

City of Kodiak, Alaska

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

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		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
General Fund	D-1	58
CARES Act Special Revenue Fund	D-2	59
Schedule of City's Proportionate Share of the Net Pension Liability	E-1	60
Schedule of City's Proportionate Share of the Net OPEB Liability	E-2	61
Schedule of City's Contributions (Pensions)	E-3	62
Schedule of City's Contributions (OPEB)	E-4	63

City of Kodiak, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
General Fund:		
Balance Sheet	F-1	64
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	F-2	65-68
CARES Act Special Revenue Fund:		
Balance Sheet	F-3	69
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	F-4	70
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	G-1	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	G-2	72
Nonmajor Enterprise Funds:		
Combining Statement of Net Position	H-1	73
Combining Statement of Revenues, Expenses and Changes in Net Position	H-2	74
Combining Statement of Cash Flows	H-3	75
Special Revenue Funds:		
Tourism Development:		
Balance Sheet	I-1	76
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	I-2	77
Special Assessments:		
Balance Sheet	I-3	78
Statement of Revenues, Expenditures and Changes in Fund Balance	I-4	79
Enhancement Fund:		
Balance Sheet	I-5	80
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	I-6	81
Capital Project Funds:		
General:		
Balance Sheet	J-1	82
Statement of Revenues, Expenditures and Changes in Fund Balance	J-2	83
Building:		
Balance Sheet	J-3	84
Statement of Revenues, Expenditures and Changes in Fund Balance	J-4	85

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:		
Street Improvements:		
Balance Sheet	J-5	86
Statement of Revenues, Expenditures and Changes in Fund Balance	J-6	87
Parks and Recreation:		
Balance Sheet	J-7	88
Statement of Revenues, Expenditures and Changes in Fund Balance	J-8	89
General Fund Vehicle Replacement:		
Balance Sheet	J-9	90
Statement of Revenues, Expenditures and Changes in Fund Balance	J-10	91
Enterprise Funds:		
Cargo Pier:		
Statement of Net Position	K-1	92
Statement of Revenues, Expenses and Changes in Net Position	K-2	93-94
Statement of Cash Flows	K-3	95
Boat Harbor:		
Statement of Net Position	K-4	96
Statement of Revenues, Expenses and Changes in Net Position	K-5	97
Statement of Cash Flows	K-6	98
Water Utility:		
Statement of Net Position	K-7	99
Statement of Revenues, Expenses and Changes in Net Position	K-8	100
Statement of Cash Flows	K-9	101
Sewer Utility:		
Statement of Net Position	K-10	102
Statement of Revenues, Expenses and Changes in Net Position	K-11	103
Statement of Cash Flows	K-12	104
Shipyard:		
Statement of Net Position	K-13	105
Statement of Revenues, Expenses and Changes in Net Position	K-14	106
Statement of Cash Flows	K-15	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:		
Harbor Electric:		
Statement of Net Position	K-16	108
Statement of Revenues, Expenses and Changes in Net Position	K-17	109
Statement of Cash Flows	K-18	110
Trident Basin:		
Statement of Net Position	K-19	111
Statement of Revenues, Expenses and Changes in Net Position	K-20	112
Statement of Cash Flows	K-21	113
E-911 Services:		
Statement of Net Position	K-22	114
Statement of Revenues, Expenses and Changes in Net Position	K-23	115
Statement of Cash Flows	K-24	116
Insurance Internal Service Fund:		
Statement of Net Position	L-1	117
Statement of Revenues, Expenses and Changes in Net Position	L-2	118
Statement of Cash Flows	L-3	119
Schedule of Expenditures of Federal Awards	M-1	120
Notes to the Schedule of Expenditures of Federal Awards		121
STATISTICAL SECTION		
Net Position by Component	1	122
Changes in Net Position	2	123-124
Fund Balances of Governmental Funds	3	125
Changes in Fund Balances of Governmental Funds	4	126
General Governmental Tax Revenues by Source	5	127
Assessed Value and Estimated Actual Value of Taxable Property	6	128
Property Tax Rates - Direct and Overlapping Governments	7	129
Top Ten Sales Tax Business Categories and Principal Property Taxpayers	8	130
Property Tax Levies and Collections	9	131
Ratios of Outstanding Debt by Type	10	132
Direct and Overlapping Debt	11	133
Legal Debt Margin Information	12	134
Pledged-Revenue Coverage	13	135
Demographic and Economic Statistics	14	136
Principal Employers	15	137
Full-time Equivalent City Government Employees by Function	16	138
Operating Indicators by Function	17	139
Capital Asset Statistics by Function	18	140

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>	141-142
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	143-144
Schedule of Findings and Questioned Costs	145-146



December 28, 2020

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, 2020. 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, 2020, 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, 2020. 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 2020, 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 2020 sales tax revenue was the largest source of General Fund revenues and has modestly exceeded projections against the backdrop of the COVID-19 public health emergency declared in March 2020. Retail sales businesses generate the largest share of sales tax revenue. The City maintains the mill rate for the General Fund at 2.00 mill levy on property and is collected by the Kodiak Island Borough. The revenue generated by property tax is significantly lower than sales tax and does not have as large of an impact. 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 in light of the COVID-19 public health emergency declared in March 2020. The main industries of the region are commercial fishing and tourism. While some segments of the commercial fishing industry have declined in recent years, others have grown. Although tourism continues to grow in Kodiak, there has been a decrease in the number of visitors in the spring of 2020 as the COVID-19 public health emergency has impacted travel.

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.

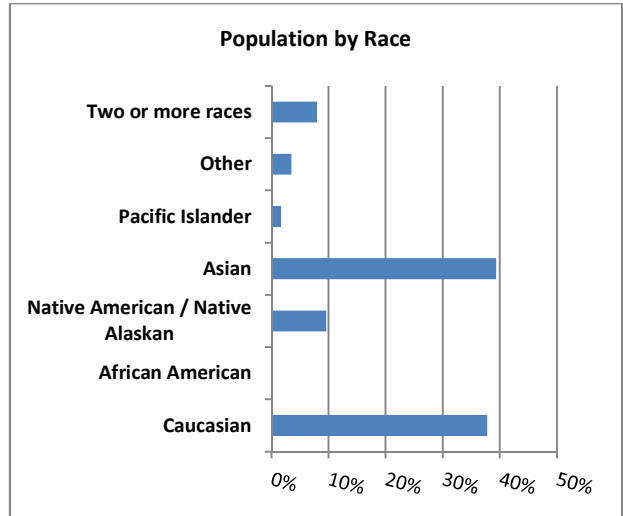
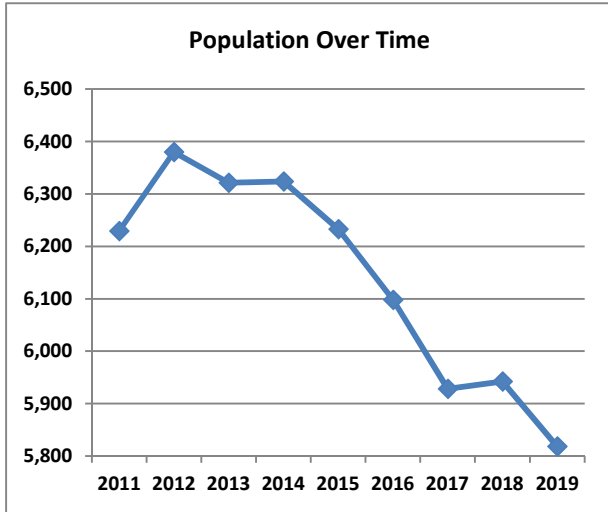
The KLC celebrated its first mission November 1998. The second successful launch from KLC lifted off September 1999. The state of the art facility includes a launch control center, payload processing facility, spacecraft assembly building and launch pad. It is designed to handle small to medium sized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

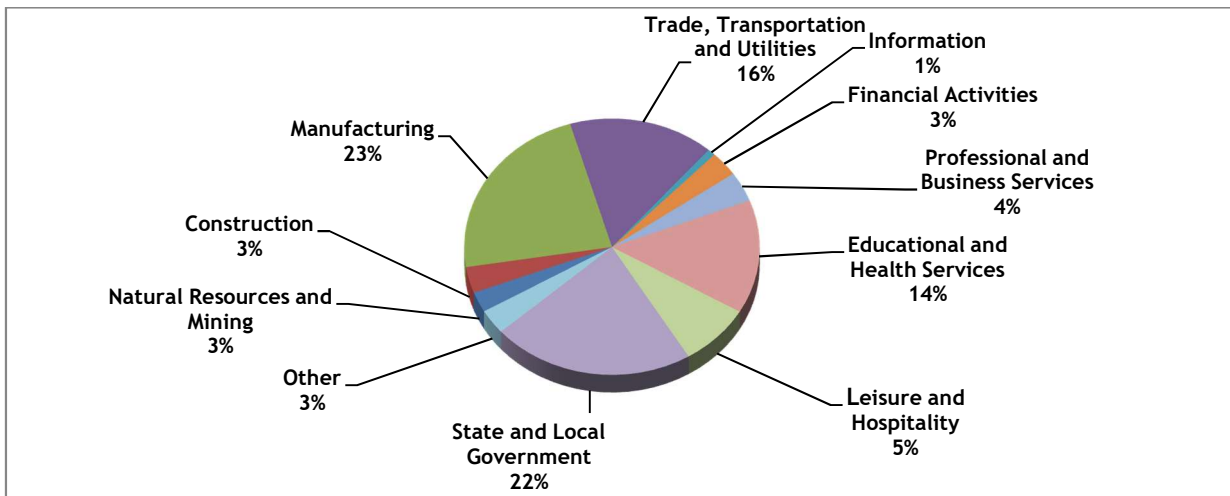
The City of Kodiak is the tenth largest city in Alaska, in terms of population. It ranks behind Anchorage, Juneau, Fairbanks, Wasilla, Sitka, Ketchikan, Kenai, Palmer and Bethel in that order. The estimated population for 2019 was 5,818 in the City of Kodiak and 13,001 in the Kodiak Island Borough.

Approximately 24% of the population is under 18 years of age, approximately 1.4% lower than Alaska overall. The population consists of approximately 53% male and approximately 47% female. Approximately 24% of the adults, age 25 and older, hold at least a bachelor's degree, and 88% are estimated to have at least a high school diploma.

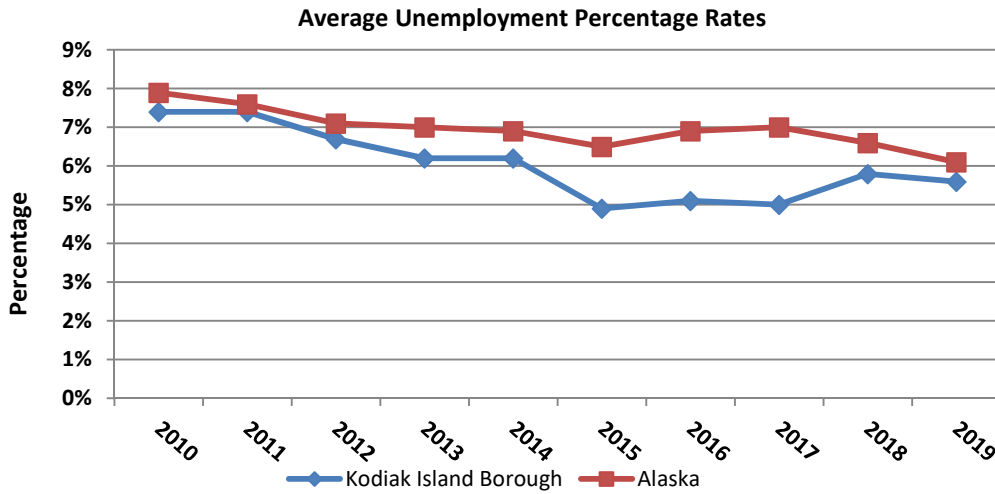


LABOR FORCE

In 2019, the state estimated the Kodiak region's average monthly employment to be 5,606 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 2019 was 6.0% compared to 7.0% for the state of Alaska.



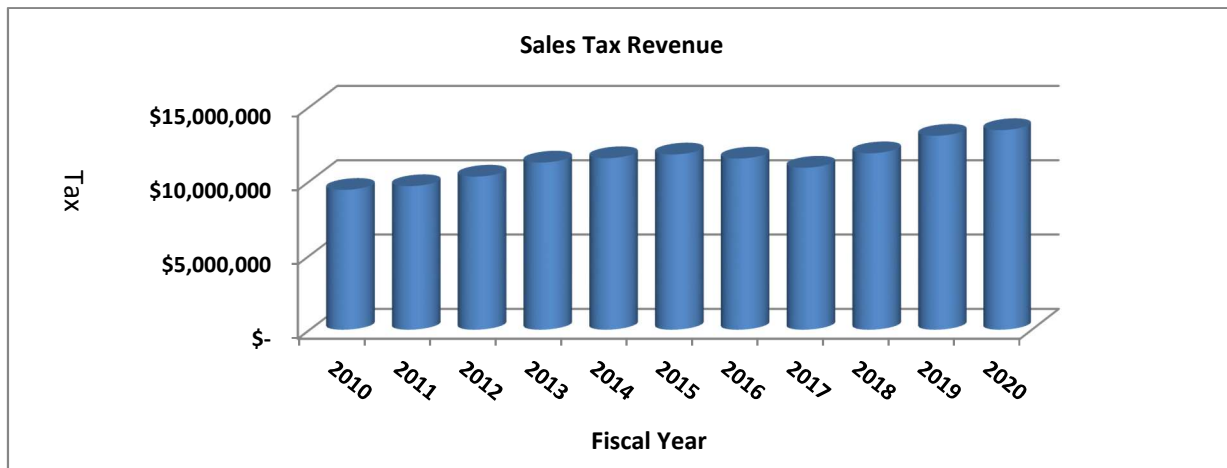
INCOME

The U.S. Department of Commerce Bureau of Economic Analysis reported the 2019 per capita personal income was \$66,382, an increase of 3.77%, as compared to \$63,968 reported for 2018 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 \$13.4 million in 2020. The City’s sales tax rate is 7% with a maximum sales tax of \$210 per transaction, \$52.50 for rentals. This translates to taxing the first \$3,000 of a sale and exempting any amount over \$3,000 in any one transaction. The City also exempts its citizens over the age of 65 from sales tax. Decreasing sales taxes led the City to increase the maximum sales transaction limit from \$750 to \$3,000 on January 1, 2018. Sales tax revenues have been budgeted accordingly to reflect this increase.



LONG-TERM FINANCIAL PLANNING

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

MAJOR INITIATIVES

1. The Mill Rate of 2.0 remained the same in fiscal year 2020.
2. The Sales Tax Cap remained the same at \$3,000 for fiscal year 2020.
3. The Hotel & Motel tax rate of 5% remained the same.
4. The fiscal year 2020 had no reductions of services, and all services were maintained at consistent levels.

FUTURE PROJECTS

1. New Fire Station Phase II:

\$20,000,000

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

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

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

The City of Kodiak is requesting funding for Phase II of the New Fire Station project from the State in an amount of \$20,000,000 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. Outdoor Warning Sirens /Tsunami Siren

\$370,000

The City of Kodiak is responsible for the early warning system in case of tsunami or other known hazards. The current warning sirens were installed in 1984-1986. This system includes 12 sirens within the city limits and nine more along the Kodiak road system. These sirens are beyond the recognized lifespan of 20 years and require annual maintenance. Removing a siren or two for maintenance leaves voids in the audible system and potentially places areas of town at risk. The city contracted a site assessment study and determined location and size of sirens necessary to provide coverage to the entire community. In FY 2020 the city has received two grants; NOAA and State of Alaska Homeland Security Program totaling \$380,873.00. The capital request of \$370,000 is anticipated to complete this project of removal and replacement.

The City of Kodiak is seeking funding to replace the entire system and move to a more reliable outdoor warning system.

Audible outdoor warning systems are used by public safety agencies to alert people about natural and manmade hazards such as tsunami, extreme weather conditions, flooding, and chemical release. Sirens are the most widely used sound-making device for inclusion in an audible outdoor warning system.

Today's sirens have at least a 20-year lifespan, unlimited product support, various training options, 10-30 minute continuous signaling capability, sound output of at least 120 db, and backup power options to power the siren in the event of AC power outage. Some of the sirens are remote test capable, can broadcast live or pre-recorded voice messages, and can utilize multiple communication methods for control and monitoring

3. 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.

4. 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

\$3,500,000

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

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

The City of Kodiak is requesting state funding assistance for the completion of the master plan study of Baranof Park, including the enclosure of the ice rink with the remodel amenities in the amount of \$3,500,000.

FINANCIAL POLICIES

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

Revenue Administration

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

Expenditure Administration

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

Reserves

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

Pension and Other Post-Employment Benefits (OPEB)

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kodiak for its comprehensive annual financial report for the fiscal year ending June 30, 2019. This was the seventeenth consecutive year that the City achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

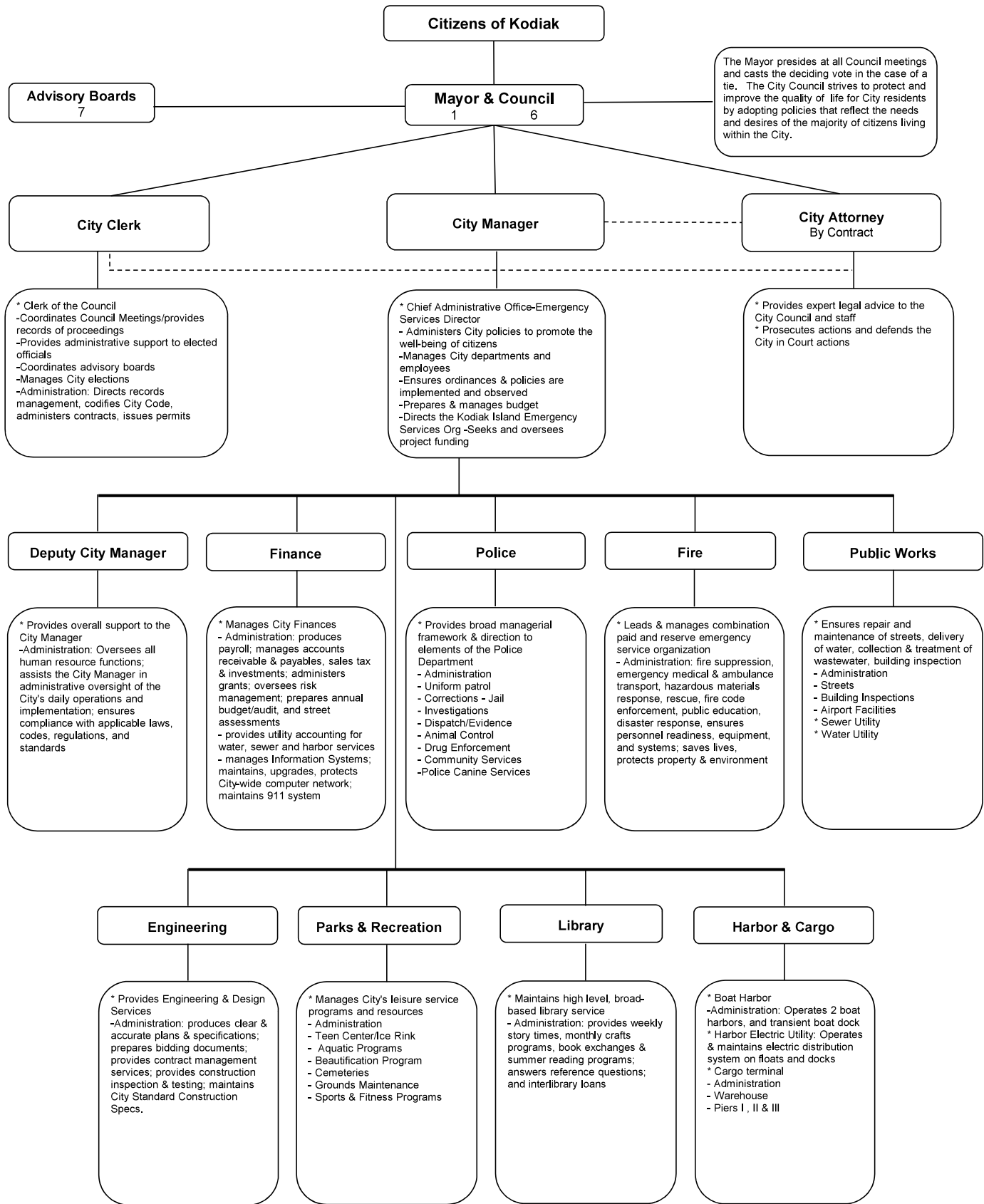
Respectfully Submitted,



City Manager
Mike Tvenge



Finance Director
Julie Liew



CITY OF KODIAK FACT SHEET

FORM OF GOVERNMENT

- Home Rule City with Council-Manager form of government
- City residents elect a Mayor and Six Council members to serve at-large
- City Council meets on the second and fourth Thursday of each month at 7:30 p.m. in the 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
Matt Holmstrom / Glenn Melvin	Engineering	mholmstrom@city.kodiak.ak.us	907-486-8065
Julie Liew	Finance	jliew@city.kodiak.ak.us	907-486-8659
Michael Sarnowski	Port & Harbor	msarnowski@city.kodiak.ak.us	907-486-8080

ELECTED OFFICIALS

NAME	OFFICE	E-Mail	PHONE
Pat Branson	Mayor	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, 2019

