

CITY OF KODIAK, ALASKA

Basic Financial Statements, Required Supplementary
Information, Supplementary Information,
and Compliance Reports

(With Independent Auditor's Opinion Thereon)

For the Year Ended June 30, 2023

*Altman, Rogers
& Co.* CERTIFIED
PUBLIC
ACCOUNTANTS

CITY OF KODIAK, ALASKA

Basic Financial Statements, Required Supplementary
Information, Supplementary Information,
and Compliance Reports

(With Independent Auditor's Opinion Thereon)

For the Year Ended June 30, 2023

City of Kodiak, Alaska

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Independent Auditor's Report

Honorable Mayor and City Council
City of Kodiak, Alaska

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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.

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, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Kodiak and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kodiak's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Kodiak's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kodiak's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 49, Schedules of City's Proportionate Share of the Net Pension and OPEB Assets and Liabilities and Pension and OPEB Contributions on pages 50-53, and Notes to Required Supplementary Information on pages 54-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kodiak's basic financial statements. The information listed in the table of contents as "Supplementary Information", which includes the combining and individual fund financial statements and schedules and the schedule of state financial assistance; as required by the *State of Alaska Audit Guide and Compliance Supplement*, is presented for purposes of additional analysis and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Supplementary Information" is fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and City Council
City of Kodiak, Alaska

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, 2022, 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, 2022, 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 2022 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 2022 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024 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.



Anchorage, Alaska
January 18, 2024

City of Kodiak, Alaska

Statement of Net Position

June 30, 2023	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$ 27,488,865	\$ 63,291,599	\$ 90,780,464
Receivables, net of allowance	6,583,823	6,348,686	12,932,509
Inventories	25,364	329,127	354,491
Restricted cash and investments	-	461,581	461,581
Prepaid items	102,058	21,747	123,805
Capital assets not being depreciated - land and construction in progress	4,264,371	3,622,530	7,886,901
Other capital assets, net of depreciation and amortization	50,282,912	94,452,788	144,735,700
Net OPEB assets	4,510,900	1,628,049	6,138,949
Total Assets	93,258,293	170,156,107	263,414,400
Deferred Outflows of Resources - related to pensions and OPEB	1,694,200	611,463	2,305,663
Total Assets and Deferred Outflows of Resources	\$ 94,952,493	\$ 170,767,570	\$ 265,720,063
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 1,025,098	\$ 505,460	\$ 1,530,558
Accrued payroll and related liabilities	126,021	48,927	174,948
Customer deposits	8,725	261,988	270,713
Accrued interest	16,746	79,769	96,515
Unearned revenue	1,019,950	100,000	1,119,950
Internal balances	(4,768,290)	4,768,290	-
Noncurrent Liabilities			
Due within one year:			
Accrued leave	307,554	104,127	411,681
Bonds payable	274,470	229,819	504,289
Loans payable	-	628,409	628,409
Due in more than one year:			
Accrued leave	323,532	138,183	461,715
Bonds payable	5,233,108	4,926,719	10,159,827
Loans payable	-	7,123,271	7,123,271
Net pension and OPEB liabilities	11,118,069	4,012,674	15,130,743
Total Liabilities	14,684,983	22,927,636	37,612,619
Deferred Inflows of Resources			
Related to leases	899,018	4,516,353	5,415,371
Related to pensions and OPEB	406,912	146,862	553,774
Total Liabilities and Deferred Inflows of Resources	15,990,913	27,590,851	43,581,764
Net Position			
Net investment in capital assets	49,039,705	85,167,100	134,206,805
Restricted for debt service	-	461,581	461,581
Unrestricted	29,921,875	57,548,038	87,469,913
Total Net Position	78,961,580	143,176,719	222,138,299
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 94,952,493	\$ 170,767,570	\$ 265,720,063

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Statement of Activities

Year Ended June 30, 2023	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 4,156,408	\$ 2,142,465	\$ (46,019)	\$ -	\$ (2,059,962)	\$ -	\$ (2,059,962)
Public safety	8,278,305	1,847,406	(118,940)	-	(6,549,839)	-	(6,549,839)
Public works	5,340,022	217,420	(27,160)	1,634,709	(3,515,053)	-	(3,515,053)
Engineering	138,087	-	-	-	(138,087)	-	(138,087)
Parks and recreation	4,893,916	249,156	(11,310)	1,121,000	(3,535,070)	-	(3,535,070)
Library	972,749	10,716	(9,112)	-	(971,145)	-	(971,145)
Community services	435,354	134,830	-	-	(300,524)	-	(300,524)
Interest on long-term debt	186,480	-	-	-	(186,480)	-	(186,480)
Total Governmental Activities	24,401,321	4,601,993	(212,541)	2,755,709	(17,256,160)	-	(17,256,160)
Business-type Activities							
Cargo Pier	2,983,599	2,086,003	(6,624)	-	-	(904,220)	(904,220)
Boat Harbor	2,738,076	2,897,335	(24,350)	61,919	-	196,828	196,828
Water Utility	2,568,416	5,174,133	(10,086)	-	-	2,595,631	2,595,631
Sewer Utility	3,849,200	5,755,170	(23,436)	-	-	1,882,534	1,882,534
Shipyard	825,489	217,067	5,098	-	-	(603,324)	(603,324)
Harbor Electric	730,750	754,051	-	-	-	23,301	23,301
Trident Basin	317,385	58,894	-	-	-	(258,491)	(258,491)
E-911 Services	675,718	336,165	28,022	-	-	(311,531)	(311,531)
Total Business-type Activities	14,688,633	17,278,818	(31,376)	61,919	-	2,620,728	2,620,728
Total	\$ 39,089,954	\$ 21,880,811	\$ (243,917)	\$ 2,817,628	(17,256,160)	2,620,728	(14,635,432)
General Revenues							
Taxes:							
Property taxes					1,208,821	-	1,208,821
Sales taxes					16,888,825	-	16,888,825
Other taxes, penalties and interest					631,663	-	631,663
Grants and entitlements not restricted to a specific purpose							
					1,353,423	-	1,353,423
Investment income					523,957	1,720,634	2,244,591
Other					41,158	1,265	42,423
Transfers					(500,000)	500,000	-
Total General Revenues and Transfers					20,147,847	2,221,899	22,369,746
Changes in net position					2,891,687	4,842,627	7,734,314
Net Position, beginning of year					76,069,893	138,334,092	214,403,985
Net Position, end of year					\$ 78,961,580	\$ 143,176,719	\$ 222,138,299

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Governmental Funds
Balance Sheet

	Major Fund		Total Governmental Funds
	General Fund	Nonmajor Funds	
<i>June 30, 2023</i>			
Assets			
Cash and investments	\$ 8,045,947	\$ 19,370,332	\$ 27,416,279
Receivables, net of allowance for uncollectible accounts:			
Taxes	4,161,651	82,371	4,244,022
Grants and shared revenues	61,121	1,035,129	1,096,250
Accounts	50,451	-	50,451
Special assessments	-	29,677	29,677
Interest	246,318	4,005	250,323
Leases	913,100	-	913,100
Inventories	25,364	-	25,364
Prepaid items	102,058	-	102,058
Due from other funds	4,829,937	-	4,829,937
Total Assets	\$ 18,435,947	\$ 20,521,514	\$ 38,957,461
Liabilities, Deferred Inflows of Resources, and and Fund Balances			
Liabilities			
Accounts payable	\$ 200,000	\$ 824,598	\$ 1,024,598
Accrued payroll and related liabilities	126,021	-	126,021
Customer deposits	8,725	-	8,725
Unearned revenue	-	1,019,950	1,019,950
Total Liabilities	334,746	1,844,548	2,179,294
Deferred Inflows of Resources			
Deferred assessments	-	13,124	13,124
Unavailable revenue - leases	899,018	-	899,018
Total Deferred Inflows of Resources	899,018	13,124	912,142
Total Liabilities and Deferred Inflows of Resources	1,233,764	1,857,672	3,091,436
Fund Balances			
Nonspendable:			
Inventories	25,364	-	25,364
Prepaid items	102,058	-	102,058
Committed:			
Tourism	-	1,008,449	1,008,449
Economic Stability	-	10,451,221	10,451,221
Assigned:			
Capital projects	-	7,091,769	7,091,769
Public works	-	112,403	112,403
Unassigned	17,074,761	-	17,074,761
Total Fund Balances	17,202,183	18,663,842	35,866,025
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,435,947	\$ 20,521,514	\$ 38,957,461

See accompanying notes to basic financial statements.

City of Kodiak, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2023

Total fund balances for governmental funds		\$ 35,866,025
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$ 2,617,784	
Construction in progress	1,646,587	
Buildings	42,210,253	
Improvements other than buildings	8,611,876	
Infrastructure	19,552,623	
Machinery and equipment	16,913,871	
Right-to-use asset	31,420	
Accumulated depreciation and amortization	(37,037,131)	
Total capital assets	54,547,283	
Other long-term assets (special assessments receivable) are not available to pay for current period expenditures and therefore, are deferred in the funds.		
Deferred assessments		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.		
		1,694,200
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.		
		(406,912)
Long-term liabilities are not deemed due and payable in the current period and therefore are not reported as governmental fund liabilities. These long-term liabilities consist of:		
Bonds payable	(5,235,000)	
Bonds premium	(272,578)	
Accrued leave	(631,086)	
Accrued interest	(16,746)	
Total long-term liabilities	(6,155,410)	
Proportionate share of the collective OPEB assets		4,510,900
Proportionate share of the net pension and OPEB liabilities		(11,118,069)
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.		
		10,439
Total Net Position of Governmental Activities		\$ 78,961,580

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, 2023	Major Fund		Total Governmental Funds
	General Fund	Nonmajor Funds	
Revenues			
Taxes:			
Property taxes	\$ 1,208,821	\$ -	\$ 1,208,821
Sales taxes	16,888,825	-	16,888,825
Other taxes, penalties and interest	61,817	344,398	406,215
Intergovernmental	1,534,702	1,634,709	3,169,411
Local grants and contributions	-	450,000	450,000
Charges for services	2,344,304	-	2,344,304
Fines and forfeitures	16,464	-	16,464
Licenses and permits	208,984	-	208,984
Rental income	426,475	115,224	541,699
Interfund charges	1,715,990	-	1,715,990
Investment income (loss)	162,119	361,838	523,957
Donations	-	671,000	671,000
Other revenues	25,441	15,717	41,158
Total Revenues	24,593,942	3,592,886	28,186,828
Expenditures			
Current:			
General government	3,904,299	-	3,904,299
Public safety	8,019,318	615,527	8,634,845
Public works	2,157,636	2,512,543	4,670,179
Engineering	138,087	-	138,087
Parks and recreation	1,585,498	2,957,216	4,542,714
Library	821,461	374	821,835
Community services	235,279	187,575	422,854
Other - insurance and administration	717,670	-	717,670
Debt service:			
Bond principal	240,000	-	240,000
Bond interest	206,950	-	206,950
Capital outlay	-	944,256	944,256
Total Expenditures	18,026,198	7,217,491	25,243,689
Excess of revenues over (under) expenditures	6,567,744	(3,624,605)	2,943,139
Other Financing Sources (Uses)			
Transfers in	-	8,045,644	8,045,644
Transfers out	(8,495,644)	(50,000)	(8,545,644)
Net Other Financing Sources (Uses)	(8,495,644)	7,995,644	(500,000)
Net change in fund balances	(1,927,900)	4,371,039	2,443,139
Fund Balances, beginning of year	19,130,083	14,292,803	33,422,886
Fund Balances, end of year	\$ 17,202,183	\$ 18,663,842	\$ 35,866,025

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, 2023

Net change in fund balances - total governmental funds	\$ 2,443,139
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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	\$ 590,507	
Depreciation and amortization expense	<u>(2,606,737)</u>	(2,016,230)

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

Change in accrued leave	58,657	
Change in accrued interest	1,000	
Change in the proportionate share of the unfunded OPEB asset	(1,567,731)	
Change in the proportionate share of the unfunded pension and OPEB liabilities	<u>(2,812,302)</u>	(4,320,376)

Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report and adjustments to reflect date of the liability.

Change in deferred inflows and outflows of resources: Related to pension and OPEB		6,507,414
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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:

Payment of leases	22,321	
Principal repayments	240,000	
Bond premium amortization	<u>19,470</u>	281,791

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.

(4,051)

Change in Net Position of Governmental Activities	<u>\$ 2,891,687</u>
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See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2023	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	\$ 10,595,713	\$ 7,346,644	\$ 30,433,851	\$ 14,008,153	\$ -	\$ 907,238	\$ 63,291,599	\$ 72,586
Receivables - net of allowances	456,064	245,204	312,233	523,191	-	202,405	1,739,097	-
Leases receivable	468,479	-	-	-	-	12,059	480,538	-
Prepaid items	420	21	-	2,130	-	19,176	21,747	-
Inventories	-	3,376	305,997	16,824	2,930	-	329,127	-
Total Current Assets	11,520,676	7,595,245	31,052,081	14,550,298	2,930	1,140,878	65,862,108	72,586
Noncurrent Assets								
Restricted cash and investments	-	119,556	-	-	342,025	-	461,581	-
Property, plant and equipment, net	34,037,756	6,663,118	26,844,435	17,456,604	11,296,488	1,776,917	98,075,318	-
Leases receivable	4,112,201	-	-	-	-	16,850	4,129,051	-
Net pension and OPEB assets	516,900	139,968	214,249	497,255	39,903	219,774	1,628,049	-
Total Noncurrent Assets	38,666,857	6,922,642	27,058,684	17,953,859	11,678,416	2,013,541	104,293,999	-
Total Assets	50,187,533	14,517,887	58,110,765	32,504,157	11,681,346	3,154,419	170,156,107	72,586
Deferred Outflows of Resources								
Related to pensions and OPEB	194,137	52,569	80,468	186,759	14,987	82,543	611,463	-
Total Assets and Deferred Outflows of Resources	\$ 50,381,670	\$ 14,570,456	\$ 58,191,233	\$ 32,690,916	\$ 11,696,333	\$ 3,236,962	\$ 170,767,570	\$ 72,586
Liabilities, Deferred Inflows of Resources, and Net Position								
Liabilities								
Current Liabilities								
Accounts payable	\$ 6,094	\$ 58,441	\$ 270,031	\$ 105,138	\$ 3,488	\$ 62,268	\$ 505,460	\$ 500
Accrued payroll and related liabilities	3,664	17,903	5,982	12,791	454	8,133	48,927	-
Customer deposits	-	248,552	9,900	-	-	3,536	261,988	-
Accrued interest	-	4,284	21,021	39,990	14,474	-	79,769	-
Unearned revenue	-	-	100,000	-	-	-	100,000	-
Due to other funds	-	-	-	-	1,666,753	3,163,184	4,829,937	-
Current portion:								
Accrued leave	6,854	31,933	5,824	33,051	9,706	16,759	104,127	-
Bonds payable	-	69,624	-	-	160,195	-	229,819	-
Loans payable	-	-	234,505	347,404	46,500	-	628,409	-
Total Current Liabilities	16,612	430,737	647,263	538,374	1,901,570	3,253,880	6,788,436	500
Noncurrent Liabilities								
Long term portion:								
Accrued leave	8,150	42,463	4,254	44,243	18,480	20,593	138,183	-
Bonds payable	-	1,344,500	-	-	3,582,219	-	4,926,719	-
Loans payable	-	-	2,404,488	4,439,783	279,000	-	7,123,271	-
Net pension and OPEB liabilities	1,274,009	344,981	528,063	1,225,590	98,350	541,681	4,012,674	-
Total Noncurrent Liabilities	1,282,159	1,731,944	2,936,805	5,709,616	3,978,049	562,274	16,200,847	-
Total Liabilities	1,298,771	2,162,681	3,584,068	6,247,990	5,879,619	3,816,154	22,989,283	500
Deferred Inflows of Resources								
Leases	4,487,966	-	-	-	-	28,387	4,516,353	-
Related to pensions and OPEB	46,628	12,626	19,327	44,856	3,600	19,825	146,862	-
Total Deferred Inflows of Resources	4,534,594	12,626	19,327	44,856	3,600	48,212	4,663,215	-
Total Liabilities and Deferred Inflows of Resources	5,833,365	2,175,307	3,603,395	6,292,846	5,883,219	3,864,366	27,652,498	500
Net Position								
Net investment in capital assets	34,037,756	5,248,994	24,205,442	12,669,417	7,228,574	1,776,917	85,167,100	-
Restricted for debt service	-	119,556	-	-	342,025	-	461,581	-
Unrestricted (deficit)	10,510,549	7,026,599	30,382,396	13,728,653	(1,757,485)	(2,404,321)	57,486,391	72,086
Total Net Position	44,548,305	12,395,149	54,587,838	26,398,070	5,813,114	(627,404)	143,115,072	72,086
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 50,381,670	\$ 14,570,456	\$ 58,191,233	\$ 32,690,916	\$ 11,696,333	\$ 3,236,962	\$ 170,767,570	\$ 72,586

