

City of Kodiak, Alaska

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

Prepared by City of Kodiak Finance Department

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		I-XI
Organizational Chart		XII
Fact Sheet		XIII
Certificate of Achievement for Excellence in Financial Reporting		XIV
Map of Area		XV
Map of City Limits		XVI
FINANCIAL SECTION		
Independent Auditor's Report		1-4
Management's Discussion and Analysis		5-17
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	18
Statement of Activities	A-2	19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	20
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	B-2	21
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	22
Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities	B-4	23
Proprietary Funds:		
Statement of Net Position	C-1	24
Statement of Revenues, Expenses and Changes in Net Position	C-2	25
Statement of Cash Flows	C-3	26
Notes to Basic Financial Statements		27-57
Required Supplementary Information		
General Fund -		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	D-1	58
Schedule of City's Proportionate Share of the Net Pension Liability	E-1	59
Schedule of City's Proportionate Share of the Net OPEB Liability	E-2	60
Schedule of City's Contributions (Pensions)	E-3	61
Schedule of City's Contributions (OPEB)	E-4	62

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
General Fund:		
Balance Sheet	F-1	63
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	F-2	64-67
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	G-1	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	G-2	69
Nonmajor Enterprise Funds:		
Combining Statement of Net Position	H-1	70
Combining Statement of Revenues, Expenses and Changes in Net Position	H-2	71
Combining Statement of Cash Flows	H-3	72
Special Revenue Funds:		
Tourism Development:		
Balance Sheet	I-1	73
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	I-2	74
Special Assessments:		
Balance Sheet	I-3	75
Statement of Revenues, Expenditures and Changes in Fund Balance	I-4	76
Enhancement Fund:		
Balance Sheet	I-5	77
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	I-6	78
Capital Project Funds:		
General:		
Balance Sheet	J-1	79
Statement of Revenues, Expenditures and Changes in Fund Balance	J-2	80
Building:		
Balance Sheet	J-3	81
Statement of Revenues, Expenditures and Changes in Fund Balance	J-4	82
Street Improvements:		
Balance Sheet	J-5	83
Statement of Revenues, Expenditures and Changes in Fund Balance	J-6	84

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information, continued		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Capital Project Funds, continued:		
Parks and Recreation:		
Balance Sheet	J-7	85
Statement of Revenues, Expenditures and Changes in Fund Balance	J-8	86
General Fund Vehicle Replacement:		
Balance Sheet	J-9	87
Statement of Revenues, Expenditures and Changes in Fund Balance	J-10	88
Enterprise Funds:		
Cargo Pier:		
Statement of Net Position	K-1	89
Statement of Revenues, Expenses and Changes in Net Position	K-2	90-91
Statement of Cash Flows	K-3	92
Boat Harbor:		
Statement of Net Position	K-4	93
Statement of Revenues, Expenses and Changes in Net Position	K-5	94
Statement of Cash Flows	K-6	95
Water Utility:		
Statement of Net Position	K-7	96
Statement of Revenues, Expenses and Changes in Net Position	K-8	97
Statement of Cash Flows	K-9	98
Sewer Utility:		
Statement of Net Position	K-10	99
Statement of Revenues, Expenses and Changes in Net Position	K-11	100
Statement of Cash Flows	K-12	101
Shipyard:		
Statement of Net Position	K-13	102
Statement of Revenues, Expenses and Changes in Net Position	K-14	103
Statement of Cash Flows	K-15	104
Harbor Electric:		
Statement of Net Position	K-16	105
Statement of Revenues, Expenses and Changes in Net Position	K-17	106
Statement of Cash Flows	K-18	107

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information, continued		
Combining and Individual Fund Financial Statements and Schedules, continued: Enterprise Funds, continued:		
Trident Basin:		
Statement of Net Position	K-19	108
Statement of Revenues, Expenses and Changes in Net Position	K-20	109
Statement of Cash Flows	K-21	110
E-911 Services:		
Statement of Net Position	K-22	111
Statement of Revenues, Expenses and Changes in Net Position	K-23	112
Statement of Cash Flows	K-24	113
Insurance Internal Service Fund:		
Statement of Net Position	L-1	114
Statement of Revenues, Expenses and Changes in Net Position	L-2	115
Statement of Cash Flows	L-3	116
Schedule of Expenditures of Federal Awards	M-1	117
Notes to the Schedule of Expenditures of Federal Awards		118
STATISTICAL SECTION		
Net Position by Component	1	119
Changes in Net Position	2	120-121
Fund Balances of Governmental Funds	3	122
Changes in Fund Balances of Governmental Funds	4	123
General Governmental Tax Revenues by Source	5	124
Assessed Value and Estimated Actual Value of Taxable Property	6	125
Property Tax Rates - Direct and Overlapping Governments	7	126
Top Ten Sales Tax Business Categories and Principal Property Taxpayers	8	127
Property Tax Levies and Collections	9	128
Ratios of Outstanding Debt by Type	10	129
Direct and Overlapping Debt	11	130
Legal Debt Margin Information	12	131
Pledged-Revenue Coverage	13	132
Demographic and Economic Statistics	14	133
Principal Employers	15	134
Full-time Equivalent City Government Employees by Function	16	135
Operating Indicators by Function	17	136
Capital Asset Statistics by Function	18	137

City of Kodiak, Alaska

Contents

SINGLE AUDIT SECTION

Single Audit Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	138-139
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	140-141
Federal Schedule of Findings and Questioned Costs	142-143



December 27, 2019

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) Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2019. 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)*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. 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, 2019, 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, 2019. 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 2019, 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 2019 sales tax revenue was the largest source of General Fund revenues. Sales tax revenue has the greatest impact on the General Fund expenditures and has increased for fiscal year 2019 primarily due to the increase in the tax cap. 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. The City has been able to maintain a stable workforce and has been able to keep all departmental expenditures within or lower than budgeted totals. The City's economy has remained stable and local indicators point to maintained stability within the City. The State of Alaska has experienced budget shortfalls in the most recent periods and these factors are impacting the communities within the state due to decreased state grant funding and decreased revenue sharing.

LOCAL ECONOMY

The economic condition of Kodiak remains relatively stable. 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 with an increased number of visitors each year.

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 and impacts 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 Kodiak Launch Complex (KLC) 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.

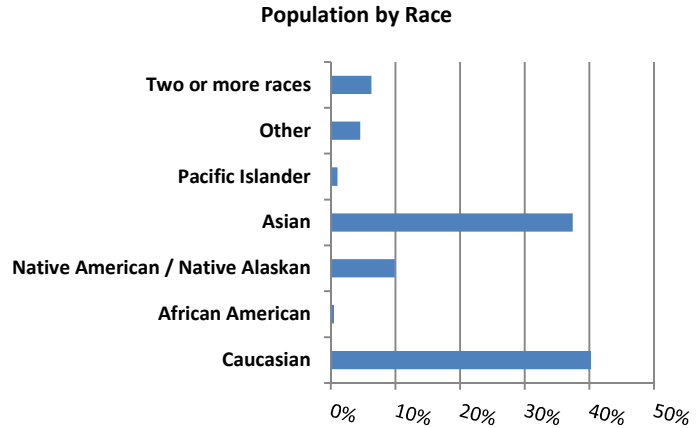
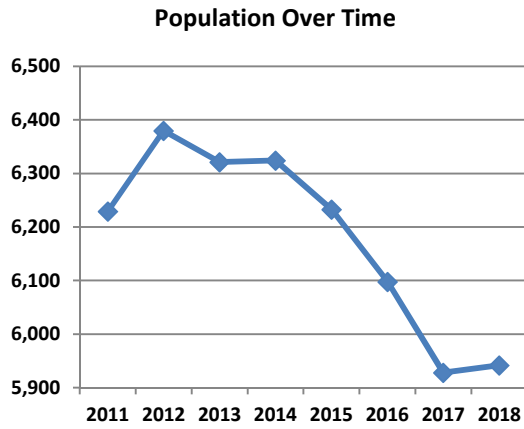
The KLC celebrated its first mission November 1998. The second successful launch from KLC lifted off September 1999. The state of the art facility includes a launch control center, payload processing facility, spacecraft assembly building and launch pad. It is designed to handle small to medium sized 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.

POPULATION

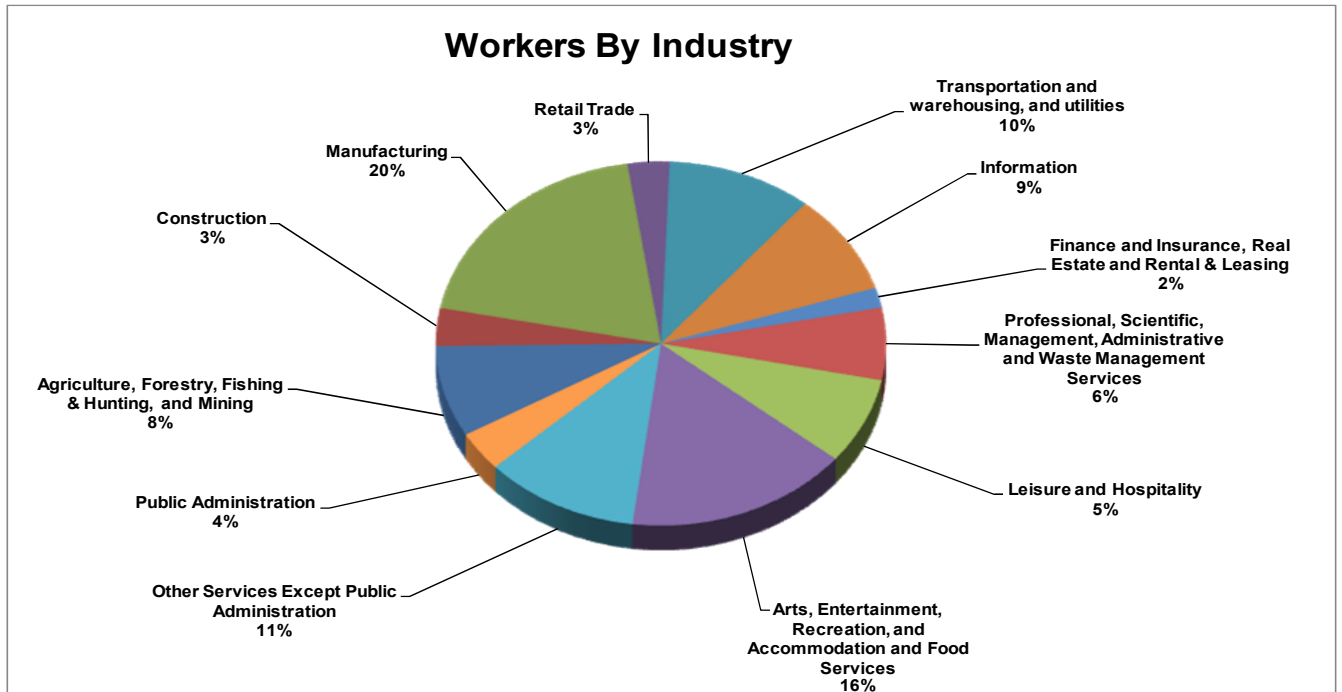
The City of Kodiak is the tenth largest city in Alaska, in terms of population. It ranks behind Anchorage, Juneau, Fairbanks, Wasilla, Sitka, Ketchikan, Kenai, Palmer and Bethel in that order. The estimated population for 2018 was 5,952 in the City of Kodiak and 13,287 in the Kodiak Island Borough.

Approximately 25% of the population is under 18 years of age, approximately 1% lower than Alaska overall. The population consists of approximately 52% male and approximately 48% female. Approximately 22% of the adults, age 25 and older, hold at least a bachelor's degree, and 87% are estimated to have at least a high school diploma.

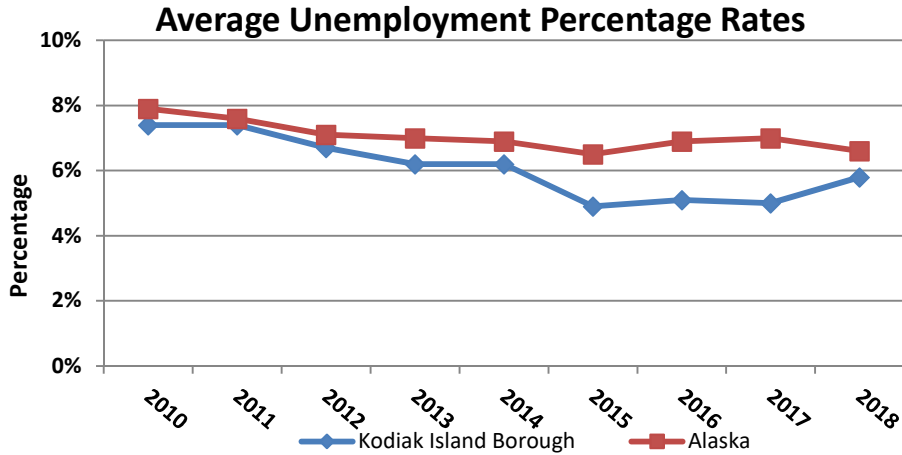


LABOR FORCE

In 2016, the state estimated the Kodiak region's average monthly employment to be 3,625 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 fiscal year 2018 was 6.1% compared to 7.1% for the State of Alaska.



INCOME

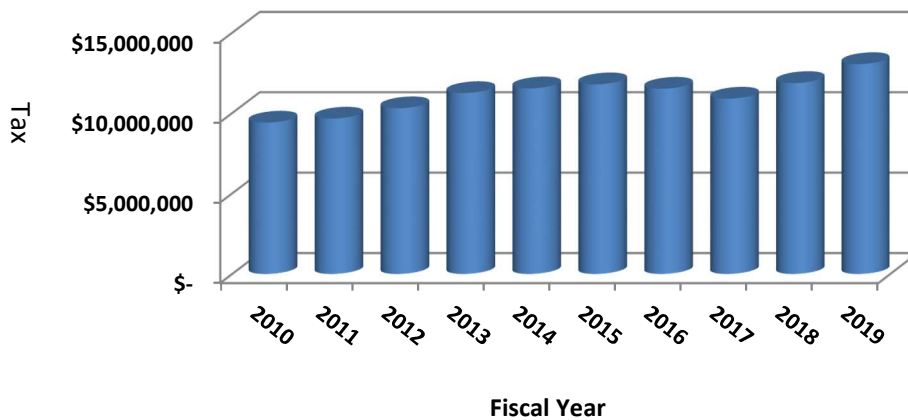
The U.S. Department of Commerce Bureau of Economic Analysis reported the 2018 per capita personal income was \$63,968, an increase of 5.05%, as compared to \$60,891 reported for 2017 for the Kodiak Island Borough.

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 \$9.2 million in 2009 to approximately \$13.0 million in 2019. 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.

Sales Tax Revenue



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. The Mill Rate of 2.0 remained the same in fiscal year 2019.
2. The Sales Tax Cap remained the same at \$3,000 for fiscal year 2019.
3. The Hotel & Motel tax rate of 5% remained the same.
4. The fiscal year 2019 had no reductions of services, and all services were maintained at consistent levels.

FUTURE PROJECTS

1. New Fire Station Phase II: \$14,000,000

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 as rests within the 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 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. 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 FY2019-20. The City has received a legislative grant award of \$76,755 for partial building design costs. The remaining cost, would be required to complete construction and furnish the facility.

The City of Kodiak is requesting funding for Phase II of the New Fire Station project from the State in an amount of \$14,000,000 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 \$28,000,000

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 City's request of state funding assistance in the amount of \$28,000,000 would help the City develop a plan, including replacement of this aging infrastructure which supports the nations scientific and food source needs.

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.

The City of Kodiak is requesting state 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

\$250,000

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 the ice rink, field house or locker rooms, etc. The master plan study is intended to identify these priorities and costs associated with construction.

The City of Kodiak is requesting state funding assistance for the master plan study of Baranof Park, in the amount of \$250,000 to identify facility upgrades.

5. Shelikof Street

\$1,950,000

In 2009, the City identified the need for pedestrian improvements from Pier II to downtown Kodiak as the preferred pedestrian route for cruise ship passengers to safely walk the street into the town center and to improve facilities for local residents, workers, and businesses that use the pier, street, and access to the City's adjacent 250 slip boat harbor.

The first phase of the project, construction of an ADA accessible sidewalk, new retaining walls, improved lighting and parking, and utility work was completed in 2013. The second phase of the project was completed in January 2017. This phase covered geotechnical investigation, design, permitting, mapping, preparation for permitting through the Army Corps of Engineers, and 95% completion of the design to accommodate a 30 space bulkhead parking area on the south side of Shelikof Street adjacent to St. Paul Harbor.

The net increase in parking will benefit harbor users and retail businesses along Shelikof Street. It will provide improved and safer pedestrian access from Marine Way to the fish processors in the immediate area. The task for this phase will be to complete construction of the bulkhead parking area, including curb and gutter, paving, lighting, and utility relocates.

The City of Kodiak is requesting state funding assistance for the final construction of this project, including administration, in the amount of \$1,950,000 to enhance pedestrian and vehicle safety.

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, 2018. This was the sixteenth 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.

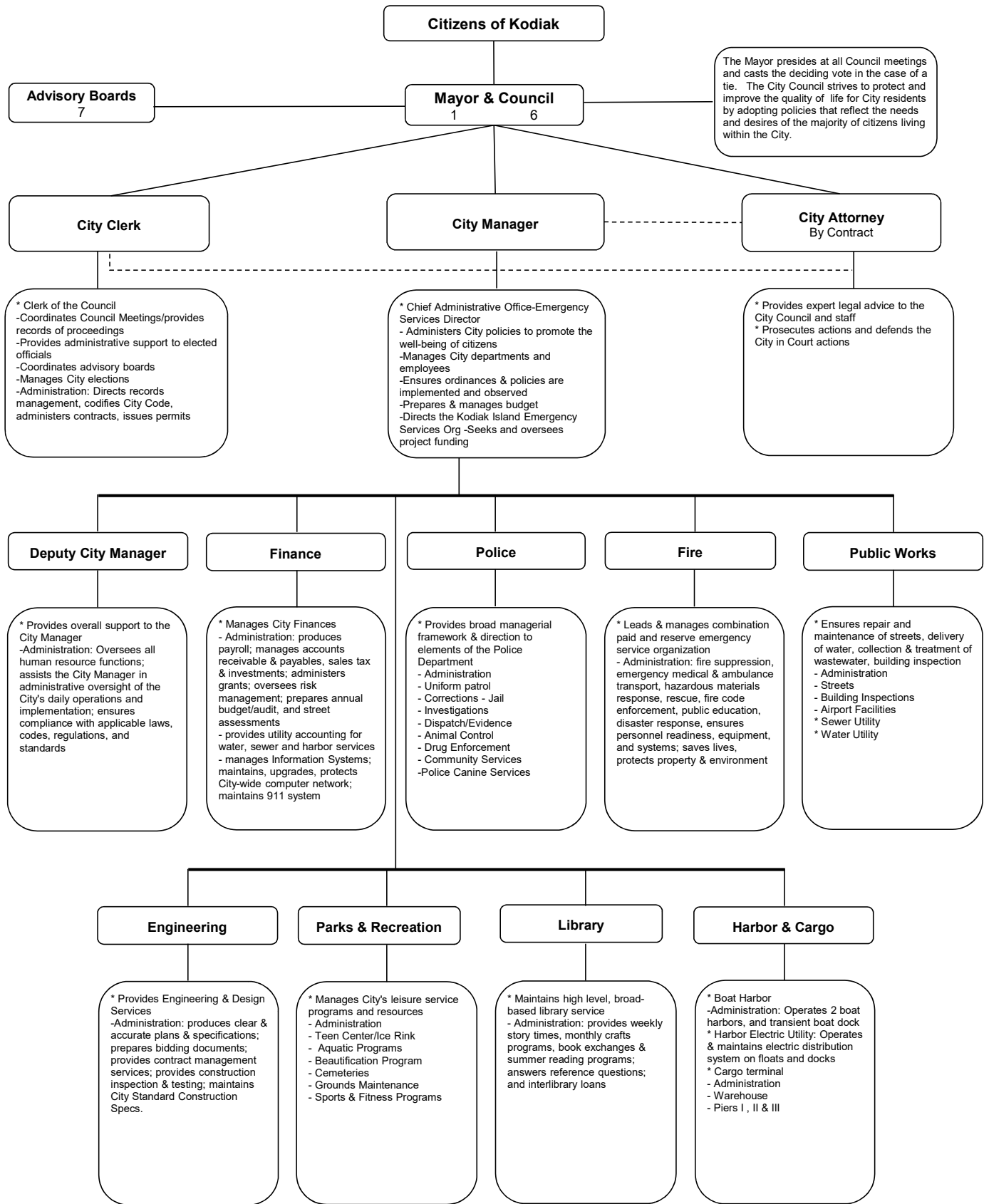
Respectfully Submitted,



City Manager
Mike Tvenge



Finance Director
Kelly Mayes



**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 Borough Assembly Chambers, 710 Mill Bay Road. 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
Nova Javier	City Clerk	njavier@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
Glenn Melvin	Engineering	gmelvin@city.kodiak.ak.us	907-486-8065
Kelly Mayes	Finance	kmayes@city.kodiak.ak.us	907-486-8659
Derrick Magnuson	Port & Harbor	dmagnuson@city.kodiak.ak.us	907-486-8080

ELECTED OFFICIALS

NAME	OFFICE	E-Mail	PHONE
Pat Branson	Mayor	council@city.kodiak.ak.us	907-486-3641
Randall Bishop	Council Member	council@city.kodiak.ak.us	907-486-3364
Charles Davidson	Council Member	council@city.kodiak.ak.us	907-486-3896
Terry Haines	Council Member	council@city.kodiak.ak.us	907-942-0365
Laura Arboleda	Council Member	council@city.kodiak.ak.us	907-539-2027
John Whiddon	Council Member	council@city.kodiak.ak.us	907-486-8130
Richard Walker	Council Member	council@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, 2018

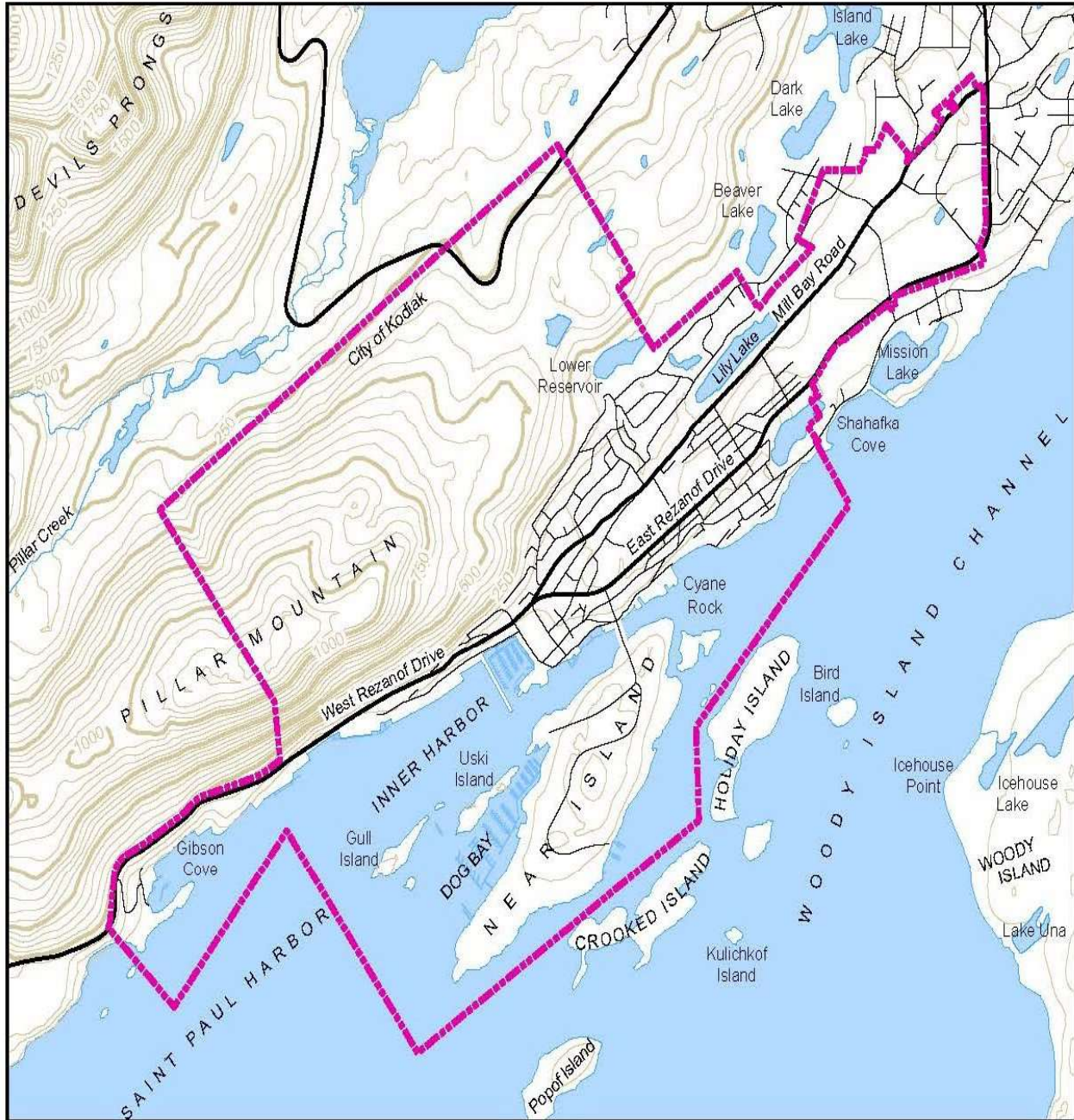
Christopher P. Morill

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, 2019, 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, 2019, 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 page 58, and the Schedules of City's Proportionate Share of the Net Pension and OPEB Liabilities and Pension and OPEB Contributions on pages 59-62 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 "Additional 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.

