

KENAI PENINSULA BOROUGH ALASKA



Sarah Hostetter

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR FISCAL YEAR
ENDED JUNE 30, 2025

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

**KENAI PENINSULA BOROUGH
ALASKA**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

Peter A. Micciche
BOROUGH MAYOR

PREPARED BY
DEPARTMENT OF FINANCE

Brandi Harbaugh
FINANCE DIRECTOR

Sara Dennis
CONTROLLER

Kenai Peninsula Borough, Alaska
Annual Comprehensive Financial Report
Table of Contents
Year Ended June 30, 2025

| INTRODUCTION SECTION | <u>Page</u> |
|--|--------------------|
| Table of Contents | i-iii |
| Letter of Transmittal | 1-5 |
| GFOA Certificate of Achievement | 6 |
| Organizational Chart | 7 |
| List of Principal Officials | 8 |
| Finance Department | 9 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 11-14 |
| Management's Discussion and Analysis | 15-26 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 27-29 |
| Statement of Activities | 30-31 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 32-34 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 35 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 36-38 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 39 |
| General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual | 40-41 |
| Land Trust Special Revenue Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual | 42 |
| Proprietary Funds: | |
| Statement of Net Position | 43 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | 44 |
| Statement of Cash Flows | 45 |
| Fiduciary Funds: | |
| Statement of Fiduciary Fund Net Position | 46 |
| Statement of Changes in Fiduciary Net Position | 47 |
| Notes to Financial Statements | 49-89 |

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

FINANCIAL SECTION, continued

Page

Required Supplementary Information

| | |
|--|-------|
| Schedule of the Borough's Proportionate Share of the Net Pension Liability and Schedule of Borough Contributions (Pension Plan) | 91 |
| Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) and Schedule of Borough Contributions (ARHCT OPEB Plan) | 92 |
| Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) and Schedule of Borough Contributions (RMP OPEB Plan) | 93 |
| Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) and Schedule of Borough Contributions (ODD OPEB Plan) | 94 |
| Notes to Required Supplementary Information | 95-96 |

Supplementary Information

Nonmajor Governmental Funds

| | |
|---|----|
| Combining Balance Sheet | 97 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 98 |

Nonmajor Special Revenue Funds:

| | |
|---|---------|
| Combining Balance Sheet | 100-103 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 104-107 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: | |
| Nikiski Fire Service Area | 108 |
| Bear Creek Fire Service Area | 109 |
| Western Emergency Service Area | 110 |
| Central Emergency Service Area | 111 |
| Kachemak Emergency Service Area | 112 |
| Central Peninsula Emergency Medical Service Area | 113 |
| North Peninsula Recreation Service Area | 114 |
| Seldovia Recreational Service Area | 115 |
| Eastern Peninsula Highway Emergency Service Area | 116 |
| Road Service Area | 117 |
| Seward Bear Creek Flood Service Area | 118 |
| 911 Communications | 119 |
| Nikiski Senior Service Area | 120 |

Nonmajor Capital Projects Funds:

| | |
|---|---------|
| Combining Balance Sheet | 122-124 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 125-127 |

Nonmajor Debt Service Funds

| | |
|--|-----|
| Combining Balance Sheet | 130 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 131 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: | |
| School | 132 |
| Bear Creek Fire Service Area | 133 |
| Central Emergency Services | 134 |

Internal Service Funds

| | |
|---|-----|
| Combining Statement of Net Position | 136 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | 137 |
| Combining Statement of Cash Flows | 138 |

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

FINANCIAL SECTION, continued

Page

Capital Assets

| | |
|---|---------|
| Capital Assets Used in the Operation of Governmental Funds – Schedule by Source | 139 |
| Capital Assets Used in the Operation of Governmental Funds – Schedule of Changes by Function and Activity | 140 |
| Capital Assets Used in the Operation of Governmental Funds – Schedule by Function and Activity | 141-143 |

STATISTICAL SECTION

Table No. Page

| | | |
|---|-------|---------|
| Government-wide information: | | |
| Net Position by Component | I | 145 |
| Changes in Net Position | II | 146-147 |
| Governmental Activities Tax Revenues by Source | III | 148 |
| Fund information: | | |
| Fund Balances of Governmental Funds | IV | 149 |
| Changes in Fund Balances of Governmental Funds | V | 150 |
| General Government Significant Revenues by Source | VI | 151 |
| Other information: | | |
| Assessed Value and Estimated Actual Value of Taxable Property | VII | 152 |
| Property Tax Rates - Direct and Overlapping Governments | VIII | 153 |
| Principal Property Taxpayers | IX | 154 |
| Taxable Sales by Line of Business | X | 155 |
| Property Tax Levies and Collections | XI | 156 |
| Ratios of Outstanding Debt by Type and Per Capita | XII | 157 |
| Computation of Direct and Overlapping Debt | XIII | 158 |
| Legal Debt Margin Information | XIV | 158 |
| Demographic and Economic Statistics | XV | 159 |
| Principal Employers | XVI | 159 |
| Full-time Equivalent Borough Government Employees by Function | XVII | 160 |
| Operating Indicators by Function | XVIII | 161 |
| Capital Asset Statistics by Function | XIX | 162 |

DETAILED FEDERAL AND STATE SCHEDULES

| | |
|--|---------|
| Detailed Schedule of Expenditures of Federal Awards | 163-165 |
| Notes to the Detailed Schedule of Expenditures of Federal Awards | 166 |
| Detailed Schedule of State Financial Assistance | 167-170 |
| Notes to the Detailed Schedule of State Financial Assistance | 171 |

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November 7, 2025

Citizens of the Kenai Peninsula Borough and Honorable Members of the Assembly:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Kenai Peninsula (Borough) for the year ended June 30, 2025, which is submitted in accordance with Section 29.35.120 of Alaska Statutes and Borough code. These laws require that a complete set of financial statements be presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards in the United States of America and those standards applicable to audits performed in accordance with Government Auditing Standards by licensed independent certified public accountants.

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

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

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

The Borough's financial statements have been audited by BDO USA P.C., a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon

the audit, that there was a reasonable basis for rendering an unmodified opinion that the Borough's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Kenai Peninsula Borough

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 square miles and is located in the south-central part of the state of Alaska. The estimated population for the Borough is 61,305.

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

The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class boroughs provide certain services on an areawide basis to all taxpayers. All other services must be approved by a majority of voters who are to receive the services. This gives taxpayers control over the type and level of services they receive and pay through taxation. Currently, the Borough provides the following areawide services: assessment and collection of property taxes and sales tax collection for the Borough and cities within the Borough, planning, solid waste disposal, education, senior citizen funding, postsecondary education, 911 emergency communications, emergency management and general administrative services. Non-areawide services provided by the Borough include fire protection, hospital services, emergency medical and ambulance services, recreation, senior citizen funding, road maintenance, economic development, tourism promotion, and special assessment authority for utility

extensions and road improvement districts. The Borough also has non-area-wide port and harbor powers that are not currently exercised. Funding for the Borough, by order of financial significance, is provided from property tax, sales tax, federal revenue, other sources, state revenue, and interest earnings.

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

Budgetary Control

The annual budget serves as the foundation for the Borough's financial planning and control. All departments and service areas submit budgets to the mayor on or about February 20th. The mayor uses these requests for developing a proposed budget. The mayor submits his proposed budget to the Assembly at the first regular assembly meeting in May. The Assembly is required to hold public hearings on the proposed budget. Alaska State Statute requires that the mill rate be set prior to June 15th of the tax year. The budget is appropriated by fund, department, and object. The mayor is authorized to make transfers of unencumbered balances within funds, which then is reported to the Assembly on a monthly basis. Assembly action is required to transfer between funds and departments or other major budget classifications. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund and Central Emergency Services Service Area, the comparisons are presented on pages 40-42 as part of the basic financial statements for the governmental funds. For other nonmajor governmental funds, the comparisons start on page 104.

Local Economy

The Borough economy is highly diverse. The five industry categories that have the most employment are local government, retail trade, leisure and hospitality, natural resources and healthcare. Together they represent most of the Borough's employment. That diversity allows the Borough to be more resilient to declines in any one industry. The Borough's economy has experienced consistent, gradual growth since the late 1980's. Boroughwide, the general government tax rate has decreased from a high of 8.59 mills in FY1996 to its current FY2024 rate of 3.85 mills. The Borough also has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales in FY2025 were \$1.59 billion, an increase of 1.3% from the prior year. Sales tax continues to generate a substantial portion of the Borough's General Fund revenue; in FY2016, sales tax revenue represented 39% of total General Fund revenues; in FY2025, sales tax revenues represented 43.6%.

Oil and gas continue to play a vital role in the Borough's economy, although the players have changed. Large national and multinational companies have largely been replaced by independents, which resulted in a resurgence in exploration and production. This has led to new wells in the Anchor Point and Kenai area, jackup rigs being used in Cook Inlet, along with increased exploration in other areas of the Borough, resulting in an increase in assessed value for oil and gas properties. Assessed values for oil and gas properties increased from \$1.22 million for FY2016, to \$1.69 billion in FY2025. During this same timeframe, oil production for the borough has decreased from approximately 4.1 million barrels annually to approximately 1.5 million barrels annually. The impact to the Borough if the global reduction in the price of gas and oil continues is unknown at this time.

Traditionally the borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work in the fishing and tourism industry. In FY2020 and FY2021, the Covid-19 worldwide pandemic created temporary increases in unemployment across the nation and in the Borough as high as 17.2% in April 2020. Unemployment rates in the borough have come down to 6.7% as of February 2025 and it is anticipated that unemployment rates will slowly decrease in 2025.

| Calendar Year Ending | Unemployment Rate | Increase (Decrease) | Calendar Year Ending | Unemployment Rate | Increase (Decrease) |
|---------------------------------|------------------------------|--------------------------------|---------------------------------|------------------------------|--------------------------------|
| 2017 | 8.20% | -0.40% | 2021 | 7.60% | -2.30% |
| 2018 | 7.50% | -0.70% | 2022 | 5.00% | -2.60% |
| 2019 | 6.60% | -0.90% | 2023 | 5.00% | 0.00% |
| 2020 | 9.90% | 3.30% | 2024 | 5.30% | 0.30% |

Data is provided by the State of Alaska, Department of Labor and Workforce Development, and reflects the average for the prior 12 months as of December.

Long-Term Financial Planning

A significant measure of the Borough's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The Assembly takes the responsibility of being stewards of the public's funds very seriously and has adopted the following General Fund reserve policy: reserve funds shall not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. The Borough has adopted financial policies that will ensure that the Borough maintains an appropriate fund balance in line with recommended best practices. The General Fund's minimum fund balance assigned amount of 22.1 million is equal to the required minimum fund balance reserve. Per the minimum fund balance policy, the Borough must bring the assigned minimum fund balance reserve amount in compliance within 3 years. The minimum fund balance assigned amount represents 20% of the General Fund operating expenditures (including transfers), leaving the Borough in a solid financial position to adequately prepare for the expected reductions in revenues caused by the changes in the property tax laws and real property valuations associated with the economic environment.

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

Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75 require the Borough to recognize its proportionate share of the cost sharing plan's net pension liability and net liability for other postemployment benefits (OPEB). This does not change the actual contributions by the employers, as those are based on Alaska Statutes. For additional detail, reference footnote K on pages 75-88 in the basic financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kenai Peninsula Borough for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This is the 46th consecutive year the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized ACFR, whose contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

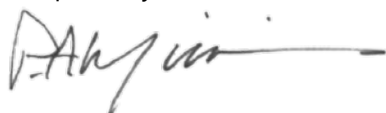
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Borough received from the GFOA, the Distinguished Budget Presentation Award for FY2025, for publishing a budget document that meets the program criteria as a policy document, an operations guide, a financial plan and a communications device, **with special recognition for the capital program receiving the highest possible score for that section.** This is the 31st year the Borough has received this award. The Borough also received from the GFOA for the 11th year, the Award for Outstanding Achievement for Popular Annual Financial Reporting. This award recognizes governments that successfully produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

The preparation of this report was made possible by the dedicated service of the entire staff of the Borough Finance Department. We also want to thank the finance department staff at the Kenai Peninsula Borough School District, the South Peninsula Hospital, and Central Peninsula Hospital for their assistance. Due credit should also be given to the members of the Borough Assembly for their support of the financial operations of the Borough.

We want to thank the public for their interest in the Kenai Peninsula Borough's financial activities and hope this report will be helpful.

Respectfully submitted,



Peter A. Micciche
Borough Mayor



Brandi Harbaugh, CPA, CPFO
Finance Director

For the 46th consecutive year, the Kenai Peninsula Borough has earned the highest form of recognition in the area of governmental accounting and financial reporting with an award-winning annual comprehensive financial report (ACFR). The Kenai Peninsula Borough was awarded a Certificate of Achievement for Excellence by the Governmental Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ended June 30, 2024.

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

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



Government Finance Officers Association

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

Presented to

**Kenai Peninsula Borough
Alaska**

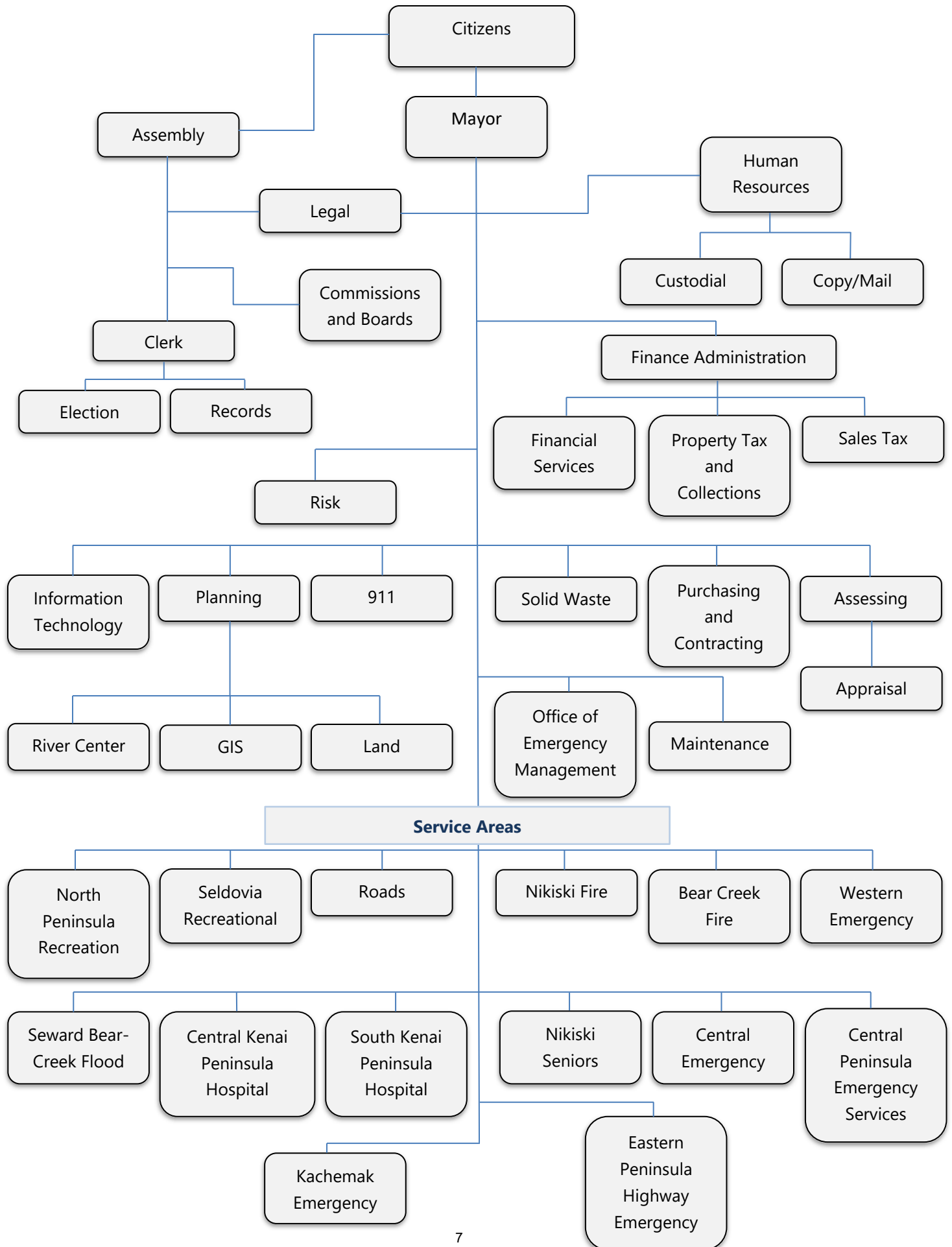
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Monill

Executive Director/CEO

Kenai Peninsula Borough - Organizational Chart



KENAI PENINSULA BOROUGH

List of Principal Officials

Assembly Members

| | |
|---------------|----------------|
| Peter Ribbens | President |
| Kelly Cooper | Vice President |
| James Baisden | |
| Ryan Tunseth | |
| Tyson Cox | |
| Leslie Morton | |
| Cindy Ecklund | |
| Brent Johnson | |
| Willy Dunne | |

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

Borough Administration

| | |
|---|-------------------------|
| Borough Mayor | Peter A. Micciche |
| Chief of Staff | Vacant |
| Finance Director | Brandi Harbaugh |
| Borough Attorney | Sean Kelley |
| Director of Human Resources | Justen Huff |
| Borough Clerk | Michele Turner |
| Emergency Management Senior Manager | Brenda Ahlberg |
| 911 Operations Manager | Tammy Goggia-Cockrell |
| Director of Information Technology | Benjamin Hanson |
| Borough Assessor | Adeena Wilcox |
| Director of Planning | Robert Ruffner |
| River Center Manager | Samantha Lopez |
| Land Management Manager | Marcus Mueller |
| Director of Maintenance | Nicholas Kemp |
| Director of Solid Waste | Thomas Winkler (Acting) |
| Purchasing & Contracting Director | John Hedges |
| Roads Director | Dil Uhlin |
| Risk Manager | Sovala Kisena |
| Director of North Peninsula Recreation Service Area | Eric Eleton |
| Fire Chief - Central Emergency Services | Roy Browning |
| Fire Chief – Nikiski Fire Service Area | John Harris |
| Fire Chief – Western Emergency Services | Jon Marsh |
| Fire Chief – Bear Creek Fire Service Area | Richard Brackin |
| Fire Chief - Kachemak Emergency Services | Eric Schultz |

KENAI PENINSULA BOROUGH

Finance Department

Finance Director

Brandi Harbaugh

Division Managers

Sara Dennis
Chad Friedersdorff
Nolan Scarlett
Lauri Lingafelt

Controller
Budget and Treasury
Property Tax
Sales Tax

Accounting Staff

Lori Johnson
Tyra Rivera
Gina Del Gaizo
DeRay Jones
Tiffany Boardman
Jennifer Beauchamp
Audra Winsmann
Gregory Cheever

Misty Jenkins
Brittany Carter
Miranda Boehmler
Sydney Krager
Renae Hawkes
Kathy Trinh
Christina Griffith
Makiah Stafford

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AUDITOR REPORT



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and Borough Assembly
Kenai Peninsula Borough
Soldotna, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Kenai Peninsula Borough, Alaska (the Borough), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Land Trust Special Revenue Fund 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 (GAAS) 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 Borough 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.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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 Borough'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 GAAS 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 GAAS 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 Borough'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 Borough'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 management's discussion and analysis and the schedules of the Borough's proportionate share of the net pension and net OPEB liability or asset and the Borough's contributions 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The combining and individual fund financial statements and schedules, capital asset schedules, detailed schedule of expenditures of federal awards and detailed schedule of state financial assistance 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 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules, capital asset schedules, detailed schedule of expenditures of federal awards and detailed schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
November 18, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Kenai Peninsula Borough

Management's Discussion and Analysis

This section of the Kenai Peninsula Borough (Borough) Annual Comprehensive Financial Report (ACFR) provides readers with a narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2025. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the Borough's financial activity, identify changes in the Borough's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Borough's transmittal letter (pages 1-5), the financial statements (pages 27-47) and the notes to the financial statements (pages 49-90).

Financial Highlights

- At the close of FY2025, the Kenai Peninsula Borough assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$363.6 million (net position). Of this amount, \$28.4 million (unrestricted net position) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors.
- The Borough's total net position increased \$31.6 million when compared to the net position at the beginning of the fiscal year.
- The Kenai Peninsula Borough has established a formal fund balance policy affecting the General Fund, annually budgeted special revenue funds and general government capital project funds. The policy sets both minimum and maximum levels.
- At the end of the current fiscal year, total fund balance for the General Fund was \$51 million, an increase of \$8.1 million from FY2024. The assigned and unassigned fund balance for FY2025, not including the amount related to minimum fund balance policy, is \$27.4 million. This compares to the FY2024 amount of \$20.5 million. The FY2025 balance represents 27% of the total General Fund expenditures and transfers balance, and compares to 19% as of June 30, 2024.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$206 million, an increase of \$12.5 million from the prior year. Most of this increase is associated with a \$6 million increase in revenue related to property tax, as assessed values increased on average 8% in fiscal year 2025. Investment earnings also experienced an increase of 13% or \$1.5 million over FY2024 as market rates stayed fairly consistent in FY2025 with some declining yields in early FY2026. The Borough's governmental funds also lapsed approximately 8% or \$11 million from the revised expenditure budget for FY2025, this being offset by the use of fund balance as bond funded capital projects get under way.

Overview of the Financial Statements

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

| Fund Type | Number of funds |
|-------------------------------------|------------------------|
| General Fund | 1 |
| Debt Service Funds | 3 |
| Capital Project Funds | 12 |
| Special Revenue Funds | 18 |
| Total Governmental Funds | 34 |
| Total Internal Service Funds | 4 |
| Total Fiduciary Fund | 1 |

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

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

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

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

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

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

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

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

The Borough maintains 34 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, School Bond Capital Project Fund, Land Trust Special Revenue Fund, Miscellaneous Grant Special Revenue Fund, and Solid Waste Capital Project Fund, which are considered major funds. The other 29 governmental funds are combined and shown as Total Nonmajor Governmental Funds on the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds are presented in the Combining Balance Sheet Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Capital Project Funds, Combining Balance Sheet Nonmajor Debt Service Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Capital Project Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Debt Service Funds.

The basic governmental fund financial statements can be found on pages 32-42 of this report. Budgetary comparison statements/schedules for 14 special revenue funds and 3 debt service funds with annual budgets are provided on pages 42, 108-120 and 132-134, respectively to demonstrate compliance with these budgets.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 43-45 of this report.

3) Fiduciary funds. Fiduciary funds are used to account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the Borough cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary fund financial statements can be found on pages 46-47 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-90 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 100-107, 122-127, 130-131 and internal service funds can be found on pages 136-138 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, net position at June 30, 2025 was \$363.6 million compared to \$332 million at June 30, 2024. By far the largest portion of the Borough's net position (58.4%) reflects its net investment in capital assets (e.g. land, buildings, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

During FY2025, governmental activities capital assets, net of accumulated depreciation of the Borough increased \$13.5 million. Current and other assets include \$257.0 million and \$243.0 million of cash and investments held for governmental activities at June 30, 2025 and 2024.

Kenai Peninsula Borough

Summary of Net Position

June 30, 2025 and 2024

Governmental

Activities

(in millions)

| | <u>2025</u> | <u>2024</u> |
|----------------------------------|------------------------|------------------------|
| Current and other assets | \$298.9 | \$283.6 |
| Capital assets | <u>241.0</u> | <u>227.5</u> |
| Total assets | <u>539.9</u> | <u>511.1</u> |
| Deferred outflow of resources | <u>6.3</u> | <u>6.9</u> |
| Long-term debt outstanding | 131.7 | 122.5 |
| Other liabilities | <u>32.6</u> | <u>42.5</u> |
| Total liabilities | <u>164.3</u> | <u>165.0</u> |
| Deferred inflows of resources | <u>18.3</u> | <u>21.0</u> |
| Net position: | | |
| Net investment in capital assets | 212.3 | 205.6 |
| Restricted | 122.9 | 118.2 |
| Unrestricted | <u>28.4</u> | <u>8.2</u> |
| Total net position | <u>\$ 363.6</u> | <u>\$ 332.0</u> |

Governmental Activities

Governmental activities increased the Borough's net position by \$31.6 million in FY2025 compared to \$14.7 million in FY2024. Key elements of the change in net position for the year are as follows:

- In FY2025 Borough assessed values increased 8%, as a result property tax revenues increased 8% or \$3.65 million in the general fund and 7.5% or \$2.65 million in the other governmental funds. This increased the Borough's net position \$6.3 million in FY2025.
 - The Borough's governmental funds also lapsed approximately 8% or \$11 million from the revised expenditure budget for FY2025, this increased the Borough's net position in FY2025.
 - The Borough's capital project funds ended FY2025 with \$24.8 million in committed fund balance. These dollars represent existing projects that were funded through transfers from each respective operating fund but unspent to date and roll into the Government-wide Statement of Net Position as unrestricted net position, though these funds are committed through appropriation approved by assembly action.
 - The Borough expended \$17.4 million on educational and public safety bond funded capital assets in FY2025 compared to \$8.3 million in FY2024. This shifted funds from restricted net position to net investment in capital assets offset by other small deletions and current year depreciation in FY2025. In February 2023, the Borough issued both education and public safety general obligation bonds. A large portion of those bonds were spent and capitalized in FY2025 and it is anticipated that the remaining bond funds will be expended in FY2026, which will result in capitalizing the remaining restricted bond proceeds.
 - The Borough had less than budgeted for experience in both healthcare and property and liability insurance claims for FY2025, lapsing \$7.0 million which increased the Borough's net position. The Borough implemented cost-control measures through high deductible plan changes in FY2023 and paid out costs associated with claims that had been accrued and recorded in the year of incident. FY2025 did not have a high volume of current year expenditures, however we do anticipate that with the cyclical nature of insurance claims that the experience will be greater in FY2026.
-

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Summary of Changes in Net Position

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

Kenai Peninsula Borough

Changes in Net Position

For Years Ended

June 30, 2025 and 2024

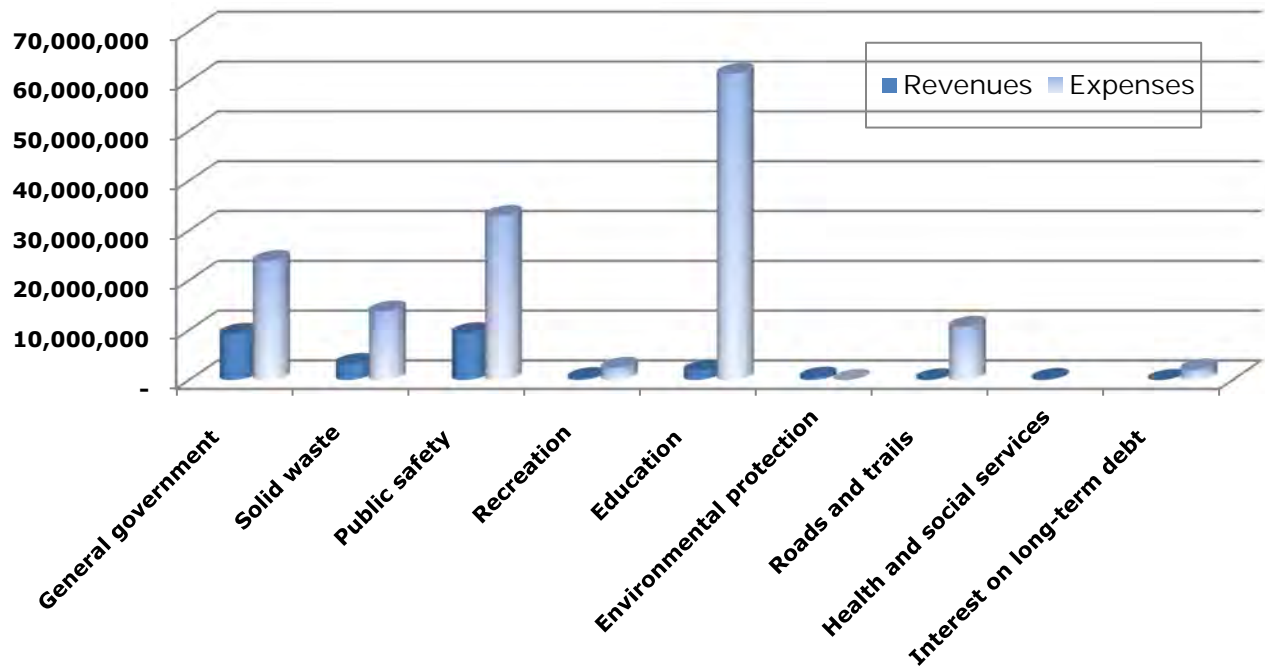
(in millions)

Governmental Activities

| | <u>2025</u> | <u>2024</u> |
|--|------------------------|------------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 10.5 | \$ 11.5 |
| Operating grants and contributions | 10.9 | 5.8 |
| Capital grants and contributions | 3.5 | 2.6 |
| General revenues: | | |
| Property taxes | 85.2 | 78.9 |
| Sales taxes | 48.4 | 47.5 |
| Other | <u>20.6</u> | <u>19.0</u> |
| Total revenues | <u>179.1</u> | <u>165.3</u> |
| Expenses: | | |
| General government | 23.9 | 19.2 |
| Solid waste | 13.8 | 23.9 |
| Public safety | 32.9 | 28.2 |
| Recreation | 2.4 | 2.3 |
| Environmental protection | 0.0 | 0.0 |
| Road and trails | 10.7 | 12.5 |
| Health and social services | .3 | 0.1 |
| Education payments to component unit | | |
| Kenai Peninsula Borough School District | 60.4 | 54.8 |
| Education other | | |
| (debt service, capital projects, post-secondary) | 1.0 | 7.4 |
| Interest on long-term debt | <u>2.1</u> | <u>2.1</u> |
| Total expenses | <u>147.5</u> | <u>150.5</u> |
| Increase (decrease) in net position | 31.6 | 14.8 |
| Net position, beginning of year | <u>332.0</u> | <u>317.2</u> |
| Net position, end of year | <u><u>\$ 363.6</u></u> | <u><u>\$ 332.0</u></u> |

Expenses and Program Revenues – Governmental Activities

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

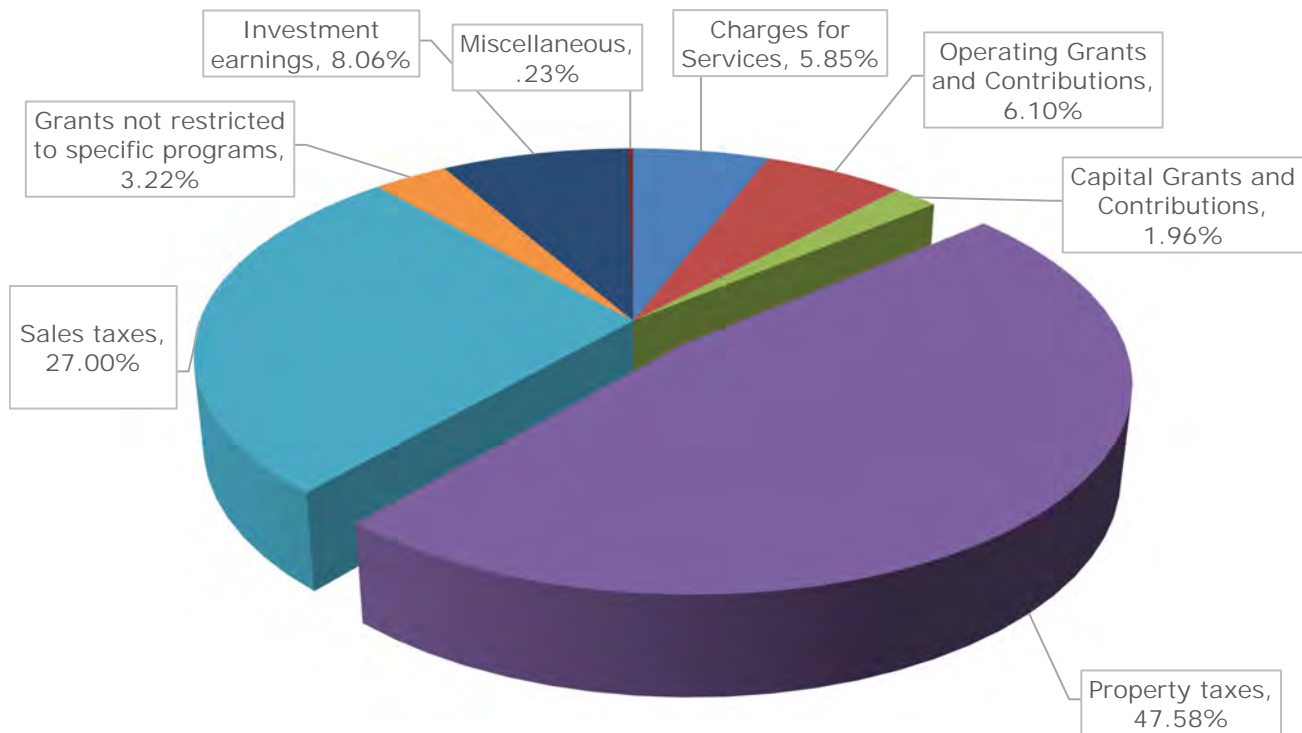


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Revenues by Source – Governmental Activities

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

Financial Analysis of the Government's Funds



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

Governmental Funds

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

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$206.0 million, an increase of \$12.5 million from the prior year. A portion of this amount is restricted to indicate it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period 2) or for other restricted purposes.

Discussion of selected individual governmental funds is as follows:

General Fund (Major fund)

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, fund balance was \$51 million, an increase of \$8.1 million from the prior year. Expenditures and transfers out for the General Fund totaled \$103.3 million during the year, a decrease of \$4.8 million from the prior year. The originally anticipated \$4.0 million use of fund balance was changed to a \$8.1 million increase in fund balance as a result of \$4.5 million in lapsed budget due to position vacancies, available budget for projects yet to be completed, and an increase to actual revenues of \$8.2 million, largely made up of investment earnings and sales tax receipts above the original budget. As discussed in the general fund final budget

to actual analysis, sales tax increased as a result of online sales tax collection increasing offset by a decline in brick-and-mortar business sales tax collection, largely in the retail line of business. Investment earnings are reflecting strong returns for FY2025 due to no cuts from the federal reserve in FY2025, however in early FY2026 rates in the 2-10 year portion of the yield curve showed decline as the federal reserve did cut rates and it is anticipated to cut again before calendar year end.

Land Trust Investment Special Revenue Fund (Non-Major fund)

Fund balance in this special revenue fund increased \$2.5 million in FY2025 primarily due to a transfer of land sales from the Land Trust Investment Fund of \$1.0 million and an increase in the amount of investment earnings. The fund also had a significant increase in deferred inflows related to leases, that required that the fund be reclassified as a major fund in FY2025. The land sale revenues are by borough code required to be deposited into the Land Trust Investment Fund (LTIF) after the close of the fiscal year.

Central Emergency Services, Nikiski Fire and the Road Service Area Special Revenue Funds (Non-Major funds)

These three non-major special revenue funds lapsed a total of \$3.8 million into fund balance as a result of budgetary lapse in expenditures. The lapse occurred in all expenditure categories due to multiple personnel vacancies throughout the year, lapsed contractual service budgets due to efficiencies in use of funds and some projects that were unable to be completed in FY2025 due to lack of resource availability.

School Bond Capital Project Fund (Major fund)

Fund balance in this capital project fund decreased \$4.0 million in FY2025 primarily due to bond funded expenditures that occurred and were capitalized in FY2025. The Borough anticipates that the remaining bond funds will be expended in FY2026, which will result in capitalizing the remaining restricted bond proceeds.

Central Emergency Services Capital Project Fund (Non-Major fund)

Fund balance in this capital project fund decreased \$6.0 million in FY2025 primarily due to bond funded expenditures that occurred and were capitalized in FY2025. The Borough anticipates that the remaining bond funds will be expended in FY2026, which will result in capitalizing the remaining restricted bond proceeds, likely moving the fund back to Major fund status.

General Fund Budgetary Highlights

During the year appropriations between the General Fund's original budget and the final amended budget decreased \$0.3 million. Budgetary transfers out increased by \$3.7 million, including carryover encumbrances of which there were \$1,350 at the end of FY2025. The primary reasons for amending the budget were as follows:

- A significant portion of the change in budgeted expenditures for the general fund is \$389,585 in PERS on-behalf in-kind contribution that was provided from the State of Alaska as a result of HB268.
- Provided supplemental funding of \$977,504 via transfer to the Solid Waste Capital Projects Fund to fund the leachate evaporator Supervisory Control and Data Acquisition (SCADA) system.
- The General Fund transferred an additional \$1.3 million to provide for supplemental projects in the School Capital Project fund such as \$850,000 to acquire land for the Chapman Elementary student pickup, \$200,000 to replace the septic system at Ninilchik Elementary, \$208,817 to design the Kenai High School Votec roof, and \$81,706 for design services associated with the Redoubt and Skyview school consolidation.

- Increased transfer to Solid Waste Capital Projects Fund to fund the annual scheduled contribution for the closure and post closure liability by \$1.9 million.

General Fund Final Budget to Actual Analysis

- General Fund actual revenues were \$8.3 million more than the final budget amounts. The most significant positive variance from the actual amounts to the final budget were \$4.0 million in investment earnings and \$2.5 million in sales tax revenues.
 - Investment earnings were consistent with FY2024 earnings due to market rates remaining high throughout the yield curve, providing for positive yields in FY2025. In early FY2026, the Federal Reserve cut rates and is expected to cut rates again before the end of the calendar year. This rate cut was followed by declining yields in the 2-10 year portion of the yield curve, impacting the 2-5 year part of the borough portfolio creating change in the fair market value of the portfolio.
 - Sales tax revenues continue to follow a slow and steady upward trend of 1-2% annually. The sales tax collected from brick and mortar businesses within the borough was down 1% from FY2024, while remote sales tax revenues increased 7% from FY2024, creating an overall increase in sales tax revenue for FY2025 of 1.7%. The retail line of business being the most significant category, shows a 3% decline from FY2024. From July 2024 to January 2025, fuel prices dropped from approximately \$4.00 per gallon to \$3.35 per gallon, the declining fuel prices during the July-September 2024 quarter along with contracted spending created a dip in sales tax collections. As we move into FY2026, the first quarter, July-September 2025 shows recovery through a preliminary increase of 4.8% from FY2025.
- The General Fund actual expenditures and transfers out were \$5.2 million below final budget amounts. The most significant variance was \$5.1 million in lapsed budgets across the entire general government due to multiple long-term vacancies throughout the year, lapsed contractual service budgets due to efficiencies in use of funds and some projects that were unable to be completed in FY2025. The personnel lapse was more specifically in the Mayor's Office, Purchasing and Contracting, Finance, and Assessing departments, due to positions being vacant for larger portions of the fiscal year and reductions in benefit selected by staff. The Planning Department lapsed the most significant services portion as they were unable to complete all contractual service items budgeted due to lack of advisory committee meetings and surveying requirements being needed, as well as utilizing inhouse software in lieu of new software to provide for department permits, allowing those funds to go back into fund balance for future appropriations.

Capital Assets and Debt Administration

Capital Assets

The Borough's investment in capital assets as of June 30, 2025 and June 30, 2024 amounts to \$241.0 million and \$227.5 million, respectively (net of accumulated depreciation and amortization.) This investment in capital assets includes land, buildings, machinery and equipment, roads, and infrastructure.

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

| | |
|---------------------------------------|----------------|
| General Government | \$ 5.0 million |
| Education facilities and equipment | \$ 8.8 million |
| Fire and emergency services equipment | \$ 8.7 million |
| Solid waste | \$ 3.0 million |

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

| | Governmental Activities | |
|--|-------------------------|-----------------|
| | 2025 | 2024 |
| Land | \$ 79.5 | \$ 75.8 |
| Buildings | 77.2 | 82.1 |
| Improvements other than buildings | 32.1 | 27.2 |
| Machinery and equipment | 11.4 | 13.8 |
| Infrastructure | 13.7 | 13.7 |
| Right-to-use leased building/equipment | 0.2 | 0.0 |
| Subscription IT arrangements | 0.7 | 0.3 |
| Construction in progress | 26.2 | 14.6 |
| Total governmental activities capital assets | <u>\$ 241.0</u> | <u>\$ 227.5</u> |

Additional information on the Borough's capital assets can be found in Note E on page 67 of this report.

