

City of Kodiak, Alaska

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

Prepared by City of Kodiak Finance Department

City of Kodiak, Alaska

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January 27, 2022

To the Honorable Mayor and Members of the City Council,
The Citizens of the City of Kodiak:

We are pleased to present the City of Kodiak's (the City) Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021. The report is designed to fairly present the financial position and results of financial operations of the City in all material respects and to demonstrate compliance with applicable finance related legal and contractual provisions. The report adheres to the principle of full disclosure so that readers may gain a maximum understanding of the City's financial affairs. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various City funds. The responsibility for the accuracy, completeness and fairness of the data presented in the report, including all disclosures, rests with the City of Kodiak.

The finance department has prepared this report in accordance with the following standards:

- Generally Accepted Accounting Principles (GAAP) of the United States, which are uniform minimum standards and guidelines for financial accounting and reporting in the United States.
- Governmental accounting and financial report statements, interpretations and technical bulletins issued by the Governmental Accounting Standards Board (GASB).

INDEPENDENT AUDIT

Article V, Section 21 of the City Charter requires an annual audit of the accounting and financial records of the City by independent certified public accountants. This charter section requires the auditor to examine all funds of the City in accordance with generally accepted auditing standards and the standards set forth in the Government Accountability Office's *Government Auditing Standards*. In addition, the auditor must conduct the compliance examinations required by the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of grants.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Kodiak for the fiscal year ended June 30, 2021, are free of material misstatement. The City of Kodiak has selected the licensed certified public accounting firm of Altman, Rogers & Co. to perform these audit services. Their reports are presented in the Financial Statements Section and the Single Audit Section of this report. Altman, Rogers & Co. has issued an unmodified ("clean") opinion on the City of Kodiak's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY

Kodiak Island is the largest island in Alaska and the second largest in the United States. It is part of the Kodiak Island Archipelago, a group of islands that stretch roughly 177 miles along the Katmai Coast of the Alaska Peninsula in the Gulf of Alaska, about 250 miles southwest of Anchorage. The sixteen major and countless smaller islands that make up the group encompass over 5,000 square miles, roughly the size of Connecticut.

Its location in the Gulf of Alaska and North Pacific Ocean places Kodiak near some of the richest fishing grounds in the world. Kodiak is consistently one of the top five commercial fishing ports in the United States in terms of the value and volume of seafood landed. More than one-third of the jobs in Kodiak are directly involved in the fishing industry, in either the harvesting or processing sectors.

The City of Kodiak is located on the northeast tip of Kodiak Island, 50 minutes by air from Anchorage. The city is the economic, transportation and governmental hub of the region. It is located within the Kodiak Island Borough, which encompasses the entire island group, as well as a portion of the Katmai Coast on the Alaska Peninsula.

The Alaska Marine Highway System connects the City of Kodiak with Port Lions, Ouzinkie, Old Harbor and communities on the Alaska Mainland as well with communities along the Alaska Peninsula and the Aleutian Chain.

The City of Kodiak was incorporated in December 1940, and adopted a Home Rule Charter on March 16, 1965. The City operates under a Council-Manager form of government with six Council Members and a Mayor. Council Members and the Mayor are elected at-large for terms of three years and two years, respectively.

The Council appoints the City Manager who is responsible for appointing and supervising the various department heads and other employees (except those appointed by the Council) and preparing and administering the annual budget and the capital improvement program. Under the City Manager's general direction are eight functional areas (departments), each of which is supervised by a department head. These areas are: port and harbors, engineering, finance, fire and EMS, library, parks and recreation, police and jail, and public works. An administrative support function and certain non-departmental activities are provided by the Manager's office.

The City services provided by these departments includes police and fire protection, jail services, animal control, regional dispatch services (including E-911), ambulance services, boat harbors and port/cargo facilities, street maintenance, airport facilities, water and sewer services, building inspection services, recreation programs, park operations and maintenance, including museum and cemetery operations, and library services. The City also supplies water and accepts discharge to the wastewater treatment facility from the Kodiak Island Borough's Service District #1 located outside the City, local Honey Wagon collections outside of the City, and the United States Coast Guard (USCG).

The City Council also appoints the City Clerk, the City Attorney, and the members of various advisory boards.

BUDGETARY ACCOUNTING AND INTERNAL CONTROLS

The annual budget serves as the foundation of the City of Kodiak's financial planning and control. The City Charter, Article V, requires the City Manager to submit a balanced budget to the City Council at least three weeks before the beginning of the fiscal year. The annual budget process begins in January with the establishment of budget guidelines by the City Council and the City Manager. These guidelines encompass the delivery and scope of services; staffing levels of permanent personnel, increases in rates if any, and the use of fund balance. Each department head reviews their respective department's goals, objectives, performance indicators, assigned permanent personnel and funding levels and recommends any changes to the Finance Director and the City Manager for review prior to inclusion in the City's general operating and capital improvement budgets. The City Manager then submits the budget to the City Council for consideration in May.

The Council reviews the budget with the City Manager and changes to anticipated revenues and planned expenditures are incorporated into the budget ordinance, which is introduced for the first reading at a May Council meeting. The Council holds a public hearing on the proposed budget at least one week after a notice of the time of the hearing has been published. The budget is formally adopted after the public hearing by the City Council in June. The adoption of the budget by the City Council puts the budget into effect for the budget year July 1 through June 30. Throughout the year, it is customary for the City Council to review and approve supplemental budget amendments presented by the City Manager.

As a management tool, budgetary control is maintained in all funds at the departmental level and by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Upon the written request of a department head, the Finance Director and City Manager may transfer budgetary appropriations between or among budget line items within any department, program, or project, so long as the transfer does not increase the total appropriation for the department, program, or project. However, no transfer can be made for the purpose of adding permanent personnel unless approved by the City Council. Likewise, anticipated revenues within a fund may be adjusted so long as there is not an increase or decrease of the total revenues of that fund. A resolution or ordinance of the City Council is required to move appropriated amounts between funds, departments, and projects, to add new appropriations, or increase the number of permanent personnel budgeted.

The City Manager is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse. Internal controls are intended to provide reasonable, but not absolute assurance that these objectives are met. In addition, the Finance Department provides controls through policies and procedures that create multiple checks and balances.

Budget-to-actual comparisons are provided in this report for various funds for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Kodiak operates. The City of Kodiak has adopted maintenance budgets over the past few years sustaining the same level of service as provided in previous years without an increase in taxes. The City levies a 7% sales tax on all sales, services and rentals made within City limits. For fiscal year 2021, the maximum taxable sale (tax cap) was \$750 for all real property rentals with a term greater than 30 days and for all other transactions the maximum taxable sale (tax cap) is \$3,000 per transaction. The tax rate has been 7% since October 2013. In fiscal year 2021 total sales tax revenue was \$14,351,440, up 7% from the prior fiscal year. Retail sales businesses, including remote online sellers, generate the largest share of sales tax revenue. The City maintains the mill rate for the General Fund at 2.00 mill levy on property and is collected by the Kodiak Island Borough. The revenue generated by property tax is significantly lower than sales tax and does not have as large of an impact. In recent years, the State of Alaska has experienced budget shortfalls and these factors are impacting the communities within the state due to decreased state grant funding and decreased revenue sharing.

LOCAL ECONOMY

The main industries of the region are commercial fishing and tourism. While some segments of the commercial fishing industry have declined in recent years, others have grown. Although tourism continues to grow in Kodiak, there has been a decrease in the number of visitors since the spring of 2020 as the COVID-19 public health emergency has impacted travel. COVID-related supply chain disruptions continue to impact revenues and labor shortages remain an ongoing concern for all local businesses.

SEAFOOD INDUSTRY

Commercial fishing is by far the largest private sector industry in Kodiak. In addition to being quite diverse, Kodiak's fishing industry is also one of its oldest, dating back to 1882 when the first cannery was built on the Karluk Spit. Kodiak is consistently one of the top five fishing ports in the United States. Kodiak is the center of fishing activities for the Gulf of Alaska. Its fishery is among the most diverse in the state. Residents participate in at least 27 different fisheries not including the numerous ground fish fisheries. Salmon has traditionally been the mainstay of Kodiak's fisheries. Because of the cyclic nature of the salmon fisheries, the annual volume and value of Kodiak's salmon catch varies greatly. Increased competition in world markets has also driven prices down. However, in the last few years, prices have been rebounding. During recent years, the ground fish fishery has become increasingly important to Kodiak's economy.

In addition to the fish harvesting and processing sectors, there are also several government and educational institutions that conduct fisheries-related research in Kodiak. The State of Alaska Department of Fish and Game, the National Marine Fisheries Service Utilization and Research Division, along with the University of Alaska's Fisheries Industrial Technology Center, provide lab services, quality and handling studies, product development assistance and other research efforts.

VISITOR INDUSTRY

Tourism, like many other Kodiak industries, is based on our natural resources. Tourists come to Kodiak to view the scenic beauty, hike, camp, visit historical and cultural sites, view and photograph wildlife, and hunt and fish. The visitor industry continues to grow in Kodiak.

As is true elsewhere in Alaska, Kodiak's visitor industry is seasonal with approximately 76% of all visitors arriving during the summer months. The total number of annual visitors to the Kodiak region is approximately 30,000, more than double the population of the entire Kodiak Island Borough.

Kodiak's share of the Southwest Alaska visitor market is approximately 31%. According to the Alaska Visitor Statistics Program, visitors to Kodiak and other Southwest Alaska destinations tend to stay longer than the average visitor to the state, and are significantly more likely to be repeat visitors. Additionally, these visitors typically spend more than twice as much as the average visitor to other regions in Alaska. In recent years, the cruise ship industry has stopped at Kodiak with ships of up to 4,000 passengers embarking on the island to visit. The number of cruise ships arriving at Kodiak can vary greatly from year to year; however, the COVID-19 public health emergency has seen cruise ships cancellations which has impacted the revenues generated from tourism.

AEROSPACE INDUSTRY

The mission of the Alaska Aerospace Development Corporation (AADC) includes establishing and operating, in Alaska, a launch facility promoting aerospace-related economic growth and developing corresponding technologies and support services. The Pacific Spaceport Complete in Kodiak (PSCA) is the nation's first launch facility not located on federal property and is positioned to meet the challenges and define Alaska's future role in a highly competitive launch industry.

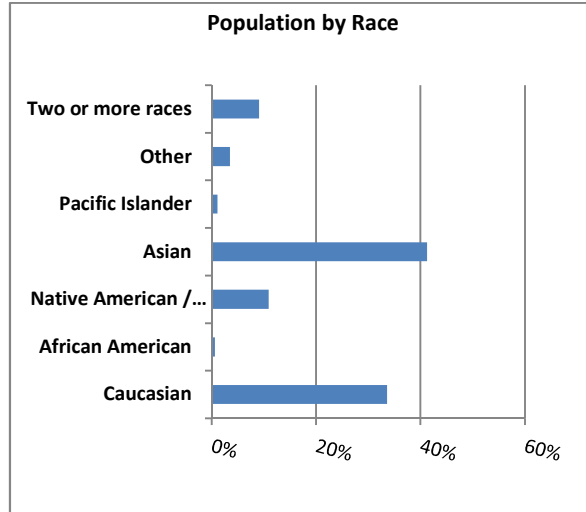
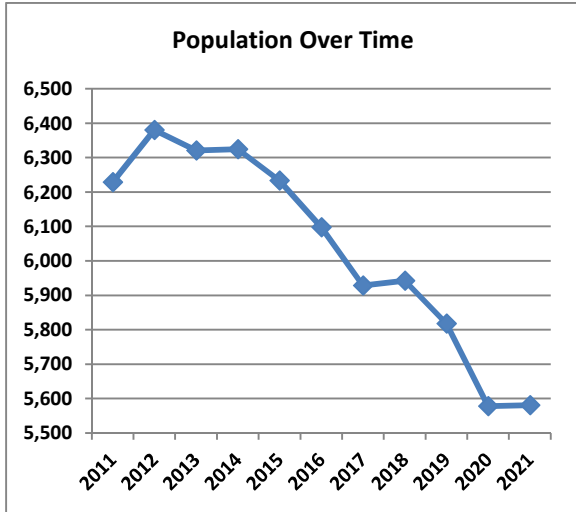
The PSCA celebrated its first mission November 1998. The second successful launch from PSCA lifted off September 1999. The state of the art facility includes a launch control center, payload processing facility, spacecraft assembly building and launch pad. It is designed to handle small to medium sized rockets used to launch low-earth orbit satellites, as well as military, scientific and research missions.

According to the independent research and consulting firm Northern Economics, Inc. (*The Economic Benefits of the Alaska Aerospace Corporation, FY 2010*. Prepared for Alaska Aerospace Corporation. February 2011) in 2010 the total direct, indirect and induced local impacts to Kodiak's regional economy alone amounted to \$6.3 million, generating 59 local jobs with \$3.7 million in local payments for wages and salaries - AAC's expenditures for goods and services, including subcontractor services, generated about \$4.6 million in direct payments to businesses operating in Kodiak. This spending was distributed among 44 local businesses and increased business activities in 25 different industries or sectors in the Kodiak regional economy. These sectors include construction, retail, various professional and technical services, computer system design, wholesale trade, and a variety of hospitality and leisure sectors. PSCA conducted five launch campaigns in 2020, including two launches of Astra's Rocket 3 launch vehicle.

POPULATION

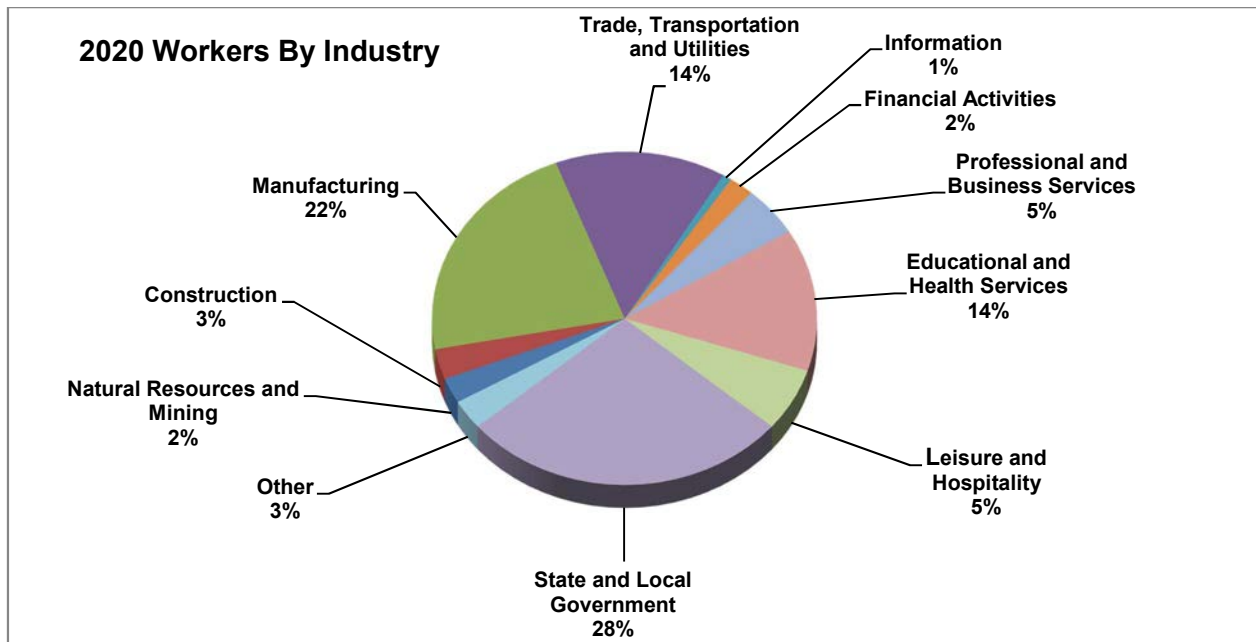
The City of Kodiak is the tenth largest city in Alaska, in terms of population. It ranks behind Anchorage, Juneau, Fairbanks, Wasilla, Sitka, Ketchikan, Kenai, Palmer and Bethel in that order. The estimated population for 2020 was 5,581 in the City of Kodiak and 13,101 in the Kodiak Island Borough.

Approximately 20% of the population is under 18 years of age, approximately 5.1% lower than Alaska overall. The population consists of approximately 57% male and approximately 43% female. Approximately 22% of the adults, age 25 and older, hold at least a bachelor's degree, and 88% are estimated to have at least a high school diploma.

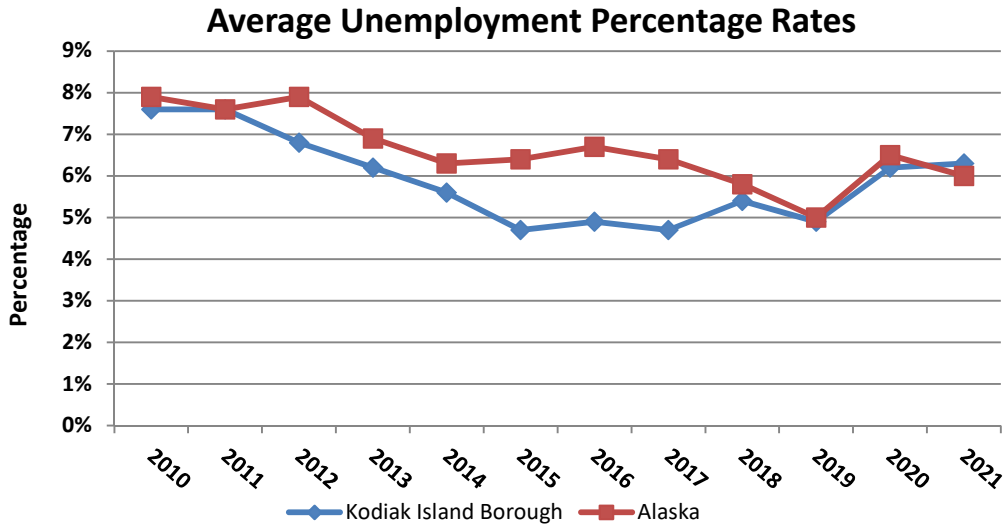


LABOR FORCE

In 2020, the state estimated the Kodiak region's average monthly employment to be 5,671 excluding fish harvesting and Coast Guard. This figure more accurately depicts the number of full and part-time jobs as opposed to the number of actual workers.



Kodiak’s employment varies throughout the year due to the seasonal nature of the fishing industry. Employment usually peaks during the months of July, August, and September when fish harvesting is the busiest, and declines in November and December as yearly fishing quotas are reached. For this reason, Kodiak is characterized by large swings in its monthly unemployment rate throughout the year, from as low as 3.8% (August 2015) to as high as 13.2% (December 2011). The average annual unemployment rate for Kodiak in 2021 was 6.3% compared to 6.0% for the state of Alaska.



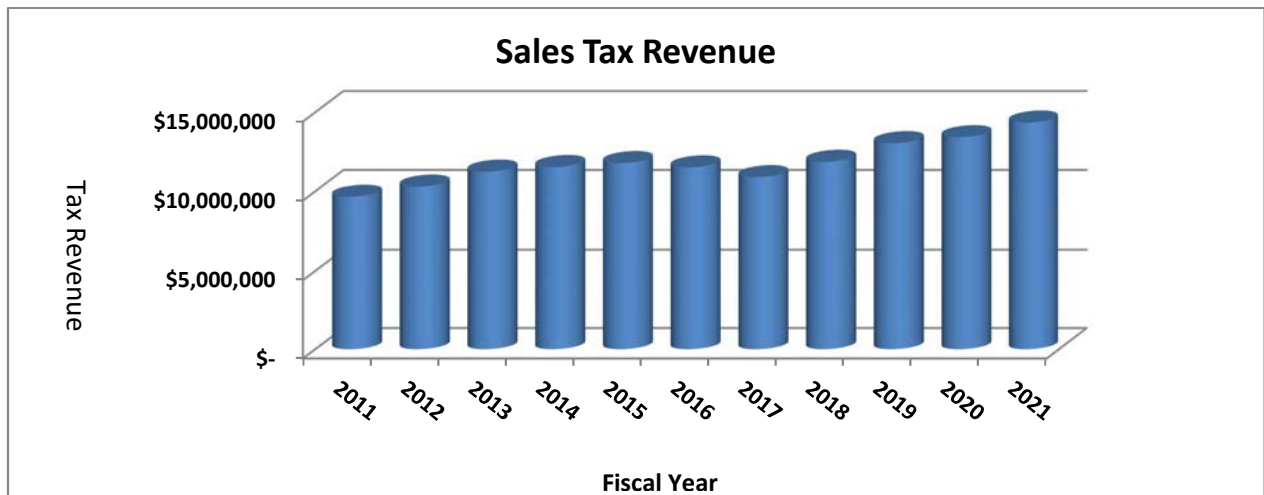
INCOME

The U.S. Department of Commerce Bureau of Economic Analysis reported the 2020 per capita personal income was \$66,988, an increase of 4.4%, as compared to \$64,144 reported for 2019 for the Kodiak Island Borough.

RETAIL SALES

Total retail sales within the city have increased more than 55% since 2000. There is a close correlation between retail sales and the strength of local fisheries. In 1995, after a record breaking salmon season, retail sales climbed 9%. In the second half of 1996, when the salmon harvest dropped and fish prices fell, retail sales went down approximately 10% to 12%. Retail sales have increased significantly since the opening of a local Wal-Mart store in the spring of 1999.

Sales tax has increased from \$9.4 million in 2010 to approximately \$14.3 million in 2021. The City’s sales tax rate is 7% with a maximum sales tax of \$210 per transaction, \$52.50 for rentals. This translates to taxing the first \$3,000 of a sale and exempting any amount over \$3,000 in any one transaction. The City also exempts its citizens over the age of 65 from sales tax. Decreasing sales taxes led the City to increase the maximum sales transaction limit from \$750 to \$3,000 on January 1, 2018. Sales tax revenues have been budgeted accordingly to reflect this increase.



LONG-TERM FINANCIAL PLANNING

1. Essential government services are to be provided at a level equal to or better than the level previously provided. Forecast and plan for revenues and expenses to create a government that is more efficient, less costly and more accountable to ensure a financially sustainable city for future generations.
2. All services are to be constantly examined to ensure that they are provided in an efficient and effective manner and that unnecessary program costs are eliminated.
3. Authorized capital projects are to be completed as soon as possible, consistent with sound engineering design and approved project cost estimates. Maintain a five year Capital Improvement Plan to ensure resources are planned for and available when needed.
4. As a means to ensure that policies of the City Council are observed, and to improve the City's overall management process, a management by objective program has been initiated. Under this program, each City Department Head is required to identify several performance objectives consistent with department goals and to maintain performance indicators, which measure progress toward the achievement of stated objectives. All goals and objectives are reviewed by the City Manager and the Department Heads and then reviewed with the City Council as part of the annual budget process (see each department summary in the budget found at <http://www.city.kodiak.ak.us> in the Finance Department documents for goal and objective statements).
5. Each department's progress in achieving their objectives is reviewed and monitored throughout the budget year.
6. All expenses will be reviewed for cost saving measures. All services will be reviewed for efficiency, purpose and need.
7. Ensure structural balance in all areas of City Operations.
 - Develop expenditure habits based on estimated revenues.
 - Minimize disruption to community services.
 - Minimize the disruption of workforce.
 - Create long-term financial and programmatic stability.
 - Focus on impacts of budget decisions and use of fund balances to maintain program levels.
 - A priority on employee safety to reduce expenses related to accidents.
 - Review department and capital projects budgets for corrections on a quarterly basis.
 - Maintain the economy, environment, and the community to create a balance and sustainable atmosphere for the City of Kodiak.

MAJOR INITIATIVES

1. Distributed CARES Act Funds assistance to small businesses, daycare centers, non-profits, and utility assistance.
2. The Mill Rate of 2.0 remained the same in fiscal year 2021.
3. The Sales Tax Cap remained the same at \$3,000 for fiscal year 2021.
4. The Hotel & Motel tax rate of 5% remained the same.
5. The fiscal year 2021 had no reductions of services, and all services were maintained at consistent levels.

FUTURE PROJECTS

1. New Fire Station Phase II:

\$18,600,000

The City of Kodiak identified the need to replace its fire station and has been working toward a replacement plan since 2004. The building has clearly outlived its design life. The building is composed of three structures and sits on a site that is currently very vulnerable and rests within the recently updated tsunami inundation zone. The structure is built of cement block type construction built in the 1940s with two block and wood frame additions added in the 1960s and 1975. The structure poses a significant risk of failure in a seismic event. Cracks in the walls and initial separation of one of the additions from the rest of the structure occurred following the large 7+ earthquake in 2016 and suffered additional damage during the January 2018 earthquake 60 miles off the Kodiak coast. It has ongoing plumbing, drainage, and water infiltration issues. The facility houses Fire and EMS personnel, fire and rescue apparatus, three ambulances, and many types of specialty equipment and medical supplies that support the Advanced Life Support services offered to the entire Kodiak area well beyond the City boundaries. The building condition poses constant challenges and problems to the crews who work and live in the structure. Work to replace this building must continue because it is a key emergency response and life-safety facility for Kodiak and continues to require constant maintenance.

The City proposes completion of the project in three phases. Phase I of this project with a budget of \$1,110,000 and funded by the City was used to study the site, for a new facility once a derelict building is removed. It included the removal of the derelict building, site grading, and other work following the demolition of the old building. Phase I is complete.

Phase II would include a new site acquisition and design completed prior to construction. The city council is evaluating several potential sites and building designs proposed on each location. Relocation would make the project more affordable to do in phases, would reduce the impact to the active fire station, and benefit the transition to a new building. Phase II costs would include site acquisition and building design anticipated during FY2020-21. The City has increased the Phase II budget to \$1.3 million including a legislative re-appropriation grant award of \$76,755 for partial building design costs. The remaining funding request would be required to complete construction and furnish the facility.

The City of Kodiak is requesting state/federal funding for Phase II of the New Fire Station project in an amount of \$18,600,000 to ensure the project continues to move forward. This project may also be suitable for a GO Bond package in the event the legislature pursues bonds as a capital budget financing mechanism.

2. St. Herman Harbor Infrastructure Replacement

\$30,000,000

The economy of the City of Kodiak is based upon commercial fishing including local, state and federal governmental activities associated with support of the fisheries as well as research and enforcement activities. Each year Kodiak ranks as a top commercial fishing port. In 2015, NOAA statistics again put Kodiak as the second largest commercial fishing port in the United States in terms of volume and third in terms of value. This activity requires an infrastructure of potable water, electrical systems supply, and harbor and dock infrastructure that is much larger than its population might suggest. Current piling repairs indicate the life to date of the docks which are failing after 50 years of use.

The Kodiak Harbor Department relies on the generation of user fees and the State of Alaska's Harbor Facilities Grant Program to help match municipal costs for dock replacements. The combined float replacement costs are expected to cost approximately \$30 million. The City of Kodiak is proposing to construct the replacement in two phases and is requesting for state/federal funding in the amount of \$15 million to fund the first phase to replace this aging infrastructure which supports the nation's scientific and food source needs. The St. Herman Harbor's 13 main floats and 400 finger floats contain electrical pedestals, fire suppression water lines, safety ladders and supply water.

3. Waste Water Treatment Plant Facility **\$19,000,000**

The first phase of a larger project is to evaluate the condition of the Waste Water Treatment Plant facility (WWTP) and design a necessary upgrade to the City of Kodiak facility. The prior upgrade to the facility was in 1999. The condition and evaluation assessment included all major components such as the building and aeration basins; including equipment replacement needs. Alaska Pollution Discharge Elimination System (APDES) permitting requirements are also considered during this assessment. The City of Kodiak has received the Alaska Department of Environmental Conservation (ADEC) APDES permit. This new regulation of compliance requires upgrades to our facility including additional monitoring and testing requirements. The APDES permit set a five-year timeline for full compliance of effluent discharge, which has been factored in our condition and evaluation assessment.

This facility with its labyrinth of connecting sewer lines, directly serves 2667 City and Borough households and commercial businesses, including the U.S. Coast Guard Base and the Pacific Spaceport Complex indirectly with laboratory testing and waste disposal; not to mention NOAA vessels, the Alaska Marine Highway vessels and the cruise ship industry

The City of Kodiak is requesting state/federal funding in the amount of \$19,000,000 to further assess, design and construct this WWTP project that will help support the wastewater needs of the community for the next twenty years.

4. Parks and Recreation Facility Upgrade **\$3,900,000**

The City of Kodiak provides multi-purpose recreation programs for the community residents and visiting public. Baranof Park is home to playground facilities, tennis, track and field, baseball, football, soccer, ice skating and hockey. The park's use continues to increase and has outgrown its original design. The Parks and Recreation Advisory Board, together with the City Council, have requested a master plan study to identify the future growth options.

A local committee of volunteers has offered to provide matching funds to assist with design, and construction of needed improvements. The areas considered include additional parking, enclosure of the ice rink, with locker rooms, restrooms and rental office. The master plan study is intended to identify these priorities and costs associated with construction. This facility is a multi-purpose complex.

The City has been working on this project for three years. The priority project has been placed previously on the City's State and Federal Capital Projects List. The City's Baranof Park Improvements Project has contracted with ECI Alaska for 100% design documents (Plans & Specifications) and the updated cost estimate at 65% design is \$3,900,000. A funding plan has been projected and a budget has been developed. Proposed construction is scheduled to begin late spring of 2022.

The City of Kodiak is requesting state/federal funding assistance for the completion of the master plan study of Baranof Park, including the enclosure of the ice rink with the remodel amenities in the amount of \$1,500,000.

5. Lift Station 5 and Force Main Replacement **\$4,000,000**

Sewer Lift Station 5 is the largest lift station in the City of Kodiak's waste water collection system and pumps directly through the final force main pipe to the Wastewater Treatment Plant. Lift Station 5 was constructed in 1971 and has reached the end of its useful life. Approximately 25 years ago, Lift Station 5 had a catastrophic failure in the force main pipe which caused direct discharge of sewer effluent into adjacent Mission Lake. In May 2019 a similar failure occurred that cost the City over \$250,000 to complete emergency repairs. The Alaska Department of Environmental Conservation is aware of both unauthorized discharge events and will likely levy heavy fines against the City if another failure were to occur at Lift Station 5 or the Force Main pipe leading to the Waste Water Treatment Plant. This project requires a full engineering design that will be completed the fall of calendar year 2021 in order to allow construction in 2022. This project is a continuation of critical lift station replacements. Lift stations 1, 2, 3, and 4 replacement projects have recently been completed. The City has invested \$450,000 to engineer and design the critical Lift Station 5 project. The City of Kodiak is requesting federal funding assistance in the amount of \$4,000,000 to complete construction of the 1500 lineal foot Force Main replacement and new Lift Station 5.

6. Wastewater Treatment Plant SCADA System Upgrade

\$1,400,000

The City of Kodiak's Wastewater Treatment Plant and 18 associated sewer lift stations, 34 lift station pumps, use programmable logic controllers to automate the operation of those interface facilities. These supervisory control and data acquisition control systems (SCADA) are 20 years old and no longer fully supported by the manufacturer. This system needs replacement, otherwise this situation will leave the City in a position of diminishing manufacturer support, and will place the facilities operation at risk. The City undertook an evaluation of these control systems to define a scope, cost and schedule for the replacement of the SCADA system and associated control system improvements. A detailed field analysis was conducted for all SCADA equipment in 2020 and the final upgrade recommendations have been completed.

Replacement of the SCADA system will provide the needed foundation for future WWTP upgrades as well as provide continuity with all of the City sewer lift stations and improve overall efficiency of the waste water collection system. The total SCADA upgrade project cost is estimated at \$1,400,000.

FINANCIAL POLICIES

Formal financial policies, as well as informal operating practices, have helped the City maintain core services and minimize the impact to citizens and employees wherever possible. Formal policies exist on areas such as balanced budgets, revenue diversification, and use of one-time and unpredictable revenues, operating expenditures, and reserves.