The combining and individual nonmajor fund financial statements and schedules listed in the table of contents as “Additional 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 “Additional 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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, 2018, 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, 2018, 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 2018 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 2018 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 December 27, 2019, 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
December 27, 2019

City of Kodiak, Alaska

Management's Discussion and Analysis

June 30, 2019

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, 2019. 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 \$195,306,958 (*net position*). Of this amount, \$46,589,091 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$3,835,609 (2.00%) which includes the first full year of implementation of the sales tax cap increase. The governmental net position increased by \$3,199,837 (5.46%) and the business-type net position increased by \$635,772 (0.48%).
- As of the close of the current fiscal year, the City of Kodiak's governmental funds reported combined ending fund balances of \$21,894,605, an increase of \$3,249,132 from the prior year. Approximately 50.09% of this total amount, \$10,967,511 is available for spending at the government's discretion (*unassigned fund balance*).
- Total general revenues accounted for \$16,868,794 (46.12%) 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 \$19,705,567 (53.88%) of total revenues of \$36,574,361.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,967,511, or (59.78%) of total General Fund expenditures and transfers out of \$18,347,516.
- The City of Kodiak's total debt decreased by \$1,698,938 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 2019, the net pension and OPEB liabilities were \$15,157,478.

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

- 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 nonmajor 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

- **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 27-57 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 58-62.
 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 nonmajor governmental funds and nonmajor enterprise funds are presented on pages 68-72.

Government-Wide Financial Analysis of the City of Kodiak

Table 1 provides a summary of the City's net position for 2019 compared to 2018:

Table 1
Net Position of Governmental and Business-type Activities

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 22,392,960	\$ 19,600,549	\$ 40,314,698	\$ 36,922,189	\$ 62,707,658	\$ 56,522,738
Capital assets	56,416,469	58,152,359	111,114,353	114,216,823	167,530,822	172,369,182
Total assets	78,809,429	77,752,908	151,429,051	151,139,012	230,238,480	228,891,920
Deferred outflows of resources						
Related to pensions and OPEB	2,076,479	1,364,102	866,376	405,849	2,942,855	1,769,951
Total assets and deferred outflows of resources	80,885,908	79,117,010	152,295,427	151,544,861	233,181,335	230,661,871
Liabilities						
Current liabilities	429,548	840,080	962,421	1,549,179	1,391,969	2,389,259
Long-term liabilities	17,700,967	17,735,070	17,462,304	16,578,732	35,163,271	34,313,802
Total liabilities	18,130,515	18,575,150	18,424,725	18,127,911	36,555,240	36,703,061
Deferred inflows of resources						
Related to pensions	930,783	1,917,087	388,354	570,374	1,319,137	2,487,461
Net position						
Invested in capital assets	49,921,011	51,432,431	98,335,275	100,954,710	148,256,286	152,387,141
Restricted	-	-	461,581	461,581	461,581	461,581
Unrestricted	11,903,599	7,192,342	34,685,492	31,430,285	46,589,091	38,622,627
Total net position	61,824,610	58,624,773	133,482,348	132,846,576	195,306,958	191,471,349
Total liabilities, deferred inflows of resources, and net position	\$ 80,885,908	\$ 79,117,010	\$ 152,295,427	\$ 151,544,861	\$ 233,181,335	\$ 230,661,871

Net position may serve over time as an indicator of a government's financial position. In the case of the City of Kodiak, assets exceeded liabilities by \$195,306,958 as of June 30, 2019.

City of Kodiak, Alaska

Management's Discussion and Analysis

The government's net position increased by \$3,835,609 during the current fiscal year compared to an increase of \$1,294,812 in the prior fiscal year.

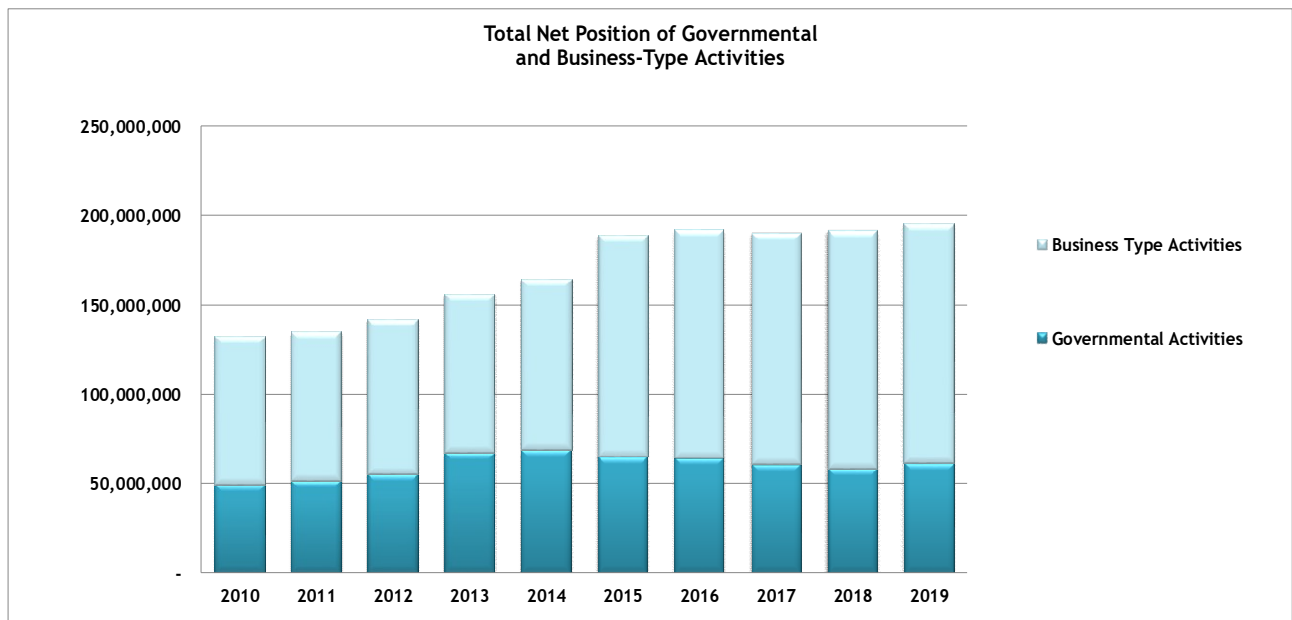
By far the largest portion of the City of Kodiak's net position 76% reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Kodiak uses these capital assets to provide services 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 24% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2019, 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 a decrease of \$1,735,890 in net investment in capital assets in connection with the City of Kodiak's governmental activities. This was primarily due to an increase in accumulated depreciation offset by continued street improvements and design of the new fire station. In the City's business-type activities there was a decrease of \$3,102,470 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

Table 2 shows the changes in net position for fiscal years 2019 and 2018 for both the governmental and business-type activities. Net position increased by \$3,835,609 for fiscal year 2019.

Table 2
Changes in Net Position

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,838,659	\$ 15,310,285	\$ 19,148,944	\$ 3,469,109	\$ 14,964,443	\$ 18,433,552
Operating grants and contributions	230,866	85,464	\$ 316,330	381,873	60,739	\$ 442,612
Capital grants and contributions	240,293	-	\$ 240,293	447,777	220,149	\$ 667,926
Total program revenues	<u>4,309,818</u>	<u>15,395,749</u>	<u>19,705,567</u>	<u>4,298,759</u>	<u>15,245,331</u>	<u>19,544,090</u>
General revenues:						
Property taxes	1,181,579	-	1,181,579	1,103,470	-	1,103,470
Sales taxes	13,046,226	-	13,046,226	11,868,529	-	11,868,529
Other taxes, penalties and interest	255,200	-	255,200	217,093	-	217,093
Grants not restricted	1,217,018	-	1,217,018	1,322,827	-	1,322,827
Investment income	412,061	727,983	1,140,044	110,660	326,764	437,424
Loss on disposal of assets	-	-	-	(903,704)	(2,137)	(905,841)
Miscellaneous	28,727	-	28,727	18,701	-	18,701
Total general revenues	<u>16,140,811</u>	<u>727,983</u>	<u>16,868,794</u>	<u>13,737,576</u>	<u>324,627</u>	<u>14,062,203</u>
Total revenues	<u>20,450,629</u>	<u>16,123,732</u>	<u>36,574,361</u>	<u>18,036,335</u>	<u>15,569,958</u>	<u>33,606,293</u>
Expenses:						
General government	3,058,071	-	3,058,071	3,201,123	-	3,201,123
Public safety	7,361,821	-	7,361,821	8,273,670	-	8,273,670
Public works	2,268,689	-	2,268,689	2,011,818	-	2,011,818
Engineering	214,294	-	214,294	198,298	-	198,298
Parks & recreation	1,782,819	-	1,782,819	1,762,540	-	1,762,540
Library	1,364,499	-	1,364,499	954,249	-	954,249
Community services	386,903	-	386,903	368,618	-	368,618
Interest on long-term debt	223,696	-	223,696	438,252	-	438,252
Cargo Pier	-	2,398,674	2,398,674	-	1,113,802	1,113,802
Boat Harbor	-	3,423,383	3,423,383	-	3,416,038	3,416,038
Water Utility	-	2,773,699	2,773,699	-	2,209,006	2,209,006
Sewer Utility	-	3,803,888	3,803,888	-	3,503,504	3,503,504
Shipyard	-	1,113,831	1,113,831	-	1,230,686	1,230,686
Harbor Electric	-	594,891	594,891	-	584,558	584,558
Trident Basin	-	295,963	295,963	-	295,191	295,191
E-911 Services	-	1,673,631	1,673,631	-	24,176	24,176
Total expenses	<u>16,660,792</u>	<u>16,077,960</u>	<u>32,738,752</u>	<u>17,208,568</u>	<u>12,376,961</u>	<u>29,585,529</u>
Increase in net position before transfers	3,789,837	45,772	3,835,609	827,767	3,192,997	4,020,764
Transfers	(590,000)	590,000	-	(1,130,000)	1,130,000	-
Change in net position	<u>3,199,837</u>	<u>635,772</u>	<u>3,835,609</u>	<u>(302,233)</u>	<u>4,322,997</u>	<u>4,020,764</u>
Net position at beginning of year	<u>58,624,773</u>	<u>132,846,576</u>	<u>191,471,349</u>	<u>58,927,006</u>	<u>128,523,579</u>	<u>187,450,585</u>
Net position at end of year	<u>\$ 61,824,610</u>	<u>\$ 133,482,348</u>	<u>\$ 195,306,958</u>	<u>\$ 58,624,773</u>	<u>\$ 132,846,576</u>	<u>\$ 191,471,349</u>

City of Kodiak, Alaska

Management's Discussion and Analysis

Cumulative Effect of a Change in Accounting Principle

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 Net Other Postemployment Benefits (OPEB) Other Than Pensions Liability (and related deferred inflow/outflow accounts), as of the beginning of fiscal year 2018.

Governmental Activities

Governmental activities in 2019 increased the City of Kodiak's net position by \$3,199,837, compared to a \$302,233 decrease in 2018.

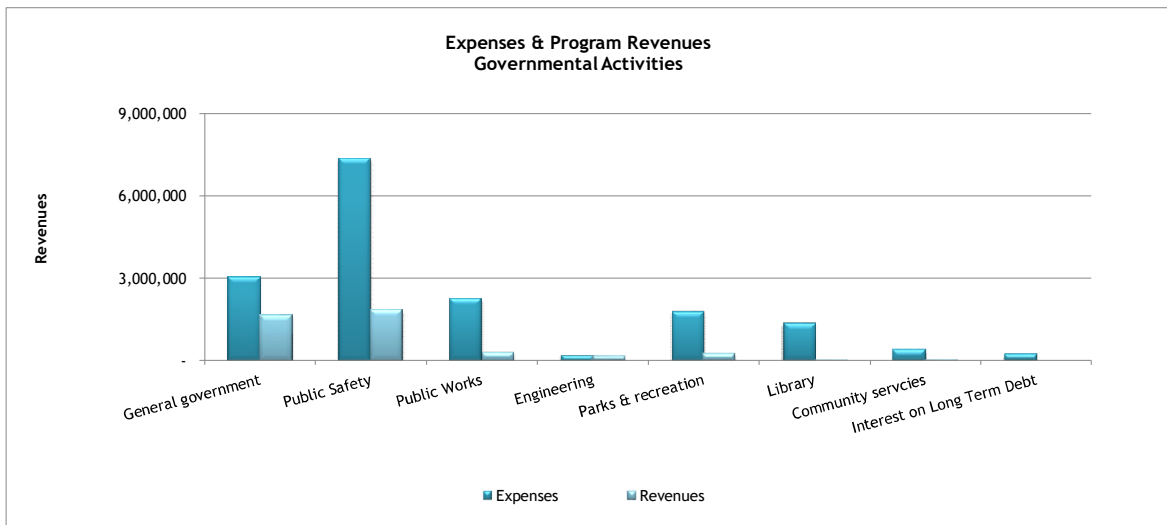
The primary source of revenue from governmental activities is sales tax revenues, which amounted to \$13,046,226, a 9.9% increase from 2018. The City sales tax rate in 2018 was at 7% on all sales with a per transaction cap that has varied from \$750 to \$3,000. The City sales tax accounts for 65.69% of total governmental revenues. Other tax revenues like property tax, tax penalties, interest, and hotel and motel tax accounted for 19.17% of total governmental activities revenues in 2019.

City taxpayers financed most of the City's costs, bringing in tax revenues of \$14,483,005. 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 \$4,309,818 (26%) of total governmental activities expenses.

The City's governmental activities net expenses are predominately related to Public Safety 44%, Public Works 14%, and General Government 18%, or 76% of total governmental activities expenses. Engineering, Parks and Recreation, Library, Community Services, and Interest on Long-Term Debt make up the remaining expenses.

In 2019 total governmental expenses were \$16,660,792 compared to \$17,208,568 in 2018. The largest decrease in expenses was due to changes in the long-term pension and OPEB liability expense of approximately \$1.6 million. Additionally, allowable under state statute, the City has opted to allocate 70% of certain police activities to the E-911 emergency services business activities beginning in fiscal year 2019.



City of Kodiak, Alaska

Management's Discussion and Analysis

The graph below shows the revenues by source for governmental-type activities. Taxes comprise of the largest revenue source at 71% of total governmental revenue. Other primary revenue sources include 19% for charges for services and 8% for grants.

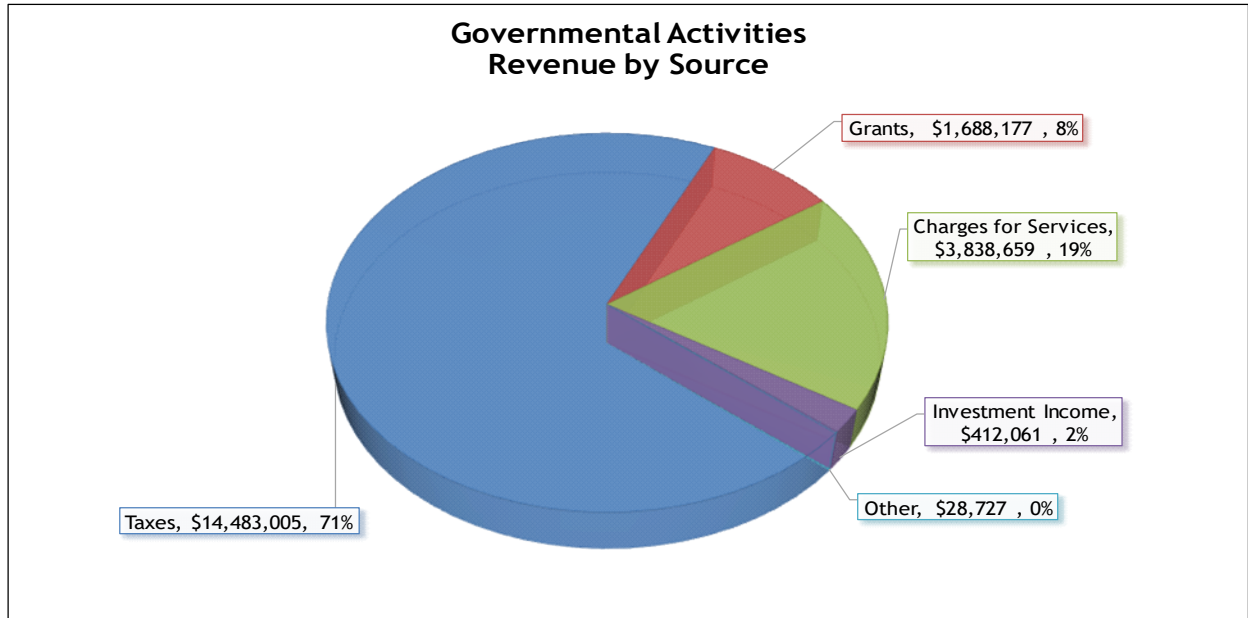


Table 3 shows, for governmental activities, the total cost of services and the net costs of services for fiscal year 2019. That is, it identifies the cost of these services supported by charges for services, operating grants and capital grants.

Table 3
Governmental Activities in 2019

	Total Cost of Services 2019	Net Cost (Benefit) of Services 2019	% of Total Costs
Governmental activities:			
General government	\$ 3,058,071	\$ 1,412,705	18.35%
Public safety	7,361,821	5,511,155	44.19%
Public works	2,268,689	1,942,387	13.62%
Engineering	214,294	46,864	1.29%
Parks & recreation	1,782,819	1,534,156	10.70%
Library	1,364,499	1,332,387	8.19%
Community services	386,903	347,624	2.32%
Interest on long-term debt	223,696	223,696	1.34%
Total governmental activities	\$ 16,660,792	\$ 12,350,974	100.00%

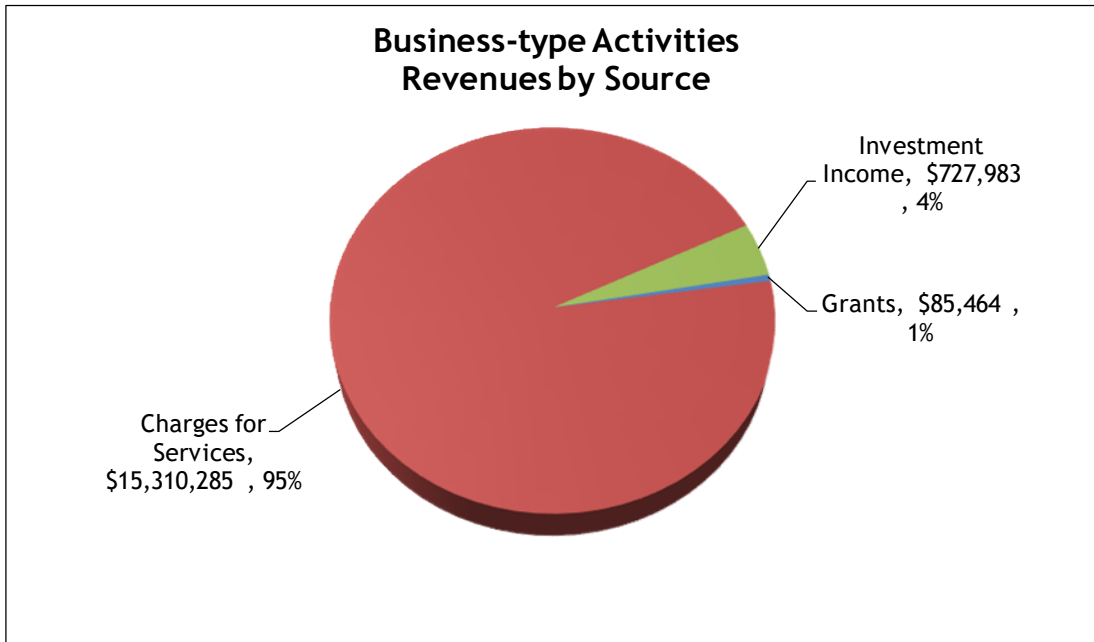
City of Kodiak, Alaska

Management's Discussion and Analysis

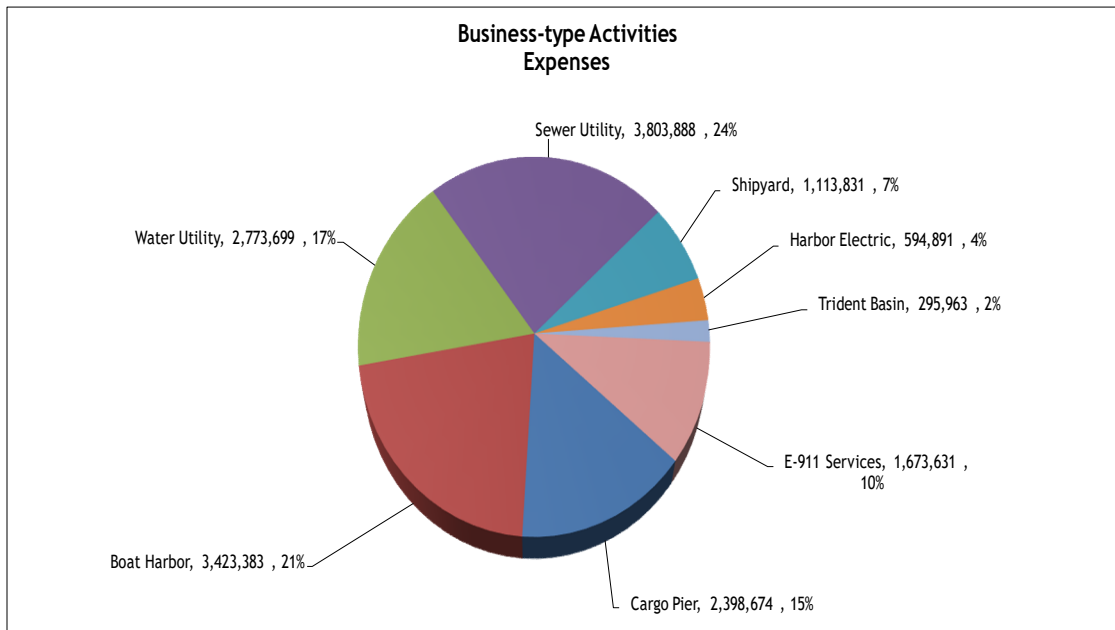
Business-type Activities

Business-type activities increased the City of Kodiak's net position by \$635,772. Key elements of this are as follows:

The primary source of revenue from business-type activities is charges for services, which amounted to \$15,310,285, a 2.31% increase from 2018. For the business-type activities, operating costs were greater than charges for services by \$767,675. Operating and capital grants, investment income, and transfers increased net position by an additional \$1,403,447.



The City's business-type activities expenses are related to cargo 15%, boat harbor 21%, shipyard 7%, harbor electric 4%, water utility 17%, sewer utility 24%, the Trident Basin Airport 2% and E-911 Services 10%. Total harbor related activities were 47% and total public works activities are 41% of the total business type activities in fiscal year 2019.



