



Kodiak Island Borough
Finance Department
710 Mill Bay Road
Kodiak, AK 99615

CURRENT OCCUPANT
«ADDRESS 1»
«CITY», «STATE» «ZIP»

KODIAK ISLAND BOROUGH

KODIAK, ALASKA



POPULAR
ANNUAL
FINANCIAL
REPORT

AS OF JUNE 30, 2015

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The Popular Annual Financial Report (PAFR) is intended to present a condensed overview of the Borough’s financial position. Included are messages and information from each of our departments representing our effort to keep citizens informed regarding your government’s current activities.

The information in this report is prepared in accordance with the Government Finance Officers Association standards and is taken from the Comprehensive Annual Financial Report (CAFR). A copy of the complete CAFR is available at the Finance Department.

We hope you find the report to be informative and we welcome your comments and suggestions.

Charles E. Cassidy Jr.
Borough Manager

Karleton G. Short
Finance Director

www.kodiakak.us

The Kodiak Island Borough maintains a website for convenient public access to local government.



The homepage provides navigational links to information often requested by the public as well as News and Announcements and a Calendar of current events. The site also provides a means for public engagement through the Questions & Comments option.

Links and interior pages include information on a variety of topics, such as:

- Borough Mayor and Assembly Members*
- Boards, Committees, and Commissions*
- Borough Operations*
- Fee Schedule*
- Elections*
- Job Openings*
- Tax Filing Forms*
- Historical Records*
- Planning and Zoning*
- Landfill Operations*
- Requests for Bids & Proposals*
- Road and Fire Services*
- The Kodiak Fisheries Research Center Facility*
- Projects such as the Kodiak High School Addition & Renovation*
- A Geographic Information System (in Map Services)*

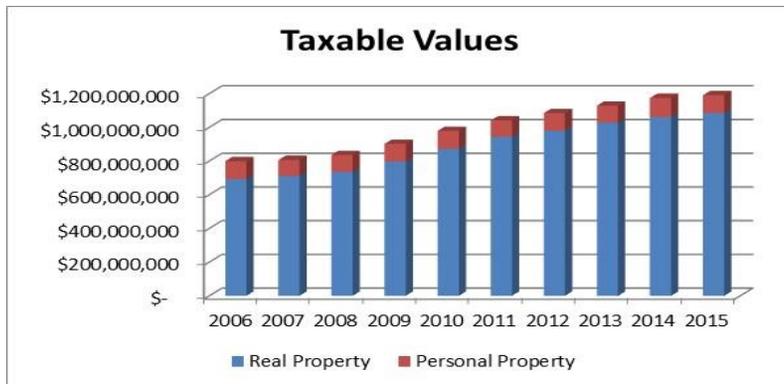
To access this information and much more, please visit our website at

www.kodiakak.us

Statistical Information...

KODIAK ISLAND BOROUGH
Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

Fiscal year	Construction				Deposits in local banks	Property Value	
	Commercial		Residential			Commercial	Residential
	No. of permits	Value	No. of permits	Value			
2006	30	155,718	192	10,372,416	141,434,000	213,258,488	497,589,811
2007	42	3,277,292	148	8,780,900	140,915,000	227,514,405	507,013,524
2008	53	25,269,361	129	7,875,188	139,416,000	275,369,008	542,272,300
2009	50	34,081,887	147	7,848,428	175,141,000	312,122,205	595,391,145
2010	52	4,756,124	156	11,689,178	192,000,000	327,248,533	661,630,592
2011	46	24,165,884	158	6,666,400	194,289,000	317,950,418	721,273,415
2012	48	5,693,295	119	4,477,641	227,392,000	345,529,161	738,505,519
2013	59	85,969,566	160	5,649,717	230,391,000	364,353,810	767,122,801
2014	44	33,062,171	111	3,589,833	252,999,000	386,480,100	788,418,800
2015	61	31,146,134	141	5,644,907	239,000,000	402,319,200	800,640,400



KODIAK ISLAND BOROUGH
Ratios of Net Bonded Debt
Last Ten Fiscal Years

Fiscal Year	Population	Total Taxable Assessed Value	Net Bonded Debt	Per Capita	Net Debt Per Assessed Value
2006	13,457	783,907,451	31,267,429	2,324	3.99%
2007	13,664	805,681,814	29,163,349	2,167	3.62%
2008	13,954	835,525,537	34,957,269	2,558	4.18%
2009	13,860	570,472,985	32,534,424	2,332	5.70%
2010	13,592	913,014,985	29,838,432	2,153	3.27%
2011	13,870	988,879,125	35,124,211	2,584	3.55%
2012	14,041	1,039,223,833	33,510,913	2,416	3.22%
2013	13,824	1,085,968,280	55,236,114	3,934	5.09%
2014	13,797	1,131,476,611	76,227,556	5,514	6.74%
2015	13,819	1,181,899,002	73,131,566	5,301	6.19%



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to
Kodiak Island Borough
Alaska

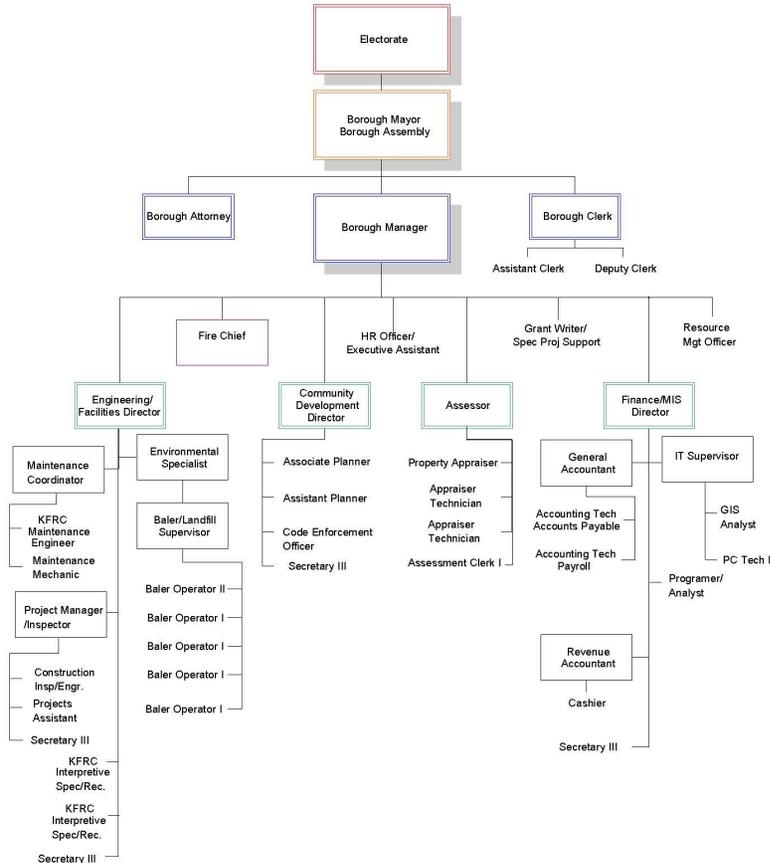
For its Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Egan
Executive Director/CEO

Organizational Chart & Assembly Members...