Long-Term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$68.1 million, a decrease of \$4.6 million from June 30, 2024. This debt is bonded and backed by the full faith and credit of either the Borough or Service Areas of the Borough. Of the \$68.1 million in bonded debt, \$49.9 million was issued for school improvements. The State of Alaska may reimburse the Borough up to 70% of the principal and interest on \$18.4 million of these bonds. The schedule shown below does not include compensated absences, landfill closure/postclosure liability, net pension liability, capitalized leases, subscription IT arrangements, or net OPEB liability.

| | Governmental Activities (in millions) | |
|--------------------------|--|-------------|
| | 2025 | 2024 |
| General obligation bonds | \$ 68.1 | \$ 72.7 |

The Borough's discretely presented component units also have debt outstanding at the end of the year totaling \$35 million, not including premiums. Of that amount, \$13.4 million was bonded and backed by the full faith and credit of various Service Areas of the Borough.

Additional information on the Borough's long-term debt can be found in note I on pages 72-74 of this report and table XII on page 157 and table XIII on page 158. The Borough normally uses the Alaska Municipal Bond Bank (Bond Bank) to sell its bonds. The Bond Bank has a rating of AA- from S&P and Fitch and AA- from KBRA.

Economic Factors and the Next Year's Budget and Rates

The average unemployment in the Borough for CY2024 stood at 5.3%. This decreased from CY2020 by 4.95%, this compares to the statewide average of 4.5%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work in the fishing and tourism industry in the Borough. The Borough's unemployment rate for the period January 2024 to June 2025 was down 2.4% when compared to the same period for 2024.

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

In addition, the Alaska legislature provided funding for Public Employees' Retirement System (PERS) cost in excess of 22%, which was paid directly to PERS. The total on-behalf payment made by the State for FY2025 was \$1,208,245, of which the Borough reports \$1,044,710 and its component unit the Kenai Peninsula Borough School District reports \$163,535 along with their PERS and TRS contributions, as part of the local in-kind contribution from the Borough to the School District. This contribution includes the difference between the actuarially determined rate of 26.76% and the Borough contribution rate of 22.00%.

In addition, as part of their FY2015 budget, the Alaska State Legislature passed House Bill 385 (HB 385), which paid down \$1 billion of the PERS defined benefits plan's unfunded liability (a closed plan). However, the bill also extended, by nine years, the amortization period over which employers would pay down the debt. By statute, the required employer contribution is 22% of the employee's wages, with the State paying the balance of the actuarially determined amount. Under HB 385, the State's annual payments will be lower, but the total cost to employers will be much greater. For the Borough, an estimated additional \$14.5 million will be paid in retirement contributions for those additional nine years.

In setting the budget for FY2026, the Borough considered a number of issues with Borough-wide impact, among them:

- Delivery of basic quality Borough services at the lowest, sustainable cost possible.
- A level of local educational funding borough residents can reasonably afford and sustain.
- Providing consistent and reliable emergency services throughout the Borough.
- A high-quality capital and operational maintenance program that reduces the cost of deferred maintenance and ensures the continued use and economic value of borough assets.
- Support for the needs of borough service areas as communicated by service area residents and their elected service area boards.
- A balanced budget that can be supported by the borough's current areawide revenues.
- Maintenance of the borough's financial condition with a focus on returning to a sustainable trend today and into the future to ensure affordability for borough residents.
- Maintenance of the Borough's financial condition including compliance with the Borough's fund balance policy.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Kenai Peninsula Borough

Statement of Net Position

June 30, 2025

| | <u>Primary Government</u> | <u>Component Units</u> | | |
|---|---------------------------|------------------------|--------------------|-------------------|
| | Governmental | Central | South Peninsula | School |
| | Activities | Peninsula Hospital | Hospital | District |
| <u>Assets</u> | | | | |
| Cash and short-term investments | \$ 18,538,219 | \$ 57,078,175 | \$ 30,479,148 | \$ 11,945 |
| Equity in central treasury | 196,841,250 | 3,265,191 | 8,791,199 | 40,145,654 |
| Receivables (net of allowances for estimated uncollectibles): | | | | |
| Taxes receivable | 10,772,269 | 1,904 | 75,898 | - |
| Accounts receivable | 1,737,409 | 2,147,368 | 269,085 | 168,224 |
| Patient receivables | - | 41,678,735 | 24,057,583 | - |
| Leases receivable | 4,542,041 | 5,646,790 | - | - |
| Land sale contracts receivable: | | | | |
| Current | 160,422 | - | - | - |
| Delinquent | 1,346 | - | - | - |
| Due from other governments | 3,694,039 | - | - | 4,151,408 |
| Due from primary government | - | - | 1,445 | - |
| Due from landowners | 929,121 | - | - | - |
| Prepays | 68,002 | 1,772,147 | 1,169,457 | 900,000 |
| Inventory | - | 10,867,255 | 2,663,363 | 1,263,044 |
| Advance to component unit | 1,102,779 | - | - | - |
| Land sale contracts receivable - long-term | 1,334,078 | - | - | - |
| Restricted assets: | | | | |
| Net pension asset | - | - | 534,985 | - |
| Net OPEB asset | 17,544,253 | - | - | 40,249,451 |
| Equity in central treasury - unspent bond proceeds and interest | 41,661,187 | 895,644 | 21,775 | - |
| Equity in central treasury - bond funds held in reserve | - | 5,869,930 | - | - |
| Equity in central treasury - Health Care | - | 1,145,247 | - | - |
| Investments | - | 2,361,696 | 19,855 | - |
| Assets whose use is limited: | | | | |
| Cash and short-term investments | - | 42,362 | - | - |
| Equity in central treasury | - | 79,182,239 | 7,280,457 | - |
| Investments | - | 1,476,586 | - | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Land and land improvements | 79,502,263 | 4,320,642 | 1,092,992 | - |
| Buildings | 77,232,297 | 46,558,420 | 31,337,373 | - |
| Improvements other than buildings | 32,130,092 | 1,842,899 | 1,044,071 | - |
| Machinery and equipment | 11,356,492 | 37,630,167 | 6,700,911 | 2,379,016 |
| Construction in progress | 26,207,366 | 9,923,030 | 7,468,775 | - |
| Infrastructure | 13,699,007 | 1,177,000 | - | - |
| Right-to-use leased buildings/equipment | 160,232 | 3,147,722 | 3,820,001 | - |
| Subscription IT arrangements | 668,393 | 8,522,524 | 236,115 | - |
| Total assets | <u>539,882,557</u> | <u>326,553,673</u> | <u>127,064,488</u> | <u>89,268,742</u> |
| <u>Deferred Outflows of Resources</u> | | | | |
| Unamortized deferred loss on refunding | 426,032 | - | 162,789 | - |
| Goodwill | - | 2,894,348 | - | - |
| Pension related | 4,647,761 | - | 5,828,198 | 6,897,241 |
| OPEB related | 1,188,607 | - | - | 2,553,772 |
| Total deferred outflows of resources | <u>6,262,400</u> | <u>2,894,348</u> | <u>5,990,987</u> | <u>9,451,013</u> |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Statement of Net Position, Continued
June 30, 2025

| | Primary Government | Component Units | | |
|---|-------------------------|----------------------------|--------------------------|-----------------|
| | Governmental Activities | Central Peninsula Hospital | South Peninsula Hospital | School District |
| <u>Liabilities</u> | | | | |
| Accounts, contracts and retainage payable | \$ 9,107,114 | \$ 8,934,936 | \$ 3,137,709 | \$ 2,838,030 |
| Accrued payroll and payroll benefits | 1,454,020 | 5,231,049 | 4,280,063 | 8,425,055 |
| Claims payable | 3,117,459 | 4,943,095 | 3,380,893 | 2,914,868 |
| Due to component unit | 1,445 | - | - | - |
| Due to landowners | 205,933 | - | - | - |
| Accrued interest | 245,034 | 168,913 | 64,361 | - |
| Unearned revenue | 13,018,410 | - | 901,149 | - |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Compensated absences | 1,103,441 | 6,272,068 | 6,997,411 | 2,560,806 |
| Leases payable | 36,322 | 1,158,922 | 1,014,194 | - |
| Subscription IT liabilities | 300,431 | 2,048,984 | 199,887 | - |
| Advances from primary government | - | - | 279,960 | - |
| Other current liabilities | - | 363,289 | - | - |
| Long-term debt | 4,045,000 | 3,070,000 | 1,250,000 | - |
| Due in more than one year: | | | | |
| Net pension liability | 40,381,922 | - | - | 76,443,782 |
| Net OPEB liability | - | - | - | - |
| Compensated absences | 3,310,322 | 2,269,582 | 2,932,180 | 11,665,892 |
| Landfill closure/postclosure | 23,528,985 | - | - | - |
| Leases payable | 126,872 | 2,417,474 | 3,855,262 | - |
| Subscription IT liabilities | 265,107 | 2,054,156 | 41,365 | - |
| Advances from primary government | - | - | 822,820 | - |
| Long-term debt | 64,057,785 | 27,742,682 | 4,351,041 | - |
| Total liabilities | 164,305,602 | 66,675,150 | 33,508,295 | 104,848,433 |
| <u>Deferred Inflows of Resources</u> | | | | |
| Unamortized deferred gain on refunding | - | 265,917 | - | - |
| Prepaid property taxes | 13,310,732 | 18,210 | 140,616 | - |
| Pension related | - | - | 37,757 | - |
| OPEB related | 748,554 | - | - | 1,140,622 |
| Lease related | 4,187,974 | 5,328,203 | - | - |
| Total deferred inflows of resources | 18,247,260 | 5,612,330 | 178,373 | 1,140,622 |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Statement of Net Position, Continued
June 30, 2025

| | Primary Government | Component Units | | |
|----------------------------------|-------------------------|----------------------------|--------------------------|-----------------------|
| | Governmental Activities | Central Peninsula Hospital | South Peninsula Hospital | School District |
| Net Position | | | | |
| Net investment in capital assets | 212,257,779 | 78,154,261 | 40,070,273 | 2,379,016 |
| Restricted: | | | | |
| Hazard tree removal program | 263,467 | - | - | - |
| General government | 21,393,405 | - | - | - |
| Public safety | 38,262,483 | - | - | - |
| Recreation | 2,928,725 | - | - | - |
| Education | 31,161,588 | - | - | 347,046 |
| Solid waste | 141,698 | - | - | - |
| Roads | 11,277,713 | - | - | - |
| Student activities | - | - | - | 4,187,803 |
| Student transportation | - | - | - | 93,244 |
| Home school carry over | - | - | - | 1,808,970 |
| Facilities maintenance | - | - | - | 2,750,245 |
| Hospital projects | - | 10,154,899 | 41,630 | - |
| Pension | - | - | 534,985 | - |
| OPEB | 17,544,243 | - | - | 40,249,451 |
| Unrestricted (deficit) | 28,360,994 | 168,851,381 | 58,721,919 | (59,085,075) |
| Total net position | <u>\$ 363,592,095</u> | <u>\$ 257,160,541</u> | <u>\$ 99,368,807</u> | <u>\$ (7,269,300)</u> |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Statement of Activities
For the Year Ended June 30, 2025

| Function/Program Activities | Expenses | Program Revenues | | |
|---|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities: | | | | |
| General government | \$ 23,879,700 | \$ 1,343,840 | \$ 7,920,747 | \$ - |
| Solid waste | 13,765,866 | 1,540,520 | 155,049 | 1,520,949 |
| Public safety | 32,930,292 | 7,284,044 | 2,113,138 | 3,931 |
| Recreation | 2,438,002 | 310,018 | 72,008 | - |
| Education | 61,459,939 | - | - | 1,838,864 |
| Environmental protection | 923 | - | 483,187 | - |
| Roads and trails | 10,692,572 | 630 | 64,546 | 143,914 |
| Health and social services | 254,065 | - | 119,742 | 1,445 |
| Interest on long-term debt | 2,098,727 | - | - | - |
| Total primary government | <u>\$ 147,520,086</u> | <u>\$ 10,479,052</u> | <u>\$ 10,928,417</u> | <u>\$ 3,509,103</u> |
| Component units | | | | |
| Central Peninsula Hospital | \$ 276,350,433 | \$ 274,623,773 | \$ - | \$ 73,420 |
| South Peninsula Hospital | 146,365,680 | 148,127,854 | 1,561,927 | - |
| Kenai Peninsula Borough School District | 190,456,934 | 766,527 | 40,787,977 | - |
| Total component units | <u>\$ 613,173,047</u> | <u>\$ 423,518,154</u> | <u>\$ 42,349,904</u> | <u>\$ 73,420</u> |

General revenues and transfers:

Taxes:

Property taxes

Sales taxes

Grants not restricted to specific programs

Investment earnings

Payments from Kenai Peninsula Borough

Miscellaneous

Transfers (to) from components

Total general revenues and transfers

Change in net position (deficit)

Net position (deficit) at beginning of year

Change in beginning net position -

Change in accounting principle GASB 101

Net position at beginning of year - as restated

Net position (deficit) at end of year

| Net (Expense) Revenue and Changes in Net Position | | | | |
|---|-------------------------------|-----------------------------|-----------------------|--|
| Primary Government | Component Units | | | |
| Governmental Activities | Central Peninsula Hospital | South Peninsula Hospital | School District | |
| \$ (14,615,113) | \$ - | \$ - | \$ - | |
| (10,549,348) | - | - | - | |
| (23,529,179) | - | - | - | |
| (2,055,976) | - | - | - | |
| (59,621,075) | - | - | - | |
| 482,264 | - | - | - | |
| (10,483,482) | - | - | - | |
| (132,878) | - | - | - | |
| (2,098,727) | - | - | - | |
| <u>(122,603,514)</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| - | (1,653,240) | - | - | |
| - | - | 3,324,101 | - | |
| - | - | - | (148,902,430) | |
| <u>-</u> | <u>(1,653,240)</u> | <u>3,324,101</u> | <u>(148,902,430)</u> | |
| 85,226,707 | 70,476 | 3,982,176 | - | |
| 48,368,849 | - | - | - | |
| 5,770,978 | - | - | 81,710,448 | |
| 14,440,278 | 7,519,544 | 1,664,527 | 1,537,558 | |
| - | - | - | 56,228,307 | |
| 400,184 | - | 39,878 | 647,958 | |
| (1,445) | - | 1,445 | - | |
| <u>154,205,551</u> | <u>7,590,020</u> | <u>5,688,026</u> | <u>140,124,271</u> | |
| 31,602,037 | 5,936,780 | 9,012,127 | (8,778,159) | |
| <u>331,990,058</u> | <u>253,552,713</u> | <u>94,463,025</u> | <u>9,104,448</u> | |
| - | (2,328,952) | (4,106,345) | (7,595,589) | |
| <u>331,990,058</u> | <u>251,223,761</u> | <u>90,356,680</u> | <u>1,508,859</u> | |
| <u>\$ 363,592,095</u> | <u>\$ 257,160,541</u> | <u>\$ 99,368,807</u> | <u>\$ (7,269,300)</u> | |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Governmental Funds
Balance Sheet
June 30, 2025

| | General Fund | Land Trust Special Revenue Fund |
|--|-----------------------------|---------------------------------------|
| <u>Assets</u> | | |
| Cash and short-term investments | \$ 1,060 | \$ - |
| Equity in central treasury | 46,350,193 | 1,315,813 |
| Receivables (net of allowances for estimated uncollectibles): | | |
| Taxes receivable | 10,278,994 | - |
| Leases receivable | 336,930 | 3,050,410 |
| Accounts receivable | 247,375 | 27,302 |
| Land sale contracts receivable: | | |
| Current | - | 160,422 |
| Delinquent | - | 1,346 |
| Due from other governments | 1,179,181 | 17,777 |
| Due from landowners | 929,121 | - |
| Due from other funds | - | - |
| Prepays | 24,739 | - |
| Note receivable - long term | 1,102,779 | - |
| Land sale contracts receivable - Long-term | - | 1,334,078 |
| Restricted assets - | | |
| Equity in central treasury - unspent bond proceeds | - | - |
| Total assets | <u>\$ 60,450,372</u> | <u>\$ 5,907,148</u> |
| <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u> | | |
| Liabilities: | | |
| Accounts and retainage payable | 1,847,790 | 176,493 |
| Accrued payroll and payroll benefits | 599,705 | 22,187 |
| Due to other funds | - | - |
| Due to component unit | 1,445 | - |
| Due to landowners | 205,933 | - |
| Unearned revenue | 3,241 | 7,875 |
| Total liabilities | <u>2,658,114</u> | <u>206,555</u> |
| Deferred inflows of resources: | | |
| Prepaid property taxes | 5,965,036 | - |
| Property taxes receivable - unavailable | 509,305 | - |
| Lease related | 323,700 | 2,808,191 |
| Land sales - unavailable | - | 1,495,846 |
| Total deferred inflows of resources | <u>6,798,041</u> | <u>4,304,037</u> |
| Fund balances: | | |
| Nonspendable: | | |
| Prepays | 24,739 | - |
| Note receivable | 1,102,779 | - |
| Restricted: | | |
| Landfill closure/postclosure costs | - | - |
| Hazard tree removal program | - | - |
| General government | - | 1,396,556 |
| Public safety | - | - |
| Recreation | - | - |
| Education | - | - |
| Health and social services | - | - |
| Solid waste facilities | - | - |
| Road construction and upgrades | - | - |
| Roads | - | - |
| Committed: | | |
| Software upgrades | - | - |
| Building maintenance and upgrades | 2,301 | - |
| Public safety facilities and equipment | 38,883 | - |
| Recreational facility maintenance | - | - |
| School maintenance and upgrades | - | - |
| Solid waste facilities | - | - |
| Road construction and upgrades | - | - |
| General government | 316,034 | - |
| Assigned: | | |
| Subsequent year's expenditures | 5,419,559 | - |
| Minimum fund balance policy | 22,142,704 | - |
| Unassigned | 21,947,218 | - |
| Total fund balances | <u>50,994,217</u> | <u>1,396,556</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 60,450,372</u> | <u>\$ 5,907,148</u> |

The accompanying notes are an integral part of the financial statements.

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Governmental Funds
Balance Sheet, Continued
June 30, 2025

| Assets | Total Nonmajor Governmental Funds | Total Governmental Funds |
|---|--|---|
| Cash and short-term investments | \$ 18,247,606 | \$ 18,248,666 |
| Equity in central treasury | 74,087,988 | 165,752,537 |
| Receivables (net of allowances for estimated uncollectibles): | | |
| Taxes receivable | 493,275 | 10,772,269 |
| Leases receivable | 1,154,701 | 4,542,041 |
| Accounts receivable | 909,451 | 1,189,564 |
| Land sale contracts receivable: | | |
| Current | - | 160,422 |
| Delinquent | - | 1,346 |
| Due from other governments | 1,563,428 | 3,694,039 |
| Due from landowners | - | 929,121 |
| Due from other funds | 526,480 | 526,480 |
| Prepays | - | 24,739 |
| Note receivable - long term | - | 1,102,779 |
| Land sale contracts receivable - Long-term | - | 1,334,078 |
| Restricted assets - | | |
| Equity in central treasury - unspent bond proceeds | 9,937,299 | 41,661,187 |
| Total assets | \$ 106,920,228 | \$ 249,939,268 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | |
| Liabilities: | | |
| Accounts and retainage payable | 3,436,933 | 8,834,095 |
| Accrued payroll and payroll benefits | 797,786 | 1,429,921 |
| Due to other funds | 526,480 | 526,480 |
| Due to component unit | - | 1,445 |
| Due to landowners | - | 205,933 |
| Unearned revenue | 21,935 | 13,018,410 |
| Total liabilities | 4,783,134 | 24,016,284 |
| Deferred inflows of resources: | | |
| Prepaid property taxes | 7,345,696 | 13,310,732 |
| Property taxes receivable - unavailable | 436,392 | 945,697 |
| Lease related | 1,056,083 | 4,187,974 |
| Land sales - unavailable | - | 1,495,846 |
| Total deferred inflows of resources | 8,838,171 | 19,940,249 |
| Fund balances: | | |
| Nonspendable: | | |
| Prepays | - | 24,739 |
| Note receivable | - | 1,102,779 |
| Restricted: | | |
| Landfill closure/postclosure costs | - | 23,528,985 |
| Hazard tree removal program | 263,467 | 263,467 |
| General government | 19,354,632 | 21,218,451 |
| Public safety | 38,262,483 | 38,262,483 |
| Recreation | 2,928,725 | 2,928,725 |
| Education | 529,943 | 31,161,588 |
| Health and social services | - | 174,954 |
| Solid waste facilities | - | 141,698 |
| Road construction and upgrades | 7,660,163 | 7,660,163 |
| Roads | 3,617,550 | 3,617,550 |
| Committed: | | |
| Software upgrades | 84,003 | 84,003 |
| Building maintenance and upgrades | 370,262 | 372,563 |
| Public safety facilities and equipment | 6,943,331 | 6,982,214 |
| Recreational facility maintenance | 1,114,872 | 1,114,872 |
| School maintenance and upgrades | 9,476,013 | 9,476,013 |
| Solid waste facilities | - | 4,749,287 |
| Road construction and upgrades | 2,062,675 | 2,062,675 |
| General government | - | 915,241 |
| Assigned: | | |
| Subsequent year's expenditures | 630,804 | 6,050,363 |
| Minimum fund balance policy | - | 22,142,704 |
| Unassigned | - | 21,947,218 |
| Total fund balances | 93,298,923 | 205,982,735 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 106,920,228 | \$ 249,939,268 |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025

| | | |
|--|----|-------------|
| Fund balances - total governmental funds | \$ | 205,982,735 |
|--|----|-------------|

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 governmental funds. | | 239,354,896 |
|--|--|-------------|

| | | |
|--|--|------------|
| The ARHCT, RMP and ODD OPEB plans have been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the governmental funds. | | 17,544,253 |
|--|--|------------|

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental funds.
reported in the governmental funds:

| | | |
|-----------------------------|---------------------|---------------|
| Bonds payable | \$ (62,410,000) | |
| Leases payable | (87,406) | |
| Subscription IT liabilities | (537,870) | |
| Accrued interest | (245,034) | |
| Landfill closure | (23,528,985) | |
| Net pension liability | <u>(40,381,922)</u> | (127,191,217) |

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

| | | |
|--|----------------|-------------|
| Unamortized bond premium | (5,692,785) | |
| Unamortized deferred loss on refunding | <u>426,032</u> | (5,266,753) |

Deferred outflows of resources related to pension are applicable in future periods, and therefore are not reported in the governmental funds:

| | |
|--------------------------------|-----------|
| Deferred outflows for pensions | 4,647,761 |
|--------------------------------|-----------|

Deferred outflows of resources and deferred inflows of resources related to other post employment benefits (OPEB) are applicable to future periods, and therefore are not reported in the governmental funds:

| | | |
|----------------------------|------------------|---------|
| Deferred outflows for OPEB | 1,188,607 | |
| Deferred inflows for OPEB | <u>(748,554)</u> | 440,053 |

Some of the Borough's receivables will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds:

| | | |
|---------------------------------|------------------|-----------|
| Property taxes receivable | 945,697 | |
| Land sales contracts receivable | <u>1,495,846</u> | 2,441,543 |

Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

| | |
|--|-------------------|
| | <u>25,638,824</u> |
|--|-------------------|

| | | |
|---|----|---------------------------|
| Net position of governmental activities | \$ | <u><u>363,592,095</u></u> |
|---|----|---------------------------|

Kenai Peninsula Borough
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2025

| | General Fund | Land Trust Special Revenue Fund | Miscellaneous Grants Special Revenue Fund |
|---|-------------------------|--|--|
| Revenues: | | | |
| Property taxes | \$ 47,186,105 | \$ - | \$ - |
| Sales taxes | 48,368,849 | - | - |
| Intergovernmental: | | | |
| Federal | 4,557,544 | 45,919 | 1,495,094 |
| State | 3,902,565 | 22,489 | 949,070 |
| Investment earnings | 4,811,984 | 273,942 | 81,789 |
| Other revenues | 1,896,451 | 1,064,505 | 160,776 |
| Total revenues | <u>110,723,498</u> | <u>1,406,855</u> | <u>2,686,729</u> |
| Expenditures: | | | |
| General government | 19,809,953 | 1,140,753 | 1,320,622 |
| Solid waste | 10,083,619 | - | - |
| Public safety | 896,095 | - | 240,615 |
| Recreation | - | - | - |
| Education | 57,203,171 | - | - |
| Environmental protection | - | - | 923 |
| Roads and trails | - | - | 637,578 |
| Health and social services | - | - | 254,065 |
| Leases/IT subscriptions | 629,082 | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and other | - | - | - |
| Total expenditures | <u>88,621,920</u> | <u>1,140,753</u> | <u>2,453,803</u> |
| Excess (deficiency) of revenues over expenditures | <u>22,101,578</u> | <u>266,102</u> | <u>232,926</u> |
| Other financing sources (uses): | | | |
| Leases/IT subscriptions | 629,082 | - | - |
| Transfer to Component Unit | (1,445) | - | - |
| Transfers in | - | 199,195 | - |
| Transfers out | (14,632,942) | (966,276) | - |
| Net other financing sources (uses) | <u>(14,005,305)</u> | <u>(767,081)</u> | <u>-</u> |
| Net change in fund balances | <u>8,096,273</u> | <u>(500,979)</u> | <u>232,926</u> |
| Fund balances - July 1 | 42,897,944 | - | 1,008,498 |
| Adjustment, change from major fund to non major fund (change from non major fund to major fund) | <u>-</u> | <u>1,897,535</u> | <u>-</u> |
| Fund balances - July 1, as adjusted | <u>42,897,944</u> | <u>1,897,535</u> | <u>1,008,498</u> |
| Fund balances - June 30 | <u>\$ 50,994,217</u> | <u>\$ 1,396,556</u> | <u>\$ 1,241,424</u> |

The accompanying notes are an integral part of the financial statements.

| School Bond Capital Project Fund | Solid Waste Capital Project Fund | Central Emergency Service Area Special Revenue Fund | Central Emergency Service Capital Project Fund |
|---|---|--|---|
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| - | 1,520,949 | - | - |
| - | - | - | - |
| 1,146,204 | 1,169,659 | - | - |
| - | - | - | - |
| <u>1,146,204</u> | <u>2,690,608</u> | <u>-</u> | <u>-</u> |
| - | - | - | - |
| - | 2,897,418 | - | - |
| - | - | - | - |
| - | - | - | - |
| 5,147,752 | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>5,147,752</u> | <u>2,897,418</u> | <u>-</u> | <u>-</u> |
| (4,001,548) | (206,810) | - | - |
| - | - | - | - |
| - | - | - | - |
| - | 3,558,902 | - | - |
| - | - | - | - |
| <u>-</u> | <u>3,558,902</u> | <u>-</u> | <u>-</u> |
| (4,001,548) | 3,352,092 | - | - |
| 34,633,193 | 25,067,878 | 4,815,435 | 24,176,769 |
| - | - | (4,815,435) | (24,176,769) |
| <u>34,633,193</u> | <u>25,067,878</u> | <u>-</u> | <u>-</u> |
| <u>\$ 30,631,645</u> | <u>\$ 28,419,970</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued
For the Year Ended June 20, 2025

| | Total Nonmajor Governmental Funds | Total Governmental Funds |
|---|--|---|
| Revenues: | | |
| Property taxes | \$ 37,997,927 | \$ 85,184,032 |
| Sales taxes | - | 48,368,849 |
| Intergovernmental: | | |
| Federal | 1,123,959 | 8,743,465 |
| State | 2,096,667 | 6,970,791 |
| Investment earnings | 5,652,753 | 13,136,331 |
| Other revenues | 8,111,192 | 11,232,924 |
| Total revenues | <u>54,982,498</u> | <u>173,636,392</u> |
| Expenditures: | | |
| General government | 1,529,903 | 23,801,231 |
| Solid waste | - | 12,981,037 |
| Public safety | 35,467,715 | 36,604,425 |
| Recreation | 2,463,824 | 2,463,824 |
| Education | 5,413,680 | 67,764,603 |
| Environmental protection | - | 923 |
| Roads and trails | 9,950,029 | 10,587,607 |
| Health and social services | - | 254,065 |
| Leases/IT subscriptions | 62,001 | 691,083 |
| Debt service: | | |
| Principal | 3,895,000 | 3,895,000 |
| Interest and other | 2,759,142 | 2,759,142 |
| Total expenditures | <u>61,541,294</u> | <u>161,802,940</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,558,796)</u> | <u>11,833,452</u> |
| Other financing sources (uses): | | |
| Leases/IT subscriptions | 62,001 | 691,083 |
| Transfer to Component Unit | - | (1,445) |
| Transfers in | 18,976,015 | 22,734,112 |
| Transfers out | (7,134,894) | (22,734,112) |
| Net other financing sources (uses) | <u>11,903,122</u> | <u>689,638</u> |
| Net change in fund balances | <u>5,344,326</u> | <u>12,523,090</u> |
| Fund balances - July 1 | 60,859,928 | 193,459,645 |
| Adjustment, change from major fund to non major fund (change from non major fund to major fund) | <u>27,094,669</u> | <u>-</u> |
| Fund balances - July 1, as adjusted | <u>87,954,597</u> | <u>193,459,645</u> |
| Fund balances at end of year | <u><u>\$ 93,298,923</u></u> | <u><u>\$ 205,982,735</u></u> |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ 12,523,090

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

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

| | | |
|---|---------------------|------------|
| Expenditures for capital outlay | \$ 23,596,496 | |
| Less current year depreciation and amortization expense | <u>(12,349,008)</u> | 11,247,488 |

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position. 2,199,035

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

| | | |
|---|------------------|-----------|
| Principal payments | 3,895,000 | |
| Net increase in bond premium | 734,617 | |
| Net decrease in bond deferred loss on refunding | (89,547) | |
| Net increase in long-term leases payable | (52,664) | |
| Net increase in subscription IT liabilities | <u>(340,100)</u> | 4,147,306 |

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

Decrease in unavailable property taxes receivable 42,675

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.

| | | |
|-----------------------------------|--------------------|-------------|
| Increase in accrued interest | 15,345 | |
| Increase in landfill closure cost | <u>(1,839,017)</u> | (1,823,672) |

Changes related to net pension liability and related accounts can increase or decrease net position. This is the net decrease in equity due to changes in net pension liability and the related deferred inflows and outflows. (3,888,684)

Changes related to net OPEB asset and related accounts can increase or decrease net position. This is the net increase in equity due to changes in net OPEB asset and the related deferred inflows and outflows. 131,739

Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net position of internal service funds is reported with governmental activities. 7,023,060

Change in net position of governmental activities \$ 31,602,037

Kenai Peninsula Borough
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|----------------------------------|-------------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 46,693,369 | \$ 46,693,369 | \$ 47,186,105 | \$ 492,736 |
| Sales tax | 44,400,000 | 45,835,931 | 48,368,849 | 2,532,918 |
| Intergovernmental | 7,040,641 | 7,809,827 | 8,460,109 | 650,282 |
| Investment earnings (loss) | 814,722 | 814,722 | 4,811,984 | 3,997,262 |
| Other | 1,322,235 | 1,322,235 | 1,896,451 | 574,216 |
| Total revenues | <u>100,270,967</u> | <u>102,476,084</u> | <u>110,723,498</u> | <u>8,247,414</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Assembly: | | | | |
| Personnel | 1,274,327 | 1,293,788 | 1,117,024 | 176,764 |
| Supplies | 28,602 | 28,932 | 5,571 | 23,361 |
| Services | 675,706 | 675,525 | 566,378 | 109,147 |
| Capital outlay | 15,100 | 19,500 | 9,687 | 9,813 |
| Total assembly | <u>1,993,735</u> | <u>2,017,745</u> | <u>1,698,660</u> | <u>319,085</u> |
| Mayor: | | | | |
| Personnel | 1,014,511 | 963,466 | 697,758 | 265,708 |
| Supplies | 6,865 | 10,990 | 5,035 | 5,955 |
| Services | 84,146 | 145,746 | 85,977 | 59,769 |
| Capital outlay | 2,860 | 5,610 | 5,234 | 376 |
| Total mayor | <u>1,108,382</u> | <u>1,125,812</u> | <u>794,004</u> | <u>331,808</u> |
| Purchasing and contracting: | | | | |
| Personnel | 687,260 | 739,312 | 739,312 | - |
| Supplies | 6,632 | 6,633 | 3,493 | 3,140 |
| Services | 144,060 | 126,339 | 54,772 | 71,567 |
| Capital outlay | 10,500 | 12,130 | 8,541 | 3,589 |
| Total purchasing and contracting | <u>848,452</u> | <u>884,414</u> | <u>806,118</u> | <u>78,296</u> |
| Human resources: | | | | |
| Personnel | 1,060,071 | 1,084,808 | 1,028,807 | 56,001 |
| Supplies | 33,496 | 30,977 | 19,644 | 11,333 |
| Services | 182,900 | 185,419 | 155,362 | 30,057 |
| Capital outlay | 3,979 | 3,979 | 1,688 | 2,291 |
| Total human resources | <u>1,280,446</u> | <u>1,305,183</u> | <u>1,205,501</u> | <u>99,682</u> |
| Information technology: | | | | |
| Personnel | 2,243,110 | 2,298,149 | 2,203,311 | 94,838 |
| Supplies | 46,205 | 42,541 | 37,056 | 5,485 |
| Services | 639,587 | 641,487 | 560,735 | 80,752 |
| Capital outlay | 34,600 | 36,364 | 36,140 | 224 |
| Total information technology | <u>2,963,502</u> | <u>3,018,541</u> | <u>2,837,242</u> | <u>181,299</u> |
| Legal: | | | | |
| Personnel | 949,982 | 973,752 | 939,359 | 34,393 |
| Supplies | 2,920 | 2,920 | 1,703 | 1,217 |
| Services | 250,549 | 250,549 | 106,421 | 144,128 |
| Capital outlay | 1,921 | 1,921 | 909 | 1,012 |
| Total legal | <u>1,205,372</u> | <u>1,229,142</u> | <u>1,048,392</u> | <u>180,750</u> |
| Finance: | | | | |
| Personnel | 3,129,234 | 3,174,004 | 3,030,205 | 143,799 |
| Supplies | 16,532 | 20,703 | 16,667 | 4,036 |
| Services | 1,238,767 | 1,258,975 | 1,226,405 | 32,570 |
| Capital outlay | 10,456 | 12,007 | 10,267 | 1,740 |
| Total finance | <u>4,394,989</u> | <u>4,465,689</u> | <u>4,283,544</u> | <u>182,145</u> |

(Continued)

Kenai Peninsula Borough
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - continued
For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|---|-------------------------|----------------------|----------------------|---|
| | Original | Final | Actual | |
| General government expenditures, continued: | | | | |
| Assessing: | | | | |
| Personnel | \$ 3,084,466 | \$ 3,155,546 | \$ 2,942,636 | \$ 212,910 |
| Supplies | 11,965 | 11,965 | 4,933 | 7,032 |
| Services | 444,503 | 444,503 | 358,978 | 85,525 |
| Capital outlay | 35,968 | 35,968 | 21,099 | 14,869 |
| Total assessing | <u>3,576,902</u> | <u>3,647,982</u> | <u>3,327,646</u> | <u>320,336</u> |
| Planning: | | | | |
| Personnel | 2,287,964 | 2,329,697 | 2,102,713 | 226,984 |
| Supplies | 59,345 | 70,842 | 41,315 | 29,527 |
| Services | 895,870 | 1,040,688 | 502,410 | 538,278 |
| Capital outlay | 49,510 | 164,520 | 25,294 | 139,226 |
| Total planning | <u>3,292,689</u> | <u>3,605,747</u> | <u>2,671,732</u> | <u>934,015</u> |
| Non-departmental: | | | | |
| Personnel | 50,000 | 64,845 | 33,586 | 31,259 |
| Supplies | - | 15,253 | 12,747 | 2,506 |
| Services | 988,364 | 1,037,029 | 1,090,781 | (53,752) |
| Total non-departmental | <u>1,038,364</u> | <u>1,117,127</u> | <u>1,137,114</u> | <u>(19,987)</u> |
| Total general government | <u>21,702,833</u> | <u>22,417,382</u> | <u>19,809,953</u> | <u>2,607,429</u> |
| Solid waste: | | | | |
| Personnel | 3,365,664 | 2,929,148 | 2,929,148 | - |
| Supplies | 732,550 | 516,275 | 509,810 | 6,465 |
| Services | 7,519,971 | 7,022,059 | 6,523,161 | 498,898 |
| Capital outlay | 24,000 | 121,681 | 121,500 | 181 |
| Total solid waste | <u>11,642,185</u> | <u>10,589,163</u> | <u>10,083,619</u> | <u>505,544</u> |
| Public safety: | | | | |
| Personnel | 594,897 | 610,290 | 579,288 | 31,002 |
| Supplies | 16,980 | 16,980 | 11,107 | 5,873 |
| Services | 467,938 | 467,938 | 305,700 | 162,238 |
| Total public safety | <u>1,079,815</u> | <u>1,095,208</u> | <u>896,095</u> | <u>199,113</u> |
| Education: | | | | |
| School District contributions | 56,228,307 | 56,228,307 | 56,228,307 | - |
| Post secondary education | 975,800 | 975,800 | 974,864 | 936 |
| Total education | <u>57,204,107</u> | <u>57,204,107</u> | <u>57,203,171</u> | <u>936</u> |
| Leases/IT subscriptions | - | - | 629,082 | (629,082) |
| Total expenditures | <u>91,628,940</u> | <u>91,305,860</u> | <u>88,621,920</u> | <u>2,683,940</u> |
| Excess (deficiency) of revenues over expenditures | <u>8,642,027</u> | <u>11,170,224</u> | <u>22,101,578</u> | <u>10,931,354</u> |
| Other financing uses: | | | | |
| Capitalized leases/IT subscriptions | - | - | 629,082 | 629,082 |
| Transfer to component unit | - | - | (1,445) | (1,445) |
| Transfers out | (10,938,768) | (14,655,043) | (14,632,942) | 22,101 |
| Net other financing sources (uses) | <u>(10,938,768)</u> | <u>(14,655,043)</u> | <u>(14,005,305)</u> | <u>649,738</u> |
| Net change in fund balance | (2,296,741) | (3,484,819) | 8,096,273 | 11,581,092 |
| Fund balance at beginning of year | <u>42,897,944</u> | <u>42,897,944</u> | <u>42,897,944</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 40,601,203</u> | <u>\$ 39,413,125</u> | <u>\$ 50,994,217</u> | <u>\$ 11,581,092</u> |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Land Trust Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Intergovernmental- | | | | |
| Federal | \$ - | \$ 88,604 | \$ 45,919 | \$ (42,685) |
| State | - | 22,489 | 22,489 | - |
| Investment earnings | 56,457 | 56,457 | 273,942 | 217,485 |
| Other revenues: | | | | |
| Payments on land contracts | 1,075,000 | 1,075,000 | 506,404 | (568,596) |
| Leases | 310,000 | 310,000 | 365,505 | 55,505 |
| Timber and gravel sales | 106,000 | 106,000 | 41,879 | (64,121) |
| Miscellaneous | <u>105,000</u> | <u>105,000</u> | <u>150,717</u> | <u>45,717</u> |
| Total revenues | <u>1,652,457</u> | <u>1,763,550</u> | <u>1,406,855</u> | <u>(356,695)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Personnel | 956,267 | 978,756 | 854,312 | 124,444 |
| Supplies | 12,000 | 39,117 | 11,412 | 27,705 |
| Services | 531,011 | 616,667 | 208,805 | 407,862 |
| Capital outlay | <u>6,000</u> | <u>91,718</u> | <u>66,224</u> | <u>25,494</u> |
| Total expenditures | <u>1,505,278</u> | <u>1,726,258</u> | <u>1,140,753</u> | <u>585,505</u> |
| Excess (deficiency) of revenues over expenditures | <u>147,179</u> | <u>37,292</u> | <u>266,102</u> | <u>228,810</u> |
| Other financing uses: | | | | |
| Transfers in | 645,000 | 645,000 | 199,195 | (445,805) |
| Transfers out | <u>(710,000)</u> | <u>(966,275)</u> | <u>(966,276)</u> | <u>(1)</u> |
| Net other financing sources (uses) | <u>(65,000)</u> | <u>(321,275)</u> | <u>(767,081)</u> | <u>(445,806)</u> |
| Net change in fund balance | 82,179 | (283,983) | (500,979) | (216,996) |
| Fund balance at beginning of year | <u>1,897,535</u> | <u>1,897,535</u> | <u>1,897,535</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 1,979,714</u> | <u>\$ 1,613,552</u> | <u>\$ 1,396,556</u> | <u>\$ (216,996)</u> |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Proprietary Funds
Statement of Net Position
June 30, 2025

| | Governmental Activities Internal Service Funds |
|--|---|
| Assets | |
| Current assets: | |
| Cash and short-term investments | \$ 289,553 |
| Equity in central treasury | 31,088,713 |
| Other receivables | 547,845 |
| Prepays | <u>43,263</u> |
| Total current assets | <u>31,969,374</u> |
| Capital assets: | |
| Equipment | 3,251,444 |
| Right-to-use leased building | 82,232 |
| Subscription IT assets | 38,468 |
| Less accumulated depreciation and amortization | <u>(1,770,898)</u> |
| Total capital assets (net of accumulated depreciation and amortization) | <u>1,601,246</u> |
| Total assets | <u>33,570,620</u> |
| Liabilities | |
| Current liabilities: | |
| Accounts and contracts payable | 273,019 |
| Accrued payroll and payroll benefits | 24,099 |
| Claims payable | 3,117,459 |
| Compensated absences | 1,103,441 |
| Leases payable | 26,333 |
| Subscription IT liabilities | <u>12,725</u> |
| Total current liabilities | <u>4,557,076</u> |
| Noncurrent liabilities- | |
| Compensated absences | 3,310,322 |
| Leases payable | 49,455 |
| Subscription IT liabilities | <u>14,943</u> |
| Total noncurrent liabilities | <u>3,374,720</u> |
| Total liabilities | <u>7,931,796</u> |
| Net Position | |
| Net Investment in capital assets | 1,497,790 |
| Unrestricted | <u>24,141,034</u> |
| Total net position | <u>\$ 25,638,824</u> |

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2025

| | Governmental Activities Internal Service Funds |
|---|---|
| Operating revenues: | |
| Charges for sales and services | \$ 22,823,115 |
| Intergovernmental- | |
| State | 19,051 |
| Other | <u>10,674</u> |
| Total operating revenues | <u>22,852,840</u> |
| Operating expenses: | |
| Administrative services | 4,868,639 |
| Insurance premiums | 4,669,615 |
| Self-insured losses | 7,096,710 |
| Depreciation and amortization | <u>468,988</u> |
| Total operating expenses | <u>17,103,952</u> |
| Operating income | <u>5,748,888</u> |
| Non operating revenues (expenses): | |
| Interest expense | (1,824) |
| Investment earnings | 1,303,947 |
| Loss on disposal of assets | <u>(27,951)</u> |
| Total non operating revenues (expenses) | <u>1,274,172</u> |
| Change in net position | 7,023,060 |
| Net position at beginning of year | <u>18,615,764</u> |
| Net position at end of year | <u>\$ 25,638,824</u> |

Kenai Peninsula Borough
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2025

**Governmental
Activities
Internal
Service
Funds**

Cash flows from operating activities:

| | |
|---|------------------|
| Receipts from interfund services provided | \$ 22,823,115 |
| Payments to suppliers | (16,485,290) |
| Payments to employees | (730,140) |
| Other program revenue | 29,725 |
| Net cash provided by operating activities | <u>5,637,410</u> |

Cash flows from capital and related financing activities:

| | |
|--|------------------|
| Interest paid on leases | (1,824) |
| Purchase of capital assets | (382,580) |
| Net cash used for capital and related financing activities | <u>(384,404)</u> |

Cash flows from investing activities-

| | |
|--|-----------------------------|
| Investment earnings | <u>1,303,947</u> |
| Net increase in cash and cash equivalents | 6,556,953 |
| Cash and cash equivalents at beginning of year | <u>24,821,313</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 31,378,266</u></u> |
| Reconciliation of cash and cash equivalents to Statement of Net Position: | |
| Cash and short-term investments | 289,553 |
| Equity in central treasury | 31,088,713 |
| Cash and cash equivalents, end of year | <u><u>\$ 31,378,266</u></u> |

**Reconciliation of operating income to net cash
provided by operating activities:**

| | |
|--|----------------------------|
| Operating income | <u>\$ 5,748,888</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization expense | 468,988 |
| Change in assets and liabilities: | |
| (Increase) decrease in other receivables | (493,670) |
| (Increase) decrease in prepaids | 28,312 |
| Increase (decrease) in accounts and contracts payable | (57,581) |
| Increase (decrease) in accrued payroll and payroll benefits | (149) |
| Increase (decrease) in claims payable | (326,751) |
| Increase (decrease) in compensated absences | 307,008 |
| Increase (decrease) in leases payable (1) | (26,835) |
| Increase (decrease) in subscription IT liability (2) | (10,800) |
| Total adjustments | <u>(111,478)</u> |
| Net cash provided by operating activities | <u><u>\$ 5,637,410</u></u> |

Supplemental disclosure of noncash information

- (1) Capital asset acquired with lease payable \$82,232 in FY25
- (2) Capital asset acquired with subscription IT liability \$38,468 in FY25

The accompanying notes are an integral part of the financial statements.