Revenue Administration

The City's main source of revenue for operating expenditures is sales tax, which makes up more than half of the total revenues of the General Fund. In addition, the City carefully reviews all fees, fines, and charges for services on a regular basis to ensure they are covering cost projections. One-time and unpredictable revenues are spent on one-time costs, such as equipment replacement, or transferred to capital improvement funds for repair and rehabilitation projects.

Expenditure Administration

Expenditure budgets are carefully reviewed by both the implementing departments and the City Manager. Careful attention is paid to ensure departments are meeting projected City Council budget goals for the fiscal year. There were changes in the number of full-time employees in fiscal year. There were no changes in operational needs.

Reserves

The City's policy for reserves states that use of fund balance will be for working capital, budgetary stabilization and responding to extreme events. At a minimum, the General Fund will not have an unassigned fund balance that falls below two months of regular General Fund operating expenditures. The replenishment of fund balance will come from non-recurring revenues, budget surpluses, and excess resources in other funds when legally permissible and when there is defensible rationale. There is significant pressure to spend reserves to meet capital repair, replacement, and expansion needs. In addition, the City's reserve levels are at risk due to: significant health care costs, enterprise fund critical needs, unforeseen emergencies and natural disasters, potential sustained reduction in visitors and other similar risks. Any of these risks can have a significant adverse impact on the City's financial condition, enhancing the need for a healthy level of unassigned reserves.

Pension and Other Post-Employment Benefits (OPEB)

The City provides pension and OPEB benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The system consists of four defined benefit (DB) Tiers, and one defined contribution (DC) Tier. The City has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the plans. The City has always paid its annual required contribution rates on time. The City anticipates near-term annual contribution rates to be capped at 22% of covered payroll for both DB and DC plans, based on legislative action agreeing to State of Alaska coverage of costs exceeding 22%. The transition from a single-agent, multiple-employer plan, to a cost-sharing plan as of July 1, 2008, provides a single rate for all participating PERS employers, eliminating the previous methodology of assessing each employer its own rate. The City now shares in the pooled liability of the PERS plan. The legislature's cap on local government contribution rates brings stability to Kodiak's retirement rates, mitigating the recent trend of significant annual rate increases, although it is important to note that a future State legislature can eliminate the contributions.

In a prior year the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the Net Pension Liability and related deferred inflows and outflows of resources related to pensions. In 2018 the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the OPEB liability and related deferred inflows and outflows of resources related to OPEB.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Management Retirement Board. Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law has determined that the statute does not create a legal obligation to assume the liabilities of the plans; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. Therefore, the State has determined that the Plan is not a special funding situation.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kodiak for its comprehensive annual financial report for the fiscal year ending June 30, 2020. This was the eighteenth consecutive year that the City achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department staff. We would like to express our appreciation to all the members of the finance department who assisted in the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Kodiak's finances.

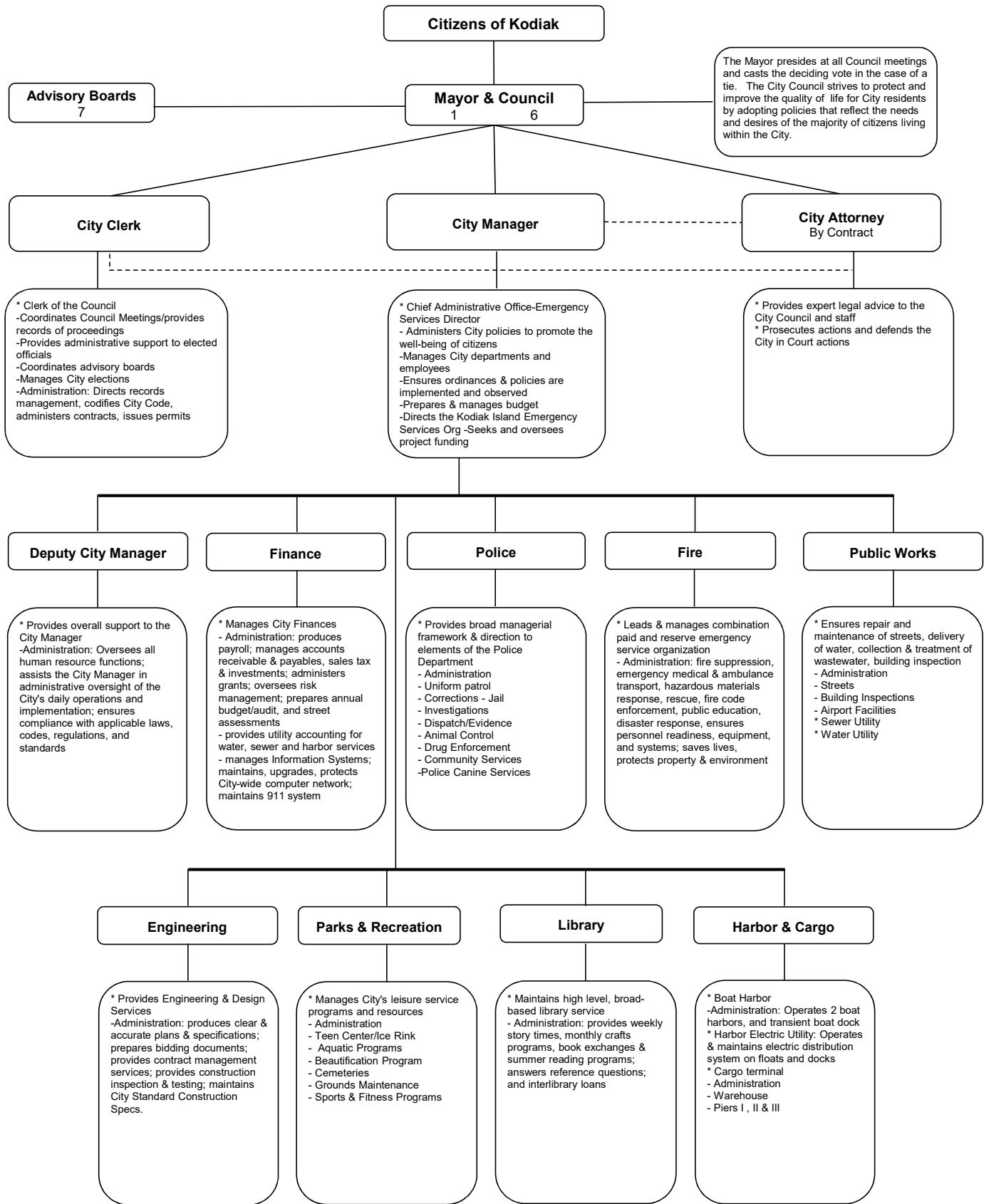
Respectfully Submitted,



City Manager
Mike Tvenge



Finance Director
Julie Liew



**CITY OF KODIAK
FACT SHEET**

FORM OF GOVERNMENT

- Home Rule City with Council-Manager form of government
- City residents elect a Mayor and Six Council members to serve at-large
- City Council meets on the second and fourth Thursday of each month at 7:30 p.m. in the Kodiak Public Library Multi-Purpose Room, 612 Egan Way. The public is invited to attend.
- City Web Site - <http://www.city.kodiak.ak.us>

CITY DEPARTMENTS

NAME	DEPARTMENT	E-Mail	PHONE
Mike Tvenge	City Manager	mtvenge@city.kodiak.ak.us	907-486-8640
Michelle Shuravloff-Nelson	City Clerk	mshuravloff-nelson@city.kodiak.ak.us	907-486-8636
Josie Bahnke	Deputy City Manager	jbahnke@city.kodiak.ak.us	907-486-8640
Corey Gronn	Parks & Recreation	cgronn@city.kodiak.ak.us	907-486-8665
Tim Putney	Police	tputney@city.kodiak.ak.us	907-486-8000
Jim Mullican	Fire	jmullican@city.kodiak.ak.us	907-486-8040
Craig Walton	Public Works	cwalton@city.kodiak.ak.us	907-486-8060
Laurie Madsen	Library	lmadsen@city.kodiak.ak.us	907-486-8688
Matt Holmstrom	Engineering	mholmstrom@city.kodiak.ak.us	907-486-8065
Julie Liew	Finance	jliew@city.kodiak.ak.us	907-486-8659
Michael Sarnowski	Port & Harbor	msarnowski@city.kodiak.ak.us	907-486-8080

ELECTED OFFICIALS

NAME	OFFICE	E-Mail	PHONE
Pat Branson	Mayor	mayor@city.kodiak.ak.us	907-486-3641
Randall Bishop	Council Member	rbishop@city.kodiak.ak.us	907-486-3364
Charles Davidson	Council Member	cdavidson@city.kodiak.ak.us	907-486-3896
Terry Haines	Council Member	thaines@city.kodiak.ak.us	907-942-0365
Robert Stanford	Council Member	bstanford@city.kodiak.ak.us	907-487-4926
John Whiddon	Council Member	jwhiddon@city.kodiak.ak.us	907-942-4650
Richard Walker	Council Member	rwalker@city.kodiak.ak.us	907-481-3775

ADVISORY BOARDS

- Building Code Board of Appeals (as needed)
- Joint Building Code Review Committee (as needed)
- Parks & Recreation Advisory Board
- Personnel Board (as needed)
- Port & Harbor Advisory Board
- Employee Advisory Board (Board members are elected by City employees)
- Kodiak Public Library Association (an independent organization supporting the Library)



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kodiak
Alaska**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

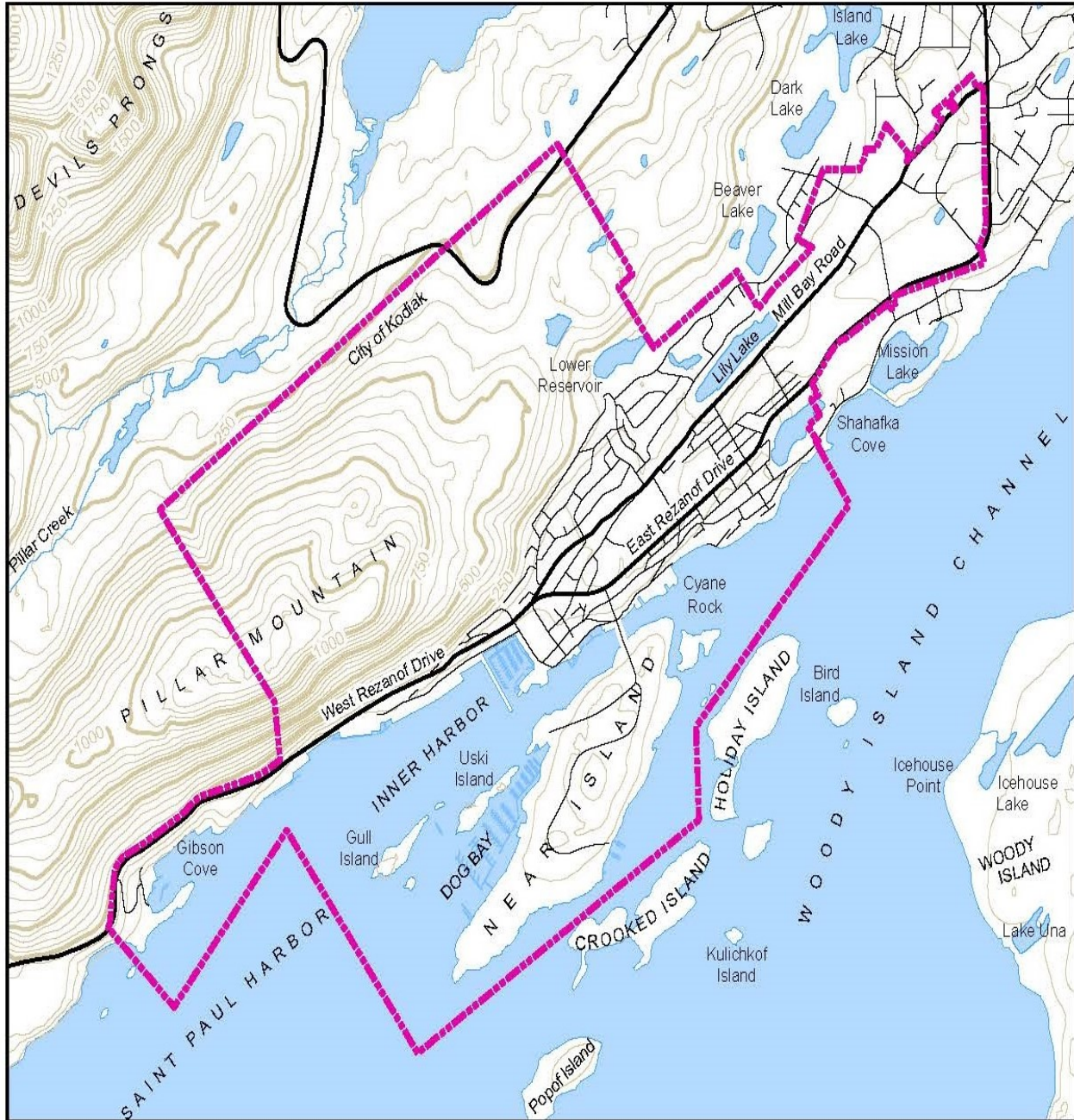
Christopher P. Morill

Executive Director/CEO

CITY OF KODIAK
KODIAK ISLAND, KODIAK



CITY OF KODIAK
CITY LIMITS - 6.2 SQUARE MILES



Independent Auditor's Report

Honorable Mayor and City Council
City of Kodiak, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kodiak, Alaska, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Kodiak's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kodiak, Alaska, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-17, budgetary comparison information on pages 60-61, Schedules of City's Proportionate Share of the Net Pension and OPEB Liabilities and Pension and OPEB Contributions on pages 62-65 and Notes to Required Supplementary Information on pages 66-67 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kodiak's basic financial statements. The information listed in the table of contents as "Supplementary Information", which includes the combining and individual fund financial statements and schedules, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

Honorable Mayor and City Council
City of Kodiak, Alaska

The combining and individual fund financial statements and schedules listed in the table of contents as “Supplementary Information” and the Schedule of Expenditures of Federal Awards 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 “Supplementary Information” is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Kodiak, Alaska’s basic financial statements for the year ended June 30, 2020, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kodiak, Alaska’s basic financial statements as a whole. The combining and individual fund financial statements and schedules, for the year ended June 30, 2020, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statements. This information has been subjected to the auditing procedures applied in the audit of those 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 2020 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Honorable Mayor and City Council
City of Kodiak, Alaska

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022, on our consideration of the City of Kodiak'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 City of Kodiak's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kodiak's internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
January 27, 2022

City of Kodiak, Alaska

Management's Discussion and Analysis

June 30, 2021

As management of the City of Kodiak, we offer readers of the City of Kodiak's financial statements this narrative overview and analysis of the financial activities of the City of Kodiak for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages I-XI of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Kodiak exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$209,944,039 (*net position*). Of this amount, \$65,029,823 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,885,930 (2.88%). The governmental net position increased by \$4,900,012 (7.18%) and the business-type net position increased by \$985,918 (0.73%).
- As of the close of the current fiscal year, the City of Kodiak's governmental funds reported combined ending fund balances of \$29,886,621, an increase of \$3,641,689 from the prior year. Approximately 55.33% of this total amount, \$16,537,411 is available for spending at the government's discretion (*unassigned fund balance*).
- Total general revenues accounted for \$17,190,657 (36.29%) of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$30,177,817 (63.71%) of total revenues of \$47,368,474.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,537,411, or (88.77%) of total General Fund expenditures and transfers out of \$18,630,197.
- The City of Kodiak's total debt increased by \$4,466,622 during the current fiscal year. Included in total debt, the City reports the net pension and OPEB liabilities for the State of Alaska PERS retirement system attribution to the City of Kodiak. For fiscal year 2021, the net pension and OPEB liabilities were \$15,457,010.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. City of Kodiak's basic financial statements are comprised of 1) government-wide financial statements 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains 5) other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the City's activities.

1. *Government-wide financial statements* are designed to provide readers with a broad overview of the City of Kodiak's finances, in a manner similar to a private-sector business.
 - The *statement of net position* presents information on all of the City of Kodiak's assets and liabilities, with the differences between the two reported as *net position*.
 - The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

- Both of the government-wide financial statements distinguish functions of the City of Kodiak that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Kodiak include general government, public safety, public works, engineering, parks and recreation, library and community services. The business-type activities of the City of Kodiak include cargo pier, boat harbor, shipyard/lift, harbor electric, water and sewer utilities, and E-911 services.
 - The government-wide financial statements can be found on pages 18-19 of this report.
2. *Fund financial statements* focus on individual parts of the City, reporting the City'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 City of Kodiak, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City of Kodiak can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.
- *Governmental Funds:* Most of the City's basic services are included in governmental funds. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as balances of spendable resources left at fiscal year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Kodiak maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual statements elsewhere in this report.

- *Proprietary Funds:* When the City charges customers for the services it provides - either to outside customers or to other units of the City - these services are generally reported in the Proprietary funds. Proprietary funds are reported in the same manner in the Statement of Net Position and the Statement of Activities. The City's Enterprise Funds (one type of proprietary fund) are the same as business-type activities reported in the government-wide statements but provide more detail. The City uses an Internal Service Fund (the other kind of proprietary fund) to report activities of the City's Insurance Fund.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

- *Fiduciary Funds:* A fiduciary fund is used to account for assets held by the City in a trustee capacity or as an agent for others. Activities from the fiduciary fund are not included in the government-wide financial statements because the City cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The City does not currently have any fiduciary funds.
3. *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The financial statements include notes that explain some of the information in the statements and provide more detailed data. The notes to the financial statements can be found on pages 27-59 of this report.
 4. *Required Supplementary Information* includes the required budgetary supplementary information and the schedules of the proportionate share of the net pension liability and pension contributions. The required supplementary information can be found on pages 60-67.
 5. *Other Information.* The basic statements are followed by additional supplementary information on individual fund activity.
 - The combining statements referred to earlier in connection with non-major governmental funds and non-major enterprise funds are presented on pages 75-79.

Government-Wide Financial Analysis of the City of Kodiak

Table 1 provides a summary of the City's net position for 2021 compared to 2020:

Table 1
Net Position of Governmental and Business-type Activities

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 28,178,383	\$ 26,908,122	\$ 52,170,463	\$ 46,560,921	\$ 80,348,846	\$ 73,469,043
Capital assets	58,558,113	56,916,038	106,499,209	107,530,768	165,057,322	164,446,806
Net OPEB assets	940,596	-	392,448	-	1,333,044	-
Total assets	87,677,092	83,824,160	159,062,120	154,091,689	246,739,212	237,915,849
Deferred outflows of resources						
Related to pensions and OPEB	2,165,250	1,807,046	903,331	754,045	3,068,581	2,561,091
Total assets and deferred outflows of resources	89,842,342	85,631,206	159,965,451	154,845,734	249,807,793	240,476,940
Liabilities						
Current liabilities	(1,704,255)	630,112	3,467,263	2,126,437	1,763,008	2,756,549
Long-term liabilities	17,629,263	15,963,905	19,400,251	16,598,987	37,029,514	32,562,892
Total liabilities	15,925,008	16,594,017	22,867,514	18,725,424	38,792,522	35,319,441
Deferred inflows of resources						
Related to pensions and OPEB	755,862	775,729	315,370	323,661	1,071,232	1,099,390
Net position						
Invested in capital assets	52,541,595	50,655,050	91,911,040	94,946,715	144,452,635	145,601,765
Restricted	-	-	461,581	461,581	461,581	461,581
Unrestricted	20,619,877	17,606,410	44,409,946	40,388,353	65,029,823	57,994,763
Total net position	73,161,472	68,261,460	136,782,567	135,796,649	209,944,039	204,058,109
Total liabilities, deferred inflows of resources, and net position	\$ 89,842,342	\$ 85,631,206	\$ 159,965,451	\$ 154,845,734	\$ 249,807,793	\$ 240,476,940

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

Net position may serve over time as an indicator of a government's financial position. In the case of the City of Kodiak, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$209,944,039 as of June 30, 2021.

The government's net position increased by \$5,885,930 during the current fiscal year compared to an increase of \$8,751,151 in the prior fiscal year.

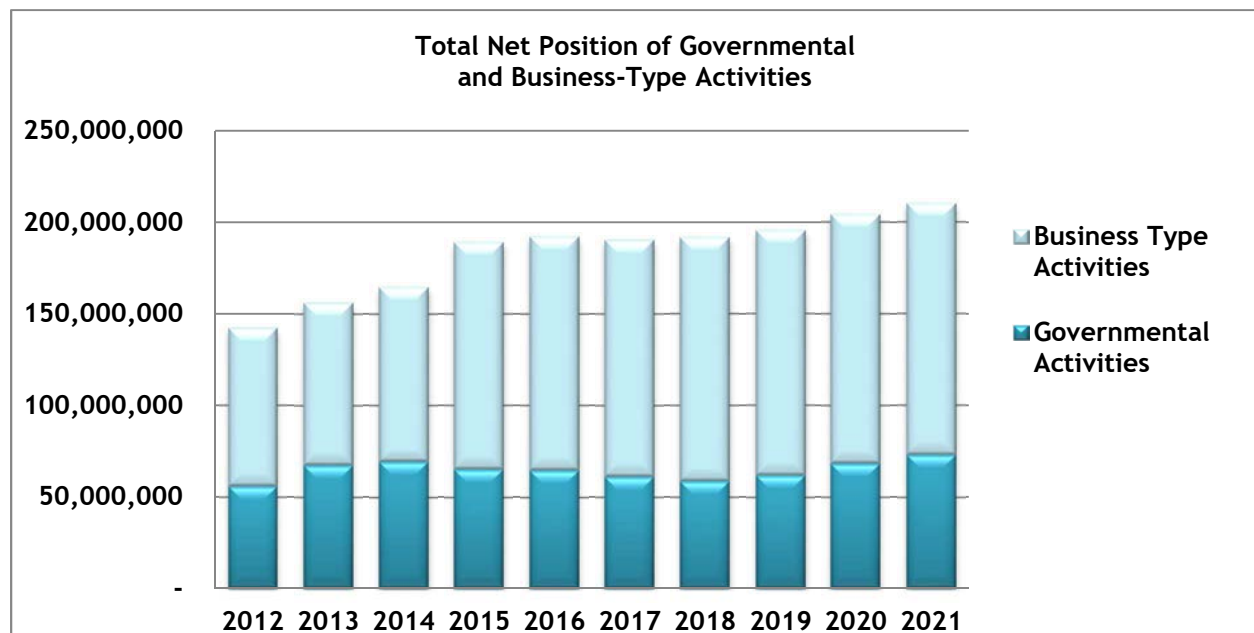
By far the largest portion of the City of Kodiak's net position, 68.81% reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Kodiak uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Kodiak'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 the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Kodiak's net position, less than 1%, represents resources that are subject to external restrictions on how they may be used. Certain covenants of the revenue bonds require the establishment of bond redemption and reserve accounts which makes up this restricted amount. The remaining balance of unrestricted net position, 30.97%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2021, the City of Kodiak is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$1,886,545 in net investment in capital assets in connection with the City of Kodiak's governmental activities. This was primarily due to continued street improvements, acquisitions of land and an emergency supply warehouse as well as acquisitions of new vehicles and machinery/equipment. In the City's business-type activities there was a decrease of \$3,035,675 in net investment in capital assets. This is primarily due to an increase in accumulated depreciation.

Total net position has increased over the past ten years indicating an improving financial position of the City of Kodiak as illustrated in the graph below. The City of Kodiak has maintained a stable financial position.



City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

Table 2 shows the changes in net position for fiscal years 2021 and 2020 for both the governmental and business-type activities. Net position increased by \$5,885,930 for fiscal year 2021.

Table 2
Changes in Net Position

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
	Revenues:					
Program revenues:						
Charges for services	\$ 3,879,795	\$ 15,578,676	\$ 19,458,471	\$ 3,832,201	\$ 15,512,775	\$ 19,344,976
Operating grants and contributions	8,868,099	211,289	9,079,388	3,961,774	176,450	4,138,224
Capital grants and contributions	1,487,626	152,332	1,639,958	383,028	-	383,028
Total program revenues	14,235,520	15,942,297	30,177,817	8,177,003	15,689,225	23,866,228
General revenues:						
Property taxes	1,206,919	-	1,206,919	1,172,552	-	1,172,552
Sales taxes	14,319,752	-	14,319,752	13,424,945	-	13,424,945
Other taxes, penalties and interest	365,716	-	365,716	291,819	-	291,819
Grants not restricted	1,047,295	-	1,047,295	1,432,447	-	1,432,447
Investment income	1,081	(1,862)	(781)	429,828	625,850	1,055,678
Loss on disposal of assets	-	-	-	-	-	-
Miscellaneous	112,578	139,178	251,756	451,586	237,127	688,713
Total general revenues	17,053,341	137,316	17,190,657	17,203,177	862,977	18,066,154
Total revenues	31,288,861	16,079,613	47,368,474	25,380,180	16,552,202	41,932,382
Expenses:						
General government	4,390,111	-	4,390,111	3,175,175	-	3,175,175
Public safety	8,555,387	-	8,555,387	7,021,566	-	7,021,566
Public works	3,713,379	-	3,713,379	663,364	-	663,364
Engineering	200,628	-	200,628	228,454	-	228,454
Parks & recreation	1,775,599	-	1,775,599	1,748,323	-	1,748,323
Library	1,093,386	-	1,093,386	931,664	-	931,664
Community services	5,856,066	-	5,856,066	4,459,521	-	4,459,521
Interest on long-term debt	206,431	-	206,431	215,263	-	215,263
Cargo Pier	-	2,579,199	2,579,199	-	2,459,006	2,459,006
Boat Harbor	-	3,385,281	3,385,281	-	3,073,256	3,073,256
Water Utility	-	2,753,540	2,753,540	-	2,723,458	2,723,458
Sewer Utility	-	3,724,954	3,724,954	-	3,298,747	3,298,747
Shipyard	-	1,194,631	1,194,631	-	1,396,065	1,396,065
Harbor Electric	-	682,323	682,323	-	626,114	626,114
Trident Basin	-	306,478	306,478	-	307,231	307,231
E-911 Services	-	1,065,151	1,065,151	-	854,024	854,024
Total expenses	25,790,987	15,691,557	41,482,544	18,443,330	14,737,901	33,181,231
Increase in net position before transfers	5,497,874	388,056	5,885,930	6,936,850	1,814,301	8,751,151
Transfers	(597,862)	597,862	-	(500,000)	500,000	-
Change in net position	4,900,012	985,918	5,885,930	6,436,850	2,314,301	8,751,151
Net position at beginning of year	68,261,460	135,796,649	204,058,109	61,824,610	133,482,348	195,306,958
Net position at end of year	\$ 73,161,472	\$ 136,782,567	\$ 209,944,039	\$ 68,261,460	\$ 135,796,649	\$ 204,058,109

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

Governmental Activities

Governmental activities in 2021 increased the City of Kodiak's net position by \$4,900,012, compared to an increase of \$6,436,850 in 2020.

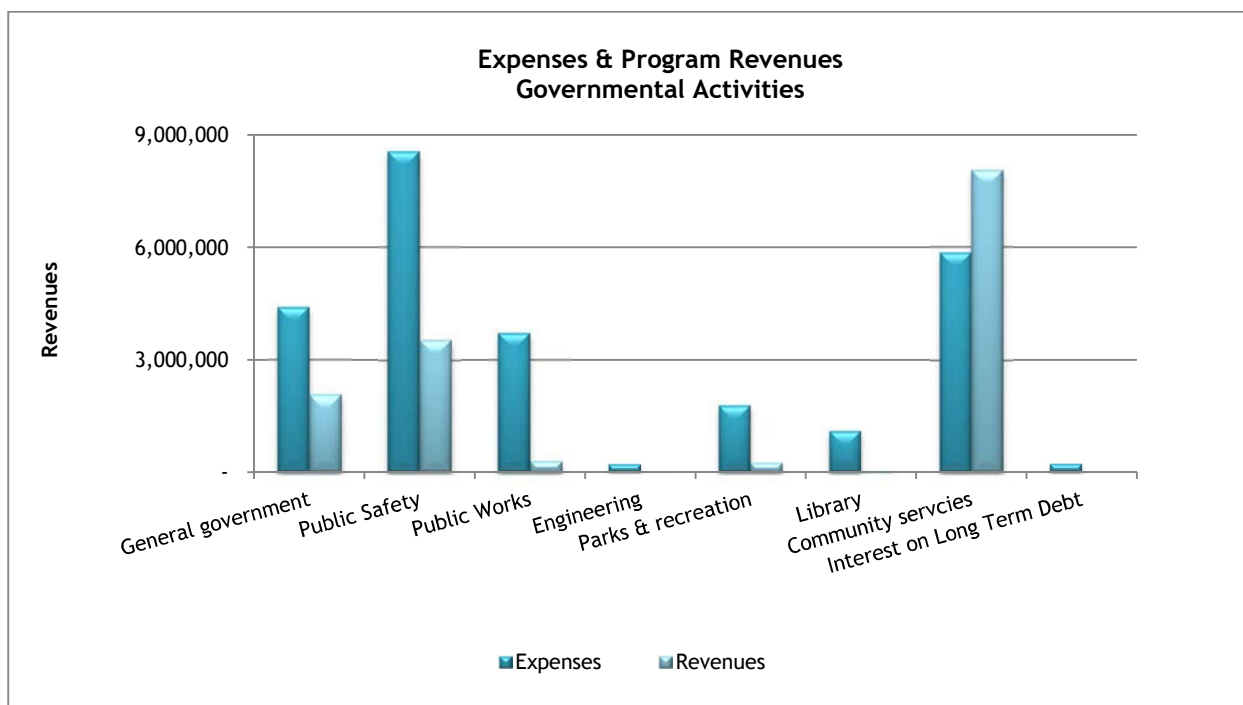
The primary source of revenue from governmental activities is sales tax revenues, which amounted to \$14,319,752, a 7% increase from 2020, due to an increase in sales tax revenue from remote online sales. The City sales tax rate in 2021 was at 7% on all sales with a per transaction cap that has varied from \$750 to \$3,000. The City sales tax accounts for 46.66% of total governmental revenues. Other tax revenues like property tax, tax penalties, interest, and hotel and motel tax accounted for 4.34% of total governmental activities revenues in 2021.

City taxpayers financed most of the City's costs, bringing in tax revenues of \$15,892,387. The remaining costs were financed by charges for services, investment income, entitlements not restricted to a specific purpose, and other revenues. Charges for services and tax revenues accounted for most of the City's recurring governmental revenues.

The cost of all governmental activities financed by program revenues, such as charges for services, operating grants and capital grants, was \$14,235,520 (55.20%) of total governmental activities expenses.

The City's governmental activities net expenses are predominately related to Public Safety 33%, Community Services 23%, and General Government 17%, or 73% of total governmental activities expenses. Engineering, Parks and Recreation, Library, Public Works, and Interest on Long-Term Debt make up the remaining expenses.

In 2021 total governmental expenses were \$25,790,987 compared to \$18,443,330 in 2020. Overall expenses increased by 39.8% from the prior fiscal year. This was due to primarily to an increase in public safety by 21.84%, general government by 38.26%, and community services by 31.32%. These increases are attributable to increased costs and differences in grant funded operations.



City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

The graph below shows the revenues by source for governmental-type activities. Taxes comprise of the largest revenue source at 51% of total governmental revenue. Other primary revenue sources include 37% for grants and 12% for charges for services.

