

COMPREHENSIVE ANNUAL



FINANCIAL REPORT



Fiscal Year:

July 1, 2014 – June 30, 2015

**CITY OF KENAI, ALASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2015**

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF KENAI, ALASKA
Year Ended June 30, 2015**

Pat Porter
Mayor

Rick R. Koch
City Manager

Prepared by
Finance Department

Terry A. Eubank, CPA
Finance Director



"Village with a Past, City with a Future"

210 Fidalgo Avenue, Kenai, Alaska 99611-7794
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November 30, 2015

Honorable Mayor Pat Porter,
City Council Members and Citizens of
the City of Kenai, Alaska

In accordance with Section 29.35.120 of the Alaska Statutes and the City Charter, we are pleased to submit the Comprehensive Annual Financial Report for the year ended June 30, 2015. The financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Kenai. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by BDO USA, LLP., a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Kenai

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

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

Budgetary Control

The annual budget serves as the foundation for the City's financial planning and control. All departments submit budgets to the city manager on or about the last Monday in February. The city manager uses these requests for developing a proposed budget. The city manager submits the proposed budget to the council at the first regular council meeting in April. The council is required to hold public hearings on the proposed budget and generally adopts the budget by ordinance at the first meeting in June. The city manager is authorized to make budget transfers within a fund for amounts less than \$5,000. Council action is required for transfers between funds, for transfers exceeding \$5,000 and for new appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted.

Factors Affecting Financial Condition

Economy

The primary private sector portions of Kenai's economy are oil and gas, commercial fishing, tourism and retail sales. The future holds challenges for oil and gas and commercial fishing in the Cook Inlet region. Gas supplies in quantities needed for liquefied natural gas (LNG), home heating and electrical power generation are projected to run out in this decade if new supplies are not made available through discovery or pipelines from other production areas. A gas pipeline from the North Slope to Cook Inlet would greatly enhance the viability of the industrial complex. The State of Alaska is working with the gas producers and other interested entities to develop a gas pipeline, but when a gas line will be built is not known at this time. Chevron, Shell and Forest Oil are all making significant investments in this region. Cook Inlet Natural Gas Storage Alaska operates a natural gas storage facility within the City. The facility has greatly enhanced the availability of gas within the Cook Inlet Basin during all seasons of the year and has produce an estimated \$565,500 in property tax revenue to the City at its current 4.35 mill rate.

The proposed Pebble Mine, which is across Cook Inlet from Kenai, continues to be in the news for its world class prospects for copper, gold and molybdenum. Actual production will be years in the future, but Kenai's airport could be a much busier place if the project gets all of the permits required for operation.

Commercial fishing has had some good years recently in terms of production. Raw fish prices declined a bit for the 2015 fishing season but there was a strong return of sockeye salmon to peninsula rivers. Fishing is expected to continue to be an important component of the Kenai economy.

With the slow recovery of the United States economy, tourism increased this fiscal year. The unique dipnet fishery at the mouth of the Kenai River, where tens of thousands of Alaskans catch a year's supply of sockeye salmon in July, makes Kenai a busy and very popular place. Accessible beaches, beautiful scenery, fishing and abundant historic sites all make Kenai a great destination for tourists on the Kenai Peninsula. Tourism is expected to remain a vital component of the Kenai economy.

Sales tax is the largest revenue source for the City. Retail sales businesses generate the largest share of sales tax revenue. Sales tax revenues for the current fiscal year exceeded projections by over 6%, and unanticipated yet welcome increase. This sector is vibrant and growing in Kenai with the opening of new businesses in the City.

Overall, the projection for the economy of Kenai is optimistic. Kenai is situated in a beautiful area with abundant land and natural resources, an accommodative business climate, and a stable population base.

Long term financial planning

General Fund, fund balance increased \$0.5 million to \$10.3 million in FY 2015. A General Fund, Fund Balance of \$10.3 million represents approximately 63% of one year's of expenditures. This healthy fund balance provides options for the City and generates interest income that can be used for operations.

One of the larger financial challenges facing the City is our contribution to the Public Employees Retirement System (PERS). Beginning in FY 2008, employers paid a maximum of 22% of payroll and the State is paying the difference to the actuarially required rate. Employer members of the PERS system worked with the State legislature for a long term solution to this problem. In April 2008 the Alaska Legislature passed Senate Bill 125 which converts the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits will no longer track individual employer assets and liabilities. Rather, all plan costs and past service liabilities will be shared among all participating employers. The cost-sharing plan will require a uniform employer contribution rate of 22% or less of active member wages, subject to a wage floor. In addition, the legislation provides for state contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the past-service liability, exceeds 22%. Any such additional contributions would be recognized by each employer as an on-behalf payment. In FY 2015 the State of Alaska invested an extra \$1.0 billion in PERS to reduce its unfunded liability. With the on-behalf funding arrangement this \$1.0 billion infusion increases the City's General Fund revenues and expenditures by \$1.9 million, an occurrence that is not expected to repeat itself in coming years.

The City is actively pursuing economic development opportunities and the long-term financial outlook is positive.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kenai for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

The preparation of this Comprehensive Annual Financial Report in a timely manner was accomplished with the efficient and dedicated service of the entire staff of the Finance Department. Due credit should also be given to the City Council for their efforts in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Rick Koch, City Manager



Terry A. Eubank, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

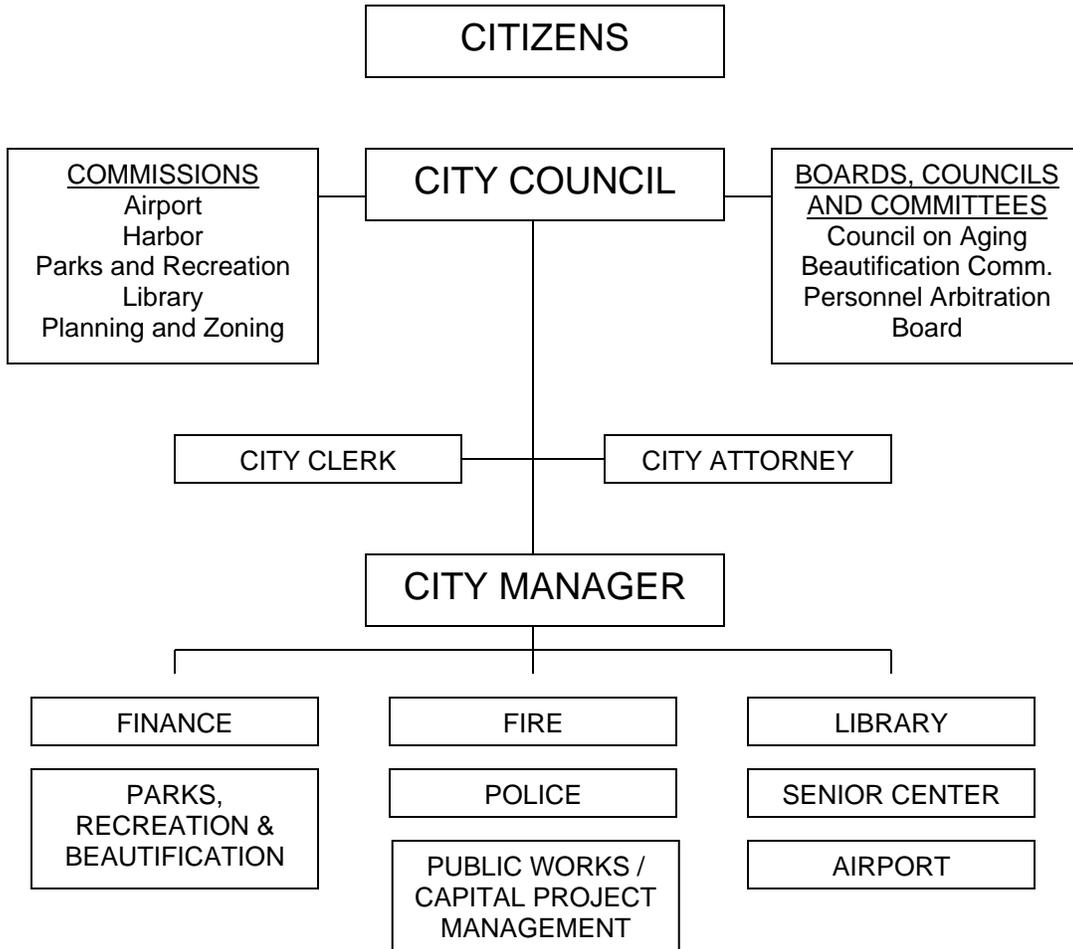
**City of Kenai
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Kenai Organization Chart



**CITY OF KENAI, ALASKA
ORGANIZATION AND PRINCIPAL CITY OFFICIALS**

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

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

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

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

	<u>City Council</u>	<u>Term Ends</u>
Mayor	Pat Porter	2016
Council Members	Robert Molloy	2015
	Ryan Marquis	2015
	Terry Bookey	2016
	Brian Gabriel, Sr.	2016
	Henry Knackstedt	2017
	Tim Navarre	2017

City Administration

City Manager	Rick R. Koch
Finance Director	Terry A. Eubank
City Clerk	Sandra Modigh
City Attorney	Scott Bloom
Police Chief	Gus Sandahl
Fire Chief	Jeff Tucker
Public Works Manager	Sean Wedemeyer
Librarian	Mary Jo Joiner
Parks & Recreation Director	Robert Frates
Airport Manager	Mary Bondurant
Senior Center Project Director	Rachael Craig

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AUDITOR REPORT



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3601 C Street, Suite 600
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Independent Auditor's Report

Honorable Mayor and City Council
City of Kenai, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kenai, Alaska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Kenai's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kenai as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2015 City of Kenai adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 13 through 19, the budgetary comparison information on pages 53 through 62, and the Schedules of Net Pension Liability and Pension Contributions on pages 63 and 64 be presented to supplement the basic financial statements. Such information, 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 City of Kenai's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of City of Kenai'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 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 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 City of Kenai's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Kenai, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City of Kenai for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the City of Kenai exceeded its liabilities at June 30, 2015 by \$176,721,771. Of this amount, unrestricted net position of \$9,228,578, may be used to meet the government's ongoing obligations to citizens and creditors. A significant portion of this legally unrestricted amount has been designated for specific purposes.
- The City's total net position decreased by \$904,833. Beginning net position was restated (see Note I) for the implementation of GASB Pronouncement 68. For the fiscal year ended June 30, 2015, governmental type activities decreased by \$834,869 and business type activities decreased by \$69,964.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,540,284, an increase of \$310,456 from the prior year. The fund balances of the two permanent funds, which cannot be spent, account for \$26.6 million of total fund balance. About \$9.0 million of the remaining fund balance is restricted, committed, or assigned. The remaining \$7.9 million is unassigned and available for spending.
- At the end of the current fiscal year, fund balance for the General Fund was \$10,391,233. Of this amount \$7,937,025 was unassigned and available for spending.
- The City has a long-term liability for compensated absences, general obligation debt, and net pension of \$831,813, \$1,615,000, and \$8,631,519 respectively. The general obligation bonds were issued on March 11, 2010 for an addition to the City's library.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Kenai's basic financial statements. The City of Kenai's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the City's activities:

- *Government-wide financial statements* provide both short-term and long-term information about the City's overall financial condition in a summary format.
- *Fund financial statements* focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

Government-wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the City of Kenai's finances in a manner similar to a business enterprise. The statement of net position presents information on all of the City's assets and liabilities. Net position – the difference between the City's assets and deferred outflows and its liabilities and deferred inflows - is one way to measure the City's financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. There are other non-financial factors, such as the condition of facilities, roads and other infrastructure that should be considered in the evaluation of overall financial condition.

The statement of activities presents information showing how a government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Kenai include general government, public safety, public works, parks, recreation and cultural, airport, water and sewer, and social services. The business-type activities of the City include the congregate housing facility.

Fund financial statements.

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

Governmental funds.

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

A budgetary comparison statement has been provided for the General Fund, Airport Special Revenue Fund and Water & Sewer Special Revenue Fund to demonstrate compliance with the Fiscal Year (FY) 2015 budget.

Proprietary funds.

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

Fiduciary funds.

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

Notes to the financial statements.

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

Required supplementary information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Budgetary comparison schedules for the City's major funds and schedules on the City's net pension obligation information and contributions can be found on pages 53-64 of this report.

Other information.

In addition to the basic financial statements and accompanying notes and required supplementary information and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with non-major funds are presented immediately after the required supplementary information. Also included are budget comparisons for governmental funds other than the General Fund, Airport Special Revenue Fund and Water & Sewer Special Revenue Fund.

Government-wide Financial Analysis.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015, the City's position exceeded liabilities by \$176,721,771. By far the largest portion of the City's net position reflects its investment in capital assets.

The following table provides a summary of the City's net position:

Net Position
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 47,964	\$ 46,863	\$ 485	\$ 608	\$ 48,449	\$ 47,471
Capital assets	<u>138,911</u>	<u>140,028</u>	<u>3,051</u>	<u>3,071</u>	<u>141,962</u>	<u>143,099</u>
Total assets	<u>186,875</u>	<u>186,891</u>	<u>3,536</u>	<u>3,679</u>	<u>190,411</u>	<u>190,570</u>
Deferred outflows of resources	<u>957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>957</u>	<u>-</u>
Long-term liabilities outstanding	11,075	2,515	3	2	11,078	2,517
Other liabilities	<u>2,354</u>	<u>1,345</u>	<u>63</u>	<u>137</u>	<u>2,417</u>	<u>1,482</u>
Total liabilities	<u>13,429</u>	<u>3,860</u>	<u>66</u>	<u>139</u>	<u>13,495</u>	<u>3,999</u>
Deferred inflows of resources	<u>1,151</u>	<u>248</u>	<u>-</u>	<u>-</u>	<u>1,151</u>	<u>248</u>
Net position:						
Net investment in capital assets	137,296	138,334	3,051	3,071	140,347	141,405
Nonspendable	26,599	27,135	-	-	26,599	27,135
Restricted	547	480	-	-	547	480
Unrestricted	<u>8,810</u>	<u>16,834</u>	<u>419</u>	<u>469</u>	<u>9,229</u>	<u>17,303</u>
Total net position	<u>\$173,252</u>	<u>\$182,783</u>	<u>\$3,470</u>	<u>\$3,540</u>	<u>\$176,722</u>	<u>\$186,323</u>

Minor arithmetic differences are due to rounding.

Governmental activities.

Governmental activities decreased the City's net position by \$834,869. The key element of this decrease is the difference between capital expenditures by governmental funds and depreciation expense recorded but not budgeted in the governmental funds.

Business-type activities.

Business-type activities decreased the net position of the City by \$69,964. Rental rates of the Congregate Housing Facility are insufficient to cover depreciation on the facility which was built primarily with grant funds. Absent a rate increase, future declines in net position are expected.

Changes in Net Position.

The City's total revenues and expenses for governmental and business-type activities are reflected in the following table:

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,085	\$ 5,867	\$ 365	\$ 346	\$ 6,450	\$ 6,213
Operating grants and contributions	2,175	2,817	17	5	2,192	2,822
Capital grants and contributions	2,425	4,799	-	-	2,425	4,799
General revenues:						
Property taxes	3,657	3,156	-	-	3,657	3,156
Sales taxes	7,257	6,669	-	-	7,257	6,669
Other	<u>790</u>	<u>3,495</u>	<u>2</u>	<u>5</u>	<u>792</u>	<u>3,500</u>
Total revenues	<u>22,389</u>	<u>26,803</u>	<u>384</u>	<u>356</u>	<u>22,773</u>	<u>27,159</u>
Expenses:						
General government	4,097	2,277	-	-	4,097	2,277
Public safety	5,900	7,291	-	-	5,900	7,291
Public works	3,667	3,393	-	-	3,667	3,393
Parks, recreation, and cultural	2,355	2,631	-	-	2,355	2,631
Water and sewer services	2,237	2,711	-	-	2,237	2,711
Airport	4,189	4,126	-	-	4,189	4,126
Interest on long-term debt	96	98	-	-	96	98
Social welfare services	683	765	-	-	683	765
Senior Housing	<u>-</u>	<u>-</u>	<u>454</u>	<u>436</u>	<u>454</u>	<u>436</u>
Total expenses	<u>23,224</u>	<u>23,292</u>	<u>454</u>	<u>436</u>	<u>23,678</u>	<u>24,159</u>
Increase (decrease) in net position before transfers	(835)	3,511	(70)	(80)	(905)	3,431
Transfers	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(835)	3,399	(70)	32	(905)	3,431
Net position beginning as restated (Note I)	<u>174,087</u>	<u>179,384</u>	<u>3,540</u>	<u>3,508</u>	<u>177,627</u>	<u>182,892</u>
Net position ending	<u>\$173,252</u>	<u>\$182,783</u>	<u>\$3,470</u>	<u>\$3,540</u>	<u>\$176,722</u>	<u>\$186,323</u>

Minor arithmetic differences are due to rounding.