Kenai Peninsula Borough
Custodial Fiduciary Fund
Statement of Fiduciary Fund Net Position
June 30, 2025

Assets

| | |
|----------------------------|------------------|
| Equity in central treasury | \$ 751,072 |
| Taxes receivable | <u>479,001</u> |
| Total assets | <u>1,230,073</u> |

Liabilities

| | |
|--------------------------|------------------|
| Due to other governments | <u>1,230,073</u> |
|--------------------------|------------------|

Net Position

| | |
|--------------------------------|--------------------|
| Restricted - Other governments | <u><u>\$ -</u></u> |
|--------------------------------|--------------------|

Kenai Peninsula Borough
Custodial Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

Additions-

| | |
|---------------------------------------|---------------|
| Tax collections for other governments | \$ 51,933,941 |
|---------------------------------------|---------------|

Deductions-

| | |
|--|-------------------|
| Tax distributions to other governments | <u>52,204,729</u> |
|--|-------------------|

| | |
|--|------------------|
| Net decrease in fiduciary net position | <u>(270,788)</u> |
|--|------------------|

| | |
|-----------------------------------|----------------|
| Net position at beginning of year | <u>270,788</u> |
|-----------------------------------|----------------|

| | |
|-----------------------------|--------------------|
| Net position at end of year | <u><u>\$ -</u></u> |
|-----------------------------|--------------------|

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INDEX TO NOTES

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

| <u>NOTE</u> | <u>PAGE</u> |
|--|--------------------|
| I. Summary of Significant Accounting Policies | 49 |
| A. Reporting Entity | 49 |
| Discretely Presented Component Units | 49 |
| B. Government-Wide and Fund Financial Statements | 50 |
| C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation .. | 50 |
| D. Assets, Liabilities, and Net Position | 51 |
| 1. Deposits and Investments | 51 |
| 2. Receivables and Payables | 52 |
| 3. Inventories | 52 |
| 4. Prepaid Items | 52 |
| 5. Restricted Assets | 52 |
| 6. Capital Assets | 53 |
| 7. Compensated Absences | 53 |
| 8. Long-Term Obligations | 53 |
| 9. Fund Balances and Fund Balance Flow Assumptions | 53 |
| 10. Minimum Fund Balance Policy | 54 |
| 11. Net Position and Net Position Flow Assumptions | 54 |
| 12. Deferred Outflows/Inflows of Resources | 55 |
| 13. Encumbrances | 55 |
| 14. Pensions and Other Postemployment Benefits (OPEB) | 55 |
| 15. Estimates | 56 |
| 16. Deferred Compensation Plan | 56 |
| 17. Leases | 56 |
| 18. Subscription-Based Information Technology Arrangements | 56 |
| II. Stewardship, Compliance and Accountability | 57 |
| A. Budgetary Information | 57 |
| III. Detailed Notes on All Funds | 58 |
| A. Deposit and Investment Risk Disclosure | 58 |
| B. Property Taxes | 64 |
| C. Receivables | 65 |
| D. Deferred Inflows of Resources, Outflows and Unearned Revenues | 66 |
| E. Capital Assets | 67 |
| F. Leases and Subscription-based Information Technology Arrangements | 68 |
| G. Interfund Receivables, Payables and Transfers | 69 |
| H. Risk Management | 70 |
| I. Long-Term Liabilities | 72 |
| J. Commitments and Contingencies | 74 |
| 1. Loss Contingencies | 74 |
| 2. Grants | 74 |
| K. Pension and Other Postemployment Benefits Plans | 75 |
| L. Landfill Closure and Postclosure Care Cost | 87 |
| M. Changes within the Financial Reporting Entity | 88 |
| O. Changes in Accounting Principle | 89 |
| P. New Accounting Pronouncements | 90 |

Kenai Peninsula Borough
Notes to Financial Statements
June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Units

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

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Borough's only fiduciary fund is its Custodial Fiduciary Fund, which is reported using the accrual basis of accounting.

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

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

The Borough reports the following major governmental funds:

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

The Land Trust Special Revenue Fund accounts for revenues and expenditures of the Land Trust Fund.

The Miscellaneous Grants Special Revenue Fund is used to account for expenditures of miscellaneous grants received from the State of Alaska and the Federal Government.

The School Bond Capital Project Fund is used to account for all school capital projects funded with bond proceeds.

The Solid Waste Capital Project Fund is used to account for acquisition of major capital facilities and equipment for Solid Waste operations.

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

Additionally, the Borough reports the following fund types:

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

The Fiduciary Fund accounts for tax collection services provided to other governments located within the Kenai Peninsula Borough. This fund is reported using the economic resources measurement focus and accrual basis of accounting.

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

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

1. Deposits and Investments

The Borough utilizes a central treasury to aggregate cash from all funds, the School District, CPH and SPH for cash management and investment purposes. Each fund has an account titled "equity in central treasury" which is the cash balance of that fund. Each fund whose monies are deposited in the central treasury has equity therein. Interest income on investments is allocated monthly to participating funds based on their average equity balance during the month. At June 30, 2025, investments for the government, as well as for its component units, are reported at fair value. The Borough Code of Ordinances authorizes investment in obligations of the U. S. Treasury, its

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

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

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

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

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

2. Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 1.4% of the current year personal property tax levy.

3. Inventories

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025 are recorded as prepaid items. Prepaids are recognized when incurred and the expenditure is recorded in the period that is benefited using the consumption method.

5. Restricted Assets

Restricted cash and investments are held in capital project funds and are restricted because their use is limited by bond covenant. Net OPEB assets are restricted due to constraints imposed through enabling legislation.

6. Capital Assets

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

| <u>Assets</u> | <u>Years</u> |
|--|--------------|
| Buildings | 10-50 |
| Right-to-use leased buildings | 10-50 |
| Improvements other than buildings | 10-50 |
| Infrastructure | 10-50 |
| Machinery and Equipment (including vehicles) | 5-10 |
| Subscription Based IT Arrangements | 5-10 |

7. Compensated Absences

The Borough and Service Areas recognize a liability for the net amount of accrued vacation. Accumulated vacation may be received in cash, subject to certain restrictions. The obligation for accumulated unpaid personal leave amounts to \$4,413,763 at June 30, 2025. Of the total accumulated unpaid vacation at June 30, 2025, \$1,103,441 is expected to be paid out within one year. An internal service fund, Employee Compensated Leave Fund, was established to account for resources accumulated to provide for compensated absences for the Borough’s governmental activities. The Borough does not accrue a liability for non-vested sick leave, payable only in the event of employee absence due to illness. That amount is \$27,893 at June 30, 2025, a decrease of \$10,362 from June 30, 2024. The balance for the non-vested sick leave is insignificant therefore the Borough did not implement the sick leave provisions of *GASB Statement No. 101*.

8. Long-term Obligations

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

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

9. Fund Balances and Fund Balance Flow Assumptions

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

The spendable portion of fund balances comprises the four remaining classifications: restricted,

committed, assigned and unassigned.

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

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

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

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

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

10. Minimum Fund Balance Policy

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

11. Net Position and Net Position Flow Assumptions

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

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

12. Deferred Outflows/Inflows of Resources

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

13. Encumbrances

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

Significant encumbrances exceeding \$100,000 as of June 30, 2025 were:

| Description- Program | Major Funds | | | Nonmajor Funds |
|---|---|--|--|----------------------|
| | Miscellaneous Grants Special Revenue Fund | School Bond Capital Project Fund | Solid Waste Capital Project Fund | Other Gov't Funds |
| Public safety facilities and equipment | \$ 67,500 | \$ - | \$ - | \$ 12,797,181 |
| Educational facilities and equipment | - | 4,273,981 | - | 2,788,508 |
| General government activities | 489,777 | - | - | 513,703 |
| Roads/paths construction and upgrades | - | - | - | 284,068 |
| Solid waste facilities | - | - | 5,326,345 | - |
| Total | <u>\$ 557,277</u> | <u>\$ 4,273,981</u> | <u>\$ 5,326,345</u> | <u>\$ 16,383,460</u> |

14. Pensions and Other Post Employment Benefits (OPEB)

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

15. Estimates

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

16. Deferred Compensation Plan

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, available to all permanent Borough employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries. The Plan does not meet the definition of a pension plan under current accounting guidance and does not meet the reporting criteria for inclusion as a fiduciary fund.

17. Leases

The Borough has lessee and lessor relationships regarding buildings, towers, and land. The Borough recognizes lease related liabilities and right-to-use capital assets in the government-wide financial statements and the internal service funds. The Borough recognizes lease receivable and deferred inflows of resources related to leases in the government-wide financial statements and governmental funds.

For lessee relationships, at the commencement of a lease, the Borough initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made and subsequently amortized on a straight-line basis over the shorter of the lease term or its useful life. For lessor relationships, at the commencement of a lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. The deferred inflow of resources is initially measured as the lease receivable amount, and subsequently recognized as revenue over the life of the lease term. The Borough does not consider leasing activities to be a significant component of its principal ongoing operations.

The Borough bases these amounts on the discount rate used, lease term, and lease payments/receipts. The Borough uses an incremental borrowing rate as the discount rate. The lease term is the noncancellable term of the lease, and the lease payments/receipts are composed of fixed payments to the lessor or payments received from the lessee. The Borough determines if a lease is recognizable based on materiality levels of the fund the lease belongs to.

18. Subscription-Based Information Technology Arrangements

The Borough has subscription-based information technology arrangements (SBITAs). The Borough recognizes a subscription liability and an intangible right-to-use asset (IT subscription asset) in the government-wide financial statements. The governmental funds report current expenditures in the fund level statement of revenues, expenditures and changes in fund balance. The Borough recognizes subscription liabilities based on materiality of the fund the SBITA belongs to and whether the SBITA is for 12 months or more.

At the commencement of a SBITA, the Borough initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability,

adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

The Borough uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Borough uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period during which the Borough has a noncancelable right to use the underlying IT assets. If there is an extension option on the subscription term that is likely to be executed, that period is also included.

II – Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

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

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

III – Detailed Notes on all Funds

A. Deposit and Investment Risk Disclosure

As of June 30, 2025, the Borough, School District, CPH and SPH's investments were as follows:

| Investment Type | Fair Value* | Fixed Income Investment Maturities (in years) | | |
|--|-----------------------|--|-----------------------|----------------------|
| | | Less than 1 | 1-3 | 3-5 |
| Central Treasury Unrestricted: | | | | |
| Principal Money Market Funds | \$ 3,394,665 | \$ 3,394,665 | \$ - | \$ - |
| Repurchase Agreements | 27,318,280 | 27,318,280 | - | - |
| Certificates of Deposit | 2,222,961 | 1,485,315 | 491,910 | 245,736 |
| U.S. Treasuries | 111,232,494 | 22,381,026 | 59,499,877 | 29,351,591 |
| U.S. Agencies | 55,356,502 | - | 42,002,359 | 13,354,143 |
| Asset-Backed Securities** | 2,070,033 | - | 2,070,033 | - |
| Municipal Bonds | 24,760,376 | 14,528,504 | 8,399,577 | 1,832,295 |
| Commercial Paper | 1,977,860 | 1,977,860 | - | - |
| Corporate Fixed Income Bonds | 26,460,757 | 14,311,981 | 10,620,182 | 1,528,594 |
| | <u>\$ 254,793,928</u> | <u>\$ 85,397,631</u> | <u>\$ 123,083,938</u> | <u>\$ 46,312,359</u> |
| Central Treasury–Restricted: | | | | |
| BNY Bond Reserve Accounts | 3,792,203 | 3,792,203 | - | - |
| Repurchase Agreements | 606,438 | 606,438 | - | - |
| AMLIP | 53,895,619 | 53,895,619 | - | - |
| U.S. Agencies | 74,968,436 | 61,466,693 | 13,501,743 | - |
| | <u>\$ 133,262,696</u> | <u>\$ 119,760,953</u> | <u>\$ 13,501,743</u> | <u>-</u> |
| Total Central Treasury Investments | <u>\$ 388,056,624</u> | <u>\$ 205,158,584</u> | <u>\$ 136,585,681</u> | <u>\$ 46,312,359</u> |
| Land Trust Investment Fund (LTIF): | | | | |
| Money Market Funds | \$ 417,191 | \$ 417,191 | \$ - | \$ - |
| U.S. Fixed Income | 4,099,059 | 4,099,059 | - | - |
| TIPS | 354,001 | 354,001 | - | - |
| International Bonds | 881,625 | 881,625 | - | - |
| Total Central Treasury & LTIF Investments with maturity date | <u>\$ 393,808,500</u> | <u>\$ 210,910,460</u> | <u>\$ 136,585,681</u> | <u>\$ 46,312,359</u> |
| Land Trust Investment Fund with no maturity date (LTIF): | | | | |
| Equities | 8,666,918 | | | |
| Alternatives/real assets | <u>3,737,525</u> | | | |
| Total LTIF Investments with no maturity date | <u>12,404,443</u> | | | |
| Total Central Treasury & LTIF Investments | <u>\$ 406,212,943</u> | | | |

**Market value plus accrued income.*

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

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

The Land Trust Investment Fund “(LTIF)” was established through Ordinance 2018-29 in September 2018, KPB 5.20.080. Contributions of \$14,093,892 have been made since the inception of the fund. The financial assets of the Land Trust Investment Fund are committed to preserve the value of land assets that are sold and to generate investment income to support and supplement the operating revenue of the Land Trust Fund and for other uses as determined by the Assembly.

Fair Value Measurement: The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Borough has the following recurring fair value measurements as of June 30, 2025:

Investments Measured at Fair Value

| Investments by Fair Value Level | Fair Value | Fair Value Measurement Using | | |
|---|-----------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Treasuries | \$ 111,232,494 | \$ 111,232,494 | \$ - | \$ - |
| U.S. Agencies | 130,324,938 | - | 130,324,938 | - |
| Asset-Backed Securities | 2,070,033 | - | 2,070,033 | - |
| Municipal Bonds | 24,760,376 | - | 24,760,376 | - |
| Commercial Paper | 1,977,860 | - | 1,977,860 | - |
| Corporate Bonds | 26,460,757 | - | 26,460,757 | - |
| Certificates of Deposit | 2,222,961 | - | 2,222,961 | - |
| U.S. Fixed Income | 4,099,059 | 4,099,059 | - | - |
| TIPS | 354,001 | 354,001 | - | - |
| International Bonds | 881,625 | 881,625 | - | - |
| Equities | 8,666,918 | 8,666,918 | - | - |
| Alternatives/real assets | 3,737,525 | 3,737,525 | - | - |
| Total Investments at fair value level | 316,788,547 | \$ 128,971,622 | \$ 187,816,925 | \$ - |
| AMLIP * | 53,895,619 | | | |
| Money Market Funds* | 7,604,059 | | | |
| Repurchase Agreements* | 27,924,718 | | | |
| Total Central Treasury and LTIF investments | <u>\$ 406,212,943</u> | | | |

* The Borough’s investment in Repurchase Agreements, Money Market Funds and AMLIP are measured at amortized cost, as of June 30, 2025. Management believes these values approximate fair value.

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

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

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

| <u>Maturity</u> | <u>Target Maturity Level</u> | <u>Actual Investment</u> |
|---------------------|----------------------------------|------------------------------|
| One Year or Less | 40% | 53% |
| One to Three Years | 30% | 35% |
| Three to Five Years | 30% | 12% |

The fair values of the Borough's Land Trust Investment Fund fixed income investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Duration of a financial asset measures the sensitivity of the asset's price to changes in interest rates. The benchmark index for the U.S. fixed income component of the fund is the Bloomberg U.S. Aggregate Bond Index or a substantially similar index for the benchmark. The index allows for maturities greater than 1 year. At June 30, 2025, the index had an average duration of 6.0 while the fund's U.S. fixed income component had an average duration of 5.9.

Option Risk: Option risk is the risk that an investment's issuer may exercise a right embedded in the investment—an embedded option. The Borough invests in securities issued by U.S. Government Agencies and highly rated corporate issuers that may contain call options or variable rate features. As of June 30, 2025, about \$19.5 million or 5.9% of the portfolio securities contain call options and about \$2.3 million or 0.7% of the portfolio securities have variable rate features. The exercise of the call option by the issuer occurs during times of declining interest rates; therefore, the Borough is exposed to the risk of having to reinvest at a lower interest rate. The securities are listed below at their earliest call dates. Three agency mortgage-backed securities have a variable rate feature in which the rate remains fixed until a time when certain events could transpire. The coupon rate established at the time the security was structured is based on the blended rate of the underlying mortgage loans that were pooled together to make the security. The pool of loans contains underlying mortgages at different rates of interest. If a majority of the higher interest rate loans were paid off at a faster pace than the lower interest rate loans, to the point that the coupon rate of the security would no longer be able to support the stated blended rate of the underlying mortgage loans, then the coupon would be adjusted lower to reflect the lower income stream on the remaining mortgage loans. The adjustment, if it were to occur, would be relatively minor and is probably unlikely.

| <u>Investment</u> | <u>Rate</u> | <u>Type of Option</u> | <u>Original Maturity</u> | <u>Next Call Date</u> |
|------------------------|-------------|-----------------------|--------------------------|-----------------------|
| Johnson & Johnson | 0.550 | Cont After Call | September 1, 2025 | August 1, 2025 |
| Microsoft Corp | 3.125 | Cont After Call | November 3, 2025 | August 3, 2025 |
| Berkshire Hathaway Inc | 3.125 | Cont After Call | March 15, 2026 | December 15, 2025 |
| Walmart Inc | 4.000 | Cont After Call | April 15, 2026 | March 15, 2026 |
| Apple Inc | 4.421 | Cont After Call | May 8, 2026 | July 12, 2025 |
| Wells Fargo Bank | 5.450 | Cont After Call | August 7, 2026 | July 7, 2026 |
| Bank of America | 5.526 | Cont After Call | August 18, 2026 | July 17, 2026 |
| Wells Fargo Bank | 5.254 | Cont After Call | December 11, 2026 | November 10, 2026 |

| <u>Investment</u> | <u>Rate</u> | <u>Type of Option</u> | <u>Original Maturity</u> | <u>Next Call Date</u> |
|--------------------------|--------------------|------------------------------|---------------------------------|------------------------------|
| Morgan Stanley Bank | 4.952 | An/Cont 12/14/27 | January 14, 2028 | January 14, 2027 |
| Johnson & Johnson | 2.900 | Cont After Call | January 15, 2028 | October 15, 2027 |
| Morgan Stanley Bank | 5.504 | An/Cont 4/26/28 | May 26, 2028 | May 26, 2027 |
| FFCB | 1.100 | Cont After Call | October 26, 2029 | July 7, 2025 |
| FHLB | 2.180 | Cont After Call | November 6, 2029 | July 7, 2025 |
| Walmart Inc | 4.350 | Cont After Call | April 28, 2030 | March 28, 2030 |
| Morgan Stanley Bank | 4.952 | Variable Rate | January 14, 2028 | n/a |
| Morgan Stanley Bank | 5.504 | Variable Rate | May 26, 2028 | n/a |

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

| <u>Issuer</u> | <u>% of Portfolio</u> | <u>% of Investment Type</u> |
|---------------------------------------|------------------------------|------------------------------------|
| Federal National Mortgage Association | 10.69% | 24.56% of US Agency |
| Federal Farm Credit Bank | 17.22% | 39.57% of US Agency |
| Federal Home Loan Bank | 11.76% | 27.02% of US Agency |

The percentages of investment by type are as follows:

| <u>Investment Type</u> | <u>Maximum Allowable % per Investment Policy</u> | <u>Maximum Maturity per Investment Policy</u> | <u>Actual % as of June 30, 2025</u> |
|-------------------------------|---|--|--|
| U.S. Treasury Securities | 100% | 5 years | 28.6% |
| U.S. Agencies | 100% | 5 years | 34.1% |
| Corporate Bonds | 50% | 5 years | 6.8% |
| Municipal Bonds | 25% | 5 years | 6.4% |
| Repurchase Agreements | 20% | n/a | 7.2% |
| Money Market Funds | 20% | n/a | 1.9% |
| AMLIP | 20% | n/a | 13.9% |
| Bankers' Acceptances | 10% | 3 years | 0.0% |
| Commercial Paper | 25% | 270 days | 0.5% |

Term Repurchase Agreements and Certificates of Deposit:

| | | | |
|-------------------------|-----|---------|------|
| 7-day term or shorter | 25% | n/a | 0.0% |
| Greater than 7-day term | 25% | 3 years | 0.6% |

The following is a list of asset classes allowed for the Land Trust Investment Fund, their benchmark index, their appropriate target weighting, minimum, maximum, and the actual weighting at June 30, 2025.

| <u>Asset Class</u> | <u>Target % Weighting</u> | <u>Minimum % Weighting</u> | <u>Maximum % Weighting</u> | <u>Actual % Weighting</u> |
|---------------------------|--------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| FIXED INCOME | 27% | | | |
| Cash | 2% | 0% | 10% | 2.3% |
| U.S. Fixed Income | 18% | 8% | 28% | 22.6% |
| TIPS | 2% | 0% | 10% | 1.9% |
| International Bonds | 5% | 0% | 10% | 4.9% |
| EQUITY | 52% | | | |
| High Yield | 5% | 0% | 10% | 0.0% |
| U.S. Large-Cap Equity | 22% | 12% | 32% | 22.6% |
| U.S. Mid-Cap Equity | 10% | 5% | 15% | 10.1% |
| U.S. Small-Cap Equity | 5% | 0% | 10% | 5.0% |
| International Equity | 6% | 0% | 12% | 5.9% |
| Emerging Markets Equity | 4% | 0% | 8% | 4.1% |
| ALTERNATIVES | 21% | | | |
| Real Estate | 3% | 0% | 6% | 2.9% |
| Infrastructure | 5% | 0% | 10% | 4.9% |
| Commodities | 3% | 0% | 6% | 3.0% |
| Alternative Beta | 10% | 0% | 15% | 9.8% |

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

As of June 30, 2025, the Borough's investments in money market funds, corporate bonds, municipal bonds, and U.S. Government agencies or instruments implicitly guaranteed by the U.S. Government were rated as follows:

| Moody's | | S & P | |
|------------|-------------|------------|-------------|
| Aaa | 18% | AAA | 17% |
| Aa | 60% | AA | 31% |
| A | 1% | A | 3% |
| Not rated* | 21% | Not Rated* | 49% |
| | <u>100%</u> | | <u>100%</u> |

*Collateralized

A blend of the Barclays U.S. Aggregate Bond Index, the Bloomberg 1-5 Year Government Credit Index, the Bloomberg U.S. High Yield Very Liquid Index, the Bloomberg 0-5 Year TIPS Index, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index, and the Citigroup 3-month Treasury Bill Index are utilized as the benchmark for the fixed income allocation at each asset class's target weighting, per Kenai Peninsula Borough Resolution 2021-079.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. To limit custodial credit risk, it is the Borough's policy to collateralize all monies deposited in excess of the FDIC limit. All pledged collateral for the Kenai Peninsula Borough must be held in a collateral custodian account of the Kenai Peninsula Borough under a formal tri-party agreement. Of the Borough's \$27.92 million in repurchase agreements at June 30, 2025, \$27.84 million of underlying securities are pledged to the Borough by the Bank. This collateral is owned by the Bank and held by the third-party custodian. The remaining balance of \$0.08 million is in the Borough's overnight sweep account and the funds have not been posted to the Borough's bank account. When received, the funds will be collateralized. The Federal Deposit Insurance Corporation (FDIC) insures \$250,000.

Cash and short-term investment balances at June 30, 2025, consisted of the following:

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--|-------------------------------|----------------------------|
| Cash and short-term investments held in central treasury: | | |
| Checking accounts: | | |
| Primary Government | \$ (1,291,922) | \$ 79,594 |
| Discretely Presented Component Unit (School District) | <u>(913,857)</u> | <u>-</u> |
| Total cash and short-term investments held in central treasury | <u>\$ (2,205,779)</u> | <u>\$ 79,594</u> |
| Other cash and investments: | | |
| Primary Government - | | |
| Checking and savings accounts | 379,640 | 409,698 |
| Cash on hand | 2,260 | - |
| Short-term investments | <u>18,156,319</u> | <u>16,332,864</u> |
| Total other cash and short-term investments | <u>\$ 18,538,219</u> | <u>\$ 16,742,562</u> |

The following is a summary of equity in central treasury and investments at June 30, 2025:

| | |
|--|-----------------------|
| General Fund (major fund) | \$ 46,350,193 |
| Special revenue funds (major funds) | 10,908,847 |
| Special revenue funds | 38,185,657 |
| Capital projects funds (major fund) | 34,405,509 |
| Capital project funds | 35,902,331 |
| Capital project funds – Restricted (major fund) | 31,723,888 |
| Capital project funds – Restricted | 9,937,299 |
| Internal service funds | <u>31,088,713</u> |
| Total Governmental Activities equity in central treasury | \$ <u>238,502,437</u> |
| Fiduciary fund | \$ <u>751,072</u> |
| <u>Discretely Presented Component Units</u> | |
| School District | \$ 40,145,654 |
| Central Peninsula Hospital | 3,265,191 |
| Central Peninsula Hospital – Restricted assets | 7,910,821 |
| Central Peninsula Hospital – Assets whose use is limited | 79,182,239 |
| South Peninsula Hospital | 8,791,199 |
| South Peninsula Hospital – Restricted assets | 21,775 |
| South Peninsula Hospital – Assets whose use is limited | <u>7,280,457</u> |
| Total equity in central treasury | \$ <u>385,850,845</u> |

The equity in central treasury consists of the following:

| | | |
|----------------------------------|----|--------------------|
| Cash and short-term investments | \$ | (2,205,779) |
| Investments | | <u>388,056,624</u> |
| Total equity in central treasury | \$ | <u>385,850,845</u> |

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

| | | |
|--|----|----------------------|
| Fair value at June 30, 2025 | \$ | 388,056,624 |
| Add: cost of investments sold/called/matured in FY2025 | | 137,952,714 |
| Less: cost of investments purchased in FY2025 | | (146,204,674) |
| Less: fair value at June 30, 2024 | | <u>(374,456,175)</u> |
| Change in fair value of investments | \$ | <u>5,348,489</u> |

B. Property Taxes

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

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

The Borough also collects its own sales tax as well as that of the cities within the Borough. The Borough-wide sales tax rate is 3%, while the city rates vary from 2% - 6.5%. The sales tax collections for Borough cities are recorded in the Custodial Fiduciary Fund.

Property Tax Calendar

| | | | |
|------------------|------------------------------|----------------------------|------------------|
| Assessment date | January 1, 2024 | Total taxes are due | October 15, 2024 |
| Levy date | Not later than June 15, 2024 | Penalties & interest added | October 17, 2024 |
| Tax bills mailed | Not later than July 1, 2024 | Lien date | April 15, 2025 |

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

C. Receivables

Receivables at June 30, 2025 for the government's individual major funds, proprietary funds, and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | Major Funds | | | | Nonmajor Funds | | |
|---|---------------------|--|---|---|------------------------------|---------------------------------------|----------------------|
| | General | Land Trust Special Revenue Fund | Miscellaneous Grants Special Revenue | Solid Waste Capital Project Fund | Other Gov't Funds | Internal Service Funds | Total |
| Taxes | \$ 10,347,680 | \$ - | \$ - | \$ - | \$ 513,899 | \$ - | \$10,861,579 |
| Accounts and other receivables | 247,375 | 27,302 | 5,436 | - | 909,451 | 547,845 | 1,737,409 |
| Leases receivable | 336,930 | 3,050,410 | - | - | 1,154,701 | - | 4,542,041 |
| Land sale contracts | - | 1,495,846 | - | - | - | - | 1,495,846 |
| Due from landowners | 929,121 | - | - | - | - | - | 929,121 |
| Intergovern -mental | <u>1,179,181</u> | <u>17,777</u> | <u>359,212</u> | <u>574,441</u> | <u>1,563,428</u> | <u>-</u> | <u>3,694,039</u> |
| Total receivables | 13,040,287 | 4,591,335 | 364,648 | 574,441 | 4,141,479 | 547,845 | 23,260,035 |
| Less Allowance for uncollectibles | <u>(68,686)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(20,624)</u> | <u>-</u> | <u>(89,310)</u> |
| | <u>\$12,971,601</u> | <u>\$ 4,591,335</u> | <u>\$ 364,648</u> | <u>\$ 574,441</u> | <u>\$4,120,855</u> | <u>\$ 547,845</u> | <u>\$ 23,170,725</u> |

South Peninsula Hospital Advance

In FY2024, a loan agreement was executed between the Kenai Peninsula Borough and South Peninsula Hospital in the not to exceed amount of \$7 million to finance the replacement of the Hospital's Electronic Medical Record (EMR) software. This loan is based on draws only and interest will begin accruing on the date of the first reimbursement draw. Payments are due quarterly from that time. The first reimbursement draw was on June 21, 2024. Current principal balance is \$1,102,779. The principal due within one year is \$279,960.

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

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds and the government-wide statements report unearned revenue in connection with resources that have been received, but not yet earned. The government-wide statements report deferred outflow of resources in connection with deferred losses on bond refundings. The government-wide statements also report deferred outflows of resources and deferred inflows of resources for pension and OPEB related items; as well as lease related items. At June 30, 2025, the various components of unearned revenue, deferred inflows, and deferred outflows of resources reported in the governmental funds and government-wide statements were as follows:

| | Government-Wide | | | Fund Level | |
|---|---------------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> | <u>Unearned</u> | <u>Deferred Inflows</u> | <u>Unearned</u> |
| Unamortized deferred loss | \$ 426,032 | \$ - | \$ - | \$ - | \$ - |
| Pension and OPEB related | 5,836,368 | 748,554 | - | - | - |
| Property taxes receivable: | | | | | |
| General Fund | - | - | - | 509,305 | - |
| Nonmajor gov't funds | - | - | - | 436,392 | - |
| Prepaid property tax: | | | | | |
| General Fund | - | 5,965,036 | - | 5,965,036 | - |
| Nonmajor gov't funds | - | 7,345,696 | - | 7,345,696 | - |
| Lease Related: | | | | | |
| General Fund | - | 323,700 | - | 323,700 | - |
| Land Trust Special Revenue Fund | - | 2,808,191 | - | 2,808,191 | - |
| Nonmajor gov't funds | - | 1,056,083 | - | 1,056,083 | - |
| Land sales receivable: | | | | | |
| Land Trust Special Revenue Fund | - | - | - | 1,495,846 | - |
| Grant funds received prior to meeting all eligibility requirements: | | | | | |
| General Fund | - | - | 3,241 | - | 3,241 |
| Land Trust Special Revenue Fund | - | - | 7,875 | - | 7,875 |
| Miscellaneous Grant Special Revenue Fund | - | - | 8,118,386 | - | 8,118,386 |
| Solid Waste Capital Project Fund | - | - | 4,866,973 | - | 4,866,973 |
| Nonmajor gov't funds | - | - | 21,935 | - | 21,935 |
| | <u>\$ 6,262,400</u> | <u>\$18,247,260</u> | <u>\$13,018,410</u> | <u>\$19,940,249</u> | <u>\$ 13,018,410</u> |

E. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

| Governmental Activities: | Balance July 1, 2024 | Additions/ Transfers | Deductions/ Transfers | Balance June 30, 2025 |
|--|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 75,831,750 | \$ 3,692,718 | \$ (22,205) | \$ 79,502,263 |
| Construction in progress | 14,572,773 | 18,804,531 | (7,169,938) | 26,207,366 |
| Total capital assets, not being depreciated | 90,404,523 | 22,497,249 | (7,192,143) | 105,709,629 |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 322,602,670 | - | - | 322,602,670 |
| Right-to-use leased building | 114,131 | 144,233 | (54,176) | 204,188 |
| Subscription IT arrangements | 662,095 | 667,550 | (393,314) | 936,331 |
| Improvements other than buildings | 108,176,152 | 7,963,306 | - | 116,139,458 |
| Machinery and equipment | 56,152,626 | 1,699,703 | (661,019) | 57,191,310 |
| Infrastructure | 21,388,033 | 550,250 | - | 21,938,283 |
| Total capital assets being depreciated/amortized | 509,095,707 | 11,025,042 | (1,108,509) | 519,012,240 |
| Less accumulated depreciation and amortization for: | | | | |
| Buildings | (240,528,879) | (4,841,494) | - | (245,370,373) |
| Right-to-use leased building | (61,900) | (36,232) | 54,176 | (43,956) |
| Subscription IT arrangements | (388,885) | (272,367) | 393,314 | (267,938) |
| Improvements other than buildings | (81,023,147) | (2,986,219) | - | (84,009,366) |
| Machinery and equipment | (42,339,129) | (4,100,074) | 604,385 | (45,834,818) |
| Infrastructure | (7,657,666) | (581,610) | - | (8,239,276) |
| Total accumulated depreciation and amortization | (371,999,606) | (12,817,996) | 1,051,875 | (383,765,727) |
| Total capital assets, being depreciated and amortized, net | 137,096,101 | (1,792,954) | (56,634) | 135,246,513 |
| Governmental activities capital assets, net | \$ 227,500,624 | \$ 20,704,295 | \$ (7,248,777) | \$ 240,956,142 |

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

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

Governmental activities:

| | |
|---|---------------|
| General government | \$ 1,036,383 |
| Solid waste facilities | 2,079,978 |
| Public safety | 3,744,788 |
| Recreation | 307,410 |
| Education | 4,579,168 |
| Roads and trails | 601,281 |
| Internal Service Funds | 468,988 |
| Total depreciation and amortization expense - governmental activities | \$ 12,817,996 |

Construction commitments:

The Borough has numerous active construction projects as of June 30, 2025. The projects include major repair of existing roads, improvement to school facilities and public safety facilities. At year end the Borough's commitments with contractors are as follows:

| <u>Projects</u> | <u>Remaining Commitments</u> | <u>Financing Sources</u> |
|--------------------------------|---|--|
| Major repair of existing roads | \$ 280,068 | Federal and state grants and local funding |
| Solid waste facilities | 5,326,345 | Federal grants and local funding |
| Educational facilities | 4,273,981 | General obligation bonds, federal and state grants and local funding |
| Fire and emergency facilities | 12,797,181 | General obligation bonds and local funding |
| General government facilities | <u>248,648</u> | Local funding |
| Total | \$ <u>22,926,223</u> | |

F. Leases and Subscription-Based Information Technology Arrangements (SBITAS)**Leases receivable:**

In FY2025, the Borough had 35 active leases in which the Borough was the lessor, including tower leases, land leases and building leases. In FY2025, four new leases were added and two leases expired. Lessor activities are not the Borough's primary function. The Borough recognized \$318,629 in lease revenue and \$142,874 in interest revenue related to these leases in FY2024. As of June 30, 2025 the Borough's receivable for these leases was \$4,542,041. Also, the Borough shows a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was \$4,187,974.

