

KENAI PENINSULA BOROUGH
ALASKA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEAR
ENDED JUNE 30, 2020

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

KENAI PENINSULA BOROUGH
ALASKA**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

Charlie Pierce
BOROUGH MAYOR

PREPARED BY
DEPARTMENT OF FINANCE

Brandi Harbaugh
FINANCE DIRECTOR

Sara Dennis
CONTROLLER

Kenai Peninsula Borough, Alaska
Comprehensive Annual Financial Report
Table of Contents
Year Ended June 30, 2020

INTRODUCTION SECTION	<u>Page</u>
Table of Contents	i-iii
Letter of Transmittal	1-5
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Principal Officials	8
Finance Department	9
FINANCIAL SECTION	
Independent Auditor’s Report	11-13
Management’s Discussion and Analysis	15-26
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	27-28
Statement of Activities	30-31
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	32-33
Reconciliation of the Balance Sheet to the Statement of Net Position	34
Statement of Revenues, Expenditures, and Changes in Fund Balances	35-36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	38-39
Nikiski Fire Service Area Special Revenue Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	40
Road Service Area Special Revenue Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	41
Proprietary Funds:	
Statement of Net Position	42
Statement of Revenues, Expenses, and Changes in Fund Net Position	43
Statement of Cash Flows	44
Statement of Fiduciary Funds – Assets and Liabilities	45
Notes to Financial Statements	47-88

Kenai Peninsula Borough, Alaska
Comprehensive Annual Financial Report
Table of Contents, continued

FINANCIAL SECTION, continued	<u>Page</u>
Required Supplementary Information	
Schedule of Borough's Proportional Share of the Net Pension Liability and Schedule of Contributions	89
Schedule of Borough's Proportional Share of the Net OPEB Liability (Asset) and Schedule of Contributions	90
Notes to the Required Supplementary Information	91-92
Supplemental Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	94
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	96-99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	100-103
Budgetary Compliance Schedules – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Bear Creek Fire Service Area	104
Anchor Point Fire and Emergency Medical Service Area	105
Central Emergency Service Area	106
Kachemak Emergency Service Area	107
Central Peninsula Emergency Medical Service Area	108
North Peninsula Recreation Service Area	109
Seldovia Recreational Service Area	110
Eastern Peninsula Highway Emergency Service Area	111
Land Trust	112
Seward Bear Creek Flood Service Area	113
911 Communications	114
Nikiski Senior Service Area	115
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	118-120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	121-123
Nonmajor Debt Service Funds	
Combining Balance Sheet	125
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	126
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
School	127
Solid Waste	128
Bear Creek Fire Service Area	129
Central Emergency Services	130
Internal Service Funds	
Combining Statement of Net Position	131
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	132
Combining Statement of Cash Flows	133

Kenai Peninsula Borough, Alaska
Comprehensive Annual Financial Report
Table of Contents, continued

FINANCIAL SECTION, continued	<u>Page</u>
Fiduciary Fund Type – Agency Funds	
Combining Statement of Assets and Liabilities	135
Combining Statement of Changes in Assets and Liabilities	136-137
Capital Assets	
Capital Assets Used in the Operation of Governmental Funds – Schedule by Source	139
Capital Assets Used in the Operation of Governmental Funds – Schedule of Changes by Function and Activity	140
Capital Assets Used in the Operation of Governmental Funds – Schedule by Function and Activity	141-143
 STATISTICAL SECTION	
	<u>Table No.</u> <u>Page</u>
Government-wide information:	
Net Position by Component	I 145
Changes in Net Position	II 146-147
Governmental Activities Tax Revenues by Source	III 148
Fund information:	
Fund Balances of Governmental Funds	IV 149
Changes in Fund Balances of Governmental Funds	V 150
General Government Significant Revenues by Source	VI 151
Other information:	
Assessed Value and Estimated Actual Value of Taxable Property	VII 152
Property Tax Rates for Direct and Overlapping Governments	VIII 153
Principal Property Taxpayers	IX 154
Taxable Sales by Line of Business	X 155
Property Tax Levies and Collections	XI 156
Ratios of Outstanding Debt by Type and Per Capita	XII 157
Legal Debt Margin Information	XIII 158
Demographic and Economic Statistics	XIV 159
Principal Employers	XV 160
Full-time Equivalent Borough Government Employees by Function	XVI 161
Operating Indicators by Function	XVII 162
Capital Asset Statistics by Function	XVIII 163
 SINGLE AUDIT	
Schedule of Expenditures of Federal Awards	165-166
Schedule of State Financial Assistance	167-170

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Finance Department

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Charlie Pierce
Borough Mayor

January 13, 2021

Honorable Members of the Assembly
Citizens of the Kenai Peninsula Borough

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Kenai Peninsula (Borough) for the year ended June 30, 2020, which is submitted in accordance with Section 29.35.120 of Alaska Statutes and Borough code. These laws require that a complete set of financial statements be presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards in the United States of America and those standards applicable to audits performed in accordance with Government Auditing Standards by licensed independent certified public accountants.

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

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

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

The Borough's financial statements have been audited by BDO USA LLP, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Borough's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Kenai Peninsula Borough

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 square miles and is located in the south central part of the state of Alaska. The estimated population for the Borough is 58,671.

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

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

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

Budgetary Control

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

Local Economy

The Borough economy is highly diverse. The five industry categories that have the most employment are local government, retail trade, leisure and hospitality, natural resources and healthcare. Together they represent most of the Borough's employment. That diversity allows the Borough to be more resilient to declines in any one industry. The Borough's economy has experienced consistent, gradual growth since the late 1980's. Boroughwide, the general government tax rate has decreased from a high of 8.59 mills in FY1996 to its current rate of 4.7 mills. The Borough also has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales in FY2020 were \$1,089 billion, a decrease of 3.0% from the prior year but a 17% increase from FY2011. Sales tax revenue collections however, due to increased prior year delinquency collections, remaining consistent with that of FY2019 revenues. Most of the decrease in taxable sales for FY2020 is attributed to a decrease in reported taxable sales due to the impact of Covid-19 worldwide pandemic. Sales tax continues to generate a substantial portion of the Borough's revenue; in FY2011, sales tax revenue represented 39% of total General Fund revenues; in FY2020, sales tax revenues also represented 39%.

Oil and gas continues to play a vital role in the Borough's economy, although the players have changed. Large national and multinational companies have been replaced by independents, which resulted in a resurgence in exploration and production. This has led to new wells in the Anchor Point and Kenai area, jackup rigs being used in Cook Inlet, along with increased exploration in other areas of the Borough, resulting in an increase in assessed value for oil and gas properties. Assessed values for oil and gas properties increased from \$714 million for FY2011, to \$1.49 billion in FY2020. During this same timeframe, oil production has increased from approximately 10,000 barrels per day to approximately 16,000 barrels per day. The impact to the Borough if the global reduction in the price of gas and oil continues is unknown at this time.

Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work in the fishing and tourism industry. In FY2020, the Covid-19 worldwide pandemic created temporary increases in unemployment across the nation and in the Borough as high as 17.2% in April 2020. Unemployment rates in the borough have come down to 7.6% currently and it is anticipated that unemployment rates will slowly recover and continue to decrease in 2021.

Fiscal Year	Unemployment Rate	Increase (Decrease)	Fiscal Year	Unemployment Rate	Increase (Decrease)
2013	8.60%	-0.50%	2017	8.50%	0.70%
2014	8.00%	-0.90%	2018	8.20%	-0.30%
2015	7.90%	-0.60%	2019	7.50%	-0.50%
2016	7.80%	-0.10%	2020	6.80%	-0.90%

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

Long-Term Financial Planning

A significant measure of the Borough’s financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The Assembly takes the responsibility of being stewards of the public’s funds very seriously and has adopted the following General Fund reserve policy: reserve funds shall not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. The Borough has adopted financial policies that will ensure that the Borough maintains an appropriate fund balance in line with recommended best practices. The General Fund’s minimum fund balance assigned amount of \$10.8 million, is \$5 million less than the calculated minimum fund balance reserve. Per the minimum fund balance policy, the Borough must bring the assigned minimum fund balance reserve amount in compliance within 3 years. The minimum fund balance assigned amount represents 12.6% of the General Fund operating expenditures (including transfers), leaving the Borough in a solid financial position to adequately prepare for the expected reductions in revenues caused by the changes in the property tax laws and the economic environment.

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

Governmental Accounting Standards Board (GASB) Statement No. 68 required the Borough to recognize its proportionate share of the cost sharing plan’s net pension liability. The Borough’s total portion of the liability was \$35,571,597 and \$36,078,214 for the years ended June 30, 2020 and 2019 respectively, a decrease of \$506,617. This does not change the actual contributions by the employers, as those are based on Alaska Statutes. For additional detail, reference footnote J on page 72 in the basic financial statements.

GASB Statement No. 75 required the Borough to recognize its proportionate share of the cost sharing plan’s net liability for other postemployment benefits (OPEB). The Borough’s total portion of the net other postemployment benefits liability was \$1,190,402 and \$7,386,793 for the years ended June 30, 2020 and 2019 respectively, a decrease of \$6,196,391. For additional detail, reference footnote J in the basic financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenai Peninsula Borough for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the 41st consecutive year the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized CAFR, whose contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the Borough received from the GFOA, the Distinguished Budget Presentation Award for FY2020 for publishing a budget document that meets the program criteria as a policy document, an operations guide, a financial plan and a communications device. This is the 27th year the Borough has received this award. The Borough also received from the GFOA for the 6th year, the Award for Outstanding Achievement for Popular Annual Financial Reporting. This award recognizes governments that successfully produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

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

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

Respectfully submitted,

Charlie Pierce

Charlie Pierce
Borough Mayor

Brandi Harbaugh

Brandi Harbaugh, CPA, CPFO
Finance Director

For the 41st consecutive year, the Kenai Peninsula Borough has earned the highest form of recognition in the area of governmental accounting and financial reporting with an award-winning comprehensive annual financial report (CAFR). The Kenai Peninsula Borough was awarded a Certificate of Achievement for Excellence by the Governmental Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ended June 30, 2019.

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

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



Government Finance Officers Association

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

Presented to

**Kenai Peninsula Borough
Alaska**

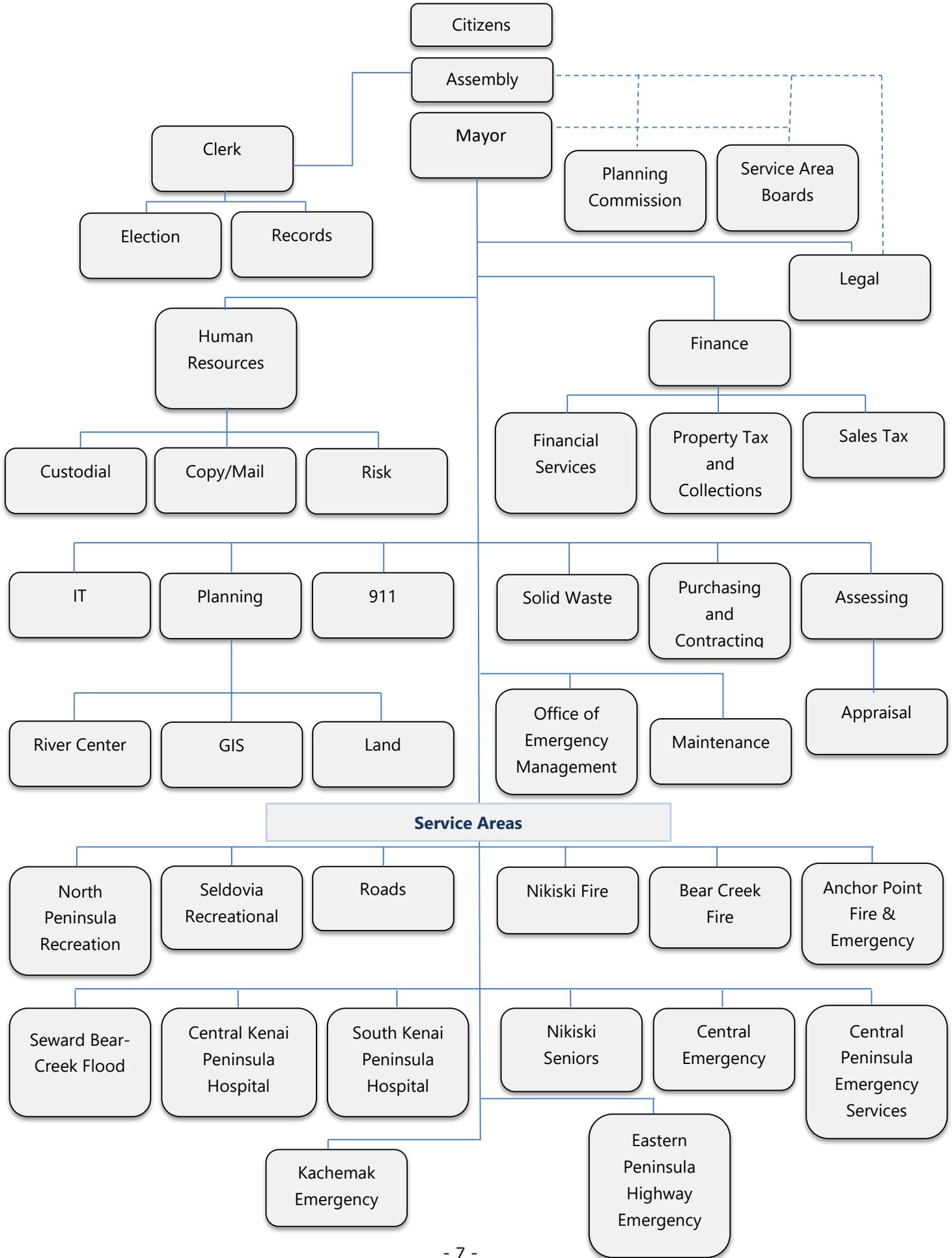
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Kenai Peninsula Borough - Organizational Chart



KENAI PENINSULA BOROUGH

List of Principal Officials

Assembly Members

Kelly Cooper	President
Hal Smalley	Vice President
Norm Blakeley	
Jesse Bjorkman	
Kenn Carpenter	
Tyson Cox	
Willy Dunne	
Brent Hibbert	
Brent Johnson	

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

Administration

Charlie Pierce	Borough Mayor
James Baisden	Chief of Staff
Brandi Harbaugh	Finance Director
Colette Thompson	Borough Attorney
Kim Saner	Director of Human Resources
Johni Blankenship	Borough Clerk
Dan Nelson	Emergency Management Senior Manager
Benjamin Hanson	Director of Information Technology
Melanie Aeschliman	Borough Assessor
Vacant	Director of Planning
Vacant	River Center Manager
Scott Griebel	Director of Maintenance
Daniel Kort	Director of Solid Waste
John Hedges	Purchasing & Contracting Director
Dil Uhlin	Roads Director
Sovala Kisenia	Claims Manager

KENAI PENINSULA BOROUGH

Finance Department

Finance Director

Brandi Harbaugh

Division Managers

Sara Dennis
Penny Pickarsky
Jennifer Vanhose
Lauri Lingafelt

Controller
Budget
Property Tax
Sales Tax

Accounting Staff

Tracy Davis
Katherine Cooper
DeRay Jones
Sarah Hostetter
Rhonda Foster-Deskins
Misty Jenkins
Joanne Rodgers
Chad Friedersdorff

Amy Falk
Barbara Prestwick
Samantha Ness
Hannah Medina
Mercedes Burg
Audra Winsmann
Sydney Smith
Kathleen Simac

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AUDITOR REPORT



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3601 C Street, Suite 600
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Independent Auditor's Report

Honorable Mayor and Borough Assembly
Kenai Peninsula Borough
Soldotna, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, Alaska, (the Borough) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Borough'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the Nikiski Fire Service Area Special Revenue Fund, and the Road Service Area Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 15 through 26 and the Schedules of the Net Pension Liability and Pension Contributions, and the Schedules of the Net OPEB Liability and OPEB Contributions on pages 89 through 92 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kenai Peninsula Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules and other information, such as the introductory and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections 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 January 13, 2021 on our consideration of Kenai Peninsula Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kenai Peninsula Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kenai Peninsula Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
January 13, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Kenai Peninsula Borough

Management's Discussion and Analysis

This section of the Kenai Peninsula Borough (Borough) Comprehensive Annual Financial Report (CAFR) provides readers with a narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2020. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the Borough's financial activity, identify changes in the Borough's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Borough's transmittal letter (pages 1-5), the financial statements (pages 27-45) and the notes to the financial statements (pages 47-88).

Financial Highlights

- At the close of FY2020, the Kenai Peninsula Borough assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$244.5 million (net position). Of this amount, \$32.3 million (unrestricted net position) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors.
- The Borough's total net position increased \$18.1 million when compared to the net position at the beginning of the fiscal year.
- The Kenai Peninsula Borough has established a formal fund balance policy affecting the General Fund, annually budgeted special revenue funds and general government capital project funds. The policy sets both minimum and maximum levels.
- At the end of the current fiscal year, total fund balance for the General Fund was \$25.9 million, a decrease of \$1.0 million from FY2019. The assigned and unassigned fund balance for FY2020, not including the amount that was budgeted for subsequent year expenditures, is \$10.8 million. This compares to the FY2019 amount of \$18.8 million. FY2020 represents 12.7% of the total General Fund expenditures and transfers balance, and compares to 23.2% as of June 30, 2019.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$94 million, an increase of \$6.5 million from the prior year. Much of this increase is associated with a positive variance in sales tax revenues of \$692,442, positive variances in investment earnings of \$1.2 million, and Federal and State intergovernmental revenues of \$4.9 million as a result of the Coronavirus Relief Funds, public safety equipment and roads and trails grants.

Overview of the Financial Statements

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

<u>Fund Type</u>	<u>Number of funds</u>
General Fund	1
Debt Service Funds	4
Capital Project Funds	12
Special Revenue Funds	18
Total Governmental Funds	35
Total Internal Service Funds	4
Total Agency Funds	2

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

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

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

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

The remaining statements are fund financial statements that focus on individual parts of the local government, reporting the Borough's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Borough's operations.

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

The Borough maintains 35 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Solid Waste Capital Project Fund, Nikiski Special Revenue Fund, and Road Service Area Special Revenue Fund, which are considered major funds. The other 31 governmental funds are combined and shown as Other Governmental Funds on the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds are presented in the Combining Balance Sheet Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Capital Project Funds, Combining Balance Sheet Nonmajor Debt Service Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Project Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Debt Service Funds.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-88 of this report.

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

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

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, net position at June 30, 2020 was \$244.5 million compared to \$226.4 million at June 30, 2019. By far the largest portion of the Borough's net position (75.1%) reflects its net investment in capital assets (e.g. land, buildings, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

During FY2020, governmental activities capital assets, net of accumulated depreciation of the Borough increased \$0.9 million. Current and other assets include \$115.0 million and \$107.7 million of cash and investments held for governmental activities at June 30, 2020 and 2019.

Kenai Peninsula Borough
Summary of Net Position
June 30, 2020 and 2019
Governmental
Activities
(in millions)

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 134.5	\$ 124.8
Capital assets	<u>220.0</u>	<u>219.1</u>
Total assets	<u>354.5</u>	<u>343.9</u>
Deferred outflow of resources	<u>7.0</u>	<u>7.6</u>
Long-term debt outstanding	88.7	97.8
Other liabilities	<u>10.5</u>	<u>8.7</u>
Total liabilities	<u>99.2</u>	<u>106.5</u>
Deferred inflows of resources	<u>17.8</u>	<u>18.6</u>
Net position:		
Net investment in capital assets	183.5	180.2
Restricted	28.7	23.9
Unrestricted	<u>32.3</u>	<u>22.3</u>
Total net position	<u>\$ 244.5</u>	<u>\$ 226.4</u>

Governmental activities

Governmental activities increased the Borough's net position by \$18.1 million. This compares to an increase of \$10.6 million for the year ended June 30, 2019. Key elements of the change in net position for the year are as follows:

- GASB 68 and GASB 75 required allocations of net pension and OPEB liabilities, the significant decrease in the OPEB liability increased the Governmental activities net position by \$7.0 million in FY2020 and \$3.2 million in FY2019 through recording deferred inflows of resources, deferred outflows of resources, as well as net pension and OPEB liabilities, a difference of \$3.8 million.
 - U.S. Treasury CARES relief funding provided \$2.8 million in part to offset emergency service personnel costs for those substantially dedicated to the COVID-19 healthcare emergency, increasing Public Safety Operating Grants and Contributions and net position.
 - The Employee Health Insurance Fund experienced a temporary reduction of \$1.12 million in related costs due to a decline in the healthcare claims during the covid-19 pandemic. This created a positive change in net position the Employee Health Insurance Internal Service Fund which was functionally allocated on the Government-wide Financial Statements. The Healthcare costs are anticipated to increase and normalize as the covid-19 restrictions are lifted in FY2021.
 - Central Emergency Services Special Revenue Fund experienced several lengthy vacancies and employee turnover in FY2020, lapsing \$1.7 million in unspent personnel wages for FY2020. This created a reduction in public safety expenditures. Staffing is anticipated to return to full staff in FY2021.
 - The School Capital Project Fund received local funding restricted to currently appropriated projects, however not all projects were completed in FY2020, leaving \$1.6 million in unspent funds increasing the School Capital Fund's ending net position as of the end of FY2020.
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Summary of Changes in Net Position

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

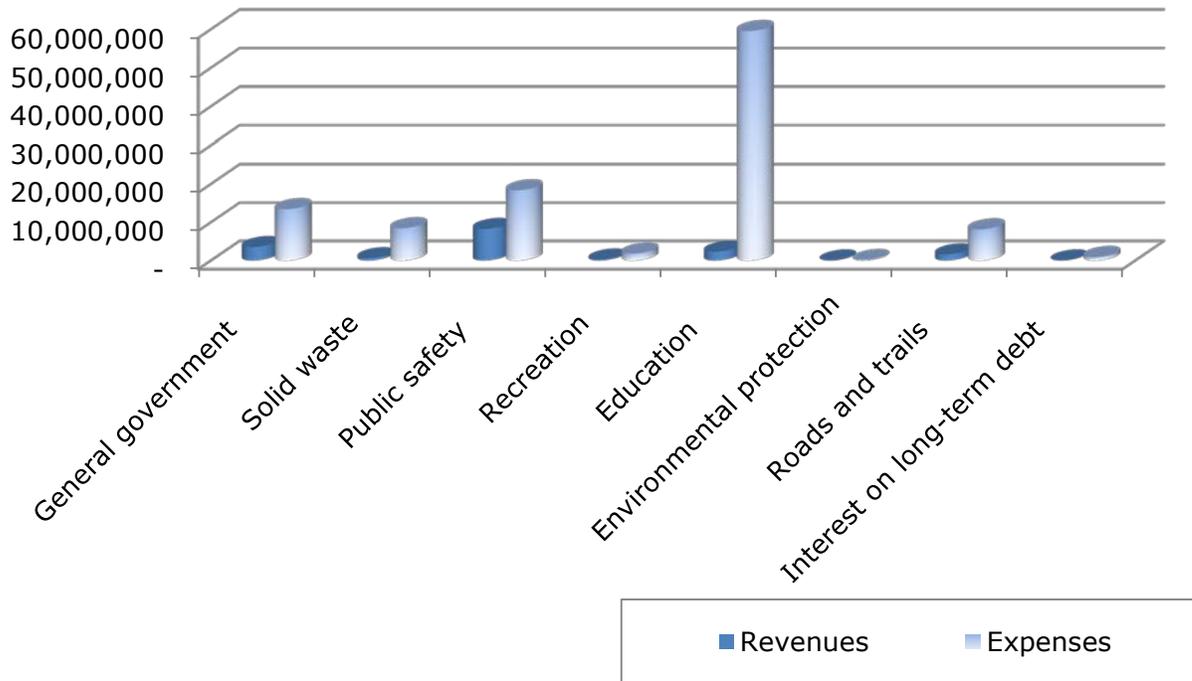
Kenai Peninsula Borough
Changes in Net Position
For Years Ended
June 30, 2020 and 2019
(in millions)

Governmental Activities

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2.1	\$ 3.8
Operating grants and contributions	10.5	5.5
Capital grants and contributions	4.1	5.0
General revenues:		
Property taxes	69.3	67.5
Sales taxes	33.0	32.9
Other	<u>9.7</u>	<u>10.9</u>
Total revenues	<u>128.7</u>	<u>125.6</u>
Expenses:		
General government	13.4	15.5
Solid waste	8.5	8.3
Public safety	18.3	18.9
Recreation	1.8	2.0
Environmental protection	0.1	-
Road and trails	8.1	11.1
Education payments to component unit		
Kenai Peninsula Borough School District	52.5	49.7
Education other		
(debt service, capital projects, post-secondary)	7.0	7.9
Interest on long-term debt	<u>0.9</u>	<u>1.7</u>
Total expenses	<u>110.6</u>	<u>115.1</u>
Increase (decrease) in net position	18.1	10.5
Net position, beginning of year	<u>226.4</u>	<u>215.9</u>
Net position, end of year, as restated	<u>\$ 244.5</u>	<u>\$ 226.4</u>

Expenses and Program Revenues – Governmental Activities

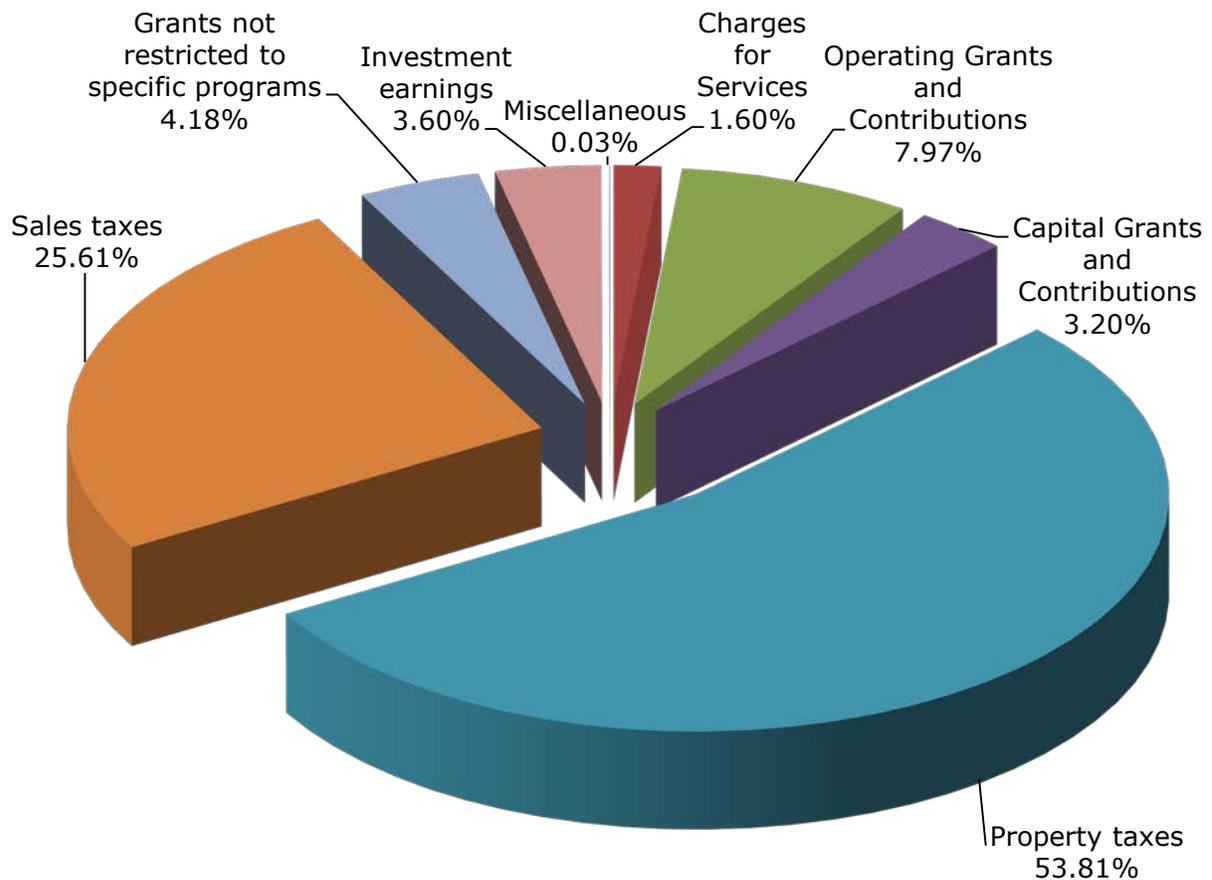
The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales and property taxes are considered general revenues and are therefore not included on this graph.



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Revenues by Source – Governmental Activities

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



Financial Analysis of the Government's Funds

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

Governmental funds.

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

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$94.0 million, an increase of \$6.5 million from the prior year. A portion of this amount is restricted to indicate it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period 2) or for other restricted purposes.

Discussion of selected individual governmental funds is as follows:

General Fund (Major fund)

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, fund balance was \$25.9 million, a decrease of \$1.0 million from the prior year. Expenditures and transfers out for the General Fund totaled \$85.5 million during the year, this compares to FY2019 expenditures and transfers out of \$81.0 million. Key factors in the decrease of fund balance were supplemental appropriations for education of \$800,000 in order to provide unanticipated facility operations and maintenance funding for a school facility that was closed in June 2019 and therefore became the borough's facility to maintain, to facilitate required school facility accommodations for intensive needs students and unanticipated disaster appropriations above the originally adopted expenditure budget.

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

Fund balance in this service area increased \$1.5 million or approximately 29%, compared to the FY2019 increase of \$1.2 million primarily due to vacancies and employee turnover creating a lapse in personnel expenditure funds. Expenditures and transfers out totaled \$8,449,407 a decrease of \$22,875 compared to FY2019. The transfers for debt service increased \$15,000, while operational cost decreased \$755,165.

Nikiski Fire Service Area Special Revenue Fund (Major fund)

Fund balance in this service area increased \$558,666 in FY2020, compared to the FY2019 decrease of \$871,442. The increase in fund balance for FY2020 was mostly due to vacancies in personnel creating a lapse in the budgeted personnel wages of \$755,966.

Road Service Area Special Revenue Fund (Major fund)

Since FY2012 the Road Service Area has made an effort to grow fund balance due to the continued reduction of grant funds availability. Prior to FY2012 the service area depended on state grant funds to support capital projects, since then the grants have slowly declined, leaving the service area to support future capital projects with operating funds. For FY2020 the Service Area's fund balance increased \$805,281 from FY2019 while maintaining the increase in planned transfer to the capital project fund in order to support the projects while receiving less grant funding. The increase in fund balance was scheduled in order to continue to accomplish the aggressive capital project transfer requirements while maintaining the minimum fund balance required.