City of Kodiak, Alaska

Management's Discussion and Analysis

Table 3-A shows the total cost of services and the net cost of services for business-type activities in 2019. 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 2019

	Total Cost of Services 2019	Net Cost (Benefit) of Services 2019	% of Total Costs
Business-type activities:			
Cargo	\$ 2,398,674	\$ 293,785	14.92%
Boat Harbor	3,423,383	973,568	21.29%
Water Utility	2,773,699	(1,871,319)	17.25%
Sewer Utility	3,803,888	(872,836)	23.66%
Shipyard	1,113,831	579,515	6.93%
Harbor Electric	594,891	(20,861)	3.70%
Trident Basin	295,963	240,874	1.84%
E-911 Services	1,673,631	1,359,485	10.41%
Total business-type activities	<u>\$ 16,077,960</u>	<u>\$ 682,211</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 \$21,894,605, an increase of \$3,249,132 from the prior year. Approximately 50.09% of this total amount, \$10,967,511, 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 \$10,967,511 while total fund balance was \$11,008,051. 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 \$10,967,511 represents 59.78% of total General Fund expenditures and transfers out of \$18,347,516. Total fund balance of \$11,008,051 represents 60% of total General Fund expenditures and transfers out of \$18,347,516.

City of Kodiak, Alaska

Management's Discussion and Analysis

The fund balance of the City of Kodiak's General Fund increased in the amount of \$1,543,435 during the current fiscal year. Key factors in this increase are as follows:

Total General Fund total operating revenues of \$19,812,040 exceeded total expenditures and transfers out of \$18,347,516. Budgeted sales tax revenues of the General Fund exceeded actual sales tax revenues by \$2,753,774. For fiscal year 2019, budgeted revenues were increased approximately \$4 million due to an increase in the maximum sales tax collectible per transaction. Fiscal year 2019 was the first full fiscal year to benefit from this increase in the maximum sales tax cap. Expenditures were lower than budgeted primarily in public safety by \$1,699,245, public works by \$334,622, and general government by \$780,488. Transfers from the General Fund to other funds totaled \$2,706,741. Code requirements accounted for \$500,000 in transfers; other significant transfers included \$318,006 to the Enhancement Special Revenue Fund based on Code requirements; and transfers of \$1,888,735 to capital improvement funds for capital costs.

The Nonmajor Funds have a total fund balance of \$10,886,554. Of this balance, 5.39% is committed for tourism, 43.53% is committed for economic stability, 50.10% assigned for capital projects, and less than 1% assigned for public works. There was an increase of \$1,705,697 in fund balances primarily as a result 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 \$9,357,191 and those in the Water and Sewer Facilities amounted to \$25,210,350. Nonmajor Enterprise Funds, made up of the Trident Basin, Harbor Electric, and E-911 Services Funds, had a deficit balance of \$121,694 in unrestricted net position. The total change in net position for all areas was an increase of \$651,953. This increase can be primarily attributed to recent rate studies performed for the water utility and boat harbor. The deficit unrestricted net position in nonmajor 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 was a \$91,787 decrease in appropriations between the original and final amended budget. Following are the main components of the increase:

\$5,000 supplemental decrease in the finance departments due to transfer of funds to establish capital projects in the amount of \$110,000. These were offset by an increase of \$105,000 in professional services for the interim finance director.

\$24,000 supplemental decrease from the police department due to transfers of \$30,000 to establish capital projects in the amount of \$30,000 which were offset by increases to establish the KPD substation on Shelikof.

\$6,000 decrease to allocate funds between Parks and Recreation, Library, and Nondepartmental to establish contract janitorial services during the fiscal year.

City of Kodiak, Alaska

Management's Discussion and Analysis

\$462,906 of additional transfers out to other funds to establish capital projects and transfers to the Enterprise fund based on Code requirements.

\$519,693 supplemental increase in revenues for increased property taxes collected, state corrections facility contract increases, and increased business fisheries tax collected and remitted by the state.

The increases above were possible because of additional unanticipated revenues resulting from higher charges for services and required application of the prior year general fund surplus.

The actual revenues were \$2,025,032 less than budgeted. The actual expenditures were \$3,766,163 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 General Government, Public Works and Public Safety. Significant amounts and percentages are shown on below.

Table 4
General Fund Budget Highlights

	Amount Under Budget	Percent Under Budget
General government	\$ 780,488	20.72%
Public safety	2,121,989	56.34%
Public works	334,622	8.88%
Engineering	80,646	2.14%
Parks and recreation	190,482	5.06%
Library	198,227	5.26%
Community services	13,645	0.36%
Other - insurance and administration	46,064	1.22%
Total under budget	<u>\$ 3,766,163</u>	

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the City's capital assets have a total net book value of \$167,530,822. Table 5 on the following page compares the net book values at June 30, 2019 and 2018. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, park facilities, bridges, and construction in progress. The total decrease in the City of Kodiak's investment in capital assets for the current fiscal year was \$4,838,360 (2.89%). The decrease is primarily related to the disposal of multiple capital assets and depreciation.

City of Kodiak, Alaska

Management's Discussion and Analysis

Table 5
Capital Assets at June 30
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,501,384	\$ 2,501,384	\$ 693,997	\$ 693,997	\$ 3,195,381	\$ 3,195,381
Construction in progress	20,299	1,158,313	6,306,964	3,809,898	6,327,263	4,968,211
Buildings	40,626,908	40,554,093	41,848,998	41,848,998	82,475,906	82,403,091
Other improvements	8,740,468	8,740,468	150,351,727	150,434,573	159,092,195	159,175,041
Infrastructure	18,914,667	18,914,667	-	-	18,914,667	18,914,667
Machinery and equipment	13,181,264	12,004,939	21,827,503	22,582,985	35,008,767	34,587,924
Total capital assets	83,984,990	83,873,864	221,029,189	219,370,451	305,014,179	303,244,315
Less accumulated depreciation	27,568,521	25,721,505	109,914,836	105,153,628	137,483,357	130,875,133
Total capital assets, net	\$ 56,416,469	\$ 58,152,359	\$ 111,114,353	\$ 114,216,823	\$ 167,530,822	\$ 172,369,182

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, 2019, the City had \$510,392 in long-term leave payable for governmental activities and \$220,865 for business-type activities. The City has a \$6,495,458 balance on general obligation bonds related to the construction of a new public safety building, loans payable to the State of Alaska of \$6,797,525 related to the Water and Sewer Enterprise Funds, and \$5,981,553 of revenue bonds related to the Harbor and Shipyard Enterprise Funds. At June 30, 2019, the City recognized a net pension and OPEB liability obligation related to the State of Alaska PERS retirement plan for \$10,695,117 for governmental activities and \$4,462,361 for business-type activities.

Table 6 below summarizes all outstanding debt at June 30, 2019 with a comparison to 2018. 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 38-41.

Table 6
Debt Outstanding at June 30

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 6,495,458	\$ 6,719,928	\$ -	\$ -	\$ 6,495,458	\$ 6,719,928
Long-term leave payable	510,392	553,207	220,865	203,966	731,257	757,173
Long-term notes payable	-	-	6,797,525	7,095,741	6,797,525	7,095,741
Revenue bonds payable	-	-	5,981,553	6,166,372	5,981,553	6,166,372
Net pension and OPEB liabilities	10,695,117	10,461,935	4,462,361	3,112,653	15,157,478	13,574,588
Total liabilities	\$ 17,700,967	\$ 17,735,070	\$ 17,462,304	\$ 16,578,732	\$ 35,163,271	\$ 34,313,802

City of Kodiak, Alaska

Management's Discussion and Analysis

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 with an increased number of visitors each year.
- Kodiak's unemployment varies throughout the year due to the seasonal nature of the fishing industry. The average unemployment rate in calendar year 2018 in the Kodiak Island Borough was 6.1% compared to 7.1% Alaska wide.
- The cost of living index in Kodiak for 2018 was 124.0. Other Alaskan cities are Anchorage at 127.4, Juneau at 128.0 and Fairbanks at 134.2. In the Council for Community and Economic Research (C2ER) cost of living study, a standardized list of 57 items is priced during a fixed period of time. The average price data for each reporting city is then converted into an index number that is used for comparative purposes.

All of these factors were considered in preparing the City of Kodiak's budget for the 2020 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, 2019</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$ 18,270,226	\$ 38,045,195	\$ 56,315,421
Receivables, net of allowance	4,082,194	1,508,544	5,590,738
Inventory	33,096	299,378	332,474
Restricted cash and investments	-	461,581	461,581
Prepays	7,444	-	7,444
Capital assets not being depreciated - land and construction in progress	2,521,683	7,000,961	9,522,644
Other capital assets, net of depreciation	53,894,786	104,113,392	158,008,178
Total Assets	78,809,429	151,429,051	230,238,480
Deferred Outflows of Resources - related to pensions and OPEB	2,076,479	866,376	2,942,855
Total Assets and Deferred Outflows of Resources	\$ 80,885,908	\$ 152,295,427	\$ 233,181,335
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 372,590	\$ 262,674	\$ 635,264
Accrued payroll and related liabilities	300,677	118,457	419,134
Customer deposits	3,285	256,579	259,864
Accrued interest	19,979	57,728	77,707
Internal balances	(266,983)	266,983	-
Noncurrent Liabilities			
Due within one year:			
Accrued leave	254,060	106,492	360,552
Bonds payable	234,470	194,819	429,289
Loans payable	-	510,628	510,628
Due in more than one year:			
Accrued leave	256,332	114,373	370,705
Bonds payable	6,260,988	5,786,735	12,047,723
Loans payable	-	6,286,896	6,286,896
Net pension and OPEB liabilities	10,695,117	4,462,361	15,157,478
Total Liabilities	18,130,515	18,424,725	36,555,240
Deferred Inflows of Resources - related to pensions and OPEB	930,783	388,354	1,319,137
Total Liabilities and Deferred Inflows of Resources	19,061,298	18,813,079	37,874,377
Net Position			
Net investment in capital assets	49,921,011	98,335,275	148,256,286
Restricted for debt service	-	461,581	461,581
Unrestricted	11,903,599	34,685,492	46,589,091
Total Net Position	61,824,610	133,482,348	195,306,958
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 80,885,908	\$ 152,295,427	\$ 233,181,335

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Statement of Activities

Year Ended June 30, 2019	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 3,058,071	\$ 1,607,656	\$ 37,710	\$ -	\$ (1,412,705)	\$ -	\$ (1,412,705)
Public safety	7,361,821	1,468,678	141,695	240,293	(5,511,155)	-	(5,511,155)
Public works	2,268,689	299,024	27,278	-	(1,942,387)	-	(1,942,387)
Engineering	214,294	167,430	-	-	(46,864)	-	(46,864)
Parks and recreation	1,782,819	237,307	11,356	-	(1,534,156)	-	(1,534,156)
Library	1,364,499	19,285	12,827	-	(1,332,387)	-	(1,332,387)
Community services	386,903	39,279	-	-	(347,624)	-	(347,624)
Interest on long-term debt	223,696	-	-	-	(223,696)	-	(223,696)
Total Governmental Activities	16,660,792	3,838,659	230,866	240,293	(12,350,974)	-	(12,350,974)
Business-type Activities							
Cargo Pier	2,398,674	2,098,907	5,982	-	-	(293,785)	(293,785)
Boat Harbor	3,423,383	2,425,416	24,399	-	-	(973,568)	(973,568)
Water Utility	2,773,699	4,631,484	13,534	-	-	1,871,319	1,871,319
Sewer Utility	3,803,888	4,654,233	22,491	-	-	872,836	872,836
Shipyard	1,113,831	531,139	3,177	-	-	(579,515)	(579,515)
Harbor Electric	594,891	615,752	-	-	-	20,861	20,861
Trident Basin	295,963	55,089	-	-	-	(240,874)	(240,874)
E-911 Services	1,673,631	298,265	15,881	-	-	(1,359,485)	(1,359,485)
Total Business-type Activities	16,077,960	15,310,285	85,464	-	-	(682,211)	(682,211)
Total	\$ 32,738,752	\$ 19,148,944	\$ 316,330	\$ 240,293	(12,350,974)	(682,211)	(13,033,185)
General Revenues							
Taxes:							
Property taxes					1,181,579	-	1,181,579
Sales taxes					13,046,226	-	13,046,226
Other taxes, penalties and interest					255,200	-	255,200
Grants and entitlements not restricted to a specific purpose							
					1,217,018	-	1,217,018
Investment income					412,061	727,983	1,140,044
Other					28,727	-	28,727
Transfers					(590,000)	590,000	-
Total General Revenues and Transfers					15,550,811	1,317,983	16,868,794
Changes in net position					3,199,837	635,772	3,835,609
Net Position, beginning of year					58,624,773	132,846,576	191,471,349
Net Position, end of year					\$ 61,824,610	\$ 133,482,348	\$ 195,306,958

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Governmental Funds
Balance Sheet

<i>June 30, 2019</i>	<u>Major Fund</u>	Nonmajor	Total
	General	Funds	Governmental Funds
Assets			
Cash and investments	\$ 7,205,676	\$ 10,793,585	\$ 17,999,261
Receivables, net of allowance for uncollectible accounts:			
Taxes	3,503,515	72,118	3,575,633
Grants and shared revenues	24,754	100,024	124,778
Accounts	188,209	-	188,209
Special assessments	-	35,513	35,513
Interest	94,369	20,350	114,719
Inventory	33,096	-	33,096
Prepaid items	7,444	-	7,444
Due from other funds	506,628	-	506,628
Total Assets	\$ 11,563,691	\$ 11,021,590	\$ 22,585,281
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 251,678	\$ 120,912	\$ 372,590
Accrued payroll and related liabilities	300,677	-	300,677
Customer deposits	3,285	-	3,285
Total Liabilities	555,640	120,912	676,552
Deferred Inflows of Resources			
Deferred assessments	-	14,124	14,124
Fund Balances			
Nonspendable:			
Prepaid items	7,444	-	7,444
Inventory	33,096	-	33,096
Committed:			
Tourism	-	586,295	586,295
Economic Stability	-	4,738,552	4,738,552
Assigned:			
Capital projects	-	5,454,137	5,454,137
Public works	-	107,570	107,570
Unassigned	10,967,511	-	10,967,511
Total Fund Balances	11,008,051	10,886,554	21,894,605
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,563,691	\$ 11,021,590	\$ 22,585,281

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2019

Total fund balances for governmental funds \$ 21,894,605

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	\$ 2,501,384	
Construction in progress	20,299	
Buildings	40,626,908	
Improvements other than buildings	8,740,468	
Infrastructure	18,914,667	
Machinery and equipment	13,181,264	
Accumulated depreciation	<u>(27,568,521)</u>	
Total capital assets		56,416,469

Other long-term assets (special assessments receivable) are not available to pay for current period expenditures and therefore, are deferred in the funds. 14,124

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. 2,076,479

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. (930,783)

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:

Unfunded net pension and OPEB liabilities	(10,695,117)	
Bonds payable	(6,145,000)	
Bonds premium	(350,458)	
Accrued leave	(510,392)	
Accrued interest	<u>(19,979)</u>	
Total long-term liabilities		(17,720,946)

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. 74,662

Total Net Position of Governmental Activities **\$ 61,824,610**

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, 2019	Major Fund General	Nonmajor Funds	Total Governmental Funds
Revenues			
Taxes:			
Property taxes	\$ 1,181,579	\$ -	\$ 1,181,579
Sales taxes	13,046,226	-	13,046,226
Other taxes, penalties and interest	21,879	227,787	249,666
Intergovernmental	1,591,758	239,005	1,830,763
Charges for services	1,918,379	-	1,918,379
Fines and forfeitures	5,534	-	5,534
Licenses and permits	74,590	-	74,590
Rental income	198,755	39,279	238,034
Interfund charges	1,607,656	-	1,607,656
Investment income	144,457	262,379	406,836
Special assessments	-	13,310	13,310
Donations	-	7,500	7,500
Other revenues	21,227	-	21,227
Total Revenues	19,812,040	789,260	20,601,300
Expenditures			
Current:			
General government	2,889,602	-	2,889,602
Public safety	7,584,537	105,171	7,689,708
Public works	1,797,569	340,415	2,137,984
Engineering	216,579	-	216,579
Parks and recreation	1,389,078	3,474	1,392,552
Library	735,085	21,407	756,492
Community services	200,355	177,325	377,680
Other - insurance and administration	379,120	-	379,120
Debt service:			
Bond principal	205,000	-	205,000
Bond interest	243,850	-	243,850
Capital outlay	-	473,601	473,601
Total Expenditures	15,640,775	1,121,393	16,762,168
Excess of revenues over (under) expenditures	4,171,265	(332,133)	3,839,132
Other Financing Sources (Uses)			
Transfers in	78,911	2,206,741	2,285,652
Transfers out	(2,706,741)	(168,911)	(2,875,652)
Net Other Financing Sources (Uses)	(2,627,830)	2,037,830	(590,000)
Net change in fund balances	1,543,435	1,705,697	3,249,132
Fund Balances, beginning of year	9,464,616	9,180,857	18,645,473
Fund Balances, end of year	\$ 11,008,051	\$ 10,886,554	\$ 21,894,605

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, 2019

Net change in fund balances - total governmental funds		\$ 3,249,132
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>		
<p>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 depreciation (\$2,157,676) exceeded capital outlays and net deletions (\$421,786).</p>		
		(1,735,890)
<p>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.</p>		
Change in accrued leave	42,815	
Change in accrued interest payable	684	
Change in the unfunded net pension and OPEB liabilities	(233,182)	
		(189,683)
<p>Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report and adjustments to reflect employee and non-employee contributions based on the measurement date of the liability.</p>		
<p>Change in deferred inflows and outflows of resources:</p>		
Related to special assessments	(13,310)	
Related to pension and OPEB	1,698,681	
		1,685,371
<p>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:</p>		
Principal repayments	205,000	
Bond premium amortization	19,470	
		224,470
<p>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.</p>		
		(33,563)
Change in Net Position of Governmental Activities		\$ 3,199,837

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2019	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	\$ 5,719,972	\$ 5,169,670	\$ 18,741,881	\$ 7,290,839	\$ 62,097	\$ 1,060,736	\$ 38,045,195	\$ 270,965
Receivables - net of allowances	271,157	100,152	315,017	609,411	48,616	164,191	1,508,544	\$ 43,342
Inventories	-	2,656	259,090	33,358	4,274	-	299,378	-
Total Current Assets	5,991,129	5,272,478	19,315,988	7,933,608	114,987	1,224,927	39,853,117	314,307
Noncurrent Assets								
Restricted cash and investments	-	119,556	-	-	342,025	-	461,581	-
Property, plant and equipment, net	41,052,944	9,129,410	28,944,035	15,913,926	13,338,012	2,736,026	111,114,353	-
Total Noncurrent Assets	41,052,944	9,248,966	28,944,035	15,913,926	13,680,037	2,736,026	111,575,934	-
Total Assets	47,044,073	14,521,444	48,260,023	23,847,534	13,795,024	3,960,953	151,429,051	314,307
Deferred Outflows of Resources								
Related to pensions and OPEB	60,623	247,494	137,137	228,071	32,371	160,680	866,376	-
Total Assets and Deferred Outflows of Resources	\$ 47,104,696	\$ 14,768,938	\$ 48,397,160	\$ 24,075,605	\$ 13,827,395	\$ 4,121,633	\$ 152,295,427	\$ 314,307
Liabilities, Deferred Inflows of Resources, and Net Position								
Liabilities								
Current Liabilities								
Accounts payable	\$ 2,279	\$ 35,246	\$ 91,532	\$ 81,711	\$ 19,982	\$ 31,924	\$ 262,674	\$ -
Accrued payroll and related liabilities	9,831	35,925	18,264	29,854	4,572	20,011	118,457	-
Customer deposits	-	248,843	2,200	-	1,500	4,036	256,579	-
Accrued interest	-	5,101	28,723	5,666	18,238	-	57,728	-
Due to other funds	-	-	-	-	-	506,628	506,628	-
Current portion:								
Accrued leave	2,916	38,140	12,117	28,171	3,314	21,834	106,492	-
Bonds payable	-	59,624	-	-	135,195	-	194,819	-
Loans payable	-	-	292,649	171,479	46,500	-	510,628	-
Total Current Liabilities	15,026	422,879	445,485	316,881	229,301	584,433	2,014,005	-
Noncurrent Liabilities								
Long term portion:								
Accrued leave	1,069	26,035	20,897	40,571	2,556	23,245	114,373	-
Bonds payable	-	1,603,227	-	-	4,183,508	-	5,786,735	-
Loans payable	-	-	3,332,698	2,489,198	465,000	-	6,286,896	-
Net pension and OPEB liabilities	312,244	1,274,744	706,338	1,174,705	166,732	827,598	4,462,361	-
Total Noncurrent Liabilities	313,313	2,904,006	4,059,933	3,704,474	4,817,796	850,843	16,650,365	-
Total Liabilities	328,339	3,326,885	4,505,418	4,021,355	5,047,097	1,435,276	18,664,370	-
Deferred Inflows of Resources								
Related to pensions and OPEB	27,174	110,939	61,472	102,233	14,511	72,025	388,354	-
Total Liabilities and Deferred Inflows of Resources	355,513	3,437,824	4,566,890	4,123,588	5,061,608	1,507,301	19,052,724	-
Net Position								
Net investment in capital assets	41,052,944	7,466,559	25,318,688	13,253,249	8,507,809	2,736,026	98,335,275	-
Restricted for debt service	-	119,556	-	-	342,025	-	461,581	-
Unrestricted (deficit)	5,696,239	3,744,999	18,511,582	6,698,768	(84,047)	(121,694)	34,445,847	314,307
Total Net Position	46,749,183	11,331,114	43,830,270	19,952,017	8,765,787	2,614,332	133,242,703	314,307
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 47,104,696	\$ 14,768,938	\$ 48,397,160	\$ 24,075,605	\$ 13,827,395	\$ 4,121,633	\$ 152,295,427	\$ 314,307
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							239,645	
Net Position of Business-type Activities							\$ 133,482,348	

See accompanying notes to basic financial statements.