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

61,647

Net Position of Business-type Activities

\$ 143,176,719

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, 2023	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility	Shipyards			
Operating Revenues	\$ 2,086,003	\$ 2,897,335	\$ 5,174,133	\$ 5,755,170	\$ 217,067	\$ 1,149,110	\$ 17,278,818	\$ 1,094,947
Operating Expenses								
Salaries and benefits	828,939	835,817	458,540	1,080,181	(7,750)	512,770	3,708,497	-
Professional services	4,856	109,615	34,399	261,622	4,093	154,465	569,050	-
Contributions	-	16,902	-	-	-	-	16,902	-
Goods and services	195,205	263,115	256,206	314,488	67,918	654,308	1,751,240	1,112,245
Repairs and maintenance	8,890	42,316	24,413	94,645	42,178	42,812	255,254	-
Utilities and fuel	37,885	303,401	393,812	335,369	-	20,764	1,091,231	-
Machinery and equipment	-	9,511	16,608	11,834	-	-	37,953	-
Interfund charges	153,931	297,733	299,704	461,292	64,657	85,348	1,362,665	-
Depreciation	1,751,232	705,839	1,039,434	1,129,807	521,528	253,386	5,401,226	-
Total Operating Expenses	2,980,938	2,584,249	2,523,116	3,689,238	692,624	1,723,853	14,194,018	1,112,245
Earnings (loss) from operations	(894,935)	313,086	2,651,017	2,065,932	(475,557)	(574,743)	3,084,800	(17,298)
Nonoperating Revenues (Expenses)								
Other revenue	1,070	-	-	195	-	-	1,265	-
Grant revenue	-	61,919	-	-	-	-	61,919	-
Investment income	280,953	240,294	815,819	359,867	-	23,701	1,720,634	2,016
Interest expense	-	(47,807)	(41,319)	(74,216)	(132,062)	-	(295,404)	-
Engineering and feasibility studies	-	(102,770)	(1,729)	(83,481)	-	-	(187,980)	-
State PERS relief	(6,624)	(24,350)	(10,086)	(23,436)	5,098	28,022	(31,376)	-
Nonoperating Revenues (Expenses), net	275,399	127,286	762,685	178,929	(126,964)	51,723	1,269,058	2,016
Earnings (loss) before transfers	(619,536)	440,372	3,413,702	2,244,861	(602,521)	(523,020)	4,353,858	(15,282)
Transfers in	-	500,000	-	-	143,837	-	643,837	-
Transfers out	-	(143,837)	-	-	-	-	(143,837)	-
Change in net position	(619,536)	796,535	3,413,702	2,244,861	(458,684)	(523,020)	4,853,858	(15,282)
Net Position, beginning of year	45,167,841	11,598,614	51,174,136	24,153,209	6,271,798	(104,384)		87,368
Net Position, end of year	\$ 44,548,305	\$ 12,395,149	\$ 54,587,838	\$ 26,398,070	\$ 5,813,114	\$ (627,404)		\$ 72,086
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(11,231)	
Change in Net Position of Business-type Activities							\$ 4,842,627	

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2023	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	\$ 2,152,239	\$ 2,802,575	\$ 5,333,677	\$ 5,734,730	\$ 217,067	\$ 1,123,596	\$17,363,884	\$ -
Receipts from interfund services provided	-	78,675	-	-	-	-	78,675	1,094,947
Payments for interfund services used	(153,931)	(297,733)	(299,704)	(461,292)	(64,657)	(85,348)	(1,362,665)	-
Payments to suppliers	(246,103)	(872,435)	(632,280)	(1,085,722)	(91,577)	(858,096)	(3,786,213)	(1,111,745)
Payments to employees	(447,561)	(1,610,632)	(722,790)	(1,353,380)	(59,459)	(809,365)	(5,003,187)	-
Net cash flows from (for) operating activities	1,304,644	100,450	3,678,903	2,834,336	1,374	(629,213)	7,290,494	(16,798)
Cash Flows from Noncapital Financing Activities								
Transfers in	-	356,163	-	-	143,837	-	500,000	-
Grant revenue	-	61,919	-	-	-	-	61,919	-
Increase due to other funds	-	-	-	-	190,124	660,849	850,973	-
Net cash flows from noncapital financing activities	-	418,082	-	-	333,961	660,849	1,412,892	-
Cash Flows (for) Capital and Related Financing Activities								
Principal paid on long-term debt	-	(60,230)	(232,854)	(346,629)	(192,009)	-	(831,722)	-
Interest paid on long-term debt	-	(52,682)	(43,078)	(77,007)	(143,326)	-	(316,093)	-
Purchase of property, plant and equipment	-	(492,246)	(1,217,925)	(250,643)	-	(8,935)	(1,969,749)	-
Net cash flows (for) capital and related financing activities	-	(605,158)	(1,493,857)	(674,279)	(335,335)	(8,935)	(3,117,564)	-
Cash Flows from Investing Activities								
Investment income received	280,953	240,294	815,819	359,867	-	23,701	1,720,634	2,016
Net change in cash and investments	1,585,597	153,668	3,000,865	2,519,924	-	46,402	7,306,456	(14,782)
Cash and Investments, beginning of year	9,010,116	7,312,532	27,432,986	11,488,229	342,025	860,836	56,446,724	87,368
Cash and Investments, end of year	\$ 10,595,713	\$ 7,466,200	\$30,433,851	\$14,008,153	\$ 342,025	\$ 907,238	\$63,753,180	\$ 72,586
Reconciliation to Statement of Net Position:								
Cash and investments	\$ 10,595,713	\$ 7,346,644	\$30,433,851	\$14,008,153	\$ -	\$ 907,238	\$63,291,599	\$ 72,586
Restricted cash and investments	-	119,556	-	-	342,025	-	461,581	-
Total Cash and Investments	\$ 10,595,713	\$ 7,466,200	\$30,433,851	\$14,008,153	\$ 342,025	\$ 907,238	\$63,753,180	\$ 72,586
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:								
Earnings (loss) from operations	\$ (894,935)	\$ 313,086	\$ 2,651,017	\$ 2,065,932	\$ (475,557)	\$ (574,743)	\$ 3,084,800	\$ (17,298)
Adjustments to reconcile earnings (loss) from operations to net cash flow from (for) operating activities:								
Depreciation	1,751,232	705,839	1,039,434	1,129,807	521,528	253,386	5,401,226	-
Noncash State PERS relief	(6,624)	(24,350)	(10,086)	(23,436)	5,098	28,022	(31,376)	-
Other nonoperating revenues (expenses)	1,070	(102,770)	(1,729)	(83,286)	-	-	(186,715)	-
(Increase) decrease in assets:								
Accounts receivable	28,370	(6,085)	59,544	(20,440)	-	(26,300)	35,089	-
Leases	(8,959)	-	-	-	-	12,499	3,540	-
Inventories	-	(1,545)	(39,200)	19,249	-	-	(21,496)	-
Prepaid items	1,606	454	-	6,262	19,124	(8,148)	19,298	-
Net pension and OPEB assets	(339,434)	584,540	187,203	170,395	54,860	250,596	908,160	-
(Increase) decrease in deferred outflows of resources:								
Leases	643,948	-	-	-	-	-	643,948	-
Related to pensions and OPEB	(154,628)	108,726	8,904	(38,124)	6,109	22,173	(46,840)	-
Increase (decrease) in liabilities:								
Accounts payable	(1,943)	(23,839)	131,887	(9,989)	3,488	31,106	130,710	500
Accrued payroll and related liabilities	(7,568)	(27,167)	(13,447)	(30,222)	(1,080)	(16,853)	(96,337)	-
Accrued leave	3,398	(711)	(1,536)	12,023	(2,183)	633	11,624	-
Unearned revenue	-	(10,000)	100,000	-	-	-	90,000	-
Customer deposits	-	125	2,200	-	-	-	2,325	-
Net pension and OPEB liabilities	1,031,521	(644,978)	(20,477)	313,322	(31,133)	(101,026)	547,229	-
Increase (decrease) in deferred inflows of resources:								
Leases	(597,123)	-	-	-	-	(11,713)	(608,836)	-
Related to pensions and OPEB	(145,287)	(770,875)	(414,811)	(677,157)	(98,880)	(488,845)	(2,595,855)	-
Net Cash Flows from (for) Operating Activities	\$ 1,304,644	\$ 100,450	\$ 3,678,903	\$ 2,834,336	\$ 1,374	\$ (629,213)	\$ 7,290,494	\$ (16,798)

See accompanying notes to basic financial statements.

City of Kodiak, Alaska

Notes to Basic Financial Statements

June 30, 2023

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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 fund based on the quantitative criteria:

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

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

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

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

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

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

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the Balance Sheet and Statement of Net Position for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities, except for the City's investments. The carrying amount of the City's investments are determined based on quoted market prices.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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."

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.

Inventories

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Leases

Lessor:

The City has leased to third-parties multiple nonfinancial assets. The City recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements where applicable.

At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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, assessments, and leases. 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. The lease inflows are initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Deferred inflows will result in future revenues or reduction of expense.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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 \$44,140,650 and the reconciled balance totaled \$44,053,935. Of the bank balance, \$250,000 was insured by FDIC insurance and the remaining balance was covered by collateral held by the pledging financial institutions' trust department or agent in the City's name. There were no uninsured cash balances. Included in the carrying amount above is \$461,581 of restricted cash for revenue bond reserves. Petty cash on hand at June 30, 2023, was \$2,540.

Investments

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

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

The hierarchy inputs are as follows:

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The City has the following fair value measurements as of June 30, 2023:

		Investments Measured at Fair Value			
		Fair Value Measurement Using			
<i>Investments by fair value level</i>	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Municipal Obligations	\$ 3,997,098	\$ -	\$ 3,997,098	\$ -	-
Equity Funds	5,543,248	5,543,248	-	-	-
U.S. Agency Obligations	5,407,086	5,407,086	-	-	-
U.S. Treasury Obligations	12,386,823	12,386,823	-	-	-
Total investments at fair value level	\$ 27,334,255	\$ 23,337,157	\$ 3,997,098	\$ -	-

Investments measured at the net asset value:

Alaska Municipal League Investment Pool	17,009,186
Certificates of Deposit	2,842,129
Total investments	\$ 47,185,570

Investment maturities at June 30, 2023 are as follows:

	Fair Value	Investment Maturity (in years)		
		Less than 1	1-5	6+
Investment Type				
Municipal Obligations	\$ 3,997,098	\$ -	\$ 3,997,098	\$ -
Equity Funds	5,543,248	-	5,543,248	-
U.S. Agency Obligations	5,407,086	1,744,293	3,662,793	-
U.S. Treasury Obligations	12,386,823	5,954,971	6,431,852	-
Total investments at fair value level	\$ 27,334,255	\$ 7,699,264	\$ 19,634,991	\$ -

Investments measured at the net asset value:

Alaska Municipal League Investment Pool	17,009,186
Certificates of Deposit	2,842,129
Total Investments	\$ 47,185,570

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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 and treasury investments and municipal obligations are rated AAA by Standard and Poor's.

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

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

The City's investment in AMLIP is measured at net asset value as of June 30, 2023. Management believes these values approximate fair value.

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City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

4. Receivables and Unearned Revenues

Receivables at June 30, 2023, for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for doubtful accounts, are as follows:

	Major Governmental Fund		Nonmajor Governmental Funds	Totals
	General			
Taxes	\$ 4,161,651		\$ 82,371	\$ 4,244,022
Grants and shared revenues	61,121		1,035,129	1,096,250
Accounts	50,451		-	50,451
Special assessments	-		29,677	29,677
Interest	246,318		4,005	250,323
Leases	913,100		-	913,100
Total receivables	5,432,641		1,151,182	6,583,823
Less allowance for doubtful accounts	-		-	-
Net Receivables	\$ 5,432,641		\$ 1,151,182	\$ 6,583,823

	Major Enterprise Funds					Nonmajor Enterprise Funds	Totals
	Cargo Pier	Boat Harbor	Water Utility	Sewer Utility			
Accounts	\$ 456,064	\$ 360,475	\$ 314,457	\$ 526,058	\$ 202,405	\$ 1,859,459	
Grants	-	376	-	-	-	376	
Leases	4,580,680	-	-	-	28,909	4,609,589	
Total receivables	5,036,744	360,851	314,457	526,058	231,314	6,469,424	
Less allowance for doubtful accounts	-	115,647	2,224	2,867	-	120,738	
Net Receivables	\$ 5,036,744	\$ 245,204	\$ 312,233	\$ 523,191	\$ 231,314	\$ 6,348,686	

Leases receivable are for lease payments expected to be received during the lease term for leases for which the City is considered the lessor.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Governmental funds report deferred inflows of resources when there is an acquisition of fund balance that is applicable to a future reporting period. At June 30, 2023, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Nonmajor Funds
Deferred Special Assessments	\$ 13,124

5. Leases

Leases receivable

In prior years, the City, as lessor, entered into several multiple-year lease agreements with third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used their incremental borrowing rate of 5% when there was no stated interest rate in the lease contract.

The City received payments totaling \$858,312 for the fiscal year ended June 30, 2023. The City recognized \$744,285 in lease revenue and \$221,344 in interest revenue for the fiscal year ended June 30, 2023. As of June 30, 2023, the City's receivable for lease payments was \$5,522,689. The City recognized a deferred inflow of resource associated with the lease of \$5,415,371 on June 30, 2023, that will be recognized as revenue over the remainder of the lease terms.