Solid Waste Capital Project Fund (Major fund)

Fund balance in this capital project fund increased \$366,885 in FY2020, compared to the FY2019 decrease of \$263,344. Fund balance consists of bond funds, closure and post closure liability funds, and local contributions. The bond funds continue to be liquidated in FY2020, reducing restricted fund balance, while local funds and closure and post closure liability funds increased mainly due to the timing of the project funding being in advance of the project expenditures.

General Fund Budgetary Highlights

During the year budgetary expenditures were increased by \$2.9 million and the transfers out were increased by \$1.4 million, including carryover encumbrances of \$180,000, in appropriations between the General Fund's original budget and the final amended budget. The primary reasons for amending the budget were as follows:

- The Assembly appropriated additional funds of \$150,000 increasing the Kenai Peninsula Tourism & Marketing Council grant for FY2020.
- Appropriated \$375,000 to provide annual maintenance on Soldotna Prep School Facility transferred to the Kenai Peninsula Borough since the KPBSD will no longer use the facility, therefore shifting management and facility care costs to the borough.
- Appropriated \$220,000 to fund a facilities management strategy plan that will identify financial and operating efficiencies throughout the borough.

- Appropriated \$1.0 million to fund the South Kalifornsky Beach Road Utility Special Assessment.
- In the Fall of 2019, additional funds of \$150,000 were appropriated to provide for burning brush at the Solid Waste Central Peninsula Landfill due to the rise in “firewise” activities across the borough.
- \$609,716 for in-kind contributions to the Public Employees’ Retirement System made by the State of Alaska on the Borough’s behalf.
- Appropriated and transferred \$425,000 to the School Capital project fund for expedited remodel of existing facilities at Kenai schools to accommodate the School District’s intensive needs program.
- Appropriated to transfer \$890,000 to the Disaster Relief Fund in order to support the Fall 2019 Swan Lake, Caribou Lake and North Fork Fires, Fall 2019 winter storm event and 2020 Covid-19 Pandemic.

General Fund Final Budget to Actual Analysis

- General Fund actual revenues and transfers in were \$1.4 million more than the final budget amounts. The most significant positive variances were in sales tax for \$692,442 and investment earnings of \$783,613. These positive variances were a result of unanticipated remote sales tax collections and additional sales tax receipts above originally anticipated, as well as favorable market conditions through February 2020 producing positive earnings.
- The general fund actual expenditures and transfers out were \$5.3 million below final budget amounts. The most significant positive variances were in general government and transfers out. General fund general government expenditures were \$3.7 million less than the final budget primarily as a result of savings in personnel and services through vacancies, attrition, and a budgeted but not expended special assessment appropriation of \$1.03 million.

Capital Assets and Debt Administration

Capital assets

The Borough’s investment in capital assets as of June 30, 2020 and June 30, 2019 amounts to \$220.0 million and \$219.1 million, respectively (net of accumulated depreciation.) This investment in capital assets includes land, buildings, machinery and equipment, roads, and infrastructure.

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

Road and Road improvements	\$ 1.1 million
Improvements at various solid waste facilities	\$ 1.1 million
Education facilities and Equipment	\$ 0.8 million
Fire and emergency services equipment	\$ 7.4 million

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

	Governmental activities <u>2020</u>	<u>2019</u>
Land	\$ 71.2	\$ 71.0
Buildings	87.0	92.4
Improvements other than buildings	23.8	25.8
Machinery and equipment	10.7	10.2
Infrastructure	14.3	13.8
Construction in progress	<u>13.0</u>	<u>5.8</u>
Total governmental funds capital assets	<u>\$ 220.0</u>	<u>\$ 219.1</u>

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

Long-term debt.

At the end of the current fiscal year, the Borough had total debt outstanding of \$37.6 million, a decrease of \$2.4 million from June 30, 2019. This debt is bonded and backed by the full faith and credit of either the Borough or Service Areas of the Borough. Of the \$37.6 million in bonded debt, \$29.6 million was issued for school improvements. The State of Alaska may reimburse the Borough up to 70% of the principal and interest on these bonds. The schedule shown below does not include compensated absences, closure/postclosure liability, net pension liability, or net OPEB liability.

	Governmental Activities	
	2020	2019
General obligation bonds	\$ 37.6	\$ 40.0

The Borough’s discretely presented component units also have debt outstanding at the end of the year totaling \$77.4 million, not including premiums and other cost. Of that amount, \$26.4 million was bonded and backed by the full faith and credit of various Service Areas of the Borough. Additional information on the Borough’s long-term debt can be found in note H on pages 69-71 of this report and table XII on page 157.

The Borough normally uses the Alaska Municipal Bond Bank (Bond Bank) to sell its bonds. The Bond Bank has a rating of AA from S&P and AA- from Fitch.

Economic Factors and the Next Year’s Budget and Rates

The average unemployment in the Borough for CY2019 stood at 6.8%, while CY2020 increased from April to August 2020 as a result of the covid-19 shutdown. A decrease from the two prior years’ rate of 7.7% in CY2018 and 8.2% for CY2017, this compares to the statewide average of 6.1%. Traditionally the Borough’s unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work in the fishing and tourism industry in the Borough. The Borough’s unemployment rate for the period January 2019 to June 2020 is up 6.6% when compared to the same period for 2019. This is expected to improve in CY2021, as communities and businesses recover from the covid-19 shutdown.

In 2001, the Borough established a fund balance policy that recommends both minimum and maximum amounts of fund balances for both operating and capital project funds for the General Fund and Service Areas. These levels are reviewed on an annual basis and the policy requires that fund balances exceeding the maximum or fund balances less than the minimum come back into compliance within 3 years. This is assessed each fiscal year as part of the budgetary process.

In addition, the Alaska legislature provided funding for Public Employees’ Retirement System (PERS) cost in excess of 22%, which was paid directly to PERS. The total on-behalf payment made by the State for FY2020 was \$1,446,442, of which the Borough reports \$1,215,030 and its component unit the Kenai Peninsula Borough School District reports \$231,412 along with their PERS and TRS contributions, as part of the local in-kind contribution from the Borough to the School District. This contribution includes the difference between the actuarially determined rate of 28.62% and the Borough contribution rate of 22.00%.

In addition, as part of their FY2015 budget, the Alaska State Legislature passed House Bill 385 (HB 385), which paid down \$1 billion of the Public Employees' Retirement System (PERS) defined benefits plan's unfunded liability (a closed plan). However, the bill also extended, by

nine years, the amortization period over which employers would pay down the debt. By statute, the required employer contribution is 22% of the employee's wages, with the State paying the balance of the actuarially determined amount. Under HB 385, the State's annual payments will be lower, but the total cost to employers will be much greater. For the Borough, an estimated additional \$14.5 million will be paid in retirement contributions for those additional nine years.

During fiscal year 2020, the State of Alaska maintained a AA rating from Standard & Poor's Ratings Services and a AA- credit rating from Fitch Ratings. Since fiscal year 2014 the State has been running declining unrestricted general fund deficits of approximately \$3 million to \$315 million per year due to low oil prices, expenditure levels and lack of new revenues.

In setting the budget for FY2021, the Borough considered a number of issues with Boroughwide impact, among them:

- Passing a FY2021 budget that balances General Fund expenditures with General Fund revenues.
- A sufficient level of funding necessary to meet the needs of Borough residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Borough's financial condition including compliance with the Borough's fund balance policy.
- The highest level of local educational funding that Borough's residents can reasonably afford and sustain.
- A high quality capital and operational maintenance program that ensures the continued use and economic value of Borough assets.
- The fiscal and economic impacts of the COVID-19 worldwide pandemic on the Kenai Peninsula Borough and the potential changes in revenue collection, budgetary shifts and community needs as a result of the pandemic. More discussion is provided on page 85, note M of the notes to the financial statements.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Kenai Peninsula Borough

Statement of Net Position

June 30, 2020

	<u>Primary Government</u>	<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Central Peninsula Hospital</u>	<u>South Peninsula Hospital</u>	<u>School District</u>
<u>Assets</u>				
Cash and short-term investments	\$ 5,878,129	\$ 72,363,300	\$ 24,938,717	\$ 11,945
Equity in central treasury	105,995,527	6,506,723	7,785,320	42,008,392
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	7,134,957	1,918	172,252	-
Accounts receivable	1,248,927	653,712	805,404	154,027
Patient receivables	-	21,586,418	11,157,033	-
Note receivable short-term	660,979	-	-	-
Land sale contracts receivable:				
Current	121,828	-	-	-
Delinquent	1,932	-	-	-
Due from other governments	4,949,202	-	-	2,650,634
Due from special assessment districts	1,849,990	-	-	-
Prepays	122,847	2,800,929	704,806	1,623,559
Inventory	-	7,554,629	1,557,289	1,049,295
Note receivable - long-term	2,459,945	-	-	-
Land sale contracts receivable - long-term	621,096	-	-	-
Net pension asset	-	-	3,164,836	-
Net OPEB asset	301,044	-	-	4,773,890
Restricted assets:				
Equity in central treasury - unspent bond proceeds	3,133,134	1,144,204	72,544	-
Equity in central treasury - bond funds held in reserve	-	8,027,281	-	-
Cash and short-term investments - medicare and medicaid	-	-	18,328,631	-
Assets whose use is limited:				
Cash and short-term investments	-	552,361	23,609	-
Equity in central treasury	-	42,607,579	4,318,831	-
Investments	-	227,894	-	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	71,226,716	3,863,973	1,416,393	-
Buildings	87,027,702	70,477,577	32,931,267	-
Improvements other than buildings	23,803,067	58,682	48,383	-
Machinery and equipment	10,676,316	47,197,359	4,942,936	2,429,784
Construction in progress	12,969,151	3,102,458	288,705	-
Infrastructure	14,315,067	-	-	-
Total assets	<u>354,497,556</u>	<u>288,726,997</u>	<u>112,656,956</u>	<u>54,701,526</u>
<u>Deferred Outflows of Resources</u>				
Unamortized deferred loss on refunding	217,908	475,308	497,800	-
Excess consideration paid for acquisition	-	252,700	-	-
Pension related	4,016,046	-	1,981,311	7,207,933
OPEB related	2,736,868	-	-	5,511,985
Total deferred outflows of resources	<u>6,970,822</u>	<u>728,008</u>	<u>2,479,111</u>	<u>12,719,918</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Statement of Net Position, Continued
June 30, 2020

	<u>Primary Government</u>		<u>Component Units</u>	
	Governmental	Central Peninsula	South Peninsula	School
	Activities	Hospital	Hospital	District
<u>Liabilities</u>				
Accounts, contracts and retainage payable	\$ 5,603,613	\$ 6,260,276	\$ 14,690,700	\$ 936,719
Accrued payroll and payroll benefits	879,355	3,120,879	2,222,596	7,538,917
Claims payable	2,944,825	3,607,503	1,781,435	4,748,512
Accrued interest	731,389	644,898	143,958	-
Unearned revenue	338,341	21,236,416	1,549,245	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	714,349	1,227,508	702,592	47,380
Landfill closure/postclosure	66,100	-	-	-
Long-term debt	3,880,000	6,806,000	4,277,561	-
Due in more than one year:				
Net pension liability	35,571,597	-	-	86,580,554
Net OPEB liability	1,190,402	-	-	1,214,936
Compensated absences	2,143,046	3,682,527	2,107,776	3,061,777
Landfill closure/postclosure	9,447,892	-	-	-
Long-term debt	35,694,106	60,592,412	16,761,647	-
Total liabilities	<u>99,205,015</u>	<u>107,178,419</u>	<u>44,237,510</u>	<u>104,128,795</u>
<u>Deferred Inflows of Resources</u>				
Prepaid property taxes	14,387,076	13,238	546,520	-
Pension related	1,842,860	-	237,539	3,223,943
OPEB related	1,511,667	-	-	4,204,201
Total deferred inflows of resources	<u>17,741,603</u>	<u>13,238</u>	<u>784,059</u>	<u>7,428,144</u>
<u>Net Position</u>				
Net investment in capital assets	183,544,601	58,921,148	23,039,890	2,429,784
Restricted:				
Hazard tree removal program	288,907	-	-	-
General government	892,802	-	-	-
Public safety	16,991,110	-	-	-
Recreation	1,850,145	-	-	-
Education	2,759,198	-	-	2,016,374
Solid waste	497,442	-	-	-
Roads	5,379,836	-	-	-
Charter schools	-	-	-	-
Malpractice trust	-	-	-	-
Hospital expansion project	-	11,348,529	141,944	-
Unrestricted	32,317,719	111,993,671	46,932,664	(48,581,653)
Total net position	<u>\$ 244,521,760</u>	<u>\$ 182,263,348</u>	<u>\$ 70,114,498</u>	<u>\$ (44,135,495)</u>

The accompanying notes are an integral part of the financial statements

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Kenai Peninsula Borough
Statement of Activities
For the Year Ended June 30, 2019

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 13,410,337	\$ 131,543	\$ 3,182,201	\$ 177,046
Solid waste	8,408,895	552,666	32,227	-
Public safety	18,333,972	1,205,721	5,625,030	1,408,606
Recreation	1,809,603	181,248	57,330	-
Education	59,521,703	-	1,283,885	1,002,865
Environmental protection	93,319	-	21,867	-
Roads and trails	8,127,563	-	54,595	1,535,741
Interest on long-term debt	910,714	-	260,745	-
Total primary government	<u>\$ 110,616,106</u>	<u>\$ 2,071,178</u>	<u>\$ 10,517,880</u>	<u>\$ 4,124,258</u>
Component units -				
Central Peninsula Hospital	\$ 168,485,659	\$ 169,395,367	\$ 10,791,083	\$ -
South Peninsula Hospital	77,176,301	76,676,790	5,445,419	-
Kenai Peninsula Borough School District	142,010,569	584,617	18,219,435	-
Total component units	<u>\$ 387,672,529</u>	<u>\$ 246,656,774</u>	<u>\$ 34,455,937</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Grants not restricted to specific programs

Investment earnings

Payments from Kenai Peninsula Borough

Miscellaneous

Total general revenues

Change in net position (deficit)

Net position (deficit) at beginning of year

Net position (deficit) at end of year

Net (Expense) Revenue and Changes in Net Position

Primary Government Governmental Activities	Component Units		
	Central Peninsula Hospital	South Peninsula Hospital	School District
\$ (9,919,547)	\$ -	\$ -	\$ -
(7,824,002)	-	-	-
(10,094,615)	-	-	-
(1,571,025)	-	-	-
(57,234,953)	-	-	-
(71,452)	-	-	-
(6,537,227)	-	-	-
(649,969)	-	-	-
<u>(93,902,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	11,700,791	-	-
-	-	4,945,908	-
-	-	-	(123,206,517)
<u>-</u>	<u>11,700,791</u>	<u>4,945,908</u>	<u>(123,206,517)</u>
69,258,098	59,076	4,675,175	-
32,964,904	-	-	-
5,377,220	-	-	89,875,235
4,368,749	382,685	510,037	1,203,960
-	-	-	52,489,253
32,928	-	-	228,456
<u>112,001,899</u>	<u>441,761</u>	<u>5,185,212</u>	<u>143,796,904</u>
18,099,109	12,142,552	10,131,120	20,590,387
<u>226,422,651</u>	<u>170,120,796</u>	<u>59,983,378</u>	<u>(64,725,882)</u>
<u>\$ 244,521,760</u>	<u>\$ 182,263,348</u>	<u>\$ 70,114,498</u>	<u>\$ (44,135,495)</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Governmental Funds
Balance Sheet
June 30, 2020

<u>Assets</u>	<u>General Fund</u>	<u>Solid Waste Capital Project Fund</u>	<u>Nikiski Fire Service Area Special Revenue Fund</u>
Cash and short-term investments	\$ 1,010	\$ -	\$ 1,286
Equity in central treasury	21,846,706	11,054,940	7,718,957
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	6,560,055	-	88,915
Accounts receivable	358,649	-	78,451
Note receivable short-term	660,979	-	-
Land sale contracts receivable:			
Current	-	-	-
Delinquent	-	-	-
Due from other governments	967,319	-	13,684
Due from special assessment districts	1,849,990	-	-
Due from other funds	1,160,954	-	-
Prepays	9,446	-	-
Note receivable long-term	2,459,945	-	-
Land sale contracts receivable -			
Long-term	-	-	-
Restricted assets -			
Equity in central treasury - unspent bond proceeds	-	497,442	-
Total assets	\$ 35,875,053	\$ 11,552,382	\$ 7,901,293
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	1,416,493	207,025	26,672
Accrued payroll and payroll benefits	444,005	777	79,686
Due to other funds	-	-	-
Unearned revenue	3,194	-	-
Total liabilities	1,863,692	207,802	106,358
Deferred inflows of resources:			
Prepaid property taxes	7,247,344	-	2,878,150
Property tax receivable - unavailable	859,396	-	83,481
Land sales - unavailable	-	-	-
Total deferred inflows of resources	8,106,740	-	2,961,631
Fund balances:			
Nonspendable:			
Long-term notes receivable	2,459,945	-	-
Prepays	9,446	-	-
Restricted:			
Landfill closure/postclosure costs	-	9,513,992	-
Hazard tree removal program	-	-	-
General government	91,000	-	-
Public safety	-	-	4,833,304
Recreation	-	-	-
Education	-	-	-
Solid Waste	-	497,442	-
Roads	-	-	-
Committed:			
Software upgrades	13,417	-	-
Building maintenance and upgrades	219,585	-	-
Public safety facilities and equipment	1,118,101	-	-
Recreational facility maintenance	-	-	-
School maintenance and upgrades	-	-	-
Solid waste facilities	-	1,304,146	-
Road construction and upgrades	-	-	-
Land development projects	-	-	-
General government	265,282	-	-
Assigned:			
Subsequent year's expenditures	10,887,156	29,000	-
Minimum fund balance policy	10,840,689	-	-
General government	-	-	-
Total fund balances	25,904,621	11,344,580	4,833,304
Total liabilities, deferred inflows of resources and fund balances	\$ 35,875,053	\$ 11,552,382	\$ 7,901,293

The accompanying notes are an integral part of the financial statements

Road Service Area Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 5,805,683	\$ 5,807,979
7,942,045	40,933,720	89,496,368
205,448	280,539	7,134,957
650	731,566	1,169,316
-	-	660,979
-	121,828	121,828
-	1,932	1,932
37,623	3,824,881	4,843,507
-	-	1,849,990
-	-	1,160,954
-	-	9,446
-	-	2,459,945
-	621,096	621,096
-	2,635,692	3,133,134
<u>\$ 8,185,766</u>	<u>\$ 54,956,937</u>	<u>\$ 118,471,431</u>
524,076	3,377,505	5,551,771
24,557	313,647	862,672
-	1,160,954	1,160,954
-	335,147	338,341
<u>548,633</u>	<u>5,187,253</u>	<u>7,913,738</u>
2,066,369	2,195,213	14,387,076
190,928	252,719	1,386,524
-	745,769	745,769
<u>2,257,297</u>	<u>3,193,701</u>	<u>16,519,369</u>
-	-	2,459,945
-	-	9,446
-	-	9,513,992
-	288,907	288,907
-	801,802	892,802
-	12,157,806	16,991,110
-	1,850,145	1,850,145
-	2,759,198	2,759,198
-	-	497,442
5,379,836	-	5,379,836
-	138,163	151,580
-	43,807	263,392
-	6,089,652	7,207,753
-	1,273,414	1,273,414
-	3,384,635	3,384,635
-	-	1,304,146
-	4,809,291	4,809,291
-	5,800,418	5,800,418
-	36,285	301,567
-	5,675,267	16,591,423
-	-	10,840,689
-	1,467,193	1,467,193
<u>5,379,836</u>	<u>46,575,983</u>	<u>94,038,324</u>
<u>\$ 8,185,766</u>	<u>\$ 54,956,937</u>	<u>\$ 118,471,431</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2020

Fund balances - total governmental funds	\$	94,038,324
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		217,585,226
<p>The PERS ODD OPEB plan has been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the governmental funds.</p>		301,044
<p>Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
Bonds payable	\$ (37,550,000)	
Unamortized bond premium	(2,024,106)	
Accrued interest	(731,389)	
Unamortized deferred loss on refunding	217,908	
Landfill closure	(9,513,992)	
Accrued interest subsidy	105,695	
Net pension liability	(35,571,597)	
Net OPEB liability	<u>(1,190,402)</u>	(86,257,883)
<p>Deferred outflows of resources and deferred inflows of resources related to pension are applicable to future periods, and therefore are not reported in the governmental funds:</p>		
Deferred outflows for pensions	4,016,046	
Deferred inflows for pensions	<u>(1,842,860)</u>	2,173,186
<p>Deferred outflows of resources and deferred inflows of resources related to other post employment benefit (OPEB) are applicable to future periods, and therefore are not reported in the governmental funds:</p>		
Deferred outflows for OPEB	2,736,868	
Deferred inflows for OPEB	<u>(1,511,667)</u>	1,225,201
<p>Some of the Borough's receivables will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds.</p>		
Property taxes receivable	1,386,524	
Land sales contracts receivable	<u>745,769</u>	2,132,293
<p>Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.</p>		<u>13,324,369</u>
Net position of governmental activities	\$	<u><u>244,521,760</u></u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Solid Waste Capital Project Fund	Nikiski Fire Service Area Special Revenue Fund
Revenues:			
Property taxes	\$ 41,397,579	\$ -	\$ 5,044,135
Sales tax	32,964,904	-	-
Intergovernmental:			
Federal	4,027,586	-	3,476
State	3,453,410	-	229,412
Investment earnings	1,720,557	320,889	212,834
Interest subsidy	-	-	-
Other revenues	776,368	-	298,853
Total revenues	<u>84,340,404</u>	<u>320,889</u>	<u>5,788,710</u>
Expenditures:			
General government	15,327,350	-	-
Solid waste	6,284,565	1,054,612	-
Public safety	678,822	-	3,772,164
Recreation	-	-	-
Education	53,332,216	-	-
Environmental protection	-	-	-
Roads and trails	-	-	-
Debt service:			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	<u>75,622,953</u>	<u>1,054,612</u>	<u>3,772,164</u>
Excess (deficiency) of revenues over expenditures	<u>8,717,451</u>	<u>(733,723)</u>	<u>2,016,546</u>
Other financing sources (uses):			
Bonds issued	-	-	-
Premium on bond issuance	-	-	-
Insurance proceeds	-	-	-
Transfers in	175,000	1,100,608	-
Transfers out	(9,890,441)	-	(1,457,880)
Net other financing sources (uses)	<u>(9,715,441)</u>	<u>1,100,608</u>	<u>(1,457,880)</u>
Net change in fund balances	(997,990)	366,885	558,666
Fund balances at beginning of year	<u>26,902,611</u>	<u>10,977,695</u>	<u>4,274,638</u>
Fund balances at end of year	<u>\$ 25,904,621</u>	<u>\$ 11,344,580</u>	<u>\$ 4,833,304</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued
For the Year Ended June 30, 2020

	Road Service Area Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 8,482,329	\$ 14,287,239	\$ 69,211,282
Sales tax	-	-	32,964,904
Intergovernmental:			
Federal	-	5,227,706	9,258,768
State	39,135	2,107,688	5,829,645
Investment earnings	286,294	1,361,371	3,901,945
Interest subsidy	-	260,745	260,745
Other revenues	192	4,699,716	5,775,129
Total revenues	<u>8,807,950</u>	<u>27,944,465</u>	<u>127,202,418</u>
Expenditures:			
General government	-	1,735,645	17,062,995
Solid waste	-	-	7,339,177
Public safety	-	21,467,047	25,918,033
Recreation	-	2,129,578	2,129,578
Education	-	2,152,546	55,484,762
Environmental protection	-	93,319	93,319
Roads and trails	6,002,669	2,934,020	8,936,689
Debt service:			
Principal	-	3,705,000	3,705,000
Interest and other	-	1,968,663	1,968,663
Total expenditures	<u>6,002,669</u>	<u>36,185,818</u>	<u>122,638,216</u>
Excess (deficiency) of revenues over expenditures	<u>2,805,281</u>	<u>(8,241,353)</u>	<u>4,564,202</u>
Other financing sources (uses):			
Bonds issued	-	1,335,000	1,335,000
Premium on bond issuance	-	276,196	276,196
Insurance proceeds	-	349,627	349,627
Transfers in	-	15,790,873	17,066,481
Transfers out	(2,000,000)	(3,718,160)	(17,066,481)
Net other financing sources (uses)	<u>(2,000,000)</u>	<u>14,033,536</u>	<u>1,960,823</u>
Net change in fund balances	805,281	5,792,183	6,525,025
Fund balances at beginning of year	<u>4,574,555</u>	<u>40,783,800</u>	<u>87,513,299</u>
Fund balances at end of year	<u>\$ 5,379,836</u>	<u>\$ 46,575,983</u>	<u>\$ 94,038,324</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of the Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ 6,525,025

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

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

Expenditures for capital assets	\$ 10,796,258	
Less current year depreciation	<u>(10,400,187)</u>	396,071

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position. (246,777)

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

Bonds issued	(1,335,000)	
Principal payments	3,705,000	
Net decrease in bond premium	785,319	
Net decrease in bond deferred loss on refunding	<u>(80,570)</u>	3,074,749

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

Property taxes	46,816	
Accrued interest subsidy	<u>(5,898)</u>	40,918

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Decrease in accrued interest	77,004	
Increase in landfill closure cost	<u>(784,508)</u>	(707,504)

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. (943,383)

Changes related to net OPEB liability and related accounts can increase or decrease net position. This is the net increase in equity due to changes in net OPEB liability, asset and the related deferred inflows and outflows. 7,895,648

Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net position of internal service funds is reported with governmental activities. 2,064,362

Change in net position of governmental activities \$ 18,099,109

Kenai Peninsula Borough
 General Fund
 Statement of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Property taxes	\$ 41,307,893	\$ 41,307,893	\$ 41,397,579	\$ 89,686
Sales tax	32,272,462	32,272,462	32,964,904	692,442
Intergovernmental	4,725,672	7,346,052	7,480,996	134,944
Investment earnings	936,944	936,944	1,720,557	783,613
Other	1,100,000	1,100,000	776,368	(323,632)
Total revenues	<u>80,342,971</u>	<u>82,963,351</u>	<u>84,340,404</u>	<u>1,377,053</u>
Expenditures:				
General government:				
Assembly:				
Personnel	906,472	926,914	876,469	50,445
Supplies	14,685	18,795	8,383	10,412
Services	509,675	506,018	454,027	51,991
Capital outlay	2,000	9,043	7,837	1,206
Total assembly	<u>1,432,832</u>	<u>1,460,770</u>	<u>1,346,716</u>	<u>114,054</u>
Mayor:				
Personnel	755,334	784,171	689,861	94,310
Supplies	3,200	3,200	1,707	1,493
Services	57,375	56,156	44,210	11,946
Capital outlay	1,150	3,869	2,571	1,298
Total mayor	<u>817,059</u>	<u>847,396</u>	<u>738,349</u>	<u>109,047</u>
Purchasing and contracting:				
Personnel	536,628	566,356	522,199	44,157
Supplies	6,516	8,616	4,568	4,048
Services	75,361	80,968	50,383	30,585
Capital outlay	4,700	9,793	5,058	4,735
Total purchasing and contracting	<u>623,205</u>	<u>665,733</u>	<u>582,208</u>	<u>83,525</u>
Human resources:				
Personnel	788,482	861,896	816,630	45,266
Supplies	19,674	20,392	19,223	1,169
Services	147,262	138,635	107,616	31,019
Capital outlay	1,002	2,455	2,405	50
Total human resources	<u>956,420</u>	<u>1,023,378</u>	<u>945,874</u>	<u>77,504</u>
Information technology:				
Personnel	1,629,437	1,672,629	1,548,910	123,719
Supplies	38,355	38,355	30,393	7,962
Services	324,888	347,496	303,745	43,751
Capital outlay	22,833	22,833	22,728	105
Total information technology	<u>2,015,513</u>	<u>2,081,313</u>	<u>1,905,776</u>	<u>175,537</u>
Legal:				
Personnel	795,484	828,102	784,089	44,013
Supplies	3,150	2,720	2,034	686
Services	193,855	342,705	180,023	162,682
Capital outlay	1,551	3,881	2,273	1,608
Total legal	<u>994,040</u>	<u>1,177,408</u>	<u>968,419</u>	<u>208,989</u>
Finance:				
Personnel	2,590,159	2,686,413	2,426,129	260,284
Supplies	16,200	13,179	8,664	4,515
Services	742,541	742,770	664,987	77,783
Capital outlay	7,396	14,935	14,384	551
Total finance	<u>3,356,296</u>	<u>3,457,297</u>	<u>3,114,164</u>	<u>343,133</u>

(Continued)