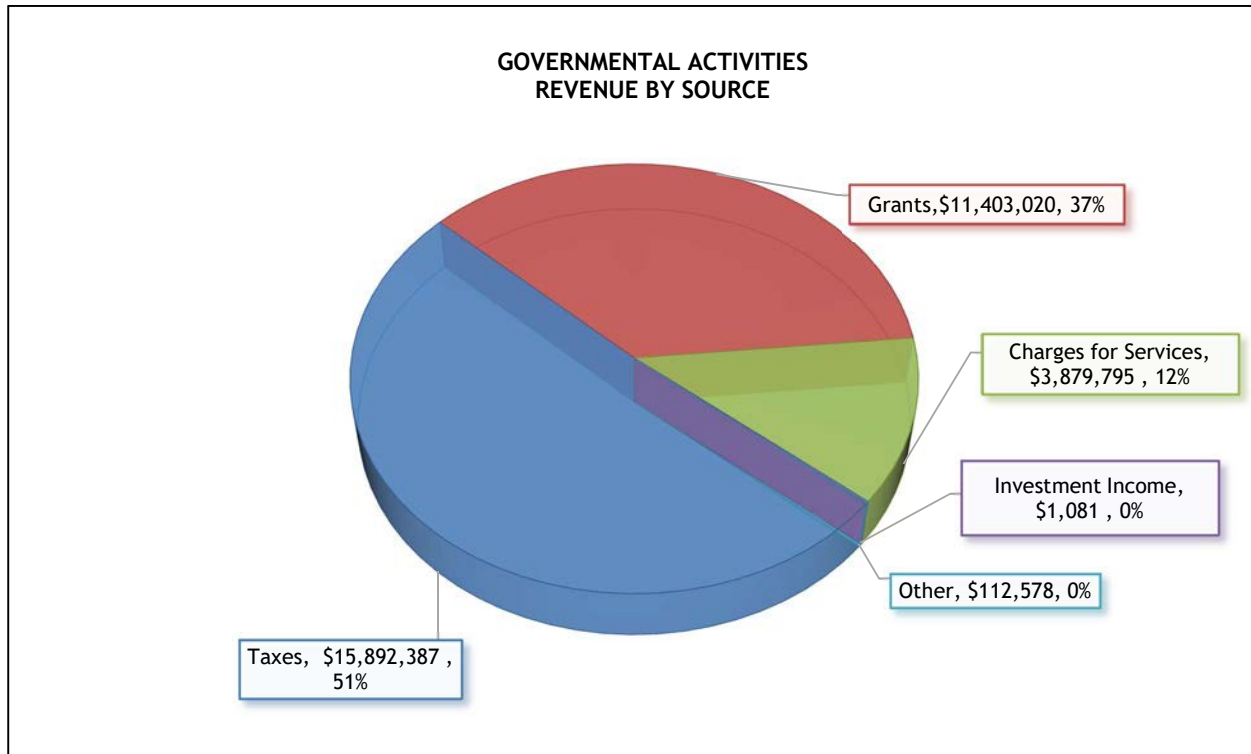


Table 3 shows, for governmental activities, the total cost of services and the net costs of services for fiscal year 2021. That is, it identifies the cost of these services supported by charges for services, operating grants and capital grants.

Table 3

	Total Cost of Services 2021	Net Cost (Benefit) of Services 2021	% of Total Costs
Governmental activities:			
General government	\$ 4,390,111	\$ 2,316,720	17.02%
Public safety	8,555,387	5,061,600	33.17%
Public works	3,713,379	3,404,716	14.40%
Engineering	200,628	186,365	0.78%
Parks & recreation	1,775,599	1,517,526	6.88%
Library	1,093,386	1,054,494	4.24%
Community services	5,856,066	(2,192,385)	22.71%
Interest on long-term debt	206,431	206,431	0.80%
Total governmental activities	\$ 25,790,987	\$ 11,555,467	100.00%

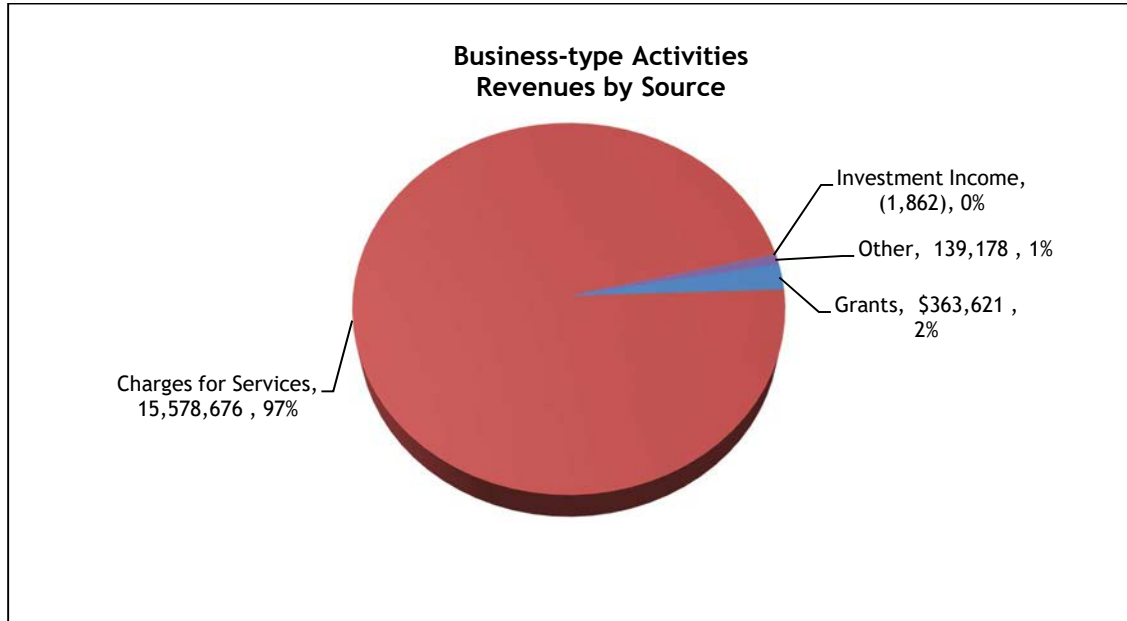
City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

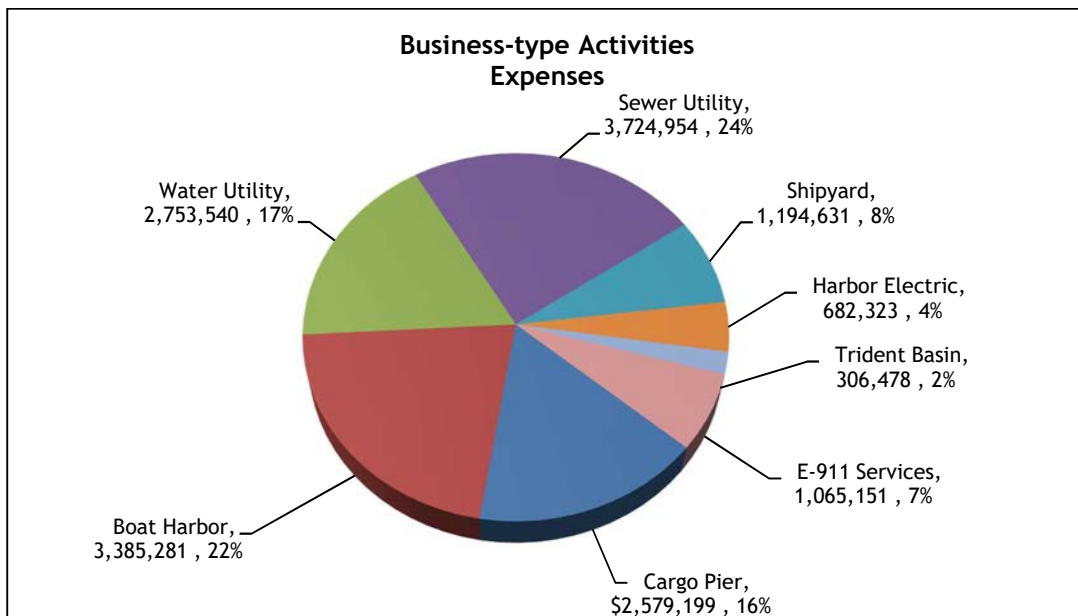
Business-type Activities

Business-type activities increased the City of Kodiak's net position by \$985,918. Key elements of this are as follows:

The primary source of revenue from business-type activities is charges for services, which amounted to \$15,578,676, a 0.42% increase from 2020. For the business-type activities, charges for services were less than operating costs by \$112,881. Operating and capital grants, investment income, and transfers increased net position by an additional \$1,098,799.



The City's business-type activities expenses are related to sewer utility 24%, boat harbor 22%, water utility 17%, cargo 16%, shipyard 8%, E-911 Services 7%, harbor electric 4%, and the Trident Basin Airport 2%. Total harbor related activities were 50% and total public works activities are 50% of the total business type activities in fiscal year 2021.



City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

Table 3-A shows the total cost of services and the net cost of services for business-type activities in 2021. That is, it identifies the cost of these services supported by charges for services, operating grants and capital grants.

Table 3-A
Business-Type Activities in 2021

	Total Cost of Services 2021	Net Cost (Benefit) of Services 2021	% of Total Costs
Business-type activities:			
Cargo	\$ 2,579,199	\$ 818,274	16.44%
Boat Harbor	3,385,281	590,425	21.57%
Water Utility	2,753,540	(2,176,202)	17.55%
Sewer Utility	3,724,954	(1,386,481)	23.74%
Shipyards	1,194,631	1,024,092	7.61%
Harbor Electric	682,323	(51,084)	4.35%
Trident Basin	306,478	206,823	1.95%
E-911 Services	1,065,151	723,413	6.79%
Total business-type activities	<u>\$ 15,691,557</u>	<u>\$ (250,740)</u>	<u>100.00%</u>

Financial Analysis of the Governmental Funds

The City of Kodiak uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. These funds are accounted for using the modified accrual basis of accounting.

Governmental Funds

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

As of the end of the current fiscal year, the City of Kodiak's governmental funds reported combined ending fund balances of \$29,886,621, an increase of \$3,641,689 from the prior year. Approximately 55.33% of this total amount, \$16,537,411, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City of Kodiak. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16,537,411 while total fund balance was \$16,574,165. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

Unassigned fund balance of \$16,537,411 represents 88.87% of total General Fund expenditures and transfers out of \$18,630,197. Total fund balance of \$16,574,165 represents 88.96% of total General Fund expenditures and transfers out of \$18,630,197.

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

The fund balance of the City of Kodiak's General Fund increased in the amount of \$2,531,347 during the current fiscal year. Key factors in this increase are as follows:

Total General Fund total operating revenues of \$21,161,544 exceeded total expenditures and transfers out of \$18,630,197 resulting in an increase in fund balance of \$2,531,347. Sales tax revenues of the General Fund increased by \$900,744 (6.5%) and interfund charges increased \$166,507 (10.4%) from the prior year. Sales tax revenues increased primarily from remote online sales. General government expenditures increased \$236,459 (7.8%), police expenditures decreased \$182,909 (3.6%), parks and recreation expenditures increased \$78,428 (5.7%), and non-departmental expenditures increased \$188,894 (46.1%) from the prior year. General government expenditures increased primarily from an increase in expenditures in the finance department which were a result of an additional IT employee, increased bandwidth to meet remote work demands, and increased professional services for contracted professionals due to staff turnover. The non-departmental expenditures increased from increased remote sales tax fees due to higher online purchases in the City, budgeted increase for economic development, and a large increase in property and general liability premiums.

Actual sales tax revenues were less than budgeted revenues by \$180,248 due to a decrease in sales tax collectible per transaction, attributed to the impact the COVID-19 pandemic had on the tourism industry. Expenditures were lower than budgeted by \$4,337,810, primarily in police by \$1,748,221, fire by \$1,407,984, and general government by \$597,657. Transfers from the General Fund to other funds totaled \$3,438,586. Code requirements accounted for \$1,634,148 in transfers to the Enhancement Special Revenue Fund; other transfers included \$1,804,438 to multiple funds for capital costs.

The Non-major Funds have a total fund balance of \$13,312,456. Of this balance, 5.25% is committed for tourism, 55.37% is committed for economic stability, 38.55% assigned for capital projects, and less than 1% assigned for public works. There was an increase of \$1,110,342 in fund balances primarily as a result of capital projects.

Proprietary Funds

The City of Kodiak's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the major funds in the Harbor Facilities (Cargo Pier, Boat Harbor, and Shipyard) at the end of the year amount to \$12,787,293 and those in the Water and Sewer Facilities amounted to \$33,148,333. Non-major Enterprise Funds, made up of the Trident Basin, Harbor Electric, and E-911 Services Funds, had a deficit balance of \$1,561,723 in unrestricted net position. The total change in net position for all areas was an increase of \$1,091,034. This increase can be primarily attributed to scheduled fee increases for the water utility and boat harbor. The deficit unrestricted net position in non-major enterprise funds primarily relates to the E-911 Emergency Services Fund. The City is currently researching additional funding sources for this fund.

General Fund Budgetary Highlights

The City's budget is prepared according to Alaska law using a basis of accounting that is consistent with accounting principles generally accepted in the United States of America. The most significant budgeted areas are in the General Fund.

During the year there were no changes to budgeted revenues and there was a decrease in budgeted expenditures in the Executive Function of \$25,000.

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

The actual revenues were \$43,022 more than budgeted while the actual expenditures were \$4,337,810 less than budgeted. The City made a concentrated effort to control expenditures and delay capital infrastructure projects. Expenditures were less than the amount budgeted in all functions. The largest savings were in Public Safety, General Government, and Parks & Recreation as payroll costs for staff dedicated to mitigating the COVID-19 pandemic were covered by the CARES Act funds and a closure of programs due to the COVID-19 pandemic. Significant amounts and percentages are shown on below.

Table 4
General Fund Budget Highlights

	Amount Under Budget	Percent Under Budget
General government	\$ 597,657	13.78%
Public safety	3,156,205	72.77%
Public works	277,384	6.39%
Engineering	103,687	2.39%
Parks and recreation	164,063	3.78%
Library	133,763	3.08%
Community services	23,615	0.54%
Other - insurance and administration	(118,564)	-2.73%
Total under budget	<u>\$ 4,337,810</u>	

Capital Assets and Debt Administration

Capital Assets

At June 30, 2021, the City's capital assets have a total net book value of \$165,057,322. Table 5 below compares the net book values at June 30, 2021 and 2020. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, park facilities, bridges, and construction in progress. The total increase in the City of Kodiak's investment in capital assets for the current fiscal year was \$610,516 (0.37%). The increase is primarily related to acquiring of machinery and equipment.

Table 5
Capital Assets at June 30
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,617,784	\$ 2,501,384	\$ 693,997	\$ 693,997	\$ 3,311,781	\$ 3,195,381
Construction in progress	1,610,335	1,700,684	7,639,459	8,072,073	9,249,794	9,772,757
Buildings	41,966,458	40,679,079	41,882,404	41,882,404	83,848,862	82,561,483
Other improvements	8,740,468	8,740,469	154,174,373	150,372,685	162,914,841	159,113,154
Infrastructure	19,552,623	19,334,225	-	-	19,552,623	19,334,225
Machinery and equipment	15,997,140	13,822,155	22,512,388	21,951,406	38,509,528	35,773,561
Total capital assets	<u>90,484,808</u>	<u>86,777,996</u>	<u>226,902,621</u>	<u>222,972,565</u>	<u>317,387,429</u>	<u>309,750,561</u>
Less accumulated depreciation	<u>31,926,695</u>	<u>29,861,958</u>	<u>120,403,412</u>	<u>115,441,797</u>	<u>152,330,107</u>	<u>145,303,755</u>
Total capital assets, net	<u>\$ 58,558,113</u>	<u>\$ 56,916,038</u>	<u>\$ 106,499,209</u>	<u>\$ 107,530,768</u>	<u>\$ 165,057,322</u>	<u>\$ 164,446,806</u>

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 36-37.

Debt Administration

At June 30, 2021, the City had \$706,279 in long-term leave payable for governmental activities and \$261,538 for business-type activities. The City has a \$6,016,518 balance on general obligation bonds related to the construction of a new public safety building, loans payable to the State of Alaska of \$8,582,753 related to the Water and Sewer Enterprise Funds, and \$5,586,916 of revenue bonds related to the Harbor and Shipyard Enterprise Funds. At June 30, 2021, the City recognized a net pension and OPEB liability obligation related to the State of Alaska PERS retirement plan for \$10,906,466 for governmental activities and \$4,550,544 for business-type activities.

Table 6 below summarizes all outstanding debt at June 30, 2021 with a comparison to 2020. Significant changes in long term debt are primarily related to regular payments on the debt and changes in the net pension and OPEB liabilities.

Additional information on the City's outstanding debt can be found in the notes to the financial statements on pages 38-40.

Table 6
Debt Outstanding at June 30

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 6,016,518	\$ 6,260,988	\$ -	\$ -	\$ 6,016,518	\$ 6,260,988
Long-term leave payable	706,279	629,683	261,538	229,276	967,817	858,959
Long-term notes payable	-	-	9,001,253	6,797,318	9,001,253	6,797,318
Revenue bonds payable	-	-	5,586,916	5,786,735	5,586,916	5,786,735
Net pension and OPEB liabilities	10,906,466	9,073,234	4,550,544	3,785,658	15,457,010	12,858,892
Total liabilities	\$ 17,629,263	\$ 15,963,905	\$ 19,400,251	\$ 16,598,987	\$ 37,029,514	\$ 32,562,892

Economic Factors and Next Year's Budget and Rates

- Kodiak's role as a center for transportation, governmental offices, timber, and tourism complements its role as one of the nation's largest producers of seafood. The City of Kodiak has the largest and most diversified fishing port in Alaska and is consistently ranked in the top five largest fishing ports in the U.S. in terms of value landed. The main industries of the region are commercial fishing and tourism. While some segments of the commercial fishing industry have declined in recent years, others have grown. Tourism continues to grow in Kodiak; however, the number of cruise ships stopping in Kodiak has not returned.
- Kodiak's unemployment varies throughout the year due to the seasonal nature of the fishing industry. The preliminary average unemployment rate in calendar year 2021 in the Kodiak Island Borough was 6.3% compared to 6.0% Alaska wide.
- Fish revenue sharing from the State is projected to decrease due to quota and catch limit restrictions.
- The City's mill rate remains unchanged at 2 mills.

City of Kodiak, Alaska

Management's Discussion and Analysis, Continued

All of these factors were considered in preparing the City of Kodiak's budget for the 2022 fiscal year.

The water and sewer rates undergo a rate study every five years resulting in a recommendation to the City Council on the projected rate increases anticipated to fund operations and capital projects dealing with water and sewer improvement projects. The boat harbor rates are reviewed on a regular basis to anticipate rates needed to fund operations and capital project dealing with harbor improvement projects.

Requests for Information

This financial report is designed to provide the City's citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have a question about this report or need additional information, contact the City's office, City of Kodiak, 710 Mill Bay Road, Room 221, Kodiak, Alaska 99615. The City of Kodiak has a web site at www.city.kodiak.ak.us.

City of Kodiak, Alaska

Statement of Net Position

<i>June 30, 2021</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$ 23,661,722	\$ 49,893,950	\$ 73,555,672
Receivables, net of allowance	4,479,907	1,484,517	5,964,424
Inventory	23,373	315,433	338,806
Restricted cash and investments	-	461,581	461,581
Prepaid items	13,381	14,982	28,363
Capital assets not being depreciated - land and construction in progress	4,228,119	8,333,456	12,561,575
Other capital assets, net of depreciation	54,329,994	98,165,753	152,495,747
Net OPEB assets	940,596	392,448	1,333,044
Total Assets	87,677,092	159,062,120	246,739,212
Deferred Outflows of Resources - related to pensions and OPEB	2,165,250	903,331	3,068,581
Total Assets and Deferred Outflows of Resources	\$ 89,842,342	\$ 159,965,451	\$ 249,807,793
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 489,875	\$ 273,072	\$ 762,947
Accrued payroll and related liabilities	383,175	142,818	525,993
Customer deposits	10,623	256,887	267,510
Accrued interest	18,513	66,058	84,571
Unearned revenue	121,987	-	121,987
Internal balances	(2,728,428)	2,728,428	-
Noncurrent Liabilities			
Due within one year:			
Accrued leave	261,538	82,789	344,327
Bonds payable	249,470	209,819	459,289
Loans payable	-	480,700	480,700
Due in more than one year:			
Accrued leave	444,741	178,749	623,490
Bonds payable	5,767,048	5,377,097	11,144,145
Loans payable	-	8,520,553	8,520,553
Net pension and OPEB liabilities	10,906,466	4,550,544	15,457,010
Total Liabilities	15,925,008	22,867,514	38,792,522
Deferred Inflows of Resources - related to pensions and OPEB	755,862	315,370	1,071,232
Total Liabilities and Deferred Inflows of Resources	16,680,870	23,182,884	39,863,754
Net Position			
Net investment in capital assets	52,541,595	91,911,040	144,452,635
Restricted for debt service	-	461,581	461,581
Unrestricted	20,619,877	44,409,946	65,029,823
Total Net Position	73,161,472	136,782,567	209,944,039
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 89,842,342	\$ 159,965,451	\$ 249,807,793

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Statement of Activities

Year Ended June 30, 2021	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 4,390,111	\$ 1,892,837	\$ 180,554	\$ -	\$ (2,316,720)	\$ -	\$ (2,316,720)
Public safety	8,555,387	1,569,040	451,384	1,473,363	(5,061,600)	-	(5,061,600)
Public works	3,713,379	174,993	133,670	-	(3,404,716)	-	(3,404,716)
Engineering	200,628	-	-	14,263	(186,365)	-	(186,365)
Parks and recreation	1,775,599	184,210	73,863	-	(1,517,526)	-	(1,517,526)
Library	1,093,386	6,064	32,828	-	(1,054,494)	-	(1,054,494)
Community services	5,856,066	52,651	7,995,800	-	2,192,385	-	2,192,385
Interest on long-term debt	206,431	-	-	-	(206,431)	-	(206,431)
Total Governmental Activities	25,790,987	3,879,795	8,868,099	1,487,626	(11,555,467)	-	(11,555,467)
Business-type Activities							
Cargo Pier	2,579,199	1,692,396	14,309	54,220	-	(818,274)	(818,274)
Boat Harbor	3,385,281	2,648,652	48,092	98,112	-	(590,425)	(590,425)
Water Utility	2,753,540	4,903,325	26,417	-	-	2,176,202	2,176,202
Sewer Utility	3,724,954	5,041,007	70,428	-	-	1,386,481	1,386,481
Shipyard	1,194,631	161,029	9,510	-	-	(1,024,092)	(1,024,092)
Harbor Electric	682,323	733,407	-	-	-	51,084	51,084
Trident Basin	306,478	99,655	-	-	-	(206,823)	(206,823)
E-911 Services	1,065,151	299,205	42,533	-	-	(723,413)	(723,413)
Total Business-type Activities	15,691,557	15,578,676	211,289	152,332	-	250,740	250,740
Total	\$ 41,482,544	\$ 19,458,471	\$ 9,079,388	\$ 1,639,958	(11,555,467)	250,740	(11,304,727)
General Revenues							
Taxes:							
Property taxes					1,206,919	-	1,206,919
Sales taxes					14,319,752	-	14,319,752
Other taxes, penalties and interest					365,716	-	365,716
Grants and entitlements not restricted to a specific purpose							
					1,047,295	-	1,047,295
Investment income					1,081	(1,862)	(781)
Other					112,578	139,178	251,756
Transfers					(597,862)	597,862	-
Total General Revenues and Transfers					16,455,479	735,178	17,190,657
Changes in net position					4,900,012	985,918	5,885,930
Net Position, beginning of year					68,261,460	135,796,649	204,058,109
Net Position, end of year					\$ 73,161,472	\$ 136,782,567	\$ 209,944,039

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Governmental Funds
Balance Sheet

	Major Funds			Total Governmental Funds
	General Fund	CARES Act Special Revenue Fund	Nonmajor Funds	
<i>June 30, 2021</i>				
Assets				
Cash and investments	\$ 10,366,728	\$ 121,987	\$ 13,135,558	\$ 23,624,273
Receivables, net of allowance for uncollectible accounts:				
Taxes	3,812,278	-	90,598	3,902,876
Grants and shared revenues	96,028	-	337,761	433,789
Accounts	77,597	-	-	77,597
Special assessments	-	-	33,435	33,435
Interest	17,855	-	14,355	32,210
Inventory	23,373	-	-	23,373
Prepaid items	13,381	-	-	13,381
Due from other funds	2,764,471	-	-	2,764,471
Total Assets	\$ 17,171,711	\$ 121,987	\$ 13,611,707	\$ 30,905,405
Liabilities, Deferred Inflows of Resources, and and Fund Balances				
Liabilities				
Accounts payable	\$ 203,748	\$ -	\$ 286,127	\$ 489,875
Accrued payroll and related liabilities	383,175	-	-	383,175
Customer deposits	10,623	-	-	10,623
Unearned revenue	-	121,987	-	121,987
Total Liabilities	597,546	121,987	286,127	1,005,660
Deferred Inflows of Resources				
Deferred assessments	-	-	13,124	13,124
Fund Balances				
Nonspendable:				
Inventory	23,373	-	-	23,373
Prepaid items	13,381	-	-	13,381
Committed:				
Tourism	-	-	699,445	699,445
Economic Stability	-	-	7,371,256	7,371,256
Assigned:				
Capital projects	-	-	5,131,833	5,131,833
Public works	-	-	109,922	109,922
Unassigned	16,537,411	-	-	16,537,411
Total Fund Balances	16,574,165	-	13,312,456	29,886,621
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,171,711	\$ 121,987	\$ 13,611,707	\$ 30,905,405

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2021

Total fund balances for governmental funds		\$ 29,886,621
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$ 2,617,784	
Construction in progress	1,610,335	
Buildings	41,966,458	
Improvements other than buildings	8,740,468	
Infrastructure	19,552,623	
Machinery and equipment	15,997,140	
Accumulated depreciation	<u>(31,926,695)</u>	
Total capital assets		58,558,113
Other long-term assets (special assessments receivable) are not available to pay for current period expenditures and therefore, are deferred in the funds.		
		13,124
Deferred outflows of resources related to pensions and OPEB are not deemed available to pay current period expenditures and therefore are not reported as governmental fund assets.		
		2,165,250
Deferred inflows of resources related to pensions and OPEB are not deemed available to pay current period expenditures and therefore are not reported as governmental fund liabilities.		
		(755,862)
Long-term liabilities are not deemed due and payable in the current period and therefore are not reported as governmental fund liabilities. These long-term liabilities consist of:		
Bonds payable	(5,705,000)	
Bonds premium	(311,518)	
Accrued leave	(706,279)	
Accrued interest	<u>(18,513)</u>	
Total long-term liabilities		(6,741,310)
Proportionate share of the collective OPEB assets		
		940,596
Proportionate share of the net pension and OPEB liabilities		
		(10,906,466)
Internal service funds are used by the City to charge the cost of certain activities such as insurance to individual funds. A portion of the internal service fund assets and liabilities are included in the governmental activities in the Statement of Net Position.		
		<u>1,406</u>
Total Net Position of Governmental Activities		\$ 73,161,472

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2021	Major Funds			Total Governmental Funds
	General Fund	CARES Act Special Revenue Fund	Nonmajor Funds	
Revenues				
Taxes:				
Property taxes	\$ 1,206,919	\$ -	\$ -	\$ 1,206,919
Sales taxes	14,319,752	-	-	14,319,752
Other taxes, penalties and interest	31,688	-	245,673	277,361
Intergovernmental	1,658,024	7,995,800	1,487,626	11,141,450
Charges for services	1,945,998	-	-	1,945,998
Fines and forfeitures	2,861	-	-	2,861
Licenses and permits	85,494	-	-	85,494
Rental income	130,153	-	40,960	171,113
Interfund charges	1,762,684	-	-	1,762,684
Investment income (loss)	(30)	-	1,111	1,081
Donations	-	-	3,000	3,000
Other revenues	18,001	-	91,577	109,578
Total Revenues	21,161,544	7,995,800	1,869,947	31,027,291
Expenditures				
Current:				
General government	3,269,606	-	-	3,269,606
Public safety	6,117,661	-	2,005,535	8,123,196
Public works	2,147,290	-	482,635	2,629,925
Engineering	200,628	-	-	200,628
Parks and recreation	1,436,937	-	288,905	1,725,842
Library	779,023	-	32,847	811,870
Community services	190,385	7,897,938	173,100	8,261,423
Other - insurance and administration	598,431	-	-	598,431
Debt service:				
Bond principal	225,000	-	-	225,000
Bond interest	226,650	-	-	226,650
Capital outlay	-	-	715,169	715,169
Total Expenditures	15,191,611	7,897,938	3,698,191	26,787,740
Excess of revenues over (under) expenditures	5,969,933	97,862	(1,828,244)	4,239,551
Other Financing Sources (Uses)				
Transfers in	-	-	2,938,586	2,938,586
Transfers out	(3,438,586)	(97,862)	-	(3,536,448)
Net Other Financing Sources (Uses)	(3,438,586)	(97,862)	2,938,586	(597,862)
Net change in fund balances	2,531,347	-	1,110,342	3,641,689
Fund Balances, beginning of year	14,042,818	-	12,202,114	26,244,932
Fund Balances, end of year	\$ 16,574,165	\$ -	\$ 13,312,456	\$ 29,886,621

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 3,641,689	
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 on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation:		
Capital outlays	\$ 4,635,693	
Depreciation expense	<u>(2,562,075)</u>	2,073,618
Governmental funds only report the revenue from the sale of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale or disposal. This is the net effect of transactions involving capital assets:		
Cost of assets disposed	(928,881)	
Accumulated depreciation of assets disposed	<u>497,338</u>	(431,543)
Some expenses reporting in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued leave	(76,596)	
Change in accrued interest	749	
Change in the proportionate share of the unfunded net pension and OPEB assets	841,093	
Change in the proportionate share of the unfunded pension and OPEB liabilities	<u>(1,733,729)</u>	(968,483)
Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report and adjustments to reflect date of the liability.		
Change in deferred inflows and outflows of resources:		
Related to special assessments	-	
Related to pension and OPEB	<u>378,071</u>	378,071
The issuance of long-term debt 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:		
Principal repayments	225,000	
Bond premium amortization	<u>19,470</u>	244,470
Internal service funds are used by management to charge the costs of certain insurance to individual funds. A portion of these activities is reported with governmental activities.		
		<u>(37,810)</u>
Change in Net Position of Governmental Activities		<u>\$ 4,900,012</u>