Kodiak Island Borough Fiscal Year 2015



Kodiak Island Borough Boards and Commissions... (cont'd)

Planning and Zoning Commission

Scott Arndt, *term ends 2015*
 Kathy Drabek, *term ends 2015*
 Maria Painter, *term ends 2015*
 Greg Spalinger, *term ends 2017*
 Alan Schmitt, *term ends 2017*
 Jay Baldwin, *term ends 2016*

Service Area No. 1 Board

Scott Arndt, *term ends 2017*
 Paul Hansen, *term ends 2015*
 Natasha Hayden, *term ends 2016*
 Curtis Howell, *term ends 2015*
 Bill Mann, *term ends 2017*
 Mike Sirofchuk, *term ends 2017*
 Dennis Symmons, *term ends 2016*

Solid Waste Advisory Board

Steven Neff, *term ends 2016*
 Nick Szabo, *term ends 2015*
 Tia Leber, *term ends 2016*
 Scott Arndt, *Construction Business Representative, term ends 2015*

Non-Voting Ex-Officios

Dan Rohrer, *KIB Assembly Representative*
 Joe Lipka, *KIB Staff Representative*
 Robert Gray, *USCG Representative*
 Mark Kozak, *City of Kodiak Representative*

Womens Bay Service Area Board

David Conrad, *term ends 2015*
 Billy Ecret, *term ends 2015*
 Greg Egle, *term ends 2016*
 David Heuman, *term ends 2017*
 Jessica Horn, *term ends 2016*
 John Isadore, *term ends 2017*
 George Lee, *term ends 2017*
Non-Voting Ex-Officio
 Womens Bay Fire Chief, Dale Rice

Kodiak Island Borough Boards and Commissions... (cont'd)

Kodiak Workforce Regional Advisory Council

Carol Austerman, *KIB Assembly Member*
 Aimee Kniazowski, *City of Kodiak Manager*
 Alan Fugleberg, *UAA Kodiak College*
 Rick Kniazowski, *KIBSD Board Member*
 Brian Himelbloom, *UAF Kodiak Seafood and Marine Science Center*
 Stacey Simmons, *Koniag, Inc.*
 Trevor Brown, *Kodiak Chamber of Commerce*
 Rachel Putnam, *Department of Labor Kodiak Job Center*
 David Husted, *Commander, USCG*
 Brenda Zawacki, *Human Resource Services (PKIMC)*
 Jared Griffin, *Arts and Communication (Kodiak College)*
 Alisha Drabek, *Citizen At Large*
Ex-Officio Staff
 KIBSD Superintendent, Stewart McDonald

Mission Lake Tide Gate

Al Burch, *term ends 2015*
 Marian Johnson, *term ends 2016*

Monashka Bay Road Service Area Board

Andrew Dano, *term ends 2017*
 Thomas Lance, *term ends 2016*
 Steve Steffensen, *term ends 2015*
 Randy Spivey, *term ends 2016*
 Louise Stutes, *term ends 2015*

Parks and Recreation Committee

Helm Johnson, *term ends 2015*
 Patrick Saltonstall, *term ends 2015*
 Sharon Wolkoff, *term ends 2015*

Non-Voting Ex-Officios

Aaron Griffin, *KIB Assembly Representative*
 Corey Gronn, *City Parks & Recreation Representative*
 Ron Bryant, *KIBSD Representative*
 Alan Schmitt, *Planning and Zoning Commission Representative*

Personnel Advisory Board

Veralynn 'Lynn' Bash, *term ends 2016*
 Lindsey Howell, *term ends 2017*
 Curt Law, *term ends 2015*
 Brenda Zawacki, *term ends 2017*

Organizational Chart & Assembly Members...(cont'd)

Mayor and Assembly (As of June 30, 2015)



Mayor
 Mr. Jerrol Friend
 (Term ends 2016)



Ms. Carol Austerman
 (Term ends 2016)



Mr. Aaron Griffin
 (Term ends 2015)



Ms. Chris Lynch
 (Term ends 2015)



Mr. Frank Peterson, Jr.
 (Term ends 2016)



Mr. Larry LeDoux
 (Term ends 2017)



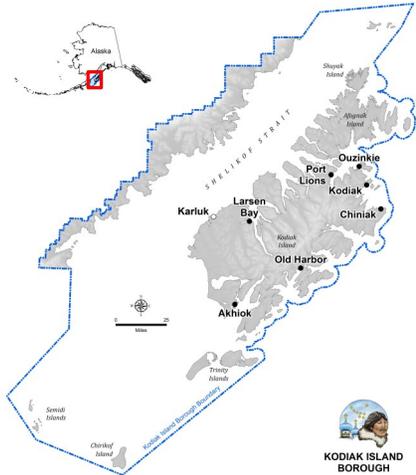
Mr. Dan Rohrer
 (Term ends 2017)



Ms. Rebecca Skinner
 (Term ends 2017)

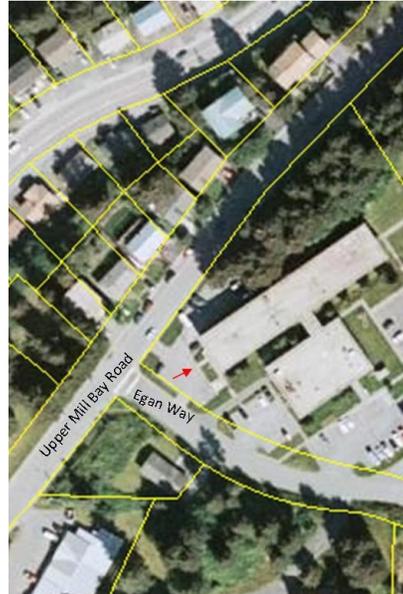
Where and What is the Kodiak Island Borough....

Map of the Kodiak Island Borough



Kodiak Island Borough GIS Mapping Center
710 Mill Bay Road | Kodiak, AK 99615
http://www.kodiak.ak.gov
907-486-8333

Updated: 1/7/2016



The Borough building location is indicated above by the red arrow; at the intersection of Mill Bay Road and Egan Way.



Kodiak Island Borough
710 Mill Bay Road

Business hours; Monday thru Friday,
8 am to 5 pm.

Kodiak Island Borough Boards and Commissions... (cont'd)

Non-Voting Ex-Officios

Bud Cassidy, *Borough Manager*
Aimee Kniasowski, *City Manager*
Kodiak Fisheries Advisory Committee Liaison
Matt Moir

Kodiak Fisheries Advisory Committee

Jeffrey Stephen
Chris Holland
Alexus Kwachka
Steve Branson
Julie Bonney
Theresa Peterson
Oliver Holm
Chris Fiala
Lee Robbins
Rebecca Skinner, *KIB Assembly Representative*
Terry Haines, *City of Kodiak Representative*

Kodiak Fisheries Development Association Board of Directors

Mike Woodruff, *term ends 2016*
Jeff Stephan, *term ends 2017*
Stosh Anderson, *term ends 2016*
Linda Freed, *term ends 2017*
Albert Tyler Schmeil, *term ends 2017*
Tuck Bonney, *term ends 2015*
Jerry Bongen, *term ends 2015*

Kodiak Fisheries Work Group

Larry LeDoux
Chris Lynch
Carol Austerman
Bud Cassidy
Pat Branson
Terry Haines
John Whiddon
Aimee Kniazowski
Fisheries Consultant
Heather McCarty

Kodiak Island Borough Boards and Commissions...