Kenai Peninsula Borough
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - continued
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government expenditures, continued:				
Assessing:				
Personnel	\$ 2,950,494	\$ 3,049,649	\$ 2,651,779	\$ 397,870
Supplies	9,250	16,570	16,161	409
Services	429,895	417,263	344,120	73,143
Capital outlay	10,408	23,720	23,397	323
Total assessing	<u>3,400,047</u>	<u>3,507,202</u>	<u>3,035,457</u>	<u>471,745</u>
Planning:				
Personnel	2,199,250	2,247,006	1,657,805	589,201
Supplies	59,430	64,355	31,912	32,443
Services	392,152	376,092	281,419	94,673
Capital outlay	9,300	14,375	9,432	4,943
Total planning	<u>2,660,132</u>	<u>2,701,828</u>	<u>1,980,568</u>	<u>721,260</u>
Economic development:				
Services	275,000	425,000	284,568	140,432
Total economic development	<u>275,000</u>	<u>425,000</u>	<u>284,568</u>	<u>140,432</u>
Non-departmental:				
Personnel	50,000	65,742	6,966	58,776
Supplies	-	30,207	25,699	4,508
Services	9,867	1,587,899	390,531	1,197,368
Capital outlay	-	2,055	2,055	-
Total non-departmental	<u>59,867</u>	<u>1,685,903</u>	<u>425,251</u>	<u>1,260,652</u>
Total general government	<u>16,590,411</u>	<u>19,033,228</u>	<u>15,327,350</u>	<u>3,705,878</u>
Solid waste:				
Personnel	2,080,652	2,093,679	2,028,013	65,666
Supplies	375,737	373,745	319,630	54,115
Services	3,850,970	4,200,930	3,921,741	279,189
Capital outlay	4,762	92,834	15,181	77,653
Total solid waste	<u>6,312,121</u>	<u>6,761,188</u>	<u>6,284,565</u>	<u>476,623</u>
Public safety:				
Personnel	516,962	541,285	429,237	112,048
Supplies	22,500	23,929	23,183	746
Services	274,731	261,836	209,652	52,184
Capital outlay	8,676	17,676	16,750	926
Total public safety	<u>822,869</u>	<u>844,726</u>	<u>678,822</u>	<u>165,904</u>
Education:				
School District contributions	52,489,253	52,489,253	52,489,253	-
Post secondary education	847,186	842,963	842,963	-
Total education	<u>53,336,439</u>	<u>53,332,216</u>	<u>53,332,216</u>	<u>-</u>
Total expenditures	<u>77,061,840</u>	<u>79,971,358</u>	<u>75,622,953</u>	<u>4,348,405</u>
Excess of revenues over expenditures	<u>3,281,131</u>	<u>2,991,993</u>	<u>8,717,451</u>	<u>5,725,458</u>
Other financing sources (uses):				
Transfers in	175,000	175,000	175,000	-
Transfers out	(9,443,647)	(10,807,622)	(9,890,441)	917,181
Net other financing sources (uses)	<u>(9,268,647)</u>	<u>(10,632,622)</u>	<u>(9,715,441)</u>	<u>917,181</u>
Net change in fund balance	(5,987,516)	(7,640,629)	(997,990)	6,642,639
Fund balance at beginning of year	26,902,611	26,902,611	26,902,611	-
Fund balance at end of year	<u>\$ 20,915,095</u>	<u>\$ 19,261,982</u>	<u>\$ 25,904,621</u>	<u>\$ 6,642,639</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Nikiski Fire Service Area Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 4,997,763	\$ 4,997,763	\$ 5,000,059	\$ 2,296
Motor vehicle tax	53,324	53,324	44,076	(9,248)
Intergovernmental:				
Federal	-	3,476	3,476	-
State	-	127,467	229,412	101,945
Investment earnings	168,370	168,370	212,834	44,464
Other revenues	340,000	340,000	298,853	(41,147)
Total revenues	<u>5,559,457</u>	<u>5,690,400</u>	<u>5,788,710</u>	<u>98,310</u>
Expenditures:				
Public safety:				
Personnel	3,463,756	3,591,223	2,835,257	755,966
Supplies	268,056	268,056	193,077	74,979
Services	841,203	841,241	625,600	215,641
Capital outlay	219,123	222,561	118,230	104,331
Total expenditures	<u>4,792,138</u>	<u>4,923,081</u>	<u>3,772,164</u>	<u>1,150,917</u>
Excess (deficiency) of revenues over expenditures	<u>767,319</u>	<u>767,319</u>	<u>2,016,546</u>	<u>1,249,227</u>
Other financing sources (uses):				
Transfers out	<u>(457,880)</u>	<u>(1,457,880)</u>	<u>(1,457,880)</u>	<u>-</u>
Net change in fund balance	309,439	(690,561)	558,666	1,249,227
Fund balance at beginning of year	<u>4,274,638</u>	<u>4,274,638</u>	<u>4,274,638</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,584,077</u>	<u>\$ 3,584,077</u>	<u>\$ 4,833,304</u>	<u>\$ 1,249,227</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Road Service Area Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 8,376,527	\$ 8,376,527	\$ 8,361,150	\$ (15,377)
Motor vehicle tax	146,449	146,449	121,179	(25,270)
Intergovernmental:				
State	-	39,135	39,135	-
Investment earnings	48,391	48,391	286,294	237,903
Other revenues	-	-	192	192
Total revenues	<u>8,571,367</u>	<u>8,610,502</u>	<u>8,807,950</u>	<u>197,448</u>
Expenditures:				
Roads and Trails:				
Personnel	961,993	1,026,128	886,512	139,616
Supplies	76,050	76,050	59,274	16,776
Services	5,322,542	5,291,727	5,028,177	263,550
Capital outlay	<u>4,000</u>	<u>35,200</u>	<u>28,706</u>	<u>6,494</u>
Total expenditures	<u>6,364,585</u>	<u>6,429,105</u>	<u>6,002,669</u>	<u>426,436</u>
Excess (deficiency) of revenues over expenditures	<u>2,206,782</u>	<u>2,181,397</u>	<u>2,805,281</u>	<u>623,884</u>
Other financing sources (uses):				
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Net change in fund balance	206,782	181,397	805,281	623,884
Fund balance at beginning of year	<u>4,574,555</u>	<u>4,574,555</u>	<u>4,574,555</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,781,337</u>	<u>\$ 4,755,952</u>	<u>\$ 5,379,836</u>	<u>\$ 623,884</u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Proprietary Funds
Statement of Net Position
June 30, 2020

	Governmental Activities Internal Service Funds
Assets	
Current assets:	
Cash and short-term investments	\$ 70,150
Equity in central treasury	<u>16,499,159</u>
	16,569,309
Other receivables	79,611
Prepays	<u>113,401</u>
Total current assets	<u>16,762,321</u>
Capital assets:	
Equipment	3,440,994
Less accumulated depreciation	<u>(1,008,201)</u>
Total capital assets (net of accumulated depreciation)	<u>2,432,793</u>
Total assets	<u>19,195,114</u>
Liabilities	
Current liabilities:	
Accounts and contracts payable	51,842
Accrued payroll and payroll benefits	16,683
Claims payable	2,944,825
Compensated absences	<u>714,349</u>
Total current liabilities	3,727,699
Noncurrent liabilities - Compensated absences	<u>2,143,046</u>
Total liabilities	<u>5,870,745</u>
Net Position	
Investment in capital assets	2,432,793
Unrestricted	<u>10,891,576</u>
Total net position	<u><u>\$ 13,324,369</u></u>

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2020

	Governmental Activities Internal Service Funds
Operating revenues:	
Charges for sales and services	\$ 14,333,430
Intergovernmental state revenues - PERS on-behalf contribution	21,464
Total operating revenues	14,354,894
Operating expenses:	
Administrative services	3,257,412
Insurance premiums	2,779,808
Self-insured losses	6,241,926
Depreciation	417,954
Total operating expenses	12,697,100
Operating income (loss)	1,657,794
Non-operating revenues (expense):	
Investment earnings	472,702
Gain (loss) on disposal of assets	(66,234)
Other	100
Net non-operating revenues (expense)	406,568
Change in net position	2,064,362
Net position at beginning of year	11,260,007
Net position at end of year	\$ 13,324,369

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Governmental Activities Internal Service Funds
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 14,333,430
Payments to suppliers	(9,741,097)
Payments to employees	(2,817,504)
Other program revenue - PERS on-behalf	21,464
Net cash provided by operating activities	1,796,293
 Cash flows for capital and related financing activities:	
Purchase of capital assets	(1,314,873)
 Cash flows from investing activities:	
Investment earnings	472,702
Lease income	100
Net cash provided by investing activities	472,802
 Net increase in cash and cash equivalents	954,222
 Cash and cash equivalents at beginning of year	15,615,087
 Cash and cash equivalents at end of year	\$ 16,569,309
 Reconciliation of cash and cash equivalents to Statement of Net Position:	
Cash and short-term investments	70,150
Equity in central treasury	16,499,159
Cash and cash equivalents, end of year	\$ 16,569,309
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,657,794
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	417,954
Change in assets and liabilities:	
(Increase) decrease in other receivables	82,867
(Increase) decrease in prepaids	(113,401)
Increase (decrease) in accounts and contracts payable	(83,318)
Increase (decrease) in accrued payroll and payroll benefits	7,628
Increase (decrease) in claims payable	(117,307)
Increase (decrease) in compensated absences	(55,924)
Total adjustments	138,499
Net cash provided (used) by operating activities	\$ 1,796,293

The accompanying notes are an integral part of the financial statements

Kenai Peninsula Borough
 Fiduciary Funds
 Statement of Fiduciary Fund Assets & Liabilities
 June 30, 2020

	Agency Funds
<u>Assets</u>	
Equity in central treasury	\$ 2,020,081
Taxes receivable	93,686
Due from landowners	818,954
Total assets	\$ 2,932,721
 <u>Liabilities</u>	
Administration fee payable	69,894
Due to landowners	398,520
Loans payable	1,849,990
Due to other entities:	
City of Homer	142,863
City of Kachemak City	620
City of Kenai	338,171
City of Seldovia	7,092
City of Seward	30,937
City of Soldotna	94,634
Total liabilities	\$ 2,932,721

The accompanying notes are an integral part of the financial statements

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INDEX TO NOTES

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

<u>NOTE</u>	<u>PAGE</u>
I. Summary of Significant Accounting Policies.....	47
A. Reporting Entity	47
Discretely Presented Component Units	47
B. Government-Wide and Fund Financial Statements	48
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation .	48
D. Assets, Liabilities, and Net Position	49
1. Deposits and Investments	49
2. Receivables and Payables	50
3. Inventories	50
4. Prepaid Items	50
5. Restricted Assets.....	50
6. Capital Assets	50
7. Compensated Absences.....	51
8. Long-Term Obligations.....	51
9. Fund Balances and Fund Balance Flow Assumptions.....	51
10. Minimum Fund Balance Policy.....	52
11. Net Position and Net Position Flow Assumptions.....	52
12. Deferred Outflows/Inflows of Resources	53
13. Encumbrances	53
14. Pensions and Other Post Employment Benefits (OPEB)	53
15. Estimates	53
II. Stewardship, Compliance and Accountability	54
A. Budgetary Information	54
III. Detailed Notes on All Funds.....	55
A. Deposit and Investment Risk Disclosure	55
B. Property Taxes.....	62
C. Receivables	63
D. Deferred Inflows or Resources, Outflows and Unearned Revenues.....	64
E. Capital Assets	65
F. Interfund Receivables, Payables and Transfers	66
G. Risk Management.....	67
H. Long-Term Liabilities	69
I. Commitments and Contingencies	71
1. Loss Contingencies	71
2. Grants	71
J. Pension and Other Post Employment Benefits Plans	72
K. Landfill Closure and Postclosure Care Cost.....	84
L. Debt Issued Subsequent to Year End	84
M. Significant Events.....	85
N. New Accounting Pronouncements	86

Kenai Peninsula Borough
Notes to Financial Statements
June 30, 2020

I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

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

Discretely Presented Component Units

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Borough's only fiduciary funds are its agency funds. Agency funds have no measurement focus but follow the accrual basis of accounting.

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

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

The Borough reports the following major governmental funds:

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

The Solid Waste Capital Project Fund accounts for unspent bond proceeds, operating transfers in, interest earnings, and acquisition and construction of major capital facilities of the solid waste program. The borough elected to report the Solid Waste Capital Project Fund as a Major fund in FY2020 for reporting consistency.

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

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

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

Additionally, the Borough reports the following fund types:

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

The Agency Funds account for tax collection services provided to other governments located within the Kenai Peninsula Borough and for utility special assessment districts billing and collections.

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

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

1. Deposits and Investments

The Borough utilizes a central treasury to aggregate cash from all funds, the School District, CPH and SPH for cash management and investment purposes. Each fund has an account titled "equity in central treasury" which is the cash balance of that fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their average equity balance during the month. At June 30, 2020, investments for the government, as well as for its component units, are reported at fair value.

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

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

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

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

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

2. Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 2.5% of the current year personal property tax levy.

3. Inventories

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items. Prepaids are recognized when incurred and the expenditure is recorded in the period that is benefited using the consumption method.

5. Restricted Assets

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental columns in the

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

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

7. Compensated Absences

The Borough and Service Areas recognize a liability for the net amount of accrued vacation. Accumulated vacation may be received in cash, subject to certain restrictions. The obligation of accumulated unpaid personal leave amounts to \$2,857,395 at June 30, 2020. Of the total accumulated unpaid vacation at June 30, 2020, \$714,349 is expected to be paid out within one year; this is a decrease of \$13,981 from June 30, 2019. An internal service fund, Employee Compensated Leave Fund, was established to account for resources accumulated to provide for compensated absences for the Borough's governmental activities. The Borough does not accrue a liability for non-vested sick leave, payable only in the event of employee absence due to illness. That amount is \$126,784 at June 30, 2020, a decrease of \$89,217 from June 30, 2019.

8. Long-term Obligations

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

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

9. Fund Balances and Fund Balance Flow Assumptions

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

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

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

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Borough Assembly, the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Assembly rescinds or modifies the commitment through the ordinance process, the same formal action used to create the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the Borough’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly has delegated the assignment ability to the Finance Director through Resolution 2011-067. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

10. Minimum Fund Balance Policy

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

11. Net Position and Net Position Flow Assumptions

Net position represents the residual interest in the Borough’s assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets include capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Sometimes the Borough will fund outlays for a purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough’s policy to consider restricted net position constraints and items before unrestricted net position is applied.

12. Deferred Outflows/Inflows of Resources

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

13. Encumbrances

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

Significant encumbrances exceeding \$100,000 as of June 30, 2020 were:

<u>Description/Program</u>	<u>Major Funds</u>		<u>Nonmajor</u>
	<u>General Fund</u>	<u>Solid Waste Capital Project Fund</u>	<u>Other Gov't Funds</u>
Public Safety Facilities and equipment	\$ -	\$ -	\$ 2,776,218
Hazard Tree Removal	-	-	103,377
Recreational Facility upgrades	-	-	347,667
Educational facilities and equipment	-	-	190,563
Roads/paths construction and upgrades	-	-	1,112,777
Solid waste facilities	-	395,196	-
Roads/paths construction and upgrades	<u>116,955</u>	<u>-</u>	<u>-</u>
Total	\$ <u>116,955</u>	\$ <u>395,196</u>	\$ <u>4,530,602</u>

14. Pensions and Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that

affect reporting amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II – Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

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

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

III – Detailed Notes on all Funds

A. Deposit and Investment Risk Disclosure

As of June 30, 2020, the Borough, School District, CPH and SPH’s investments were as follows:

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)		
		Less than 1	1-3	3-5
Central Treasury				
Unrestricted:				
Money Market Funds	\$ 22,968,807	\$ 22,968,807	\$ -	\$ -
Repurchase Agreements	14,721,529	14,721,529	-	-
Certificate of Deposit	498,398	249,158	249,240	-
U.S. Treasuries	18,239,147	-	214,624	18,024,523
U.S. Agencies	43,275,343	-	22,238,574	21,036,769
Asset-Backed Securities**	6,842,024	186,545	5,333,799	1,321,680
Municipal Bonds	18,476,358	5,864,139	7,880,415	4,731,804
Corporate Fixed Income Bonds	45,693,448	16,822,836	25,059,778	3,810,834
	<u>\$ 170,715,054</u>	<u>\$ 60,813,014</u>	<u>\$ 60,976,430</u>	<u>\$ 48,925,610</u>
Central Treasury–Restricted:				
Money Market Funds	3,485,445	3,485,445	-	-
Repurchase Agreements	15,223,018	15,223,018	-	-
AMLIP	15,952,396	15,952,396	-	-
U.S. Treasuries	7,167,349	7,167,349	-	-
U.S. Agencies	17,475,365	17,475,365	-	-
	<u>\$ 59,303,573</u>	<u>\$ 59,303,573</u>	<u>-</u>	<u>-</u>
Total Central Treasury Investments	<u>\$ 230,018,627</u>	<u>\$ 120,116,587</u>	<u>\$ 60,976,430</u>	<u>\$ 48,925,610</u>
Land Trust Investment Fund (LTIF):				
Money Market Funds	298,419	298,419		
U.S. Fixed Income	1,489,854	1,489,854		
TIPS	574,196	574,196		
International Bonds	286,341	286,341		
Equities	2,798,171	2,798,171		
Alternatives/real assets	349,067	349,067		
Total LTIF Investments	<u>\$ 5,796,048</u>	<u>\$ 5,796,048</u>		
Total Central Treasury & LTIF Investments	<u>\$ 235,814,675</u>	<u>\$ 125,912,635</u>	<u>\$ 60,976,430</u>	<u>\$ 48,925,610</u>

*Market value plus accrued income.

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

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

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

Fair Value Measurement: The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Borough has the following recurring fair value measurements as of June 30, 2020:

Investments Measured at Fair Value

Investments by Fair Value Level	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 26,752,670	\$ 26,752,670	\$ -	\$ -
U.S. Treasuries	25,406,496	23,406,896	1,999,600	-
U.S. Agencies	60,750,708	-	60,750,708	-
Asset-Backed				
Securities	6,842,024	-	6,842,024	-
Municipal Bonds	18,476,358	-	18,476,358	-
Corporate Bonds	45,693,448	-	45,693,448	-
Certificate of Deposit	498,398	-	498,398	-
U.S. Fixed Income	1,489,854	1,489,854	-	-
TIPS	574,196	574,196	-	-
International Bonds	286,341	286,341	-	-
Equities	2,798,171	2,798,171	-	-
Alternatives/real assets	349,067	349,067	-	-
Total Investments at fair value level	189,917,732	\$ 55,657,195	\$ 134,260,536	\$ -
AMLIP *	15,952,396			
Repurchase Agreements	29,944,547			
Total Central Treasury and LTIF investments	\$ 235,814,675			

* The Borough's investment in Repurchase Agreements and AMLIP are measured at amortized cost, as of June 30, 2020. Management believes these values approximate fair value.

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

The AMLIP is an external investment pool, which is rated AAAM by Standard and Poor's Corporation for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. On a monthly basis the investments in the pool are reviewed for fair value by an independent pricing service. The values of investments in the AML pool are approximately equal to fair value. There are no limitations or restrictions on participant withdrawals from the AMLIP investment pool.

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

<u>Maturity</u>	<u>Target Maturity Level</u>	<u>Actual Investment</u>
One Year or Less	40%	53%
One to Three Years	30%	26%
Three to Five Years	30%	21%

The fair values of the Borough's Land Trust Investment Fund fixed income investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Duration of a financial asset measures the sensitivity of the asset's price to changes in interest rates. The benchmark index for the US fixed income component of the fund is the Bloomberg Barclays US Aggregate Bond Index or a substantially similar index for the benchmark. The index allows for maturities greater than 1 year. At June 30, 2020, the index had an average duration of 5.63 while the fund's fixed income component had an average duration of 5.62.

Option Risk: Option risk is the risk that an investment's issuer may exercise a right embedded in the investment—an embedded option. The Borough invests in securities issued by U.S. Government Agencies and highly rated corporate issuers that may contain call options or variable rate features. As of June 30, 2020, about \$32.7 million or 15.9% of the portfolio securities contain call options and about \$1.25 million or 0.6% of the portfolio securities have variable rate features. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore the Borough is exposed to the risk of having to reinvest at a lower interest rate. The securities are listed below at their earliest call dates. Four agency mortgage backed securities have a variable rate feature in which the rate remains fixed until a time when certain events could transpire. The coupon rate established at the time the security was structured is based on the blended rate of the underlying mortgage loans that were pooled together to make the security. The pool of loans contains underlying mortgages at different rates of interest. If a majority of the higher interest rate loans were paid off at a faster pace than the lower interest rate loans, to the point that the coupon rate of the security would no longer be able to support the stated blended rate of the underlying mortgage loans, then the coupon would be adjusted lower to reflect the lower income stream on the remaining mortgage loans. The adjustment, if it were to occur, would be relatively minor and is probably unlikely.

<u>Investment</u>	<u>Rate</u>	<u>Type of Option</u>	<u>Original Maturity</u>	<u>Next Call Date</u>
Fed Farm Credit Bank	0.16	Continuous	November 26, 2021	August 26, 2020
Citibank	2.125	Continuous	October 20, 2021	January 30, 2021
JP Morgan Chase & Co	2.550	Continuous	March 1, 2021	February 1, 2021
Bank of New York Mellon	2.05	Continuous	May 3, 2021	April 3, 2021
JP Morgan Chase & Co	2.40	Continuous	June 7, 2021	October 12, 2020
US Bank NA	3.45	Continuous	November 16, 2021	October 15, 2021
US Bank NA	1.80	Continuous	January 21, 2022	December 21, 2021
Johnson & Johnson	2.25	Continuous	March 3, 2022	February 3, 2022
Exxon Mobil Corporation	2.397	Continuous	March 6, 2022	January 6, 2022
US Bank NA	2.65	Continuous	May 23, 2022	April 22, 2022
Wells Fargo Bank NA	2.897	Discrete	May 27, 2022	Various
Visa Inc	2.15	Continuous	September 15, 2022	August 15, 2022
Chevron Corp	2.355	Continuous	December 5, 2022	September 5, 2022
Wal-Mart Stores Inc	2.35	Continuous	December 15, 2022	November 15, 2022

Option Risk: (continued)

<u>Investment</u>	<u>Rate</u>	<u>Type of Option</u>	<u>Original Maturity</u>	<u>Next Call Date</u>
US Bank NA	1.95	Continuous	January 9, 2023	December 9, 2022
Apple Inc	2.85	Continuous	February 23, 2023	December 23, 2022
Microsoft Corp	2.375	Continuous	May 1, 2023	February 1, 2023
Microsoft Corp	2.875	Continuous	February 6, 2024	December 6, 2023
Federal Home Loan Mtg Corp	2.566%	Variable rate	September 25, 2020	n/a
Federal National Mtg Assn	2.678%	Variable rate	May 25, 2021	n/a
Federal National Mtg Assn	2.509%	Variable rate	July 25, 2022	n/a
Federal National Mtg Assn	2.509%	Variable rate	July 25, 2022	n/a

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

<u>Issuer</u>	<u>% of Portfolio</u>	<u>% of Investment Type</u>
Federal National Mortgage Association	12.31%	46.51% of US Agency
Federal Farm Credit Bank	6.22%	23.51% of US Agency
Federal Home Loan Bank	5.45%	20.57% of US Agency

The percentages of investment by type are as follows:

<u>Investment Type</u>	<u>Maximum Allowable % per Investment Policy</u>	<u>Maximum Maturity per Investment Policy</u>	<u>Actual % as of June 30, 2020</u>
U.S. Treasury Securities	100%	5 years	11.8%
U.S. Agencies	100%	5 years	29.4%
Corporate Bonds	50%	5 years	20.0%
Municipal Bonds	25%	5 years	8.0%
Repurchase agreements	20%	n/a	13.0%
Money Market Funds	20%	n/a	10.7%
AMLIP	20%	n/a	6.9%
Bankers' Acceptances	10%	3 years	0%
Commercial Paper	25%	270 days	0%

Term Repurchase Agreements and Certificates of Deposit:

7-day term or shorter	25%	n/a	0%
Greater than 7-day term	25%	3 years	.2%

The following is a list of asset classes allowed for the Land Trust Investment Fund, their benchmark index, their appropriate target weighting, minimum, maximum, and the actual weighting at June 30, 2020.

<u>Asset Class</u>	<u>Target % Weighting</u>	<u>Minimum % Weighting</u>	<u>Maximum</u>	<u>Actual % Weighting</u>
FIXED INCOME	45%			
Cash	5%	0%	10%	5.1%
U.S. Fixed Income	25%	15%	35%	25.7%
TIPS	10%	5%	15%	10.0%
International Bonds	5%	0%	10%	5.0%
EQUITY	47%			
U.S. Large-Cap Equity	22%	12%	32%	23.0%
U.S. Mid-Cap Equity	7%	0%	15%	7.0%
U.S. Small-Cap Equity	3%	0%	6%	3.0%
International Developed Equity	10%	5%	15%	10.0%
Emerging Markets Equity	5%	0%	10%	5.2%
ALTERNATIVES	8%			
Real Estate	2%	0%	5%	1.5%
Infrastructure	3%	0%	6%	3.0%
Commodities	3%	0%	6%	1.5%

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

As of June 30, 2020 the Borough's investments in money market funds, corporate bonds, municipal bonds, and U.S. Government agencies or instruments implicitly guaranteed by the U.S. Government were rated as follows:

<u>Moody's</u>		<u>S & P</u>	
Aaa	52%	AAA	13%
Aa	16%	AA	50%
A	8%	A	8%
Not rated*	24%	Not Rated*	29%
	<u>100%</u>		<u>100%</u>

*Collateralized

The Bloomberg Barclays US Aggregate Bond Index is utilized as the benchmark by the Borough's Land Trust Investment Fund investment policy, which requires investment in securities of investment grade or higher (rated Baa or higher by Moody's Investor Service or rated BBB or higher by Standard and Poor's). At June 30, 2020 all fixed income investments were rated BBB or better by Standard and Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. To limit custodial credit risk, it is the Borough's policy to collateralize all monies deposited in excess of the FDIC limit. All pledged collateral for the Kenai Peninsula Borough must be held in a collateral custodian account of the Kenai Peninsula Borough under a formal tri-party agreement. Of the Borough's \$29.94 million in repurchase agreements at June 30, 2020, \$29.81 million of underlying securities are pledged to the Borough by the Bank. This collateral is owned by the Bank and held by the third-party custodian. The remaining balance of \$.13 million is in the Borough's overnight sweep account and the funds have not been posted to the Borough's bank account. When received, the funds will be collateralized. The Federal Deposit Insurance Corporation (FDIC) insures \$250,000.

Cash and short-term investment balances at June 30, 2020, consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and short-term investments held in central treasury:		
Checking accounts:		
Primary Government	\$ (767,811)	\$ 133,210
Discretely Presented Component Unit (School District)	(2,339,781)	-
Total cash and short-term investments held in central treasury	<u>(3,107,592)</u>	<u>133,210</u>
Other cash and investments:		
Checking and savings accounts:		
Primary Government	79,970	89,817
Cash on hand:		
Primary Government	<u>2,110</u>	-
Total other cash and short-term investments	<u>82,080</u>	<u>89,817</u>
Total cash and short-term investments	\$ <u>(3,025,512)</u>	\$ <u>223,027</u>

The following is a summary of equity in central treasury and investments at June 30, 2020:

General Fund (major fund)	\$ 21,846,706
Special revenue funds (major funds)	15,661,002
Special revenue funds	17,966,068
Capital projects funds (major fund)	11,054,940
Capital project funds	22,967,652
Capital project funds – Restricted (major fund)	497,442
Capital project funds – Restricted	2,635,692
Internal service funds	<u>16,499,159</u>
Total Governmental Activities equity in central treasury	\$ <u>109,128,661</u>
Fiduciary funds	\$ 2,020,081
<u>Discretely Presented Component Units</u>	
School District agency funds	\$ 3,291,419
School District	42,008,392
Central Peninsula Hospital	6,506,723
Central Peninsula Hospital – Restricted assets	9,171,485
Central Peninsula Hospital – Assets whose use is limited	42,607,579
South Peninsula Hospital	7,785,320
South Peninsula Hospital – Restricted assets	72,544
South Peninsula Hospital – Assets whose use is limited	<u>4,318,831</u>
Total equity in central treasury	\$ <u>226,911,035</u>

The equity in central treasury consists of the following:

Cash and short-term investments	\$	(3,107,592)
Investments		<u>230,018,627</u>
	\$	<u>226,911,035</u>

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

Fair value at June 30, 2020		230,018,627
	\$	
Add: cost of investments sold/called/matured in FY2020		99,866,788
Less: cost of investments purchased in FY2020		(103,464,939)
Less: fair value at June 30, 2019		<u>(224,334,900)</u>
Change in fair value of investments	\$	<u>2,085,576</u>

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B. Property Taxes

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

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

The Borough also collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 3%, while the city rates vary from 2% - 4.5%. The sales tax collections for Borough cities are recorded in the Fiduciary Tax Agency Fund.

Property Tax Calendar

Assessment date	January 1, 2019	Total taxes are due	October 15, 2019
Levy date	Not later than June 15, 2019	Penalties & interest added	October 17, 2019
Tax bills mailed	Not later than July 1, 2019	Lien date	April 15, 2020

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

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C. Receivables

Receivables at June 30, 2020 for the government’s individual major funds and proprietary funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Major funds</u>			<u>Nonmajor</u>	<u>Internal Service Funds</u>	<u>Total</u>
	<u>General</u>	<u>Nikiski Fire Service Area</u>	<u>Road Service Area</u>	<u>Other Gov't Funds</u>		
Taxes	\$ 6,595,687	\$ 89,224	\$ 207,847	\$ 285,679	\$ -	\$ 7,178,437
Accounts and other receivables	358,649	78,451	650	731,566	79,611	1,248,927
Note receivable	3,120,924	-	-	-	-	3,120,924
Land sale contracts	-	-	-	744,856	-	744,856
Special assessment districts	1,849,990	-	-	-	-	1,849,990
Intergovernmental	<u>967,319</u>	<u>13,684</u>	<u>37,623</u>	<u>3,824,881</u>	<u>-</u>	<u>4,843,507</u>
Total receivables	12,892,569	181,359	246,120	5,586,982	79,611	18,986,641
Less allowance for uncollectibles	<u>(35,632)</u>	<u>(309)</u>	<u>(2,399)</u>	<u>(5,140)</u>	<u>-</u>	<u>(43,480)</u>
	<u>\$12,856,937</u>	<u>\$ 181,050</u>	<u>\$ 243,721</u>	<u>\$5,581,842</u>	<u>\$ 79,611</u>	<u>\$18,943,161</u>

City of Homer Note Receivable

In FY2013, a loan agreement was executed between the Kenai Peninsula Borough and the City of Homer in the not-to-exceed amount of \$12.7 million to finance the design and construction of a natural gas distribution improvement project in the City of Homer. As of June 30, 2020, the principal balance due is \$3,019,662 with accrued interest of \$101,262. The principal amount due within one year is \$559,717.