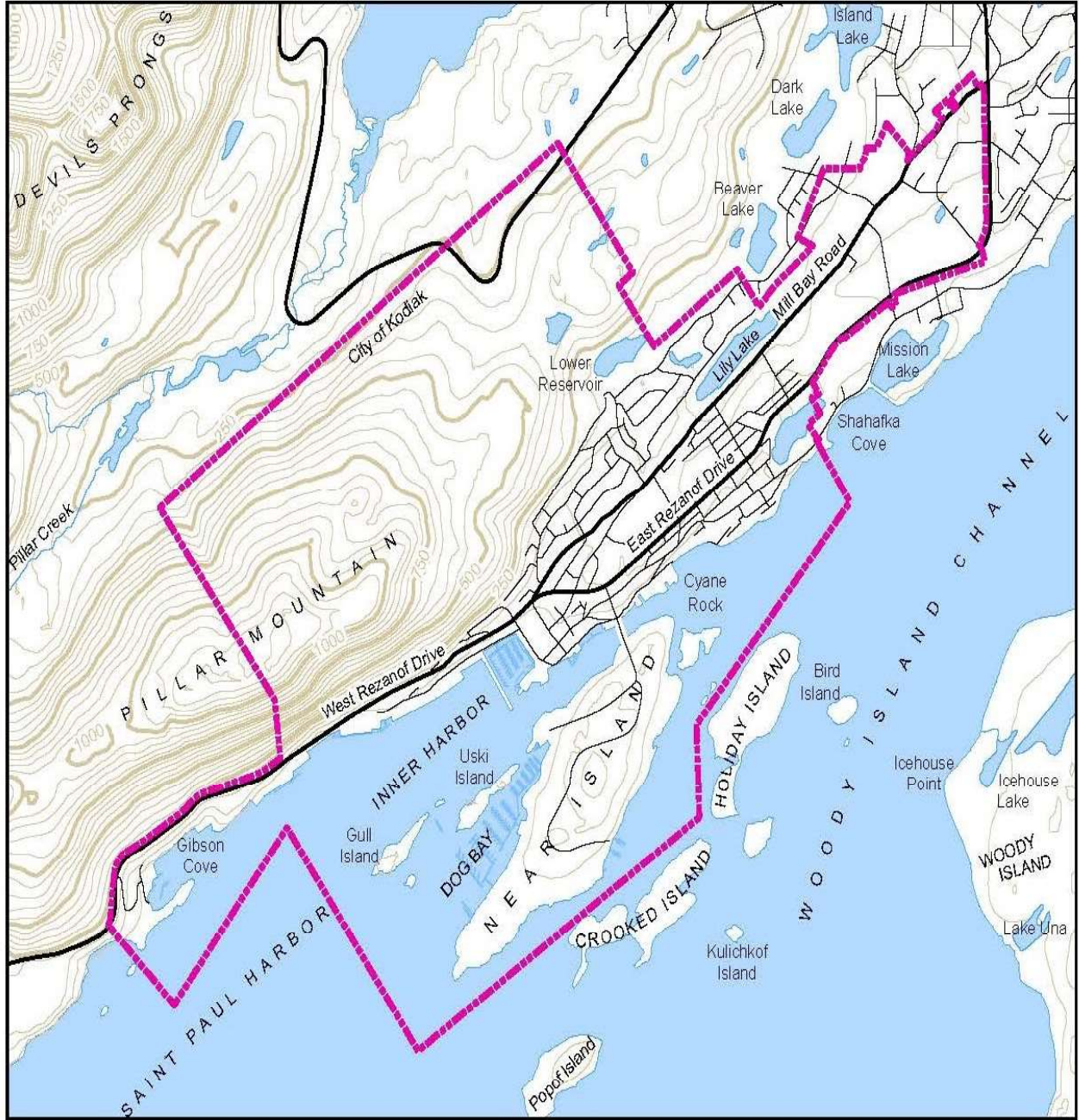
Christopher P. Morrill

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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-17, budgetary comparison information on pages 58-59, and the Schedules of City's Proportionate Share of the Net Pension and OPEB Liabilities and Pension and OPEB Contributions on pages 60-63 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 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, 2019, 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, 2019, 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 2019 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 2019 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 28, 2020, 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 28, 2020

City of Kodiak, Alaska

Management's Discussion and Analysis

June 30, 2020

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, 2020. 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 \$204,058,109 (*net position*). Of this amount, \$57,994,763 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$8,751,151 (4.48%). The governmental net position increased by \$6,436,850 (10.41%) and the business-type net position increased by \$2,314,301 (1.73%).
- As of the close of the current fiscal year, the City of Kodiak's governmental funds reported combined ending fund balances of \$26,244,932, an increase of \$4,350,327 from the prior year. Approximately 53.39% of this total amount, \$14,013,208 is available for spending at the government's discretion (*unassigned fund balance*).
- Total general revenues accounted for \$18,066,154 (43.08%) 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 \$23,866,228 (56.92%) of total revenues of \$41,932,382.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,013,208, or (78.11%) of total General Fund expenditures and transfers out of \$17,940,682.
- The City of Kodiak's total debt decreased by \$2,600,379 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 attributable to the City of Kodiak. For fiscal year 2020, the net pension and OPEB liabilities were \$12,858,892.

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 non-major governmental funds is provided in the form of combining statements and individual statements elsewhere in this report.

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

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

City of Kodiak, Alaska

Management's Discussion and Analysis

- *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 58-63.
 5. *Other Information.* The basic statements are followed by additional supplementary information on individual fund activity.
 - The combining statements referred to earlier in connection with non-major governmental funds and non-major enterprise funds are presented on pages 71-75.

Government-Wide Financial Analysis of the City of Kodiak

Table 1 provides a summary of the City's net position for 2020 compared to 2019:

Table 1
Net Position of Governmental and Business-type Activities

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 26,908,122	\$ 22,392,960	\$ 46,560,921	\$ 40,314,698	\$ 73,469,043	\$ 62,707,658
Capital assets	56,916,038	56,416,469	107,530,768	111,114,353	164,446,806	167,530,822
Total assets	83,824,160	78,809,429	154,091,689	151,429,051	237,915,849	230,238,480
Deferred outflows of resources						
Related to pensions and OPEB	1,807,046	2,076,479	754,045	866,376	2,561,091	2,942,855
Total assets and deferred outflows of resources	85,631,206	80,885,908	154,845,734	152,295,427	240,476,940	233,181,335
Liabilities						
Current liabilities	630,112	429,548	2,126,437	962,421	2,756,549	1,391,969
Long-term liabilities	15,963,905	17,700,967	16,598,987	17,462,304	32,562,892	35,163,271
Total liabilities	16,594,017	18,130,515	18,725,424	18,424,725	35,319,441	36,555,240
Deferred inflows of resources						
Related to pensions	775,729	930,783	323,661	388,354	1,099,390	1,319,137
Net position						
Invested in capital assets	50,655,050	49,921,011	94,946,715	98,335,275	145,601,765	148,256,286
Restricted	-	-	461,581	461,581	461,581	461,581
Unrestricted	17,606,410	11,903,599	40,388,353	34,685,492	57,994,763	46,589,091
Total net position	68,261,460	61,824,610	135,796,649	133,482,348	204,058,109	195,306,958
Total liabilities, deferred inflows of resources, and net position	\$ 85,631,206	\$ 80,885,908	\$ 154,845,734	\$ 152,295,427	\$ 240,476,940	\$ 233,181,335

City of Kodiak, Alaska

Management's Discussion and Analysis

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 \$204,058,109 as of June 30, 2020.

The government's net position increased by \$8,751,151 during the current fiscal year compared to an increase of \$3,835,609 in the prior fiscal year.

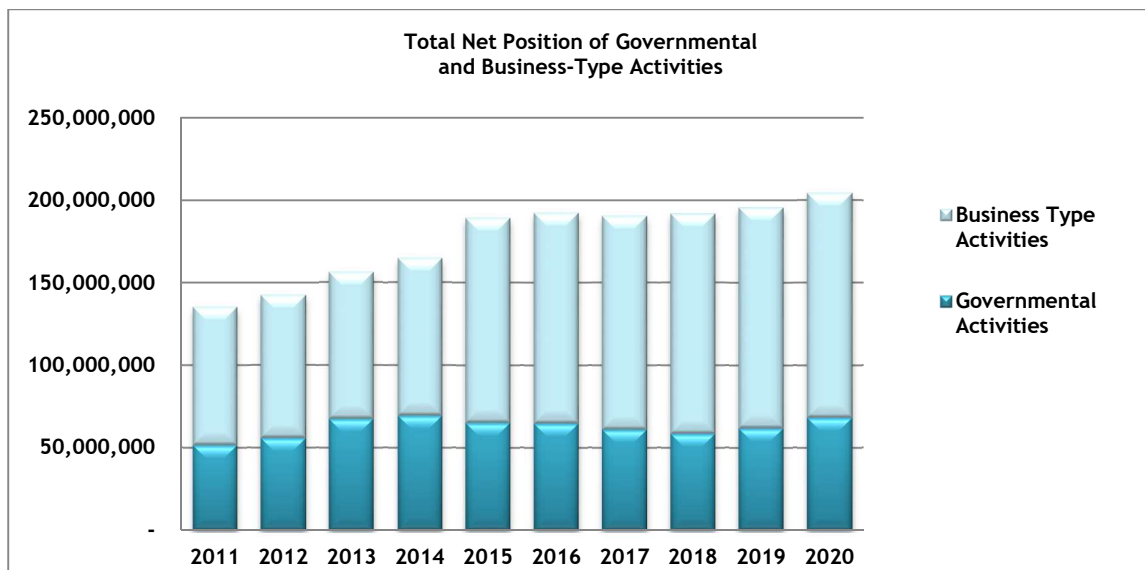
By far the largest portion of the City of Kodiak's net position, 71.35% reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Kodiak uses these capital assets to provide services 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 28.42% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year 2020, the City of Kodiak is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$734,039 in net investment in capital assets in connection with the City of Kodiak's governmental activities. This was primarily due to an increase in construction in progress related to continued street improvements and acquisition of new vehicles/equipment offset by an increase in accumulated depreciation. In the City's business-type activities there was a decrease of \$3,388,560 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 2020 and 2019 for both the governmental and business-type activities. Net position increased by \$8,751,151 for fiscal year 2020.

Table 2
Changes in Net Position

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Governmental	Business-	Total	Governmental	Business-	Total
	Activities	Type Activities		Activities	Type Activities	
Revenues:						
Program revenues:						
Charges for services	\$ 3,832,201	\$ 15,512,775	\$ 19,344,976	\$ 3,838,659	\$ 15,310,285	\$ 19,148,944
Operating grants and contributions	3,961,774	176,450	\$ 4,138,224	230,866	85,464	\$ 316,330
Capital grants and contributions	383,028	-	\$ 383,028	240,293	-	\$ 240,293
Total program revenues	<u>8,177,003</u>	<u>15,689,225</u>	<u>23,866,228</u>	<u>4,309,818</u>	<u>15,395,749</u>	<u>19,705,567</u>
General revenues:						
Property taxes	1,172,552	-	1,172,552	1,181,579	-	1,181,579
Sales taxes	13,424,945	-	13,424,945	13,046,226	-	13,046,226
Other taxes, penalties and interest	291,819	-	291,819	255,200	-	255,200
Grants not restricted	1,432,447	-	1,432,447	1,217,018	-	1,217,018
Investment income	429,828	625,850	1,055,678	412,061	727,983	1,140,044
Loss on disposal of assets	-	-	-	-	-	-
Miscellaneous	451,586	237,127	688,713	28,727	-	28,727
Total general revenues	<u>17,203,177</u>	<u>862,977</u>	<u>18,066,154</u>	<u>16,140,811</u>	<u>727,983</u>	<u>16,868,794</u>
Total revenues	<u>25,380,180</u>	<u>16,552,202</u>	<u>41,932,382</u>	<u>20,450,629</u>	<u>16,123,732</u>	<u>36,574,361</u>
Expenses:						
General government	3,175,175	-	3,175,175	3,058,071	-	3,058,071
Public safety	7,021,566	-	7,021,566	7,361,821	-	7,361,821
Public works	663,364	-	663,364	2,268,689	-	2,268,689
Engineering	228,454	-	228,454	214,294	-	214,294
Parks & recreation	1,748,323	-	1,748,323	1,782,819	-	1,782,819
Library	931,664	-	931,664	1,364,499	-	1,364,499
Community services	4,459,521	-	4,459,521	386,903	-	386,903
Interest on long-term debt	215,263	-	215,263	223,696	-	223,696
Cargo Pier	-	2,459,006	2,459,006	-	2,398,674	2,398,674
Boat Harbor	-	3,073,256	3,073,256	-	3,423,383	3,423,383
Water Utility	-	2,723,458	2,723,458	-	2,773,699	2,773,699
Sewer Utility	-	3,298,747	3,298,747	-	3,803,888	3,803,888
Shipyard	-	1,396,065	1,396,065	-	1,113,831	1,113,831
Harbor Electric	-	626,114	626,114	-	594,891	594,891
Trident Basin	-	307,231	307,231	-	295,963	295,963
E-911 Services	-	854,024	854,024	-	1,673,631	1,673,631
Total expenses	<u>18,443,330</u>	<u>14,737,901</u>	<u>33,181,231</u>	<u>16,660,792</u>	<u>16,077,960</u>	<u>32,738,752</u>
Increase in net position before transfers	6,936,850	1,814,301	8,751,151	3,789,837	45,772	3,835,609
Transfers	(500,000)	500,000	-	(590,000)	590,000	-
Change in net position	6,436,850	2,314,301	8,751,151	3,199,837	635,772	3,835,609
Net position at beginning 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>
Net position at end of year	<u>\$ 68,261,460</u>	<u>\$ 135,796,649</u>	<u>\$ 204,058,109</u>	<u>\$ 61,824,610</u>	<u>\$ 133,482,348</u>	<u>\$ 195,306,958</u>

City of Kodiak, Alaska

Management's Discussion and Analysis

Governmental Activities

Governmental activities in 2020 increased the City of Kodiak's net position by \$6,436,850, compared to an increase of \$3,199,837 in 2019.

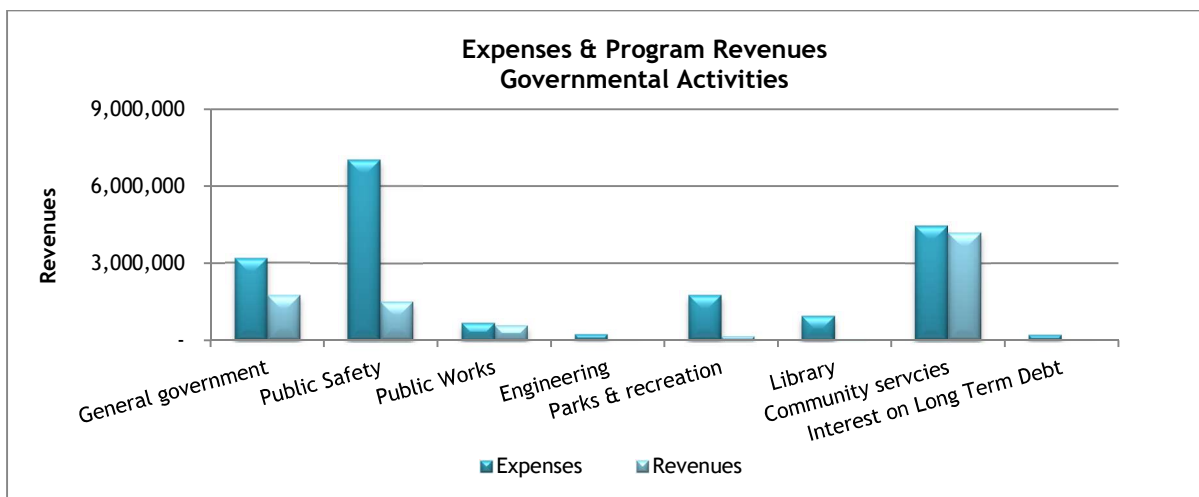
The primary source of revenue from governmental activities is sales tax revenues, which amounted to \$13,424,945, a 2.9% increase from 2019. The City sales tax rate in 2020 was at 7% on all sales with a per transaction cap that has varied from \$750 to \$3,000. The City sales tax accounts for 52.89% of total governmental revenues. Other tax revenues like property tax, tax penalties, interest, and hotel and motel tax accounted for 5.30% of total governmental activities revenues in 2020.

City taxpayers financed most of the City's costs, bringing in tax revenues of \$14,889,316. 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 \$8,177,003 (44%) of total governmental activities expenses.

The City's governmental activities net expenses are predominately related to Public Safety 38%, Community Services 24%, and General Government 17%, or 79% of total governmental activities expenses. Engineering, Parks and Recreation, Library, Public Works, and Interest on Long-Term Debt make up the remaining expenses.

In 2020 total governmental expenses were \$18,443,330 compared to \$16,660,792 in 2019. The largest decrease in expenses was due to changes in the long-term pension and OPEB liability expense of approximately \$1.2 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 58% of total governmental revenue. Other primary revenue sources include 23% for grants and 15% for charges for services.

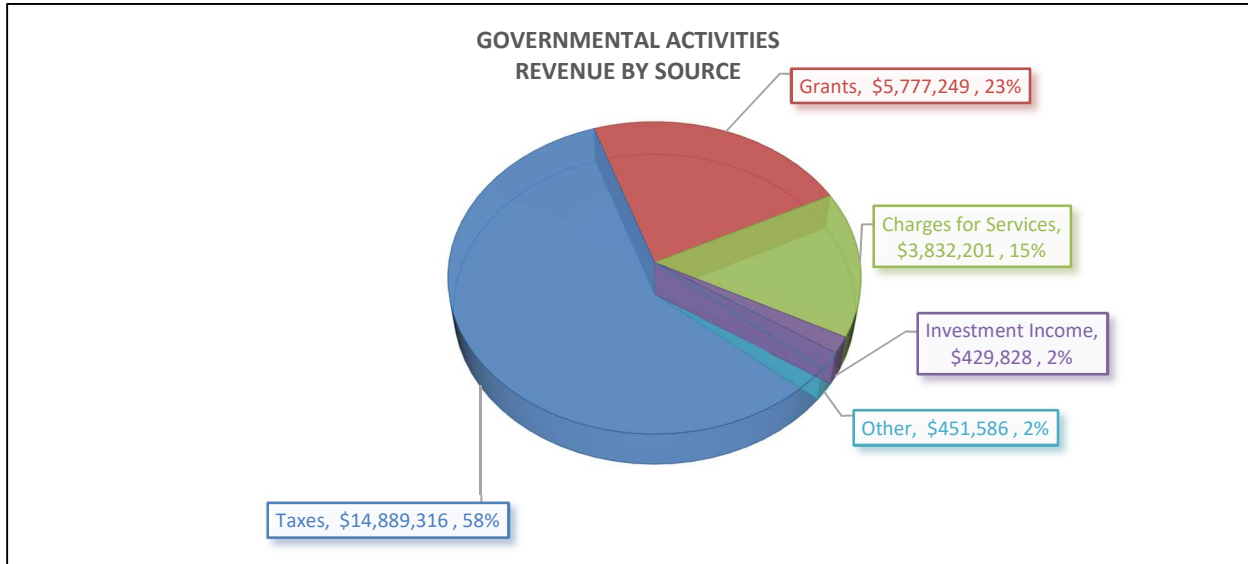


Table 3 shows, for governmental activities, the total cost of services and the net costs of services for fiscal year 2020. That is, it identifies the cost of these services supported by charges for services, operating grants and capital grants.

Table 3
Governmental Activities in 2020

	Total Cost of Services 2020	Net Cost (Benefit) of Services 2020	% of Total Costs
Governmental activities:			
General government	\$ 3,175,175	\$ 1,430,442	17.22%
Public safety	7,021,566	5,511,453	38.07%
Public works	663,364	95,211	3.60%
Engineering	228,454	228,454	1.24%
Parks & recreation	1,748,323	1,582,408	9.48%
Library	931,664	922,707	5.05%
Community services	4,459,521	280,389	24.18%
Interest on long-term debt	215,263	215,263	1.17%
Total governmental activities	\$ 18,443,330	\$ 10,266,327	100.00%

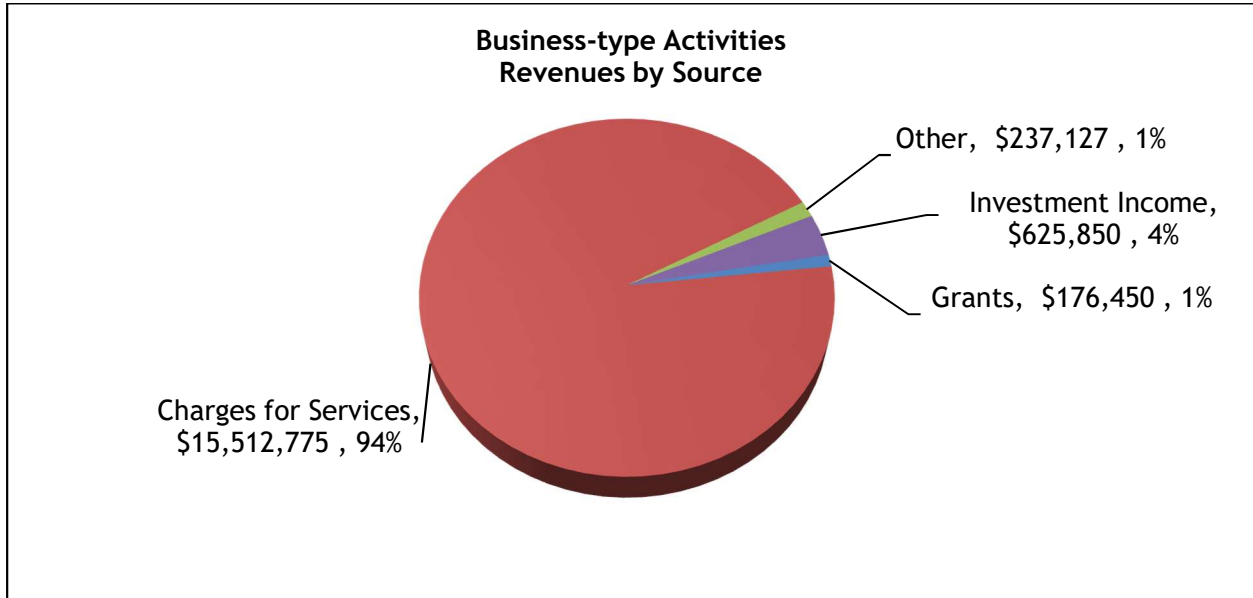
City of Kodiak, Alaska

Management's Discussion and Analysis

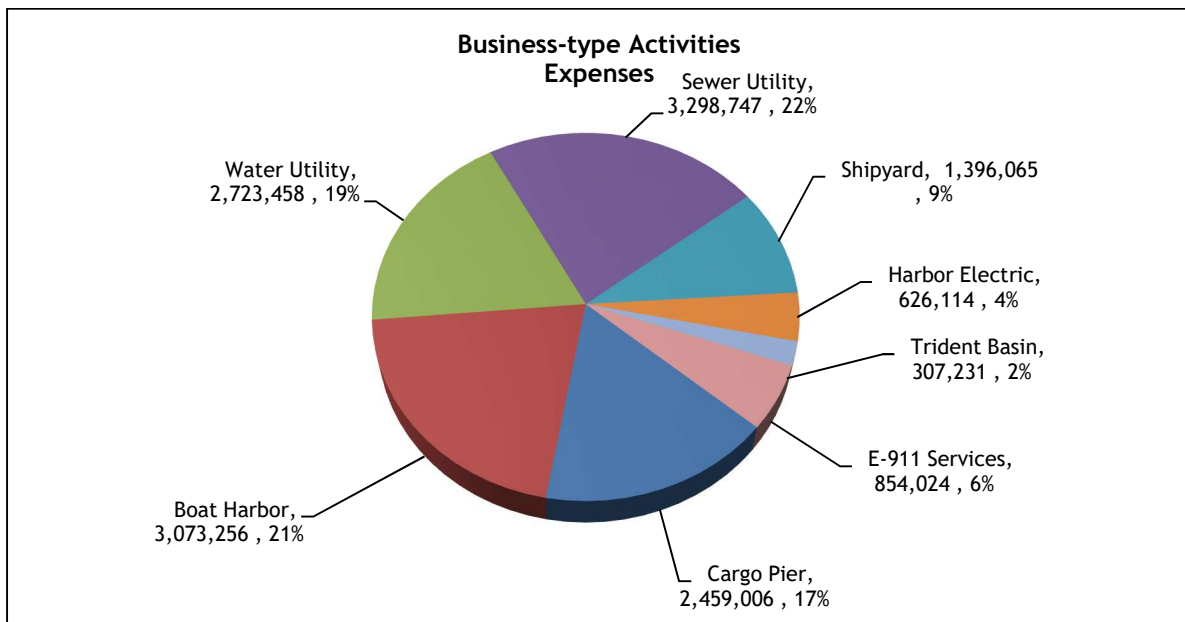
Business-type Activities

Business-type activities increased the City of Kodiak's net position by \$2,314,301. Key elements of this are as follows:

The primary source of revenue from business-type activities is charges for services, which amounted to \$15,512,775, a 1.32% increase from 2019. For the business-type activities, operating costs were less than charges for services by \$774,874. Operating and capital grants, investment income, and transfers increased net position by an additional \$1,539,427.