Leases payable:

In FY2025, the Borough had four active leases in which the Borough was the lessee, consisting of two tower leases and two building leases. One building lease was a replacement of the prior, which matured during the year. The value of the right-to-use assets at the end of the current fiscal year net of accumulated amortization totals \$160,233.

The future principal and interest lease payments as of June 30, 2025, are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|---------------------------|-------------------------|------------------------|----------------------|
| 2026 | \$ 36,333 | \$ 5,343 | \$ 41,676 |
| 2027 | 38,144 | 4,214 | 42,358 |
| 2028 | 27,621 | 3,161 | 30,782 |
| 2029 | 530 | 2,888 | 3,418 |
| 2030 | 661 | 2,860 | 3,521 |
| 2031-2035 | 5,624 | 13,628 | 19,252 |
| 2036-2040 | 10,594 | 11,725 | 22,319 |
| 2041-2045 | 17,449 | 8,424 | 25,873 |
| 2046-2050 | 26,238 | 3,211 | 29,449 |
| Totals | \$ 163,194 | \$ 55,454 | \$ 218,648 |

SBITAS:

In FY2025, the Borough had twelve active SBITAS, three of which matured during the year. The Borough added an additional liability totaling \$667,550 during the current year. The value of the IT assets at the end of the current fiscal year net of accumulated amortization totals \$668,393.

The future principal and interest payments as of June 30, 2025, are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|--------------------|-------------------|------------------|-------------------|
| 2026 | \$ 300,431 | \$ 13,435 | \$ 313,866 |
| 2027 | 247,541 | 4,790 | 252,331 |
| 2028 | 17,340 | 109 | 17,449 |
| 2029 | 226 | 1 | 227 |
| Totals | <u>\$ 565,538</u> | <u>\$ 18,335</u> | <u>\$ 583,873</u> |

G. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2025 is as follows:

In 2022, the Borough Assembly approved an interfund loan from the Land Trust Investment Fund to the Western Emergency Service Area for \$736,679 to purchase land adjacent to the existing fire station. As of June 30, 2025, the amount outstanding was \$526,480.

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-----------------------------|----------------------------------|-------------------------------|
| Nonmajor governmental funds | \$ <u>526,480</u> | \$ <u>526,480</u> |
| Total | \$ <u>526,480</u> | \$ <u>526,480</u> |

Interfund Transfers

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

Transfers between funds for the year ended June 30, 2025, were as follows:

| Transfers In | | | | |
|---------------------------------------|---------------------------------------|--|----------------------|----------------------|
| Major Funds | | | | |
| Transfers Out | Land Trust Special Revenue Fund | Solid Waste Capital Project Fund | Other Gov't Funds | Total |
| General Fund | \$ - | \$ 3,558,902 | \$ 11,074,040 | \$ 14,632,942 |
| Land Trust Special Revenue Fund | - | - | 966,276 | 966,276 |
| Nonmajor governmental funds | 199,195 | - | 6,935,699 | 7,134,894 |
| Total | <u>\$ 199,195</u> | <u>\$ 3,558,902</u> | <u>\$ 18,976,015</u> | <u>\$ 22,734,112</u> |

Significant transfers were as follows:

- The General Fund transferred \$4,938,201 to the School Debt Service Fund to fund FY2025 debt service payments on bonds sold to finance construction of school facilities and capital maintenance, of which \$1,795,640 was reimbursed by the State of Alaska.
- The General Fund transferred \$5,340,523 to the School Revenue Capital Projects Fund to fund capital maintenance on school facilities, and \$3,558,902 to the Solid Waste Capital Projects Fund to fund capital maintenance projects on solid waste facilities and closure/post closure liability.
- The Road Service Area Special Revenue Fund transferred \$2,320,000 to the Road Service Area Capital Project Fund to support road upgrades and major maintenance.

H. Risk Management

The Kenai Peninsula Borough has established an office of Risk Management and a limited self-insurance program which is codified by Borough ordinance and administered by the Risk Manager and a Risk Management Committee. It is the responsibility of the Risk Manager and the Risk Management Committee to insure, self-insure and select appropriate retention levels and deductibles for the risks confronting the Kenai Peninsula Borough, its Service Areas and the School District. All losses, or claims, are reported to the Office of Risk Management and are handled internally within the retention levels and deductibles, and all new and outstanding claims are reviewed monthly with the Risk Management Committee and the Risk Manager.

The greatest exposure to financial loss confronting the Kenai Peninsula Borough and School District would be in the areas of property loss, auto liability and general liability due to the number of properties and the fleet of vehicles owned and operated by the Borough and School District. The Borough also purchases several excess policies which provide coverage beyond what is included in the package policy as well as pollution liability coverage for incidents arising from Borough owned landfills effective July 1, 2016.

Insurers provide annual aggregate limits in excess of the retention level for the exposures of general liability, auto liability, public officials' liability, educational errors and omissions and professional liability. Insurance coverage for these various liability exposures are written on a combined policy form. There were no material changes in the amounts of coverages, retentions or deductibles during the current fiscal year.

Self-insured retention/deductible amounts and upper coverage limits of excess insurance for major coverages are as follows:

| Coverage | Self-Insured Retention (Deductible) | Upper Coverage Limits of Excess Insurance |
|--------------------------------------|--|--|
| Auto & General Liability | \$ 300,000 | \$ 15,000,000 |
| Excess Liability (Over Auto & GL) | Primary | \$ 10,000,000 |
| Employers Liability | \$ 250,000 | \$ 2,500,000 |
| Workers' Compensation | \$ 250,000 | Statutory Benefit |
| Cyber Liability | \$ 250,000 | \$ 2,000,000 |
| All-Risk Property: | | |
| Buildings & Contents | \$ 100,000 | \$ 500,000,000 |
| Mobile Equipment | \$ 5,000 | Actual Cash Value |
| Automobile | \$ 20,000 | Actual Cash Value |
| Crime | \$ 1,000 | \$ 500,000 |

| Coverage | Self-Insured Retention (Deductible) | Upper Coverage Limits of Excess Insurance |
|-----------------------------------|--|--|
| Equipment Breakdown | \$ 50,000 | \$ 100,000,000 |
| Equipment Breakdown (MRI & CT) | \$ 150,000 | \$ 100,000,000 |

Claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

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

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Beginning of fiscal year liability | \$ 2,815,804 | \$ 2,450,354 |
| Current year claims incurred and changes in estimates for claims incurred in prior years | 1,088,877 | 2,512,706 |
| Claims and expenses paid | <u>(1,415,628)</u> | <u>(2,147,256)</u> |
| End of fiscal year liability | \$ <u>2,489,053</u> | \$ <u>2,815,804</u> |

Included above is a liability for incurred but not reported (IBNR) claims of \$311,055. Experience indicates those losses or claims do not go unreported for any significant length of time, therefore, the exposure to IBNR losses or claims is minimal.

In addition to the risk management issues listed above, the Borough maintains a health and medical benefit program, which covers all permanent employees working more than half-time. The Borough retains a major portion of the risk of this plan, and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss limits are \$225,000 for individual claims. Health and medical expenditures totaled \$6,853,672 for the year ended June 30, 2025, and consisted of paid claims, stop-loss premiums and administrative fees. Accruals were made based on estimates of health claims at year-end, including claims incurred but not reported.

Such accruals are accounted for in the Employee Health Insurance Internal Service Fund. A schedule of the changes in the healthcare claims liability for the two years ended June 30, 2025 and 2024 follows:

| | <u>2025</u> | <u>2024</u> |
|---|--------------------|--------------------|
| Health insurance claims liabilities, beginning of year | \$ 628,406 | \$ 628,406 |
| Current year claims incurred and changes in estimates for claims incurred in prior years | 6,007,833 | 6,308,742 |
| Claims and expenses paid | <u>(6,007,833)</u> | <u>(6,308,742)</u> |
| Health insurance claims liabilities, end of year | \$ <u>628,406</u> | \$ <u>628,406</u> |

I. Long-term Liabilities

A summary of long-term liability activity for the year ended June 30, 2025 is as follows:

| | <u>Balance July 1, 2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2025</u> | <u>Due Within One Year</u> |
|---|--|-------------------------|--------------------------|---|---------------------------------------|
| Governmental activities: | | | | | |
| Areawide school bonds | \$ 48,970,000 | \$ - | \$ 2,985,000 | \$ 45,985,000 | \$3,085,000 |
| Central Emergency Services bonds | 16,615,000 | - | 835,000 | 15,780,000 | 885,000 |
| Bear Creek Fire bonds | 720,000 | - | 75,000 | 645,000 | 75,000 |
| Leases payable | 55,133 | 144,233 | 36,172 | 163,194 | 36,322 |
| Subscription IT liabilities | 197,770 | 667,550 | 299,782 | 565,538 | 300,431 |
| Compensated absences * | 4,106,755 | 307,008 | - | 4,413,763 | 1,103,441 |
| Net Pension Liability ** | 36,894,090 | 3,487,832 | - | 40,381,922 | - |
| Landfill closure / postclosure | <u>21,689,968</u> | <u>1,931,398</u> | <u>92,381</u> | <u>23,528,985</u> | <u>-</u> |
| Total governmental activities long-term liabilities | <u>\$129,248,716</u> | <u>\$ 6,538,021</u> | <u>\$4,323,335</u> | <u>\$131,463,402</u> | <u>\$5,485,194</u> |
| Unamortized premium on bonds: | | | | | |
| School bonds 2014 refunding | 797,818 | - | 202,943 | 594,875 | |
| School bonds 2023 | 3,649,435 | - | 327,096 | 3,322,339 | |
| CES bonds 2015 refunding | 9,602 | - | 7,167 | 2,435 | |
| CES bonds 2016 | 53,431 | - | 14,759 | 38,672 | |
| CES bonds 2020 | 151,132 | - | 24,357 | 126,775 | |
| CES bonds 2023 | <u>1,765,984</u> | <u>-</u> | <u>158,295</u> | <u>1,607,689</u> | |
| | <u>\$135,676,118</u> | <u>\$ 6,538,021</u> | <u>\$5,057,952</u> | <u>\$137,156,187</u> | |

* The change in compensated absences above is a net change for the year. Based on an analysis of actual compensated absence expenditures/expense during fiscal year 2025, management estimates 25% of these balances will be used in FY2026. Therefore, 25% of the balance of compensated absences is classified as due within one year. Other long-term liabilities related to governmental activities are generally liquidated by the General Fund.

** Pension and other post-employment benefits are generally liquidated approximately 47% by the General Fund and 48% by public safety related special revenue funds, with 5% being liquidated by recreation and roads related special revenue funds.

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

School Bonds. School bonds are issued for the construction and major maintenance of public schools in the Borough. Bonds are paid from the General Fund through the levy of property taxes plus funding from the State of Alaska, which partially reimburses the Borough for expenditures for school debt issues. Per AS 14.11.100, the State of Alaska shall reimburse the Borough up to 70% of the principal and interest payments on the School bonds. The most recent education bonds sold in 2023 are not reimbursable due to a moratorium on the State of Alaska School Debt Reimbursement Program.

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

In July 2020, the Borough issued General Obligation School refunding bonds of \$8,970,000 to refinance \$10,430,000 of outstanding 2010 Buy America Bond Program school debt that resulted in a net present value of savings from cash flow of \$1,052,349.

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

In June 2021 the Borough issued General Obligation School refunding bonds of \$14,500,000 to refinance \$12,890,000 of the \$14,790,000 in outstanding 2013 school debt that resulted in a net present value of savings from cash flow of \$1,459,148.

In October 2022, the Borough voters authorized \$65.55 million in 20-year school bonds for planning, designing, site preparations, construction, acquiring, renovating, installing, and equipping educational capital improvement projects throughout the Borough. The first phase of the bonds were issued in February 2023 in the amount of \$30 million and will have final maturity in 2043. Phase two is anticipated to be issued in spring 2026. These bonds are not eligible for the State of Alaska Debt Reimbursement program due to the moratorium currently in place.

Central Emergency Service Area Bonds

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

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

In October 2022, Service Area voters approved the issuance of bonds up to \$16.5 million in bonds for design, construction and equipping Central Emergency Service Station 1. These bonds were issued in February 2023 in the amount of \$14.52 million and will have final maturity in 2043.

Bear Creek Fire Service Area Bonds

In 2007, voters of the Bear Creek Fire Service Area authorized the issuance of \$1,400,000 in bonds for design, construction, and equipping a Bear Creek Fire Service Area Public Safety Building. These bonds were issued in March 2013 in the amount of \$1,215,000. In June 2021, the Borough issued Bear Creek Fire SA refunding bonds to refinance \$1.425 million of the outstanding debt that resulted in a net present value savings of \$116,196, the defeased debt was paid off in FY2016. In June 2021, the Borough issued General Obligation Bear Creek Fire SA refunding bonds of \$825,000 to refinance \$740,000 of the \$850,000 in outstanding debt that resulted in a net present value of savings from cash flow of \$83,768.

Solid Waste Bonds

In 2016, Borough voters authorized the issuance of \$10,600,000 in bonds for planning, design, site preparation, constructing and equipping the solid waste disposal facilities, of which \$5,405,000 was issued in April 2017. The bonds issued in 2017 were paid off in FY2023. The remaining balance is expected to be issued in 2026.

A summary of bonds payable (in thousands) at June 30, 2025 is as follows:

| | <u>Amount Issued</u> | <u>Coupon Interest Rate</u> | <u>Effective Interest Rate</u> | <u>Maturity Dates (CY)</u> | <u>Annual Installments</u> | <u>Outstanding June 30, 2025</u> |
|--|--------------------------|-------------------------------------|--|--------------------------------|--------------------------------|--|
| <u>Governmental</u> | | | | | | |
| <u>Activities:</u> | | | | | | |
| School bonds: | | | | | | |
| Issued 07-07-20 | 8,970 | 5.00 | 0.54 – 1.68 | 2020 - 2031 | 680 to 1,020 | 5,435 |
| Issued 06-16-21 | 14,500 | 0.243 - 2.35 | 0.24 - 2.35 | 2021 - 2033 | 285 to 1,490 | 12,385 |
| Issued 02-15-23 | <u>30,000</u> | 5.00 | 0.32 - 8.26 | 2023 - 2042 | 895 to 2,315 | <u>28,165</u> |
| Total school | <u>53,470</u> | | | | | <u>45,985</u> |
| Central Emergency Services bonds: | | | | | | |
| Issued 10-30-14 | 1,425 | 1.25 – 5.00 | 0.38 – 2.57 | 2014 - 2025 | 115 to 175 | 175 |
| Issued 02-02-16 | 2,465 | 2.63 – 6.00 | 0.35 – 2.85 | 2016 - 2030 | 85 to 175 | 975 |
| Issued 11-21-19 | 1,335 | 5.00 | 0.53 – 11.11 | 2019 – 2034 | 55 to 125 | 1,000 |
| Issued 02-15-23 | <u>14,520</u> | 5.00 | 0.32 – 8.26 | 2023 - 2042 | 435 to 1,120 | <u>13,630</u> |
| Total CES bonds | <u>19,255</u> | | | | | <u>15,780</u> |
| Bear Creek Fire bonds | | | | | | |
| Issued 6-16-21 | <u>825</u> | 0.243 – 2.22 | 0.95 – 12.22 | 2021 - 2032 | 15 to 85 | <u>645</u> |
| Total Governmental | <u>\$ 73,550</u> | | | | | <u>\$ 62,410</u> |

Debt service requirements for outstanding bonds at June 30, 2025 were as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|----------------------|----------------------|
| 2026 | 4,045,000 | 2,615,619 | 6,660,619 |
| 2027 | 4,010,000 | 2,470,090 | 6,480,090 |
| 2028 | 4,150,000 | 2,319,851 | 6,469,851 |
| 2029 | 4,310,000 | 2,157,463 | 6,467,463 |
| 2030 | 4,475,000 | 1,985,927 | 6,460,927 |
| 2031-2035 | 18,205,000 | 7,533,145 | 25,738,145 |
| 2036-2040 | 13,405,000 | 4,194,875 | 17,599,875 |
| 2041-2045 | <u>9,810,000</u> | <u>752,000</u> | <u>10,562,000</u> |
| Total | <u>\$ 62,410,000</u> | <u>\$ 24,028,970</u> | <u>\$ 86,438,970</u> |

J. Commitments and Contingencies

1. Loss Contingencies

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

2. Grants

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

K. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

The Plan is included in an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at <https://drb.alaska.gov/docs/reports/#pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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

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

Historical Context and Special Funding Situation

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

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

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the year ended June 30, 2025 were determined in the June 30, 2023 actuarial valuations. The Borough's contribution rates for the 2025 fiscal year were as follows:

| | ARM Board Adopted Rate | State Contribution Rate |
|-----------------------------------|---------------------------|----------------------------|
| Defined benefit plan: | | |
| Pension | 20.03% | 4.76% |
| Postemployment healthcare (ARHCT) | -% | -% |
| Defined contribution - Pension | 6.73% | -% |
| Total Contribution Rates | 26.76% | 4.76% |

Alaska Statute 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between the actuarially required contribution and the cap. For the fiscal year the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the Borough are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the different between (a) amount calculated for the statutory employer contribution rate of 22.00% on all eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2025, the Borough was credited with the following contributions to the pension plan:

| | Measurement Period July 1, 2023 to June 30, 2024 | Borough Fiscal Year July 1, 2024 to June 30, 2025 |
|---|---|--|
| Employer contributions (including DBUL) | \$ 4,085,620 | \$ 4,259,025 |
| Nonemployer contributions (on-behalf) | 771,643 | 1,208,245 |
| Total Contributions | \$ 4,857,263 | \$ 5,467,270 |

In addition, employee contributions to the Plan totaled \$453.352 during the Borough's fiscal year.

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

At June 30, 2025, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

| | 2025 |
|--|----------------------|
| Borough proportionate share of NPL | \$ 40,381,922 |
| State's proportionate share of NPL associated with the Borough | 15,095,739 |
| Total Net Pension Liability | \$ 55,477,661 |

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2024 measurement date, the Borough's proportion was 0.73629 percent, which was an increase of 0.02477 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Borough recognized pension expense of \$10,611,328 and on-behalf revenue of \$2,426,533 for support provided by the State. At June 30, 2025, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 388,736 | \$ - |
| Borough contributions subsequent to the measurement date | 4,259,025 | - |
| Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions | \$ 4,647,761 | \$ - |

The \$4,259,025 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------------|-------------------|
| Year Ending June 30, | |
| 2026 | \$ (1,082,310) |
| 2027 | 2,014,901 |
| 2028 | (297,424) |
| 2029 | (246,431) |
| Total Amortization | \$ 388,736 |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

| | |
|--|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Unfunded accrued actuarial liability, level percent of pay basis |
| Inflation | 2.50% per year |
| Salary increases | For peace officer/firefighter, increases range from 8.5% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service. |
| Allocation methodology | Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2025 to 2039. The liability is expected to go to zero at 2039. |
| Investment rate of return | 7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%. |
| Mortality Peace officer/firefighter | Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member. |

All others

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Range | Long-Term Expected Real Rate of Return |
|--------------------------|-------------------|---------|--|
| Domestic equity | 26% | +/- 6% | 5.48 % |
| Global equity (non-U.S.) | 17% | +/- 4% | 7.14 % |
| Global equity | -% | -% | 5.79 % |
| Aggregate bonds | 21% | +/- 10% | 2.10 % |
| Multi-asset | 8% | +/- 4% | - % |
| Real assets | 14% | +/- 7% | 4.63 % |
| Private equity | 14% | +/- 7% | 8.84 % |
| Cash equivalents | -% | -% | .77 % |

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Borough’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Borough’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

| | Proportional Share | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|-----------------------|------------------------|-------------------------------------|------------------------|
| Borough’s proportionate share of the net pension liability | 0.73629% | \$ 53,792,522 | \$ 40,381,922 | \$ 29,033,340 |

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the annual comprehensive financial report for PERS, and at the following website, as noted above. <https://drb.alaska.gov/docs/reports/#pers>.

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2025 to cover a portion of the Borough’s employer match contributions. For the year ended June 30, 2025, forfeitures reduced pension expense by \$42,926.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2025, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2025 were \$1,098,585 and \$1,757,733, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Borough participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the annual comprehensive financial report for PERS, at the following website, as noted above. <https://drb.alaska.gov/docs/reports/#pers>.

Employer Contribution Rates

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

Employer contribution rates for the year ended June 30, 2025 were as follows:

| | Other | Peace/Fire |
|-----------------------------------|--------------|--------------|
| Alaska Retiree Healthcare Trust | -% | -% |
| Retiree Medical Plan | 0.83% | 0.83% |
| Occupational Death and Disability | 0.24% | 0.69% |
| Total Contribution Rates | 1.07% | 1.52% |

In 2025, the Borough was credited with the following contributions to the OPEB plans:

| | Measurement Period July 1, 2023 to June 30, 2024 | Borough Fiscal Year July 1, 2024 to June 30, 2025 |
|------------------------------|---|--|
| Employer contributions – RMP | \$ 210,859 | \$ 182,364 |
| Employer contributions - ODD | 90,577 | 86,707 |
| Total Contributions | \$ 301,436 | \$ 269,071 |

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

At June 30, 2025, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

| | |
|--|---------------|
| Borough's proportionate share of NOA – ARHCT | \$ 16,245,481 |
| Borough's proportionate share of NOA – RMP | 510,751 |
| Borough's proportionate share of NOA – ODD | 788,021 |

| | |
|--|----------------------|
| Total Borough's Proportionate Share of Net OPEB Asset | \$ 17,544,253 |
|--|----------------------|

| | |
|--|-----------|
| State's proportionate share of the ARHCT NOA associated with the Borough | 6,032,405 |
|--|-----------|

| | |
|-----------------------------|----------------------|
| Total Net OPEB Asset | \$ 23,576,658 |
|-----------------------------|----------------------|

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets are based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

| | June 30, 2023 Measurement Date Employer Proportion | June 30, 2024 Measurement Date Employer Proportion | Change |
|---|---|---|------------|
| Borough's proportionate share of the net OPEB assets: | | | |
| ARHCT | 0.71009% | 0.73771% | 0.02762 % |
| RMP | 1.13505% | 1.09568% | (0.03937)% |
| ODD | 1.36704% | 1.31997% | (0.04707)% |

For the year ended June 30, 2025, the Borough recognized OPEB expense (benefit) of \$420,036. Of this amount, \$237,218 was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

| Plan | OPEB Expense (Benefit) | On-behalf Revenue |
|--------------|------------------------|-------------------|
| ARHCT | \$ 386,523 | \$ 237,218 |
| RMP | 65,448 | - |
| ODD | (31,935) | - |
| Total | \$ 420,036 | \$ 237,218 |

At June 30, 2025, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

| Deferred Outflows of Resources | ARHCT | RMP | ODD | Total |
|--|-------------------|-------------------|-------------------|---------------------|
| Difference between expected and actual experience | \$ 8,801 | \$ 12,855 | \$ - | \$ 21,656 |
| Changes in assumptions | 436,167 | 172,832 | - | 608,999 |
| Net difference between projected and actual investment earnings | 247,389 | 7,207 | 2,516 | 257,112 |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | - | 9,943 | 21,826 | 31,769 |
| Borough contributions subsequent to the measurement date | - | 182,364 | 86,707 | 269,071 |
| Total Deferred Outflows of Resources Related to OPEB Plans | \$ 692,357 | \$ 385,201 | \$ 111,049 | \$ 1,188,607 |

| Deferred Inflows of Resources | ARHCT | RMP | ODD | Total |
|--|---------------------|---------------------|---------------------|---------------------|
| Difference between expected and actual experience | \$ - | \$ (56,762) | \$ (184,601) | \$ (241,363) |
| Changes in assumptions | - | (343,350) | (1,951) | (345,301) |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | (110,592) | (3,840) | (47,458) | (161,890) |
| Total Deferred Inflows of Resources Related to OPEB Plans | \$ (110,592) | \$ (403,952) | \$ (234,010) | \$ (748,554) |

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | ARHCT | RMP | ODD | Total |
|---------------------------|-------------------|---------------------|---------------------|-------------------|
| 2026 | \$ (578,836) | \$ (70,383) | \$ (61,182) | \$ (710,401) |
| 2027 | 1,638,547 | 3,046 | (34,882) | 1,606,711 |
| 2028 | (262,624) | (73,365) | (42,154) | (378,143) |
| 2029 | (215,322) | (50,924) | (35,386) | (301,632) |
| 2030 | - | (28,596) | (23,505) | (52,101) |
| Thereafter | - | 19,107 | (12,559) | 6,548 |
| Total Amortization | \$ 581,765 | \$ (201,115) | \$ (209,668) | \$ 170,982 |

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024:

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Unfunded accrued actuarial liability, level percent of pay basis |
| Inflation | 2.50% per year |
| Salary increases | For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service. |
| Allocation methodology | Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2025 to 2039. |
| Investment rate of return | 7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%. |
| Healthcare cost trend rates (ARHCT and RMP Plans) | Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 6.9% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5% Initial trend rates are from FY 2025 Ultimate trend rates reached in FY2050 |
| Mortality Peace officer/firefighter (ARHCT and RMP Plans) | Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member. |
| (ODD Plan) | Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 |

generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All Others
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Participation (ARHCT)

100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.

Pease officer/firefighter

20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

All others

25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Range | Long-Term Expected Real Rate of Return |
|--------------------------|-------------------|---------|--|
| Broad domestic equity | 26% | +/- 6% | 5.48 % |
| Global equity (non-U.S.) | 17% | +/- 4% | 7.14 % |
| Global equity | -% | -% | 5.79 % |
| Aggregate bonds | 21% | +/- 10% | 2.10 % |
| Multi-asset | 8% | +/- 4% | - % |
| Real assets | 14% | +/- 7% | 4.63 % |
| Private equity | 14% | +/- 7% | 8.84 % |
| Cash equivalents | -% | -% | 0.77 % |

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2024 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

The following presents the Borough's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the Borough's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | Proportional Share | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|--------------------|---------------------|-------------------------------|---------------------|
| Borough's proportionate share of the net OPEB asset (liability): | | | | |
| ARHCT | 0.73771 % | \$ 10,286,389 | \$ 16,245,481 | \$ 21,260,184 |
| RMP | 1.09568 % | \$ (88,476) | \$ 510,751 | \$ 968,756 |
| ODD | 1.31997 % | \$ 740,172 | \$ 788,021 | \$ 825,521 |

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

The following presents the Borough's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2023 actuarial valuation reports as well as what the Borough's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

| | Proportional Share | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|--|-----------------------|---------------|---|--------------|
| Borough's proportionate share of the net OPEB asset (liability): | | | | |
| ARHCT | 0.73771 % | \$ 21,832,692 | \$ 16,245,481 | \$ 9,608,255 |
| RMP | 1.09568 % | \$ 1,029,205 | \$ 510,751 | \$ (184,907) |
| ODD | 1.31997 % | \$ N/A | \$ N/A | \$ N/A |

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2024, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,387 per year for each full-time employee, and \$1.53 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2025, the Borough contributed \$595,979 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

(e) School District Participation

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

L. Landfill Closure and Postclosure Care Cost

The Governmental Accounting Standards Board issued Statement 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", which establishes standards of accounting and financial reporting for municipal solid waste landfill closure and postclosure care

costs that are required to be incurred by federal, state, or local laws or regulations. The Borough implemented this standard effective July 1, 1993.

State and Federal laws and regulations require the Borough to comply with the State of Alaska Solid Waste Management Regulations (18AAC 60). These regulations include placement of a final cover system on its landfills when they stop accepting waste. Additionally, the Borough must perform postclosure care and monitoring functions at the sites for up to thirty years after closure. The Borough has five active landfills with landfill cells having remaining useful lives from 1 year to 99 years, with 56 percent of capacity used to date. The largest site has an active lined cell with a remaining expected life of two to four years. This site has land enough for a minimum of three additional cells, which will be developed as needed and will extend the landfill life by approximately 25 years. There are also three sites which are closed, that are being monitored as required by regulation. As of June 30, 2025, the Borough has a recorded liability of \$23,528,985 in the government-wide financial statements for closure and postclosure costs associated with its landfills. The liability for closure and postclosure care costs is based on landfill capacity used to date. This amount has been reported as restricted fund balance in the Solid Waste Capital Projects Fund and is based on what it would cost to perform all closure and postclosure care in 2025; actual cost may vary from this estimate due to inflation, changes in technology, or changes in regulations. It is estimated the Borough will recognize another \$31.7 million in expense and liability between June 30, 2025 and the year 2043, the date the landfills are expected to reach capacity.

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

M. Changes within the Financial Reporting Entity

For the year ended June 30, 2025 the Borough had changes with the financial reporting entity as defined by *GASB Statement No. 100*, Accounting Changes and Error Corrections. The nature of these changes are follows:

The Central Emergency Service Area Special Revenue Fund is now classified as a nonmajor fund. For the year ended June 30, 2024 this was classified as a major fund.

The Central Emergency Service Area Capital Project Fund is now classified as a nonmajor fund. For the year ended June 30, 2024 this was classified as a major fund.

The Land Trust Special Revenue Fund is now classified as a major fund. For the year ended June 30, 2024 it was classified as a nonmajor fund.

| | <u>6/30/2024</u> <u>Previously</u> <u>Reported</u> | <u>Changes within</u> <u>Financial</u> <u>Reporting Entity</u> | <u>6/30/2024</u> <u>As Adjusted</u> |
|---|---|---|--|
| Governmental Funds | | | |
| General Fund | \$ 42,897,944 | \$ - | \$ 42,897,944 |
| Land Trust Special Revenue Fund | - | 1,897,535 | 1,897,535 |
| Miscellaneous Grants Special Revenue Fund | 1,008,498 | - | 1,008,498 |
| School Bond Capital Project Fund | 34,633,193 | - | 34,633,193 |
| Solid Waste Capital Project Fund | 25,067,878 | - | 25,067,878 |
| Central Emergency Service Area Special Revenue Fund | 4,815,435 | (4,815,435) | - |
| Central Emergency Service Area Capital Project Fund | 24,176,769 | (24,176,769) | - |
| Nonmajor Governmental Funds | 60,859,928 | 27,094,669 | 87,954,597 |
| Total Governmental Funds | <u>193,459,645</u> | <u>-</u> | <u>193,459,645</u> |

O. Change in Accounting Principle

The Borough adopted the principles of GASB Statement No. 101 – Compensated Absences in 2025. As a result of the implementation of this statement, the Borough has recorded an opening balance adjustment to reflect the opening balance leave liabilities and to decrease opening net position as follows:

| Component Unit | Opening Net Position, as originally presented | | Change in accounting principle adjustment | | Opening net position, as restated after change in accounting principle |
|----------------------------|---|--|---|--|--|
| Central Peninsula Hospital | 253,552,713 | | (2,328,952) | | 251,223,761 |
| South Peninsula Hospital | 94,463,025 | | (4,106,345) | | 90,356,680 |
| School District | 9,104,448 | | (7,595,589) | | 1,508,859 |

The Borough reviewed the impact of the prior year balance, and it was not found to be significant.

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P. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Borough for 2025 reporting:

GASB Statement No. 101 – Compensated Absences – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Borough has one primary leave bank; the liability has been properly adjusted per the new pronouncement.

GASB Statement No. 102 – Certain Risk Disclosures – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. Upon through review of this pronouncement, the Borough has determined there are no disclosures required.

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 103 – Financial Reporting Model Improvements – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 – Disclosure of Certain Capital Assets – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments.

REQUIRED SUPPLEMENTARY INFORMATION

Kenai Peninsula Borough

Public Employees' Retirement System - Pension Plan

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

| Years Ended June 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Borough's Proportion of the Net Pension Liability | 0.73629% | 0.71152% | 0.73493% | 0.78359% | 0.63213% | 0.64980% | 0.72606% | 0.67218% | 0.84370% | 0.64737% |
| Borough's Proportionate Share of the Net Pension Liability | \$ 40,381,922 | \$ 36,894,090 | \$ 37,458,187 | \$ 28,746,099 | \$ 37,302,896 | \$ 35,571,597 | \$ 36,078,214 | \$ 34,747,989 | \$ 47,159,456 | \$ 31,397,382 |
| State of Alaska Proportionate Share of the Net Pension Liability | 15,095,739 | 12,300,228 | 10,368,053 | 3,893,248 | 15,435,315 | 14,124,547 | 10,447,307 | 12,947,803 | 5,944,748 | 8,410,497 |
| Total Net Pension Liability | \$ 55,477,661 | \$ 49,194,318 | \$ 47,826,240 | \$ 32,639,347 | \$ 52,738,211 | \$ 49,696,144 | \$ 46,525,521 | \$ 47,695,792 | \$ 53,104,204 | \$ 39,807,879 |
| Borough's Covered Payroll | \$ 27,082,960 | \$ 25,393,399 | \$ 22,732,223 | \$ 21,388,726 | \$ 21,126,817 | \$ 20,788,636 | \$ 20,619,173 | \$ 20,700,085 | \$ 20,679,828 | \$ 20,712,790 |
| Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll | 149.10% | 145.29% | 164.78% | 134.40% | 176.57% | 171.11% | 174.97% | 167.86% | 228.05% | 151.58% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.81% | 68.23% | 67.97% | 76.46% | 61.61% | 63.42% | 65.19% | 63.37% | 59.55% | 63.96% |

Schedule of Borough Contributions

| Years Ended June 30, | 2024 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contributions | \$ 4,259,025 | \$ 4,085,620 | \$ 3,790,617 | \$ 3,074,122 | \$ 2,824,718 | \$ 2,416,980 | \$ 2,570,451 | \$ 2,763,608 | \$ 2,467,348 | \$ 2,191,270 |
| Contributions Relative to the Contractually Required Contribution | 4,259,025 | 4,085,620 | 3,790,617 | 3,074,122 | 2,824,718 | 2,416,980 | 2,570,451 | 2,763,608 | 2,467,348 | 2,191,270 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll Contributions as a Percentage of Covered Payroll | \$ 28,178,097 | \$ 27,082,960 | \$ 25,393,399 | \$ 22,732,223 | \$ 21,388,726 | \$ 21,126,817 | \$ 20,788,636 | \$ 20,619,173 | \$ 20,700,085 | \$ 20,679,828 |
| | 15.11% | 15.09% | 14.93% | 13.52% | 13.21% | 11.44% | 12.36% | 13.40% | 11.92% | 10.60% |

See accompanying notes to Required Supplementary Information

Kenai Peninsula Borough

Public Employees' Retirement System - ARHCT OPEB Plan

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

| Years Ended June 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------|-----------------|-----------------|-----------------|----------------|--------------|--------------|---------------|
| Borough's Proportion of the Net OPEB Liability (Asset) | 0.73771% | 0.71009% | 0.72972% | 0.78702% | 0.63189% | 0.64972% | 0.72597% | 0.67229% |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) | \$ (16,245,481) | \$ (16,338,788) | \$ (14,357,678) | \$ (20,189,899) | \$ (2,861,549) | \$ 964,057 | \$ 7,450,537 | \$ 5,679,234 |
| State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | (6,032,405) | (5,496,710) | (4,103,769) | (2,644,701) | (1,187,104) | 383,278 | 2,162,286 | 2,117,541 |
| Total Net OPEB Liability (Asset) | \$ (22,277,886) | \$ (21,835,498) | \$ (18,461,447) | \$ (22,834,600) | \$ (4,048,653) | \$ 1,347,335 | \$ 9,612,823 | \$ 7,796,775 |
| Borough's Covered Payroll | \$ 6,205,821 | \$ 6,030,513 | \$ 6,041,838 | \$ 7,041,946 | \$ 8,153,068 | \$ 8,977,278 | \$ 9,846,268 | \$ 10,682,690 |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll | -261.78% | -270.94% | -237.64% | -286.71% | -35.10% | 10.74% | 75.67% | 53.16% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 130.59% | 133.96% | 128.51% | 135.54% | 106.15% | 98.13% | 88.12% | 89.91% |

Schedule of Borough Contributions

| Years Ended June 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contributions | \$ - | \$ - | \$ 97 | \$ 390,312 | \$ 523,451 | \$ 961,935 | \$ 922,927 | \$ 785,385 |
| Contributions Relative to the Contractually Required Contribution | - | - | 97 | 390,312 | 523,451 | 961,935 | 922,927 | 785,385 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | \$ 6,206,509 | \$ 6,205,821 | \$ 6,030,513 | \$ 6,041,838 | \$ 7,041,946 | \$ 8,153,068 | \$ 8,977,278 | \$ 9,846,268 |
| Contributions as a Percentage of Covered Payroll | 0.000% | 0.000% | 0.002% | 6.460% | 7.433% | 11.798% | 10.281% | 7.976% |

See accompanying notes to Required Supplementary Information.

Kenai Peninsula Borough

Public Employees' Retirement System - RMP OPEB Plan

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

| Years Ended June 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Borough's Proportion of the Net OPEB Liability (Asset) | 1.09568% | 1.13505% | 1.05572% | 0.98174% | 0.93785% | 0.94610% | 0.95184% | 0.96262% |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) | \$ (510,751) | \$ (538,966) | \$ (366,651) | \$ (263,520) | \$ 66,522 | \$ 226,345 | \$ 121,122 | \$ 50,201 |
| State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | - | - | - | - | - | - | - | - |
| Total Net OPEB Liability (Asset) | \$ (510,751) | \$ (538,966) | \$ (366,651) | \$ (263,520) | \$ 66,522 | \$ 226,345 | \$ 121,122 | \$ 50,201 |
| Borough's Covered Payroll | \$ 20,877,139 | \$ 19,362,886 | \$ 16,690,385 | \$ 14,346,781 | \$ 12,973,749 | \$ 11,811,358 | \$ 10,772,905 | \$ 10,017,395 |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll | -2.45% | -2.78% | -2.20% | -1.84% | 0.51% | 1.92% | 1.12% | 0.50% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 119.87% | 124.29% | 120.08% | 115.10% | 95.23% | 83.17% | 88.71% | 93.98% |

Schedule of Borough Contributions

| Years Ended June 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contributions | \$ 182,364 | \$ 210,859 | \$ 212,857 | \$ 178,626 | \$ 182,205 | \$ 167,294 | \$ 111,028 | \$ 110,961 |
| Contributions Relative to the Contractually Required Contribution | 182,364 | 210,859 | 212,857 | 178,626 | 182,205 | 167,294 | 111,028 | 110,961 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | \$ 21,971,588 | \$ 20,877,139 | \$ 19,362,886 | \$ 16,690,385 | \$ 14,346,781 | \$ 12,973,749 | \$ 11,811,358 | \$ 10,772,905 |
| Contributions as a Percentage of Covered Payroll | 0.830% | 1.010% | 1.099% | 1.070% | 1.270% | 1.289% | 0.940% | 1.030% |

See accompanying notes to Required Supplementary Information.

Kenai Peninsula Borough

Public Employees' Retirement System - ODD OPEB Plan

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

| Years Ended June 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Borough's Proportion of the Net OPEB Liability (Asset) | 1.31997% | 1.36704% | 1.26656% | 1.17317% | 1.18646% | 1.24167% | 0.95184% | 0.96260% |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) | \$ (788,021) | \$ (701,345) | \$ (555,233) | \$ (517,050) | \$ (323,429) | \$ (301,044) | \$ (184,866) | \$ (136,586) |
| State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | - | - | - | - | - | - | - | - |
| Total Net OPEB Liability (Asset) | \$ (788,021) | \$ (701,345) | \$ (555,233) | \$ (517,050) | \$ (323,429) | \$ (301,044) | \$ (184,866) | \$ (136,586) |
| Borough's Covered Payroll | \$ 27,082,960 | \$ 25,393,399 | \$ 22,732,223 | \$ 21,388,726 | \$ 21,126,817 | \$ 20,788,636 | \$ 20,619,173 | \$ 20,700,085 |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll | -2.91% | -2.76% | -2.44% | -2.42% | -1.53% | -1.45% | -0.90% | -0.66% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 346.81% | 349.24% | 348.80% | 374.22% | 283.80% | 297.43% | 270.62% | 212.97% |

Schedule of Borough Contributions

| Years Ended June 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contributions | \$ 86,707 | \$ 90,577 | \$ 83,743 | \$ 73,074 | \$ 62,576 | \$ 52,029 | \$ 50,697 | \$ 12,282 |
| Contributions Relative to the Contractually Required Contribution | 86,707 | 90,577 | 83,743 | 73,074 | 62,576 | 52,029 | 50,697 | 12,282 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | \$ 28,178,097 | \$ 27,082,960 | \$ 25,393,399 | \$ 22,732,223 | \$ 21,388,726 | \$ 21,126,817 | \$ 20,788,636 | \$ 20,619,173 |
| Contributions as a Percentage of Covered Payroll | 0.308% | 0.334% | 0.330% | 0.321% | 0.436% | 0.246% | 0.244% | 0.060% |

See accompanying notes to Required Supplementary Information.