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

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds and the government-wide statements report unearned revenue in connection with resources that have been received, but not yet earned. The government-wide statements report deferred outflow of resources in connection with deferred losses on bond refundings. The government-wide statements also report deferred outflows of resources and deferred inflows of resources for pension and OPEB related items. At June 30, 2020, the various components of unearned revenue, deferred inflows, and deferred outflows of resources reported in the governmental funds and government-wide statements were as follows:

	<u>Government-Wide</u>			<u>Fund Level</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Unearned</u>	<u>Deferred Inflows</u>	<u>Unearned</u>
Unamortized deferred loss	\$ 217,908	\$ -	\$ -	\$ -	\$ -
Pension and OPEB related	6,752,914	3,354,527	-	-	-
Property taxes receivable (General Fund)	-	-	-	859,396	-
Prepaid property tax (General Fund)	-	7,247,344	-	7,247,344	-
Property taxes receivable (Nikiski Fire Service Area)	-	-	-	83,481	-
Prepaid property tax (Nikiski Fire Service Area)	-	2,878,150	-	2,878,150	-
Property taxes receivable (Road Service Area)	-	-	-	190,928	-
Prepaid property tax (Road Service Area)	-	2,066,369	-	2,066,369	-
Property taxes receivable (nonmajor gov't funds)	-	-	-	252,719	-
Prepaid property tax (nonmajor gov't funds)	-	2,195,213	-	2,195,213	-
Miscellaneous prepaid (General Fund)	-	-	3,194	-	3,194
Land sale receivables (nonmajor governmental funds)	-	-	-	745,769	-
Grant funds received prior to meeting all eligibility requirements (nonmajor governmental funds)	-	-	335,147	-	335,147
	<u>\$ 6,970,822</u>	<u>\$ 17,741,603</u>	<u>\$ 338,341</u>	<u>\$ 16,519,369</u>	<u>\$ 338,341</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities:	Balance <u>July 1, 2019</u>	Additions/ <u>Transfers</u>	Deductions/ <u>Transfers</u>	Balance <u>June 30, 2020</u>
Capital assets, not being depreciated:				
Land	\$ 71,118,078	\$ 148,962	\$ (40,324)	\$ 71,226,716
Construction in progress	<u>5,821,210</u>	<u>7,356,442</u>	<u>(208,501)</u>	<u>12,969,151</u>
Total capital assets, not being depreciated	<u>76,939,288</u>	<u>7,505,404</u>	<u>(248,825)</u>	<u>84,195,867</u>
Capital assets, being depreciated:				
Buildings	308,233,914	-	-	308,233,914
Improvements other than buildings	93,340,718	294,105	-	93,634,823
Machinery and equipment	42,290,773	3,147,705	(779,773)	44,658,705
Infrastructure	<u>18,783,501</u>	<u>1,025,444</u>	<u>-</u>	<u>19,808,945</u>
Total capital assets being depreciated	<u>462,648,906</u>	<u>4,467,254</u>	<u>(779,773)</u>	<u>466,336,387</u>
Less accumulated depreciation for:				
Buildings	(215,830,362)	(5,375,850)	-	(221,206,212)
Improvements other than buildings	(67,554,544)	(2,277,212)	-	(69,831,756)
Machinery and equipment	(32,103,756)	(2,658,406)	779,773	(33,982,389)
Infrastructure	<u>(4,987,205)</u>	<u>(506,673)</u>	<u>-</u>	<u>(5,493,878)</u>
Total accumulated depreciation	<u>(320,475,867)</u>	<u>(10,818,141)</u>	<u>779,773</u>	<u>(330,514,235)</u>
Total capital assets, being depreciated, net	<u>142,173,039</u>	<u>(6,350,887)</u>	<u>-</u>	<u>135,822,152</u>
Governmental activities capital assets, net	<u>\$ 219,112,327</u>	<u>\$ 1,154,517</u>	<u>\$ (248,825)</u>	<u>\$ 220,018,019</u>

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

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

Governmental activities:

General government	\$ 378,860
Solid waste facilities	1,733,544
Public safety	2,601,207
Recreation	201,557
Education	4,964,277
Roads and trails	520,742
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>417,954</u>
Total depreciation expense - governmental activities	<u>\$ 10,818,141</u>

Construction commitments:

The Borough has numerous active construction projects as of June 30, 2020. The projects include major repair of existing roads, improvement to school facilities and public safety facilities. At year end the Borough’s commitments with contractors are as follows:

<u>Projects</u>	<u>Remaining Commitments</u>	<u>Financing Sources</u>
Major repair of existing roads	\$ 1,254,446	Federal and state grants and local funding
Solid waste facilities	422,458	Federal and state grants and local funding
Educational facilities	407,501	Local funding
Fire and emergency facilities and equipment	3,137,095	Bond and local funding
General government facilities	5,600	Local funding
Recreational facilities	<u>350,562</u>	Local funding
Total	\$ <u>5,577,662</u>	

F. Interfund Receivables, Payables and Transfers

The General Fund made short term loans of \$35,669 to the Disaster Relief Fund and \$1,125,285 to the Miscellaneous Grant Fund to cover cash needs while awaiting reimbursement from the State and Federal granting agencies. The General Fund has also made loans to the Special Assessment Districts for utility/road improvements. As of June 30, 2020, the outstanding loans equaled \$1,849,990. Property owners of the utility/road improvement districts then repay the amount that is borrowed over a 10-year period.

The composition of interfund balances as of June 30, 2020 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major fund - General Fund	\$ 1,160,954	\$ -
Nonmajor governmental funds	<u>-</u>	<u>1,160,954</u>
Total	\$ <u>1,160,954</u>	\$ <u>1,160,954</u>

Interfund Transfers

Interfund transfers have been made in accordance with appropriating ordinances. The Borough collects a 3% sales tax and records the revenue in the General Fund. Sales tax, specifically dedicated to School District operations, and additional funds appropriated by the Assembly are transferred in monthly installments from the General Fund to the School District. The School District is a discretely presented component unit of the Borough and therefore the funding of \$52,489,253 was shown as an expenditures of the General Fund and not an interfund transfer.

Transfers between funds for the year ended June 30, 2020, were as follows:

	Transfers In			
	Major Fund			Total
	General Fund	Solid Waste Capital Project Fund	Nonmajor Gov't Funds	
Transfers Out:				
General Fund	\$ -	\$ 1,100,608	\$ 8,789,833	\$ 9,890,441
Nikiski Fire Service Area Special Revenue Fund	-	-	1,457,880	1,457,880
Road Service Area Special Revenue Fund	-	-	2,000,000	2,000,000
Nonmajor governmental funds	\$ 175,000	-	3,543,160	3,718,160
Total	\$ 175,000	\$ 1,100,608	\$ 15,790,873	\$ 17,066,481

Significant transfers were as follows:

- The General Fund transferred \$3,783,856 to the School Debt Service Fund to fund FY2020 debt service payments on bonds sold to finance construction of school facilities and capital maintenance, of which \$1,283,885 was reimbursed by the State of Alaska.
- The General Fund transferred \$2,660,000 to the School Revenue Capital Projects Fund to fund capital maintenance on school facilities, \$1,063,500 to the Solid Waste Debt Service Fund to fund debt on solid waste facilities and \$250,000 to the Solid Waste Capital Projects Fund to fund capital maintenance projects on solid waste facilities.
- The General Fund transferred \$502,251 to the 911 Communications Special Revenue Fund to support expenditures of the program.
- The Nikiski Fire Service Area Special Revenue Fund transferred \$1,400,000 to the Nikiski Fire Service Area Capital Project Fund to support fire equipment and facility maintenance capital projects.
- The Central Emergency Service Area Special Revenue Fund transferred \$1,250,000 to the Central Emergency Services Capital Project Fund to support fire equipment and facility maintenance capital projects.
- The Road Service Area Special Revenue Fund transferred \$2,000,000 to the Road Service Area Capital Project Fund to support road upgrades and major maintenance.

G. Risk Management

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

The greatest exposure to financial loss confronting the Kenai Peninsula Borough and School District would be in the areas of property loss, auto liability and general liability due to the number of

properties and the fleet of vehicles owned and operated by the Borough and School District. The Borough also purchases several excess policies which provide coverage beyond what is included in the package policy. The Borough purchased pollution liability coverage for incidents arising from Borough owned landfills effective July 1, 2016.

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

	<u>Self-Insured</u> <u>Retention/</u> <u>Deductible</u>	<u>Upper Coverage Limits of</u> <u>Excess Insurance</u>
Auto and general liability	\$ 250,000	\$ 15,000,000
Employers liability	250,000	15,000,000
Workers' compensation	250,000	Statutory benefits
Property:		
Buildings	100,000	1,008,191,455
Fire & EMS apparatus	20,000	Cash value
Other vehicles	20,000	Cash value
Crime coverage	1,000	500,000

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

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

	<u>2020</u>	<u>2019</u>
Beginning of fiscal year liability	\$ 2,290,132	\$ 1,762,948
Current year claims incurred and changes in estimates for claims incurred in prior years	1,461,210	2,127,826
Claims and expenses paid	<u>(1,606,517)</u>	<u>(1,600,642)</u>
End of fiscal year liability	\$ <u>2,144,825</u>	\$ <u>2,290,132</u>

Included above is a liability for incurred but not reported (IBNR) claims of \$528,903. Experience indicates those losses or claims do not go unreported for any significant length of time, therefore, the exposure to IBNR losses or claims is minimal.

In addition to the risk management issues listed above, the Borough maintains a health and medical benefit program, which covers all permanent employees working more than half-time. The Borough retains a major portion of the risk of this plan, and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss limits are \$200,000 for individual claims. Health and medical expenditures totaled \$5,921,289 for the year ended June 30, 2020, and consisted of paid claims, stop-loss premiums and administrative fees. Accruals were made based on estimates of health claims at year-end, including claims incurred but not reported.

Such accruals are accounted for in the Employee Health Insurance Internal Service Fund. A schedule of the changes in the healthcare claims liability for the two years ended June 30, 2020 and 2019 follows:

	<u>2020</u>	<u>2019</u>
Health insurance claims liabilities, beginning of year	\$ 772,000	\$ 1,000,000
Current year claims incurred and changes in estimates for claims incurred in prior years	4,780,716	5,893,145
Claims and expenses paid	<u>(4,752,716)</u>	<u>(6,121,145)</u>
Health insurance claims liabilities, end of year	\$ <u>800,000</u>	\$ <u>772,000</u>

H. Long-term Liabilities

A summary of long-term liability activity for the year ended June 30, 2020 is as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
Governmental activities:					
Areawide school bonds	\$32,090,000	\$ -	\$ 2,465,000	\$29,625,000	\$ 2,515,000
Central Emergency Services bonds	3,105,000	1,335,000	315,000	4,125,000	390,000
Bear Creek Fire bonds	955,000	-	50,000	905,000	55,000
Solid Waste bonds	3,770,000	-	875,000	2,895,000	920,000
Compensated absences *	2,913,319	2,121,372	2,177,296	2,857,395	714,349
Net Pension Liability **	36,078,214	-	506,617	35,571,597	-
Net OPEB Liability **	7,386,793	-	6,196,391	1,190,402	-
Landfill closure / postclosure	<u>8,729,484</u>	<u>850,608</u>	<u>66,100</u>	<u>9,513,992</u>	<u>66,100</u>
Total governmental activities long-term liabilities	<u>\$95,027,810</u>	<u>\$ 4,306,980</u>	<u>\$12,651,404</u>	<u>86,683,386</u>	<u>\$ 4,660,449</u>
Unamortized premium on bonds:					
School bonds 2011 refunding				101,352	
School bonds 2014				1,139,616	
CES bonds 2015 refunding				81,475	
CES bonds 2016				152,436	
CES bonds 2020				264,878	
Bear Creek Fire bonds 2013 project				95,696	
Solid Waste bonds 2017				<u>188,653</u>	
				<u>\$ 88,707,492</u>	

* Based on an analysis of actual compensated absence expenditures/expense during fiscal year 2020, management estimates 25% of these balances will be used in FY2021. Therefore, 25% of the balance of accrued leave is classified as due within one year. Other long-term liabilities related to governmental activities such as accrued leave are generally liquidated by the General Fund.

** Pension and other post-employment benefits are generally liquidated approximately 48% by the General Fund and 39% by public safety related special revenue funds, with 13% being liquidated by recreation and roads related special revenue funds.

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

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

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

In December 2010, the Borough issued 20-year school bonds in the amount of \$16,865,000. This was phase I of a two-phase project for roof replacement at various schools. Bonds were issued under the Buy America Bond Program. Under this program, bonds are issued as taxable and the Federal Government subsidizes the interest amount between the taxable portion and the rate that would have been in place if the bonds had been issued as tax exempt. The interest subsidy averages between \$240,000 and \$300,000 per year.

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

Central Emergency Service Area Bonds

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

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

Bear Creek Fire Service Area Bonds

In 2007, voters of the Bear Creek Fire Service Area authorized the issuance of \$1,400,000 in bonds for design, construction, and equipping a Bear Creek Fire Service Area Public Safety Building. These bonds were issued in March 2013 in the amount of \$1,215,000.

Solid Waste Bonds

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

A summary of bonds payable (in thousands) at June 30, 2020 is as follows:

	<u>Amount Issued</u>	<u>Coupon Interest Rate</u>	<u>Effective Interest Rate</u>	<u>Maturity Dates</u>	<u>Annual Installments</u>	<u>Outstanding June 30, 2020</u>
Governmental						
Activities:						
School bonds:						
Issued 12-09-10	\$ 16,865	1.42 – 6.26	1.42 – 6.26	2011 - 2030	\$ 715 to 1,110	\$ 10,430
Issued 08-07-03	8,150	2.00 – 5.00	0.30 – 3.18	2003 - 2023	165 to 930	2,675
Issued 11-14-13	<u>20,860</u>	1.50 – 5.00	0.21 – 4.15	2014 - 2033	510 to 1,590	<u>16,520</u>
Total school	<u>45,875</u>					<u>29,625</u>
Central Emergency Services						
bonds:						
Issued 10-30-14	1,425	1.25 – 5.00	0.38 – 2.57	2006 - 2026	115 to 175	935
Issued 02-02-16	2,465	2.63 – 5.00	0.35 – 2.85	2016 - 2031	85 to 210	1,855
Issued 11-21-19	<u>1,335</u>	5.00	0.53 – 11.11	2021 - 2035	24 to 130	<u>1,335</u>
Total CES bonds	<u>5,225</u>					<u>4,125</u>
Bear Creek Fire bonds						
Issued 3-12-13	<u>1,215</u>	2.00 – 5.00	0.18 – 3.30	2014 - 2033	45 to 90	<u>905</u>
Solid Waste bonds						
Issued 4-27-17	<u>5,405</u>	4.00 – 5.00	0.96 – 2.18	2017 - 2023	800 to 1,010	<u>2,895</u>
Total Governmental	<u>\$ 57,720</u>					<u>\$ 37,550</u>

Debt service requirements for outstanding bonds at June 30, 2020 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Interest (Net of Interest Subsidy)</u>
2021	\$ 3,880,000	\$ 1,843,302	\$ (245,712)	\$ 1,597,590
2022	4,040,000	1,653,583	(229,172)	1,424,411
2023	4,210,000	1,453,553	(211,279)	1,242,274
2024	2,285,000	1,264,547	(191,935)	1,072,612
2025	2,375,000	1,143,688	(171,087)	972,601
2026-2030	12,750,000	3,742,607	(486,777)	3,255,830
2031-2035	<u>8,010,000</u>	<u>735,631</u>	<u>(14,703)</u>	<u>720,928</u>
Total	<u>\$ 37,550,000</u>	<u>\$ 11,836,911</u>	<u>\$ (1,550,665)</u>	<u>\$ 10,286,246</u>

I. Commitments and Contingencies

1. Loss Contingencies

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

2. Grants

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

J. Pension and Other Post Employment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

The Plan is included in 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/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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

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

Historical Context and Special Funding Situation

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

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% of eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

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

GASB Rate: This is the rate used to determine the long-term pension 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. For 2020, the rate uses an 7.38% pension 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, 2020 were determined in the June 30, 2017 actuarial valuations. The Borough's contribution rates for the 2020 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

In 2020, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions (including DBUL)	\$ 2,570,451	\$ 2,416,980
Nonemployer contributions (on-behalf)	1,237,913	1,446,442
Total Contributions	\$ 3,808,364	\$ 3,863,422

In addition, employee contributions to the Plan totaled \$564,101 during the Borough's fiscal year.

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

At June 30, 2020, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of net pension liability that was associated with the Borough were as follows:

	2020
Borough proportionate share of NPL	\$35,571,597
State's proportionate share of NPL associated with the Borough	14,124,547
Total Net Pension Liability	\$49,696,144

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2019 measurement date, the Borough's proportion was 0.6498 percent, which was a decrease of 0.076260 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Borough recognized pension expense of \$7,696,847 and on-behalf revenue of \$1,918,746 for support provided by the State. At June 30, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,089,045	\$ (526,599)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	510,021	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(1,316,261)
Borough contributions subsequent to the measurement date	2,416,980	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 4,016,046	\$ (1,842,860)

The \$2,416,980 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, 2021. 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,

2021	\$ (187,916)
2022	(376,557)
2023	144,707
2024	175,972
Total Amortization	\$ (243,794)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rates used since the prior measurement date, which 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.

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough’s proportionate share of the net pension liability	0.64980%	\$ 46,948,266	\$ 35,571,597	\$26,044,008

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a 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 participation accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2020 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2020, forfeitures reduced pension expense by \$41,268.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2020, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2020 were \$633,688 and \$1,013,900, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Borough participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is a self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contribution Rates

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

Employer contribution rates for the year ended June 30, 2020 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.28%	6.28%
Retiree Medical Plan	1.32%	1.32%
Occupational Death and Disability Benefits	0.26%	0.72%
Total Contribution Rates	7.86%	8.32%

In 2020, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions – ARHCT	\$ 922,927	\$ 961,935
Employer contributions - RMP	111,028	167,297
Employer contributions - ODD	50,697	52,029
Nonemployer contributions (on-behalf)- ARHCT	-	-
Total Contributions	\$ 1,084,652	\$ 1,181,261

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

At June 30, 2020, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2020
Borough's proportionate share of NOL – ARHCT	\$ 964,057
Borough's proportionate share of NOL – RMP	226,345
Total Borough's Proportionate Share of NOL	\$ 1,190,402
State's proportionate share of the ARHCT NOL associated with the Borough	383,278
Total Net OPEB Liabilities	\$ 1,573,680

At June 30, 2020, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the Borough's participation in the ODD Plan. The amount recognized by the Borough for its proportionate share was \$301,044.

The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is based on the ratio of the present value of projected future contributions for each employer to the present value of projected future contributions to the Plans for the fiscal years 2020 to 2039.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.72597%	0.64972%	(0.07625)%
RMP	0.95184%	0.94610%	(0.00574)%
ODD	0.95184%	1.24167%	0.28983 %

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As a result of its requirements to contribute to the OPEB plans and changes in the actuarially calculated net OPEB asset and liability, the Borough recognized OPEB expense of \$(7,825,332). Of this amount, \$(2,477,130) was recorded for on-behalf revenue and expense for the actuarially calculated support provided by the state for the ARHCT plan. OPEB expense and on-behalf revenue are listed by plan in the table below:

<i>Plan</i>	OPEB Expense	On-behalf Revenue
ARHCT	\$ (8,216,737)	\$ (2,477,130)
RMP	325,744	-
ODD	65,661	-
Total	\$ (7,825,332)	\$ (2,477,130)

At June 30, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Changes in assumptions	\$ 1,279,285	\$ 109,556	\$ -	\$ 1,388,481
Changes in proportion and differences between Borough contributions and proportionate share of contributions	158,848	300	7,621	166,769
Borough contributions subsequent to the measurement date	961,935	167,294	52,029	1,181,258

Total Deferred Outflows of Resources Related to OPEB Plans

	\$ 2,400,068	\$ 277,150	\$ 59,650	\$ 2,736,868
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<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (647,826)	\$ (16,768)	\$ (93,861)	\$ (758,455)
Changes in assumptions	-	-	(5,757)	(5,757)
Difference between projected and actual investment earnings	(422,152)	(2,498)	(1,989)	(426,639)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	(285,666)	(1,136)	(34,014)	(320,816)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (1,355,644)	\$ (20,402)	\$ (135,621)	\$ (1,511,667)

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Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2021	\$ 176,510	\$ 9,260	\$ (19,509)	\$ 166,261
2022	(328,131)	9,260	(19,509)	(338,380)
2023	101,565	15,254	(16,757)	100,062
2024	132,545	15,149	(16,700)	130,994
2025	-	12,855	(17,622)	(4,767)
Thereafter	-	27,676	(37,903)	(10,227)
Total Amortization	\$ 82,489	\$ 89,454	\$ (128,000)	\$ 43,943

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.75% for all others
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated.
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which 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 fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough’s proportionate share of the net OPEB liability (asset):				
ARHCT	0.64972 %	\$ 7,754,627	\$ 964,057	\$(4,621,930)
RMP	0.94610 %	\$ 568,502	\$ 226,345	\$(31,250)
ODD	1.24167 %	\$ (285,560)	\$(301,044)	\$(313,560)

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

The following presents the Borough’s proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports as well as what the Borough’s proportionate share of the respective plan’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportion al Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough’s proportionate share of the net OPEB liability (asset):				
ARHCT	0.64972 %	\$(5,275,251)	\$ 964,057	\$ 8,578,364
RMP	0.94610 %	\$(69,614)	\$ 226,345	\$ 631,483
ODD	1.24167 %	n/a	n/a	n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan is established under AS 39.30.300. The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of all employees of all employers in the plan”. As of July 1, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee

per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the Borough contributed \$367,356 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

(e) School District Participation

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

K. Landfill Closure and Postclosure Care Cost

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

State and Federal laws and regulations require the Borough to comply with the State of Alaska Solid Waste Management Regulations (18AAC 60). These regulations include placement of a final cover system on its landfills when they stop accepting waste. Additionally, the Borough must perform post closure care and monitoring functions at the sites for up to thirty years after closure. The Borough has five active landfills with landfill cells having remaining useful lives from 1 year to 20 years. The largest site has an active lined cell with a remaining expected life of two to four years. This site has land enough for a minimum of three additional cells, which will be developed as needed and will extend the landfill life by approximately 25 years. There are also three sites which are closed, that are being monitored as required by regulation. As of June 30, 2020 the Borough has a recorded liability of \$9,513,992 in the government-wide financial statements for closure and postclosure costs associated with its landfills. The liability for closure and postclosure care costs is based on landfill capacity used to date. This amount has been reported as restricted fund balance in the Solid Waste Capital Projects Fund and is based on what it would cost to perform all closure and postclosure care in 2020; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations. It is estimated the Borough will recognize another \$13.1 million in expense and liability between June 30, 2020 and the year 2040, the date the landfills are expected to reach capacity.

The Borough is required by state and federal laws and regulations to make certain financial assurances, public notice and record keeping, and reporting regarding this liability. The Borough has complied with these provisions. The Borough is committed to funding the annual increase in the estimate of closure and postclosure care costs. Accounting for landfill operations is included in the General Fund and the closure and postclosure costs are accounted for in the Solid Waste Capital Projects Fund.

L. Debt Issued Subsequent to Year End

On July 7, 2020 the Borough issued \$8,970,000 in General Obligation School Refunding Bonds Series One. Proceeds of \$10,768,056. were used to refund the remaining principal of \$10,430,000 in 2010B-4 School General Obligation School Bonds, pay accrued interest of \$299,525 and pay costs of issuance of \$34,926. The remaining \$3,604 of proceeds will be used to reduce the subsequent year's debt service for the newly issued Refunding Bonds. The refunding resulted in a cash flow savings of \$1,061,087 and an economic gain of \$1,052,349.

M. Significant Events

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

In subsequent months, the State of Alaska extended emergency declarations and refined emergency orders to allow for a measured expansion of economic and social activities within the state. Travel restrictions have been modified to allow for more travelers to enter the state for work, commerce, tourism, and other purposes. Most borough facilities and businesses have reopened with some restrictions and new measures were designed to preserve the health of patrons and the public.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the borough's financial condition, liquidity, and future results of operations. The Borough Administration continues to assess the effects of the pandemic on the borough's ongoing operations, workforce, suppliers, customers, constituents, and overall financial condition.

Based on a review of period to date revenues posted through June 2020 and compared to the previous five years, the Borough projects a negative variance for general government revenues in fiscal year 2021. Some of those variances are:

- Sales Taxes are expected to be down significantly from previous years' average due to fewer tourists and lower prices because of lower demand.
- Motor vehicle registration tax is expected to decline because of declining new car sales.
- Recreation fee revenues are down and expected to remain lower than previous years due to facility closures, restrictions on use of facilities and cancelations of programs and rentals.
- It is too early to know the impact on real, personal and oil property tax collections.
- It is possible that the pandemic will adversely impact the value of the Borough's investments held in marketable securities.

Although the Borough cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Borough's results of future operations, financial position, and liquidity in fiscal year 2021 and future years.

CARES Act Funding

On March 27, 2020, the President signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. To date, the Borough has been awarded \$37,458,449 in CARES Act funds passed through the State of Alaska, of which \$2.8 million is receivable at year end. The Borough expects to use those funds to help defray the costs of the emergency response to the pandemic, absentee voting capabilities, rents and mortgage assistance as well as provide economic support to small businesses, nonprofit, volunteer and senior citizen agencies affected by the COVID-19 emergency, as directed by the US Treasury Department. Cares Act grants to the Borough as of this report date total \$37,458,449. Projected expenditures of these funds include:

Grants to small business/non-profits/senior centers	\$ 9,636,492
Single audit fees	25,000
Reimbursement of hospital covid-19 related costs	700,000

CARES Act Funding, continued

Volunteer Fire and Emergency Assistance	300,000
Public safety - personnel costs substantially dedicated to COVID-19	3,681,610
Emergency disaster response, PPE, and personnel costs	1,031,695
Absentee vote by mail campaign	600,000
Remote meeting integration technology	100,000
Communication tower site development/Broadband	2,600,000
Retrofit and integration of assembly chambers for remote meetings	665,013
School district response and preparedness	1,719,987
Retrofit of borough facility for social distancing	3,331,695
Incident Management Team remote work capabilities and technology	67,000
Remote work kits for telework capabilities	116,000
Remote property assessment technology	400,000
911 dispatch backup answering technology	1,012,000
Communication and engineering analysis	90,000
Solid waste debris removal due to fire restrictions	200,000
Sub-grants to cities within the borough	9,181,957
Housing relief assistance	2,000,000
Total Cares Act Funding	<u>\$ 37,458,449</u>

N. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates.

GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance. In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months, Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The following standards are required to be implemented in future financial reporting periods. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 84 – Fiduciary Activities – Effective for year-end June 30, 2020, with earlier application encouraged – This statement addresses criteria for identifying and reporting fiduciary activities.

GASB Statement No. 87 – Leases – Effective for year-end June 30, 2021, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period – Effective for year-end June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 90 – Majority equity interests – Effective for year-end June 30, 2020, with earlier application encouraged – The objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The Borough does not have equity interest activities that are defined as an investment under GASB 72, however, does have a majority interest in the two hospital entities, South Peninsula Hospital and Central Peninsula Hospital resulting in financial accountability for those legally separate organizations and are presented as Discretely Presented Component Units.

GASB Statement No. 91 – Conduit Debt Obligations – Effective for year-end June 30, 2022. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 – Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 – Replacement of Interbank Offered Rates – The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements – Effective for year-end June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability,

provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

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

REQUIRED SUPPLEMENTARY INFORMATION

Kenai Peninsula Borough

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

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

Schedule of Borough Contributions

Years Ended June 30,	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 2,416,980	\$ 2,570,451	\$ 2,763,608	\$ 2,467,348	\$ 2,191,270	\$ 2,101,441
Contributions Relative to the Contractually Required Contribution	2,416,980	2,570,451	2,763,608	2,467,348	2,191,270	2,101,441
Contribution Deficiency (Excess)	-	-	-	-	-	-
Borough's Covered Payroll	\$ 21,126,817	\$ 20,788,636	\$ 20,619,173	\$ 20,700,085	\$ 20,679,828	\$ 20,712,790
Contributions as a Percentage of Covered Payroll	11.4400%	12.3600%	13.4000%	11.9200%	10.6000%	10.1500%

The accompanying notes are an integral part of the required supplementary information

Kenai Peninsula Borough

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

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

Schedule of Borough Contributions

	2018			2019			2020		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Years Ended June 30,									
Contractually Required Contributions	\$ 961,935	\$ 922,927	\$ 785,385	\$ 167,297	\$ 111,028	\$ 110,961	\$ 52,029	\$ 50,697	\$ 12,282
Contributions Relative to the Contractually Required Contribution	961,935	922,927	785,385	167,297	111,028	110,961	52,029	50,697	12,282
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
Borough's Covered Payroll	\$ 8,153,068	\$ 8,977,278	\$ 9,846,268	\$ 12,973,749	\$ 11,811,358	\$ 10,772,905	\$ 12,973,749	\$ 11,811,358	\$ 10,772,905
Contributions as a Percentage of Covered Payroll	11.7984%	10.2807%	7.9765%	1.2895%	0.9400%	1.0300%	0.4010%	0.4292%	0.1140%

Kenai Peninsula Borough
Notes to Required Supplementary Information
June 30, 2020

1. Public Employees' Retirement System Pension Plan - Schedule of the Borough's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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

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

Schedule of Borough Contributions

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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

2. Public Employees' Retirement System OPEB Plans - Schedule of the Borough's Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Changes in Methods:

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

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

Schedule of Borough Contributions

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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

NON-MAJOR GOVERNMENTAL FUNDS

Kenai Peninsula Borough
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and short-term investments	\$ 5,805,683	\$ -	\$ 5,805,683
Equity in central treasury	17,966,068	22,967,652	40,933,720
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	280,539	-	280,539
Accounts receivable	381,939	349,627	731,566
Land sale contracts receivable:			
Current	121,828	-	121,828
Delinquent	1,932	-	1,932
Due from other governments	3,205,405	619,476	3,824,881
Land sale contracts receivable - long-term	621,096	-	621,096
Restricted assets - equity in central treasury - unspent bond proceeds	-	2,635,692	2,635,692
Total assets	\$ 28,384,490	\$ 26,572,447	\$ 54,956,937
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	912,342	2,465,163	3,377,505
Accrued payroll and payroll benefits	302,656	10,991	313,647
Due to General Fund	1,160,954	-	1,160,954
Unearned grant revenue	182,473	152,674	335,147
Total liabilities	2,558,425	2,628,828	5,187,253
Deferred Inflows of Resources:			
Prepaid property taxes	2,195,213	-	2,195,213
Property tax receivable - unavailable	252,719	-	252,719
Land sales - unavailable	745,769	-	745,769
Total deferred inflows of resources	3,193,701	-	3,193,701
Fund Balances:			
Restricted:			
Hazard tree removal program	288,907	-	288,907
General government	801,802	-	801,802
Public safety	11,892,044	265,762	12,157,806
Recreation	1,850,145	-	1,850,145
Education	-	2,759,198	2,759,198
Committed:			
Software upgrades	-	138,163	138,163
Building maintenance and upgrades	-	43,807	43,807
Land development projects	5,800,418	-	5,800,418
General government	36,285	-	36,285
Public safety facilities and equipment	-	6,089,652	6,089,652
Recreational facility maintenance	-	1,273,414	1,273,414
School maintenance and upgrades	-	3,384,635	3,384,635
Road construction and upgrades	-	4,809,291	4,809,291
Assigned:			
Subsequent year's expenditures	495,570	5,179,697	5,675,267
General government	1,467,193	-	1,467,193
Total fund balances	22,632,364	23,943,619	46,575,983
Total liabilities, deferred inflows of resources and fund balances	\$ 28,384,490	\$ 26,572,447	\$ 54,956,937

Kenai Peninsula Borough
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:				
General property taxes	\$ 14,084,127	\$ -	\$ -	\$ 14,084,127
Motor vehicle tax	203,112	-	-	203,112
Intergovernmental:				
Federal	2,933,898	2,293,808	-	5,227,706
State	1,806,777	300,911	-	2,107,688
Investment earnings	680,024	681,347	-	1,361,371
Interest subsidy	-	-	260,745	260,745
Other revenues	<u>3,696,851</u>	<u>1,002,865</u>	-	<u>4,699,716</u>
Total revenues	<u>23,404,789</u>	<u>4,278,931</u>	<u>260,745</u>	<u>27,944,465</u>
Expenditures:				
General government	1,560,420	175,225	-	1,735,645
Public safety	14,509,736	6,957,311	-	21,467,047
Recreation	1,891,850	237,728	-	2,129,578
Education	-	2,152,546	-	2,152,546
Environmental protection	93,319	-	-	93,319
Roads and trails	-	2,934,020	-	2,934,020
Debt service:				
Principal	-	-	3,705,000	3,705,000
Interest and other	-	-	<u>1,968,663</u>	<u>1,968,663</u>
Total expenditures	<u>18,055,325</u>	<u>12,456,830</u>	<u>5,673,663</u>	<u>36,185,818</u>
Excess (deficiency) of revenues over expenditures	<u>5,349,464</u>	<u>(8,177,899)</u>	<u>(5,412,918)</u>	<u>(8,241,353)</u>
Other financing sources (uses):				
Bonds issued	-	1,335,000	-	1,335,000
Premium on bonds issued	-	276,196	-	276,196
Insurance proceeds	-	349,627	-	349,627
Transfers in	1,567,955	8,810,000	5,412,918	15,790,873
Transfers out	<u>(3,543,160)</u>	<u>(175,000)</u>	-	<u>(3,718,160)</u>
Net other financing sources (uses)	<u>(1,975,205)</u>	<u>10,595,823</u>	<u>5,412,918</u>	<u>14,033,536</u>
Net change in fund balances	3,374,259	2,417,924	-	5,792,183
Fund balances at beginning of year	<u>19,258,105</u>	<u>21,525,695</u>	-	<u>40,783,800</u>
Fund balances at end of year	<u>\$ 22,632,364</u>	<u>\$ 23,943,619</u>	\$ -	<u>\$ 46,575,983</u>

Nonmajor Special Revenue Funds
Pages 96-115

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Miscellaneous Grants – This fund is used to account for expenditures of miscellaneous grants received from the State of Alaska and the Federal Government.