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2021	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Assets and Deferred Outflows of Resources								
Current Assets								
Cash and investments	\$ 8,238,146	\$ 6,914,386	\$ 24,395,329	\$ 9,536,214	\$ -	\$ 809,875	\$ 49,893,950	\$ 37,449
Receivables - net of allowances	236,619	305,004	296,767	474,443	66	171,618	1,484,517	-
Prepaid items	-	-	-	-	10,513	4,469	14,982	-
Inventories	-	1,356	274,013	37,134	2,930	-	315,433	-
Total Current Assets	8,474,765	7,220,746	24,966,109	10,047,791	13,509	985,962	51,708,882	37,449
Noncurrent Assets								
Restricted cash and investments	-	119,556	-	-	342,025	-	461,581	-
Property, plant and equipment, net	37,540,220	7,395,901	27,518,076	19,466,898	12,339,544	2,238,570	106,499,209	-
Net pension and OPEB assets	27,461	112,109	62,120	103,311	14,663	72,784	392,448	-
Total Noncurrent Assets	37,567,681	7,627,566	27,580,196	19,570,209	12,696,232	2,311,354	107,353,238	-
Total Assets	46,042,446	14,848,312	52,546,305	29,618,000	12,709,741	3,297,316	159,062,120	37,449
Deferred Outflows of Resources								
Related to pensions and OPEB	63,209	258,052	142,986	237,799	33,752	167,533	903,331	-
Total Assets and Deferred Outflows of Resources	\$ 46,105,655	\$ 15,106,364	\$ 52,689,291	\$ 29,855,799	\$ 12,743,493	\$ 3,464,849	\$ 159,965,451	\$ 37,449
Liabilities, Deferred Inflows of Resources, and Net Position								
Liabilities								
Current Liabilities								
Accounts payable	\$ 8,604	\$ 81,470	\$ 73,214	\$ 57,028	\$ 2,481	\$ 50,275	\$ 273,072	\$ -
Accrued payroll and related liabilities	8,775	41,641	20,754	44,713	1,227	25,708	142,818	-
Customer deposits	-	250,051	3,300	-	-	3,536	256,887	-
Accrued interest	-	4,734	24,528	20,338	16,458	-	66,058	-
Due to other funds	-	-	-	-	1,004,778	1,759,693	2,764,471	-
Current portion:								
Accrued leave	4,956	12,754	10,350	36,414	804	17,511	82,789	-
Bonds payable	-	64,624	-	-	145,195	-	209,819	-
Loans payable	-	-	231,227	202,973	46,500	-	480,700	-
Total Current Liabilities	22,335	455,274	363,373	361,466	1,217,443	1,856,723	4,276,614	-
Noncurrent Liabilities								
Long term portion:								
Accrued leave	5,115	54,646	19,602	50,388	20,160	28,838	178,749	-
Bonds payable	-	1,478,979	-	-	3,898,118	-	5,377,097	-
Loans payable	-	-	2,871,847	5,276,706	372,000	-	8,520,553	-
Net pension and OPEB liabilities	318,415	1,299,935	720,297	1,197,918	170,027	843,952	4,550,544	-
Total Noncurrent Liabilities	323,530	2,833,560	3,611,746	6,525,012	4,460,305	872,790	18,626,943	-
Total Liabilities	345,865	3,288,834	3,975,119	6,886,478	5,677,748	2,729,513	22,903,557	-
Deferred Inflows of Resources								
Related to pensions and OPEB	22,067	90,091	49,919	83,020	11,784	58,489	315,370	-
Total Liabilities and Deferred Inflows of Resources	367,932	3,378,925	4,025,038	6,969,498	5,689,532	2,788,002	23,218,927	-
Net Position								
Net investment in capital assets	37,540,220	5,852,298	24,415,002	13,987,219	7,877,731	2,238,570	91,911,040	-
Restricted for debt service	-	119,556	-	-	342,025	-	461,581	-
Unrestricted (deficit)	8,197,503	5,755,585	24,249,251	8,899,082	(1,165,795)	(1,561,723)	44,373,903	37,449
Total Net Position	45,737,723	11,727,439	48,664,253	22,886,301	7,053,961	676,847	136,746,524	37,449
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 46,105,655	\$ 15,106,364	\$ 52,689,291	\$ 29,855,799	\$ 12,743,493	\$ 3,464,849	\$ 159,965,451	\$ 37,449
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							36,043	
Net Position of Business-type Activities							\$ 136,782,567	

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2021</i>	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Operating Revenues	\$ 1,692,396	\$ 2,648,652	\$ 4,903,325	\$ 5,041,007	\$ 161,029	\$ 1,132,267	\$ 15,578,676	\$ 889,717
Operating Expenses								
Salaries and benefits	363,722	1,285,423	793,827	1,587,109	197,032	899,352	5,126,465	-
Professional services	3,060	87,730	34,271	58,813	31,282	165,799	380,955	-
Contributions	-	17,090	-	-	-	-	17,090	-
Goods and services	161,407	185,594	210,877	245,032	70,741	620,193	1,493,844	1,032,625
Repairs and maintenance	48,130	108,363	28,310	164,865	80,886	25,196	455,750	-
Utilities and fuel	40,969	262,243	355,974	271,583	3,590	22,432	956,791	-
Machinery and equipment	-	20,944	4,982	5,199	-	-	31,125	-
Interfund charges	184,127	293,680	351,283	414,041	126,968	72,252	1,442,351	-
Depreciation	1,751,232	796,742	904,546	904,274	518,123	248,728	5,123,645	-
Total Operating Expenses	2,552,647	3,057,809	2,684,070	3,650,916	1,028,622	2,053,952	15,028,016	1,032,625
Earnings (loss) from operations	(860,251)	(409,157)	2,219,255	1,390,091	(867,593)	(921,685)	550,660	(142,908)
Nonoperating Revenues (Expenses)								
Other revenue	72,279	27,521	19,356	20,022	-	-	139,178	-
Federal revenue	54,220	98,112	-	-	-	-	152,332	-
Investment income (loss)	(458)	505	(871)	(877)	-	(161)	(1,862)	(18)
Interest expense	-	(53,105)	(48,252)	(51,519)	(145,763)	-	(298,639)	-
Engineering and feasibility studies	-	(246,562)	(13,224)	-	-	-	(259,786)	-
State PERS relief	14,309	48,092	26,417	70,428	9,510	42,533	211,289	-
Nonoperating Revenues (Expenses), net	140,350	(125,437)	(16,574)	38,054	(136,253)	42,372	(57,488)	(18)
Earnings (loss) before transfers	(719,901)	(534,594)	2,202,681	1,428,145	(1,003,846)	(879,313)	493,172	(142,926)
Transfers in	-	500,000	284,220	97,862	-	-	882,082	-
Transfers out	(54,220)	-	-	(230,000)	-	-	(284,220)	-
Change in net position	(774,121)	(34,594)	2,486,901	1,296,007	(1,003,846)	(879,313)	1,091,034	(142,926)
Net Position, beginning of year	46,511,844	11,762,033	46,177,352	21,590,294	8,057,807	1,556,160		180,375
Net Position, end of year	\$ 45,737,723	\$ 11,727,439	\$ 48,664,253	\$ 22,886,301	\$ 7,053,961	\$ 676,847		\$ 37,449
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(105,116)	
Change in Net Position of Business-type Activities							\$ 985,918	

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2021	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Cash Flows from (for) Operating Activities								
Receipts from customers and users	\$ 1,747,665	\$ 2,405,647	\$ 4,966,264	\$ 5,190,951	\$ 246,942	\$ 1,129,865	\$ 15,687,334	\$ -
Receipts from interfund services provided	-	78,545	-	-	-	-	78,545	889,717
Payments for interfund services used	(184,127)	(293,680)	(351,283)	(414,041)	(126,968)	(72,252)	(1,442,351)	-
Payments to suppliers	(176,341)	(918,313)	(618,270)	(789,617)	(209,323)	(826,163)	(3,538,027)	(1,032,625)
Payments to employees	(331,274)	(1,134,191)	(751,799)	(1,453,379)	(175,567)	(805,674)	(4,651,884)	-
Net cash flows from (for) operating activities	1,055,923	138,008	3,244,912	2,533,914	(264,916)	(574,224)	6,133,617	(142,908)
Cash Flows from (for) Noncapital Financing Activities								
Transfers in	-	500,000	284,220	97,862	-	-	882,082	-
Transfers out	(54,220)	-	-	(230,000)	-	-	(284,220)	-
Federal sources - grants	54,220	98,112	-	-	-	-	152,332	-
Increase (decrease) due to other funds	-	-	-	-	643,677	627,307	1,270,984	-
Net cash flows from (for) noncapital financing activities	-	598,112	284,220	(132,138)	643,677	627,307	2,021,178	-
Cash Flows from (for) Capital and Related Financing Activities								
Principal paid on long-term debt	-	(55,000)	(229,624)	(202,220)	(176,500)	-	(663,344)	-
Interest paid on long-term debt	-	(57,912)	(49,991)	(36,022)	(156,857)	-	(300,782)	-
Proceeds from issuance of long-term debt	-	-	-	2,682,279	-	-	2,682,279	-
Purchase of property, plant and equipment	-	(122,710)	(380,118)	(3,567,156)	(45,404)	-	(4,115,388)	-
Net cash flows from (for) capital and related financing activities	-	(235,622)	(659,733)	(1,123,119)	(378,761)	-	(2,397,235)	-
Cash Flows from Investing Activities								
Investment income received	(458)	505	(871)	(877)	-	(161)	(1,862)	(18)
Net increase (decrease) in cash and investments	1,055,465	501,003	2,868,528	1,277,780	-	52,922	5,755,698	(142,926)
Cash and Investments, beginning of year	7,182,681	6,532,939	21,526,801	8,258,434	342,025	756,953	44,599,833	180,375
Cash and Investments, end of year	\$ 8,238,146	\$ 7,033,942	\$ 24,395,329	\$ 9,536,214	\$ 342,025	\$ 809,875	\$ 50,355,531	\$ 37,449
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:								
Earnings (loss) from operations	\$ (860,251)	\$ (409,157)	\$ 2,219,255	\$ 1,390,091	\$ (867,593)	\$ (921,685)	\$ 550,660	\$ (142,908)
Adjustments to reconcile earnings (loss) from operations to net cash flow from (for) operating activities:								
Depreciation	1,751,232	796,742	904,546	904,274	518,123	248,728	5,123,645	-
Noncash State PERS relief	14,309	48,092	26,417	70,428	9,510	42,533	211,289	-
Other nonoperating revenues (expenses)	72,279	(219,041)	6,132	20,022	-	-	(120,608)	-
(Increase) decrease in assets:								
Accounts receivable	55,269	(164,460)	62,939	149,944	85,913	(2,402)	187,203	-
Inventory	-	475	(24,100)	(2,440)	-	-	(26,065)	-
Prepaid items	-	-	-	-	(10,513)	(4,469)	(14,982)	-
Net pension and OPEB assets	(27,461)	(112,109)	(62,120)	(103,311)	(14,663)	(72,784)	(392,448)	-
Increase in deferred outflows of resources related to pensions and OPEB	(10,446)	(42,647)	(23,630)	(39,299)	(5,578)	(27,686)	(149,286)	-
Increase (decrease) in liabilities:								
Accounts payable	4,946	(7,189)	39,612	(61,707)	(12,311)	12,126	(24,523)	-
Accrued payroll and related liabilities	535	16,152	(2,836)	2,844	(4,690)	4,164	16,169	-
Accrued leave	2,569	25,610	(5,500)	3,897	8,616	7,133	42,325	-
Customer deposits	-	(10,594)	(15,563)	-	-	(200)	(26,357)	-
Net pension and OPEB liabilities	53,522	218,502	121,073	201,354	28,579	141,856	764,886	-
Increase (decrease) in deferred inflows of resources related to pensions and OPEB	(580)	(2,368)	(1,313)	(2,183)	(309)	(1,538)	(8,291)	-
Net Cash Flows from (for) Operating Activities	\$ 1,055,923	\$ 138,008	\$ 3,244,912	\$ 2,533,914	\$ (264,916)	\$ (574,224)	\$ 6,133,617	\$ (142,908)

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Notes to Basic Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Kodiak (the City) was formed by a Home Rule Charter on March 16, 1965, under the provisions of Alaska Statute, Title 29, as amended. The City operates under a council-manager form of government and provides the following services: public safety (police and fire), public works, parks and recreation, community services, library, boat harbor, port, water, sewer, harbor electric utilities, airport facilities and general administrative services.

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

The City of Kodiak is a municipal corporation governed by an elected council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Kodiak, Alaska. There are no component units based on operational and financial relationship criteria.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from the *business-type activities*, which rely to a significant extent on fees and charges for support. The effect of interfund activity, for the most part, has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who use, purchase, or directly benefit from goods, services, or privileges provided by a given segment or function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

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

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

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

The *CARES Act Special Revenue Fund* accounts for federal funds received to help offset the effects of the COVID-19 pandemic.

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

The *Cargo Pier Enterprise Fund* accounts for all activities of the cargo pier.

The *Boat Harbor Enterprise Fund* accounts for all activities of smaller crafts and all boat harbors within the City limits.

The *Water Utility Enterprise Fund* accounts for the distribution of water services.

The *Sewer Utility Enterprise Fund* accounts for the operations of the sewer distribution system.

The *Shipyard Enterprise Fund* accounts for the shipyard activities.

Additionally, the City also reports the following fund types:

Special Revenue Funds - accounts for revenue sources that are legally restricted or committed to expenditure for specific purposes.

Capital Project Funds - accounts for the acquisition of the capital assets or construction of major capital projects not being financed by proprietary funds.

Internal Service Fund - accounts for the insurance activities of the City and provides this service to other departments and agencies of the City on a cost reimbursement basis.

The effect of interfund activity has been eliminated from the government-wide financial statements with the exception of charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

Use of Accounting Estimates

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

Central Treasury

The City maintains a central treasury for most of its cash and cash equivalents, which is utilized by all funds. Investment income is allocated to each fund quarterly based on the average monthly balance of each fund's equity in the central treasury.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary funds consider all cash accounts to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

Inventory

Inventories consist of various supplies and fuel. Inventories are stated at cost (first-in, first-out) and are recorded as expenses when consumed rather than when purchased (consumption method). Reported governmental fund inventories are equally offset by a portion of fund balance classified as nonspendable in the fund financial statements, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recognized when incurred and the expenditure is recorded in the period that is benefited using the purchases method. The prepaid assets do not reflect current available resources and thus, an equivalent portion of fund balance is classified as nonspendable in the Governmental Fund Financial Statements.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e. the current portion of interfund loans) or "advances to other funds" or "advances from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to other funds" or "due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

All taxes receivable and other receivables are shown net of an allowance for uncollectible receivables. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for doubtful accounts.

Restricted Assets

The City is obligated by various sources to restrict the availability of certain assets. Specifically, assets are restricted from external sources such as creditors, grantors, contributors, or laws or regulations of other governments. Assets are also subject to restriction through constitutional law provisions or enabling legislation. The City's net position is restricted for debt service, capital projects, and certain funds that are restricted by state law. The City's restricted assets also include monies set aside per bond covenants.

Capital Assets

Government-wide Financial Statements

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	7
Office and computer equipment	5

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (i.e. expense / expenditure) until then. The City currently reports pension and OPEB related deferred outflows. These items result from changes in assumption and relative share as well as pension contributions after the measurement date and changes related to bond refunding. These items will be recognized as expense in future periods.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (i.e. revenue) until that time. The City currently reports deferred inflows related to pension and OPEB items and assessments. The pension and OPEB items result from changes in assumption and relative share. The deferred assessments occur when assessment districts are formed for repayment of City constructed projects that benefit those specific properties. The assessments are deferred until the billings come due or until the property is sold. Deferred inflows will result in future revenues or reduction of expense.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignation or retirement.

Long-term Debt

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

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

Fund Balances

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

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

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

Assigned fund balance - Amounts are constrained by the City's intent to be used for specific purposes, but are not restricted or committed. The City Council may assign funds through the resolution process or through the budgetary process. In addition, assigned fund balance includes all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not otherwise constrained. By the establishment of such governmental funds (other than the General Fund), the City Council has implicitly assigned the residual fund balance to that purpose.

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

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

Pension and OPEB Plans

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska. For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/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.

Property Taxes

Property taxes are liens on the assessed value of taxable property as of January 1. Pursuant to Alaska Statutes, the City establishes the mill rate on or before June 15. The City is located within the Kodiak Island Borough, which acts as the City's agent in the billing and collection of property taxes. Tax bills are mailed on or before July 1 and are payable in two installments on August 15th and November 15th. City property tax revenues are recognized in the fiscal year in which they are collectible and available (collected within 60 days after year end) to finance expenditures of the fiscal year.

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The appropriated budget is prepared by fund, department, and object. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Council made several supplemental budgetary appropriations throughout the year.

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

3. Cash and Investments

The City maintains a cash and investment pool (central treasury) that is available for use by all funds.

Cash

At year end, the carrying amount of the City's deposits in financial institutions was \$33,667,427 and the reconciled balance totaled \$33,104,343. Of the bank balance, \$250,000 was insured by FDIC insurance and the remaining balance was covered by collateral held by the pledging financial institutions' trust department or agent in the City's name. There were no uninsured cash balances. Included in the carrying amount above is \$461,581 of restricted cash for revenue bond reserves. Petty cash on hand at June 30, 2021 was \$2,540.

Investments

Chapter 3.16 of the City Code specifies that the City may invest in bonds, notes or other obligations, direct or otherwise, of the United States; bonds or other evidence of indebtedness of the State of Alaska or its political subdivisions or other states of the United States; Alaska Municipal League Investment Pool, Inc. (AMLIP); and savings accounts, certificates of deposit, bank acceptances, repurchase agreements, and such other security instruments as may be authorized by law. The investment policy requires collateralization of all deposits except direct purchases of securities and/or participation in AMLIP.

Investments are reported at fair value with unrealized gain or loss in investments reflected in the investment income. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

The hierarchy inputs are as follows:

- *Level 1 inputs* - quoted prices in active markets for identical assets
- *Level 2 inputs* - significant other observable inputs which are valued using models with various inputs, such as, but not limited to, daily cash flow, snapshots of market indices and spread scales
- *Level 3 inputs* - significant unobservable inputs

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The City has the following fair value measurements as of June 30, 2021:

		Investments Measured at Fair Value		
<i>Investments by fair value level</i>	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)
Municipal Obligations	\$ 335,660	\$ -	\$ 335,660	\$ -
U.S. Government Agencies	3,946,198	3,946,198	-	-
U.S. Treasury Obligations	17,830,593	17,830,593	-	-
Total investments at fair value level	\$ 22,112,451	\$ 21,776,791	\$ 335,660	\$ -

Investments measured at the net asset value:

Alaska Municipal League Investment Pool	16,455,091
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Investments measured at amortized cost:

Certificates of deposit	2,342,828
Total investments	\$ 40,910,370

Investment maturities at June 30, 2021 are as follows:

Investment Type	Fair Value	Investment Maturity (in years)	
		Less than 1	1-5
Certificates of Deposit	\$ 2,342,828	\$ 1,344,119	\$ 998,709
Municipal Obligations	335,660	100,339	235,321
U.S. Government Agencies	3,946,198	3,946,198	-
U.S. Treasury Obligations	17,830,593	3,110,504	14,720,089
Alaska Municipal League Investment Pool	16,455,091	16,455,091	-
Total Investments	\$ 40,910,371	\$ 24,956,252	\$ 15,954,119

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no formal policy relating to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City has no formal policy relating to credit risk. However, all of the U.S. government agency investments and municipal obligations are rated AAA by Standard and Poor's.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The Alaska Municipal League Investment Pool is an external investment pool that is rated AAAM by Standard and Poor's. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to its Board of Directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

The manager is required to produce monthly disclosure statements to its participants. AMLIP also has retained an investment advisor to ensure compliance with investment policies. Participation in AMLIP is voluntary. AMLIP must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less.

The City's investment in AMLIP is measured at net asset value as of June 30, 2021. Management believes these values approximate fair value.

4. Accounts Receivable and Unearned Revenues

Receivables at June 30, 2021, for the City's individual major fund, and nonmajor funds in the aggregate including applicable allowances for doubtful accounts, are as follows:

	Major Governmental Fund		Nonmajor Governmental Funds	Totals
	General			
Taxes	\$ 3,812,278		\$ 90,598	\$ 3,902,876
Grants and shared revenues	96,028		337,761	433,789
Accounts	77,597		-	77,597
Special assessments	-		33,435	33,435
Interest	17,855		14,355	32,210
Total receivables	4,003,758		476,149	4,479,907
Less allowance for doubtful accounts	-		-	-
Net Receivables	\$ 4,003,758		\$ 476,149	\$ 4,479,907

	Major Enterprise Funds					Nonmajor Enterprise Funds	Totals
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard		
Accounts	\$ 182,247	\$ 232,905	\$ 298,991	\$ 453,444	\$ 66	\$ 171,618	\$ 1,339,271
Grants	54,372	87,746	-	23,866	-	-	165,984
Total receivables	236,619	320,651	298,991	477,310	66	171,618	1,505,255
Less allowance for doubtful accounts	-	15,647	2,224	2,867	-	-	20,738
Net Receivables	\$ 236,619	\$ 305,004	\$ 296,767	\$ 474,443	\$ 66	\$ 171,618	\$ 1,484,517

Governmental funds report deferred inflows of resources when there is an acquisition of fund balance that is applicable to a future reporting period. At June 30, 2021, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Nonmajor Funds
Deferred Special Assessments	\$ 13,124

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

5. Capital Assets

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

Governmental Activities	Balance July 1, 2020	Additions	Deletions and Reclassifications	Balance June 30, 2021
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 2,501,384	\$ 116,400	\$ -	\$ 2,617,784
Construction in progress	1,700,684	2,520,029	2,610,378	1,610,335
Total assets not being depreciated	4,202,068	2,636,429	2,610,378	4,228,119
<i>Capital assets being depreciated:</i>				
Buildings	40,679,080	1,287,378	-	41,966,458
Improvements other than buildings	8,740,468	-	-	8,740,468
Infrastructure	19,334,225	637,956	419,558	19,552,623
Machinery and equipment	13,822,155	2,684,308	509,323	15,997,140
Total assets being depreciated	82,575,928	4,609,642	928,881	86,256,689
<i>Less accumulated depreciation for:</i>				
Buildings	8,048,175	860,153	-	8,908,328
Improvements other than buildings	2,789,254	380,816	-	3,170,070
Infrastructure	9,244,646	303,746	-	9,548,392
Machinery and equipment	9,779,883	1,017,360	497,338	10,299,905
Total accumulated depreciation	29,861,958	2,562,075	497,338	31,926,695
Total capital assets being depreciated, net	52,713,970	2,047,567	431,543	54,329,994
Governmental Activity Capital Assets, net	\$ 56,916,038	\$ 4,683,996	\$ 3,041,921	\$ 58,558,113

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City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities	Balance July 1, 2020	Additions	Deletions and Reclassifications	Balance June 30, 2021
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 693,997	\$ -	\$ -	\$ 693,997
Construction in progress	8,072,074	3,666,801	4,099,416	7,639,459
Total assets not being depreciated	8,766,071	3,666,801	4,099,416	8,333,456
<i>Capital assets being depreciated:</i>				
Buildings	41,882,404	-	-	41,882,404
Improvements other than buildings	150,372,686	3,856,052	54,365	154,174,373
Machinery and equipment	21,951,406	786,225	225,243	22,512,388
Total assets being depreciated	214,206,496	4,642,277	279,608	218,569,165
<i>Less accumulated depreciation for:</i>				
Buildings	21,484,976	737,656	-	22,222,632
Improvements other than buildings	86,567,686	3,697,455	-	90,265,141
Machinery and equipment	7,389,137	688,534	162,032	7,915,639
Total accumulated depreciation	115,441,799	5,123,645	162,032	120,403,412
Total capital assets being depreciated, net	98,764,697	(481,368)	117,576	98,165,753
Business Type Activity				
Capital Assets, net	\$ 107,530,768	\$ 3,185,433	\$ 4,216,992	\$ 106,499,209

Depreciation expense was charged to the functions as follows, for the year ended June 30, 2021:

Governmental Activities	
General government	\$ 251,096
Public safety	1,117,500
Public works	434,194
Parks and recreation	491,715
Library	256,089
Community services	11,481
Total Governmental Activities Depreciation	\$ 2,562,075
Business-type Activities	
Cargo Pier	\$ 1,751,232
Boat Harbor	796,742
Water Utility	904,546
Sewer Utility	904,274
Shipyard	518,123
Trident Basin	248,728
Total Business-Type Activities Depreciation	\$ 5,123,645

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

6. Long Term Debt

Long-term debt at June 30, 2021, is comprised of the following:

Governmental Activities	Balance at July 1, 2020	Additions	Retirements	Balance at June 30, 2021	Due Within One Year
\$6,355,000 2016 Series Three Public Safety Building General Obligation Bonds, due in annual installments of \$205,000 to \$440,000 plus interest at 2.0% to 5.0% through 2038	\$ 5,930,000	\$ -	\$ 225,000	\$ 5,705,000	\$ 230,000
Bond premium	330,988	-	19,470	311,518	19,470
Net pension and OPEB liabilities	9,172,737	1,733,729	-	10,906,466	-
Accrued leave	629,683	560,417	483,821	706,279	261,538
Total Governmental Activities	\$ 16,063,408	\$ 2,294,146	\$ 728,291	\$ 17,629,263	\$ 511,008

The net pension and OPEB liabilities and accrued leave related to governmental activities are generally liquidated by the General Fund.

Business-type Activities	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Revenue Bonds:					
\$2,000,000 2016 Series Three Boat Harbor Revenue Bonds, due in annual installments of \$55,000 to \$115,000 plus interest at 2.0% to 5.0% through 2037	\$ 1,520,000	\$ -	\$ 55,000	\$ 1,465,000	\$ 60,000
\$4,000,000 2016 Series Three Shipyard Revenue Bonds, due in annual installments of \$85,000 to \$270,000 plus interest at 2.0% to 5.0% through 2037	3,215,000	-	100,000	3,115,000	105,000
\$1,000,000 2016 Series Three Shipyard Revenue Bonds, due in annual installments of \$30,000 to \$60,000 plus interest at 2.0% to 5.0% through 2037	785,000	-	30,000	755,000	30,000
Loans Payable:					
\$930,000 Shipyard loan, due in annual installments of \$46,500, plus interest at 1.5% through 2030	465,000	-	46,500	418,500	46,500

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities, continued	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Loans Payable continued:					
\$1,000,000 Sewer loan, due in annual installments of \$47,287, including interest at 1.5% through 2030	\$ 537,152	\$ -	\$ 50,189	\$ 486,963	\$ 50,941
\$862,000 Water loan, due in annual installments of \$50,208, including interest at 1.5% through 2030	463,026	-	43,262	419,763	43,911
\$341,930 Sewer loan, due in annual installments of \$32,302 plus interest at 1.5% through 2024	161,509	-	32,303	129,206	32,302
\$5,982,000 (maximum) Water loan, due in annual installments of \$77,168, including interest at 1.5% through 2032	905,297	-	63,588	841,709	64,542
\$2,426,620 Water loan, due in annual installments of \$122,773 plus interest of 1.5% through 2036	1,964,375	-	122,773	1,841,602	122,774
\$1,794,604 Sewer loan, due in annual installments of \$89,730 plus interest of 1.5% through 2037	1,525,414	-	89,730	1,435,684	89,730
\$600,000 Sewer loan, due in annual installments	600,000	-	30,000	570,000	30,000
\$5,435,000 Sewer loan, due in annual installments	175,546	2,682,279	-	2,857,825	-
Bond premium	266,735	-	14,819	251,916	14,819
Net pension and OPEB liabilities	3,827,174	723,370	-	4,550,544	-
Accrued leave	229,276	186,795	154,533	261,538	82,789
Total Business-type Activities	\$ 16,640,504	\$ 3,592,444	\$ 832,697	\$ 19,400,251	\$ 773,308

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Annual debt service requirements to maturity for all the above Governmental Activities general obligation bonded debt outstanding as of June 30, 2021, are as follows:

Governmental Activities	General Obligation Bonds		
	Principal	Interest	Total
<i>Years Ending June 30,</i>			
2022	\$ 230,000	\$ 217,550	\$ 447,550
2023	240,000	206,950	446,950
2024	255,000	194,575	449,575
2025	270,000	181,450	451,450
2026	280,000	167,700	447,700
2027-2031	1,625,000	620,606	2,245,606
2032-2036	1,935,000	311,925	2,246,925
2037-2038	870,000	29,532	899,532
	\$ 5,705,000	\$ 1,930,288	\$ 7,635,288

Annual debt service requirements to maturity for all the above Business-type Activities revenue bonds and loans payable obligations outstanding as of June 30, 2021, are as follows:

Business-type Activities	Revenue Bonds			Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
<i>Years Ending June 30,</i>						
2022	\$ 195,000	\$ 200,194	\$ 395,194	\$ 480,700	\$ 92,151	572,851
2023	205,000	191,169	396,169	483,091	84,941	568,032
2024	215,000	180,669	395,669	485,518	77,695	563,213
2025	220,000	169,794	389,794	487,981	70,412	558,393
2026	235,000	158,419	393,419	458,180	63,092	521,272
2027-2031	1,460,000	608,050	2,068,050	5,032,603	211,599	5,244,202
2032-2036	1,940,000	311,656	2,251,656	1,363,450	73,697	1,437,147
2037-2038	865,000	29,278	894,278	209,730	5,846	215,576
	\$ 5,335,000	\$ 1,849,229	\$ 7,184,229	\$ 9,001,253	\$ 679,433	\$ 9,680,686

Revenue Bond Requirements

Certain covenants of the revenue bonds require the establishment of bond redemption and reserve accounts. This requirement is reflected as restricted cash and investments in the Boat Harbor and Shipyard Enterprise Funds in the total amount of \$461,581.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

8. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General Fund	Nonmajor Funds	Totals
Nonspendable:			
Prepaid items	\$ 13,381	\$ -	\$ 13,381
Inventory	23,373	-	23,373
Committed:			
Tourism	-	699,445	699,445
Economic stability	-	7,371,256	7,371,256
Assigned:			
Capital projects	-	5,131,833	5,131,833
Public works	-	109,922	109,922
Unassigned	16,537,411	-	16,537,411
Total Fund Balances	\$ 16,574,165	\$ 13,312,456	\$ 29,886,621

9. Sales Tax Revenues

A sales tax of seven (7) percent of the sales price or charge is levied on all sales, rentals, and services made within the City. Prior to January 1, 2018, the maximum taxable sale was \$750 per transaction. After January 1, 2018, the maximum taxable sale is \$3,000 per transactions, except for the charge of rental of any residential or commercial real property for a period in excess of one month, which remains at \$750 per transaction. An additional five (5) percent of the rental charge is levied on all transient room rentals within the City.

Net sales tax revenues and transient room taxes for the year ended June 30, 2021 are:

<u>General Fund general sales taxes</u>	<u>\$ 14,319,752</u>
<u>Tourism Development Special Revenue Fund room taxes</u>	<u>\$ 245,673</u>

The sales tax and transient room tax proceeds are allocated in accordance with Ordinance Number 1310, amending City Code Chapter 3.08.025 relating to taxes, in the following manner:

	Percentage	Maximum Proceeds
Fund		
General Fund	5.00%	N/A
Street Improvements Capital Projects Fund	0.90%	\$ 450,000
Parks and Recreation Capital Projects Fund	0.10%	300,000
Boat Harbor Enterprise Fund	1.00%	500,000
Total Sales Tax	7.00%	\$ 1,250,000

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

	Percentage	Maximum Proceeds
Fund		
Council approved tourism program	3.50%	N/A
Tourism enhancement projects	1.00%	N/A
Administrative costs associated with projects	0.50%	N/A
Total Transient Room Tax	5.00%	N/A

Sales tax revenues associated with the Capital Projects Funds are recorded as transfers from the General Fund to the applicable Capital Project Fund. Allocations of sales taxes to these funds for the year ended June 30, 2021:

Capital Projects Funds:	
Street Improvements	\$ 450,000
Parks and Recreation	300,000
Enterprise Fund - Boat Harbor	500,000
Total Sales Tax Revenues Transferred from the General Fund	\$ 1,250,000

10. Interfund Receivables and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2021, follows:

Due from Other Funds	
Due to the General Fund from	
Shipyard Enterprise Fund	\$ 1,004,778
Nonmajor Enterprise Funds	1,759,693
Total due from Other Funds	2,764,471
Transfers	
<i>From General Fund to:</i>	
Boat Harbor Enterprise Fund for capital costs	\$ 500,000
Enhancement Special Revenue Fund per KCC 3.28.020	1,634,148
Nonmajor governmental funds for capital costs	1,304,438
Total transfers from General Fund	3,438,586
<i>From Cargo Pier Enterprise Fund to:</i>	
Water Utility Enterprise Fund for capital projects	54,220
<i>From Sewer Utility Enterprise Fund to:</i>	
Water Utility Enterprise Fund for capital projects	230,000
<i>From CARES ACT Special Revenue Fund to:</i>	
Sewer Utility Enterprise Fund for operating costs	97,862
Total Transfers from Other Funds	\$ 382,082

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

11. Employee Retirement Systems and Plans

Employee Retirement System Plans

The City follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, PERS also administers other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

Summary of Significant Accounting Policies. The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

PERS acts as the common investment and administrative agencies for the following multiple-employer plans:

<u>Plan Name</u>	<u>Type of Plan</u>
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Defined Benefit OPEB
Retiree Medical Plan	Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Cost-sharing, Defined Contribution OPEB

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2021 the employer contribution rate is 0.70% for peace officers/firefighters and 0.31% for all others.