Kenai Peninsula Borough
Notes to Required Supplementary Information
June 30, 2025

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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

Schedule of the Borough's Contributions

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

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Kenai Peninsula Borough
Notes to Required Supplementary Information, continued
June 30, 2025

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For June 30, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

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

Schedule of the Borough's Contributions

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

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

NON MAJOR GOVERNMENTAL FUNDS

Kenai Peninsula Borough
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

| | Special Revenue Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|--|
| <u>Assets</u> | | | |
| Cash and short-term investments | \$ 18,247,606 | \$ - | \$ 18,247,606 |
| Equity in central treasury | 38,185,657 | 35,902,331 | 74,087,988 |
| Receivables (net of allowances for estimated uncollectibles): | | | |
| Taxes receivable | 493,275 | - | 493,275 |
| Leases receivable | 1,154,701 | - | 1,154,701 |
| Accounts receivable | 889,382 | 20,069 | 909,451 |
| Due from other governments | 374,615 | 1,188,813 | 1,563,428 |
| Due from other funds | 526,480 | - | 526,480 |
| Restricted assets - equity in central treasury - unspent bond proceeds | <u>-</u> | <u>9,937,299</u> | <u>9,937,299</u> |
| Total assets | <u><u>\$ 59,871,716</u></u> | <u><u>\$ 47,048,512</u></u> | <u><u>\$ 106,920,228</u></u> |
| <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u> | | | |
| Liabilities: | | | |
| Accounts and retainage payable | 979,125 | 2,457,808 | 3,436,933 |
| Accrued payroll and payroll benefits | 773,344 | 24,442 | 797,786 |
| Due to other funds | 526,480 | - | 526,480 |
| Unearned grant revenue | <u>9,900</u> | <u>12,035</u> | <u>21,935</u> |
| Total liabilities | <u><u>2,288,849</u></u> | <u><u>2,494,285</u></u> | <u><u>4,783,134</u></u> |
| Deferred inflows of resources: | | | |
| Prepaid property taxes | 7,345,696 | - | 7,345,696 |
| Property tax receivable - unavailable | 436,392 | - | 436,392 |
| Lease related | <u>1,056,083</u> | <u>-</u> | <u>1,056,083</u> |
| Total deferred inflows of resources | <u><u>8,838,171</u></u> | <u><u>-</u></u> | <u><u>8,838,171</u></u> |
| Fund balances: | | | |
| Restricted: | | | |
| Roads construction and upgrades | - | 7,660,163 | 7,660,163 |
| Hazard tree removal program | 263,467 | - | 263,467 |
| General government | 19,070,330 | 284,302 | 19,354,632 |
| Public safety | 23,058,173 | 15,204,310 | 38,262,483 |
| Recreation | 2,199,753 | 728,972 | 2,928,725 |
| Education | - | 529,943 | 529,943 |
| Roads | 3,617,550 | - | 3,617,550 |
| Committed: | | | |
| Software upgrades | - | 84,003 | 84,003 |
| Building maintenance and upgrades | - | 370,262 | 370,262 |
| Public safety facilities and equipment | - | 6,943,331 | 6,943,331 |
| Recreational facility maintenance | - | 1,114,872 | 1,114,872 |
| School maintenance and upgrades | - | 9,476,013 | 9,476,013 |
| Road construction and upgrades | - | 2,062,675 | 2,062,675 |
| Assigned: | | | |
| Subsequent year's expenditures | <u>535,423</u> | <u>95,381</u> | <u>630,804</u> |
| Total fund balances | <u><u>48,744,696</u></u> | <u><u>44,554,227</u></u> | <u><u>93,298,923</u></u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 59,871,716</u></u> | <u><u>\$ 47,048,512</u></u> | <u><u>\$ 106,920,228</u></u> |

Kenai Peninsula Borough
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2025

| | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | Total Nonmajor Governmental Funds |
|---|--------------------------------------|---------------------------------------|-------------------------------|--|
| Revenues: | | | | |
| Property taxes | \$ 37,624,966 | \$ - | \$ - | \$ 37,624,966 |
| Motor vehicle tax | 372,961 | - | - | 372,961 |
| Intergovernmental: | | | | |
| Federal | 663,398 | 460,561 | - | 1,123,959 |
| State | 650,637 | 1,446,030 | - | 2,096,667 |
| Investment earnings (loss) | 3,703,784 | 1,948,969 | - | 5,652,753 |
| Other revenues | 7,614,434 | 496,758 | - | 8,111,192 |
| Total revenues | <u>50,630,180</u> | <u>4,352,318</u> | <u>-</u> | <u>54,982,498</u> |
| Expenditures: | | | | |
| General government | 475,000 | 1,054,903 | - | 1,529,903 |
| Public safety | 27,080,155 | 8,449,561 | - | 35,529,716 |
| Recreation | 2,158,242 | 305,582 | - | 2,463,824 |
| Education | - | 5,413,680 | - | 5,413,680 |
| Roads and trails | 7,260,466 | 2,689,563 | - | 9,950,029 |
| Debt service: | | | | |
| Principal | - | - | 3,895,000 | 3,895,000 |
| Interest and other | - | - | 2,759,142 | 2,759,142 |
| Total expenditures | <u>36,973,863</u> | <u>17,913,289</u> | <u>6,654,142</u> | <u>61,541,294</u> |
| Excess (deficiency) of revenues over expenditures | <u>13,656,317</u> | <u>(13,560,971)</u> | <u>(6,654,142)</u> | <u>(6,558,796)</u> |
| Other financing sources (uses): | | | | |
| Leases issued (as lessee) | 62,001 | - | - | 62,001 |
| Transfers in | 1,812,218 | 10,509,655 | 6,654,142 | 18,976,015 |
| Transfers out | (7,134,894) | - | - | (7,134,894) |
| Net other financing sources (uses) | <u>(5,260,675)</u> | <u>10,509,655</u> | <u>6,654,142</u> | <u>11,903,122</u> |
| Net change in fund balances | <u>8,395,642</u> | <u>(3,051,316)</u> | <u>-</u> | <u>5,344,326</u> |
| Fund balances - July 1 | 37,431,154 | 23,428,774 | - | 60,859,928 |
| Adjustment, change from major fund to non major fund | <u>2,917,900</u> | <u>24,176,769</u> | <u>-</u> | <u>27,094,669</u> |
| Fund balances - July 1, as adjusted | <u>40,349,054</u> | <u>47,605,543</u> | <u>-</u> | <u>87,954,597</u> |
| Fund balances - June 30 | <u><u>\$ 48,744,696</u></u> | <u><u>\$ 44,554,227</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 93,298,923</u></u> |

**Nonmajor Special Revenue Funds
Pages 100-120**

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

Nikiski Fire Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Nikiski Fire Service Area.

Bear Creek Fire Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Bear Creek Fire Service Area.

Western Emergency Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Western Emergency Medical Service Area.

Central Emergency Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues – ambulance fees, and operating expenditures for the Central Emergency Service Area.

Kachemak Emergency Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues - ambulance fees, and operating expenditures of the Kachemak Emergency Service Area.

Central Peninsula Emergency Medical Service Area – This fund accounts for operating expenditures of the Central Peninsula Emergency Medical Service Area.

North Peninsula Recreation Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues – recreational fees, and operating expenditures the North Peninsula Recreation Service Area.

Seldovia Recreational Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues – recreational fees, and operating expenditures of the Seldovia Recreational Service Area.

Eastern Peninsula Highway Emergency Service Area – This fund accounts for operating expenditures of the Eastern Peninsula Highway Emergency Service Area.

Road Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues, and operating expenditures of the Road Service Area.

Land Trust – **Moved to major in FY25** This fund is used to account for expenditures of the Land Trust Fund.

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

Seward Bear Creek Flood Service Area – This fund accounts for property taxes, intergovernmental revenues, interest earnings, other revenues, and operating expenditures of the Seward Bear Creek Flood Service Area.

Environmental Protection Programs – This fund accounts for expenditures of the environmental protection programs.

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

911 Communications – This fund is used to account for intergovernmental revenues, interest earnings, other revenues – dispatch and call for service fees, and operating expenditures of the Borough's 911 communications service.

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

Kenai Peninsula Borough
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2025

| | Nikiski Fire Service Area | Bear Creek Fire Service Area | Western Emergency Service Area |
|---|--------------------------------------|---|---|
| <u>Assets</u> | | | |
| Cash and short-term investments | \$ 18,062 | \$ 200 | \$ 21,026 |
| Equity in central treasury | 11,725,834 | 839,282 | 2,135,002 |
| Receivables (net of allowances for estimated uncollectibles): | | | |
| Taxes receivable | 54,158 | 17,216 | 50,927 |
| Leases receivable | 452,777 | 305,510 | 304,954 |
| Accounts receivable | 131,820 | 1,200 | 91,766 |
| Due from other governments | 49,129 | 2,357 | 3,605 |
| Due from other funds | - | - | - |
| Total assets | <u>\$ 12,431,780</u> | <u>\$ 1,165,765</u> | <u>\$ 2,607,280</u> |
| <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> | | | |
| Liabilities: | | | |
| Accounts and retainage payable | \$ 36,990 | \$ 7,605 | \$ 30,983 |
| Accrued payroll and payroll benefits | 164,027 | 9,502 | 67,515 |
| Due to other funds | - | - | 526,480 |
| Unearned grant revenue | 9,900 | - | - |
| Total liabilities | <u>210,917</u> | <u>17,107</u> | <u>624,978</u> |
| Deferred inflows of resources: | | | |
| Prepaid property taxes | 2,824,787 | 5,049 | 428,995 |
| Property taxes receivable - unavailable | 51,091 | 13,443 | 42,438 |
| Leases related | 415,262 | 276,888 | 276,383 |
| Total deferred inflows of resources | <u>3,291,140</u> | <u>295,380</u> | <u>747,816</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Hazard tree removal program | - | - | - |
| General government | - | - | - |
| Public safety | 8,608,683 | 853,278 | 1,234,486 |
| Recreation | - | - | - |
| Roads | - | - | - |
| Assigned: | | | |
| Subsequent year's expenditures | 321,040 | - | - |
| Total fund balances | <u>8,929,723</u> | <u>853,278</u> | <u>1,234,486</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 12,431,780</u> | <u>\$ 1,165,765</u> | <u>\$ 2,607,280</u> |

| Central Emergency Service Area | Kachemak Emergency Service Area | Central Peninsula Emergency Medical Service Area | North Peninsula Recreation Service Area | Seldovia Recreational Service Area | Eastern Peninsula Highway Emergency Service Area |
|---|--|---|--|---|---|
| \$ 43,588 6,513,010 | \$ 7,911 1,601,992 | \$ - 37 | \$ 500 3,697,159 | \$ - 122,174 | \$ - 1,029,468 |
| 159,104 91,460 349,862 81,776 - | 22,212 - 17,598 6,166 - | 224 - - - - | 24,903 - - 3,894 - | 817 - 825 54 - | - - - - - |
| <u>\$ 7,238,800</u> | <u>\$ 1,655,879</u> | <u>\$ 261</u> | <u>\$ 3,726,456</u> | <u>\$ 123,870</u> | <u>\$ 1,029,468</u> |
| \$ 54,702 297,868 - - | \$ 24,189 54,070 - - | \$ - - - - | \$ 41,890 46,329 - - | \$ 10,095 - - - | \$ 36,531 2,009 - - |
| <u>352,570</u> | <u>78,259</u> | <u>-</u> | <u>88,219</u> | <u>10,095</u> | <u>38,540</u> |
| 479,593 142,256 87,550 709,399 | 19,705 17,780 - 37,485 | 37 224 - 261 | 1,383,037 23,429 - 1,406,466 | 162 806 - 968 | - - - - |
| - - 6,150,626 - - | - - 1,506,882 - - | - - - - | - - 2,086,946 - | - - 112,807 - | - - 980,828 - - |
| 26,205 6,176,831 | 33,253 1,540,135 | - - | 144,825 2,231,771 | - 112,807 | 10,100 990,928 |
| <u>\$ 7,238,800</u> | <u>\$ 1,655,879</u> | <u>\$ 261</u> | <u>\$ 3,726,456</u> | <u>\$ 123,870</u> | <u>\$ 1,029,468</u> |

Kenai Peninsula Borough
Nonmajor Special Revenue Funds
Combining Balance Sheet, continued
June 30, 2025

| | Road Service Area | Land Trust Investment | Seward Bear Creek Flood Service Area |
|---|------------------------------|----------------------------------|---|
| <u>Assets</u> | | | |
| Cash and short-term investments | \$ - | \$ 18,156,319 | \$ - |
| Equity in central treasury | 6,210,544 | - | 1,104,239 |
| Receivables (net of allowances for estimated uncollectibles): | | | |
| Taxes receivable | 150,709 | - | 8,671 |
| Leases receivable | - | - | - |
| Accounts receivable | - | - | - |
| Due from other governments | 30,142 | - | 1,750 |
| Due from other funds | - | 526,480 | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 6,391,395</u> | <u>\$ 18,682,799</u> | <u>\$ 1,114,660</u> |
| <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> | | | |
| Liabilities: | | | |
| Accounts and retainage payable | \$ 689,363 | \$ - | \$ 506 |
| Accrued payroll and payroll benefits | 32,883 | - | 7,395 |
| Due to other funds | - | - | - |
| Unearned grant revenue | - | - | - |
| Total liabilities | <u>722,246</u> | <u>-</u> | <u>7,901</u> |
| Deferred inflows of resources: | | | |
| Prepaid property taxes | 1,917,242 | - | 3,521 |
| Property taxes receivable - unavailable | 134,357 | - | 6,448 |
| Leases related | - | - | - |
| Total deferred inflows of resources | <u>2,051,599</u> | <u>-</u> | <u>9,969</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Hazard tree removal program | - | - | - |
| General government | - | 18,682,799 | - |
| Public safety | - | - | 1,096,790 |
| Recreation | - | - | - |
| Roads | 3,617,550 | - | - |
| Assigned: | | | |
| Subsequent year's expenditures | - | - | - |
| Total fund balances | <u>3,617,550</u> | <u>18,682,799</u> | <u>1,096,790</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 6,391,395</u> | <u>\$ 18,682,799</u> | <u>\$ 1,114,660</u> |

| Environmental Protection Programs | 911 Communications | Nikiski Senior Service Area | Total Nonmajor Special Revenue Funds |
|--|-------------------------------|--|---|
| \$ - | \$ - | \$ - | \$ 18,247,606 |
| 69,643 | 2,467,027 | 670,246 | 38,185,657 |
| - | - | 4,334 | 493,275 |
| - | - | - | 1,154,701 |
| - | 296,311 | - | 889,382 |
| 195,103 | - | 639 | 374,615 |
| - | - | - | 526,480 |
| <u>\$ 264,746</u> | <u>\$ 2,763,338</u> | <u>\$ 675,219</u> | <u>59,871,716</u> |
| \$ - | \$ 46,271 | \$ - | \$ 979,125 |
| 1,279 | 90,467 | - | 773,344 |
| - | - | - | 526,480 |
| - | - | - | 9,900 |
| <u>1,279</u> | <u>136,738</u> | <u>-</u> | <u>2,288,849</u> |
| - | - | 283,568 | 7,345,696 |
| - | - | 4,120 | 436,392 |
| - | - | - | 1,056,083 |
| <u>-</u> | <u>-</u> | <u>287,688</u> | <u>8,838,171</u> |
| 263,467 | - | - | 263,467 |
| - | - | 387,531 | 19,070,330 |
| - | 2,626,600 | - | 23,058,173 |
| - | - | - | 2,199,753 |
| - | - | - | 3,617,550 |
| - | - | - | 535,423 |
| <u>263,467</u> | <u>2,626,600</u> | <u>387,531</u> | <u>48,744,696</u> |
| <u>\$ 264,746</u> | <u>\$ 2,763,338</u> | <u>\$ 675,219</u> | <u>\$ 59,871,716</u> |

Kenai Peninsula Borough
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2025

| | Nikiski Fire Service Area | Bear Creek Fire Service Area | Western Emergency Service Area | Central Emergency Service Area |
|---|--------------------------------------|---|---|---|
| Revenues: | | | | |
| Property taxes | \$ 5,477,304 | \$ 896,597 | \$ 2,656,606 | \$ 12,137,788 |
| Motor vehicle tax | 39,126 | 11,620 | 17,778 | 130,244 |
| Intergovernmental: | | | | |
| Federal | 128,458 | 19,561 | 10,000 | 10,059 |
| State | 151,237 | 11,783 | 52,692 | 277,536 |
| Investment earnings | 555,809 | 54,151 | 140,335 | 420,209 |
| Other revenues | <u>1,094,614</u> | <u>121,191</u> | <u>430,270</u> | <u>1,824,855</u> |
| Total revenues | <u>7,446,548</u> | <u>1,114,903</u> | <u>3,307,681</u> | <u>14,800,691</u> |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public safety | 5,822,936 | 695,903 | 2,939,565 | 10,865,219 |
| Recreation | - | - | - | - |
| Roads and trails | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>5,822,936</u> | <u>695,903</u> | <u>2,939,565</u> | <u>10,865,219</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,623,612</u> | <u>419,000</u> | <u>368,116</u> | <u>3,935,472</u> |
| Other financing sources (uses): | | | | |
| Leases issued (as lessee) | - | - | - | - |
| Transfers in | - | - | - | 9,256 |
| Transfers out | <u>(369,111)</u> | <u>(319,944)</u> | <u>(132,258)</u> | <u>(2,583,332)</u> |
| Net other financing sources (uses) | <u>(369,111)</u> | <u>(319,944)</u> | <u>(132,258)</u> | <u>(2,574,076)</u> |
| Net change in fund balances | <u>1,254,501</u> | <u>99,056</u> | <u>235,858</u> | <u>1,361,396</u> |
| Fund balances - July 1 | 7,675,222 | 754,222 | 998,628 | - |
| Adjustment, change from (to) major fund to (from) non major fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,815,435</u> |
| Fund balances - July 1, as adjusted | <u>7,675,222</u> | <u>754,222</u> | <u>998,628</u> | <u>4,815,435</u> |
| Fund balances - June 30 | <u>\$ 8,929,723</u> | <u>\$ 853,278</u> | <u>\$ 1,234,486</u> | <u>\$ 6,176,831</u> |

| Kachemak Emergency Service Area | Central Peninsula Emergency Medical Service Area | North Peninsula Recreation Service Area | Seldovia Recreational Service Area | Eastern Peninsula Highway Emergency Service Area | Road Service Area |
|--|---|--|---|---|------------------------------|
| \$ 2,136,662 | \$ 9,220 | \$ 2,704,414 | \$ 73,827 | \$ - | \$ 10,322,323 |
| 30,403 | - | 18,839 | 267 | - | 112,898 |
| 3,683 | - | - | - | - | 7,247 |
| 28,431 | - | 25,692 | - | - | 27,989 |
| 89,413 | - | 157,715 | 7,704 | 60,686 | 292,735 |
| 76,570 | - | 310,018 | 2,650 | - | 830 |
| <u>2,365,162</u> | <u>9,220</u> | <u>3,216,678</u> | <u>84,448</u> | <u>60,686</u> | <u>10,764,022</u> |
| - | - | - | - | - | - |
| 1,717,649 | - | - | - | 256,212 | - |
| - | - | 2,062,389 | 95,853 | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,260,466</u> |
| <u>1,717,649</u> | <u>-</u> | <u>2,062,389</u> | <u>95,853</u> | <u>256,212</u> | <u>7,260,466</u> |
| 647,513 | 9,220 | 1,154,289 | (11,405) | (195,526) | 3,503,556 |
| 62,001 | - | - | - | - | - |
| - | - | - | - | 350,000 | - |
| <u>(318,117)</u> | <u>(9,256)</u> | <u>(696,000)</u> | <u>-</u> | <u>(9,143)</u> | <u>(2,320,000)</u> |
| <u>(256,116)</u> | <u>(9,256)</u> | <u>(696,000)</u> | <u>-</u> | <u>340,857</u> | <u>(2,320,000)</u> |
| <u>391,397</u> | <u>(36)</u> | <u>458,289</u> | <u>(11,405)</u> | <u>145,331</u> | <u>1,183,556</u> |
| 1,148,738 | 36 | 1,773,482 | 124,212 | 845,597 | 2,433,994 |
| - | - | - | - | - | - |
| <u>1,148,738</u> | <u>36</u> | <u>1,773,482</u> | <u>124,212</u> | <u>845,597</u> | <u>2,433,994</u> |
| <u>\$ 1,540,135</u> | <u>\$ -</u> | <u>\$ 2,231,771</u> | <u>\$ 112,807</u> | <u>\$ 990,928</u> | <u>\$ 3,617,550</u> |

Kenai Peninsula Borough

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances, Continued

For the Year Ended June 30, 2025

| | Land Trust Special Revenue Fund | Land Trust Investment | Seward Bear Creek Flood Service Area | Environmental Protection Programs |
|---|--|----------------------------------|---|--|
| Revenues: | | | | |
| Property taxes | \$ - | \$ - | \$ 696,940 | \$ - |
| Motor vehicle tax | - | - | 8,633 | - |
| Intergovernmental: | | | | |
| Federal | - | - | 1,203 | 483,187 |
| State | - | - | 6,490 | - |
| Investment earnings | - | 1,693,553 | 60,487 | 6,979 |
| Other revenues | - | - | - | - |
| Total revenues | <u>-</u> | <u>1,693,553</u> | <u>773,753</u> | <u>490,166</u> |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | 578,528 | 483,187 |
| Recreation | - | - | - | - |
| Roads and trails | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>578,528</u> | <u>483,187</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>1,693,553</u> | <u>195,225</u> | <u>6,979</u> |
| Other financing sources (uses): | | | | |
| Leases issued (as lessee) | - | - | - | - |
| Transfers in | - | 966,276 | - | - |
| Transfers out | - | (199,195) | - | - |
| Net other financing sources (uses) | <u>-</u> | <u>767,081</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>-</u> | <u>2,460,634</u> | <u>195,225</u> | <u>6,979</u> |
| Fund balances - July 1 | 1,897,535 | 16,222,165 | 901,565 | 256,488 |
| Adjustment, change from (to) major fund to (from) non major fund | <u>(1,897,535)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - July 1, as adjusted | <u>-</u> | <u>16,222,165</u> | <u>901,565</u> | <u>256,488</u> |
| Fund balances - June 30 | <u>\$ -</u> | <u>\$ 18,682,799</u> | <u>\$ 1,096,790</u> | <u>\$ 263,467</u> |

| <u>Disaster Relief</u> | <u>911 Communications</u> | <u>Nikiski Senior Service Area</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|-------------------------------|--------------------------------------|---|--|
| \$ - | \$ - | \$ 513,285 | \$ 37,624,966 |
| - | - | 3,153 | 372,961 |
| - | - | - | 663,398 |
| - | 68,787 | - | 650,637 |
| - | 135,286 | 28,722 | 3,703,784 |
| - | 3,753,436 | - | 7,614,434 |
| - | 3,957,509 | 545,160 | 50,630,180 |
| - | - | - | - |
| - | - | 475,000 | 475,000 |
| 45,722 | 3,675,234 | - | 27,080,155 |
| - | - | - | 2,158,242 |
| - | - | - | 7,260,466 |
| 45,722 | 3,675,234 | 475,000 | 36,973,863 |
| - | - | - | - |
| (45,722) | 282,275 | 70,160 | 13,656,317 |
| - | - | - | 62,001 |
| 45,722 | 440,964 | - | 1,812,218 |
| - | (178,538) | - | (7,134,894) |
| 45,722 | 262,426 | - | (5,260,675) |
| - | 544,701 | 70,160 | 8,395,642 |
| - | 2,081,899 | 317,371 | 37,431,154 |
| - | - | - | 2,917,900 |
| - | 2,081,899 | 317,371 | 40,349,054 |
| \$ - | \$ 2,626,600 | \$ 387,531 | \$ 48,744,696 |

Kenai Peninsula Borough

Nikiski Fire Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 5,483,896 | \$ 5,483,896 | \$ 5,477,304 | \$ (6,592) |
| Motor vehicle tax | 39,205 | 39,205 | 39,126 | (79) |
| Intergovernmental: | | | | |
| Federal | - | 138,358 | 128,458 | (9,900) |
| State | - | 110,073 | 151,237 | 41,164 |
| Investment earnings | 127,830 | 127,830 | 555,809 | 427,979 |
| Other revenues | <u>926,169</u> | <u>926,169</u> | <u>1,094,614</u> | <u>168,445</u> |
| Total revenues | <u>6,577,100</u> | <u>6,825,531</u> | <u>7,446,548</u> | <u>621,017</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Personnel | 4,957,664 | 5,187,716 | 4,507,835 | 679,881 |
| Supplies | 330,254 | 318,042 | 187,249 | 130,793 |
| Services | 1,230,942 | 1,227,680 | 995,439 | 232,241 |
| Capital outlay | <u>131,356</u> | <u>165,209</u> | <u>132,413</u> | <u>32,796</u> |
| Total expenditures | <u>6,650,216</u> | <u>6,898,647</u> | <u>5,822,936</u> | <u>1,075,711</u> |
| Excess (deficiency) of revenues over expenditures | <u>(73,116)</u> | <u>(73,116)</u> | <u>1,623,612</u> | <u>1,696,728</u> |
| Other financing uses: | | | | |
| Transfers out | <u>(369,111)</u> | <u>(369,111)</u> | <u>(369,111)</u> | <u>-</u> |
| Net change in fund balance | (442,227) | (442,227) | 1,254,501 | 1,696,728 |
| Fund balance at beginning of year | <u>7,675,222</u> | <u>7,675,222</u> | <u>7,675,222</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 7,232,995</u> | <u>\$ 7,232,995</u> | <u>\$ 8,929,723</u> | <u>\$ 1,696,728</u> |

Kenai Peninsula Borough

Bear Creek Fire Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 897,859 | \$ 897,859 | \$ 896,597 | \$ (1,262) |
| Motor vehicle tax | 12,814 | 12,814 | 11,620 | (1,194) |
| Intergovernmental: | | | | |
| Federal | - | 19,561 | 19,561 | - |
| State | - | 11,783 | 11,783 | - |
| Investment earnings | 13,512 | 13,512 | 54,151 | 40,639 |
| Other revenues | 109,418 | 109,418 | 121,191 | 11,773 |
| Total revenues | <u>1,033,603</u> | <u>1,064,947</u> | <u>1,114,903</u> | <u>49,956</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Personnel | 506,492 | 518,275 | 462,661 | 55,614 |
| Supplies | 26,490 | 26,490 | 21,079 | 5,411 |
| Services | 217,367 | 220,714 | 169,658 | 51,056 |
| Capital outlay | 27,000 | 43,214 | 42,505 | 709 |
| Total expenditures | <u>777,349</u> | <u>808,693</u> | <u>695,903</u> | <u>112,790</u> |
| Excess (deficiency) of revenues over expenditures | <u>256,254</u> | <u>256,254</u> | <u>419,000</u> | <u>162,746</u> |
| Other financing uses: | | | | |
| Transfers out | <u>(319,945)</u> | <u>(319,945)</u> | <u>(319,944)</u> | <u>1</u> |
| Net change in fund balance | (63,691) | (63,691) | 99,056 | 162,747 |
| Fund balance at beginning of year | <u>754,222</u> | <u>754,222</u> | <u>754,222</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 690,531</u> | <u>\$ 690,531</u> | <u>\$ 853,278</u> | <u>\$ 162,747</u> |

Kenai Peninsula Borough

Western Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|-------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 2,655,544 | \$ 2,655,544 | \$ 2,656,606 | \$ 1,062 |
| Motor vehicle tax | 14,664 | 14,664 | 17,778 | 3,114 |
| Intergovernmental: | | | | |
| Federal | - | 10,000 | 10,000 | - |
| State | - | 52,692 | 52,692 | - |
| Investment earnings | 39,813 | 39,813 | 140,335 | 100,522 |
| Other revenues | 247,000 | 262,000 | 430,270 | 168,270 |
| Total revenues | <u>2,957,021</u> | <u>3,034,713</u> | <u>3,307,681</u> | <u>272,968</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Personnel | 2,157,187 | 2,227,779 | 2,227,776 | 3 |
| Supplies | 192,200 | 190,961 | 148,440 | 42,521 |
| Services | 523,187 | 511,187 | 461,208 | 49,979 |
| Capital outlay | 107,720 | 128,059 | 102,141 | 25,918 |
| Total expenditures | <u>2,980,294</u> | <u>3,057,986</u> | <u>2,939,565</u> | <u>118,421</u> |
| Excess (deficiency) of revenues over expenditures | <u>(23,273)</u> | <u>(23,273)</u> | <u>368,116</u> | <u>391,389</u> |
| Other financing uses: | | | | |
| Transfers out | <u>(222,766)</u> | <u>(222,766)</u> | <u>(132,258)</u> | <u>90,508</u> |
| Net change in fund balance | (246,039) | (246,039) | 235,858 | 481,897 |
| Fund balance at beginning of year | <u>998,628</u> | <u>998,628</u> | <u>998,628</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 752,589</u> | <u>\$ 752,589</u> | <u>\$ 1,234,486</u> | <u>\$ 481,897</u> |

Kenai Peninsula Borough

Central Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$12,171,694 | \$12,171,694 | \$12,137,788 | \$ (33,906) |
| Motor vehicle tax | 117,667 | 117,667 | 130,244 | 12,577 |
| Intergovernmental: | | | | |
| Federal | - | 10,059 | 10,059 | - |
| State | - | 214,330 | 277,536 | 63,206 |
| Investment earnings | 80,509 | 80,509 | 420,209 | 339,700 |
| Other revenues | <u>1,793,500</u> | <u>1,816,950</u> | <u>1,824,855</u> | <u>7,905</u> |
| Total revenues | <u>14,163,370</u> | <u>14,411,209</u> | <u>14,800,691</u> | <u>389,482</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Personnel | 9,236,569 | 9,450,899 | 8,644,006 | 806,893 |
| Supplies | 546,712 | 546,712 | 419,674 | 127,038 |
| Services | 1,783,375 | 1,784,154 | 1,539,995 | 244,159 |
| Capital outlay | <u>219,606</u> | <u>277,235</u> | <u>261,544</u> | <u>15,691</u> |
| Total expenditures | <u>11,786,262</u> | <u>12,059,000</u> | <u>10,865,219</u> | <u>1,193,781</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,377,108</u> | <u>2,352,209</u> | <u>3,935,472</u> | <u>1,583,263</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 10,227 | 10,227 | 9,256 | (971) |
| Transfers out | <u>(2,583,332)</u> | <u>(2,583,332)</u> | <u>(2,583,332)</u> | <u>-</u> |
| Net other financing sources (uses) | <u>(2,573,105)</u> | <u>(2,573,105)</u> | <u>(2,574,076)</u> | <u>(971)</u> |
| Net change in fund balance | (195,997) | (220,896) | 1,361,396 | 1,582,292 |
| Fund balance at beginning of year | <u>4,815,435</u> | <u>4,815,435</u> | <u>4,815,435</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 4,619,438</u></u> | <u><u>\$ 4,594,539</u></u> | <u><u>\$ 6,176,831</u></u> | <u><u>\$ 1,582,292</u></u> |

Kenai Peninsula Borough
Kachemak Emergency Service Area Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 2,130,335 | \$ 2,130,335 | \$ 2,136,662 | \$ 6,327 |
| Motor vehicle tax | 26,516 | 26,516 | 30,403 | 3,887 |
| Intergovernmental: | | | | |
| Federal | - | 3,683 | 3,683 | - |
| State | - | 28,431 | 28,431 | - |
| Investment earnings | 17,906 | 17,906 | 89,413 | 71,507 |
| Other revenues | 95,500 | 95,500 | 76,570 | (18,930) |
| Total revenues | <u>2,270,257</u> | <u>2,302,371</u> | <u>2,365,162</u> | <u>62,791</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Personnel | 1,399,146 | 1,427,577 | 1,224,587 | 202,990 |
| Supplies | 150,951 | 157,571 | 106,399 | 51,172 |
| Services | 350,810 | 282,987 | 282,927 | 60 |
| Capital outlay | 65,000 | 67,885 | 41,735 | 26,150 |
| Leases/IT Subscriptions | - | 62,001 | 62,001 | - |
| Total expenditures | <u>1,965,907</u> | <u>1,998,021</u> | <u>1,717,649</u> | <u>280,372</u> |
| Excess (deficiency) of revenues over expenditures | <u>304,350</u> | <u>304,350</u> | <u>647,513</u> | <u>343,163</u> |
| Other financing uses: | | | | |
| Leases issued (as lessee) | - | - | 62,001 | 62,001 |
| Transfers out | <u>(318,117)</u> | <u>(318,117)</u> | <u>(318,117)</u> | <u>-</u> |
| Net other financing sources (uses) | <u>(318,117)</u> | <u>(318,117)</u> | <u>(256,116)</u> | <u>62,001</u> |
| Net change in fund balance | (13,767) | (13,767) | 391,397 | 405,164 |
| Fund balance at beginning of year | <u>1,148,738</u> | <u>1,148,738</u> | <u>1,148,738</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 1,134,971</u> | <u>\$ 1,134,971</u> | <u>\$ 1,540,135</u> | <u>\$ 405,164</u> |

Kenai Peninsula Borough

Central Peninsula Emergency Medical Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|--------------|---------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 9,727 | \$ 9,727 | \$ 9,220 | \$ (507) |
| Expenditures: | | | | |
| Public safety | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | 9,727 | 9,727 | 9,220 | (507) |
| Other financing uses: | | | | |
| Transfers out | (10,227) | (10,227) | (9,256) | 971 |
| Net change in fund balance | (500) | (500) | (36) | 464 |
| Fund balance at beginning of year | 36 | 36 | 36 | - |
| Fund balance at end of year | \$ (464) | \$ (464) | \$ - | \$ 464 |

Kenai Peninsula Borough

North Peninsula Recreation Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 2,709,103 | \$ 2,709,103 | \$ 2,704,414 | \$ (4,689) |
| Motor vehicle tax | 17,355 | 17,355 | 18,839 | 1,484 |
| Intergovernmental - | | | | |
| State | - | 25,692 | 25,692 | - |
| Investment earnings | 29,001 | 29,001 | 157,715 | 128,714 |
| Other revenues | <u>285,000</u> | <u>285,000</u> | <u>310,018</u> | <u>25,018</u> |
| Total revenues | <u>3,040,459</u> | <u>3,066,151</u> | <u>3,216,678</u> | <u>150,527</u> |
| Expenditures: | | | | |
| Recreation: | | | | |
| Personnel | 1,518,492 | 1,544,184 | 1,291,114 | 253,070 |
| Supplies | 133,400 | 133,400 | 104,014 | 29,386 |
| Services | 799,580 | 799,580 | 638,840 | 160,740 |
| Capital outlay | <u>44,295</u> | <u>44,295</u> | <u>28,421</u> | <u>15,874</u> |
| Total expenditures | <u>2,495,767</u> | <u>2,521,459</u> | <u>2,062,389</u> | <u>459,070</u> |
| Excess (deficiency) of revenues over expenditures | <u>544,692</u> | <u>544,692</u> | <u>1,154,289</u> | <u>609,597</u> |
| Other financing uses: | | | | |
| Transfers out | <u>(600,000)</u> | <u>(696,000)</u> | <u>(696,000)</u> | <u>-</u> |
| Net change in fund balance | (55,308) | (151,308) | 458,289 | 609,597 |
| Fund balance at beginning of year | <u>1,773,482</u> | <u>1,773,482</u> | <u>1,773,482</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 1,718,174</u> | <u>\$ 1,622,174</u> | <u>\$ 2,231,771</u> | <u>\$ 609,597</u> |

Kenai Peninsula Borough

Seldovia Recreational Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|-----------------------------------|-------------------------|------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 70,020 | \$ 70,020 | \$ 73,827 | \$ 3,807 |
| Motor vehicle tax | 252 | 252 | 267 | 15 |
| Investment earnings | 2,442 | 2,442 | 7,704 | 5,262 |
| Other revenues | 1,050 | 1,050 | 2,650 | 1,600 |
| Total revenues | <u>73,764</u> | <u>73,764</u> | <u>84,448</u> | <u>10,684</u> |
| Expenditures: | | | | |
| Recreation: | | | | |
| Personnel | - | 1,745 | 948 | 797 |
| Supplies | 7,180 | 7,217 | 6,710 | 507 |
| Services | 69,202 | 71,053 | 65,997 | 5,056 |
| Capital outlay | 50,620 | 46,987 | 22,198 | 24,789 |
| Total expenditures | <u>127,002</u> | <u>127,002</u> | <u>95,853</u> | <u>31,149</u> |
| Net change in fund balance | (53,238) | (53,238) | (11,405) | 41,833 |
| Fund balance at beginning of year | <u>124,212</u> | <u>124,212</u> | <u>124,212</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 70,974</u> | <u>\$ 70,974</u> | <u>\$ 112,807</u> | <u>\$ 41,833</u> |

Kenai Peninsula Borough

Eastern Peninsula Highway Emergency Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Investment earnings | \$ 14,688 | \$ 14,688 | \$ 60,686 | \$ 45,998 |
| Expenditures: | | | | |
| Public safety: | | | | |
| Supplies | 1,893 | 1,893 | 961 | 932 |
| Services | 335,887 | 335,887 | 248,383 | 87,504 |
| Capital outlay | 20,000 | 20,000 | 6,868 | 13,132 |
| Total expenditures | 357,780 | 357,780 | 256,212 | 101,568 |
| Excess (deficiency) of revenues over expenditures | (343,092) | (343,092) | (195,526) | 147,566 |
| Other financing sources (uses): | | | | |
| Transfers in | 350,000 | 350,000 | 350,000 | - |
| Transfers out | (9,143) | (9,143) | (9,143) | - |
| Net other financing sources (uses) | 340,857 | 340,857 | 340,857 | - |
| Net change in fund balance | (2,235) | (2,235) | 145,331 | 147,566 |
| Fund balance at beginning of year | 845,597 | 845,597 | 845,597 | - |
| Fund balance at end of year | \$ 843,362 | \$ 843,362 | \$ 990,928 | \$ 147,566 |

Kenai Peninsula Borough

Road Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$10,316,391 | \$10,316,391 | \$10,322,323 | \$ 5,932 |
| Motor vehicle tax | 111,715 | 111,715 | 112,898 | 1,183 |
| Intergovernmental: | | | | |
| Federal | - | 1,515,000 | 7,247 | (1,507,753) |
| State | - | 27,989 | 27,989 | - |
| Investment earnings | 50,256 | 50,256 | 292,735 | 242,479 |
| Other revenues | - | - | 830 | 830 |
| Total revenues | <u>10,478,362</u> | <u>12,021,351</u> | <u>10,764,022</u> | <u>(1,257,329)</u> |
| Expenditures: | | | | |
| Roads and trails: | | | | |
| Personnel | 1,204,192 | 1,272,654 | 1,161,192 | 111,462 |
| Supplies | 66,255 | 66,255 | 55,390 | 10,865 |
| Services | 6,333,919 | 7,895,539 | 6,034,561 | 1,860,978 |
| Capital outlay | 5,943 | 9,443 | 9,323 | 120 |
| Total expenditures | <u>7,610,309</u> | <u>9,243,891</u> | <u>7,260,466</u> | <u>1,983,425</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,868,053</u> | <u>2,777,460</u> | <u>3,503,556</u> | <u>726,096</u> |
| Other financing uses: | | | | |
| Transfers out | <u>(2,320,000)</u> | <u>(2,320,000)</u> | <u>(2,320,000)</u> | <u>-</u> |
| Net change in fund balance | 548,053 | 457,460 | 1,183,556 | 726,096 |
| Fund balance at beginning of year | <u>2,433,994</u> | <u>2,433,994</u> | <u>2,433,994</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 2,982,047</u></u> | <u><u>\$ 2,891,454</u></u> | <u><u>\$ 3,617,550</u></u> | <u><u>\$ 726,096</u></u> |