Architectural/Engineering Review Board; Building Code Board of Appeals

Scott Arndt, *term ends 2016*

Bill Barton, *term ends 2015*

Cliff Ford, *term ends 2015*

Kelsea Kearns, *term ends 2017*

Steven Neff, *term ends 2017*

Rick Ryser, *term ends 2017*

Non-Voting Ex-Officios

Jerrold Friend, *KIB Assembly Representative*

Bob Foy or Rick Kniaziowski, *KIB School Board Representative*

Bay View Road Service Area Board

Jim Carmichael, *term ends 2016*

Peter Ivanoff, *term ends 2016*

Reed Oswald, *term ends 2017*

Fred Roberts, *term ends 2015*

Jim Schauff, *term ends 2015*

Citizens Board of Equalization

Mark Anderson, *term ends 2015*

Paula Laird, *term ends 2017*

Ed Mahoney, *term ends 2015*

Carrie Morton, *term ends 2016*

John Parker, *term ends 2017*

Cheryl McNeil (Alternate), *term ends 2016*

Grant Shields (Alternate), *term ends 2017*

Fire Protection Area No. 1 Board

Scott Arndt, *term ends 2017*

Richard Carstens, *term ends 2017*

Rebecca Nelson, *term ends 2015*

Jeff Halcomb, *term ends 2016*

Non-Voting Ex-Officio

Bayside Fire Chief

Fisheries and Oceanic Research Board

Jerrold Friend, *Borough Mayor*

Pat Branson, *City of Kodiak Mayor*

Vacant, *Village Mayor (Rotating Seat)*

Brian Himelbloom, *UAF, Kodiak Seafood and Marine Science Center*

Robert Foy, *NOAA Fisheries/AFSC Kodiak Laboratory*

Steve Honnold, *Alaska Department of Fish and Game Region IV*

Anne Marie LaRosa, *US Fish and Wildlife Service*

Vacant, *USCG Support Center Kodiak*

Alisha Drabek, *Alutiiq Museum and Archaeological Repository*

Stewart McDonald, *KIBSD*

Alan Fugleberg, *University of Alaska Kodiak College*

Where and What is the Kodiak Island Borough...(cont'd)

The Kodiak Island Borough lies at the western border of the Gulf of Alaska, approximately 40 miles south of the Kenai Peninsula. Kodiak Island is the largest island in Alaska and the second largest in the United States. The Borough boundary includes all of the Kodiak archipelago and part of the Alaska Peninsula, across the Shelikof Strait from Kodiak Island. The Shelikof Strait is 20 miles wide in places. The Borough encompasses 7,130 square miles, making it slightly smaller than the State of Massachusetts, and serves a population of 13,819.

The Borough was incorporated on September 30, 1963 as a Second-Class Borough by Chapter 146 Sessions, Laws of Alaska 1961, as amended. A Manager-form of government governs the Borough. The Mayor is elected at large while the Borough Assembly appoints the Manager. The Assembly is composed of seven members, elected at large.

The main economic sources of the Borough are commercial fishing, logging, tourism, government, aerospace, and community support services. The seafood processing industry is by far the largest industry in the Kodiak Island Borough. Kodiak is home to the largest port in the state, with 530 commercial vessels and consistently ranked among the top ten ports in the United States in terms of amount and value of product delivered. According to the National Ocean Economics Program, www.oceaneconomics.org, Kodiak ranked second as the largest port in landed weight (477,100,000 pounds) and third in seafood value (\$143,100,000) in 2014. Since 2002 the landed weight of seafood has been increasing, while the landed value has decreased slightly since 2012.

Tourism in Kodiak remains strong with bed tax revenues of \$87,400 to \$104,074 each year over the last five years. Kodiak is a popular cruise ship destination, although the number of cruise ships has declined in recent years.

The Kodiak Launch Complex includes a launch control center, payload processing facility, spacecraft assembly building, and launch pad. It is designed to handle small to medium-sized rockets used to launch low earth orbit satellites, as well as military, scientific, and research missions.

Kodiak is home to the largest Coast Guard base in the U.S., employing 1,295 people and providing vital services to the marine industries that are an integral part of Kodiak, as well as making a significant economic contribution to the Kodiak community.

The Borough provides a full range of services, including general government, fire protection, first-response emergency medical services, road and other infrastructure construction and maintenance, community and economic development, health facilities, culture and recreation, and solid waste disposal. The Borough is also financially accountable for a legally separate school district, which is reported separately within the Borough's financial statements. Additional information on this legally separate entity can be found in the basic financial statements.

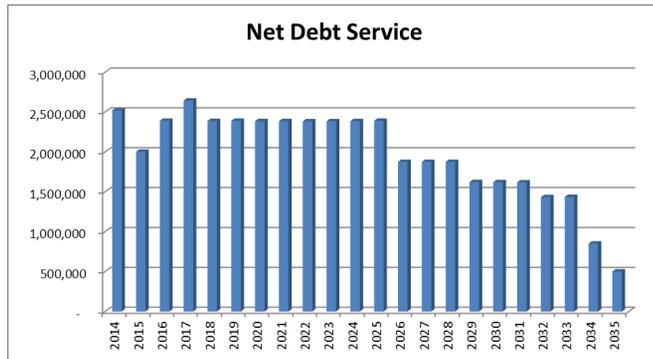
Financial Information...

The Kodiak Island Borough has two types of funds, governmental funds and proprietary funds. The difference between governmental and proprietary funds is the type of accounting. Governmental funds use the modified accrual basis while proprietary funds use the accrual basis of accounting. In layman's terms, the biggest difference is how the purchase of capital assets is handled. Governmental funds record the purchase as an expenditure while proprietary funds amortize the expenditure which records depreciation as the expense. Most businesses use the accrual method of accounting. Kodiak Island Borough financials also include a component unit which is the Kodiak Island School District which is not presented here.

Other Items of interest

Bonds: On June 30, 2015 the Borough had \$66,495,000 in outstanding bonded debt. The Borough has sold \$7,010,000 General Obligation Bonds in FY2016.

In FY2015 the Borough levied property taxes of \$1,158,728 to pay for debt service. This was based on a .99 mill rate. If you own a \$300,000 house you paid \$510 towards this debt. The State reimburses the Borough for 70% of the Borough's bond payments.



Investments:

The Borough pools various funds for investment purposes in order to obtain the best possible return on all investments. The total interest earnings for all investments were \$655,052. Interest earnings were considerably lower than they were in FY2014, which were \$1,294,317. The earnings made in FY2015 on our investments equate to half a mill in savings to our taxpayers.

The Borough sold Shuyak Island in to the State of Alaska in FY2003 for \$42,000,000. \$6,000,000 was used for construction of the Kodiak Fisheries Research Center and the remaining \$36,000,000 was used to establish the Facilities Fund. The State made its final payment of \$11,805,734 in FY2003. Since inception this fund has earned \$19,297,755 in interest. This fund has paid \$3,011,530 for building insurance, \$7,928,332 for debt service, and \$4,930,179 for capital projects. Currently, it has a fund balance of \$39,427,713.

Road Service and Maintenance Repair...

Bay View Road Service Area:

This service area continually strives to maintain the road surfaces, drainage ditches and culverts to ensure serviceable roadways, and to try to increase conditions for public safety.

Monashka Bay Road Service Area:

With the past few mild winters, Monashka Bay Road Service Area snow plowing costs have been much reduced, saving significant amounts of money and restoring a positive fund balance. Supervisors have remained conservative in road maintenance routines, which have saved additional funds. For the 2016 summer season, pot hole treatment, dust control and road surface aggregate stability will be improved using measured applications of calcium chloride and compaction. Several culverts will be replaced at highest priority locations.