Financial Analysis of the City's Funds

The City of Kenai uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

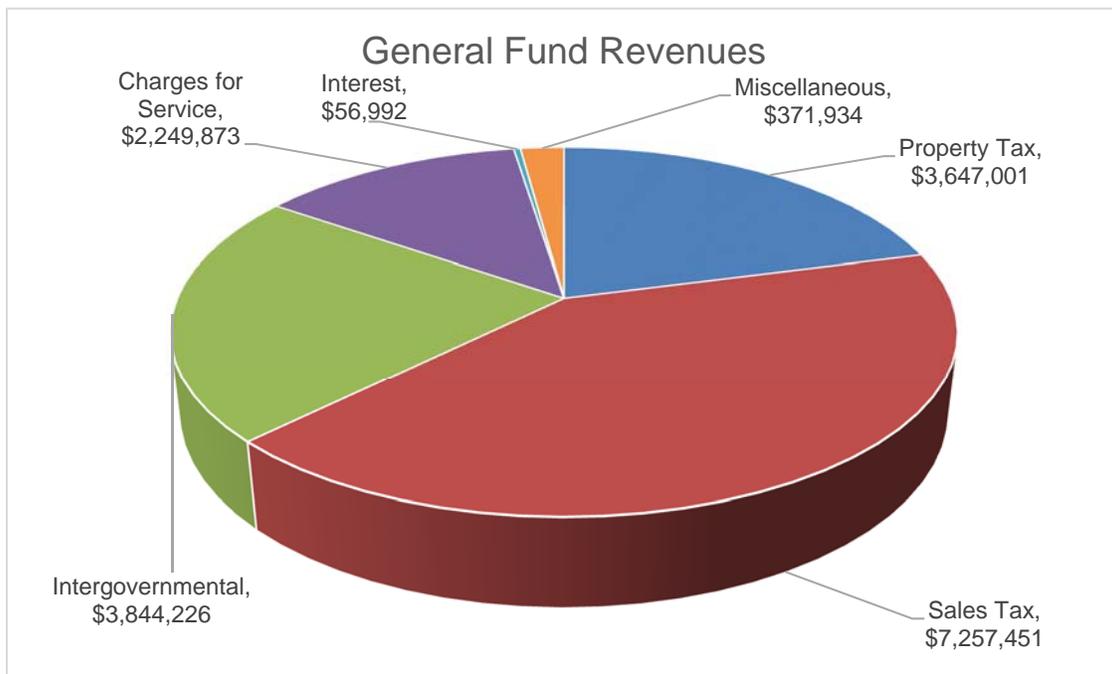
Governmental Funds.

The purpose of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The total fund balance of governmental funds is \$43,540,284, which is up \$310,456 from last year. About \$7.9 million of fund balance is unassigned fund balance, which is available for spending at the City Council's discretion. The remainder of fund balance, \$35.6 million, is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending. Nonspendable is the largest portion of this; \$26.6 million is in the two permanent funds, which do not allow spending of fund balance.

The General Fund is the chief operating fund of the City of Kenai. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,937,025, and total fund balance was \$10,391,233. Fund balance increased \$489,207 in the current year. The City's reserves remain healthy and stable. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 46% of total expenditures and transfers, while total fund balance represents 61% of that same amount.

General Fund expenditures are up \$2,279,801 or 16.13% over last year. Public Employees Retirement System (PERS) on-behalf funding from the State of Alaska increased \$2,063,291 in the current year. PERS on-behalf funding is recorded as both revenue and expenditure in the General Fund, accounting for nearly all of the increase in expenditures. General Fund revenues increased \$3,135,998 from last year. The primary revenue sources of the General Fund include property tax of \$3,647,001, sales tax of \$7,257,451, intergovernmental revenues of \$3,844,226, and charges to other funds of \$1,542,786. Sales tax revenue increased \$588,025 (8.82%) an amount greater than inflation and a reflection of the overall condition of the City's economy. Property taxes increased by \$497,977 (15.81%). Current year property values increased 3.5% but a 0.50 mill increase in the tax levy is predominately responsible for this increase. Intergovernmental revenues increased \$2,049,308 from last year with a notable increase in State of Alaska Public Employees Retirement System (PERS) on-behalf funding described above.



Tax revenues support General Fund operations exclusively and represent 40.41% of all governmental funds revenue. Other funds rely heavily on charges for services and investment earnings. Investment earnings in governmental funds is down \$2,710,049, (76.75%) from the prior year. The continuation of historic low interest rates, volatility and negative returns of equity markets, which approximately 45% of the City's permanent funds are invested in, led to the significant decrease in investment earnings. Capital projects funds and the senior services related funds are largely financed by grants from the federal, state and borough governments.

The Airport Special Revenue Fund accounts for the operation of the airport. Fund balance increased by \$223,731. Total revenues increased \$260,788 with the single largest increase being intergovernmental from State of Alaska Public Employees Retirement System (PERS) on-behalf funding, \$156,663. Transfer to the Airport Improvements Capital Project Fund decreased by \$188,458 this fiscal year enhancing the funds financial performance.

The Water & Sewer Special Revenue Fund accounts for the operations of the water and sewer utility of the City. Fund balance increased \$40,024. Water rates increased 10% and sewer rates were raised 3% during the year. The combination of these rate increases resulted in charges for services increasing \$187,764 this year. The financial performance of this fund continues to improve with the implementation of rate increases suggested by the utilities FY2011 rate study.

The Airport Land Sales Permanent Fund accounts for the investment of proceeds from the sale of airport lands originally deeded to the City by the federal government for operations of the airport. City code calls for the transfer of 5% of the funds five year average balance at December 31st to the Airport Special Revenue Fund to fund airport operations. The continuation of historic low interest rates, volatility and negative returns of equity markets resulted in a decrease in fund balance after the FY15 transfer of \$1,135,313 to the Airport Special Revenue Fund.

The Airport Improvements Capital Project Fund accounts for capital improvement projects of the Kenai Municipal Airport. Projects are largely financed by grants from the Federal Aviation Administration and the State of Alaska Department of Transportation. Current projects include completion of a new Airport Master Plan, purchase of snow removal equipment, airfield marking improvements and improvements to airport facilities.

Proprietary Funds.

The City of Kenai maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Congregate Housing Fund is the only enterprise fund. It is reported in the proprietary fund financial statements and as a business type activity in the government-wide financial statements. Internal service funds are used to accumulate and allocate costs among the City's various functions. The City of Kenai has two internal service funds, the Equipment Replacement Fund and the Capital Project Management Fund. The Equipment Replacement Fund is used to account for the purchase of equipment costing more than \$50,000. The Equipment Replacement Fund charges the primary user department in the General Fund such that the General Fund reimburses the Equipment Replacement Fund over the useful life of the asset. The Capital Project Management Fund was closed during the year. Prior to its closure, the Capital Project Management Funds was used to account for the management of the City's major capital projects. The General Fund provided a one-time transfer of \$97,004 to facilitate the closure of the fund and future personnel costs for management of capital projects will be directly charged to the project. Because the services of both the Equipment Replacement Fund and the Capital Project Management Fund predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government-wide financial statements but are presented in single columns in the proprietary fund financial statements.

At year-end, Congregate Housing Fund net position totaled \$3,470,130 and unrestricted net position was \$418,765. Net position decreased \$69,964 for the year. Current revenues are simply insufficient to cover expenses – especially considering depreciation. It is anticipated that net position will decline in future years without an increase in tenant rents.

General Fund Budgetary Highlights

The General Fund appropriations budget was amended by the City Council during the year by \$2,008,931. Significant amendments included \$1,762,437 was for State of Alaska Public Employees Retirement System (PERS) on-behalf funding received in excess of what was originally budgeted and the one time operating transfer to the Capital Project Management Fund to facilitate the fund's closure during the fiscal year. Actual revenues were \$208,087 more than the final budget, with general sales tax \$426,089 more than projected.

The actual expenditures and transfers out were \$1,345,950 less than budgeted. The City typically does not spend the entire authorized appropriation. The variance this year was about 7.3% of final budget compared to 8.6% last year. \$752,092, (55.9%) of the lapse, occurred in personal services. Position vacancies, the replacement of retiring employees with those lower on the City's pay scale, and health insurance costs less than projected contributed to these savings.

Capital Assets and Debt Administration

Capital assets.

At June 30, 2015 the City's capital assets had a total net book value of \$141,962,014. Governmental activities totaled \$138,910,649 and business-type activities totaled \$3,051,365. Additional information on the City's capital assets can be found in the notes to the basic financial statements on pages 41-42 Section III. Detailed Notes on All Funds' D. Capital Assets. Major capital additions for FY15 included:

New Facilities and Facility Improvements:	
City Hall	\$ 177,367
New City Shop	4,479,113
Senior Center	405,641
Congregate Housing	370,885
Water Treatment/Well House 4	893,737
Equipment:	
Airport Snow Removal Equipment	533,066
Vehicles	150,693
Fire/Rescue Boat	105,837
Loader and attachments	320,100
Infrastructure:	
Road improvements	885,270
Water & Sewer Mains	633,711
Other Additions	<u>144,647</u>
Total Additions	<u>\$9,100,067</u>

Debt administration.

No new debt was issued by the City in FY15. At June 30, 2015 \$1,615,000 of Library Expansion bonds remain outstanding and \$2,000,000 of Bluff Erosion Control bonds remain authorized but unissued. There are long-term liabilities for compensated absences totaling \$831,813. With the implementation of GASB Statement 68, Net Pension Liability of \$8,631,519 is included for the first time and beginning net position was restated by \$8,696,825 for its implementation. Additional information regarding this restatement can be found in Note I on page 50 of the report. Additional information on the City's long-term liabilities can be found in the notes to the basic financial statements on page 48.

Requests for information.

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

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BASIC FINANCIAL STATEMENTS

CITY OF KENAI, ALASKA
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in central treasury (cash and investments)	\$ 44,413,569	\$ 481,253	\$ 44,894,822
Receivables (net of allowances for uncollectibles)	3,549,300	3,195	3,552,495
Other assets	1,525	-	1,525
Land	6,001,559	274,500	6,276,059
Property and equipment in service	208,702,350	5,663,553	214,365,903
Accumulated depreciation	(78,144,409)	(2,886,688)	(81,031,097)
Construction in progress	2,351,149	-	2,351,149
Total assets	<u>186,875,043</u>	<u>3,535,813</u>	<u>190,410,856</u>
DEFERRED OUTFLOWS			
Pension related	<u>957,327</u>	-	<u>957,327</u>
Total assets and deferred outflows	<u>\$ 187,832,370</u>	<u>\$ 3,535,813</u>	<u>\$ 191,368,183</u>
LIABILITIES			
Accounts payable	\$ 1,656,136	\$ 26,359	\$ 1,682,495
Accrued payroll and payroll liabilities	406,173	1,104	407,277
Unearned revenue	139,065	1,464	140,529
Other liabilities	138,331	33,908	172,239
Accrued interest	14,068	-	14,068
Long-term liabilities:			
Due within one year	292,241	712	292,953
Due in more than one year	<u>10,783,243</u>	<u>2,136</u>	<u>10,785,379</u>
Total liabilities	<u>13,429,257</u>	<u>65,683</u>	<u>13,494,940</u>
DEFERRED INFLOWS			
Prepaid licenses and fees	2,500	-	2,500
Prepaid property taxes	151,738	-	151,738
Pension related	<u>997,234</u>	-	<u>997,234</u>
Total deferred inflows	<u>1,151,472</u>	-	<u>1,151,472</u>
NET POSITION			
Net investment in capital assets	137,295,649	3,051,365	140,347,014
Nonexpendable:			
Airport Land Sale Permanent Fund	23,711,029	-	23,711,029
General Government Land Sale Permanent Fund	2,888,444	-	2,888,444
Restricted - youth athletics	546,706	-	546,706
Unrestricted	<u>8,809,813</u>	<u>418,765</u>	<u>9,228,578</u>
Total net position	<u>173,251,641</u>	<u>3,470,130</u>	<u>176,721,771</u>
Total liabilities, deferred inflows and net position	<u>\$ 187,832,370</u>	<u>\$ 3,535,813</u>	<u>\$ 191,368,183</u>

See accompanying notes to basic financial statements.

**CITY OF KENAI, ALASKA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,097,380	\$ 421,241	\$ 924,254	\$ -
Public safety	5,899,643	360,893	319,137	5,849
Public works	3,666,985	75,585	68,406	322,000
Parks, recreation, and cultural	2,355,007	670,565	109,369	142,089
Water and sewer services	2,237,426	2,485,588	44,206	630,250
Airport	4,188,728	1,977,259	46,814	852,315
Social welfare services	683,025	93,728	663,164	472,311
Interest on long-term debt	95,599	-	-	-
Total governmental activities	<u>23,223,793</u>	<u>6,084,859</u>	<u>2,175,350</u>	<u>2,424,814</u>
Business-type activities:				
Senior Housing	<u>454,429</u>	<u>365,450</u>	<u>16,482</u>	<u>-</u>
Total Government	<u>\$ 23,678,222</u>	<u>\$ 6,450,309</u>	<u>\$ 2,191,832</u>	<u>\$ 2,424,814</u>

General revenues:
Property taxes
Sales taxes
Unrestricted investment earnings
Total general revenues
Change in net position
Beginning net position - as restated (Note I)
Net position - ending

See accompanying notes to basic financial statements.

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,751,885)	\$ -	\$ (2,751,885)
(5,213,764)	-	(5,213,764)
(3,200,994)	-	(3,200,994)
(1,432,984)	-	(1,432,984)
922,618	-	922,618
(1,312,340)	-	(1,312,340)
546,178	-	546,178
(95,599)	-	(95,599)
<u>(12,538,770)</u>	<u>-</u>	<u>(12,538,770)</u>
<u>-</u>	<u>(72,497)</u>	<u>(72,497)</u>
<u>(12,538,770)</u>	<u>(72,497)</u>	<u>(12,611,267)</u>
3,656,927	-	3,656,927
7,257,451	-	7,257,451
<u>789,523</u>	<u>2,533</u>	<u>792,056</u>
<u>11,703,901</u>	<u>2,533</u>	<u>11,706,434</u>
(834,869)	(69,964)	(904,833)
<u>174,086,510</u>	<u>3,540,094</u>	<u>177,626,604</u>
<u>\$ 173,251,641</u>	<u>\$ 3,470,130</u>	<u>\$ 176,721,771</u>

**CITY OF KENAI, ALASKA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2015**

	General	Airport Special Revenue
ASSETS		
Equity in central treasury (cash and investments)	\$ 9,623,477	\$ 4,311,639
Receivables (net of allowances for uncollectibles)	2,096,698	88,206
Other assets	1,525	-
Due from other funds	30,630	-
Total assets	\$ 11,752,330	\$ 4,399,845
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 294,745	\$ 79,898
Accrued payroll and payroll liabilities	370,944	9,423
Due to other funds	-	-
Unearned revenue	25,929	66,216
Other liabilities	27,744	9,769
Total liabilities	719,362	165,306
Deferred Inflows of resources:		
Special assessments receivable - unavailable	372,751	-
Ambulance billing receivable - unavailable	95,349	-
Land sales - unavailable	19,397	-
Prepaid licenses and fees	2,500	-
Prepaid property taxes	151,738	-
Total deferred inflows of resources	641,735	-
Fund balances:		
Nonspendable	-	-
Restricted	546,706	-
Committed	409,746	-
Assigned	1,497,756	4,234,539
Unassigned	7,937,025	-
Total fund balances	10,391,233	4,234,539
Total liabilities, deferred inflows and fund balances	\$ 11,752,330	\$ 4,399,845

See accompanying notes to basic financial statements.

Water & Sewer Special Revenue	Airport Land Sales Permanent	Airport Improvements Capital Project	Other Governmental	Total Governmental Funds
\$ 1,248,699	\$ 23,568,024	\$ 485,646	\$ 3,921,665	\$ 43,159,150
213,750	341,735	178,909	630,002	3,549,300
-	-	-	-	1,525
-	-	-	-	30,630
<u>\$ 1,462,449</u>	<u>\$ 23,909,759</u>	<u>\$ 664,555</u>	<u>\$ 4,551,667</u>	<u>\$ 46,740,605</u>
\$ 173,863	\$ 10,479	\$ 551,824	\$ 545,327	\$ 1,656,136
15,871	-	-	9,935	406,173
-	-	-	30,630	30,630
-	-	3,718	43,202	139,065
83,702	-	-	17,116	138,331
<u>273,436</u>	<u>10,479</u>	<u>555,542</u>	<u>646,210</u>	<u>2,370,335</u>
-	-	-	-	372,751
-	-	-	-	95,349
-	188,251	-	-	207,648
-	-	-	-	2,500
-	-	-	-	151,738
-	188,251	-	-	829,986
-	23,711,029	-	2,888,444	26,599,473
-	-	-	-	546,706
-	-	109,013	792,285	1,311,044
1,189,013	-	-	224,728	7,146,036
-	-	-	-	7,937,025
<u>1,189,013</u>	<u>23,711,029</u>	<u>109,013</u>	<u>3,905,457</u>	<u>43,540,284</u>
<u>\$ 1,462,449</u>	<u>\$ 23,909,759</u>	<u>\$ 664,555</u>	<u>\$ 4,551,667</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 137,361,670

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 675,748

Some liabilities, including bonds payable, interest payable on bonds (net of related interest subsidy), and compensated absences are not payable in the current period so they are not reported in the funds.

Bonds payable	\$ (1,615,000)	
Net pension liability	(8,631,519)	
Compensated absences	(828,965)	
Accrued interest (net of related interest subsidy)	(14,068)	(11,089,552)

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

Deferred outflows for pensions	957,327	
Deferred inflows for pensions	(997,234)	(39,907)

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.