The City's business-type activities expenses are related to sewer utility 22%, boat harbor 21%, water utility 19%, cargo 17%, shipyard 9%, E-911 Services 6%, harbor electric 4%, and the Trident Basin Airport 2%. Total harbor related activities were 51% and total public works activities are 43% of the total business type activities in fiscal year 2020.



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 2020. 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 2020

	Total Cost of Services 2020	Net Cost (Benefit) of Services 2020	% of Total Costs
Business-type activities:			
Cargo	\$ 2,459,006	\$ 377,388	16.68%
Boat Harbor	3,073,256	460,935	20.85%
Water Utility	2,723,458	(1,876,479)	18.48%
Sewer Utility	3,298,747	(1,536,200)	22.38%
Shipyards	1,396,065	877,643	9.47%
Harbor Electric	626,114	(36,900)	4.25%
Trident Basin	307,231	254,415	2.08%
E-911 Services	854,024	527,874	5.79%
Total business-type activities	<u>\$ 14,737,901</u>	<u>\$ (951,324)</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 \$26,244,932, an increase of \$4,350,327 from the prior year. Approximately 53.40% of this total amount, \$14,013,208, 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 \$14,013,208 while total fund balance was \$14,042,818. 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 \$14,013,208 represents 78.22% of total General Fund expenditures and transfers out of \$17,940,682. Total fund balance of \$14,042,818 represents 78.27% of total General Fund expenditures and transfers out of \$17,940,682.

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 \$3,034,767 during the current fiscal year. Key factors in this increase are as follows:

Total General Fund total operating revenues of \$20,888,979 exceeded total expenditures and transfers out of \$17,940,682. Budgeted sales tax revenues of the General Fund exceeded actual sales tax revenues by \$1,075,055. For fiscal year 2020, actual revenues were less than budgeted revenues by \$695,962 due to a decrease in sales tax collectible per transaction, attributed to the impact the COVID-19 pandemic had on the tourism industry. Expenditures were lower than budgeted primarily in police by \$1,532,048, fire by \$751,453, and general government by \$569,464. Transfers from the General Fund to other funds totaled \$3,073,681. Outdoor Warning Siren project and Baranof Park Improvement project accounted for \$550,000 in transfers; other significant transfers included \$771,718 to the Enhancement Special Revenue Fund based on Code requirements; and transfers of \$1,751,963 to capital improvement funds for capital costs.

The Nonmajor Funds have a total fund balance of \$12,202,114. Of this balance, 5.14% is committed for tourism, 46.68% is committed for economic stability, 47.28% assigned for capital projects, and less than 1% assigned for public works. There was an increase of \$1,315,560 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 \$11,948,188 and those in the Water and Sewer Facilities amounted to \$29,253,444. Non-major Enterprise Funds, made up of the Trident Basin, Harbor Electric, and E-911 Services Funds, had a deficit balance of \$954,438 in unrestricted net position. The total change in net position for all areas was an increase of \$2,412,787. This increase can be primarily attributed to scheduled fee increases for the water utility and boat harbor. The deficit unrestricted net position in non-major enterprise funds primarily relates to the E-911 Emergency Services Fund. The City is currently researching additional funding sources for this fund.

General Fund Budgetary Highlights

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

During the year there was a \$58,014 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

\$48,912 supplemental increase in the public works department for repairs and maintenance to heavy equipment use during the winter snow season.

\$612,680 supplemental decrease from the police department due to transfers of \$603,108 in salaries and benefits from KPD Dispatch to E911 Emergency Services Fund.

\$1,528,145 of additional transfers out to other funds to establish capital projects and transfers to the Enterprise fund based on Code requirements.

\$384,337 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.

City of Kodiak, Alaska

Management's Discussion and Analysis

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 \$695,962 less than budgeted. The actual expenditures were \$3,380,822 less than budgeted. The City made a concentrated effort to control expenditures and delay capital infrastructure projects. Expenditures were less than the amount budgeted in all functions. The largest savings were in Public Safety, General Government, and Parks and Recreation. Significant amounts and percentages are shown on below.

Table 4
General Fund Budget Highlights

	Amount Under Budget	Percent Under Budget
General government	\$ 569,464	16.84%
Public safety	2,283,501	67.54%
Public works	52,683	1.56%
Engineering	57,614	1.70%
Parks and recreation	190,816	5.64%
Library	156,251	4.62%
Community services	14,729	0.44%
Other - insurance and administration	55,764	1.65%
Total under budget	<u>\$ 3,380,822</u>	

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the City's capital assets have a total net book value of \$164,446,806. Table 5 on the following page compares the net book values at June 30, 2020 and 2019. 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 \$3,084,016 (1.84%). The decrease is primarily related to 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,501,384	\$ 2,501,384	\$ 693,997	\$ 693,997	\$ 3,195,381	\$ 3,195,381
Construction in progress	1,700,684	20,299	8,072,073	6,306,964	9,772,757	6,327,263
Buildings	40,679,079	40,626,908	41,882,404	41,848,998	82,561,483	82,475,906
Other improvements	8,740,469	8,740,468	150,372,685	150,351,727	159,113,154	159,092,195
Infrastructure	19,334,225	18,914,667	-	-	19,334,225	18,914,667
Machinery and equipment	13,822,155	13,181,264	21,951,406	21,827,527	35,773,561	35,008,791
Total capital assets	86,777,996	83,984,990	222,972,565	221,029,213	309,750,561	305,014,203
Less accumulated depreciation	29,861,958	27,568,521	115,441,797	109,914,860	145,303,755	137,483,381
Total capital assets, net	\$ 56,916,038	\$ 56,416,469	\$ 107,530,768	\$ 111,114,353	\$ 164,446,806	\$ 167,530,822

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, 2020, the City had \$629,683 in long-term leave payable for governmental activities and \$229,276 for business-type activities. The City has a \$6,260,988 balance on general obligation bonds related to the construction of a new public safety building, loans payable to the State of Alaska of \$6,797,318 related to the Water and Sewer Enterprise Funds, and \$5,786,735 of revenue bonds related to the Harbor and Shipyard Enterprise Funds. At June 30, 2020, the City recognized a net pension and OPEB liability obligation related to the State of Alaska PERS retirement plan for \$9,073,234 for governmental activities and \$3,785,658 for business-type activities.

Table 6 below summarizes all outstanding debt at June 30, 2020 with a comparison to 2019. 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 6,260,988	\$ 6,495,458	\$ -	\$ -	\$ 6,260,988	\$ 6,495,458
Long-term leave payable	629,683	510,392	229,276	220,865	858,959	731,257
Long-term notes payable	-	-	6,797,318	6,797,524	6,797,318	6,797,524
Revenue bonds payable	-	-	5,786,735	5,981,554	5,786,735	5,981,554
Net pension and OPEB liabilities	9,073,234	10,695,117	3,785,658	4,462,361	12,858,892	15,157,478
Total liabilities	\$ 15,963,905	\$ 17,700,967	\$ 16,598,987	\$ 17,462,304	\$ 32,562,892	\$ 35,163,271

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 2019 in the Kodiak Island Borough was 5.6% compared to 6.1% Alaska wide.
- The cost of living index in Kodiak for 2019 was 130.8. Other Alaskan cities are Anchorage at 125.2 Juneau at 129.7 and Fairbanks at 128.0. 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 2021 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

June 30, 2020	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$ 23,143,652	\$ 44,138,252	\$ 67,281,904
Receivables, net of allowance	3,734,860	1,671,720	5,406,580
Inventory	20,054	289,368	309,422
Restricted cash and investments	-	461,581	461,581
Prepaid items	9,556	-	9,556
Capital assets not being depreciated - land and construction in progress	4,202,068	8,766,071	12,968,139
Other capital assets, net of depreciation	52,713,970	98,764,697	151,478,667
Total Assets	83,824,160	154,091,689	237,915,849
Deferred Outflows of Resources - related to pensions and OPEB	1,807,046	754,045	2,561,091
Total Assets and Deferred Outflows of Resources	\$ 85,631,206	\$ 154,845,734	\$ 240,476,940
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 369,272	\$ 297,596	\$ 666,868
Accrued payroll and related liabilities	342,416	126,649	469,065
Customer deposits	9,812	273,181	282,993
Accrued interest	19,262	53,383	72,645
Unearned revenue	1,264,978	-	1,264,978
Internal balances	(1,375,628)	1,375,628	-
Noncurrent Liabilities			
Due within one year:			
Accrued leave	244,728	81,415	326,143
Bonds payable	244,470	199,819	444,289
Loans payable	-	478,344	478,344
Due in more than one year:			
Accrued leave	384,955	147,861	532,816
Bonds payable	6,016,518	5,586,916	11,603,434
Loans payable	-	6,318,974	6,318,974
Net pension and OPEB liabilities	9,073,234	3,785,658	12,858,892
Total Liabilities	16,594,017	18,725,424	35,319,441
Deferred Inflows of Resources - related to pensions and OPEB	775,729	323,661	1,099,390
Total Liabilities and Deferred Inflows of Resources	17,369,746	19,049,085	36,418,831
Net Position			
Net investment in capital assets	50,655,050	94,946,715	145,601,765
Restricted for debt service	-	461,581	461,581
Unrestricted	17,606,410	40,388,353	57,994,763
Total Net Position	68,261,460	135,796,649	204,058,109
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 85,631,206	\$ 154,845,734	\$ 240,476,940

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Statement of Activities

Year Ended June 30, 2020	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 3,175,175	\$ 1,774,303	\$ (29,570)	\$ -	\$ (1,430,442)	\$ -	\$ (1,430,442)
Public safety	7,021,566	1,589,427	(79,314)	-	(5,511,453)	-	(5,511,453)
Public works	663,364	177,717	10,344	380,092	(95,211)	-	(95,211)
Engineering	228,454	-	-	-	(228,454)	-	(228,454)
Parks and recreation	1,748,323	173,800	(7,885)	-	(1,582,408)	-	(1,582,408)
Library	931,664	11,936	(5,915)	2,936	(922,707)	-	(922,707)
Community services	4,459,521	105,018	4,074,114	-	(280,389)	-	(280,389)
Interest on long-term debt	215,263	-	-	-	(215,263)	-	(215,263)
Total Governmental Activities	18,443,330	3,832,201	3,961,774	383,028	(10,266,327)	-	(10,266,327)
Business-type Activities							
Cargo Pier	2,459,006	2,069,077	12,541	-	-	(377,388)	(377,388)
Boat Harbor	3,073,256	2,572,815	39,506	-	-	(460,935)	(460,935)
Water Utility	2,723,458	4,567,969	31,968	-	-	1,876,479	1,876,479
Sewer Utility	3,298,747	4,783,433	51,514	-	-	1,536,200	1,536,200
Shipyard	1,396,065	509,993	8,429	-	-	(877,643)	(877,643)
Harbor Electric	626,114	663,014	-	-	-	36,900	36,900
Trident Basin	307,231	52,816	-	-	-	(254,415)	(254,415)
E-911 Services	854,024	293,658	32,492	-	-	(527,874)	(527,874)
Total Business-type Activities	14,737,901	15,512,775	176,450	-	-	951,324	951,324
Total	\$ 33,181,231	\$ 19,344,976	\$ 4,138,224	\$ 383,028	(10,266,327)	951,324	(9,315,003)
General Revenues							
Taxes:							
Property taxes					1,172,552	-	1,172,552
Sales taxes					13,424,945	-	13,424,945
Other taxes, penalties and interest					291,819	-	291,819
Grants and entitlements not restricted to a specific purpose							
					1,432,447	-	1,432,447
Investment income					429,828	625,850	1,055,678
Other					451,586	237,127	688,713
Transfers					(500,000)	500,000	-
Total General Revenues and Transfers					16,703,177	1,362,977	18,066,154
Changes in net position					6,436,850	2,314,301	8,751,151
Net Position, beginning of year					61,824,610	133,482,348	195,306,958
Net Position, end of year					\$ 68,261,460	\$ 135,796,649	\$ 204,058,109

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Governmental Funds
Balance Sheet

June 30, 2020	Major Funds			Total Governmental Funds
	General	CARES Act Special Revenue Fund	Nonmajor Funds	
Assets				
Cash and investments	\$ 9,663,308	\$ 1,264,978	\$ 12,034,991	\$ 22,963,277
Receivables, net of allowance for uncollectible accounts:				
Taxes	3,202,952	-	31,939	3,234,891
Grants and shared revenues	51,472	-	285,100	336,572
Accounts	50,801	-	-	50,801
Special assessments	-	-	34,513	34,513
Interest	59,996	-	18,087	78,083
Inventory	20,054	-	-	20,054
Prepaid items	9,556	-	-	9,556
Due from other funds	1,516,787	-	-	1,516,787
Total Assets	\$ 14,574,926	\$ 1,264,978	\$ 12,404,630	\$ 28,244,534
Liabilities, Deferred Inflows of Resources, and and Fund Balances				
Liabilities				
Accounts payable	\$ 179,880	\$ -	\$ 189,392	\$ 369,272
Accrued payroll and related liabilities	342,416	-	-	342,416
Customer deposits	9,812	-	-	9,812
Unearned revenue	-	1,264,978	-	1,264,978
Total Liabilities	532,108	1,264,978	189,392	1,986,478
Deferred Inflows of Resources				
Deferred assessments	-	-	13,124	13,124
Fund Balances				
Nonspendable:				
Inventory	20,054	-	-	20,054
Prepaid items	9,556	-	-	9,556
Committed:				
Tourism	-	-	626,907	626,907
Economic Stability	-	-	5,696,380	5,696,380
Assigned:				
Capital projects	-	-	5,768,906	5,768,906
Public works	-	-	109,921	109,921
Unassigned	14,013,208	-	-	14,013,208
Total Fund Balances	14,042,818	-	12,202,114	26,244,932
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,574,926	\$ 1,264,978	\$ 12,404,630	\$ 28,244,534

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2020

Total fund balances for governmental funds		\$ 26,244,932
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	1,700,684	
Buildings	40,679,080	
Improvements other than buildings	8,740,468	
Infrastructure	19,334,225	
Machinery and equipment	13,822,155	
Accumulated depreciation	<u>(29,861,958)</u>	
Total capital assets		56,916,038
Other long-term assets (special assessments receivable) are not available to pay for current period expenditures and therefore, are deferred in the funds.		
		13,124
Deferred outflows of resources related to pensions and OPEB are not deemed available to pay current period expenditures and therefore are not reported as governmental fund assets.		
		1,807,046
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.		
		(775,729)
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	(9,073,234)	
Bonds payable	(5,930,000)	
Bonds premium	(330,988)	
Accrued leave	(629,683)	
Accrued interest	<u>(19,262)</u>	
Total long-term liabilities		(15,983,167)
Internal service funds are used by the City to charge the cost of certain activities such as insurance to individual funds. A portion of the internal service fund assets and liabilities are included in the governmental activities in the Statement of Net Position.		
		<u>39,216</u>
Total Net Position of Governmental Activities		\$ 68,261,460

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, 2020	Major Funds			Total Governmental Funds
	General	CARES Act Special Revenue Fund	Nonmajor Funds	
Revenues				
Taxes:				
Property taxes	\$ 1,172,552	\$ -	\$ -	\$ 1,172,552
Sales taxes	13,424,945	-	-	13,424,945
Other taxes, penalties and interest	25,751	-	209,464	235,215
Intergovernmental	1,874,785	4,074,114	383,028	6,331,927
Charges for services	1,967,506	-	-	1,967,506
Fines and forfeitures	1,420	-	-	1,420
Licenses and permits	55,184	-	-	55,184
Rental income	178,126	-	90,392	268,518
Interfund charges	1,596,177	-	-	1,596,177
Investment income	147,588	-	282,240	429,828
Special assessments	-	-	1,000	1,000
Donations	-	-	6,641	6,641
Other revenues	444,945	-	-	444,945
Total Revenues	20,888,979	4,074,114	972,765	25,935,858
Expenditures				
Current:				
General government	3,033,147	-	-	3,033,147
Public safety	6,291,122	-	1,094,754	7,385,876
Public works	2,144,189	-	432,979	2,577,168
Engineering	228,454	-	-	228,454
Parks and recreation	1,358,509	-	68,811	1,427,320
Library	752,322	-	2,936	755,258
Community services	199,271	4,074,114	177,312	4,450,697
Other - insurance and administration	409,537	-	-	409,537
Debt service:				
Bond principal	215,000	-	-	215,000
Bond interest	235,450	-	-	235,450
Capital outlay	-	-	367,624	367,624
Total Expenditures	14,867,001	4,074,114	2,144,416	21,085,531
Excess of revenues over (under) expenditures	6,021,978	-	(1,171,651)	4,850,327
Other Financing Sources (Uses)				
Transfers in	86,470	-	2,573,681	2,660,151
Transfers out	(3,073,681)	-	(86,470)	(3,160,151)
Net Other Financing Sources (Uses)	(2,987,211)	-	2,487,211	(500,000)
Net change in fund balances	3,034,767	-	1,315,560	4,350,327
Fund Balances, beginning of year	11,008,051	-	10,886,554	21,894,605
Fund Balances, end of year	\$ 14,042,818	\$ -	\$ 12,202,114	\$ 26,244,932

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, 2020

Net change in fund balances - total governmental funds	\$ 4,350,327
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The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation:

Capital outlays	2,793,006	
Depreciation expense	(2,293,437)	
		499,569

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

Change in accrued leave	(119,291)	
Change in accrued interest payable	717	
Change in the unfunded net pension and OPEB liabilities	(114,379)	
		(232,953)

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.

Change in deferred inflows and outflows of resources:		
Related to special assessments	(1,000)	
Related to pension and OPEB	1,621,883	
		1,620,883

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Principal repayments	215,000	
Bond premium amortization	19,470	
		234,470

Internal service funds are used by management to charge the costs of certain insurance to individual funds. A portion of these activities is reported with governmental activities.

(35,446)

Change in Net Position of Governmental Activities	\$ 6,436,850
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See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2020	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	\$ 7,182,681	\$ 6,413,383	\$ 21,526,801	\$ 8,258,434	\$ -	\$ 756,953	\$ 44,138,252	\$ 180,375
Receivables - net of allowances	291,888	140,544	359,706	624,387	85,979	169,216	1,671,720	-
Inventories	-	1,831	249,913	34,694	2,930	-	289,368	-
Total Current Assets	7,474,569	6,555,758	22,136,420	8,917,515	88,909	926,169	46,099,340	180,375
Noncurrent Assets								
Restricted cash and investments	-	119,556	-	-	342,025	-	461,581	-
Property, plant and equipment, net	39,291,452	8,069,935	28,042,504	16,804,016	12,812,263	2,510,598	107,530,768	-
Total Noncurrent Assets	39,291,452	8,189,491	28,042,504	16,804,016	13,154,288	2,510,598	107,992,349	-
Total Assets	46,766,021	14,745,249	50,178,924	25,721,531	13,243,197	3,436,767	154,091,689	180,375
Deferred Outflows of Resources								
Related to pensions and OPEB	52,763	215,405	119,356	198,500	28,174	139,847	754,045	-
Total Assets and Deferred Outflows of Resources	\$ 46,818,784	\$ 14,960,654	\$ 50,298,280	\$ 25,920,031	\$ 13,271,371	\$ 3,576,614	\$ 154,845,734	\$ 180,375
Liabilities, Deferred Inflows of Resources, and Net Position								
Liabilities								
Current Liabilities								
Accounts payable	\$ 3,658	\$ 88,660	\$ 33,602	\$ 118,735	\$ 14,792	\$ 38,149	\$ 297,596	\$ -
Accrued payroll and related liabilities	8,240	25,489	23,590	41,869	5,917	21,544	126,649	-
Customer deposits	-	260,645	8,800	-	-	3,736	273,181	-
Accrued interest	-	4,918	26,267	4,841	17,357	-	53,383	-
Due to other funds	-	-	-	-	361,101	1,155,686	1,516,787	-
Current portion:								
Accrued leave	4,349	27,300	12,901	28,095	1,065	7,705	81,415	-
Bonds payable	-	59,624	-	-	140,195	-	199,819	-
Loans payable	-	-	229,624	202,220	46,500	-	478,344	-
Total Current Liabilities	16,247	466,636	334,784	395,760	586,927	1,226,820	3,027,174	-
Noncurrent Liabilities								
Long term portion:								
Accrued leave	3,153	14,490	32,614	54,810	11,283	31,511	147,861	-
Bonds payable	-	1,543,603	-	-	4,043,313	-	5,586,916	-
Loans payable	-	-	3,103,074	2,797,400	418,500	-	6,318,974	-
Net pension and OPEB liabilities	264,893	1,081,433	599,224	996,564	141,448	702,096	3,785,658	-
Total Noncurrent Liabilities	268,046	2,639,526	3,734,912	3,848,774	4,614,544	733,607	15,839,409	-
Total Liabilities	284,293	3,106,162	4,069,696	4,244,534	5,201,471	1,960,427	18,866,583	-
Deferred Inflows of Resources								
Related to pensions and OPEB	22,647	92,459	51,232	85,203	12,093	60,027	323,661	-
Total Liabilities and Deferred Inflows of Resources	306,940	3,198,621	4,120,928	4,329,737	5,213,564	2,020,454	19,190,244	-
Net Position								
Net investment in capital assets	39,291,452	6,466,708	24,709,806	13,804,396	8,163,755	2,510,598	94,946,715	-
Restricted for debt service	-	119,556	-	-	342,025	-	461,581	-
Unrestricted (deficit)	7,220,392	5,175,769	21,467,546	7,785,898	(447,973)	(954,438)	40,247,194	180,375
Total Net Position	46,511,844	11,762,033	46,177,352	21,590,294	8,057,807	1,556,160	135,655,490	180,375
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 46,818,784	\$ 14,960,654	\$ 50,298,280	\$ 25,920,031	\$ 13,271,371	\$ 3,576,614	\$ 154,845,734	\$ 180,375
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							141,159	
Net Position of Business-type Activities							\$ 135,796,649	