Service Area 1:

This service area has many projects that are being worked on including ditching and culvert work on Lilly Drive, Antone Way, Cove Drive, Carrol Way, Perez Way, Wilton White Way, Tona Lane, Katmai Drive, Puffin Drive, Woodland Drive and several other roads in the district. Missing and damaged road signs will be replaced in the spring of 2016. This service area has focused on and will continue to improve upon drainage through ditch line cleaning, culvert cleaning and replacement as needed. Brush removal along the road right of way is ongoing. Gravel topping of roads will continue as needed. The Service Area 1 Board will continue to pursue funding opportunities for paving projects as well.

Womens Bay Road Service Area:

This service area plans to continue the gravel road topping project that has been ongoing for several years. Ditching, brushing, sign replacement are being accomplished by planned area until completed. The board is discussing options to preserve the existing asphalt surfaces to minimize the overall repair and maintenance costs for the residents.

Women's Bay Service District	\$ 194,616
Service Area No. 1	\$ 320,360
Service Area No. 2	\$ 0
Monashka Bay Service District	\$ 7,454
Bayview Road Service District	\$ 11,408

Fire Protection and Emergency Services...

The Kodiak Island Borough has three fire protection areas which include Fire Protection Area No. 1, Womens Bay Service Area, and the Airport Fire Protection Service Area.

Fire Protection Area No. 1 houses the Bayside Fire Station and provides fire and emergency medical services (first responder EMS) to the residents and visitors north of the city of Kodiak limits and in the Monashka Bay Area.

The Womens Bay Service Area houses the Womens Bay Fire Station and provides fire protection and first responder EMS to the residents and guests within the service area boundaries. The Womens Bay Fire Station also provides fire protection to the Airport Fire Protection Service Area.

The departments conduct mutual training, public education, fire and injury prevention, and strive to ensure cooperative interaction of the departments to strengthen training, skill development and improvement of service to their respective service areas. This joint cooperation benefits the public in a variety of ways from ensuring consistency of service delivery and seamless interactivity between cooperative fire and EMS agencies.

Bayside Fire Department has procured a facility emergency generator. The generator installation is planned to be completed by the second quarter of FY2016. The addition of this generator will enhance the ability of the department to provide emergency services. This project has been funded through a legislative appropriation and the fire department budget.

The Womens Bay Fire Department Emergency Shelter has been constructed and will be completed by the fall of 2016. The department will begin the procurement of emergency disaster supplies to equip the facility as a shelter site. Training is planned for community member involvement to staff the facility as a shelter when needed. The newly constructed dayroom is being outfitted for use as a community room and will be made available to the community in early 2016 for meetings and events.



Both departments always invite interested residents to become a volunteer. We have a variety of positions in firefighting, emergency medical responder as well as support roles for these disciplines. We are always looking for new members that enjoy community involvement. Please consider volunteering.

Financial Information...(cont'd)

Governmental Funds

Governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

STATEMENT OF REVENUE, EXPENDITURE and CHANGES IN FUND BALANCE (DEFICITS)

	FY 2015	FY 2014
Revenue		
Property taxes and assessments	\$ 14,091,503	\$ 13,656,771
Transient accommodations tax	104,074	75,142
Severance tax	1,703,257	1,843,819
Intergovernmental	12,426,726	14,871,830
Services, licenses, permits & fees, other	706,466	752,555
Investments	583,677	1,115,466
Total revenues	\$ 29,615,703	\$ 32,315,583
Expenditures		
General government	\$ 6,333,724	\$ 5,449,505
Public safety	524,169	576,720
Community and economic development	1,153,985	964,377
Emergency preparedness	29,128	9,987
Health and social services	406,093	326,700
Education, culture and recreation	24,856	95,625
Parks and recreation	161,596	37,795
Service district maintenance	534,376	631,572
Primary and secondary education	11,100,714	10,845,220
Capital outlay	24,891,673	36,694,231
Debt service and issuance	5,767,617	5,845,191
Total expenditures	\$ 50,927,931	\$ 61,176,923
Other financing sources (uses)	176,987	25,363,716
Increase (decrease) in fund balance	(21,135,241)	(3,497,624)
Fund balance, beginning of year	72,318,860	75,816,484
Fund balance	\$ 51,183,619	\$ 72,318,860

Financial Information...(cont'd)

Proprietary (Enterprise) Funds

Proprietary funds include Solid Waste, Hospital, Kodiak Fisheries Research Center (KFRC), and 911.

STATEMENT OF REVENUE, EXPENSE and CHANGES IN NET POSITION

	FY 2015	FY 2014
Revenue		
Municipal solid waste collection	\$ 2,623,189	\$ 2,305,370
Hospital facilities	1,759,789	1,150,000
Kodiak Fisheries Research Center	2,267,032	1,851,761
Other non-major enterprise funds	33,961	39,817
Total revenues	<u>\$ 6,683,971</u>	<u>\$ 5,346,948</u>
Expenses		
Municipal solid waste collection	\$ 1,847,631	\$ 1,942,064
Hospital facilities	872,693	883,804
Kodiak Fisheries Research Center	1,298,320	1,455,710
Other non-major enterprise funds	33,961	39,817
Total expenses	<u>\$ 4,052,605</u>	<u>\$ 4,321,395</u>
Other income (expense)		
Municipal solid waste collection	\$ (544,800)	\$ 5,646,014
Hospital facilities	(742,711)	(454,693)
Kodiak Fisheries Research Center	(157,653)	(186,851)
Other non-major enterprise funds	-	-
Total other income (expense)	<u>(1,445,164)</u>	<u>5,014,470</u>
Change in net position	1,552,312	6,120,023
Net position, beginning of the year	47,572,002	42,378,464
Net position, end of year	<u><u>\$ 49,124,314</u></u>	<u><u>\$ 48,498,487</u></u>

Emergency Preparedness...

Emergency Operations Plan

Staff is completing final revisions to the Kodiak Area Emergency Operations Plan update. The Resources Section is being updated to reflect actual resources available in the area, as there have been considerable changes since adoption of the 2005 plan. In addition, based on public input, the drought checklist was initially removed from the plan. Given recent concern over reduced public water supply levels, staff is reincorporating that checklist. Upon completion of final revisions, the plan will be forwarded to the Department of Homeland Security for review and approval. Once approved, the plan will be presented to the Assembly for adoption.

Hazard Mitigation Plan

Updates to the KIB Hazard Mitigation Plan and Karluk, Port Lions, Ouzinkie, and Larsen Bay annexes are nearly complete. Upon completion, these plans will be forwarded to the Federal Emergency Management Agency for review and approval. Once approved, they will be presented to the Assembly and respective City and Village Councils for adoption. The Cities of Kodiak, Old Harbor, and Akhiok are still in the process of reviewing their annexes. Staff will continue to engage those communities in an effort to gather input required to complete this project.