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City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

6. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental Activities	Balance July 1, 2022	Additions	Deletions and Reclassifications	Balance June 30, 2023
<i>Capital assets not being depreciated or amortized:</i>				
Land and land improvements	\$ 2,617,784	\$ -	\$ -	\$ 2,617,784
Construction in progress	1,646,587	-	-	1,646,587
Total assets not being depreciated or amortized	4,264,371	-	-	4,264,371
<i>Capital assets being depreciated or amortized:</i>				
Buildings	42,210,253	-	-	42,210,253
Improvements other than buildings	8,740,468	-	128,592	8,611,876
Infrastructure	19,552,623	-	-	19,552,623
Right-to-use asset	31,420	-	-	31,420
Machinery and equipment	16,323,364	590,507	-	16,913,871
Total assets being depreciated or amortized	86,858,128	590,507	128,592	87,320,043
<i>Less accumulated depreciation for:</i>				
Buildings	9,795,188	899,048	-	10,694,236
Improvements other than buildings	3,549,494	378,852	128,592	3,799,754
Infrastructure	9,860,112	311,720	-	10,171,832
Right-to-use asset	9,426	21,994	-	31,420
Machinery and equipment	11,344,766	995,123	-	12,339,889
Total accumulated depreciation and amortization	34,558,986	2,606,737	128,592	37,037,131
Total capital assets being depreciated and amortized, net	52,299,142	(2,016,230)	-	50,282,912
Governmental Activities Capital Assets, net	\$ 56,563,513	\$ (2,016,230)	\$ -	\$ 54,547,283

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities	Balance July 1, 2022	Additions	Deletions and Reclassifications	Balance June 30, 2023
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 693,997	\$ -	\$ -	\$ 693,997
Construction in progress	1,395,962	1,954,363	421,792	2,928,533
Total assets not being depreciated	2,089,959	1,954,363	421,792	3,622,530
<i>Capital assets being depreciated:</i>				
Buildings	44,713,797	377,900	-	45,091,697
Improvements other than buildings	157,584,174	18,128	-	157,602,302
Machinery and equipment	22,935,527	41,150	-	22,976,677
Total assets being depreciated	225,233,498	437,178	-	225,670,676
<i>Less accumulated depreciation for:</i>				
Buildings	23,030,593	878,260	-	23,908,853
Improvements other than buildings	94,126,181	3,771,060	-	97,897,241
Machinery and equipment	8,659,888	751,906	-	9,411,794
Total accumulated depreciation	125,816,662	5,401,226	-	131,217,888
Total capital assets being depreciated, net	99,416,836	(4,964,048)	-	94,452,788
Business Type Activities				
Capital Assets, net	\$ 101,506,795	\$ (3,009,685)	\$ 421,792	\$ 98,075,318

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City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Depreciation and amortization expense was charged to the functions as follows, for the year ended June 30, 2023:

Governmental Activities

General government	\$ 223,863
Public safety	1,156,348
Public works	462,494
Parks and recreation	485,360
Library	266,172
Community services	12,500

Total Governmental Activities Depreciation and Amortization **\$ 2,606,737**

Business-type Activities

Cargo Pier	\$ 1,751,232
Boat Harbor	705,839
Water Utility	1,039,434
Sewer Utility	1,129,807
Shipyard	521,528
E-911	4,658
Trident Basin	248,728

Total Business-Type Activities Depreciation **\$ 5,401,226**

7. Long Term Debt

Long-term debt at June 30, 2023, is comprised of the following:

Governmental Activities	Balance at July 1, 2022	Additions	Retirements	Balance at June 30, 2023	Due Within One Year
\$6,355,000 2016 Series Three Public Safety Building General Obligation Bonds, due in annual installments of \$205,000 to \$440,000 plus interest at 2.0% to 5.0% through 2038	\$ 5,475,000	\$ -	\$ 240,000	\$ 5,235,000	\$ 255,000
Bond premium	292,048	-	19,470	272,578	19,470
Leases	22,321	-	22,321	-	-
Net pension and OPEB liabilities	8,305,767	2,812,302	-	11,118,069	-
Accrued leave	689,743	541,262	599,919	631,086	307,554
Total Governmental Activities	\$ 14,784,879	\$ 3,353,564	\$ 881,710	\$ 17,256,733	\$ 582,024

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2022	Additions	Retirements	Balance June 30, 2023	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	\$ 1,405,000	\$ -	\$ 60,000	\$ 1,345,000	\$ 65,000
\$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	3,010,000	-	110,000	2,900,000	115,000
\$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	725,000	-	35,000	690,000	35,000
Loans Payable:					
\$930,000 Shipyard loan, due in annual installments of \$46,500, plus interest at 1.5% through 2030	372,000	-	46,500	325,500	46,500
\$1,000,000 Sewer loan, due in annual installments of \$47,287, including interest at 1.5% through 2030	436,023	-	51,705	384,318	52,481
\$862,000 Water loan, due in annual installments of \$50,208, including interest at 1.5% through 2030	375,852	-	44,570	331,282	45,239

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Loans Payable continued:					
\$341,930 Sewer loan, due in annual installments of \$32,302 plus interest at 1.5% through 2024	\$ 96,905	\$ -	\$ 32,302	\$ 64,603	\$ 32,302
\$5,982,000 (maximum) Water loan, due in annual installments of \$77,168, including interest at 1.5% through 2032	777,167	-	65,510	711,656	66,493
\$2,426,620 Water loan, due in annual installments of \$122,773 plus interest of 1.5% through 2036	1,718,828	-	122,774	1,596,055	122,774
\$1,794,604 Sewer loan, due in annual installments of \$89,730 plus interest of 1.5% through 2037	1,345,953	-	89,730	1,256,223	89,730
\$600,000 Sewer loan, due in annual installments	540,000	-	30,000	510,000	30,000
\$5,435,000 Sewer loan, due in annual installments	2,714,934	-	142,891	2,572,043	142,891
Bond premium	236,357	-	14,819	221,538	14,819
Net pension and OPEB liabilities	3,465,445	1,455,389	-	4,012,674	-
Accrued leave	230,686	197,560	185,936	242,310	104,127
Total Business-type Activities	\$ 17,450,150	\$ 1,652,949	\$ 1,031,737	\$ 17,163,202	\$ 962,355

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, 2023, are as follows:

Governmental Activities	General Obligation Bonds		
	Principal	Interest	Total
<i>Years Ending June 30,</i>			
2024	\$ 255,000	\$ 194,575	\$ 449,575
2025	270,000	181,450	451,450
2026	280,000	167,700	447,700
2027	295,000	153,325	448,325
2028	315,000	138,075	453,075
2029-2033	1,750,000	491,863	2,241,863
2034-2038	2,070,000	178,800	2,248,800
	\$ 5,235,000	\$ 1,505,788	\$ 6,740,788

Annual debt service requirements to maturity for all the above Business-type Activities revenue bonds and loans payable obligations outstanding as of June 30, 2023, are as follows:

Business-type Activities	Revenue Bonds			Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
<i>Years Ending June 30,</i>						
2024	\$ 215,000	\$ 180,669	\$ 395,669	\$ 628,409	\$ 116,275	\$ 744,684
2025	220,000	169,794	389,794	630,872	106,849	737,721
2026	235,000	158,419	393,419	601,071	97,386	698,457
2027	245,000	142,669	387,669	603,608	88,370	691,978
2028	255,000	226,009	481,009	606,187	79,316	685,503
2029-2033	1,695,000	408,906	2,103,906	2,601,163	266,391	2,867,554
2034-2038	2,070,000	131,862	2,201,862	1,591,696	100,060	1,691,756
2038	-	-	-	488,674	14,210	502,884
	\$ 4,935,000	\$ 1,418,328	\$ 6,353,328	\$ 7,751,680	\$ 868,857	\$ 8,620,537

Revenue Bond Requirements

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

8. Fund Balances

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

	General Fund	Nonmajor Funds	Totals
Nonspendable:			
Prepaid items	\$ 102,058	\$ -	\$ 102,058
Inventory	25,364	-	25,364
Committed:			
Tourism	-	1,008,449	1,008,449
Economic stability	-	10,451,221	10,451,221
Assigned:			
Capital projects	-	7,091,769	7,091,769
Public works	-	112,403	112,403
Unassigned	17,074,761	-	17,074,761
Total Fund Balances	\$ 17,202,183	\$ 18,663,842	\$ 35,866,025

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, 2023 are:

<u>General Fund general sales taxes</u>	<u>\$ 16,888,825</u>
<u>Tourism Development Special Revenue Fund room taxes</u>	<u>\$ 344,398</u>

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City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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
	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
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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, 2023:

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

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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, 2023, follows:

Due from Other Funds

Due to the General Fund from	
Shipyard Enterprise Fund	\$ 1,666,753
Nonmajor Enterprise Funds	3,163,184

Total due from Other Funds **4,829,937**

Transfers

From General Fund to:

Boat Harbor Enterprise Fund for capital costs	\$ 500,000
Enhancement Special Revenue Fund per KCC 3.28.020	1,713,478
Nonmajor governmental funds for capital costs	6,282,166

Total transfers from General Fund **8,495,644**

From Nonmajor Governmental Funds to:

Nonmajor Governmental Funds for capital projects	50,000
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From Boat Harbor Enterprise Fund to:

Shipyard Enterprise Fund for capital projects	143,837
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Total Transfers from Other Funds **\$ 193,837**

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:

<u>Plan Name</u>	<u>Type of Plan</u>
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	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, 2022 the employer contribution rate is 0.68% for peace officers and firefighters and 0.31% for all other members.

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, 2022 (latest available information) employer contributions were 6.46% of annual payroll.

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, 2022 employer contributions were 1.07%.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the plan.

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, 2022 (latest available report) for the DB Plans for PERS are: DB Pension 6.00%, ARHCT 6.03%, ODD 6.30%, and RMP is 6.28%.

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

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

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan (rates shown below exclude an annual inflation component of 2.88%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.51%
Global Equity (non-U.S.)	5.70%
Aggregate Bonds	0.31%
Real Assets	3.71%
Private Equity	9.61%
Cash Equivalents	(0.50)%

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%, which represents a decrease of 0.13% 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 was 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 4.09% as of June 30, 2022.

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

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

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

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The City uses a 7.25% discount rate.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Employer Contribution rates for the plan year ended 2022 (measurement period) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	24.79%	2.79%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	22.00%	24.79%	2.79%

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 plan year ended 2022 (measurement period) the past service rate for PERS is 16.01%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2022 (latest available) were determined by an actuarial valuation as of June 30, 2021 which was rolled forward to the measurement date June 30, 2022. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 8.5% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017 - 2021 actual experience study and applicable tables contained in Pub-210, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5%. Ultimate trend rates reached in FY2050.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions related to the ARHCT plan:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent two years of actual administrative expenses paid from plan assets.

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

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

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

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

The PERS defined benefit plan 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 150 employers participating in PERS defined benefit plan and 151 participating in PERS defined contribution and OPEB plans.

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.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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. The plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, the retiree is eligible for both adjustments, the one that provides the retiree with the greatest benefit will be paid.

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. PERS active members are required to contribute 6.75%, 7.5% for peace officers and firefighters, and 9.6% for certain school district employees.

Employer contributions for the year ended June 30, 2023, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>1,340,400</u>	<u>52,421</u>	<u>1,392,821</u>

Public Employees Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$246,696 (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, 2022 to a total of (\$289,259), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2023, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:	Pension
City's proportionate share of the net pension liability	\$ 15,130,743
State's proportionate share of the net pension liability	<u>4,185,051</u>
Total	<u>\$ 19,315,794</u>
	OPEB
City's proportionate share of the ARHCT OPEB (asset)	\$ (5,799,219)
State's proportionate share of the ARHCT OPEB (asset)	<u>(1,656,347)</u>
Total	<u>\$ (7,455,566)</u>
City's proportionate share of the ODD OPEB (asset)	<u>\$ (207,884)</u>
City's proportionate share of the RMP OPEB (asset)	<u>\$ (131,846)</u>
Total City's share of net pension and OPEB liabilities and assets	<u>\$ 8,991,794</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2023 through FY2039, as determined by projections based on the June 30, 2021 valuation.

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

	June 30, 2022 Measurement	June 30, 2021 Measurement	Change
Pension	0.2969%	0.3209%	(0.024%)
OPEB:			
ARHCT	0.2947%	0.3222%	(0.0275%)
ODD	0.4742%	0.5380%	(0.0638%)
RMP	0.3796%	0.4179%	(0.0383%)

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the City recognized pension and OPEB expense (benefit) of \$119,196 and (\$2,328,851), respectively, for the year ended June 30, 2023. At June 30, 2023, 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	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	432,593	-
Changes in proportion and differences between		
City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>1,340,400</u>	-
Total	<u>\$ 1,772,993</u>	<u>-</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(41,047)
Changes of assumptions	-	(266,135)
Net difference between projected and actual earnings on OPEB plan investments	329,011	-
Changes in proportion and differences between		
City contributions and proportionate share of contributions	71,383	-
City contributions subsequent to the measurement date	<u>-</u>	-
Total	<u>\$ 400,394</u>	<u>(307,182)</u>

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	\$ -	(68,198)
Changes of assumptions	-	(1,324)
Net difference between projected and actual earnings on OPEB plan investments		-
Changes in proportion and differences between City contributions and proportionate share of contributions	7,041	
City contributions subsequent to the measurement date	19,187	(11,897)
	30,670	-
Total	\$ 56,898	(81,419)

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,537	(5,181)
Changes of assumptions	25,529	(158,088)
Net difference between projected and actual earnings on OPEB plan investments	18,805	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,756	(1,904)
City contributions subsequent to the measurement date	21,751	-
Total	\$ 75,378	(165,173)

\$1,340,400 and \$52,421 are reported as deferred outflows of resources pension related to 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, 2024, 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:

Plan Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2023	\$ (51,429)	(291,054)	(12,499)	(18,676)
2024	(131,823)	(115,384)	(12,851)	(19,597)
2025	(316,456)	(259,932)	(13,969)	(22,501)
2026	932,301	759,582	(4,424)	2,754
2027	-	-	(6,001)	(23,958)
Thereafter	-	-	(5,447)	(29,568)
Total	\$ 432,593	93,212	(55,191)	(111,546)

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2023, the City recognized (\$1,142,616) and \$175,611 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 20,369,232	15,130,743	10,713,615
Net OPEB ARHCT (asset)	\$ (3,445,572)	(5,799,219)	(7,772,962)
Net OPEB ODD (asset)	\$ (195,825)	(207,884)	(217,317)
Net OPEB RMP liability (asset)	\$ 24,251	(131,846)	(250,884)

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 (asset)	\$ (8,005,150)	(5,799,219)	(3,164,911)
Net OPEB RMP liability (asset)	\$ (267,231)	(131,846)	50,506

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

Plan Description and Funding Requirements. Cities 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): 1.07% for the retiree medical plan (DB), 0.31% and 0.68% (peace officers) 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 capped at 22% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

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

The City contributed \$416,182 for the year ended June 30, 2023, which included forfeitures of \$41,309 which have been applied as employer contributions.

12. 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.

13. Enhancement Fund

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

The General Fund's net increase to fund balance for the year ended June 30, 2022, was \$2,555,918 and accordingly, \$1,713,478, which included inflation proofing, was transferred to the Enhancement Special Revenue Fund during the current year. Lease and rental income was \$115,224 and investment earnings were \$95,947 for the year ended June 30, 2023.

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

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, 2022, investment earnings did not exceed earnings necessary for inflation-proofing and accordingly no transfer to the General Fund was made.

14. 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 by the City 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, 2023, the E-911 enterprise fund has a deficit net position of \$3,137,722. The City intends to resume negotiations with the Kodiak Island Borough for additional support for emergency services provided to the Kodiak Island Borough.