Membership in the plan consisted of the following at June 30, 2020 (latest available report):

Membership	PERS
Active plan members	23,378
Participating employers	152

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2020 (latest available information) employer contributions were 4.88% of annual payroll. Membership in the plan consisted of the following at June 30, 2020 (latest report available):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	36,140
Inactive plan members entitled to but not yet receiving benefits	7,208
Inactive plan members not entitled to benefits	10,575
Active plan members	11,162
Total plan membership	<u>65,085</u>

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2021 employer contributions were 1.27%. Membership in the plan consists of the following at June 30, 2020 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	1,717
Inactive plan members not entitled to benefits	14,643
Active plan members	23,378
Total plan membership	<u>39,784</u>

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the plan. Membership in the plan consists of the following at June 30, 2020 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	63
Inactive plan members entitled to but not yet receiving benefits	1,717
Inactive plan members not entitled to benefits	14,643
Active plan members	23,378
Total plan membership	39,801

Investments

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2020 (latest available report) for the DB Plan for PERS is 4.03%, for the ARHCT plan is 4.16%, for the ODD Plan is 4.28%, and for the RMP is 4.33%.

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

<http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx>.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The long-term expected rate of return on pension and OPEB plan investments was determined using the 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 adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.24%
Global Equity (non-U.S.)	6.67%
Intermediate Treasuries	(.16%)
Opportunistic	3.01%
Real Assets	3.82%
Private Equity	10.00%
Cash Equivalents	(1.09%)

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.00% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were 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 and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.66% as of June 30, 2020.

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined benefit plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.38% discount rate.

Employer Contribution rates for the year ended June 30, 2021 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	14.57%	26.58%	8.85%
OPEB	7.43%	4.27%	0%
Total PERS contribution rates	<u>22.00%</u>	<u>30.85%</u>	<u>8.85%</u>

Termination Costs: If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2021 the past service rate for PERS is 18.23%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2020 (latest available) were determined by an actuarial valuation as of June 30, 2018 which was rolled forward to the measurement date June 30, 2020. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Investment return / discount rate	7.38% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation - 2.5% per year Productivity - 0.25% per year
Payroll growth	2.75% per year (inflation + productivity)

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 2.5% annually.
Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, 100% (male and female) of RP-2014 healthy annuitant table with MP-2017 generational improvement.
Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.
Total turnover	Based upon the 2013-2017 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disability table with MP-2017 generational improvement. Disabilities are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for others.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs: 8.0% grading down to 4.5% EGWP: 8.0% grading down to 4.5%.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

As a result of the latest experience study, the 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 related to the ARHCT plan have been made since the prior valuation:

1. Based on recent experience, the healthcare cost trend assumptions were updated.
2. Per capita claims costs were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect a Cadillac Tax load.

The changes of assumptions from the latest experience study created substantial deferred outflows of resources attributable to the City, as well as an OPEB benefit recognized by the City for the State's proportionate share of OPEB plan expense attributable to the City. In some instances the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the City creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

Alaska Public Employee Retirement System (PERS) - Defined Benefit Plan (DB)

Plan Description. The City participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/drb/pers>.

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 151 employers participating in PERS defined benefit plan, including the State of Alaska and 150 political subdivisions and public organizations.

The DB Plan's membership consisted of the following at June 30, 2020 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,140
Inactive plan members entitled to but not receiving benefits	7,208
Inactive members not entitled to benefits	10,575
Active plan members	<u>11,162</u>
Total DB plan membership	<u>65,085</u>

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for peace officers/firefighters members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006, and who have not reached age 60 may elect to pay for major medical benefits.

Post Retirement Pension Adjustments. Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, 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 (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Employee Contribution Rate. The City's PERS active members are required to contribute 7.5% of their annual covered salary for peace officers/firefighters and 6.75% for all others.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Employer contributions for the year ended June 30, 2021, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	1,136,313	309,265	1,445,578

Public Employees Retirement Plans

For the year ended June 30, 2021 the State of Alaska contributed \$770,417 (100% pension cost) on-behalf of the City, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2020 to a total of \$509,148, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2021, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:		Pension
City's proportionate share of the net pension liability	\$	15,428,229
State's proportionate share of the net pension liability		6,385,031
Total	\$	21,813,260
		OPEB
City's proportionate share of the ARHCT OPEB (asset)	\$	(1,183,593)
State's proportionate share of the ARHCT OPEB (asset)		(491,028)
Total	\$	(1,674,621)
City's proportionate share of the ODD OPEB (asset)	\$	(149,451)
City's proportionate share of the RMP OPEB liability	\$	28,781
Total City's share of OPEB (asset)	\$	(1,333,044)
Total City's share of net pension and OPEB liabilities	\$	15,457,010

The net pension and OPEB liabilities and assets were measured as of June 30, 2020, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2022 through FY2039, as determined by projections based on the June 30, 2020 valuation.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The City's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	June 30, 2019 Measurement	June 30, 2020 Measurement	Change
Pension	.2295%	.2614%	.0319%
OPEB:			
ARHCT	.2295%	.2614%	.0319%
ODD	.5816%	.5482%	(.0334%)
RMP	.4116%	.4058%	(.0058%)

Based on the measurement date of June 30, 2020, the City recognized pension and OPEB expense of \$3,595,074 and (\$910,920), respectively, for the year ended June 30, 2021. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ 48,942	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	627,930	-
Changes in proportion and differences between City contributions and proportionate share of contributions	350,030	-
City contributions subsequent to the measurement date	1,136,313	-
Total	\$ 2,163,215	-
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(94,951)
Changes of assumptions	-	(825,034)
Net difference between projected and actual earnings on OPEB plan investments	474,889	-
Changes in proportion and differences between City contributions and proportionate share of contributions	54,612	-
City contributions subsequent to the measurement date	203,011	-
Total	\$ 732,512	(919,985)

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(50,144)
Changes of assumptions	-	(2,189)
Net difference between projected and actual earnings on OPEB plan investments	5,126	-
Changes in proportion and differences between City contributions and proportionate share of contributions	5,694	(17,563)
City contributions subsequent to the measurement date	<u>28,695</u>	<u>-</u>
Total	<u>\$ 39,515</u>	<u>(69,896)</u>
	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 150	(6,185)
Changes of assumptions	40,421	(74,407)
Net difference between projected and actual earnings on OPEB plan investments	12,887	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,322	(759)
City contributions subsequent to the measurement date	<u>77,559</u>	<u>-</u>
Total	<u>\$ 133,339</u>	<u>(81,351)</u>

\$1,136,313 and \$309,265 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2021	\$	410,070	(869,192)	(9,766)	(2,879)
2022		220,825	169,034	(8,551)	(308)
2023		233,405	181,496	(8,526)	(354)
2024		162,602	128,178	(8,933)	(1,337)
2025		-	-	(10,225)	(4,442)
Thereafter		-	-	(13,075)	(16,251)
Total	\$	<u>1,026,902</u>	<u>(390,484)</u>	<u>(59,076)</u>	<u>(25,571)</u>

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2021, the City recognized \$776,149 and \$86,896 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.38%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$ 20,059,959	15,428,229	11,543,498
Net OPEB ARHCT liability (asset)	\$ 1,235,055	(1,183,593)	(3,186,949)
Net OPEB ODD liability (asset)	\$ (140,438)	(149,451)	(156,655)
Net OPEB RMP liability (asset)	\$ 178,305	28,781	(84,401)

Sensitivity of the City's proportionate share of the Net OPEB liability and assets to changes in the healthcare cost trend rates. The following present the City's proportionate share of the net OPEB liability (asset), as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (3,421,839)	(1,183,593)	1,526,794
Net OPEB ODD liability (asset)	\$ NA	(149,451)	NA
Net OPEB RMP liability (asset)	\$ (100,989)	28,781	205,297

Alaska Public Employee Retirement System (PERS) - Defined Contribution Plan (DC)

Plan Description and Funding Requirements. City's and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.27% for the retiree medical plan (DB), 0.31% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

- 2 years of service - 25%
- 3 years of service - 50%
- 4 years of service - 75%
- 5 years of service - 100%

The City contributed \$499,149 for the year ended June 30, 2021, which included forfeitures of \$25,702 which have been applied as employer contributions.

12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries. The City does not report these assets and income in the financial statements. The City believes that the Plan does not meet the reporting criteria for inclusion as a fiduciary fund.

13. Operating Lease

The City occupies office space leased from the Kodiak Island Borough under a month-to-month operating lease. The lease rate was \$15,844 per month, which included the use of the Assembly Chambers, and reduced to \$15,294 per month from December 2020 onwards as the City opted out of using the Assembly Chambers. For the year ended June 30, 2021, the City recognized \$180,518 in rent expense paid to the Kodiak Island Borough.

14. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e. errors and omissions, (d) environmental damage, (e) workers compensation, and (f) medical/dental/vision costs for employees. The City of Kodiak participates in the Alaska Public Entity Insurance Association (APEI) which covers property and contents, torts, general and auto liability, public officials and employees' liability, and workers compensation. APEI is a public entity risk pool, which reinsures risk above certain levels, thereby relieving members of the need for additional assessments. Coverage limits and deductibles on policies have remained relatively constant for the last several years. No settlements in excess of insurance coverage have been realized over the past three years.

In addition to the APEI coverage, the City has commercial insurance coverage for storage tanks, third party liability, marine liability and aviation liability for the two City-owned airports; Kodiak Municipal Airport, and the Trident Basin Seaplane Base.

The City maintains commercial insurance coverage for the health and medical benefit program which covers all full time employees.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

15. Enhancement Fund

The City has an Enhancement Fund in which the monies are to be held perpetually in trust for the benefit of the present and future generations of Kodiak residents through economic stability. Any principal portions of the Enhancement Fund cannot be appropriated without approval from at least five City Council members. The Enhancement Fund was originally established with a transfer of five (5) million dollars from the General Fund to a separate Special Revenue Fund. The ordinance creating the Enhancement Fund requires fifty percent of the General Fund surplus (which is calculated annually based upon excess revenues and other financing sources, less expenditures and other financing uses) to be transferred to the Enhancement Fund by January 1 of the succeeding year. The ordinance further requires 50% of municipal land sales and leased property revenues, as well as the fund's own investment earnings be committed to this purpose.

The General Fund's net increase to fund balance for the year ended June 30, 2020, was \$3,034,767 and accordingly, \$1,634,148 was transferred to the Enhancement Special Revenue Fund during the current year. Lease and rental income was \$40,960 and investment earnings were (\$232) for the year ended June 30, 2021.

In addition, there is a provision for transferring to the General Fund any excess earnings over and above those earnings necessary for inflation-proofing of the Enhancement Fund. As of June 30, 2021, investment earnings did not exceed earnings necessary for inflation-proofing and accordingly no transfer to the General Fund was made.

16. E-911 Enterprise Fund

During fiscal year 2019, the City entered into a memorandum of understanding with the Kodiak Island Borough for emergency services provided to the Kodiak Island Borough. Funds generated for emergency services include a \$2 surcharge for all landline and cellular telephone services for 911 emergency calls. The Kodiak Island Borough collects this surcharge per Alaska State Statute 29.35.131 and provides this revenue to the City. These funds are held in a City enterprise fund, E-911, to offset City expenses for allowable costs under AS 29.35.131. As of June 30, 2021, the E-911 enterprise fund has a deficit net position of \$2,241,968. The City intends to resume negotiations with the Kodiak Island Borough for additional funding support for emergency services provided to the Kodiak Island Borough.

17. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be nominal.

In the normal course of operations, the City becomes involved in various litigation matters including, among other things, claims by third parties for alleged property damages, personal injuries, and other matters. The City believes that it has meritorious defenses against these claims and has used multiple factors in determining potential exposure.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Potential exposure is determined based on multiple factors, such as (1) severity of the injury and estimated potential liability based on past judgments and settlements, (2) advice from legal counsel based on its assessment of the facts of the case and its experience in other cases, (3) probability of pre-trial settlement which would mitigate legal costs, and (4) historical experience on claims for each specific type. It is reasonably possible that changes in the City's potential exposure may occur from time to time as these factors can be subject to some volatility.

Although it is difficult to predict the costs of ultimately resolving such issues, the City has determined that current insurance coverage is sufficient to limit any additional exposure to an amount that would not be material to the City's financial position. Accordingly, the City has not recorded a potential estimate for loss in the liabilities.

18. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 87 *Leases*. Effective for fiscal years beginning after June 15, 2021.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.
- GASB 91 *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.
- GASB 92 *Omnibus 2020*. This Statement has multiple effective dates which vary by topic.
- GASB 93 *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.
- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.
- GASB 98 *The Annual Comprehensive Financial Report*. Effective for fiscal years ending after December 15, 2021.

GASB Statements No. 94 and No. 98 are not expected to have any significant impact on the financial statements of the City.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

GASB Statement No. 87, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89 requires interest costs incurred before the end of a construction period to be recognized as an expenditure or expense in the period in which the cost is incurred for financial statements prepared under the current financial resources measurement focus or the economic resource measurement focus.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures

GASB Statement No. 92, the objectives of this Statement are to enhance comparability and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, addresses the fact that some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 95 provides temporary relief to governments in light of the COVID-19 pandemic. The effective dates of the following pronouncement are postponed by one year: GASB Statements No. 83, No. 84, No. 88, No. 89, No. 90, No. 91, No. 92, and No. 93. The effective date for GASB 87 has been postponed by 18 months.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

GASB Statement No. 96 will improve financial reporting by establishing a definition for Subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB Statement No. 97 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

Required Supplementary Information

City of Kodiak, Alaska
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2021	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,206,919	\$ 106,919
Sales taxes	14,500,000	14,500,000	14,319,752	(180,248)
Penalties and interest	27,500	27,500	31,688	4,188
Intergovernmental	1,571,179	1,571,179	1,658,024	86,845
Charges for services	1,920,582	1,920,582	1,945,998	25,416
Fines and forfeitures	3,000	3,000	2,861	(139)
Licenses and permits	80,300	80,300	85,494	5,194
Rental income	120,000	120,000	130,153	10,153
Interfund charges	1,741,261	1,741,261	1,762,684	21,423
Investment income	50,000	50,000	(30)	(50,030)
Other revenues	4,700	4,700	18,001	13,301
Total Revenues	21,118,522	21,118,522	21,161,544	43,022
Expenditures				
General government:				
Legislative	227,589	227,589	139,723	87,866
Legal	75,000	75,000	63,854	11,146
Executive	1,038,422	1,013,422	653,510	359,912
Emergency preparedness	35,700	35,700	10,491	25,209
City clerk	569,190	569,190	513,950	55,240
Finance	1,946,362	1,946,362	1,888,078	58,284
Public safety:				
Police	6,579,626	6,579,626	4,831,405	1,748,221
Fire	3,145,890	3,145,890	1,737,906	1,407,984
Public works	2,424,674	2,424,674	2,147,290	277,384
Engineering	304,315	304,315	200,628	103,687
Parks and recreation	1,601,000	1,601,000	1,436,937	164,063
Library	912,786	912,786	779,023	133,763
Community service	214,000	214,000	190,385	23,615
Non-departmental	479,867	479,867	598,431	(118,564)
Total Expenditures	19,554,421	19,529,421	15,191,611	4,337,810
Excess of revenues over expenditures	1,564,101	1,589,101	5,969,933	4,380,832
Other Financing Uses -				
Transfers out	(1,779,571)	(1,804,571)	(3,438,586)	(1,634,015)
Change in fund balance	<u>\$ (215,470)</u>	<u>\$ (215,470)</u>	2,531,347	<u>\$ 2,746,817</u>
Fund Balance, beginning of year			14,042,818	
Fund Balance, end of year			<u>\$ 16,574,165</u>	

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska
CARES Act Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2021</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 12,386,903	\$ 12,386,903	\$ 7,995,800	\$ (4,391,103)
Expenditures:				
Community services	12,386,903	12,386,903	7,897,938	4,488,965
Excess of revenues over expenditures	-	-	97,862	97,862
Other Financing Sources (Uses)				
Transfer out	-	-	(97,862)	(97,862)
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year			<u>-</u>	
Fund Balance, end of year			<u>\$ -</u>	

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

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

Public Employees' Retirement System (PERS)

June 30, 2021

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1692%	\$ 7,889,699	\$ 7,149,538	\$ 15,039,237	\$ 7,133,264	111%	62.37%
2016	0.2449%	\$ 11,877,818	\$ 3,181,492	\$ 15,059,310	\$ 6,948,895	171%	63.96%
2017	0.2786%	\$ 15,572,347	\$ 1,959,442	\$ 17,531,789	\$ 7,169,527	217%	59.55%
2018	0.2263%	\$ 11,698,337	\$ 4,358,316	\$ 16,056,653	\$ 7,469,991	157%	63.37%
2019	0.2533%	\$ 12,585,399	\$ 3,647,334	\$ 16,232,733	\$ 8,051,332	156%	65.19%
2020	0.2295%	\$ 12,560,846	\$ 4,990,340	\$ 17,551,186	\$ 8,271,368	152%	63.42%
2021	0.2614%	\$ 15,428,229	\$ 6,385,031	\$ 21,813,260	\$ 8,476,059	182%	61.61%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

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

Public Employees' Retirement System (PERS)

June 30, 2021

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.2263%	\$ 1,911,273	\$ 713,161	\$ 2,624,434	\$ 7,469,991	25.59%	89.68%
2019	0.2533%	\$ 2,599,393	\$ 754,810	\$ 3,354,203	\$ 8,051,332	32.29%	88.12%
2020	0.2295%	\$ 340,602	\$ 135,430	\$ 476,032	\$ 8,271,368	4.12%	98.13%
2021	0.2614%	\$ (1,183,593)	\$ (491,028)	\$ (1,674,621)	\$ 8,476,059	-13.96%	106.15%
Occupational Death and Disability (ODD):							
2018	0.3903%	\$ (55,374)	\$ -	\$ (55,374)	\$ 7,469,991	-0.74%	212.97%
2019	0.4079%	\$ (79,213)	\$ -	\$ (79,213)	\$ 8,051,332	-0.98%	270.62%
2020	0.5816%	\$ (141,019)	\$ -	\$ (141,019)	\$ 8,271,368	-1.70%	297.43%
2021	0.5482%	\$ (149,451)	\$ -	\$ (149,451)	\$ 8,476,059	-1.76%	283.80%
Retiree Medical Plan (RMP):							
2018	0.3903%	\$ 20,352	\$ -	\$ 20,352	\$ 1,861,667	1.09%	93.98%
2019	0.4079%	\$ 51,899	\$ -	\$ 51,899	\$ 1,912,545	2.71%	88.71%
2020	0.4116%	\$ 98,463	\$ -	\$ 98,463	\$ 2,049,236	4.80%	83.17%
2021	0.4058%	\$ 28,781	\$ -	\$ 28,781	\$ 2,049,236	1.40%	92.23%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

Schedule of City's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2021

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 674,192	\$ (674,192)	\$ -	\$ 6,948,895	9.70%
2016	\$ 720,391	\$ (720,391)	\$ -	\$ 7,169,527	10.05%
2017	\$ 842,825	\$ (842,825)	\$ -	\$ 7,469,991	11.28%
2018	\$ 1,033,533	\$ (1,033,533)	\$ -	\$ 8,051,332	12.84%
2019	\$ 975,438	\$ (975,642)	\$ (204)	\$ 8,271,368	11.79%
2020	\$ 941,371	\$ (941,371)	\$ -	\$ 8,476,059	11.11%
2021	\$ 1,136,313	\$ (1,136,313)	\$ -	\$ 8,839,664	12.85%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2021

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 294,599	\$ (294,599)	\$ -	\$ 8,051,332	3.66%
2019	\$ 351,253	\$ (351,253)	\$ -	\$ 8,271,368	4.25%
2020	\$ 376,107	\$ (376,107)	\$ -	\$ 8,476,059	4.44%
2021	\$ 203,011	\$ (203,011)	\$ -	\$ 8,839,664	2.30%
Occupational Death and Disability (ODD):					
2018	\$ 12,246	\$ (12,246)	\$ -	\$ 8,051,332	0.15%
2019	\$ 23,748	\$ (23,748)	\$ -	\$ 8,271,368	0.29%
2020	\$ 24,042	\$ (24,042)	\$ -	\$ 8,476,059	0.28%
2021	\$ 28,695	\$ (28,695)	\$ -	\$ 8,839,664	0.32%
Retiree Medical Plan (RMP):					
2018	\$ 47,546	\$ (47,546)	\$ -	\$ 1,861,667	2.55%
2019	\$ 48,298	\$ (48,298)	\$ -	\$ 1,912,545	2.53%
2020	\$ 72,382	\$ (72,382)	\$ -	\$ 2,049,236	3.53%
2021	\$ 77,559	\$ (77,559)	\$ -	\$ 2,268,855	3.42%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

Notes to Required Supplementary Information

June 30, 2021

1. General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and CARES Act Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, department, and object. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Council made several supplemental budgetary appropriations throughout the year.

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriation in the General Fund - non departmental function by \$118,564.

2. Public Employees' Retirement System

Schedule of City's Proportionate Share of Net Pension and OPEB Liability (Asset)

The table is presented based on the Plan measurement date which is one year prior to fiscal year end for all years presented.

Changes in Methods Since the Prior Valuation - June 30, 2019 to June 30, 2020:

There were no changes in actuarial methods since the prior valuation.

Changes in Assumptions Since the Prior Valuation - June 30, 2019 to June 30, 2020:

Healthcare claim costs are updated annually. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax. The amounts included in the Normal Cost for administrative expenses were updated based on the most recent two years of actual administrative expenses paid from plan assets.

City of Kodiak, Alaska

Notes to Required Supplementary Information, Continued

Changes in Benefit Provisions Since the Prior Valuation - June 30, 2019 to June 30, 2020:

There were no changes in benefit provisions since the prior valuation.

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

Schedule of City Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2019 which was rolled forward to June 30, 2020. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

General Fund

The General Fund accounts for the financial operations of the City which are not required to be accounted for in any other fund. It is the City's primary operating fund.

City of Kodiak, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 10,366,728	\$ 9,663,308
Receivables:		
Taxes	3,812,278	3,202,952
Grants and shared revenues	96,028	51,472
Accounts	77,597	50,801
Interest	17,855	59,996
Total receivables	4,003,758	3,365,221
Prepaid items	13,381	9,556
Due from other funds	2,764,471	1,516,787
Inventory	23,373	20,054
Total Assets	\$ 17,171,711	\$ 14,574,926
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 203,748	\$ 179,880
Accrued payroll and related liabilities	383,175	342,416
Customer deposits	10,623	9,812
Total Liabilities	597,546	532,108
Fund Balance		
Nonspendable	36,754	29,610
Unassigned	16,537,411	14,013,208
Total Fund Balance	16,574,165	14,042,818
Total Liabilities and Fund Balance	\$ 17,171,711	\$ 14,574,926

City of Kodiak, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2021			2020
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Property taxes	\$ 1,100,000	\$ 1,206,919	\$ 106,919	\$ 1,172,552
Sales taxes	14,500,000	14,319,752	(180,248)	13,424,945
Penalties and interest	27,500	31,688	4,188	25,751
Total taxes	15,627,500	15,558,359	(69,141)	14,623,248
Intergovernmental:				
Payment in lieu of taxes	5,000	5,367	367	5,449
Grants	10,000	51,600	41,600	30,058
Revenue sharing	175,000	76,957	(98,043)	159,147
State PERS relief	334,321	559,129	224,808	412,280
Fisheries business tax	850,000	890,816	40,816	1,061,495
Shared fisheries business and landing tax	126,858	26,106	(100,752)	135,973
Liquor licenses	20,000	-	(20,000)	23,700
Fuel tax sharing	5,000	5,988	988	4,787
Electric cooperative tax	45,000	40,961	(4,039)	41,896
State marijuana license fees	-	1,100	1,100	-
Total intergovernmental	1,571,179	1,658,024	86,845	1,874,785
Charges for services:				
Public safety:				
Boarding of State prisoners	1,092,332	1,102,332	10,000	1,097,501
State Trooper contract	78,750	81,900	3,150	78,750
Ambulance services	250,000	260,984	10,984	261,946
Other public safety charges	127,700	123,824	(3,876)	151,230
School lifeguard services	15,000	11,691	(3,309)	14,626
Borough building inspector charges	145,000	151,594	6,594	164,173
Library fees and charges	18,300	6,064	(12,236)	11,936
Parks and recreation fees and charges	176,500	184,210	7,710	173,800
Public works services	17,000	23,399	6,399	13,544
Total charges for services	1,920,582	1,945,998	25,416	1,967,506

(continued)

City of Kodiak, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

Years Ended June 30,	2021			2020
	Budget	Actual	Variance	Actual
Revenues, continued				
Fines and forfeitures	\$ 3,000	\$ 2,861	\$ (139)	\$ 1,420
Licenses and permits	80,300	85,494	5,194	55,184
Rental income	120,000	130,153	10,153	178,126
Interfund charges:				
Cargo Pier Fund	143,863	146,622	2,759	140,008
Boat Harbor Fund	282,221	287,593	5,372	259,588
Shipyards Fund	87,767	89,463	1,696	58,384
Electric Fund	41,290	42,085	795	42,290
Water Fund	332,737	339,109	6,372	311,721
Sewer Fund	388,366	395,780	7,414	369,061
Trident Basin Fund	8,211	8,371	160	7,476
Tourism Development Fund	48,100	48,100	-	48,100
Public works	54,135	54,783	648	49,320
Vehicle replacement	354,571	350,778	(3,793)	310,229
Total interfund charges	1,741,261	1,762,684	21,423	1,596,177
Investment income (loss)	50,000	(30)	(50,030)	147,588
Other revenues	4,700	18,001	13,301	444,945
Total Revenues	21,118,522	21,161,544	43,022	20,888,979
Expenditures				
General government:				
Legislative	227,589	139,723	87,866	159,557
Legal	75,000	63,854	11,146	84,523
Executive	1,013,422	653,510	359,912	683,080
Emergency preparedness	35,700	10,491	25,209	4,228
City clerk	569,190	513,950	55,240	490,310
Finance	1,946,362	1,888,078	58,284	1,611,449
Total general government	3,867,263	3,269,606	597,657	3,033,147

(continued)

City of Kodiak, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public safety:				
Police department:				
Administration:				
Operations	\$ 800,446	\$ 693,400	\$ 107,046	\$ 719,047
Bond principal	225,000	225,000	-	215,000
Bond interest	226,650	226,650	-	235,450
Uniformed patrol	2,217,642	1,115,727	1,101,915	1,367,811
Corrections	1,482,858	1,286,604	196,254	1,255,229
Investigations	343,301	216,373	126,928	141,535
Support services	450,983	347,274	103,709	322,442
Animal control	272,624	272,742	(118)	171,959
Drug enforcement	213,724	167,371	46,353	187,021
Community services	183,624	185,326	(1,702)	270,423
Canine	6,679	6,689	(10)	26,129
Police school resources	156,095	88,249	67,846	102,268
Total police department	6,579,626	4,831,405	1,748,221	5,014,314
Fire department	3,145,890	1,737,906	1,407,984	1,727,258
Total public safety	9,725,516	6,569,311	3,156,205	6,741,572
Public works:				
Administration	136,429	128,564	7,865	98,741
Streets	1,572,682	1,400,955	171,727	1,368,555
Garage	354,384	287,061	67,323	277,859
Building inspection	329,039	316,309	12,730	321,766
Municipal airport facility	32,140	14,401	17,739	77,268
Total public works	2,424,674	2,147,290	277,384	2,144,189
Engineering	304,315	200,628	103,687	228,454

(continued)

City of Kodiak, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance	Actual
Expenditures, continued				
Parks and recreation:				
Administration	\$ 778,017	\$ 696,112	\$ 81,905	\$ 630,313
Museum	107,200	103,486	3,714	103,883
Teen Center	267,779	239,664	28,115	224,209
Aquatics	260,094	238,064	22,030	218,762
Ice rink	174,910	132,288	42,622	171,709
Beautification program	13,000	27,323	(14,323)	9,633
Total parks and recreation	1,601,000	1,436,937	164,063	1,358,509
Library	912,786	779,023	133,763	752,322
Community services:				
Contributions	175,000	175,000	-	175,000
Downtown revitalization	39,000	15,385	23,615	24,271
Total community services	214,000	190,385	23,615	199,271
Other - insurance and general administration	479,867	598,431	(118,564)	409,537
Total Expenditures	19,529,421	15,191,611	4,337,810	14,867,001
Excess of revenues over expenditures	1,589,101	5,969,933	4,380,832	6,021,978
Other Financing Sources (Uses)				
Transfers in	-	-	-	86,470
Transfers out	(1,804,571)	(3,438,586)	(1,634,015)	(3,073,681)
Change in fund balance	<u>\$ (215,470)</u>	2,531,347	<u>\$ 2,746,817</u>	3,034,767
Fund Balance, beginning of year		<u>14,042,818</u>		<u>11,008,051</u>
Fund Balance, end of year		<u>\$ 16,574,165</u>		<u>\$ 14,042,818</u>

City of Kodiak, Alaska
CARES Act Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 121,987	\$ 1,264,978
Total Assets	\$ 121,987	\$ 1,264,978
Liabilities and Fund Balance		
Liabilities		
Unearned Revenue	\$ 121,987	\$ 1,264,978
Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 121,987	\$ 1,264,978

City of Kodiak, Alaska

CARES Act Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual

Year Ended June 30,	2021			2020
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental	\$ 12,386,903	\$ 7,995,800	\$ (4,391,103)	\$ 4,074,114
Expenditures:				
Community services:				
Salaries and benefits		2,442,043		1,424,533
Professional services		40,577		39,076
Goods and services		44,414		34,152
Utilities and fuel		8,370		3,591
Machinery and equipment rental		50,273		72,762
Building and property		2,750,068		-
Contributions		2,562,193		2,500,000
Total Expenditures	12,386,903	7,897,938	4,488,965	4,074,114
Excess of revenues over expenditures	-	97,862	97,862	-
Other Financing Sources (Uses)				
Transfer out	-	(97,862)	(97,862)	
Change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance, beginning of year		<u>-</u>		<u>-</u>
Fund Balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Nonmajor Funds

City of Kodiak, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2021</i>	Special Revenue Funds			Capital Projects Funds					General Fund	Total Nonmajor Governmental Funds
	Tourism Development	Special Assessments	Enhancement	General	Building	Street Improvements	Parks and Recreation	Vehicle Replacement		
Assets										
Cash and investments	\$ 608,847	\$ 89,611	\$ 7,357,458	\$ 292,682	\$ 1,200,108	\$ 1,161,753	\$ 467,892	\$ 1,957,207	\$ 13,135,558	
Receivables:										
Taxes	90,598	-	-	-	-	-	-	-	90,598	
Grants	-	-	-	332,800	4,961	-	-	-	337,761	
Special assessments	-	33,435	-	-	-	-	-	-	33,435	
Interest	-	-	14,355	-	-	-	-	-	14,355	
Total Assets	\$ 699,445	\$ 123,046	\$ 7,371,813	\$ 625,482	\$ 1,205,069	\$ 1,161,753	\$ 467,892	\$ 1,957,207	\$ 13,611,707	
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 557	\$ 118,861	\$ 133,318	\$ 17,134	\$ 16,257	\$ -	\$ 286,127	
Deferred Inflows of Resources										
Deferred assessments	-	13,124	-	-	-	-	-	-	13,124	
Fund Balances										
Committed:										
Tourism	699,445	-	-	-	-	-	-	-	699,445	
Economic stability	-	-	7,371,256	-	-	-	-	-	7,371,256	
Assigned:										
Capital projects	-	-	-	506,621	1,071,751	1,144,619	451,635	1,957,207	5,131,833	
Public works	-	109,922	-	-	-	-	-	-	109,922	
Total Fund Balances	699,445	109,922	7,371,256	506,621	1,071,751	1,144,619	451,635	1,957,207	13,312,456	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 699,445	\$ 123,046	\$ 7,371,813	\$ 625,482	\$ 1,205,069	\$ 1,161,753	\$ 467,892	\$ 1,957,207	\$ 13,611,707	