Kenai Peninsula Borough

Seward Bear Creek Flood Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|-----------------------------------|-------------------------|-------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 683,641 | \$ 683,641 | \$ 696,940 | \$ 13,299 |
| Motor vehicle tax | 6,864 | 6,864 | 8,633 | 1,769 |
| Intergovernmental- | | | | |
| Federal | - | - | 1,203 | 1,203 |
| State | - | 6,089 | 6,490 | 401 |
| Investment earnings | 15,235 | 15,235 | 60,487 | 45,252 |
| Total revenues | <u>705,740</u> | <u>711,829</u> | <u>773,753</u> | <u>61,924</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Personnel | 270,380 | 276,469 | 259,218 | 17,251 |
| Supplies | 6,100 | 7,100 | 3,087 | 4,013 |
| Services | 397,481 | 904,109 | 314,839 | 589,270 |
| Capital outlay | - | 2,102 | 1,384 | 718 |
| Total expenditures | <u>673,961</u> | <u>1,189,780</u> | <u>578,528</u> | <u>611,252</u> |
| Net change in fund balance | 31,779 | (477,951) | 195,225 | 673,176 |
| Fund balance at beginning of year | <u>901,565</u> | <u>901,565</u> | <u>901,565</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 933,344</u> | <u>\$ 423,614</u> | <u>\$ 1,096,790</u> | <u>\$ 673,176</u> |

Kenai Peninsula Borough

911 Communications Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| 911 service fee | \$ 3,672,348 | \$ 3,672,348 | \$ 3,750,707 | \$ 78,359 |
| Intergovernmental- | | | | |
| State | - | 68,787 | 68,787 | - |
| Investment earnings | 43,514 | 43,514 | 135,286 | 91,772 |
| Other revenues | - | - | 2,729 | 2,729 |
| Total revenues | <u>3,715,862</u> | <u>3,784,649</u> | <u>3,957,509</u> | <u>172,860</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Personnel | 3,353,012 | 3,421,799 | 3,001,235 | 420,564 |
| Supplies | 14,550 | 14,550 | 8,175 | 6,375 |
| Services | 704,317 | 704,317 | 663,945 | 40,372 |
| Capital outlay | <u>5,000</u> | <u>5,000</u> | <u>1,879</u> | <u>3,121</u> |
| Total expenditures | <u>4,076,879</u> | <u>4,145,666</u> | <u>3,675,234</u> | <u>470,432</u> |
| Excess (deficiency) of revenues over expenditures | <u>(361,017)</u> | <u>(361,017)</u> | <u>282,275</u> | <u>643,292</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 440,964 | 440,964 | 440,964 | - |
| Transfers out | <u>(178,538)</u> | <u>(178,538)</u> | <u>(178,538)</u> | <u>-</u> |
| Net other financing sources (uses) | <u>262,426</u> | <u>262,426</u> | <u>262,426</u> | <u>-</u> |
| Net change in fund balance | (98,591) | (98,591) | 544,701 | 643,292 |
| Fund balance at beginning of year | <u>2,081,899</u> | <u>2,081,899</u> | <u>2,081,899</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 1,983,308</u> | <u>\$ 1,983,308</u> | <u>\$ 2,626,600</u> | <u>\$ 643,292</u> |

Kenai Peninsula Borough

Nikiski Senior Service Area Special Revenue Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|-----------------------------------|-------------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 515,143 | \$ 515,143 | \$ 513,285 | \$ (1,858) |
| Motor vehicle tax | 2,344 | 2,344 | 3,153 | 809 |
| Investment earnings | 5,711 | 5,711 | 28,722 | 23,011 |
| Total revenues | <u>523,198</u> | <u>523,198</u> | <u>545,160</u> | <u>21,962</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Services | <u>500,000</u> | <u>500,000</u> | <u>475,000</u> | <u>25,000</u> |
| Total expenditures | <u>500,000</u> | <u>500,000</u> | <u>475,000</u> | <u>25,000</u> |
| Net change in fund balance | 23,198 | 23,198 | 70,160 | 46,962 |
| Fund balance at beginning of year | <u>317,371</u> | <u>317,371</u> | <u>317,371</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 340,569</u> | <u>\$ 340,569</u> | <u>\$ 387,531</u> | <u>\$ 46,962</u> |

Nonmajor Capital Projects Funds
Pages 122-127

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

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

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

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

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

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

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

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

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

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

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

Kenai Peninsula Borough
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2025

| | <u>School Revenue</u> | <u>General Government</u> | <u>Road Service Area</u> |
|---|------------------------------|--------------------------------------|-------------------------------------|
| <u>Assets</u> | | | |
| Equity in central treasury | \$ 9,643,292 | \$ 1,373,632 | \$ 9,775,260 |
| Accounts receivable | 20,069 | - | - |
| Due from other governments | 1,184,882 | - | - |
| Restricted assets - equity in central treasury - unspent bond proceeds | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u><u>\$ 10,848,243</u></u> | <u><u>\$ 1,373,632</u></u> | <u><u>\$ 9,775,260</u></u> |
| <u>Liabilities and Fund Balances</u> | | | |
| Liabilities: | | | |
| Accounts and retainage payable | 784,948 | 45,527 | 52,138 |
| Accrued payroll and payroll benefits | 21,304 | 626 | 284 |
| Unearned grant revenue | <u>12,035</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u><u>818,287</u></u> | <u><u>46,153</u></u> | <u><u>52,422</u></u> |
| Fund balances: | | | |
| Restricted: | | | |
| Education | 529,943 | - | - |
| Roads | - | - | 7,660,163 |
| General government | - | 284,302 | - |
| Public safety | - | - | - |
| Recreation | - | - | - |
| Committed: | | | |
| Software upgrades | - | 84,003 | - |
| Building maintenance and upgrades | - | 370,262 | - |
| Public safety facilities and equipment | - | 588,912 | - |
| Recreational facility maintenance | - | - | - |
| School maintenance and upgrades | 9,476,013 | - | - |
| Road construction and upgrades | - | - | 2,062,675 |
| Assigned: | | | |
| Subsequent year's expenditures | <u>24,000</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u><u>10,029,956</u></u> | <u><u>1,327,479</u></u> | <u><u>9,722,838</u></u> |
| Total liabilities and fund balances | <u><u>\$ 10,848,243</u></u> | <u><u>\$ 1,373,632</u></u> | <u><u>\$ 9,775,260</u></u> |

| <u>Nikiski Fire Service Area</u> | <u>Bear Creek Fire Service Area</u> | <u>Central Emergency Service Area</u> | <u>Western Emergency Service Area</u> | <u>Kachemak Emergency Service Area</u> |
|---|--|--|--|---|
| \$ 705,889 | \$ 809,812 | \$ 9,766,366 | \$ 260,936 | \$ 746,009 |
| - | - | - | - | - |
| - | 3,931 | - | - | - |
| - | - | 9,937,299 | - | - |
| <u>\$ 705,889</u> | <u>\$ 813,743</u> | <u>\$ 19,703,665</u> | <u>\$ 260,936</u> | <u>\$ 746,009</u> |
| 5,792 | 3,500 | 1,492,481 | - | - |
| - | 275 | 1,543 | - | - |
| - | - | - | - | - |
| <u>5,792</u> | <u>3,775</u> | <u>1,494,024</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 473,742 | 542,417 | 12,665,043 | 143,823 | 573,772 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 226,355 | 267,551 | 5,544,598 | 115,174 | 172,237 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 1,939 | - |
| <u>700,097</u> | <u>809,968</u> | <u>18,209,641</u> | <u>260,936</u> | <u>746,009</u> |
| <u>\$ 705,889</u> | <u>\$ 813,743</u> | <u>\$ 19,703,665</u> | <u>\$ 260,936</u> | <u>\$ 746,009</u> |

(Continued)

Kenai Peninsula Borough
Nonmajor Capital Projects Funds
Combining Balance Sheet, continued
June 30, 2025

| | <u>911 Communications</u> | <u>North Peninsula Recreation Service Area</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|---|--------------------------------------|---|---|
| <u>Assets</u> | | | |
| Equity in central treasury | \$ 834,017 | \$ 1,987,118 | \$ 35,902,331 |
| Accounts receivable | - | - | 20,069 |
| Due from other governments | - | - | 1,188,813 |
| Restricted assets - equity in central treasury - unspent bond proceeds | <u>-</u> | <u>-</u> | <u>9,937,299</u> |
| Total assets | <u><u>\$ 834,017</u></u> | <u><u>\$ 1,987,118</u></u> | <u><u>\$ 47,048,512</u></u> |
| <u>Liabilities and Fund Balances</u> | | | |
| Liabilities: | | | |
| Accounts and retainage payable | - | 73,422 | 2,457,808 |
| Accrued payroll and payroll benefits | - | 410 | 24,442 |
| Unearned grant revenue | <u>-</u> | <u>-</u> | <u>12,035</u> |
| Total liabilities | <u>-</u> | <u>73,832</u> | <u>2,494,285</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Education | - | - | 529,943 |
| Roads | - | - | 7,660,163 |
| General government | - | - | 284,302 |
| Public safety | 805,513 | - | 15,204,310 |
| Recreation | - | 728,972 | 728,972 |
| Committed: | | | |
| Software upgrades | - | - | 84,003 |
| Building maintenance and upgrades | - | - | 370,262 |
| Public safety facilities and equipment | 28,504 | - | 6,943,331 |
| Recreational facility maintenance | - | 1,114,872 | 1,114,872 |
| School maintenance and upgrades | - | - | 9,476,013 |
| Road construction and upgrades | - | - | 2,062,675 |
| Assigned: | | | |
| Subsequent year's expenditures | <u>-</u> | <u>69,442</u> | <u>95,381</u> |
| Total fund balances | <u>834,017</u> | <u>1,913,286</u> | <u>44,554,227</u> |
| Total liabilities and fund balances | <u><u>\$ 834,017</u></u> | <u><u>\$ 1,987,118</u></u> | <u><u>\$ 47,048,512</u></u> |

Kenai Peninsula Borough

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

For the Year Ended June 30, 2025

| | <u>School Revenue</u> | <u>General Government</u> | <u>Road Service Area</u> |
|--|-----------------------|---------------------------|--------------------------|
| Revenues: | | | |
| Intergovernmental: | | | |
| Federal | \$ 316,647 | \$ - | \$ 143,914 |
| State | 1,442,099 | - | - |
| Investment earnings | - | - | 571,460 |
| Other revenues | <u>496,758</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>2,255,504</u> | <u>-</u> | <u>715,374</u> |
| Expenditures: | | | |
| General government | - | 1,054,903 | - |
| Public safety | - | - | - |
| Recreation | - | - | - |
| Education | 5,413,680 | - | - |
| Roads and trails | <u>-</u> | <u>-</u> | <u>2,689,563</u> |
| Total expenditures | <u>5,413,680</u> | <u>1,054,903</u> | <u>2,689,563</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,158,176)</u> | <u>(1,054,903)</u> | <u>(1,974,189)</u> |
| Other financing sources (uses): | | | |
| Transfers in | <u>5,340,523</u> | <u>200,000</u> | <u>2,320,000</u> |
| Net change in fund balances | <u>2,182,347</u> | <u>(854,903)</u> | <u>345,811</u> |
| Fund balances - July 1 | 7,847,609 | 2,182,382 | 9,377,027 |
| Adjustment, change from (to) major fund to (from) non major fund | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - July 1, as adjusted | <u>7,847,609</u> | <u>2,182,382</u> | <u>9,377,027</u> |
| Fund balances - June 30 | <u>\$ 10,029,956</u> | <u>\$ 1,327,479</u> | <u>\$ 9,722,838</u> |

(Continued)

Kenai Peninsula Borough

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances, Continued

For the Year Ended June 30, 2025

| | <u>Nikiski Fire Service Area</u> | <u>Bear Creek Fire Service Area</u> | <u>Central Emergency Service Area</u> |
|---|---|--|--|
| Revenues: | | | |
| Intergovernmental: | | | |
| Federal | \$ - | \$ - | \$ - |
| State | - | 3,931 | - |
| Investment earnings | 37,064 | 58,803 | 1,076,615 |
| Other revenues | - | - | - |
| Total revenues | <u>37,064</u> | <u>62,734</u> | <u>1,076,615</u> |
| Expenditures: | | | |
| General government | - | - | - |
| Public safety | 8,489 | 540,057 | 7,843,743 |
| Recreation | - | - | - |
| Education | - | - | - |
| Roads and trails | - | - | - |
| Total expenditures | <u>8,489</u> | <u>540,057</u> | <u>7,843,743</u> |
| Excess (deficiency) of revenues over expenditures | <u>28,575</u> | <u>(477,323)</u> | <u>(6,767,128)</u> |
| Other financing sources (uses): | | | |
| Transfers in | <u>300,000</u> | <u>274,594</u> | <u>800,000</u> |
| Net change in fund balances | <u>328,575</u> | <u>(202,729)</u> | <u>(5,967,128)</u> |
| Fund balances - July 1 | 371,522 | 1,012,697 | - |
| Adjustment, change from major fund to non major fund | <u>-</u> | <u>-</u> | <u>24,176,769</u> |
| Fund balances - July 1, as adjusted | <u>371,522</u> | <u>1,012,697</u> | <u>24,176,769</u> |
| Fund balances - June 30 | <u>\$ 700,097</u> | <u>\$ 809,968</u> | <u>\$ 18,209,641</u> |

| <u>Western Emergency Service Area</u> | <u>Kachemak Emergency Service Area</u> | <u>911 Communications</u> | <u>North Peninsula Recreation Service Area</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--|---|--------------------------------------|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ 460,561 |
| - | - | - | - | 1,446,030 |
| 13,806 | 39,106 | 45,311 | 106,804 | 1,948,969 |
| - | - | - | - | 496,758 |
| <u>13,806</u> | <u>39,106</u> | <u>45,311</u> | <u>106,804</u> | <u>4,352,318</u> |
| - | - | - | - | 1,054,903 |
| 2,887 | - | 54,385 | - | 8,449,561 |
| - | - | - | 305,582 | 305,582 |
| - | - | - | - | 5,413,680 |
| - | - | - | - | 2,689,563 |
| <u>2,887</u> | <u>-</u> | <u>54,385</u> | <u>305,582</u> | <u>17,913,289</u> |
| <u>10,919</u> | <u>39,106</u> | <u>(9,074)</u> | <u>(198,778)</u> | <u>(13,560,971)</u> |
| <u>100,000</u> | <u>300,000</u> | <u>178,538</u> | <u>696,000</u> | <u>10,509,655</u> |
| <u>110,919</u> | <u>339,106</u> | <u>169,464</u> | <u>497,222</u> | <u>(3,051,316)</u> |
| 150,017 | 406,903 | 664,553 | 1,416,064 | 23,428,774 |
| - | - | - | - | 24,176,769 |
| <u>150,017</u> | <u>406,903</u> | <u>664,553</u> | <u>1,416,064</u> | <u>47,605,543</u> |
| <u>\$ 260,936</u> | <u>\$ 746,009</u> | <u>\$ 834,017</u> | <u>\$ 1,913,286</u> | <u>\$ 44,554,227</u> |

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Nonmajor Debt Service Funds
Pages 130-134

Debt service funds are used to accumulate funds for payment of general obligation bonds issued for construction, improvements, and equipping of public facilities throughout the Borough and for debt issued for the purchase of equipment.

School – This fund is used to account for payments associated with general obligation bonds for construction of school capital facilities.

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

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

Kenai Peninsula Borough

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2025

| | <u>General Government</u> | <u>Bear Creek Fire Service Area</u> | <u>Central Emergency Services</u> | <u>Total Nonmajor Debt Service Funds</u> |
|---|--------------------------------------|--|--|---|
| | <u>School</u> | | | |
| <u>Assets</u> | | | | |
| Due from the other governments | \$ - | \$ - | \$ - | \$ - |
| <u>Liabilities and Fund Balances</u> | | | | |
| Fund balances | \$ - | \$ - | \$ - | \$ - |

Kenai Peninsula Borough
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2025

| | <u>General Government</u> | <u>Bear Creek Fire Service Area</u> | <u>Central Emergency Services</u> | <u>Total Nonmajor Debt Service Funds</u> |
|---|--------------------------------------|--|--|---|
| | <u>School</u> | | | |
| Revenues | | | | |
| Investment earnings (loss) | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 2,985,000 | 75,000 | 835,000 | 3,895,000 |
| Interest and other | <u>1,953,201</u> | <u>11,503</u> | <u>794,438</u> | <u>2,759,142</u> |
| Total expenditures | <u>4,938,201</u> | <u>86,503</u> | <u>1,629,438</u> | <u>6,654,142</u> |
| Deficiency of revenues over expenditures | <u>(4,938,201)</u> | <u>(86,503)</u> | <u>(1,629,438)</u> | <u>(6,654,142)</u> |
| Other financing sources: | | | | |
| Transfers in | <u>4,938,201</u> | <u>86,503</u> | <u>1,629,438</u> | <u>6,654,142</u> |
| Net change in fund balances | - | - | - | - |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances at end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

Kenai Peninsula Borough

School Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|---|-------------------------|--------------|---------------|---|
| | Original | Final | Actual | |
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 2,985,000 | 2,985,000 | 2,985,000 | - |
| Interest and other | 1,961,951 | 1,961,951 | 1,953,201 | 8,750 |
| Total expenditures | 4,946,951 | 4,946,951 | 4,938,201 | 8,750 |
| Deficiency of revenues over expenditures | (4,946,951) | (4,946,951) | (4,938,201) | 8,750 |
| Other financing sources: | | | | |
| Transfers in | 4,946,951 | 4,946,951 | 4,938,201 | (8,750) |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | \$ - | \$ - | \$ - | \$ - |

Kenai Peninsula Borough

Bear Creek Fire Service Area Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|---|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 75,000 | 75,000 | 75,000 | - |
| Interest and other | 11,504 | 11,504 | 11,503 | 1 |
| Total expenditures | 86,504 | 86,504 | 86,503 | 1 |
| Deficiency of revenues over expenditures | (86,504) | (86,504) | (86,503) | 1 |
| Other financing sources: | | | | |
| Transfers in | 86,504 | 86,504 | 86,503 | (1) |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | \$ - | \$ - | \$ - | \$ - |

Kenai Peninsula Borough
Central Emergency Services Debt Service Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive (Negative) |
|---|-------------------------|--------------|---------------|---|
| | Original | Final | Actual | |
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 835,000 | 835,000 | 835,000 | - |
| Interest and other | 794,438 | 794,438 | 794,438 | - |
| Total expenditures | 1,629,438 | 1,629,438 | 1,629,438 | - |
| Deficiency of revenues over expenditures | (1,629,438) | (1,629,438) | (1,629,438) | - |
| Other financing sources: | | | | |
| Transfers in | 1,629,438 | 1,629,438 | 1,629,438 | - |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | \$ - | \$ - | \$ - | \$ - |

INTERNAL SERVICE FUND

Internal Service Funds
Pages 136-138

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

Insurance and Litigation – This fund accounts for revenues and expenses related to insurance and litigation for the Borough.

Employee Health Insurance – This fund accounts for revenues and expenses related to employee health insurance coverage.

Employee Compensated Leave – This fund accounts for revenues and expenses for employee compensated leave liability.

Equipment Replacement – This fund accounts for revenue and expenses for equipment replacements for various Borough departments.

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Net Position
June 30, 2025

| | Insurance and Litigation | Employee Health Insurance | Employee Compensated Leave | Equipment Replacement | Total Internal Service Funds |
|---|-------------------------------------|--|---|----------------------------------|---|
| <u>Assets</u> | | | | | |
| Current assets: | | | | | |
| Cash and short term investments | \$ 89,553 | \$ 200,000 | \$ - | \$ - | \$ 289,553 |
| Equity in central treasury | 10,397,486 | 12,206,769 | 4,346,947 | 4,137,511 | 31,088,713 |
| Other receivables | - | 547,845 | - | - | 547,845 |
| Prepays | 11,707 | 31,556 | - | - | 43,263 |
| Total current assets | 10,498,746 | 12,986,170 | 4,346,947 | 4,137,511 | 31,969,374 |
| Capital assets: | | | | | |
| Equipment | 37,893 | - | - | 3,213,551 | 3,251,444 |
| Right-to-use leased building | 82,232 | - | - | - | 82,232 |
| Subscription IT Arrangements | 38,468 | - | - | - | 38,468 |
| Less accumulated depreciation and amortization | (52,405) | - | - | (1,718,493) | (1,770,898) |
| Total capital assets (net of accumulated depreciation and amortization) | 106,188 | - | - | 1,495,058 | 1,601,246 |
| Total assets | 10,604,934 | 12,986,170 | 4,346,947 | 5,632,569 | 33,570,620 |
| <u>Liabilities</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts and contracts payable | 77,082 | 195,937 | - | - | 273,019 |
| Accrued payroll and payroll benefits | 24,099 | - | - | - | 24,099 |
| Claims payable | 2,489,053 | 628,406 | - | - | 3,117,459 |
| Compensated absences | 16,704 | - | 1,086,737 | - | 1,103,441 |
| Lease payable | 26,333 | - | - | - | 26,333 |
| Subscription IT liabilities | 12,725 | - | - | - | 12,725 |
| Total current liabilities | 2,645,996 | 824,343 | 1,086,737 | - | 4,557,076 |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 50,112 | - | 3,260,210 | - | 3,310,322 |
| Lease payable | 49,455 | - | - | - | 49,455 |
| Subscription IT liabilities | 14,943 | - | - | - | 14,943 |
| Total noncurrent liabilities | 114,510 | - | 3,260,210 | - | 3,374,720 |
| Total liabilities | 2,760,506 | 824,343 | 4,346,947 | - | 7,931,796 |
| <u>Net Position</u> | | | | | |
| Net investment in capital assets | 2,732 | - | - | 1,495,058 | 1,497,790 |
| Unrestricted | 7,841,696 | 12,161,827 | - | 4,137,511 | 24,141,034 |
| Total net position | \$ 7,844,428 | \$ 12,161,827 | \$ - | \$ 5,632,569 | \$ 25,638,824 |

Kenai Peninsula Borough

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Year Ended June 30, 2025

| | <u>Insurance and Litigation</u> | <u>Employee Health Insurance</u> | <u>Employee Compensated Leave</u> | <u>Equipment Replacement</u> | <u>Total Internal Service Funds</u> |
|---|--|---|--|---|--|
| Operating revenues: | | | | | |
| Charges for sales and services | \$ 8,130,701 | \$ 9,967,265 | \$ 3,789,521 | \$ 935,628 | \$22,823,115 |
| Intergovernmental - State | 19,051 | - | - | - | 19,051 |
| Other revenue | 10,674 | - | - | - | 10,674 |
| Total operating revenues | <u>8,160,426</u> | <u>9,967,265</u> | <u>3,789,521</u> | <u>935,628</u> | <u>22,852,840</u> |
| Operating expenses: | | | | | |
| Administrative services | 893,721 | 185,397 | 3,789,521 | - | 4,868,639 |
| Insurance premiums | 4,009,173 | 660,442 | - | - | 4,669,615 |
| Self-insured losses | 1,088,877 | 6,007,833 | - | - | 7,096,710 |
| Depreciation and amortization | 46,237 | - | - | 422,751 | 468,988 |
| Total operating expenses | <u>6,038,008</u> | <u>6,853,672</u> | <u>3,789,521</u> | <u>422,751</u> | <u>17,103,952</u> |
| Operating income (loss) | <u>2,122,418</u> | <u>3,113,593</u> | <u>-</u> | <u>512,877</u> | <u>5,748,888</u> |
| Non operating revenues (expenses): | | | | | |
| Interest expense | (1,824) | - | - | - | (1,824) |
| Investment earnings | 543,183 | 538,087 | - | 222,677 | 1,303,947 |
| Loss on disposal of assets | - | - | - | (27,951) | (27,951) |
| Total non operating revenues (expenses) | <u>541,359</u> | <u>538,087</u> | <u>-</u> | <u>194,726</u> | <u>1,274,172</u> |
| Change in net position | 2,663,777 | 3,651,680 | - | 707,603 | 7,023,060 |
| Net position at beginning of year | <u>5,180,651</u> | <u>8,510,147</u> | <u>-</u> | <u>4,924,966</u> | <u>18,615,764</u> |
| Net position at end of year | <u>\$ 7,844,428</u> | <u>\$12,161,827</u> | <u>\$ -</u> | <u>\$ 5,632,569</u> | <u>\$25,638,824</u> |

Kenai Peninsula Borough
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2025

| | Insurance and Litigation | Employee Health Insurance | Employee Compensated Leave | Equipment Replacement | Total Internal Service Funds |
|---|-------------------------------------|--|---|----------------------------------|---|
| Cash flows from operating activities: | | | | | |
| Receipts for interfund services provided | \$ 8,130,701 | \$ 9,967,265 | \$ 3,789,521 | \$ 935,628 | \$ 22,823,115 |
| Payments to suppliers | (5,722,489) | (7,275,773) | (3,487,028) | - | (16,485,290) |
| Payments to employees | (730,140) | - | - | - | (730,140) |
| Other program revenue | 29,725 | - | - | - | 29,725 |
| Net cash provided (used) by operating activities | <u>1,707,797</u> | <u>2,691,492</u> | <u>302,493</u> | <u>935,628</u> | <u>5,637,410</u> |
| Cash flows for capital and related financing activities: | | | | | |
| Interest payments on leases | (1,824) | - | - | - | (1,824) |
| Purchase of capital assets | (5,248) | - | - | (377,332) | (382,580) |
| Total capital and related financing activities | <u>(7,072)</u> | <u>-</u> | <u>-</u> | <u>(377,332)</u> | <u>(384,404)</u> |
| Cash flows from investing activities- | | | | | |
| Investment earnings (loss) | 543,183 | 538,087 | - | 222,677 | 1,303,947 |
| Net increase (decrease) in cash and cash equivalents | 2,243,908 | 3,229,579 | 302,493 | 780,973 | 6,556,953 |
| Cash and cash equivalents at beginning of year | 8,243,131 | 9,177,190 | 4,044,454 | 3,356,538 | 24,821,313 |
| Cash and cash equivalents at end of year | <u>\$ 10,487,039</u> | <u>\$ 12,406,769</u> | <u>\$ 4,346,947</u> | <u>\$ 4,137,511</u> | <u>\$ 31,378,266</u> |
| Reconciliation of cash and cash equivalents to Statement of Net Position: | | | | | |
| Cash and short-term investments | \$ 89,553 | \$ 200,000 | \$ - | \$ - | \$ 289,553 |
| Equity in central treasury | 10,397,486 | 12,206,769 | 4,346,947 | 4,137,511 | 31,088,713 |
| Cash and cash equivalents, at end of year | <u>\$ 10,487,039</u> | <u>\$ 12,406,769</u> | <u>\$ 4,346,947</u> | <u>\$ 4,137,511</u> | <u>\$31,378,266</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ 2,122,418 | \$ 3,113,593 | \$ - | \$ 512,877 | \$ 5,748,888 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation and amortization expense | 46,237 | - | - | 422,751 | 468,988 |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in other receivables | - | (493,670) | - | - | (493,670) |
| (Increase) decrease in prepaids | 22,543 | 5,769 | - | - | 28,312 |
| Increase (decrease) in accounts and contracts payable | (123,381) | 65,800 | - | - | (57,581) |
| Increase (decrease) in accrued payroll and payroll benefits | (149) | - | - | - | (149) |
| Increase (decrease) in claims payable | (326,751) | - | - | - | (326,751) |
| Increase (decrease) in compensated absences | 4,515 | - | 302,493 | - | 307,008 |
| Increase (decrease) in lease payable (1) | (26,835) | - | - | - | (26,835) |
| Increase (decrease) in subscription IT liability (2) | (10,800) | - | - | - | (10,800) |
| Total adjustments | <u>(414,621)</u> | <u>(422,101)</u> | <u>302,493</u> | <u>422,751</u> | <u>(111,478)</u> |
| Net cash provided (used) by operating activities | <u>\$ 1,707,797</u> | <u>\$ 2,691,492</u> | <u>\$ 302,493</u> | <u>\$ 935,628</u> | <u>\$ 5,637,410</u> |

Supplemental disclosure of noncash information

- (1) Capital asset acquired with lease payable \$82,232 in FY25
- (2) Capital asset acquired with subscription IT liability \$38,468 in FY25

CAPITAL ASSETS

Kenai Peninsula Borough**Capital Assets Used in the Operation of Governmental Funds****Schedule by Source⁽¹⁾**

June 30, 2025

Governmental funds capital assets:

| | |
|-----------------------------------|-------------------|
| Land | \$ 79,502,263 |
| Buildings | 322,602,670 |
| Right-to-use leased buildings | 121,956 |
| Subscription IT assets | 897,863 |
| Improvements other than buildings | 116,139,458 |
| Machinery and equipment | 53,939,866 |
| Infrastructure | 21,938,283 |
| Construction in progress | <u>26,207,366</u> |

Total governmental funds capital assets

\$ 621,349,725

Investments in governmental funds capital assets by source:

| | |
|--------------------------|-------------------|
| General obligation bonds | \$ 300,897,948 |
| State and federal grants | 85,822,145 |
| Federal revenue sharing | 3,028,673 |
| General Fund revenue | 64,413,511 |
| Special revenue funds | 92,552,582 |
| Contributed capital | 270,503 |
| Dedicated lands | 126,058 |
| Donations | <u>74,238,305</u> |

Total governmental funds capital assets

\$ 621,349,725

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

Kenai Peninsula Borough
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity⁽¹⁾
For the Year Ended June 30, 2025

| <u>Function and Activity</u> | <u>Governmental Funds Capital Assets June 30, 2024</u> | <u>Additions</u> | <u>Deletions</u> | <u>Governmental Funds Capital Assets June 30, 2025</u> |
|--|---|-------------------------|-------------------------|---|
| General government | \$ 85,972,850 | \$ 5,044,655 | \$ 910,583 | \$ 90,106,922 |
| Senior citizens | 274,451 | - | - | 274,451 |
| Public safety: | | | | |
| Fire protection and emergency | | | | |
| medical | 73,233,603 | 8,633,214 | 165,038 | 81,701,779 |
| Emergency communications | 10,398,194 | 11,170 | 76,945 | 10,332,419 |
| Total public safety | 83,631,797 | 8,644,384 | 241,983 | 92,034,198 |
| Solid waste facilities | 64,338,496 | 2,973,338 | - | 67,311,834 |
| Road maintenance: | | | | |
| Maintenance | 200,524 | 1,630 | - | 202,154 |
| Roads | 21,288,281 | 550,250 | - | 21,838,531 |
| Total road maintenance | 21,488,805 | 551,880 | - | 22,040,685 |
| Recreation | 14,122,889 | 325,388 | - | 14,448,277 |
| Schools | 326,338,649 | 8,794,709 | - | 335,133,358 |
| Total governmental funds capital assets | \$ 596,167,937 | \$ 26,334,354 | \$ 1,152,566 | \$ 621,349,725 |

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

Kenai Peninsula Borough
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity ⁽¹⁾
June 30, 2025

| | <u>Land</u> | <u>Buildings</u> | <u>Right-to-use Leased Buildings</u> | <u>Subscription IT Assets</u> | <u>Improvements Other Than Buildings</u> | <u>Equipment</u> | <u>Infrastructure</u> | <u>Construction In Progress</u> | <u>Total</u> |
|---|-------------------|-------------------|--|-----------------------------------|--|-------------------|-----------------------|-------------------------------------|-------------------|
| General government: | | | | | | | | | |
| Administration | \$ - | \$ 2,702,657 | \$ - | \$ 869,118 | \$ 4,645,647 | \$ 4,956,227 | \$ - | \$ 41,997 | \$ 13,215,646 |
| Maintenance | 203,609 | 1,392,155 | - | - | 85,105 | 2,723,004 | - | - | 4,403,873 |
| Areawide | 69,982,255 | - | - | - | - | - | - | - | 69,982,255 |
| Kenai River Center | - | 1,875,593 | - | - | 269,924 | 110,369 | - | 249,262 | 2,505,148 |
| Total general government | <u>70,185,864</u> | <u>5,970,405</u> | <u>-</u> | <u>869,118</u> | <u>5,000,676</u> | <u>7,789,600</u> | <u>-</u> | <u>291,259</u> | <u>90,106,922</u> |
| Senior citizens | - | 243,800 | - | - | - | 30,651 | - | - | 274,451 |
| Public safety: | | | | | | | | | |
| Fire protection, emergency medical and flood mitigation: | | | | | | | | | |
| Nikiski Fire service area | 49,172 | 12,361,888 | 59,955 | - | 1,001,845 | 8,211,058 | - | 580,707 | 22,264,625 |
| Bear Creek Fire service area | 17,211 | 6,713,034 | - | - | 130,271 | 2,687,771 | - | 3,931 | 9,552,218 |
| Western Emergency service area | 845,175 | 4,493,536 | - | - | 666,396 | 5,420,374 | - | 2,887 | 11,428,368 |
| Central Emergency service area | 1,266,210 | 4,347,827 | - | 28,745 | 2,236,772 | 13,374,331 | - | 10,014,307 | 31,268,192 |
| Kachemak Emergency service area | 127,270 | 2,637,114 | 62,001 | - | 51,071 | 4,195,012 | - | - | 7,072,468 |
| Eastern Peninsula Highway Emergency service area | - | - | - | - | - | 77,078 | - | - | 77,078 |
| Seward Bear Creek Flood service area | 599 | - | - | - | - | 38,230 | - | - | 38,829 |
| Total fire protection, emergency medical and flood mitigation | <u>2,305,637</u> | <u>30,553,399</u> | <u>121,956</u> | <u>28,745</u> | <u>4,086,355</u> | <u>34,003,854</u> | <u>-</u> | <u>10,601,832</u> | <u>81,701,778</u> |
| Emergency communications: | | | | | | | | | |
| Emergency operations center | - | 4,838,523 | - | - | 639,896 | 728,017 | - | - | 6,206,436 |
| Emergency warning systems | - | - | - | - | - | - | - | 862,844 | 862,844 |
| 911-Soldotna dispatch center | - | - | - | - | 1,122,855 | 1,150,860 | - | - | 2,273,715 |
| 911-Backup dispatch center | - | - | - | - | 317,091 | 672,333 | - | - | 989,424 |
| Total emergency communications | <u>-</u> | <u>4,838,523</u> | <u>-</u> | <u>-</u> | <u>2,079,842</u> | <u>2,551,210</u> | <u>-</u> | <u>862,844</u> | <u>10,332,419</u> |
| Total public safety | <u>2,305,637</u> | <u>35,391,922</u> | <u>121,956</u> | <u>28,745</u> | <u>6,166,197</u> | <u>36,555,064</u> | <u>-</u> | <u>11,464,676</u> | <u>92,034,197</u> |
| Solid waste facilities | <u>2,908,687</u> | <u>3,186,499</u> | <u>-</u> | <u>-</u> | <u>44,344,605</u> | <u>7,683,837</u> | <u>-</u> | <u>9,188,206</u> | <u>67,311,834</u> |
| Road maintenance | - | - | - | - | - | 202,154 | 21,838,531 | - | 22,040,685 |
| Recreation: | | | | | | | | | |
| North Peninsula Recreation service area | 145,640 | 8,513,465 | - | - | 4,924,728 | 673,025 | - | 165,129 | 14,421,987 |
| Seldovia Recreation Service Area | - | - | - | - | 11,757 | 14,533 | - | - | 26,290 |
| Total Recreation | <u>145,640</u> | <u>8,513,465</u> | <u>-</u> | <u>-</u> | <u>4,936,485</u> | <u>687,558</u> | <u>-</u> | <u>165,129</u> | <u>14,448,277</u> |

Kenai Peninsula Borough
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity, continued ⁽¹⁾
June 30, 2025

| | <u>Land</u> | <u>Buildings</u> | <u>Right-to-use Leased Buildings</u> | <u>Subscription IT Assets</u> | <u>Improvements Other Than Buildings</u> | <u>Equipment</u> | <u>Infrastructure</u> | <u>Construction In Progress</u> | <u>Total</u> |
|---------------------------------|-------------|------------------|--|-----------------------------------|--|------------------|-----------------------|-------------------------------------|--------------|
| School district: | | | | | | | | | |
| Central office and warehouse | \$ - | \$ 1,791,905 | \$ - | \$ - | \$ 627,175 | \$ - | \$ - | \$ - | \$ 2,419,080 |
| Schools: | | | | | | | | | |
| Outside cities: | | | | | | | | | |
| Anchor Point/Middle/Junior high | 205,102 | - | - | - | - | - | - | - | 205,102 |
| Central Peninsula Elementary | - | - | - | - | 36,690 | - | - | - | 36,690 |
| Chapman Elementary | 796,705 | 2,597,653 | - | - | 731,591 | 6,071 | - | 65,608 | 4,197,628 |
| Cooper Landing | - | 1,034,989 | - | - | 173,389 | - | - | - | 1,208,378 |
| Tebughna | - | 2,531,213 | - | - | 401,061 | 37,367 | - | - | 2,969,641 |
| English Bay | - | 2,447,908 | - | - | 230,577 | - | - | - | 2,678,485 |
| Hope Elementary | 3,000 | 2,523,867 | - | - | 586,523 | - | - | 409,595 | 3,522,985 |
| Kalifornsky Beach | 258,803 | 4,884,108 | - | - | 336,104 | - | - | 176,818 | 5,655,833 |
| Kachemak Selo | 150,344 | - | - | - | - | - | - | 498,579 | 648,923 |
| McNeil Canyon | - | 4,953,680 | - | - | 721,105 | 23,646 | - | - | 5,698,431 |
| Moose Pass | 28,154 | 901,766 | - | - | 68,404 | - | - | - | 998,324 |
| Nanwalek | - | 1,981,586 | - | - | - | 126,919 | - | - | 2,108,505 |
| Nikiski Elementary | 75,654 | 3,696,639 | - | - | 674,084 | - | - | - | 4,446,377 |
| Nikiski High | - | 22,872,128 | - | - | 4,849,793 | - | - | 153,317 | 27,875,238 |
| Nikolaevsk | 51,282 | 4,923,106 | - | - | 866,900 | 72,801 | - | - | 5,914,089 |
| Ninilchik | 16,399 | 5,869,344 | - | - | 553,472 | 79,837 | 99,752 | 18,634 | 6,637,438 |
| North Star Elementary | - | 6,076,014 | - | - | 1,456,787 | 10,789 | - | 102,144 | 7,645,734 |
| Port Graham | 400 | 2,101,880 | - | - | 132,307 | - | - | 99,849 | 2,334,436 |
| Skyview Middle | - | 22,039,127 | - | - | 3,832,269 | - | - | 41,755 | 25,913,151 |
| Sterling Elementary | 7,450 | 3,744,355 | - | - | 748,927 | 34,127 | - | - | 4,534,859 |
| Tustumena | 8,001 | 7,883,965 | - | - | 420,259 | 43,849 | - | - | 8,356,074 |
| Voznesenka | 19,556 | 150,000 | - | - | 16,400 | 34,155 | - | - | 220,111 |
| Total outside cities | 1,620,850 | 103,213,328 | - | - | 16,836,642 | 469,561 | 99,752 | 1,566,299 | 123,806,432 |
| Homer: | | | | | | | | | |
| West Homer Elementary | 322,028 | 11,764,445 | - | - | 166,499 | - | - | - | 12,252,972 |
| Paul Banks Elementary | 23,971 | 2,589,112 | - | - | 739,908 | 6,143 | - | - | 3,359,134 |
| High School | 400,913 | 31,583,349 | - | - | 8,324,394 | 75,450 | - | 753,798 | 41,137,904 |
| Junior High | 17,024 | 3,197,028 | - | - | 823,568 | 25,822 | - | - | 4,063,442 |
| High School Addition | 29,177 | 2,598,949 | - | - | 103,555 | - | - | - | 2,731,681 |
| Flex School | 63,248 | 461,150 | - | - | - | - | - | - | 524,398 |
| Total Homer | 856,361 | 52,194,033 | - | - | 10,157,924 | 107,415 | - | 753,798 | 64,069,531 |

Kenai Peninsula Borough
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity, continued ⁽¹⁾
June 30, 2025

| | <u>Land</u> | <u>Buildings</u> | <u>Right-to-use Leased Buildings</u> | <u>Subscription IT Assets</u> | <u>Improvements Other Than Buildings</u> | <u>Equipment</u> | <u>Infrastructure</u> | <u>Construction In Progress</u> | <u>Total</u> |
|---|----------------------|-----------------------|--|-----------------------------------|--|----------------------|-----------------------|-------------------------------------|-----------------------|
| Kenai: | | | | | | | | | |
| Elementary II | \$ 137,941 | \$ 2,614,381 | \$ - | \$ - | \$ 124,105 | \$ - | \$ - | \$ - | \$ 2,876,427 |
| Mountain View Elementary | - | 5,892,103 | - | - | 1,451,925 | 67,213 | - | 23,012 | 7,434,253 |
| Kaleidoscope Elementary | 41,575 | 1,709,394 | - | - | 886,800 | 19,585 | - | - | 2,657,354 |
| Junior High | 60,499 | 4,057,399 | - | - | 855,049 | 5,990 | - | 155,932 | 5,134,869 |
| High School | 129,517 | 17,976,192 | - | - | 6,639,580 | 51,056 | - | 967,197 | 25,763,542 |
| Vocational High | 40,000 | 509,655 | - | - | 273,921 | - | - | - | 823,576 |
| Arts and Crafts Building | - | 118,341 | - | - | - | - | - | - | 118,341 |
| Total Kenai | <u>409,532</u> | <u>32,877,465</u> | <u>-</u> | <u>-</u> | <u>10,231,380</u> | <u>143,844</u> | <u>-</u> | <u>1,146,141</u> | <u>44,808,362</u> |
| Seldovia: | | | | | | | | | |
| Susan B. English | 27,953 | 3,711,152 | - | - | 1,005,119 | - | - | - | 4,744,224 |
| Shop Building | 1,000 | 2,557,944 | - | - | - | 5,168 | - | - | 2,564,112 |
| Total Seldovia | <u>28,953</u> | <u>6,269,096</u> | <u>-</u> | <u>-</u> | <u>1,005,119</u> | <u>5,168</u> | <u>-</u> | <u>-</u> | <u>7,308,336</u> |
| Seward: | | | | | | | | | |
| Elementary II | 235,000 | 6,601,586 | - | - | 984,672 | 40,000 | - | - | 7,861,258 |
| Middle | 346,295 | 14,656,471 | - | - | 759,470 | - | - | - | 15,762,236 |
| Jr. High/High School | 182,596 | 12,722,087 | - | - | 5,245,380 | 51,421 | - | - | 18,201,484 |
| Total Seward | <u>763,891</u> | <u>33,980,144</u> | <u>-</u> | <u>-</u> | <u>6,989,522</u> | <u>91,421</u> | <u>-</u> | <u>-</u> | <u>41,824,978</u> |
| Soldotna: | | | | | | | | | |
| Elementary | 270,048 | 5,820,271 | - | - | 1,364,229 | 16,771 | - | 474,398 | 7,945,717 |
| Redoubt Elementary | - | 5,284,315 | - | - | 669,978 | 40,000 | - | 64,272 | 6,058,565 |
| Multipurpose Room | - | 316,186 | - | - | - | - | - | - | 316,186 |
| Junior High | 5,900 | 7,638,741 | - | - | 1,963,918 | - | - | 8,241 | 9,616,800 |
| High School | 900 | 16,273,933 | - | - | 4,759,663 | 71,484 | - | 828,773 | 21,934,753 |
| Total Soldotna | <u>276,848</u> | <u>35,333,446</u> | <u>-</u> | <u>-</u> | <u>8,757,788</u> | <u>128,255</u> | <u>-</u> | <u>1,375,684</u> | <u>45,872,021</u> |
| Other areawide: | | | | | | | | | |
| Areawide pool/water projects | - | 611,839 | - | - | 1,070,907 | 45,338 | - | 256,174 | 1,984,258 |
| Portable classrooms | - | 3,025,323 | - | - | 15,038 | - | - | - | 3,040,361 |
| Total other areawide | <u>-</u> | <u>3,637,162</u> | <u>-</u> | <u>-</u> | <u>1,085,945</u> | <u>45,338</u> | <u>-</u> | <u>256,174</u> | <u>5,024,619</u> |
| Total school district | <u>3,956,435</u> | <u>269,296,579</u> | <u>-</u> | <u>-</u> | <u>55,691,495</u> | <u>991,002</u> | <u>99,752</u> | <u>5,098,096</u> | <u>335,133,359</u> |
| Total governmental funds capital assets | <u>\$ 79,502,263</u> | <u>\$ 322,602,670</u> | <u>\$ 121,956</u> | <u>\$ 897,863</u> | <u>\$ 116,139,458</u> | <u>\$ 53,939,866</u> | <u>\$ 21,938,283</u> | <u>\$ 26,207,366</u> | <u>\$ 621,349,725</u> |

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

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Kenai Peninsula Borough

STATISTICAL TABLES

This part of the Kenai Peninsula Borough's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Borough's overall financial health.