16. 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.

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

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

City of Kodiak, Alaska

Notes to Basic Financial Statements, Continued

17. Subsequent Accounting Pronouncements

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

- GASB 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

GASB Statement No. 101 unified recognition and measurement model will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

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, 2023	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,208,821	\$ 8,821
Sales taxes	15,520,000	15,520,000	16,888,825	1,368,825
Penalties and interest	27,500	27,500	61,817	34,317
Intergovernmental	1,424,139	1,424,139	1,534,702	110,563
Charges for services	1,955,282	2,188,470	2,344,304	155,834
Fines and forfeitures	3,500	3,500	16,464	12,964
Licenses and permits	101,000	101,000	208,984	107,984
Rental income	150,000	358,347	426,475	68,128
Interfund charges	1,712,922	1,712,922	1,715,990	3,068
Investment income	50,000	50,000	162,119	112,119
Other revenues	6,200	6,200	25,441	19,241
Total Revenues	22,150,543	22,592,078	24,593,942	2,001,864
Expenditures				
General government:				
Legislative	235,671	210,671	177,144	33,527
Legal	60,000	90,000	102,991	(12,991)
Executive	940,207	964,507	846,272	118,235
Emergency preparedness	48,228	48,228	35,965	12,263
City clerk	623,971	623,971	491,817	132,154
Finance	2,771,704	2,775,354	2,250,110	525,244
Public safety:				
Police	6,478,841	6,500,741	5,896,099	604,642
Fire	3,158,308	3,158,308	2,570,169	588,139
Public works	2,258,007	2,373,476	2,157,636	215,840
Engineering	228,653	228,653	138,087	90,566
Parks and recreation	1,675,766	1,725,121	1,585,498	139,623
Library	989,668	989,668	821,461	168,207
Community service	225,200	238,700	235,279	3,421
Non-departmental	788,811	788,811	717,670	71,141
Total Expenditures	20,483,035	20,716,209	18,026,198	2,690,011
Excess of revenues over expenditures	1,667,508	1,875,869	6,567,744	4,691,875
Other Financing Uses:				
Transfers out	(6,780,832)	(8,492,576)	(8,495,644)	(3,068)
Change in fund balance	<u>\$ (5,113,324)</u>	<u>\$ (6,616,707)</u>	(1,927,900)	<u>\$ 4,688,807</u>
Fund Balance, beginning of year			<u>19,130,083</u>	
Fund Balance, end of year			<u>\$ 17,202,183</u>	

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

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

Public Employees' Retirement System (PERS)

June 30, 2023

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1692%	\$ 7,889,699	\$ 7,149,538	\$ 15,039,237	\$ 7,133,264	111%	62.37%
2016	0.2449%	\$ 11,877,818	\$ 3,181,492	\$ 15,059,310	\$ 6,948,895	171%	63.96%
2017	0.2786%	\$ 15,572,347	\$ 1,959,442	\$ 17,531,789	\$ 7,169,527	217%	59.55%
2018	0.2263%	\$ 11,698,337	\$ 4,358,316	\$ 16,056,653	\$ 7,469,991	157%	63.37%
2019	0.2533%	\$ 12,585,399	\$ 3,647,334	\$ 16,232,733	\$ 8,051,332	156%	65.19%
2020	0.2295%	\$ 12,560,846	\$ 4,990,340	\$ 17,551,186	\$ 8,271,368	152%	63.42%
2021	0.2614%	\$ 15,428,229	\$ 6,385,031	\$ 21,813,260	\$ 8,476,059	182%	61.61%
2022	0.3209%	\$ 11,771,212	\$ 1,594,792	\$ 13,366,004	\$ 8,839,664	133%	61.61%
2023	0.2969%	\$ 15,130,743	\$ 4,185,051	\$ 19,315,794	\$ 8,753,918	173%	61.61%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

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

Public Employees' Retirement System (PERS)

June 30, 2023

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.2263%	\$ 1,911,273	\$ 713,161	\$ 2,624,434	\$ 7,469,991	25.59%	89.68%
2019	0.2533%	\$ 2,599,393	\$ 754,810	\$ 3,354,203	\$ 8,051,332	32.29%	88.12%
2020	0.2295%	\$ 340,602	\$ 135,430	\$ 476,032	\$ 8,271,368	4.12%	98.13%
2021	0.2614%	\$ (1,183,593)	\$ (491,028)	\$ (1,674,621)	\$ 8,476,059	-13.96%	106.15%
2022	0.3222%	\$ (8,265,569)	\$ (1,082,881)	\$ (9,348,450)	\$ 8,839,664	-93.51%	135.54%
2023	0.2947%	\$ (5,799,219)	\$ (1,656,347)	\$ (7,455,566)	\$ 8,753,918	-66.25%	128.51%
Occupational Death and Disability (ODD):							
2018	0.3903%	\$ (55,374)	\$ -	\$ (55,374)	\$ 7,469,991	-0.74%	212.97%
2019	0.4079%	\$ (79,213)	\$ -	\$ (79,213)	\$ 8,051,332	-0.98%	270.62%
2020	0.5816%	\$ (141,019)	\$ -	\$ (141,019)	\$ 8,271,368	-1.70%	297.43%
2021	0.5482%	\$ (149,451)	\$ -	\$ (149,451)	\$ 8,476,059	-1.76%	283.80%
2022	0.5380%	\$ (237,099)	\$ -	\$ (237,099)	\$ 8,839,664	-2.68%	374.22%
2023	0.4742%	\$ (207,884)	\$ -	\$ (207,884)	\$ 8,753,918	-2.37%	348.80%
Retiree Medical Plan (RMP):							
2018	0.3903%	\$ 20,352	\$ -	\$ 20,352	\$ 1,861,667	1.09%	93.98%
2019	0.4079%	\$ 51,899	\$ -	\$ 51,899	\$ 1,912,545	2.71%	88.71%
2020	0.4116%	\$ 98,463	\$ -	\$ 98,463	\$ 2,049,236	4.80%	83.17%
2021	0.4058%	\$ 28,781	\$ -	\$ 28,781	\$ 2,049,236	1.40%	92.23%
2022	0.4179%	\$ (112,172)	\$ -	\$ (112,172)	\$ 2,268,855	-4.94%	115.10%
2023	0.3796%	\$ (131,846)	\$ -	\$ (131,846)	\$ 2,209,005	-5.97%	120.08%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

Schedule of City's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 674,192	\$ (674,192)	\$ -	\$ 6,948,895	9.70%
2016	\$ 720,391	\$ (720,391)	\$ -	\$ 7,169,527	10.05%
2017	\$ 842,825	\$ (842,825)	\$ -	\$ 7,469,991	11.28%
2018	\$ 1,033,533	\$ (1,033,533)	\$ -	\$ 8,051,332	12.84%
2019	\$ 975,438	\$ (975,642)	\$ (204)	\$ 8,271,368	11.79%
2020	\$ 941,371	\$ (941,371)	\$ -	\$ 8,476,059	11.11%
2021	\$ 1,136,313	\$ (1,136,313)	\$ -	\$ 8,839,664	12.85%
2022	\$ 1,140,733	\$ (1,140,733)	\$ -	\$ 8,539,523	13.36%
2023	\$ 1,352,120	\$ (1,340,400)	\$ 11,720	\$ 8,753,918	15.45%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 294,599	\$ (294,599)	\$ -	\$ 8,051,332	3.66%
2019	\$ 351,253	\$ (351,253)	\$ -	\$ 8,271,368	4.25%
2020	\$ 376,107	\$ (376,107)	\$ -	\$ 8,476,059	4.44%
2021	\$ 203,011	\$ (203,011)	\$ -	\$ 8,839,664	2.30%
2022	\$ 160,389	\$ (160,389)	\$ -	\$ 8,539,523	1.88%
2023	\$ -	\$ -	\$ -	\$ 8,753,918	0.00%
Occupational Death and Disability (ODD):					
2018	\$ 12,246	\$ (12,246)	\$ -	\$ 8,051,332	0.15%
2019	\$ 23,748	\$ (23,748)	\$ -	\$ 8,271,368	0.29%
2020	\$ 24,042	\$ (24,042)	\$ -	\$ 8,476,059	0.28%
2021	\$ 28,695	\$ (28,695)	\$ -	\$ 8,839,664	0.32%
2022	\$ 27,359	\$ (27,359)	\$ -	\$ 8,539,523	0.32%
2023	\$ 30,670	\$ (30,670)	\$ -	\$ 8,753,918	0.35%
Retiree Medical Plan (RMP):					
2018	\$ 47,546	\$ (47,546)	\$ -	\$ 1,861,667	2.55%
2019	\$ 48,298	\$ (48,298)	\$ -	\$ 1,912,545	2.53%
2020	\$ 72,382	\$ (72,382)	\$ -	\$ 2,049,236	3.53%
2021	\$ 77,559	\$ (77,559)	\$ -	\$ 2,268,855	3.42%
2022	\$ 64,233	\$ (64,233)	\$ -	\$ 2,209,005	2.91%
2023	\$ 21,751	\$ (21,751)	\$ -	\$ 2,422,914	0.90%

See accompanying notes to Required Supplementary Information.

City of Kodiak, Alaska

Notes to Required Supplementary Information

Year Ended June 30, 2023

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

Budgets and Budgetary Accounting

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

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

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following function of the General Fund:

General government:	
Legal	\$ 12,991

2. Public Employees' Retirement System

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

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

City of Kodiak, Alaska

Notes to Required Supplementary Information, Continued

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

- a) **Changes in Methods Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There were no changes in actuarial methods since the prior valuation.
- b) **Changes in Assumptions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
Healthcare claim costs are updated annually. Retired member contributions were updated to reflect the 5% decrease from CY20 to CY21. The amounts included in the normal cost for administrative expenses were changed from \$7,223,000 to \$7,625,000 for pension, and from \$4,934,000 to \$5,531,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.
- c) **Changes in Benefit Provisions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There were no changes in benefit provisions since the prior valuation.

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

- a) **Changes in Methods Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There were no changes in actuarial methods since the prior valuation.
- b) **Changes in Assumptions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$1,000 to \$16,000 for occupational death and disability, and from \$20,000 to \$24,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.
- c) **Changes in Benefit Provisions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There have been no changes in benefit provisions valued since the prior valuation.

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

Schedule of City Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2021 which was rolled forward to June 30, 2022. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

General Fund

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

City of Kodiak, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 8,045,947	\$ 11,872,350
Receivables:		
Taxes	4,161,651	3,889,195
Grants and shared revenues	61,121	97,132
Accounts	50,451	79,252
Interest	246,318	42,825
Leases	913,100	942,299
Total receivables	5,432,641	5,050,703
Prepaid items	102,058	78,642
Due from other funds	4,829,937	3,978,964
Inventory	25,364	20,060
Total Assets	\$ 18,435,947	\$ 21,000,719
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 200,000	\$ 424,785
Accrued payroll and related liabilities	126,021	425,654
Customer deposits	8,725	5,250
Total Liabilities	334,746	855,689
Deferred Inflows of Resources - Unavailable revenue - leases	899,018	1,014,947
Fund Balance		
Nonspendable	127,422	98,702
Unassigned	17,074,761	19,031,381
Total Fund Balance	17,202,183	19,130,083
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 18,435,947	\$ 21,000,719

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Property taxes	\$ 1,200,000	\$ 1,208,821	\$ 8,821	\$ 1,216,375
Sales taxes	15,520,000	16,888,825	1,368,825	15,351,970
Penalties and interest	27,500	61,817	34,317	49,199
Total taxes	16,747,500	18,159,463	1,411,963	16,617,544
Intergovernmental:				
Payment in lieu of taxes	5,000	4,304	(696)	5,205
Grants	-	-	-	38,526
Revenue sharing	73,072	205,086	132,014	98,999
State PERS relief	356,067	181,279	(174,788)	502,981
Fisheries business tax	890,000	981,778	91,778	1,062,525
Shared fisheries business and landing tax	44,000	92,489	48,489	74,278
Liquor licenses	10,000	19,700	9,700	23,600
Fuel tax sharing	5,000	5,709	709	6,237
Electric cooperative tax	40,000	43,282	3,282	42,517
State marijuana license fees	1,000	1,075	75	300
Total intergovernmental	1,424,139	1,534,702	110,563	1,855,168
Charges for services:				
Public safety:				
Boarding of State prisoners	1,378,970	1,389,322	10,352	1,117,392
State Trooper contract	25,300	25,868	568	81,900
Ambulance services	251,500	277,839	26,339	235,680
Other public safety charges	128,000	154,377	26,377	130,084
School lifeguard services	20,000	19,606	(394)	13,951
Borough building inspector charges	150,000	194,529	44,529	157,471
Library fees and charges	8,500	10,716	2,216	7,943
Parks and recreation fees and charges	199,200	249,156	49,956	231,869
Public works services	27,000	22,891	(4,109)	24,759
Total charges for services	2,188,470	2,344,304	155,834	2,001,049

(continued)

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues, continued				
Fines and forfeitures	\$ 3,500	\$ 16,464	\$ 12,964	\$ 9,681
Licenses and permits	101,000	208,984	107,984	136,810
Rental income	358,347	426,475	68,128	47,489
Interfund charges:				
Cargo Pier Fund	107,998	107,998	-	121,603
Boat Harbor Fund	291,137	291,137	-	267,361
Shipyard Fund	38,392	38,392	-	58,526
Electric Fund	46,076	46,076	-	37,036
Water Fund	286,512	286,512	-	274,556
Sewer Fund	441,504	441,504	-	341,680
Trident Basin Fund	13,007	13,007	-	7,445
Tourism Development Fund	48,100	48,100	-	48,100
Public works	59,364	59,364	-	52,461
Vehicle replacement	380,832	383,900	3,068	380,831
Total interfund charges	1,712,922	1,715,990	3,068	1,589,599
Investment income (loss)	50,000	162,119	112,119	(22,066)
Other revenues	6,200	25,441	19,241	21,589
Total Revenues	22,592,078	24,593,942	2,001,864	22,256,863
Expenditures				
General government:				
Legislative	210,671	177,144	33,527	164,946
Legal	90,000	102,991	(12,991)	62,486
Executive	964,507	846,272	118,235	876,914
Emergency preparedness	48,228	35,965	12,263	40,219
City clerk	623,971	491,817	132,154	448,795
Finance	2,775,354	2,250,110	525,244	1,770,203
Total general government	4,712,731	3,904,299	808,432	3,363,563

(continued)

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public safety:				
Police department:				
Administration:				
Operations	\$ 1,031,714	\$ 934,099	\$ 97,615	\$ 816,809
Bond principal	240,000	240,000	-	230,000
Bond interest	206,950	206,950	-	217,550
Uniformed patrol	2,095,785	2,048,697	47,088	1,730,342
Corrections	1,483,408	1,444,003	39,405	1,366,799
Investigations	310,704	197,620	113,084	268,646
Support services	465,874	413,758	52,116	418,031
Animal control	306,281	282,199	24,082	282,701
Drug enforcement	149,781	9,310	140,471	6,405
Community services	203,564	112,774	90,790	192,390
Canine	6,680	6,689	(9)	6,679
Police school resources	-	-	-	106,844
Total police department	6,500,741	5,896,099	604,642	5,643,196
Fire department	3,158,308	2,570,169	588,139	2,434,602
Total public safety	9,659,049	8,466,268	1,192,781	8,077,798
Public works:				
Administration	165,833	138,415	27,418	147,421
Streets	1,468,658	1,280,027	188,631	1,279,055
Garage	327,929	329,052	(1,123)	318,724
Building inspection	390,837	388,764	2,073	330,533
Municipal airport facility	20,219	21,378	(1,159)	22,364
Total public works	2,373,476	2,157,636	215,840	2,098,097
Engineering	228,653	138,087	90,566	172,064