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, 2020	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Operating Revenues	\$ 2,069,077	\$ 2,572,815	\$ 4,567,969	\$ 4,783,433	\$ 509,993	\$ 1,009,488	\$ 15,512,775	\$ 727,888
Operating Expenses								
Salaries and benefits	325,034	950,817	783,498	1,256,853	226,561	690,854	4,233,617	-
Professional services	4,315	80,246	41,499	59,151	129,920	160,181	475,312	-
Contributions	-	13,099	-	-	-	-	13,099	-
Goods and services	132,498	179,412	199,766	277,119	186,279	579,612	1,554,686	864,379
Repairs and maintenance	2,788	45,459	15,315	52,041	32,195	18,425	166,223	-
Utilities and fuel	34,410	284,187	355,630	276,269	44,460	20,274	1,015,230	-
Machinery and equipment	-	15,470	2,017	8,569	-	-	26,056	-
Interfund charges	173,585	265,068	322,681	385,501	91,961	69,295	1,308,091	-
Depreciation	1,761,492	1,156,268	904,980	929,720	525,749	248,728	5,526,937	-
Total Operating Expenses	2,434,122	2,990,026	2,625,386	3,245,223	1,237,125	1,787,369	14,319,251	864,379
Earnings (loss) from operations	(365,045)	(417,211)	1,942,583	1,538,210	(727,132)	(777,881)	1,193,524	(136,491)
Nonoperating Revenues (Expenses)								
Other revenue	17,481	65,218	42,796	73,296	12,036	26,300	237,127	-
Investment income	97,684	98,587	307,908	110,365	389	10,917	625,850	2,559
Interest expense	-	(55,305)	(51,924)	(35,108)	(151,578)	-	(293,915)	-
Engineering and feasibility studies	-	-	(26,249)	-	-	-	(26,249)	-
State PERS relief	12,541	39,506	31,968	51,514	8,429	32,492	176,450	-
Nonoperating Revenues (Expenses), net	127,706	148,006	304,499	200,067	(130,724)	69,709	719,263	2,559
Earnings (loss) before transfers	(237,339)	(269,205)	2,247,082	1,738,277	(857,856)	(708,172)	1,912,787	(133,932)
Transfers in	-	850,000	100,000	-	149,876	-	1,099,876	-
Transfers out	-	(149,876)	-	(100,000)	-	(350,000)	(599,876)	-
Change in net position	(237,339)	430,919	2,347,082	1,638,277	(707,980)	(1,058,172)	2,412,787	(133,932)
Net Position, beginning of year	46,749,183	11,331,114	43,830,270	19,952,017	8,765,787	2,614,332		314,307
Net Position, end of year	\$ 46,511,844	\$ 11,762,033	\$ 46,177,352	\$ 21,590,294	\$ 8,057,807	\$ 1,556,160		\$ 180,375
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(98,486)	
Change in Net Position of Business-type Activities							\$ 2,314,301	

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2020	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard			
Cash Flows from (for) Operating Activities								
Receipts from customers and users	\$ 2,048,346	\$ 2,462,180	\$ 4,523,280	\$ 4,768,457	\$ 472,630	\$ 1,004,463	\$ 15,279,356	\$ -
Receipts from interfund services provided	-	70,243	-	-	-	-	70,243	771,230
Payments for interfund services used	(173,585)	(265,068)	(322,681)	(385,501)	(91,961)	(69,345)	(1,308,141)	-
Payments to suppliers	(155,151)	(486,614)	(639,833)	(564,165)	(386,164)	(772,517)	(3,004,444)	(864,379)
Payments to employees	(354,585)	(1,123,834)	(833,276)	(1,344,761)	(233,814)	(753,059)	(4,643,329)	-
Net cash flows from (for) operating activities	1,365,025	656,907	2,727,490	2,474,030	(239,309)	(590,458)	6,393,685	(93,149)
Cash Flows from (for) Noncapital Financing Activities								
Transfers in	-	850,000	100,000	-	149,876	-	1,099,876	-
Transfers out	-	(149,876)	-	(100,000)	-	(350,000)	(599,876)	-
Increase (decrease) due to other funds	-	-	-	-	361,101	649,058	1,010,159	-
Net cash flows from (for) noncapital financing activities	-	700,124	100,000	(100,000)	510,977	299,058	1,510,159	-
Cash Flows from (for) Capital and Related Financing Activities								
Principal paid on long-term debt	-	(55,000)	(292,649)	(171,479)	(171,500)	-	(690,628)	-
Interest paid on long-term debt	-	(60,113)	(54,380)	(35,932)	(162,654)	-	(313,079)	-
Proceeds from issuance of long-term debt	-	-	-	510,422	-	-	510,422	-
Purchase of property, plant and equipment	-	(96,792)	(3,449)	(1,819,811)	-	(23,300)	(1,943,352)	-
Net cash flows from (for) capital and related financing activities	-	(211,905)	(350,478)	(1,516,800)	(334,154)	(23,300)	(2,436,637)	-
Cash Flows from Investing Activities								
Investment income received	97,684	98,587	307,908	110,365	389	10,917	625,850	2,559
Net increase (decrease) in cash and investments	1,462,709	1,243,713	2,784,920	967,595	(62,097)	(303,783)	6,093,057	(90,590)
Cash and Investments, beginning of year	5,719,972	5,289,226	18,741,881	7,290,839	404,122	1,060,736	38,506,776	270,965
Cash and Investments, end of year	\$ 7,182,681	\$ 6,532,939	\$ 21,526,801	\$ 8,258,434	\$ 342,025	\$ 756,953	\$ 44,599,833	\$ 180,375
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:								
Earnings (loss) from operations	\$ (365,045)	\$ (417,211)	\$ 1,942,583	\$ 1,538,210	\$ (727,132)	\$ (777,881)	\$ 1,193,524	\$ (136,491)
Adjustments to reconcile earnings (loss) from operations to net cash flow from (for) operating activities:								
Depreciation	1,761,492	1,156,268	904,980	929,720	525,749	248,728	5,526,937	-
Noncash State PERS relief	12,541	39,506	31,968	51,514	8,429	32,492	176,450	-
Other nonoperating revenues (expenses)	17,481	65,218	16,547	73,296	12,036	26,300	210,878	-
(Increase) decrease in assets:								
Accounts receivable	(20,731)	(40,392)	(44,689)	(14,976)	(37,363)	(5,025)	(163,176)	43,342
Inventory	-	825	9,177	(1,336)	1,344	-	10,010	-
Increase in deferred outflows of resources related to pensions and OPEB	7,860	32,089	17,781	29,571	4,197	20,833	112,331	-
Increase (decrease) in liabilities:								
Accounts payable	1,379	53,414	(57,930)	37,024	(5,190)	6,225	34,922	-
Accrued payroll and related liabilities	(1,591)	(10,436)	5,326	12,015	1,345	1,533	8,192	-
Accrued leave	3,517	(22,385)	12,501	14,163	6,478	(5,863)	8,411	-
Customer deposits	-	11,802	6,600	-	(1,500)	(300)	16,602	-
Net pension and OPEB liabilities	(47,351)	(193,311)	(107,114)	(178,141)	(25,284)	(125,502)	(676,703)	-
Increase (decrease) in deferred inflows of resources related to pensions and OPEB	(4,527)	(18,480)	(10,240)	(17,030)	(2,418)	(11,998)	(64,693)	-
Net Cash Flows from (for) Operating Activities	\$ 1,365,025	\$ 656,907	\$ 2,727,490	\$ 2,474,030	\$ (239,309)	\$ (590,458)	\$ 6,393,685	(93,149)
Non-cash capital and related financing activities:								
Purchase of capital assets on account	\$ -	\$ 32,640	\$ -	\$ 31,193	\$ -	\$ -	\$ 63,833	\$ -

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Notes to Basic Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

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

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

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

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

Additionally, the City also reports the following fund types:

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

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

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

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

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

Use of Accounting Estimates

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

Central Treasury

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

Cash and Cash Equivalents

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

Inventory

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

Prepaid Items

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

Receivables and Payables

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

Restricted Assets

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

Capital Assets

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Deferred Outflows / Inflows of Resources

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

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

Compensated Absences

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

Long-term Debt

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

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

Fund Balances

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

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

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

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

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

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

Pension and OPEB Plans

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

Property Taxes

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

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

3. Cash and Investments

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

Cash

At year end, the carrying amount of the City's deposits in financial institutions was \$27,740,329 and the reconciled balance totaled \$25,622,785. Of the bank balance, \$250,000 was insured by FDIC insurance and up to \$31,902,416 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, 2020 was \$2,540 and cash on hand related to marijuana taxes was \$198,549.

Investments

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

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

The hierarchy inputs are as follows:

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The City has the following fair value measurements as of June 30, 2020:

		Investments Measured at Fair Value		
<i>Investments by fair value level</i>	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal Obligations	\$ 342,037	\$ -	\$ 342,037	\$ -
U.S. Government Agencies	3,295,670	3,295,670	-	-
U.S. Treasury Obligations	17,105,660	17,105,660	-	-
Total investments at fair value level	\$ 20,743,367	\$ 20,401,330	\$ 342,037	\$ -

Investments measured at the net asset value:

Alaska Municipal League Investment Pool	16,451,423
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Investments measured at amortized cost:

Certificates of deposit	4,724,821
Total investments	\$ 41,919,611

Investment maturities at June 30, 2020 are as follows:

Investment Type	Fair Value	Investment Maturity (in years)	
		Less than 1	1-5
Certificates of Deposit	\$ 4,724,821	\$ 3,369,550	\$ 1,355,271
Municipal Obligations	342,037	-	342,037
U.S. Government Agencies	3,295,670	-	3,295,670
U.S. Treasury Obligations	17,105,660	13,567,922	3,537,738
Alaska Municipal League Investment Pool	16,451,423	16,451,423	-
Total Investments	\$ 41,919,611	\$ 33,388,895	\$ 8,530,716

Interest Rate Risk

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

Credit Risk

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The Alaska Municipal League Investment Pool is an external investment pool that is rated 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, 2020. Management believes these values approximate fair value.

4. Accounts Receivable and Unearned Revenues

Receivables at June 30, 2020, 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	\$ 3,202,952		\$ 31,939	\$ 3,234,891
Grants and shared revenues	51,472		285,100	336,572
Accounts	50,801		-	50,801
Special assessments	-		34,513	34,513
Interest	59,996		18,087	78,083
Total receivables	3,365,221		369,639	3,734,860
Less allowance for doubtful accounts	-		-	-
Net Receivables	\$ 3,365,221		\$ 369,639	\$ 3,734,860

	Major Enterprise Funds					Nonmajor Enterprise Funds	Totals
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyard		
Accounts	\$ 291,888	\$ 156,191	\$ 361,930	\$ 451,708	\$ 85,979	\$ 169,216	\$ 1,516,912
Grants	-	-	-	175,546	-	-	175,546
Total receivables	291,888	156,191	361,930	627,254	85,979	169,216	1,692,458
Less allowance for doubtful accounts	-	15,647	2,224	2,867	-	-	20,738
Net Receivables	\$ 291,888	\$ 140,554	\$ 359,706	\$ 624,387	\$ 85,979	\$ 169,216	\$ 1,671,720

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, 2020, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Nonmajor Funds
Deferred Special Assessments	\$ 13,124

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

5. Capital Assets

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

Governmental Activities	Balance July 1, 2019	Additions	Deletions and Reclassifications	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 2,501,384	\$ -	\$ -	\$ 2,501,384
Construction in progress	20,299	1,958,350	277,965	1,700,684
Total assets not being depreciated	2,521,683	1,958,350	277,965	4,202,068
<i>Capital assets being depreciated:</i>				
Buildings	40,626,908	52,172	-	40,679,080
Improvements other than buildings	8,740,468	-	-	8,740,468
Infrastructure	18,914,667	419,558	-	19,334,225
Machinery and equipment	13,181,264	640,891	-	13,882,155
Total assets being depreciated	81,463,307	1,112,621	-	82,575,928
<i>Less accumulated depreciation for:</i>				
Buildings	7,238,941	809,234	-	8,048,175
Improvements other than buildings	2,398,402	390,852	-	2,789,254
Infrastructure	8,973,772	270,874	-	9,244,646
Machinery and equipment	8,957,406	822,477	-	9,779,883
Total accumulated depreciation	27,568,521	2,293,437	-	29,861,958
Total capital assets being depreciated, net	53,894,786	(1,180,816)	-	52,713,970
Governmental Activity Capital Assets, net	\$ 56,416,469	\$ 777,534	\$ 277,965	\$ 56,916,038

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City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities	Balance July 1, 2019	Additions	Deletions and Reclassifications	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 693,997	\$ -	-	\$ 693,997
Construction in progress	6,306,964	1,765,110	-	8,072,074
Total assets not being depreciated	7,000,961	1,765,110	-	8,766,071
<i>Capital assets being depreciated:</i>				
Buildings	41,848,998	33,406	-	41,882,404
Improvements other than buildings	150,351,727	20,959	-	150,372,686
Machinery and equipment	21,827,529	123,877	-	21,951,406
Total assets being depreciated	214,028,254	178,242	-	214,206,496
<i>Less accumulated depreciation for:</i>				
Buildings	20,713,320	771,656	-	20,713,320
Improvements other than buildings	82,500,060	4,067,626	-	86,567,686
Machinery and equipment	6,701,482	687,655	-	7,389,137
Total accumulated depreciation	109,914,862	5,526,937	-	115,441,799
Total capital assets being depreciated, net	104,113,392	(5,348,695)	-	98,764,697
Business Type Activity				
Capital Assets, net	\$ 111,114,353	\$ (3,583,585)	\$ -	\$ 107,530,768

Depreciation expense was charged to the functions as follows, for the year ended June 30, 2020:

Governmental Activities	
General government	\$ 166,044
Public safety	964,071
Public works	403,733
Parks and recreation	492,257
Library	258,508
Community services	8,824
Total Governmental Activities Depreciation	\$ 2,293,437
Business-type Activities	
Cargo Pier	\$ 1,761,492
Boat Harbor	1,156,268
Water Utility	904,980
Sewer Utility	929,720
Shipyard	525,749
Trident Basin	248,728
Total Business-Type Activities Depreciation	\$ 5,526,937

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

6. Long Term Debt

Long-term debt at June 30, 2020, is comprised of the following:

Governmental Activities	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020	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	\$ 6,145,000	\$ -	\$ 215,000	\$ 5,930,000	\$ 225,000
Bond premium	350,458	-	19,470	330,988	19,470
Net pension and OPEB liabilities	10,695,117	-	1,621,883	9,073,234	-
Accrued leave	510,392	519,600	400,309	629,683	244,728
Total Governmental Activities	\$ 17,700,967	\$ 519,600	\$ 2,256,662	\$ 15,963,905	\$ 489,198

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, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Revenue Bonds:					
\$2,000,000 2016 Series Three Boat Harbor Revenue Bonds, due in annual installments of \$55,000 to \$115,000 plus interest at 2.0% to 5.0% through 2037	\$ 1,575,000	\$ -	\$ 55,000	\$ 1,520,000	\$ 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 2037	3,310,000	-	95,000	3,215,000	100,000
\$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	815,000	-	30,000	785,000	30,000
Loans Payable:					
\$930,000 Shipyard loan, due in annual installments of \$46,500, plus interest at 1.5% through 2030	511,500	-	46,500	465,000	46,500

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities, continued	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	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	\$ 586,599	\$ -	\$ 49,447	\$ 537,152	\$ 50,188
\$862,000 Water loan, due in annual installments of \$50,208, including interest at 1.5% through 2030	505,649	-	42,623	463,026	43,262
\$341,930 Water loan, due in annual installments of \$64,603 plus interest at 1.5% through 2019	64,604	-	64,604	-	-
\$341,930 Sewer loan, due in annual installments of \$32,302 plus interest at 1.5% through 2024	193,811	-	32,302	161,509	32,302
\$5,982,000 (maximum) Water loan, due in annual installments of \$77,168, including interest at 1.5% through 2032	967,946	-	62,649	905,297	63,588
\$1,878,492 Water loan, due in annual installments of \$122,773 plus interest of 1.5% through 2036	2,087,148	-	122,773	1,964,375	122,774
\$1,794,604 Sewer loan, due in annual installments of \$89,730 plus interest of 1.5% through 2037	1,615,144	-	89,730	1,525,414	89,730
\$1,794,604 Sewer loan, due in annual installments	265,124	334,876	-	600,000	30,000
\$5,435,000 Sewer loan, due in annual installments	-	175,546	-	175,546	-
Bond premium	281,553	-	14,819	266,735	14,819
Net pension and OPEB liabilities	4,462,361	-	676,703	3,785,658	-
Accrued leave	220,865	189,084	180,673	229,276	81,415
Total Business-type Activities	\$ 17,462,304	\$ 699,506	\$ 1,562,823	\$ 16,598,987	\$ 759,578

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, 2020, are as follows:

Governmental Activities	General Obligation Bonds		
	Principal	Interest	Total
<i>Years Ending June 30,</i>			
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	270,000	181,450	451,450
2026-2030	1,555,000	690,025	2,245,025
2031-2035	1,875,000	373,925	2,248,925
2036-2038	1,280,000	115,763	1,395,763
	\$ 5,930,000	\$ 2,206,888	\$ 8,136,888

Annual debt service requirements to maturity for all the above Business-type Activities revenue bonds and loans payable obligations outstanding as of June 30, 2020, are as follows:

Business-type Activities	Revenue Bonds			Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
<i>Years Ending June 30,</i>						
2021	\$ 185,000	\$ 207,794	\$ 392,794	\$ 478,344	\$ 92,988	\$ 571,332
2022	195,000	200,194	395,194	480,700	92,151	572,851
2023	205,000	191,169	396,169	483,091	84,941	568,032
2024	215,000	180,669	395,669	485,518	77,695	563,213
2025	220,000	169,794	389,794	487,981	70,412	558,393
2026-2030	1,345,000	668,194	2,013,194	2,492,203	246,349	2,738,552
2031-2035	1,875,000	373,734	2,248,734	1,437,246	95,256	1,532,502
2036-2038	1,280,000	65,475	1,345,475	452,235	12,629	464,864
	\$ 5,520,000	\$ 2,057,023	\$ 7,577,023	\$ 6,797,318	\$ 772,421	\$ 7,569,739

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.

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, 2020, the amount of defeased debt still outstanding was \$5,930,000.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2020, the amount of defeased debt still outstanding was \$1,520,000.

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, 2020, the amount of defeased debt still outstanding was \$3,215,000.

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, 2020, the amount of defeased debt still outstanding was \$785,000.

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	\$ 9,556	\$ -	\$ 9,556
Inventory	20,054	-	20,054
Committed:			
Tourism	-	626,907	626,907
Economic stability	-	5,696,380	5,696,380
Assigned:			
Capital projects	-	5,768,906	5,768,906
Public works	-	109,921	109,921
Unassigned	14,013,208	-	14,013,208
Total Fund Balances	\$ 14,042,818	\$ 12,202,114	\$ 26,244,932

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2020 are:

<u>General Fund general sales taxes</u>	\$ 13,424,945
<u>Tourism Development Special Revenue Fund room taxes</u>	\$ 209,464

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

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

Total Sales Tax	7.00%	\$ 1,250,000
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	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, 2020:

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

10. Interfund Receivables and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2020, follows:

Due from Other Funds

Due to the General Fund from	
Shipyard Enterprise Fund	\$ 361,101
Nonmajor Enterprise Funds	1,155,686

Total due from Other Funds 1,516,787

Transfers

From General Fund to:

Boat Harbor Enterprise Fund for capital costs	\$ 500,000
Enhancement Special Revenue Fund per KCC 3.28.020	771,718
Nonmajor governmental funds for capital costs	1,801,963

Total transfers from General Fund 3,073,681

From Boat Harbor Fund to:

Shipyard Enterprise Fund for operating costs	149,876
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From Sewer Enterprise Fund to:

Water Enterprise Fund for capital projects	100,000
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From Nonmajor Enterprise Funds to:

Boat Harbor Enterprise Fund for operating costs	350,000
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From Enhancement Special Revenue Fund to:

General Fund per KCC 3.28.040	86,470
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Total Transfers from Other Funds \$ 686,346

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2020 the employer contribution rate is 0.72% for peace officers/firefighters and 0.26% for all others.

Membership in the plan consisted of the following at June 30, 2019 (latest available report):

Membership	PERS
Active plan members	22,311
Participating employers	154

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, 2019 (latest available information) employer contributions were 4.88% of annual payroll. Membership in the plan consisted of the following at June 30, 2019 (latest report available):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	36,059
Inactive plan members entitled to but not yet receiving benefits	7,361
Inactive plan members not entitled to benefits	10,808
Active plan members	12,316
Total plan membership	66,544

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2020 employer contributions were 1.32%. Membership in the plan consists of the following at June 30, 2019 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	34
Inactive plan members entitled to but not yet receiving benefits	1,412
Inactive plan members not entitled to benefits	13,248
Active plan members	22,311
Total plan membership	<u>37,005</u>

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, 2019 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	40
Inactive plan members entitled to but not yet receiving benefits	1,412
Inactive plan members not entitled to benefits	13,248
Active plan members	22,311
Total plan membership	<u>37,011</u>

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, 2019 (latest available report) for the DB Plan for PERS is 5.88%, for the ARHCT plan is 6.03%, for the ODD Plan is 6.22%, and for the RMP is 6.21%.

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

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	8.16%
Global Equity (non-U.S.)	7.51%
Intermediate Treasuries	1.58%
Opportunistic	3.96%
Real Assets	4.76%
Private Equity	11.39%
Cash Equivalents	0.83%

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.62% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79% as of June 30, 2019.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

Employer Contribution rates for the year ended June 30, 2020 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	15.72%	23.73%	6.62%
OPEB	6.28%	4.89%	0%
Total PERS contribution rates	22.00%	28.62%	6.62%

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 2020 the past service rate for PERS is 17.44%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2019 (latest available) were determined by an actuarial valuation as of June 30, 2018 which was rolled forward to the measurement date June 30, 2019. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Investment return / discount rate	7.38% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation - 2.5% per year Productivity - 0.25% per year
Payroll growth	2.75% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 2.5% annually.
Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, 100% (male and female) of RP-2014 healthy annuitant table with MP-2017 generational improvement.
Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Total turnover	Based upon the 2013-2017 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disability table with MP-2017 generational improvement. Disabilities are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for others.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
Healthcare cost trend rates	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%.