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

Year Ended June 30, 2019	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Operating Revenues	\$ 2,098,907	\$ 2,425,416	\$ 4,631,484	\$ 4,654,233	\$ 531,139	\$ 969,106	\$ 15,310,285	\$ 713,494
Operating Expenses								
Salaries and benefits	310,583	1,121,406	836,844	1,264,284	149,850	1,509,020	5,191,987	-
Professional services	3,407	78,552	31,446	75,235	37,232	153,911	379,783	-
Contributions	-	18,146	-	-	-	-	18,146	-
Goods and services	119,073	188,497	178,602	293,837	74,549	531,163	1,385,721	768,463
Repairs and maintenance	7,932	35,112	18,194	257,655	37,358	8,546	364,797	-
Utilities and fuel	26,057	245,373	333,275	232,276	39,507	19,168	895,656	-
Administrative services	-	1,119	-	-	-	-	1,119	-
Machinery and equipment	1,491	13,412	3,917	5,052	-	1,159	25,031	-
Interfund charges	147,340	274,799	364,432	411,618	90,681	89,784	1,378,654	-
Depreciation	1,781,659	1,384,924	898,702	1,236,218	526,860	248,730	6,077,093	-
Total Operating Expenses	2,397,542	3,361,340	2,665,412	3,776,175	956,037	2,561,481	15,717,987	768,463
Earnings (loss) from operations	(298,635)	(935,924)	1,966,072	878,058	(424,898)	(1,592,375)	(407,702)	(54,969)
Nonoperating Revenues (Expenses)								
Investment income	112,071	119,900	346,499	129,414	362	19,737	727,983	5,225
Interest expense	-	(57,422)	(56,300)	(23,454)	(157,191)	-	(294,367)	-
State PERS relief	5,982	24,399	13,534	22,491	3,177	15,881	85,464	-
Engineering and feasibility studies	-	-	(49,425)	-	-	-	(49,425)	-
Nonoperating Revenues (Expenses), net	118,053	86,877	254,308	128,451	(153,652)	35,618	469,655	5,225
Earnings (loss) before transfers	(180,582)	(849,047)	2,220,380	1,006,509	(578,550)	(1,556,757)	61,953	(49,744)
Transfers in	-	500,000	195,000	-	548,420	-	1,243,420	-
Transfers out	-	(548,420)	-	(105,000)	-	-	(653,420)	-
Change in net position	(180,582)	(897,467)	2,415,380	901,509	(30,130)	(1,556,757)	651,953	(49,744)
Net Position, beginning of year	46,929,765	12,228,581	41,414,890	19,050,508	8,795,917	4,171,089		364,051
Net Position, end of year	\$ 46,749,183	\$ 11,331,114	\$ 43,830,270	\$ 19,952,017	\$ 8,765,787	\$ 2,614,332		\$ 314,307
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(16,181)	
Change in Net Position of Business-type Activities							\$ 635,772	

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2019	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyards			
Cash Flows from (for) Operating Activities								
Receipts from customers and users	\$ 2,161,961	\$ 2,366,583	\$ 4,648,308	\$ 4,445,300	\$ 595,417	\$ 1,041,963	\$ 15,259,532	\$ -
Receipts from interfund services provided	-	78,228	-	-	-	-	78,228	670,152
Payments for interfund services used	(147,340)	(274,799)	(364,432)	(411,618)	(90,681)	(89,784)	(1,378,654)	-
Payments to suppliers	(157,901)	(591,696)	(573,535)	(885,532)	(226,235)	(730,382)	(3,165,281)	(771,653)
Payments to employees	(314,096)	(1,259,825)	(683,438)	(1,215,718)	(197,671)	(689,307)	(4,360,055)	-
Net cash flows from (for) operating activities	1,542,624	318,491	3,026,903	1,932,432	80,830	(467,510)	6,433,770	(101,501)
Cash Flows from (for) Noncapital Financing Activities								
Transfers in	-	500,000	195,000	(105,000)	548,420	-	1,138,420	-
Transfers out	-	(548,420)	-	-	-	-	(548,420)	-
(Increase) decrease due from other funds	-	232,764	-	-	-	-	232,764	-
Increase (decrease) due to other funds	-	-	-	-	(232,764)	314,329	81,565	-
Net cash flows from (for) noncapital financing activities	-	184,344	195,000	(105,000)	315,656	314,329	904,329	-
Cash Flows from (for) Capital and Related Financing Activities								
Principal paid on long-term debt	-	(50,000)	(291,093)	(225,747)	(166,500)	-	(733,340)	-
Interest paid on long-term debt	-	(62,212)	(58,746)	(33,364)	(168,251)	-	(322,573)	-
Issuance of long-term debt	-	-	-	265,123	-	-	265,123	-
Purchase of property, plant and equipment	-	(29,497)	(3,182,072)	(641,875)	-	-	(3,853,444)	-
Net cash flows from (for) capital and related financing activities	-	(141,709)	(3,531,911)	(635,863)	(334,751)	-	(4,644,234)	-
Cash Flows from Investing Activities								
Investment income received	112,071	119,900	346,499	129,414	362	19,737	727,983	5,225
Net increase (decrease) in cash and investments	1,654,695	481,026	36,491	1,320,983	62,097	(133,444)	3,421,848	(96,276)
Cash and Investments, beginning of year	4,065,277	4,808,200	18,705,390	5,969,856	342,025	1,194,180	35,084,928	367,241
Cash and Investments, end of year	\$ 5,719,972	\$ 5,289,226	\$18,741,881	\$ 7,290,839	\$ 404,122	\$ 1,060,736	\$ 38,506,776	\$ 270,965
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:								
Earnings (loss) from operations	\$ (298,635)	\$ (935,924)	\$ 1,966,072	\$ 878,058	\$ (424,898)	\$ (1,592,375)	\$ (407,702)	\$ (54,969)
Adjustments to reconcile earnings (loss) from operations to net cash flow from (for) operating activities:								
Depreciation	1,781,659	1,384,924	898,702	1,236,218	526,860	248,730	6,077,093	-
Noncash State PERS relief	5,982	24,399	13,534	22,491	3,177	15,881	85,464	-
Other nonoperating revenues (expenses)	-	-	(49,425)	-	-	-	(49,425)	-
(Increase) decrease in assets:								
Accounts receivable	63,054	14,234	17,924	(208,933)	65,778	84,357	36,414	(43,342)
Inventory	-	104	4,640	(11,962)	143	-	(7,075)	-
Increase in deferred outflows of resources related to pensions and OPEB	(23,985)	(91,207)	(75,189)	(101,343)	(8,123)	(160,680)	(460,527)	-
Increase (decrease) in liabilities:								
Accounts payable	59	(11,589)	36,684	(9,515)	(37,732)	(16,435)	(38,528)	(3,190)
Accrued payroll and related liabilities	4,637	(3,684)	3,428	(1,133)	(650)	19,810	22,408	-
Accrued leave	2,919	(35,331)	5,995	1,655	(3,418)	45,079	16,899	-
Customer deposits	-	5,161	(1,100)	-	(1,500)	(11,500)	(8,939)	-
Net pension and OPEB liabilities	31,250	76,108	231,227	202,765	(19,240)	827,598	1,349,708	-
Increase (decrease) in deferred inflows of resources related to pensions and OPEB	(24,316)	(108,704)	(25,589)	(75,869)	(19,567)	72,025	(182,020)	-
Net Cash Flows from (for) Operating Activities	\$ 1,542,624	\$ 318,491	\$ 3,026,903	\$ 1,932,432	\$ 80,830	\$ (467,510)	\$ 6,433,770	\$(101,501)
Non-cash capital and related financing activities:								
Purchase of capital assets on account	\$ 19,922	\$ 27,795	\$ 10,144	\$ 31,961	\$ -	\$ -	\$ 89,822	\$ -

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Notes to Basic Financial Statements June 30, 2019

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.

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 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 *Shipyards Enterprise Fund* accounts for the shipyard activities.

Additionally, the City also reports an internal service fund. This 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.

Inventories

Enterprise Fund inventories consist of various supplies. Inventories are stated at cost (first-in, first-out) and are recorded as expenses when consumed rather than when purchased (consumption method).

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.

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

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

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

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

Assigned fund balance - 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 and tax levy 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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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 \$15,841,085 and the reconciled balance totaled \$15,841,380. Of the bank balance, \$250,000 was insured by FDIC insurance and up to \$35,311,315 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, 2019 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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

The City has the following fair value measurements as of June 30, 2019:

		Investments Measured at Fair Value		
		Fair Value Measurement Using		
<i>Investments by fair value level</i>	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Agencies	\$ 747,366	\$ 747,366	\$ -	\$ -
Certificates of Deposit	246,741	246,741	-	-
U.S. Treasury Obligations	23,732,150	23,732,150	-	-
Total investments at fair value level	\$ 24,726,257	\$ 24,726,257	\$ -	\$ -

Investments measured at the net asset value:	
Alaska Municipal League Investment Pool	16,206,825
Total investments	\$ 40,933,082

Investment maturities at June 30, 2019 are as follows:

Investment Type	Fair Value	Investment Maturity (in years)	
		Less than 1	1-5
U.S. Government Agencies	\$ 747,366	\$ 349,112	\$ 398,254
Certificates of deposit	246,741	-	246,741
U.S. Treasury Obligations	23,732,150	10,425,218	13,306,932
Alaska Municipal League Investment Pool	16,206,825	16,206,825	-
Total Investments	\$ 40,933,082	\$ 26,981,155	\$ 13,951,927

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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 are rated AAA by Standard and Poor's.

The Alaska Municipal League Investment Pool is an external investment pool that is rated AAA 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, 2019. Management believes these values approximate fair value.

4. Accounts Receivable and Unearned Revenues

Receivables at June 30, 2019, 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	\$ 3,503,515		\$ 72,118	\$ 3,575,633
Grants and shared revenues	24,754		100,024	124,778
Accounts	188,209		-	188,209
Special assessments	-		35,513	35,513
Interest	94,369		20,350	114,719
Total receivables	3,810,847		228,005	4,038,852
Less allowance for doubtful accounts	-		-	-
Net Receivables	\$ 3,810,847		\$ 228,005	\$ 4,038,852

	Major Enterprise Funds					Nonmajor Enterprise Funds	Totals
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard		
Accounts	\$ 271,157	\$ 115,799	\$ 317,241	\$ 525,331	\$ 48,616	\$ 164,191	\$ 1,442,335
Grants	-	-	-	86,947	-	-	86,947
Total receivables	271,157	115,799	317,241	612,278	48,616	164,191	1,529,282
Less allowance for doubtful accounts	-	15,647	2,224	2,867	-	-	20,738
Net Receivables	\$ 271,157	\$ 100,152	\$ 315,017	\$ 609,411	\$ 48,616	\$ 164,191	\$ 1,508,544

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2019, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Nonmajor Funds
Deferred Special Assessments	\$ 14,124

5. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities	Balance July 1, 2018	Additions	Deletions and Reclassifications	Balance June 30, 2019
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 2,501,384	\$ -	\$ -	\$ 2,501,384
Construction in progress	1,158,313	62,295	1,200,309	20,299
Total assets not being depreciated	3,659,697	62,295	1,200,309	2,521,683
<i>Capital assets being depreciated:</i>				
Buildings	40,554,093	72,815	-	40,626,908
Improvements other than buildings	8,740,468	-	-	8,740,468
Infrastructure	18,914,667	-	-	18,914,667
Machinery and equipment	12,004,939	1,486,985	310,660	13,181,264
Total assets being depreciated	80,214,167	1,559,800	310,660	81,463,307
<i>Less accumulated depreciation for:</i>				
Buildings	6,434,823	804,118	-	7,238,941
Improvements other than buildings	1,999,479	398,923	-	2,398,402
Infrastructure	8,685,000	288,772	-	8,973,772
Machinery and equipment	8,602,203	665,863	310,660	8,957,406
Total accumulated depreciation	25,721,505	2,157,676	310,660	27,568,521
Total capital assets being depreciated, net	54,492,662	(597,876)	-	53,894,786
Governmental Activity Capital Assets, net	\$ 58,152,359	\$ (535,581)	\$ 1,200,309	\$ 56,416,469

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities	Balance July 1, 2018	Additions	Deletions and Reclassifications	Balance June 30, 2019
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 693,997	\$ -	\$ -	\$ 693,997
Construction in progress	3,809,898	2,677,144	180,078	6,306,964
Total assets not being depreciated	4,503,895	2,677,144	180,078	7,000,961
<i>Capital assets being depreciated:</i>				
Buildings	41,848,998	-	-	41,848,998
Improvements other than buildings	150,434,573	167,154	250,000	150,351,727
Machinery and equipment	22,582,985	310,403	1,065,885	21,827,503
Total assets being depreciated	214,866,556	477,557	1,315,885	214,028,228
<i>Less accumulated depreciation for:</i>				
Buildings	19,629,167	1,084,153	-	20,713,320
Improvements other than buildings	78,434,711	4,315,347	250,000	82,500,058
Machinery and equipment	7,089,750	677,593	1,065,885	6,701,458
Total accumulated depreciation	105,153,628	6,077,093	1,315,885	109,914,836
Total capital assets being depreciated, net	109,712,928	(5,599,536)	-	104,113,392
Business Type Activity				
Capital Assets, net	\$ 114,216,823	\$ (2,922,392)	\$ 180,078	\$ 111,114,353

Depreciation expense was charged to the functions as follows, for the year ended June 30, 2019:

Governmental Activities	
General government	\$ 149,620
Public safety	899,173
Public works	349,866
Parks and recreation	492,784
Library	257,010
Community services	9,223
Total Governmental Activities Depreciation	\$ 2,157,676
Business-type Activities	
Cargo Pier	\$ 1,781,659
Boat Harbor	1,384,924
Water Utility	898,702
Sewer Utility	1,236,218
Shipyard	526,860
Trident Basin	248,730
Total Business-Type Activities Depreciation	\$ 6,077,093

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

6. Long Term Debt

Long-term debt at June 30, 2019, is comprised of the following:

Governmental Activities	Balance at July 1, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
\$8,000,000 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	\$ 6,350,000	\$ -	\$ 205,000	\$ 6,145,000	\$ 215,000
Bond premium	369,928	-	19,470	350,458	19,470
Net pension and OPEB liabilities	10,461,935	233,182	-	10,695,117	-
Accrued leave	553,207	463,052	505,867	510,392	254,060
Total Governmental Activities	\$ 17,735,070	\$ 696,234	\$ 730,337	\$ 17,700,967	\$ 488,530

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, 2018	Additions	Retirements	Balance June 30, 2019	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 2038	\$ 1,625,000	\$ -	\$ 50,000	\$ 1,575,000	\$ 55,000
\$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 2038	3,400,000	-	90,000	3,310,000	95,000
\$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	845,000	-	30,000	815,000	30,000
Loans Payable:					
\$550,000 Sewer loan, due in annual installments of \$55,000, plus interest at 1.5% through 2019	55,000	-	55,000	-	-

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities, continued	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	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	\$ 635,315	\$ -	\$ 48,716	\$ 586,599	\$ 49,447
\$930,000 Shipyard loan, due in annual installments of \$46,500, plus interest at 1.5% through 2030	558,000	-	46,500	511,500	46,500
\$862,000 Water loan, due in annual installments of \$50,208, including interest at 1.5% through 2030	547,642	-	41,993	505,649	42,623
\$341,930 Water loan, due in annual installments of \$64,603 plus interest at 1.5% through 2019	129,207	-	64,604	64,603	64,603
\$341,930 Sewer loan, due in annual installments of \$32,302 plus interest at 1.5% through 2024	226,112	-	32,302	193,810	32,302
\$5,982,000 (maximum) Water loan, due in annual installments of \$77,168, including interest at 1.5% through 2032	1,029,669	-	61,723	967,946	62,649
\$1,878,492 Water loan, due in annual installments of \$122,773 plus interest of 1.5% through 2036	2,209,922	-	122,774	2,087,148	122,774
\$1,794,604 Sewer loan, due in annual installments of \$89,730 plus interest of 1.5% through 2037	1,704,874	-	89,730	1,615,144	89,730
\$1,794,604 Sewer loan, due in annual installments	-	265,126	-	265,126	-
Bond premium	296,372	-	14,819	281,553	14,819
Net pension and OPEB liabilities	3,112,653	1,349,708	-	4,462,361	-
Accrued leave	203,966	244,446	227,547	220,865	106,492
Total Business-type Activities	\$ 16,578,732	\$ 1,859,280	\$ 975,708	\$ 17,462,304	\$ 811,939

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, 2019, are as follows:

Governmental Activities	General Obligation Bonds		
	Principal	Interest	Total
<i>Years Ending June 30,</i>			
2020	\$ 215,000	\$ 235,450	\$ 450,450
2021	225,000	226,650	451,650
2022	230,000	217,550	447,550
2023	240,000	206,950	446,950
2024	255,000	194,575	449,575
2025-2029	1,485,000	762,625	2,247,625
2030-2034	1,815,000	432,825	2,247,825
2035-2038	1,680,000	115,763	1,795,763
	\$ 6,145,000	\$ 2,392,388	\$ 8,537,388

Annual debt service requirements to maturity for all the above Business-type Activities revenue bonds and loans payable obligations outstanding as of June 30, 2019, are as follows:

Business-type Activities	Revenue Bonds			Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
<i>Years Ending June 30,</i>						
2020	\$ 180,000	\$ 215,094	\$ 395,094	\$ 510,628	\$ 97,986	\$ 608,614
2021	185,000	207,794	392,794	448,345	90,327	538,672
2022	195,000	200,194	395,194	450,700	83,601	534,301
2023	205,000	191,169	396,169	453,091	76,841	529,932
2024	215,000	180,669	395,669	455,518	70,044	525,562
2025-2029	1,230,000	729,219	1,959,219	2,451,204	253,867	2,705,071
2030-2034	1,815,000	432,637	2,247,637	1,513,303	99,956	1,613,259
2035-2038	1,675,000	115,340	1,790,340	514,736	13,600	528,336
	\$ 5,700,000	\$ 2,272,116	\$ 7,972,116	\$ 6,797,525	\$ 786,222	\$ 7,583,747

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

7. Advance Refunding of Debt

In November 2016, the City issued \$6,355,000 of 2016 Series Three and Four general obligation bonds with an average interest rate of 3.692% to advance refund \$6,280,000 of outstanding 2008 Series A bonds with an average interest rate of 5.073%. The net proceeds of \$6,682,661 (after payment of \$61,738 in issuance costs) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trusts with an escrow agent to provide for all future debt service payments on the 2008 Series A bonds. As a result, the 2008 Series A bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of June 30, 2019, the amount of defeased debt still outstanding was \$6,145,000.

In November 2016, the Boat Harbor Fund issued \$1,680,000 of 2016 Series Three and Four Bonds with an average interest rate of 3.675% to advance refund \$1,700,000 of outstanding 2007 Series A bonds with an average interest rate of 4.686%. The net proceeds of \$1,760,432 (after payment of \$16,665 in issuance costs) plus \$10,981 in additional resources were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trusts with and escrow agent to provide for all future debt service payments on the 2007 Series A bonds. As a result, the 2007 Series A bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of June 30, 2019, the amount of defeased debt still outstanding was \$1,575,000.

In November 2016, the Shipyard Fund issued \$3,485,000 of 2016 Series Three and Four Bonds with an average interest rate of 3.599% to advance refund \$3,490,000 of outstanding 2007 Series A bonds with an average interest rate of 4.698%. The net proceeds of \$3,610,306 (after payment of \$33,808 in issuance costs) plus \$26,571 in additional resources were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trusts with and escrow agent to provide for all future debt service payments on the 2007 Series A bonds. As a result, the 2007 Series A bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of June 30, 2019, the amount of defeased debt still outstanding was \$3,310,000.

In November 2016, the Shipyard Fund also issued \$875,000 of 2016 Series 3 Bonds with an average interest rate of 3.711% to advance refund \$850,000 of outstanding 2009 Series 1 bonds with an average interest rate of 5.091%. The net proceeds of \$921,397 (after payment of \$8,581 in issuance costs) plus \$9,642 in additional resources were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trusts with and escrow agent to provide for all future debt service payments on the 2007 Series A bonds. As a result, the 2007 Series A bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of June 30, 2019, the amount of defeased debt still outstanding was \$815,000.

(The remainder of this page intentionally left blank.)

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	\$ 7,444	\$ -	\$ 7,444
Inventory	33,096	-	33,096
Committed:			
Tourism	-	586,295	586,295
Economic stability	-	4,738,552	4,738,552
Assigned:			
Capital projects	-	5,454,137	5,454,137
Public works	-	107,570	107,570
Unassigned	10,967,511	-	10,967,511
Total Fund Balances	\$ 11,008,051	\$ 10,886,554	\$ 21,894,605

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, 2019 are:

<u>General Fund general sales taxes</u>	\$ 13,046,226
<u>Tourism Development Special Revenue Fund room taxes</u>	\$ 227,787

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%	50,000
Boat Harbor Enterprise Fund	1.00%	500,000
Total Sales Tax	7.00%	\$ 1,000,000

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, 2019:

Capital Projects Funds:	
Street Improvements	\$ 450,000
Parks and Recreation	50,000
Enterprise Fund - Boat Harbor	500,000
<hr/>	
Total Sales Tax Revenues Transferred from the General Fund	\$ 1,000,000

10. Interfund Receivables and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2019, follows:

Due from Other Funds

Due to the General Fund from nonmajor enterprise funds	\$ 506,628
--	------------

Transfers

From General Fund to:

Boat Harbor Enterprise Fund for capital costs	\$ 500,000
Enhancement Special Revenue fund per KCC 3.28.020	318,006
Nonmajor governmental funds for capital costs	1,888,735

Total transfers from General Fund	2,706,741
--	------------------

From Boat Harbor Fund to:

Shipyard Enterprise Fund for operating costs	548,420
--	---------

From Enhancement Special Revenue Fund to:

General Fund per KCC 3.28.040	78,911
-------------------------------	--------

From Nonmajor governmental Fund to:

Water Enterprise Fund for capital projects	90,000
--	--------

From Sewer Enterprise Fund to:

Water Enterprise Fund for capital projects	105,000
--	---------

Total Transfers from Other Funds	\$ 822,331
---	-------------------

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

11. Employee Retirement Systems and 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:

Plan Name	Type of Plan
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

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, 2019 the employer contribution rate is 0.26%.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Membership in the plan consisted of the following at June 30, 2018 (latest available report):

Membership	PERS
Active plan members	20,811
Participating employers	157

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, 2018 (latest available information) employer contributions were 4.88% of annual payroll. Membership in the plan consisted of the following at June 30, 2018 (latest report available):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	35,139
Inactive plan members entitled to but not yet receiving benefits	5,606
Inactive plan members not entitled to benefits	11,128
Active plan members	13,611
Total plan membership	65,484

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, 2019 employer contributions were 0.94%. Membership in the plan consists of the following at June 30, 2018 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	1,183
Inactive plan members not entitled to benefits	11,896
Active plan members	20,811
Total plan membership	33,901

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, 2018 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	1,175
Inactive plan members not entitled to benefits	11,896
Active plan members	20,811
Total plan membership	33,901

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2018 (latest available report) for the DB Plan for PERS is 8.26%, for the ARHCT is 8.35%, for the Occupational Death and Disability Plan is 8.06%, and for the Retiree Medical Plan is 7.89%.

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>.

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>
Domestic Equity	8.90%
Global Ex- U.S. Equity	7.85%
Fixed Income	1.25%
Opportunistic	4.76%
Real Assets	6.20%
Absolute Return	4.76%
Private Equity	12.08%
Cash Equivalents	0.66%

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities is 8.00%. 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 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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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 an 8% discount rate.

Employer Contribution rates for the year ended June 30 2018 (latest available actuarial report) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
PERS:				
Pension	16.17%	20.28%	5.58%	32.11%
OPEB	5.83%	7.30%	0%	87.90%
Total PERS contribution rates	22%	27.58%	5.58%	120.01%

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 2019 the past service rate for PERS is 16.53%.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension and OPEB liabilities in the June 30, 2018 (latest available) actuarial valuation was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. These assumptions were the result of an experience study performed as of June 30, 2013.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation - 3.12% per year Productivity - 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers II and III deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than 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: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drugs: 9.0% grading down to 4.0%

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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 155 employers participating in PERS defined benefit plan, including the State of Alaska and 154 political subdivisions and public organizations.

The DB Plan's membership consisted of the following at June 30, 2018 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	35,139
Inactive plan members entitled to but not receiving benefits	5,606
Inactive members not entitled to benefits	11,128
Active plan members	<u>13,611</u>
Total DB plan membership	<u>65,484</u>

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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 6.75% (4.97% pension costs and 1.78% OPEB) of their annual covered salary.

Employer contributions for the year ended June 30, 2019, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	975,642	\$ 423,299	\$ 1,398,941

Public Employees Retirement Plans

For the year ended June 30, 2019 the State of Alaska contributed \$492,443 (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, 2018 to a total of \$269,866, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2019, the City reported liabilities 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, the related State support, and the total portion of the net pension and OPEB liabilities that was associated with the City were as follows:

Defined Benefit:		Pension	
City's proportionate share of the net pension liability	\$	12,585,399	
State's proportionate share of the net pension liability		3,647,334	
Total	\$	<u>16,232,733</u>	
		OPEB	
City's proportionate share of the ARHCT OPEB liability	\$	2,599,393	
State's proportionate share of the ARHCT OPEB liability		754,810	
Total	\$	<u>3,354,203</u>	
City's proportionate share of the ODD OPEB liability (asset)	\$	<u>(79,213)</u>	
City's proportionate share of the RMP OPEB liability	\$	<u>51,899</u>	
Total City's share of net pension and OPEB liabilities	\$	<u>15,157,478</u>	

The net pension and OPEB liabilities were measured as of June 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation as of that date. The City's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2020 through FY2039, as determined by projections based on the June 30, 2018 valuation.