Local Emergency Planning Committee (LEPC)

Staff continues to support the LEPC through grant management, meeting facilitation, outreach activity coordination, outreach material purchasing, and facilitation of training. The LEPC's focus is on outreach that will better prepare our community for the next natural or man-made disaster. LEPC outreach efforts include:

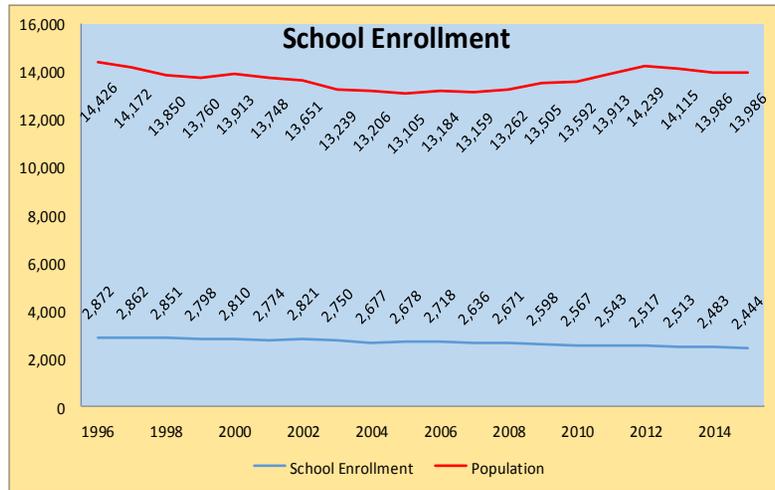


LEPC Booth at Kodiak Crab Fest

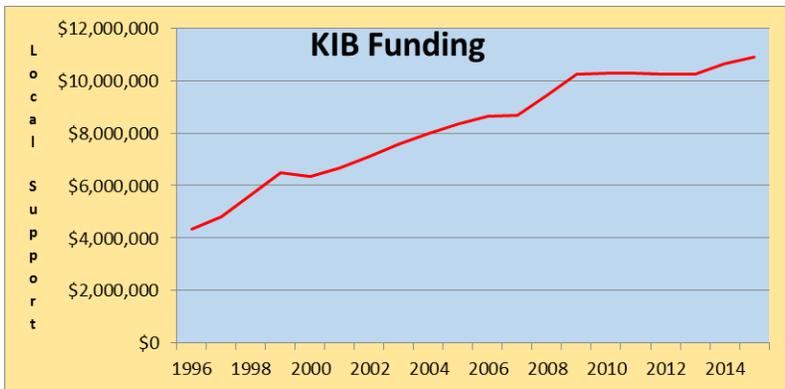
- Maintaining a stock of Kodiak Area Emergency Preparedness Guides for dispersal by local businesses and government offices.
- Facilitating emergency preparedness outreach booths at Crab Fest and the annual fire prevention open house event.
- Local media emergency preparedness advertisement campaigns.
- Annual publication of Kodiak area hazardous material storage facility information in the local newspaper.

The FY2016 LEPC Grant award is \$13,913.00. These monies will be utilized to fund outreach efforts, staff hours related to LEPC management, and LEPC member travel to the Department of Homeland Security and Emergency Management biannual Emergency Preparedness Conferences.

Education...(cont'd)



The maximum allowable local contribution increases each year, based on both the full taxable value of Kodiak Island Borough, as well as basic need determined in the Foundation Formula – both factors have seen increases over the past decade. However, the past three years have provided a fairly stable local funding support level.



The Kodiak Island Borough Assembly has statutory responsibility to provide financial resources for KIBSD. The Kodiak Island Borough School Board has budgetary authority with respect to use of local funding and establishing educational programs and staffing. Ownership of facilities is retained by the Borough, as is the responsibility to maintain the facilities. The Borough is also responsible for debt service related to construction of new schools and renovation of existing schools. Debt service on school bonds falls out of the local contribution maximum amount.

Financial Information...(cont'd)

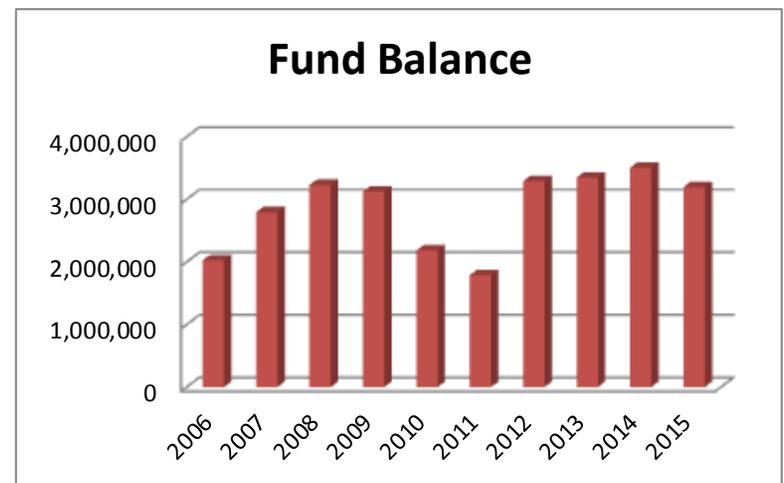
General Funds

The General Fund of the Borough is the nucleus around which all of the other funds radiate. When people think of the Borough, most people are thinking of General Fund activities.

Most of the Borough's employees are in General Fund departments. General Fund departments are the ones that register you to vote, appraise your house, and collect your property tax. They work with the community to properly zone property provide GIS services, both to users within the Borough offices and to the public.

GENERAL FUND - FUND BALANCE

	2015	2014
Assets		
Current assets	\$ 3,484,048	\$ 3,484,048
Other assets	937,342	937,342
Total assets	\$ 4,421,390	\$ 4,421,390
Liabilities		
Current liabilities	\$ 422,848	\$ 364,037
Other liabilities	157,398	553,405
Unavailable revenues	227,780	194,852
Total liabilities	808,026	917,442
Fund balance	\$ 3,195,908	\$ 3,503,948



Financial Information...(cont'd)

General Fund (cont'd)

STATEMENT OF REVENUE, EXPENDITURE
and CHANGES IN FUND BALANCES
(DEFICITS)

	FY 2015	FY 2014
Revenue		
Property taxes and assessments	\$ 235,029	\$ 207,975
Severance tax	1,703,257	1,843,819
Intergovernmental	5,163,300	4,605,916
Services, licenses, permits & fees, other	106,384	97,041
Investments	(18,330)	23,804
Total revenues	\$ 7,189,640	\$ 6,778,555
Expenditures		
General government	\$ 5,354,059	\$ 4,495,294
Public safety and emergency preparedness	138,543	82,928
Community and economic development	1,078,985	880,251
Health and social services	406,093	326,700
Education, culture, parks and recreation	186,452	133,420
Primary and secondary education	195,000	195,000
Total expenditures	\$ 7,359,132	\$ 6,138,093
Other financing (uses)	\$ (138,548)	\$ (483,500)
Change in fund balance	(308,040)	156,962
Fund balance, beginning of year	3,503,948	3,346,986
Fund balance, end of year	\$ 3,195,908	\$ 3,503,948



Photo by Kirsten Galliher

Community Health Care (cont'd) & Education...

It replaced the aging care facility that was located in the main hospital. In 2015 it passed its first licensure survey. Additionally, the family satisfaction survey given in 2015 revealed that family satisfaction rose 10 points since moving into the new facility.

2015 was a year of change and positive forward momentum at PKIMC. Long-time administrator, Don Rush, announced plans to retire effective July 2015. Barbara Bigelow, former administrator of Providence Valdez Medical Center, was named to the chief executive role, bringing a new perspective to the organization.

Providence also began its journey to becoming a High Reliability Organization. High Reliability is a model that other high-risk industries such as the airlines and nuclear power have adopted. Providence is one of the first hospital systems to move to this model.

In February of 2015, the 2014 patient survey results revealed that PKIMC was ranked #1 out of all 35 Providence Hospitals for positive in-patient experience. It was also ranked #3 for positive emergency department experience. PKIMC was also rated a five-star hospital by Hospital Compare, an online consumer resource for finding quality health care. In 2015, PKIMC performed a wide variety of health care procedures. Among some of these procedures included delivering 180 babies, caring for 3,959 emergency room patients and performing 772 surgeries.

Education...

The Kodiak Island Borough School District (KIBSD), in close cooperation with our diverse island community, exists to provide an educational program of the highest standard that empowers all students to achieve personal and academic excellence while developing their full potential as responsible, productive citizens.