2,803,398

Net position of governmental activities \$ 173,251,641

**CITY OF KENAI, ALASKA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Airport Special Revenue</u>	<u>Water & Sewer Special Revenue</u>	<u>Airport Land Sales Permanent</u>
Revenues:				
Taxes	\$ 10,914,378	\$ -	\$ -	\$ -
Intergovernmental revenues	3,844,226	225,082	255,777	-
Charges for services	2,249,873	369,824	2,483,381	-
Investment earnings	56,992	22,445	8,391	615,189
Miscellaneous revenues	<u>362,008</u>	<u>1,571,830</u>	<u>2,207</u>	<u>8,084</u>
 Total revenues	 <u>17,427,477</u>	 <u>2,189,181</u>	 <u>2,749,756</u>	 <u>623,273</u>
Expenditures:				
Current:				
General government	5,178,312	-	-	-
Public safety	6,876,330	-	-	-
Public works	2,331,233	-	-	-
Parks, recreation, and cultural	2,006,407	-	-	-
Water and sewer services	-	-	2,458,500	-
Airport	-	2,885,425	-	-
Social welfare services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	<u>22,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>16,414,980</u>	 <u>2,885,425</u>	 <u>2,458,500</u>	 <u>-</u>
 Excess of revenues over (under) expenditures	 1,012,497	 (696,244)	 291,256	 623,273
Other financing sources (uses):				
Transfers in	147,104	1,135,313	-	-
Transfers out	<u>(670,394)</u>	<u>(215,338)</u>	<u>(251,232)</u>	<u>(1,135,313)</u>
 Net other financing sources (uses)	 <u>(523,290)</u>	 <u>919,975</u>	 <u>(251,232)</u>	 <u>(1,135,313)</u>
 Net changes in fund balances	 489,207	 223,731	 40,024	 (512,040)
Fund balances - July 1	<u>9,902,026</u>	<u>4,010,808</u>	<u>1,148,989</u>	<u>24,223,069</u>
Fund balances - June 30	<u>\$ 10,391,233</u>	<u>\$ 4,234,539</u>	<u>\$ 1,189,013</u>	<u>\$ 23,711,029</u>

See accompanying notes to basic financial statements.

Airport Improvements Capital Project	Other Governmental	Total Governmental Funds
\$ -	\$ -	\$ 10,914,378
852,315	2,062,744	7,240,144
-	532,511	5,635,589
-	118,107	821,124
-	452,189	2,396,318
<u>852,315</u>	<u>3,165,551</u>	<u>27,007,553</u>
-	-	5,178,312
-	122,473	6,998,803
-	145,042	2,476,275
-	244,514	2,250,921
-	-	2,458,500
-	-	2,885,425
-	952,239	952,239
-	80,000	80,000
-	96,198	96,198
<u>1,122,511</u>	<u>2,078,211</u>	<u>3,223,420</u>
<u>1,122,511</u>	<u>3,718,677</u>	<u>26,600,093</u>
(270,196)	(553,126)	407,460
215,338	824,622	2,322,377
-	(147,104)	(2,419,381)
<u>215,338</u>	<u>677,518</u>	<u>(97,004)</u>
(54,858)	124,392	310,456
<u>163,871</u>	<u>3,781,065</u>	<u>43,229,828</u>
<u>\$ 109,013</u>	<u>\$ 3,905,457</u>	<u>\$ 43,540,284</u>

**CITY OF KENAI, ALASKA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net changes in fund balances - total governmental funds \$ 310,456

Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital assets	\$ 2,988,725	
Current year depreciation	(4,260,182)	(1,271,457)

Special assessments, taxes, land sales and ambulance services receivable reported in the governmental activities are not revenues of the current period using the flow of current financial resources basis. This is the decrease in other long-term assets. (205,071)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the (increase) decrease in:

Accrued leave	\$ (13,592)	
Bond interest payable	599	(12,993)

Repayment of the principal of long-term debt consumes current financial resources of governmental funds but does not have any effect on net position. 80,000

Changes related to net pension liability and related accounts can increase or decrease net position. This is the net decrease in equity due to changes in net pension liability and the related deferred inflows and outflows. 25,399

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenue of Internal Service Fund activities is reported with governmental activities. 238,797

Change in net position of governmental activities \$ (834,869)

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Congregate Housing	
ASSETS		
Current assets:		
Equity in central treasury (cash and investments)	\$ 481,253	\$ 1,254,419
Accounts receivable	3,195	-
Total current assets	484,448	1,254,419
Noncurrent assets:		
Land	274,500	-
Property and equipment in service, at cost:		
Buildings	5,663,553	-
Equipment	-	2,590,989
Total property and equipment in service	5,663,553	2,590,989
Less accumulated depreciation	(2,886,688)	(1,042,010)
Net property and equipment in service	2,776,865	1,548,979
Total assets	\$ 3,535,813	\$ 2,803,398
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 26,359	\$ -
Accrued payroll and payroll liabilities	1,104	-
Unearned revenue	1,464	-
Other liabilities	33,908	-
Total current liabilities	62,835	-
Noncurrent liabilities - compensated absences	2,848	-
Total liabilities	65,683	-
NET POSITION		
Investment in capital assets	3,051,365	1,548,979
Unrestricted	418,765	1,254,419
Total net position	3,470,130	2,803,398
Total liabilities and net position	\$ 3,535,813	\$ 2,803,398

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Congregate Housing	
Operating revenues:		
Rents and leases	\$ 365,430	\$ -
Charges for services	-	48,239
Other revenue	<u>20</u>	<u>310,571</u>
Total operating revenues	<u>365,450</u>	<u>358,810</u>
Operating expenses:		
Personal services	68,746	64,386
Supplies	14,922	761
Utilities	83,881	465
Repair and maintenance	65,053	-
Insurance	8,807	1,186
Depreciation	136,137	154,700
Manager's fee	36,678	-
Miscellaneous	3,305	376
Expenses chargeable from other funds	<u>36,900</u>	<u>4,786</u>
Total operating expenses	<u>454,429</u>	<u>226,660</u>
Operating income (loss)	<u>(88,979)</u>	<u>132,150</u>
Nonoperating revenues:		
Intergovernmental grants	16,482	-
Investment earnings	2,533	6,508
Gain on sale of capital assets	-	<u>3,135</u>
Total nonoperating revenues	<u>19,015</u>	<u>9,643</u>
Income (loss) before transfers	(69,964)	141,793
Transfers in	<u>-</u>	<u>97,004</u>
Changes in net position	(69,964)	238,797
Net position - July 1	<u>3,540,094</u>	<u>2,564,601</u>
Net position - June 30	<u>\$ 3,470,130</u>	<u>\$ 2,803,398</u>

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	<u>Congregate Housing</u>	
Cash flows from operating activities:		
Receipts from customers	\$ 359,972	\$ 48,239
Payments to suppliers	(284,440)	(7,647)
Payments to employees	(68,145)	(71,485)
Receipts (payments) for interfund services	<u>(36,900)</u>	<u>310,571</u>
Net cash provided (used) by operating activities	<u>(29,513)</u>	<u>279,678</u>
Cash flows from noncapital financing activities:		
Decrease in Due to General Fund	-	(81,111)
Transfer in	-	97,004
State grant	<u>16,482</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>16,482</u>	<u>15,893</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(116,826)	(320,100)
Proceeds from sales of capital assets	<u>-</u>	<u>15,000</u>
Net cash used by capital and related financing activities	<u>(116,826)</u>	<u>(305,100)</u>
Cash flows from investing activities -		
Investment earnings received	<u>2,533</u>	<u>6,508</u>
Net decrease in cash and cash equivalents	(127,324)	(3,021)
Cash and cash equivalents, beginning	<u>608,577</u>	<u>1,257,440</u>
Cash and cash equivalents, ending	<u>\$ 481,253</u>	<u>\$ 1,254,419</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (88,979)	\$ 132,150
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	136,137	154,700
Accounts receivable	(3,164)	-
Accounts payable	(73,100)	(73)
Accrued payroll and payroll liabilities	208	(2,187)
Compensated absences	393	(4,912)
Unearned revenue	(2,314)	-
Other liabilities	<u>1,306</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (29,513)</u>	<u>\$ 279,678</u>

See accompanying notes to basic financial statements.

CITY OF KENAI, ALASKA
KENAI COMMUNITY FOUNDATION AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015

ASSETS

Equity in central treasury (cash and investments)	<u>\$ 66,143</u>
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LIABILITIES

Due to Kenai Community Foundation	<u>\$ 66,143</u>
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See accompanying notes to basic financial statements.

FOOTNOTES TO BASIC FINANCIAL STATEMENTS

CITY OF KENAI, ALASKA

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

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

B. Government-wide and fund financial statements

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

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

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

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

Taxes, charge for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major governmental funds based on the quantitative criteria:

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

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

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

The Airport Land Sales Permanent Fund accounts for sales of airport land. All proceeds from airport land sales are deposited into this account and invested with up to 5% of the fund's balance at December 31st of each year being available for transfer to the Airport Special Revenue Fund for operations.

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

Additionally the City reports the following fund types:

Internal Service Funds – the Equipment Replacement Fund is an internal service fund. It accounts for the purchase of equipment costing more than \$50,000 that will be used by General Fund departments on a cost-reimbursement basis. The Capital Project Management Fund is an internal service fund that accounts for the management of the City's capital projects on a cost-reimbursement basis. The Capital Project Management Fund was closed during fiscal year 2015.

Agency Fund – the City utilizes this fund to account for the resources invested by the City, under a management agreement, for the Kenai Community Foundation, a not-for-profit organization devoted to supporting museums, parks and recreation, music, fine arts, library, and historic purposes within Kenai's city limits.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities and net position or equity

1. Cash and cash equivalents

The City maintains a central treasury for most of its cash and cash equivalents, which is utilized by all funds. For the purposes of these financial statements, the City of Kenai considers highly liquid investments that are readily convertible to cash, with an original maturity of three months or less, to be cash equivalents.

Investment income is recorded in the General Fund, except that interest earned on cash held in the Water and Sewer Special Revenue Fund (including cash in water and sewer related capital project funds), the Airport Special Revenue Fund (including cash in the Airport Land Sales Permanent Fund and airport related capital project funds), the Congregate Housing Enterprise Fund, and the Equipment Replacement Internal Service Fund is recorded in these funds.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to other funds” or “due from other funds” (i.e., the current portion of interfund loans).

3. Restricted assets

Monies or other resources, the use of which is restricted by legal or contractual requirements are recorded as restricted assets.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the Government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. All infrastructure assets, including those acquired prior to June 30, 1980, are reported. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the City, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings costing more than \$50,000	50
Buildings costing less than \$50,000	25
Building improvements	25
Water and sewer infrastructure	50
Street infrastructure	30
Heavy equipment	20
Other equipment	10
Office equipment	5

5. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. The City makes annual appropriations for the amount of leave expected to be used, which is available to employees at essentially their discretion. Each employee is allowed to accumulate up to 80 days of annual leave at the end of a calendar year, with any excess accumulation paid in cash in the following January. All vacation pay is accrued when incurred in the Government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations or in situations where the leave is used but not yet paid. Most funds, except the capital project funds, will be utilized to liquidate the liability for compensated absences. The most significant, due to the fact that it has the largest payroll, is the General Fund.

6. Long-term obligations

In the Government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognize long-term debt obligations only when due.

7. Fund balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes by resolution. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types, except the Capital Project Funds which adopt project-length budgets. All annual appropriations lapse at a fiscal year end.

Budgets for the general fund, special revenue funds, debt service funds, permanent funds and enterprise funds are annual budgets. Capital project fund budgets are project-length budgets. The Equipment Replacement Fund, which is an internal service fund, is not required to have a budget. The City Council approves all asset acquisitions from this fund by resolution.

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

Budgetary control (the level at which expenditures may not exceed budget) is maintained at the object class level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which would result in an overrun of object class balances are not released until additional appropriations are made available.

Amendments to appropriations may be made by the city administration by transfers within a fund in amounts less than \$5,000. Other amendments, including supplemental appropriations, may be made by the City Council. The City Council authorized supplemental appropriations during the year in capital projects funds, special revenue funds and the general fund. General fund supplemental appropriations were \$2,008,931. The majority of this was for additional Public Employee Retirement System on-behalf funding provided by the State of Alaska, (\$1,762,437) and for transfers to the Capital Project Management Fund in order to close the fund during the fiscal year, (\$97,004.)

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

Significant encumbrances exceeding \$75,000 as of June 30, 2015 were:

	Major Fund – <u>General Fund</u>	Nonmajor <u>Gov't Funds</u>
Equipment purchase	\$168,249	\$ -
Equipment Warm Storage Building Project	-	1,739,775
Magic Ave. Construction Project	-	202,647
VIP Drive Paving Project	-	109,935
	<u>\$168,249</u>	<u>\$2,052,357</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City maintains a central treasury that is available for use by all funds. Each fund type's portion of the central treasury is displayed on the balance sheet or statement of net position as "Equity in Central Treasury" unless there is a deficit which is then shown as "Due to Other Funds".

At year-end, all of the City's bank deposits were either insured or collateralized with securities held by the City's agent in the City's name.

The City's general investment policy authorizes investment in: (a) obligations of the United States or an agency or instrumentality of the United States; (b) certificates of deposit with banks and savings and loan associations; (c) repurchase agreements; (d) money market mutual funds consisting primarily of obligations of the United States or an agency or instrumentality of the United States, or repurchase agreements collateralized with such obligations; and (e) the Alaska Municipal League Investment Pool (AMLIP). Generally, investment maturities cannot exceed five years from the date of purchase. Repurchase agreements must be collateralized with United States government obligations. Certificates of deposit must be insured or collateralized with obligations of the United States or its agencies or instrumentalities. Collateral must be held by a third party trustee. The City complied with its investment policy throughout the year.

The City's Airport Land Sales Permanent Fund investment policy authorizes investment in: (a) Corporate obligations of investment grade quality as recognized by a nationally recognized rating organization; (b) Domestic Equities, which taken as a whole, attempt to mirror the characteristics or replicate the Standard & Poor's 500 Index, including both mutual funds and exchange traded funds (ETF's); (c) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 400 Mid-Cap Index, including both mutual funds and exchange traded funds; (d) Domestic Equities, which taken as a whole, attempt to replicate the Standard & Poor's 600 Small-Cap Index, including both mutual funds and exchange traded funds; (e) International Equities, which taken as a whole, attempt to replicate the Financial Times Stock Exchange Developed ex North America Index, including both mutual funds and exchange traded funds; (f) Equities, which taken as a whole, attempt to replicate the universe of domestic real-estate investment trusts as represented by the Standard & Poor's REIT composite index, including both mutual funds and exchange traded funds; and (g) Emerging Market Equities, which taken as a whole, attempt to replicate the Financial Times Stock Exchange Emerging Index including both mutual funds and exchange traded funds. Repurchase agreements must be collateralized with United States government obligations. Certificates of deposit must be insured or collateralized with obligations of the United States or its agencies or instrumentalities. The City complied with its investment policy throughout the year.

The Alaska Municipal League Investment Pool (AMLIP) is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. On a monthly basis the investments in the pool are reviewed for fair value by an independent pricing service. The values of investments in the AML pool are approximately equal to fair value.

The fair value of the City's investments at year-end are shown below. All of the City's remaining investments are in the category of least risk and include investments that are insured or registered in the City's name, or securities that are held by the City or its agent in the City's name. All of the United States treasury bills, treasury notes, and United States agency securities are held in a custodial account in the Wells Fargo Trust Department, and are recorded in its internal records in the City's name in accordance with a safekeeping agreement. Wells Fargo is not a counter party to security transactions.

The City maintains an interest bearing checking account, which had a bank balance of \$1,973,555 and a carrying value of \$1,948,028 at year-end. The City also holds a \$20,000 certificate of deposit and cash on hand of \$2,280. These deposits are insured for the first \$250,000 and the balance is collateralized by securities held by a third party custodian in the City's name.

As of June 30, 2015, the City had the following investments and maturities.

General City investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
U.S. Agencies	\$ 3,999,005	\$ -	\$1,999,640	\$1,999,365
Wells Fargo Money Market	3,904,384	3,904,384	-	-
Certificates of Deposit	8,414,400	6,425,481	993,672	995,247
AMLIP	<u>408,964</u>	<u>408,964</u>	<u>-</u>	<u>-</u>
Total	<u>\$16,726,753</u>	<u>\$10,738,829</u>	<u>\$2,993,312</u>	<u>\$2,994,612</u>

General and Airport Land Sales Permanent Funds' investments:

<u>Investment</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Treasury/Agencies	\$ 5,081,151	19.35%
Corporate Bonds	4,699,170	17.89
Wells Fargo Money Market	1,673,584	6.37
U.S. equity securities	9,704,852	36.95
International securities	3,848,787	14.66
Real estate equities	<u>1,256,360</u>	<u>4.78</u>
Total	<u>\$26,263,904</u>	<u>100.00%</u>

The following is a reconciliation of the City's deposit and investment balances to the financial statements at June 30, 2015.

	<u>Pooled Cash and Investments</u>	<u>Kenai Community Foundation</u>	<u>Totals</u>
Bank deposits and cash on hand	\$ 1,970,308	\$ -	\$ 1,970,308
Investments	<u>42,924,514</u>	<u>66,143</u>	<u>42,990,657</u>
	<u>\$44,894,822</u>	<u>\$66,143</u>	<u>\$44,960,965</u>

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

The fair values of the City's Airport Land Sales Permanent 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 fixed income component of the fund is the Barclays Intermediate Government/Credit Index. The index allows for maturities of 1 to 10 years. At June 30, 2015 the index had an average duration of 3.94 while the fund's fixed income component had an average duration of 3.874.