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

Kenai Peninsula Borough
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 June 30, 2020

	Bear Creek Fire Service Area	Anchor Point Fire and Emergency Medical Service Area	Central Emergency Service Area
<u>Assets</u>			
Cash and short-term investments	\$ 200	\$ 973	\$ 7,092
Equity in central treasury	649,729	1,456,636	7,162,249
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	13,981	59,994	134,561
Accounts receivable	900	18,589	163,275
Land sale contracts receivable:			
Current	-	-	-
Delinquent	-	-	-
Due from other governments	4,234	3,197	39,909
Land sale contracts receivable - long-term	-	-	-
Total assets	\$ 669,044	\$ 1,539,389	\$ 7,507,086
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	7,715	7,636	68,030
Accrued payroll and payroll benefits	3,530	15,179	152,589
Due to the General Fund	-	-	-
Unearned grant revenue	-	7,500	-
Total liabilities	11,245	30,315	220,619
Deferred Inflows of Resources:			
Prepaid property taxes	3,715	468,634	391,897
Property tax receivable - unavailable	12,875	57,586	117,396
Land sales - unavailable	-	-	-
Total deferred inflows of resources	16,590	526,220	509,293
Fund Balances:			
Restricted:			
Hazard tree removal program	-	-	-
General government	-	-	-
Public safety	641,209	982,854	6,730,834
Recreation	-	-	-
Committed:			
Land development projects	-	-	-
General government	-	-	-
Assigned:			
Subsequent year's expenditures	-	-	46,340
General government	-	-	-
Total fund balances	641,209	982,854	6,777,174
Total liabilities, deferred inflows of resources and fund balances	\$ 669,044	\$ 1,539,389	\$ 7,507,086

<u>Kachemak Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Seldovia Recreational Service Area</u>	<u>Eastern Peninsula Highway Emergency Service Area</u>
\$ 1,070	\$ -	\$ 200	\$ 100	\$ -
632,379	119	2,594,216	119,207	725,940
25,307	100	32,116	3,016	-
16,150	-	-	-	-
-	-	-	-	-
-	-	-	-	-
41,001	-	5,068	80	-
-	-	-	-	-
<u>\$ 715,907</u>	<u>\$ 219</u>	<u>\$ 2,631,600</u>	<u>\$ 122,403</u>	<u>\$ 725,940</u>
4,546	-	37,653	3,407	13,473
14,390	-	29,881	1,233	841
-	-	-	-	-
7,048	-	-	-	-
<u>25,984</u>	<u>-</u>	<u>67,534</u>	<u>4,640</u>	<u>14,314</u>
15,559	150	1,103,498	-	-
22,910	69	30,101	1,990	-
-	-	-	-	-
<u>38,469</u>	<u>219</u>	<u>1,133,599</u>	<u>1,990</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
651,454	-	-	-	711,626
-	-	1,430,467	115,773	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>651,454</u>	<u>-</u>	<u>1,430,467</u>	<u>115,773</u>	<u>711,626</u>
<u>\$ 715,907</u>	<u>\$ 219</u>	<u>\$ 2,631,600</u>	<u>\$ 122,403</u>	<u>\$ 725,940</u>

Kenai Peninsula Borough
 Nonmajor Special Revenue Funds
 Combining Balance Sheet, continued
 June 30, 2020

	Land Trust	Land Trust Investment	Seward Bear Creek Flood Service Area
<u>Assets</u>			
Cash and short-term investments	\$ -	\$ 5,796,048	\$ -
Equity in central treasury	1,961,722	-	723,053
Receivables (net of allowances for estimated uncollectibles):			
Taxes receivable	-	-	5,844
Accounts receivable	8,458	-	-
Land sale contracts receivable:			
Current	121,828	-	-
Delinquent	1,932	-	-
Due from other governments	-	-	2,291
Land sale contracts receivable - long-term	621,096	-	-
Total assets	\$ 2,715,036	\$ 5,796,048	\$ 731,188
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Accounts and retainage payable	55,243	-	11,561
Accrued payroll and payroll benefits	14,035	-	4,373
Due to General Fund	-	-	-
Unearned grant revenue	-	-	-
Total liabilities	69,278	-	15,934
Deferred Inflows of Resources:			
Prepaid property taxes	-	-	1,714
Property tax receivable - unavailable	-	-	4,500
Land sales - unavailable	745,769	-	-
Total deferred inflows of resources	745,769	-	6,214
Fund Balances:			
Restricted:			
Hazard tree removal program	-	-	-
General government	-	-	-
Public safety	-	-	700,823
Recreation	-	-	-
Committed:			
Land development projects	-	5,796,048	-
General government	-	-	-
Assigned:			
Subsequent year's expenditures	432,796	-	8,217
General government	1,467,193	-	-
Total fund balances	1,899,989	5,796,048	709,040
Total liabilities, deferred inflows of resources and fund balances	\$ 2,715,036	\$ 5,796,048	\$ 731,188

<u>Environmental Protection Programs</u>	<u>Disaster Relief</u>	<u>911 Communications</u>	<u>Miscellaneous Grants</u>	<u>Nikiski Senior Service Area</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -		\$ -	\$ 5,805,683
274,284	-	1,135,325	-	531,209	17,966,068
-	-	-	-	5,620	280,539
-	-	174,567	-	-	381,939
-	-	-	-	-	121,828
-	-	-	-	-	1,932
21,867	47,800	241,538	2,797,602	818	3,205,405
-	-	-	-	-	621,096
<u>\$ 296,151</u>	<u>\$ 47,800</u>	<u>\$ 1,551,430</u>	<u>\$ 2,797,602</u>	<u>\$ 537,647</u>	<u>28,384,490</u>
7,244	-	25,209	652,221	18,404	912,342
-	-	56,891	9,714	-	302,656
-	35,669	-	1,125,285	-	1,160,954
-	-	-	167,925	-	182,473
<u>7,244</u>	<u>35,669</u>	<u>82,100</u>	<u>1,955,145</u>	<u>18,404</u>	<u>2,558,425</u>
-	-	-	-	210,046	2,195,213
-	-	-	-	5,292	252,719
-	-	-	-	-	745,769
-	-	-	-	<u>215,338</u>	<u>3,193,701</u>
288,907	-	-	-	-	288,907
-	-	-	801,802	-	801,802
-	12,131	1,461,113	-	-	11,892,044
-	-	-	-	303,905	1,850,145
-	-	-	4,370	-	5,800,418
-	-	-	36,285	-	36,285
-	-	8,217	-	-	495,570
-	-	-	-	-	1,467,193
<u>288,907</u>	<u>12,131</u>	<u>1,469,330</u>	<u>842,457</u>	<u>303,905</u>	<u>22,632,364</u>
<u>\$ 296,151</u>	<u>\$ 47,800</u>	<u>\$ 1,551,430</u>	<u>\$ 2,797,602</u>	<u>\$ 537,647</u>	<u>\$ 28,384,490</u>

Kenai Peninsula Borough
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended June 30, 2020

	Bear Creek Fire Service Area	Anchor Point Fire and Emergency Medical Service Area	Central Emergency Service Area
Revenues:			
General property taxes	\$ 590,277	\$ 1,151,984	\$ 8,497,638
Motor vehicle tax	13,637	10,297	128,544
Intergovernmental:			
Federal	-	-	-
State	10,717	31,900	272,150
Investment earnings	23,413	40,862	263,776
Other revenues	40,671	77,626	785,313
Total revenues	678,715	1,312,669	9,947,421
 Expenditures:			
General government	-	-	-
Public safety	352,601	805,311	6,575,225
Recreation	-	-	-
Environmental protection	-	-	-
Total expenditures	352,601	805,311	6,575,225
 Excess (deficiency) of revenues over expenditures	 326,114	 507,358	 3,372,196
 Other financing sources (uses):			
Transfers in	-	-	7,788
Transfers out	(194,520)	(214,668)	(1,874,182)
Net other financing sources (uses)	(194,520)	(214,668)	(1,866,394)
 Net change in fund balances	 131,594	 292,690	 1,505,802
Fund balances at beginning of year	509,615	690,164	5,271,372
Fund balances at end of year	\$ 641,209	\$ 982,854	\$ 6,777,174

<u>Kachemak Emergency Service Area</u>	<u>Central Peninsula Emergency Medical Service Area</u>	<u>North Peninsula Recreation Service Area</u>	<u>Seldovia Recreational Service Area</u>	<u>Eastern Peninsula Highway Emergency Service Area</u>
\$ 1,137,487	\$ 7,788	\$ 1,895,271	\$ 59,059	\$ -
24,035	-	16,324	259	-
-	-	-	-	-
64,032	-	40,543	-	-
25,955	-	82,264	4,192	25,693
60,402	-	181,678	920	-
<u>1,311,911</u>	<u>7,788</u>	<u>2,216,080</u>	<u>64,430</u>	<u>25,693</u>
-	-	-	-	-
1,004,083	-	-	-	192,573
-	-	1,858,537	33,313	-
-	-	-	-	-
<u>1,004,083</u>	<u>-</u>	<u>1,858,537</u>	<u>33,313</u>	<u>192,573</u>
<u>307,828</u>	<u>7,788</u>	<u>357,543</u>	<u>31,117</u>	<u>(166,880)</u>
-	-	-	-	350,000
<u>(111,497)</u>	<u>(7,788)</u>	<u>(850,000)</u>	<u>-</u>	<u>(5,000)</u>
<u>(111,497)</u>	<u>(7,788)</u>	<u>(850,000)</u>	<u>-</u>	<u>345,000</u>
196,331	-	(492,457)	31,117	178,120
<u>455,123</u>	<u>-</u>	<u>1,922,924</u>	<u>84,656</u>	<u>533,506</u>
<u>\$ 651,454</u>	<u>\$ -</u>	<u>\$ 1,430,467</u>	<u>\$ 115,773</u>	<u>\$ 711,626</u>

Kenai Peninsula Borough
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances, continued
 For the Year Ended June 30, 2020

	<u>Land Trust</u>	<u>Land Trust Investment</u>	<u>Seward Bear Creek Flood Service Area</u>	<u>Environmental Protection Programs</u>
Revenues:				
General property taxes	\$ -	\$ -	\$ 392,244	\$ -
Motor vehicle tax	-	-	7,381	-
Intergovernmental:				
Federal	-	-	-	21,867
State	24,325	-	6,771	-
Investment earnings	65,472	95,568	27,190	10,387
Other revenues	<u>953,272</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,043,069</u>	<u>95,568</u>	<u>433,586</u>	<u>32,254</u>
Expenditures:				
General government	747,656	-	-	-
Public safety	-	-	404,168	-
Recreation	-	-	-	-
Environmental protection	-	-	-	33,319
Total expenditures	<u>747,656</u>	<u>-</u>	<u>404,168</u>	<u>33,319</u>
Excess (deficiency) of revenues over expenditures	<u>295,413</u>	<u>95,568</u>	<u>29,418</u>	<u>(1,065)</u>
Other financing sources (uses):				
Transfers in	-	285,505	-	-
Transfers out	<u>(285,505)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(285,505)</u>	<u>285,505</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,908	381,073	29,418	(1,065)
Fund balances at beginning of year	<u>1,890,081</u>	<u>5,414,975</u>	<u>679,622</u>	<u>289,972</u>
Fund balances at end of year	<u>\$ 1,899,989</u>	<u>\$ 5,796,048</u>	<u>\$ 709,040</u>	<u>\$ 288,907</u>

<u>Disaster Relief</u>	<u>911 Communications</u>	<u>Miscellaneous Grants</u>	<u>Nikiski Senior Service Area</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 352,379	\$ 14,084,127
-	-	-	2,635	203,112
54,558	-	2,857,473	-	2,933,898
18,186	341,205	996,948	-	1,806,777
-	-	-	15,252	680,024
-	<u>1,536,969</u>	<u>60,000</u>	<u>-</u>	<u>3,696,851</u>
<u>72,744</u>	<u>1,878,174</u>	<u>3,914,421</u>	<u>370,266</u>	<u>23,404,789</u>
-	-	414,564	398,200	1,560,420
199,990	2,160,307	2,815,478	-	14,509,736
-	-	-	-	1,891,850
-	-	60,000	-	93,319
<u>199,990</u>	<u>2,160,307</u>	<u>3,290,042</u>	<u>398,200</u>	<u>18,055,325</u>
<u>(127,246)</u>	<u>(282,133)</u>	<u>624,379</u>	<u>(27,934)</u>	<u>5,349,464</u>
127,246	744,435	-	52,981	1,567,955
-	-	-	-	(3,543,160)
<u>127,246</u>	<u>744,435</u>	<u>-</u>	<u>52,981</u>	<u>(1,975,205)</u>
-	462,302	624,379	25,047	3,374,259
<u>12,131</u>	<u>1,007,028</u>	<u>218,078</u>	<u>278,858</u>	<u>19,258,105</u>
<u>\$ 12,131</u>	<u>\$ 1,469,330</u>	<u>\$ 842,457</u>	<u>\$ 303,905</u>	<u>\$ 22,632,364</u>

Kenai Peninsula Borough
 Bear Creek Fire Service Area Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 586,959	\$ 586,959	\$ 590,277	\$ 3,318
Motor vehicle tax	16,365	16,365	13,637	(2,728)
Intergovernmental-				
State	-	9,717	10,717	1,000
Investment earnings	6,627	6,627	23,413	16,786
Other revenues	<u>60,129</u>	<u>60,129</u>	<u>40,671</u>	<u>(19,458)</u>
Total revenues	<u>670,080</u>	<u>679,797</u>	<u>678,715</u>	<u>(1,082)</u>
Expenditures:				
Public Safety:				
Personnel	251,847	261,564	201,079	60,485
Supplies	26,575	25,550	13,289	12,261
Services	197,911	197,911	133,639	64,272
Capital outlay	<u>10,165</u>	<u>11,190</u>	<u>4,594</u>	<u>6,596</u>
Total expenditures	<u>486,498</u>	<u>496,215</u>	<u>352,601</u>	<u>143,614</u>
Excess (deficiency) of revenues over expenditures	<u>183,582</u>	<u>183,582</u>	<u>326,114</u>	<u>142,532</u>
Other financing sources (uses):				
Transfers out	<u>(194,520)</u>	<u>(194,520)</u>	<u>(194,520)</u>	<u>-</u>
Net change in fund balance	(10,938)	(10,938)	131,594	142,532
Fund balance at beginning of year	<u>509,615</u>	<u>509,615</u>	<u>509,615</u>	<u>-</u>
Fund balance at end of year	<u>\$ 498,677</u>	<u>\$ 498,677</u>	<u>\$ 641,209</u>	<u>\$ 142,532</u>

Kenai Peninsula Borough

Anchor Point Fire and Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
General property taxes	\$ 1,155,962	\$ 1,155,962	\$ 1,151,984	\$ (3,978)
Motor vehicle tax	12,422	12,422	10,297	(2,125)
Intergovernmental:				
Federal	-	7,500	-	(7,500)
State	-	18,905	31,900	12,995
Investment earnings	6,837	6,837	40,862	34,025
Other revenues	85,000	85,000	77,626	(7,374)
Total revenues	<u>1,260,221</u>	<u>1,286,626</u>	<u>1,312,669</u>	<u>26,043</u>
Expenditures:				
Public Safety:				
Personnel	630,808	623,613	526,101	97,512
Supplies	87,050	92,550	59,141	33,409
Services	220,587	215,087	175,517	39,570
Capital outlay	65,654	99,254	44,552	54,702
Total expenditures	<u>1,004,099</u>	<u>1,030,504</u>	<u>805,311</u>	<u>225,193</u>
Excess (deficiency) of revenues over expenditures	<u>256,122</u>	<u>256,122</u>	<u>507,358</u>	<u>251,236</u>
Other financing sources (uses):				
Transfers out	<u>(214,668)</u>	<u>(214,668)</u>	<u>(214,668)</u>	<u>-</u>
Net change in fund balance	41,454	41,454	292,690	251,236
Fund balance at beginning of year	<u>690,164</u>	<u>690,164</u>	<u>690,164</u>	<u>-</u>
Fund balance at end of year	<u>\$ 731,618</u>	<u>\$ 731,618</u>	<u>\$ 982,854</u>	<u>\$ 251,236</u>

Kenai Peninsula Borough
Central Emergency Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 8,514,933	\$ 8,514,933	\$ 8,497,638	\$ (17,295)
Motor vehicle tax	147,704	147,704	128,544	(19,160)
Intergovernmental:				
State	-	218,628	272,150	53,522
Investment earnings	60,511	60,511	263,776	203,265
Other revenues	<u>846,000</u>	<u>846,000</u>	<u>785,313</u>	<u>(60,687)</u>
Total revenues	<u>9,569,148</u>	<u>9,787,776</u>	<u>9,947,421</u>	<u>159,645</u>
Expenditures:				
Public Safety:				
Personnel	6,627,787	6,812,065	5,068,981	1,743,084
Supplies	375,310	387,081	317,626	69,455
Services	1,305,520	1,274,578	1,051,944	222,634
Capital outlay	<u>83,138</u>	<u>138,809</u>	<u>136,674</u>	<u>2,135</u>
Total expenditures	<u>8,391,755</u>	<u>8,612,533</u>	<u>6,575,225</u>	<u>2,037,308</u>
Excess (deficiency) of revenues over expenditures	<u>1,177,393</u>	<u>1,175,243</u>	<u>3,372,196</u>	<u>2,196,953</u>
Other financing sources (uses):				
Transfers in	8,113	8,113	7,788	(325)
Transfers out	<u>(1,850,077)</u>	<u>(1,874,181)</u>	<u>(1,874,182)</u>	<u>(1)</u>
Net other financing sources (uses)	<u>(1,841,964)</u>	<u>(1,866,068)</u>	<u>(1,866,394)</u>	<u>(326)</u>
Net change in fund balance	(664,571)	(690,825)	1,505,802	2,196,627
Fund balance at beginning of year	<u>5,271,372</u>	<u>5,271,372</u>	<u>5,271,372</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,606,801</u>	<u>\$ 4,580,547</u>	<u>\$ 6,777,174</u>	<u>\$ 2,196,627</u>

Kenai Peninsula Borough
Kachemak Emergency Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 1,144,302	\$ 1,144,302	\$ 1,137,487	\$ (6,815)
Motor vehicle tax	28,653	28,653	24,035	(4,618)
Intergovernmental:				
Federal	-	7,048	-	(7,048)
State	-	22,352	64,032	41,680
Investment earnings	14,177	14,177	25,955	11,778
Other revenues	40,000	40,000	60,402	20,402
Total revenues	<u>1,227,132</u>	<u>1,256,532</u>	<u>1,311,911</u>	<u>55,379</u>
Expenditures:				
Public Safety:				
Personnel	658,432	660,784	585,945	74,839
Supplies	84,000	85,524	67,677	17,847
Services	217,673	237,751	210,945	26,806
Capital outlay	144,563	150,009	139,516	10,493
Total expenditures	<u>1,104,668</u>	<u>1,134,068</u>	<u>1,004,083</u>	<u>129,985</u>
Excess (deficiency) of revenues over expenditures	<u>122,464</u>	<u>122,464</u>	<u>307,828</u>	<u>185,364</u>
Other financing sources (uses):				
Transfers out	<u>(111,497)</u>	<u>(111,497)</u>	<u>(111,497)</u>	<u>-</u>
Net change in fund balance	10,967	10,967	196,331	185,364
Fund balance at beginning of year	<u>455,123</u>	<u>455,123</u>	<u>455,123</u>	<u>-</u>
Fund balance at end of year	<u>\$ 466,090</u>	<u>\$ 466,090</u>	<u>\$ 651,454</u>	<u>\$ 185,364</u>

Kenai Peninsula Borough

Central Peninsula Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
General property taxes	\$ 8,113	\$ 8,113	\$ 7,788	\$ (325)
Expenditures:				
Public Safety:	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>8,113</u>	<u>8,113</u>	<u>7,788</u>	<u>(325)</u>
Other financing sources (uses):				
Transfers out	<u>(8,113)</u>	<u>(8,113)</u>	<u>(7,788)</u>	<u>325</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kenai Peninsula Borough
North Peninsula Recreation Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 1,897,469	\$ 1,897,469	\$ 1,895,271	\$ (2,198)
Motor vehicle tax	19,397	19,397	16,324	(3,073)
Intergovernmental-				
State	-	40,543	40,543	-
Investment earnings	26,831	26,831	82,264	55,433
Other revenues	<u>235,340</u>	<u>235,340</u>	<u>181,678</u>	<u>(53,662)</u>
Total revenues	<u>2,179,037</u>	<u>2,219,580</u>	<u>2,216,080</u>	<u>(3,500)</u>
Expenditures:				
Recreation:				
Personnel	1,262,875	1,250,655	1,149,715	100,940
Supplies	135,300	133,063	109,923	23,140
Services	574,253	627,953	583,138	44,815
Capital outlay	<u>14,741</u>	<u>16,041</u>	<u>15,761</u>	<u>280</u>
Total expenditures	<u>1,987,169</u>	<u>2,027,712</u>	<u>1,858,537</u>	<u>169,175</u>
Excess (deficiency) of revenues over expenditures	<u>191,868</u>	<u>191,868</u>	<u>357,543</u>	<u>165,675</u>
Other financing sources (uses):				
Transfers out	<u>(850,000)</u>	<u>(850,000)</u>	<u>(850,000)</u>	<u>-</u>
Net change in fund balance	(658,132)	(658,132)	(492,457)	165,675
Fund balance at beginning of year	<u>1,922,924</u>	<u>1,922,924</u>	<u>1,922,924</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,264,792</u>	<u>\$ 1,264,792</u>	<u>\$ 1,430,467</u>	<u>\$ 165,675</u>

Kenai Peninsula Borough
Seldovia Recreational Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 58,166	\$ 58,166	\$ 59,059	\$ 893
Motor vehicle tax	307	307	259	(48)
Investment earnings	1,048	1,048	4,192	3,144
Other revenues	<u>1,050</u>	<u>1,050</u>	<u>920</u>	<u>(130)</u>
Total revenues	<u>60,571</u>	<u>60,571</u>	<u>64,430</u>	<u>3,859</u>
Expenditures:				
Recreation:				
Supplies	6,800	6,622	2,428	4,194
Services	55,562	53,140	29,233	23,907
Capital outlay	<u>150</u>	<u>2,750</u>	<u>1,652</u>	<u>1,098</u>
Total expenditures	<u>62,512</u>	<u>62,512</u>	<u>33,313</u>	<u>29,199</u>
Excess (deficiency) of revenues over expenditures	(1,941)	(1,941)	31,117	33,058
Fund balance at beginning of year	<u>84,656</u>	<u>84,656</u>	<u>84,656</u>	<u>-</u>
Fund balance at end of year	<u>\$ 82,715</u>	<u>\$ 82,715</u>	<u>\$ 115,773</u>	<u>\$ 33,058</u>

Kenai Peninsula Borough

Eastern Peninsula Highway Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment earnings	\$ 4,883	\$ 4,883	\$ 25,693	\$ 20,810
Other revenues	<u>56,800</u>	<u>56,800</u>	<u>-</u>	<u>(56,800)</u>
Total revenues	<u>61,683</u>	<u>61,683</u>	<u>25,693</u>	<u>(35,990)</u>
Expenditures:				
Public Safety:				
Supplies	4,310	4,310	17	4,293
Services	377,309	378,279	180,327	197,952
Capital outlay	<u>23,597</u>	<u>22,627</u>	<u>12,229</u>	<u>10,398</u>
Total expenditures	<u>405,216</u>	<u>405,216</u>	<u>192,573</u>	<u>212,643</u>
Excess (deficiency) of revenues over expenditures	<u>(343,533)</u>	<u>(343,533)</u>	<u>(166,880)</u>	<u>176,653</u>
Other financing sources (uses):				
Transfers in	350,000	350,000	350,000	-
Transfers out	<u>(6,467)</u>	<u>(6,467)</u>	<u>(5,000)</u>	<u>1,467</u>
Net other financing sources (uses)	<u>343,533</u>	<u>343,533</u>	<u>345,000</u>	<u>1,467</u>
Net change in fund balance	-	-	178,120	178,120
Fund balance at beginning of year	<u>533,506</u>	<u>533,506</u>	<u>533,506</u>	<u>-</u>
Fund balance at end of year	<u>\$ 533,506</u>	<u>\$ 533,506</u>	<u>\$ 711,626</u>	<u>\$ 178,120</u>

Kenai Peninsula Borough
Land Trust Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State	\$ -	\$ 24,325	\$ 24,325	\$ -
Investment earnings	7,265	7,265	65,472	58,207
Payments on land contracts	870,000	870,000	612,341	(257,659)
Land leases	125,000	125,000	125,174	174
Timber and gravel sales	100,000	100,000	75,898	(24,102)
Miscellaneous	95,000	95,000	139,859	44,859
Total revenues	<u>1,197,265</u>	<u>1,221,590</u>	<u>1,043,069</u>	<u>(178,521)</u>
Expenditures:				
General government:				
Personnel	667,300	691,625	582,942	108,683
Supplies	8,900	8,900	1,862	7,038
Services	320,412	316,412	159,531	156,881
Capital outlay	6,000	10,000	3,321	6,679
Total expenditures	<u>1,002,612</u>	<u>1,026,937</u>	<u>747,656</u>	<u>279,281</u>
Excess (deficiency) of revenues over expenditures	<u>194,653</u>	<u>194,653</u>	<u>295,413</u>	<u>100,760</u>
Other financing sources (uses):				
Transfers in	198,000	198,000	-	(198,000)
Transfers out	<u>(850,000)</u>	<u>(850,000)</u>	<u>(285,505)</u>	<u>564,495</u>
Net other financing sources (uses)	<u>(652,000)</u>	<u>(652,000)</u>	<u>(285,505)</u>	<u>366,495</u>
Net change in fund balance	(457,347)	(457,347)	9,908	467,255
Fund balance at beginning of year	<u>1,890,081</u>	<u>1,890,081</u>	<u>1,890,081</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,432,734</u>	<u>\$ 1,432,734</u>	<u>\$ 1,899,989</u>	<u>\$ 467,255</u>

Kenai Peninsula Borough
Seward Bear Creek Flood Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 376,739	\$ 376,739	\$ 392,244	\$ 15,505
Motor vehicle tax	9,621	9,621	7,381	(2,240)
Intergovernmental:				
State	-	6,771	6,771	-
Investment earnings	<u>5,060</u>	<u>5,060</u>	<u>27,190</u>	<u>22,130</u>
Total revenues	<u>391,420</u>	<u>398,191</u>	<u>433,586</u>	<u>35,395</u>
Expenditures:				
Public Safety:				
Personnel	173,791	180,562	176,698	3,864
Supplies	3,950	3,950	1,575	2,375
Services	190,863	509,932	225,895	284,037
Capital outlay	<u>50</u>	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total expenditures	<u>368,654</u>	<u>695,544</u>	<u>404,168</u>	<u>291,376</u>
Excess (deficiency) of revenues over expenditures	22,766	(297,353)	29,418	326,771
Fund balance at beginning of year	<u>679,622</u>	<u>679,622</u>	<u>679,622</u>	<u>-</u>
Fund balance at end of year	<u>\$ 702,388</u>	<u>\$ 382,269</u>	<u>\$ 709,040</u>	<u>\$ 326,771</u>

Kenai Peninsula Borough
 911 Communications Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
911 service fee	\$ 1,632,000	\$ 1,632,000	\$ 1,536,819	\$ (95,181)
Intergovernmental:				
State	105,000	176,603	341,205	164,602
Other revenues	-	-	150	150
Total revenues	<u>1,737,000</u>	<u>1,808,603</u>	<u>1,878,174</u>	<u>69,571</u>
Expenditures:				
Public Safety:				
Personnel	1,702,930	1,932,534	1,567,039	365,495
Supplies	16,400	16,400	6,037	10,363
Services	639,514	630,821	538,147	92,674
Capital outlay	55,085	60,178	49,084	11,094
Total expenditures	<u>2,413,929</u>	<u>2,639,933</u>	<u>2,160,307</u>	<u>479,626</u>
Excess (deficiency) of revenues over expenditures	<u>(676,929)</u>	<u>(831,330)</u>	<u>(282,133)</u>	<u>549,197</u>
Other financing sources (uses):				
Transfers in	<u>592,184</u>	<u>744,435</u>	<u>744,435</u>	<u>-</u>
Net change in fund balance	(84,745)	(86,895)	462,302	549,197
Fund balance at beginning of year	<u>1,007,028</u>	<u>1,007,028</u>	<u>1,007,028</u>	<u>-</u>
Fund balance at end of year	<u>\$ 922,283</u>	<u>\$ 920,133</u>	<u>\$ 1,469,330</u>	<u>\$ 549,197</u>

Kenai Peninsula Borough

Nikiski Senior Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
General property taxes	\$ 351,184	\$ 351,184	\$ 352,379	\$ 1,195
Motor vehicle tax	3,131	3,131	2,635	(496)
Investment earnings	<u>3,961</u>	<u>3,961</u>	<u>15,252</u>	<u>11,291</u>
Total revenues	<u>358,276</u>	<u>358,276</u>	<u>370,266</u>	<u>11,990</u>
Expenditures:				
General government:				
Services	<u>398,200</u>	<u>398,200</u>	<u>398,200</u>	<u>-</u>
Total expenditures	<u>398,200</u>	<u>398,200</u>	<u>398,200</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(39,924)</u>	<u>(39,924)</u>	<u>(27,934)</u>	<u>11,990</u>
Other financing sources (uses):				
Transfers in	<u>52,981</u>	<u>52,981</u>	<u>52,981</u>	<u>-</u>
Net change in fund balance	13,057	13,057	25,047	11,990
Fund balance at beginning of year	<u>278,858</u>	<u>278,858</u>	<u>278,858</u>	<u>-</u>
Fund balance at end of year	<u>\$ 291,915</u>	<u>\$ 291,915</u>	<u>\$ 303,905</u>	<u>\$ 11,990</u>

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Nonmajor Capital Project Funds
Pages 118-123

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

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

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

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

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

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

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

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

Anchor Point Fire and Emergency Medical Service Area – This fund is used to account for acquisition and construction of major capital facilities of the Anchor Point Fire and Emergency Medical Service Area.