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

	June 30, 2017 Measurement	June 30, 2018 Measurement	Change
Pension	0.2263%	0.2533%	0.0270%
OPEB:			
ARHCT	0.2263%	0.2533%	0.0270%
ODD	0.3903%	0.4079%	0.0176%
RMP	0.3903%	0.4079%	0.0176%

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2018, the City recognized pension and OPEB expense of \$445,082 and \$485,886, respectively, for the year ended June 30, 2019. At June 30, 2019, 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	\$ -	(315,869)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	277,955	-
Changes in proportion and differences between City contributions and proportionate share of contributions	606,408	-
City contributions subsequent to the measurement date	975,642	-
Total	\$ 1,860,005	(315,869)
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(278,151)
Changes of assumptions	394,354	-
Net difference between projected and actual earnings on OPEB plan investments	-	(550,834)
Changes in proportion and differences between City contributions and proportionate share of contributions	237,002	(139,235)
City contributions subsequent to the measurement date	351,253	-
Total	\$ 982,609	(968,220)
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(21,916)
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(2,787)
Changes in proportion and differences between City contributions and proportionate share of contributions	1,340	-
City contributions subsequent to the measurement date	23,748	-
Total	\$ 25,088	(24,703)

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(2,775)
Changes of assumptions	24,044	-
Net difference between projected and actual earnings on OPEB plan investments	-	(7,750)
Changes in proportion and differences between		
City contributions and proportionate share of contributions	2,811	-
City contributions subsequent to the measurement date	48,298	-
Total	\$ 75,153	(10,525)

\$975,642 and \$423,299 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 in the year ended June 30, 2019 (actuarial), 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
2019	\$ 644,058	(100,444)	(3,480)	459
2020	151,986	(44,757)	(3,480)	459
2021	(215,363)	(179,586)	(3,480)	459
2022	(12,187)	(12,077)	(2,576)	3,044
2023	-	-	(2,558)	2,998
Thereafter	-	-	(7,789)	8,911
Total	\$ 568,494	(336,864)	(23,363)	16,330

For the year ended June 30, 2019, the City recognized (\$314,965) and (\$15,493) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities of the plan calculated using the discount rate of 8%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
Net pension liability	\$ 16,666,244	12,585,399	9,133,497
Net OPEB ARHCT liability	\$ 5,262,468	2,599,393	367,192
Net OPEB ODD liability (asset)	\$ (74,384)	(79,213)	(83,185)
Net OPEB RMP liability (asset)	\$ 154,984	51,899	(28,505)

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Sensitivity of the City's proportionate share of the Net OPEB liability to changes in the healthcare cost trend rates. The following present the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability 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	\$ 50,459	2,599,393	5,699,833
Net OPEB ODD liability (asset)	N/A	(79,213)	N/A
Net OPEB RMP liability (asset)	\$ (44,125)	51,899	180,409

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): 0.94% for the retiree medical plan (DB), 0.26% 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.

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 \$420,760 for the year ended June 30, 2019, which included forfeitures of \$178,284 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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

13. Operating Lease

The City occupies office space leased from the Kodiak Island Borough under a noncancellable operating lease that runs through June 30, 2020. The lease rate is \$12,749 per month. For the year ended June 30, 2019, the City recognized \$152,988 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.

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, 2018, was \$636,015 and accordingly, \$318,006 was transferred to the Enhancement Fund during the current year. Lease and rental income was \$39,279 and investment earnings were \$143,660 for the year ended June 30, 2019.

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, 2019, investment earnings exceeded earnings necessary for inflation-proofing therefore transfers to the General Fund totaled \$78,911.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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 funds, E-911, to offset City expenses for allowable costs under AS 29.35.131. As of June 30, 2019, the E-911 enterprise fund has a deficit net position of \$1,016,981. 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. Conduit Debt

In 2010, the City Council authorized the issuance of nonrecourse revenue bonds for the purpose of providing funds to Kodiak Area Native Association to finance the acquisition, construction, and equipping of a condominium unit for their Community Services department. The bonds were issued in the amount of \$1,615,000 and the outstanding balance at June 30, 2019 was \$1,306,000.

The bonds do not constitute a general obligation debt or pledge of the full faith and credit of the City and accordingly, the bonds and related assets are not reflected in the accompanying financial statements.

18. 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.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

19. New Accounting Pronouncements

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

- GASB 84 - *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2018.
- GASB 87 - *Leases*. Effective for fiscal years beginning after December 15, 2019.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests*. Effective for fiscal years beginning after December 15, 2018.

Statement 84 is not expected to have any significant impact on the financial statements of the City.

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. 90 requires a majority equity interest in a legally separate entity should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. Those governments and funds should measure the majority interests at fair value. For all other holdings of majority interests in a legally separate entity, a government should report the legal separate entity as a component unit.

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, 2019	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 1,000,000	\$ 1,148,090	\$ 1,181,579	\$ 33,489
Sales taxes	15,827,500	15,827,500	13,068,105	(2,759,395)
Intergovernmental	1,052,800	1,387,023	1,591,758	204,735
Charges for services	1,661,217	1,698,597	1,918,379	219,782
Fines and forfeitures	3,000	3,000	5,534	2,534
Licenses and permits	58,800	58,800	74,590	15,790
Rental income	81,900	81,900	198,755	116,855
Interfund charges	1,607,662	1,607,662	1,607,656	(6)
Investment income	20,000	20,000	144,457	124,457
Other revenues	4,500	4,500	21,227	16,727
Total Revenues	21,317,379	21,837,072	19,812,040	(2,025,032)
Expenditures				
General government:				
Legislative	259,869	259,869	163,955	95,914
Legal	75,000	75,000	75,899	(899)
Executive	830,555	830,555	549,759	280,796
Emergency preparedness	38,000	38,000	23,660	14,340
City clerk	572,978	572,978	521,027	51,951
Finance	1,898,688	1,893,688	1,555,302	338,386
Police	7,481,641	7,457,641	5,758,396	1,699,245
Fire	2,697,735	2,697,735	2,274,991	422,744
Public works	2,132,191	2,132,191	1,797,569	334,622
Engineering	297,225	297,225	216,579	80,646
Parks and recreation	1,616,880	1,579,560	1,389,078	190,482
Library	907,992	933,312	735,085	198,227
Community service	208,000	214,000	200,355	13,645
Non-departmental	425,184	425,184	379,120	46,064
Total Expenditures	19,441,938	19,406,938	15,640,775	3,766,163
Excess of revenues over expenditures	1,875,441	2,430,134	4,171,265	1,741,131
Other Financing Uses -				
Transfers in	-	-	78,911	78,911
Transfers out	(2,243,841)	(2,706,747)	(2,706,741)	6
Change in fund balance	<u>\$ (368,400)</u>	<u>\$ (276,613)</u>	1,543,435	<u>\$ 1,820,048</u>
Fund Balance, beginning of year			<u>9,464,616</u>	
Fund Balance, end of year			<u>\$ 11,008,051</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, 2019

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 Percentage of Employee 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%

Notes to Schedule:

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the City implemented GASB 82, which required a retroactive change in covered payroll.
4. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

City of Kodiak, Alaska
Schedule of City's Proportionate Share of the Net OPEB Liability
Public Employees' Retirement System (PERS)

June 30, 2019

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 Percentage of Employee 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%
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%
Retiree Medical Plan (RMP):							
2018	0.3903%	\$ 20,352	\$ -	\$ 20,352	\$ 4,061,961	0.50%	93.98%
2019	0.4079%	\$ 51,899	\$ -	\$ 51,899	\$ 1,912,545	2.71%	88.71%

Notes to Schedule:

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

City of Kodiak, Alaska
Schedule of City's Contributions (Pensions)
Public Employees' Retirement System (PERS)
June 30, 2019

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%

Notes to Schedule:

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method:

The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. In fiscal year 2017 the City implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.
15. In fiscal year 2018 the City included pension DBUL into the contractually required contribution. This will be a prospective change.

City of Kodiak, Alaska
Schedule of City's Contributions (OPEB)
Public Employees' Retirement System (PERS)
June 30, 2019

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%
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%
Retiree Medical Plan (RPM):					
2018	\$ 47,546	\$ (47,546)	\$ -	\$ 4,061,961	1.17%
2019	\$ 48,298	\$ (48,298)	\$ -	\$ 1,912,545	2.53%

Notes to Schedule:

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method:

The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

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>	2019	2018
Assets		
Cash and investments	\$ 7,205,676	\$ 6,216,601
Receivables:		
Taxes	3,503,515	3,352,025
Grants and shared revenues	24,754	62,943
Accounts	188,209	34,901
Interest	94,369	43,190
Total receivables	3,810,847	3,493,059
Prepaid items	7,444	8,756
Due from other funds	506,628	192,299
Inventory	33,096	34,604
Total Assets	\$ 11,563,691	\$ 9,945,319
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 251,678	\$ 199,704
Accrued payroll and related liabilities	300,677	277,232
Customer deposits	3,285	3,767
Total Liabilities	555,640	480,703
Fund Balance		
Nonspendable	40,540	8,756
Assigned for subsequent year's expenditures	-	368,400
Unassigned	10,967,511	9,087,460
Total Fund Balance	11,008,051	9,464,616
Total Liabilities and Fund Balance	\$ 11,563,691	\$ 9,945,319

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

<i>Year Ended June 30,</i>	2019			2018
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Property taxes	\$ 1,148,090	\$ 1,181,579	\$ 33,489	\$ 1,103,470
Sales taxes	15,800,000	13,046,226	(2,753,774)	11,868,529
Penalties and interest	27,500	21,879	(5,621)	17,629
Total taxes	16,975,590	14,249,684	(2,725,906)	12,989,628
Intergovernmental:				
Payment in lieu of taxes	3,500	5,434	1,934	5,872
Grants	10,000	27,253	17,253	79,102
Revenue sharing	109,300	189,460	80,160	226,722
State PERS relief	260,000	347,487	87,487	203,935
Fisheries business tax	859,223	859,223	-	926,525
Shared fisheries business and landing tax	75,000	96,594	21,594	86,508
Liquor licenses	20,000	18,700	(1,300)	23,100
Fuel tax sharing	5,000	5,701	701	6,284
Electric cooperative tax	45,000	41,406	(3,594)	46,817
State marijuana license fees	-	500	500	-
Total intergovernmental	1,387,023	1,591,758	204,735	1,604,865
Charges for services:				
Public safety:				
Boarding of State prisoners	1,028,932	1,040,113	11,181	1,017,708
State Trooper contract	78,750	78,750	-	78,750
Ambulance services	200,000	229,215	29,215	267,298
Other public safety charges	118,415	120,600	2,185	124,304
School lifeguard services	15,000	23,094	8,094	15,488
Borough building inspector charges	120,000	167,430	47,430	142,231
Library fees and charges	18,300	19,285	985	22,910
Parks and recreation fees and charges	108,700	214,213	105,513	180,823
Public works services	10,500	25,679	15,179	17,769
Total charges for services	1,698,597	1,918,379	219,782	1,867,281

(continued)

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues, continued				
Fines and forfeitures	\$ 3,000	\$ 5,534	\$ 2,534	\$ 40,067
Licenses and permits	58,800	74,590	15,790	87,672
Rental income	81,900	198,755	116,855	121,409
Interfund charges:				
Cargo Pier Fund	110,161	110,161	-	111,574
Boat Harbor Fund	268,911	268,911	-	240,597
Water Fund	352,656	352,656	-	340,092
Sewer Fund	393,954	393,954	-	349,830
Trident Basin Fund	8,479	8,479	-	7,495
Public works	52,992	52,992	-	62,793
Tourism Development Fund	45,150	45,150	-	45,150
Shipyards Fund	53,502	53,502	-	69,151
Electric Fund	59,771	59,771	-	46,760
Vehicle replacement	262,086	262,080	(6)	265,948
Total interfund charges	1,607,662	1,607,656	(6)	1,539,390
Investment income	20,000	144,457	124,457	55,748
Other revenues	4,500	21,227	16,727	16,701
Total Revenues	21,837,072	19,812,040	(2,025,032)	18,322,761
Expenditures				
General government:				
Legislative	259,869	163,955	95,914	218,508
Legal	75,000	75,899	(899)	80,839
Executive	830,555	549,759	280,796	604,207
Emergency preparedness	38,000	23,660	14,340	26,356
City clerk	572,978	521,027	51,951	444,457
Finance	1,893,688	1,555,302	338,386	1,407,849
Total general government	3,670,090	2,889,602	780,488	2,782,216

(continued)

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public safety:				
Police department:				
Administration:				
Operations	\$ 966,459	\$ 829,044	\$ 137,415	\$ 852,927
Bond principal	205,000	205,000	-	215,000
Bond interest	243,850	243,850	-	256,400
Uniformed patrol	2,022,014	1,714,565	307,449	1,331,704
Corrections	1,597,705	1,190,312	407,393	1,229,323
Investigations	345,994	325,564	20,430	284,186
Support services	1,072,323	409,212	663,111	1,020,736
Animal control	231,596	202,791	28,805	202,459
Drug enforcement	146,375	99,516	46,859	47,291
Community services	224,962	205,970	18,992	159,049
Canine	212,349	180,421	31,928	170,906
Police school resources	189,014	152,151	36,863	153,397
Total police department	7,457,641	5,758,396	1,699,245	5,923,378
Fire department	2,697,735	2,274,991	422,744	2,376,295
Total public safety	10,155,376	8,033,387	2,121,989	8,299,673
Public works:				
Administration	112,309	96,932	15,377	123,862
Streets	1,329,523	1,114,448	215,075	1,082,436
Garage	326,996	255,103	71,893	243,796
Building inspection	340,763	280,927	59,836	267,322
Municipal airport facility	22,600	50,159	(27,559)	16,587
Total public works	2,132,191	1,797,569	334,622	1,734,003
Engineering	297,225	216,579	80,646	199,207

(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>	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued				
Parks and recreation:				
Administration	\$ 756,961	\$ 620,373	\$ 136,588	\$ 603,464
Museum	107,200	106,309	891	105,619
Teen Center	257,596	232,546	25,050	215,030
Aquatics	262,216	237,833	24,383	222,734
Ice rink	182,587	179,650	2,937	150,971
Beautification program	13,000	12,367	633	7,166
Total parks and recreation	1,579,560	1,389,078	190,482	1,304,984
Library	933,312	735,085	198,227	733,183
Community services:				
Contributions	175,000	175,000	-	162,694
Downtown revitalization	39,000	25,355	13,645	32,201
Total community services	214,000	200,355	13,645	194,895
Other - insurance and general administration	425,184	379,120	46,064	373,616
Total Expenditures	19,406,938	15,640,775	3,766,163	15,621,777
Excess of revenues over expenditures	2,430,134	4,171,265	1,741,131	2,700,984
Other Financing Sources (Uses)				
Transfers in	-	78,911	78,911	17,519
Transfers out	(2,706,747)	(2,706,741)	6	(2,082,488)
Change in fund balance	<u>\$ (276,613)</u>	1,543,435	<u>\$ 1,820,048</u>	636,015
Fund Balance, beginning of year		<u>9,464,616</u>		<u>8,828,601</u>
Fund Balance, end of year		<u>\$ 11,008,051</u>		<u>\$ 9,464,616</u>

Nonmajor Funds

City of Kodiak, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2019</i>	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Govern- mental Funds
	Tourism Development	Special Assessments	Enhancement	General	Building	Street Improvements	Parks and Recreation	General Fund Vehicle Replacement	
Assets									
Cash and investments	\$ 514,177	\$ 86,181	\$ 4,718,734	\$ 1,115,523	\$ 1,450,810	\$ 1,476,707	\$ 205,342	\$ 1,226,111	\$10,793,585
Receivables:									
Taxes	72,118	-	-	-	-	-	-	-	72,118
Grants	-	-	-	100,024	-	-	-	-	100,024
Special assessments	-	35,513	-	-	-	-	-	-	35,513
Interest	-	-	20,350	-	-	-	-	-	20,350
Total Assets	\$ 586,295	\$ 121,694	\$ 4,739,084	\$ 1,215,547	\$ 1,450,810	\$ 1,476,707	\$ 205,342	\$ 1,226,111	\$11,021,590
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ 532	\$ 101,020	\$ 11,170	\$ 8,190	\$ -	\$ -	\$ 120,912
Deferred Inflows of Resources									
Deferred assessments	-	14,124	-	-	-	-	-	-	14,124
Fund Balances									
Committed:									
Tourism	586,295	-	-	-	-	-	-	-	586,295
Economic stability	-	-	4,738,552	-	-	-	-	-	4,738,552
Assigned:									
Capital projects	-	-	-	1,114,527	1,439,640	1,468,517	205,342	1,226,111	5,454,137
Public works	-	107,570	-	-	-	-	-	-	107,570
Total Fund Balances	586,295	107,570	4,738,552	1,114,527	1,439,640	1,468,517	205,342	1,226,111	10,886,554
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 586,295	\$ 121,694	\$ 4,739,084	\$ 1,215,547	\$ 1,450,810	\$ 1,476,707	\$ 205,342	\$ 1,226,111	\$11,021,590

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

Year Ended June 30, 2019	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	\$ 227,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,787	
Intergovernmental	-	-	-	231,370	7,635	-	-	-	239,005	
Rental income	-	-	39,279	-	-	-	-	-	39,279	
Investment income	9,495	1,555	143,660	21,005	28,127	32,554	3,981	22,002	262,379	
Special assessments	-	13,310	-	-	-	-	-	-	13,310	
Donations	-	-	-	7,500	-	-	-	-	7,500	
Total Revenues	237,282	14,865	182,939	259,875	35,762	32,554	3,981	22,002	789,260	
Expenditures										
General government	-	-	-	-	-	-	-	-	-	
Public safety	-	-	-	105,171	-	-	-	-	105,171	
Public works	-	-	-	-	-	340,415	-	-	340,415	
Parks and recreation	-	-	-	-	-	-	3,474	-	3,474	
Library	-	-	-	-	21,407	-	-	-	21,407	
Community services	160,150	-	-	17,175	-	-	-	-	177,325	
Capital outlay	-	-	-	246,200	22,636	204,765	-	-	473,601	
Total Expenditures	160,150	-	-	368,546	44,043	545,180	3,474	-	1,121,393	
Excess of revenues over (under) expenditures	77,132	14,865	182,939	(108,671)	(8,281)	(512,626)	507	22,002	(332,133)	
Other Financing Sources (Uses)										
Transfers in	-	-	318,006	1,004,962	121,693	450,000	50,000	262,080	2,206,741	
Transfers out	-	-	(78,911)	-	-	(90,000)	-	-	(168,911)	
Net Other Financing Sources (Uses)	-	-	239,095	1,004,962	121,693	360,000	50,000	262,080	2,037,830	
Change in fund balances	77,132	14,865	422,034	896,291	113,412	(152,626)	50,507	284,082	1,705,697	
Fund Balances, beginning of year	509,163	92,705	4,316,518	218,236	1,326,228	1,621,143	154,835	942,029	9,180,857	
Fund Balances, end of year	\$ 586,295	\$ 107,570	\$ 4,738,552	\$ 1,114,527	\$ 1,439,640	\$ 1,468,517	\$ 205,342	\$ 1,226,111	\$ 10,886,554	

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

<i>June 30, 2019</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 1,060,736	\$ -	\$ -	\$ 1,060,736
Receivables	52,503	-	111,688	164,191
Total Current Assets	1,113,239	-	111,688	1,224,927
Noncurrent Assets				
Property, plant and equipment, net	-	2,736,026	-	2,736,026
Total Assets	\$ 1,113,239	\$ 2,736,026	\$ 111,688	\$ 3,960,953
Deferred Outflows of Resources				
Related to pensions and OPEB	-	-	160,680	160,680
Total Assets and Deferred Outflows of Resources	\$ 1,113,239	\$ 2,736,026	\$ 272,368	\$ 4,121,633
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 29,822	\$ 2,102	\$ -	\$ 31,924
Accrued payroll and related liabilities	-	-	20,011	20,011
Customer deposits	2,500	1,536	-	4,036
Due to other funds	-	181,992	324,636	506,628
Current portion of accrued leave	-	-	21,834	21,834
Total Current Liabilities	32,322	185,630	366,481	584,433
Noncurrent liabilities				
Long term portion of accrued leave	-	-	23,245	23,245
Net pension and OPEB liabilities	-	-	827,598	827,598
Total noncurrent liabilities	-	-	850,843	850,843
Total liabilities	32,322	185,630	1,217,324	1,435,276
Deferred Inflows of Resources				
Related to pensions and OPEB	-	-	72,025	72,025
Total Liabilities and Deferred Inflows of Resources	32,322	185,630	1,289,349	1,507,301
Net Position				
Net investment in capital assets	-	2,736,026	-	2,736,026
Unrestricted (deficit)	1,080,917	(185,630)	(1,016,981)	(121,694)
Total Net Position	1,080,917	2,550,396	(1,016,981)	2,614,332
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,113,239	\$ 2,736,026	\$ 272,368	\$ 4,121,633

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

<i>Year Ended June 30, 2019</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 615,752	\$ 55,089	\$ 298,265	\$ 969,106
Operating Expenses				
Salaries and benefits	-	-	1,509,020	1,509,020
Professional services	110	-	153,801	153,911
Goods and services	511,250	13,266	6,647	531,163
Repairs and maintenance	8,114	432	-	8,546
Utilities and fuel	-	19,168	-	19,168
Machinery and equipment	-	-	1,159	1,159
Interfund charges	75,417	14,367	-	89,784
Depreciation	-	248,730	-	248,730
Total Operating Expenses	594,891	295,963	1,670,627	2,561,481
Earnings (loss) from operations	20,861	(240,874)	(1,372,362)	(1,592,375)
Nonoperating Revenues				
Investment income	19,737	-	-	19,737
State PERS relief	-	-	15,881	15,881
Total Nonoperating Revenues	19,737	-	15,881	35,618
Change in net position	40,598	(240,874)	(1,356,481)	(1,556,757)
Net Position, beginning of year	1,040,319	2,791,270	339,500	4,171,089
Net Position, end of year	\$ 1,080,917	\$ 2,550,396	\$ (1,016,981)	\$ 2,614,332

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

<i>Year Ended June 30, 2019</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 633,905	\$ 57,342	\$ 350,716	\$ 1,041,963
Payments for interfund services used	(75,417)	(14,367)	-	(89,784)
Payments to suppliers	(522,309)	(32,668)	\$ (175,405)	(730,382)
Payments to employees	-	-	\$ (689,307)	(689,307)
Net cash flows from (for) operating activities	36,179	10,307	(513,996)	(467,510)
Cash Flows from (for) Noncapital Financing Activities				
Increase (Decrease) in due to other funds	-	(10,307)	324,636	314,329
Cash Flows from Investing Activities				
Investment income received	19,737	-	-	19,737
Net increase (decrease) in cash and investments	55,916	-	(189,360)	(133,444)
Cash and Investments, beginning of year	1,004,820	-	189,360	1,194,180
Cash and Investments, end of year	\$ 1,060,736	\$ -	\$ -	\$ 1,060,736
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:				
Earnings (loss) from operations	\$ 20,861	\$ (240,874)	\$ (1,372,362)	\$ (1,592,375)
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:				
Depreciation	-	248,730	-	248,730
Noncash State PERS relief	-	-	15,881	15,881
(Increase) decrease in assets - accounts receivable	29,653	2,253	52,451	84,357
(Increase) decrease in deferred outflows of resources:				
Related to pensions and OPEB	-	-	(160,680)	(160,680)
Increase (decrease) in liabilities:				
Accounts payable	(2,835)	198	(13,798)	(16,435)
Accrued payroll and related liabilities	-	-	19,810	19,810
Accrued leave	-	-	45,079	45,079
Customer deposits	(11,500)	-	-	(11,500)
Net pension and OPEB liabilities	-	-	827,598	827,598
(Increase) decrease in deferred inflows of resources:				
Related to pensions and OPEB	-	-	72,025	72,025
Net cash flows from (for) operating activities	\$ 36,179	\$ 10,307	\$ (513,996)	\$ (467,510)

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>	2019	2018
Assets		
Cash and investments	\$ 514,177	\$ 447,378
Receivables - taxes	72,118	61,785
Total Assets	\$ 586,295	\$ 509,163
Fund Balance		
Committed for tourism	\$ 586,295	\$ 509,163

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>	2019			2018
	Budget	Actual	Variance	Actual
Revenues				
Room taxes	\$ 170,500	\$ 227,787	\$ 57,287	\$ 205,226
Investment income	-	9,495	9,495	3,787
Total Revenues	170,500	237,282	66,782	209,013
Expenditures - community services:				
Interfund services:				
Finance and administration	17,050	17,050	-	17,050
Public works services	12,100	12,100	-	12,100
Parks and recreation services	16,000	16,000	-	16,000
Community service contributions	115,000	115,000	-	119,350
Total Expenditures	160,150	160,150	-	164,500
Excess of revenues over expenditures	10,350	77,132	66,782	44,513
Change in fund balance	<u>\$ 10,350</u>	77,132	<u>\$ 66,782</u>	44,513
Fund Balance, beginning of year		<u>509,163</u>		<u>464,650</u>
Fund Balance, end of year		<u>\$ 586,295</u>		<u>\$ 509,163</u>