Concentration Risk. The City's general investment policy places no limit on the amount that can be invested in any one issuer. More than 5% of the total portfolio is invested in securities issued by the Federal Farm Credit Bureau – 10.70% and Federal Home Loan Mortgage Corporation – 8.03%.

The City's Permanent Fund investment policy places no limits on the amount that can be invested in any one issuer but rather establishes limits by asset class. The following is a list of asset classes allowed, their benchmark index, their appropriate target weighting, and the actual weighting at June 30, 2015.

<u>Asset Class</u>	<u>Benchmark Index</u>	<u>Target % Weighting</u>	<u>Actual % Weighting</u>
Fixed income	Barclays Intermediate Government/Credit Index	45-65%	43.61%
Large-Cap domestic equities	Standard & Poor's 500 Index	20-25	20.03
International equities	Vanguard Europe Pacific ETF	10-15	9.94
Mid-Cap equities	Standard & Poor's 400 Mid-Cap Index	10-15	11.09
Small-Cap equities	Standard & Poor's 600 Small-Cap Index	5-10	5.84
International emerging markets	Vanguard Emerging Market ETF	5-10	4.71
Real-estate equities	Vanguard REIT ETF	5-10	4.78
Total			<u>100.00%</u>

Credit Risk. The City's general investment policy specifies the types of investments that can be purchased. The intent of this is to limit the credit risk, or the risk that the issuer of the investment securities purchased will default at maturity of the investment. The City may invest only in obligations of the United States government, its instrumentalities and agencies; insured or collateralized certificates of deposit, savings accounts; collateralized repurchase agreements; money market funds and the State investment pool. Credit risk is effectively limited by limiting the eligible investment options. All of the U.S. Agency securities in the portfolio at year-end are rated Aaa by Moody's Investors Service and AAA by Standard and Poor's.

The Barclays Intermediate Government/Credit Index is utilized as the benchmark by the City's Permanent Fund investment policy, which requires investment in securities of investment grade or higher (rated Baa or higher by Moody's Investor Service or rated BBB or higher by Standard and Poor's. At June 30, 2015 all fixed income investments were rated BBB or better by Standard and Poor's.

B. Receivables

Receivables at June 30, 2015, for the City's individual major funds and the nonmajor and other governmental funds in the aggregate are as follows:

	<u>General</u>	<u>Airport Special Revenue</u>	<u>Water & Sewer Special Revenue</u>	<u>Airport Land Sales Permanent</u>	<u>Airport Improvements Capital Project</u>	<u>Nonmajor and Other Funds</u>
Taxes	\$1,524,532	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	15,728	9,567	-	-	178,909	512,090
Customer and other	568,050	151,740	240,194	-	-	99,425
Special assessments	372,751	-	-	-	-	-
Land contracts	19,397	-	-	188,251	-	-
Accrued interest	<u>10,794</u>	-	-	<u>153,484</u>	-	<u>18,487</u>
Total receivables	2,511,252	161,307	240,194	341,735	178,909	630,002
Less allowance for uncollectible	<u>(414,554)</u>	<u>(73,101)</u>	<u>(26,444)</u>	-	-	-
Net receivables	<u>\$2,096,698</u>	<u>\$ 88,206</u>	<u>\$213,750</u>	<u>\$341,735</u>	<u>\$178,909</u>	<u>\$630,002</u>

C. Deferred Inflows, Outflows and Unearned Revenues

Governmental funds report deferred inflows in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds report acquisitions of net position by the governmental funds that are applicable to a future reporting period as deferred inflows of resources and consumption of net position that are applicable to a future period as deferred outflows. At June 30, 2015, the various components of unearned revenue,

deferred inflows of resources, and deferred outflows of resources reported at the fund level and the government-wide level were as follows:

	Fund Level			Government Wide		
	Deferred Outflows	Deferred Inflows	Unearned	Deferred Outflows	Deferred Inflows	Unearned
Pension related	\$ -	\$ -	\$ -	\$957,327	\$ -	\$ -
Special assessments receivable (General Fund)	-	372,751	-	-	-	-
Ambulance billing receivable (General Fund)	-	95,349	-	-	-	-
Land sales receivable (General Fund)	-	19,397	-	-	-	-
Land sales receivable (Airport Land Sales Permanent Fund)	-	188,251	-	-	-	-
Prepaid property tax (General Fund)	-	151,738	-	-	151,738	-
Prepaid licenses (General Fund)	-	2,500	-	-	2,500	-
Pension related	-	-	-	-	997,234	-
Prepaid rents & leases (General Fund)	-	-	17,430	-	-	17,430
Prepaid rents & leases (Airport Fund)	-	-	66,216	-	-	66,216
Grant funds received prior to meeting all eligibility requirements (General Fund)	-	-	8,499	-	-	8,499
Grant funds received prior to meeting all eligibility requirements (Airport Improvements Capital Project Fund)	-	-	3,718	-	-	3,718
Grant funds received prior to meeting all eligibility requirements (nonmajor governmental funds)	-	-	43,202	-	-	43,202
	<u>\$ -</u>	<u>\$829,986</u>	<u>\$139,065</u>	<u>\$957,327</u>	<u>\$1,151,472</u>	<u>\$139,065</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,001,559	\$ -	\$ -	\$ 6,001,559
Construction in progress	<u>7,771,506</u>	<u>3,223,420</u>	<u>(8,643,777)</u>	<u>2,351,149</u>
Total capital assets not being depreciated	<u>13,773,065</u>	<u>3,223,420</u>	<u>(8,643,777)</u>	<u>8,352,708</u>
Capital assets being depreciated:				
Buildings	59,415,600	5,978,009	-	65,393,609
Improvements other than buildings	54,146,730	24,187	-	54,170,917
Machinery and equipment	19,303,857	1,213,292	(120,151)	20,396,998
Infrastructure	<u>67,227,132</u>	<u>1,513,694</u>	<u>-</u>	<u>68,740,826</u>
Total capital assets being depreciated	<u>200,093,319</u>	<u>8,729,182</u>	<u>(120,151)</u>	<u>208,702,350</u>
Less accumulated depreciation for:				
Buildings	(18,162,188)	(1,137,608)	-	(19,299,796)
Improvements other than buildings	(18,706,701)	(1,456,760)	-	(20,163,461)
Machinery and equipment	(11,180,786)	(994,189)	108,286	(12,066,689)
Infrastructure	<u>(25,788,138)</u>	<u>(826,325)</u>	<u>-</u>	<u>(26,614,463)</u>
Total accumulated depreciation	<u>(73,837,813)</u>	<u>(4,414,882)</u>	<u>108,286</u>	<u>(78,144,409)</u>
Total capital assets being depreciated, net	<u>126,255,506</u>	<u>4,314,300</u>	<u>(11,865)</u>	<u>130,557,941</u>
Governmental activities capital assets, net	<u>\$140,028,571</u>	<u>\$ 7,537,720</u>	<u>\$(8,655,642)</u>	<u>\$138,910,649</u>

The Internal Service Funds serve the governmental funds; therefore, their capital assets are included as part of the above totals for governmental activities.

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 274,500	\$ -	\$ -	\$ 274,500
Construction in progress	<u>254,059</u>	<u>116,826</u>	<u>(370,885)</u>	<u>-</u>
Total capital assets not being depreciated	<u>528,559</u>	<u>116,826</u>	<u>(370,885)</u>	<u>274,500</u>
Capital assets being depreciated –				
Buildings	5,292,668	370,885	-	5,663,553
Less accumulated depreciation for –				
Buildings	<u>(2,750,551)</u>	<u>(136,137)</u>	<u>-</u>	<u>(2,886,688)</u>
Total capital assets being depreciated, net	<u>2,542,117</u>	<u>234,748</u>	<u>-</u>	<u>2,776,865</u>
Business-type activities capital assets, net	<u>\$ 3,070,676</u>	<u>\$ 351,574</u>	<u>\$(370,885)</u>	<u>\$ 3,051,365</u>

Depreciation expense charged to each governmental function is as follows:

General government	\$ 85,157
Public safety	226,890
Public works	954,441
Park, recreation and cultural	275,866
Water and sewer services	911,146
Airport	1,908,440
Social welfare services	<u>52,942</u>
	<u>\$ 4,414,882</u>

E. Pension Plans

1. Defined Benefit Pension Plan

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

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

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

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

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

Alaska Statute 39.35.255 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 Management Retirement Board.

Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law has determined that the statute does not create a legal obligation to assume the liabilities of the Plan; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. As a result, the State has determined that the Plan is *not* in a special funding situation.

Management of the City strongly disagrees with the State’s position and believes that AS 39.35.255 constitutes a special funding situation under GASB 68 rules and has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis, pending a final legal determination, as may be required to settle the matter.

The City records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements. However, the expenditures are adjusted to deferred outflows in the enterprise funds and government-wide financial statements.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary.) Non-Teacher School District employees are required to contribute 9.6% of their annual covered salary.

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. 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 will result in lower ARM Board Rates in future years.

On-behalf 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. However, in 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a

result, the On-behalf Contribution Rate for 2015 significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the enterprise fund and government-wide financial statements, the on-behalf amounts are included in revenue, but are recorded as deferred outflows, rather than pension expense.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB rate disregards all future Medicare Part D payments. For FY15, the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2015 were determined in the June 30, 2012 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare (See Note E-3)	<u>9.46%</u>	<u>18.94%</u>	- %	<u>55.07%</u>
Total Contribution Rate	<u>22.00%</u>	<u>44.03%</u>	<u>42.41%</u>	<u>88.12%</u>

In 2015, the City was credited with the following contributions into the pension plan.

	Measurement Period <u>City FY14</u>	<u>City FY15</u>
Employer contributions (including DBUL)	\$ 709,405	\$ 780,934
Nonemployer contributions (on-behalf)	<u>620,881</u>	<u>3,592,447</u>
Total Contributions	<u>\$1,330,286</u>	<u>\$4,373,381</u>

In addition, employee contributions to the plan totaled \$311,978 during the City fiscal year.

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

At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	<u>2015</u>
City proportionate share of NPL	\$ 8,631,519
State's proportionate share of the City's NPL	<u>7,550,147</u>
Total Net Pension Liability	<u>\$16,181,666</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2014, the City's proportion was 0.185061380 percent, which was an increase of 0.005942800 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$1,375,793 and on-behalf revenue of \$620,881 for support provided by the State. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	997,234
Changes in proportion and differences between City of Kenai contributions and proportionate share of contributions	176,393	-
City contributions subsequent to the measurement date	<u>780,934</u>	<u>-</u>
Total Deferred Outflows and Deferred Inflows Related to pensions	<u>\$957,327</u>	<u>\$997,234</u>

The \$780,934 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, 2016. 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,	
2016	\$113,622
2017	208,603
2018	249,309
2019	249,307

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2014. The actuarial valuation for the year ended June 30, 2014 (latest available) was prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	3.12%
Salary Increase	Graded by service, from 6.36% to 4.12% for Peace Officers/Firefighters. Graded by age and service, from 9.6% to 3.62% for all others.
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%.
Mortality	Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA, 80% of the male table and 60% of the female table for pre-termination mortality for Peace officers/fire fighters. 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set-forward for females for post-termination.

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. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component:)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	6.77%
International equity	7.50%
Private equity	10.86%
Fixed income	2.05%
Real estate	3.63%
Absolute return	4.80%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the City's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	<u>Proportional Share</u>	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Systems Net Pension Liability	100.00%	\$6,115,581,980	\$4,664,148,458	\$3,441,888,494
City's proportionate share of the net pension liability	0.185061380%	11,317,580	8,631,519	6,369,606

Pension Plan Fiduciary Net Position

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

2. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, 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 comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2015, the City was required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended June 30, 2015 were \$169,496 and \$271,193, respectively. The City contribution amount was recognized as pension expense/expenditures.

3. Other Post Employment Benefit (OPEB) Plans

As part of its participation in the PERS DB Plan (Tiers I, II, III), the City participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

Employer Contribution Rate

The City is required to contribute 9.46% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015, there were no on-behalf contributions into the OPEB Plan; however, on-behalf contributions to the OPEB Plan in 2014 and 2013 were \$476,474 and \$501,889, respectively.

Year Ended June 30,	Annual OPEB Costs	City Contributions	% of Costs Contributed
2015	\$589,138	\$589,138	100%
2014	696,036	696,036	100%
2013	787,559	787,559	100%

Defined Contribution OPEB

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2015 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	<u>0.22%</u>	<u>1.06%</u>
	<u>1.88%</u>	<u>2.72%</u>

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. 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, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2015, the City contributed \$177,763 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

F. Changes in Long-Term Obligations

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

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2015</u>	Due within <u>one year</u>
Compensated absences	\$ 820,285	\$892,716	\$ 884,036	\$ 828,965	\$207,241
Pension liability	9,406,230	-	774,711	8,631,519	-
Library expansion bonds	<u>1,695,000</u>	<u>-</u>	<u>80,000</u>	<u>1,615,000</u>	<u>85,000</u>
Total governmental activities	<u>\$11,921,515</u>	<u>\$892,716</u>	<u>\$1,738,747</u>	<u>\$11,075,484</u>	<u>\$292,241</u>

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

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2015</u>	Due within <u>one year</u>
Compensated absences	<u>\$2,455</u>	<u>\$4,300</u>	<u>\$3,907</u>	<u>\$2,848</u>	<u>\$712</u>

The City of Kenai has issued general obligation bonds for the expansion of the Kenai Community Library. The general obligation bonds pledge the full faith and credit of the City. Bonds in the amount of \$2,000,000 were issued on March 11, 2010. \$1,355,000 of the total was issued under the American Recovery and Reinvestment Act (ARRA) Recovery Zone Economic Development Bond Program and the remaining \$645,000 were issued utilizing traditional tax exempt bonds.

A summary of bonds payable (in thousands) at June 30, 2015, is as follows:

<u>Date of Issue</u>	<u>Issued</u>	<u>Interest Rate</u>	<u>Federal Interest Subsidy</u>	<u>Maturity Dates</u>	<u>Annual Installments</u>	<u>Federal Interest Subsidy</u>	<u>Net Installments</u>	<u>Outstanding June 30, 2015</u>
3/11/10	\$1,355	5.99 - 6.34	2.70 - 2.85	2019 - 2030	\$81 - \$175	\$4 - \$38	\$77 - \$137	\$1,355
3/11/10	<u>645</u>	2.00 - 5.00	-	2012 - 2018	92 - 95	-	92 - 95	<u>260</u>
	<u>\$2,000</u>							<u>\$1,615</u>

Debt service requirements (not including compensated absences) at June 30, 2015 are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Net Interest</u>
2016	\$ 85,000	\$ 93,798	\$ 37,529	\$ 56,269
2017	85,000	90,398	37,529	52,869
2018	90,000	86,998	37,529	49,469
2019	95,000	83,398	37,529	45,869
2020	95,000	77,704	34,967	42,737
2021-2025	535,000	298,027	134,112	163,915
2026-2030	<u>630,000</u>	<u>122,381</u>	<u>55,072</u>	<u>67,309</u>
Total	<u>\$1,615,000</u>	<u>\$852,704</u>	<u>\$374,267</u>	<u>\$478,437</u>

Remaining unissued are \$2,000,000 in general obligation bonds authorized by City voters for the City's Kenai River Bluff Erosion Project.

The City has a legal debt limit equal to twenty percent of the assessed value of all real and personal property in the City. The 2014 Certified Main and Supplemental Tax Roles for the City showed total taxable assessed for real and personal property of \$828,384,580, making the legal debt limit \$165,676,916 for the City.

G. Interfund Receivables, Payables and Transfers

Amounts due from other funds are as follows:

Due to General Fund from:	
Streets Capital Project Fund for short-term capital advances	\$10,630
Kenai Industrial Park Capital Project Fund for short-term capital advances	<u>20,000</u>
Total amounts due from other funds	<u>\$30,630</u>

Transfers between funds were as follows:

From General Fund to:	
Nonmajor governmental funds for capital costs	\$ 432,000
Nonmajor governmental funds for debt service	141,390
Internal service fund to close fund	97,004
From Airport Special Revenue Fund to:	
Airport Improvements Capital Project Fund for capital costs	215,338
From Water & Sewer Special Revenue Fund to:	
Nonmajor governmental funds for capital costs	251,232
From Airport Land Sales Permanent Fund to:	
Airport Special Revenue Fund for operating costs	1,135,313
From nonmajor governmental funds to:	
General Fund to close fund	11
General Fund for operating costs	<u>147,093</u>
Total transfers to other funds	<u>\$2,419,381</u>

H. Fund Balance Designations

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

	<u>General</u>	<u>Airport Special Revenue</u>	<u>Water & Sewer Special Rev.</u>	<u>Airport Land Sales Permanent</u>	<u>Airport Improvements Capital Proj.</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Nonspendable – Permanent funds	\$ _____ -	\$ _____ -	\$ _____ -	\$23,711,029	\$ _____ -	\$2,888,444	\$26,599,473
Restricted –Athletics	<u>546,706</u>	_____ -	_____ -	_____ -	_____ -	_____ -	<u>546,706</u>
Committed:							
Capital Imp.	9,746	-	-	-	109,013	792,285	911,044
Working capital	<u>400,000</u>	_____ -	_____ -	_____ -	_____ -	_____ -	<u>400,000</u>
Total committed	<u>409,746</u>	_____ -	_____ -	_____ -	<u>109,013</u>	<u>792,285</u>	<u>1,311,044</u>
Assigned:							
Self-Insurance	103,475	-	-	-	-	-	103,475
Compensated abs.	717,316	49,592	35,127	-	-	26,930	828,965
Subsequent years expenditures	676,965	-	-	-	-	70,146	747,111
Airport operations	-	4,184,947	-	-	-	-	4,184,947
Water & sewer operations	-	-	1,153,886	-	-	-	1,153,886
Personal use fishery operations	-	-	-	-	-	63,948	63,948

Assigned continued:							
Senior programs	-	-	-	-	-	63,704	63,704
Total assigned	<u>1,497,756</u>	<u>4,234,539</u>	<u>1,189,013</u>	<u>-</u>	<u>-</u>	<u>224,728</u>	<u>7,146,036</u>
Unassigned	<u>7,937,025</u>	-	-	-	-	-	<u>7,937,025</u>
Total fund balances	<u>\$10,391,233</u>	<u>\$4,234,539</u>	<u>\$1,189,013</u>	<u>\$23,711,029</u>	<u>\$109,013</u>	<u>\$3,905,457</u>	<u>\$43,540,284</u>

I. Change in Accounting Principle

As discussed in Note E to the financial statements, the City participates in the Alaska Public Employees Retirement System (PERS) plan. In 2015 the City adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the City's fiscal year. As a result of the implementation of this statement, the City has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening net position as originally presented	Change in accounting principle adjustment	Opening net position as restated
Governmental Activities	<u>\$182,783,335</u>	<u>\$(8,696,825)</u>	<u>\$174,086,510</u>

J. Risk Management

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

K. Contingencies

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

L. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates as follows. The statements are being reviewed by management for potential financial reporting impacts.