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

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

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

Kenai Peninsula Borough
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 June 30, 2020

	<u>School Revenue</u>	<u>Bond Fund</u>	<u>General Government</u>	<u>Road Service Area</u>
<u>Assets</u>				
Equity in central treasury	\$ 1,438,442	\$ 2,607,587	\$ 735,481	\$ 9,339,327
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	587,875
Restricted assets - equity in central treasury - unspent bond proceeds	2,385,338	-	-	-
Total assets	<u>\$ 3,823,780</u>	<u>\$ 2,607,587</u>	<u>\$ 735,481</u>	<u>\$ 9,927,202</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts and retainage payable	124,568	599	-	1,135,401
Accrued payroll and payroll benefits	9,229	464	-	533
Unearned grant revenue	152,674	-	-	-
Total liabilities	<u>286,471</u>	<u>1,063</u>	<u>-</u>	<u>1,135,934</u>
Fund balances:				
Restricted:				
Education	152,674	2,606,524	-	-
Public safety	-	-	-	-
Committed:				
Software upgrades	-	-	138,163	-
Building maintenance and upgrades	-	-	43,807	-
Public safety facilities and equipment	-	-	-	-
Recreational facility maintenance	-	-	-	-
School maintenance and upgrades	3,384,635	-	-	-
Road construction and upgrades	-	-	-	4,809,291
Assigned:				
Subsequent year's expenditures	-	-	553,511	3,981,977
Total fund balances	<u>3,537,309</u>	<u>2,606,524</u>	<u>735,481</u>	<u>8,791,268</u>
Total liabilities and fund balances	<u>\$ 3,823,780</u>	<u>\$ 2,607,587</u>	<u>\$ 735,481</u>	<u>\$ 9,927,202</u>

<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>
\$ 4,887,114	\$ 486,496	\$ 1,546,769	\$ 239,714
-	-	349,627	-
-	-	31,601	-
-	-	250,354	-
<u>\$ 4,887,114</u>	<u>\$ 486,496</u>	<u>\$ 2,178,351</u>	<u>\$ 239,714</u>
1,063,063	-	-	-
394	-	-	200
-	-	-	-
<u>1,063,457</u>	<u>-</u>	<u>-</u>	<u>200</u>
-	-	-	-
-	-	265,762	-
-	-	-	-
-	-	-	-
3,823,657	196,467	1,912,589	105,644
-	-	-	-
-	-	-	-
-	-	-	-
-	290,029	-	133,870
<u>3,823,657</u>	<u>486,496</u>	<u>2,178,351</u>	<u>239,514</u>
<u>\$ 4,887,114</u>	<u>\$ 486,496</u>	<u>\$ 2,178,351</u>	<u>\$ 239,714</u>

(Continued)

Kenai Peninsula Borough
 Nonmajor Capital Projects Funds
 Combining Balance Sheet, continued
 June 30, 2020

	Kachemak Emergency Service Area	911 Communications	North Peninsula Recreation Service Area	Total Nonmajor Capital Projects Funds
<u>Assets</u>				
Equity in central treasury	\$ 127,852	\$ 10,889	\$ 1,547,981	\$ 22,967,652
Accounts receivable	-	-	-	349,627
Due from other governments	-	-	-	619,476
Restricted assets - equity in central treasury - unspent bond proceeds	-	-	-	2,635,692
Total assets	<u>\$ 127,852</u>	<u>\$ 10,889</u>	<u>\$ 1,547,981</u>	<u>\$ 26,572,447</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts and retainage payable	-	-	141,532	2,465,163
Accrued payroll and payroll benefits	-	-	171	10,991
Unearned grant revenue	-	-	-	152,674
Total liabilities	<u>-</u>	<u>-</u>	<u>141,703</u>	<u>2,628,828</u>
Fund balances:				
Restricted:				
Education	-	-	-	2,759,198
Public safety	-	-	-	265,762
Committed:				
Software upgrades	-	-	-	138,163
Building maintenance and upgrades	-	-	-	43,807
Public safety facilities and equipment	40,406	10,889	-	6,089,652
Recreational facility maintenance	-	-	1,273,414	1,273,414
School maintenance and upgrades	-	-	-	3,384,635
Road construction and upgrades	-	-	-	4,809,291
Assigned:				
Subsequent year's expenditures	87,446	-	132,864	5,179,697
Total fund balances	<u>127,852</u>	<u>10,889</u>	<u>1,406,278</u>	<u>23,943,619</u>
Total liabilities and fund balances	<u>\$ 127,852</u>	<u>\$ 10,889</u>	<u>\$ 1,547,981</u>	<u>\$ 26,572,447</u>

Kenai Peninsula Borough
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended June 30, 2020

	<u>School Revenue</u>	<u>Bond Fund</u>	<u>General Government</u>	<u>Road Service Area</u>
Revenues:				
Intergovernmental:				
Federal	\$ -	\$ -	\$ -	\$ 1,234,830
State	-	-	-	300,911
Investment earnings	-	34,529	-	313,349
Other revenues	<u>1,002,865</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,002,865</u>	<u>34,529</u>	<u>-</u>	<u>1,849,090</u>
Expenditures:				
General government	-	-	175,225	-
Public safety	-	-	-	-
Recreation	-	-	-	-
Education	2,060,521	92,025	-	-
Roads and trails	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,934,020</u>
Total expenditures	<u>2,060,521</u>	<u>92,025</u>	<u>175,225</u>	<u>2,934,020</u>
Excess (deficiency) of revenues over expenditures	<u>(1,057,656)</u>	<u>(57,496)</u>	<u>(175,225)</u>	<u>(1,084,930)</u>
Other financing sources (uses):				
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers in	2,660,000	-	250,000	2,000,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>2,660,000</u>	<u>-</u>	<u>250,000</u>	<u>2,000,000</u>
Net change in fund balances	1,602,344	(57,496)	74,775	915,070
Fund balances at beginning of year	<u>1,934,965</u>	<u>2,664,020</u>	<u>660,706</u>	<u>7,876,198</u>
Fund balances at end of year	<u>\$ 3,537,309</u>	<u>\$ 2,606,524</u>	<u>\$ 735,481</u>	<u>\$ 8,791,268</u>

(Continued)

Kenai Peninsula Borough

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances, continued

For the Year Ended June 30, 2020

	<u>Nikiski Fire Service Area</u>	<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Service Area</u>	<u>Anchor Point Fire and Emergency Medical Service Area</u>
Revenues:				
Intergovernmental:				
Federal	\$ 125,574	\$ -	\$ 933,404	\$ -
State	-	-	-	-
Investment earnings	180,179	16,134	70,667	10,212
Other revenues	-	-	-	-
Total revenues	<u>305,753</u>	<u>16,134</u>	<u>1,004,071</u>	<u>10,212</u>
Expenditures:				
General government	-	-	-	-
Public safety	2,280,247	-	3,905,559	149,417
Recreation	-	-	-	-
Education	-	-	-	-
Roads and trails	-	-	-	-
Total expenditures	<u>2,280,247</u>	<u>-</u>	<u>3,905,559</u>	<u>149,417</u>
Excess (deficiency) of revenues over expenditures	<u>(1,974,494)</u>	<u>16,134</u>	<u>(2,901,488)</u>	<u>(139,205)</u>
Other financing sources (uses):				
Bonds issued	-	-	1,335,000	-
Premium on bonds issued	-	-	276,196	-
Insurance proceeds	-	-	349,627	-
Transfers in	1,400,000	100,000	1,250,000	200,000
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>1,400,000</u>	<u>100,000</u>	<u>3,210,823</u>	<u>200,000</u>
Net change in fund balances	(574,494)	116,134	309,335	60,795
Fund balances at beginning of year	<u>4,398,151</u>	<u>370,362</u>	<u>1,869,016</u>	<u>178,719</u>
Fund balances at end of year	<u>\$ 3,823,657</u>	<u>\$ 486,496</u>	<u>\$ 2,178,351</u>	<u>\$ 239,514</u>

<u>Kachemak Emergency Service Area</u>	<u>911 Communications</u>	<u>North Peninsula Recreation Service Area</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ 2,293,808
-	-	-	300,911
7,664	-	48,613	681,347
-	-	-	1,002,865
<u>7,664</u>	<u>-</u>	<u>48,613</u>	<u>4,278,931</u>
-	-	-	175,225
520,701	101,387	-	6,957,311
-	-	237,728	237,728
-	-	-	2,152,546
-	-	-	2,934,020
<u>520,701</u>	<u>101,387</u>	<u>237,728</u>	<u>12,456,830</u>
<u>(513,037)</u>	<u>(101,387)</u>	<u>(189,115)</u>	<u>(8,177,899)</u>
-	-	-	1,335,000
-	-	-	276,196
-	-	-	349,627
100,000	-	850,000	8,810,000
-	(175,000)	-	(175,000)
<u>100,000</u>	<u>(175,000)</u>	<u>850,000</u>	<u>10,595,823</u>
(413,037)	(276,387)	660,885	2,417,924
<u>540,889</u>	<u>287,276</u>	<u>745,393</u>	<u>21,525,695</u>
<u>\$ 127,852</u>	<u>\$ 10,889</u>	<u>\$ 1,406,278</u>	<u>\$ 23,943,619</u>

Nonmajor Debt Service Funds
Pages 125-130

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

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

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

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

Kenai Peninsula Borough
 Nonmajor Debt Service Funds
 Combining Balance Sheet
 June 30, 2020

	<u>General Government</u>		<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Services</u>	<u>Total Nonmajor Debt Service Funds</u>
	<u>School Debt</u>	<u>Solid Waste</u>			
<u>Assets</u>	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities and Fund Balances</u>					
Liabilities	-	-	-	-	-
Fund balances	-	-	-	-	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kenai Peninsula Borough
 Nonmajor Debt Service Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended June 30, 2020

	<u>General Government</u>		<u>Bear Creek Fire Service Area</u>	<u>Central Emergency Services</u>	<u>Total Nonmajor Debt Service Funds</u>
	<u>School Debt</u>	<u>Solid Waste</u>			
Revenues:					
Interest subsidy	<u>\$ 260,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,745</u>
Expenditures:					
Debt service:					
Principal	2,465,000	875,000	50,000	315,000	3,705,000
Interest and other	<u>1,579,601</u>	<u>188,500</u>	<u>44,520</u>	<u>156,042</u>	<u>1,968,663</u>
Total expenditures	<u>4,044,601</u>	<u>1,063,500</u>	<u>94,520</u>	<u>471,042</u>	<u>5,673,663</u>
Excess (deficiency) of revenues over expenditures	<u>(3,783,856)</u>	<u>(1,063,500)</u>	<u>(94,520)</u>	<u>(471,042)</u>	<u>(5,412,918)</u>
Other financing sources (uses):					
Transfers in	<u>3,783,856</u>	<u>1,063,500</u>	<u>94,520</u>	<u>471,042</u>	<u>5,412,918</u>
Net change in fund balances	-	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kenai Peninsula Borough
School Debt Service Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest subsidy	\$ 260,340	\$ 260,340	\$ 260,745	\$ 405
Expenditures:				
Debt service:				
Principal	2,465,000	2,465,000	2,465,000	-
Interest and other	<u>1,589,226</u>	<u>1,589,226</u>	<u>1,579,601</u>	<u>9,625</u>
Total expenditures	<u>4,054,226</u>	<u>4,054,226</u>	<u>4,044,601</u>	<u>9,625</u>
Excess (deficiency) of revenues over expenditures	<u>(3,793,886)</u>	<u>(3,793,886)</u>	<u>(3,783,856)</u>	<u>10,030</u>
Other financing sources (uses):				
Transfers in	<u>3,793,886</u>	<u>3,793,886</u>	<u>3,783,856</u>	<u>(10,030)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kenai Peninsula Borough
Solid Waste Debt Service Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	875,000	875,000	875,000	-
Interest and other	<u>188,500</u>	<u>188,500</u>	<u>188,500</u>	<u>-</u>
Total expenditures	<u>1,063,500</u>	<u>1,063,500</u>	<u>1,063,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,063,500)</u>	<u>(1,063,500)</u>	<u>(1,063,500)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>1,063,500</u>	<u>1,063,500</u>	<u>1,063,500</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Kenai Peninsula Borough

Bear Creek Fire Service Area Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	50,000	50,000	50,000	-
Interest and other	<u>44,520</u>	<u>44,520</u>	<u>44,520</u>	<u>-</u>
Total expenditures	<u>94,520</u>	<u>94,520</u>	<u>94,520</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(94,520)</u>	<u>(94,520)</u>	<u>(94,520)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>94,520</u>	<u>94,520</u>	<u>94,520</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kenai Peninsula Borough
 Central Emergency Services Debt Service Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	315,000	315,000	315,000	-
Interest and other	<u>131,938</u>	<u>156,043</u>	<u>156,042</u>	<u>1</u>
Total expenditures	<u>446,938</u>	<u>471,043</u>	<u>471,042</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(446,938)</u>	<u>(471,043)</u>	<u>(471,042)</u>	<u>1</u>
Other financing sources (uses):				
Transfers in	<u>446,938</u>	<u>471,043</u>	<u>471,042</u>	<u>(1)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

INTERNAL SERVICE FUNDS

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Net Position
June 30, 2020

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Employee Compensated Leave</u>	<u>Equipment Replacement</u>	<u>Total Internal Service Funds</u>
<u>Assets</u>					
Current assets:					
Cash and short term investments	\$ 70,150	\$ -	\$ -	\$ -	\$ 70,150
Equity in central treasury	6,502,498	4,348,358	2,818,090	2,830,213	16,499,159
Other receivables	33,243	46,368	-	-	79,611
Prepays	34,250	79,151	-	-	113,401
Total current assets	<u>6,640,141</u>	<u>4,473,877</u>	<u>2,818,090</u>	<u>2,830,213</u>	<u>16,762,321</u>
Capital assets:					
Equipment	32,645	-	-	3,408,349	3,440,994
Less accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,008,201)</u>	<u>(1,008,201)</u>
Total capital assets (net of accumulated depreciation)	<u>32,645</u>	<u>-</u>	<u>-</u>	<u>2,400,148</u>	<u>2,432,793</u>
Total assets	<u>6,672,786</u>	<u>4,473,877</u>	<u>2,818,090</u>	<u>5,230,361</u>	<u>19,195,114</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts and contracts payable	3,101	-	-	48,741	51,842
Accrued payroll and payroll benefits	16,683	-	-	-	16,683
Claims payable	2,144,825	800,000	-	-	2,944,825
Compensated absences	9,826	-	704,523	-	714,349
Total current liabilities	<u>2,174,435</u>	<u>800,000</u>	<u>704,523</u>	<u>48,741</u>	<u>3,727,699</u>
Noncurrent liabilities -					
compensated absences	<u>29,479</u>	<u>-</u>	<u>2,113,567</u>	<u>-</u>	<u>2,143,046</u>
Total liabilities	<u>2,203,914</u>	<u>800,000</u>	<u>2,818,090</u>	<u>48,741</u>	<u>5,870,745</u>
<u>Net Position</u>					
Investment in capital assets	32,645	-	-	2,400,148	2,432,793
Unrestricted	<u>4,436,227</u>	<u>3,673,877</u>	<u>-</u>	<u>2,781,472</u>	<u>10,891,576</u>
Total net position	<u>\$ 4,468,872</u>	<u>\$ 3,673,877</u>	<u>\$ -</u>	<u>\$ 5,181,620</u>	<u>\$ 13,324,369</u>

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2020

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Employee Compensated Leave</u>	<u>Equipment Replacement</u>	<u>Total Internal Service Funds</u>
Operating revenues:					
Charges for sales and services	\$ 4,203,761	\$ 7,425,735	\$ 2,209,049	\$ 494,885	\$ 14,333,430
Intergovernmental state revenues -					
PERS on-behalf	<u>21,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,464</u>
Total operating revenues	<u>4,225,225</u>	<u>7,425,735</u>	<u>2,209,049</u>	<u>494,885</u>	<u>14,354,894</u>
Operating expenses:					
Administrative services	717,991	330,372	2,209,049	-	3,257,412
Insurance premiums	1,969,607	810,201	-	-	2,779,808
Self-insured losses	1,461,210	4,780,716	-	-	6,241,926
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,954</u>	<u>417,954</u>
Total operating expenses	<u>4,148,808</u>	<u>5,921,289</u>	<u>2,209,049</u>	<u>417,954</u>	<u>12,697,100</u>
Operating income (loss)	<u>76,417</u>	<u>1,504,446</u>	<u>-</u>	<u>76,931</u>	<u>1,657,794</u>
Non-operating revenues (expenses):					
Investment earnings	258,423	116,326	-	97,953	472,702
Loss on disposal of assets	-	-	-	(66,234)	(66,234)
Other	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Net non-operating revenues (expenses)	<u>258,523</u>	<u>116,326</u>	<u>-</u>	<u>31,719</u>	<u>406,568</u>
Change in net position	334,940	1,620,772	-	108,650	2,064,362
Net position at beginning of year	<u>4,133,932</u>	<u>2,053,105</u>	<u>-</u>	<u>5,072,970</u>	<u>11,260,007</u>
Net position at end of year	<u>\$ 4,468,872</u>	<u>\$ 3,673,877</u>	<u>\$ -</u>	<u>\$ 5,181,620</u>	<u>\$ 13,324,369</u>

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	<u>Insurance and Litigation</u>	<u>Employee Health Insurance</u>	<u>Employee Compensated Leave</u>	<u>Equipment Replacement</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 4,203,761	\$ 7,425,735	\$ 2,209,049	\$ 494,885	\$ 14,333,430
Payments to suppliers	(3,832,409)	(5,908,688)	-	-	(9,741,097)
Payments to employees	(543,883)	-	(2,273,621)	-	(2,817,504)
Other program revenue - PERS on-behalf	21,464	-	-	-	21,464
Net cash provided (used) by operating activities	<u>(151,067)</u>	<u>1,517,047</u>	<u>(64,572)</u>	<u>494,885</u>	<u>1,796,293</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	<u>(32,645)</u>	<u>-</u>	<u>-</u>	<u>(1,282,228)</u>	<u>(1,314,873)</u>
Cash flows from investing activities:					
Investment earnings	258,423	116,326	-	97,953	472,702
Lease income	100	-	-	-	100
Net cash provided (used) by investment activities	<u>258,523</u>	<u>116,326</u>	<u>-</u>	<u>97,953</u>	<u>472,802</u>
Net increase (decrease) in cash and cash equivalents	74,811	1,633,373	(64,572)	(689,390)	954,222
Cash and equity in central treasury at beginning of year	<u>6,497,837</u>	<u>2,714,985</u>	<u>2,882,662</u>	<u>3,519,603</u>	<u>15,615,087</u>
Cash and equity in central treasury at end of year	<u>\$ 6,572,648</u>	<u>\$ 4,348,358</u>	<u>\$ 2,818,090</u>	<u>\$ 2,830,213</u>	<u>\$ 16,569,309</u>
Reconciliation of cash and cash equivalents to Statement of Net Position:					
Cash and short-term investments	\$ 70,150	\$ -	\$ -	\$ -	\$ 70,150
Equity in central treasury	6,502,498	4,348,358	2,818,090	2,830,213	16,499,159
Cash and cash equivalents, end of year	<u>\$ 6,572,648</u>	<u>\$ 4,348,358</u>	<u>\$ 2,818,090</u>	<u>\$ 2,830,213</u>	<u>\$ 16,569,309</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>\$ 76,417</u>	<u>\$ 1,504,446</u>	<u>\$ -</u>	<u>\$ 76,931</u>	<u>\$ 1,657,794</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	-	417,954	417,954
Change in assets and liabilities:					
(Increase) decrease in other receivables	17,753	65,114	-	-	82,867
(Increase) decrease in prepaids	(34,250)	(79,151)	-	-	(113,401)
Increase (decrease) in accounts and contracts payable	(81,956)	(1,362)	-	-	(83,318)
Increase (decrease) in accrued payroll and payroll benefits	7,628	-	-	-	7,628
Increase (decrease) in claims payable	(145,307)	28,000	-	-	(117,307)
Increase (decrease) in compensated absences	8,648	-	(64,572)	-	(55,924)
Total adjustments	<u>(227,484)</u>	<u>12,601</u>	<u>(64,572)</u>	<u>417,954</u>	<u>138,499</u>
Net cash provided (used) by operating activities	<u>\$ (151,067)</u>	<u>\$ 1,517,047</u>	<u>\$ (64,572)</u>	<u>\$ 494,885</u>	<u>\$ 1,796,293</u>

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FIDUCIARY FUNDS

Kenai Peninsula Borough
 Fiduciary Fund Type - Agency Funds
 Combining Statement of Assets and Liabilities
 June 30, 2020

	<u>Tax Fund</u>	<u>Special Assessment Fund</u>	<u>Total Agency Funds</u>
<u>Assets</u>			
Equity in central treasury	\$ 520,631	\$ 1,499,450	\$ 2,020,081
Taxes receivable	93,686	-	93,686
Due from landowners	<u>-</u>	<u>818,954</u>	<u>818,954</u>
 Total assets	 <u>\$ 614,317</u>	 <u>\$ 2,318,404</u>	 <u>\$ 2,932,721</u>
<u>Liabilities</u>			
Administration fee payable	-	69,894	69,894
Due to landowners	-	398,520	398,520
Loans payable	-	1,849,990	1,849,990
Due to other entities:			
City of Homer	142,863	-	142,863
City of Kachemak City	620	-	620
City of Kenai	338,171	-	338,171
City of Seldovia	7,092	-	7,092
City of Seward	30,937	-	30,937
City of Soldotna	<u>94,634</u>	<u>-</u>	<u>94,634</u>
 Total liabilities	 <u>\$ 614,317</u>	 <u>\$ 2,318,404</u>	 <u>\$ 2,932,721</u>

Kenai Peninsula Borough

Fiduciary Fund Type - Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2020

	<u>Total</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total</u> <u>June 30, 2020</u>
Tax Agency Fund				
<u>Assets</u>				
Equity in central treasury	\$ 285,104	\$ 40,796,123	\$ 40,560,596	\$ 520,631
Taxes receivable	<u>146,104</u>	<u>9,713,103</u>	<u>9,765,521</u>	<u>93,686</u>
Total assets	<u>\$ 431,208</u>	<u>\$ 50,509,226</u>	<u>\$ 50,326,117</u>	<u>\$ 614,317</u>
<u>Liabilities</u>				
Due to other entities:				
City of Homer	77,450	13,247,349	13,181,936	142,863
City of Kachemak City	2,026	92,922	94,328	620
City of Kenai	275,685	11,516,025	11,453,539	338,171
City of Seldovia	14,189	455,304	462,401	7,092
City of Seward	30,251	7,197,556	7,196,870	30,937
City of Soldotna	<u>31,607</u>	<u>8,234,549</u>	<u>8,171,522</u>	<u>94,634</u>
Total liabilities	<u>\$ 431,208</u>	<u>\$ 40,743,705</u>	<u>\$ 40,560,596</u>	<u>\$ 614,317</u>
Special Assessment Agency Fund				
<u>Assets</u>				
Equity in central treasury	\$ 600,870	\$ 1,035,446	\$ 136,866	\$ 1,499,450
Due from landowners	<u>1,031,442</u>	<u>50,802</u>	<u>263,290</u>	<u>818,954</u>
Total assets	<u>\$ 1,632,312</u>	<u>\$ 1,086,248</u>	<u>\$ 400,156</u>	<u>\$ 2,318,404</u>
<u>Liabilities</u>				
Administration fee payable	80,972	6,480	17,558	69,894
Due to landowners	409,854	24,577	35,911	398,520
Loans payable	<u>1,141,486</u>	<u>1,031,035</u>	<u>322,531</u>	<u>1,849,990</u>
Total liabilities	<u>\$ 1,632,312</u>	<u>\$ 1,062,092</u>	<u>\$ 376,000</u>	<u>\$ 2,318,404</u>

(continued)

Kenai Peninsula Borough

Fiduciary Fund Type - Agency Funds

Combining Statement of Changes in Assets and Liabilities - continued

For the Year Ended June 30, 2020

Total - All Agency Funds	<u>Total June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total June 30, 2020</u>
<u>Assets</u>				
Equity in central treasury	\$ 885,974	\$ 41,831,569	\$ 40,697,462	\$ 2,020,081
Taxes receivable	146,104	9,713,103	9,765,521	93,686
Due from landowners	<u>1,031,442</u>	<u>50,802</u>	<u>263,290</u>	<u>818,954</u>
Total assets	<u>\$ 2,063,520</u>	<u>\$ 51,595,474</u>	<u>\$ 50,726,273</u>	<u>\$ 2,932,721</u>
<u>Liabilities</u>				
Administration fee payable	80,972	6,480	17,558	69,894
Due to landowners	409,854	24,577	35,911	398,520
Loans payable	1,141,486	1,031,035	322,531	1,849,990
Due to other entities:				
City of Homer	77,450	13,247,349	13,181,936	142,863
City of Kachemak City	2,026	92,922	94,328	620
City of Kenai	275,685	11,516,025	11,453,539	338,171
City of Seldovia	14,189	455,304	462,401	7,092
City of Seward	30,251	7,197,556	7,196,870	30,937
City of Soldotna	<u>31,607</u>	<u>8,234,549</u>	<u>8,171,522</u>	<u>94,634</u>
Total liabilities	<u>\$ 2,063,520</u>	<u>\$ 41,805,797</u>	<u>\$ 40,936,596</u>	<u>\$ 2,932,721</u>

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CAPITAL ASSETS

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedules by Source⁽¹⁾

June 30, 2020

Governmental funds capital assets:	
Land	\$ 71,226,716
Buildings	308,233,914
Improvements other than buildings	93,634,823
Machinery and equipment	41,217,712
Infrastructure	19,808,945
Construction in progress	12,969,151
	<hr/>
Total governmental funds capital assets	<u>\$ 547,091,261</u>
Investments in governmental funds capital assets by source:	
General obligation bonds	\$ 284,223,714
State and federal grants	68,035,473
Federal revenue sharing	3,146,741
General Fund revenue	50,267,174
Special revenue funds	76,712,405
Contributed capital	270,503
Dedicated lands	126,058
Donations	64,309,193
	<hr/>
Total governmental funds capital assets	<u>\$ 547,091,261</u>

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

Kenai Peninsula Borough
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity⁽¹⁾
 For the Year Ended June 30, 2020

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Governmental Funds Capital Assets <u>June 30, 2020</u>
General government	\$ 77,750,611	\$ 479,780	\$ 162,175	\$ 78,068,216
Senior citizens	274,451	-	-	274,451
Public safety:				
Fire protection and emergency medical	50,821,750	6,971,805	393,703	57,399,852
Emergency communications	9,595,179	147,239	-	9,742,418
Total public safety	60,416,929	7,119,044	393,703	67,142,270
Solid waste facilities	55,242,022	1,058,436	307,000	55,993,458
Road maintenance:				
Maintenance	195,282	56,063	-	251,345
Roads	18,683,749	1,025,444	-	19,709,193
Total road maintenance	18,879,031	1,081,507	-	19,960,538
Recreation:				
North Peninsula Recreation service area	11,535,118	401,351	162,631	11,773,838
Schools	313,073,388	805,102	-	313,878,490
Total governmental funds capital assets	\$ 537,171,550	\$ 10,945,220	\$ 1,025,509	\$ 547,091,261