As a result of the latest experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes related to the ARHCT plan have been made since the prior valuation:

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

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

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

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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 154 employers participating in PERS defined benefit plan, including the State of Alaska and 153 political subdivisions and public organizations.

The DB Plan's membership consisted of the following at June 30, 2019 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,059
Inactive plan members entitled to but not receiving benefits	7,361
Inactive members not entitled to benefits	10,808
Active plan members	<u>12,316</u>
Total DB plan membership	<u>66,544</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.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded “on-behalf” contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

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

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

Employer contributions for the year ended June 30, 2020, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 941,371	472,531	1,413,902

Public Employees Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$588,731 (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, 2019 to a total of (\$197,376), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2020, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:	
City’s proportionate share of the net pension liability	\$ 12,560,846
State’s proportionate share of the net pension liability	4,990,340
Total	\$ 17,551,186
	OPEB
City’s proportionate share of the ARHCT OPEB liability	\$ 340,602
State’s proportionate share of the ARHCT OPEB liability	135,430
Total	\$ 476,032
City’s proportionate share of the ODD OPEB liability (asset)	\$ (141,019)
City’s proportionate share of the RMP OPEB liability	\$ 98,463
Total City’s share of net pension and OPEB liabilities	\$ 12,858,892

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The net pension and OPEB liabilities and assets were measured as of June 30, 2019, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2021 through FY2039, as determined by projections based on the June 30, 2019 valuation.

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

	June 30, 2018 Measurement	June 30, 2019 Measurement	Change
Pension	0.2533%	0.2295%	(0.0238)%
OPEB:			
ARHCT	0.2533%	0.2295%	(0.0238)%
ODD	0.4079%	0.5816%	0.1737%
RMP	0.4079%	0.4116%	0.0037%

Based on the measurement date of June 30, 2019, the City recognized pension and OPEB expense of \$2,209,408 and (\$3,059,067), respectively, for the year ended June 30, 2020. At June 30, 2020, 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	\$ -	(185,950)
Changes of assumptions	384,557	-
Net difference between projected and actual earnings on pension plan investments	180,096	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(390,619)
City contributions subsequent to the measurement date	941,371	-
Total	\$ 1,506,024	(576,569)
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(228,877)
Changes of assumptions	451,972	-
Net difference between projected and actual earnings on OPEB plan investments	-	(149,146)
Changes in proportion and differences between City contributions and proportionate share of contributions	79,001	(68,427)
City contributions subsequent to the measurement date	376,107	-
Total	\$ 907,080	(446,450)

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(43,968)
Changes of assumptions	-	(2,697)
Net difference between projected and actual earnings on OPEB plan investments	-	(932)
Changes in proportion and differences between City contributions and proportionate share of contributions	1,166	(20,393)
City contributions subsequent to the measurement date	24,042	-
Total	\$ 25,208	(67,990)

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(7,294)
Changes of assumptions	47,658	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,087)
Changes in proportion and differences between City contributions and proportionate share of contributions	2,739	-
City contributions subsequent to the measurement date	72,382	-
Total	\$ 122,779	(8,381)

\$941,371 and \$472,531 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2021, 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
2020	\$	7,816	117,740	(10,120)	4,493
2021		(132,968)	(115,929)	(10,120)	4,493
2022		51,098	35,883	(8,831)	7,100
2023		62,138	46,829	(8,804)	7,054
2024		-	-	(9,236)	6,057
Thereafter		-	-	(19,713)	12,819
Total	\$	(11,916)	84,523	(66,824)	42,016

For the year ended June 30, 2020, the City recognized (\$174,829) and (\$59,505) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$ 16,578,112	12,560,846	9,196,516
Net OPEB ARHCT liability (asset)	\$ 2,739,713	340,602	(1,632,930)
Net OPEB ODD liability (asset)	\$ (133,766)	(141,019)	(146,882)
Net OPEB RMP liability (asset)	\$ 247,305	98,463	(13,594)

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

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (1,863,749)	340,602	3,030,740
Net OPEB ODD liability (asset)	\$ N/A	(141,019)	N/A
Net OPEB RMP liability (asset)	\$ (30,283)	98,463	274,702

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

Plan Description and Funding Requirements. City's and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.32% 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 \$450,832 for the year ended June 30, 2020.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

12. Deferred Compensation Plan

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

13. Operating Lease

The City occupies office space leased from the Kodiak Island Borough under a noncancellable operating lease that ended June 30, 2020. The lease rate was \$12,749 per month. For the year ended June 30, 2020, the City recognized \$152,988 in rent expense paid to the Kodiak Island Borough. Subsequent to year end, the City signed a month-to-month lease with the Borough that calls for monthly lease payments of \$14,024.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The General Fund's net increase to fund balance for the year ended June 30, 2019, was \$1,543,435 and accordingly, \$771,718 was transferred to the Enhancement Special Revenue Fund during the current year. Lease and rental income was \$90,392 and investment earnings were \$182,188 for the year ended June 30, 2020.

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, 2020, investment earnings exceeded earnings necessary for inflation-proofing therefore transfers to the General Fund totaled \$86,470.

16. E-911 Enterprise Fund

During fiscal year 2019, the City entered into a memorandum of understanding with the Kodiak Island Borough for emergency services provided to the Kodiak Island Borough. Funds generated for emergency services include a \$2 surcharge for all landline and cellular telephone services for 911 emergency calls. The Kodiak Island Borough collects this surcharge per Alaska State Statute 29.35.131 and provides this revenue to the City. These funds are held in a City enterprise fund, E-911, to offset City expenses for allowable costs under AS 29.35.131. As of June 30, 2020, the E-911 enterprise fund has a deficit net position of \$1,518,555. 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, 2020 was \$1,260,000.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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, 2019
- GASB 87 *Leases*. Effective for fiscal years beginning after June 15, 2021.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.
- GASB 90 *Majority equity interests*. Effective for fiscal years beginning after December 15, 2019.
- GASB 91 *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.
- GASB 92 *Omnibus 2020*. This Statement has multiple effective dates which vary by topic.
- GASB 93 *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.
- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.

GASB Statements No. 84, 94, 90, and 97 are 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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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, 2020	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 1,100,000	\$ 1,172,062	\$ 1,172,552	\$ 490
Sales taxes	14,500,000	14,500,000	13,424,945	(1,075,055)
Penalties and interest	27,500	27,500	25,751	(1,749)
Intergovernmental	1,520,000	1,731,495	1,874,785	143,290
Charges for services	1,820,002	1,920,582	1,967,506	46,924
Fines and forfeitures	3,000	3,000	1,420	(1,580)
Licenses and permits	80,300	80,300	55,184	(25,116)
Rental income	120,000	120,000	178,126	58,126
Interfund charges	1,615,914	1,595,607	1,596,177	570
Investment income	50,000	50,000	147,588	97,588
Other revenues	4,500	384,395	444,945	60,550
Total Revenues	20,841,216	21,584,941	20,888,979	(695,962)
Expenditures				
General government:				
Legislative	222,069	222,069	159,557	62,512
Legal	75,000	100,000	84,523	15,477
Executive	816,042	826,042	683,080	142,962
Emergency preparedness	45,500	35,500	4,228	31,272
City clerk	551,097	551,097	490,310	60,787
Finance	1,867,903	1,867,903	1,611,449	256,454
Police	7,159,042	6,546,362	5,014,314	1,532,048
Fire	2,702,691	2,478,711	1,727,258	751,453
Public works	2,135,960	2,196,872	2,144,189	52,683
Engineering	286,068	286,068	228,454	57,614
Parks and recreation	1,549,984	1,549,325	1,358,509	190,816
Library	908,573	908,573	752,322	156,251
Community service	214,000	214,000	199,271	14,729
Non-departmental	440,301	465,301	409,537	55,764
Total Expenditures	18,974,230	18,247,823	14,867,001	3,380,822
Excess of revenues over expenditures	1,866,986	3,337,118	6,021,978	2,684,860
Other Financing Uses -				
Transfers in	-	-	86,470	86,470
Transfers out	(1,545,536)	(3,073,681)	(3,073,681)	-
Change in fund balance	<u>\$ 321,450</u>	<u>\$ 263,437</u>	3,034,767	<u>\$ 2,771,330</u>
Fund Balance, beginning of year			<u>11,008,051</u>	
Fund Balance, end of year			<u>\$ 14,042,818</u>	

The Schedule is presented on the modified accrual basis of accounting. The City's adopted budget generally conforms to accounting principles generally accepted in the United States of America; therefore no reconciliation is required.

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

<i>Year Ended June 30, 2020</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 11,896,903	\$ 11,896,903	\$ 4,074,114	\$ (7,822,789)
Expenditures:				
Community services	11,896,903	11,896,903	4,074,114	7,822,789
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year			<u>-</u>	
Fund Balance, end of year			<u>\$ -</u>	

The Schedule is presented on the modified accrual basis of accounting. The City's adopted budget generally conforms accounting principles generally accepted in the United States of America; therefore no reconciliation is required.

City of Kodiak, Alaska
Schedule of City's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
June 30, 2020

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%
2020	0.2295%	\$ 12,560,846	\$ 4,990,340	\$ 17,551,186	\$ 8,271,368	152%	63.42%

Notes to Schedule:

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. 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 (Asset)
Public Employees' Retirement System (PERS)

June 30, 2020

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%
2020	0.2295%	\$ 340,602	\$ 135,430	\$ 476,032	\$ 8,271,368	4.12%	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%
2020	0.5816%	\$ (141,019)	\$ -	\$ (141,019)	\$ 8,271,368	-1.70%	270.62%
Retiree Medical Plan (RMP):							
2018	0.3903%	\$ 20,352	\$ -	\$ 20,352	\$ 1,861,667	1.09%	93.98%
2019	0.4079%	\$ 51,899	\$ -	\$ 51,899	\$ 1,912,545	2.71%	88.71%
2020	0.4116%	\$ 98,463	\$ -	\$ 98,463	\$ 2,049,236	4.80%	88.71%

Notes to Schedule:

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. 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, 2020

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

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. 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.
7. Inflation: 2.5% per annum.
8. Salary increases: Ranges from 7.75% to 2.75% based on service for Peace Officers/Firefighters. Ranges from 6.75% to 2.75% based on age and service for All Others.
9. Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
10. Retirement age: Retirement rates based upon the 2013-2017 actual experience.
11. Mortality: Mortality rates based upon the 2013-2017 actual experience.
12. 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 (OPEB)
Public Employees' Retirement System (PERS)
June 30, 2020

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

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.
 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: 2.5% per annum.
 9. Salary increases: Ranges from 7.75% to 2.75% based on service for Peace Officers/Firefighters. Ranges from 6.75% to 2.75% based on age and service for All Others.
 10. Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
 11. Retirement age: Retirement rates based upon the 2013-2017 actual experience.
 12. Mortality: Mortality rates based upon the 2013-2017 actual experience.
 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>	2020	2019
Assets		
Cash and investments	\$ 9,663,308	\$ 7,205,676
Receivables:		
Taxes	3,202,952	3,503,515
Grants and shared revenues	51,472	24,754
Accounts	50,801	188,209
Interest	59,996	94,369
Total receivables	3,365,221	3,810,847
Prepaid items	9,556	7,444
Due from other funds	1,516,787	506,628
Inventory	20,054	33,096
Total Assets	\$ 14,574,926	\$ 11,563,691
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 179,880	\$ 251,678
Accrued payroll and related liabilities	342,416	300,677
Customer deposits	9,812	3,285
Total Liabilities	532,108	555,640
Fund Balance		
Nonspendable	29,610	40,540
Unassigned	14,013,208	10,967,511
Total Fund Balance	14,042,818	11,008,051
Total Liabilities and Fund Balance	\$ 14,574,926	\$ 11,563,691

City of Kodiak, Alaska

General Fund

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

Year Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Property taxes	\$ 1,172,062	\$ 1,172,552	\$ 490	\$ 1,181,579
Sales taxes	14,500,000	13,424,945	(1,075,055)	13,046,226
Penalties and interest	27,500	25,751	(1,749)	21,879
Total taxes	15,699,562	14,623,248	(1,076,314)	14,249,684
Intergovernmental:				
Payment in lieu of taxes	5,000	5,449	449	5,434
Grants	10,000	30,058	20,058	27,253
Revenue sharing	175,000	159,147	(15,853)	189,460
State PERS relief	335,000	412,280	77,280	347,487
Fisheries business tax	1,061,495	1,061,495	-	859,223
Shared fisheries business and landing tax	75,000	135,973	60,973	96,594
Liquor licenses	20,000	23,700	3,700	18,700
Fuel tax sharing	5,000	4,787	(213)	5,701
Electric cooperative tax	45,000	41,896	(3,104)	41,406
State marijuana license fees	-	-	-	500
Total intergovernmental	1,731,495	1,874,785	143,290	1,591,758
Charges for services:				
Public safety:				
Boarding of State prisoners	1,092,332	1,097,501	5,169	1,040,113
State Trooper contract	78,750	78,750	-	78,750
Ambulance services	250,000	261,946	11,946	229,215
Other public safety charges	127,700	151,230	23,530	120,600
School lifeguard services	15,000	14,626	(374)	23,094
Borough building inspector charges	145,000	164,173	19,173	167,430
Library fees and charges	18,300	11,936	(6,364)	19,285
Parks and recreation fees and charges	176,500	173,800	(2,700)	214,213
Public works services	17,000	13,544	(3,456)	25,679
Total charges for services	1,920,582	1,967,506	46,924	1,918,379

(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>	2020			2019
	Budget	Actual	Variance	Actual
Revenues, continued				
Fines and forfeitures	\$ 3,000	\$ 1,420	\$ (1,580)	\$ 5,534
Licenses and permits	80,300	55,184	(25,116)	74,590
Rental income	120,000	178,126	58,126	198,755
Interfund charges:				
Cargo Pier Fund	140,008	140,008	-	110,161
Boat Harbor Fund	259,588	259,588	-	268,911
Water Fund	58,384	58,384	-	352,656
Sewer Fund	42,260	42,290	30	393,954
Trident Basin Fund	311,721	311,721	-	8,479
Public works	368,521	369,061	540	52,992
Tourism Development Fund	7,476	7,476	-	45,150
Shipyards Fund	48,100	48,100	-	53,502
Electric Fund	49,320	49,320	-	59,771
Vehicle replacement	310,229	310,229	-	262,080
Total interfund charges	1,595,607	1,596,177	570	1,607,656
Investment income	50,000	147,588	97,588	144,457
Other revenues	384,395	444,945	60,550	21,227
Total Revenues	21,584,941	20,888,979	(695,962)	19,812,040
Expenditures				
General government:				
Legislative	222,069	159,557	62,512	163,955
Legal	100,000	84,523	15,477	75,899
Executive	826,042	683,080	142,962	549,759
Emergency preparedness	35,500	4,228	31,272	23,660
City clerk	551,097	490,310	60,787	521,027
Finance	1,867,903	1,611,449	256,454	1,555,302
Total general government	3,602,611	3,033,147	569,464	2,889,602

(continued)

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public safety:				
Police department:				
Administration:				
Operations	\$ 1,004,052	\$ 719,047	\$ 285,005	\$ 829,044
Bond principal	215,000	215,000	-	205,000
Bond interest	235,450	235,450	-	243,850
Uniformed patrol	1,847,537	1,367,811	479,726	1,714,565
Corrections	1,408,616	1,255,229	153,387	1,190,312
Investigations	336,413	141,535	194,878	325,564
Support services	445,042	322,442	122,600	409,212
Animal control	251,431	171,959	79,472	202,791
Drug enforcement	167,818	187,021	(19,203)	99,516
Community services	280,875	270,423	10,452	205,970
Canine	202,953	26,129	176,824	180,421
Police school resources	151,175	102,268	48,907	152,151
Total police department	6,546,362	5,014,314	1,532,048	5,758,396
Fire department	2,478,711	1,727,258	751,453	2,274,991
Total public safety	9,025,073	6,741,572	2,283,501	8,033,387
Public works:				
Administration	126,901	98,741	28,160	96,932
Streets	1,372,580	1,368,555	4,025	1,114,448
Garage	312,524	277,859	34,665	255,103
Building inspection	348,727	321,766	26,961	280,927
Municipal airport facility	36,140	77,268	(41,128)	50,159
Total public works	2,196,872	2,144,189	52,683	1,797,569
Engineering	286,068	228,454	57,614	216,579

(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>	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued				
Parks and recreation:				
Administration	\$ 725,853	\$ 630,313	\$ 95,540	\$ 620,373
Museum	107,200	103,883	3,317	106,309
Teen Center	263,363	224,209	39,154	232,546
Aquatics	258,520	218,762	39,758	237,833
Ice rink	181,389	171,709	9,680	179,650
Beautification program	13,000	9,633	3,367	12,367
Total parks and recreation	1,549,325	1,358,509	190,816	1,389,078
Library	908,573	752,322	156,251	735,085
Community services:				
Contributions	175,000	175,000	-	175,000
Downtown revitalization	39,000	24,271	14,729	25,355
Total community services	214,000	199,271	14,729	200,355
Other - insurance and general administration	465,301	409,537	55,764	379,120
Total Expenditures	18,247,823	14,867,001	3,380,822	15,640,775
Excess of revenues over expenditures	3,337,118	6,021,978	2,684,860	4,171,265
Other Financing Sources (Uses)				
Transfers in	-	86,470	86,470	78,911
Transfers out	(3,073,681)	(3,073,681)	-	(2,706,741)
Change in fund balance	<u>\$ 263,437</u>	3,034,767	<u>\$ 2,771,330</u>	1,543,435
Fund Balance, beginning of year		<u>11,008,051</u>		<u>9,464,616</u>
Fund Balance, end of year		<u>\$ 14,042,818</u>		<u>\$ 11,008,051</u>

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 1,264,978	\$ -
Total Assets	\$ 1,264,978	\$ -
Liabilities and Fund Balance		
Liabilities		
Unearned Revenue	\$ 1,264,978	\$ -
Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 1,264,978	\$ -

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

<i>Year Ended June 30,</i>	2020			2019
	Budget	Actual	Variance	Actual
Revenues				
Intergovernmental	\$ 11,896,903	\$ 4,074,114	\$ (7,822,789)	\$ -
Expenditures:				
Community services:				
Salaries and benefits		1,424,533		-
Professional services		39,076		-
Goods and services		34,152		-
Utilities and fuel		3,591		-
Machinery and equipment		72,762		-
Contributions		2,500,000		-
Total Expenditures	11,896,903	4,074,114	7,822,789	-
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balance, beginning of year		<u>-</u>		<u>-</u>
Fund Balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Nonmajor Funds

City of Kodiak, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2020</i>	Special Revenue Funds			Capital Projects Funds					General Fund Vehicle Replacement	Total Nonmajor Govern- mental Funds
	Tourism Development	Special Assessments	Enhancement	General	Building	Street Improvements	Parks and Recreation			
Assets										
Cash and investments	\$ 594,968	\$ 88,532	\$ 5,679,396	\$ 878,343	\$ 1,596,183	\$ 1,176,894	\$ 463,195	\$ 1,557,480	\$ 12,034,991	
Receivables:										
Taxes	31,939	-	-	-	-	-	-	-	31,939	
Grants	-	-	-	275,811	9,289	-	-	-	285,100	
Special assessments	-	34,513	-	-	-	-	-	-	34,513	
Interest	-	-	18,087	-	-	-	-	-	18,087	
Total Assets	\$ 626,907	\$ 123,045	\$ 5,697,483	\$ 1,154,154	\$ 1,605,472	\$ 1,176,894	\$ 463,195	\$ 1,557,480	\$ 12,404,630	
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 1,103	\$ 165,389	\$ 39	\$ -	\$ 22,861	\$ -	\$ 189,392	
Deferred Inflows of Resources										
Deferred assessments	-	13,124	-	-	-	-	-	-	13,124	
Fund Balances										
Committed:										
Tourism	626,907	-	-	-	-	-	-	-	626,907	
Economic stability	-	-	5,696,380	-	-	-	-	-	5,696,380	
Assigned:										
Capital projects	-	-	-	988,765	1,605,433	1,176,894	440,334	1,557,480	5,768,906	
Public works	-	109,921	-	-	-	-	-	-	109,921	
Total Fund Balances	626,907	109,921	5,696,380	988,765	1,605,433	1,176,894	440,334	1,557,480	12,202,114	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 626,907	\$ 123,045	\$ 5,697,483	\$ 1,154,154	\$ 1,605,472	\$ 1,176,894	\$ 463,195	\$ 1,557,480	\$ 12,404,630	

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

Year Ended June 30, 2020	Special Revenue Funds			Capital Project Funds					Total Nonmajor Governmental Funds
	Tourism Development	Special Assessments	Enhancement	General	Building	Street Improvements	Parks and Recreation	General Fund Vehicle Replacement	
Revenues									
Taxes	\$ 209,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,464
Intergovernmental	-	-	-	354,095	28,933	-	-	-	383,028
Rental income	-	-	90,392	-	-	-	-	-	90,392
Investment income	8,460	1,351	182,188	16,522	24,716	24,060	3,803	21,140	282,240
Special assessments	-	1,000	-	-	-	-	-	-	1,000
Donations	-	-	-	6,641	-	-	-	-	6,641
Total Revenues	217,924	2,351	272,580	377,258	53,649	24,060	3,803	21,140	972,765
Expenditures									
Public safety	-	-	-	1,094,754	-	-	-	-	1,094,754
Public works	-	-	-	-	-	432,979	-	-	432,979
Parks and recreation	-	-	-	-	-	-	68,811	-	68,811
Library	-	-	-	-	2,936	-	-	-	2,936
Community services	177,312	-	-	-	-	-	-	-	177,312
Capital outlay	-	-	-	-	34,920	332,704	-	-	367,624
Total Expenditures	177,312	-	-	1,094,754	37,856	765,683	68,811	-	2,144,416
Excess of revenues over (under) expenditures	40,612	2,351	272,580	(717,496)	15,793	(741,623)	(65,008)	21,140	(1,171,651)
Other Financing Sources (Uses)									
Transfers in	-	-	771,718	591,734	150,000	450,000	300,000	310,229	2,573,681
Transfers out	-	-	(86,470)	-	-	-	-	-	(86,470)
Net Other Financing Sources (Uses)	-	-	685,248	591,734	150,000	450,000	300,000	310,229	2,487,211
Change in fund balances	40,612	2,351	957,828	(125,762)	165,793	(291,623)	234,992	331,369	1,315,560
Fund Balances, beginning 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
Fund Balances, end of year	\$ 626,907	\$ 109,921	\$ 5,696,380	\$ 988,765	\$ 1,605,433	\$ 1,176,894	\$ 440,334	\$ 1,557,480	\$ 12,202,114