GASB 72 – Fair Value Measurement and Application – Effective for year-end June 30, 2016 – This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73 – Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68 – Effective for year-end June 30, 2016 – The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans – Effective for year-end June 30, 2017 - The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – Effective for year-end June 30, 2018 - The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments – Effective for year ended June 30, 2016 - The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

GASB 77 – Tax Abatement Disclosures – Effective for year ended June 30, 2017 – The objective of this Statement is to provide the financial statement users needed information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KENAI, ALASKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Taxes:				
General property	\$ 3,654,586	\$ 3,654,586	\$ 3,647,001	\$ (7,585)
General sales	6,831,362	6,831,362	7,257,451	426,089
Penalty and interest on taxes	10,000	10,000	9,926	(74)
Total taxes	<u>10,495,948</u>	<u>10,495,948</u>	<u>10,914,378</u>	<u>418,430</u>
Intergovernmental revenues:				
Federal grants	-	8,732	12,349	3,617
Kenai Peninsula Borough	51,360	51,360	51,840	480
State of Alaska shared revenues:				
Electric utility tax	33,000	33,000	32,038	(962)
Fish tax	200,000	200,000	292,718	92,718
Liquor licenses	25,000	25,000	26,950	1,950
Revenue sharing	433,538	433,538	441,046	7,508
State of Alaska grants:				
Library grants	-	7,971	7,971	-
Fire grants	-	1,750	1,750	-
PERS relief	1,457,847	3,225,203	2,977,564	(247,639)
Total intergovernmental revenues	<u>2,200,745</u>	<u>3,986,554</u>	<u>3,844,226</u>	<u>(142,328)</u>
Charges for services:				
Fees and charges:				
Ambulance fees	400,000	400,000	412,509	12,509
Multipurpose facility charges	105,000	105,000	104,417	(583)
Administrative and service fees	1,548,800	1,548,800	1,542,786	(6,014)
Other	15,500	15,500	11,419	(4,081)
Total fees and charges	<u>2,069,300</u>	<u>2,069,300</u>	<u>2,071,131</u>	<u>1,831</u>
Licenses and permits:				
Building permits	65,000	65,000	62,283	(2,717)
Animal control licenses and fees	29,500	29,500	24,346	(5,154)
Other	6,000	6,000	6,166	166
Total licenses and permits	<u>100,500</u>	<u>100,500</u>	<u>92,795</u>	<u>(7,705)</u>
Fines and forfeits:				
Court fines	60,000	60,000	51,959	(8,041)
Library fines	15,000	15,000	10,671	(4,329)
Other forfeitures	26,000	27,585	23,317	(4,268)
Total fines and forfeits	<u>101,000</u>	<u>102,585</u>	<u>85,947</u>	<u>(16,638)</u>
Total charges for services	<u>2,270,800</u>	<u>2,272,385</u>	<u>2,249,873</u>	<u>(22,512)</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues, continued:				
Interest earnings	\$ 75,000	\$ 75,000	\$ 56,992	\$ (18,008)
Miscellaneous revenues:				
Rents and leases	127,290	127,290	129,199	1,909
Oil and gas royalties	65,000	65,000	63,692	(1,308)
Special assessments	66,000	66,000	59,468	(6,532)
Other	95,285	131,213	109,649	(21,564)
Total miscellaneous revenues	<u>353,575</u>	<u>389,503</u>	<u>362,008</u>	<u>(27,495)</u>
Total revenues	<u>15,396,068</u>	<u>17,219,390</u>	<u>17,427,477</u>	<u>208,087</u>
Expenditures:				
General government:				
Legislative:				
Personal services	51,814	51,814	52,096	(282)
Supplies	5,798	6,140	3,315	2,825
Other services and charges	117,528	108,786	95,902	12,884
Total legislative	<u>175,140</u>	<u>166,740</u>	<u>151,313</u>	<u>15,427</u>
City clerk:				
Personal services	179,224	167,917	154,611	13,306
Supplies	23,425	27,459	24,734	2,725
Other services and charges	57,820	57,593	38,128	19,465
Total city clerk	<u>260,469</u>	<u>252,969</u>	<u>217,473</u>	<u>35,496</u>
City attorney:				
Personal services	267,622	267,622	265,004	2,618
Supplies	2,930	2,930	2,202	728
Other services and charges	105,255	105,255	92,558	12,697
Total city attorney	<u>375,807</u>	<u>375,807</u>	<u>359,764</u>	<u>16,043</u>
City manager:				
Personal services	303,947	303,947	294,950	8,997
Supplies	3,510	3,510	2,369	1,141
Other services and charges	66,029	119,209	62,864	56,345
Total city manager	<u>373,486</u>	<u>426,666</u>	<u>360,183</u>	<u>66,483</u>

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

CITY OF KENAI, ALASKA

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL, continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures, continued:				
General government, continued:				
Finance:				
Personal services	\$ 564,364	\$ 560,864	\$ 550,966	\$ 9,898
Supplies	37,690	34,490	26,177	8,313
Other services and charges	<u>31,335</u>	<u>31,235</u>	<u>19,940</u>	<u>11,295</u>
Total finance	<u>633,389</u>	<u>626,589</u>	<u>597,083</u>	<u>29,506</u>
Non-departmental:				
Personal services	1,457,847	3,225,203	2,977,563	247,640
Supplies	9,500	12,700	10,880	1,820
Other services and charges	<u>399,919</u>	<u>346,739</u>	<u>260,990</u>	<u>85,749</u>
Total non-departmental	<u>1,867,266</u>	<u>3,584,642</u>	<u>3,249,433</u>	<u>335,209</u>
Planning and zoning:				
Personal services	184,224	186,824	172,615	14,209
Supplies	8,150	8,150	5,701	2,449
Other services and charges	<u>41,585</u>	<u>40,585</u>	<u>27,527</u>	<u>13,058</u>
Total planning and zoning	<u>233,959</u>	<u>235,559</u>	<u>205,843</u>	<u>29,716</u>
Safety:				
Supplies	1,250	2,250	997	1,253
Other services and charges	<u>31,350</u>	<u>31,350</u>	<u>14,325</u>	<u>17,025</u>
Total safety	<u>32,600</u>	<u>33,600</u>	<u>15,322</u>	<u>18,278</u>
Land administration:				
Supplies	1,020	1,020	455	565
Other services and charges	25,460	24,760	6,389	18,371
Capital outlays	<u>-</u>	<u>32,485</u>	<u>15,054</u>	<u>17,431</u>
Total land administration	<u>26,480</u>	<u>58,265</u>	<u>21,898</u>	<u>36,367</u>
Total general government	<u>3,978,596</u>	<u>5,760,837</u>	<u>5,178,312</u>	<u>582,525</u>
Public safety:				
Police:				
Personal services	2,606,299	2,597,799	2,459,996	137,803
Supplies	109,837	109,370	95,906	13,464
Other services and charges	167,609	171,499	156,211	15,288
Capital outlays	<u>80,520</u>	<u>78,770</u>	<u>78,688</u>	<u>82</u>
Total police	<u>2,964,265</u>	<u>2,957,438</u>	<u>2,790,801</u>	<u>166,637</u>

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

CITY OF KENAI, ALASKA

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL, continued

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures, continued:				
Public safety, continued:				
Fire:				
Personal services	\$ 2,581,608	\$ 2,603,938	\$ 2,536,410	\$ 67,528
Supplies	121,840	120,959	112,877	8,082
Other services and charges	289,817	291,569	262,042	29,527
Capital outlays	101,096	104,066	103,716	350
Total fire	<u>3,094,361</u>	<u>3,120,532</u>	<u>3,015,045</u>	<u>105,487</u>
Communications:				
Personal services	764,430	750,430	689,694	60,736
Supplies	15,020	15,134	12,834	2,300
Other services and charges	42,397	42,183	32,109	10,074
Total communications	<u>821,847</u>	<u>807,747</u>	<u>734,637</u>	<u>73,110</u>
Animal control:				
Personal services	243,822	243,822	234,339	9,483
Supplies	27,355	27,280	19,941	7,339
Other services and charges	85,047	85,447	81,567	3,880
Total animal control	<u>356,224</u>	<u>356,549</u>	<u>335,847</u>	<u>20,702</u>
Total public safety	<u>7,236,697</u>	<u>7,242,266</u>	<u>6,876,330</u>	<u>365,936</u>
Public works:				
Public works administration:				
Personal services	171,352	171,352	170,219	1,133
Supplies	4,050	4,050	2,688	1,362
Other services and charges	4,550	4,550	2,812	1,738
Total public works administration	<u>179,952</u>	<u>179,952</u>	<u>175,719</u>	<u>4,233</u>
Shop:				
Personal services	363,366	363,366	313,619	49,747
Supplies	226,922	212,222	177,751	34,471
Other services and charges	119,003	147,503	133,989	13,514
Capital outlays	-	10,500	10,496	4
Total shop	<u>709,291</u>	<u>733,591</u>	<u>635,855</u>	<u>97,736</u>
Streets:				
Personal services	576,822	576,422	526,106	50,316
Supplies	166,530	165,877	148,155	17,722
Other services and charges	231,587	232,240	217,514	14,726
Capital outlays	13,600	13,600	9,768	3,832
Total streets	<u>988,539</u>	<u>988,139</u>	<u>901,543</u>	<u>86,596</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures, continued:				
Public works, continued:				
Dock:				
Personal services	\$ 43,915	\$ 43,915	\$ 45,031	\$ (1,116)
Supplies	20,200	24,950	16,087	8,863
Other services and charges	39,749	39,749	23,297	16,452
Total dock	<u>103,864</u>	<u>108,614</u>	<u>84,415</u>	<u>24,199</u>
Buildings:				
Personal services	243,215	251,215	238,880	12,335
Supplies	45,010	45,021	37,958	7,063
Other services and charges	56,700	56,550	39,622	16,928
Capital outlays	218,898	110,398	94,849	15,549
Total buildings	<u>563,823</u>	<u>463,184</u>	<u>411,309</u>	<u>51,875</u>
Street lighting:				
Supplies	5,000	5,000	3,778	1,222
Other services and charges	148,386	148,386	141,312	7,074
Total street lighting	<u>153,386</u>	<u>153,386</u>	<u>145,090</u>	<u>8,296</u>
Total public works	<u>2,698,855</u>	<u>2,626,866</u>	<u>2,353,931</u>	<u>272,935</u>
Parks, recreation, and cultural:				
Library:				
Personal services	602,084	629,084	589,562	39,522
Supplies	26,223	27,132	24,138	2,994
Other services and charges	228,365	241,827	230,052	11,775
Total library	<u>856,672</u>	<u>898,043</u>	<u>843,752</u>	<u>54,291</u>
Visitors center:				
Supplies	1,500	1,500	586	914
Other services and charges	182,113	182,713	178,444	4,269
Total visitors center	<u>183,613</u>	<u>184,213</u>	<u>179,030</u>	<u>5,183</u>
Parks, recreation & beautification:				
Personal services	436,021	460,021	431,802	28,219
Supplies	116,659	118,244	103,863	14,381
Other services and charges	427,046	433,596	429,060	4,536
Capital outlays	33,900	33,900	18,900	15,000
Total parks, recreation & beautification	<u>1,013,626</u>	<u>1,045,761</u>	<u>983,625</u>	<u>62,136</u>
Total parks, recreation, and cultural	<u>2,053,911</u>	<u>2,128,017</u>	<u>2,006,407</u>	<u>121,610</u>
Total expenditures	<u>15,968,059</u>	<u>17,757,986</u>	<u>16,414,980</u>	<u>1,343,006</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Excess of revenues over (under) expenditures	\$ (571,991)	\$ (538,596)	\$ 1,012,497	\$ 1,551,093
Other financing sources (uses):				
Transfers in	140,134	140,134	147,104	6,970
Transfers out	<u>(454,334)</u>	<u>(673,338)</u>	<u>(670,394)</u>	<u>2,944</u>
Net other financing sources (uses)	<u>(314,200)</u>	<u>(533,204)</u>	<u>(523,290)</u>	<u>9,914</u>
Net changes in fund balance	<u>\$ (886,191)</u>	<u>\$ (1,071,800)</u>	489,207	<u>\$ 1,561,007</u>
Fund balance - July 1			<u>9,902,026</u>	
Fund balance - June 30			<u>\$ 10,391,233</u>	

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

CITY OF KENAI, ALASKA
AIRPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Intergovernmental revenues - State grant	\$ 121,567	\$ 206,739	\$ 225,082	\$ 18,343
Charge for services - landing fees	<u>346,427</u>	<u>346,427</u>	<u>369,824</u>	<u>23,397</u>
Investment earnings	<u>29,266</u>	<u>29,266</u>	<u>22,445</u>	<u>(6,821)</u>
Miscellaneous revenues:				
Rents and leases, including penalty and interest	1,042,623	1,042,623	1,010,913	(31,710)
Parking fees	336,000	336,000	272,698	(63,302)
Car rental commissions	195,000	195,000	193,011	(1,989)
Advertising commissions	3,500	3,500	4,852	1,352
Fuel flowage	30,000	30,000	37,546	7,546
Other	<u>36,500</u>	<u>36,500</u>	<u>52,810</u>	<u>16,310</u>
Total miscellaneous revenues	<u>1,643,623</u>	<u>1,643,623</u>	<u>1,571,830</u>	<u>(71,793)</u>
Total revenues	<u>2,140,883</u>	<u>2,226,055</u>	<u>2,189,181</u>	<u>(36,874)</u>
Expenditures:				
Maintenance and operation:				
Personal services	376,226	409,563	394,897	14,666
Supplies	181,605	183,238	145,248	37,990
Other services and charges	328,594	330,651	316,822	13,829
Capital outlays	<u>65,000</u>	<u>61,800</u>	<u>3,247</u>	<u>58,553</u>
	951,425	985,252	860,214	125,038
Expenditures chargeable from other funds	<u>845,600</u>	<u>845,600</u>	<u>845,600</u>	<u>-</u>
Total maintenance and operation	<u>1,797,025</u>	<u>1,830,852</u>	<u>1,705,814</u>	<u>125,038</u>
Administration:				
Personal services	236,658	270,128	268,914	1,214
Supplies	3,900	3,900	3,129	771
Other services and charges	<u>38,416</u>	<u>30,926</u>	<u>22,498</u>	<u>8,428</u>
	278,974	304,954	294,541	10,413
Expenditures chargeable from other funds	<u>54,300</u>	<u>54,300</u>	<u>54,300</u>	<u>-</u>
Total administration	<u>333,274</u>	<u>359,254</u>	<u>348,841</u>	<u>10,413</u>

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

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

Expenditures, continued:	Original Budget	Final Budget	Actual	Variance With Final Budget
Land:				
Personal services	\$ 78,646	\$ 86,467	\$ 81,990	\$ 4,477
Supplies	19,940	19,940	13,977	5,963
Other services and charges	<u>98,382</u>	<u>97,882</u>	<u>77,472</u>	<u>20,410</u>
Total land	<u>196,968</u>	<u>204,289</u>	<u>173,439</u>	<u>30,850</u>
Training facility -				
Other services and charges	38,450	38,450	34,011	4,439
Capital outlays	<u>16,000</u>	<u>16,000</u>	-	<u>16,000</u>
Total training facility	<u>54,450</u>	<u>54,450</u>	<u>34,011</u>	<u>20,439</u>
Terminal:				
Personal services	183,616	202,160	194,144	8,016
Supplies	28,500	28,500	23,084	5,416
Other services and charges	378,418	373,268	310,042	63,226
Capital outlays	<u>17,500</u>	<u>22,150</u>	<u>22,150</u>	<u>-</u>
	608,034	626,078	549,420	76,658
Expenditures chargeable from other funds	<u>73,900</u>	<u>73,900</u>	<u>73,900</u>	<u>-</u>
Total terminal	<u>681,934</u>	<u>699,978</u>	<u>623,320</u>	<u>76,658</u>
Total expenditures	<u>3,063,651</u>	<u>3,148,823</u>	<u>2,885,425</u>	<u>263,398</u>
Excess of revenues over (under) expenditures	<u>(922,768)</u>	<u>(922,768)</u>	<u>(696,244)</u>	<u>226,524</u>
Other financing sources (uses):				
Transfers in	1,147,095	1,147,095	1,135,313	(11,782)
Transfers out	<u>(125,000)</u>	<u>(215,338)</u>	<u>(215,338)</u>	<u>-</u>
Net other financing sources (uses)	<u>1,022,095</u>	<u>931,757</u>	<u>919,975</u>	<u>(11,782)</u>
Net changes in fund balance	<u>\$ 99,327</u>	<u>\$ 8,989</u>	223,731	<u>\$ 214,742</u>
Fund balance - July 1			<u>4,010,808</u>	
Fund balance - June 30			<u>\$ 4,234,539</u>	