(continued)

City of Kodiak, Alaska

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Expenditures, continued				
Parks and recreation:				
Administration	\$ 815,598	\$ 753,826	\$ 61,772	\$ 710,608
Museum	137,405	141,754	(4,349)	105,742
Teen Center	313,786	275,299	38,487	265,369
Aquatics	262,823	243,131	19,692	227,724
Ice rink	183,209	162,719	20,490	146,879
Beautification program	12,300	8,769	3,531	22,225
Total parks and recreation	1,725,121	1,585,498	139,623	1,478,547
Library	989,668	821,461	168,207	794,462
Community services:				
Contributions	201,200	201,200	-	175,000
Downtown revitalization	37,500	34,079	3,421	16,311
Total community services	238,700	235,279	3,421	191,311
Other:				
Insurance and general administration	788,811	717,670	71,141	754,901
Principal payments on lease liabilities	-	-	-	9,099
Interest on lease liabilities	-	-	-	818
Total other	788,811	717,670	71,141	764,818
Total Expenditures	20,716,209	18,026,198	2,690,011	16,940,660
Excess of revenues over expenditures	1,875,869	6,567,744	4,691,875	5,316,203
Other Financing Sources (Uses)				
Proceeds from issuance of leases	-	-	-	31,420
Transfers in	-	-	-	185,193
Transfers out	(8,492,576)	(8,495,644)	(3,068)	(2,976,898)
Change in fund balance	<u>\$ (6,616,707)</u>	<u>(1,927,900)</u>	<u>\$ 4,688,807</u>	2,555,918
Fund Balance, beginning of year		<u>19,130,083</u>		<u>16,574,165</u>
Fund Balance, end of year		<u>\$ 17,202,183</u>		<u>\$ 19,130,083</u>

Nonmajor Funds

City of Kodiak, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2023</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	\$ 927,528	\$ 95,850	\$ 10,448,419	\$ 926,999	\$ 864,088	\$ 1,467,562	\$ 1,847,037	\$ 2,792,849	\$ 19,370,332	
Receivables:										
Taxes	82,371	-	-	-	-	-	-	-	82,371	
Grants	-	-	-	311,000	724,129	-	-	-	1,035,129	
Special assessments	-	29,677	-	-	-	-	-	-	29,677	
Interest	-	-	4,005	-	-	-	-	-	4,005	
Total Assets	\$ 1,009,899	\$ 125,527	\$ 10,452,424	\$ 1,237,999	\$ 1,588,217	\$ 1,467,562	\$ 1,847,037	\$ 2,792,849	\$ 20,521,514	
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities										
Accounts payable	\$ 1,450	\$ -	\$ 1,203	\$ 2,301	\$ 620,929	\$ 7,965	\$ 190,750	\$ -	\$ 824,598	
Unearned Revenue	-	-	-	1,019,950	-	-	-	-	1,019,950	
Total Liabilities	\$ 1,450	\$ -	\$ 1,203	\$ 1,022,251	\$ 620,929	\$ 7,965	\$ 190,750	\$ -	\$ 1,844,548	
Deferred Inflows of Resources										
Deferred assessments	-	13,124	-	-	-	-	-	-	13,124	
Fund Balances										
Committed:										
Tourism	1,008,449	-	-	-	-	-	-	-	1,008,449	
Economic stability	-	-	10,451,221	-	-	-	-	-	10,451,221	
Assigned:										
Capital projects	-	-	-	215,748	967,288	1,459,597	1,656,287	2,792,849	7,091,769	
Public works	-	112,403	-	-	-	-	-	-	112,403	
Total Fund Balances	1,008,449	112,403	10,451,221	215,748	967,288	1,459,597	1,656,287	2,792,849	18,663,842	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,009,899	\$ 125,527	\$ 10,452,424	\$ 1,237,999	\$ 1,588,217	\$ 1,467,562	\$ 1,847,037	\$ 2,792,849	\$ 20,521,514	

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

Year Ended June 30, 2023	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	\$ 344,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,398
Intergovernmental	-	-	-	576,879	1,057,830	-	-	-	1,634,709
Local grants and contributions	-	-	-	-	-	-	450,000	-	450,000
Rental income	-	-	115,224	-	-	-	-	-	115,224
Investment income	23,808	2,595	95,947	19,687	24,240	48,029	73,845	73,687	361,838
Donations	-	-	-	-	-	-	671,000	-	671,000
Other	-	-	-	15,717	-	-	-	-	15,717
Total Revenues	368,206	2,595	211,171	612,283	1,082,070	48,029	1,194,845	73,687	3,592,886
Expenditures									
Public safety	-	-	-	615,527	-	-	-	-	615,527
Public works	-	-	-	-	-	2,512,543	-	-	2,512,543
Parks and recreation	-	-	-	-	-	-	2,957,216	-	2,957,216
Library	-	-	-	-	374	-	-	-	374
Community services	187,575	-	-	-	-	-	-	-	187,575
Capital outlay	-	-	-	-	944,256	-	-	-	944,256
Total Expenditures	187,575	-	-	615,527	944,630	2,512,543	2,957,216	-	7,217,491
Excess of revenues over (under) expenditures	180,631	2,595	211,171	(3,244)	137,440	(2,464,514)	(1,762,371)	73,687	(3,624,605)
Other Financing Sources (Uses)									
Transfers in	-	-	1,713,478	98,266	-	3,300,000	2,550,000	383,900	8,045,644
Transfers out	(50,000)	-	-	-	-	-	-	-	(50,000)
Net Other Financing Sources (Uses)	(50,000)	-	1,713,478	98,266	-	3,300,000	2,550,000	383,900	7,995,644
Change in fund balances	130,631	2,595	1,924,649	95,022	137,440	835,486	787,629	457,587	4,371,039
Fund Balances, beginning of year	877,818	109,808	8,526,572	120,726	829,848	624,111	868,658	2,335,262	14,292,803
Fund Balances, end of year	\$ 1,008,449	\$ 112,403	\$ 10,451,221	\$ 215,748	\$ 967,288	\$ 1,459,597	\$ 1,656,287	\$ 2,792,849	\$ 18,663,842

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

<i>June 30, 2023</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 907,238	\$ -	\$ -	\$ 907,238
Accounts receivable	81,993	-	120,412	202,405
Leases receivable	-	12,059	-	12,059
Prepaid items	-	-	19,176	19,176
Total Current Assets	989,231	12,059	139,588	1,140,878
Noncurrent Assets				
Property, plant and equipment, net	-	1,741,114	35,803	1,776,917
Leases receivable	-	16,850	-	16,850
Net pension and OPEB assets	-	-	219,774	219,774
Total Noncurrent Assets	-	1,757,964	255,577	2,013,541
Total Assets	989,231	1,770,023	395,165	3,154,419
Deferred Outflows of Resources				
Related to pensions and OPEB	-	-	82,543	82,543
Total Assets and Deferred Outflows of Resources	\$ 989,231	\$ 1,770,023	\$ 477,708	\$ 3,236,962
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 52,268	\$ 1,852	\$ 8,148	\$ 62,268
Accrued payroll and related liabilities	-	-	8,133	8,133
Customer deposits	2,000	1,536	-	3,536
Due to other funds	-	162,893	3,000,291	3,163,184
Current portion of accrued leave	-	-	16,759	16,759
Total Current Liabilities	54,268	166,281	3,033,331	3,253,880
Noncurrent liabilities				
Long term portion of accrued leave	-	-	20,593	20,593
Net pension and OPEB liabilities	-	-	541,681	541,681
Total noncurrent liabilities	-	-	562,274	562,274
Total liabilities	54,268	166,281	3,595,605	3,816,154
Deferred Inflows of Resources				
Leases	-	28,387	-	28,387
Related to pensions and OPEB	-	-	19,825	19,825
Total Liabilities and Deferred Inflows of Resources	54,268	194,668	3,615,430	3,864,366
Net Position				
Net investment in capital assets	-	1,741,114	35,803	1,776,917
Unrestricted (deficit)	934,963	(165,759)	(3,173,525)	(2,404,321)
Total Net Position	934,963	1,575,355	(3,137,722)	(627,404)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 989,231	\$ 1,770,023	\$ 477,708	\$ 3,236,962

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

<i>Year Ended June 30, 2023</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 754,051	\$ 58,894	\$ 336,165	\$ 1,149,110
Operating Expenses				
Salaries and benefits	-	-	512,770	512,770
Professional services	-	-	154,465	154,465
Goods and services	629,706	20,777	3,825	654,308
Repairs and maintenance	35,299	7,513	-	42,812
Utilities and fuel	-	20,764	-	20,764
Interfund charges	65,745	19,603	-	85,348
Depreciation	-	248,728	4,658	253,386
Total Operating Expenses	730,750	317,385	675,718	1,723,853
Earnings (loss) from operations	23,301	(258,491)	(339,553)	(574,743)
Nonoperating Expenses				
Investment income	23,701	-	-	23,701
State PERS relief	-	-	28,022	28,022
Total Nonoperating Expenses	23,701	-	28,022	51,723
Change in net position	47,002	(258,491)	(311,531)	(523,020)
Net Position, beginning of year	887,961	1,833,846	(2,826,191)	(104,384)
Net Position, end of year	\$ 934,963	\$ 1,575,355	\$ (3,137,722)	\$ (627,404)

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

<i>Year Ended June 30, 2023</i>	Harbor Electric	Trident Basin	E-911 Services	Total Nonmajor Enterprise Funds
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 730,393	\$ 60,850	\$ 332,353	\$ 1,123,596
Payments for interfund services used	(65,745)	(19,603)	-	(85,348)
Payments to suppliers	(641,947)	(49,154)	(166,995)	(858,096)
Payments to employees	-	-	(809,365)	(809,365)
Net cash flows from (for) operating activities	22,701	(7,907)	(644,007)	(629,213)
Cash Flows from Noncapital Financing Activities				
Increase in due to other funds	-	7,907	652,942	660,849
Cash Flows from (for) Capital and Related Financing Activities				
Purchase of property, plant and equipment	-	-	(8,935)	(8,935)
Cash Flows from Investing Activities				
Investment income received	23,701	-	-	23,701
Net increase in cash and investments	46,402	-	-	46,402
Cash and Investments, beginning of year	860,836	-	-	860,836
Cash and Investments, end of year	\$ 907,238	\$ -	\$ -	\$ 907,238
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:				
Earnings (loss) from operations	\$ 23,301	\$ (258,491)	\$ (339,553)	\$ (574,743)
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:				
Depreciation	-	248,728	4,658	253,386
Noncash State PERS relief	-	-	28,022	28,022
(Increase) decrease in assets:				
Accounts receivable	(23,658)	1,170	(3,812)	(26,300)
Prepaid items	-	-	(8,148)	(8,148)
Leases	-	12,499	-	12,499
Net pension and OPEB asset	-	-	250,596	250,596
(Increase) decrease in deferred outflows of resources:				
Related to pensions and OPEB	-	-	22,173	22,173
Increase (decrease) in liabilities:				
Accounts payable	23,058	(100)	8,148	31,106
Accrued payroll and related liabilities	-	-	(16,853)	(16,853)
Accrued leave	-	-	633	633
Net pension and OPEB liabilities	-	-	(101,026)	(101,026)
(Increase) decrease in deferred inflows of resources:				
Leases	-	(11,713)	-	(11,713)
Related to pensions and OPEB	-	-	(488,845)	(488,845)
Net cash flows from (for) operating activities	\$ 22,701	\$ (7,907)	\$ (644,007)	\$ (629,213)

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 Sheets

<i>June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 927,528	\$ 774,608
Receivables - taxes	82,371	103,210
Total Assets	\$ 1,009,899	\$ 877,818
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 1,450	\$ -
Fund Balance		
Committed for tourism	\$ 1,008,449	\$ 877,818
Total Liabilities and Fund Balance	\$ 1,009,899	\$ 877,818

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

<i>Years Ended June 30,</i>	2023			2022
	Budget	Actual	Variance	Actual
Revenues				
Room taxes	\$ 250,000	\$ 344,398	\$ 94,398	\$ 347,376
Investment income (loss)	2,000	23,808	21,808	(903)
Total Revenues	252,000	368,206	116,206	346,473
Expenditures - community services:				
Interfund services:				
Finance and administration	20,000	20,000	-	20,000
Public works services	12,100	12,100	-	12,100
Parks and recreation services	16,000	16,000	-	16,000
Community service contributions	153,900	139,475	14,425	120,000
Total Expenditures	202,000	187,575	14,425	168,100
Excess of revenues over expenditures	50,000	180,631	130,631	178,373
Other Financing (Uses)				
Transfers out	(50,000)	(50,000)	-	-
Change in fund balance	<u>\$ -</u>	130,631	<u>\$ 130,631</u>	178,373
Fund Balance, beginning of year		<u>877,818</u>		<u>699,445</u>
Fund Balance, end of year		<u>\$ 1,008,449</u>		<u>\$ 877,818</u>

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

<i>June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 95,850	\$ 92,131
Receivables - special assessments	29,677	30,801
Total Assets	\$ 125,527	\$ 122,932
Deferred Inflows of Resources and Fund Balance		
Deferred inflows of resources - deferred assessments	\$ 13,124	\$ 13,124
Fund Balance - assigned for public works	112,403	109,922
Total Deferred Inflows of Resources and Fund Balance	\$ 125,527	\$ 123,046

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

<i>Years Ended June 30,</i>	2023	2022
Revenues		
Investment income (loss)	\$ 2,595	\$ (114)
Change in fund balance	2,595	(114)
Fund Balance, beginning of year	109,808	109,922
Fund Balance, end of year	\$ 112,403	\$ 109,808

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

<i>June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 10,448,419	\$ 8,511,438
Interest receivable	4,005	16,110
Total Assets	\$ 10,452,424	\$ 8,527,548
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 1,203	\$ 976
Fund Balance		
Committed for economic stability	10,451,221	8,526,572
Total Liabilities and Fund Balance	\$ 10,452,424	\$ 8,527,548

City of Kodiak, Alaska
Enhancement Fund Special Revenue Fund
Schedules of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2023			2022
	Budget	Actual	Variance	Actual
Revenues				
Rental income	\$ 90,000	\$ 115,224	\$ 25,224	\$ 93,703
Investment income (loss)	36,500	95,947	59,447	(204,061)
Total Revenues	126,500	211,171	84,671	(110,358)
Other Financing Sources				
Transfers in	1,713,478	1,713,478	-	1,265,674
Change in fund balance	<u>\$ 1,839,978</u>	1,924,649	<u>\$ 84,671</u>	1,155,316
Fund Balance, beginning of year		<u>8,526,572</u>		<u>7,371,256</u>
Fund Balance, end of year		<u>\$ 10,451,221</u>		<u>\$ 8,526,572</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 Sheets

<i>June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 926,999	\$ 786,896
Grants receivable	311,000	7,132
Total Assets	\$ 1,237,999	\$ 794,028
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 2,301	\$ 8,388
Unearned revenue	1,019,950	664,914
Total Liabilities	1,022,251	673,302
Fund Balance - assigned for capital projects	215,748	120,726
Total Liabilities and Fund Balance	\$ 1,237,999	\$ 794,028