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

<i>June 30, 2020</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 756,953	\$ -	\$ -	\$ 756,953
Accounts receivable	60,078	-	109,138	169,216
Total Current Assets	817,031	-	109,138	926,169
Noncurrent Assets				
Property, plant and equipment, net	-	2,487,298	23,300	2,510,598
Total Assets	817,031	2,487,298	132,438	3,436,767
Deferred Outflows of Resources				
Related to pensions and OPEB	-	-	139,847	139,847
Total Assets and Deferred Outflows of Resources	\$ 817,031	\$ 2,487,298	\$ 272,285	\$ 3,576,614
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 36,097	\$ 2,052	\$ -	\$ 38,149
Accrued payroll and related liabilities	-	-	21,544	21,544
Customer deposits	2,200	1,536	-	3,736
Due to other funds	-	187,729	967,957	1,155,686
Current portion of accrued leave	-	-	7,705	7,705
Total Current Liabilities	38,297	191,317	997,206	1,226,820
Noncurrent liabilities				
Long term portion of accrued leave	-	-	31,511	31,511
Net pension and OPEB liabilities	-	-	702,096	702,096
Total noncurrent liabilities	-	-	733,607	733,607
Total liabilities	38,297	191,317	1,730,813	1,960,427
Deferred Inflows of Resources				
Related to pensions and OPEB	-	-	60,027	60,027
Total Liabilities and Deferred Inflows of Resources	38,297	191,317	1,790,840	2,020,454
Net Position				
Net investment in capital assets	-	2,487,298	23,300	2,510,598
Unrestricted (deficit)	778,734	(191,317)	(1,541,855)	(954,438)
Total Net Position	778,734	2,295,981	(1,518,555)	1,556,160
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 817,031	\$ 2,487,298	\$ 272,285	\$ 3,576,614

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

<i>Year Ended June 30, 2020</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 663,014	\$ 52,816	\$ 293,658	\$ 1,009,488
Operating Expenses				
Salaries and benefits	-	-	690,854	690,854
Professional services	1,430	-	158,751	160,181
Goods and services	550,568	24,625	4,419	579,612
Repairs and maintenance	17,777	648	-	18,425
Utilities and fuel	-	20,274	-	20,274
Interfund charges	56,339	12,956	-	69,295
Depreciation	-	248,728	-	248,728
Total Operating Expenses	626,114	307,231	854,024	1,787,369
Earnings (loss) from operations	36,900	(254,415)	(560,366)	(777,881)
Nonoperating Revenues				
Other revenue	-	-	26,300	26,300
Investment income	10,917	-	-	10,917
State PERS relief	-	-	32,492	32,492
Total Nonoperating Revenues	10,917	-	58,792	69,709
Earnings before transfers	47,817	(254,415)	(501,574)	(708,172)
Transfer out	(350,000)	-	-	(350,000)
Change in net position	(302,183)	(254,415)	(501,574)	(1,058,172)
Net Position, beginning of year	1,080,917	2,550,396	(1,016,981)	2,614,332
Net Position, end of year	\$ 778,734	\$ 2,295,981	\$ (1,518,555)	\$ 1,556,160

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

<i>Year Ended June 30, 2020</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 655,439	\$ 52,816	\$ 296,208	\$ 1,004,463
Payments for interfund services used	(56,339)	(13,006)	-	(69,345)
Payments to suppliers	(563,800)	(45,547)	(163,170)	(772,517)
Payments to employees	-	-	(753,059)	(753,059)
Net cash flows from (for) operating activities	35,300	(5,737)	(620,021)	(590,458)
Cash Flows from (for) Noncapital Financing Activities				
Transfer out	(350,000)	-	-	(350,000)
Increase (Decrease) in due to other funds	-	5,737	643,321	649,058
Net cash flows from (for) noncapital financing activities	(350,000)	5,737	643,321	299,058
Cash Flows from (for) Capital and Related Financing Activities				
Purchase of property, plant and equipment	-	-	(23,300)	(23,300)
Cash Flows from Investing Activities				
Investment income received	10,917	-	-	10,917
Net increase (decrease) in cash and investments	(303,783)	-	-	(303,783)
Cash and Investments, beginning of year	1,060,736	-	-	1,060,736
Cash and Investments, end of year	\$ 756,953	\$ -	\$ -	\$ 756,953
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:				
Earnings (loss) from operations	\$ 36,900	\$ (254,415)	\$ (560,366)	\$ (777,881)
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:				
Depreciation	-	248,728	-	248,728
Noncash State PERS relief	-	-	32,492	32,492
Other nonoperating revenues	-	-	26,300	26,300
(Increase) decrease in assets - accounts receivable	(7,575)	-	2,550	(5,025)
(Increase) decrease in deferred outflows of resources:				
Related to pensions and OPEB	-	-	20,833	20,833
Increase (decrease) in liabilities:				
Accounts payable	6,275	(50)	-	6,225
Accrued payroll and related liabilities	-	-	1,533	1,533
Accrued leave	-	-	(5,863)	(5,863)
Customer deposits	(300)	-	-	(300)
Net pension and OPEB liabilities	-	-	(125,502)	(125,502)
(Increase) decrease in deferred inflows of resources:				
Related to pensions and OPEB	-	-	(11,998)	(11,998)
Net cash flows from (for) operating activities	\$ 35,300	\$ (5,737)	\$ (620,021)	\$ (590,458)

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>	2020	2019
Assets		
Cash and investments	\$ 594,968	\$ 514,177
Receivables - taxes	31,939	72,118
Total Assets	\$ 626,907	\$ 586,295
Fund Balance		
Committed for tourism	\$ 626,907	\$ 586,295

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>	2020			2019
	Budget	Actual	Variance	Actual
Revenues				
Room taxes	\$ 200,000	\$ 209,464	\$ 9,464	\$ 227,787
Investment income	5,000	8,460	3,460	9,495
Total Revenues	205,000	217,924	12,924	237,282
Expenditures - community services:				
Interfund services:				
Finance and administration	20,000	20,000	-	17,050
Public works services	12,100	12,100	-	12,100
Parks and recreation services	16,000	16,000	-	16,000
Community service contributions	156,900	129,212	27,688	115,000
Total Expenditures	205,000	177,312	27,688	160,150
Change in fund balance	<u>\$ -</u>	40,612	<u>\$ 40,612</u>	77,132
Fund Balance, beginning of year		<u>586,295</u>		<u>509,163</u>
Fund Balance, end of year		<u>\$ 626,907</u>		<u>\$ 586,295</u>

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 88,532	\$ 86,181
Receivables - special assessments	34,513	35,513
Total Assets	\$ 123,045	\$ 121,694
Deferred Inflows of Resources and Fund Balance		
Deferred inflows of resources - deferred assessments	\$ 13,124	\$ 14,124
Fund Balance - assigned for public works	109,921	107,570
Total Deferred Inflows of Resources and Fund Balance	\$ 123,045	\$ 121,694

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

<i>Year Ended June 30,</i>	2020	2019
Revenues		
Investment income	\$ 1,351	\$ 1,555
Special assessments	1,000	13,310
Total Revenues	2,351	14,865
Change in fund balance	2,351	14,865
Fund Balance, beginning of year	107,570	92,705
Fund Balance, end of year	\$ 109,921	\$ 107,570

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 5,679,396	\$ 4,718,734
Interest receivable	18,087	20,350
Total Assets	\$ 5,697,483	\$ 4,739,084
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 1,103	\$ 532
Fund Balance		
Committed for economic stability	5,696,380	4,738,552
Total Liabilities and Fund Balance	\$ 5,697,483	\$ 4,739,084

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>	2020			2019
	Budget	Actual	Variance	Actual
Revenues				
Rental income	\$ 40,000	\$ 90,392	\$ 50,392	\$ 39,279
Investment income	50,000	182,188	132,188	143,660
Total Revenues	90,000	272,580	182,580	182,939
Other Financing Sources				
Transfers in	771,718	771,718	-	318,006
Transfers out	-	(86,470)	(86,470)	(78,911)
Other Financing Sources and Uses, net	771,718	685,248	(86,470)	239,095
Change in fund balance	<u>\$ 861,718</u>	957,828	<u>\$ 96,110</u>	422,034
Fund Balance, beginning of year		<u>4,738,552</u>		<u>4,316,518</u>
Fund Balance, end of year		<u>\$ 5,696,380</u>		<u>\$ 4,738,552</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>	2020	2019
Assets		
Cash and investments	\$ 878,343	\$ 1,115,523
Grants receivable	275,811	100,024
Total Assets	\$ 1,154,154	\$ 1,215,547
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 165,389	\$ 101,020
Fund Balance - assigned for capital projects	988,765	1,114,527
Total Liabilities and Fund Balance	\$ 1,154,154	\$ 1,215,547

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

<i>Year Ended June 30,</i>	2020	2019
Revenues		
Intergovernmental	\$ 354,095	\$ 231,370
Investment income	16,522	21,005
Donations	6,641	7,500
Total Revenues	377,258	259,875
Expenditures		
KFD deferred maintenance	3,458	40,848
Downtown revitalization	-	17,175
Code blue ambulance	-	203,390
2017 SHSP	-	2,343
Shop-With-A-Cop	5,141	3,500
Citywide timekeeping	-	1,962
Quantar repeater voting receiver	302,718	-
Gold elite dispatch console	317,530	-
KPD crime prevention equipment	-	99,328
Citywide Phone system upgrade	102,305	-
Outdoor Warning Siren Replacement	9,929	-
Subscriber Radio Replacement	248,314	-
Emergency Shelter Bedding	27,497	-
Edward Byrne DOJ Safety Equipment	39,349	-
State of AK DWG Training	17,750	-
KPD COVID-19 supplies	20,763	-
Total Expenditures	1,094,754	368,546
Excess of revenues (under) expenditures	(717,496)	(108,671)
Other Financing Sources - transfers in	591,734	1,004,962
Change in fund balance	(125,762)	896,291
Fund Balance, beginning of year	1,114,527	218,236
Fund Balance, end of year	\$ 988,765	\$ 1,114,527

City of Kodiak, Alaska
Building Capital Project Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 1,596,183	\$ 1,450,810
Grants receivable	9,289	-
Total Assets	\$ 1,605,472	\$ 1,450,810
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 39	\$ 11,170
Fund Balance - assigned for capital projects	1,605,433	1,439,640
Total Liabilities and Fund Balance	\$ 1,605,472	\$ 1,450,810

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

<i>Year Ended June 30,</i>	2020	2019
Revenues		
Intergovernmental	\$ 28,933	\$ 7,635
Investment income	24,716	28,127
Total Revenues	53,649	35,762
Expenditures		
Library building	-	15,000
Demolish old library	2,936	21,407
Fire station	28,932	-
Hillside Drive Renovation	5,988	7,636
Total Expenditures	37,856	44,043
Excess of revenues over (under) expenditures	15,793	(8,281)
Other Financing Sources - transfers in	150,000	121,693
Change in fund balance	165,793	113,412
Fund Balance, beginning of year	1,439,640	1,326,228
Fund Balance, end of year	\$ 1,605,433	\$ 1,439,640

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 1,176,894	\$ 1,476,707
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ -	\$ 8,190
Fund Balance - assigned for capital projects	1,176,894	1,468,517
Total Liabilities and Fund Balance	\$ 1,176,894	\$ 1,476,707

City of Kodiak, Alaska

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

<i>Year Ended June 30,</i>	2020	2019
Revenues - investment income	\$ 24,060	\$ 32,554
Expenditures		
Annual sidewalk, curb and gutter repair	6,474	214,583
Spill prevention containment and countermeasures plan	768	1,750
Mill bay road rebuild	12,000	-
Underground storage tank IT & M	2,125	2,096
Above ground storage tanks	94,089	-
Annual pavement repairs	411,612	326,751
Street capital equipment	238,615	-
Total Expenditures	765,683	545,180
Excess of revenues (under) expenditures	(741,623)	(512,626)
Other Financing Sources (Uses)		
Transfers in	450,000	450,000
Transfers out	-	(90,000)
Net other financing sources (uses)	450,000	360,000
Change in fund balance	(291,623)	(152,626)
Fund Balance, beginning of year	1,468,517	1,621,143
Fund Balance, end of year	\$ 1,176,894	\$ 1,468,517

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 463,195	\$ 205,342
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 22,861	\$ -
Fund Balance - assigned for capital projects	440,334	205,342
Total Liabilities and Fund Balance	\$ 463,195	\$ 205,342

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>	2020	2019
Revenues		
Investment income	\$ 3,803	\$ 3,981
Expenditures		
Major park maintenance	7,425	-
Major building maintenance	61,386	3,474
Total Expenditures	68,811	3,474
Excess of revenues over (under) expenditures	(65,008)	507
Other Financing Sources - transfers in	300,000	50,000
Change in fund balance	234,992	50,507
Fund Balance, beginning of year	205,342	154,835
Fund Balance, end of year	\$ 440,334	\$ 205,342

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 1,557,480	\$ 1,226,111
Fund Balance		
Assigned for capital projects	\$ 1,557,480	\$ 1,226,111

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>	2020	2019
Revenues - investment income	\$ 21,140	\$ 22,002
Excess of revenues over expenditures	21,140	22,002
Other Financing Sources - transfers in	310,229	262,080
Change in fund balance	331,369	284,082
Fund Balance , beginning of year	1,226,111	942,029
Fund Balance , end of year	\$ 1,557,480	\$ 1,226,111

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>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 7,182,681	\$ 5,719,972
Accounts receivable	291,888	271,157
Total Current Assets	7,474,569	5,991,129
Noncurrent Assets		
Property, plant and equipment:		
Building	9,502	9,502
Improvements other than buildings	60,069,789	60,069,789
Machinery and equipment	52,132	52,132
Accumulated depreciation	(20,839,971)	(19,078,479)
Property, plant and equipment, net	39,291,452	41,052,944
Total Assets	46,766,021	47,044,073
Deferred Outflows of Resources - related to pensions and OPEB	52,763	60,623
Total Assets and Deferred Outflows of Resources	\$ 46,818,784	\$ 47,104,696
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 3,658	\$ 2,279
Accrued payroll and related liabilities	8,240	9,831
Current portion of accrued leave	4,349	2,916
Total Current Liabilities	16,247	15,026
Noncurrent Liabilities		
Long term portion of accrued leave	3,153	1,069
Net pension and OPEB liabilities	264,893	312,244
Total Noncurrent Liabilities	268,046	313,313
Total Liabilities	284,293	328,339
Deferred Inflows of Resources - related to pensions and OPEB	22,647	27,174
Total Liabilities and Deferred Inflows of Resources	306,940	355,513
Net Position		
Net investment in capital assets	39,291,452	41,052,944
Unrestricted	7,220,392	5,696,239
Total Net Position	46,511,844	46,749,183
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 46,818,784	\$ 47,104,696

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

<i>Year Ended June 30,</i>	2020	2019
Operating Revenues		
Dockage	\$ 267,783	\$ 246,442
Cruise ship	233,728	341,081
Pier III	326,238	344,531
Wharfage and handling	928,634	858,726
Rentals	311,977	306,408
Other	717	1,719
Total Operating Revenues	2,069,077	2,098,907
Operating Expenses		
Cargo administration:		
Salaries and benefits	325,034	310,583
Professional services	3,895	2,987
Goods and services	129,996	116,215
Repairs and maintenance	119	-
Machinery and equipment	-	1,491
Interfund charges:		
Finance and administration	140,008	110,161
Public works services	5,480	5,888
Harbormaster services	28,097	31,291
Total cargo administration	632,629	578,616
Warehouse:		
Professional services	420	420
Goods and services	118	474
Repairs and maintenance	1,132	4,251
Total warehouse	1,670	5,145
Pier II:		
Goods and services	2,384	2,384
Repairs and maintenance	659	539
Utilities and fuel	33,020	24,677
Total pier II	36,063	27,600

(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>	2020	2019
Operating expenses, continued:		
Pier III:		
Repairs and maintenance	\$ 878	\$ 3,142
Utilities and fuel	1,390	1,380
Total pier III	2,268	4,522
Depreciation	1,761,492	1,781,659
Total Operating Expenses	2,434,122	2,397,542
Earnings (loss) from operations	(365,045)	(298,635)
Nonoperating revenues		
Other revenues	17,481	-
Investment income	97,684	112,071
State PERS relief	12,541	5,982
Total nonoperating revenues	127,706	118,053
Change in net position	(237,339)	(180,582)
Net Position, beginning of year	46,749,183	46,929,765
Net Position, end of year	\$ 46,511,844	\$ 46,749,183

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

<i>Year Ended June 30,</i>	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,048,346	\$ 2,161,961
Payments for interfund services used	(173,585)	(147,340)
Payments to suppliers	(155,151)	(157,901)
Payments to employees	(354,585)	(314,096)
Net cash flows from operating activities	1,365,025	1,542,624
Cash Flows from Investing Activities		
Investment income received	97,684	112,071
Net increase in cash and investments	1,462,709	1,654,695
Cash and Investments, beginning of year	5,719,972	4,065,277
Cash and Investments, end of year	\$ 7,182,681	\$ 5,719,972
Reconciliation of earnings (loss) from operations to net cash flows from operating activities:		
Earnings (loss) from operations	\$ (365,045)	\$ (298,635)
Adjustments to reconcile earnings (loss) from operations to net cash flows from operating activities:		
Depreciation	1,761,492	1,781,659
Noncash State PERS relief	12,541	5,982
Other nonoperating revenues (expenses)	17,481	-
(Increase) decrease in assets - accounts receivable	(20,731)	63,054
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	7,860	(23,985)
Increase (decrease) in liabilities:		
Accounts payable	1,379	59
Accrued payroll and related liabilities	(1,591)	4,637
Accrued leave	3,517	2,919
Net pension and OPEB liabilities	(47,351)	31,250
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(4,527)	(24,316)
Net cash flows from operating activities	\$ 1,365,025	\$ 1,542,624
Noncash capital and related financing:		
Capital assets purchased on account	\$ -	\$ 19,922

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 6,413,383	\$ 5,169,670
Receivables:		
Accounts	156,191	115,799
Allowance for doubtful accounts	(15,647)	(15,647)
Inventory	1,831	2,656
Total Current Assets	6,555,758	5,272,478
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	37,633,962	37,600,557
Machinery and equipment	692,208	663,816
Construction in progress	35,761	766
Accumulated depreciation	(32,668,060)	(31,511,793)
Property, plant and equipment, net	8,069,935	9,129,410
Total Noncurrent Assets	8,189,491	9,248,966
Total Assets	14,745,249	14,521,444
Deferred Outflows of Resources - related to pensions and OPEB	215,405	247,494
Total Assets and Deferred Outflows of Resources	\$ 14,960,654	\$ 14,768,938
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 88,660	\$ 35,246
Accrued payroll and related liabilities	25,489	35,925
Customer deposits	260,645	248,843
Accrued interest	4,918	5,101
Current portion of accrued leave	27,300	38,140
Current portion of bonds payable	59,624	59,624
Total Current Liabilities	466,636	422,879
Noncurrent Liabilities		
Long term portion:		
Accrued leave	14,490	26,035
Bonds payable	1,543,603	1,603,227
Net pension and OPEB liabilities	1,081,433	1,274,744
Total Noncurrent Liabilities	2,639,526	2,904,006
Total Liabilities	3,106,162	3,326,885
Deferred Inflows of Resources - related to pensions and OPEB	92,459	110,939
Total Liabilities and Deferred Inflows of Resources	3,198,621	3,437,824
Net Position		
Net investment in capital assets	6,466,708	7,466,559
Restricted for debt service	119,556	119,556
Unrestricted	5,175,769	3,744,999
Total Net Position	11,762,033	11,331,114
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 14,960,654	\$ 14,768,938

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

<i>Year Ended June 30,</i>	2020	2019
Operating Revenues		
Moorage	\$ 2,072,066	\$ 1,939,339
Pier and dock fees	255,426	196,958
Administrative charges to other funds	70,243	78,228
Other fees and charges	155,843	193,748
Rentals	16,735	16,569
Other	2,502	574
Total Operating Revenues	2,572,815	2,425,416
Operating Expenses		
Salaries and benefits	950,817	1,121,406
Professional services	80,246	78,552
Contributions	13,099	18,146
Goods and services	179,412	188,497
Repairs and maintenance	45,459	35,112
Utilities and fuel	284,187	245,373
Administrative services	-	1,119
Machinery and equipment	15,470	13,412
Interfund charges:		
Finance and administration	259,588	268,911
Public works services	5,480	5,888
Depreciation	1,156,268	1,384,924
Total Operating Expenses	2,990,026	3,361,340
Loss from operations	(417,211)	(935,924)
Nonoperating Revenues (Expenses)		
Other revenue	65,218	-
Investment income	98,587	119,900
Interest expense	(55,305)	(57,422)
State PERS relief	39,506	24,399
Nonoperating Revenues (Expenses), net	148,006	86,877
Loss before contributions and transfers	(269,205)	(849,047)
Transfers in	850,000	500,000
Transfers out	(149,876)	(548,420)
Change in net position	430,919	(897,467)
Net Position, beginning of year	11,331,114	12,228,581
Net Position, end of year	\$ 11,762,033	\$ 11,331,114

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

<i>Year Ended June 30,</i>	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,462,180	\$ 2,366,583
Receipts from interfund services provided	70,243	78,228
Payments for interfund services used	(265,068)	(274,799)
Payments to suppliers	(486,614)	(591,696)
Payments to employees	(1,123,834)	(1,259,825)
Net cash flows from operating activities	656,907	318,491
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	850,000	500,000
Transfers out	(149,876)	(548,420)
Decrease in due from Shipyard fund	-	232,764
Net cash flows from noncapital financing activities	700,124	184,344
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(55,000)	(50,000)
Interest paid on long-term debt	(60,113)	(62,212)
Purchase of property, plant and equipment	(96,792)	(29,497)
Net cash flows (for) capital and related financing activities	(211,905)	(141,709)
Cash Flows from Investing Activities		
Investment income received	98,587	119,900
Net increase in cash and investments	1,243,713	481,026
Cash and Investments, beginning of year	5,289,226	4,808,200
Cash and Investments, end of year	\$ 6,532,939	\$ 5,289,226
Reconciliation to Statement of Net Position:		
Cash and investments	\$ 6,413,383	\$ 5,169,670
Restricted cash and investments	119,556	119,556
Total Cash and Investments	\$ 6,532,939	\$ 5,289,226
Reconciliation of earnings from operations to net cash flows from operating activities:		
Loss from operations	\$ (417,211)	\$ (935,924)
Adjustments to reconcile earnings from operations to net cash flows from by operating activities:		
Depreciation	1,156,268	1,384,924
Noncash State PERS relief	39,506	24,399
Other nonoperating revenues (expenses)	65,218	-
(Increase) decrease in assets:		
Accounts receivable	(40,392)	14,234
Inventory	825	104
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	32,089	(91,207)
Increase (decrease) in liabilities:		
Accounts payable	53,414	(11,589)
Accrued payroll and related liabilities	(10,436)	(3,684)
Accrued leave	(22,385)	(35,331)
Customer deposits	11,802	5,161
Net pension and OPEB liabilities	(193,311)	76,108
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(18,480)	(108,704)
Net cash flows from operating activities	\$ 656,907	\$ 318,491
Noncash capital and related financing:		
Capital assets purchased on account	\$ 32,640	\$ 27,795