KIBSD serves students in four town elementary schools, Kodiak Middle School, Kodiak High School, and eight rural K-12 schools. Additionally, the District provides a distance/homeschool program. Enrollment in the schools over the past 20 years has ranged from a high of 2,871 in 1996 to the 2015 enrollment of 2,444. Currently, the District sees an increase in elementary enrollment which indicates an anticipated increase in secondary enrollments in the coming years. Additionally, the Coast Guard base is forecasting an increased population, this will also likely cause an increase in student enrollment in FY16 and years following.

The school district's general operational budget is funded through a combination of federal, state and local sources. The Kodiak Island Borough is committed to adequately funding education. The local contribution maximum allowable comes from a calculation defined by State statute (AS 14.17.510).

Community Health Care...

One of the Kodiak Island Borough's powers is health care. To this end, the Kodiak Island Borough constructed and helps maintain the hospital and health care facilities. Providence Health & Services operates the hospital, Chiniak Bay Elder House and mental health center, and leases these facilities from the Borough.

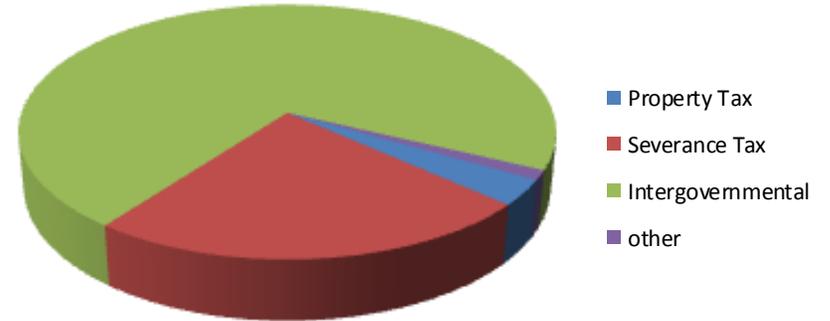
PKIMC features 25 acute-care beds, including 4 birthing suites and 2 intensive care beds. The hospital is staffed by a mix of primary care physicians, surgeons and specialists who provide family practice, internal medicine, obstetrics, radiology, psychiatry, general and orthopedic surgery and a number of specialty clinics. The hospital offers a significant range of inpatient and outpatient services including emergency department, surgery, laboratory services, eICU (Electronic Intensive Care Unit), maternity, general medicine, physical therapy, occupational therapy, respiratory therapy, sleep studies, specialty clinics, diagnostic imaging services, pharmacy, palliative care and social work. PKIMC's diagnostic imaging department has a full-time radiologist on-staff, and has some of the latest state-of-the-art imaging equipment.



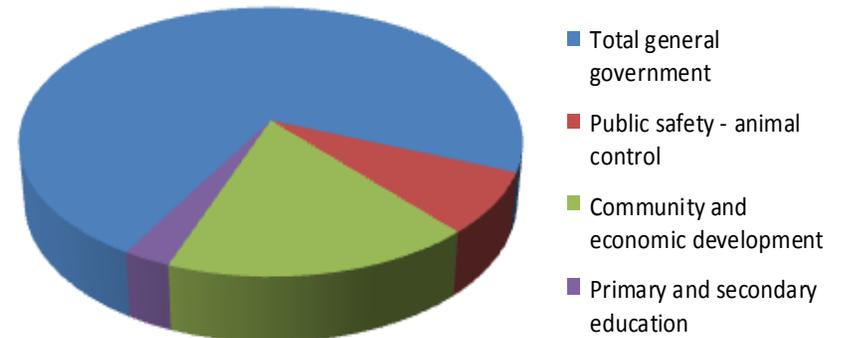
The mental health center, Providence Kodiak Island Counseling Center, offers counseling for all age groups, family and couples' therapy, mental health clinicians in the schools, case management for chronically mentally ill, medication management and outpatient chemical dependency treatment. The Providence Chiniak Bay Elder House, conveniently located behind the hospital, is a 22-bed long term care facility. Newly constructed, it opened its doors in 2014.

Financial Information...(cont'd)

FY2015 General Fund Revenues



FY2015 General Fund Expenditures



Kodiak Island Borough Departments...

Assessing

The Assessor's office strives to provide fair and equitable assessments of all taxable real and personal property within the Kodiak Island Borough. The assessment is an estimate of the fair market value of your property as of January 1 of the assessment year as determined by the assessing staff using accepted appraisal practices.

The assessing department has approximately 7,900 real property parcels and 1,200 personal property parcels on record. In a typical year, each borough appraiser inspects about 850 real property parcels and 1,200 personal property parcels. This equates to approximately 30% of all taxable properties inspected annually. For the 2016 tax year assessing staff inspected remote properties in and around the northern portion of Kodiak Island along the Kupreanof and Raspberry Straits, Afognak Village, Litnik, Anton Larsen, Woody Island and the surrounding islands closest to the city of Kodiak. Also included in the 2016 reassessment inspections were road system properties in Monashka Bay, Womens Bay, Middle Bay, Pasagshak and Chiniak, and about half of the commercial properties located on the road system.

The State requires all taxable real and personal property to be re-inspected on a regular schedule and all taxable property values be re-assessed annually. The schedule set by Kodiak Island Borough Resolution FY2011-05 is every three years for properties on the road system, five years for remote properties and properties within the remote cities and villages. Personal property, however, is reviewed on an annual basis.

The purpose of the assessment is to determine the value of the property for calculating the Borough property tax. The rate of taxation is set by the Assembly annually based on the estimated annual expenditures for that year. The task of the Assessor's office is to strive to bring **equity** to all assessments to ensure that the borough property tax is distributed evenly across the tax base. The benchmark set by the state for property assessments is 100% of market value. The Assessing department attempts to get as close to that standard as possible, and also assures that the deviations from the standard are in a narrow range; so that all property owners are paying taxes on a fair and equitable basis. The overall goal of the assessing department is to provide a reliable value estimate for all taxable property and to ensure that all assessments are fair and equitable.

New properties such as the new Trident Seafoods Plant were added to the Annual Tax Base in FY2015.



Kodiak Island Borough Departments...(cont'd)

Recently Completed Projects, Con'td:

Lake Orbin Culvert Replacement Phase 2 - \$231,015

Funding: Kodiak Soil and Water Conservation District (\$224,710), KIB (\$6,305)



In July 2014 KIB collaborated with the Kodiak Soil and Water Conservation District (KSWCD) to replace a culvert leading from Lake Orbin to the Russian River, in order to aid fish passage. KSWCD received a grant from the United States Fish and Wildlife Service for the original project, and received additional funding from a variety of sources for the replacement of two additional culverts at Bells Flats Road and Lake Orbin Drive. KSWCD provided funding to KIB, and KIB managed the bidding and construction for replacement of the two culverts. Work was completed in April 2015.

Panamaroff Park Playground Upgrade - \$100,000

Funding: State of Alaska Legislative Grant (\$100,000)

New playground equipment was installed at Panamaroff Park in late 2014. Spring of 2015 saw drainage improvements, additional gravel, defined and improved parking area, and a community work party to spread wood chips around the picnic areas. Spring of 2016 will see top soil and seeding, additional wood chips, and signage.

Womens Bay Emergency Shelter - \$1,600,000

Funding: State of Alaska Legislative Grant (\$1,025,000), US Housing and Urban Development Grant (\$475,000), Womens Bay Fire Department (\$100,000)



This project was a 3,500 square foot addition to the existing Womens Bay Fire Hall, including a 1,000 square foot day room for community events and activities, double-wide apparatus bay to serve two fire engines, toilet room, and storage rooms. Construction started in March 2015, and will be completed under budget in September 2016.