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

<i>Years Ended June 30,</i>	2023	2022
Revenues		
Intergovernmental	\$ 576,879	\$ 297,566
Investment income (loss)	19,687	(1,079)
Other	15,717	5,394
Total Revenues	612,283	301,881
Expenditures - Public Safety		
KFD deferred maintenance	5,893	43,636
Shop-With-A-Cop	3,500	5,500
Sales tax business license software	-	30,140
Emergency shelter bedding	-	38,837
CARES	-	121,987
KPD Surveillance	565,995	18,436
KPD HVAC repairs	43	57,615
Pillar Mountain antenna generator system	-	18,523
FAA CARES Act airport	-	5,222
DHHS Community MOA	-	61,299
ARPA Coronavirus	3,310	46,250
Potato Patch Lake Spill	-	42,274
ARPA - Kodiak Outdoor Program	7,531	10,560
Bloomberg Asphalt Art	9,916	2,304
Other	19,339	-
Total Expenditures	615,527	502,583
Excess of revenues (under) expenditures	(3,244)	(200,702)
Other Financing Sources (Uses)		
Transfers in	98,266	-
Transfers out	-	(185,193)
Net Other Financing Sources	98,266	(185,193)
Change in fund balance	95,022	(385,895)
Fund Balance, beginning of year	120,726	506,621
Fund Balance, end of year	\$ 215,748	\$ 120,726

City of Kodiak, Alaska
Building Capital Project Fund
Balance Sheets

<i>June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 864,088	\$ 943,536
Grants receivable	724,129	-
Total Assets	\$ 1,588,217	\$ 943,536
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 620,929	\$ 113,688
Fund Balance - assigned for capital projects	967,288	829,848
Total Liabilities and Fund Balance	\$ 1,588,217	\$ 943,536

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

<i>Year Ended June 30,</i>	2023	2022
Revenues		
Intergovernmental	\$ 1,057,830	\$ -
Investment income (loss)	24,240	(356)
Other	-	25,924
Total Revenues	1,082,070	25,568
Expenditures		
Demolish old library	374	29,603
Fire station	943,452	187,213
Hillside Drive renovation	692	3,830
Barn stabilization	-	146,825
RAM Roof Replacement	112	-
Total Expenditures	944,630	367,471
Excess of revenues over (under) expenditures	137,440	(341,903)
Other Financing Sources - transfers in	-	100,000
Change in fund balance	137,440	(241,903)
Fund Balance, beginning of year	829,848	1,071,751
Fund Balance, end of year	\$ 967,288	\$ 829,848

City of Kodiak, Alaska
Street Improvements Capital Project Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 1,467,562	\$ 667,010
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 7,965	\$ 42,899
Fund Balance - assigned for capital projects	1,459,597	624,111
Total Liabilities and Fund Balance	\$ 1,467,562	\$ 667,010

City of Kodiak, Alaska

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

<i>Years Ended June 30,</i>	2023	2022
Revenues - investment income (loss)	\$ 48,029	\$ (622)
Expenditures - Public Works:		
Annual sidewalk, curb and gutter repair	20,719	-
Storm drain repair	168,812	30,968
Mill Bay Road rebuild	728	592,990
Underground storage tank IT & M	1,880	52,965
Annual pavement repairs	1,950,068	241,556
Transportation plan	14,934	31,800
Road grader	347,305	-
Shelikof street landslid repairs	8,097	-
Total Expenditures	2,512,543	950,279
Excess of revenues (under) expenditures	(2,464,514)	(950,901)
Other Financing Sources - transfers in	3,300,000	430,393
Change in fund balance	835,486	(520,508)
Fund Balance, beginning of year	624,111	1,144,619
Fund Balance, end of year	\$ 1,459,597	\$ 624,111

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

<i>Years Ended June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 1,847,037	\$ 879,512
Liabilities and Fund Balance		
Liabilities - accounts payable	\$ 190,750	\$ 16,257
Fund Balance - assigned for capital projects	1,656,287	451,635
Total Liabilities and Fund Balance	\$ 1,847,037	\$ 467,892

City of Kodiak, Alaska

Parks and Recreation Capital Project Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2023	2022
Revenues		
Local grants and contributions	\$ 450,000	\$ -
Investment income (loss)	73,845	(1,481)
Other - donations	671,000	285,000
Total Revenues	1,194,845	283,519
Expenditures - Parks and Recreation:		
Major park maintenance	508	683
Major building maintenance	21,051	123,540
Baranof Park improvements	2,935,657	42,273
Total Expenditures	2,957,216	166,496
Excess of revenues over (under) expenditures	(1,762,371)	117,023
Other Financing Sources - transfers in	2,550,000	300,000
Change in fund balance	787,629	417,023
Fund Balance, beginning of year	868,658	451,635
Fund Balance, end of year	\$ 1,656,287	\$ 868,658

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

<i>June 30,</i>	2023	2022
Assets		
Cash and investments	\$ 2,792,849	\$ 2,335,262
Fund Balance - assigned for capital projects	\$ 2,792,849	\$ 2,335,262

City of Kodiak, Alaska

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

<i>Years Ended June 30,</i>	2023	2022
Revenues		
Investment income (loss)	\$ 73,687	\$ (2,776)
Excess of revenues over (under) expenditures	73,687	(2,776)
Other Financing Sources - transfers in	383,900	380,831
Change in fund balance	457,587	378,055
Fund Balance, beginning of year	2,335,262	1,957,207
Fund Balance, end of year	\$ 2,792,849	\$ 2,335,262

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
Statements of Net Position

<i>June 30,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 10,595,713	\$ 9,010,116
Accounts receivable	456,064	484,434
Leases receivable	468,479	459,520
Prepaid items	420	2,026
Total Current Assets	11,520,676	9,956,096
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	(26,093,667)	(24,342,435)
Property, plant and equipment, net	34,037,756	35,788,988
Leases receivable	4,112,201	4,756,149
Net pension and OPEB assets	516,900	177,466
Total Noncurrent Assets	38,666,857	40,722,603
Total Assets	50,187,533	50,678,699
Deferred Outflows of Resources - related to pensions and OPEB	194,137	39,509
Total Assets and Deferred Outflows of Resources	\$ 50,381,670	\$ 50,718,208
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 6,094	\$ 8,037
Accrued payroll and related liabilities	3,664	11,232
Current portion of accrued leave	6,854	6,334
Total Current Liabilities	16,612	25,603
Noncurrent Liabilities		
Long term portion of accrued leave	8,150	5,272
Net pension and OPEB liabilities	1,274,009	242,488
Total Noncurrent Liabilities	1,282,159	247,760
Total Liabilities	1,298,771	273,363
Deferred Inflows of Resources		
Leases	4,487,966	5,085,089
Pension and OPEB deferrals	46,628	191,915
Total Liabilities and Deferred Inflows of Resources	5,833,365	5,550,367
Net Position		
Net investment in capital assets	34,037,756	35,788,988
Unrestricted	10,510,549	9,378,853
Total Net Position	44,548,305	45,167,841
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 50,381,670	\$ 50,718,208

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

<i>Year Ended June 30,</i>	2023	2022
Operating Revenues		
Dockage	\$ 354,964	\$ 289,835
Cruise ship	220,852	112,124
Pier III and rentals	641,836	784,705
Wharfage and handling	868,351	796,010
Total Operating Revenues	2,086,003	1,982,674
Operating Expenses		
Cargo administration:		
Salaries and benefits	828,939	307,514
Professional services	4,488	5,581
Goods and services	189,682	198,729
Repairs and maintenance	1,568	4,781
Interfund charges:		
Finance and administration	107,998	121,603
Public works services	6,596	5,829
Harbormaster services	39,337	31,785
Total cargo administration	1,178,608	675,822
Warehouse:		
Professional services	368	308
Goods and services	3,419	242
Repairs and maintenance	3,114	23,003
Total warehouse	6,901	23,553
Pier II:		
Goods and services	2,104	2,211
Repairs and maintenance	4,208	332
Utilities and fuel	37,640	40,826
Total pier II	43,952	43,369

(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>	2023	2022
Operating expenses, continued:		
Pier III:		
Repairs and maintenance	\$ -	\$ 184
Utilities and fuel	245	1,611
Total pier III	245	1,795
Depreciation	1,751,232	1,751,232
Total Operating Expenses	2,980,938	2,495,771
Loss from operations	(894,935)	(513,097)
Nonoperating Revenues (Expenses)		
Other revenues	1,070	70,630
Investment income (loss)	280,953	(10,948)
State PERS relief	(6,624)	(8,095)
Nonoperating Revenues (Expenses), net	275,399	51,587
Loss before transfers	(619,536)	(461,510)
Transfers out	-	(108,372)
Change in net position	(619,536)	(569,882)
Net Position, beginning of year	45,167,841	45,737,723
Net Position, end of year	\$ 44,548,305	\$ 45,167,841

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

<i>Years Ended June 30,</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,152,239	\$ 1,604,279
Payments for interfund services used	(153,931)	(159,217)
Payments to suppliers	(246,103)	(209,771)
Payments to employees	(447,561)	(344,001)
Net cash flows from operating activities	1,304,644	891,290
Cash Flows (for) Noncapital Financing Activities		
Transfers out	-	(108,372)
Cash Flows from (for) Investing Activities		
Investment income received	280,953	(10,948)
Net change in cash and investments	1,585,597	771,970
Cash and Investments, beginning of year	9,010,116	8,238,146
Cash and Investments, end of year	\$ 10,595,713	\$ 9,010,116
Reconciliation of earnings (loss) from operations to net cash flows from operating activities:		
Earnings (loss) from operations	\$ (894,935)	\$ (513,097)
Adjustments to reconcile earnings (loss) from operations to net cash flows from operating activities:		
Depreciation	1,751,232	1,751,232
Noncash State PERS relief	(6,624)	(8,095)
Other nonoperating revenues (expenses)	1,070	70,630
(Increase) decrease in assets:		
Accounts receivable	28,370	(247,815)
Leases receivable	(8,959)	(16,717)
Prepaid items	1,606	(2,026)
Net pension and OPEB assets	(339,434)	(150,005)
(Increase) decrease in deferred outflows of resources:		
Leases receivable	643,948	442,804
Related to pensions and OPEB	(154,628)	23,700
Increase (decrease) in liabilities:		
Accounts payable	(1,943)	(567)
Accrued payroll and related liabilities	(7,568)	2,457
Accrued leave	3,398	1,535
Net pension and OPEB liabilities	1,031,521	(75,927)
Increase (decrease) in deferred inflows of resources:		
Leases	(597,123)	(556,667)
Related to pensions and OPEB	(145,287)	169,848
Net cash flows from operating activities	\$ 1,304,644	\$ 891,290

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

<i>June 30,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 7,346,644	\$ 7,192,976
Receivables:		
Grants	376	-
Accounts	360,475	354,766
Allowance for doubtful accounts	(115,647)	(115,647)
Inventory	3,376	1,831
Prepaid items	21	475
Total Current Assets	7,595,245	7,434,401
Noncurrent Assets		
Restricted cash and investments - bond reserve	119,556	119,556
Property, plant and equipment:		
Land	677,064	677,064
Buildings	1,705,656	1,705,656
Improvements other than buildings	37,600,558	37,600,558
Machinery and equipment	887,009	887,009
Construction in progress	734,631	242,385
Accumulated depreciation	(34,941,800)	(34,235,961)
Property, plant and equipment, net	6,663,118	6,876,711
Net pension and OPEB assets	139,968	724,508
Total Noncurrent Assets	6,922,642	7,720,775
Total Assets	14,517,887	15,155,176
Deferred Outflows of Resources - related to pensions and OPEB	52,569	161,295
Total Assets and Deferred Outflows of Resources	\$ 14,570,456	\$ 15,316,471
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 58,441	\$ 82,280
Accrued payroll and related liabilities	17,903	45,070
Customer deposits	248,552	248,427
Accrued interest	4,284	4,534
Unearned revenue	-	10,000
Current portion of accrued leave	31,933	31,426
Current portion of bonds payable	69,624	64,624
Total Current Liabilities	430,737	486,361
Noncurrent Liabilities		
Long term portion:		
Accrued leave	42,463	43,681
Bonds payable	1,344,500	1,414,355
Net pension and OPEB liabilities	344,981	989,959
Total Noncurrent Liabilities	1,731,944	2,447,995
Total Liabilities	2,162,681	2,934,356
Deferred Inflows of Resources - related to pensions and OPEB	12,626	783,501
Total Liabilities and Deferred Inflows of Resources	2,175,307	3,717,857
Net Position		
Net investment in capital assets	5,248,994	5,397,732
Restricted for debt service	119,556	119,556
Unrestricted	7,026,599	6,081,326
Total Net Position	12,395,149	11,598,614
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 14,570,456	\$ 15,316,471

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

<i>Years Ended June 30,</i>	2023	2022
Operating Revenues		
Moorage	\$ 2,295,917	\$ 2,123,701
Pier and dock fees	212,228	204,022
Administrative charges to other funds	78,675	79,463
Other fees and charges	226,453	178,692
Rentals	76,950	54,349
Other	7,112	7,105
Total Operating Revenues	2,897,335	2,647,332
Operating Expenses		
Salaries and benefits	835,817	1,194,112
Professional services	109,615	99,997
Contributions	16,902	16,902
Goods and services	263,115	266,022
Repairs and maintenance	42,316	68,482
Utilities and fuel	303,401	277,425
Machinery and equipment	9,511	20,389
Interfund charges:		
Finance and administration	291,137	267,361
Public works services	6,596	5,829
Depreciation	705,839	804,158
Total Operating Expenses	2,584,249	3,020,677
Earnings (loss) from operations	313,086	(373,345)
Nonoperating Revenues (Expenses)		
Federal revenue	61,919	121,516
Investment income	240,294	21,813
Interest expense	(47,807)	(50,789)
Engineering and feasibility studies	(102,770)	(361,147)
State PERS relief	(24,350)	(41,025)
Nonoperating Revenues (Expenses), net	127,286	(309,632)
Earnings (loss) before transfers	440,372	(682,977)
Transfers in	500,000	554,152
Transfers out	(143,837)	-
Change in net position	796,535	(128,825)
Net Position, beginning of year	11,598,614	11,727,439
Net Position, end of year	\$ 12,395,149	\$ 11,598,614