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 21,526,801	\$ 18,741,881
Receivables:		
Accounts	361,930	317,241
Allowance for doubtful accounts	(2,224)	(2,224)
Inventory	249,913	259,090
Total Current Assets	22,136,420	19,315,988
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	721,815
Construction in progress	3,792,389	3,788,940
Accumulated depreciation	(22,533,536)	(21,628,556)
Property, plant and equipment, net	28,042,504	28,944,035
Total Assets	50,178,924	48,260,023
Deferred Outflows of Resources - related to pensions and OPEB	119,356	137,137
Total Assets and Deferred Outflows of Resources	\$ 50,298,280	\$ 48,397,160
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 33,602	\$ 91,532
Accrued payroll and related liabilities	23,590	18,264
Customer deposits	8,800	2,200
Accrued interest	26,267	28,723
Accrued leave	12,901	12,117
Current portion of loans payable	229,624	292,649
Total Current Liabilities	334,784	445,485
Noncurrent Liabilities		
Long term portion:		
Accrued leave	32,614	20,897
Loans payable	3,103,074	3,332,698
Net pension and OPEB liabilities	599,224	706,338
Total Noncurrent Liabilities	3,734,912	4,059,933
Total Liabilities	4,069,696	4,505,418
Deferred Inflows of Resources - related to pensions and OPEB	51,232	61,472
Total Liabilities and Deferred Inflows of Resources	4,120,928	4,566,890
Net Position		
Net investment in capital assets	24,709,806	25,318,688
Unrestricted	21,467,546	18,511,582
Total Net Position	46,177,352	43,830,270
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 50,298,280	\$ 48,397,160

City of Kodiak, Alaska

Water Utility Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30,	2020	2019
Operating Revenues		
Sales and user charges	\$ 2,550,596	\$ 2,574,610
Meters	1,991,543	2,027,659
Other	25,830	29,215
Total Operating Revenues	4,567,969	4,631,484
Operating Expenses		
Water department:		
Salaries and benefits	623,299	676,368
Professional services	21,544	21,898
Goods and services	141,218	121,520
Repairs and maintenance	7,995	10,158
Utilities and fuel	296,855	279,537
Machinery and equipment	2,017	3,917
Total water department	1,092,928	1,113,398
Water treatment:		
Salaries and benefits	160,199	160,476
Professional services	19,955	9,548
Goods and services	58,548	57,082
Repairs and maintenance	7,320	8,036
Utilities and fuel	58,775	53,738
Machinery and equipment	-	-
Total water treatment	304,797	288,880
Interfund charges:		
Finance and administration	311,721	352,656
Public works services	10,960	11,776
Total interfund charges	322,681	364,432
Depreciation	904,980	898,702
Total Operating Expenses	2,625,386	2,665,412
Earnings from operations	1,942,583	1,966,072
Nonoperating Revenues (Expenses)		
Other revenue	42,796	-
Investment income	307,908	346,499
Interest expense	(51,924)	(56,300)
Engineering and feasibility studies	(26,249)	(49,425)
State PERS relief	31,968	13,534
Nonoperating Revenues (Expenses), net	304,499	254,308
Earnings before contributions and transfers	2,247,082	2,220,380
Transfers in	100,000	195,000
Change in net position	2,347,082	2,415,380
Net Position, beginning of year	43,830,270	41,414,890
Net Position, end of year	\$ 46,177,352	\$ 43,830,270

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

<i>Year Ended June 30,</i>	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 4,523,280	\$ 4,648,308
Payments for interfund services used	(322,681)	(364,432)
Payments to suppliers	(639,833)	(573,535)
Payments to employees	(833,276)	(683,438)
Net cash flows from operating activities	2,727,490	3,026,903
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	100,000	195,000
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long term debt	(292,649)	(291,093)
Interest paid on long term debt	(54,380)	(58,746)
Purchase of property, plant and equipment	(3,449)	(3,182,072)
Net cash flows (for) capital and related financing activities	(350,478)	(3,531,911)
Cash Flows from Investing Activities		
Investment income received	307,908	346,499
Net increase in cash and investments	2,784,920	36,491
Cash and Investments, beginning of year	18,741,881	18,705,390
Cash and Investments, end of year	\$ 21,526,801	\$ 18,741,881
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 1,942,583	\$ 1,966,072
Adjustments to reconcile earnings from operations to net cash flows from by operating activities:		
Depreciation	904,980	898,702
Noncash State PERS relief	31,968	13,534
Other nonoperating revenues (expenses)	16,547	(49,425)
(Increase) decrease in assets:		
Accounts receivable	(44,689)	17,924
Inventory	9,177	4,640
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	17,781	(75,189)
Increase (decrease) in liabilities:		
Accounts payable	(57,930)	36,684
Accrued payroll and related liabilities	5,326	3,428
Accrued leave	12,501	5,995
Customer deposits	6,600	(1,100)
Net pension and OPEB liabilities	(107,114)	231,227
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(10,240)	(25,589)
Net cash flows from operating activities	\$ 2,727,490	\$ 3,026,903
Noncash capital and related financing:		
Capital assets purchased on account	\$ -	\$ 10,144

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 8,258,434	\$ 7,290,839
Receivables:		
Grants	175,546	86,947
Accounts	451,708	525,331
Allowance for doubtful accounts	(2,867)	(2,867)
Inventory	34,694	33,358
Total Current Assets	8,917,515	7,933,608
Property, plant and equipment:		
Land	16,931	16,931
Buildings	24,799,782	24,799,782
Improvements other than buildings	16,391,625	16,370,667
Machinery and equipment	2,240,594	2,145,108
Construction in progress	4,220,624	2,517,258
Accumulated depreciation	(30,865,540)	(29,935,820)
Property, plant and equipment, net	16,804,016	15,913,926
Total Assets	25,721,531	23,847,534
Deferred Outflows of Resources - related to pensions and OPEB	198,500	228,071
Total Assets and Deferred Outflows of Resources	\$ 25,920,031	\$ 24,075,605
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 118,735	\$ 81,711
Accrued payroll and related liabilities	41,869	29,854
Accrued interest	4,841	5,666
Current portion of accrued leave	28,095	28,171
Current portion of loans payable	202,220	171,479
Total Current Liabilities	395,760	316,881
Noncurrent Liabilities		
Long term portion:		
Accrued leave	54,810	40,571
Loans payable	2,797,400	2,489,198
Net pension and OPEB liabilities	996,564	1,174,705
Total Noncurrent Liabilities	3,848,774	3,704,474
Total Liabilities	4,244,534	4,021,355
Deferred Inflows of Resources - related to pensions and OPEB	85,203	102,233
Total Liabilities and Deferred Inflows of Resources	4,329,737	4,123,588
Net Position		
Net investment in capital assets	13,804,396	13,253,249
Unrestricted	7,785,898	6,698,768
Total Net Position	21,590,294	19,952,017
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 25,920,031	\$ 24,075,605

City of Kodiak, Alaska		
Sewer Utility Enterprise Fund		
Statement of Revenues, Expenses and Changes in Net Position		
<i>Year Ended June 30,</i>	2020	2019
Operating Revenues		
Sewer charges	\$ 4,574,842	\$ 4,435,981
Sanitary sewer and septic tank discharge	182,310	180,206
Lab testing fees	19,501	31,350
Compost fees	6,480	315
Other	300	6,381
Total Operating Revenues	4,783,433	4,654,233
Operating Expenses		
Sewer department:		
Salaries and benefits	216,613	160,736
Professional services	21,496	37,159
Goods and services	13,335	14,110
Repairs and maintenance	7,699	12,042
Total sewer department	259,143	224,047
Wastewater treatment:		
Salaries and benefits	852,587	854,325
Professional services	18,974	23,871
Goods and services	172,699	156,752
Repairs and maintenance	33,039	238,691
Utilities and fuel	251,291	216,248
Machinery and equipment	5,647	372
Total wastewater treatment	1,334,237	1,490,259
Compost facility:		
Salaries and benefits	187,653	249,223
Professional services	18,681	14,205
Goods and services	91,085	122,975
Repairs and maintenance	11,303	6,922
Utilities and fuel	24,978	16,028
Machinery and equipment	2,922	4,680
Total compost facility	336,622	414,033
Interfund charges:		
Finance and administration	369,061	393,954
Public works services	16,440	17,664
Total interfund charges	385,501	411,618
Depreciation	929,720	1,236,218
Total Operating Expenses	3,245,223	3,776,175
Earnings from operations	1,538,210	878,058
Nonoperating Revenues (Expenses)		
Other revenue	73,296	-
Investment income	110,365	129,414
Interest expense	(35,108)	(23,454)
State PERS relief	51,514	22,491
Nonoperating Revenues (Expenses), net	200,067	128,451
Earnings before transfers	1,738,277	1,006,509
Transfers out	(100,000)	(105,000)
Change in net position	1,638,277	901,509
Net Position, beginning of year, as restated	19,952,017	19,050,508
Net Position, end of year	\$ 21,590,294	\$ 19,952,017

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 4,768,457	\$ 4,445,300
Payments for interfund services used	(385,501)	(411,618)
Payments to suppliers	(564,165)	(885,532)
Payments to employees	(1,344,761)	(1,215,718)
Net cash flows from operating activities	2,474,030	1,932,432
Cash Flows from (for) Noncapital Financing Activities		
Transfers out	(100,000)	(105,000)
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long term debt	(171,479)	(225,747)
Interest paid on long term debt	(35,932)	(33,364)
Proceeds from issuance of long term debt	510,422	265,123
Purchase of property, plant and equipment	(1,819,811)	(641,875)
Net cash flows (for) capital and related financing activities	(1,516,800)	(635,863)
Cash Flows from Investing Activities		
Investment income received	110,365	129,414
Net increase in cash and investments	967,595	1,320,983
Cash and Investments, beginning of year	7,290,839	5,969,856
Cash and Investments, end of year	\$ 8,258,434	\$ 7,290,839
Reconciliation of earnings from (for) operations to net cash flows from operating activities:		
Earnings from operations	\$ 1,538,210	\$ 878,058
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
Depreciation	929,720	1,236,218
Noncash State PERS relief	51,514	22,491
Other nonoperating revenues (expenses)	73,296	-
(Increase) decrease in assets:		
Accounts receivable	(14,976)	(208,933)
Inventory	(1,336)	(11,962)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	29,571	(101,343)
Increase (decrease) in liabilities:		
Accounts payable	37,024	(9,515)
Accrued payroll and related liabilities	12,015	(1,133)
Accrued leave	14,163	1,655
Net pension and OPEB liabilities	(178,141)	202,765
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(17,030)	(75,869)
Net cash flows from operating activities	\$ 2,474,030	\$ 1,932,432
Noncash capital and related financing:		
Capital assets purchased on account	\$ 31,193	\$ 31,961

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ -	\$ 62,097
Accounts receivable	85,979	48,616
Inventory	2,930	4,274
Total Current Assets	88,909	114,987
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	(5,291,838)	(4,766,089)
Property, plant and equipment, net	12,812,263	13,338,012
Total Noncurrent Assets	13,154,288	13,680,037
Total Assets	13,243,197	13,795,024
Deferred Outflows of Resources - related to pensions and OPEB	28,174	32,371
Total Assets and Deferred Outflows of Resources	\$ 13,271,371	\$ 13,827,395
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 14,792	\$ 19,982
Accrued payroll and related liabilities	5,917	4,572
Customer deposits	-	1,500
Accrued interest	17,357	18,238
Due to other funds	361,101	-
Current portion of accrued leave	1,065	3,314
Current portion of bonds and loan payable	186,695	181,695
Total Current Liabilities	586,927	229,301
Noncurrent Liabilities		
Long term portion:		
Accrued leave	11,283	2,556
Bonds payable	4,043,313	4,183,508
Loans payable	418,500	465,000
Net pension and OPEB liabilities	141,448	166,732
Total Noncurrent Liabilities	4,614,544	4,817,796
Total Liabilities	5,201,471	5,047,097
Deferred Inflows of Resources - related to pensions and OPEB	12,093	14,511
Total Liabilities and Deferred Inflows of Resources	5,213,564	5,061,608
Net Position		
Net investment in capital assets	8,163,755	8,507,809
Restricted for debt service	342,025	342,025
Unrestricted (deficit)	(447,973)	(84,047)
Total Net Position	8,057,807	8,765,787
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,271,371	\$ 13,827,395

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

<i>Year Ended June 30,</i>	2020	2019
Operating Revenues - charges for services	\$ 509,993	\$ 531,139
Operating Expenses		
Salaries and benefits	226,561	149,850
Professional services	129,920	37,232
Goods and services	186,279	74,549
Repairs and maintenance	32,195	37,358
Utilities and fuel	44,460	39,507
Interfund charges:		
Finance and administration	58,384	53,502
Public works services	5,480	5,888
Harbormaster services	28,097	31,291
Depreciation	525,749	526,860
Total Operating Expenses	1,237,125	956,037
Loss from operations	(727,132)	(424,898)
Nonoperating Revenues (Expenses)		
Other revenue	12,036	-
Investment income	389	362
Interest expense	(151,578)	(157,191)
State PERS relief	8,429	3,177
Net Nonoperating Revenues (Expenses)	(130,724)	(153,652)
Loss before transfers	(857,856)	(578,550)
Transfers in	149,876	548,420
Change in net position	(707,980)	(30,130)
Net position, beginning of year	8,765,787	8,795,917
Net Position, end of year	\$ 8,057,807	\$ 8,765,787

City of Kodiak, Alaska

Shipyard Enterprise Fund
Statement of Cash Flows

Year Ended June 30,	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 472,630	\$ 595,417
Payments for interfund services used	(91,961)	(90,681)
Payments to suppliers	(386,164)	(226,235)
Payments to employees	(233,814)	(197,671)
Net cash flows from operating activities	(239,309)	80,830
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	149,876	548,420
Increases in due to other funds	361,101	-
Decreases in due to Boat Harbor fund	-	(232,764)
Net cash flows from noncapital financing activities	510,977	315,656
Cash Flows (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(171,500)	(166,500)
Interest paid on long-term debt	(162,654)	(168,251)
Net cash flows (for) capital and related financing activities	(334,154)	(334,751)
Cash Flows from (for) Investing Activities		
Investment income received	389	362
Net increase (decrease) in cash and investments	(62,097)	62,097
Cash and Investments, beginning of year	404,122	342,025
Cash and Investments, end of year	\$ 342,025	\$ 404,122
Reconciliation to Statement of Net Position:		
Cash and investments	\$ -	\$ 62,097
Restricted cash and investments	342,025	342,025
Total Cash and Investments	\$ 342,025	\$ 404,122
Reconciliation of loss from operations to net cash flows from operating activities:		
Loss from operations	\$ (727,132)	\$ (424,898)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	525,749	526,860
Noncash State PERS relief	8,429	3,177
Other nonoperating revenues	12,036	-
(Increase) decrease in assets:		
Accounts receivable	(37,363)	65,778
Inventory	1,344	143
Increase deferred outflows of resources related to pensions and OPEB	4,197	(8,123)
Increase (decrease) in liabilities:		
Accounts payable	(5,190)	(37,732)
Accrued payroll and related liabilities	1,345	(650)
Accrued leave	6,478	(3,418)
Customer deposits	(1,500)	(1,500)
Net pension and OPEB liabilities	(25,284)	(19,240)
Increase in deferred inflows of resources related to pensions and OPEB	(2,418)	(19,567)
Net cash flows from operating activities	\$ (239,309)	\$ 80,830

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

<i>June 30,</i>	2020	2019
Assets		
Current Assets		
Cash and investments	\$ 756,953	\$ 1,060,736
Accounts receivable	60,078	52,503
Total Current Assets	817,031	1,113,239
Property, plant and equipment:		
Machinery and equipment	140,556	140,556
Accumulated depreciation	(140,556)	(140,556)
Property, plant and equipment, net	-	-
Total Assets	\$ 817,031	\$ 1,113,239
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 36,097	\$ 29,822
Customer deposits	2,200	2,500
Total Current Liabilities	38,297	32,322
Net Position		
Unrestricted	778,734	1,080,917
Total Net Position	778,734	1,080,917
Total Liabilities and Net Position	\$ 817,031	\$ 1,113,239

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

<i>Year Ended June 30,</i>	2020	2019
Operating Revenues		
Energy charges	\$ 530,801	\$ 487,389
Customer charges	103,710	103,227
Other operating revenues	28,503	25,136
Total Operating Revenues	663,014	615,752
Operating Expenses		
Professional services	1,430	110
Goods and services	550,568	511,250
Repairs and maintenance	17,777	8,114
Interfund charges:		
Finance and administration	42,290	59,771
Harbormaster services	14,049	15,646
Total Operating Expenses	626,114	594,891
Earnings from operations	36,900	20,861
Nonoperating Revenues - investment income	10,917	19,737
Earnings before transfers	47,817	40,598
Transfer out	(350,000)	-
Change in net position	(302,183)	40,598
Net Position, beginning of year	1,080,917	1,040,319
Net Position, end of year	\$ 778,734	\$ 1,080,917

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

<i>Year Ended June 30,</i>	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 655,439	\$ 633,905
Payments for interfund services used	(56,339)	(75,417)
Payments to suppliers	(563,800)	(522,309)
Net cash flows from operating activities	35,300	36,179
Cash Flows from (for) Noncapital Financing Activities		
Transfers out	(350,000)	-
Cash Flows from Investing Activities		
Investment income received	10,917	19,737
Net increase (decrease) in cash and investments	(303,783)	55,916
Cash and Investments, beginning of year	1,060,736	1,004,820
Cash and Investments, end of year	\$ 756,953	\$ 1,060,736
Reconciliation of earnings from operations to net cash flows from (for) operating activities:		
Earnings from operations	\$ 36,900	\$ 20,861
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
(Increase) decrease in assets - accounts receivable	(7,575)	29,653
Increase (decrease) in liabilities:		
Accounts payable	6,275	(2,835)
Customer deposits	(300)	(11,500)
Net cash flows from operating activities	\$ 35,300	\$ 36,179

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

<i>June 30,</i>	2020	2019
Assets		
Property, plant and equipment:		
Improvements other than buildings	\$ 5,589,593	\$ 5,589,593
Accumulated depreciation	(3,102,295)	(2,853,567)
Property, plant and equipment, net	2,487,298	2,736,026
Total Assets	\$ 2,487,298	\$ 2,736,026
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 2,052	\$ 2,102
Customer deposits	1,536	1,536
Due to other funds	187,729	181,992
Total Current Liabilities	191,317	185,630
Net Position		
Net investment in capital assets	2,487,298	2,736,026
Unrestricted (deficit)	(191,317)	(185,630)
Total Net Position	2,295,981	2,550,396
Total Liabilities and Net Position	\$ 2,487,298	\$ 2,736,026

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

<i>Year Ended June 30,</i>	2020	2019
Operating Revenues		
Moorage	\$ 16,380	\$ 14,333
Rentals	36,436	40,756
Total Operating Revenues	52,816	55,089
Operating Expenses		
Goods and services	24,625	13,266
Repairs and maintenance	648	432
Utilities and fuel	20,274	19,168
Interfund charges:		
Finance and administration	7,476	8,479
Public works services	5,480	5,888
Depreciation	248,728	248,730
Total Operating Expenses	307,231	295,963
Loss from operations	(254,415)	(240,874)
Net Position, beginning of year	2,550,396	2,791,270
Net Position, end of year	\$ 2,295,981	\$ 2,550,396

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

<i>Year Ended June 30,</i>	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 52,816	\$ 57,342
Payments for interfund services used	(13,006)	(14,367)
Payments to suppliers	(45,547)	(32,668)
Net cash flows from operating activities	(5,737)	10,307
Cash Flows (for) Noncapital Financing Activities		
Decrease in due to other funds	5,737	(10,307)
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	\$ (254,415)	\$ (240,874)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	248,728	248,730
(Increase) decrease in assets - accounts receivable	-	2,253
Increase (decrease) in liabilities - accounts payable	(50)	198
Net cash flows from operating activities	\$ (5,737)	\$ 10,307

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Receivable from Kodiak Island Borough	\$ 109,138	\$ 111,688
Property, plant and equipment:		
Construction in progress	23,300	-
Total Assets	132,438	111,688
Deferred Outflows of Resources - related to pensions and OPEB	139,847	160,680
Total Assets and Deferred Outflows of Resources	\$ 272,285	\$ 272,368
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accrued payroll and related liabilities	\$ 21,544	\$ 20,011
Due to other funds	967,957	324,636
Current portion of accrued leave	7,705	21,834
Total current liabilities	997,206	366,481
Noncurrent liabilities		
Long term portion of accrued leave	31,511	23,245
Net pension and OPEB liabilities	702,096	827,598
Total noncurrent liabilities	733,607	850,843
Total liabilities	1,730,813	1,217,324
Deferred Inflows of Resources - related to pensions and OPEB	60,027	72,025
Total Liabilities and Deferred Inflows of Resources	1,790,840	1,289,349
Net Position		
Net investment in capital assets	23,300	-
Unrestricted (deficit)	(1,541,855)	(1,016,981)
Total Net Position	(1,518,555)	(1,016,981)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 272,285	\$ 272,368

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

<i>Year Ended June 30,</i>	2020	2019
Operating Revenues - charges for services	\$ 293,658	\$ 298,265
Operating Expenses		
Salaries and benefits	690,854	1,509,020
Professional services	158,751	153,801
Support goods and services	4,419	6,647
Machinery and equipment	-	1,159
Total Operating Expenses	854,024	1,670,627
Loss from operations	(560,366)	(1,372,362)
Nonoperating Revenues		
Other revenue	26,300	-
State PERS relief	32,492	15,881
Total Nonoperating Revenues	58,792	15,881
Change in net position	(501,574)	(1,356,481)
Net Position, beginning of year	(1,016,981)	339,500
Net Position, end of year	\$ (1,518,555)	\$ (1,016,981)