Kodiak Island Borough Departments...(cont'd)

Recently Completed Projects:

Anton Larsen Bay Dock Replacement - \$2,100,000

Funding: State of Alaska Legislative Grant (\$2,000,000), Denali Commission Grant (\$80,000), KIB Matching Funds (\$20,000)



A new dock and gangway at Anton Larsen Bay was installed in September 2015. The new dock is 120-feet long, twice as long as the old dock, and has in-board piles providing more available dock space for boats to tie up. The project was completed approximately \$350,000 under budget.

Four School Generators - \$1,276,765

Funding: State of Alaska Legislative Grant (\$1,276,765)

Installation of generators at schools in Karluk, Old Harbor, Port Lions, and North Star Elementary was completed in Spring 2015. Kodiak High School and East Elementary generator replacements were also funded with this grant and work was completed in 2012. There were sufficient remaining grant funds to replace the generator at Akhiok School, and this work was completed in September 2015. All work on this project was completed using grant funds and the project was completed under budget.



Port Lions Generator

Kodiak Island Borough Departments...(cont'd)

Clerk's Office

The Borough Clerk's Office is responsible for several aspects of municipal government. The Clerk is appointed by the Assembly and serves at its pleasure.

In fiscal year 2015, the Clerk's Office fulfilled its duties during a three election-year without a snag. Aside from the day to day tasks of providing support to the Assembly, the staff have been very busy assisting other boards and committees such as the Kodiak Fisheries Work Group, the Board of Equalization and others.



The Clerk's Office went through an agenda management software implementation, which has proven to be very successful. There are also other ways to use the software, such as to distribute information and research requests to the Assembly.

The Clerk's Office serves as the information center on functions of local government and every effort is made to ensure that an effective records and information management system is in place. The Clerk's Office:

- Updated five borough departments' records retention schedule.
- Provided training to borough employees regarding records.
- Resolved issues regarding retention of bond documents. Bond related documents needed to be sorted out and retained for 23 years.
- Destroyed 2,500 lbs. of records – these are a combination of borough and Providence hospital records.
- Solicited quotes for scanning of Community Development property files.

The Clerk's Office staff have successfully completed independent studies on Incident Command System courses 100, 200, 700, 800 and 300 classes. The Clerk's staff serves as public information officers for emergency management. This department also actively participates in updating the KIB website and social media platforms due to the value of having a presence on social media, and this is in keeping with the Assembly's wishes to enhance its engagement to the citizens. Efforts will continue to make sure that we are delivering valuable and relevant information to the public. The staff is very active in the Alaska Association of Municipal Clerks. The Borough Clerk currently serves as the vice president of AAMC and has been serving numerous years on the Alaska Municipal League Assistance Committee. They also serve on various AAMC committees.

Kodiak Island Borough Departments...(cont'd)

Community Development

The Community Development Department (CDD) plays a key role in economic growth throughout the Borough. CDD is responsible for comprehensive (long-range) planning, zoning compliance, and development services for the Borough. One of the most important responsibilities of the CDD is to provide guidance to the public regarding zoning and land subdivision regulations. CDD also provides support and professional and technical expertise to the Planning and Zoning Commission, the Borough Assembly, the Parks and Recreation, and the newly formed Borough Lands Committees. Additional responsibilities of the CDD include administrative support to the Local Emergency Planning Committee (LEPC) and participation in the Incident Command System (ICS) for responses to natural and man-made disasters. The CDD is responsible for land use code enforcement in the Borough and coordinates with the Engineering and Facilities Department to enforce solid waste disposal requirements. CDD also administers the junk removal program, animal control contract and building official services with the City of Kodiak. CDD engaged in several major projects this year, including:

- Revisions to Title 17 to reduce the regulatory requirements for new or expanded mobile home parks.
- Revisions to Title 17 to reduce the regulatory requirements for new or recreational vehicle parks.
- Revisions to the nonconforming chapter of Title 17 to permit mobile homes from Jackson's to be relocated in existing mobile home parks.
- Code revisions to allow storage of mobile homes from Jackson's in additional zoning districts.
- A fee waiver for relocating mobile homes from Jackson's.
- Coordinating the update of all zoning and comprehensive plan maps with GIS in digital format.
- Awarded a contract for improvements related to reducing water quality impacts to the Saltery Cove trail (grant funded.)
- Digitizing the historical property files and permit information.
- Periodic update of the Hazard Mitigation Plan.
- Local Emergency Planning Committee (LEPC) coordination.
- Implementation of the Uniform Citation process for minor violations of Borough Code, primarily animal control and solid waste.

The department's administrative initiatives planned for the upcoming year includes:

- Providing professional support to P&Z on new code provisions for accessory dwelling units, planned unit developments (PUDs), and a new zoning district for small lot subdivisions.
- Master planning for Tract R-2, Killarney Hills
- Coordination with the City of Kodiak and DOWL on a new master plan for Near Island
- Completion of the update of the Hazard Mitigation Plan
- Monitoring the construction phase for improvements to the Saltery Cove trail (grant funded)

Kodiak Island Borough Departments...(cont'd)

Bond Renewal and Replacement Projects

<u>Project Name</u>	<u>Project Cost</u>
Kodiak Middle School Underground Storage Tank Replacement	\$ 150,000
East Elementary School Flooring Replacement	649,000
Peterson Elementary School Flooring Replacement	363,500
Port Lions School Underground Storage Tank Replacement	200,000
Main Elementary School Underground Storage Tank Replacement	150,000
Kodiak Middle School New Elevator Controls	54,000
Kodiak Middle School School New HVAC (Heating) Controls	1,576,200
Peterson Elementary School New HVAC (Heating) Controls	694,900
Kodiak Middle School Rear Parking Lot Paving	675,800
East Elementary School Cafeteria Roof Replacement	1,248,500
Ouzinkie School Old Wing Flooring Replacement	160,300
Ouzinkie School New Wing Flooring Replacement	41,000
Akhiok School Flooring Replacement	95,500
Kodiak Middle School Fire Alarm Replacement	405,000
East Elementary School Partial Interior Renovation	687,200
Peterson Elementary School Parking Lot Paving	972,000
Kodiak Middle School Bus Ramp Roof Replacement	118,800
Peterson Elementary School Replacement of Boilers	324,600
Main Elementary School Gym Floor Replacement	450,000
Karluk School Flooring Replacement	86,700
Chiniak School Playground Equipment Replacement	101,200
Karluk School Playground Equipment Replacement	101,200
Akhiok School Playground Equipment Replacement	101,200
East Elementary School Replacement of Plumbing Fixtures	256,500
Old Harbor School Playground Equipment Replacement	121,500
Ouzinkie School Playground Equipment Replacement	121,500
Port Lions School Playground Equipment Replacement	121,500
Old Harbor School Underground Storage Tank Replacement	202,400
Project Totals	10,230,000

Kodiak Island Borough Departments...(cont'd)

Kodiak High School Addition and Renovation - \$80,479,009

Funding: General Obligation Bonds (\$72,941,009), State of Alaska Legislative Grants (\$7,538,000). Bonds are eligible for 70% reimbursement by the State of Alaska.

The Kodiak High School Addition and Renovation is nearing completion. Watterson Construction of Anchorage has completed eight of the nine phases. The school took possession of the new main entrance, administration and cafeteria wing in



November 2015. The other classrooms remaining to be completed are the Dance Studio and Natural Resources, which are scheduled for completion by the end of 2015. Exterior siding installation at existing buildings will continue through March 2016, and final landscaping is scheduled for spring 2016.