Contents **Page**

Financial trends

These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time.

| | | |
|-----------|---|---------|
| Table I | Net Position by Component | 145 |
| Table II | Changes in Net Position | 146-147 |
| Table III | Governmental Activities Tax Revenues by Source | 148 |
| Table IV | Fund Balances of Governmental Funds | 149 |
| Table V | Changes in Fund Balances of Governmental Funds | 150 |
| Table VI | General Government Significant Revenues by Source | 151 |

Revenue capacity

These schedules contain information to help the reader assess the Borough's most significant local revenue sources.

| | | |
|------------|---|-----|
| Table VII | Assessed Value and Estimated Actual Value of Taxable Property | 152 |
| Table VIII | Property Tax Rates | 153 |
| Table IX | Principal Property Taxpayers | 154 |
| Table X | Taxable Sales by Line of Business | 155 |
| Table XI | Property Tax Levies and Collections | 156 |

Debt capacity

These schedules present information to help the reader assess the affordability of the Borough's current level of outstanding debt and the Borough's ability to issue additional debt in the future.

| | | |
|------------|---|-----|
| Table XII | Ratios of Outstanding Debt by Type and Per Capita | 157 |
| Table XIII | Computation of Direct and Overlapping Debt | 158 |
| Table XIV | Legal Debt Margin Information | 158 |

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place.

| | | |
|-----------|-------------------------------------|-----|
| Table XV | Demographic and Economic Statistics | 159 |
| Table XVI | Principal Employers | 159 |

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the Borough's financial report relates to the services the government provides and the activities it performs.

| | | |
|-------------|---|-----|
| Table XVII | Full-time Equivalent Borough Government Employees by Function | 160 |
| Table XVIII | Operating Indicators by Function | 161 |
| Table XIX | Capital Asset Statistics by Function | 162 |

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

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

TABLE I

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$197,331 | \$192,353 | \$185,045 | \$180,187 | \$183,545 | \$193,567 | \$191,148 | \$201,057 | \$205,639 | \$212,258 |
| Restricted | 16,224 | 21,681 | 20,764 | 23,893 | 28,659 | 44,259 | 45,704 | 111,595 | 118,163 | 122,973 |
| Unrestricted | 26,182 | 11,563 | 10,062 | 22,343 | 32,318 | 24,499 | 49,516 | 4,589 | 8,188 | 28,361 |
| Total governmental activities net position | <u>\$239,737</u> | <u>\$225,597</u> | <u>\$215,871</u> | <u>\$226,423</u> | <u>\$244,522</u> | <u>\$262,325</u> | <u>\$286,368</u> | <u>\$317,241</u> | <u>\$331,990</u> | <u>\$363,592</u> |

Kenai Peninsula Borough

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

| | 2016 | 2017 | 2018 | 2019 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 20,559,083 | \$ 23,188,963 | \$ 18,439,842 | \$ 15,500,286 |
| Solid waste | 8,677,985 | 8,829,329 | 8,325,450 | 8,272,259 |
| Public safety | 21,594,305 | 23,412,776 | 19,380,150 | 18,866,550 |
| Recreation | 3,530,357 | 2,542,184 | 2,231,711 | 2,050,199 |
| Education | 62,863,887 | 59,079,957 | 59,060,286 | 57,563,709 |
| Environmental protection | 403,631 | 442,520 | 185,072 | 2,448 |
| Roads and trails | 9,392,961 | 11,127,855 | 9,577,712 | 11,078,936 |
| Health & social services | - | - | - | - |
| Interest on long-term debt | 1,904,390 | 1,800,979 | 2,015,867 | 1,736,718 |
| Total governmental activities expenses | <u>128,926,599</u> | <u>130,424,563</u> | <u>119,216,090</u> | <u>115,071,105</u> |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 461,057 | 353,496 | 329,028 | 188,185 |
| Solid waste | 760,751 | 667,220 | 572,220 | 609,889 |
| Public safety | 2,793,476 | 2,679,640 | 2,785,209 | 2,813,500 |
| Recreation | 202,485 | 208,106 | 223,280 | 239,054 |
| Roads and trails | - | - | - | - |
| Environmental protection | - | - | - | - |
| Operating grants and contributions | 8,237,806 | 7,144,132 | 5,853,881 | 5,515,029 |
| Capital grants and contributions | 8,648,345 | 5,754,897 | 4,210,264 | 4,990,655 |
| Total governmental activities program revenues: | <u>21,103,920</u> | <u>16,807,491</u> | <u>13,973,882</u> | <u>14,356,312</u> |
| Net (expenses)/revenue | | | | |
| Total primary government net expense | <u>\$ (107,822,679)</u> | <u>\$ (113,617,072)</u> | <u>\$ (105,242,208)</u> | <u>\$ (100,714,793)</u> |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | 57,972,995 | 62,797,386 | 64,639,093 | 67,455,393 |
| Sales taxes | 30,116,611 | 30,400,062 | 31,508,914 | 32,878,673 |
| Unrestricted grants and contributions | 6,477,531 | 5,227,887 | 6,302,634 | 5,879,756 |
| Investment earnings (loss) | 2,374,089 | 989,550 | 1,399,250 | 4,937,225 |
| Miscellaneous | 30,619 | 62,129 | 20,325 | 115,210 |
| Transfers | - | - | - | - |
| Total governmental activities | <u>96,971,845</u> | <u>99,477,014</u> | <u>103,870,216</u> | <u>111,266,257</u> |
| Changes in net position | | | | |
| Total primary government | <u>\$ (10,850,834)</u> | <u>\$ (14,140,058)</u> | <u>\$ (1,371,992)</u> | <u>\$ 10,551,464</u> |

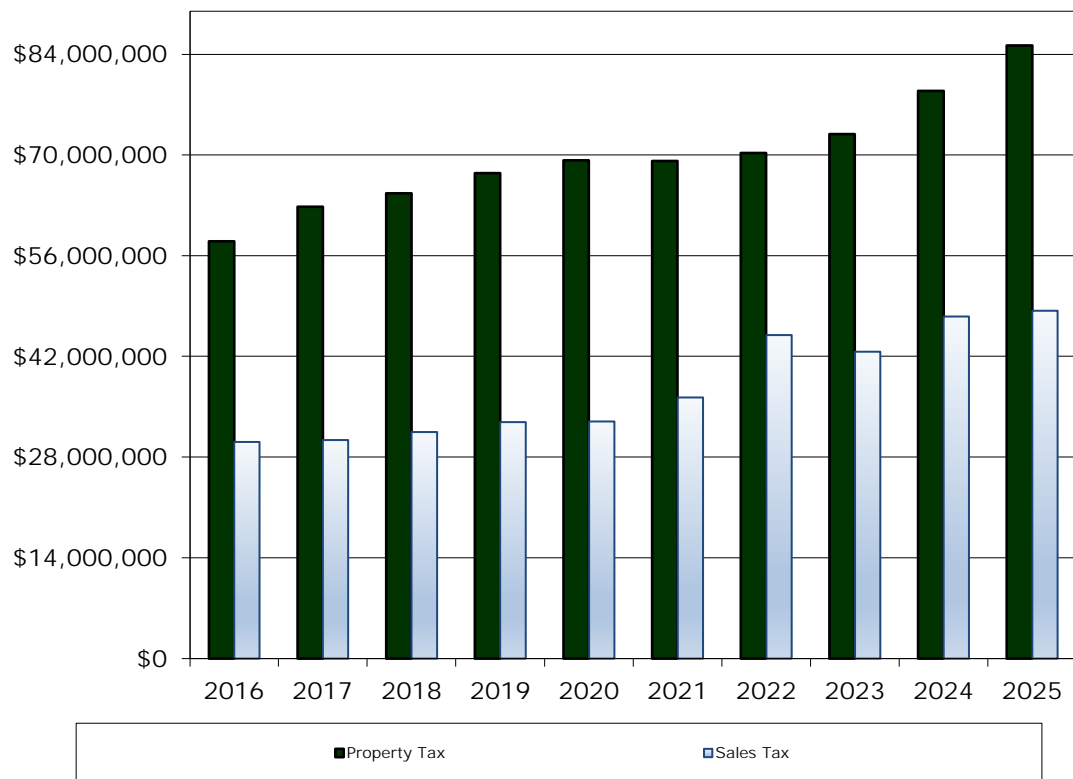
TABLE II

| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| \$ 13,410,337 | \$ 20,926,178 | \$ 15,766,123 | \$ 17,182,619 | \$ 19,203,603 | \$ 23,879,700 |
| 8,408,895 | 8,957,980 | 9,283,086 | 11,116,739 | 23,881,450 | 13,765,866 |
| 18,333,972 | 17,842,692 | 23,664,792 | 22,870,531 | 28,217,451 | 32,930,292 |
| 1,809,603 | 2,124,311 | 2,122,768 | 2,001,987 | 2,321,822 | 2,438,002 |
| 59,521,703 | 59,345,848 | 56,311,889 | 59,414,729 | 62,156,982 | 61,459,939 |
| 93,319 | 121,978 | 111,963 | 66,841 | 37,084 | 923 |
| 8,127,563 | 8,632,062 | 9,775,372 | 10,267,127 | 12,483,641 | 10,692,572 |
| - | 20,016,966 | 509,348 | 81,223 | 95,758 | 254,065 |
| 910,714 | 835,767 | 584,576 | 1,221,270 | 2,173,111 | 2,098,727 |
| 110,616,106 | 138,803,782 | 118,129,917 | 124,223,066 | 150,570,902 | 147,520,086 |
| 131,543 | 1,081,367 | 5,920,368 | 2,027,300 | 1,424,410 | 1,343,840 |
| 552,666 | 174,463 | 598,975 | 664,960 | 1,171,730 | 1,540,520 |
| 1,205,721 | 2,824,622 | 5,926,616 | 7,423,331 | 8,601,048 | 7,284,044 |
| 181,248 | 17,864 | 287,161 | 286,927 | 287,466 | 310,018 |
| - | - | 8,157 | 335 | 400 | 630 |
| - | 1,113 | - | - | - | - |
| 10,517,880 | 33,798,277 | 10,826,153 | 10,294,197 | 5,784,729 | 10,928,417 |
| 4,124,258 | 6,290,832 | 1,845,985 | 6,944,819 | 2,643,989 | 3,509,103 |
| 16,713,316 | 44,188,538 | 25,413,415 | 27,641,869 | 19,913,772 | 24,916,572 |
| \$ (93,902,790) | \$ (94,615,244) | \$ (92,716,502) | \$ (96,581,197) | \$ (130,657,130) | \$ (122,603,514) |
| 69,258,098 | 69,140,420 | 70,283,994 | 72,905,357 | 78,889,367 | 85,226,707 |
| 32,964,904 | 36,296,951 | 44,988,984 | 42,650,831 | 47,547,330 | 48,368,849 |
| 5,377,220 | 4,784,247 | 5,384,526 | 6,291,952 | 6,487,747 | 5,770,978 |
| 4,368,749 | 2,127,546 | (3,898,838) | 5,634,615 | 12,481,100 | 14,440,278 |
| 32,928 | - | - | (27,652) | - | 400,184 |
| - | - | - | - | - | (1,445) |
| 112,001,899 | 112,349,164 | 116,758,666 | 127,455,103 | 145,405,544 | 154,205,551 |
| \$ 18,099,109 | \$ 17,733,920 | \$ 24,042,164 | \$ 30,873,906 | \$ 14,748,414 | \$ 31,602,037 |

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

TABLE III

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Sales Tax</u> | <u>Total</u> |
|--------------------|---------------------|------------------|---------------|
| 2016 | \$ 57,972,995 | \$ 30,116,611 | \$ 88,089,606 |
| 2017 | 62,797,386 | 30,400,062 | 93,197,448 |
| 2018 | 64,639,093 | 31,508,914 | 96,148,007 |
| 2019 | 67,455,393 | 32,878,673 | 100,334,066 |
| 2020 | 69,258,098 | 32,964,904 | 102,223,002 |
| 2021 | 69,140,420 | 36,296,951 | 105,437,371 |
| 2022 | 70,283,994 | 44,988,984 | 115,272,978 |
| 2023 | 72,905,357 | 42,650,831 | 115,556,188 |
| 2024 | 78,889,367 | 47,547,330 | 126,436,697 |
| 2025 | 85,226,707 | 48,368,849 | 133,595,556 |



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

TABLE IV

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 5,298,396 | \$ 4,103,792 | \$ 3,582,332 | \$ 3,041,560 | \$ 2,469,391 | \$ 9,828 | \$ 35,558 | \$ 74,736 | \$ 69,458 | \$ 1,127,518 |
| Restricted | 51,000 | 145,178 | 71,000 | 81,000 | 91,000 | 91,000 | 84,930 | - | - | - |
| Committed | 292,830 | 671,004 | 351,388 | 230,095 | 1,616,385 | 1,113,881 | 1,097,558 | 1,195,259 | 642,107 | 357,218 |
| Assigned | 20,136,610 | 18,314,053 | 16,486,079 | 20,520,399 | 21,727,845 | 24,662,227 | 24,662,227 | 18,528,919 | 22,381,078 | 27,562,263 |
| Unassigned | - | - | 2,309,200 | 3,029,557 | - | 5,107,170 | 19,314,407 | 24,551,289 | 19,805,301 | 21,947,218 |
| Total General Fund | <u>\$ 25,778,836</u> | <u>\$ 23,234,027</u> | <u>\$ 22,799,999</u> | <u>\$ 26,902,611</u> | <u>\$ 25,904,621</u> | <u>\$ 30,984,106</u> | <u>\$ 45,194,680</u> | <u>\$ 44,350,203</u> | <u>\$ 42,897,944</u> | <u>\$ 50,994,217</u> |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Special revenue funds | - | - | 321,224 | - | - | - | 37,451 | - | 207 | - |
| Capital projects funds | - | 61,269 | 76,404 | - | - | - | - | - | - | - |
| Restricted: | | | | | | | | | | |
| Special revenue funds | 12,962,247 | 11,432,855 | 16,929,008 | 19,324,767 | 25,046,038 | 34,987,022 | 29,902,419 | 39,646,634 | 42,633,249 | 50,248,046 |
| Capital projects funds | 9,307,381 | 17,030,044 | 11,542,908 | 13,216,449 | 13,036,394 | 15,193,019 | 14,445,009 | 67,824,640 | 79,938,362 | 78,710,018 |
| Committed: | | | | | | | | | | |
| Special revenue funds | 3,913,421 | 3,505,646 | 169,485 | 5,606,781 | 5,836,703 | 36,285 | - | - | 385,474 | 599,207 |
| Capital projects funds | 14,768,598 | 9,486,348 | 11,694,769 | 18,649,469 | 17,043,108 | 13,384,693 | 18,929,330 | 25,014,679 | 26,743,646 | 24,800,443 |
| Assigned: | | | | | | | | | | |
| Special revenue funds | 7,577,509 | 9,582,406 | 6,864,042 | 3,175,750 | 1,962,763 | 2,553,169 | 9,430,360 | 1,790,316 | 236,157 | 535,423 |
| Capital projects funds | 1,628,556 | 908,474 | 5,227,885 | 637,472 | 5,208,697 | 1,597,979 | 996,297 | 844,501 | 624,606 | 95,381 |
| Unassigned: | | | | | | | | | | |
| Special revenue funds | (446,428) | (230,362) | - | - | - | - | - | - | - | - |
| Capital projects funds | (120,646) | (34,887) | - | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 49,590,638</u> | <u>\$ 51,741,793</u> | <u>\$ 52,825,725</u> | <u>\$ 60,610,688</u> | <u>\$ 68,133,703</u> | <u>\$ 67,752,167</u> | <u>\$ 73,740,866</u> | <u>\$ 135,120,770</u> | <u>\$ 150,561,701</u> | <u>\$ 154,988,518</u> |

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

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

TABLE V

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-----------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 58,007,099 | \$ 62,326,564 | \$ 64,917,778 | \$67,401,394 | \$69,211,282 | \$69,509,626 | \$70,330,249 | \$72,881,929 | \$78,980,839 | \$ 85,184,032 |
| Sales tax | 30,116,611 | 30,400,062 | 31,508,914 | 32,878,673 | 32,964,904 | 36,296,951 | 44,988,984 | 42,650,831 | 47,547,330 | 48,368,849 |
| Intergovernmental | 19,436,158 | 15,105,570 | 14,202,678 | 15,868,702 | 15,088,413 | 43,047,150 | 19,467,481 | 20,207,758 | 15,082,901 | 15,714,256 |
| Investment earnings (loss) | 2,164,886 | 940,993 | 1,036,028 | 4,161,434 | 4,162,690 | 2,186,051 | (3,494,216) | 5,405,580 | 11,602,732 | 13,136,331 |
| Other revenues | 5,683,236 | 4,843,547 | 5,327,417 | 5,418,807 | 5,775,129 | 5,577,998 | 12,831,123 | 10,807,019 | 12,281,010 | 11,232,924 |
| Total revenues | <u>115,407,990</u> | <u>113,616,736</u> | <u>116,992,815</u> | <u>125,729,010</u> | <u>127,202,418</u> | <u>156,617,776</u> | <u>144,123,621</u> | <u>151,953,117</u> | <u>165,494,812</u> | <u>173,636,392</u> |
| Expenditures: | | | | | | | | | | |
| General government | 18,429,713 | 17,082,168 | 18,534,018 | 16,919,254 | 16,732,177 | 21,498,452 | 18,223,642 | 20,637,941 | 20,220,499 | 21,457,469 |
| Solid waste | 6,170,953 | 4,223,429 | 5,763,798 | 5,793,668 | 6,280,741 | 8,013,555 | 7,597,986 | 345,702 | 10,404,795 | 10,007,699 |
| Public safety | 17,784,143 | 20,025,282 | 16,886,830 | 17,756,267 | 18,798,989 | 15,325,747 | 23,406,280 | 25,952,354 | 26,921,706 | 27,997,006 |
| Recreation | 3,180,795 | 1,873,562 | 2,056,124 | 1,971,605 | 1,728,227 | 2,024,037 | 2,123,999 | 2,059,649 | 2,199,706 | 2,138,436 |
| Education | 57,934,516 | 49,987,995 | 54,004,116 | 51,575,438 | 54,679,660 | 54,307,256 | 52,281,069 | 55,517,346 | 58,232,473 | 58,969,894 |
| Environmental protection | 404,895 | 442,520 | 187,172 | 2,448 | 93,319 | 121,978 | 113,041 | 66,841 | 37,084 | 923 |
| Roads and trails | 8,758,384 | 9,574,530 | 9,103,129 | 10,726,111 | 7,855,182 | 8,150,802 | 9,439,230 | 10,015,096 | 12,075,419 | 10,035,727 |
| Health & social services | - | - | - | - | - | 20,016,966 | 509,348 | 81,223 | 95,758 | 254,065 |
| Capital outlay | 5,495,777 | 12,763,943 | 4,381,133 | 3,420,506 | 10,796,258 | 17,296,101 | 5,946,353 | 21,467,100 | 14,654,304 | 23,596,496 |
| Leases/IT subscriptions | - | - | - | - | - | - | - | - | 268,780 | 691,083 |
| Debt service | | | | | | | | | | |
| Principal | 2,645,000 | 2,795,000 | 3,440,000 | 3,575,000 | 3,705,000 | 3,745,000 | 4,170,000 | 4,305,000 | 3,750,000 | 3,895,000 |
| Interest and other (1) | 2,084,980 | 2,093,414 | 2,253,547 | 2,101,138 | 1,968,663 | 1,651,183 | 1,079,762 | 1,555,552 | 2,914,396 | 2,759,142 |
| Total expenditures | <u>122,889,156</u> | <u>120,861,843</u> | <u>116,609,867</u> | <u>113,841,435</u> | <u>122,638,216</u> | <u>152,151,077</u> | <u>124,890,710</u> | <u>142,003,804</u> | <u>151,774,920</u> | <u>161,802,940</u> |
| Excess of revenues over (under) expenditures | <u>(7,481,166)</u> | <u>(7,245,107)</u> | <u>382,948</u> | <u>11,887,575</u> | <u>4,564,202</u> | <u>4,466,699</u> | <u>19,232,911</u> | <u>9,949,313</u> | <u>13,719,892</u> | <u>11,833,452</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Bonds issued | 2,465,000 | 5,405,000 | - | - | 1,335,000 | 24,295,000 | 900,000 | 44,520,000 | - | - |
| Premium on bonds issued | 330,138 | 627,505 | - | - | 276,196 | 1,828,075 | 63,144 | 6,066,116 | - | - |
| Payment to escrow agent | - | - | - | - | - | (25,861,719) | (953,251) | - | - | - |
| Insurance proceeds | 1,746,495 | 818,949 | 266,956 | - | 349,627 | - | 956,469 | - | - | - |
| Leases/IT subscriptions | - | - | - | - | - | - | - | - | 268,780 | 691,083 |
| Transfers to component unit | - | - | - | - | - | - | - | - | - | (1,445) |
| Transfers in | 9,700,383 | 11,590,201 | 15,085,853 | 18,729,547 | 17,066,481 | 13,369,041 | 20,272,528 | 29,937,868 | 35,250,179 | 22,734,112 |
| Transfers out | (9,700,383) | (11,590,201) | (15,085,853) | (18,729,547) | (17,066,481) | (13,369,041) | (20,272,528) | (29,937,868) | (35,250,179) | (22,734,112) |
| Net other financing sources (uses) | <u>4,541,633</u> | <u>6,851,454</u> | <u>266,956</u> | <u>-</u> | <u>1,960,823</u> | <u>261,356</u> | <u>966,362</u> | <u>50,586,116</u> | <u>268,780</u> | <u>689,638</u> |
| Net change in fund balances | <u>\$ (2,939,533)</u> | <u>\$ (393,653)</u> | <u>\$ 649,904</u> | <u>\$11,887,575</u> | <u>\$ 6,525,025</u> | <u>\$ 4,728,055</u> | <u>\$20,199,273</u> | <u>\$60,535,429</u> | <u>\$13,988,672</u> | <u>\$ 12,523,090</u> |
| GO Debt service as a percentage of noncapital expenditures | 4.84% | 4.10% | 4.49% | 5.34% | 4.81% | 4.00% | 4.41% | 4.86% | 4.87% | 4.84% |
| Total non-capital expenditures | 119,627,034 | 115,366,066 | 108,978,330 | 109,129,056 | 119,696,184 | 134,854,976 | 118,944,357 | 120,536,704 | 136,851,836 | 137,515,361 |

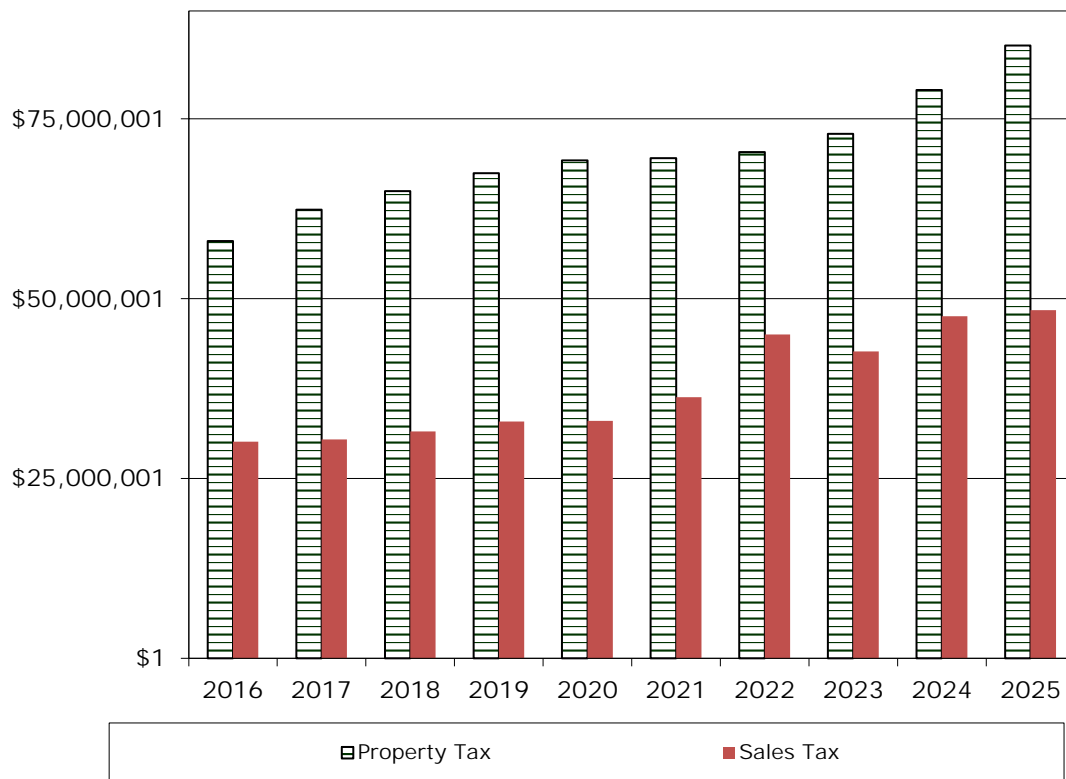
(1) 2015 includes \$21,730 in bond issuance costs.

Kenai Peninsula Borough

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

TABLE VI

| Fiscal Year | Property Tax | Sales Tax | Total |
|-------------|---------------|---------------|---------------|
| 2016 | \$ 58,007,099 | \$ 30,116,611 | \$ 88,123,710 |
| 2017 | 62,326,564 | 30,400,062 | 92,726,626 |
| 2018 | 64,917,778 | 31,508,914 | 96,426,692 |
| 2019 | 67,401,394 | 32,878,673 | 100,280,067 |
| 2020 | 69,211,282 | 32,964,904 | 102,176,186 |
| 2021 | 69,509,626 | 36,296,951 | 105,806,577 |
| 2022 | 70,330,249 | 44,988,984 | 115,319,233 |
| 2023 | 72,881,929 | 42,650,831 | 115,532,760 |
| 2024 | 78,980,839 | 47,547,330 | 126,528,169 |
| 2025 | 85,184,032 | 48,368,849 | 133,552,881 |



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

TABLE VII

| | | Assessed Values (1) | | | Tax Exempt Values (1) | | | | |
|-------------|--|---------------------|-------------|-------------------|-----------------------|-----------|------------------------------|-----------------------|--|
| | Total estimated actual value of property less mandatory federal and state exemptions (1) | | | | | | Total Taxable Assessed Value | Total Direct Tax Rate | Assessed Value as a Percentage of Actual Value |
| Fiscal Year | | Real | Oil & Gas | Personal Property | Real | Personal | | | |
| 2016 | \$ 8,189,366 | \$6,625,363 | \$1,224,525 | \$ 339,478 | \$ 876,982 | \$ 33,986 | \$7,278,398 | 4.50 | 88.88% |
| 2017 | 8,752,156 | 6,915,818 | 1,467,353 | 368,985 | 902,055 | 34,392 | 7,815,709 | 4.50 | 89.30% |
| 2018 | 9,172,335 | 7,315,915 | 1,468,600 | 361,551 | 971,774 | 33,843 | 8,140,449 | 4.50 | 89.00% |
| 2019 | 9,232,907 | 7,355,512 | 1,518,606 | 358,789 | 1,008,086 | 34,792 | 8,190,029 | 4.70 | 88.70% |
| 2020 | 9,523,733 | 7,606,558 | 1,563,998 | 353,177 | 1,055,143 | 34,914 | 8,433,676 | 4.70 | 88.55% |
| 2021 | 9,614,464 | 7,762,088 | 1,493,429 | 358,947 | 1,094,461 | 35,444 | 8,484,559 | 4.70 | 88.25% |
| 2022 | 9,623,206 | 7,840,659 | 1,421,416 | 361,131 | 1,120,268 | 34,829 | 8,468,109 | 4.70 | 88.00% |
| 2023 | 10,145,138 | 8,277,859 | 1,501,174 | 366,105 | 1,187,524 | 35,727 | 8,921,887 | 4.50 | 87.94% |
| 2024 | 11,066,371 | 9,114,939 | 1,570,245 | 381,187 | 1,285,696 | 36,295 | 9,744,380 | 4.30 | 88.05% |
| 2025 | 11,950,469 | 9,920,924 | 1,618,321 | 411,224 | 1,396,642 | 31,854 | 10,521,973 | 3.85 | 88.05% |

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

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

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

TABLE VIII

| Borough wide | | | | Overlapping Rates (2) | | | | | | | | | | | |
|--------------|------------------|-------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------|------|
| General Fund | | | Special Districts (3) | City of Homer | | City of Kachemak | | City of Kenai | | City of Seldovia | | City of Seward | | City of Soldotna | |
| Fiscal Year | Maximum rate (1) | Approved rate (1) | | Special | Special | Special | Special | Special | Special | Special | Special | Special | | | |
| | | | | Operating Districts (4) | Operating Districts (3) | Operating Districts (4) | Operating Districts (3) | Operating Districts (4) | Operating Districts (3) | Operating Districts (4) | Operating Districts (3) | Operating Districts (4) | Operating Districts (3) | | |
| 2016 | 8.17 | 4.50 | 0.00 | 4.50 | 2.30 | 1.00 | 2.30 | 4.35 | 0.01 | 4.60 | 0.75 | 3.12 | 0.75 | 0.50 | 2.66 |
| 2017 | 8.29 | 4.50 | 0.00 | 4.50 | 2.30 | 1.00 | 2.30 | 4.35 | 0.01 | 7.50 | 0.75 | 3.12 | 0.75 | 0.50 | 2.73 |
| 2018 | 8.30 | 4.50 | 0.00 | 4.50 | 2.30 | 1.00 | 2.30 | 4.35 | 0.01 | 7.50 | 0.75 | 3.12 | 0.75 | 0.50 | 2.61 |
| 2019 | 8.30 | 4.70 | 0.00 | 4.50 | 2.30 | 1.00 | 2.30 | 4.35 | 0.01 | 7.50 | 0.75 | 3.84 | 0.75 | 0.50 | 2.86 |
| 2020 | 8.45 | 4.70 | 0.00 | 4.50 | 2.24 | 1.00 | 2.30 | 4.35 | 0.01 | 7.50 | 0.75 | 3.84 | 0.75 | 0.50 | 2.86 |
| 2021 | 8.56 | 4.70 | 0.00 | 4.50 | 2.24 | 2.00 | 2.24 | 4.35 | 0.01 | 7.50 | 0.75 | 3.84 | 0.75 | 0.50 | 2.86 |
| 2022 | 8.40 | 4.70 | 0.00 | 4.50 | 2.24 | 2.00 | 2.24 | 4.35 | 0.01 | 7.50 | 0.75 | 3.84 | 0.75 | 0.50 | 2.86 |
| 2023 | 8.40 | 4.50 | 0.00 | 4.50 | 2.24 | 2.00 | 2.24 | 4.35 | 0.01 | 7.50 | 0.75 | 3.84 | 0.75 | 0.50 | 2.86 |
| 2024 | 8.69 | 4.30 | 0.00 | 4.50 | 2.24 | 1.50 | 2.24 | 4.35 | 0.01 | 7.50 | 0.75 | 3.84 | 1.00 | 0.50 | 3.22 |
| 2025 | 8.64 | 4.30 | 0.00 | 4.50 | 1.46 | 1.75 | 1.46 | 4.35 | 0.01 | 7.50 | 0.75 | 3.84 | 1.00 | 0.50 | 3.22 |

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

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

Sources:

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

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

Kenai Peninsula Borough
Principal Property Taxpayers
Current and Nine Years Ago

TABLE IX

| Taxpayer | 2025 | | | 2016 | | |
|---|-------------------------|------|--|-------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| | (1) | | | (1) | | |
| Hilcorp | \$ 1,030,007,510 | 1 | 9.79% | \$ 573,714,820 | 1 | 7.92% |
| Harvest Alaska | 243,730,670 | 2 | 2.32% | 55,207,130 | 9 | - |
| Tesoro Alaska | 234,485,301 | 3 | 2.23% | 188,467,683 | 3 | 2.60% |
| Bluecrest Energy | 113,884,880 | 4 | 1.08% | - | - | - |
| Cook Inlet Natural Gas Storage Alaska LLC | 110,617,848 | 5 | 1.05% | 115,424,328 | 4 | 1.59% |
| Furie Operating Alaska LLC | 79,334,860 | 6 | 0.75% | - | - | - |
| Alaska Pipeline | 71,894,765 | 7 | 0.68% | 63,142,458 | 7 | 0.87% |
| Cook Inlet Energy LLC | 57,478,910 | 8 | 0.55% | 84,438,950 | 5 | 1.17% |
| Enstar Natural Gas | 55,181,548 | 9 | 0.52% | 44,495,401 | 10 | 0.61% |
| ACS | 51,970,350 | 10 | 0.49% | 75,645,592 | 6 | 1.04% |
| ConocoPhillips Inc | - | - | - | 243,080,912 | 2 | 3.36% |
| XTO Energy INC | - | - | - | 58,045,010 | 8 | 0.80% |
| | <u>\$ 2,048,586,642</u> | | <u>19.46%</u> | <u>\$ 1,501,662,284</u> | | <u>19.96%</u> |

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

Kenai Peninsula Borough
Taxable Sales by Line of Business
Fiscal Year 2025

TABLE X

| <u>Line of Business</u> | <u>2025</u> |
|--|--------------------------------|
| RETAIL TRADE | \$ 687,786,745 |
| RESTAURANT/BAR | 149,727,756 |
| REMOTE SALES TAX | 136,761,835 |
| HOTEL/MOTEL/B & B | 124,332,154 |
| GUIDING LAND & WATER | 98,040,485 |
| UTILITIES | 93,153,829 |
| SERVICES | 55,336,423 |
| RENTAL RESIDENTIAL PROPERTY | 34,537,639 |
| WHOLESALE TRADE | 29,532,297 |
| PUBLIC ADMINISTRATION | 25,073,089 |
| PROFESSIONAL, SCIENTIFIC | 22,194,804 |
| CONSTRUCTION CONTRACTING | 16,276,225 |
| INFORMATION | 15,447,014 |
| MANUFACTURING | 15,212,736 |
| ADMINISTRATIVE, WASTE MANAGEMENT | 13,118,825 |
| TRANSPORTATION & WAREHOUSE | 12,398,696 |
| RENTAL NON-RESIDENTIAL/COMMERCIAL PROPERTIES | 11,658,201 |
| TELECOMMUNICATION - CABLE | 10,180,458 |
| ARTS AND ENTERTAINMENT | 9,770,808 |
| MINING/QUARRYING | 6,823,679 |
| RENTAL PERSONAL PROPERTY | 5,900,483 |
| AGRICULTURE, FORESTRY, FISHERIES | 5,888,718 |
| RENTAL SELF-STORAGE & MINI STORAGE | 5,072,996 |
| EDUCATIONAL SERVICES | 4,155,021 |
| RENTAL COMMERCIAL PROPERTY | 3,646,944 |
| HEALTHCARE & SOCIAL ASSISTANCE | 1,611,342 |
| FINANCE AND INSURANCE | 914,508 |
| TRAILER COURT | 118,286 |
| Other | 1,747 |
| | <u><u>\$ 1,594,673,743</u></u> |

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

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

TABLE XI

| Fiscal Year | Total Tax Levy for Fiscal Year | Collected in the Fiscal Year | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|-----------------------------------|------------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2016 | \$ 33,188,070 | \$ 32,410,590 | 97.657% | \$ 776,894 | \$ 33,187,484 | 99.998% |
| 2017 | 35,591,917 | 35,157,568 | 98.780% | 433,780 | 35,591,348 | 99.998% |
| 2018 | 37,068,282 | 36,645,827 | 98.860% | 421,747 | 37,067,574 | 99.998% |
| 2019 | 38,941,185 | 38,535,145 | 98.957% | 405,150 | 38,940,295 | 99.998% |
| 2020 | 40,079,402 | 39,607,678 | 98.823% | 452,926 | 40,060,604 | 99.953% |
| 2021 | 40,380,466 | 39,981,984 | 99.013% | 382,333 | 40,364,317 | 99.960% |
| 2022 | 40,286,872 | 39,872,556 | 98.972% | 395,252 | 40,267,808 | 99.953% |
| 2023 | 40,639,876 | 40,225,559 | 98.981% | 381,672 | 40,607,231 | 99.920% |
| 2024 | 42,393,890 | 41,982,519 | 99.030% | 336,330 | 42,318,849 | 99.823% |
| 2025 | 45,778,327 | 45,278,911 | 98.909% | - | 45,278,911 | 98.909% |

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

TABLE XII

| Governmental Activities | | | | | | | | |
|-------------------------|--|--|-------------------------------------|---|---|--|--|---------------------------------------|
| | General Obligation Bonds (Area-Wide) (Net of Premiums/ Discounts/ Adjustments) | General Obligation Bonds (Service Area) (Net of Premiums/ Discounts/ Adjustments) | Leases Liability (Area-Wide) (5) | Leases Liability (Service Area) (5) | IT Subscription Liabilities (Area-Wide) (6) | IT Subscription Liabilities (Service Area) (6) | Total Outstanding Debt | |
| Fiscal Year | | | | | | | | |
| 2016 | \$ 41,928,618 | \$ 5,671,350 | \$ - | \$ - | \$ - | \$ - | \$ 47,599,968 | |
| 2017 | 45,138,506 | 5,367,557 | - | - | - | - | 50,506,063 | |
| 2018 | 41,706,478 | 4,978,766 | - | - | - | - | 46,685,244 | |
| 2019 | 38,159,450 | 4,569,975 | - | - | - | - | 42,729,425 | |
| 2020 | 33,949,621 | 5,624,485 | - | - | - | - | 39,574,106 | |
| 2021 | 31,199,379 | 5,092,289 | - | - | - | - | 36,291,668 | |
| 2022 | 27,044,501 | 4,528,448 | - | 58,961 | - | - | 31,631,910 | |
| 2023 | 56,873,977 | 20,408,793 | 46,868 | 43,594 | 126,204 | - | 77,499,436 | |
| 2024 | 53,417,253 | 19,315,149 | 20,391 | 34,742 | 169,025 | 28,745 | 72,985,305 | |
| 2025 | 49,902,214 | 18,200,571 | 75,788 | 87,406 | 554,628 | 10,910 | 68,831,517 | |
| Debt Per Capita (1)(2) | | | | | | | | |
| Service Areas | | | | | | | | |
| | Debt as a Percentage of Estimated Actual Value of Taxable Property (4) | Debt as a Percentage of Total Personal Income (3) | | Central Emergency Services Service Area | Bear Creek Fire Service Area | Western Emergency Services Service Area | Nikiski Fire Department Service Area | Kachemak Emergency Service Area |
| Fiscal Year | (Area- Wide) | | Area-Wide | Area | Service Area | Area | Area | Service Area |
| 2016 | 0.58% | 1.60% | \$ 726 | \$ 158 | \$ 714 | \$ - | \$ - | \$ - |
| 2017 | 0.58% | 1.65% | 777 | 150 | 685 | - | - | - |
| 2018 | 0.51% | 1.57% | 719 | 138 | 656 | - | - | - |
| 2019 | 0.46% | 1.44% | 653 | 126 | 623 | - | - | - |
| 2020 | 0.42% | 1.30% | 579 | 168 | 590 | - | - | - |
| 2021 | 0.38% | 1.14% | 529 | 152 | 610 | - | - | - |
| 2022 | 0.33% | 0.90% | 459 | 135 | 564 | 2 | 9 | - |
| 2023 | 0.76% | 2.08% | 948 | 721 | 519 | - | 7 | - |
| 2024 | 0.66% | 1.92% | 880 | 689 | 470 | - | 6 | - |
| 2025 | 0.58% | 1.81% | 814 | 728 | 421 | - | 4 | 13 |

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

(1) Other Governmental Fund-type debt is for the Central Emergency Services Service Area, Bear Creek Fire Service Area, Western Emergency Services Service Area and Nikiski Fire Department Service Area is debt of the Service Area and not the Primary Government.