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

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity⁽¹⁾

June 30, 2020

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government:							
Administration building	\$ -	\$ 2,702,657	\$ 1,798,773	\$ 3,215,803	\$ -	\$ 118,589	\$ 7,835,822
Maintenance	203,609	1,392,155	33,538	2,464,027	-	-	4,093,329
Area-wide	64,208,094	-	-	-	-	-	64,208,094
Kenai River Center	-	1,875,593	-	55,378	-	-	1,930,971
Total general government	<u>64,411,703</u>	<u>5,970,405</u>	<u>1,832,311</u>	<u>5,735,208</u>	<u>-</u>	<u>118,589</u>	<u>78,068,216</u>
Senior citizens	-	243,800	-	30,651	-	-	274,451
Public safety:							
Fire protection and emergency medical:							
Nikiski Fire service area	49,172	7,518,414	417,391	7,803,839	-	2,404,976	18,193,792
Bear Creek Fire service area	17,211	6,713,034	130,271	1,498,251	-	-	8,358,767
Anchor Point Fire and Emergency							
Medical service area	108,487	1,596,435	419,283	2,358,373	-	63,814	4,546,392
Central Emergency service area	493,936	4,347,827	1,621,950	9,621,558	-	4,322,052	20,407,323
Kachemak Emergency service area	127,270	2,637,114	24,200	3,095,657	-	-	5,884,241
Eastern Peninsula Highway Emergency service area	-	-	-	9,337	-	-	9,337
Total fire protection and emergency medical	<u>796,076</u>	<u>22,812,824</u>	<u>2,613,095</u>	<u>24,387,015</u>	<u>-</u>	<u>6,790,842</u>	<u>57,399,852</u>
Emergency communications:							
Central Peninsula Emergency Services communication center	-	-	-	1,190,289	-	-	1,190,289
Emergency warning systems	-	4,838,523	1,503,026	1,970,593	-	239,987	8,552,129
Total communications	<u>-</u>	<u>4,838,523</u>	<u>1,503,026</u>	<u>3,160,882</u>	<u>-</u>	<u>239,987</u>	<u>9,742,418</u>
Total public safety	<u>796,076</u>	<u>27,651,347</u>	<u>4,116,121</u>	<u>27,547,897</u>	<u>-</u>	<u>7,030,829</u>	<u>67,142,270</u>
Solid waste facilities	2,908,687	3,186,499	38,766,329	6,316,811	-	4,815,132	55,993,458
Road maintenance	-	-	-	251,345	19,709,193	-	19,960,538
Recreation:							
North Peninsula Recreation service area	145,640	8,513,465	2,454,757	450,357	-	209,619	11,773,838

(Continued)

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity⁽¹⁾

June 30, 2020

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>			<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
			<u>Buildings</u>	<u>Other Than Buildings</u>					
School district:									
Central office and warehouse	\$ -	\$ 1,791,905	\$ 604,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,396,195
Schools:									
Outside cities:									
Anchor Point/Middle/Junior high	205,102	-	-	-	-	-	-	-	205,102
Central Peninsula Elementary	8,500	2,597,653	36,690	-	-	-	-	-	36,690
Chapman Elementary	-	1,034,989	545,363	-	-	-	-	-	3,151,516
Cooper Landing	-	2,531,213	150,986	-	-	-	-	-	1,185,975
Tebughna	-	2,447,908	152,551	-	-	-	-	-	2,683,764
English Bay	-	2,523,867	230,577	-	-	-	-	-	2,678,485
Hope Elementary	3,000	4,884,108	541,716	-	-	-	-	-	3,068,583
Kalifornsky Beach	258,803	4,953,680	267,449	-	-	-	-	-	5,410,360
McNeil Canyon	-	901,766	681,143	23,646	-	-	-	-	5,658,469
Moose Pass	28,154	1,104,529	68,404	-	-	-	-	-	998,324
Nanwalek	-	3,696,639	-	126,919	-	-	-	-	1,231,448
Nikiski Elementary	22,378	22,872,128	625,313	-	-	-	-	-	4,344,330
Nikiski High	-	4,923,106	4,791,479	5,000	-	-	-	-	27,668,607
Nikolaevsk	51,282	5,869,344	352,854	72,801	-	-	-	-	5,400,043
Ninilchik	16,399	6,076,014	453,568	66,098	99,752	-	-	-	6,505,161
North Star Elementary	-	2,101,880	1,379,034	-	-	-	-	-	7,455,048
Port Graham	400	22,039,127	132,307	-	-	-	-	-	2,234,587
Skyview High	-	3,744,355	3,729,227	-	-	-	-	-	25,768,354
Sterling	7,450	7,883,965	680,272	34,127	-	-	-	-	4,466,204
Tustumena	8,001	150,000	303,740	43,849	-	-	-	-	8,239,555
Voznesenka	19,556	102,336,271	16,400	34,155	-	-	-	-	220,111
Total outside cities	629,025	15,139,073	99,752	406,595	-	-	-	-	118,610,716
Homer:									
West Homer Elementary	322,028	11,332,823	46,614	-	-	-	-	-	11,701,465
Paul Banks Elementary	23,971	2,589,112	679,966	6,143	-	-	-	-	3,299,192
High School	400,913	27,402,340	6,990,257	75,450	403,074	-	-	-	35,272,034
Junior High	17,024	3,197,028	743,645	-	-	-	-	-	3,957,697
High School Addition	29,177	2,598,949	103,555	-	-	-	-	-	2,731,681
Flex School	63,248	461,150	-	-	-	-	-	-	524,398
Total Homer	856,361	47,581,402	8,564,037	81,593	403,074	-	-	-	57,486,467

(Continued)

Kenai Peninsula Borough

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity⁽¹⁾

June 30, 2020

	<u>Land</u>	<u>Improvements</u>				<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction</u>	<u>Total</u>
		<u>Buildings</u>	<u>Buildings</u>	<u>Other Than Buildings</u>	<u>In Progress</u>				
Kenai:									
Elementary II	\$ 137,941	\$ 2,614,381	\$ 104,667	\$ -	\$ -	\$ -	\$ -	\$ 2,856,989	
Mountain View Elementary	-	5,892,103	1,374,172	67,213	-	-	-	7,333,488	
Sears Elementary	41,575	1,709,394	464,620	19,585	-	-	-	2,235,174	
Junior High	60,499	4,057,399	796,734	5,990	-	391,908	-	5,312,530	
High School	129,517	17,976,192	5,216,089	51,056	-	-	-	23,372,854	
Vocational High	40,000	509,655	254,483	-	-	-	-	804,138	
Arts and Crafts Building	-	118,341	-	-	-	-	-	118,341	
Total Kenai	409,532	32,877,465	8,210,765	143,844	-	391,908	-	42,033,514	
Seldovia:									
Susan B. English	27,953	3,705,452	1,005,119	-	-	-	-	4,738,524	
Shop Building	1,000	2,557,944	-	5,168	-	-	-	2,564,112	
Total Seldovia	28,953	6,263,396	1,005,119	5,168	-	-	-	7,302,636	
Seward:									
Elementary II	235,000	6,601,586	917,462	40,000	-	-	-	7,794,048	
Middle	346,295	14,656,471	481,531	-	-	-	-	15,484,297	
Jr. High/High School	182,596	12,722,087	2,118,247	51,421	-	-	-	15,074,351	
Total Seward	763,891	33,980,144	3,517,240	91,421	-	-	-	38,352,696	
Soldotna:									
Elementary	270,048	5,820,271	1,272,689	-	-	-	-	7,363,008	
Redoubt Elementary	-	4,151,522	624,208	40,000	-	-	-	4,815,730	
Multipurpose Room	-	316,186	-	-	-	-	-	316,186	
Junior High	5,900	7,638,741	1,963,918	-	-	-	-	9,608,559	
High School	900	16,273,933	4,478,021	71,484	-	-	-	20,824,338	
Total Soldotna	276,848	34,200,653	8,338,836	111,484	-	-	-	42,927,821	
Other areawide:									
Areawide pool/water projects	-	611,839	1,070,907	45,338	-	-	-	1,728,084	
Portable classrooms	-	3,025,323	15,038	-	-	-	-	3,040,361	
Total other areawide	-	3,637,162	1,085,945	45,338	-	-	-	4,768,445	
Total school district	2,964,610	262,668,398	46,465,305	885,443	99,752	794,982	-	313,878,490	
Total governmental funds capital assets	\$ 71,226,716	\$ 308,233,914	\$ 93,634,823	\$ 41,217,712	\$ 19,808,945	\$ 12,969,151	\$ -	\$ 547,091,261	

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

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Kenai Peninsula Borough

STATISTICAL TABLES

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

<u>Contents</u>	<u>Page</u>
Financial trends	
These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time.	
Table I Net Position by Component	145
Table II Changes in Net Position	146-147
Table III Governmental Activities Tax Revenues by Source	148
Table IV Fund Balances of Governmental Funds	149
Table V Changes in Fund Balances of Governmental Funds	150
Table VI Significant Revenues by Source	151
Revenue capacity	
These schedules contain information to help the reader assess the Borough's most significant local revenue source.	
Table VII Assessed Value and Estimated Actual Value of Taxable Property	152
Table VIII Property Tax Rates	153
Table IX Principal Property Taxpayers	154
Table X Taxable Sales by Line of Business	155
Table XI Property Tax Levies and Collections	156
Debt capacity	
These schedules present information to help the reader assess the affordability of the Borough's current level of outstanding debt and the Borough's ability to issue additional debt in the future.	
Table XII Ratios of Outstanding Debt by Type and Per Capita	157
Table XIII Legal Debt Margin Information	158
Demographic and economic information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place.	
Table XIV Demographic and Economic Statistics	159
Table XV Principal Employers	160
Operating information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Borough's financial report relates to the services the government provides and the activities it performs.	
Table XVI Full-time Equivalent Borough Government Employees by Function	161
Table XVII Operating Indicators by Function	162
Table XVIII Capital Asset Statistics by Function	163

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

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

TABLE I

	2011	2012 *	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$225,627	\$224,040	\$221,588	\$218,646	\$208,238	\$197,331	\$192,353	\$185,045	\$180,187	\$183,545
Restricted	31,554	21,595	13,703	13,594	26,675	16,224	21,681	20,764	23,893	28,659
Unrestricted	28,467	30,959	42,758	46,742	15,675	26,182	11,563	10,062	22,343	32,318
Total governmental activities net position	\$285,648	\$276,594	\$278,049	\$278,982	\$250,588	\$239,737	\$225,597	\$215,871	\$226,423	\$244,522
Business-type activities:										
Net investment in capital assets	\$53,690	-	-	-	-	-	-	-	-	-
Restricted	828	-	-	-	-	-	-	-	-	-
Unrestricted	55,651	-	-	-	-	-	-	-	-	-
Total business-type activities net position	\$110,169	-								
Primary government										
Net investment in capital assets	\$279,317	\$224,040	\$221,588	\$218,646	\$208,238	\$197,331	\$192,353	\$185,045	\$180,187	\$183,545
Restricted	32,382	21,595	13,703	13,594	26,675	16,224	21,681	20,764	23,893	28,659
Unrestricted	84,118	30,959	42,758	46,742	15,675	26,182	11,563	10,062	22,343	32,318
Total primary government net position	\$395,817	\$276,594	\$278,049	\$278,982	\$250,588	\$239,737	\$225,597	\$215,871	\$226,423	\$244,522

* Implementation of GASB Statement 61.

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

	2011	2012 *	2013	2014
Expenses				
Governmental activities:				
General government	\$ 18,126,563	\$ 17,886,287	\$ 18,131,325	\$ 17,735,043
Solid waste	7,536,420	7,784,525	7,903,125	7,192,764
Public safety	14,994,328	17,974,573	18,440,219	19,447,827
Recreation	1,511,382	1,884,148	2,421,002	2,209,306
Education	51,614,442	57,206,138	59,159,828	60,833,417
Environmental protection	2,095,777	2,047,058	1,053,278	858,013
Roads and trails	10,899,606	12,447,099	10,682,102	9,899,171
Interest on long-term debt	1,290,407	1,445,013	1,375,115	1,761,142
Total governmental activities expenses	<u>108,068,925</u>	<u>118,674,841</u>	<u>119,165,994</u>	<u>119,936,683</u>
Business-type activities-				
Hospitals	134,868,579	-	-	-
Total primary government expenses	<u>\$ 242,937,504</u>	<u>\$ 118,674,841</u>	<u>\$ 119,165,994</u>	<u>\$ 119,936,683</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	730,655	1,162,154	1,645,436	1,005,815
Solid waste	526,970	817,272	1,456,190	1,083,996
Public safety	1,903,911	2,245,443	2,234,481	2,337,286
Recreation	224,696	220,883	224,667	220,838
Operating grants and contributions	6,330,835	7,285,211	6,656,208	8,201,468
Capital grants and contributions	5,963,765	9,727,105	17,845,053	14,915,979
Total governmental activities program revenues:	<u>15,680,832</u>	<u>21,458,068</u>	<u>30,062,035</u>	<u>27,765,382</u>
Business-type activities:				
Hospital charges for services	135,659,575	-	-	-
Operating grants and contributions	281,884	-	-	-
Total business-type activities	135,941,459	-	-	-
Total primary government program revenues	<u>\$ 151,622,291</u>	<u>\$ 21,458,068</u>	<u>\$ 30,062,035</u>	<u>\$ 27,765,382</u>
Net (expenses)/revenue				
Governmental activities	(92,388,093)	(97,216,773)	(89,103,959)	(92,171,301)
Business-type activities	1,072,880	-	-	-
Total primary government net expense	<u>\$ (91,315,213)</u>	<u>\$ (97,216,773)</u>	<u>\$ (89,103,959)</u>	<u>\$ (92,171,301)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	49,529,435	50,485,761	52,664,077	54,724,582
Sales taxes	27,798,976	28,385,150	29,664,629	30,277,599
Unrestricted grants and contributions	6,103,016	7,102,607	7,309,264	6,364,283
Investment earnings	1,699,310	2,072,921	596,346	1,671,191
Special items	748,272	-	-	-
Miscellaneous	933,987	116,156	400,698	66,609
Total governmental activities	<u>86,812,996</u>	<u>88,162,595</u>	<u>90,635,014</u>	<u>93,104,264</u>
Business-type activities:				
Property taxes	3,835,889	-	-	-
Investment earnings	327,381	-	-	-
Miscellaneous	117,793	-	-	-
Total business-type activities	<u>4,281,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>91,094,059</u>	<u>88,162,595</u>	<u>90,635,014</u>	<u>93,104,264</u>
Changes in net position				
Governmental activities	(5,575,097)	(9,054,178)	1,531,055	932,963
Business-type activities	5,353,943	-	-	-
Total primary government	<u>\$ (221,154)</u>	<u>\$ (9,054,178)</u>	<u>\$ 1,531,055</u>	<u>\$ 932,963</u>

* Implementation of GASB Statement 61.

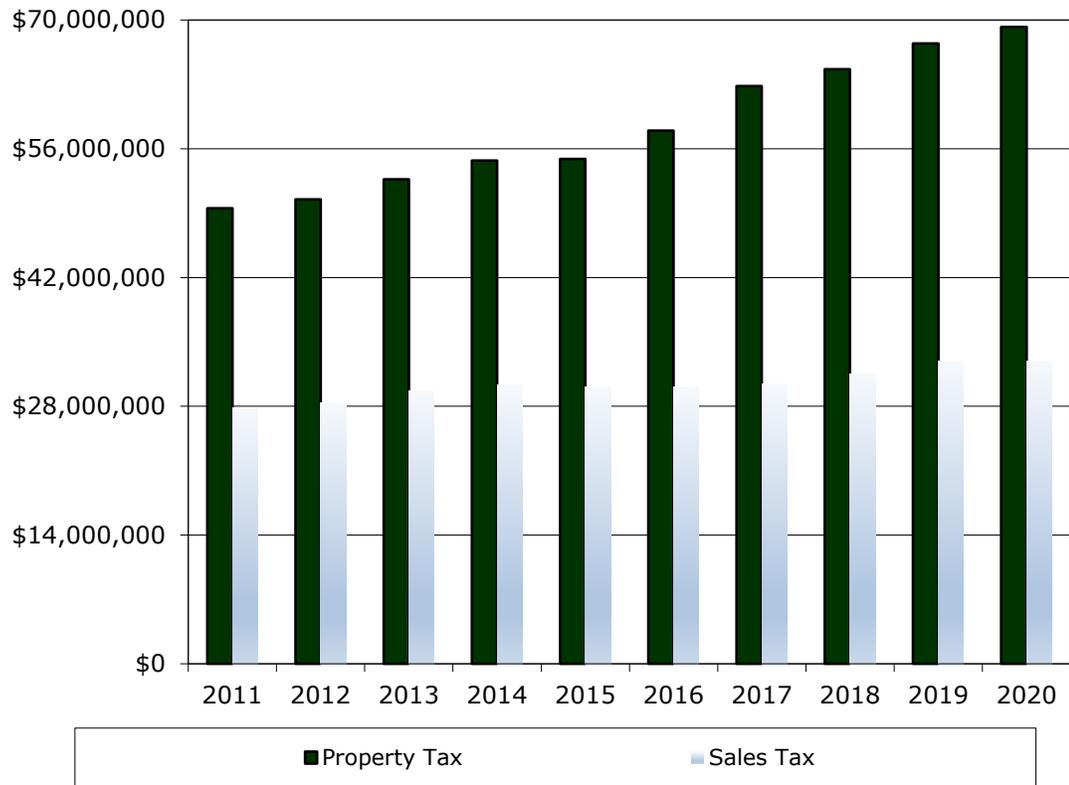
TABLE II

2015	2016	2017	2018	2019	2020
\$ 18,173,307	\$ 20,559,083	\$ 23,188,963	\$ 18,439,842	\$ 15,500,286	\$ 13,410,337
7,740,270	8,677,985	8,829,329	8,325,450	8,272,259	8,408,895
19,257,277	21,594,305	23,412,776	19,380,150	18,866,550	18,333,972
2,350,050	3,530,357	2,542,184	2,231,711	2,050,199	1,809,603
59,732,399	62,863,887	59,079,957	59,060,286	57,563,709	59,521,703
664,142	403,631	442,520	185,072	2,448	93,319
9,890,591	9,392,961	11,127,855	9,577,712	11,078,936	8,127,563
2,013,946	1,904,390	1,800,979	2,015,867	1,736,718	910,714
<u>119,821,982</u>	<u>128,926,599</u>	<u>130,424,563</u>	<u>119,216,090</u>	<u>115,071,105</u>	<u>110,616,106</u>
-	-	-	-	-	-
<u>\$ 119,821,982</u>	<u>\$ 128,926,599</u>	<u>\$ 130,424,563</u>	<u>\$ 119,216,090</u>	<u>\$ 115,071,105</u>	<u>\$ 110,616,106</u>
266,672	461,057	353,496	329,028	188,185	131,543
917,181	760,751	667,220	572,220	609,889	552,666
2,659,677	2,793,476	2,679,640	2,785,209	2,813,500	1,205,721
98,987	202,485	208,106	223,280	239,054	181,248
7,472,614	8,237,806	7,144,132	5,853,881	5,515,029	10,517,880
6,770,240	8,648,345	5,754,897	4,210,264	4,990,655	4,124,258
<u>18,185,371</u>	<u>21,103,920</u>	<u>16,807,491</u>	<u>13,973,882</u>	<u>14,356,312</u>	<u>16,713,316</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,185,371</u>	<u>\$ 21,103,920</u>	<u>\$ 16,807,491</u>	<u>\$ 13,973,882</u>	<u>\$ 14,356,312</u>	<u>\$ 16,713,316</u>
(101,636,611)	(107,822,679)	(113,617,072)	(105,242,208)	(100,714,793)	(93,902,790)
<u>\$(101,636,611)</u>	<u>\$(107,822,679)</u>	<u>\$(113,617,072)</u>	<u>\$(105,242,208)</u>	<u>\$(100,714,793)</u>	<u>\$(93,902,790)</u>
54,888,191	57,972,995	62,797,386	64,639,093	67,455,393	69,258,098
30,138,426	30,116,611	30,400,062	31,508,914	32,878,673	32,964,904
6,465,467	6,477,531	5,227,887	6,302,634	5,879,756	5,377,220
1,772,756	2,374,089	989,550	1,399,250	4,937,225	4,368,749
-	-	-	-	-	-
(434,213)	30,619	62,129	20,325	115,210	32,928
<u>92,830,627</u>	<u>96,971,845</u>	<u>99,477,014</u>	<u>103,870,216</u>	<u>111,266,257</u>	<u>112,001,899</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>92,830,627</u>	<u>96,971,845</u>	<u>99,477,014</u>	<u>103,870,216</u>	<u>111,266,257</u>	<u>112,001,899</u>
(8,805,984)	(10,850,834)	(14,140,058)	(1,371,992)	10,551,464	18,099,109
<u>\$ (8,805,984)</u>	<u>\$ (10,850,834)</u>	<u>\$ (14,140,058)</u>	<u>\$ (1,371,992)</u>	<u>\$ 10,551,464</u>	<u>\$ 18,099,109</u>

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

TABLE III

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Total</u>
2011	\$ 49,529,435	\$ 27,798,976	\$ 77,328,411
2012	50,485,761	28,385,150	78,870,911
2013	52,664,077	29,664,629	82,328,706
2014	54,724,582	30,277,599	85,002,181
2015	54,888,191	30,138,426	85,026,617
2016	57,972,995	30,116,611	88,089,606
2017	62,797,386	30,400,062	93,197,448
2018	64,639,093	31,508,914	96,148,007
2019	67,455,393	32,878,673	100,334,066
2020	69,258,098	32,964,904	102,223,002



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

	2011 *	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 251,065	\$ 198,063	\$ 6,944,837	\$ 8,879,666	\$ 11,345,210	\$ 5,298,396	\$ 4,103,792	\$ 3,582,332	\$ 3,041,560	\$ 2,469,391
Restricted	-	-	70,000	105,020	90,000	51,000	145,178	71,000	81,000	91,000
Committed	339,610	373,867	638,937	243,157	458,748	292,830	671,004	351,388	230,095	1,616,385
Assigned	17,223,149	15,407,886	15,326,705	14,658,934	16,244,676	20,136,610	18,314,053	16,486,079	20,520,399	21,727,845
Unassigned	3,591,990	5,486,767	330,506	994,595	-	-	-	2,309,200	3,029,557	-
Total General Fund	\$ 21,705,814	\$ 21,466,583	\$ 23,310,985	\$ 24,881,372	\$ 28,138,634	\$ 25,778,836	\$ 23,234,027	\$ 22,799,999	\$ 26,902,611	\$ 25,904,621
All other governmental funds										
Nonspendable										
Special revenue funds	803,227	1,045,538	3,661	1,500	44	-	-	321,224	-	-
Capital projects funds	-	-	-	-	-	-	61,269	76,404	-	-
Restricted										
Special revenue funds	11,661,025	10,385,968	11,279,700	13,460,361	14,937,097	12,962,247	11,432,855	16,929,008	19,324,767	25,046,038
Capital projects funds	24,592,081	16,659,200	8,508,355	22,479,158	16,946,646	9,307,381	17,030,044	11,542,908	13,216,449	13,036,394
Committed										
Special revenue funds	1,739,754	575,377	344,964	79,393	59,091	3,913,421	3,505,646	169,485	5,606,781	5,836,703
Capital projects funds	6,516,387	6,565,219	9,856,833	11,034,193	11,262,666	14,768,598	9,486,348	11,694,769	18,649,469	17,043,108
Assigned										
Special revenue funds	4,781,994	4,006,915	6,309,208	6,582,069	7,136,273	7,577,509	9,582,406	6,864,042	3,175,750	1,962,763
Capital projects funds	1,690,262	841,612	580,535	145,464	-	1,628,556	908,474	5,227,885	637,472	5,208,697
Unassigned										
Special revenue funds	-	(51,378)	(23,364)	-	(171,444)	(446,428)	(230,362)	-	-	-
Capital projects funds	-	-	-	-	-	(120,646)	(34,887)	-	-	-
Total all other governmental funds	\$ 51,784,730	\$ 40,028,451	\$ 36,859,892	\$ 53,782,138	\$ 50,170,373	\$ 49,590,638	\$ 51,741,793	\$ 52,825,725	\$ 60,610,688	\$ 68,133,703

* Implemented GASB 54 in FY2011, which resulted in a change in how fund balance was presented. The Kenai Peninsula Borough developed an Unreserved Fund Balance policy in 2001. This policy provides guidelines regarding minimum and maximum levels of unreserved fund balance for the Borough's General Fund and Service Areas' operating and capital project funds. The policy requires that the following items should be considered when establishing an acceptable level of fund balance: working capital requirements, operating contingencies to include revenue volatility and unexpected expenditures, and future capital expansion. The policy also established that if a fund balance was outside the acceptable range, the subsequent year's budget must include a five-year plan of action to achieve compliance with the acceptable range.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 49,736,514	\$ 50,230,334	\$ 52,916,285	\$ 54,570,598	\$ 54,662,814	\$ 58,007,099	\$ 62,326,564	\$ 64,917,778	\$ 67,401,394	\$ 69,211,282
Sales tax	27,798,976	28,385,150	29,664,629	30,277,598	30,138,426	30,116,611	30,400,062	31,508,914	32,878,673	32,964,904
Intergovernmental	17,785,198	22,716,818	31,294,288	28,613,640	25,393,552	19,436,158	15,105,570	14,202,678	15,868,702	15,088,413
Investment earnings	1,527,901	1,895,316	581,394	1,740,079	1,681,379	2,164,886	940,993	1,036,028	4,161,434	4,162,690
Other revenues	4,953,946	5,153,172	6,844,468	5,253,525	7,029,745	5,683,236	4,843,547	5,327,417	5,418,807	5,775,129
Total revenues	101,802,535	108,380,790	121,301,064	120,455,440	118,905,916	115,407,990	113,616,736	116,992,815	125,729,010	127,202,418
Expenditures:										
General government	17,401,291	17,740,213	17,962,124	17,615,805	21,276,848	18,429,713	17,082,168	18,534,018	16,919,254	16,732,177
Solid waste	5,704,476	5,739,959	4,843,412	1,833,477	6,789,061	6,170,953	4,223,429	5,763,798	5,793,668	6,280,741
Public safety	13,396,428	16,517,524	16,268,117	18,829,271	19,456,359	17,784,143	20,025,282	16,886,830	17,756,267	18,798,989
Recreation	1,136,151	1,536,689	1,982,994	1,745,588	2,234,204	3,180,795	1,873,562	2,056,124	1,971,605	1,728,227
Education	46,064,673	51,524,574	51,447,909	52,695,845	53,038,298	57,934,516	49,987,995	54,004,116	51,575,438	54,679,660
Environmental protection	2,095,423	2,048,151	1,052,619	909,596	665,071	404,895	442,520	187,172	2,448	93,319
Roads and trails	10,558,262	11,252,663	10,273,390	9,494,678	9,693,517	8,758,384	9,574,530	9,103,129	10,726,111	7,855,182
Capital outlay	10,429,218	9,144,780	15,221,756	17,672,292	3,262,122	5,495,777	12,763,943	4,381,133	3,420,506	10,796,258
Debt service	3,414,000	3,340,000	3,515,000	2,770,000	3,390,000	2,645,000	2,795,000	3,440,000	3,575,000	3,705,000
Principal	943,580	1,613,560	1,469,468	1,380,830	2,397,295	2,084,980	2,093,414	2,253,547	2,101,138	1,968,663
Interest and other (1) (2)	111,143,502	120,458,113	124,036,789	124,947,382	122,202,775	122,889,156	120,861,843	116,609,867	113,841,435	122,638,216
Total expenditures	(9,340,967)	(12,077,323)	(2,735,725)	(4,491,942)	(3,296,859)	(7,481,166)	(7,245,107)	382,948	11,887,575	4,564,202
Excess of revenues over (under) expenditures	16,865,000	8,150,000	1,215,000	20,860,000	1,425,000	2,465,000	5,405,000	-	-	1,335,000
Other financing sources (uses)										
Bonds issued	-	1,284,121	196,568	2,124,575	245,693	330,138	627,505	-	-	276,196
Premium on bonds issued	-	(9,352,308)	-	-	(1,648,963)	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	1,746,495	818,949	266,956	-	349,627
Transfers in	10,120,206	8,166,490	8,429,925	8,043,061	9,505,521	9,700,383	11,590,201	15,085,853	18,729,547	17,066,481
Transfers out	(9,120,206)	(8,166,490)	(8,429,925)	(8,043,061)	(9,505,521)	(9,700,383)	(11,590,201)	(15,085,853)	(18,729,547)	(17,066,481)
Net other financing sources (uses)	17,865,000	81,813	1,411,568	22,984,575	21,730	4,541,633	6,851,454	266,956	-	1,960,823
Net change in fund balances	\$ 8,524,033	\$ (11,995,510)	\$ (1,324,157)	\$ 18,492,633	\$ (3,275,129)	\$ (2,939,533)	\$ (393,653)	\$ 649,904	\$ 11,887,575	\$ 6,525,025
GO Debt service as a percentage of noncapital expenditures	4.33%	4.45%	4.58%	3.87%	4.87%	4.03%	4.32%	5.09%	5.12%	5.07%
Total non-capital expenditures	100,689,805	111,313,333	108,815,033	107,275,090	118,940,653	117,393,379	113,230,306	111,897,488	110,899,403	111,841,958

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

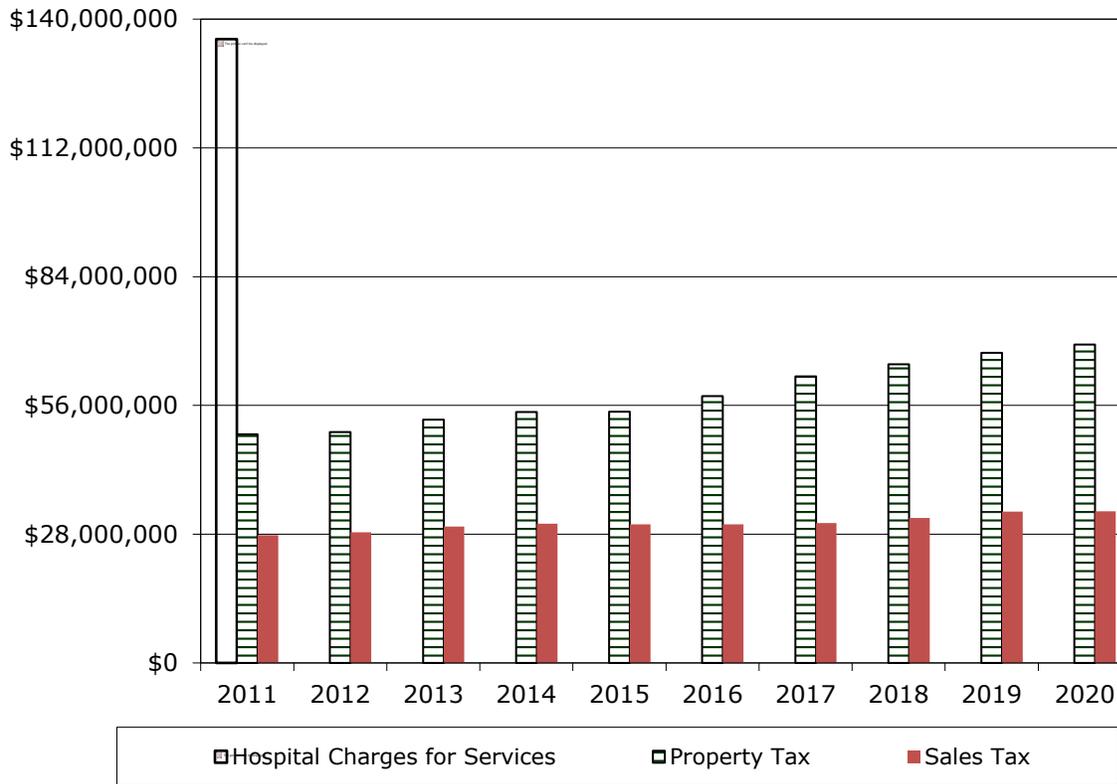
(2) 2015 includes \$21,730 in bond issuance costs.