New Kodiak High School Main Entrance

Landfill Lateral Expansion - \$32,000,000

Funding: Alaska DEC Loans (\$17,463,548), Revenue Bonds (\$3,275,000), Alaska DEC Grant (\$3,000,000), State of Alaska Legislative Grant (\$7,729,000)



ASRC SKW Eskimos is substantially complete with Phase 3 of the Landfill Lateral Expansion, construction of a new leachate treatment plant. Startup and testing of the plant is now underway. Completion for the entire project is scheduled for early 2016.

Leachate Treatment Plant

School Playground Replacements - \$668,099

Funding: General Obligation Bonds (\$668,099). Bonds are eligible for 70% reimbursement by the State of Alaska.

Work is beginning on a project to replace playground equipment at the schools in Akhiok, Chiniak, Karluk, Old Harbor, Ouzinkie, and Port Lions. The schedule is to

make equipment selections in early 2016, put out a bid package for installation of the new equipment in spring 2016 and complete the installations during the summer.

Kodiak Island Borough Departments...(cont'd)

- Continuing to digitize historical property files and permit information
- The CDD case load for the past Fiscal Year (FY15) included:
- 8 Planning and Zoning Commission special work sessions and meetings for the KIB Code changes noted above
 - 8 Planning and Zoning Commission work sessions
 - 12 Planning and Zoning Commission Public Hearings
 - 7 Parks and Recreation Committee Meetings
 - 3 LEPC Meetings
 - 2 LEPC Outreach Events
 - 3 Presentations to the Rural/Regional Forum
 - 183 Zoning Compliance Permits and Reviews
 - 12 Conditional Use Permits
 - 5 Variances
 - 0 Comprehensive Plan Amendments
 - 1 Rezone

For more information about the KIB Comprehensive Plan, the CDD work program, or our ongoing cases, please visit our website at <http://www.kodiakak.us/> The CDD department can also be reached at (907) 486-9363.

Finance

The Finance Department is involved in various Borough activities. The department is staffed with 7 employees. The major functions of the Finance Department include:

- General accounting to include accurate financial reporting, disbursement of payables, preparing bi-weekly payrolls, collection of revenues, tracking all fixed assets of the Borough along with other duties.
- Property taxes are the main sources of income for the Borough. The department sends out the property tax bills, collects payments, and collects unpaid taxes, through foreclosure if needed.
- The Borough made 2,684 payments, both by check and ACH, for a total of \$51,409,419.
- Outside of property taxes the Borough receives revenue from various other sources. These include severance taxes, solid waste fees, and others. The Borough received 1,522 payments amounting to \$65,655,185.
- Risk Management – Is responsible for risk management through analyzing risks and determining what property and liability insurance is needed, the limits, and deductible amounts. This includes the School District, K.F.R.C, landfill, service districts, and other property and liability insurance.
- Investments – This department manages the Borough's investment portfolio – at June 30 the Borough had \$69,985,387 invested in different investments.

Kodiak Island Borough Departments...(cont'd)

- The department is responsible for preparing monthly financial reports and annual reports such as the CAFR and popular report. Works closely with the Manager's Department to prepare the annual budget.
- Manages all of the Borough's long term debt to include issuance, payments, reimbursement requests and refinancing of our bonded debt. At June 30 the Borough had \$66,495,000 in outstanding bonds.
- Manage the financial and reporting aspects of all Borough grants.

In FY2015 the Borough received a Certificate of Achievement for our Comprehensive Annual Financial Report, an award for Outstanding Performance in Popular Annual Financial Reporting, and a Distinguished Budgetary Presentation Award for the budget. The Borough remains the only government in the State of Alaska that has won all three awards.

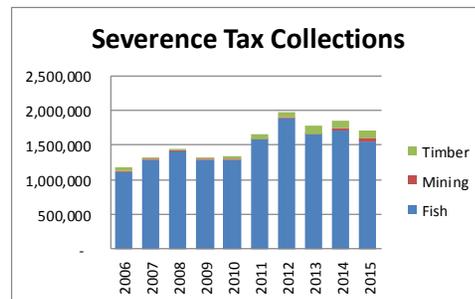
Property Taxes

Property taxes are the largest source of revenues for the Kodiak Island Borough. Property taxes are calculated by multiplying the assessed value of a parcel by the mill rate. A mill is 1/100 of 1 percent (.001) of a dollar. The Borough Assembly decides the mill rate for the Borough and the City Council and Service Area Boards determine the mill rates for their respective areas. The mill rate of the Kodiak Island Borough is currently 10.75 mills.

IT / GIS

The MIS Department completed several projects in FY2015. Some of those projects included:

- New Landfill Software Implementation
- Leachate Treatment Plant Network
- Audio/Video Upgrades to Assembly Chambers
- Audio/Video Upgrades to the Borough and KFRC Conference Rooms
- Finance Software Upgrades
- Off-Site Disaster Recovery Backup Storage
- Network Infrastructure Upgrades
- Multi-Function Printer Standardization
- Electronic Document Archiving
- Akhiok, Old Harbor, Ouzinkie and Afognak Imagery Acquisition



Kodiak Island Borough Departments...(cont'd)

Kodiak Island Borough GIS serves the Borough staff and the public by making available information about Borough lands and resources. This information is managed, produced and distributed in data and map form. Data and maps are distributed in online, digital and hardcopy formats. Kodiak Island Borough GIS currently maintains four online interactive maps which includes the Kodiak Island Borough GIS Map, Address and Street Finder, Master Title Plats, and the GIS Imagery Website. More information about each map is available on the GIS and Map Center website (<http://www.kodiakak.us/gis>)

In FY2015, GIS updated the online interactive GIS Map and added the Address and Street Finder. GIS also provided in-kind financial and logistical support to Alaska Department of Fish and Game for the 2015 Alaska Sustainable Salmon Fund Anadromous Waters Catalog Project sampling efforts on Borough lands. GIS produced the following digital and hardcopy maps:

- Three new generalized maps of the Kodiak Island Borough that display village locations, terrain and National Wildlife Refuge administrative boundaries
- Two publically available map books that display streets and addresses
- A seamless GIS dataset and a streamlined design for the Kodiak Island Borough Official Zoning Map series, resulting in 14 hardcopy maps and a GIS dataset that can be published as an online map

Ongoing work includes tax parcel boundary alignment and creating requested maps for various Borough Departments.

Engineering and Facilities

Engineering and Facilities has two types of projects: capital and non-capital. There are currently five capital projects that have been awarded or are in progress. These projects are the Baler Building Floor Replacement, Fire Protection Area No. 1 Generator, Kodiak High School Addition and Renovation, Landfill Lateral Expansion, and School Playground Replacements.

Baler Building Floor Replacement - \$100,000

Funding: Solid Waste Enterprise Fund (\$100,000)

The concrete floor inside the Baler Building has deteriorated from years of heavy use. This project will install a high-strength concrete topping over the floor to provide protection from the heavy and corrosive nature of the solid waste materials dumped on the floor.

Fire Protection Area No. 1 Generator - \$155,100

Funding: Fire Protection Area No. 1 (\$115,100), State of Alaska Legislative Grant (\$40,000)

The installation of a new emergency generator at Bayside Fire Station is moving ahead. The new generator and automatic transfer switch were ordered in June 2015 and have been received. KIB staff is now working on a plan for installation.