beach: Peninsula Spay Neuter Fund	[1]	23,430	23,430
Community Assistance Program - Kalifornsky Beach: Tsalteshi Trails Association	[1]	23,429	23,429
Total Kalifornsky Beach Community Assistance Program		<u>93,719</u>	
Community Assistance Program - Kasilof: Cohoe Cemetery Association	[1]	10,302	10,302
Community Assistance Program - Kasilof: Kasilof Regional Historical Association	[1]	10,302	10,302
Total Kasilof Community Assistance Program		<u>20,604</u>	
Community Assistance Program - Lowell Point: Lowell Point Community Council, Inc.	[1]	16,508	16,508
Community Assistance Program - Moose Pass: Moose Pass Chamber of Commerce	[1]	17,876	17,876
Community Assistance Program - Nikiski: North Star United Methodist Church Food Pantry	[1]	28,351	28,351
Community Assistance Program - Nikiski: North Peninsula Community Council	[1]	28,351	24,585
Total Nikiski Community Assistance Program		<u>52,936</u>	
Community Assistance Program - Nikolaevsk: Nikolaevsk Community Council	[1]	18,795	18,795
Community Assistance Program - Ninilchik: Ninilchik Community Library	[1]	5,886	5,886
Community Assistance Program - Ninilchik: Ninilchik Student Saturday Lunch Program (Bridges)	[1]	5,886	5,886
Community Assistance Program - Ninilchik: Ninilchik Senior Citizens	[1]	5,885	5,885
Total Ninilchik Community Assistance Program		<u>17,657</u>	

(continued)

Kenai Peninsula Borough

Detailed Schedule of State Financial Assistance - continued

Year Ended June 30, 2023

<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, continued			
Community Assistance Program - Port Graham: Port Graham Village Council	[1] FY23	\$ 17,270	\$ 15,984
Community Assistance Program - Primrose: Moose Pass Volunteer Fire Department	[1] FY23	16,664	16,664
Community Assistance Program - Sterling: Sterling Area Senior Citizens	[1] FY23	35,064	35,064
Community Assistance Program - Sterling: Sterling Community Center	[1] FY23	35,064	35,064
Total Sterling Community Assistance Program			<u>70,128</u>
Community Assistance Program - Tyonek: Boys & Girls Club of Southcentral Alaska	[1] FY23	17,179	17,179
Community Assistance Program - Voznesenka: Voznesenka Community Council	[1] FY23	17,876	17,876
Total Community Revenue Sharing/Community Assistance Program	[1]		<u>681,117</u>
Marijuana Application Review Fees	FY23	500	500
Travel grant: FEMA CAP-SSSE - Pass Through DCCED	EMS-2022-CA-00009	331	331
Total Alaska Department of Commerce, Community & Economic Development			<u>1,739,496</u>
<u>Alaska Department of Revenue</u>			
Electric & Telephone Cooperative	FY23	163,469	163,469
Fish Tax - Addition to FY22 Estimated Receivable	FY22	274,747	274,747
Fish Tax (Estimated Receivable)	FY23	685,000	685,000
Total Alaska Department of Revenue			<u>1,123,216</u>
<u>Alaska Department of Education & Early Development</u>			
* School Debt Reimbursement	N/A	2,442,114	2,442,114
Kachemak Selo New K-12 School Construction	GR-17-001	10,010,000	90,556
Total Alaska Department of Education & Early Development			<u>2,532,670</u>
<u>Alaska Department of Administration</u>			
Division of Retirement & Benefits PERS Relief FY23 HB69	FY23 HB69	692,103	692,103
<u>Alaska Department of Military & Veteran Affairs</u>			
Passed Through the Alaska Division of Homeland Security & Emergency Management			
2013 Japanese Creek Flood	4161-DR-AK	177,179	70,934
May 2022 Seward/Lowell Point Road Landslide Federal Declared Disaster	4661-DR-AK	122,254	47
Prior-year re-allocation from 0/100 to 75/25 federal/state funding of expenditures	4661-DR-AK		(91,691)
Total Alaska Department of Military & Veteran Affairs			<u>(20,710)</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 6,066,775</u>

* State Major Program

[1] Entire amount of grant passed through to entity identified above

The accompanying notes are an integral part of this schedule.

Kenai Peninsula Borough

Notes to the Detailed Schedule of State Financial Assistance

Year Ended June 30, 2023

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 Kenai Peninsula Borough, Alaska (the Borough) under programs of the State of Alaska for the year ended June 30, 2023. The information in this Schedule is presented in greater detail than 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.