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

(3) Personal income data is provided by the Bureau of Economic Analysis, <http://www.bea.gov>, prior years may be updated as more data becomes available.

(4) Assessed values and tax exempt values represent only those values/exemptions provided by the Borough. It does not include those values/exemptions provided by federal or state requirements. Population data can be found in Table XV

(5) Lease disclosures were implemented in FY2022.

(6) Subscription IT Asset disclosures were implemented in FY2023.

Kenai Peninsula Borough
Computation of Direct and Overlapping Debt
as of June 30, 2025

TABLE XIII

| | Net Debt Outstanding | Percentage Applicable to this Governmental Unit | Net Debt Outstanding |
|-----------------------------------|-------------------------|--|-------------------------|
| Kenai Peninsula Borough: | | | |
| General Government Debt | \$ 630,416 | 100% | \$ 630,416 |
| Education Debt | 49,902,214 | 100% | 49,902,214 |
| Service Area Debt ⁽¹⁾ | | | |
| Central Emergency Service Area | 17,566,481 | 100% | 17,566,481 |
| Bear Creek Fire Service Area | 645,000 | 100% | 645,000 |
| Nikiski Fire Service Area | 25,419 | | |
| Kachemak Emergency Service Area | 61,987 | 100% | 61,987 |
| Total | <u>68,831,517</u> | | <u>68,806,098</u> |
| Cities within Borough: | | | |
| Homer | 5,382,426 | 100% | 5,382,426 |
| Kenai | 565,000 | 100% | 565,000 |
| Seldovia | - | 100% | - |
| Seward | 28,480,000 | 100% | 28,480,000 |
| Soldotna ⁽²⁾ | 15,015,229 | 100% | 15,015,229 |
| Total | <u>49,442,655</u> | | <u>49,442,655</u> |
| Total Direct and Overlapping Debt | <u>\$ 118,274,172</u> | | <u>\$ 118,248,753</u> |

(1) Amounts made up of General obligation debt repaid through general property taxes of the Service Area.

(2) Net Debt includes loans, bonds, lease and subscription IT liabilities.

Kenai Peninsula Borough
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE XIV

NO DEBT LIMIT IS MANDATED BY LAW

Kenai Peninsula Borough
Demographic and Economic Statistics
Last Ten Fiscal Years

TABLE XV

| Fiscal Year | Population (1) | Personal Income - Borough (in thousands) (3) | Per Capita Personal Income - Borough (3) | Per Capita Personal Income - Alaska (3) | Median Age (2) | School Enrollment (5) | Unemployment Rate (2) | Number of Employed (2) |
|-------------|----------------|--|--|---|----------------|-----------------------|-----------------------|------------------------|
| 2016 | 57,763 | \$ 2,981,871 | \$ 52,639 | \$ 56,147 | 40.0 | 8,788 | 7.60% | 25,470 |
| 2017 | 58,060 | 3,056,190 | 49,544 | 55,674 | 40.6 | 8,785 | 8.60% | 24,906 |
| 2018 | 58,024 | 2,965,755 | 49,697 | 56,042 | 41.4 | 8,712 | 8.20% | 24,745 |
| 2019 | 58,471 | 2,965,755 | 51,975 | 59,871 | 41.0 | 8,680 | 7.50% | 24,690 |
| 2020 | 58,671 | 3,046,230 | 54,026 | 61,742 | 41.8 | 8,535 | 6.60% | 24,843 |
| 2021 | 58,934 | 3,182,915 | 56,139 | 62,756 | 41.8 | 7,756 | 9.90% | 24,111 |
| 2022 | 58,957 | 3,528,727 | 59,041 | 65,813 | 42.1 | 8,298 | 7.60% | 25,747 |
| 2023 | 60,017 | 3,718,013 | 61,262 | 68,635 | 43.0 | 8,489 | 5.00% | 26,624 |
| 2024 | 60,690 | 3,798,985 | 62,052 | 71,611 | 42.9 | 8,301 | 5.00% | 26,841 |
| 2025 | 61,305 | 3,798,985 (4) | 62,052 (4) | 71,611 (4) | 43.2 | 8,371 | 5.30% | 25,695 |

Sources:

- (1) Alaska Department of Labor estimates as of July 1 of each fiscal year.
- (2) Data is provided by the State of Alaska Department of Labor and is the annual rate for 12 months ending December of the prior calendar year. The Alaska Department of Labor amends every month the unemployment rate data for the previous month and again at the end of every calendar year. Some prior fiscal years have been updated to match updated statistical reported information.
- (3) Data is provided by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) and is for the 12-month period ending December of the prior calendar year. Some prior fiscal years have been updated to match updated statistical reported information.
- (4) Calendar year 2025 data currently unavailable from BEA.
- (5) Information provided from the Kenai Peninsula Borough School District.

Kenai Peninsula Borough
Principal Employers
Current and Nine Years Ago

TABLE XVI

| <u>Employer</u> | <u>2025 Rank</u> | <u>2016 Rank</u> |
|-----------------|------------------|------------------|
|-----------------|------------------|------------------|

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

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

TABLE XVII

| Function | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General government: | | | | | | | | | | |
| Assembly | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 |
| Mayor | 6.00 | 6.00 | 5.00 | 4.50 | 4.50 | 4.25 | 4.25 | 6.00 | 6.00 | 6.00 |
| Purchasing and Contracting * | 14.00 | 10.00 | 9.00 | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 | 9.00 | 10.00 |
| Office of Emergency Mgmt | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| HR | 7.50 | 7.50 | 7.50 | 7.50 | 7.00 | 7.50 | 7.75 | 8.50 | 8.00 | 8.00 |
| IT | 11.50 | 11.50 | 11.50 | 11.50 | 11.50 | 12.00 | 12.00 | 12.00 | 13.00 | 13.00 |
| Legal | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Finance | 22.00 | 22.00 | 22.00 | 21.50 | 21.50 | 21.50 | 21.50 | 22.00 | 22.00 | 22.00 |
| Assessing | 22.00 | 22.00 | 22.00 | 24.00 | 24.00 | 23.00 | 21.00 | 22.00 | 22.00 | 22.00 |
| Planning | 13.00 | 13.00 | 13.00 | 12.75 | 12.75 | 11.25 | 11.25 | 11.00 | 12.00 | 12.00 |
| River Center | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Total | 115.50 | 111.50 | 109.50 | 109.25 | 108.75 | 106.50 | 104.75 | 110.50 | 112.00 | 113.00 |
| Fire and Emergency Services: | | | | | | | | | | |
| Nikiski Fire | 21.75 | 21.75 | 21.75 | 21.25 | 21.00 | 21.00 | 25.00 | 25.00 | 25.00 | 26.00 |
| Bear Creek Fire | 1.50 | 1.50 | 1.00 | 1.50 | 1.50 | 1.50 | 1.50 | 2.50 | 2.50 | 3.00 |
| EPHESA | 0.00 | 0.00 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.00 |
| Western Emergency Services | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 | 10.00 | 10.00 | 10.00 | 10.00 | 13.00 |
| Central Emergency Services | 39.00 | 41.00 | 41.00 | 44.00 | 44.00 | 44.00 | 48.00 | 48.00 | 49.00 | 49.00 |
| Kachemak | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 | 7.00 | 9.00 | 9.00 | 9.00 |
| 911 Communications | 12.50 | 12.50 | 13.00 | 13.00 | 16.00 | 16.00 | 23.00 | 23.00 | 23.00 | 23.00 |
| Seward Bear Creek Flood | 0.75 | 0.75 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.75 | 1.75 | 1.75 |
| Recreation | 16.65 | 16.65 | 16.65 | 16.50 | 16.50 | 16.50 | 17.00 | 16.75 | 16.75 | 16.85 |
| Roads | 8.00 | 8.00 | 8.00 | 7.40 | 6.50 | 6.50 | 5.90 | 6.75 | 6.75 | 6.75 |
| Land Trust Fund | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.75 | 4.75 | 6.00 | 6.00 | 6.00 |
| Solid Waste | 17.00 | 15.50 | 15.50 | 15.50 | 15.50 | 15.50 | 20.00 | 21.00 | 21.00 | 22.50 |
| Risk Management | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 6.00 | 6.00 | 6.00 |
| Total | <u>249.65</u> | <u>246.15</u> | <u>245.40</u> | <u>249.40</u> | <u>250.75</u> | <u>253.25</u> | <u>272.90</u> | <u>286.75</u> | <u>289.25</u> | <u>295.85</u> |
| Positions controlled by the Kenai Peninsula Borough but reported as part of in-kind expenditures for the Kenai Peninsula Borough School District | <u>46.25</u> | <u>46.25</u> | <u>46.25</u> | <u>45.85</u> | <u>44.75</u> | <u>45.75</u> | <u>46.60</u> | <u>50.00</u> | <u>50.00</u> | <u>50.50</u> |

* Purchasing and Contracting combined in 2016

Source: Data is provided by the Kenai Peninsula Borough's Human Resources Department and is subject to change based on staffing changes throughout each year.

Kenai Peninsula Borough
Operating Indicators by Function
Last Ten Fiscal Years

TABLE XVIII

| Function | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government- | | | | | | | | | | |
| 911 calls answered | 28,165 | 27,022 | 26,370 | 24,482 | 24,611 | 24,900 | 25,272 | 26,439 | 27,893 | 29,636 |
| Fire and emergency services: ** | | | | | | | | | | |
| Number of calls responded to: | | | | | | | | | | |
| Nikiski | 959 | 995 | 1,022 | 1,070 | 870 | 1,001 | 1,007 | 1,210 | 1,161 | 1,127 |
| Bear Creek | 143 | 178 | 141 | 136 | 119 | 133 | 111 | 127 | 119 | 146 |
| WESA | 214 | 218 | 279 | 269 | 283 | 562 | 596 | 556 | 551 | 668 |
| CES | 2,824 | 2,593 | 2,591 | 2,473 | 2,646 | 2,743 | 3,169 | 3,250 | 3,044 | 3,178 |
| Kachemak | 236 | 218 | 203 | 242 | 276 | 235 | 235 | 302 | 345 | 265 |
| Landfills- | | | | | | | | | | |
| Refuse collected (tons) | 59,885 | 57,698 | 58,619 | 57,426 | 59,419 | 60,760 | 63,290 | 61,418 | 66,936 | 65,074 |

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

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

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

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

TABLE XIX

| Function | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire and emergency services: | | | | | | | | | | |
| Number of Stations: | | | | | | | | | | |
| Nikiski | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Bear Creek | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| WESA | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| CES | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Kachemak | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Landfills: | | | | | | | | | | |
| Number of municipal waste landfills | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of transfer facilities/sites | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Recreation- | | | | | | | | | | |
| Number of facilities | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Roads- | | | | | | | | | | |
| Miles of roads maintained | 641 | 645 | 646 | 648 | 648 | 648 | 651 | 650 | 660 | 662 |

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

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

For the fire and emergency service stations listed above, these represent both manned and unmanned stations.

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

DETAILED FEDERAL AND STATE SCHEDULES

Kenai Peninsula Borough

Detailed Schedule of Expenditures of Federal Awards ^[1]

Year Ended June 30, 2025

| <u>Federal Grantor/Pass Through Grantor / Program or Cluster Title</u> | <u>Grant Number</u> | <u>Federal Assistance Listing Number</u> | <u>Pass-through Entity Identifier Number</u> | <u>Award Amount</u> | <u>Total Federal Expenditures</u> |
|--|----------------------------|---|---|----------------------------|--|
| <u>U.S. Department of the Interior</u> | | | | | |
| U.S. Bureau of Land Management: Payments in Lieu of Taxes | 2024 SEC 6901/6902 | N/A | N/A | \$ 4,081,995 | \$ 4,081,995 |
| Good Neighbor Authority - WUI Fuel Mitigation in Response to Beetle Impacted Forests | L23AC00189-00 | 15.015 | N/A | 73,500 | 73,056 |
| U.S. Fish and Wildlife Service: National Wildlife Refuge Fund - Revenue Sharing | FY2025 | 15.659 | N/A | 23,930 | 23,930 |
| Naitonal Fish Passage - Deep Creek Fish Passage Projects | F24AC00606-00 | 15.685 | N/A | 1,365,000 | 7,246 |
| Total U.S. Department of the Interior | | | | | 4,186,227 |
| <u>U.S. Department of Homeland Security</u> | | | | | |
| Passed through Alaska Department of Military & Veterans Affairs- Disaster Grants - Public Assistance (Presidentially Declared Disasters)- Emergency Protective Measures and Permanent Work (2013 Japanese Creek Flood) | FEMA-4161-DR | 97.036 | DR-4161-AK | 531,536 | 119,772 |
| Homeland Security Grant Program: 2022 State Homeland Security Grant Program- Siren Upgrades; Incident Management Team Exercise; EMS Air Compressor | EMW-2022-SS-00034-S01 | 97.067 | 22SHSP-GY22 | 441,000 | 12,369 |
| 2023 State Homeland Security Grant Program- Security Gate Motorized Access | EMW-2023-SS-00037-S01 | 97.067 | 23SHSP-GY23 | 36,000 | 8,972 |
| Total Assistance Listing 97.067 | | | | | 21,341 |
| Passed through Alaska Department of Commerce, Community & Economic Development Community Assistance Program State Support Services Element (CAP-SSE) | EMS-2024-GR-05002 | 97.023 | CAP24 | 2,879 | 2,879 |
| Emergency Management Performance Grants | EMS-2023-EP-00001 | 97.042 | 23EMPG-GY23 | 200,000 | 31,156 |
| Emergency Management Performance Grants | EMS-2024-EP-05005 | 97.042 | 24EMPG-GY24 | 200,000 | 183,484 |
| Total Assistance Listing 97.042 | | | | | 214,640 |
| Total U.S. Department of Homeland Security | | | | | 358,632 |
| <u>U.S. Environmental Protection Agency:</u> | | | | | |
| Congressionally Mandated Projects - Kenai Peninsula Borough Central Peninsula Landfill Leachate Volume Reduction Project | 02J25701 | 66.202 | N/A | 3,360,000 | 574,441 |
| Passed through Alaska Department of Environmental Conservation Division of Water- Performance Partnership Grants - EPA Clean Water Act Sec 319 Nonpoint Source Management Kenai River Rain Garden | 00J84605 | 66.605 | ACWA-23-02 | 26,575 | 2,699 |
| Total U.S. Environmental Protection Agency | | | | | 577,140 |
| <u>U.S. Department of the Treasury</u> | | | | | |
| COVID-19 Coronavirus State & Local Fiscal Recovery Funds (ARPA) | FY2021 | 21.027 | N/A | 11,386,086 | 1,613,195 |
| COVID-19 Local Assistance & tribal Consistency Fund (LATCF) | 1505-0276 | 21.032 | N/A | 12,000,000 | 140,281 |
| Passed through Alaska Office of Management & Budget: COVID-19 Coronavirus Relief Fund Additional FY21 Fish tax received 11/15/21. Funded using ARPA/CSLFRF funds. | FY2021 | N/A | HB69 FY21 | 86,409 | 6,290 |
| Total U.S. Department of the Treasury | | | | | 1,759,766 |

(continued)

Kenai Peninsula Borough

Detailed Schedule of Expenditures of Federal Awards^[1] - continued

Year Ended June 30, 2025

| <u>Federal Grantor/Pass Through Grantor / Program or Cluster Title</u> | <u>Grant Number</u> | <u>Federal Assistance Listing Number</u> | <u>Pass-through Entity Identifier Number</u> | <u>Award Amount</u> | <u>Total Federal Expenditures</u> |
|---|----------------------------|---|---|----------------------------|--|
| <u>U.S. Department of Health & Human Services:</u> | | | | | |
| Congressional Directives - Community Project Funding - Construction | 6 CE1HS54200-01-02 | 93.493 | N/A | \$ 5,000,000 | \$ 1,445 |
| Passed through Alaska Department of Health & Social Services: | | | | | |
| COVID-19 - Immunization Cooperative Agreements - Healthy & Equitable Communities [2] | N/A | 93.268 | C0622-584-M | 412,944 | 108,309 |
| Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Healthcare Crises: | | | | | |
| COVID-19 - Healthy & Equitable Communities [3] | N/A | 93.391 | C0622-584-M | 412,944 | 108,309 |
| COVID-19 - Mobile Integrated Healthcare and Community Paramedicine Rural Extension | NH75OT000052 | 93.391 | 161-315-24005 | 250,000 | 122,650 |
| Total Assistance Listing 93.391 | | | | | 230,959 |
| Total U.S. Department of Health and Human Services | | | | | 340,713 |
| <u>U.S. Department of Agriculture</u> | | | | | |
| National Resources Conservation Service | | | | | |
| Urban Agriculture and Innovative Production Grants Program (UAIP) - Community Compost & Food Waste Recovery Program | NR213A750001C032 | 10.935 | N/A | 89,997 | 932 |
| Passed through Alaska Department of Commerce, Community & Economic Development | | | | | |
| Forest Service Schools and Roads Cluster - | | | | | |
| Schools and Roads - Grants to States | FY2025 | 10.665 | 821035 | 15,432 | 15,432 |
| U.S. Forest Service | | | | | |
| Community Project Funds - Congressionally Directed Spending-Community Wildfire Protection Plan Implementation Project | 23-DG-11100106-901 | 10.730 | N/A | 1,500,000 | 410,131 |
| Passed through Alaska Department of Natural Resources | | | | | |
| State and Private Forestry Hazardous Fuel Reduction Program - Kenai Peninsula Borough Community Slash Disposal Sites | 23-DG-11100106-807 | 10.697 | FY24 | 89,000 | 45,919 |
| Passed through Alaska Department of Natural Resources | | | | | |
| Cooperative Forestry Assistance: | | | | | |
| Western Emergency Service Area- | | | | | |
| Volunteer Fire Assistance Grant | N/A | 10.664 | 2026 VFA | 10,000 | 10,000 |
| Bear Creek Fire Service Area: | | | | | |
| Volunteer Fire Assistance Grant | N/A | 10.664 | 2025 VFA | 6,300 | 6,300 |
| Volunteer Fire Assistance Grant | N/A | 10.664 | 2026 VFA | 8,538 | 8,538 |
| Central Emergency Service Area- | | | | | |
| Volunteer Fire Assistance Grant | N/A | 10.664 | 2026 VFA | 8,491 | 8,491 |
| Kachemak Emergency Service Area- | | | | | |
| Volunteer Fire Assistance Grant | N/A | 10.664 | 2025 VFA | 6,999 | 3,683 |
| Nikiski Fire Service Area- | | | | | |
| Volunteer Fire Assistance Grant | N/A | 10.664 | 2025 VFA | 5,808 | 5,808 |
| Total Assistance Listing 10.664 | | | | | 42,820 |
| Total U.S. Department of Agriculture | | | | | 515,234 |
| | | | | | (continued) |

Kenai Peninsula Borough

Detailed Schedule of Expenditures of Federal Awards^[1] - continued
Year Ended June 30, 2025

| <u>Federal Grantor/Pass Through Grantor / Program or Cluster Title</u> | <u>Grant Number</u> | <u>Assistance Listing Number</u> | <u>Pass-through Entity Identifier Number</u> | <u>Award Amount</u> | <u>Total Federal Expenditures</u> |
|--|---------------------|--|--|-------------------------|---------------------------------------|
| <u>U.S. Department of Transportation</u> | | | | | |
| Federal Lands Access Program | | | | | |
| Extend Kenai Spur Hwy-North Road | DTFH7017E30003 | 20.224 | N/A | \$ 5,563,801 | \$ 143,914 |
| Safe Streets and Roads for All - Kenai Peninsula Borough Joint Application Safe Streets Safety Action Plan | 693JJ32340391 | 20.939 | N/A | 960,000 | 510,062 |
| Total U.S. Department of Transportation | | | | | 653,976 |
| <u>U.S. Department of Commerce</u> | | | | | |
| National Oceanic and Atmospheric Administration | | | | | |
| Passed through the Pacific States Marine Fisheries Commission - Fisheries Disaster Relief | | | | | |
| 2018 and 2020 Copper River and Prince William Sound Salmon Disasters | FY2025 | 11.477 | N/A | 22,711 | 22,711 |
| 2018 East Side Set Gillnet and 2020 Upper Cook Inlet Salmon Disasters | FY2025 | 11.477 | N/A | 193,014 | 193,014 |
| Total Assistance Listing 11.477 | | | | | 215,725 |
| Total U.S. Department of Commerce | | | | | 215,725 |
| <u>U.S. Department of Housing and Urban Development:</u> | | | | | |
| Passed through Alaska Department of Commerce, Community & Economic Development-Community Development Block Grant | B-19-DV-02-0001 | 14.228 | 19-CDBGDR-11 | 281,250 | 59,283 |
| <u>U.S. Department of Energy:</u> | | | | | |
| Energy Efficiency and Conservation Block Grant (EECBG) Program | IA-0000001226 | 81.128 | N/A | 76,770 | 76,770 |
| Total Expenditures of Federal Awards | | | | | \$ 8,743,466 |

[1] Except where noted, no other funds were provided to recipients

[2] Federal funds of \$6,084 were passed through to Love Inc.

[3] Federal funds of \$6,084 were passed through to Love Inc.

The accompanying notes are an integral part of this schedule.

As of the date of issuance of the financial statements, the 2025 OMB Compliance Supplement has not been released.

The audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) will be released once that is available.

Currently we anticipate grants under ALN 66.202 and 21.027 to be reported as major programs.

Kenai Peninsula Borough

Notes to the Detailed Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Kenai Peninsula Borough, Alaska (the Borough) under programs of the federal government for the year ended June 30, 2025. The information in this schedule includes the expenditures of federal money received by the Borough. Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

2. Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the modified accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Kenai Peninsula Borough

Detailed Schedule of State Financial Assistance

Year Ended June 30, 2025

| <u>State Agency / Program Title</u> | | <u>Award Number</u> | <u>Total Award Amount</u> | <u>Total State Expenditures</u> |
|--|-----|---------------------|---------------------------|---------------------------------|
| <u>Alaska Department of Commerce, Community & Economic Development</u> | | | | |
| Shared Fisheries Business Tax | | N/A | \$ 1,021 | \$ 1,021 |
| Fish Resource Landing Tax | | N/A | 2,081 | 2,081 |
| Community Assistance Program - Borough | | FY25 | 1,035,073 | 1,035,073 |
| Community Assistance Program - Clam Gulch: Caribou Hills Cabin Hoppers | [1] | FY22 | 15,479 | 8,917 |
| Community Assistance Program - Bear Creek: Bear Creek Volunteer Fire | [1] | FY23 | 35,333 | 151 |
| Community Assistance Program - Port Graham: Port Graham Village Council | [1] | FY23 | 17,270 | 1,287 |
| Community Assistance Program - Bear Creek: Bear Creek Volunteer Fire | [1] | FY24 | 15,479 | 14,877 |
| Community Assistance Program - Fritz Creek: McNeil Canyon Community Council | [1] | FY24 | 3,948 | 2,312 |
| Community Assistance Program - Kachemak Selo: Village of Kachemak Selo Water Company, Inc. | [1] | FY24 | 15,789 | 15,789 |
| Community Assistance Program - Kasilof: Back Country Horsemen of Alaska | [1] | FY24 | 3,060 | 1,224 |
| Community Assistance Program - Nikiski: North Road Pioneers | [1] | FY24 | 3,158 | 718 |
| Community Assistance Program - Nikolaevsk: Nikolaevsk Community Council | [1] | FY24 | 15,789 | 15,789 |
| Community Assistance Program - Seldovia: Seldovia Village Tribe | [1] | FY24 | 15,789 | 14,822 |
| Community Assistance Program - Anchor Point: Anchor Kings Wrestling | [1] | FY25 | 2,256 | 2,256 |
| Community Assistance Program - Anchor Point: Anchor Point Chamber of Commerce | [1] | FY25 | 2,256 | 2,256 |
| Community Assistance Program - Anchor Point: Anchor Point Food Pantry | [1] | FY25 | 2,256 | 2,256 |
| Community Assistance Program - Anchor Point: Anchor Point Public Library | [1] | FY25 | 2,256 | 2,256 |
| Community Assistance Program - Anchor Point: Anchor Point Senior Citizens, Inc. | [1] | FY25 | 2,255 | 2,255 |
| Community Assistance Program - Anchor Point: Snomads Snowmachine Club, Inc. | [1] | FY25 | 2,255 | 2,255 |
| Community Assistance Program - Anchor Point: VFW Anchor Point Post 10221-L | [1] | FY25 | 2,255 | 2,255 |
| Total Anchor Point Community Assistance Program | | | | <u>15,789</u> |
| Community Assistance Program - Bear Creek: Seward Nordic Ski Club | [1] | FY25 | 10,200 | 10,200 |
| Community Assistance Program - Cohoe: Boys & Girls Club of the Kenai Peninsula | [1] | FY25 | 10,445 | 10,445 |
| Community Assistance Program - Cohoe: Muskeg Wellness | [1] | FY25 | 5,344 | 5,344 |
| Total Cohoe Community Assistance Program | | | | <u>15,789</u> |
| Community Assistance Program - Cooper Landing: Cooper Landing Community Club | [1] | FY25 | 15,789 | 15,789 |
| Community Assistance Program - Moose Pass: Moose Pass Volunteer Fire Department | [1] | FY25 | 15,789 | 15,789 |

(continued)

Kenai Peninsula Borough

Detailed Schedule of State Financial Assistance - continued

Year Ended June 30, 2025

| <u>State Agency / Program Title</u> | <u>Award Number</u> | <u>Total Award Amount</u> | <u>Total State Expenditures</u> |
|--|---------------------|---------------------------|---------------------------------|
| <u>Alaska Department of Commerce, Community & Economic Development, continued</u> | | | |
| Community Assistance Program - Diamond Ridge: Homer Cycling Club | [1] FY25 | \$ 2,632 | \$ 2,632 |
| Community Assistance Program - Diamond Ridge: Homer Trails Alliance | [1] FY25 | 2,631 | 2,631 |
| Community Assistance Program - Diamond Ridge: Kach Emergency Services Member Assoc | [1] FY25 | 2,632 | 2,632 |
| Community Assistance Program - Diamond Ridge: Kachemak Nordic Ski Club | [1] FY25 | 2,631 | 2,631 |
| Community Assistance Program - Diamond Ridge: Kachemak Ski Club | [1] FY25 | 2,632 | 2,632 |
| Community Assistance Program - Diamond Ridge: Snomads Snowmachine Club, Inc. | [1] FY25 | 2,631 | 2,631 |
| Total Diamond Ridge Community Assistance Program | | | <u>15,789</u> |
| Community Assistance Program - Fritz Creek: Kach Emergency Services Member Assoc | [1] FY25 | 3,947 | 3,947 |
| Community Assistance Program - Fritz Creek: Kachemak Nordic Ski Club | [1] FY25 | 3,947 | 3,947 |
| Community Assistance Program - Fritz Creek: McNeil Canyon Community Council | [1] FY25 | 3,948 | 1,385 |
| Community Assistance Program - Fritz Creek: Snomads Snowmachine Club, Inc. | [1] FY25 | 3,947 | 3,947 |
| Total Fritz Creek Community Assistance Program | | | <u>13,226</u> |
| Community Assistance Program - Funny River: Funny River Community Association | [1] FY25 | 15,789 | 15,789 |
| Community Assistance Program - Hope: Hope, Inc. | [1] FY25 | 15,789 | 15,789 |
| Community Assistance Program - Kachemak Selo: Village of Kachemak Selo Water Co., Inc. | [1] FY25 | 15,789 | 15,789 |
| Community Assistance Program - Kasilof: Back Country Horsemen of Alaska | [1] FY25 | 3,060 | 3,060 |
| Community Assistance Program - Kasilof: Kasilof-Cohoe Cemetery Association | [1] FY25 | 6,364 | 6,364 |
| Community Assistance Program - Kasilof: Kasilof Regional Historical Association | [1] FY25 | 6,365 | 6,365 |
| Total Kasilof Community Assistance Program | | | <u>15,789</u> |
| Community Assistance Program - K-Beach: Central Area Rural Transit System, Inc. | [1] FY25 | 1,973 | 1,973 |
| Community Assistance Program - K-Beach: Kenai Local Food Connection | [1] FY25 | 1,973 | 1,973 |
| Community Assistance Program - K-Beach: Kenai Peninsula Animal Lovers Rescue | [1] FY25 | 1,973 | 1,973 |
| Community Assistance Program - K-Beach: Kenai Peninsula Food Bank, Inc. | [1] FY25 | 1,974 | 1,974 |
| Community Assistance Program - K-Beach: Love Inc. of the Kenai Peninsula | [1] FY25 | 1,974 | 1,974 |
| Community Assistance Program - K-Beach: Pathways Reentry Center | [1] FY25 | 1,974 | 1,974 |
| Community Assistance Program - K-Beach: Peninsula Spay Neuter Fund | [1] FY25 | 1,974 | 1,974 |
| Community Assistance Program - K-Beach: Tsalteshi Trails Association | [1] FY25 | 1,974 | 1,974 |
| Total K-Beach Community Assistance Program | | | <u>15,789</u> |
| Community Assistance Program - Lowell Point: Lowell Ppoint Community Council | [1] FY25 | 15,789 | 15,789 |
| Community Assistance Program - Moose Pass: Moose Pass Chamber of Commerce | [1] FY25 | 15,789 | 15,789 |
| Community Assistance Program - Nikiski: Love Inc. of the Kenai Peninsula | [1] FY25 | 3,157 | 3,157 |
| Community Assistance Program - Nikiski: Nikiski Senior Citizens, Inc. | [1] FY25 | 3,158 | 3,158 |
| Community Assistance Program - Nikiski: North Peninsula Community Council, Inc. | [1] FY25 | 3,158 | 3,158 |
| Community Assistance Program - Nikiski: North Star United Methodist Church | [1] FY25 | 3,158 | 3,158 |
| Total Nikiski Community Assistance Program | | | <u>12,631</u> |

Kenai Peninsula Borough

Detailed Schedule of State Financial Assistance - continued

Year Ended June 30, 2025

| <u>State Agency / Program Title</u> | | <u>Award Number</u> | <u>Total Award Amount</u> | <u>Total State Expenditures</u> |
|---|-----|---------------------|---------------------------|---------------------------------|
| Community Assistance Program - Ninilchik: Kenai Peninsula Fair Association | [1] | FY25 | \$ 3,060 | \$ 3,060 |
| Community Assistance Program - Ninilchik: Ninilchik Community Library | [1] | FY25 | 12,729 | 12,729 |
| Total Ninilchik Community Assistance Program | | | | <u>15,789</u> |
| Community Assistance Program - Port Graham: PortGraham Village Council | [1] | FY25 | 15,789 | 15,789 |
| Community Assistance Program - Primrose: Moose Pass Volunteer Fire Department | [1] | FY25 | 15,789 | 15,789 |
| Community Assistance Program - Razdolna: Village of Razdolna | [1] | FY25 | 15,789 | 15,789 |
| Community Assistance Program - Ridgeway: Boys & Girls Club of the Kenai Peninsula | [1] | FY25 | 15,789 | 15,789 |
| Community Assistance Program - Seldovia: Seldovia Village Tribe | [1] | FY25 | 15,789 | 15,789 |
| Community Assistance Program - Sterling: Sterling Area Senior Citizens Inc. | [1] | FY25 | 7,894 | 7,894 |
| Community Assistance Program - Sterling: Sterling Community Center | [1] | FY25 | 7,895 | 7,895 |
| Total Sterling Community Assistance Program | | | | <u>15,789</u> |
| Community Assistance Program - Tyonek: Boys & Girls Club of Southcentral Alaska | [1] | FY25 | 15,789 | 15,789 |
| Community Assistance Program - Voznesenka: Voznesenka Community Council, Inc. | [1] | FY25 | 15,789 | 15,789 |
| Total Community Revenue Sharing/Community Assistance Program | | | | <u>1,478,585</u> |
| Marijuana Application Review Fees | | FY25 | 16,700 | 16,700 |
| Bear Creek Fire Service Area – Bear Creek Fire Station Asphalt Surfacing | | 25-DC-032 | 450,000 | 3,931 |
| Travel grant: FEMA CAP-SSSE - Pass Through DCCED | | EMS-2024-GR-05002 | 960 | 960 |
| Total Alaska Department of Commerce, Community & Economic Development | | | | <u>1,503,278</u> |
| <u>Alaska Department of Revenue</u> | | | | |
| Commercial Passenger Vessel Tax - Seward | [1] | FY25 | 105,860 | 105,860 |
| Electric & Telephone Cooperative | | FY25 | 181,869 | 181,869 |
| Fish Tax - Addition to FY24 Estimated Receivable | | FY24 | (120,155) | (120,155) |
| Fish Tax (Estimated Receivable) | | FY25 | 532,472 | 532,472 |
| Total Alaska Department of Revenue | | | | <u>700,046</u> |
| <u>Alaska Department of Education & Early Development</u> | | | | |
| School Debt Reimbursement | | N/A | 1,795,640 | 1,795,640 |
| * Kachemak Selo New K-12 School Construction | [2] | GR-17-001 | 10,010,000 | 421,800 |
| * Homer High School Partial Roof Replacement | [2] | GR-25-009 | 1,020,299 | 1,020,299 |
| Total Alaska Department of Education & Early Development | | | | <u>3,237,739</u> |

Kenai Peninsula Borough

Detailed Schedule of State Financial Assistance - continued

Year Ended June 30, 2025

| <u>State Agency / Program Title</u> | <u>Award Number</u> | <u>Total Award Amount</u> | <u>Total State Expenditures</u> |
|---|----------------------------|----------------------------------|--|
| <u>Alaska Department of Administration</u> Division of Retirement & Benefits PERS Relief FY24 HB268 | FY24 HB268 | \$ 1,208,245 | <u>\$ 1,208,245</u> |
| <u>Alaska Department of Military & Veteran Affairs</u> Passed Through the Alaska Division of Homeland Security & Emergency Management 2013 Japanese Creek Flood | DR-4161-AK | 177,179 | <u>39,924</u> |
| TOTAL STATE FINANCIAL ASSISTANCE | | | <u><u>\$ 6,689,232</u></u> |

* State Major Program

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

[2] Please refer to the FY25 Single Audit Report package for more information

The accompanying notes are an integral part of this schedule.

Kenai Peninsula Borough

Notes to the Detailed Schedule of State Financial Assistance

Year Ended June 30, 2025

1. Major Program Notation

* Denotes a major program.

2. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of the Kenai Peninsula Borough, Alaska (the Borough) under programs of the State of Alaska for the year ended June 30, 2025. The information in this Schedule also includes expenditures of state money received by the Borough that are not subject to 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 the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

4. Grant Number GF-25-009

The Borough reported Homer High School Partial Roof Replacement (grant number GF-25-009) expenditures of \$1,020,299 on the Schedule for the year ended June 30, 2025 that were associated with prior year expenditures.