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

TABLE VI

Fiscal Year	Hospital Charge for Services	Property Tax	Sales Tax	Total
2011	(1) \$ 135,659,575	\$ 49,736,514	\$ 27,798,976	\$213,195,065
2012	-	50,230,334	28,385,150	78,615,484
2013	-	52,916,285	29,664,629	82,580,914
2014	-	54,570,598	30,277,598	84,848,196
2015	-	54,662,814	30,138,426	84,801,240
2016	-	58,007,099	30,116,611	88,123,710
2017	-	62,326,564	30,400,062	92,726,626
2018	-	64,917,778	31,508,914	96,426,692
2019	-	67,401,394	32,878,673	100,280,067
2020	-	69,211,282	32,964,904	102,176,186

(1) Implementation of GASB Statement 61. The Borough's two hospitals, Central Peninsula Hospital and South Peninsula Hospital are now accounted for as discretely presented component units. Their data is no longer included in the stat tables.



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

Fiscal Year	Assessed Values (1)				Tax Exempt Values (1)		Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
	actual value of property less mandatory federal and state exemptions (1)	Real	Oil & Gas	Personal Property	Real	Personal			
2011	\$ 6,875,572	\$ 5,901,904	\$ 713,954	\$ 259,714	\$ 451,127	\$ 30,914	\$ 6,393,531	4.50	92.99%
2012	7,137,074	6,180,464	698,991	257,619	472,878	30,955	6,633,241	4.50	92.94%
2013	7,269,011	6,172,547	810,065	286,399	520,490	32,511	6,716,010	4.50	92.39%
2014	7,484,667	6,202,494	989,766	292,407	492,565	31,906	6,960,196	4.50	92.99%
2015	7,797,117	6,330,106	1,142,158	324,853	826,802	32,999	6,937,316	4.50	88.97%
2016	8,189,366	6,625,363	1,224,525	339,478	876,982	33,986	7,278,398	4.50	88.88%
2017	8,752,156	6,915,818	1,467,353	368,985	902,055	34,392	7,815,709	4.50	89.30%
2018	9,172,335	7,342,187	1,468,599	361,549	998,047	33,842	8,140,446	4.50	88.75%
2019	9,232,906	7,355,511	1,518,606	358,789	1,008,085	34,792	8,190,029	4.70	88.70%
2020	9,523,733	7,606,558	1,563,998	353,177	1,055,143	34,914	8,433,676	4.70	88.55%

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

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

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

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

TABLE VIII

Year	Borough wide		Overlapping Rates (2)											
	General Fund		City of Homer		City of Kachemak		City of Kenai		City of Seldovia		City of Seward		City of Soldotna	
	Maximum rate (1)	Approved rate (1)	Operating Districts (4)	Special Districts (5)										
2011	8.40	4.50	4.50	1.00	2.30	3.85	0.02	4.60	0.00	3.12	0.50	1.65	2.47	
2012	8.40	4.50	4.50	1.00	2.30	3.85	0.02	4.60	0.75	3.12	0.50	0.65	2.67	
2013	8.40	4.50	4.50	1.00	2.30	3.85	0.02	4.60	0.75	3.12	0.50	0.65	2.67	
2014	8.40	4.50	4.50	1.00	2.30	4.35	0.02	4.60	0.75	3.12	0.50	0.50	2.67	
2015	8.33	4.50	4.50	1.00	2.30	4.35	0.01	4.60	0.75	3.12	0.75	0.50	2.66	
2016	8.17	4.50	4.50	1.00	2.30	4.35	0.01	4.60	0.75	3.12	0.75	0.50	2.66	
2017	8.29	4.50	4.50	1.00	2.30	4.35	0.01	7.50	0.75	3.12	0.75	0.50	2.73	
2018	8.30	4.50	4.50	1.00	2.30	4.35	0.01	7.50	0.75	3.12	0.75	0.50	2.61	
2019	8.30	4.70	4.70	1.00	2.30	4.35	0.01	7.50	0.75	3.84	0.75	0.50	2.86	
2020	8.30	4.70	4.70	1.00	2.30	4.35	0.01	7.50	0.75	3.84	0.75	0.50	2.86	

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

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

Sources:

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

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

Kenai Peninsula Borough
Principal Property Taxpayers
Current and Nine Years Ago

TABLE IX

	2020			2011		
	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value
<u>Taxpayer</u>						
Hilcorp Alaska, LLC	\$ 849,347,520	1	10.07%	\$ -		-
Tesoro Alaska	196,548,771	2	2.33%	-		-
Furie Operating Alaska, LLC	196,090,140	3	2.33%	144,994,295	4	2.27%
Harvest Alaska	185,126,000	4	2.20%	-		-
Bluecrest Energy, Inc.	127,403,850	5	1.51%	-		-
Cook Inlet Natural Gas Storage AK, LLC	103,469,673	6	1.23%	-		-
Cook Inlet Energy, LLC	77,578,280	7	0.92%	-		-
Alaska Pipeline	71,152,159	8	0.84%	20,054,433	10	0.31%
Alaska Communications Systems	62,549,043	9	0.74%	-		-
Enstar Natural Gas	47,032,467	10	0.56%	-		-
Union Oil/Unocal	-		-	197,057,910	1	3.08%
ConocoPhillips, Inc.	-		-	175,579,250	2	2.75%
Marathon Oil Co.	-		-	147,717,210	3	2.31%
ACS of the Northland, Inc.	-		-	86,106,708	5	1.35%
XTO Energy, Inc.	-		-	52,092,610	6	0.81%
Kenai Kachemak Pipeline	-		-	43,099,610	7	0.67%
Wal-Mart Real Estate Business	-		-	27,245,900	8	0.43%
BP Exploration Alaska, Inc.	-		-	25,723,349	9	0.40%
	<u>\$ 1,916,297,903</u>		<u>22.73%</u>	<u>\$ 919,671,275</u>		<u>14.38%</u>

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

Total Assessed value based on total
tax levy for FY2020 and FY2011 respectively.

\$ 8,433,676,000

\$ 6,393,531,000

Kenai Peninsula Borough
 Taxable Sales by Line of Business
 Fiscal Year 2020

TABLE X

<u>Line of Business</u>	<u>2020</u>
RETAIL TRADE	\$ 546,474,873
RESTAURANT/BAR	97,466,840
UTILITIES	83,052,738
HOTEL/MOTEL/B & B	67,297,697
GUIDING	53,739,333
SERVICES	40,087,003
WHOLESALE TRADE	26,870,247
INFORMATION	26,646,851
RENTAL RESIDENTIAL PROPERTY	23,984,487
PUBLIC ADMINISTRATION	20,681,972
PROFESSIONAL, SCIENTIFIC	16,378,468
CONSTRUCTION CONTRACTING	14,091,733
TELECOMMUNICATIONS	10,189,491
MANUFACTURING	9,713,071
RENTAL NON-RESIDENTIAL	8,245,406
ADMINISTRATIVE, WASTE MANAGEMENT	8,225,188
TRANSPORTATION & WAREHSE	6,353,104
ARTS AND ENTERTAINMENT	6,243,234
MINING/QUARRYING	5,572,400
RENTAL PERSONAL PROPERTY	3,904,336
AGRICULTURE, FORESTRY, FISHING	3,370,309
RENTAL COMMERCIAL PROPERTY	3,338,554
RENTAL SELF-STORAGE & MINI	2,428,330
EDUCATIONAL SERVICES	2,193,750
HEALTHCARE & SOCIAL ASST	1,440,385
FINANCE AND INSURANCE	1,043,013
OTHER	15,174
	<u>\$ 1,089,047,987</u>

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

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

TABLE XI

Fiscal Year	Total Tax Levy for Fiscal Year	Collected in the Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 29,058,274	\$ 28,630,610	98.528%	\$ 422,302	\$29,052,912	99.982%
2012	30,419,493	29,946,804	98.446%	466,986	30,413,790	99.981%
2013	30,823,497	30,382,636	98.570%	432,060	30,814,696	99.971%
2014	31,750,392	31,332,596	98.684%	408,552	31,741,148	99.971%
2015	31,685,014	31,142,025	98.286%	331,829	31,473,854	99.334%
2016	33,108,951	32,410,590	97.891%	686,708	33,097,298	99.965%
2017	35,591,917	35,157,568	98.780%	416,261	35,573,829	99.949%
2018	37,068,282	36,645,827	98.860%	374,441	37,020,268	99.870%
2019	38,941,185	38,535,145	98.957%	311,207	38,846,352	99.756%
2020	32,328,597	32,166,071	99.497%	-	32,166,071	99.497%

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

TABLE XII

Fiscal Year	Governmental Activities				Discretely Presented Component Units (1)				General Bonded Debt Per Capita (2) (3)				
	General Obligation Bonds (Area-Wide) (Net of Premiums/Discounts/Adjustments)	General Obligation Bonds (Service Area) (Net of Premiums/Discounts/Adjustments)	General Obligation Bonds (Net of Premiums/Discounts/Adjustments)	Capital Leases/Notes payable	Total	General Bonded Debt as a Percentage of Total Personal Income (4)	General Bonded Debt as a Percentage of Estimated Taxable Property (6)(area wide)	Area-Wide Service Area	Central Emergency Services Service Area	Bear Creek Fire Service Area	South Peninsula Hospital Service Area	Central Peninsula Hospital Service Area	
2011	\$ 34,162,000	\$ 2,075,000	\$ 58,322,981	\$ 631,745	\$95,191,726	4.13%	1.38%	638	113	\$ -	\$ 1,604	(5) \$ 1,070	
2012	32,016,568	1,975,000	-	-	33,991,568	1.40%	0.48%	578	88	-	-	-	
2013	27,899,830	3,279,111	-	-	31,178,941	1.19%	0.43%	495	83	793	-	-	
2014	48,107,552	3,124,283	-	-	51,231,835	1.85%	0.68%	848	78	770	-	-	
2015	44,631,585	3,102,979	-	-	47,734,564	1.73%	0.61%	785	68	744	-	-	
2016	41,928,618	5,671,350	-	-	47,599,968	1.60%	0.58%	734	158	714	-	-	
2017	45,138,506	5,367,557	-	-	50,506,063	1.65%	0.58%	781	150	685	-	-	
2018	41,706,478	4,978,766	-	-	46,685,244	1.57%	0.51%	718	138	656	-	-	
2019	38,159,450	4,569,975	-	-	42,729,425	1.44%	0.46%	658	126	623	-	-	
2020	33,949,621	5,624,485	-	-	39,574,106	1.36%	0.42%	579	168	590	-	-	

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

(1) For fiscal years 2003-2011. Business-type activities debt is for the South Peninsula Hospital Service Area and Central Peninsula Hospital Service Area and is debt of the Service Areas, not the Primary Government.

(2) Other Governmental Fund-type debt is for the Central Emergency Services Service Area and is debt of the Service Area not the Primary Government.

(3) Due to overlapping taxing jurisdictions, the Debt Per Capita of the Area-Wide must be combined with each overlapping Service Area to determine the total Debt Per Capita within each Tax Code Area.

(4) Personal income data is provided by the Bureau of Economic Analysis. <http://www.bea.gov>.

(5) In fiscal year 2012 the Borough adopted GASB Statement 61, which changed accounting and financial reporting for CPH and SPH. These units were previously presented as Business-Type Activities, a Blended Component units.

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

Population data can be found in Table XIV

Kenai Peninsula Borough
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE XIII

NO DEBT LIMIT IS MANDATED BY LAW

Kenai Peninsula Borough
Demographic and Economic Statistics
Last Ten Fiscal Years

TABLE XIV

Fiscal Year	Population (1)	Personal Income - Borough (in thousands) (3)	Per Capita Personal Income - Borough (3)	Per Capita Personal Income - Alaska (3)	Median Age (2)	School Enrollment (5)	Unemployment Rate (2)	Number of Employed (2)
2011	55,400	\$ 2,432,959	\$ 43,780	\$ 48,614	40.6	8,978	10.00%	24,310
2012	56,369	2,627,069	46,600	51,405	40.6	8,922	9.50%	24,675
2013	56,756	2,770,353	48,636	52,638	41.4	8,886	8.60%	25,003
2014	56,862	2,759,412	48,351	51,416	40.0	8,756	8.00%	25,592
2015	57,147	2,981,871	51,734	54,582	40.5	8,826	7.90%	25,759
2016	57,763	3,056,190	52,639	56,147	40.0	8,788	7.80%	25,480
2017	58,060	2,965,755	49,544	55,674	40.6	8,785	8.50%	24,811
2018	58,024	2,965,755	49,697	56,042	41.4	8,712	8.20%	24,551
2019	58,471	2,919,104	52,015	57,179	41.0	8,680	7.50%	24,384
2020	58,671	3,044,611 (4)	52,015 (4)	62,102	41.8	8,535	6.80%	24,383

Sources:

- (1) Alaska Department of Labor estimates as of July 1 of each fiscal year.
- (2) Data is provided by the State of Alaska Department of Labor and is the annual rate for 12 months ending December of the prior calendar year. The Alaska Department of Labor amends every month the unemployment rate data for the previous month and again at the end of every calendar year. Some prior fiscal years have been updated to match updated statistical reported information.
- (3) Data is provided by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) and is for the 12-month period ending December of the prior calendar year.
- (4) Calendar year 2020 data currently unavailable from BEA.
- (5) Information provided from the Kenai Peninsula Borough School District.

Kenai Peninsula Borough
Principal Employers
Current and Nine Years Ago

TABLE XV

<u>Employer</u>	<u>2020 *</u> <u>Rank</u>	<u>2011 *</u> <u>Rank</u>
-----------------	------------------------------	------------------------------

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

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

TABLE XVI

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Assembly	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Mayor	5.00	4.00	5.00	5.00	6.00	6.00	6.00	5.00	4.50	4.50
Purchasing and Contracting *	10.50	10.00	11.00	12.00	14.00	14.00	10.00	9.00	8.00	8.00
Office of Emergency Mgmt	4.55	4.00	4.00	4.25	4.25	4.00	4.00	4.00	4.00	4.00
General Services	22.60	-	-	-	-	-	-	-	-	-
HR	-	7.60	7.60	7.55	7.55	7.55	7.50	7.50	7.50	7.50
IT	-	11.00	11.00	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Legal	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	23.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	21.50	21.50
Assessing	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	24.00	24.00
Planning	9.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.75	12.75
River Center	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	113.15	110.10	112.10	113.80	115.80	115.55	111.50	109.50	109.25	109.25
Fire and Emergency Services:										
Nikiski Fire	21.00	20.00	20.00	20.00	20.75	21.75	21.75	21.75	21.25	21.00
Bear Creek Fire	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
EPHESA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50
Anchor Point	1.00	2.50	2.50	2.50	3.50	4.00	4.00	4.00	5.00	5.00
CES	37.50	38.50	42.00	42.00	41.00	39.00	41.00	41.00	44.00	44.00
Kachemak	3.00	3.50	3.50	4.00	4.00	4.00	4.00	4.00	5.00	5.00
911 Communications	10.70	11.25	11.25	11.75	12.25	12.50	12.50	13.00	13.00	13.00
Seward Bear Creek Flood	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.50	1.50	1.50
Recreation	14.25	14.25	14.65	14.65	14.65	14.65	14.65	14.65	14.65	14.65
Roads	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.40	6.50
Land Trust Fund	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Solid Waste	21.00	20.00	21.00	17.00	17.00	17.00	15.50	15.50	15.50	15.50
Risk Management	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	240.85	239.35	246.25	244.95	248.20	247.70	244.15	243.90	247.55	246.40
Positions controlled by the Kenai Peninsula Borough but reported as part of in-kind expenditures for the Kenai Peninsula Borough School District	46.30	45.30	46.30	46.30	46.30	46.30	46.30	46.30	46.30	46.30

* Purchasing and Contracting combined in 2016

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

Kenai Peninsula Borough
Operating Indicators by Function
Last Ten Fiscal Years

TABLE XVII

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government- 911 calls answered	21,260	21,834	21,831	26,364	27,239	28,165	27,022	26,370	26,897	24,971
Fire and emergency services: **										
Number of calls responded to:										
Nikiski	929	926	902	842	919	959	995	1,022	1,050	1,032
Bear Creek	111	132	119	136	139	143	178	141	139	150
Anchor Point	194	235	250	197	263	214	218	259	279	303
CES	2,095	1,815	1,729	1,770	2,039	2,824	2,593	2,591	2,688	2,726
Kachemak	140	139	197	216	219	236	218	203	236	287
Landfills-										
Refuse collected (tons)	64,759	78,250	78,178	63,564	64,653	60,318	57,698	58,619	57,426	59,420

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

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

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

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

TABLE XVIII

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire and emergency services:										
Number of Stations:										
Nikiski	4	4	4	4	4	4	4	4	4	4
Bear Creek	1	1	1	1	1	1	1	1	1	1
Anchor Point	2	2	2	2	2	2	2	2	2	2
CES	8	8	8	8	8	8	8	8	8	8
Kachemak	1	1	1	1	2	2	2	2	2	2
Landfills:										
Number of municipal waste landfills	8	8	8	8 (1)	8	8	8	8	8	8
Number of transfer facilities/sites	12	12	12	13	13	13	13	13	13	13
Recreation-										
Number of facilities	8	9	9	9	9	9	9	9	9	9
Roads-										
Miles of roads maintained	634	636	638	640	640	641	645	646	648	648

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

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

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

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SINGLE AUDIT

Kenai Peninsula Borough

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<u>Federal Grantor/Pass Through Grantor / Program or Cluster Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>through Entity Identifier Number</u>	<u>Award Amount</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of the Interior</u>					
U.S. Bureau of Land Management:					
Payment in Lieu of Taxes (Settlement for underpayment 2015 - 2017)	2015 - 2017 SEC 6901/02	15.226	N/A	\$ 78,795	\$ 78,795
Payment in Lieu of Taxes	2020 SEC 6901/02	15.226	N/A	3,267,980	3,267,980
Total CFDA 15.226					<u>3,346,775</u>
U.S. Fish and Wildlife Service:					
National Wildlife Refuge Revenue Sharing	N/A	15.659	FY2020	24,346	24,346
Total U.S. Department of the Interior					<u>3,371,121</u>
<u>U.S. Department of Homeland Security</u>					
Passed through Alaska Department of Military & Veterans Affairs:					
November 2018 Cook Inlet Earthquake Federal Declared Disaster Homeland Security Grant Program:	FEMA-3410-EM	97.036	DR-4413-AK	232,936	54,558
2017 State Homeland Security Program					
Fire Station Alert System; ALMR Radios; 2019 AK Shield Exercise	EMW-2017-SS-00048-S01	97.067	20SHSP-GY17	449,307	43,681
2018 State Homeland Security Program					
Regional Mass Care Planning; 2019 AK Shield Exercise	EMW-2018-SS-00045-S01	97.067	20SHSP-GY18	63,422	16,190
Total CFDA 97.067					<u>59,871</u>
Emergency Management Performance Grant					
Passed through City of Kenai					
Assistance to Firefighters - SCBA Equipment (CES & Nikiski Fire)	EMW-2018-FR-00456	97.044	MOA	872,727	588,627
Total U.S. Department of Homeland Security					<u>847,982</u>
<u>U.S. Department of Transportation:</u>					
Highway Planning and Construction Cluster					
Extend Kenai Spur Hwy-North Road	DTFH7017E30003	20.205	N/A	5,563,801	1,234,830
<u>U.S. Department of Housing and Urban Development:</u>					
Passed through Alaska Department of Commerce, Community, & Economic Dev.					
Community Development Block Grant (CDBG)					
Funny River Fire Station #5 - Pumper/Tanker Purchase	B-18-DC-02-0001	14.228	18-CDBG-05	470,351	470,351

(continued)

Kenai Peninsula Borough

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2020

<u>Federal Grantor/Pass Through Grantor / Program or Cluster Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>through Entity Identifier Number</u>	<u>Award Amount</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of the Treasury:</u>					
Passed through Alaska Department of Commerce, Community & Economic Development					
* Coronavirus Relief Fund, COVID-19 Federal Declared Disaster [1]	20-CRF-099	21.019	N/A	37,458,449	<u>2,797,602</u>
<u>U.S. Department of Agriculture:</u>					
Passed through Alaska Department of Commerce, Community & Economic Dev. Forest Service Schools and Roads Cluster - National Forest Receipts - Schools	FY2020	10.665	N/A	511,540	<u>511,540</u>
Passed through Alaska Department of Natural Resources: Division of Forestry Cooperative Forestry Assistance:					
Kenai Peninsula Borough Community Wildfire Protection Plans Grant	2018-DG11100106-810	10.664	DNR 399170	103,366	21,867
Volunteer Fire Assistance Grant - Nikiski Fire Service Area	N/A	10.664	2020 VFA	3,476	<u>3,476</u>
Total CFDA 10.664					<u>25,343</u>
Total U.S. Department of Agriculture					<u>536,883</u>
Total Expenditures of Federal Awards					<u><u>\$ 9,258,769</u></u>

* Federal Major Program

[1] \$400,000 of U.S. Department of the Treasury, Coronavirus Relief Fund award was passed through to subrecipients.

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

Kenai Peninsula Borough

Schedule of State Financial Assistance

Year Ended June 30, 2020

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>State Expenditures</u>
<u>Alaska Department of Commerce, Community & Economic Development:</u>			
Shared Fisheries Business Tax		\$ 2,059	\$ 2,059
* Community Assistance Program - Borough	FY20	843,613	843,613
Community Revenue Sharing - Anchor Point: Snomads Snowmachine Club, Inc	[1]	2,042	2,042
Community Revenue Sharing - Diamond Ridge: Snomads Snowmachine Club, Inc	[1]	4,503	4,503
Community Revenue Sharing - Fritz Creek: Snomads Snowmachine Club, Inc	[1]	4,825	4,825
Community Revenue Sharing - Fritz Creek: McNeil Canyon Community Council	[1]	4,301	4,191
Community Assistance Program - Clam Gulch: Caribou Hills Cabin Hoppers	[1]	15,789	2,708
Community Assistance Program - Fritz Creek: McNeil Canyon Community Council	[1]	3,903	3,903
Community Assistance Program - Seldovia Village: Seldovia Village Tribe	[1]	15,789	15,789
Community Assistance Program - Voznesenka: Voznesenka Community Council	[1]	15,789	6,994
Community Assistance Program - Fritz Creek: McNeil Canyon Community Council	[1]	3,947	3,714
Community Assistance Program - Nikiski: North Peninsula Community Council	[1]	7,894	4,283
Community Assistance Program - Voznesenka: Voznesenka Community Council	[1]	15,789	15,789
Community Assistance Program - Anchor Point: Anchor Point Public Library	[1]	5,263	5,263
Community Assistance Program - Anchor Point: Anchor Food Pantry	[1]	5,263	5,263
Community Assistance Program - Anchor Point: Anchor Point Senior Citizens	[1]	5,263	5,263
Total Anchor Point Community Assistance Program			<u>15,789</u>
Community Assistance Program - Bear Creek: Bear Creek Volunteer Fire Department	[1]	15,789	15,789
Community Assistance Program - Cohoe: Boys & Girls Club of the Kenai Peninsula	[1]	7,895	7,895
Community Assistance Program - Cohoe: Kasilof Public Library	[1]	7,894	7,894
Total Cohoe Community Assistance Program			<u>15,789</u>
Community Assistance Program - Cooper Landing: Cooper Landing Community Club	[1]	15,789	15,789
Community Assistance Program - Crown Point: Moose Pass Volunteer Fire Department	[1]	15,789	15,789

(continued)

Kenai Peninsula Borough

Schedule of State Financial Assistance, continued
Year Ended June 30, 2020

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>State Expenditures</u>
<u>Alaska Department of Commerce, Community & Economic Development continued:</u>			
Community Assistance Program - Diamond Ridge: Homer Cycling Club	[1] FY20	4,834	827
Community Assistance Program - Diamond Ridge: Kachemak Ski Club	[1] FY20	4,835	4,835
Community Assistance Program - Diamond Ridge: Kachemak Nordic Ski Club	[1] FY20	3,060	3,060
Community Assistance Program - Diamond Ridge: Snomads Snowmachine Club, Inc	[1] FY20	3,060	1,938
Total Diamond Ridge Community Assistance Program			<u>10,660</u>
Community Assistance Program - Friz Creek: Kachemak Nordic Ski Club	[1] FY20	7,894	7,894
Community Assistance Program - Fritz Creek: Snomads Snowmachine Club, Inc	[1] FY20	7,895	3,305
Total Fritz Creek Community Assistance Program			<u>11,199</u>
Community Assistance Program - Funny River: Funny River Chamber of Commerce	[1] FY20	15,789	15,789
Community Assistance Program - Kachemak Selo: Village of Kachemak Selo, Inc.	[1] FY20	15,789	15,789
Community Assistance Program - K-Beach: Kenai Peninsula Food Bank, Inc.	[1] FY20	3,947	3,947
Community Assistance Program - K-Beach: Peninsula Spay and Neuter Association (Bridges)	[1] FY20	3,948	3,948
Community Assistance Program - K-Beach: Tsalteshi Trails Association	[1] FY20	3,947	3,947
Total K-Beach Community Assistance Program			<u>11,842</u>
Community Assistance Program - Kasilof: Kasilof Regional Historical Association	[1] FY20	7,895	7,895
Community Assistance Program - Kasilof: Kasilof-Cohoe Cemetery Association	[1] FY20	7,894	7,894
Total Kasilof Community Assistance Program			<u>15,789</u>
Community Assistance Program - Moose Pass: Moose Pass Chamber of Commerce	[1] FY20	15,789	15,789
Community Assistance Program - Nikiski: Nikiski Senior Citizens, Inc	[1] FY20	7,895	7,895
Community Assistance Program - Nikolaevsk: Nikolaevsk Community Council	[1] FY20	15,789	15,789
Community Assistance Program - Ninilchik: Kenai Peninsula Fair Association	[1] FY20	3,692	3,692
Community Assistance Program - Ninilchik: Ninilchik Community Library	[1] FY20	3,692	3,692
Community Assistance Program - Ninilchik: Ninilchik Emergency Services	[1] FY20	3,693	3,693
Community Assistance Program - Ninilchik: Ninilchik Saturday Lunch Program (Bridges)	[1] FY20	1,020	1,020
Community Assistance Program - Ninilchik: Ninilchik Senior Citizens	[1] FY20	3,692	3,692
Total Ninilchik Community Assistance Program			<u>15,789</u>
Community Assistance Program - Port Graham: Port Graham Village Council	[1] FY20	15,789	15,789
Community Assistance Program - Primrose: Moose Pass Volunteer Fire Department	[1] FY20	15,789	15,789

Kenai Peninsula Borough

Schedule of State Financial Assistance, continued

Year Ended June 30, 2020

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>State Expenditures</u>
<u>Alaska Department of Commerce, Community & Economic Development continued:</u>			
Community Assistance Program - Salamatof: Alaska Children's Institute for the Performing Arts	[1] FY20	15,789	15,789
Community Assistance Program - Sterling: Rural Alaska Community Action Program	[1] FY20	5,263	5,263
Community Assistance Program - Sterling: Sterling Area Senior Citizens	[1] FY20	5,263	5,263
Community Assistance Program - Sterling: Sterling Community Club	[1] FY20	5,263	5,263
Total Sterling Community Assistance Program			<u>15,789</u>
Community Assistance Program - Tyonek: Boys & Girls Club of Southcentral Alaska	[1] FY20	15,789	15,789
Community Assistance Program - Voznesenka: Voznesenka Community Council	[1] FY20	15,789	15,789
* Total Community Revenue Sharing/Community Assistance Program			<u>1,222,363</u>
Marijuana Application Review Fees	FY20	\$ 14,500	14,500
* Borough-wide Road Upgrades	15-DC-089	4,000,000	239,177
Jacob's Ladder Access Trail Repair & Maintenance	14-RR-042	100,000	61,734
Seward Bear Creek Flood Mitigation Projects	15-DC-090	500,000	(41,995)
Total Alaska Department of Commerce, Community & Economic Development			<u>1,497,838</u>
<u>Alaska Department of Revenue:</u>			
Commercial Passenger Vessel Tax - Homer	[1] FY19(CY18)	35,815	35,815
* Electric & Telephone Cooperative	FY20	156,635	156,635
Fish Tax - Reduction of FY19 Estimated Receivable	FY19	(107,989)	(107,989)
* Fish Tax	FY20	585,741	585,741
Total Alaska Department of Revenue			<u>670,202</u>
<u>Alaska Department of Education & Early Development:</u>			
* School Debt Reimbursement	N/A	1,283,885	<u>1,283,885</u>
<u>Alaska Department of Administration:</u>			
* Division of Retirement & Benefits PERS Relief	FY20 HB39	1,446,442	<u>1,446,442</u>

(continued)

Kenai Peninsula Borough

Schedule of State Financial Assistance, continued

Year Ended June 30, 2020

<u>State Agency / Program Title</u>	<u>Award Number</u>	<u>Total Award Amount</u>	<u>State Expenditures</u>
Alaska Department of Military & Veteran Affairs: Passed Through the Alaska Division of Homeland Security & Emergency Management November 2018 Cook Inlet Earthquake Federal Declared Disaster	DR-4413-AK	77,645	18,186
TOTAL STATE			18,186
			\$ 4,916,553

* State Major Program

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