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

Years Ended June 30,	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 2,802,575	\$ 2,643,754
Receipts from interfund services provided	78,675	79,463
Payments for interfund services used	(297,733)	(273,190)
Payments to suppliers	(872,435)	(1,112,128)
Payments to employees	(1,610,632)	(1,356,209)
Net cash flows from (for) operating activities	100,450	(18,310)
Cash Flows from Noncapital Financing Activities		
Transfers in	356,163	554,152
Federal sources - grants	61,919	121,516
Net cash flows from noncapital financing activities	418,082	675,668
Cash Flows (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(60,230)	(60,000)
Interest paid on long-term debt	(52,682)	(55,614)
Purchase of property, plant and equipment	(492,246)	(284,967)
Net cash flows (for) capital and related financing activities	(605,158)	(400,581)
Cash Flows from Investing Activities		
Investment income received	240,294	21,813
Net change in cash and investments	153,668	278,590
Cash and Investments, beginning of year	7,312,532	7,033,942
Cash and Investments, end of year	\$ 7,466,200	\$ 7,312,532
Reconciliation to Statement of Net Position:		
Cash and investments	\$ 7,346,644	\$ 7,192,976
Restricted cash and investments	119,556	119,556
Total Cash and Investments	\$ 7,466,200	\$ 7,312,532
Reconciliation of earnings (loss) from operations to net cash flows from operating activities:		
Loss from operations	\$ 313,086	\$ (373,345)
Adjustments to reconcile earnings (loss) from operations to net cash flows from by operating activities:		
Depreciation	705,839	804,158
Noncash State PERS relief	(24,350)	(41,025)
Other nonoperating revenues (expenses)	(102,770)	(361,147)
(Increase) decrease in assets:		
Accounts receivable	(6,085)	65,885
Inventory	(1,545)	(475)
Prepaid items	454	(475)
Net pension and OPEB assets	584,540	(612,399)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	108,726	96,757
Increase (decrease) in liabilities:		
Accounts payable	(23,839)	810
Accrued payroll and related liabilities	(27,167)	3,429
Accrued leave	(711)	7,707
Unearned revenue	(10,000)	10,000
Customer deposits	125	(1,624)
Net pension and OPEB liabilities	(644,978)	(309,976)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(770,875)	693,410
Net cash flows from (for) operating activities	\$ 100,450	\$ (18,310)

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

<i>June 30,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 30,433,851	\$ 27,432,986
Receivables:		
Accounts	314,457	374,001
Allowance for doubtful accounts	(2,224)	(2,224)
Inventory	305,997	266,797
Total Current Assets	31,052,081	28,071,560
Noncurrent Assets		
Property, plant and equipment:		
Land	2	2
Buildings	15,718,613	15,340,713
Improvements other than buildings	34,528,424	34,510,297
Machinery and equipment	752,544	746,094
Construction in progress	1,257,824	442,376
Accumulated depreciation	(25,412,972)	(24,373,538)
Property, plant and equipment, net	26,844,435	26,665,944
Net pension and OPEB assets	214,249	401,452
Total Noncurrent Assets	27,058,684	27,067,396
Total Assets	58,110,765	55,138,956
Deferred Outflows of Resources - related to pensions and OPEB	80,468	89,372
Total Assets and Deferred Outflows of Resources	\$ 58,191,233	\$ 55,228,328
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 270,031	\$ 138,144
Accrued payroll and related liabilities	5,982	19,429
Customer deposits	9,900	7,700
Accrued interest	21,021	22,780
Unearned revenue	100,000	-
Current portion of accrued leave	5,824	7,039
Current portion of loans payable	234,505	232,854
Total Current Liabilities	647,263	427,946
Noncurrent Liabilities		
Long term portion:		
Accrued leave	4,254	4,575
Loans payable	2,404,488	2,638,993
Net pension and OPEB liabilities	528,063	548,540
Total Noncurrent Liabilities	2,936,805	3,192,108
Total Liabilities	3,584,068	3,620,054
Deferred Inflows of Resources - related to pensions and OPEB	19,327	434,138
Total Liabilities and Deferred Inflows of Resources	3,603,395	4,054,192
Net Position		
Net investment in capital assets	24,205,442	23,794,097
Unrestricted	30,382,396	27,380,039
Total Net Position	54,587,838	51,174,136
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 58,191,233	\$ 55,228,328

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

<i>Years Ended June 30,</i>	2023	2022
Operating Revenues		
Sales and user charges	\$ 2,635,147	\$ 2,600,930
Meters	2,501,361	2,463,788
Other	37,625	36,397
Total Operating Revenues	5,174,133	5,101,115
Operating Expenses		
Water department:		
Salaries and benefits	393,574	458,351
Professional services	31,186	37,129
Goods and services	164,123	201,252
Repairs and maintenance	15,832	10,859
Utilities and fuel	333,811	344,094
Machinery and equipment	15,669	5,678
Total water department	954,195	1,057,363
Water treatment:		
Salaries and benefits	64,966	152,415
Professional services	3,213	4,150
Goods and services	92,083	73,746
Repairs and maintenance	8,581	19,707
Utilities and fuel	60,001	62,164
Machinery and equipment	939	1,324
Total water treatment	229,783	313,506
Interfund charges:		
Finance and administration	286,512	274,556
Public works services	13,192	11,658
Total interfund charges	299,704	286,214
Depreciation	1,039,434	1,007,005
Total Operating Expenses	2,523,116	2,664,088
Earnings from operations	2,651,017	2,437,027
Nonoperating Revenues (Expenses)		
Other revenue	-	4,611
Grant revenue	-	153,000
Investment income (loss)	815,819	(31,953)
Interest expense	(41,319)	(44,797)
Engineering and feasibility studies	(1,729)	(41,665)
State PERS relief	(10,086)	(20,560)
Nonoperating Revenues (Expenses), net	762,685	18,636
Earnings before transfers	3,413,702	2,455,663
Transfers in	-	54,220
Change in net position	3,413,702	2,509,883
Net Position, beginning of year	51,174,136	48,664,253
Net Position, end of year	\$ 54,587,838	\$ 51,174,136

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

<i>Years Ended June 30,</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 5,333,677	\$ 5,026,105
Payments for interfund services used	(299,704)	(286,214)
Payments to suppliers	(632,280)	(720,611)
Payments to employees	(722,790)	(724,245)
Net cash flows from operating activities	3,678,903	3,295,035
Cash Flows from Noncapital Financing Activities		
Transfers in	-	54,220
Grant revenue	-	153,000
Net cash flows from noncapital financing activities	-	207,220
Cash Flows (for) Capital and Related Financing Activities		
Principal paid on long term debt	(232,854)	(231,227)
Interest paid on long term debt	(43,078)	(46,545)
Purchase of property, plant and equipment	(1,217,925)	(154,873)
Net cash flows (for) capital and related financing activities	(1,493,857)	(432,645)
Cash Flows from (for) Investing Activities		
Investment income received	815,819	(31,953)
Net change in cash and investments	3,000,865	3,037,657
Cash and Investments, beginning of year	27,432,986	24,395,329
Cash and Investments, end of year	\$ 30,433,851	\$ 27,432,986
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 2,651,017	\$ 2,437,027
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
Depreciation	1,039,434	1,007,005
Noncash State PERS relief	(10,086)	(20,560)
Other nonoperating revenues (expenses)	(1,729)	(37,054)
(Increase) decrease in assets:		
Accounts receivable	59,544	(75,010)
Inventory	(39,200)	7,216
Net pension and OPEB assets	187,203	(339,332)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	8,904	53,614
Increase (decrease) in liabilities:		
Accounts payable	131,887	64,930
Accrued payroll and related liabilities	(13,447)	(1,325)
Unearned Revenue	100,000	-
Accrued leave	(1,536)	(18,338)
Customer deposits	2,200	4,400
Net pension and OPEB liabilities	(20,477)	(171,757)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(414,811)	384,219
Net cash flows from operating activities	\$ 3,678,903	\$ 3,295,035

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

<i>June 30,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 14,008,153	\$ 11,488,229
Receivables:		
Accounts	526,058	505,618
Allowance for doubtful accounts	(2,867)	(2,867)
Inventory	16,824	36,073
Prepaid items	2,130	8,392
Total Current Assets	14,550,298	12,035,445
Noncurrent Assets		
Property, plant and equipment:		
Land	16,931	16,931
Buildings	27,657,924	27,657,924
Improvements other than buildings	19,768,534	19,768,534
Machinery and equipment	2,998,213	2,972,448
Construction in progress	936,081	711,203
Accumulated depreciation	(33,921,079)	(32,791,272)
Property, plant and equipment, net	17,456,604	18,335,768
Net pension and OPEB assets	497,255	667,650
Total Noncurrent Assets	17,953,859	19,003,418
Total Assets	32,504,157	31,038,863
Deferred Outflows of Resources - related to pensions and OPEB	186,759	148,635
Total Assets and Deferred Outflows of Resources	\$ 32,690,916	\$ 31,187,498
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 105,138	\$ 115,127
Accrued payroll and related liabilities	12,791	43,013
Accrued interest	39,990	42,781
Current portion of accrued leave	33,051	34,255
Current portion of loans payable	347,404	346,629
Total Current Liabilities	538,374	581,805
Noncurrent Liabilities		
Long term portion:		
Accrued leave	44,243	31,016
Loans payable	4,439,783	4,787,187
Net pension and OPEB liabilities	1,225,590	912,268
Total Noncurrent Liabilities	5,709,616	5,730,471
Total Liabilities	6,247,990	6,312,276
Deferred Inflows of Resources - related to pensions and OPEB	44,856	722,013
Total Liabilities and Deferred Inflows of Resources	6,292,846	7,034,289
Net Position		
Net investment in capital assets	12,669,417	13,201,952
Unrestricted	13,728,653	10,951,257
Total Net Position	26,398,070	24,153,209
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 32,690,916	\$ 31,187,498

City of Kodiak, Alaska		
Sewer Utility Enterprise Fund		
Statements of Revenues, Expenses and Changes in Net Position		
<i>Years Ended June 30,</i>	2023	2022
Operating Revenues		
Sewer charges	\$ 5,583,398	\$ 5,260,204
Sanitary sewer and septic tank discharge	80,892	86,395
Lab testing fees	72,492	35,440
Compost fees	1,770	6,405
Other	16,618	302
Total Operating Revenues	5,755,170	5,388,746
Operating Expenses		
Sewer department:		
Salaries and benefits	169,573	133,306
Professional services	30,725	35,572
Goods and services	27,699	11,860
Repairs and maintenance	48,935	23,074
Utilities and fuel	12,778	9,554
Machinery and equipment	-	33,624
Total sewer department	289,710	246,990
Wastewater treatment:		
Salaries and benefits	802,182	862,371
Professional services	15,350	710,404
Goods and services	268,051	238,090
Repairs and maintenance	42,504	47,408
Utilities and fuel	302,481	259,550
Machinery and equipment	8,285	(25,875)
Total wastewater treatment	1,438,853	2,091,948
Compost facility:		
Salaries and benefits	108,426	73,515
Professional services	215,547	98,356
Goods and services	18,738	20,194
Repairs and maintenance	3,206	8,254
Utilities and fuel	20,110	24,252
Machinery and equipment	3,549	485
Total compost facility	369,576	225,056
Interfund charges:		
Finance and administration	441,504	341,680
Public works services	19,788	17,487
Total interfund charges	461,292	359,167
Depreciation	1,129,807	1,078,939
Total Operating Expenses	3,689,238	4,002,100
Earnings from operations	2,065,932	1,386,646
Nonoperating Revenues (Expenses)		
Other revenue	195	5,457
Investment income (loss)	359,867	(13,415)
Interest expense	(74,216)	(74,690)
Engineering and feasibility studies	(83,481)	(8,338)
State PERS relief	(23,436)	(28,752)
Nonoperating Revenues (Expenses), net	178,929	(119,738)
Change in net position	2,244,861	1,266,908
Net Position, beginning of year	24,153,209	22,886,301
Net Position, end of year	\$ 26,398,070	\$ 24,153,209

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

<i>Years Ended June 30,</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 5,734,730	\$ 5,360,438
Payments for interfund services used	(461,292)	(359,167)
Payments to suppliers	(1,085,722)	(1,446,915)
Payments to employees	(1,353,380)	(1,243,007)
Net cash flows from operating activities	2,834,336	2,311,349
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long term debt	(346,629)	(345,863)
Interest paid on long term debt	(77,007)	(52,247)
(Purchase) sale of property, plant and equipment	(250,643)	52,191
Net cash flows (for) capital and related financing activities	(674,279)	(345,919)
Cash Flows from (for) Investing Activities		
Investment income received	359,867	(13,415)
Net change in cash and investments	2,519,924	1,952,015
Cash and Investments, beginning of year	11,488,229	9,536,214
Cash and Investments, end of year	\$ 14,008,153	\$ 11,488,229
Reconciliation of earnings from operations to net cash flows from operating activities:		
Earnings from operations	\$ 2,065,932	\$ 1,386,646
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
Depreciation	1,129,807	1,078,939
Noncash State PERS relief	(23,436)	(28,752)
Other nonoperating revenues (expenses)	(83,286)	(2,881)
(Increase) decrease in assets:		
Accounts receivable	(20,440)	(28,308)
Inventory	19,249	1,061
Prepaid items	6,262	(8,392)
Net pension and OPEB assets	170,395	(564,339)
(Increase) decrease in deferred outflows of resources:		
Related to pensions and OPEB	(38,124)	89,164
Increase (decrease) in liabilities:		
Accounts payable	(9,989)	58,099
Accrued payroll and related liabilities	(30,222)	(1,700)
Accrued leave	12,023	(21,531)
Net pension and OPEB liabilities	313,322	(285,650)
Increase (decrease) in deferred inflows of resources:		
Related to pensions and OPEB	(677,157)	638,993
Net cash flows from operating activities	\$ 2,834,336	\$ 2,311,349

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

<i>June 30,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Prepaid items	\$ -	\$ 19,124
Inventory	2,930	2,930
Total Current Assets	2,930	22,054
Noncurrent Assets		
Restricted cash and investments - bond reserve	342,025	342,025
Property, plant and equipment:		
Machinery and equipment	18,149,505	18,149,505
Accumulated depreciation	(6,853,017)	(6,331,489)
Property, plant and equipment, net	11,296,488	11,818,016
Net pension and OPEB assets	39,903	94,763
Total Noncurrent Assets	11,678,416	12,254,804
Total Assets	11,681,346	12,276,858
Deferred Outflows of Resources - related to pensions and OPEB	14,987	21,096
Total Assets and Deferred Outflows of Resources	\$ 11,696,333	\$ 12,297,954
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 3,488	\$ -
Accrued payroll and related liabilities	454	1,534
Accrued interest	14,474	15,543
Due to other funds	1,666,753	1,476,629
Current portion of accrued leave	9,706	4,739
Current portion of bonds and loan payable	206,695	201,695
Total Current Liabilities	1,901,570	1,700,140
Noncurrent Liabilities		
Long term portion:		
Accrued leave	18,480	25,630
Bonds payable	3,582,219	3,742,923
Loans payable	279,000	325,500
Net pension and OPEB liabilities	98,350	129,483
Total Noncurrent Liabilities	3,978,049	4,223,536
Total Liabilities	5,879,619	5,923,676
Deferred Inflows of Resources - related to pensions and OPEB	3,600	102,480
Total Liabilities and Deferred Inflows of Resources	5,883,219	6,026,156
Net Position		
Net investment in capital assets	7,228,574	7,547,898
Restricted for debt service	342,025	342,025
Unrestricted (deficit)	(1,757,485)	(1,618,125)
Total Net Position	5,813,114	6,271,798
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 11,696,333	\$ 12,297,954

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

<i>Year Ended June 30,</i>	2023	2022
Operating Revenues - charges for services	\$ 217,067	\$ 215,305
Operating Expenses		
Salaries and benefits	(7,750)	44,663
Professional services	4,093	2,000
Goods and services	67,918	82,166
Repairs and maintenance	42,178	94,849
Machinery and equipment	-	14,256
Interfund charges:		
Finance and administration	38,392	58,526
Public works services	6,596	5,829
Harbormaster services	19,669	31,785
Depreciation	521,528	521,528
Total Operating Expenses	692,624	855,602
Loss from operations	(475,557)	(640,297)
Nonoperating Revenues (Expenses)		
Interest expense	(132,062)	(139,749)
State PERS relief	5,098	(2,117)
Nonoperating Revenues (Expenses), Net	(126,964)	(141,866)
Loss before transfers	(602,521)	(782,163)
Transfers in	143,837	-
Change in net position	(458,684)	(782,163)
Net position, beginning of year	6,271,798	7,053,961
Net Position, end of year	\$ 5,813,114	\$ 6,271,798