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

CITY OF KENAI, ALASKA
WATER AND SEWER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Intergovernmental revenues -				
State grant	\$ 124,642	\$ 229,933	\$ 255,777	\$ 25,844
Charges for services:				
Residential water	\$ 643,906	643,906	654,383	10,477
Commercial water	282,362	282,362	256,492	(25,870)
Residential sewer	1,108,529	1,108,529	1,109,172	643
Commercial sewer	473,595	473,595	411,520	(62,075)
Hook-up fees	8,000	8,000	9,827	1,827
Other	40,000	40,000	41,987	1,987
Total charges for services	<u>2,556,392</u>	<u>2,556,392</u>	<u>2,483,381</u>	<u>(73,011)</u>
Investment earnings	11,159	11,159	8,391	(2,768)
Miscellaneous revenues	<u>3,000</u>	<u>3,000</u>	<u>2,207</u>	<u>(793)</u>
Total revenues	<u>2,695,193</u>	<u>2,800,484</u>	<u>2,749,756</u>	<u>(50,728)</u>
Expenditures - water and sewer services:				
Water:				
Personal services	283,290	315,419	320,543	(5,124)
Supplies	181,020	181,020	157,205	23,815
Other services and charges	304,998	303,966	321,880	(17,914)
Capital outlays	<u>11,325</u>	<u>11,325</u>	<u>11,225</u>	<u>100</u>
	780,633	811,730	810,853	877
Expenditures chargeable from other funds	<u>95,600</u>	<u>95,600</u>	<u>95,600</u>	<u>-</u>
Total water	<u>876,233</u>	<u>907,330</u>	<u>906,453</u>	<u>877</u>
Sewer:				
Personal services	280,647	313,171	312,354	817
Supplies	31,880	31,880	26,163	5,717
Other services and charges	97,468	97,468	59,979	37,489
Capital outlays	<u>23,625</u>	<u>23,625</u>	<u>23,335</u>	<u>290</u>
	433,620	466,144	421,831	44,313
Expenditures chargeable from other funds	<u>56,200</u>	<u>56,200</u>	<u>56,200</u>	<u>-</u>
Total sewer	<u>489,820</u>	<u>522,344</u>	<u>478,031</u>	<u>44,313</u>

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

CITY OF KENAI, ALASKA

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures - continued:				
Sewer treatment plant:				
Personal services	\$ 412,132	\$ 456,270	\$ 443,947	\$ 12,323
Supplies	132,490	130,160	93,954	36,206
Other services and charges	439,946	439,076	419,715	19,361
Capital outlays	<u>6,500</u>	<u>6,500</u>	<u>4,300</u>	<u>2,200</u>
	991,068	1,032,006	961,916	70,090
Expenditures chargeable from other funds	<u>112,100</u>	<u>112,100</u>	<u>112,100</u>	<u>-</u>
Total sewer treatment plant	<u>1,103,168</u>	<u>1,144,106</u>	<u>1,074,016</u>	<u>70,090</u>
 Total expenditures	 <u>2,469,221</u>	 <u>2,573,780</u>	 <u>2,458,500</u>	 <u>115,280</u>
 Excess of revenues over expenditures	 <u>225,972</u>	 <u>226,704</u>	 <u>291,256</u>	 <u>64,552</u>
 Other financing uses -				
Transfers out	<u>(250,500)</u>	<u>(251,232)</u>	<u>(251,232)</u>	<u>-</u>
 Net changes in fund balance	 <u><u>\$ (24,528)</u></u>	 <u><u>\$ (24,528)</u></u>	 40,024	 <u><u>\$ 64,552</u></u>
 Fund balance - July 1			 <u>1,148,989</u>	
 Fund balance - June 30			 <u><u>\$ 1,189,013</u></u>	

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

CITY OF KENAI, ALASKA
PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF THE CITY'S INFORMATION ON THE NET PENSION LIABILITY
Year Ended June 30, 2015

City's proportion of the net pension liability	0.18506138%
City's proportionate share of the net pension liability	\$ 8,631,519
State of Alaska proportionate share of the net pension liability	<u>7,550,147</u>
Total net pension liability	<u>\$ 16,181,666</u>
City's covered-employee payroll	\$ 4,739,928
City's proportionate share of the net pension liability as a percentage of covered-employee payroll	182.00%
Plan fiduciary net position as a percentage of the total pension liability	62.37%

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

CITY OF KENAI, ALASKA
PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF THE CITY CONTRIBUTIONS
Year Ended June 30, 2015

Contractually required contributions	\$ 780,934
Contributions in relation to the contractually required contributions	<u>780,934</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 4,415,909
Contributions as a percentage of covered-employee payroll	17.685%

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

FOOTNOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KENAI, ALASKA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

I. BUDGETARY COMPARISON SCHEDULES

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types, except the Capital Project Funds which adopt project-length budgets. All annual appropriations lapse at a fiscal year end.

Budgets for the general fund, special revenue funds, debt service funds, permanent funds and enterprise funds are annual budgets. Capital project fund budgets are project-length budgets. The Equipment Replacement Fund, which is an internal service fund, is not required to have a budget. The City Council approves all asset acquisitions from this fund by resolution.

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

Budgetary control (the level at which expenditures may not exceed budget) is maintained at the object class level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which would result in an overrun of object class balances are not released until additional appropriations are made available.

Amendments to appropriations may be made by the city administration by transfers within a fund in amounts less than \$5,000. Amendments within a fund in excess of \$5,000 may be made by the City Council with the passage of a resolution. All new appropriations are authorized by an appropriating ordinance that amends the annual budget.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined in Note I-7. These commitments will be reappropriated and honored during the subsequent year.

II. SCHEDULE OF THE CITY'S INFORMATION ON THE NET PENSION LIABILITY

This table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

III. SCHEDULE OF CITY CONTRIBUTIONS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

This table is based on the City's contributions during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

Both pension tables are intended to present 10 years of information. Additional years' information will be added to the schedules as it becomes available.

There were no benefit changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

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Other Governmental Funds

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

Special Revenue Funds

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

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

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

Capital Project Funds

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

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

Streets – to account for capital improvements to City streets, sidewalks, curbs and gutters, or street lighting systems. Financing is primarily by State grants and transfers from the General Fund.

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

Water & Sewer – to account for capital improvements to the City's water and sewer system. Financing is primarily by Federal and State grants and transfers from the Water and Sewer Special Revenue Fund.

Miscellaneous - to account for capital projects which do not fit in one of the other fund categories. These projects are generally smaller projects, which may be funded through transfers from other funds or by State or Federal grants.

Kenai Industrial Park – to account for the project to construct the Kenai Industrial Park. Primary funding sources are state grants.

Library Expansion – to account for the project to expand the Kenai Community Library.

Debt Service Fund

The Debt Service Fund is used to accumulate monies for payment of general obligation bonds issued for construction, improvements, and equipping public facilities throughout the City.

Permanent Funds

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

General Government Land Sales - to account for the proceeds of general government land sales, including principal and interest on long-term notes. By City Charter, the principal cannot be spent. Interest revenue is transferred to the General Fund in the amount of 5% of the funds balance or calendar year actual earnings as measured at December 31st of each year.

Airport Land Sales - to account for the proceeds of airport land sales, including principal and interest on long-term notes. By ordinance, 5% of the calendar year end five year average balance is transferred to the Airport Special Revenue Fund for operations. Note that this is a major fund and is therefore not included in the NonMajor Governmental Funds Combining Statements.

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**CITY OF KENAI, ALASKA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2015**

ASSETS	Special Revenue		Capital Project	
	Personal Use Fishery	Council on Aging	Parks and Recreation	Streets
Equity in central treasury (cash and investments)	\$ 71,980	\$ 94,672	\$ 307,517	\$ -
Intergovernmental receivables	-	11,741	44,766	118,626
Other accounts receivable, net	-	99,425	-	-
Total assets	<u>\$ 71,980</u>	<u>\$ 205,838</u>	<u>\$ 352,283</u>	<u>\$ 118,626</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,318	\$ 21,721	\$ 188,639	\$ 106,496
Accrued payroll and payroll liabilities	-	9,935	-	-
Other liabilities	-	17,116	-	-
Due to General Fund	-	-	-	10,630
Unearned revenue	-	-	-	-
Total liabilities	<u>4,318</u>	<u>48,772</u>	<u>188,639</u>	<u>117,126</u>
Fund balances:				
Nonspendable	-	-	-	-
Committed	-	-	163,644	1,500
Assigned	<u>67,662</u>	<u>157,066</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>67,662</u>	<u>157,066</u>	<u>163,644</u>	<u>1,500</u>
Total liabilities and fund balances	<u>\$ 71,980</u>	<u>\$ 205,838</u>	<u>\$ 352,283</u>	<u>\$ 118,626</u>

Capital Project				Debt Service	Permanent	Total Nonmajor Governmental Funds
New City Shop Construction	Water and Sewer	Miscellaneous	Industrial Park	2010 Bond Debt Service	General Government Land Sales	
\$ 30,041	\$ 428,285	\$ 117,918	\$ -	\$ -	\$ 2,871,252	\$ 3,921,665
4,113	298,705	14,139	20,000	-	-	512,090
-	-	-	-	-	18,487	117,912
<u>\$ 34,154</u>	<u>\$ 726,990</u>	<u>\$ 132,057</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 2,889,739</u>	<u>\$ 4,551,667</u>
\$ 28,200	\$ 185,398	\$ 9,260	\$ -	\$ -	\$ 1,295	\$ 545,327
-	-	-	-	-	-	9,935
-	-	-	-	-	-	17,116
-	-	-	20,000	-	-	30,630
-	43,202	-	-	-	-	43,202
<u>28,200</u>	<u>228,600</u>	<u>9,260</u>	<u>20,000</u>	<u>-</u>	<u>1,295</u>	<u>646,210</u>
-	-	-	-	-	2,888,444	2,888,444
5,954	498,390	122,797	-	-	-	792,285
-	-	-	-	-	-	224,728
<u>5,954</u>	<u>498,390</u>	<u>122,797</u>	<u>-</u>	<u>-</u>	<u>2,888,444</u>	<u>3,905,457</u>
<u>\$ 34,154</u>	<u>\$ 726,990</u>	<u>\$ 132,057</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 2,889,739</u>	<u>\$ 4,551,667</u>

**CITY OF KENAI, ALASKA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015**

	Special Revenue		Capital Project		
	Personal Use Fishery	Council on Aging	Parks and Recreation	Streets	New City Shop Construction
Revenues:					
Intergovernmental revenues	\$ 17,437	\$ 435,929	\$ 150,009	\$ 193,827	\$ 97,823
Charges for services	532,511	-	-	-	-
Investment earnings	680	-	-	-	-
Miscellaneous revenues	-	425,315	20,875	-	-
Total revenues	<u>550,628</u>	<u>861,244</u>	<u>170,884</u>	<u>193,827</u>	<u>97,823</u>
Expenditures:					
General government	-	-	-	-	-
Public safety	122,473	-	-	-	-
Water and sewer services	-	-	-	-	-
Airport	-	-	-	-	-
Social welfare services	-	964,287	-	-	-
Parks, recreation and cultural	244,514	-	432,170	-	-
Public works	145,042	-	-	252,327	196,888
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>512,029</u>	<u>964,287</u>	<u>432,170</u>	<u>252,327</u>	<u>196,888</u>
Excess of revenues over (under) expenditures	38,599	(103,043)	(261,286)	(58,500)	(99,065)
Other financing sources (uses):					
Transfers in	-	-	250,000	60,000	-
Transfers out	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>60,000</u>	<u>-</u>
Net changes in fund balances	38,599	(103,043)	(11,286)	1,500	(99,065)
Fund balances - July 1	<u>29,063</u>	<u>260,109</u>	<u>174,930</u>	<u>-</u>	<u>105,019</u>
Fund balances - June 30	<u>\$ 67,662</u>	<u>\$ 157,066</u>	<u>\$ 163,644</u>	<u>\$ 1,500</u>	<u>\$ 5,954</u>

Capital Project				Debt Service	Permanent	Total Nonmajor Governmental Funds
Water and Sewer	Miscellaneous	Industrial Park	Library Expansion	2010 Bond Debt Service	General Government Land Sales	
\$ 630,250	\$ 472,311	\$ 30,350	\$ -	\$ 34,808	\$ -	\$ 2,062,744
-	-	-	-	-	-	532,511
-	-	-	-	-	117,427	118,107
-	-	-	-	-	5,999	452,189
<u>630,250</u>	<u>472,311</u>	<u>30,350</u>	<u>-</u>	<u>34,808</u>	<u>123,426</u>	<u>3,165,551</u>
-	60,607	30,350	-	-	-	90,957
-	103,576	-	-	-	-	226,049
667,808	-	-	-	-	-	667,808
-	-	-	-	-	-	-
-	95,357	-	-	-	-	1,059,644
-	-	-	-	-	-	676,684
-	227,080	-	-	-	-	821,337
-	-	-	-	80,000	-	80,000
-	-	-	-	96,198	-	96,198
<u>667,808</u>	<u>486,620</u>	<u>30,350</u>	<u>-</u>	<u>176,198</u>	<u>-</u>	<u>3,718,677</u>
(37,558)	(14,309)	-	-	(141,390)	123,426	(553,126)
251,232	122,000	-	-	141,390	-	824,622
-	-	-	(11)	-	(147,093)	(147,104)
<u>251,232</u>	<u>122,000</u>	<u>-</u>	<u>(11)</u>	<u>141,390</u>	<u>(147,093)</u>	<u>677,518</u>
213,674	107,691	-	(11)	-	(23,667)	124,392
<u>284,716</u>	<u>15,106</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>2,912,111</u>	<u>3,781,065</u>
<u>\$ 498,390</u>	<u>\$ 122,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,888,444</u>	<u>\$ 3,905,457</u>

CITY OF KENAI, ALASKA
PERSONAL USE FISHERY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental revenues - State grant	\$ 12,965	\$ 17,437	\$ 4,472
Charge for services - Parking, camping, and boat launch	532,867	532,511	(356)
Investment earnings	<u>-</u>	<u>680</u>	<u>680</u>
Total revenues	<u>545,832</u>	<u>550,628</u>	<u>4,796</u>
Expenditures:			
Public Safety:			
Personal services	31,901	31,754	147
Supplies	10,485	10,429	56
Other services and charges	<u>314</u>	<u>290</u>	<u>24</u>
	42,700	42,473	227
Expenditures chargeable from other funds	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Total public safety	<u>122,700</u>	<u>122,473</u>	<u>227</u>
Public Works - Streets:			
Personal services	24,066	22,095	1,971
Supplies	9,346	6,752	2,594
Other services and charges	<u>28,744</u>	<u>18,585</u>	<u>10,159</u>
	62,156	47,432	14,724
Expenditures chargeable from other funds	<u>7,200</u>	<u>7,200</u>	<u>-</u>
Total public works - streets	<u>69,356</u>	<u>54,632</u>	<u>14,724</u>

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

Expenditures, continued:	<u>Final</u>		<u>Variance With</u>
	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>
Parks, Recreation & Cultural			
Personal services	\$ 67,677	\$ 56,864	\$ 10,813
Supplies	9,882	9,733	149
Other services and charges	148,876	123,532	25,344
Capital outlays	<u>26,685</u>	<u>26,685</u>	<u>-</u>
	<u>253,120</u>	<u>216,814</u>	<u>36,306</u>
Expenditures chargeable from other funds	<u>27,700</u>	<u>27,700</u>	<u>-</u>
Total parks, recreation & cultural	<u>280,820</u>	<u>244,514</u>	<u>36,306</u>
Public Works - Dock			
Personal services	54,423	58,184	(3,761)
Supplies	6,089	5,260	829
Other services and charges	<u>16,155</u>	<u>16,066</u>	<u>89</u>
	76,667	79,510	(2,843)
Expenditures chargeable from other funds	<u>10,900</u>	<u>10,900</u>	<u>-</u>
Total public works - dock	<u>87,567</u>	<u>90,410</u>	<u>(2,843)</u>
Total expenditures	<u>560,443</u>	<u>512,029</u>	<u>48,414</u>
Net changes in fund balance	<u>\$ (14,611)</u>	38,599	<u>\$ 53,210</u>
Fund balance - July 1		<u>29,063</u>	
Fund balance - June 30		<u>\$ 67,662</u>	