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

<i>June 30,</i>	2019	2018
Assets		
Cash and investments	\$ 86,181	\$ 71,316
Receivables - special assessments	35,513	48,823
Total Assets	\$ 121,694	\$ 120,139
Deferred Inflows of Resources and Fund Balance		
Deferred inflows of resources - deferred assessments	\$ 14,124	\$ 27,434
Fund Balance - assigned for public works	107,570	92,705
Total Deferred Inflows of Resources and Fund Balance	\$ 121,694	\$ 120,139

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

<i>Year Ended June 30,</i>	2019	2018
Revenues		
Special assessments	\$ 13,310	\$ 8,590
Investment income	1,555	575
Total Revenues	14,865	9,165
Other Financing Uses - transfer to other funds	-	(17,519)
Change in fund balance	14,865	(8,354)
Fund Balance, beginning of year	92,705	101,059
Fund Balance, end of year	\$ 107,570	\$ 92,705

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

<i>June 30,</i>	2019	2018
Assets		
Cash and investments	\$ 4,718,734	\$ 4,304,393
Interest receivable	20,350	12,639
Total Assets	\$ 4,739,084	\$ 4,317,032
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 532	\$ 514
Fund Balance		
Committed for economic stability	4,738,552	4,316,518
Total Liabilities and Fund Balance	\$ 4,739,084	\$ 4,317,032

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>	2019			2018
	Budget	Actual	Variance	Actual
Revenues				
Rental income	\$ 18,900	\$ 39,279	\$ 20,379	\$ 79,238
Net investment income	40,000	143,660	103,660	(314)
Total Revenues	58,900	182,939	124,039	78,924
Other Financing Sources				
Transfers in	-	318,006	318,006	67,790
Transfers out	-	(78,911)	(78,911)	-
Other Financing Sources and Uses, net	-	239,095	239,095	67,790
Change in fund balance	<u>\$ 58,900</u>	422,034	<u>\$ 363,134</u>	146,714
Fund Balance, beginning of year		<u>4,316,518</u>		<u>4,169,804</u>
Fund Balance, end of year		<u>\$ 4,738,552</u>		<u>\$ 4,316,518</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>	2019	2018
Assets		
Cash and investments	\$ 1,115,523	\$ 448,834
Grants receivable	100,024	24,710
Total Assets	\$ 1,215,547	\$ 473,544
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 101,020	\$ 255,308
Fund Balance - assigned for capital projects	1,114,527	218,236
Total Liabilities and Fund Balance	\$ 1,215,547	\$ 473,544

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

<i>Year Ended June 30,</i>	2019	2018
Revenues		
Intergovernmental	\$ 231,370	\$ 398,629
Donations	7,500	2,000
Investment income	21,005	4,513
Total Revenues	259,875	405,142
Expenditures		
City land development	-	6,416
Comprehensive records management	-	7,911
KFD Deferred Maintenance	40,848	34,026
E911 system upgrade	-	639,428
Downtown revitalization	17,175	8,818
Long term records storage	-	63
Code blue ambulance	203,390	-
2016 SHSP	-	26,491
2017 SHSP	2,343	952
Shop-With-A-Cop	3,500	2,000
Citywide timekeeping	1,962	46,675
KPD crime prevention equipment	99,328	-
Total Expenditures	368,546	772,780
Excess of revenues (under) expenditures	(108,671)	(367,638)
Other Financing Sources - transfers in	1,004,962	98,750
Change in fund balance	896,291	(268,888)
Fund Balance, beginning of year	218,236	487,124
Fund Balance, end of year	\$ 1,114,527	\$ 218,236

City of Kodiak, Alaska
Building Capital Project Fund
Balance Sheet

<i>June 30,</i>	2019	2018
Assets		
Cash and investments	\$ 1,450,810	\$ 1,326,228
Total Assets	\$ 1,450,810	\$ 1,326,228
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 11,170	\$ -
Fund Balance - assigned for capital projects	1,439,640	1,326,228
Total Liabilities and Fund Balance	\$ 1,450,810	\$ 1,326,228

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

<i>Year Ended June 30,</i>	2019	2018
Revenues		
Intergovernmental	\$ 7,635	\$ -
Investment income	28,127	11,795
Total Revenues	35,762	11,795
Expenditures		
Library building	15,000	1,897
Demolish old library	21,407	8,048
Fire station	7,636	-
Total Expenditures	44,043	9,945
Excess of revenues over (under) expenditures	(8,281)	1,850
Other Financing Sources - transfers in	121,693	-
Change in fund balance	113,412	1,850
Fund Balance, beginning of year	1,326,228	1,324,378
Fund Balance, end of year	\$ 1,439,640	\$ 1,326,228

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

<i>June 30,</i>	2019	2018
Assets		
Cash and investments	\$ 1,476,707	\$ 1,637,318
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 8,190	\$ 16,175
Fund Balance - assigned for capital projects	1,468,517	1,621,143
Total Liabilities and Fund Balance	\$ 1,476,707	\$ 1,637,318

City of Kodiak, Alaska

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

<i>Year Ended June 30,</i>	2019	2018
Revenues - investment income	\$ 32,554	\$ 14,623
Expenditures		
Annual sidewalk, curb and gutter repair	214,583	3,272
Pillar Mountain waste materials site	-	24,080
Spill prevention containment and countermeasures plan	1,750	280
Mill Bay Road rebuild	-	16,550
Underground Storage Tank IT & M	2,096	-
Annual pavement repairs	326,751	1,274
Total Expenditures	545,180	45,456
Excess of revenues (under) expenditures	(512,626)	(30,833)
Other Financing Sources (Uses)		
Transfers in	450,000	470,000
Transfers out	(90,000)	-
Net other financing sources (uses)	360,000	470,000
Change in fund balance	(152,626)	439,167
Fund Balance, beginning of year	1,621,143	1,181,976
Fund Balance, end of year	\$ 1,468,517	\$ 1,621,143

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

<i>June 30,</i>	2019	2018
Assets		
Cash and investments	\$ 205,342	\$ 154,835
Fund Balance		
Assigned for capital projects	205,342	154,835

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>	2019	2018
Revenues		
Investment income	\$ 3,981	\$ 1,418
Expenditures		
Major park maintenance	-	9,612
Major building maintenance	3,474	11,338
Total Expenditures	3,474	20,950
Excess of revenues over (under) expenditures	507	(19,532)
Other Financing Sources - transfers in	50,000	50,000
Change in fund balance	50,507	30,468
Fund Balance, beginning of year	154,835	124,367
Fund Balance, end of year	\$ 205,342	\$ 154,835

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

<i>June 30,</i>	2019	2018
Assets		
Cash and investments	\$ 1,226,111	\$ 942,029
Fund Balance		
Assigned for capital projects	\$ 1,226,111	\$ 942,029

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>	2019	2018
Revenues - investment income	\$ 22,002	\$ 7,620
Excess of revenues over expenditures	22,002	7,620
Other Financing Sources - transfers in	262,080	265,948
Change in fund balance	284,082	273,568
Fund Balance , beginning of year	942,029	668,461
Fund Balance , end of year	\$ 1,226,111	\$ 942,029

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>	2019	2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,719,972	\$ 4,065,277
Accounts receivable	271,157	334,211
Total Current Assets	5,991,129	4,399,488
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	1,118,018
Accumulated depreciation	(19,078,479)	(18,362,706)
Property, plant and equipment, net	41,052,944	42,834,603
Total Assets	47,044,073	47,234,091
Deferred Outflows of Resources - related to pensions and OPEB	60,623	36,638
Total Assets and Deferred Outflows of Resources	\$ 47,104,696	\$ 47,270,729
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 2,279	\$ 2,220
Accrued payroll and related liabilities	9,831	5,194
Current portion of accrued leave	2,916	597
Total Current Liabilities	15,026	8,011
Noncurrent Liabilities		
Long term portion of accrued leave	1,069	469
Net pension and OPEB liabilities	312,244	280,994
Total Noncurrent Liabilities	313,313	281,463
Total Liabilities	328,339	289,474
Deferred Inflows of Resources - related to pensions and OPEB	27,174	51,490
Total Liabilities and Deferred Inflows of Resources	355,513	340,964
Net Position		
Net investment in capital assets	41,052,944	42,834,603
Unrestricted	5,696,239	4,095,162
Total Net Position	46,749,183	46,929,765
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 47,104,696	\$ 47,270,729

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues		
Dockage	\$ 246,442	\$ 176,260
Wharfage and handling	858,726	651,170
Pier III	344,531	303,000
Cruise ship	341,081	245,589
Rentals	306,408	317,057
Other	1,719	310,429
Total Operating Revenues	2,098,907	2,003,505
Operating Expenses		
Cargo administration:		
Salaries and benefits	310,583	265,247
Professional services	2,987	3,138
Goods and services	116,215	104,519
Repairs and maintenance	-	5,389
Machinery and equipment	1,491	-
Administrative	-	9,378
Interfund charges:		
Finance and administration	110,161	111,574
Public works services	5,888	6,977
Harbormaster services	31,291	30,087
Total cargo administration	578,616	536,309
Warehouse:		
Professional services	420	1,640
Goods and services	474	148
Repairs and maintenance	4,251	12,837
Total warehouse	5,145	14,625
Pier II:		
Goods and services	2,384	1,351
Repairs and maintenance	539	2,040
Utilities and fuel	24,677	23,595
Total pier II	27,600	26,986

(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>	2019	2018
Operating expenses, continued:		
Pier III:		
Repairs and maintenance	\$ 3,142	\$ 111
Utilities and fuel	1,380	2,500
Total pier III	4,522	2,611
Depreciation	1,781,659	532,005
Total Operating Expenses	2,397,542	1,112,536
Earnings (loss) from operations	(298,635)	890,969
Nonoperating revenues		
Investment income	112,071	42,116
State PERS relief	5,982	9,493
Total nonoperating revenues	118,053	51,609
Change in net position	(180,582)	942,578
Net Position, beginning of year, as previously stated	46,929,765	46,043,614
Cumulative effect of a change in accounting principle	-	(56,427)
Net Position, beginning of year, as restated	46,929,765	45,987,187
Net Position, end of year	\$ 46,749,183	\$ 46,929,765

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

<i>Year Ended June 30,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,161,961	\$ 1,844,936
Payments for interfund services used	(147,340)	(148,638)
Payments to suppliers	(157,901)	(166,545)
Payments to employees	(314,096)	(285,545)
Net cash flows from operating activities	1,542,624	1,244,208
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	-	(188,333)
Capital contributions received	-	1,021
Net cash flows (for) capital and related financing activities	-	(187,312)
Cash Flows from Investing Activities		
Investment income received	112,071	42,116
Net increase in cash and investments	1,654,695	1,099,012
Cash and Investments, beginning of year	4,065,277	2,966,265
Cash and Investments, end of year	\$ 5,719,972	\$ 4,065,277
Reconciliation of earnings (loss) from operations to net cash flows from operating activities:		
Earnings (loss) from operations	\$ (298,635)	\$ 890,969
Adjustments to reconcile earnings (loss) from operations to net cash flows from operating activities:		
Depreciation	1,781,659	532,005
Noncash State PERS relief	5,982	9,493
(Increase) decrease in assets - accounts receivable	63,054	(158,569)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(23,985)	32,218
Increase (decrease) in liabilities:		
Accounts payable	59	101
Accrued payroll and related liabilities	4,637	(2,686)
Accrued leave	2,919	(1,566)
Net pension and OPEB liabilities	31,250	(105,567)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(24,316)	47,810
Net cash flows from operating activities	\$ 1,542,624	\$ 1,244,208
Noncash capital and related financing:		
Capital assets purchased on account	\$ 19,922	\$ 780,111

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

<i>June 30,</i>	2019	2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,169,670	\$ 4,688,644
Receivables:		
Accounts	115,799	130,033
Allowance for doubtful accounts	(15,647)	(15,647)
Due from Shipyard fund	-	232,764
Inventory	2,656	2,760
Total Current Assets	5,272,478	5,038,554
Noncurrent Assets		
Restricted cash and investments - bond reserve	119,556	119,556
Property, plant and equipment:		
Land	677,064	677,064
Buildings	1,699,000	1,699,000
Improvements other than buildings	37,600,557	37,433,400
Machinery and equipment	663,816	663,789
Construction in progress	766	166,221
Accumulated depreciation	(31,511,793)	(30,126,842)
Property, plant and equipment, net	9,129,410	10,512,632
Total Noncurrent Assets	9,248,966	10,632,188
Total Assets	14,521,444	15,670,742
Deferred Outflows of Resources - related to pensions and OPEB	247,494	156,287
Total Assets and Deferred Outflows of Resources	\$ 14,768,938	\$ 15,827,029
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 35,246	\$ 74,630
Accrued payroll and related liabilities	35,925	39,609
Customer deposits	248,843	243,682
Accrued interest	5,101	5,268
Current portion of accrued leave	38,140	55,723
Current portion of bonds payable	59,624	54,624
Total Current Liabilities	422,879	473,536
Noncurrent Liabilities		
Long term portion:		
Accrued leave	26,035	43,783
Bonds payable	1,603,227	1,662,850
Net pension and OPEB liabilities	1,274,744	1,198,636
Total Noncurrent Liabilities	2,904,006	2,905,269
Total Liabilities	3,326,885	3,378,805
Deferred Inflows of Resources - related to pensions and OPEB	110,939	219,643
Total Liabilities and Deferred Inflows of Resources	3,437,824	3,598,448
Net Position		
Net investment in capital assets	7,466,559	8,795,158
Restricted for debt service	119,556	119,556
Unrestricted	3,744,999	3,313,867
Total Net Position	11,331,114	12,228,581
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 14,768,938	\$ 15,827,029

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues		
Moorage	\$ 1,939,339	\$ 1,947,788
Pier and dock fees	196,958	232,212
Administrative charges to other funds	78,228	75,218
Other fees and charges	193,748	185,611
Rentals	16,569	15,765
Other	574	6,391
Total Operating Revenues	2,425,416	2,462,985
Operating Expenses		
Salaries and benefits	1,121,406	1,159,809
Professional services	78,552	66,088
Contributions	18,146	17,165
Goods and services	188,497	173,032
Repairs and maintenance	35,112	110,622
Utilities and fuel	245,373	238,513
Administrative services	1,119	1,776
Machinery and equipment	13,412	21,748
Interfund charges:		
Finance and administration	268,911	240,597
Public works services	5,888	6,977
Depreciation	1,384,924	1,279,565
Total Operating Expenses	3,361,340	3,315,892
Loss from operations	(935,924)	(852,907)
Nonoperating Revenues (Expenses)		
Investment income	119,900	64,446
Interest expense	(57,422)	(94,754)
State PERS relief	24,399	40,453
Nonoperating Revenues (Expenses), net	86,877	10,145
Loss before contributions and transfers	(849,047)	(842,762)
Capital contributions	-	220,149
Transfers in	500,000	500,000
Transfers out	(548,420)	(332,432)
Change in net position	(897,467)	(455,045)
Net Position, beginning of year, as previously stated	12,228,581	12,924,328
Cumulative effect of a change in accounting principle	-	(240,702)
Net Position, beginning of year, as restated	12,228,581	12,683,626
Net Position, end of year	\$ 11,331,114	\$ 12,228,581

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

<i>Year Ended June 30,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,366,583	\$ 2,367,701
Receipts from interfund services provided	78,228	75,218
Payments for interfund services used	(274,799)	(247,574)
Payments to suppliers	(591,696)	(612,770)
Payments to employees	(1,259,825)	(1,222,592)
Net cash flows from operating activities	318,491	359,983
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	500,000	500,000
Transfers out	(548,420)	(332,432)
Decrease in due from Shipyard fund	232,764	9,263
Net cash flows from noncapital financing activities	184,344	176,831
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(50,000)	(55,000)
Interest paid on long-term debt	(62,212)	(63,763)
Purchase of property, plant and equipment	(29,497)	(477,989)
Capital contributions received	-	393,013
Net cash flows (for) capital and related financing activities	(141,709)	(203,739)
Cash Flows from Investing Activities		
Investment income received	119,900	64,446
Net increase in cash and investments	481,026	397,521
Cash and Investments, beginning of year	4,808,200	4,410,679
Cash and Investments, end of year	\$ 5,289,226	\$ 4,808,200
Reconciliation to Statement of Net Position:		
Cash and investments	\$ 5,169,670	\$ 4,688,644
Restricted cash and investments	119,556	119,556
Total Cash and Investments	\$ 5,289,226	\$ 4,808,200
Reconciliation of earnings from operations to net cash flows from operating activities:		
Loss from operations	\$ (935,924)	\$ (852,907)
Adjustments to reconcile earnings from operations to net cash flows from by operating activities:		
Depreciation	1,384,924	1,279,565
Noncash State PERS relief	24,399	40,453
(Increase) decrease in assets:		
Accounts receivable	14,234	(19,881)
Inventory	104	(2,760)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(91,207)	137,648
Increase (decrease) in liabilities:		
Accounts payable	(11,589)	18,934
Accrued payroll and related liabilities	(3,684)	7,679
Accrued leave	(35,331)	(1,134)
Customer deposits	5,161	(185)
Net pension and OPEB liabilities	76,108	(451,363)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(108,704)	203,934
Net cash flows from operating activities	\$ 318,491	\$ 359,983
Noncash capital and related financing:		
Capital assets purchased on account	\$ 27,795	\$ 893,131

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

<i>June 30,</i>	2019	2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 18,741,881	\$ 18,705,390
Receivables:		
Accounts	317,241	335,165
Allowance for doubtful accounts	(2,224)	(2,224)
Inventory	259,090	263,730
Total Current Assets	19,315,988	19,302,061
Property, plant and equipment:		
Land	2	2
Buildings	15,340,713	15,340,713
Improvements other than buildings	30,721,121	30,721,121
Machinery and equipment	721,815	609,194
Construction in progress	3,788,940	1,602,476
Accumulated depreciation	(21,628,556)	(20,729,854)
Property, plant and equipment, net	28,944,035	27,543,652
Total Assets	48,260,023	46,845,713
Deferred Outflows of Resources - related to pensions and OPEB	137,137	61,948
Total Assets and Deferred Outflows of Resources	\$ 48,397,160	\$ 46,907,661
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 91,532	\$ 937,835
Accrued payroll and related liabilities	18,264	14,836
Customer deposits	2,200	3,300
Accrued interest	28,723	31,169
Accrued leave	12,117	15,131
Current portion of loans payable	292,649	291,093
Total Current Liabilities	445,485	1,293,364
Noncurrent Liabilities		
Long term portion:		
Accrued leave	20,897	11,888
Loans payable	3,332,698	3,625,347
Net pension and OPEB liabilities	706,338	475,111
Total Noncurrent Liabilities	4,059,933	4,112,346
Total Liabilities	4,505,418	5,405,710
Deferred Inflows of Resources - related to pensions and OPEB	61,472	87,061
Total Liabilities and Deferred Inflows of Resources	4,566,890	5,492,771
Net Position		
Net investment in capital assets	25,318,688	23,627,212
Unrestricted	18,511,582	17,787,678
Total Net Position	43,830,270	41,414,890
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 48,397,160	\$ 46,907,661

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues		
Sales and user charges	\$ 2,574,610	\$ 2,584,098
Meters	2,027,659	2,005,589
Other	29,215	18,520
Total Operating Revenues	4,631,484	4,608,207
Operating Expenses		
Water department:		
Salaries and benefits	676,368	348,603
Professional services	21,898	33,757
Goods and services	121,520	116,291
Repairs and maintenance	10,158	17,192
Utilities and fuel	279,537	294,228
Machinery and equipment	3,917	1,269
Total water department	1,113,398	811,340
Water treatment:		
Salaries and benefits	160,476	138,991
Professional services	9,548	5,710
Goods and services	57,082	64,656
Repairs and maintenance	8,036	8,589
Utilities and fuel	53,738	53,174
Machinery and equipment	-	4,921
Total water treatment	288,880	276,041
Interfund charges:		
Finance and administration	352,656	340,092
Public works services	11,776	13,954
Total interfund charges	364,432	354,046
Depreciation	898,702	654,235
Total Operating Expenses	2,665,412	2,095,662
Earnings from operations	1,966,072	2,512,545
Nonoperating Revenues (Expenses)		
Investment income	346,499	160,992
Loss on disposal of fixed assets	-	(1,781)
Interest expense	(56,300)	(60,353)
Engineering and feasibility studies	(49,425)	(50,851)
State PERS relief	13,534	16,035
Nonoperating Revenues (Expenses), net	254,308	64,042
Earnings before contributions and transfers	2,220,380	2,576,587
Transfers in	195,000	-
Transfers out	-	(10,000)
Change in net position	2,415,380	2,566,587
Net position, beginning of year, as previously stated	41,414,890	38,943,711
Cumulative effect of a change in accounting principle	-	(95,408)
Net Position, beginning of year, as restated	41,414,890	38,848,303
Net Position, end of year	\$ 43,830,270	\$ 41,414,890

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

<i>Year Ended June 30,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 4,648,308	\$ 4,644,785
Payments for interfund services used	(364,432)	(354,046)
Payments to suppliers	(573,535)	(678,493)
Payments to employees	(683,438)	(685,819)
Net cash flows from operating activities	3,026,903	2,926,427
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	195,000	-
Transfers out	-	(10,000)
Net cash flows from (for) noncapital financing activities	195,000	(10,000)
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long term debt	(291,093)	(289,559)
Interest paid on long term debt	(58,746)	(62,369)
Purchase of property, plant and equipment	(3,182,072)	(549,495)
Net cash flows (for) capital and related financing activities	(3,531,911)	(901,423)
Cash Flows from Investing Activities		
Investment income received	346,499	160,992
Net increase in cash and investments	36,491	2,175,996
Cash and Investments, beginning of year	18,705,390	16,529,394
Cash and Investments, end of year	\$ 18,741,881	\$ 18,705,390
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 1,966,072	\$ 2,512,545
Adjustments to reconcile earnings from operations to net cash flows from by operating activities:		
Depreciation	898,702	654,235
Noncash State PERS relief	13,534	16,035
Other nonoperating expenses	(49,425)	(50,851)
(Increase) decrease in assets:		
Accounts receivable	17,924	38,778
Inventory	4,640	(1,532)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(75,189)	99,473
Increase (decrease) in liabilities:		
Accounts payable	36,684	(26,323)
Accrued payroll and related liabilities	3,428	(2,423)
Accrued leave	5,995	4,499
Customer deposits	(1,100)	(2,200)
Net pension and OPEB liabilities	231,227	(394,243)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(25,589)	78,434
Net cash flows from operating activities	\$ 3,026,903	\$ 2,926,427
Noncash capital and related financing:		
Capital assets purchased on account	\$ 10,144	\$ 893,131

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

<i>June 30,</i>	2019	2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 7,290,839	\$ 5,969,856
Receivables:		
Grants	86,947	-
Accounts	525,331	403,345
Allowance for doubtful accounts	(2,867)	(2,867)
Inventory	33,358	21,396
Total Current Assets	7,933,608	6,391,730
Property, plant and equipment:		
Land	16,931	16,931
Buildings	24,799,782	24,799,782
Improvements other than buildings	16,370,667	16,370,667
Machinery and equipment	2,145,108	1,947,325
Construction in progress	2,517,258	2,041,206
Accumulated depreciation	(29,935,820)	(28,699,603)
Property, plant and equipment, net	15,913,926	16,476,308
Total Assets	23,847,534	22,868,038
Deferred Outflows of Resources - related to pensions and OPEB	228,071	126,728
Total Assets and Deferred Outflows of Resources	\$ 24,075,605	\$ 22,994,766
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 81,711	\$ 59,265
Accrued payroll and related liabilities	29,854	30,987
Accrued interest	5,666	15,576
Current portion of accrued leave	28,171	37,569
Current portion of loans payable	171,479	225,748
Total Current Liabilities	316,881	369,145
Noncurrent Liabilities		
Long term portion:		
Accrued leave	40,571	29,518
Loans payable	2,489,198	2,395,553
Net pension and OPEB liabilities	1,174,705	971,940
Total Noncurrent Liabilities	3,704,474	3,397,011
Total Liabilities	4,021,355	3,766,156
Deferred Inflows of Resources - related to pensions and OPEB	102,233	178,102
Total Liabilities and Deferred Inflows of Resources	4,123,588	3,944,258
Net Position		
Net investment in capital assets	13,253,249	13,855,007
Unrestricted	6,698,768	5,195,501
Total Net Position	19,952,017	19,050,508
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 24,075,605	\$ 22,994,766