City of Kodiak, Alaska

Shipyard Enterprise Fund
Statements of Cash Flows

Years Ended June 30,	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 217,067	\$ 215,371
Payments for interfund services used	(64,657)	(96,140)
Payments to suppliers	(91,577)	(204,363)
Payments to employees	(59,459)	(54,360)
Net cash flows from (for) operating activities	1,374	(139,492)
Cash Flows from Noncapital Financing Activities		
Transfers in	143,837	-
Increases in due to other funds	190,124	471,851
Net cash flows from noncapital financing activities	333,961	471,851
Cash Flows (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(192,009)	(181,500)
Interest paid on long-term debt	(143,326)	(150,859)
Net cash flows (for) capital and related financing activities	(335,335)	(332,359)
Net change in cash and investments	-	-
Cash and Investments, beginning of year	342,025	342,025
Cash and Investments, end of year	\$ 342,025	\$ 342,025
Reconciliation to Statement of Net Position:		
Cash and investments	\$ -	\$ -
Restricted cash and investments	342,025	342,025
Total Cash and Investments	\$ 342,025	\$ 342,025
Reconciliation of loss from operations to net cash flows from (for) operating activities:		
Loss from operations	\$ (475,557)	\$ (640,297)
Adjustments to reconcile loss from (for) operations to net cash flows from operating activities:		
Depreciation	521,528	521,528
Noncash State PERS relief	5,098	(2,117)
(Increase) decrease in assets		
Accounts receivable	-	66
Prepaid items	19,124	(8,611)
Net pension and OPEB assets	54,860	(80,100)
(Increase) decrease in deferred outflows of resources		
Related to pensions and OPEB	6,109	12,656
Increase (decrease) in liabilities:		
Accounts payable	3,488	(2,481)
Accrued payroll and related liabilities	(1,080)	307
Accrued leave	(2,183)	9,405
Net pension and OPEB liabilities	(31,133)	(40,544)
Increase in deferred inflows of resources related to pensions and OPEB	(98,880)	90,696
Net cash flows from (for) operating activities	\$ 1,374	\$ (139,492)

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

<i>June 30,</i>	2023	2022
Assets		
Current Assets		
Cash and investments	\$ 907,238	\$ 860,836
Accounts receivable	81,993	58,335
Total Current Assets	989,231	919,171
Property, plant and equipment:		
Machinery and equipment	140,556	140,556
Accumulated depreciation	(140,556)	(140,556)
Property, plant and equipment, net	-	-
Total Assets	\$ 989,231	\$ 919,171
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 52,268	\$ 29,210
Customer deposits	2,000	2,000
Total Current Liabilities	54,268	31,210
Net Position		
Unrestricted	934,963	887,961
Total Net Position	934,963	887,961
Total Liabilities and Net Position	\$ 989,231	\$ 919,171

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

<i>Years Ended June 30,</i>	2023	2022
Operating Revenues		
Energy charges	\$ 611,629	\$ 630,117
Customer charges	104,583	104,686
Other operating revenues	37,839	37,244
Total Operating Revenues	754,051	772,047
Operating Expenses		
Goods and services	629,706	629,671
Repairs and maintenance	35,299	30,049
Interfund charges:		
Finance and administration	46,076	37,036
Harbormaster services	19,669	15,893
Total Operating Expenses	730,750	712,649
Earnings from operations	23,301	59,398
Nonoperating Revenues - investment income (loss)	23,701	(1,094)
Change in net position	47,002	58,304
Net Position, beginning of year	887,961	829,657
Net Position, end of year	\$ 934,963	\$ 887,961

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

<i>Year Ended June 30,</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 730,393	\$ 770,523
Payments for interfund services used	(65,745)	(52,929)
Payments to suppliers	(641,947)	(665,539)
Net cash flows from operating activities	22,701	52,055
Cash Flows from Investing Activities		
Investment income received	23,701	(1,094)
Net change in cash and investments	46,402	50,961
Cash and Investments, beginning of year	860,836	809,875
Cash and Investments, end of year	\$ 907,238	\$ 860,836
Reconciliation of earnings from operations to net cash flows from (for) operating activities:		
Earnings from operations	\$ 23,301	\$ 59,398
Adjustments to reconcile earnings from operations to net cash flows from operating activities:		
(Increase) decrease in assets - accounts receivable	(23,658)	(1,524)
Increase (decrease) in liabilities - accounts payable	23,058	(5,819)
Net cash flows from operating activities	\$ 22,701	\$ 52,055

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

<i>June 30,</i>	2023	2022
Assets		
Current Assets		
Accounts receivable	\$ -	\$ 1,170
Leases receivable	12,059	12,059
Total Current Assets	12,059	13,229
Noncurrent Assets		
Property, plant and equipment:		
Improvements other than buildings	5,589,593	5,589,593
Accumulated depreciation	(3,848,479)	(3,599,751)
Property, plant and equipment, net	1,741,114	1,989,842
Leases receivable	16,850	29,349
Total Noncurrent Assets	1,757,964	2,019,191
Total Assets	\$ 1,770,023	\$ 2,032,420
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 1,852	\$ 1,952
Customer deposits	1,536	1,536
Due to other funds	162,893	154,986
Total Current Liabilities	166,281	158,474
Deferred Inflows of Resources - Leases	28,387	40,100
Total Liabilities and Deferred Inflows of Resources	194,668	198,574
Net Position		
Net investment in capital assets	1,741,114	1,989,842
Unrestricted (deficit)	(165,759)	(155,996)
Total Net Position	1,575,355	1,833,846
Total Liabilities and Net Position	\$ 1,770,023	\$ 2,032,420

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

<i>Years Ended June 30,</i>	2023	2022
Operating Revenues		
Moorage	\$ 13,309	\$ 14,378
Rentals	45,585	46,784
Total Operating Revenues	58,894	61,162
Operating Expenses		
Professional services	-	4,200
Goods and services	20,777	27,837
Repairs and maintenance	7,513	3,080
Utilities and fuel	20,764	19,355
Interfund charges:		
Finance and administration	13,007	7,445
Public works services	6,596	5,829
Depreciation	248,728	248,728
Total Operating Expenses	317,385	316,474
Loss from operations	(258,491)	(255,312)
Net Position, beginning of year	1,833,846	2,089,158
Net Position, end of year	\$ 1,575,355	\$ 1,833,846

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

<i>Years Ended June 30,</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 60,850	\$ 58,684
Payments for interfund services used	(19,603)	(13,274)
Payments to suppliers	(49,154)	(67,766)
Net cash flows (for) operating activities	(7,907)	(22,356)
Cash Flows from Noncapital Financing Activities		
Decrease in due to other funds	7,907	22,356
Net change in cash and investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of loss from operations to net cash flows from (for) operating activities:		
Loss from operations	\$ (258,491)	\$ (255,312)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	248,728	248,728
(Increase) decrease in assets - accounts receivable	1,170	(1,170)
(Increase) decrease in assets - leases receivable	12,499	12,059
Increase (decrease) in liabilities - accounts payable	(100)	(13,294)
Increase (decrease) in deferred inflow of resources - leases	(11,713)	(13,367)
Net cash flows (for) operating activities	\$ (7,907)	\$ (22,356)

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

<i>June 30,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Receivable from Kodiak Island Borough	\$ 120,412	\$ 116,600
Prepaid expenses	19,176	11,028
Total Current Assets	139,588	127,628
Noncurrent Assets		
Property, plant and equipment:		
Machinery and equipment	42,121	33,186
Accumulated depreciation	(6,318)	(1,660)
Property, plant and equipment, net	35,803	31,526
Net pension and OPEB assets	219,774	470,370
Total Noncurrent Assets	255,577	501,896
Total Assets	395,165	629,524
Deferred Outflows of Resources - related to pensions and OPEB	82,543	104,716
Total Assets and Deferred Outflows of Resources	\$ 477,708	\$ 734,240
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 8,148	\$ -
Accrued payroll and related liabilities	8,133	24,986
Due to other funds	3,000,291	2,347,349
Current portion of accrued leave	16,759	18,963
Total current liabilities	3,033,331	2,391,298
Noncurrent liabilities		
Long term portion of accrued leave	20,593	17,756
Net pension and OPEB liabilities	541,681	642,707
Total noncurrent liabilities	562,274	660,463
Total liabilities	3,595,605	3,051,761
Deferred Inflows of Resources - related to pensions and OPEB	19,825	508,670
Total Liabilities and Deferred Inflows of Resources	3,615,430	3,560,431
Net Position		
Net investment in capital assets	35,803	33,186
Unrestricted (deficit)	(3,173,525)	(2,859,377)
Total Net Position	(3,137,722)	(2,826,191)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 477,708	\$ 734,240

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

<i>Years Ended June 30,</i>	2023	2022
Operating Revenues - charges for services	\$ 336,165	\$ 299,460
Operating Expenses		
Salaries and benefits	512,770	688,473
Professional services	154,465	169,951
Support goods and services	3,825	258
Depreciation	4,658	1,660
Total Operating Expenses	675,718	860,342
Loss from operations	(339,553)	(560,882)
Nonoperating Revenues		
State PERS relief	28,022	(23,341)
Change in net position	(311,531)	(584,223)
Net Position, beginning of year	(2,826,191)	(2,241,968)
Net Position, end of year	\$ (3,137,722)	\$ (2,826,191)

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

<i>Years Ended June 30,</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 332,353	\$ 297,667
Payments to suppliers	(166,995)	(170,931)
Payments to employees	(809,365)	(813,836)
Net cash flows (for) from operating activities	(644,007)	(687,100)
Cash Flows from Noncapital Financing Activities		
Increase in due to other funds	652,942	720,286
Cash Flows (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	(8,935)	(33,186)
Net change in cash and investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investment, end of year	\$ -	\$ -
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:		
Loss from operations	\$ (339,553)	\$ (560,882)
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:		
Depreciation	4,658	1,660
Noncash State PERS relief	28,022	(23,341)
(Increase) Decrease in assets:		
Accounts receivable	(3,812)	(1,793)
Prepaid expenses	(8,148)	(6,559)
Net pension and OPEB asset	250,596	(397,586)
(Increase) Decrease in deferred outflows related to pensions and OPEB	22,173	62,817
Increase (Decrease) in liabilities		
Accounts payable	8,148	-
Accrued payroll and related liabilities	(16,853)	(722)
Accrued leave	633	(9,630)
Net pension and OPEB liabilities	(101,026)	(201,245)
Increase (Decrease) in deferred inflows related to pensions and OPEB	(488,845)	450,181
Net cash flows (for) operating activities	\$ (644,007)	\$ (687,100)

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
Statements of Net Position

<i>June 30,</i>	2023	2022
Assets		
Current Assets		
Cash and investments	\$ 72,586	\$ 87,368
Total Assets	\$ 72,586	\$ 87,368
Liabilities and Net Position		
Liabilities - accounts payable	\$ 500	\$ -
Net Position - unrestricted	72,086	87,368
Total Liabilities and Net Position	\$ 72,586	\$ 87,368

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

<i>Years Ended June 30,</i>	2023	2022
Operating Revenues - charges for services	\$ 1,094,947	\$ 1,138,608
Operating Expenses - insurance	1,112,245	1,088,640
Earnings (loss) from operations	(17,298)	49,968
Nonoperating Revenues - investment income (loss)	2,016	(49)
Change in net position	(15,282)	49,919
Net Position , beginning of year	87,368	37,449
Net Position , end of year	\$ 72,086	\$ 87,368

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

<i>Years Ended June 30,</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from interfund services provided	\$ 1,094,947	\$ 1,138,608
Payments to suppliers	(1,111,745)	(1,088,640)
Net cash flows from (for) operating activities	(16,798)	49,968
Cash Flows from (for) Investing Activities		
Investment income received	2,016	(49)
Net change in cash and investments	(14,782)	49,919
Cash and Investments, beginning of year	87,368	37,449
Cash and Investments, end of year	\$ 72,586	\$ 87,368
Reconciliation of income (loss) from operations to net cash flows from (for) operating activities:		
Income (loss) from operations	\$ (17,298)	\$ 49,968
Adjustments to reconcile income (loss) from operations to net cash flows for operating activities:		
Increase in liabilities - accounts payable	500	-
Net cash flows from (for) operating activities	\$ (16,798)	\$ 49,968

State Expenditures

The Schedule of State Financial Assistance itemizes the sources of state grant funds received by the City during the year and corresponding expenditures as required by *State of Alaska Audit Guide and Compliance Supplement*.

City of Kodiak, Alaska

Schedule of State Financial Assistance

Year Ended June 30, 2023

State Grantor	Program Number	Program or Award Amount	State Expenditures
Department of Commerce, Community, and Economic Development:			
Direct Program -			
# Kodiak Fire Station	23-DC-043	\$ <u>15,000,000</u>	<u>1,057,830</u>
Total state financial assistance		\$ <u><u>15,000,000</u></u>	<u><u>1,057,830</u></u>
Reconciliation to Intergovernmental Revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balances:			
Total State financial assistance per above schedule			\$ 1,057,830
Total Federal expenditures			643,102
Federal expenditures recorded in the Enterprise Funds			(61,919)
Community Revenue Sharing			205,086
PERS On-behalf			246,696
PERS On-behalf recorded in the Enterprise Funds prior to adjustment to match the measurement date of the net pension and OPEB liabilities as required by GASB 68 and 75			(65,417)
Shared Fisheries Business and Resource Landing Taxes			1,074,267
Liquor Licenses			19,700
Fuel Tax			5,709
Electric Cooperative Tax			43,282
Marijuana License Fees			<u>1,075</u>
Total Intergovernmental Revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit B-3).			<u><u>\$ 3,169,411</u></u>

See accompanying notes to the Schedule.

City of Kodiak, Alaska

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the “Schedule”) includes the state award activity of City of Kodiak, Alaska, under programs of the State of Alaska for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Kodiak, it is not intended to and does not present the basic financial statements of City of Kodiak.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City’s basic financial statements.

Note 3. Subrecipients

No state funds were passed through to subrecipients.

Note 4. Major Programs

denotes a major program for compliance audit purposes.

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, 2023, and the related notes to the financial statements, which collectively comprise the City of Kodiak's basic financial statements, and have issued our report thereon dated January 18, 2024.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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
January 18, 2024

Report on Compliance For Each Major State Program and Report on Internal Control over Compliance as Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Independent Auditor's Report

Honorable Mayor and City Council
City of Kodiak, Alaska

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Kodiak's compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplements* that could have a direct and material effect on each of City of Kodiak's major State programs for the year ended June 30, 2023. City of Kodiak's major State programs are identified on the Schedule of State Financial Assistance.

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 State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements in the *State of Alaska Audit Guide*. Our responsibilities under those standards and the *State of Alaska Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Kodiak and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of City of Kodiak's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Kodiak's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Kodiak's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Kodiak's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Kodiak's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Kodiak's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of City of Kodiak's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 State 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 State 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 State 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 State of Alaska. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska
January 18, 2024

City of Kodiak, Alaska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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

State Awards

Internal control over major programs:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None Reported

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

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

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

Section III - State Award Findings and Questioned Costs

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