City of Kodiak, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2021	Special Revenue Funds			Capital Project Funds					General Fund Vehicle Replacement	Total Nonmajor Governmental Funds
	Tourism Development	Special Assessments	Enhancement	General	Building	Street Improvements	Parks and Recreation			
Revenues										
Taxes	\$ 245,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,673
Intergovernmental	-	-	-	1,473,363	14,263	-	-	-	-	1,487,626
Rental income	-	-	40,960	-	-	-	-	-	-	40,960
Investment income	(35)	1	(232)	868	71	360	206	(128)	-	1,111
Donations	-	-	-	3,000	-	-	-	-	-	3,000
Other	-	-	-	42,500	-	-	-	49,077	-	91,577
Total Revenues	245,638	1	40,728	1,519,731	14,334	360	206	48,949	-	1,869,947
Expenditures										
Public safety	-	-	-	2,005,535	-	-	-	-	-	2,005,535
Public works	-	-	-	-	-	482,635	-	-	-	482,635
Parks and recreation	-	-	-	-	-	-	288,905	-	-	288,905
Library	-	-	-	-	32,847	-	-	-	-	32,847
Community services	173,100	-	-	-	-	-	-	-	-	173,100
Capital outlay	-	-	-	-	715,169	-	-	-	-	715,169
Total Expenditures	173,100	-	-	2,005,535	748,016	482,635	288,905	-	-	3,698,191
Excess of revenues over (under) expenditures	72,538	1	40,728	(485,804)	(733,682)	(482,275)	(288,699)	48,949	-	(1,828,244)
Other Financing Sources (Uses)										
Transfers in	-	-	1,634,148	3,660	200,000	450,000	300,000	350,778	-	2,938,586
Change in fund balances	72,538	1	1,674,876	(482,144)	(533,682)	(32,275)	11,301	399,727	-	1,110,342
Fund Balances, beginning of year	626,907	109,921	5,696,380	988,765	1,605,433	1,176,894	440,334	1,557,480	-	12,202,114
Fund Balances, end of year	\$ 699,445	\$ 109,922	\$ 7,371,256	\$ 506,621	\$ 1,071,751	\$ 1,144,619	\$ 451,635	\$ 1,957,207	\$ -	\$ 13,312,456

City of Kodiak, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

<i>June 30, 2021</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 809,875	\$ -	\$ -	\$ 809,875
Accounts receivable	56,811	-	114,807	171,618
Prepaid items	-	-	4,469	4,469
Total Current Assets	866,686	-	119,276	985,962
Noncurrent Assets				
Property, plant and equipment, net	-	2,238,570	-	2,238,570
Net pension and OPEB assets	-	-	72,784	72,784
Total Noncurrent Assets	-	2,238,570	72,784	2,311,354
Total Assets	866,686	2,238,570	192,060	3,297,316
Deferred Outflows of Resources				
Related to pensions and OPEB	-	-	167,533	167,533
Total Assets and Deferred Outflows of Resources	\$ 866,686	\$ 2,238,570	\$ 359,593	\$ 3,464,849
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 35,029	\$ 15,246	\$ -	\$ 50,275
Accrued payroll and related liabilities	-	-	25,708	25,708
Customer deposits	2,000	1,536	-	3,536
Due to other funds	-	132,630	1,627,063	1,759,693
Current portion of accrued leave	-	-	17,511	17,511
Total Current Liabilities	37,029	149,412	1,670,282	1,856,723
Noncurrent liabilities				
Long term portion of accrued leave	-	-	28,838	28,838
Net pension and OPEB liabilities	-	-	843,952	843,952
Total noncurrent liabilities	-	-	872,790	872,790
Total liabilities	37,029	149,412	2,543,072	2,729,513
Deferred Inflows of Resources				
Related to pensions and OPEB	-	-	58,489	58,489
Total Liabilities and Deferred Inflows of Resources	37,029	149,412	2,601,561	2,788,002
Net Position				
Net investment in capital assets	-	2,238,570	-	2,238,570
Unrestricted (deficit)	829,657	(149,412)	(2,241,968)	(1,561,723)
Total Net Position	829,657	2,089,158	(2,241,968)	676,847
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 866,686	\$ 2,238,570	\$ 359,593	\$ 3,464,849

City of Kodiak, Alaska
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30, 2021</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 733,407	\$ 99,655	\$ 299,205	\$ 1,132,267
Operating Expenses				
Salaries and benefits	-	-	899,352	899,352
Professional services	-	-	165,799	165,799
Goods and services	602,155	18,038	-	620,193
Repairs and maintenance	22,374	2,822	-	25,196
Utilities and fuel	-	22,432	-	22,432
Interfund charges	57,794	14,458	-	72,252
Depreciation	-	248,728	-	248,728
Total Operating Expenses	682,323	306,478	1,065,151	2,053,952
Earnings (loss) from operations	51,084	(206,823)	(765,946)	(921,685)
Nonoperating Revenues				
Investment income (loss)	(161)	-	-	(161)
State PERS relief	-	-	42,533	42,533
Total Nonoperating Revenues	(161)	-	42,533	42,372
Earnings before transfers	50,923	(206,823)	(723,413)	(879,313)
Transfer out	-	-	-	-
Change in net position	50,923	(206,823)	(723,413)	(879,313)
Net Position, beginning of year	778,734	2,295,981	(1,518,555)	1,556,160
Net Position, end of year	\$ 829,657	\$ 2,089,158	\$ (2,241,968)	\$ 676,847

City of Kodiak, Alaska
Nonmajor Enterprise Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2021</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 736,674	\$ 99,655	\$ 293,536	\$ 1,129,865
Payments for interfund services used	(57,794)	(14,458)	-	(72,252)
Payments to suppliers	(625,797)	(30,098)	(170,268)	(826,163)
Payments to employees	-	-	(805,674)	(805,674)
Net cash flows from (for) operating activities	53,083	55,099	(682,406)	(574,224)
Cash Flows from (for) Noncapital Financing Activities				
Increase (Decrease) in due to other funds	-	(55,099)	682,406	627,307
Cash Flows from Investing Activities				
Investment income received	(161)	-	-	(161)
Net increase in cash and investments	52,922	-	-	52,922
Cash and Investments, beginning of year	756,953	-	-	756,953
Cash and Investments, end of year	\$ 809,875	\$ -	\$ -	\$ 809,875
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:				
Earnings (loss) from operations	\$ 51,084	\$ (206,823)	\$ (765,946)	\$ (921,685)
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:				
Depreciation	-	248,728	-	248,728
Noncash State PERS relief	-	-	42,533	42,533
(Increase) decrease in assets:				
Accounts receivable	3,267	-	(5,669)	(2,402)
Prepaid items	-	-	(4,469)	(4,469)
Net pension and OPEB asset	-	-	(72,784)	(72,784)
(Increase) decrease in deferred outflows of resources:				
Related to pensions and OPEB	-	-	(27,686)	(27,686)
Increase (decrease) in liabilities:				
Accounts payable	(1,068)	13,194	-	12,126
Accrued payroll and related liabilities	-	-	4,164	4,164
Accrued leave	-	-	7,133	7,133
Customer deposits	(200)	-	-	(200)
Net pension and OPEB liabilities	-	-	141,856	141,856
(Increase) decrease in deferred inflows of resources:				
Related to pensions and OPEB	-	-	(1,538)	(1,538)
Net cash flows from (for) operating activities	\$ 53,083	\$ 55,099	\$ (682,406)	\$ (574,224)

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

Tourism Development

This fund is used to account for the receipt and distribution of hotel and motel tax revenues.

Special Assessments

This fund is used to account for assessments levied on street projects. No annual budget is prepared for this fund.

Enhancement Fund

This fund accounts for investment income and transfers from the General Fund as determined by ordinance and is for the future benefit and use of the citizens of Kodiak.

City of Kodiak, Alaska
Tourism Development Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 608,847	\$ 594,968
Receivables - taxes	90,598	31,939
Total Assets	\$ 699,445	\$ 626,907
Fund Balance		
Committed for tourism	\$ 699,445	\$ 626,907

City of Kodiak, Alaska
Tourism Development Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2021			2020
	Budget	Actual	Variance	Actual
Revenues				
Room taxes	\$ 200,000	\$ 245,673	\$ 45,673	\$ 209,464
Investment income	5,000	(35)	(5,035)	8,460
Total Revenues	205,000	245,638	40,638	217,924
Expenditures - community services:				
Interfund services:				
Finance and administration	20,000	20,000	-	20,000
Public works services	12,100	12,100	-	12,100
Parks and recreation services	16,000	16,000	-	16,000
Community service contributions	156,900	125,000	31,900	129,212
Total Expenditures	205,000	173,100	31,900	177,312
Change in fund balance	<u>\$ -</u>	72,538	<u>\$ 72,538</u>	40,612
Fund Balance, beginning of year		<u>626,907</u>		<u>586,295</u>
Fund Balance, end of year		<u>\$ 699,445</u>		<u>\$ 626,907</u>

City of Kodiak, Alaska
Special Assessments Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 89,611	\$ 88,532
Receivables - special assessments	33,435	34,513
Total Assets	\$ 123,046	\$ 123,045
Deferred Inflows of Resources and Fund Balance		
Deferred inflows of resources - deferred assessments	\$ 13,124	\$ 13,124
Fund Balance - assigned for public works	109,922	109,921
Total Deferred Inflows of Resources and Fund Balance	\$ 123,046	\$ 123,045

City of Kodiak, Alaska
Special Assessments Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Year Ended June 30,</i>	2021	2020
Revenues		
Investment income	\$ 1	\$ 1,351
Special assessments	-	1,000
Total Revenues	1	2,351
Change in fund balance	1	2,351
Fund Balance, beginning of year	109,921	107,570
Fund Balance, end of year	\$ 109,922	\$ 109,921

City of Kodiak, Alaska
Enhancement Fund Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 7,357,458	\$ 5,679,396
Interest receivable	14,355	18,087
Total Assets	\$ 7,371,813	\$ 5,697,483
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 557	\$ 1,103
Fund Balance		
Committed for economic stability	7,371,256	5,696,380
Total Liabilities and Fund Balance	\$ 7,371,813	\$ 5,697,483

City of Kodiak, Alaska

Enhancement Fund Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2021			2020
	Budget	Actual	Variance	Actual
Revenues				
Rental income	\$ 40,000	\$ 40,960	\$ 960	\$ 90,392
Investment income	50,000	(232)	(50,232)	182,188
Total Revenues	90,000	40,728	(49,272)	272,580
Other Financing Sources				
Transfers in	-	1,634,148	1,634,148	771,718
Transfers out	-	-	-	(86,470)
Other Financing Sources, net	-	1,634,148	1,634,148	685,248
Change in fund balance	<u>\$ 90,000</u>	1,674,876	<u>\$ 1,584,876</u>	957,828
Fund Balance, beginning of year		<u>5,696,380</u>		<u>4,738,552</u>
Fund Balance, end of year		<u>\$ 7,371,256</u>		<u>\$ 5,696,380</u>

Capital Project Funds

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

General

This fund is used to account for various small capital projects.

Building

This fund is used to account for various building capital projects.

Street Improvements

This fund accounts for major capital outlay and repair and improvements on streets and roads owned by the City.

Parks and Recreation

This fund is used to account for the construction and improvements of City-owned parks and recreational facilities.

General Fund Vehicle Replacement

This fund is used to accumulate resources for future vehicle replacements.

City of Kodiak, Alaska
General Capital Projects Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 292,682	\$ 878,343
Grants receivable	332,800	275,811
Total Assets	\$ 625,482	\$ 1,154,154
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 118,861	\$ 165,389
Fund Balance - assigned for capital projects	506,621	988,765
Total Liabilities and Fund Balance	\$ 625,482	\$ 1,154,154

City of Kodiak, Alaska
General Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year Ended June 30,</i>	2021	2020
Revenues		
Intergovernmental	\$ 1,473,363	\$ 354,095
Investment income	868	16,522
Donations	3,000	6,641
Other	42,500	-
Total Revenues	1,519,731	377,258
Expenditures		
KFD deferred maintenance	66,943	3,458
Shop-With-A-Cop	3,000	5,141
Quantar repeater voting receiver	54,812	302,718
Gold elite dispatch console	56,035	317,530
Sales tax business license software	4,860	-
Citywide phone system upgrade	-	102,305
Outdoor warning siren replacement	628,029	9,929
Subscriber radio replacement	-	248,314
Emergency shelter bedding	62,856	27,497
Edward Byrne DOJ safety equipment	17,157	39,349
State of AK DWG training	32,750	17,750
Capital equipment purchases	205,393	-
KPD COVID-19 supplies	116	20,763
Muni arts and culture CARES Act	42,500	-
CESF-new dispatch work stations	78,287	-
KPD TraCS	18,578	-
ACF CNRF program	263,900	-
KPD HVAC repairs	12,377	-
KIB CARES Grant	400,000	-
Pillar Mountain antenna generator system	21,932	-
Mitigating the risk of COVID-19	14,357	-
COVID-19 vaccinations	6,351	-
FAA CARES Act airport	1,656	-
DHHS Community MOA	13,646	-
Total Expenditures	2,005,535	1,094,754
Excess of revenues (under) expenditures	(485,804)	(717,496)
Other Financing Sources - transfers in	3,660	591,734
Change in fund balance	(482,144)	(125,762)
Fund Balance, beginning of year	988,765	1,114,527
Fund Balance, end of year	\$ 506,621	\$ 988,765

City of Kodiak, Alaska
Building Capital Project Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 1,200,108	\$ 1,596,183
Grants receivable	4,961	9,289
Total Assets	\$ 1,205,069	\$ 1,605,472
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 133,318	\$ 39
Fund Balance - assigned for capital projects	1,071,751	1,605,433
Total Liabilities and Fund Balance	\$ 1,205,069	\$ 1,605,472

City of Kodiak, Alaska
Building Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year Ended June 30,</i>	2021	2020
Revenues		
Intergovernmental	\$ 14,263	\$ 28,933
Investment income	71	24,716
Total Revenues	14,334	53,649
Expenditures		
Demolish old library	32,847	2,936
Fire station	575,982	28,932
Hillside Drive renovation	42,234	5,988
Barn stabilization	96,953	-
Total Expenditures	748,016	37,856
Excess of revenues over (under) expenditures	(733,682)	15,793
Other Financing Sources - transfers in	200,000	150,000
Change in fund balance	(533,682)	165,793
Fund Balance, beginning of year	1,605,433	1,439,640
Fund Balance, end of year	\$ 1,071,751	\$ 1,605,433

City of Kodiak, Alaska
Street Improvements Capital Project Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 1,161,753	\$ 1,176,894
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 17,134	\$ -
Fund Balance - assigned for capital projects	1,144,619	1,176,894
Total Liabilities and Fund Balance	\$ 1,161,753	\$ 1,176,894

City of Kodiak, Alaska

Street Improvements Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year Ended June 30,</i>	2021	2020
Revenues - investment income	\$ 360	\$ 24,060
Expenditures		
Annual sidewalk, curb and gutter repair	40	6,474
Storm drain repair	14,858	-
Spill prevention containment and countermeasures plan	-	768
Mill Bay Road rebuild	10,496	12,000
Underground storage tank IT & M	59,953	2,125
Above ground storage tanks	-	94,089
Annual pavement repairs	380,287	411,612
Street capital equipment	-	238,615
Larch Street ditch spill	17,001	-
Total Expenditures	482,635	765,683
Excess of revenues (under) expenditures	(482,275)	(741,623)
Other Financing Sources - transfers in	450,000	450,000
Change in fund balance	(32,275)	(291,623)
Fund Balance, beginning of year	1,176,894	1,468,517
Fund Balance, end of year	\$ 1,144,619	\$ 1,176,894

City of Kodiak, Alaska
Parks and Recreation Capital Project Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 467,892	\$ 463,195
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 16,257	\$ 22,861
Fund Balance - assigned for capital projects	451,635	440,334
Total Liabilities and Fund Balance	\$ 467,892	\$ 463,195

City of Kodiak, Alaska
Parks and Recreation Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year Ended June 30,</i>	2021	2020
Revenues		
Investment income	\$ 206	\$ 3,803
Expenditures		
Major park maintenance	3,571	7,425
Major building maintenance	3,547	-
Baranof Park improvements	281,787	61,386
Total Expenditures	288,905	68,811
Excess of revenues over (under) expenditures	(288,699)	(65,008)
Other Financing Sources - transfers in	300,000	300,000
Change in fund balance	11,301	234,992
Fund Balance, beginning of year	440,334	205,342
Fund Balance, end of year	\$ 451,635	\$ 440,334

City of Kodiak, Alaska
General Fund Vehicle Replacement Capital Project Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 1,957,207	\$ 1,557,480
Fund Balance		
Assigned for capital projects	\$ 1,957,207	\$ 1,557,480

City of Kodiak, Alaska

General Fund Vehicle Replacement Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year Ended June 30,</i>	2021	2020
Revenues		
Investment income	\$ (128)	\$ 21,140
Local revenue - other	49,077	-
Total Revenues	48,949	21,140
Excess of revenues over expenditures	48,949	21,140
Other Financing Sources - transfers in	350,778	310,229
Change in fund balance	399,727	331,369
Fund Balance, beginning of year	1,557,480	1,226,111
Fund Balance, end of year	\$ 1,957,207	\$ 1,557,480

Enterprise Funds

Cargo Pier

This fund accounts for all activities of the cargo pier.

Boat Harbor

This fund accounts for all activities of smaller crafts and all boat harbors within the City limits.

Water Utility

This fund accounts for the distribution of water services.

Sewer Utility

This fund accounts for the operation of the sewer system.

Shipyard

This fund accounts for the shipyard activities.

Harbor Electric

This fund accounts for the electricity used at the City's harbors.

Trident Basin

This fund accounts for the seaplane moorage activities at the Trident Basin.

E-911 Services

This fund accounts for funds collected from phone charges and pays for a 911 emergency system.

City of Kodiak, Alaska
Cargo Pier Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 8,238,146	\$ 7,182,681
Accounts receivable	236,619	291,888
Total Current Assets	8,474,765	7,474,569
Noncurrent Assets		
Property, plant and equipment:		
Building	9,502	9,502
Improvements other than buildings	60,069,789	60,069,789
Machinery and equipment	52,132	52,132
Accumulated depreciation	(22,591,203)	(20,839,971)
Property, plant and equipment, net	37,540,220	39,291,452
Net pension and OPEB assets	27,461	-
Total Noncurrent Assets	37,567,681	39,291,452
Total Assets	46,042,446	46,766,021
Deferred Outflows of Resources - related to pensions and OPEB	63,209	52,763
Total Assets and Deferred Outflows of Resources	\$ 46,105,655	\$ 46,818,784
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 8,604	\$ 3,658
Accrued payroll and related liabilities	8,775	8,240
Current portion of accrued leave	4,956	4,349
Total Current Liabilities	22,335	16,247
Noncurrent Liabilities		
Long term portion of accrued leave	5,115	3,153
Net pension and OPEB liabilities	318,415	264,893
Total Noncurrent Liabilities	323,530	268,046
Total Liabilities	345,865	284,293
Deferred Inflows of Resources - related to pensions and OPEB	22,067	22,647
Total Liabilities and Deferred Inflows of Resources	367,932	306,940
Net Position		
Net investment in capital assets	37,540,220	39,291,452
Unrestricted	8,197,503	7,220,392
Total Net Position	45,737,723	46,511,844
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 46,105,655	\$ 46,818,784

City of Kodiak, Alaska
Cargo Pier Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues		
Dockage	\$ 240,807	\$ 267,783
Cruise ship	12,226	233,728
Pier III	333,705	326,238
Wharfage and handling	799,346	928,634
Rentals	306,312	311,977
Other	-	717
Total Operating Revenues	1,692,396	2,069,077
Operating Expenses		
Cargo administration:		
Salaries and benefits	363,722	325,034
Professional services	2,124	3,895
Goods and services	157,262	129,996
Repairs and maintenance	17,168	119
Interfund charges:		
Finance and administration	146,622	140,008
Public works services	6,087	5,480
Harbormaster services	31,418	28,097
Total cargo administration	724,403	632,629
Warehouse:		
Professional services	936	420
Goods and services	557	118
Repairs and maintenance	1,220	1,132
Total warehouse	2,713	1,670
Pier II:		
Goods and services	3,588	2,384
Repairs and maintenance	25,502	659
Utilities and fuel	38,458	33,020
Total pier II	67,548	36,063

(continued)

City of Kodiak, Alaska
Cargo Pier Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position, continued

<i>Year Ended June 30,</i>	2021	2020
Operating expenses, continued:		
Pier III:		
Repairs and maintenance	\$ 4,240	\$ 878
Utilities and fuel	2,511	1,390
Total pier III	6,751	2,268
Depreciation	1,751,232	1,761,492
Total Operating Expenses	2,552,647	2,434,122
Loss from operations	(860,251)	(365,045)
Nonoperating Revenues (Expenses)		
Other revenues	72,279	17,481
Federal revenue - SLFRF	54,220	-
Investment income (loss)	(458)	97,684
State PERS relief	14,309	12,541
Nonoperating Revenues (Expenses), net	140,350	127,706
Loss before transfers	(719,901)	(237,339)
Transfers out	(54,220)	-
Change in net position	(774,121)	(237,339)
Net Position, beginning of year	46,511,844	46,749,183
Net Position, end of year	\$ 45,737,723	\$ 46,511,844

City of Kodiak, Alaska
Cargo Pier Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 1,747,665	\$ 2,048,346
Payments for interfund services used	(184,127)	(173,585)
Payments to suppliers	(176,341)	(155,151)
Payments to employees	(331,274)	(354,585)
Net cash flows from operating activities	1,055,923	1,365,025
Cash Flows from (for) Noncapital Financing Activities		
Transfers out	(54,220)	-
Federal sources - grants	54,220	-
Net cash flows from (for) noncapital financing activities	-	-
Cash Flows from Investing Activities		
Investment income received	(458)	97,684
Net increase in cash and investments	1,055,465	1,462,709
Cash and Investments, beginning of year	7,182,681	5,719,972
Cash and Investments, end of year	\$ 8,238,146	\$ 7,182,681
Reconciliation of earnings (loss) from operations to net cash flows from operating activities:		
Earnings (loss) from operations	\$ (860,251)	\$ (365,045)
Adjustments to reconcile earnings (loss) from operations to net cash flows from operating activities:		
Depreciation	1,751,232	1,761,492
Noncash State PERS relief	14,309	12,541
Other nonoperating revenues (expenses)	72,279	17,481
(Increase) decrease in assets:		
Accounts receivable	55,269	(20,731)
Net pension and OPEB assets	(27,461)	-
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(10,446)	7,860
Increase (decrease) in liabilities:		
Accounts payable	4,946	1,379
Accrued payroll and related liabilities	535	(1,591)
Accrued leave	2,569	3,517
Net pension and OPEB liabilities	53,522	(47,351)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(580)	(4,527)
Net cash flows from operating activities	\$ 1,055,923	\$ 1,365,025

City of Kodiak, Alaska
Boat Harbor Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 6,914,386	\$ 6,413,383
Receivables:		
Accounts	320,651	156,191
Allowance for doubtful accounts	(15,647)	(15,647)
Inventory	1,356	1,831
Total Current Assets	7,220,746	6,555,758
Noncurrent Assets		
Restricted cash and investments - bond reserve	119,556	119,556
Property, plant and equipment:		
Land	677,064	677,064
Buildings	1,698,999	1,699,000
Improvements other than buildings	37,600,558	37,633,962
Machinery and equipment	714,510	692,208
Construction in progress	136,573	35,761
Accumulated depreciation	(33,431,803)	(32,668,060)
Property, plant and equipment, net	7,395,901	8,069,935
Net pension and OPEB assets	112,109	-
Total Noncurrent Assets	7,627,566	8,189,491
Total Assets	14,848,312	14,745,249
Deferred Outflows of Resources - related to pensions and OPEB	258,052	215,405
Total Assets and Deferred Outflows of Resources	\$ 15,106,364	\$ 14,960,654
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 81,470	\$ 88,660
Accrued payroll and related liabilities	41,641	25,489
Customer deposits	250,051	260,645
Accrued interest	4,734	4,918
Current portion of accrued leave	12,754	27,300
Current portion of bonds payable	64,624	59,624
Total Current Liabilities	455,274	466,636
Noncurrent Liabilities		
Long term portion:		
Accrued leave	54,646	14,490
Bonds payable	1,478,979	1,543,603
Net pension and OPEB liabilities	1,299,935	1,081,433
Total Noncurrent Liabilities	2,833,560	2,639,526
Total Liabilities	3,288,834	3,106,162
Deferred Inflows of Resources - related to pensions and OPEB	90,091	92,459
Total Liabilities and Deferred Inflows of Resources	3,378,925	3,198,621
Net Position		
Net investment in capital assets	5,852,298	6,466,708
Restricted for debt service	119,556	119,556
Unrestricted	5,755,585	5,175,769
Total Net Position	11,727,439	11,762,033
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,106,364	\$ 14,960,654

City of Kodiak, Alaska
Boat Harbor Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues		
Moorage	\$ 2,136,359	\$ 2,072,066
Pier and dock fees	189,732	255,426
Administrative charges to other funds	78,545	70,243
Other fees and charges	166,789	155,843
Rentals	73,374	16,735
Other	3,853	2,502
Total Operating Revenues	2,648,652	2,572,815
Operating Expenses		
Salaries and benefits	1,285,423	950,817
Professional services	87,730	80,246
Contributions	17,090	13,099
Goods and services	185,594	179,412
Repairs and maintenance	108,363	45,459
Utilities and fuel	262,243	284,187
Machinery and equipment	20,944	15,470
Interfund charges:		
Finance and administration	287,593	259,588
Public works services	6,087	5,480
Depreciation	796,742	1,156,268
Total Operating Expenses	3,057,809	2,990,026
Loss from operations	(409,157)	(417,211)
Nonoperating Revenues (Expenses)		
Other revenue	27,521	65,218
Federal revenue	98,112	-
Investment income	505	98,587
Interest expense	(53,105)	(55,305)
Engineering and feasibility studies	(246,562)	-
State PERS relief	48,092	39,506
Nonoperating Revenues (Expenses), net	(125,437)	148,006
Loss before transfers	(534,594)	(269,205)
Transfers in	500,000	850,000
Transfers out	-	(149,876)
Change in net position	(34,594)	430,919
Net Position, beginning of year	11,762,033	11,331,114
Net Position, end of year	\$ 11,727,439	\$ 11,762,033

City of Kodiak, Alaska
Boat Harbor Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,405,647	\$ 2,462,180
Receipts from interfund services provided	78,545	70,243
Payments for interfund services used	(293,680)	(265,068)
Payments to suppliers	(918,313)	(486,614)
Payments to employees	(1,134,191)	(1,123,834)
Net cash flows from operating activities	138,008	656,907
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	500,000	850,000
Transfers out	-	(149,876)
Federal sources - grants	98,112	-
Net cash flows from noncapital financing activities	598,112	700,124
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(55,000)	(55,000)
Interest paid on long-term debt	(57,912)	(60,113)
Purchase of property, plant and equipment	(122,710)	(96,792)
Net cash flows (for) capital and related financing activities	(235,622)	(211,905)
Cash Flows from Investing Activities		
Investment income received	505	98,587
Net increase in cash and investments	501,003	1,243,713
Cash and Investments, beginning of year	6,532,939	5,289,226
Cash and Investments, end of year	\$ 7,033,942	\$ 6,532,939
Reconciliation to Statement of Net Position:		
Cash and investments	\$ 6,914,386	\$ 6,413,383
Restricted cash and investments	119,556	119,556
Total Cash and Investments	\$ 7,033,942	\$ 6,532,939
Reconciliation of earnings from operations to net cash flows from operating activities:		
Loss from operations	\$ (409,157)	\$ (417,211)
Adjustments to reconcile earnings from operations to net cash flows from by operating activities:		
Depreciation	796,742	1,156,268
Noncash State PERS relief	48,092	39,506
Other nonoperating revenues (expenses)	(219,041)	65,218
(Increase) decrease in assets:		
Accounts receivable	(164,460)	(40,392)
Inventory	475	825
Net pension and OPEB assets	(112,109)	-
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(42,647)	32,089
Increase (decrease) in liabilities:		
Accounts payable	(7,189)	53,414
Accrued payroll and related liabilities	16,152	(10,436)
Accrued leave	25,610	(22,385)
Customer deposits	(10,594)	11,802
Net pension and OPEB liabilities	218,502	(193,311)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(2,368)	(18,480)
Net cash flows from operating activities	\$ 138,008	\$ 656,907
Noncash capital and related financing:		
Capital assets purchased on account	\$ -	\$ 32,640

City of Kodiak, Alaska
Water Utility Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 24,395,329	\$ 21,526,801
Receivables:		
Accounts	298,991	361,930
Allowance for doubtful accounts	(2,224)	(2,224)
Inventory	274,013	249,913
Total Current Assets	24,966,109	22,136,420
Noncurrent Assets		
Property, plant and equipment:		
Land	2	2
Buildings	15,340,713	15,340,713
Improvements other than buildings	34,510,297	30,721,121
Machinery and equipment	730,862	721,815
Construction in progress	302,735	3,792,389
Accumulated depreciation	(23,366,533)	(22,533,536)
Property, plant and equipment, net	27,518,076	28,042,504
Net pension and OPEB assets	62,120	-
Total Noncurrent Assets	27,580,196	28,042,504
Total Assets	52,546,305	50,178,924
Deferred Outflows of Resources - related to pensions and OPEB	142,986	119,356
Total Assets and Deferred Outflows of Resources	\$ 52,689,291	\$ 50,298,280
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 73,214	\$ 33,602
Accrued payroll and related liabilities	20,754	23,590
Customer deposits	3,300	8,800
Accrued interest	24,528	26,267
Current portion of accrued leave	10,350	12,901
Current portion of loans payable	231,227	229,624
Total Current Liabilities	363,373	334,784
Noncurrent Liabilities		
Long term portion:		
Accrued leave	19,602	32,614
Loans payable	2,871,847	3,103,074
Net pension and OPEB liabilities	720,297	599,224
Total Noncurrent Liabilities	3,611,746	3,734,912
Total Liabilities	3,975,119	4,069,696
Deferred Inflows of Resources - related to pensions and OPEB	49,919	51,232
Total Liabilities and Deferred Inflows of Resources	4,025,038	4,120,928
Net Position		
Net investment in capital assets	24,415,002	24,709,806
Unrestricted	24,249,251	21,467,546
Total Net Position	48,664,253	46,177,352
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 52,689,291	\$ 50,298,280