CITY OF KENAI, ALASKA

COUNCIL ON AGING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental revenues:			
State grants	\$ 284,692	\$ 295,773	\$ 11,081
Federal grants	10,000	13,949	3,949
Kenai Peninsula Borough grant	<u>126,207</u>	<u>126,207</u>	<u>-</u>
Total intergovernmental revenues	<u>420,899</u>	<u>435,929</u>	<u>15,030</u>
Miscellaneous revenues:			
Choice Waiver reimbursement	400,000	322,826	(77,174)
United Way grants	12,655	8,762	(3,893)
Rents and leases	13,000	5,660	(7,340)
Donations	89,800	87,751	(2,049)
Other	<u>-</u>	<u>316</u>	<u>316</u>
Total miscellaneous revenues	<u>515,455</u>	<u>425,315</u>	<u>(90,140)</u>
Total revenues	<u>936,354</u>	<u>861,244</u>	<u>(75,110)</u>
Expenditures - social welfare services:			
Social services:			
Personal services	155,435	153,465	1,970
Supplies	8,100	6,630	1,470
Other services and charges	<u>17,616</u>	<u>16,180</u>	<u>1,436</u>
	181,151	176,275	4,876
Expenditures chargeable from other funds	<u>31,700</u>	<u>31,700</u>	<u>-</u>
Total social services	<u>212,851</u>	<u>207,975</u>	<u>4,876</u>
Congregate meals:			
Personal services	83,467	80,180	3,287
Supplies	54,166	52,573	1,593
Other services and charges	25,791	14,433	11,358
Capital outlays	<u>19,854</u>	<u>18,679</u>	<u>1,175</u>
	183,278	165,865	17,413
Expenditures chargeable from other funds	<u>26,400</u>	<u>26,400</u>	<u>-</u>
Total congregate meals	<u>209,678</u>	<u>192,265</u>	<u>17,413</u>
Home delivered meals:			
Personal services	65,954	63,009	2,945
Supplies	59,905	60,402	(497)
Other services and charges	<u>15,093</u>	<u>11,403</u>	<u>3,690</u>
	140,952	134,814	6,138
Expenditures chargeable from other funds	<u>28,500</u>	<u>28,500</u>	<u>-</u>
Total home delivered meals	<u>169,452</u>	<u>163,314</u>	<u>6,138</u>

CITY OF KENAI, ALASKA

COUNCIL ON AGING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL, continued

Expenditures - continued:	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Transportation:			
Personal services	\$ 38,645	\$ 37,950	\$ 695
Supplies	8,515	7,679	836
Other services and charges	8,797	4,560	4,237
Capital outlays	<u>55,000</u>	<u>-</u>	<u>55,000</u>
	110,957	50,189	60,768
Expenditures chargeable from other funds	<u>14,100</u>	<u>14,100</u>	<u>-</u>
Total transportation	<u>125,057</u>	<u>64,289</u>	<u>60,768</u>
Choice Waiver:			
Personal services	211,051	206,078	4,973
Supplies	60,180	58,191	1,989
Other services and charges	39,564	35,275	4,289
Capital outlays	<u>1,693</u>	<u>-</u>	<u>1,693</u>
	312,488	299,544	12,944
Expenditures chargeable from other funds	<u>36,900</u>	<u>36,900</u>	<u>-</u>
Total Choice Waiver	<u>349,388</u>	<u>336,444</u>	<u>12,944</u>
Total expenditures	<u>1,066,426</u>	<u>964,287</u>	<u>102,139</u>
Net changes in fund balance	<u>\$ (130,072)</u>	(103,043)	<u>\$ 27,029</u>
Fund balance - July 1		<u>260,109</u>	
Fund balance - June 30		<u>\$ 157,066</u>	

CITY OF KENAI, ALASKA
2010 BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues - intergovernmental	\$ 34,264	\$ 34,808	\$ 544
Expenditures - debt service:			
Principal	80,000	80,000	-
Interest	<u>98,598</u>	<u>96,198</u>	<u>2,400</u>
Total expenditures	<u>178,598</u>	<u>176,198</u>	<u>2,400</u>
Excess of revenues over (under) expenditures	(144,334)	(141,390)	2,944
Other financing sources -			
Transfers in	<u>144,334</u>	<u>141,390</u>	<u>(2,944)</u>
Net changes in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		<u><u>\$ -</u></u>	

CITY OF KENAI, ALASKA
GENERAL GOVERNMENT LAND SALES PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues -			
Investment earnings	\$ 172,863	\$ 117,427	\$ (55,436)
Land sales	<u>-</u>	<u>5,999</u>	<u>5,999</u>
Total revenues	<u>172,863</u>	<u>123,426</u>	<u>(49,437)</u>
Other financing uses -			
Transfers out	<u>(147,093)</u>	<u>(147,093)</u>	<u>-</u>
Net changes in fund balance	<u>\$ 25,770</u>	(23,667)	<u>\$ (49,437)</u>
Fund balance - July 1		<u>2,912,111</u>	
Fund balance - June 30		<u>\$ 2,888,444</u>	

CITY OF KENAI, ALASKA
AIRPORT LAND SALES PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Investment earnings	\$ 1,391,472	\$ 615,189	\$ (776,283)
Land sales	<u>-</u>	<u>8,084</u>	<u>8,084</u>
Total revenues	<u>1,391,472</u>	<u>623,273</u>	<u>(768,199)</u>
 Excess of revenues over expenditures	 1,391,472	 623,273	 (768,199)
 Other financing uses -			
Transfers out	<u>(1,147,095)</u>	<u>(1,135,313)</u>	<u>11,782</u>
 Net changes in fund balance	 <u>\$ 244,377</u>	 (512,040)	 <u>\$ (756,417)</u>
 Fund balance - July 1		 <u>24,223,069</u>	
 Fund balance - June 30		 <u>\$ 23,711,029</u>	

Internal Service Funds

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

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

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

Capital Project Management Fund – This fund provided concept evaluation, cost estimation, direct project administration, engineering criteria review, grant writing, and project reporting. This fund was closed during the current fiscal year and future project management costs will be directly charged staff time and actual out of pocket costs. Many of the City's capital projects are grant funded and grant provisions precluded the charging of time and materials as was being done by this fund.

CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

Governmental
 Activities -
 Internal
 Service Funds
Equipment
Replacement

ASSETS

Current assets -	
Equity in central treasury (cash and investments)	\$ <u>1,254,419</u>
Noncurrent assets -	
Property and equipment in service, at cost -	
Equipment	2,590,989
Less accumulated depreciation	<u>(1,042,010)</u>
Net property and equipment in service	<u>1,548,979</u>
Total assets	\$ <u>2,803,398</u>

NET POSITION

Investment in capital assets	1,548,979
Unrestricted	<u>1,254,419</u>
Total net position	<u>\$ 2,803,398</u>

CITY OF KENAI, ALASKA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds		Total Internal Service Funds
	<u>Equipment Replacement</u>	<u>Capital Project Management</u>	
Operating revenues:			
Charges for services	\$ -	\$ 48,239	\$ 48,239
Other revenue	<u>310,571</u>	<u>-</u>	<u>310,571</u>
Total operating revenues	<u>310,571</u>	<u>48,239</u>	<u>358,810</u>
Operating expenses:			
Personal services	-	64,386	64,386
Supplies	-	761	761
Utilities	-	465	465
Insurance	-	1,186	1,186
Depreciation	154,700	-	154,700
Miscellaneous	-	376	376
Expenses chargeable from other funds	<u>-</u>	<u>4,786</u>	<u>4,786</u>
Total operating expenses	<u>154,700</u>	<u>71,960</u>	<u>226,660</u>
Operating income (loss)	<u>155,871</u>	<u>(23,721)</u>	<u>132,150</u>
Nonoperating revenues:			
Gain on sale of capital assets	-	3,135	3,135
Investment earnings	<u>6,508</u>	<u>-</u>	<u>6,508</u>
Total nonoperating revenues	<u>6,508</u>	<u>3,135</u>	<u>9,643</u>
Transfers in	<u>-</u>	<u>97,004</u>	<u>97,004</u>
Changes in net position	162,379	76,418	238,797
Net position (deficit) - July 1	<u>2,641,019</u>	<u>(76,418)</u>	<u>2,564,601</u>
Net position - June 30	<u>\$ 2,803,398</u>	<u>\$ -</u>	<u>\$ 2,803,398</u>

CITY OF KENAI, ALASKA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds		Total Internal Service Funds
	<u>Equipment Replacement</u>	<u>Capital Project Management</u>	
Cash flows from operating activities:			
Receipts from customers	\$ -	\$ 48,239	\$ 48,239
Payments to suppliers	-	(7,647)	(7,647)
Payments to employees	-	(71,485)	(71,485)
Receipts for interfund services	<u>310,571</u>	<u>-</u>	<u>310,571</u>
Net cash provided (used) by operating activities	<u>310,571</u>	<u>(30,893)</u>	<u>279,678</u>
Cash flows from noncapital financing activities:			
Decrease in Due to General Fund	-	(81,111)	(81,111)
Operating transfer from General Fund	<u>-</u>	<u>97,004</u>	<u>97,004</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>15,893</u>	<u>15,893</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(320,100)	-	(320,100)
Proceeds from sales of capital assets	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Net cash provided (used) by capital and related financing activities	<u>(320,100)</u>	<u>15,000</u>	<u>(305,100)</u>
Cash flows from investing activities -			
Investment earnings	<u>6,508</u>	<u>-</u>	<u>6,508</u>
Net increase (decrease) in cash and cash equivalents	(3,021)	-	(3,021)
Cash and cash equivalents, beginning	<u>1,257,440</u>	<u>-</u>	<u>1,257,440</u>
Cash and cash equivalents, ending	<u>\$ 1,254,419</u>	<u>\$ -</u>	<u>\$ 1,254,419</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 155,871	\$ (23,721)	\$ 132,150
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	154,700	-	154,700
Accounts payable	-	(73)	(73)
Compensated absences	-	(4,912)	(4,912)
Accrued payroll and payroll liabilities	<u>-</u>	<u>(2,187)</u>	<u>(2,187)</u>
Net cash provided (used) by operating activities	<u>\$ 310,571</u>	<u>\$ (30,893)</u>	<u>\$ 279,678</u>

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Fiduciary Fund

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

CITY OF KENAI, ALASKA
KENAI COMMUNITY FOUNDATION AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2015

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2015</u>
Assets				
Equity in central treasury (cash and investments)	<u>\$ 65,781</u>	<u>\$ 5,462</u>	<u>\$ 5,100</u>	<u>\$ 66,143</u>
Liabilities				
Due to Kenai Community Foundation	<u>\$ 65,781</u>	<u>\$ 5,462</u>	<u>\$ 5,100</u>	<u>\$ 66,143</u>

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City of Kenai, Alaska

Statistical Section

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

Contents:

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

Table XII	Demographic and Economic Statistics
Table XIII	Principal Employers

Operating Information

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

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

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

CITY OF KENAI, ALASKA

TABLE I

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$102,452	\$109,806	\$115,402	\$118,816	\$126,700	\$133,264	\$136,834	\$135,780	\$138,334	\$137,296
Nond spendable	14,468	14,478	20,041	20,198	21,541	24,317	23,541	24,862	27,135	26,599
Restricted	0	19	116	217	312	279	329	409	480	547
Unrestricted	15,699	17,652	18,667	20,683	20,430	19,760	18,118	18,333	16,834	8,810
Total governmental activities net position	<u>\$132,619</u>	<u>\$141,955</u>	<u>\$154,226</u>	<u>\$159,914</u>	<u>\$168,983</u>	<u>\$177,620</u>	<u>\$178,822</u>	<u>\$179,384</u>	<u>\$182,783</u>	<u>\$173,252</u>
Business-type activities:										
Net investment in capital assets	\$4,978	\$3,337	\$3,212	\$3,159	\$3,154	\$3,236	\$3,110	\$2,983	\$3,071	\$3,051
Unrestricted	2,512	532	588	491	442	423	483	525	469	419
Total business-type activities net position	<u>\$7,490</u>	<u>\$3,869</u>	<u>\$3,800</u>	<u>\$3,650</u>	<u>\$3,596</u>	<u>\$3,659</u>	<u>\$3,593</u>	<u>\$3,508</u>	<u>\$3,540</u>	<u>\$3,470</u>
Primary government:										
Net investment in capital assets	\$107,430	\$113,143	\$118,614	\$121,975	\$129,854	\$136,500	\$139,944	\$138,763	\$141,405	\$140,347
Nond spendable	14,468	14,478	20,041	20,198	21,541	24,317	23,541	24,862	27,135	26,599
Restricted	0	19	116	217	312	279	329	409	480	547
Unrestricted	18,211	18,184	19,255	21,174	20,872	20,183	18,601	18,858	17,303	9,229
Total primary government net position	<u>\$140,109</u>	<u>\$145,824</u>	<u>\$158,026</u>	<u>\$163,564</u>	<u>\$172,579</u>	<u>\$181,279</u>	<u>\$182,415</u>	<u>\$182,892</u>	<u>\$186,323</u>	<u>\$176,722</u>

CITY OF KENAI, ALASKA

TABLE II

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 1,239,137	\$ 1,386,573	\$ 1,949,905	\$ 1,936,810	\$ 2,068,752	\$ 2,032,773	\$ 2,206,779	\$ 2,439,331	\$ 2,276,930	\$ 4,097,381
Public safety	4,365,553	4,538,951	4,802,816	5,616,605	5,890,361	6,355,308	6,923,478	7,227,242	7,290,465	5,899,843
Public works	2,717,511	2,394,624	2,198,822	2,951,318	3,077,068	3,078,924	2,978,015	3,239,199	3,393,308	3,666,985
Parks, recreation, and cultural	1,463,932	1,576,963	1,572,995	1,849,567	1,858,898	1,778,405	2,188,839	2,462,796	2,630,547	2,355,007
Water and sewer services	1,957,032	2,644,033	2,199,983	2,188,552	2,174,151	2,289,895	2,382,284	3,465,896	2,711,305	2,237,426
Airport	2,511,021	3,415,986	3,492,213	2,925,011	2,641,049	3,292,821	3,520,577	4,071,061	4,126,256	4,188,728
Interest on long-term debt	-	-	-	-	-	100,963	101,973	100,286	97,997	95,599
Social welfare services	505,230	528,348	598,497	604,021	592,512	627,053	688,467	735,695	764,903	683,025
Total governmental activities expenses	14,759,416	16,485,478	16,815,231	18,071,884	18,302,791	19,556,142	20,990,412	23,741,506	23,291,711	23,223,793
Business-type activities:										
Airport terminal	506,006	-	-	-	-	-	-	-	-	-
Senior housing	354,514	364,688	369,565	414,869	383,585	406,950	437,943	417,368	436,635	454,429
Total business-type activities	860,520	364,688	369,565	414,869	383,585	406,950	437,943	417,368	436,635	454,429
Total primary government expenses	\$ 15,619,936	\$ 16,850,166	\$ 17,184,796	\$ 18,486,753	\$ 18,686,376	\$ 19,963,092	\$ 21,428,355	\$ 24,158,874	\$ 23,728,346	\$ 23,678,222
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 366,530	\$ 283,372	\$ 145,697	\$ 612,908	\$ 527,144	\$ 462,713	\$ 395,389	\$ 746,088	\$ 423,213	\$ 421,241
Public safety	315,570	398,147	417,328	303,122	364,957	560,938	511,855	508,238	490,679	360,893
Public works	592,461	290,535	522,968	277,425	139,212	159,821	88,904	95,948	109,243	75,585
Parks, recreation, and cultural	193,186	216,473	206,615	350,708	264,128	281,098	308,624	373,406	584,368	670,565
Water and sewer services	1,826,621	1,789,881	1,789,965	1,796,459	1,752,854	1,774,376	1,862,807	2,193,650	2,296,383	2,485,588
Airport	463,795	1,136,245	1,388,440	1,421,325	1,363,671	1,543,493	1,728,173	1,793,571	1,881,848	1,977,259
Social welfare services	114,607	123,644	127,746	74,644	97,611	103,870	109,051	114,492	81,482	93,728
Operating grants and contributions	1,035,382	1,198,362	1,982,816	1,996,377	2,109,637	1,938,335	2,715,647	3,018,480	2,816,810	2,175,350
Capital grants and contributions	2,442,601	8,084,426	7,545,119	4,781,161	9,892,148	8,604,886	4,986,606	3,549,973	4,799,694	2,424,814
Total governmental activities program revenues	7,350,753	13,501,085	14,126,694	11,614,129	16,511,362	15,429,530	12,707,056	12,393,846	13,483,720	10,685,023

CITY OF KENAI, ALASKA

Table III

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2006	\$2,024,502	\$4,404,158	\$ 6,428,660
2007	2,156,373	4,631,812	6,788,185
2008	2,347,063	5,196,046	7,543,109
2009	2,694,872	5,372,499	8,067,371
2010	2,614,768	5,561,970	8,176,738
2011	2,613,756	6,260,403	8,874,159
2012	2,657,670	6,576,657	9,234,327
2013	2,898,103	6,587,575	9,485,678
2014	3,155,662	6,669,426	9,825,088
2015	3,656,927	7,257,451	10,914,378