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

<i>Year Ended June 30,</i>	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 296,208	\$ 350,716
Payments to suppliers	(163,170)	(175,405)
Payments to employees	(753,059)	(689,307)
Net cash flows from (for) from operating activities	(620,021)	(513,996)
Cash Flows from Noncapital Financing Activities		
Increase in due to other funds	643,321	324,636
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	(23,300)	-
Net increase (decrease) in cash and investments	-	(189,360)
Cash and Investments, beginning of year	-	189,360
Cash and Investment, end of year	\$ -	\$ -
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:		
Loss from operations	\$ (560,366)	\$ (1,372,362)
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:		
Noncash State PERS relief	32,492	15,881
Other nonoperating revenues	26,300	-
(Increase) Decrease in assets:		
Accounts receivable	2,550	52,451
(Increase) Decrease in deferred outflows related to pensions and OPEB	20,833	(160,680)
Increase (Decrease) in liabilities		
Accounts payable	-	(13,798)
Accrued payroll and related liabilities	1,533	19,810
Accrued leave	(5,863)	45,079
Net pension and OPEB liabilities	(125,502)	827,598
Increase (Decrease) in deferred inflows related to pensions and OPEB	(11,998)	72,025
Net cash flows from (for) operating activities	\$ (620,021)	\$ (513,996)

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>	2020	2019
Assets		
Current Assets		
Cash and investments	\$ 180,375	\$ 270,965
Accounts receivable	-	43,342
Total Assets	\$ 180,375	\$ 314,307
Liabilities and Net Position		
Liabilities	\$ -	\$ -
Net Position - unrestricted	180,375	314,307
Total Liabilities and Net Position	\$ 180,375	\$ 314,307

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

<i>Year Ended June 30,</i>	2020	2019
Operating Revenues - charges for services	\$ 727,888	\$ 713,494
Operating Expenses - insurance	864,379	768,463
Loss from operations	(136,491)	(54,969)
Nonoperating Revenues - investment income	2,559	5,225
Change in net position	(133,932)	(49,744)
Net Position, beginning of year	314,307	364,051
Net Position, end of year	\$ 180,375	\$ 314,307

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

<i>Year Ended June 30,</i>	2020	2019
Cash Flows (For) Operating Activities		
Receipts from interfund services provided	\$ 771,230	\$ 670,152
Payments to suppliers	(864,379)	(771,653)
Net cash flows (for) operating activities	(93,149)	(101,501)
Cash Flows From Investing Activities		
Investment income received	2,559	5,225
Net decrease in cash and investments	(90,590)	(96,276)
Cash and Investments, beginning of year	270,965	367,241
Cash and Investments, end of year	\$ 180,375	\$ 270,965
Reconciliation of loss from operations to net cash flows (for) operating activities:		
Loss from operations	\$ (136,491)	\$ (54,969)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Increase (decrease) in assets - accounts receivable	43,342	(43,342)
Increase (decrease) in liabilities - accounts payable	-	(3,190)
Net cash flows (for) operating activities	\$ (93,149)	\$ (101,501)

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, 2020

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	\$ 5,449	\$ 5,449
U.S. Department of Justice Direct:				
Bulletproof Vest Partnership Program	16.607	APP# 02012514	1,736	1,736
Passed through the State of Alaska, Department of Public Safety COVID-19 Coronavirus Emergency Supplemental Funds	16.034	None	20,879	20,764
Edward Byrne Memorial Justice Assistance Grant (JAG) Total U.S. Department of Justice	16.738	2018-DJ-BX-0235	39,349 <u>61,964</u>	39,349 <u>61,849</u>
U.S. Department of Treasury Passed through State of Alaska, Department of Commerce, Community, and Economic Development COVID-19 CARES Act	21.019	20-CRF-111	11,986,903	4,074,114
National Endowment for the Humanities Passed through State of Alaska, Department of Education and Early Development Continuing Education	45.310	LS-00-19-0002-19	1,250	1,250
U.S. Department of Homeland Security Passed through State of Alaska Department of Military and Veterans Affairs Emergency Management Performance	97.042	20EMPG-GY19	20,000	20,000
U.S. Department of Military and Veterans Affairs Passed through State of Alaska Department of Military and Veterans Affairs 2019 State Homeland Security Grant	97.067	20SHSP-GY19	586,063	276,232
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	567,910
Alaska Clean Water Revolving Loan Funds	66.458	503101	160,682	96,243
Alaska Clean Water Revolving Loan Funds	66.458	503121	808,487	474,111
Alaska Clean Water Revolving Loan Funds Total CFDA #66.458	66.458	503021	152,359 <u>1,752,250</u>	152,359 <u>1,290,623</u>
Alaska Drinking Water Revolving Loan Funds	66.468	503071	87,080	17,362
Alaska Drinking Water Revolving Loan Funds Total CFDA #66.468	66.468	503161	693,090 <u>780,170</u>	595,055 <u>612,417</u>
Total U.S. Environmental Protection Agency			<u>2,532,420</u>	<u>1,903,040</u>
		Total Federal Expenditures	\$ 15,194,049	\$ 6,341,934
Reconciliation to Intergovernmental Revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance:				
Total Federal expenditures per above schedule			\$ 6,341,934	
Total State financial assistance			2,123,704	
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.			(1,903,040)	
State cruise ship revenue recorded in the Enterprise funds			(54,220)	
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>(176,451)</u>	
Total Intergovernmental Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit B-3).			<u>\$ 6,331,927</u>	

City of Kodiak, Alaska

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

(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, 2020. 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, 2020.

(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	\$	536,504
Loan # 503101		80,092
Loan # 503121		434,059
Loan # 503021		152,359
Loan # 503161		<u>559,451</u>
Total	\$	<u>1,762,465</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	122-126
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	127-131
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	132-135
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	136-137
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	138-140
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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	50,655,050
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	17,606,410
Total governmental activities net position	\$ 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	68,261,460
Business-type activities:										
Invested in capital assets, net of related debt	\$ 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	94,946,715
Restricted	505,050	505,050	505,050	505,050	505,050	505,050	461,581	461,581	461,581	461,581
Unrestricted	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	40,388,353
Total business-type activities net position	\$ 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	135,796,649
Primary government:										
Invested in capital assets, net of related debt	\$ 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	145,601,765
Restricted	505,050	505,050	505,050	505,050	505,050	505,050	461,581	461,581	461,581	461,581
Unrestricted	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	57,994,763
Total primary government net position	\$ 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	204,058,109

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 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	3,175,175
Public safety	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	7,021,566
Public works	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	663,364
Engineering	91,293	146,051	166,843	199,877	249,954	163,832	214,091	198,298	214,294	228,454
Parks & recreation	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	1,748,323
Library	680,410	847,458	864,533	930,313	894,605	1,025,482	1,140,829	954,249	1,364,499	931,664
Community services	259,692	306,906	296,352	305,457	374,235	393,730	414,094	368,618	386,903	4,459,521
Interest on long-term debt	906,057	369,052	361,177	352,803	346,240	332,240	54,079	438,252	223,696	215,263
Total governmental activities expenses	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	18,443,330
Business-type activities:										
Cargo Pier	\$ 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	2,459,006
Boat Harbor	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	3,073,256
Water Utility	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	2,723,458
Sewer Utility	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	3,298,747
Shipyard	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	1,396,065
Harbor Electric	633,313	804,834	657,379	675,474	585,739	575,261	660,605	584,558	594,891	626,114
Trident Basin	353,216	349,406	345,569	373,393	310,232	300,096	295,638	295,191	295,963	307,231
E-911 Services	5,518	5,548	5,890	158,923	7,091	6,442	7,223	24,176	1,673,631	854,024
Total business-type activities expenses	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	14,737,901
Total primary government expenses	\$ 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	33,181,231
Program revenues										
Government activities:										
Charges for services:										
General government	\$ 531,322	722,265	764,935	839,586	812,220	1,210,409	1,579,673	1,338,063	1,607,656	1,774,303
Public safety	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	1,589,427
Public works	235,343	238,617	445,150	267,093	346,256	218,393	256,835	155,931	299,024	177,717
Engineering	226,355	294,424	215,598	198,051	113,849	147,490	162,331	142,231	167,430	-
Parks & recreation	133,100	134,440	116,663	120,135	125,120	120,231	144,730	196,310	237,307	173,800
Library	12,542	13,692	12,592	17,503	22,641	27,996	26,388	22,910	19,285	11,936
Community services	40,897	42,712	42,025	57,802	64,127	72,483	86,195	79,238	39,279	105,018
Operating grants and contributions	292,846	392,273	788,840	814,853	468,502	457,644	212,123	381,873	230,866	3,961,774
Capital grants and contributions	2,770,746	2,821,724	10,188,295	1,373,720	112,193	66,945	25,357	846,406	240,293	383,028
Total governmental activities	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	8,177,003
Business-type activities:										
Charges for services:										
Cargo Pier	\$ 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	2,069,077
Boat Harbor	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	2,572,815
Water Utility	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	4,567,969
Sewer Utility	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	4,783,433
Shipyard	293,845	239,889	642,020	722,665	746,002	598,683	408,906	504,327	531,139	509,993
Harbor Electric	707,770	834,600	724,632	674,425	617,572	673,653	810,676	641,892	615,752	663,014
Trident Basin	32,970	43,724	44,361	46,824	51,045	53,452	57,122	49,607	55,089	52,816
E-911 Services	67,428	66,287	69,140	36,718	30,869	28,818	26,856	253,983	298,265	293,658
Operating grants and contributions	252,109	385,985	1,391,896	2,725,086	1,813,006	128,475	63,682	60,739	85,464	176,450
Capital grants and contributions	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	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	15,689,225
Total primary government	\$ 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	23,866,228
Net (expense)/revenue:										
Governmental activities	\$ (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)	(10,266,327)
Business-type activities	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)	951,324
Total primary government	\$ (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)	(9,315,003)

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 921,052	917,599	708,684	879,280	912,645	921,916	1,083,234	1,103,470	1,181,579	1,172,552
Sales taxes	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	13,424,945
Other taxes, penalties and interest	23,199	209,156	240,261	224,983	254,921	244,483	217,934	217,093	255,200	291,819
Grants and entitlements not restricted to a specific purpose	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	1,432,447
Investment income	238,969	94,331	65,053	51,161	33,183	76,050	65,458	110,660	412,061	429,828
Other	271,973	19,471	45,736	59,301	9,398	361,197	190,385	(885,003)	28,727	451,586
Transfers	(135,360)	540,382	(25,000)	(600,000)	(381,000)	(280,000)	(500,000)	(1,130,000)	(590,000)	(500,000)
Total governmental activities	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	16,703,177
Business-type activities:										
Investment income	79,708	17,285	49,032	68,230	62,736	104,564	99,646	326,764	727,983	625,850
Other	-	-	-	-	-	121,627	78,692	(2,137)	-	237,127
Transfers	135,360	(540,382)	25,000	600,000	381,000	280,000	500,000	1,130,000	590,000	500,000
Total business-type activities	215,068	(523,097)	74,032	668,230	443,736	506,191	678,338	1,454,627	1,317,983	1,362,977
Total primary government	\$ 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	18,066,154
Change in Net Position										
Governmental activities	\$ 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	6,436,850
Business-type activities	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	2,314,301
Total primary government	\$ 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	8,751,151

City of Kodiak, Alaska

Table 3

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable - prepaid items										
Inventory	\$ -	-	-	-	-	-	-	-	7,444	20,054
Prepaid items	2,117	-	13,741	8,885	16,709	22,254	11,935	8,756	33,096	9,556
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	14,013,208
Total General Fund	<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>	<u>14,042,818</u>
All other governmental funds:										
Committed:										
Tourism	\$ 206,694	236,859	301,433	357,411	389,175	430,735	464,650	509,163	586,295	626,907
Economic stability	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	5,696,380
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	5,768,906
Public works	26,878	19,441	63,483	95,402	100,561	100,824	101,059	92,705	107,570	109,921
Unassigned (deficit)	<u>(1,685,144)</u>	<u>(234,875)</u>	-	-	-	-	-	-	-	-
Total other governmental funds	<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>	<u>12,202,114</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 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	14,832,712
Intergovernmental	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	6,331,927
Charges for services	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	1,967,506
Fines and forfeitures	6,156	3,619	15,308	9,482	14,739	3,382	1,675	40,067	5,534	1,420
Licenses and permits	93,193	71,957	237,950	83,253	135,769	59,599	118,571	87,672	74,590	55,184
Rental income	166,373	197,032	236,124	231,780	263,537	220,752	213,433	200,647	238,034	268,518
Interfund charges	662,872	813,225	865,152	895,876	871,909	1,210,409	1,579,673	1,273,442	1,607,656	1,596,177
Investment income	236,576	94,193	63,457	50,839	32,010	74,525	64,546	107,355	406,836	429,828
Special assessments	57,242	47,057	44,335	32,104	6,041	-	-	-	13,310	1,000
Donations	-	-	500,000	645,000	42,227	6,250	-	-	7,500	6,641
Other revenues	271,973	21,157	46,736	59,301	9,398	361,197	176,574	18,701	21,227	444,945
Total revenues	\$ 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	25,935,858
Expenditures										
General government	\$ 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	3,033,147
Public safety	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	7,385,876
Public works	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	2,577,168
Engineering	87,209	150,113	189,900	201,581	244,967	165,227	213,112	198,247	216,579	228,454
Parks and recreation	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	1,427,320
Library	680,345	778,930	825,732	847,134	935,048	763,875	755,262	736,662	756,492	755,258
Community services	250,469	297,683	287,129	296,234	365,012	384,507	404,871	359,395	377,680	4,450,697
Other - insurance and administration	529,442	517,399	487,673	577,733	468,125	436,875	441,618	373,614	379,120	409,537
Debt service principal	150,000	155,000	165,000	175,000	185,000	195,000	205,000	215,000	205,000	215,000
Debt service interest	378,490	370,990	363,240	354,990	346,240	336,990	316,548	256,400	243,850	235,450
Capital outlay	7,080,038	3,200,704	9,975,708	5,665,223	245,998	256,237	702,752	694,152	473,601	367,624
Total expenditures	\$ 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	21,085,531
Excess of revenues over (under) expenditures	(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	4,850,327
Other financing sources (uses)										
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	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	2,660,151
Transfers out	(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)	(3,160,151)
Net other financing sources (uses)	(135,360)	940,382	249,000	(600,000)	(381,000)	(55,000)	(502,675)	(1,130,000)	(590,000)	(500,000)
Net change in fund balance	\$ (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	4,350,327
Debt services as a percentage of noncapital expenditures	3.33%	3.40%	3.38%	3.29%	3.06%	3.28%	3.07%	3.01%	2.76%	2.17%

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

Fiscal Year	Property Tax	Sales Tax	Hotel/Motel Tax	Total
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
2020	1,172,552	13,424,945	209,464	14,806,961

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					
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%
2020	332,141,265	306,909,969	36,627,478	602,423,756	2.00	602,423,756	100.00%

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

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

City of Kodiak, Alaska

Table 7

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

Fiscal Year	City of Kodiak			Kodiak Island Borough			Total Direct & Overlapping Rates	
	Real Property Millage	Personal Property Millage	Total City Millage	Real Property Millage	Personal Property Millage	Total Borough Millage	Real Property	Personal Property
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
2020	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	2020			2011		
	Total Sales Receipts	Rank	Percentage of Total Sales Receipts	Total Sales Receipts	Rank	Percentage of Total Sales Receipts
Wholesale/Retail Trade	\$ 210,927,486	1	58.45%	\$ 203,104,957	3,1	49.05%
Construction	52,751,346	2	14.62%	77,014,238	2	18.60%
Utilities	22,891,779	3	6.34%	28,980,012	4	7.00%
Accommodation and Food Services	22,384,807	4	6.20%	19,769,816	6	4.77%
Other Services Except Public Administration	16,875,803	5	4.68%	18,957,950	7	4.58%
Manufacturing	12,613,702	6	3.50%	23,651,477	5	5.71%
Information	7,168,141	7	1.99%	11,386,523	9	2.75%
Transportation and Warehousing	6,961,186	8	1.93%	8,004,737	10	1.93%
Administrative & Support	6,857,330	9	1.90%	-	-	0.00%
Professional, Scientific, and Tech Services	6,556,361	10	1.82%	-	-	0.00%
Real Estate and Rental and Leasing	-	-	0.00%	13,901,106	8	3.36%
	<u>\$ 365,987,941</u>		<u>101.41%</u>	<u>\$ 404,770,816</u>		<u>97.75%</u>

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Trident Seafoods Corporation	\$ 47,382,600	1	8.13%	\$ 8,865,179	6	2.66%
Matson Navigation Co. of Alaska	30,545,700	2	5.24%	-	-	-
North Pacific Seafoods Inc	14,949,200	3	2.57%	-	-	-
Ocean Beauty Seafoods LLC	14,003,900	4	2.40%	15,963,774	1	4.80%
Mill Bay Plaza Assoc Ltd	12,766,600	5	2.19%	8,648,400	7	2.60%
International Seafoods of Alaska	10,560,500	6	1.81%	10,028,365	4	3.01%
Island Holdings	9,715,400	7	1.67%	-	-	-
Wal-mart / Sams Club	9,119,100	8	1.57%	9,926,522	5	2.98%
Kodiak Oil Sales Inc	5,668,000	9	0.97%	-	-	-
Harbor Enterprises Inc	5,211,100	10	0.89%	-	-	-
Westward Seafoods, Inc.	-	-	0.00%	11,430,705	2	3.44%
Alaska Communications Systems	-	-	0.00%	11,053,885	3	3.32%
Brechan Enterprises	-	-	0.00%	8,331,857	8	2.50%
Horizon Lines of Alaska LLC	-	-	0.00%	6,823,954	9	2.05%
Afognak Native Corp	-	-	0.00%	5,973,346	10	1.80%
	<u>\$ 159,922,100</u>		<u>27.45%</u>	<u>\$ 97,045,987</u>		<u>29.16%</u>

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

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

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

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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)
2020	1,204,848	1,172,552	97.32%	-	1,172,552	97.32%

(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	Shipyard Loan	Alaska Clean Water Fund Loans	Alaska Drinking Water Fund Loan		
2011	\$ 7,570,000	\$ 6,795,000	\$ 883,500	\$ 2,602,636	\$ 1,355,116	6.4%	3,133
2012	7,415,000	6,685,000	837,000	2,649,136	1,589,186	6.1%	3,038
2013	7,250,000	6,570,000	790,500	2,695,636	2,371,341	6.0%	3,060
2014	7,075,000	6,445,000	744,000	2,742,136	2,177,465	5.1%	3,027
2015	6,890,000	6,315,000	697,500	2,788,636	2,177,465	4.7%	2,981
2016	6,695,000	6,180,000	651,000	2,835,136	3,917,072	5.4%	3,225
2017	6,565,000	6,040,000	604,500	2,881,636	4,206,000	5.3%	3,314
2018	6,350,000	5,870,000	558,000	2,928,136	3,916,439	5.0%	3,297
2019	6,495,458	5,981,553	511,500	2,660,679	3,625,346	4.8%	3,244
2020	6,260,988	5,786,735	465,000	2,999,621	3,332,698	*	3,239

* Information not available at report time.

City of Kodiak, Alaska

Table 11

Direct and Overlapping Debt
As of June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Kodiak			
General Obligation Bonds	\$ 6,260,988	100%	\$ 6,260,988
Kodiak Island Borough			
General Obligation Bonds	<u>67,849,686</u>	50%	<u>33,924,843</u>
Total direct and overlapping debt	<u>\$ 74,110,674</u>		<u>\$ 40,185,831</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, 2020

Assessed Value	\$	639,051,234
Less Exempt Property		<u>36,627,478</u>
Total	\$	602,423,756

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		
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	62,213	4.00	
2020	2,572,815	1,833,758	739,057	55,000	60,113	6.42	

Operating expenses exclude depreciation.

Fiscal Year	Shipyards Revenue Bonds						Coverage
	Shipyards Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2020	509,993	711,376	(201,383)	125,000	154,981	-0.72	

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)
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	394,441,844	66,382	2,395	5.6%
2020	5,818	*	*	2,315	*

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
- * Information not available at report time.

Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2020 Rank</u>	<u>2011 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	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government	12.30	12.30	13.30	13.30	13.30	13.30	14.30	14.30	15.30	16.25
Public Safety:										
Police	41.50	42.50	41.50	41.50	42.50	42.50	42.50	42.50	43.50	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	7.25	5.75	5.75	5.75	5.75	5.75	5.75	5.75	8.20	8.00
Library	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Harbor	16.40	16.40	16.40	16.40	16.40	16.40	16.40	16.40	16.00	16.00
Water	6.60	6.60	6.60	6.60	6.60	6.60	7.60	7.60	7.60	7.75
Sewer	9.35	9.35	9.35	9.35	9.35	11.35	10.35	10.35	10.35	10.35
Total	<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>	<u>134.10</u>

Note: Full-time equivalent employees are permanent employees.

Operating Indicators by Function
Last Ten Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Complaints investigated	8,746	10,168	13,856	15,135	14,168	14,100	11,452	10,831	12,387	9,248
Motor vehicle collision reports	89	118	155	118	124	132	30	161	129	53
Bookings/admissions	864	894	1,030	1,054	1,196	932	787	615	461	607
Investigations conducted	158	201	293	299	271	140	699	694	703	866
Service calls received/dispatched	8,797	10,168	13,855	15,135	14,202	14,397	12,953	10,527	11,852	11,812
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)	4,704	5,000	3,406	2,066	693	700	2,181	2,098	1,021	6,768
Garage:										
Preventative maintenance checks	80	130	130	79	117	217	193	193	194	256
Building inspection										
Building permits issued	201	223	219	158	193	224	264	171	210	166
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	500.0
Teen center attendance	36,088	16,054	16,054	16,054	17,408	26,365	30,650	26,050	25,508	7,794
Number of aquatic participants	27,804	35,799	35,314	30,493	25,087	33,451	38,625	36,872	38,585	27,555
Ice rink attendance	34,480	6,598	8,492	12,200	14,535	8,988	5,000	25,825	29,664	21,709
Library:										
Number of visitors	74,637	74,632	74,500	74,650	100,418	90,594	88,073	75,848	56,429	35,380
Number of materials withdrawn	3,047	4,957	3,502	1,146	1,121	3,000	4,354	1,274	5,439	941
Harbor:										
Vehicle, boat and foot patrol hours	7,000	7,000	7,000	7,611	8,464	8,425	8,788	8,789	8,555	7,970
Number of owner accounts	1,400	1,400	1,400	1,500	1,500	1,500	1,500	1,810	1,810	2,468
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	20	21	23	20	20	19	21	20	20	22
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	9	9	9	8	10	9	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

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, 2020, 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 28, 2020.

Internal Control over Financial Reporting

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

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

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

Honorable Mayor and City Council
City of Kodiak, Alaska

Compliance and Other Matters

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

Purpose of this Report

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



Anchorage, Alaska
December 28, 2020

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

Independent Auditor's Report

Honorable Mayor and City Council
City of Kodiak, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Kodiak, Alaska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Kodiak's major federal programs for the year ended June 30, 2020. City of Kodiak's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Kodiak complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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



Anchorage, Alaska
December 28, 2020

City of Kodiak, Alaska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

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

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

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

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

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

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

Identification of major programs:

CFDA Number(s)/Cluster
21.019

Name of Federal Program or Cluster
COVID-19 CARES Act

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.