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues		
Sewer charges	\$ 4,435,981	\$ 4,222,422
Sanitary sewer and septic tank discharge	180,206	108,424
Lab testing fees	31,350	43,902
Compost fees	315	8,850
Other	6,381	13,752
Total Operating Revenues	4,654,233	4,397,350
Operating Expenses		
Sewer department:		
Salaries and benefits	160,736	158,908
Professional services	37,159	58,972
Goods and services	14,110	15,097
Repairs and maintenance	12,042	12,728
Machinery and equipment	-	293
Total sewer department	224,047	245,998
Wastewater treatment:		
Salaries and benefits	854,325	833,533
Professional services	23,871	10,447
Goods and services	156,752	146,364
Repairs and maintenance	238,691	21,676
Utilities and fuel	216,248	215,634
Machinery and equipment	372	3,880
Total wastewater treatment	1,490,259	1,231,534
Compost facility:		
Salaries and benefits	249,223	216,348
Professional services	14,205	18,069
Goods and services	122,975	141,331
Repairs and maintenance	6,922	10,446
Utilities and fuel	16,028	17,341
Machinery and equipment	4,680	7,227
Total compost facility	414,033	410,762
Interfund charges:		
Finance and administration	393,954	349,830
Public works services	17,664	20,931
Total interfund charges	411,618	370,761
Depreciation	1,236,218	1,209,543
Total Operating Expenses	3,776,175	3,468,598
Earnings from operations	878,058	928,752
Nonoperating Revenues (Expenses)		
Investment income	129,414	49,333
Gain on sale of fixed assets	-	550
Interest expense	(23,454)	(26,736)
Engineering and feasibility studies	-	(3,796)
State PERS relief	22,491	32,812
Nonoperating Revenues (Expenses), net	128,451	52,163
Earnings before transfers	1,006,509	980,915
Transfers in	-	650,000
Transfers out	(105,000)	(10,000)
Change in net position	901,509	1,620,915
Net position, beginning of year, as previously stated	19,050,508	17,624,771
Cumulative effect of a change in accounting principle	-	(195,178)
Net Position, beginning of year, as restated	19,050,508	17,429,593
Net Position, end of year	\$ 19,952,017	\$ 19,050,508

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

<i>Years Ended June 30,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 4,445,300	\$ 4,369,456
Payments for interfund services used	(411,618)	(370,761)
Payments to suppliers	(885,532)	(686,278)
Payments to employees	(1,215,718)	(1,171,189)
Net cash flows from operating activities	1,932,432	2,141,228
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	-	650,000
Transfers out	(105,000)	(10,000)
Net cash flows from (for) noncapital financing activities	(105,000)	640,000
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long term debt	(225,747)	(225,028)
Interest paid on long term debt	(33,364)	(15,776)
Proceeds from issuance of long term debt	265,123	-
Purchase of property, plant and equipment	(641,875)	(1,512,145)
Net cash flows (for) capital and related financing activities	(635,863)	(1,752,949)
Cash Flows from Investing Activities		
Investment income received	129,414	49,333
Net cash flows from investing activities	129,414	49,333
Net increase in cash and investments	1,320,983	1,077,612
Cash and Investments, beginning of year	5,969,856	4,892,244
Cash and Investments, end of year	\$ 7,290,839	\$ 5,969,856
Reconciliation of earnings from (for) operations to net cash flows from operating activities:		
Earnings from operations	\$ 878,058	\$ 928,752
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
Depreciation	1,236,218	1,209,543
Noncash State PERS relief	22,491	32,812
Other nonoperating expenses	-	(3,796)
(Increase) decrease in assets:		
Accounts receivable	(208,933)	(27,894)
Inventory	(11,962)	(6,746)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(101,343)	89,257
Increase (decrease) in liabilities:		
Accounts payable	(9,515)	3,769
Accrued payroll and related liabilities	(1,133)	5,085
Accrued leave	1,655	2,688
Net pension and OPEB liabilities	202,765	(258,801)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(75,869)	166,559
Net cash flows from operating activities	\$ 1,932,432	\$ 2,141,228
Noncash capital and related financing:		
Capital assets purchased on account	\$ 31,961	\$ 26,374

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

<i>June 30,</i>	2019	2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 62,097	\$ -
Accounts receivable	48,616	114,394
Inventory	4,274	4,417
Total Current Assets	114,987	118,811
Noncurrent Assets		
Restricted cash and investments - bond reserve	342,025	342,025
Property, plant and equipment:		
Machinery and equipment	18,104,101	18,104,101
Accumulated depreciation	(4,766,089)	(4,239,229)
Property, plant and equipment, net	13,338,012	13,864,872
Total Noncurrent Assets	13,680,037	14,206,897
Total Assets	13,795,024	14,325,708
Deferred Outflows of Resources - related to pensions and OPEB	32,371	24,248
Total Assets and Deferred Outflows of Resources	\$ 13,827,395	\$ 14,349,956
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 19,982	\$ 57,714
Accrued payroll and related liabilities	4,572	5,222
Customer deposits	1,500	3,000
Accrued interest	18,238	19,103
Due to Boat Harbor fund	-	232,764
Current portion of accrued leave	3,314	5,201
Current portion of bonds and loan payable	181,695	176,695
Total Current Liabilities	229,301	499,699
Noncurrent Liabilities		
Long term portion:		
Accrued leave	2,556	4,087
Bonds payable	4,183,508	4,318,703
Loans payable	465,000	511,500
Net pension and OPEB liabilities	166,732	185,972
Total Noncurrent Liabilities	4,817,796	5,020,262
Total Liabilities	5,047,097	5,519,961
Deferred Inflows of Resources - related to pensions and OPEB	14,511	34,078
Total Liabilities and Deferred Inflows of Resources	5,061,608	5,554,039
Net Position		
Net investment in capital assets	8,507,809	8,857,974
Restricted for debt service	342,025	342,025
Unrestricted (Deficit)	(84,047)	(404,082)
Total Net Position	8,765,787	8,795,917
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,827,395	\$ 14,349,956

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues		
Charges for services	\$ 531,139	\$ 501,601
Other	-	78
Total Operating Revenues	531,139	501,679
Operating Expenses		
Salaries and benefits	149,850	181,596
Professional services	37,232	20,985
Goods and services	74,549	70,735
Repairs and maintenance	37,358	74,216
Utilities and fuel	39,507	30,615
Interfund charges:		
Finance and administration	53,502	69,151
Public works services	5,888	6,977
Harbormaster services	31,291	30,087
Depreciation	526,860	526,861
Total Operating Expenses	956,037	1,011,223
Loss from operations	(424,898)	(509,544)
Nonoperating Revenues (Expenses)		
Investment income	362	(3)
Interest expense	(157,191)	(218,627)
State PERS relief	3,177	6,272
Net Nonoperating Revenues (Expenses)	(153,652)	(212,358)
Loss before transfers	(578,550)	(721,902)
Transfers in	548,420	332,432
Change in net position	(30,130)	(389,470)
Net Position, beginning of year, as previously stated	8,795,917	9,222,733
Cumulative effect of a change in accounting principle	-	(37,346)
Net position, beginning of year, as restated	8,795,917	9,185,387
Net Position, end of year	\$ 8,765,787	\$ 8,795,917

City of Kodiak, Alaska

Shipyard Enterprise Fund

Statement of Cash Flows

Year Ended June 30,	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 595,417	\$ 449,532
Payments for interfund services used	(90,681)	(106,215)
Payments to suppliers	(226,235)	(142,848)
Payments to employees	(197,671)	(189,638)
Net cash flows from operating activities	80,830	10,831
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	548,420	332,432
Decreases in due to Boat Harbor fund	(232,764)	(9,263)
Net cash flows from noncapital financing activities	315,656	323,169
Cash Flows (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(166,500)	(161,500)
Interest paid on long-term debt	(168,251)	(172,500)
Net cash flows (for) capital and related financing activities	(334,751)	(334,000)
Cash Flows from (for) Investing Activities		
Investment income received	362	(3)
Net decrease in cash and investments	62,097	(3)
Cash and Investments, beginning of year	342,025	342,028
Cash and Investments, end of year	\$ 404,122	\$ 342,025
Reconciliation to Statement of Net Position:		
Cash and investments	\$ 62,097	\$ -
Restricted cash and investments	342,025	342,025
Total Cash and Investments	\$ 404,122	\$ 342,025
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (424,898)	\$ (506,896)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	526,860	526,861
Noncash State PERS relief	3,177	6,272
(Increase) decrease in assets:		
Accounts receivable	65,778	(57,795)
Inventory	143	(4,417)
Increase deferred outflows of resources related to pensions and OPEB	(8,123)	(18,624)
Increase (decrease) in liabilities:		
Accounts payable	(37,732)	51,849
Accrued payroll and related liabilities	(650)	1,274
Accrued leave	(3,418)	(151)
Customer deposits	(1,500)	3,000
Net pension and OPEB liabilities	(19,240)	(22,329)
Increase in deferred inflows of resources related to pensions and OPEB	(19,567)	31,787
Net cash flows from operating activities	\$ 80,830	\$ 10,831

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

<i>June 30,</i>	2019	2018
Assets		
Current Assets		
Cash and investments	\$ 1,060,736	\$ 1,004,820
Accounts receivable	52,503	82,156
Total Current Assets	1,113,239	1,086,976
Property, plant and equipment:		
Machinery and equipment	140,556	140,556
Accumulated depreciation	(140,556)	(140,556)
Property, plant and equipment, net	-	-
Total Assets	\$ 1,113,239	\$ 1,086,976
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 29,822	\$ 32,657
Customer deposits	2,500	14,000
Total Current Liabilities	32,322	46,657
Net Position		
Net investment in capital assets	-	-
Unrestricted	1,080,917	1,040,319
Total Net Position	1,080,917	1,040,319
Total Liabilities and Net Position	\$ 1,113,239	\$ 1,086,976

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues		
Energy charges	\$ 487,389	\$ 513,309
Customer charges	103,227	102,971
Other operating revenues	25,136	25,612
Total Operating Revenues	615,752	641,892
Operating Expenses		
Professional services	110	3,320
Goods and services	511,250	513,620
Repairs and maintenance	8,114	4,950
Interfund charges:		
Finance and administration	59,771	46,760
Harbormaster services	15,646	15,044
Depreciation	-	864
Total Operating Expenses	594,891	584,558
Earnings from operations	20,861	57,334
Nonoperating Revenues - investment income	19,737	8,477
Change in net position	40,598	65,811
Net Position, beginning of year	1,040,319	974,508
Net Position, end of year	\$ 1,080,917	\$ 1,040,319

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

<i>Year Ended June 30,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 633,905	\$ 672,698
Payments for interfund services used	(75,417)	(61,804)
Payments to suppliers	(522,309)	(521,223)
Net cash flows from operating activities	36,179	89,671
Cash Flows from Investing Activities		
Investment income received	19,737	8,477
Net increase in cash and investments	55,916	98,148
Cash and Investments, beginning of year	1,004,820	906,672
Cash and Investments, end of year	\$ 1,060,736	\$ 1,004,820
Reconciliation of earnings from operations to net cash flows from (for) operating activities:		
Earnings from operations	\$ 20,861	\$ 57,334
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
Depreciation	-	864
(Increase) decrease in assets - accounts receivable	29,653	31,405
Increase (decrease) in liabilities:		
Accounts payable	(2,835)	668
Customer deposits	(11,500)	(600)
Net cash flows from operating activities	\$ 36,179	\$ 89,671

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

<i>June 30,</i>	2019	2018
Assets		
Current Assets		
Accounts receivable	\$ -	\$ 2,253
Property, plant and equipment:		
Improvements other than buildings	5,589,593	5,589,593
Accumulated depreciation	(2,853,567)	(2,604,837)
Property, plant and equipment, net	2,736,026	2,984,756
Total Assets	\$ 2,736,026	\$ 2,987,009
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 2,102	\$ 1,904
Customer deposits	1,536	1,536
Due to other funds	181,992	192,299
Total Current Liabilities	185,630	195,739
Net Position		
Net investment in capital assets	2,736,026	2,984,756
Unrestricted (deficit)	(185,630)	(193,486)
Total Net Position	2,550,396	2,791,270
Total Liabilities and Net Position	\$ 2,736,026	\$ 2,987,009

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues		
Moorage	\$ 14,333	\$ 14,333
Rentals	40,756	35,274
Total Operating Revenues	55,089	49,607
Operating Expenses		
Goods and services	13,266	12,359
Repairs and maintenance	432	378
Utilities and fuel	19,168	19,254
Interfund charges:		
Finance and administration	8,479	7,495
Public works services	5,888	6,977
Depreciation	248,730	248,728
Total Operating Expenses	295,963	295,191
Loss from operations	(240,874)	(245,584)
Net Position, beginning of year	2,791,270	3,036,854
Net Position, end of year	\$ 2,550,396	\$ 2,791,270

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

<i>Year Ended June 30,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 57,342	\$ 47,354
Payments for interfund services used	(14,367)	(14,472)
Payments to suppliers	(32,668)	(31,913)
Net cash flows from operating activities	10,307	969
Cash Flows (for) Noncapital Financing Activities		
Decrease in due to other funds	(10,307)	(969)
Net increase 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	\$ (240,874)	\$ (245,584)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	248,730	248,728
(Increase) decrease in assets - accounts receivable	2,253	(2,253)
Increase (decrease) in liabilities - accounts payable	198	78
Net cash flows from operating activities	\$ 10,307	\$ 969

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

<i>June 30,</i>	2019	2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ -	\$ 189,360
Receivable from Kodiak Island Borough	111,688	164,139
Total Assets	111,688	353,499
Deferred Outflows of Resources - related to pensions and OPEB	160,680	-
Total Assets and Deferred Outflows of Resources	\$ 272,368	\$ 353,499
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 13,798
Accrued payroll and related liabilities	20,011	201
Due to other funds	324,636	-
Current portion of accrued leave	21,834	-
Total current liabilities	366,481	13,999
Noncurrent liabilities		
Long term portion of accrued leave	23,245	-
Net pension and OPEB liabilities	827,598	-
Total noncurrent liabilities	850,843	-
Total liabilities	1,217,324	13,999
Deferred Inflows of Resources - related to pensions and OPEB	72,025	-
Total Liabilities and Deferred Inflows of Resources	1,289,349	13,999
Net Position - unrestricted	(1,016,981)	339,500
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 272,368	\$ 353,499

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

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues - charges for services	\$ 298,265	\$ 253,983
Operating Expenses		
Salaries and benefits	1,509,020	7,265
Professional services	153,801	16,911
Support goods and services	6,647	-
Machinery and equipment	1,159	-
Total Operating Expenses	1,670,627	24,176
Earnings (loss) from operations	(1,372,362)	229,807
Nonoperating Revenues		
Investment income	-	1,403
State PERS relief	15,881	-
Total Nonoperating Revenues	15,881	1,403
Change in net position	(1,356,481)	231,210
Net Position, beginning of year	339,500	108,290
Net Position, end of year	\$ (1,016,981)	\$ 339,500

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

<i>Year Ended June 30,</i>	2019	2018
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 350,716	\$ 116,700
Payments to suppliers	(175,405)	(3,113)
Payments to employees	(689,307)	(7,238)
Net cash flows from (for) from operating activities	(513,996)	106,349
Cash Flows from Noncapital Financing Activities		
Increase in due to other funds	324,636	-
Cash Flows from Investing Activities		
Investment income received	-	1,403
Net increase (decrease) in cash and investments	(189,360)	107,752
Cash and Investments, beginning of year	189,360	81,608
Cash and Investment, end of year	\$ -	\$ 189,360
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:		
Earnings (loss) from operations	\$ (1,372,362)	\$ 229,807
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:		
Noncash State PERS relief	15,881	-
(Increase) Decrease in assets:		
Accounts receivable	52,451	-
(Increase) Decrease in deferred outflows related to pensions and OPEB	(160,680)	-
Increase (Decrease) in liabilities:		
Accounts payable	(13,798)	13,798
Accrued payroll and related liabilities	19,810	27
Accrued leave	45,079	-
Net pension and OPEB liabilities	827,598	-
Increase (Decrease) in deferred inflows related to pensions and OPEB	72,025	-
Net cash flows from (for) operating activities	\$ (513,996)	\$ 106,349

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>	2019	2018
Assets		
Current Assets		
Cash and investments	\$ 270,965	\$ 367,241
Accounts receivable	43,342	-
Total Assets	\$ 314,307	\$ 367,241
Liabilities and Net Position		
Liabilities - accounts payable	\$ -	\$ 3,190
Net Position - unrestricted	314,307	364,051
Total Liabilities and Net Position	\$ 314,307	\$ 367,241

City of Kodiak, Alaska
Insurance Internal Service Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2019	2018
Operating Revenues - charges for services	\$ 713,494	\$ 589,804
Operating Expenses - insurance	768,463	650,833
Loss from operations	(54,969)	(61,029)
Nonoperating Revenues - investment income	5,225	3,305
Change in net position	(49,744)	(57,724)
Net Position, beginning of year	364,051	421,775
Net Position, end of year	\$ 314,307	\$ 364,051

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

<i>Year Ended June 30,</i>	2019	2018
Cash Flows (For) Operating Activities		
Receipts from interfund services provided	\$ 670,152	\$ 589,804
Payments to suppliers	(771,653)	(647,643)
Net cash flows (for) operating activities	(101,501)	(57,839)
Cash Flows From Investing Activities		
Investment income received	5,225	3,305
Net decrease in cash and investments	(96,276)	(54,534)
Cash and Investments, beginning of year	367,241	421,775
Cash and Investments, end of year	\$ 270,965	\$ 367,241
Reconciliation of loss from operations to net cash flows (for) operating activities:		
Loss from operations	\$ (54,969)	\$ (61,029)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Increase in assets - accounts receivable	(43,342)	-
Increase (decrease) in liabilities - accounts payable	(3,190)	3,190
Net cash flows (for) operating activities	\$ (101,501)	\$ (57,839)

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, 2019

Federal Grantor	CFDA	Pass Through Grantor's Award Number	Program / Award Amount	Federal Expenditures
U.S. Department of the Interior Passed through the Kodiak Island Housing Authority Payment in lieu of taxes	15.226	None	\$ 5,434	\$ 5,434
U.S. Department of Justice Direct: Bulletproof Vest Partnership Program	16.607	APP# 02012514	1,288	1,288
U.S. Department of Agriculture Passed through Southern Region Emergency EMS Council Community Facilities Direct Loan and Grants Program	10.766	Code Blue 16	<u>71,000</u>	<u>71,000</u>
National Endowment for the Humanities Passed through State of Alaska, Department of Education and Early Development Continuing Education	45.310	CED-19-702-02	1,250	1,250
Continuing Education	45.310	CED-19-702-01	<u>1,250</u>	<u>1,250</u>
Total National Endowment for the Humanities			<u>2,500</u>	<u>2,500</u>
U.S. Department of Homeland Security Passed through State of Alaska Department of Military and Veterans Affairs Emergency Management Performance	97.042	20EMPG-GY18	<u>22,265</u>	<u>22,265</u>
U.S. Department of Military and Veterans Affairs Passed through State of Alaska Department of Military and Veterans Affairs State Homeland Security Program	97.067	20SHSP-GY17	<u>5,622</u>	<u>2,343</u>
U.S. Environmental Protection Agency Passed through the State of Alaska Department of Environmental Conservation Alaska Clean Water Revolving Loan Funds	66.458	503131	630,722	599,316
Alaska Clean Water Revolving Loan Funds	66.458	503101	160,682	112,394
Alaska Clean Water Revolving Loan Funds	66.458	503121	<u>808,487</u>	<u>513,571</u>
Total CFDA #66.458			<u>1,599,891</u>	<u>1,225,281</u>
Alaska Drinking Water Revolving Loan Funds	66.468	503071	87,080	34,805
Alaska Drinking Water Revolving Loan Funds	66.468	503161	<u>693,090</u>	<u>630,659</u>
Total CFDA #66.468			<u>780,170</u>	<u>665,464</u>
Total U.S. Environmental Protection Agency			<u>2,380,061</u>	<u>1,890,745</u>
Total Federal Financial Assistance			<u>\$ 2,488,170</u>	<u>\$ 1,995,575</u>
Reconciliation to Intergovernmental Revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance:				
Total Federal financial assistance per above schedule			\$ 1,995,575	
Total State financial assistance			1,913,642	
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 Uniform Guidance. These loans are recorded in the Enterprise funds.			(1,890,745)	
State cruise ship revenue recorded in the Enterprise funds			(42,753)	
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.			<u>(144,956)</u>	
Total Intergovernmental Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit B-3).			<u>\$ 1,830,763</u>	

City of Kodiak, Alaska

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

(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, 2019. 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, 2019.