CITY OF KENAI, ALASKA

Table IV

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:										
Reserved	\$ 1,131,084	\$ 1,045,148	\$ 1,083,083	\$ 115,125	\$ 128,209	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,262,530	8,919,959	9,921,136	11,570,484	12,027,857	-	-	-	-	-
Restricted	-	-	-	-	-	279,486	329,164	408,534	480,238	546,706
Committed	-	-	-	-	-	1,070,290	1,021,790	521,790	409,746	409,746
Assigned	-	-	-	-	-	859,454	1,464,159	1,580,579	1,518,184	1,497,756
Unassigned	-	-	-	-	-	9,817,634	9,130,415	7,382,747	7,493,858	7,937,025
Total General Fund	\$ 9,393,614	\$ 9,965,107	\$ 11,004,219	\$ 11,685,609	\$ 12,156,066	\$ 12,026,864	\$ 11,945,528	\$ 9,893,650	\$ 9,902,026	\$ 10,391,233
All other governmental funds:										
Reserved - other funds	\$ 17,568	\$ 31,321	\$ 150,004	\$ 49,754	\$ 32,278	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved - permanent funds	14,196,885	14,275,769	19,909,589	19,981,306	21,541,598	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	5,752,322	7,432,637	7,012,509	5,776,646	5,263,203	-	-	-	-	-
Debt service funds	-	-	-	-	6,054	-	-	-	-	-
Capital projects funds	1,468,341	1,540,849	1,855,592	2,254,439	3,995,084	-	-	-	-	-
Nonspendable -										
Permanent funds	-	-	-	-	-	24,318,092	23,540,934	24,862,079	27,135,180	26,599,473
Committed -										
Capital projects funds	-	-	-	-	-	2,164,498	516,440	2,531,665	743,653	901,298
Assigned -										
Special revenue funds	-	-	-	-	-	4,846,735	5,035,969	5,357,223	5,448,969	5,648,280
Total all other governmental funds	\$ 21,435,116	\$ 23,280,576	\$ 28,927,694	\$ 28,062,145	\$ 30,838,217	\$ 31,329,325	\$ 29,093,343	\$ 32,750,967	\$ 33,327,802	\$ 33,149,051

CITY OF KENAI, ALASKA

Table V

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues											
Property taxes	\$ 1,912,376	\$ 2,019,203	\$ 2,160,687	\$ 2,331,712	\$ 2,728,764	\$ 2,601,588	\$ 2,629,324	\$ 2,638,783	\$ 2,913,634	\$ 3,162,530	\$ 3,656,927
Sales tax	4,090,468	4,404,158	4,631,812	5,196,046	5,372,499	5,561,970	6,260,403	6,576,657	6,587,575	6,669,426	7,257,451
Intergovernmental	3,272,955	3,538,563	9,253,053	9,527,285	6,573,138	10,694,840	9,844,736	7,670,929	6,562,328	7,600,928	7,240,144
Investment earnings	762,367	849,479	1,796,387	1,842,390	1,169,576	2,667,857	3,894,618	256,981	2,427,873	3,531,173	821,124
Other revenues	4,547,155	5,623,128	5,470,069	11,281,281	6,302,510	6,988,316	6,920,678	6,355,818	6,826,280	7,363,250	8,031,907
Total revenues	14,585,321	16,434,531	23,312,008	30,178,714	22,146,487	28,514,571	29,549,759	23,499,168	25,317,690	28,327,307	27,007,553
Expenditures											
General government	1,482,143	1,561,001	1,679,077	2,586,591	2,472,535	2,254,837	2,612,702	2,701,605	3,160,484	3,034,793	5,178,312
Public safety	4,262,592	4,377,829	4,706,966	4,899,317	5,100,217	5,681,548	5,915,902	6,441,968	6,536,153	6,841,495	6,998,803
Public works	1,753,030	2,164,213	2,150,727	2,106,810	2,208,353	2,150,658	2,375,566	2,334,315	2,315,206	2,422,442	2,476,275
Parks, recreation and cultural	1,211,094	1,300,974	1,411,775	1,404,077	1,681,800	1,676,717	1,690,624	1,931,141	2,163,100	2,166,132	2,250,921
Water and sewer services	1,208,570	1,325,564	1,707,216	1,539,907	1,777,188	1,793,887	1,822,654	1,940,343	1,969,470	2,149,174	2,458,500
Airport	1,657,105	1,643,896	2,708,534	2,527,099	2,986,200	2,324,204	2,504,670	2,575,613	2,617,762	2,587,591	2,885,425
Social welfare services	410,770	461,847	507,578	603,771	683,560	682,393	723,984	791,214	831,976	849,376	952,239
Capital outlay	2,598,650	3,518,219	8,086,052	7,856,412	5,508,837	10,733,142	11,365,788	6,922,939	3,941,945	7,400,451	3,223,420
Debt service											
Principal	150,000	-	-	-	-	-	75,000	75,000	75,000	80,000	80,000
Interest	4,012	-	-	-	-	-	100,963	102,348	100,848	98,598	96,198
Total expenditures	14,737,966	16,353,543	22,957,925	23,523,984	22,418,690	27,297,386	29,187,853	25,816,486	23,711,944	27,630,052	26,600,093
Excess of revenues over (under) expenditures	(152,645)	80,988	354,083	6,654,730	(272,203)	1,217,185	361,906	(2,317,318)	1,605,746	697,255	407,460
Other financing sources (uses)											
Transfers in	356,830	1,061,044	2,277,280	1,279,329	1,603,049	3,801,117	2,330,145	1,646,262	3,809,797	2,049,993	2,322,377
Proceeds from debt issuance	-	-	-	-	-	2,000,000	-	-	-	-	-
Proceeds from bond premium	-	-	-	-	-	29,344	-	-	-	-	-
Transfers out	(356,830)	(1,061,044)	(214,410)	(1,247,829)	(1,515,005)	(3,801,117)	(2,330,145)	(1,646,262)	(3,809,797)	(2,162,037)	(2,419,381)
Total other financing sources (uses)	-	-	2,062,870	31,500	88,044	2,029,344	-	-	-	(112,044)	(97,004)
Net change in fund balances	\$ (152,645)	\$ 80,988	\$ 2,416,953	\$ 6,686,230	\$ (184,159)	\$ 3,246,529	\$ 361,906	\$ (2,317,318)	\$ 1,605,746	\$ 585,211	\$ 310,456
Debt service as a percentage of noncapital expenditures	1.29%	0.00%	0.00%	0.00%	0.00%	0.00%	1.03%	0.94%	0.84%	0.86%	0.75%
Total non-capital expenditures	\$ 11,985,304	\$ 12,835,324	\$ 14,871,873	\$ 15,667,572	\$ 16,909,853	\$ 16,564,244	\$ 17,035,394	\$ 18,904,637	\$ 21,029,279	\$ 20,769,980	\$ 23,611,368

CITY OF KENAI, ALASKA

TABLE VI

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

Fiscal Year Ended <u>June 30</u>	Total <u>Taxes</u>	Property <u>Taxes</u>	Sales <u>Tax</u>
2006	\$6,423,361	\$2,019,203	\$4,404,158
2007	6,792,499	2,160,687	4,631,812
2008	7,527,758	2,331,712	5,196,046
2009	8,101,263	2,728,764	5,372,499
2010	8,163,558	2,601,588	5,561,970
2011	8,889,727	2,629,324	6,260,403
2012	9,215,440	2,638,783	6,576,657
2013	9,501,209	2,913,634	6,587,575
2014	9,831,956	3,162,530	6,669,426
2015	10,914,378	3,656,927	7,257,451

CITY OF KENAI, ALASKA

Table VII

TAXABLE SALES BY CATEGORY
CURRENT FISCAL YEAR

Administrative, Waste Management,	\$	1,176,435
Agriculture, Forestry, Fishing & Hunting		213,765
Arts and Entertainment		518,745
Construction Contracting		1,366,341
Educational Services		226,100
Finance and Insurance		555,980
Guiding Land		4,400
Guiding Water		321,732
Health Care and Social Assistance		73,510
Hotel/Motel/Bed & Breakfast		10,443,325
Information		9,475,629
Manufacturing		1,332,518
Mining/Quarrying		118,952
Professional, Scientific and Technical Services		3,396,344
Public Administration		3,304,716
Remediation Services		12,000
Rental Commercial Property		430,127
Rental Non-Residential Property		2,510,639
Rental of Self-storage & Miniwarehouses		16,280
Rental Personal Property		264,719
Rental Residential Property		5,102,726
Restaurant/Bar		14,055,651
Retail Trade		162,134,036
Services		4,929,136
Telecommunications		2,526,507
Transportation and Warehousing		373,378
Utilities		10,261,338
Wholesale Trade		3,471,361
Total	\$	<u>238,616,390</u>

City direct sales tax rate 3.00%

Source: The Kenai Peninsula Borough Sales Tax Department.

CITY OF KENAI, ALASKA

TABLE VIII

SALES TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Kenai	Overlapping Rates		Total
		Kenai	Peninsula Borough	
2006	3.00	2.00	5.00	
2007	3.00	2.00	5.00	
2008	3.00	3.00	6.00	
2009	3.00	3.00	6.00	
2010	3.00	3.00	6.00	
2011	3.00	3.00	6.00	
2012	3.00	3.00	6.00	
2013	3.00	3.00	6.00	
2014	3.00	3.00	6.00	
2015	3.00	3.00	6.00	

Source: The Kenai Peninsula Borough Sales Tax Department.

CITY OF KENAI, ALASKA

TABLE IX

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities	Estimated Percentage of Personal Income *	Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita **
	General Obligation Bonds			
2006	\$ -	0.00%	0.00%	\$ -
2007	-	0.00%	0.00%	-
2008	-	0.00%	0.00%	-
2009	-	0.00%	0.00%	-
2010	2,000,000	0.64%	0.32%	281.69
2011	1,925,000	0.69%	0.29%	271.13
2012	1,850,000	0.64%	0.28%	256.30
2013	1,775,000	0.49%	0.21%	238.19
2014	1,695,000	0.47%	0.21%	227.46
2015	1,615,000	0.47%	0.19%	213.40

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Personal income is estimated by using Kenai Peninsula Borough income to calculate per capita income and total income for City of Kenai.

** Population data can be found on Table XII.

CITY OF KENAI, ALASKA

TABLE X

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2015

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to this Governmental Unit (1)	City of Kenai's Share of Debt
Direct debt - City of Kenai, Alaska	\$ 1,615,000	100.00%	\$ 1,615,000
Overlapping debt:			
Kenai Peninsula Borough	41,820,000	11.95%	4,997,490
Central Peninsula Hospital	59,560,000	16.63%	9,904,828
Total overlapping debt	101,380,000		14,902,318
Total Direct and Overlapping	\$ 102,995,000		\$ 16,517,318

Source: The Kenai Peninsula Borough.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Kenai.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by dividing the City's taxable assessed property values by those of the Borough.

CITY OF KENAI, ALASKA

TABLE XI

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 85,120	\$ 91,230	\$ 98,827	\$ 119,838	\$ 126,104	\$ 131,828	\$ 131,890	\$ 147,795	\$ 160,891	\$ 165,677
Total net debt applicable to limit	-	-	-	-	2,000	1,925	1,850	1,775	1,695	1,615
Legal debt margin	\$ 85,120	\$ 91,230	\$ 98,827	\$ 119,838	\$ 124,104	\$ 129,903	\$ 130,040	\$ 146,020	\$ 159,196	\$ 164,062

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2015

Assessed value	\$ 828,385
Debt limit, 20% of assessed value	165,677
Total amount of debt applicable to debt limit	<u>1,615</u>
Legal debt margin	<u>\$ 164,062</u>

CITY OF KENAI, ALASKA

TABLE XII

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	City of Kenai		For the Kenai Peninsula Borough (A)					
	Population	School Enrollment	Population	Personal Income (amount expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (1)
2006	7,498	1,655	52,253	\$ 1,801,597	\$ 34,478	39.7	9,389	8.70%
2007	7,689	1,628	53,272	1,990,587	37,366	39.1	9,368	8.10%
2008	7,767	1,784	53,655	2,200,284	41,008	39.2	9,250	7.60%
2009	7,945	1,848	54,796	2,202,627	40,197	39.2	9,256	7.80%
2010	7,100	1,835	55,582	2,310,507	41,569	39.4	9,145	9.80%
2011	7,255	1,835	56,405	2,499,496	44,313	39.4	9,148	10.00%
2012	7,347	1,831	56,884	2,680,425	47,121	40.6	9,083	9.40%
2013	7,452	1,871	57,147	2,770,796	48,485	41.4	9,065	8.40%
2014	7,568	1,847	57,477	2,591,281	45,084	40.5	8,932	7.80%
2015	7,568	1,815	57,477	2,591,281	45,084	40.5	8,974	6.50%

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

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

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

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

CITY OF KENAI, ALASKA
KENAI AREA PRINCIPAL EMPLOYERS

TABLE XIII

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

CITY OF KENAI, ALASKA

TABLE XIV

FULL-TIME EQUIVALENT EMPLOYEES BY FUND
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
City Clerk	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.67	1.67	1.67
Legal	2.00	2.00	2.00	2.00	2.25	2.00	2.00	2.00	2.00	2.00
Finance	4.63	3.75	3.75	3.75	3.75	3.75	4.75	4.75	4.75	4.75
Police	18.45	18.45	18.62	19.83	20.83	20.88	20.88	20.88	20.65	19.60
Fire	16.00	16.00	16.00	16.00	16.00	19.00	19.00	19.00	19.00	19.00
Dispatch	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Animal Control	2.12	2.60	2.60	2.60	2.60	2.80	2.80	2.90	2.90	2.90
Public Works Administration	3.00	3.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50
Planning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.08	2.00	2.00
Maintenance	12.06	11.64	11.64	11.64	11.64	11.64	11.64	11.64	10.70	10.79
Library	6.64	6.14	6.34	6.55	6.68	6.68	7.88	8.45	8.10	8.10
Parks & Recreation	<u>5.77</u>	<u>6.51</u>	<u>6.51</u>	<u>6.99</u>	<u>6.99</u>	<u>6.99</u>	<u>7.61</u>	<u>9.60</u>	<u>8.04</u>	<u>8.06</u>
General Fund Total	83.17	83.09	82.46	84.36	85.74	88.74	91.06	93.97	90.81	89.87
Special Revenue Funds										
Personal Use Fishery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.49	2.46
Water & Sewer Operations	6.00	6.76	6.76	6.76	6.76	6.76	6.76	6.76	7.76	7.76
Airport Operations	5.50	5.18	5.18	5.18	5.18	5.18	5.18	5.43	5.81	6.95
Senior Citizen Programs	<u>8.06</u>	<u>8.06</u>	<u>8.06</u>	<u>8.19</u>	<u>8.19</u>	<u>6.69</u>	<u>6.85</u>	<u>6.97</u>	<u>7.43</u>	<u>7.35</u>
Special Revenue Funds Total	<u>19.56</u>	<u>20.00</u>	<u>20.00</u>	<u>20.13</u>	<u>20.13</u>	<u>18.63</u>	<u>18.79</u>	<u>19.16</u>	<u>23.49</u>	<u>24.52</u>
Enterprise Fund										
Congregate Housing	<u>0.35</u>	<u>0.45</u>	<u>0.45</u>							
Internal Service Fund										
Capital Project Management	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
Total All Funds	<u>103.08</u>	<u>103.44</u>	<u>102.81</u>	<u>104.84</u>	<u>106.22</u>	<u>107.72</u>	<u>110.70</u>	<u>113.98</u>	<u>115.25</u>	<u>115.34</u>

Source: The City of Kenai Finance Department.

CITY OF KENAI, ALASKA

TABLE XV

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Police Services:										
Police requests for service	7,364	7,789	7,593	7,120	7,626	7,385	7,665	8,297	8,314	8,197
Criminal arrests	1,063	991	716	970	1,103	926	894	1,138	1,041	924
Fire and Emergency Services:										
Number of calls responded to	1,212	1,297	1,382	1,469	1,599	1,230	1,328	1,212	1,153	1,226
Inspections	156	104	200	256	289	232	319	239	268	157
Animal Control:										
Total Calls	7,515	8,258	9,180	10,697	7,811	6,619	6,695	6,549	7,197	N/A
Total requests for service	N/A	564								
Animals Handled	1,767	1,828	1,837	1,571	1,417	1,476	1,673	1,631	1,429	1,188
Water and Wastewater										
Water Production Avg gallons per day	1,084,000	1,069,299	964,373	939,107	1,016,608	918,345	961,564	943,764	875,427	812,756
Wastewater Treatment Avg. gallons per day	591,000	579,000	573,000	575,500	569,916	528,667	470,417	540,583	566,417	527,250
Airport Passenger Enplanements	83,523	94,163	94,720	99,884	84,133	87,589	94,010	101,995	103,751	100,929

* During calendar year 2010 the fire department transitioned to a new reporting system that no longer counts responses to the same incident from both fire stations as multiple calls. Elimination of this duplication gives the impression call volumes have reduced when in fact call volumes continue to increase at 8-10% annually.

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

Source: Various City Departments.

CITY OF KENAI, ALASKA

TABLE XVI

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Miles of Streets	62	62	62	62	62	62	62	62	62	62
Miles of Sewer:										
Storm	10	10	10	10	10	10	10	10	10	10
Sanitary	68	68	68	68	68	68	68	68	68	68
Fire Protection:										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Recreation:										
Number of Facilities:										
Parks	9	9	9	9	9	9	9	9	9	9
Baseball and Softball Fields	11	11	11	8	8	8	8	8	8	8
Soccer Fields	0	0	2	6	6	6	6	6	6	6
Recreation Center	1	1	1	1	1	1	1	1	1	1
Pedestrian Trails	2	2	2	2	2	2	6	6	6	6
Cross Country Ski Trails	1	1	1	1	1	1	1	1	1	1
Ice Rink	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments.