City of Kodiak, Alaska
Water Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues		
Sales and user charges	\$ 2,591,930	\$ 2,550,596
Meters	2,303,695	1,991,543
Other	7,700	25,830
Total Operating Revenues	4,903,325	4,567,969
Operating Expenses		
Water department:		
Salaries and benefits	621,792	623,299
Professional services	28,009	21,544
Goods and services	148,571	141,218
Repairs and maintenance	15,262	7,995
Utilities and fuel	297,904	296,855
Machinery and equipment	4,982	2,017
Total water department	1,116,520	1,092,928
Water treatment:		
Salaries and benefits	172,035	160,199
Professional services	6,262	19,955
Goods and services	62,306	58,548
Repairs and maintenance	13,048	7,320
Utilities and fuel	58,070	58,775
Total water treatment	311,721	304,797
Interfund charges:		
Finance and administration	339,109	311,721
Public works services	12,174	10,960
Total interfund charges	351,283	322,681
Depreciation	904,546	904,980
Total Operating Expenses	2,684,070	2,625,386
Earnings from operations	2,219,255	1,942,583
Nonoperating Revenues (Expenses)		
Other revenue	19,356	42,796
Investment income (loss)	(871)	307,908
Interest expense	(48,252)	(51,924)
Engineering and feasibility studies	(13,224)	(26,249)
State PERS relief	26,417	31,968
Nonoperating Revenues (Expenses), net	(16,574)	304,499
Earnings before transfers	2,202,681	2,247,082
Transfers in	284,220	100,000
Change in net position	2,486,901	2,347,082
Net Position, beginning of year	46,177,352	43,830,270
Net Position, end of year	\$ 48,664,253	\$ 46,177,352

City of Kodiak, Alaska
Water Utility Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 4,966,264	\$ 4,523,280
Payments for interfund services used	(351,283)	(322,681)
Payments to suppliers	(618,270)	(639,833)
Payments to employees	(751,799)	(833,276)
Net cash flows from operating activities	3,244,912	2,727,490
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	284,220	100,000
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long term debt	(229,624)	(292,649)
Interest paid on long term debt	(49,991)	(54,380)
Purchase of property, plant and equipment	(380,118)	(3,449)
Net cash flows (for) capital and related financing activities	(659,733)	(350,478)
Cash Flows from Investing Activities		
Investment income received	(871)	307,908
Net increase in cash and investments	2,868,528	2,784,920
Cash and Investments, beginning of year	21,526,801	18,741,881
Cash and Investments, end of year	\$ 24,395,329	\$ 21,526,801
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 2,219,255	\$ 1,942,583
Adjustments to reconcile earnings from operations to net cash flows from by operating activities:		
Depreciation	904,546	904,980
Noncash State PERS relief	26,417	31,968
Other nonoperating revenues (expenses)	6,132	16,547
(Increase) decrease in assets:		
Accounts receivable	62,939	(44,689)
Inventory	(24,100)	9,177
Net pension and OPEB assets	(62,120)	-
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(23,630)	17,781
Increase (decrease) in liabilities:		
Accounts payable	39,612	(57,930)
Accrued payroll and related liabilities	(2,836)	5,326
Accrued leave	(5,500)	12,501
Customer deposits	(15,563)	6,600
Net pension and OPEB liabilities	121,073	(107,114)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(1,313)	(10,240)
Net cash flows from operating activities	\$ 3,244,912	\$ 2,727,490

City of Kodiak, Alaska
Sewer Utility Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 9,536,214	\$ 8,258,434
Receivables:		
Grants	23,866	175,546
Accounts	453,444	451,708
Allowance for doubtful accounts	(2,867)	(2,867)
Inventory	37,134	34,694
Total Current Assets	10,047,791	8,917,515
Noncurrent Assets		
Property, plant and equipment:		
Land	16,931	16,931
Buildings	24,799,783	24,799,782
Improvements other than buildings	16,392,139	16,391,625
Machinery and equipment	2,770,227	2,240,594
Construction in progress	7,200,151	4,220,624
Accumulated depreciation	(31,712,333)	(30,865,540)
Property, plant and equipment, net	19,466,898	16,804,016
Net pension and OPEB assets	103,311	-
Total Noncurrent Assets	19,570,209	16,804,016
Total Assets	29,618,000	25,721,531
Deferred Outflows of Resources - related to pensions and OPEB	237,799	198,500
Total Assets and Deferred Outflows of Resources	\$ 29,855,799	\$ 25,920,031
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 57,028	\$ 118,735
Accrued payroll and related liabilities	44,713	41,869
Accrued interest	20,338	4,841
Current portion of accrued leave	36,414	28,095
Current portion of loans payable	202,973	202,220
Total Current Liabilities	361,466	395,760
Noncurrent Liabilities		
Long term portion:		
Accrued leave	50,388	54,810
Loans payable	5,276,706	2,797,400
Net pension and OPEB liabilities	1,197,918	996,564
Total Noncurrent Liabilities	6,525,012	3,848,774
Total Liabilities	6,886,478	4,244,534
Deferred Inflows of Resources - related to pensions and OPEB	83,020	85,203
Total Liabilities and Deferred Inflows of Resources	6,969,498	4,329,737
Net Position		
Net investment in capital assets	13,987,219	13,804,396
Unrestricted	8,899,082	7,785,898
Total Net Position	22,886,301	21,590,294
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 29,855,799	\$ 25,920,031

City of Kodiak, Alaska
Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues		
Sewer charges	\$ 4,892,747	\$ 4,574,842
Sanitary sewer and septic tank discharge	95,185	182,310
Lab testing fees	34,326	19,501
Compost fees	3,915	6,480
Other	14,834	300
Total Operating Revenues	5,041,007	4,783,433
Operating Expenses		
Sewer department:		
Salaries and benefits	193,748	216,613
Professional services	27,077	21,496
Goods and services	19,553	13,335
Repairs and maintenance	40,311	7,699
Total sewer department	280,689	259,143
Wastewater treatment:		
Salaries and benefits	1,131,524	852,587
Professional services	21,133	18,974
Goods and services	196,225	172,699
Repairs and maintenance	106,329	33,039
Utilities and fuel	247,738	251,291
Machinery and equipment	1,380	5,647
Total wastewater treatment	1,704,329	1,334,237
Compost facility:		
Salaries and benefits	261,837	187,653
Professional services	10,603	18,681
Goods and services	29,254	91,085
Repairs and maintenance	18,225	11,303
Utilities and fuel	23,845	24,978
Machinery and equipment	3,819	2,922
Total compost facility	347,583	336,622
Interfund charges:		
Finance and administration	395,780	369,061
Public works services	18,261	16,440
Total interfund charges	414,041	385,501
Depreciation	904,274	929,720
Total Operating Expenses	3,650,916	3,245,223
Earnings from operations	1,390,091	1,538,210
Nonoperating Revenues (Expenses)		
Other revenue	20,022	73,296
Investment income (loss)	(877)	110,365
Interest expense	(51,519)	(35,108)
State PERS relief	70,428	51,514
Nonoperating Revenues (Expenses), net	38,054	200,067
Earnings before transfers	1,428,145	1,738,277
Transfers in	97,862	-
Transfers out	(230,000)	(100,000)
Change in net position	1,296,007	1,638,277
Net Position, beginning of year, as restated	21,590,294	19,952,017
Net Position, end of year	\$22,886,301	\$ 21,590,294

City of Kodiak, Alaska
Sewer Utility Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 5,190,951	\$ 4,768,457
Payments for interfund services used	(414,041)	(385,501)
Payments to suppliers	(789,617)	(564,165)
Payments to employees	(1,453,379)	(1,344,761)
Net cash flows from operating activities	2,533,914	2,474,030
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	97,862	-
Transfers out	(230,000)	(100,000)
Net cash flows (for) noncapital financing activities	(132,138)	(100,000)
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long term debt	(202,220)	(171,479)
Interest paid on long term debt	(36,022)	(35,932)
Proceeds from issuance of long term debt	2,682,279	510,422
Purchase of property, plant and equipment	(3,567,156)	(1,819,811)
Net cash flows (for) capital and related financing activities	(1,123,119)	(1,516,800)
Cash Flows from Investing Activities		
Investment income received	(877)	110,365
Net increase in cash and investments	1,277,780	967,595
Cash and Investments, beginning of year	8,258,434	7,290,839
Cash and Investments, end of year	\$ 9,536,214	\$ 8,258,434
Reconciliation of earnings from (for) operations to net cash flows from operating activities:		
Earnings from operations	\$ 1,390,091	\$ 1,538,210
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
Depreciation		
Depreciation	904,274	929,720
Noncash State PERS relief	70,428	51,514
Other nonoperating revenues (expenses)	20,022	73,296
(Increase) decrease in assets:		
Accounts receivable	149,944	(14,976)
Inventory	(2,440)	(1,336)
Net pension and OPEB assets	(103,311)	-
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(39,299)	29,571
Increase (decrease) in liabilities:		
Accounts payable	(61,707)	37,024
Accrued payroll and related liabilities	2,844	12,015
Accrued leave	3,897	14,163
Net pension and OPEB liabilities	201,354	(178,141)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(2,183)	(17,030)
Net cash flows from operating activities	\$ 2,533,914	\$ 2,474,030
Noncash capital and related financing:		
Capital assets purchased on account	\$ -	\$ 31,193

City of Kodiak, Alaska
Shipyard Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable	\$ 66	\$ 85,979
Prepaid items	10,513	-
Inventory	2,930	2,930
Total Current Assets	13,509	88,909
Noncurrent Assets		
Restricted cash and investments - bond reserve	342,025	342,025
Property, plant and equipment:		
Machinery and equipment	18,149,505	18,104,101
Accumulated depreciation	(5,809,961)	(5,291,838)
Property, plant and equipment, net	12,339,544	12,812,263
Net pension and OPEB assets	14,663	-
Total Noncurrent Assets	12,696,232	13,154,288
Total Assets	12,709,741	13,243,197
Deferred Outflows of Resources - related to pensions and OPEB	33,752	28,174
Total Assets and Deferred Outflows of Resources	\$ 12,743,493	\$ 13,271,371
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 2,481	\$ 14,792
Accrued payroll and related liabilities	1,227	5,917
Accrued interest	16,458	17,357
Due to other funds	1,004,778	361,101
Current portion of accrued leave	804	1,065
Current portion of bonds and loan payable	191,695	186,695
Total Current Liabilities	1,217,443	586,927
Noncurrent Liabilities		
Long term portion:		
Accrued leave	20,160	11,283
Bonds payable	3,898,118	4,043,313
Loans payable	372,000	418,500
Net pension and OPEB liabilities	170,027	141,448
Total Noncurrent Liabilities	4,460,305	4,614,544
Total Liabilities	5,677,748	5,201,471
Deferred Inflows of Resources - related to pensions and OPEB	11,784	12,093
Total Liabilities and Deferred Inflows of Resources	5,689,532	5,213,564
Net Position		
Net investment in capital assets	7,877,731	8,163,755
Restricted for debt service	342,025	342,025
Unrestricted (deficit)	(1,165,795)	(447,973)
Total Net Position	7,053,961	8,057,807
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 12,743,493	\$ 13,271,371

City of Kodiak, Alaska
Shipyard Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues - charges for services	\$ 161,029	\$ 509,993
Operating Expenses		
Salaries and benefits	197,032	226,561
Professional services	31,282	129,920
Goods and services	70,741	186,279
Repairs and maintenance	80,886	32,195
Utilities and fuel	3,590	44,460
Interfund charges:		
Finance and administration	89,463	58,384
Public works services	6,087	5,480
Harbormaster services	31,418	28,097
Depreciation	518,123	525,749
Total Operating Expenses	1,028,622	1,237,125
Loss from operations	(867,593)	(727,132)
Nonoperating Revenues (Expenses)		
Other revenue	-	12,036
Investment income	-	389
Interest expense	(145,763)	(151,578)
State PERS relief	9,510	8,429
Nonoperating Revenues (Expenses), Net	(136,253)	(130,724)
Loss before transfers	(1,003,846)	(857,856)
Transfers in	-	149,876
Change in net position	(1,003,846)	(707,980)
Net position, beginning of year	8,057,807	8,765,787
Net Position, end of year	\$ 7,053,961	\$ 8,057,807

City of Kodiak, Alaska

Shipyard Enterprise Fund

Statement of Cash Flows

Year Ended June 30,	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 246,942	\$ 472,630
Payments for interfund services used	(126,968)	(91,961)
Payments to suppliers	(209,323)	(386,164)
Payments to employees	(175,567)	(233,814)
Net cash flows from operating activities	(264,916)	(239,309)
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	-	149,876
Increases in due to other funds	643,677	361,101
Net cash flows from noncapital financing activities	643,677	510,977
Cash Flows (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(176,500)	(171,500)
Interest paid on long-term debt	(156,857)	(162,654)
Purchase of property, plant and equipment	(45,404)	-
Net cash flows (for) capital and related financing activities	(378,761)	(334,154)
Cash Flows from (for) Investing Activities		
Investment income received	-	389
Net (decrease) in cash and investments	-	(62,097)
Cash and Investments, beginning of year	342,025	404,122
Cash and Investments, end of year	\$ 342,025	\$ 342,025
Reconciliation to Statement of Net Position:		
Cash and investments	\$ -	\$ -
Restricted cash and investments	342,025	342,025
Total Cash and Investments	\$ 342,025	\$ 342,025
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (867,593)	\$ (727,132)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	518,123	525,749
Noncash State PERS relief	9,510	8,429
Other nonoperating revenues	-	12,036
(Increase) decrease in assets:		
Accounts receivable	85,913	(37,363)
Inventory	-	1,344
Prepaid items	(10,513)	-
Net pension and OPEB assets	(14,663)	-
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(5,578)	4,197
Increase (decrease) in liabilities:		
Accounts payable	(12,311)	(5,190)
Accrued payroll and related liabilities	(4,690)	1,345
Accrued leave	8,616	6,478
Customer deposits	-	(1,500)
Net pension and OPEB liabilities	28,579	(25,284)
Increase in deferred inflows of resources related to pensions and OPEB	(309)	(2,418)
Net cash flows from operating activities	\$ (264,916)	\$ (239,309)

City of Kodiak, Alaska
Harbor Electric Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets		
Current Assets		
Cash and investments	\$ 809,875	\$ 756,953
Accounts receivable	56,811	60,078
Total Current Assets	866,686	817,031
Property, plant and equipment:		
Machinery and equipment	140,556	140,556
Accumulated depreciation	(140,556)	(140,556)
Property, plant and equipment, net	-	-
Total Assets	\$ 866,686	\$ 817,031
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 35,029	\$ 36,097
Customer deposits	2,000	2,200
Total Current Liabilities	37,029	38,297
Net Position		
Unrestricted	829,657	778,734
Total Net Position	829,657	778,734
Total Liabilities and Net Position	\$ 866,686	\$ 817,031

City of Kodiak, Alaska
Harbor Electric Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues		
Energy charges	\$ 600,228	\$ 530,801
Customer charges	105,480	103,710
Other operating revenues	27,699	28,503
Total Operating Revenues	733,407	663,014
Operating Expenses		
Professional services	-	1,430
Goods and services	602,155	550,568
Repairs and maintenance	22,374	17,777
Interfund charges:		
Finance and administration	42,085	42,290
Harbormaster services	15,709	14,049
Total Operating Expenses	682,323	626,114
Earnings from operations	51,084	36,900
Nonoperating Revenues - investment income (loss)	(161)	10,917
Earnings before transfers	50,923	47,817
Transfer out	-	(350,000)
Change in net position	50,923	(302,183)
Net Position, beginning of year	778,734	1,080,917
Net Position, end of year	\$ 829,657	\$ 778,734

City of Kodiak, Alaska
Harbor Electric Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 736,674	\$ 655,439
Payments for interfund services used	(57,794)	(56,339)
Payments to suppliers	(625,797)	(563,800)
Net cash flows from operating activities	53,083	35,300
Cash Flows from (for) Noncapital Financing Activities		
Transfers out	-	(350,000)
Cash Flows from Investing Activities		
Investment income received	(161)	10,917
Net increase (decrease) in cash and investments	52,922	(303,783)
Cash and Investments, beginning of year	756,953	1,060,736
Cash and Investments, end of year	\$ 809,875	\$ 756,953
Reconciliation of earnings from operations to net cash flows from (for) operating activities:		
Earnings from operations	\$ 51,084	\$ 36,900
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
(Increase) decrease in assets - accounts receivable	3,267	(7,575)
Increase (decrease) in liabilities:		
Accounts payable	(1,068)	6,275
Customer deposits	(200)	(300)
Net cash flows from operating activities	\$ 53,083	\$ 35,300

City of Kodiak, Alaska
Trident Basin Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets		
Property, plant and equipment:		
Improvements other than buildings	\$ 5,589,593	\$ 5,589,593
Accumulated depreciation	(3,351,023)	(3,102,295)
Property, plant and equipment, net	2,238,570	2,487,298
Total Assets	\$ 2,238,570	\$ 2,487,298
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 15,246	\$ 2,052
Customer deposits	1,536	1,536
Due to other funds	132,630	187,729
Total Current Liabilities	149,412	191,317
Net Position		
Net investment in capital assets	2,238,570	2,487,298
Unrestricted (deficit)	(149,412)	(191,317)
Total Net Position	2,089,158	2,295,981
Total Liabilities and Net Position	\$ 2,238,570	\$ 2,487,298

City of Kodiak, Alaska
Trident Basin Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues		
Moorage	\$ 14,333	\$ 16,380
Rentals	85,322	36,436
Total Operating Revenues	99,655	52,816
Operating Expenses		
Goods and services	18,038	24,625
Repairs and maintenance	2,822	648
Utilities and fuel	22,432	20,274
Interfund charges:		
Finance and administration	8,371	7,476
Public works services	6,087	5,480
Depreciation	248,728	248,728
Total Operating Expenses	306,478	307,231
Loss from operations	(206,823)	(254,415)
Net Position, beginning of year	2,295,981	2,550,396
Net Position, end of year	\$ 2,089,158	\$ 2,295,981

City of Kodiak, Alaska
Trident Basin Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 99,655	\$ 52,816
Payments for interfund services used	(14,458)	(13,006)
Payments to suppliers	(30,098)	(45,547)
Net cash flows from operating activities	55,099	(5,737)
Cash Flows (for) Noncapital Financing Activities		
Decrease in due to other funds	(55,099)	5,737
Net change in cash and investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of loss from operations to net cash flows from (for) operating activities:		
Loss from operations	\$ (206,823)	\$ (254,415)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	248,728	248,728
(Increase) decrease in assets - accounts receivable	-	-
Increase (decrease) in liabilities - accounts payable	13,194	(50)
Net cash flows from operating activities	\$ 55,099	\$ (5,737)

City of Kodiak, Alaska
E-911 Services Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Receivable from Kodiak Island Borough	\$ 114,807	\$ 109,138
Prepaid expenses	4,469	-
Noncurrent Assets		
Property, plant and equipment:		
Construction in progress	-	23,300
Net pension and OPEB assets	72,784	-
Total Noncurrent Assets	72,784	23,300
Total Assets	192,060	132,438
Deferred Outflows of Resources - related to pensions and OPEB	167,533	139,847
Total Assets and Deferred Outflows of Resources	\$ 359,593	\$ 272,285
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accrued payroll and related liabilities	\$ 25,708	\$ 21,544
Due to other funds	1,627,063	967,957
Current portion of accrued leave	17,511	7,705
Total current liabilities	1,670,282	997,206
Noncurrent liabilities		
Long term portion of accrued leave	28,838	31,511
Net pension and OPEB liabilities	843,952	702,096
Total noncurrent liabilities	872,790	733,607
Total liabilities	2,543,072	1,730,813
Deferred Inflows of Resources - related to pensions and OPEB	58,489	60,027
Total Liabilities and Deferred Inflows of Resources	2,601,561	1,790,840
Net Position		
Net investment in capital assets	-	23,300
Unrestricted (deficit)	(2,241,968)	(1,541,855)
Total Net Position	(2,241,968)	(1,518,555)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 359,593	\$ 272,285

City of Kodiak, Alaska
E-911 Services Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues - charges for services	\$ 299,205	\$ 293,658
Operating Expenses		
Salaries and benefits	899,352	690,854
Professional services	165,799	158,751
Support goods and services	-	4,419
Total Operating Expenses	1,065,151	854,024
Loss from operations	(765,946)	(560,366)
Nonoperating Revenues		
Other revenue	-	26,300
State PERS relief	42,533	32,492
Total Nonoperating Revenues	42,533	58,792
Change in net position	(723,413)	(501,574)
Net Position, beginning of year	(1,518,555)	(1,016,981)
Net Position, end of year	\$ (2,241,968)	\$ (1,518,555)

City of Kodiak, Alaska
E-911 Services Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 293,536	\$ 296,208
Payments to suppliers	(170,268)	(163,170)
Payments to employees	(805,674)	(753,059)
Net cash flows from (for) from operating activities	(682,406)	(620,021)
Cash Flows from Noncapital Financing Activities		
Increase in due to other funds	682,406	643,321
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	-	(23,300)
Net increase (decrease) in cash and investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investment, end of year	\$ -	\$ -
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:		
Loss from operations	\$ (765,946)	\$ (560,366)
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:		
Noncash State PERS relief	42,533	32,492
Other nonoperating revenues	-	26,300
(Increase) Decrease in assets:		
Accounts receivable	(5,669)	2,550
Prepaid expenses	(4,469)	-
Net pension and OPEB asset	(72,784)	-
(Increase) Decrease in deferred outflows related to pensions and OPEB	(27,686)	20,833
Increase (Decrease) in liabilities		
Accrued payroll and related liabilities	4,164	1,533
Accrued leave	7,133	(5,863)
Net pension and OPEB liabilities	141,856	(125,502)
Increase (Decrease) in deferred inflows related to pensions and OPEB	(1,538)	(11,998)
Net cash flows from (for) operating activities	\$ (682,406)	\$ (620,021)

Internal Service Fund

An internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Insurance

This fund is used to account for the purchase of insurance through a public risk pool and the subsequent payments of claims and insurance premiums.

City of Kodiak, Alaska
Insurance Internal Service Fund
Statement of Net Position

<i>June 30,</i>	2021	2020
Assets		
Current Assets		
Cash and investments	\$ 37,449	\$ 180,375
Total Assets	\$ 37,449	\$ 180,375
Liabilities and Net Position		
Liabilities	\$ -	\$ -
Net Position - unrestricted	37,449	180,375
Total Liabilities and Net Position	\$ 37,449	\$ 180,375

City of Kodiak, Alaska

Insurance Internal Service Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2021	2020
Operating Revenues - charges for services	\$ 889,717	\$ 727,888
Operating Expenses - insurance	1,032,625	864,379
Loss from operations	(142,908)	(136,491)
Nonoperating Revenues - investment income (loss)	(18)	2,559
Change in net position	(142,926)	(133,932)
Net Position , beginning of year	180,375	314,307
Net Position , end of year	\$ 37,449	\$ 180,375

City of Kodiak, Alaska
Insurance Internal Service Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows (For) Operating Activities		
Receipts from interfund services provided	\$ 889,717	\$ 771,230
Payments to suppliers	(1,032,625)	(864,379)
Net cash flows (for) operating activities	(142,908)	(93,149)
Cash Flows From Investing Activities		
Investment income received	(18)	2,559
Net decrease in cash and investments	(142,926)	(90,590)
Cash and Investments, beginning of year	180,375	270,965
Cash and Investments, end of year	\$ 37,449	\$ 180,375
Reconciliation of loss from operations to net cash flows (for) operating activities:		
Loss from operations	\$ (142,908)	\$ (136,491)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Increase (decrease) in assets - accounts receivable	-	43,342
Net cash flows (for) operating activities	\$ (142,908)	\$ (93,149)

Federal Expenditures

The Schedule of Expenditures of Federal Awards itemizes the sources of federal grant funds received by the City during the year and corresponding expenditures as required by *Government Auditing Standards*.

City of Kodiak, Alaska
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2021

Federal Grantor	Federal Assistance Listing Number	Pass Through Grantor's Award Number	Program / Award Amount	Federal Expenditures
U.S. Department of Commerce				
Passed through Pacific States Marine Fisheries Commission				
Gulf of Alaska Pink Salmon Disaster	11.022	21-023G	\$ 226,618	\$ 98,112
Passed through State of Alaska, Department of Military and Veterans Affairs				
2019 NOAA Tsunami Hazard Mitigation	11.467	20NOAA-GY19	108,000	108,000
Total U.S. Department of Commerce			<u>334,618</u>	<u>206,112</u>
U.S. Department of the Interior				
Passed through the Kodiak Island Housing Authority				
Payment in lieu of taxes	15.226	None	5,367	5,367
U.S. Department of the Justice				
Passed through the State of Alaska, Department of Public Safety				
COVID-19 JAG Dispatch Work Stations	16.034	None	78,860	78,287
COVID-19 Coronavirus Emergency Supplemental Funds	16.034	None	20,879	116
			<u>99,739</u>	<u>78,403</u>
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	21-19JAG-03	17,157	17,157
Total U.S. Department of Justice			<u>116,896</u>	<u>95,560</u>
U.S. Department of Labor				
Passed through the State of Alaska, Department of Labor and Workforce Development				
National Health Emergency Dislocated Worker Grant	17.280	None	54,320	32,750
U.S. Department of Transportation				
Direct:				
COVID-19 CARES Act Airport Grant	20.106	3-02-0450-003-2021	20,000	1,656
Passed through the State of Alaska, Department of Transportation and Public Facilities				
Kodiak Police Department TraCS	20.616	405c M3DA-21-00-FA(D)	14,640	14,640
Total U.S. Department of Transportation			<u>34,640</u>	<u>16,296</u>
U.S. Department of the Treasury				
Passed through State of Alaska, Department of Commerce, Community, and Economic Development				
COVID-19 CARES Act	21.019	20-CRF-111	11,986,903	7,790,800
Passed through the Alaska Community Foundation				
COVID-19 CARES Act	21.019	None	263,900	263,900
Passed through Kodiak Island Borough				
COVID-19 CARES Act	21.019	None	605,000	605,000
Total Assistance Listing #21.019			<u>12,855,803</u>	<u>8,659,700</u>
Passed through State of Alaska, Department of Commerce, Community, and Economic Development				
COVID-19 Coronavirus SLFRF	21.027	None	54,220	54,220
Total U.S. Department of the Treasury			<u>\$ 12,910,023</u>	<u>\$ 8,713,920</u>

(continued)

City of Kodiak, Alaska
Schedule of Expenditures of Federal Awards, continued

Federal Grantor	Federal Assistance Listing Number	Pass Through Grantor's Award Number	Program / Award Amount	Federal Expenditures
National Endowment for the Humanities Passed through State of Alaska, Department of Education and Early Development Continuing Education	45.310	None	\$ 437	\$ 437
U.S. Environmental Protection Agency Passed through the State of Alaska, Department of Environmental Conservation Alaska Clean Water Revolving Loan Funds	66.458	503031	2,682,280	2,682,280
Executive Office of the President Office of National Drug Control Policy Passed through State of Alaska, Department of Public Safety High Intensity Drug Trafficking Areas Program	95.001	None	2,435	2,435
U.S. Department of Health and Human Services Passed through State of Alaska, Department of Health and Social Services COVID-19 Emergency Operations Center	93.323	C0621-570-E	155,000	13,646
U.S. Department of Homeland Security Passed through State of Alaska Department of Military and Veterans Affairs Emergency Management Performance	97.042	EMS-2020-EP-00001-SO1	48,729	48,729
U.S. Department of Military and Veterans Affairs Passed through State of Alaska, Department of Military and Veterans Affairs 2019 State Homeland Security Grant	97.067	20SHSP-GY19	755,029	478,797
2020 State Homeland Security Grant	97.067	20SHSP-GY20	128,000	50,056
Total U.S. Department of Military and Veterans Affairs			883,029	528,853
		Total Federal Expenditures	\$ 17,227,774	\$ 12,346,385
Reconciliation to Intergovernmental Revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance:				
Total Federal expenditures per above schedule				\$ 12,346,385
Total State financial assistance				1,840,965
Clean Water Revolving Loan Funds are not treated as revenues in the financial statements; however, are required to be presented on this schedule in accordance with the Uniform Guidance. This loan is recorded in the Sewer Utility Enterprise Fund.				(2,682,280)
COVID-19 Coronavirus SLFRF revenue recorded in the Enterprise funds				(54,220)
Guf of Alaska Pink Salmon Disaster revenue recorded in the Enterprise funds				(98,112)
PERS supplement on-behalf recorded in the Enterprise funds prior to adjustment to match the measurement of the net pension and OPEB liabilities as required by GASB Statements 68 and 75.				(211,288)
Total Intergovernmental Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit B-3).				<u>\$ 11,141,450</u>

See accompanying notes to the Schedule.

City of Kodiak, Alaska

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City of Kodiak has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Pass-Through Funds

The City did not pass any federal funds through to subrecipients during the year ended June 30, 2021.