(4) Federal Loan Balances

The federal portion of the outstanding balances for the Alaska Clean Water and Drinking Water Revolving Loan Funds are as follows:

Loan # 503131	\$	567,910
Loan # 503101		96,243
Loan # 503121		474,111
Loan # 503071		17,362
Loan # 503161		<u>595,055</u>
Total	\$	<u>1,750,681</u>

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	119-123
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	124-128
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	129-132
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	133-134
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	135-137
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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Invested in capital assets, net of related debt	\$ 32,822,868	39,687,520	42,372,752	51,181,346	55,757,774	55,089,433	54,463,057	53,313,320	51,432,431	49,921,011
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,890,514	11,819,026	13,398,387	16,207,289	13,635,655	10,144,168	10,265,552	7,714,577	7,192,342	11,903,599
Total governmental activities net position	\$ 49,713,382	51,506,546	55,771,139	67,388,635	69,393,429	65,233,601	64,728,609	61,027,897	58,624,773	61,824,610
Business-type activities:										
Invested in capital assets, net of related debt	\$ 73,486,875	69,703,124	69,584,419	66,792,402	70,561,423	98,661,224	102,641,050	101,304,800	100,954,710	98,335,275
Restricted	505,050	505,050	505,050	505,050	505,050	505,050	505,050	461,581	461,581	461,581
Unrestricted	8,445,014	13,294,322	16,143,082	21,293,612	24,107,577	24,629,537	24,189,305	27,382,259	31,430,285	34,685,492
Total business-type activities net position	\$ 82,436,939	83,502,496	86,232,551	88,591,064	95,174,050	123,795,811	127,335,405	129,148,640	132,846,576	133,482,348
Primary government:										
Invested in capital assets, net of related debt	\$ 106,309,743	109,390,644	111,957,171	117,973,748	126,319,197	153,750,657	157,104,107	154,618,120	152,387,141	148,256,286
Restricted	505,050	505,050	505,050	505,050	505,050	505,050	505,050	461,581	461,581	461,581
Unrestricted	25,335,528	25,113,348	29,541,469	37,500,901	37,743,232	34,773,705	34,454,857	35,096,836	38,622,627	46,589,091
Total primary government net position	\$ 132,150,321	135,009,042	142,003,690	155,979,699	164,567,479	189,029,412	192,064,014	190,176,537	191,471,349	195,306,958

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 2,502,315	2,140,978	2,657,730	2,902,171	2,885,778	2,722,911	3,566,984	3,716,834	3,201,123	3,058,071
Public safety	6,089,332	6,340,579	7,809,554	8,013,832	8,587,842	7,736,192	8,346,122	9,727,361	8,273,670	7,361,821
Public works	2,526,468	4,283,775	2,493,956	2,738,860	2,577,384	2,584,167	3,342,453	3,324,991	2,011,818	2,268,689
Engineering	121,747	91,293	146,051	166,843	199,877	249,954	163,832	214,091	198,298	214,294
Parks & recreation	1,199,620	1,268,556	1,251,567	1,134,514	1,370,541	1,390,435	1,426,761	1,870,555	1,762,540	1,782,819
Library	712,625	680,410	847,458	864,533	930,313	894,605	1,025,482	1,140,829	954,249	1,364,499
Community services	277,041	259,692	306,906	296,352	305,457	374,235	393,730	414,094	368,618	386,903
Interest on long-term debt	383,928	906,057	369,052	361,177	352,803	346,240	332,240	54,079	438,252	223,696
Total governmental activities expenses	13,813,076	15,971,340	15,882,274	16,478,282	17,209,995	16,298,739	18,597,604	20,462,834	17,208,568	16,660,792
Business-type activities:										
Cargo Pier	\$ 1,692,841	1,192,406	1,466,240	1,463,402	1,466,892	926,136	942,898	1,106,868	1,113,802	2,398,674
Boat Harbor	2,912,689	3,148,865	3,207,233	3,253,074	3,331,649	3,235,531	3,410,754	3,717,907	3,416,038	3,423,383
Water Utility	2,952,723	2,280,910	2,635,421	3,279,097	6,137,608	4,533,126	2,192,228	2,842,116	2,209,006	2,773,699
Sewer Utility	2,665,150	3,058,490	3,261,989	3,082,518	3,398,824	3,611,837	3,583,227	3,423,537	3,503,504	3,803,888
Shipyard	528,977	1,117,928	1,078,009	1,263,689	1,285,600	1,136,632	1,213,745	1,334,428	1,230,686	1,113,831
Harbor Electric	605,989	633,313	804,834	657,379	675,474	575,261	585,739	660,605	584,558	594,891
Trident Basin	154,777	353,216	349,406	345,569	373,393	310,232	300,096	295,638	295,191	295,963
E-911 Services	37,553	5,518	5,548	5,890	158,923	7,091	6,442	7,223	24,176	1,673,631
Total business-type activities expenses	11,550,699	11,790,646	12,808,680	13,350,618	16,828,363	14,335,846	12,235,129	13,388,322	12,376,961	16,077,960
Total primary government expenses	\$ 25,363,775	27,761,986	28,690,954	29,828,900	34,038,358	30,634,585	30,832,733	33,851,156	29,585,529	32,738,752
Program revenues										
Government activities:										
Charges for services:										
General government	\$ 597,860	531,322	722,265	764,935	839,586	812,220	1,210,409	1,579,673	1,338,063	1,607,656
Public safety	914,020	1,111,833	1,246,856	1,285,143	1,624,080	1,652,307	1,399,008	1,441,495	1,534,426	1,468,678
Public works	288,198	235,343	238,617	445,150	267,093	346,256	218,393	256,835	155,931	299,024
Engineering	224,241	226,355	294,424	215,598	198,051	113,849	147,490	76,633	162,331	167,430
Parks & recreation	135,733	133,100	134,440	116,663	120,135	125,120	120,231	144,730	196,310	237,307
Library	15,980	12,542	13,692	12,592	17,503	22,641	27,996	26,388	22,910	19,285
Community services	-	40,897	42,712	42,025	57,802	64,127	72,483	86,195	79,238	39,279
Operating grants and contributions	733,005	292,846	392,273	788,840	814,853	468,502	457,644	212,123	381,873	230,866
Capital grants and contributions	1,119,257	2,770,746	2,821,724	10,188,295	1,373,720	112,193	66,945	25,357	846,406	240,293
Total governmental activities program revenues	4,028,294	5,354,984	5,907,003	13,859,241	5,312,823	3,717,215	3,720,599	3,849,429	4,697,388	4,309,818
Business-type activities:										
Charges for services:										
Cargo Pier	\$ 1,251,294	1,281,292	1,223,352	1,222,828	1,203,476	1,270,961	1,349,684	1,244,759	2,007,507	2,098,907
Boat Harbor	2,233,292	2,394,368	2,507,552	2,602,989	2,344,260	2,371,246	2,231,594	2,216,952	2,480,054	2,425,416
Water Utility	2,458,561	2,896,130	3,192,048	3,597,677	4,251,004	4,432,749	4,758,057	4,531,896	4,615,332	4,631,484
Sewer Utility	3,180,800	3,531,627	3,638,220	3,696,903	3,705,634	3,866,656	4,045,199	4,191,047	4,411,741	4,654,233
Shipyard	320,574	293,845	239,889	642,020	722,665	746,002	598,683	408,906	504,327	531,139
Harbor Electric	654,986	707,770	834,600	724,632	674,425	617,572	673,653	810,676	641,892	615,752
Trident Basin	33,266	32,970	43,724	44,361	46,824	51,045	53,452	57,122	49,607	55,089
E-911 Services	66,901	67,428	66,287	69,140	36,718	30,869	28,818	26,856	253,983	298,265
Operating grants and contributions	136,560	252,109	385,985	1,391,896	2,725,086	1,813,006	128,475	63,682	60,739	85,464
Capital grants and contributions	1,207,047	1,183,596	3,930,175	1,642,653	7,033,027	29,177,990	1,400,917	971,323	220,149	-
Total business-type activities program revenues	11,543,281	12,641,135	16,061,832	15,635,099	22,743,119	44,378,096	15,268,532	14,523,219	15,245,331	15,395,749
Total primary government program revenues	\$ 15,571,575	17,996,119	21,968,835	29,494,340	28,055,942	48,095,311	18,989,131	18,372,648	19,942,719	19,705,567
Net (expense)/revenue:										
Governmental activities	\$ (9,784,782)	(10,616,356)	(9,975,271)	(2,619,041)	(11,897,172)	(12,581,524)	(14,877,005)	(16,613,405)	(12,511,180)	(12,350,974)
Business-type activities	(7,418)	850,489	3,253,152	2,284,481	5,914,756	30,042,250	3,033,403	1,134,897	2,868,370	(682,211)
Total primary government net expenses	\$ (9,792,200)	(9,765,867)	(6,722,119)	(334,560)	(5,982,416)	17,460,726	(11,843,602)	(15,478,508)	(9,642,810)	(13,033,185)

(continued)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 665,999	921,052	917,599	708,684	879,280	912,645	921,916	1,083,234	1,103,470	1,181,579
Sales taxes	9,379,409	9,631,344	10,259,515	11,215,647	11,509,517	11,759,863	11,481,933	10,876,981	11,868,529	13,046,226
Other taxes, penalties and interest	179,427	23,199	209,156	240,261	224,983	254,921	244,483	217,934	217,093	255,200
Grants and entitlements not restricted to a specific purpose	1,584,024	1,458,343	2,199,410	1,986,156	1,777,724	1,781,749	1,566,434	978,701	924,198	1,217,018
Investment income	270,673	238,969	94,331	65,053	51,161	33,183	76,050	65,458	110,660	412,061
Land sales	746,475	-	-	-	-	-	-	-	-	-
Other	651,281	271,973	19,471	45,736	59,301	9,398	361,197	190,385	(885,003)	28,727
Transfers	(160,262)	(135,360)	540,382	(25,000)	(600,000)	(381,000)	(280,000)	(500,000)	(1,130,000)	(590,000)
Total governmental activities	13,317,026	12,409,520	14,239,864	14,236,537	13,901,966	14,370,759	14,372,013	12,912,693	12,208,947	15,550,811
Business-type activities:										
Other taxes, penalties and interest	179,789	-	-	-	-	-	-	-	-	-
Investment income	60,850	79,708	17,285	49,032	68,230	62,736	104,564	99,646	326,764	727,983
Other	-	-	-	-	-	-	121,627	78,692	(2,137)	-
Transfers	160,262	135,360	(540,382)	25,000	600,000	381,000	280,000	500,000	1,130,000	590,000
Total business-type activities	400,901	215,068	(523,097)	74,032	668,230	443,736	506,191	678,338	1,454,627	1,317,983
Total primary government	\$ 13,717,927	12,624,588	13,716,767	14,310,569	14,570,196	14,814,495	14,878,204	13,591,031	13,663,574	16,868,794
Change in Net Position										
Governmental activities	\$ 3,532,244	1,793,164	4,264,593	11,617,496	2,004,794	1,789,235	(504,992)	(3,700,712)	(302,233)	3,199,837
Business-type activities	393,483	1,065,557	2,730,055	2,358,513	6,582,986	30,485,986	3,539,594	1,813,235	4,322,997	635,772
Total primary government	\$ 3,925,727	2,858,721	6,994,648	13,976,009	8,587,780	32,275,221	3,034,602	(1,887,477)	4,020,764	3,835,609

City of Kodiak, Alaska

Table 3

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Nonspendable - prepaid items	\$ -	2,117	-	13,741	8,885	16,709	22,254	11,935	8,756	40,540
Assigned:										
Subsequent year's expenditures	-	1,638,770	1,490,854	1,156,232	1,132,088	3,346,341	-	2,238,227	368,400	-
Unassigned	-	4,865,844	5,238,816	7,402,864	7,461,144	6,735,867	8,670,767	6,578,439	9,087,460	10,967,511
Total General Fund	<u>-</u>	<u>6,506,731</u>	<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>
All other governmental funds:										
Committed for tourism	\$ -	206,694	236,859	301,433	357,411	389,175	430,735	464,650	509,163	586,295
Committed for Enhancement Fund		4,778,691	1,990,740	2,055,523	3,054,325	3,201,211	4,058,411	4,169,804	4,316,518	4,738,552
Assigned:										
Capital project funds	-	1,967,895	4,988,688	5,562,428	1,849,369	2,709,527	4,963,239	3,786,306	4,262,471	5,454,137
Public works	-	26,878	19,441	63,483	95,402	100,561	100,824	101,059	92,705	107,570
Unassigned (deficit)	-	(1,685,144)	(234,875)	-	-	-	-	-	-	-
Total other governmental funds	<u>\$ -</u>	<u>5,295,014</u>	<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>
General Fund:										
Reserved	\$ 13,618	-	-	-	-	-	-	-	-	-
Unreserved	8,838,952	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 8,852,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
All other governmental funds:										
Unreserved, reported in:										
Special revenue funds	4,432,351	-	-	-	-	-	-	-	-	-
Capital project funds	3,645,026	-	-	-	-	-	-	-	-	-
Total other governmental funds	<u>\$ 8,077,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 10,224,835	10,575,595	11,386,270	12,150,131	12,604,298	12,912,690	12,644,950	12,176,474	13,203,444	14,477,471
Intergovernmental	3,436,286	4,521,935	5,411,721	12,462,294	3,261,608	4,307,386	1,969,070	1,272,516	2,003,494	1,830,763
Charges for services	1,194,380	1,356,105	1,602,132	1,538,470	1,911,039	1,923,897	1,705,250	1,700,272	1,867,281	1,918,379
Fines and forfeitures	23,514	6,156	3,619	15,308	9,482	14,739	3,382	1,675	40,067	5,534
Licenses and permits	70,489	93,193	71,957	237,950	83,253	135,769	59,599	118,571	87,672	74,590
Rental income	198,188	166,373	197,032	236,124	231,780	263,537	220,752	213,433	200,647	238,034
Interfund charges	678,820	662,872	813,225	865,152	895,876	871,909	1,210,409	1,579,673	1,273,442	1,607,656
Investment income	268,746	236,576	94,193	63,457	50,839	32,010	74,525	64,546	107,355	406,836
Special assessments	81,088	57,242	47,057	44,335	32,104	6,041	-	-	-	13,310
Sale of land	746,475	-	-	-	-	-	-	-	-	-
Donations	-	-	-	500,000	645,000	42,227	6,250	-	-	7,500
Other revenues	651,281	271,973	21,157	46,736	59,301	9,398	361,197	176,574	18,701	21,227
Total revenues	\$ 17,574,102	17,948,020	19,648,363	28,159,957	19,784,580	20,519,603	18,255,384	17,303,734	18,802,103	20,601,300
Expenditures										
General government	\$ 1,988,470	2,121,115	2,167,022	2,421,254	2,325,859	2,536,309	2,809,207	2,822,132	2,801,631	2,889,602
Public safety	5,980,113	6,454,474	7,130,363	7,408,485	7,872,405	8,198,863	6,764,932	7,680,079	7,762,582	7,689,708
Public works	2,270,267	4,060,798	2,763,027	2,376,153	2,234,955	2,714,642	3,058,157	2,760,444	1,672,518	2,137,984
Engineering	143,630	87,209	150,113	189,900	201,581	244,967	165,227	213,112	198,247	216,579
Parks and recreation	1,089,285	1,148,482	1,128,736	1,083,502	1,230,546	1,357,632	1,282,538	1,395,051	1,306,849	1,392,552
Library	720,071	680,345	778,930	825,732	847,134	935,048	763,875	755,262	736,662	756,492
Community services	267,818	250,469	297,683	287,129	296,234	365,012	384,507	404,871	359,395	377,680
Other - insurance and administration	525,528	529,442	517,399	487,673	577,733	468,125	436,875	441,618	373,614	379,120
Debt service principal	145,000	150,000	155,000	165,000	175,000	185,000	195,000	205,000	215,000	205,000
Debt service interest	385,740	378,490	370,990	363,240	354,990	346,240	336,990	316,548	256,400	243,850
Capital outlay	13,678,791	7,080,038	3,200,704	9,975,708	5,665,223	245,998	256,237	702,752	694,152	473,601
Total expenditures	\$ 27,194,713	22,940,862	18,659,967	25,583,776	21,781,660	17,597,836	16,453,545	17,696,869	16,377,050	16,762,168
Excess of revenues over (under) expenditures	(9,620,611)	(4,992,842)	988,396	2,576,181	(1,997,080)	2,921,767	1,801,839	(393,135)	2,425,053	3,839,132
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	2,664,564	4,206,656	5,753,450	2,005,699	2,334,396	1,636,829	4,865,949	758,298	970,009	2,285,652
Transfers out	(2,824,826)	(4,342,016)	(4,813,068)	(1,756,699)	(2,934,396)	(2,017,829)	(4,920,949)	(1,258,298)	(2,100,009)	(2,875,652)
Net other financing sources (uses)	(160,262)	(135,360)	940,382	249,000	(600,000)	(381,000)	(55,000)	(502,675)	(1,130,000)	(590,000)
Net change in fund balance	\$ (9,780,873)	(5,128,202)	1,928,778	2,825,181	(2,597,080)	2,540,767	1,746,839	(895,810)	1,295,053	3,249,132
Debt services as a percentage of noncapital expenditures	3.93%	3.33%	3.40%	3.38%	3.29%	3.06%	3.28%	3.07%	3.01%	2.76%

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
2010	\$ 665,999	\$ 9,379,409	\$ 154,145	\$ 10,199,553
2011	765,539	9,631,344	155,513	10,552,396
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

City of Kodiak, Alaska

Table 6

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

Fiscal Year	Real Property		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
	Residential Property	Commercial Property					
2010	\$ 216,020,977	\$ 139,126,798	\$ 22,489,410	\$ 332,658,365	2.00	\$ 405,445,000	82.05%
2011	274,821,033	138,431,537	25,709,065	387,543,505	2.00	432,685,300	89.57%
2012	276,733,900	140,575,600	26,514,600	390,794,900	2.00	436,298,000	89.57%
2013	289,841,300	152,443,300	28,115,800	414,168,800	2.00	463,300,300	89.40%
2014	299,459,100	170,379,500	30,254,269	439,584,331	2.00	439,584,331	100.00%
2015	308,138,200	179,507,800	28,115,478	459,530,522	2.00	459,530,522	100.00%
2016	308,918,400	188,048,292	33,120,200	463,846,492	2.00	546,459,838	84.88%
2017	286,250,122	254,754,196	36,638,578	504,365,740	2.00	619,226,200	81.45%
2018	326,417,078	269,703,580	34,356,078	561,764,580	2.00	662,521,819	84.79%
2019	344,348,036	277,083,148	38,884,878	582,546,306	2.00	683,428,688	85.24%

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
2010	2.00	0.00	2.00	10.50	10.50	10.50	12.50	10.50
2011	2.00	0.00	2.00	10.50	10.50	10.50	12.50	10.50
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

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	2019			2010		
	Total Sales Receipts	Rank	Percentage of Total Sales Receipts	Total Sales Receipts	Rank	Percentage of Total Sales Receipts
Wholesale/Retail Trade	\$ 203,574,475	1	56.41%	\$ 195,107,037	1	47.28%
Construction	45,222,002	2	12.53%	64,021,884	2	15.51%
Accommodation and Food Services	25,233,908	3	6.99%	21,284,609	5	5.16%
Utilities	22,469,826	4	6.23%	22,057,828	4	5.35%
Other Services Except Public Administration	14,630,050	5	4.05%	9,868,495	7	2.39%
Manufacturing	9,036,266	6	2.50%	22,202,681	3	5.38%
Information	7,583,448	7	2.10%	9,837,068	8	2.38%
Transportation and Warehousing	7,421,411	8	2.06%	7,056,425	9	1.71%
Administrative & Support	6,803,755	9	1.89%	2,622,062	10	0.64%
Professional, Scientific, and Tech Services	5,609,266	10	1.55%	-	-	0.00%
Real Estate and Rental and Leasing	-	-	0.00%	12,508,939	6	3.03%
	<u>\$ 347,584,407</u>		<u>96.31%</u>	<u>\$ 366,567,028</u>		<u>88.83%</u>

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Trident Seafoods Corporation	\$ 81,210,200	1	13.94%	\$ 9,028,842	7	2.81%
Matson Navigation Co. of Alaska	45,105,600	2	7.74%	-	-	-
Ocean Beauty Seafoods LLC	36,741,000	3	6.31%	16,237,441	1	5.05%
North Pacific Seafoods Inc	20,690,000	4	3.55%	-	-	-
International Seafoods of Alaska	16,160,600	5	2.77%	10,879,502	4	3.39%
Mill Bay Plaza Assoc Ltd	12,766,600	6	2.19%	8,648,400	8	2.69%
Wal-mart / Sams Club	11,359,000	7	1.95%	9,987,787	5	3.11%
GCI Communication Corp	10,291,000	8	1.77%	7,563,488	9	2.35%
Kodiak Fishmeal Company	7,515,400	9	1.29%	-	-	-
Island Holdings	6,932,700	10	1.19%	-	-	-
Westward Seafoods, Inc.	-	-	-	11,852,090	2	3.69%
Alaska Communications Systems	-	-	-	11,645,093	3	3.62%
Brechan Enterprises	-	-	-	9,569,530	6	2.98%
Konkor	-	-	-	6,797,500	10	2.11%
	<u>\$ 248,772,100</u>		<u>42.70%</u>	<u>\$ 102,209,673</u>		<u>31.80%</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
2010	\$ 665,317	\$ 656,852	98.73%	\$ 4,928	\$ 661,780	99.47%
2011	781,590	759,262	97.14%	3,616	762,878	97.61%
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)

(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	Alaska Clean Water Fund Loans	Alaska Drinking Water Fund Loans		
2010	\$ 7,720,000	\$ 6,895,000	\$ 3,177,346	\$ 440,000	6.5%	2,752
2011	7,570,000	6,795,000	3,486,136	1,355,116	6.7%	3,133
2012	7,415,000	6,685,000	3,139,645	1,589,186	6.2%	2,983
2013	7,250,000	6,570,000	2,792,495	2,371,341	6.1%	2,952
2014	7,075,000	6,445,000	2,444,676	2,177,465	5.0%	2,862
2015	6,890,000	6,315,000	2,218,803	2,177,465	4.6%	2,781
2016	6,695,000	6,180,000	1,837,314	3,917,072	5.1%	2,963
2017	6,565,000	6,040,000	3,450,828	4,206,000	5.4%	3,309
2018	6,350,000	5,870,000	3,179,301	3,916,439	5.1%	3,245
2019	6,495,458	5,981,553	2,660,679	4,136,846	*	3,244

* Information not available at report time.

City of Kodiak, Alaska

Table 11

Direct and Overlapping Debt
As of June 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Kodiak			
General Obligation Bonds	\$ 6,495,458	100%	\$ 6,495,458
Kodiak Island Borough			
General Obligation Bonds	<u>73,189,089</u>	50%	<u>36,465,265</u>
Total direct and overlapping debt	<u>\$ 79,684,547</u>		<u>\$ 42,960,723</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, 2019

Assessed Value	\$	621,431,184
Less Exempt Property		<u>38,884,878</u>
Total	\$	582,546,306

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

Fiscal Year	Boat Harbor Revenue Bond						Coverage
	Boat Harbor Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2010	\$ 2,233,292	\$ 1,518,404	\$ 714,888	\$ 30,000	\$ 96,721	n/a	
2011	2,394,368	1,756,658	637,710	30,000	94,921	5.10	
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	62,212	4.00	

Operating expenses exclude depreciation.

Fiscal Year	Shipyard Revenue Bonds						Coverage
	Shipyard Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2010	\$ 320,574	\$ 316,277	\$ 4,297	\$ 75,000	\$ 211,551	n/a	
2011	293,845	350,274	(56,429)	70,000	236,870	-0.18	
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	

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)
2010	6,626	\$ 281,777,276	\$ 42,526	2,567	7.4%
2011	6,130	285,713,170	46,609	2,543	7.4%
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	*	*	2,395	*

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>2019 Rank</u>	<u>2010 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 2010 change in Alaska Statute, specific employer information is no longer available

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	12.30	12.30	12.30	13.30	13.30	13.30	13.30	14.30	14.30	15.30
Public Safety:										
Police	37.00	41.50	42.50	41.50	41.50	42.50	42.50	42.50	42.50	43.50
Fire	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75
Public Works	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Engineering	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks and Recreation	5.00	7.25	5.75	5.75	5.75	5.75	5.75	5.75	5.75	8.20
Library	6.75	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	16.40	16.40	16.00
Water	6.60	6.60	6.60	6.60	6.60	6.60	6.60	7.60	7.60	7.60
Sewer	9.35	9.35	9.35	9.35	9.35	9.35	11.35	10.35	10.35	10.35
Total	<u>118.65</u>	<u>125.65</u>	<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>

Note: Full-time equivalent employees are permanent employees.

Operating Indicators by Function
Last Ten Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Complaints investigated	7,716	8,746	10,168	13,856	15,135	14,168	14,100	11,452	10,831	12,387
Motor vehicle collision reports	124	89	118	155	118	124	132	30	161	129
Bookings/admissions	917	864	894	1,030	1,054	1,196	932	787	615	461
Investigations conducted	188	158	201	293	299	271	140	699	694	703
Service calls received/dispatched	7,279	8,797	10,168	13,855	15,135	14,202	14,397	12,953	10,527	11,852
Fire:										
Fire response within 5 minutes	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
EMS response within 5 minutes	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Public Works:										
Streets:										
Time spent on snow removal (man hours)	5,000	4,704	5,000	3,406	2,066	693	700	2,181	2,098	1,021
Garage:										
Preventative maintenance checks	125	80	130	130	79	117	217	193	193	194
Building inspection										
Building permits issued	190	201	223	219	158	193	224	264	171	210
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	240.5	240.5
Teen center attendance	31,000	36,088	16,054	16,054	16,054	17,408	26,365	30,650	26,050	25,508
Number of aquatic participants	19,728	27,804	35,799	35,314	30,493	25,087	33,451	38,625	36,872	38,585
Ice rink attendance	34,480	34,480	6,598	8,492	12,200	14,535	8,988	5,000	25,825	29,664
Library:										
Number of visitors	74,900	74,637	74,632	74,500	74,650	100,418	90,594	88,073	75,848	56,429
Number of materials withdrawn	3,800	3,047	4,957	3,502	1,146	1,121	3,000	4,354	1,274	5,439
Harbor:										
Vehicle, boat and foot patrol hours	7,000	7,000	7,000	7,000	7,611	8,464	8,425	8,788	8,789	8,555
Number of owner accounts	1,400	1,400	1,400	1,400	1,500	1,500	1,500	1,500	1,810	1,810
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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	20	20	21	23	20	20	19	21	20	20
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	9	9	9	9	8	10	9	9	9	9
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

(This page was left blank intentionally)

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, 2019, 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 December 27, 2019.

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) to determine the 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 determination of financial statement amounts. 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
December 27, 2019

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 the 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 the City of Kodiak's major federal programs for the year ended June 30, 2019. The 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 the 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, 2019.

Report on Internal Control Over Compliance

Management of the 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
December 27, 2019

City of Kodiak, Alaska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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
66.458
66.468

Name of Federal Program or Cluster
Alaska Clean Water Revolving Loan Funds
Alaska Drinking Water State Revolving Loan Funds

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.