Statistical Section

This part of the City of Kodiak’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 government’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	127-131
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity	132-136
These schedules contain information to help the reader assess the government’s most significant local revenue source, sales tax, and other information on property taxes.	
Debt Capacity	137-140
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	141-142
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	143-145
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

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

City of Kodiak, Alaska

Table 1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 42,372,752	51,181,346	55,757,774	55,089,433	54,463,057	53,313,320	51,432,431	49,921,011	50,655,050	52,541,595
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	13,398,387	16,207,289	13,635,655	10,144,168	10,265,552	7,714,577	7,192,342	11,903,599	17,606,410	20,619,877
Total governmental activities net position	\$ 55,771,139	67,388,635	69,393,429	65,233,601	64,728,609	61,027,897	58,624,773	61,824,610	68,261,460	73,161,472
Business-type activities:										
Net investment in capital assets	\$ 69,584,419	66,792,402	70,561,423	98,661,224	102,641,050	101,304,800	100,954,710	98,335,275	94,946,715	91,911,040
Restricted	505,050	505,050	505,050	505,050	505,050	461,581	461,581	461,581	461,581	461,581
Unrestricted	16,143,082	21,293,612	24,107,577	24,629,537	24,189,305	27,382,259	31,430,285	34,685,492	40,388,353	44,409,946
Total business-type activities net position	\$ 86,232,551	88,591,064	95,174,050	123,795,811	127,335,405	129,148,640	132,846,576	133,482,348	135,796,649	136,782,567
Primary government:										
Net investment in capital assets	\$ 111,957,171	117,973,748	126,319,197	153,750,657	157,104,107	154,618,120	152,387,141	148,256,286	145,601,765	144,452,635
Restricted	505,050	505,050	505,050	505,050	505,050	461,581	461,581	461,581	461,581	461,581
Unrestricted	29,541,469	37,500,901	37,743,232	34,773,705	34,454,857	35,096,836	38,622,627	46,589,091	57,994,763	65,029,823
Total primary government net position	\$ 142,003,690	155,979,699	164,567,479	189,029,412	192,064,014	190,176,537	191,471,349	195,306,958	204,058,109	209,944,039

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 2,657,730	2,902,171	2,885,778	2,722,911	3,566,984	3,716,834	3,201,123	3,058,071	3,175,175	4,390,111
Public safety	7,809,554	8,013,832	8,587,842	7,736,192	8,346,122	9,727,361	8,273,670	7,361,821	7,021,566	8,555,387
Public works	2,493,956	2,738,860	2,577,384	2,584,167	3,342,453	3,324,991	2,011,818	2,268,689	663,364	3,713,379
Engineering	146,051	166,843	199,877	249,954	163,832	214,091	198,298	214,294	228,454	200,628
Parks & recreation	1,251,567	1,134,514	1,370,541	1,390,435	1,426,761	1,870,555	1,762,540	1,782,819	1,748,323	1,775,599
Library	847,458	864,533	930,313	894,605	1,025,482	1,140,829	954,249	1,364,499	931,664	1,093,386
Community services	306,906	296,352	305,457	374,235	393,730	414,094	368,618	386,903	4,459,521	5,856,066
Interest on long-term debt	369,052	361,177	352,803	346,240	332,240	54,079	438,252	223,696	215,263	206,431
Total governmental activities expenses	15,882,274	16,478,282	17,209,995	16,298,739	18,597,604	20,462,834	17,208,568	16,660,792	18,443,330	25,790,987
Business-type activities:										
Cargo Pier	\$ 1,466,240	1,463,402	1,466,892	926,136	942,898	1,106,868	1,113,802	2,398,674	2,459,006	2,579,199
Boat Harbor	3,207,233	3,253,074	3,331,649	3,235,531	3,410,754	3,717,907	3,416,038	3,423,383	3,073,256	3,385,281
Water Utility	2,635,421	3,279,097	6,137,608	4,533,126	2,192,228	2,842,116	2,209,006	2,773,699	2,723,458	2,753,540
Sewer Utility	3,261,989	3,082,518	3,398,824	3,611,837	3,583,227	3,423,537	3,503,504	3,803,888	3,298,747	3,724,954
Shipyard	1,078,009	1,263,689	1,285,600	1,136,632	1,213,745	1,334,428	1,230,686	1,113,831	1,396,065	1,194,631
Harbor Electric	804,834	657,379	675,474	575,261	585,739	660,605	584,558	594,891	626,114	682,323
Trident Basin	349,406	345,569	373,393	310,232	300,096	295,638	295,191	295,963	307,231	306,478
E-911 Services	5,548	5,890	158,923	7,091	6,442	7,223	24,176	1,673,631	854,024	1,065,151
Total business-type activities expenses	12,808,680	13,350,618	16,828,363	14,335,846	12,235,129	13,388,322	12,376,961	16,077,960	14,737,901	15,691,557
Total primary government expenses	\$ 28,690,954	29,828,900	34,038,358	30,634,585	30,832,733	33,851,156	29,585,529	32,738,752	33,181,231	41,482,544
Program revenues										
Government activities:										
Charges for services:										
General government	\$ 722,265	764,935	839,586	812,220	1,210,409	1,579,673	1,338,063	1,607,656	1,774,303	1,892,837
Public safety	1,246,856	1,285,143	1,624,080	1,652,307	1,399,008	1,441,495	1,534,426	1,468,678	1,589,427	1,569,040
Public works	238,617	445,150	267,093	346,256	218,393	256,835	155,931	299,024	177,717	174,993
Engineering	294,424	215,598	198,051	113,849	147,490	76,633	142,231	167,430	-	-
Parks & recreation	134,440	116,663	120,135	125,120	120,231	144,730	196,310	237,307	173,800	184,210
Library	13,692	12,592	17,503	22,641	27,996	26,388	22,910	19,285	11,936	6,064
Community services	42,712	42,025	57,802	64,127	72,483	86,195	79,238	39,279	105,018	52,651
Operating grants and contributions	392,273	788,840	814,853	468,502	457,644	212,123	381,873	230,866	3,961,774	8,868,099
Capital grants and contributions	2,821,724	10,188,295	1,373,720	112,193	66,945	25,357	846,406	240,293	383,028	1,487,626
Total governmental activities program revenues	5,907,003	13,859,241	5,312,823	3,717,215	3,720,599	3,849,429	4,697,388	4,309,818	8,177,003	14,235,520
Business-type activities:										
Charges for services:										
Cargo Pier	\$ 1,223,352	1,222,828	1,203,476	1,270,961	1,349,684	1,244,759	2,007,507	2,098,907	2,069,077	1,692,396
Boat Harbor	2,507,552	2,602,989	2,344,260	2,371,246	2,231,594	2,216,952	2,480,054	2,425,416	2,572,815	2,648,652
Water Utility	3,192,048	3,597,677	4,251,004	4,432,749	4,758,057	4,531,896	4,615,332	4,631,484	4,567,969	4,903,325
Sewer Utility	3,638,220	3,696,903	3,705,634	3,866,656	4,045,199	4,191,047	4,411,741	4,654,233	4,783,433	5,041,007
Shipyard	239,889	642,020	722,665	746,002	598,683	408,906	504,327	531,139	509,993	161,029
Harbor Electric	834,600	724,632	674,425	617,572	673,653	810,676	641,892	615,752	663,014	733,407
Trident Basin	43,724	44,361	46,824	51,045	53,452	57,122	49,607	55,089	52,816	99,655
E-911 Services	66,287	69,140	36,718	30,869	28,818	26,856	253,983	298,265	293,658	299,205
Operating grants and contributions	385,985	1,391,896	2,725,086	1,813,006	128,475	63,682	60,739	85,464	176,450	211,289
Capital grants and contributions	3,930,175	1,642,653	7,033,027	29,177,990	1,400,917	971,323	220,149	-	-	152,332
Total business-type activities program revenues	16,061,832	15,635,099	22,743,119	44,378,096	15,268,532	14,523,219	15,245,331	15,395,749	15,689,225	15,942,297
Total primary government program revenues	\$ 21,968,835	29,494,340	28,055,942	48,095,311	18,989,131	18,372,648	19,942,719	19,705,567	23,866,228	30,177,817
Net (expense)/revenue:										
Governmental activities	\$ (9,975,271)	(2,619,041)	(11,897,172)	(12,581,524)	(14,877,005)	(16,613,405)	(12,511,180)	(12,350,974)	(10,266,327)	(11,555,467)
Business-type activities	3,253,152	2,284,481	5,914,756	30,042,250	3,033,403	1,134,897	2,868,370	(682,211)	951,324	250,740
Total primary government net expenses	\$ (6,722,119)	(334,560)	(5,982,416)	17,460,726	(11,843,602)	(15,478,508)	(9,642,810)	(13,033,185)	(9,315,003)	(11,304,727)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 917,599	708,684	879,280	912,645	921,916	1,083,234	1,103,470	1,181,579	1,172,552	1,206,919
Sales taxes	10,259,515	11,215,647	11,509,517	11,759,863	11,481,933	10,876,981	11,868,529	13,046,226	13,424,945	14,319,752
Other taxes, penalties and interest	209,156	240,261	224,983	254,921	244,483	217,934	217,093	255,200	291,819	365,716
Grants and entitlements not restricted to a specific purpose	2,199,410	1,986,156	1,777,724	1,781,749	1,566,434	978,701	924,198	1,217,018	1,432,447	1,047,295
Investment income	94,331	65,053	51,161	33,183	76,050	65,458	110,660	412,061	429,828	1,081
Land sales	-	-	-	-	-	-	-	-	-	-
Other	19,471	45,736	59,301	9,398	361,197	190,385	(885,003)	28,727	451,586	112,578
Transfers	540,382	(25,000)	(600,000)	(381,000)	(280,000)	(500,000)	(1,130,000)	(590,000)	(500,000)	(597,862)
Total governmental activities	14,239,864	14,236,537	13,901,966	14,370,759	14,372,013	12,912,693	12,208,947	15,550,811	16,703,177	16,455,479
Business-type activities:										
Other taxes, penalties and interest	-	-	-	-	-	-	-	-	-	-
Investment income	17,285	49,032	68,230	62,736	104,564	99,646	326,764	727,983	625,850	(1,862)
Other	-	-	-	-	121,627	78,692	(2,137)	-	237,127	139,178
Transfers	(540,382)	25,000	600,000	381,000	280,000	500,000	1,130,000	590,000	500,000	597,862
Total business-type activities	(523,097)	74,032	668,230	443,736	506,191	678,338	1,454,627	1,317,983	1,362,977	735,178
Total primary government	\$ 13,716,767	14,310,569	14,570,196	14,814,495	14,878,204	13,591,031	13,663,574	16,868,794	18,066,154	17,190,657
Change in Net Position										
Governmental activities	\$ 4,264,593	11,617,496	2,004,794	1,789,235	(504,992)	(3,700,712)	(302,233)	3,199,837	6,436,850	4,900,012
Business-type activities	2,730,055	2,358,513	6,582,986	30,485,986	3,539,594	1,813,235	4,322,997	635,772	2,314,301	985,918
Total primary government	\$ 6,994,648	13,976,009	8,587,780	32,275,221	3,034,602	(1,887,477)	4,020,764	3,835,609	8,751,151	5,885,930

City of Kodiak, Alaska

Table 3

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable - prepaid items	\$ -	13,741	8,885	16,709	22,254	11,935	8,756	40,540	29,610	36,754
Assigned:										
Subsequent year's expenditures	1,490,854	1,156,232	1,132,088	3,346,341	-	2,238,227	368,400	-	-	-
Unassigned	5,238,816	7,402,864	7,461,144	6,735,867	8,670,767	6,578,439	9,087,460	10,967,511	14,013,208	16,537,411
Total General Fund	<u>6,729,670</u>	<u>8,572,837</u>	<u>8,602,117</u>	<u>10,098,917</u>	<u>8,693,021</u>	<u>8,828,601</u>	<u>9,464,616</u>	<u>11,008,051</u>	<u>14,042,818</u>	<u>16,574,165</u>
All other governmental funds:										
Committed for tourism	\$ 236,859	301,433	357,411	389,175	430,735	464,650	509,163	586,295	626,907	699,445
Committed for Enhancement Fund	1,990,740	2,055,523	3,054,325	3,201,211	4,058,411	4,169,804	4,316,518	4,738,552	5,696,380	7,371,256
Assigned:										
Capital project funds	4,988,688	5,562,428	1,849,369	2,709,527	4,963,239	3,786,306	4,262,471	5,454,137	5,768,906	5,131,833
Public works	19,441	63,483	95,402	100,561	100,824	101,059	92,705	107,570	109,921	109,922
Unassigned (deficit)	(234,875)	-	-	-	-	-	-	-	-	-
Total other governmental funds	<u>\$ 7,000,853</u>	<u>7,982,867</u>	<u>5,356,507</u>	<u>6,400,474</u>	<u>9,553,209</u>	<u>8,521,819</u>	<u>9,180,857</u>	<u>10,886,554</u>	<u>12,202,114</u>	<u>13,312,456</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 11,386,270	12,150,131	12,604,298	12,912,690	12,644,950	12,176,474	13,203,444	14,477,471	14,832,712	15,804,032
Intergovernmental	5,411,721	12,462,294	3,261,608	4,307,386	1,969,070	1,272,516	2,003,494	1,830,763	6,331,927	11,141,450
Charges for services	1,602,132	1,538,470	1,911,039	1,923,897	1,705,250	1,700,272	1,867,281	1,918,379	1,967,506	1,945,998
Fines and forfeitures	3,619	15,308	9,482	14,739	3,382	1,675	40,067	5,534	1,420	2,861
Licenses and permits	71,957	237,950	83,253	135,769	59,599	118,571	87,672	74,590	55,184	85,494
Rental income	197,032	236,124	231,780	263,537	220,752	213,433	200,647	238,034	268,518	171,113
Interfund charges	813,225	865,152	895,876	871,909	1,210,409	1,579,673	1,273,442	1,607,656	1,596,177	1,762,684
Investment income	94,193	63,457	50,839	32,010	74,525	64,546	107,355	406,836	429,828	1,081
Special assessments	47,057	44,335	32,104	6,041	-	-	-	13,310	1,000	-
Donations	-	500,000	645,000	42,227	6,250	-	-	7,500	6,641	3,000
Other revenues	21,157	46,736	59,301	9,398	361,197	176,574	18,701	21,227	444,945	109,578
Total revenues	\$ 19,648,363	28,159,957	19,784,580	20,519,603	18,255,384	17,303,734	18,802,103	20,601,300	25,935,858	31,027,291
Expenditures										
General government	\$ 2,167,022	2,421,254	2,325,859	2,536,309	2,809,207	2,822,132	2,801,631	2,889,602	3,033,147	3,269,606
Public safety	7,130,363	7,408,485	7,872,405	8,198,863	6,764,932	7,680,079	7,762,582	7,689,708	7,385,876	8,123,196
Public works	2,763,027	2,376,153	2,234,955	2,714,642	3,058,157	2,760,444	1,672,518	2,137,984	2,577,168	2,629,925
Engineering	150,113	189,900	201,581	244,967	165,227	213,112	198,247	216,579	228,454	200,628
Parks and recreation	1,128,736	1,083,502	1,230,546	1,357,632	1,282,538	1,395,051	1,306,849	1,392,552	1,427,320	1,725,842
Library	778,930	825,732	847,134	935,048	763,875	755,262	736,662	756,492	755,258	811,870
Community services	297,683	287,129	296,234	365,012	384,507	404,871	359,395	377,680	4,450,697	8,261,423
Other - insurance and administration	517,399	487,673	577,733	468,125	436,875	441,618	373,614	379,120	409,537	598,431
Debt service principal	155,000	165,000	175,000	185,000	195,000	205,000	215,000	205,000	215,000	225,000
Debt service interest	370,990	363,240	354,990	346,240	336,990	316,548	256,400	243,850	235,450	226,650
Capital outlay	3,200,704	9,975,708	5,665,223	245,998	256,237	702,752	694,152	473,601	367,624	715,169
Total expenditures	\$ 18,659,967	25,583,776	21,781,660	17,597,836	16,453,545	17,696,869	16,377,050	16,762,168	21,085,531	26,787,740
Excess of revenues over (under) expenditures	988,396	2,576,181	(1,997,080)	2,921,767	1,801,839	(393,135)	2,425,053	3,839,132	4,850,327	4,239,551
Other financing sources (uses)										
General obligation bond issuance	-	-	-	-	-	-	-	-	-	-
Proceeds from bond refunding	-	-	-	-	-	6,368,811	-	-	-	-
Premium on bond refunding	-	-	-	-	-	389,398	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	(6,682,661)	-	-	-	-
Bond refunding issuance costs	-	-	-	-	-	(78,223)	-	-	-	-
Transfers in	5,753,450	2,005,699	2,334,396	1,636,829	4,865,949	758,298	970,009	2,285,652	2,660,151	2,938,586
Transfers out	(4,813,068)	(1,756,699)	(2,934,396)	(2,017,829)	(4,920,949)	(1,258,298)	(2,100,009)	(2,875,652)	(3,160,151)	(3,536,448)
Net other financing sources (uses)	940,382	249,000	(600,000)	(381,000)	(55,000)	(502,675)	(1,130,000)	(590,000)	(500,000)	(597,862)
Net change in fund balance	\$ 1,928,778	2,825,181	(2,597,080)	2,540,767	1,746,839	(895,810)	1,295,053	3,249,132	4,350,327	3,641,689
Debt services as a percentage of noncapital expenditures	3.40%	3.38%	3.29%	3.06%	3.28%	3.07%	3.01%	2.75%	2.46%	2.04%

General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Hotel/Motel Tax	Total
2012	\$ 917,599	10,259,515	171,564	11,348,678
2013	708,684	11,215,647	196,687	12,121,018
2014	879,280	11,509,517	188,298	12,577,095
2015	912,645	11,759,863	212,228	12,884,736
2016	921,916	11,481,933	210,098	12,613,947
2017	1,083,234	10,876,981	196,945	12,157,160
2018	1,103,470	11,868,529	205,226	13,177,225
2019	1,181,579	13,046,226	227,787	14,455,592
2020	1,172,552	13,424,945	209,464	14,806,961
2021	\$ 1,206,919	14,319,752	245,673	15,772,344

City of Kodiak, Alaska

Table 6

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property Assessed Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2012	\$ 417,309,500	26,514,600	390,794,900	2.00	436,298,000	89.57%
2013	442,284,600	28,115,800	414,168,800	2.00	463,300,300	89.40%
2014	469,838,600	30,254,269	439,584,331	2.00	439,584,331	100.00%
2015	487,646,000	28,115,478	459,530,522	2.00	459,530,522	100.00%
2016	496,966,692	33,120,200	463,846,492	2.00	546,459,838	84.88%
2017	541,004,318	36,638,578	504,365,740	2.00	619,226,200	81.45%
2018	596,120,658	34,356,078	561,764,580	2.00	662,521,819	84.79%
2019	621,431,184	38,884,878	582,546,306	2.00	683,428,688	85.24%
2020	639,051,234	36,627,478	602,423,756	2.00	602,423,756	100.00%
2021	\$ 649,883,657	37,617,378	612,266,279	2.00	612,266,279	100.00%

Source: Kodiak Island Borough Assessing Department and the State of Alaska Department of Commerce, Community & Economic Development

Note: Property tax is calculated at full value as of January 1 of the tax year. Annually the Borough reports to the State the taxable value of property. The State then evaluates the report and adds in optionally exempted property to determine the Estimated Actual Taxable Value. The total Tax Rate is based on \$1,000 of assessed value.

City of Kodiak, Alaska

Table 7

Property Tax Rates
 Direct and Overlapping Governments
 Last Ten Fiscal Years
 (per \$100 of Assessed Value)

Fiscal Year	City of Kodiak			Kodiak Island Borough			Total Direct & Overlapping Rates	
	Real Property Millage	Personal Property Millage	Total City Millage	Real Property Millage	Personal Property Millage	Total Borough Millage	Real Property	Personal Property
2012	2.00	0.00	2.00	10.75	10.50	10.50	12.75	10.50
2013	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2014	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2015	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2016	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2017	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2018	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2019	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2020	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75
2021	2.00	0.00	2.00	10.75	10.75	10.75	12.75	10.75

Source: City of Kodiak records and Kodiak Island Borough records

City of Kodiak, Alaska

Table 8

Top Ten Sales Tax Business Categories & Principal Property Taxpayers
Current Year and Ten Years Ago

Business Category	2021			2012		
	Total Sales Receipts	Rank	Percentage of Total Sales Receipts	Total Sales Receipts	Rank	Percentage of Total Sales Receipts
Wholesale/Retail Trade	\$ 210,927,486	1	58.45%	\$ 203,104,957	3,1	49.05%
Construction	52,751,346	2	14.62%	77,014,238	2	18.60%
Utilities	22,891,779	3	6.34%	28,980,012	4	7.00%
Accommodation and Food Services	22,384,807	4	6.20%	19,769,816	6	4.77%
Other Services Except Public Administration	16,875,803	5	4.68%	18,957,950	7	4.58%
Manufacturing	12,613,702	6	3.50%	23,651,477	5	5.71%
Information	7,168,141	7	1.99%	11,386,523	9	2.75%
Transportation and Warehousing	6,961,186	8	1.93%	8,004,737	10	1.93%
Administrative & Support	6,857,330	9	1.90%	-	-	0.00%
Professional, Scientific, and Tech Services	6,556,361	10	1.82%	-	-	0.00%
Real Estate and Rental and Leasing	-	-	0.00%	13,901,106	8	3.36%
	<u>\$ 365,987,942</u>		<u>101.41%</u>	<u>\$ 404,770,816</u>		<u>97.75%</u>

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Trident Seafoods Corporation	\$ 50,403,900	1	8.65%	\$ 8,865,179	6	2.66%
North Pacific Seafoods Inc	14,949,200	2	2.57%	-	-	-
Ocean Beauty Seafoods LLC	13,999,700	3	2.40%	15,963,774	1	4.80%
Mill Bay Plaza Assoc Ltd	12,766,600	4	2.19%	8,648,400	7	2.60%
International Seafoods of Alaska	10,560,500	5	1.81%	10,028,365	4	3.01%
Island Holdings	10,068,200	6	1.73%	-	-	-
Wal-mart / Sams Club	9,119,100	7	1.57%	9,926,522	5	2.98%
Kodiak Area Native Association	7,497,214	8	1.29%	-	-	-
Kodiak Fishmeal Company	3,309,700	9	0.57%	-	-	-
Island Fish Co., LLC	3,188,500	10	0.55%	-	-	-
Westward Seafoods, Inc.	-	-	0.00%	11,430,705	2	3.44%
Alaska Communications Systems	-	-	0.00%	11,053,885	3	3.32%
Brechan Enterprises	-	-	0.00%	8,331,857	8	2.50%
Horizon Lines of Alaska LLC	-	-	0.00%	6,823,954	9	2.05%
Afognak Native Corp	-	-	0.00%	5,973,346	10	1.80%
	<u>\$ 135,862,614</u>		<u>23.32%</u>	<u>\$ 97,045,987</u>		<u>29.16%</u>

Source: City of Kodiak records and Kodiak Island Borough records.

Note: Effective January 1, 2018 the City sales tax rate is 7%, with a maximum taxable transaction amount of \$3,000; any amount over \$3,000 (\$750 for property rental) is tax exempt. The maximum tax to be charged on a transaction is \$210.

Previous maximum tax to be charged on a transaction was \$52.50.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	780,820	772,191	98.89%	16,038	788,229	100.00%
2013	830,179	817,304	98.45%	14,587	831,891	100.21% (a)
2014	879,169	869,010	98.84%	4,381	873,391	100.00%
2015	919,061	902,839	98.23%	5,912	908,751	98.88%
2016	927,693	909,428	98.03%	11,908	921,336	99.31%
2017	1,082,009	1,069,715	98.86%	28,542	1,098,257	100.00%
2018	1,124,624	1,103,470	98.12%	5,368	1,108,838	98.60%
2019	1,168,638	1,181,579	101.11%	-	1,181,579	101.11% (a)
2020	1,204,848	1,172,552	97.32%	-	1,172,552	97.32%
2021	1,224,533	1,206,919	98.56%	-	1,206,919	98.56%

(a) Due to audits in subsequent years, tax collections exceeded original taxes levied.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities				Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Shipyards Loans	Alaska Clean Water Fund Loans	Alaska Drinking Water Fund Loan			
2012	\$ 7,415,000	6,685,000	837,000	3,649,136	1,589,186	6.7%	3,064	
2013	7,250,000	6,570,000	790,500	2,695,636	2,371,341	6.0%	2,937	
2014	7,075,000	6,445,000	744,000	2,742,136	2,177,465	5.1%	2,909	
2015	6,890,000	6,315,000	697,500	2,788,636	2,177,465	4.7%	2,871	
2016	6,695,000	6,180,000	651,000	2,835,136	3,917,072	5.4%	3,121	
2017	6,565,000	6,040,000	604,500	2,881,636	4,206,000	5.3%	3,216	
2018	6,350,000	5,870,000	558,000	2,928,136	3,916,439	5.0%	3,203	
2019	6,495,458	5,981,553	511,500	2,660,676	3,625,347	4.8%	3,158	
2020	6,260,988	5,786,734	465,000	2,999,621	3,332,698	4.7%	3,159	
2021	\$ 6,016,518	5,586,915	418,500	5,479,679	3,103,074	*	3,380	

* Information not available at report time.

City of Kodiak, Alaska

Table 11

Direct and Overlapping Debt
As of June 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Kodiak			
General Obligation Bonds	\$ 6,016,518	100%	\$ 6,016,518
Kodiak Island Borough			
General Obligation Bonds	<u>65,140,020</u>	50%	<u>32,570,010</u>
Total direct and overlapping debt	<u>\$ 71,156,538</u>		<u>\$ 38,586,528</u>

Source: Assessed value data used to estimate applicable percentages provided by the Kodiak Island Borough and the State of Alaska.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Kodiak Island Borough's taxable assessed value that is within the City of Kodiak's boundaries and dividing it by the Kodiak Island Borough's total taxable assessed value.

Legal Debt Margin Information
As of June 30, 2021

Assessed Value	\$	1,299,767,314
Less Exempt Property		<u>37,617,378</u>
Total	\$	1,262,149,936

The State of Alaska does not mandate a debt limit to its municipalities and political subdivisions. Debt capacity is ultimately determined by the votes and the marketplace.

Source: Kodiak Island Borough assessment reports

Pledged-Revenue Coverage
Last Ten Fiscal Years

Boat Harbor Revenue Bond						
Fiscal Year	Boat Harbor Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 2,507,552	1,806,778	700,774	35,000	92,971	5.48
2013	2,602,989	1,868,970	734,019	35,000	90,871	5.83
2014	2,344,260	1,926,330	417,930	40,000	88,621	3.25
2015	2,371,246	1,845,972	525,274	40,000	86,221	4.16
2016	2,231,594	2,034,675	196,919	45,000	83,671	1.53
2017	2,216,952	2,294,823	(77,871)	1,745,000	78,931	-0.04
2018	2,462,985	2,036,327	426,658	55,000	63,763	3.59
2019	2,425,416	1,976,416	449,000	50,000	62,213	4.00
2020	2,572,815	1,833,758	739,057	55,000	60,113	6.42
2021	\$ 2,648,652	2,261,067	387,585	55,000	57,912	3.43

Operating expenses exclude depreciation.

Shipyards Revenue Bonds						
Fiscal Year	Shipyards Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 239,889	308,101	(68,212)	75,000	237,693	-0.22
2013	642,020	492,924	149,096	80,000	233,543	0.48
2014	722,665	517,397	205,268	85,000	228,993	0.65
2015	746,002	366,823	379,179	90,000	224,143	1.21
2016	598,683	458,263	140,420	90,000	219,043	0.45
2017	408,906	426,924	(18,018)	4,435,000	203,675	0.00
2018	501,679	484,362	17,317	115,000	163,431	0.06
2019	531,139	429,177	101,962	120,000	159,881	0.36
2020	509,993	711,376	(201,383)	125,000	151,578	-0.73
2021	\$ 161,029	510,499	(349,470)	130,000	145,763	-1.27

Operating expenses exclude depreciation.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income	Per Capita Personal Income (b)	School District Enrollment (c)	Unemployment Rate (d)
2012	6,312	\$ 301,890,336	47,828	2,517	6.7%
2013	6,431	313,247,579	48,709	2,513	6.2%
2014	6,338	359,751,218	56,761	2,468	5.7%
2015	6,329	385,803,182	60,958	2,446	4.8%
2016	6,288	365,119,008	58,066	2,437	5.1%
2017	6,124	372,896,484	60,891	2,386	5.0%
2018	5,952	380,558,976	63,938	2,437	5.8%
2019	5,942	394,441,844	66,382	2,395	5.6%
2020	5,818	\$ 389,736,184	66,988	2,315	6.2%
2021	5,973	*	*	2,297	6.3%

Sources:

- (a) State of Alaska, DCCED, DCRA
- (b) Bureau of Economic Analysis www.bea.gov
- (c) Alaska Dept of Education, Average Daily Membership by Fiscal Year at www.eed.state.ak.us/stats
- (d) State of Alaska, Department of Labor live.laborstats.alaska.gov

Note: A change in the way labor force statistics are calculated for sub-state areas makes data prior to 2010 not comparable with later data.

* Information not available at report time.

Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2021 Rank</u>	<u>2012 Rank</u>
Kodiak Island Borough School District	*	1
Federal Government	*	2
International Seafoods	*	3
Trident Seafood Corporation	*	4
Ocean Beauty Seafoods	*	5
Providence Hospital	*	6
North Pacific Processors, Inc.	*	7
State Government	*	8
City of Kodiak	*	9
Safeway	*	10

Source: State of Alaska Department of Labor

With a 2012 change in Alaska Statute, specific employer information is no longer available

Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government	12.30	13.30	13.30	13.30	13.30	14.30	14.30	15.30	16.25	17.00
Public Safety:										
Police	42.50	41.50	41.50	42.50	42.50	42.50	42.50	43.50	43.50	45.00
Fire	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	18.00
Public Works	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.60
Engineering	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks and Recreation	5.75	5.75	5.75	5.75	5.75	5.75	5.75	8.20	8.00	8.20
Library	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Harbor	16.40	16.40	16.40	16.40	16.40	16.40	16.40	16.00	16.00	17.00
Water	6.60	6.60	6.60	6.60	6.60	7.60	7.60	7.60	7.75	7.75
Sewer	9.35	9.35	9.35	9.35	11.35	10.35	10.35	10.35	10.35	11.35
Total	<u>125.15</u>	<u>125.15</u>	<u>125.15</u>	<u>126.15</u>	<u>128.15</u>	<u>129.15</u>	<u>129.15</u>	<u>133.20</u>	<u>134.10</u>	<u>142.90</u>

Note: Full-time equivalent employees are permanent employees.

Operating Indicators by Function
Last Ten Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Complaints investigated	10,168	13,856	15,135	14,168	14,100	11,452	10,831	12,387	9,248	10,161
Motor vehicle collision reports	118	155	118	124	132	30	161	129	53	55
Bookings/admissions	894	1,030	1,054	1,196	932	787	615	461	607	460
Investigations conducted	201	293	299	271	140	699	694	703	866	665
Service calls received/dispatched	10,168	13,855	15,135	14,202	14,397	12,953	10,527	11,852	11,812	11,745
Fire:										
Fire response within 5 minutes	90%	90%	90%	90%	90%	90%	90%	90%	90%	72%
EMS response within 5 minutes	90%	90%	90%	90%	90%	90%	90%	90%	90%	77%
Public Works:										
Streets:										
Time spent on snow removal (man hours)	5,000	3,406	2,066	693	700	2,181	2,098	1,021	6,768	2,838
Garage:										
Preventative maintenance checks	130	130	79	117	217	193	193	194	256	208
Building inspection										
Building permits issued	223	219	158	193	224	264	171	210	166	227
Engineering:										
Projects completed on schedule & within budget	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Parks and Recreation:										
Landscape maintenance (in acres)	240.5	240.5	240.5	240.5	240.5	240.5	240.5	240.5	500.0	250.0
Teen center attendance	16,054	16,054	16,054	17,408	26,365	30,650	26,050	25,508	7,794	27,310
Number of aquatic participants	35,799	35,314	30,493	25,087	33,451	38,625	36,872	38,585	27,555	6,807
Ice rink attendance	6,598	8,492	12,200	14,535	8,988	5,000	25,825	29,664	21,709	19,737
Library:										
Number of visitors	74,632	74,500	74,650	100,418	90,594	88,073	75,848	56,429	35,380	11,379
Number of materials withdrawn	4,957	3,502	1,146	1,121	3,000	4,354	1,274	5,439	941	1,039
Number of materials acquired										1,350
Harbor:										
Vehicle, boat and foot patrol hours	7,000	7,000	7,611	8,464	8,425	8,788	8,789	8,555	7,970	7,961
Number of owner accounts	1,400	1,400	1,500	1,500	1,500	1,500	1,810	1,810	2,468	1,774
Water:										
All regulations met	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sewer:										
Treatment standards met	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Discharge effluent limits met	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Capital Asset Statistics by Function
Last Ten Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	21	23	20	20	19	21	20	20	22	28
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	9	9	8	10	9	9	9	9	9	10
Public Works:										
Streets (miles)	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4
Runways (feet)	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650
Parks and Recreation:										
Number of parks/ playgrounds	14	14	14	14	14	14	14	14	14	14
Teen center	1	1	1	1	1	1	1	1	1	1
Ice rink	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Harbor:										
Number of harbors	2	2	2	2	2	2	2	2	2	2
Piers & docks	6	6	6	6	6	6	6	6	6	6
Water:										
Water mains (miles)	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4
Number of reservoirs	4	4	4	4	4	4	4	4	4	4
Sewer:										
Sewer mains (miles)	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9
Lift stations	20	20	20	20	20	20	20	20	20	20

COMPLIANCE REPORTS

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards***

Independent Auditor's Report

Honorable Mayor and City Council
City of Kodiak, Alaska

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kodiak, Alaska, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Kodiak's basic financial statements, and have issued our report thereon dated January 27, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Kodiak's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Kodiak's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Kodiak's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and City Council
City of Kodiak, Alaska

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kodiak's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Altman, Rogers & Co.

Anchorage, Alaska
January 27, 2022

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance as Required by the Uniform Guidance

Independent Auditor's Report

Honorable Mayor and City Council
City of Kodiak, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Kodiak, Alaska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Kodiak's major federal programs for the year ended June 30, 2021. City of Kodiak's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Kodiak's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kodiak's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Kodiak's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Kodiak complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of City of Kodiak is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Kodiak's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kodiak's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska
January 27, 2022

City of Kodiak, Alaska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report Yes No

Internal control over financial reporting:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs (2 CFR 200.516 (a)(1)):
Material weakness(es) identified Yes No
Significant deficiency(ies) identified? Yes None reported

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))? Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR 200.516(a)(3) or (4)? Yes No

Identification of major programs:

CFDA Number(s)/Cluster
21.019
97.067

Name of Federal Program or Cluster
Coronavirus Relief Fund
Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

City of Kodiak, Alaska

Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

The City of Kodiak did not have any findings that related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

The City of Kodiak did not have any findings that related to federal awards.